Rhodia

Chemistry is our world, Responsibility is our way

Members' Report 2009

Rhodia Pension Fund Section (RPF Section) Final Salary Scheme,
Rhodia Pension Fund Section (RPF Section) Money Purchase Scheme and
Rhodia Pharma Solutions Pension Plan Section (RPSPP Section)









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Chairman's introduction

Dear member

Welcome to the Rhodia Pension Fund's 2009 Members' Report. The aim of this report is to help you understand the Fund and the pension issues that affect you.

As you will no doubt be aware, the issue of both private and public sector pensions and in particular their future funding is very high on the political agenda. Unfortunately, however well funds perform, liabilities show an increasing trend over the medium term due to improved mortality and remain highly volatile in the short term due to corporate bond rates, which is how we must measure our liabilities. This means that the Trustee Directors and the Company (as employer) must remain focused on maximising investment returns and also be aware of the evolution of liabilities and, wherever possible, put in place actions to minimise these while safeguarding members interests.

Key messages for 2009/2010

1) Investment Strategy Review

Following a review of the investment strategy in June 2009, the investment structure for both Sections was revised. We are pleased to advise that the changes have proved successful and the Funds are performing on target. Details are highlighted on pages 4 (RPF Section) and 8 (RPSPP Section).

The changes were designed to create a more efficient investment strategy which could achieve a higher expected return while reducing the expected risk to the funding position.

As inflation and interest rates have been at historic lows in recent years, this has benefited the Fund and the Liability Driven Investments accounted for 49.9% of the Fund at 31 December 2008. The value of these investments increased from £204.8million as at 31 December 2007 to £280.1 million as at 31 December 2008, which is an increase of 36%. As a result, the decision was made to sell some of these assets. This was done in several tranches beginning in November 2009 and we are pleased to say that approximately £40 million profit was made.*

** Liabilility Driven Investments (LDI) – an investment philosophy which recognises that meeting the scheme's liabilities should play a central role in pension fund investment. Investment risk is measured and has a strategy set by reference to liabilities.*

2) Valuations of both the RPF Section and RPSPP Section as at 1 January 2009 were signed off in March 2010 in accordance with the legal timeframe

Unlike most other pension schemes, the RPF Section valuation showed that the deficit had gone down and assets had increased, hence a lower shortfall to meet future benefit payments than at the previous valuation due to the LDI investments that gave a windfall return.

The valuation of the RPSPP Section, which does not hold any liability matching assets currently, revealed an increase in liabilities requiring a larger amount of money to meet future benefits payable.

The ongoing cash requirement for both sections is however an important cost element for both Rhodia UK Ltd (the employer) and for the ultimate sponsor, Rhodia SA. Indeed it is important to note that without the ongoing support of Rhodia SA, Rhodia UK Ltd would not be able to meet the level of funding required to eliminate the deficit over the coming years. Following negotiations between the Trustee Directors and the Fund's direct legal sponsor, Rhodia UK Ltd, the Company felt that in the current economic environment it was necessary for future growth to retain, as far as possible, cash within the business. It was therefore agreed to extend the period over which the deficit for both Sections is to be repaid from 15 years to 20 years ending in 2026.

As a result the Company has agreed to make the following annual payments to the Fund to meet the deficit.

From 1 April 2010

RPF Section – £8.9 million (increasing at 3.25% p.a.)

RPSPP Section – £1.5 million (increasing at 3.25% p.a.)

*This is in **addition** to the **basic contributions** to meet the cost of ongoing benefits for **contributing members** of the RPF Section.*

*The Company will also pay **additional contributions** of **£1.7 million p.a.** (RPF Section) and **£0.3 million p.a. increasing at 3.25% p.a.** (RPSPP Section) towards the cost of the Pension Protection Fund (PPF), which is an insurance scheme for pension funds that are no longer able to meet their obligations.*

Whilst the valuation has been agreed between the Trustee Directors and Company, it is still subject to agreement with the Pensions Regulator and could change. Once approval has been received, the Summary Funding Statements for both sections (which illustrate the above in more detail) will be forwarded.

3) Money Purchase Scheme

As part of our governance responsibilities, the Trustee Directors are reviewing the Money Purchase Scheme and this year, have decided to alter the format of this report to include a separate section dedicated to this scheme – see page 6.

The usual facts and figures about the Fund which are taken from the Trustees' Annual Report & Accounts for the year ended 31 December 2009 are shown on pages 3 (RPF Section) and 7 (RPSPP Section).

We hope that you find this report of interest and welcome any comments you may have. Also please let us know of any suggestions you have to improve future editions or details of any articles you would like to see included. Contact details are on page 12.

