UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

In the Matter of **Solvay S.A.,** a foreign corporation	))))))))))	Docket No. C-4046 File No. 021-0067

PETITION OF SOLVAY S.A. FOR APPROVAL OF PROPOSED DIVESTITURE

Pursuant to §2.41(f) of the Rules of Practice and Procedure of the Federal Trade Commission (the "*Commission*"), 16 C.F.R. et seq. (2001) (the "*Commission's Rules*"), and paragraphs II.A and II.B of the Decision and Order in the above-captioned matter (the "*Order*"), Solvay S.A., a company organized under the laws of Belgium ("*Solvay*"), hereby petitions the Commission to approve the divestiture (the "*Proposed Divestiture*") of Solvay's Fluoropolymers Business and the Solvay VF_2 Joint Venture Business (as such terms are defined in the Order) to Dyneon LLC, a Delaware limited liability company ("*Dyneon*") and a wholly owned subsidiary of 3M Company, a Delaware corporation ("*3M*"), pursuant to a Stock Purchase Agreement, dated as of November 22, 2002 (the "*Stock Purchase Agreement*"), and all the ancillary agreements, exhibits and schedules pursuant thereto (the "*Ancillary Agreements*," and collectively with the Stock Purchase Agreement, the "*Divestiture Agreements*"), attached to this Application as Confidential Appendix A.

I. Consent Agreement and Complaint

On April 29, 2002, Solvay and the Commission entered into an Agreement Containing Consent Orders that included the Order and an Order to Hold Separate and Maintain Assets (collectively, the "*Consent Agreement*"). The Consent Agreement, together with the Commission's Complaint, was placed in the public record on May 1, 2002, and the Order became final on July 9, 2002. On May 7, 2002, Solvay completed its acquisition of Ausimont S.p.A. ("*Ausimont*"). Currently, Solvay Fluoropolymers, Inc., a Delaware corporation ("*SFI*") that is a wholly owned subsidiary of Solvay America, Inc., a Delaware corporation ("*Solvay America*"), which is in turn a wholly owned subsidiary of Solvay, owns the entirety of the Solvay Fluoropolymers Business and the Solvay VF_2 Joint Venture Business and operates them pursuant to the Order to Hold Separate and Maintain Assets.

The Commission's Complaint alleges that the acquisition by Solvay of Ausimont may tend substantially to lessen competition and tend to create a monopoly in the world market for polyvinylidene fluoride ("*PVDF*"). The Commission's Complaint also alleges that effective entry into the market for PVDF would require vertical integration by a new entrant into vinylidene fluoride ("VF_2"), which is a raw material needed to produce PVDF. Accordingly, paragraphs II.A and II.B of the Order require Solvay to divest the Solvay Fluoropolymers Business and the Solvay VF_2 Joint Venture Business, in each case to an acquirer that receives the prior approval of the Commission and in a manner that receives the prior approval of the Commission, no later than January 6, 2003.

This Application describes the principal terms of the Stock Purchase Agreement by which Solvay America will divest the Solvay Fluoropolymers Business and the Solvay VF_2 Joint Venture Business to Dyneon and explains how the Proposed Divestiture satisfies the purposes of the Order.

II. The Divestiture Agreements

Solvay requests that the full text of the Divestiture Agreements and any other information provided in Confidential Appendix A, including a letter, dated as of November 15, 2002, from Solvay to the Commission (collectively, the "*Subject Information*"), be treated by the Commission as strictly confidential and not be made available to the public. The Subject Information constitutes commercially and competitively sensitive information relating to the divestiture of the Solvay Fluoropolymers Business and the Solvay VF_2 Joint Venture Business. In accordance with §4.9(c)(1) of the Commission's Rules, Solvay has designated the Subject Information as confidential in its entirety by marking each page of the Divestiture Agreements, and any other information provided in Confidential Appendix A, with "*Confidential Treatment Requested by Solvay S.A.*." With reference to §4.9(c)(3) of the Commission's Rules, Solvay requests that the General Counsel of the Commission withhold the Subject Information from the public record because the Subject Information constitutes confidential commercial and financial information of the sort described by §4.10(a)(2) of the Commission's Rules and competitively sensitive information of the sort described by §6(f) of the Federal Trade Commission Act, 15 U.S.C. §46(f) (2001) (the "*FTC Act*").