Bob Tyler
Chairman of the Trustee Directors

Financial highlights for 2009

1.	**Opening Fund Account as at 1 January 2009**	**£561.41m**
2.	**Expenditure**	**£45.73m**
3.	Pensions, lump sums and death benefits	£42.56m
	Leavers' payments	£0.46m
	Life assurance	£0.08m
	Administration expenses	£1.15m
	Pension Protection Fund Levy	£1.22m
	Investment expenses	£0.26m
4.	**Income**	**£25.64m**
5.	Contributions	£19.47m
	Death benefits	£0.13m
	Investment income	£6.04m
6.	**Increase in value of investments**	**£25.26m**
7.	**Closing Fund Account as at 31 December 2009**	**£566.58m**

These figures are taken from the formal Annual Report & Accounts.

Investment Strategy

Changes to the investment strategy

Following the appointment of a new investment advisor, HSBC Actuaries & Consultants Limited (which subsequently became JLT Benefit Solutions in December 2009) a review of the Fund's investment strategy was carried out. The Trustee Directors began to revise the Fund's investment structure during 2009.

These changes were designed to address the fact that market movements had led to the Fund being significantly overweight in bond assets (including Liability Driven Investments) relative to the incumbent investment strategy, and were designed to create a more efficient investment strategy which could achieve a higher expected return whilst reducing the expected risk to the funding position.

Manager performance and reason for change in the investment strategy

The performance of the UK equity funds was very strong during 2009. UK Government bonds were sold to increase the allocation to corporate bonds. The changes were made to take advantage of the attractive pricing of corporate bonds relative to gilts, as well as to reduce risk relative to the valuation of the liabilities.

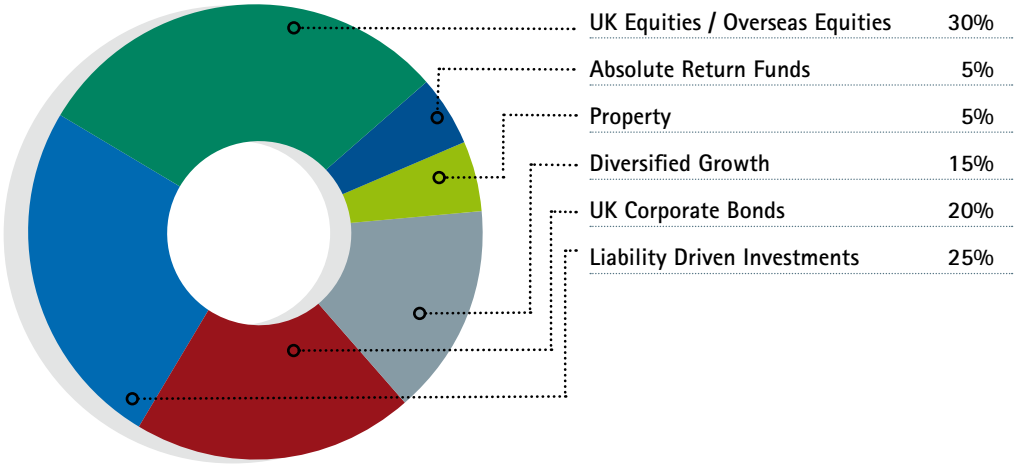
The overseas equities were moved from an active to a passive style of management although the weightings between the various regions were maintained during the transfer. Half of the overseas currency exposure is now managed on a currency hedged basis which reduces exposure to exchange rate fluctuations.

The allocation to the Absolute Return Fund has been reduced to diversify the Fund's growth assets elsewhere in the portfolio.

Approximately half of the holdings in the Liability Driven Investments were sold and the proceeds were used to make an allocation to the Diversified Growth* and Property portfolios, both UK and overseas.

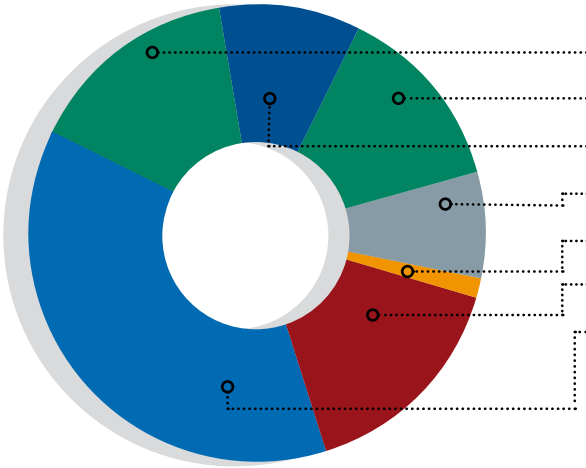
* *A Diversified Growth Fund invests in a range of predominately growth asset classes and may make tactical and strategic asset fund allocation decisions based on the manager's market and economic views. The objective is to achieve an equity-like return but with lower volatility.*

The new target asset allocation is as follows:



Position as at 31 December 2009

The table below shows the breakdown of how the Fund's assets were invested at the end of 2009.



	%	£m's
UK Equities	15.1	84.5
Overseas Equities	13.4	75.6
Absolute Return Funds	10.1	57.1
Diversified Growth	7.5	41.9
UK Government Bonds	1.4	7.7
UK Corporate Bonds	15.4	86.3
Liability Driven Investments	37.1	208.6
Total	100%	561.7m*

Figures in red represent – distribution of assets.
Figures in blue represent – value of assets.
Figures provided by JLT Benefit Solutions.

As at 31 December 2009, the RPF Section's total asset market value amounted to £566.6m (this included £3.0m of net current assets and £1.9m of AVC and other money purchase investments).

The asset allocations do not include cash that is held in the Trustee Director's bank account to meet the Fund's obligations such as payment of benefits etc. The changes have been undertaken in phases so as to reduce the risk of the Fund being adversely affected from short term market volatility and to allow the Trustee Directors to conduct due diligence on new investment managers.

Investment market environment

For information on the investment market environment, please see page 10.

Performance of Fund versus benchmark during 2009

Asset class *(relative benchmark)*	Fund %	Benchmark %	Relative %
UK Equity *(FTSE All-Share Index)*	42.5	30.1	12.4
Overseas Equity *(Composite made up of various FTSE AW Index - North America, Japan, Asia Pacific (ex Japan) and Europe (ex UK))*	26.5	26.0	0.5
Absolute Return Fund *(ML Sterling 3 Month Libor)**	13.8	1.8	12.0
Diversified Growth *(1 Month Libor + 4% p.a.)*	20.2	5.3	14.9
UK Government Bonds *(iBoxx Non-Gilts ex-BBB 15+ Year index and FTSE All Stocks 15+ Years index)*	(7.4)	(1.3)	(6.1)
UK Corporate Bonds *(Composite made up of iBoxx Non-Gilts ex-BBB 15+ Year index, iBoxx £ Non-Gilt All Stocks Index and FTSE All Stocks 15+ Years index)*	19.7	3.2	16.5
Liability Driven Investment *(Bespoke benchmark)*	(4.8)	(9.3)	4.5

* *London Interbank Offered Rate*
Figures provided by JLT Benefit Solutions (gross of fees).

The investment performance of the Fund in the last five years has been:

	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
Fund	8.1	2.1	4.8	6.7	15.2
Benchmark	0.2	10.9	5.8	7.8	18.3

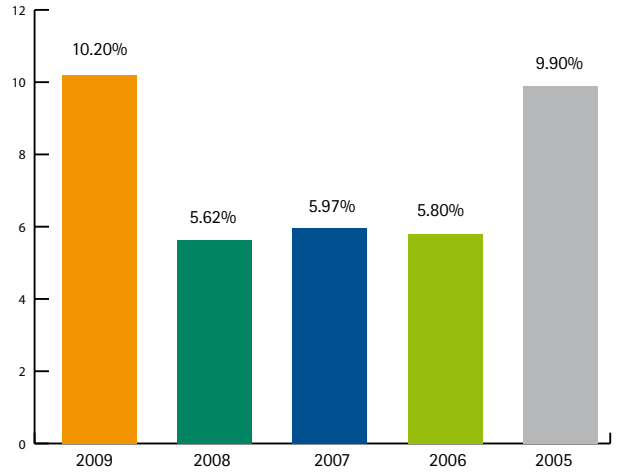
Figures provided by JLT Benefit Solutions.

2009 is the first year of relative out-performance the Fund has experienced during the last five calendar years.

Performance of AVC funds

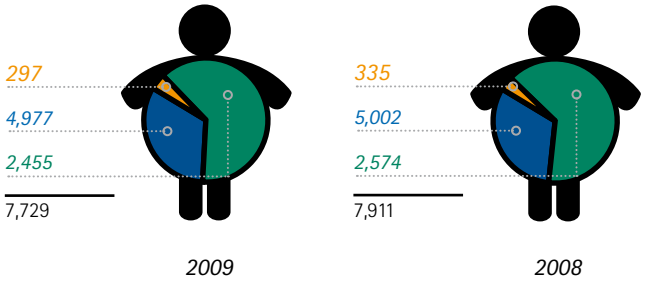
A table detailing the investment performance of the AVC funds held with Clerical Medical is on page 11.

Performance of the Internal AVC Fund over recent years as at 31 December:-



Membership statistics as at 31 December

The membership of the Fund at 31 December was:



Key: Contributing Members Pensioners Deferred Pensioners

Pension increases match inflation

Pension increases at 1 January 2010

Former Rhône Poulenc members

Pensions earned through membership of the Rhône Poulenc Pension Fund before 1 April 1997 are increased by 3% per year. Pension built up after this date, i.e. in excess of the Guaranteed Minimum Pension (GMP)*, remained unchanged this year.

This is because the Fund rules state that any pension increase applied to service after 1 April 1997 is based upon the movement in the Retail Prices Index (RPI) in the year to 31 October (subject to a maximum of 5%). The change in RPI to the year ending 31 October 2009 was -0.78%. As the figure was a negative amount, no pension increase was applied from 1 January 2010.

For those members that have not yet reached their State Pension Age (SPA), the entire pension built up after 1 April 1997 is increased by the rate in RPI up to a maximum of 5%.