Solvay also requests confidential treatment of the Subject Information pursuant to §552(b)(4) of the Freedom of Information Act, 5 U.S.C. §552 (2001) ("*FOIA*"), as the Subject Information constitutes confidential business information concerning Solvay. Solvay is not required to make such information readily available to the public and would not willingly or ordinarily disclose such information because such information, if revealed, would provide competitors with insights into Solvay's operational strengths and weaknesses and could limit Solvay's ability to negotiate favorable terms with potential purchasers of its products. Furthermore, such disclosure will prejudice Solvay, Solvay America and Dyneon, and will negatively affect Solvay's ability to comply with the Consent Agreement and Dyneon's ability to operate the Solvay Fluoropolymers Business and the Solvay VF2 Joint Venture Business following completion of the divestiture. As noted above, Solvay believes that the Subject Information is confidential and not required to be made public pursuant to §4.10(a)(2) of the Commission's Rules and §6(f) of the FTC Act. Solvay has provided redacted versions of the Divestiture Agreements that may be placed on the public record without jeopardizing its own or Dyneon's interests. A non-confidential version of this Application is also provided herewith.

As explained below, the terms of the Divestiture Agreements comply with and satisfy the purposes of the Order.

A. <u>Stock Purchase Agreement</u>

Pursuant to the Stock Purchase Agreement, Solvay America has agreed to sell and Dyneon has agreed to purchase all of the outstanding capital stock of SFI, subject to the satisfaction or waiver (which waiver, if any, shall not be effective without the prior approval of the Commission) of certain conditions precedent as specified therein. Dyneon has agreed to pay [CONFIDENTIAL MATERIAL REDACTED] upon the consummation of the Proposed Divestiture (the "*Closing Date*"), at an aggregate purchase price of not less than [CONFIDENTIAL MATERIAL REDACTED]. All of the assets that comprise the Solvay Fluoropolymers Business are owned by SFI or, in the case of certain intellectual property assets related to the Solvay Fluoropolymers Business, by an affiliate of SFI. SFI owns the manufacturing plant and equipment, the associated buildings and the leasehold land related to the Solvay Fluoropolymers Business. SFI also employs all of the personnel related to the Solvay Fluoropolymers Business, except for certain persons specified on Confidential Exhibit 3 of the Order who were not included as Solvay Fluoropolymers Employees (as such term is defined in the Order). To the extent necessary, all contracts related to the Solvay Fluoropolymers Business have been, or will be, assigned or otherwise transferred to SFI.

The Solvay VF_2 Joint Venture Business consists of a 50% membership interest in Alventia LLC, a Delaware limited liability company ("*Alventia*"). SFI owns Solvay's 50% membership interest in Alventia, and Dyneon owns the remaining 50% membership interest. SFI employs all of the employees related to the operation of Alventia, except for the persons specified on Confidential Exhibit 3 of the Order. As described below, Solvay Management Services, Inc., a wholly owned subsidiary of Solvay ("*SMS*"), will license to Alventia certain know-how relating to the manufacture, use and sale of VF_2 anywhere in the world. Likewise, SMS will license to Dyneon all

PVDF-related patents and all PVDF-related know-how. The sale of SFI to Dyneon pursuant to the Stock Purchase Agreement, together with the transfer or license of certain intellectual property and other assets under the Ancillary Agreements therefore accomplishes the Commission's requirement that Solvay divest the Solvay Fluoropolymers Business and the Solvay VF_2 Joint Venture Business.

In addition, pursuant to the Stock Purchase Agreement, Solvay America has agreed to provide to Dyneon on or prior to the Closing Date a list of all persons who have purchased PVDF from Solvay or its affiliates within the three years preceding the Closing Date (Stock Purchase Agreement, §7.11), and has agreed not to solicit, and to cause its affiliates not to solicit, any SFI employee for a period of two years from the Closing Date (Stock Purchase Agreement, §5.3).

B. <u>Ancillary Agreements</u>

Other than the Confidentiality Agreement and the Employment Side Letter Agreement which were executed simultaneously with the execution of the Stock Purchase Agreement, on or prior to the Closing Date, Solvay, Solvay America, Dyneon, Alventia and certain of their respective affiliates will enter into the following Ancillary Agreements pursuant to the Stock Purchase Agreement in connection with the Proposed Divestiture:

- Amended and Restated Dispute Resolution and Governing Law Agreement (Exhibit A to the SPA);
- Amendment No. 1 to the 142b Supply Agreement (Exhibit B to the SPA);

- Amendment No. 1 to the Confidentiality Agreement (Exhibit C to the SPA) ;
- Confidentiality Agreement (Exhibit D to the SPA);
- Emergency VF_2 Supply Agreement (Exhibit E to the SPA);
- Employment Side Letter Agreement (Exhibit F to the SPA);
- Non-competition Agreement (Exhibit H to the SPA);
- Non-exclusive PVDF Technology License Agreement (Exhibit I to the SPA);
- Non-exclusive VF_2 Technology License Agreement and Amendment to License Agreement (Exhibit J to the SPA);
- PVDF Supply Agreement (Exhibit K to the SPA);
- SOLEF Trademark License Agreement (Exhibit L to the SPA);
- Technical Assistance Services Agreement - PVDF Business (Exhibit O to the SPA);
- Technical Assistance Services Agreement - VF_2 Joint Venture Business (Exhibit P to the SPA); and
- Transition Services Agreement (Exhibit Q to the SPA).

Set forth below is a summary of the relevant provisions of the Ancillary Agreements.

(a) *Amended and Restated Dispute Resolution and Governing Law Agreement*

The Amended and Restated Dispute Resolution and Governing Law Agreement will amend and restate in its entirety an agreement of January 19, 1998 under which Solvay America, Solvay Fluorides, Inc., a wholly owned subsidiary of Solvay America ("*Solvay Fluorides*"), SFI, Dyneon and Alventia will follow certain dispute resolution procedures to resolve any dispute or claim that arises between any of the

Parties as to the interpretation, negotiation, or alleged breach of agreements in connection with the Alventia joint venture.

(b) *Amendment No. 1 to the 142b Supply Agreement*

The Amendment No. 1 to the 142b Supply Agreement will amend an agreement of January 19, 1998 (the "*142b Supply Agreement*"), under which Solvay Fluorides supplies HCFC-142b to Alventia to extend the term of such agreement until [CONFIDENTIAL MATERIAL REDACTED].

(c) *Amendment No. 1 to the Confidentiality Agreement*

The Amendment No. 1 to the Confidentiality Agreement will amend an agreement of January 19, 1998 under which certain Solvay companies, Dyneon and Alventia agree to be bound by confidentiality obligations with respect to confidential information received by the parties in connection with the Alventia joint venture to extend the term of such agreement until the termination of the 142b Supply Agreement.

(d) *Confidentiality Agreement*

Under the Confidentiality Agreement, certain Solvay companies, Dyneon and Alventia will agree to be bound by confidentiality obligations with respect to confidential information received by the parties in connection with the Proposed Divestiture.

(e) *Emergency VF_2 Supply Agreement*

The Emergency VF_2 Supply Agreement will obligate Ausimont U.S.A., Inc., a wholly owned subsidiary of Solvay, to supply SFI and Dyneon with VF_2 for a period of [CONFIDENTIAL MATERIAL REDACTED] in the event of an interruption to, or reduction in, the manufacture of VF_2 at Alventia's Decatur VF_2 facility. This VF_2 will be supplied from Ausimont's plant at Thorofare, New Jersey.

(f) *Employment Side Letter Agreement*

The Employment Side Letter Agreement will obligate Solvay America not to, and cause its affiliates (including Solvay) not to, interfere with any offer of employment made by Dyneon to certain employees of Solvay America and its affiliates or take any action in any way intended to influence such persons to terminate his or her employment with Dyneon or its affiliates. In addition, Solvay America will waive, and shall cause its affiliates (including Solvay) to waive, any non-compete, confidentiality or other restrictive covenants that deter such persons from accepting employment with Dyneon.

(g) *Non-competition Agreement*

Solvay America will, for a period of up to [CONFIDENTIAL MATERIAL REDACTED], not compete, and will cause its affiliates (including Solvay) not to compete, with Dyneon in relation to the supply in [CONFIDENTIAL MATERIAL REDACTED] of certain specified grades of PVDF to certain specified customers based in [CONFIDENTIAL MATERIAL REDACTED].