Former members of the Benzole Producers Pension Scheme, Former Albright & Wilson Pension Fund members who retired after 1 April 2001 and Former Rhodia Pension Fund members

The entire pension in excess of the GMP* remained unchanged this year for the same reason as above.

Pension increases at 1 April 2010

Former members of the Albright & Wilson Pension Fund who retired prior to 1 April 2001 received increases of 2.4% on the pension in excess of the GMP*.

In accordance with the Fund rules, this element of pension increased in line with the movement in RPI in the year to December 2009 of 2.4%. For those members that have not reached their SPA their entire pension is increased in line with the rate in RPI up to a maximum of 5%. No discretionary increases were applied.

* *GMP is broadly equivalent to the pension that would otherwise have been earned from the State Earnings-Related Pension Scheme (SERPS) had members not been contracted-out during that period. After SPA, the government is responsible for setting the increase rate on the GMP and for the tax year commencing 6 April 2010 they advised that no increase was due.*

Increases on the GMP after SPA are provided by the State annually and are added to the State Pension. However, the first 3% due on the GMP earned between 6 April 1988 and 5 April 1997 is provided by the Rhodia Pension Fund, rather than by the State and is added to the annual increase granted by the Fund.

As part of their ongoing governance responsibilities, the Trustee Directors are undergoing a review of the **Money Purchase Scheme**. It is currently held with Clerical Medical and has been since the inception of the Fund in 2001.

The changing pension landscape, improving life expectancy and turbulent economic markets, have highlighted the value of members making informed decisions about pension savings that reflect their personal circumstances and plans. The Trustee Directors encourage members to take an active interest in their investment choices and select Funds that meet their own needs, particularly their attitude to risk.

Benefits are dependent on:

- Contributions paid
- Investment return
- Cost of buying pension at retirement

Benefits are not guaranteed.

Members' Booklet – Make time for your future

This booklet describes the operation of the **Money Purchase Scheme** and the benefits provided. It is issued upon joining the Company. It is designed to help members with the various decisions they need to make and help plan the way their pension builds up.

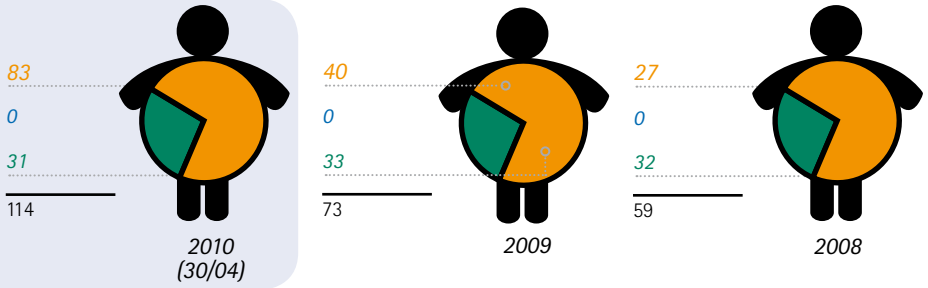
An electronic version of this document is held on SPARK (Company's intranet). A hard copy can be obtained from NorthgateArinso, details of which are on page 12 or HR if you are a contributing member.

Investment performance

A table detailing the investment performance of the funds held with Clerical Medical is on page 11.

Membership statistics as at 31 December

Following the acquisition of the McIntyre Group Ltd based in Halifax, the membership has increased and the figures as at 30 April 2010 are shown in the illustration to the right.



Process at retirement

The Trustee Directors understand that it may sometimes be difficult for members to decide which insurance company to use or the options available when purchasing a lifetime annuity. To help with this decision, the Company is in the process of appointing a specialist broker to assist with the annuity purchase based upon members' circumstances. NorthgateArinso, the scheme administrators, will pass member details to the specialist broker approximately one month before retirement to enable them to conduct a review of the annuity market and provide a summary of the options available. It is important to note that members do not have to use this service and are free to obtain quotations and purchase an annuity from any other broker.

Advice from an independent financial adviser during this process is paramount.

Annual Benefit Statement

Each April, members will receive a statement from Clerical Medical which shows what their plan is worth now, the payments into their plan and how much pension they may get back when they retire.

As the projections within this statement are based on members' personal details and information held for them, it is very important that the statement is checked carefully and if anything appears incorrect, they should contact NorthgateArinso using the contact details on page 12.

Members should also take the opportunity to make sure that their plan meets their current needs. Ultimately it is their responsibility.

The Trustee Directors are not able to provide members with financial advice. Members should therefore consider consulting an independent financial adviser if guidance on planning for their retirement is required. Please see www.unbiased.co.uk for more information.

Once the review has been finalised, the Trustee Directors will write to all **Money Purchase Scheme** members with details of its findings. A summary of the benefits provided under this pension arrangement will be included.