(h) *Non-exclusive PVDF Technology License Agreement and Non-exclusive VF_2 Technology License Agreement and Amendment to License Agreement*

Under the Non-exclusive PVDF Technology License Agreement, SMS will license to Dyneon all PVDF-related patents and all PVDF-related know-how, in each case on a non-exclusive, royalty-free and worldwide basis with the right to sublicense. In addition, upon a written request by Dyneon or any of its affiliates, SMS will grant Dyneon or any of its affiliates a royalty-bearing license on mutually agreeable, commercially reasonable and customary terms to use the PVDF-related patents and the PVDF-related know-how for certain applications other than applications for PVDF.

Under the Non-exclusive VF_2 Technology License Agreement and Amendment to License Agreement, SMS and Alventia will amend the terms of the License Agreement, dated as of January 19, 1998 (as assigned by Solvay to SMS as of the consummation of the Proposed Divestiture, the "*Alventia License Agreement*"), by which SMS licenses to Alventia certain know-how relating to the sale anywhere in the world of VF_2 manufactured in the Decatur plant, to provide, in accordance with paragraph II.D.2 of the Order, a license to Alventia of certain know-how relating to the sale anywhere in the world of VF_2 manufactured anywhere in the world. The Alventia License Agreement, as amended, will be non-exclusive, royalty-bearing in relation to that part of the VF_2 manufactured at the Decatur plant and used or sold for any purpose other than the manufacture of PVDF and otherwise royalty-free.

As a result of these agreements, Dyneon and Alventia will receive all rights owned or held by Solvay to the patents, know-how and other technology required to manufacture, sell and use PVDF and VF_2 anywhere in the world.

(i) *PVDF Supply Agreement*

Under the PVDF Supply Agreement, Solvay Polymers, Inc. (a wholly owned subsidiary of Solvay America) will supply to Dyneon certain grades [CONFIDENTIAL MATERIAL REDACTED]of SOLEF® PVDF products manufactured by Solvay at its facility at Tavaux, France, for a period of [CONFIDENTIAL MATERIAL REDACTED] from the Closing Date. Dyneon will thereby have a complete product range immediately following the Closing Date, with full capability to perform as a major competitor in the PVDF market.

(j) *SOLEF Trademark License Agreement*

Pursuant to the SOLEF Trademark License Agreement, SMS will grant Dyneon a non-exclusive, royalty-free, worldwide, one-year "running down" license to use Solvay's SOLEF registered and unregistered trademark in relation to PVDF produced by Dyneon using the patents and know-how licensed to it by Solvay America.

(k) *Technical Assistance Services Agreement – PVDF Business and Technical Assistance Services Agreement – VF_2 Joint Venture Business*

Technical and research assistance as required by Section II.D.5 of the Order and relating to the operation of the Solvay Fluoropolymers Business and the Solvay VF_2 Joint Venture Business will be provided by SMS to Dyneon for a period of two years following the Closing Date at a rate equal to [CONFIDENTIAL MATERIAL REDACTED], pursuant to the Technical Assistance Services Agreement – PVDF Business, and to Alventia, pursuant to the Technical Assistance Services Agreement – VF_2 Joint Venture Business.

Section II.D.5 of the Order requires that such technical and research assistance will be provided by Solvay at its Actual Cost, which is defined in paragraph I.H of the Order as Solvay's "direct out of pocket expenses incurred in providing a service." The parties have agreed that [CONFIDENTIAL MATERIAL REDACTED] approximates Solvay's Actual Cost. However, since this amount is an approximation, Solvay acknowledges that it may not comply strictly with paragraph I.H of the Order. Nonetheless, Solvay respectfully requests that the Commission approve the Technical Assistance Services Agreement – PVDF Business and the Technical Assistance Services Agreement – VF_2 Joint Venture Business, and offers to modify the compensation provision of these agreements to comply strictly with the Order if the Commission so requests.

(1) *Transition Services Agreement*

Under the Transition Services Agreement, SMS will agree to provide to SFI for a period of six months following the Closing Date those services necessary to maintain the operation of SFI in the same manner as SFI was operated before the Closing Date.