Financial highlights for 2009

1.	**Opening Fund Account as at 1 January 2009**	**£70.13m**
2.	**Expenditure**	**£4.08m**
3.	Pensions and lump sums	£3.60m
	Leavers	£0.003m
	Administration expenses	£0.17m
	Pension Protection Fund Levy	£0.22m
	Investment expenses	£0.06m
4.	**Income**	**£3.15m**
5.	Contributions	£3.00m
	Investment income	£0.15m
6.	**Increase in value of investments**	**£7.81m**
7.	**Closing Fund Account as at 31 December 2009**	**£77.01m**

These figures are taken from the formal Annual Report & Accounts.

Investment Strategy

Changes to the investment strategy

The Trustee Directors appointed a new investment advisor, HSBC Actuaries & Consultants Limited which subsequently became JLT Benefit Solutions in December 2009. Following a review of the Plan's investment strategy, the Trustee Directors revised the Plan's investment structure during 2009.

The changes implemented were designed to create a more efficient investment strategy which could achieve a higher expected return whilst reducing the expected risk to the funding position. The Trustee Directors agreed that a strategy that delivered a reduction in risk for the current level of return would be the most desirable. The revised strategy allows scope to introduce a Liability Driven Investment (LDI) solution at a later date, when market conditions are more favourable to entering such a solution.

The initial strategy proposed was to invest 30% of the Plan in equities, 5% in Property, 15% in diversified growth* and 50% in corporate bonds. This was classed as an interim strategy focused on current market conditions. To mitigate future risks of inflation and changes in nominal interest rates, an appropriate LDI structure would need to be considered in due course. It was highlighted that LDI solutions typically reduce the overall expected return of a strategy and hence the decision was made to increase growth assets to 50%.

The sale of UK Government bonds occurred in August 2009, when the bond allocation switched from gilts to corporate bonds. All assets in the L&G Over 15 Years Gilts Index Fund were sold. This funded the investment in the L&G Active Corporate Bond – All Stocks – Fund.

The Plan's allocation to equities was also reduced to achieve the proposed allocation in diversified growth*.

In early 2010, the allocation in bonds was reduced in favour of increasing the exposure to property and overseas equity assets.

**A Diversified Growth Fund invests in a range of predominately growth asset classes and may make tactical and strategic asset fund allocation decisions based on the manager's market and economic views. The objective is to achieve an equity-like return but with lower volatility.*

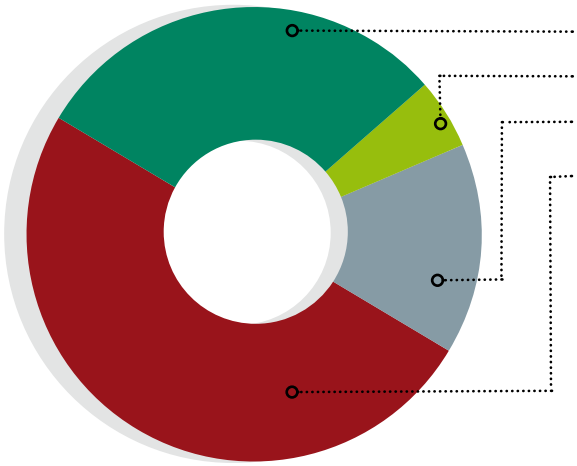
Manager performance

The absolute performance of the Plan's managers has been strong over 2009, with most managers providing positive absolute and relative returns.

As expected, the Legal & General UK Equity Index Fund tracked its FTSE All Share benchmark over the year, generating a very strong return during a period of rising equity markets. The global equity investment portfolio also produced a strong absolute return, yet its annual return was below benchmark. Since the year end the Plan has disinvested entirely out of this investment. The property fund produced a positive relative return over the year, with 2009 seeing an improvement in the performance of this asset class.

The Long Dated Corporate Bond holding provided the largest detractor to relative performance over the year which was slightly below the benchmark return. The Plan invested in the Legal & General Active Corporate Bond All Stocks Fund in August 2009. This fund outperformed its benchmark over 2009.

The new target asset allocation is as follows:

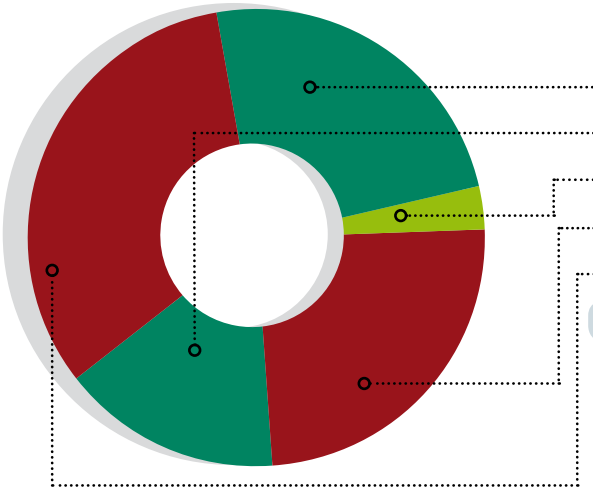


UK Equity / Global Equity	30%
UK Property	5%
Dynamic Asset Allocation	15%
Long Dated Corporate Bonds / Active Corporate Bond All Stocks	50%

Figures provided by JLT Benefit Solutions.

Position as at 31 December 2009

The table below shows the breakdown of how the Plan's assets were invested at the end of 2009.



	%	£m's
UK Equity	24.1	17.9
Global Equity	15.3	11.5
UK Property	3.0	2.2
Long Dated Corporate Bonds	24.7	18.5
Active Corporate Bond All Stocks	32.9	24.5
Total	100%	74.6m*

Figures in red represent – distribution of assets.
Figures in blue represent – value of assets.
Figures provided by JLT Benefit Solutions..

As at 31 December 2009, the RPSPP Section's total asset market value amounted to £77m (this included £1.2 million in net current assets and recoverable tax and £1.2m of AVC investments). The move to the new strategy was undertaken during the first half of 2010.

The investment performance of the Plan over the last two years (since the RPSPP Section became part of the Rhodia Pension Fund) has been:

	2009 (%)	2008 (%)
Plan	11.7	(11.5)
Benchmark	12.9	(9.3)

Figures taken from the 2009 Report & Accounts as at 31.12.09

Performance of Fund versus benchmark during 2009

Asset class *(relevant benchmark)*	Fund (%)	Benchmark (%)	Relative (%)
UK Equity *(FTSE All Share Index)*	30.8	30.1	0.7
Global Equity *(MSCI AC World Index)*	17.4	15.7	1.7
UK Property *(UK IPD Property Index)*	(0.6)	(1.8)	1.2
Corporate Bonds *(Composite made up of ML Sterling Non-Gilts 10+ Years Index and iBoxx £ Non-Gilt All Stocks Index)*	12.4	11.7	0.7

Figures provided by JLT Benefit Solutions (gross of fees).

Performance of AVC funds

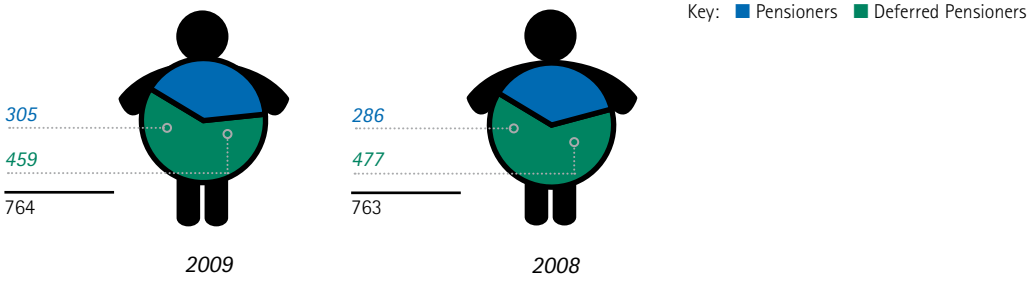
A table detailing the investment performance of the AVC funds held with Clerical Medical is on page 11.

Investment market environment

For information on the investment market environment, please see page 10.

Membership statistics as at 31 December

The membership of the Plan at 31 December was:



Annual pension increase – 1 January 2010

There were no pension increases applied to members' benefits this year and pension payments remained unchanged.

This is because the Plan rules allow pension benefits in excess of the Guaranteed Minimum Pension (GMP)* to increase on the 1 January each year by the movement in the Retail Prices Index (RPI) to 31 August 2009 (subject to a maximum of 5%). The change in RPI during this period was -1.29%. As the figure was a negative amount, no pension increases were applied on 1 January.

For those members that have not reached their State Pension Age (SPA), their entire pension is increased by the rate in RPI up to a maximum of 5% and as a consequence no increase was applied.

* *GMP is broadly equivalent to the pension that would otherwise have been earned from the State Earnings-Related Pension Scheme (SERPS) had members not been contracted-out during that period. After SPA, the government is responsible for setting the increase rate on the GMP and for the tax year commencing 6 April 2010 they advised that no increase was due.*

Increases on the GMP after SPA are provided by the State annually and are added to a members State Pension. However, the first 3% due on the GMP earned between 6 April 1988 and 5 April 1997 is provided by the Rhodia Pension Fund, rather than by the State and is added to the annual increase granted by the Fund.

Investment market environment

The global economy continued to show signs of a steady recovery over the year and most of the major global economies have emerged from recession. Some developing countries, most notably China, are growing strongly.

In contrast, the UK economy contracted by 0.2% during the third quarter of 2009 and 0.4% in the fourth quarter. The recession was the longest and deepest since the Second World War. The UK economy's reliance on the service sector, in particular financial services, has been cited as one of the reasons why it remained in recession for so long. The CBI predicts that the UK economic recovery will remain fragile against a background of high unemployment, rising commodity prices, modest salary rises, the rise in VAT to 17.5% and a probable increase in interest rates later this year.