III. <u>Competition Analysis</u>

The Proposed Divestiture ensures the continuing, viable and competitive operation of the Solvay Fluoropolymers Business and the Solvay VF_2 Joint Venture Business in the same business (including, but not limited to, the research and development of PVDF and VF_2) and in the same manner in which the Solvay Fluoropolymers Business and the Solvay VF_2 Joint Venture Business were engaged at the time of the announcement of the proposed acquisition of Ausimont S.p.A. by Solvay S.A.

Dyneon does not currently manufacture PVDF, so there is no lessening of competition in the manufacture or sale of PVDF by virtue of the Proposed Divestiture. Instead, the Solvay Fluoropolymers Business and the Solvay VF_2 Business will be owned by Dyneon rather than Solvay and the PVDF business that had been owned and operated by Ausimont will be owned and operated by Solvay. Solvay will also continue to own and operate its PVDF manufacturing facility in Tavaux, France.

In keeping with the objectives and provisions of the Consent Agreement and Order, the Proposed Divestiture will make Dyneon an immediate, viable, worldwide competitor in the non-coatings PVDF market. This was the primary product market alleged in the Commission's complaint, and the effect of the Proposed Divestiture is likely the strengthening of competition in relation to what preceded Solvay's acquisition of Ausimont: Dyneon stands as a more substantial supplier of non-coatings PVDF than Ausimont was. The Proposed Divestiture will also substantially restore the competitive landscape in the broadest PVDF market, the second product market alleged in the Commission's complaint, and will have no negative effect on current competition in the portion of the PVDF market that is not accounted for by non-coatings grades – the coatings-grade PVDF market.

In the non-coatings PVDF business, Ausimont was a limited competitor. It operated out of a single plant, in Thorofare, New Jersey, and although it tried to produce non-coatings PVDF with the technology it had licensed from AtoFina, its success was confined to certain grades of non-coatings product. Although Ausimont's Thorofare PVDF facility had a nameplate capacity of [CONFIDENTIAL MATERIAL REDACTED] was actually available for manufacturing non-coatings grades of PVDF (of which Ausimont had commercialized only [CONFIDENTIAL MATERIAL REDACTED]), due to certain technological and finishing line constraints. Ausimont could not make the necessary progress to increasing this non-coatings grade capacity. The Decatur plant that Dyneon will be acquiring is a state of the art plant that can produce a full set of non-coatings PVDF grades, as more fully explained below. Therefore, in the non-coatings PVDF sector, the Decatur plant has a significantly greater effective capacity and capability than Ausimont's Thorofare plant, and the Proposed Divestiture is pro-competitive.

The effects in the broader PVDF market the Commission alleged are neutral. Before Solvay acquired Ausimont, there were three principal producers of PVDF in the world: AtoFina, Solvay and Ausimont. After the Proposed Divestiture, there will be three principal producers of PVDF in the world: AtoFina, Solvay and Dyneon. Dyneon's production capacity at the outset will be somewhat smaller than the Ausimont capacity on a gross (or nameplate) basis, but the Decatur facility is easily expandable if market conditions warrant, to a size that is equal to the Thorofare plant that Ausimont operated as its PVDF production facility. Dyneon also brings certain strengths to the PVDF business that Ausimont did not have: the extensive history of 3M and Dyneon in fluorochemistry and a commitment to the fluoroplastics business that is greater than Ausimont, as a subsidiary of a conglomerate that was increasingly focusing on the supply of energy in Europe, was able to muster.

For the sake of completeness, we address the third portion of the business as well: the coatings portion of the PVDF business. The outcome here is much the same as in the broad PVDF market. Prior to Solvay's acquisition of Ausimont, Solvay had no presence in the coatings-grade PVDF market; the only market participants were Ausimont and AtoFina. By acquiring Ausimont, Solvay has assumed Ausimont's position as a coatings-grade PVDF competitor and is committed to remaining one. Because coatings-grade PVDF and non-coatings grade PVDF do not compete for the same uses or applications, however, the Proposed Divestiture will not affect competition in the coatings-grade PVDF market.