Over the course of the year, central banks around the world continued to cut interest rates with the aim of offsetting the effects of the credit crunch by stimulating economic growth and encouraging bank lending.

Equities

Since the low point at the beginning of March 2009, most equity markets have made a strong recovery over the year. Overseas equities also produced strong returns over the year as a whole, however sterling investors will have had any gains eroded due to the pound's appreciation against most overseas currencies. The most disappointing market was in Japan, where there was increased concern regarding the government's ability to deal with the problems of deflation and the continuing strength of the yen. Companies in developing markets had been less subject to the major write down of asset values that were incurred in developed economies, but suffered because of their dependence on exports and scarcity of credit finance.

China was growing relatively strongly and as a consequence by the end of Q1 2009, many countries in the region were beginning to come out of recession. Eventually, as the global economic recovery began to gain momentum, the equity markets in other regions also rallied, albeit to a lesser extent with equity markets in the developing countries outperforming those in developed markets during Q2 2009 and Q3 2009 by 25%.

Bonds and Credit

Notwithstanding spiralling government deficits, in the first half of 2009 government bond yields fell to the lowest level for decades as investors sought a 'safe haven' for their funds. Quantitative easing (which involves the Bank of England purchasing financial securities), such as government and corporate bonds put downward pressure on yields. In contrast, corporate bonds produced a dreadful performance as concerns about potential defaults intensified.

In the second quarter of 2009, it became apparent that the worst fears of investors regarding the length and depth of the recession were not being realized and corporate defaults were at a much lower level than had been anticipated. From then on corporate bond markets have recovered most of their earlier losses. Gilt yields have since risen as investors have become increasingly concerned about the high level of government borrowing. In contrast, index linked gilt yields fell as fears about the outlook for inflation kept demand at a high level relative to supply.

Alternative asset classes

All of the alternative asset classes produced positive returns over the year and they provided some protection from the falls in global equity prices.

Property disappointed during the majority of the 12 months although it did start to rally slowly towards the end of the year.

Hedge funds had some extremely bad publicity with the Madoff scandal, bans on short selling, redemptions and talk of greater regulation. However, over the 1 year and 3 year periods, they have produced a positive return and certain strategies have done very well.

With the global economy recovering, commodities, produced positive returns over the 12 months to 31 December 2009.

As sentiment improved, investors bought into the alternative asset class arena. High yield bonds performed strongly and spreads relative to government bonds narrowed further. However, this market still has its attractions because of the high level of yields despite the potential for capital losses.

Future pension increases

Consumer Prices Index (CPI)/Retail Prices Index (RPI)

You may have heard that the government intends to change the measure of inflation used in pension schemes from RPI to CPI. This potentially affects how much your pension will increase each year after you retire, and how much it will increase in deferment (i.e. if you leave the Fund but don't retire straight away). At the moment we do not know exactly how the proposed changes will affect the Fund because the changes have not been finalised by the Government.

Performance of AVCs & Money Purchase Scheme funds held with Clerical Medical as at 31 December

Name of Fund	RPF Section (Final Salary Scheme)	RPSPP Section	RPF Section (Money Purchase Scheme)	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)
Balanced Managed	✓	✓	✓	18.5	(19.4)	3.5	7.9	17.4
Adventurous Managed		✓		23.6	(25.6)	3.7	9.7	22.2
Cautious Managed		✓		14.3	(14.3)	1.6	6.5	13.6
Non-Equity Managed		✓		3.6	0.1	(2.2)	5.2	8.5
UK Equity		✓		24.5	(28.5)	3.7	12.0	21.0
UK Equity Tracker	✓	✓	✓	28.1	(30.3)	4.4	15.6	20.5
European		✓		19.8	(23.1)	11.1	17.5	24.7
North American		✓		13.2	(15.5)	3.5	(0.4)	15.9
Japan		✓		(4.8)	(2.6)	(7.8)	(7.6)	44.4
UK Property		✓		7.8	(17.0)	(15.9)	16.8	12.4
Gilt and Fixed Interest Fund	✓		✓	2.6	4.3	1.7	0.3	7.5
Halifax		✓	✓	(0.3)	4.1	4.5	3.7	3.9
International		✓		16.8	(19.6)	6.1	4.5	21.3
With profit - Unit Linked - Before Tax		✓		8.6	(12.4)	1.9	9.8	15
Balanced Lifestyle Fund*	✓		✓					
FTSE 100				*27.3*	*(28.3)*	*7.4*	*14.4*	*20.8*
FTSE All Share				*30.1*	*(29.9)*	*5.3*	*16.8*	*22.0*

* This fund is a combination of Clerical Medical Funds hence a single performance figure cannot be shown.

Statistics provided by Clerical Medical / % Change Bid to Bid.
Performance is net of a 1% p.a. fee but a 0.5% p.a. rebate is given to members.

More information regarding each of the Funds can be found on the Clerical Medical website - www.clericalmedical.co.uk

Switching funds

Clerical Medical will not levy a charge to members for

1) switching funds within Clerical Medical
   or
2) transferring their funds out of Clerical Medical

but members should be aware that buying and selling assets attracts costs.

If you wish to transfer funds, please contact either your HR contact or NorthgateArinso, contact details are on page 12.

Please note that a review of AVC and Money Purchase Scheme funds is currently being undertaken.

Pension verification

Impersonation of the deceased (IOD) fraud continues to grow. To ensure we protect our pension scheme from this and ensure we pay pensions to the correct people, we have robust tools and processes in place to conduct existence checks.

- Personal contact details are screened against mortality data every three years to give us the confidence that an individual is not deceased and is at their stated residence.
- Pension Verification letters are sent annually to Pensioners/Dependants with overseas bank accounts* and those who are aged 80 and above. Pensioners/Dependants are required to sign the letter, witnessed by an independent person and return it in an enclosed pre-paid envelope as soon as possible in order to avoid the possibility of pension payments being suspended.

While the Trustee Directors fully understand the inconvenience of this exercise we hope you appreciate its importance.

** Overseas members are unable to be included in the mortality screening exercise.*

A reminder of the earliest date you can draw your pension

Legislation prevents members from taking early retirement (other than through ill-health) earlier than age 55. There is, however, one category of members that remain unaffected – please see below.

Contributing members

Final Salary members -

1) Leaving at own request – 55
2) **Leaving through voluntary or compulsory redundancy, the age limit will remain at 50.**

Both categories may be subject to a reduction to reflect early payment and Company consent.

Money Purchase members - 55

Deferred members

Once a member leaves the Company and terminates their contract of employment, the earliest age at which they can draw their pension is 55.

Help and information

If you have any queries relating to your *pension benefits or actual pension payments* please contact NorthgateArinso directly:

Rhodia Pension Fund
NorthgateArinso
P O Box 2217 Bristol BS99 7HU

Helpline No: 0844 3912 403

Fax No: **0844 3911 999**

Email: **Rhodia@PensionsOffice.com**

For any general queries about the Fund which you believe NorthgateArinso cannot help you with, please contact:

Rhodia Pensions Trust Limited
P O Box 80, Trinity Street, Oldbury, West Midlands, B69 4LN
Tel: **0192 348 5561, 0121 541 3857/3783**
Fax: **0121 541 3864**
Email: andrew.pritchard@eu.rhodia.com
or annette.coppin@eu.rhodia.com
or karen.lowe@eu.rhodia.com

Pensions Team

Andrew Pritchard – Pensions Manager
Annette Coppin – Pension Services Manager
Karen Lowe – Pensions Administration Co-ordinator

Company-appointed Trustee Directors	
Bob Tyler	employee (Chairman)
Tony McGrath	pensioner
Alison Murphy	employee
Alison Johnson	pensioner
Barry Milner	employee
Member-nominated Trustee Directors	
Frank Thompson	employee
Eddie Chilton	employee
Steve Pearce	pensioner
Dave Gallifent	deferred (resigned 17/11/09)
Dave Hodgson	deferred
Secretary to the Trustee Directors	
Andrew Pritchard	

Registered Office
Rhodia UK Limited
Oak House
Reeds Crescent
Watford Herts
WD24 4QP

Important – please help us keep in touch!

If you are a deferred member or pensioner ***and you move home or your personal circumstances change***, please contact NorthgateArinso to ensure the Trustee Directors have your current details. Details of their address are shown on page 12.
If you are a Contributing member of the Rhodia Pension Fund, please inform HR.

Professional advisers – Rhodia Pension Fund

Actuary:	• RJ Birmingham, Xafinity Consulting Limited
Auditors:	• Baker Tilly UK Audit LLP
Solicitors:	• CMS Cameron McKenna LLP
Bankers:	• Barclays Bank plc
Scheme administrators	• NorthgateArinso
Investment Managers	• Clerical Medical (formerly Equitable Life)** • Legal & General Investment Management Limited** • Schroders Investment Management Partners Limited# • Multi-Manager Investment Programmes PCC Limited# • Phoenix Asset Management Partners Limited# (until Feb 10) • STW Fixed Income Management# • RWC Partners Limited# • BlackRock Investment Management (appointed 1 Dec 09 through acquisition of Barclays Global Investors)** • Baring Asset Management Limited (appointed Nov 09)# • Neptune Investment Management Ltd (appointed 15 Dec 09) • Threadneedle Asset Management (appointed April 2010) • Aberdeen Asset Management* • Fidelity Pension Management (until Jan 09)* • Capital International Limited (until Jan 10)*
Investment Consultants	JLT Benefit Solutions Limited (purchased HSBC Actuaries and Consultants Limited on 1/12/09 who had replaced Stamford Associates Limited). Dates of replacements for each of the Sections are: RPF Section 1 Aug 09 and RPSPP Section 1 Mar 09
Global Custodian	• The Northern Trust Company

RPF Section only - * RPSPP Section only
** Applicable to both Sections of the Fund

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