As a result of the Proposed Divestiture, Dyneon will acquire a state-of-the-art PVDF manufacturing plant at Decatur that was opened during 2000, which encompasses all of Solvay's PVDF manufacturing technology, and which is presently configured to make over 60 grades of non-coatings grade PVDF. The Decatur plant currently has a nameplate production capacity of [CONFIDENTIAL MATERIAL REDACTED]. Current PVDF sales from Decatur account for nearly [CONFIDENTIAL MATERIAL REDACTED] of all worldwide sales of non-coatings grade PVDF, double the volume of non-coatings PVDF sales that Ausimont had made and could reasonably be expected to make from Thorofare. The Proposed Divestiture, therefore, will give Dyneon a position in the non-coatings PVDF market that is substantially stronger than the position a company would attain if it were to try to compete with Solvay and AtoFina from Thorofare rather than Decatur. The Proposed Divestiture will give Dyneon the rights to all of Solvay's PVDF patents and existing PVDF and VF_2 know-how, and will obligate Solvay to provide Dyneon technical and research assistance, to the extent it believes it needs it, for a period of two years. Finally, Dyneon will receive a complete list of Solvay's worldwide PVDF customers, dating back three years, which will enable Dyneon to begin establishing relationships with those customers immediately following the Proposed Divestiture. Under the terms of the Non-competition Agreement, Solvay is precluded from fully competing with Dyneon in the North American PVDF market for a period of up to one year, which will further assist Dyneon in establishing itself in the marketplace.

The Proposed Divestiture will give Dyneon full control of Alventia, which manufactures VF_2, the key raw material for the manufacture of PVDF. Moreover, following the Proposed Divestiture, Solvay will be committed, by agreement, to providing Dyneon with HCFC 142b, the main raw material used in the production of VF_2, until at least [CONFIDENTIAL MATERIAL REDACTED]. Solvay is also obligated, by agreement, to supply Dyneon with VF_2 for a period of [CONFIDENTIAL MATERIAL REDACTED] following the Proposed Divestiture, in the event of an interruption to, or reduction in, the manufacture of VF_2 at Alventia's Decatur facility.

Thus, the Proposed Divestiture will give Dyneon long-term security of the essential raw material for manufacturing PVDF.

Dyneon has substantial expertise in fluoropolymers, and other fluorinated materials also made from VF_2 monomer, and will acquire from Solvay not only the physical facilities and technology needed for PVDF production but also sales and marketing and technical expertise and personnel to the extent Dyneon believes it needs those things. Dyneon already has an extensive worldwide distribution network for its existing fluoropolymers and fluoroelastomers businesses, which it can use to distribute and market PVDF. Dyneon also has extensive research and development capabilities in fluoropolymers and other fluorinated materials. From Decatur, Dyneon will be a stronger competitor for Solvay in this business than Ausimont was in the non-coatings grade PVDF marketplace so the Proposed Divestiture will contribute to greater competition in the relevant portions of the PVDF market than existed prior to Solvay's acquisition of Ausimont. The Decatur facility will give Dyneon the ability to manufacture a full range of non-coatings PVDF grades, including several new grades for which SFI is seeking qualification during the Hold Separate Period (as defined in the Consent Agreement). During this time period, SFI has successfully qualified several new grades, and expects by the closing of, or shortly following, the Proposed Divestiture, to have put itself in a position to produce at Decatur a full range of grades so that it will be an effective competitor. With Decatur's current qualified PVDF grades and the array of soon-to-be qualified grades, Dyneon will be positioned to compete immediately for customers worldwide, including, most importantly, those who could otherwise be supplied by

Solvay (from Tavaux) or AtoFina. Dyneon will also undoubtedly compete for Thorofare's customers, to the full extent that Decatur can provide Thorofare customers with substitute products.

As outlined below, Dyneon possesses the financial resources, proven expertise in fluoropolymers and other fluorinated materials and the incentive to maintain and develop the PVDF business at Decatur, as an active competitor in the world PVDF market. The Proposed Divestiture, therefore, meets the Commission's prevailing objective to ensure that the PVDF business remains at least as competitive as it was before the Solvay/Ausimont transaction. Indeed, as Dyneon will be a stronger competitor than Ausimont in the non-coatings PVDF market, the market is likely to be more competitive than it was before Solvay's acquisition of Ausimont.

The terms of the Proposed Divestiture match the requirements of the Order in all respects. Annex A to this Application is a chart showing the provisions of the Divestiture Agreements that implement the terms of the Order. As Annex A shows, all the requirements of the Order are satisfied by the Proposed Divestiture.

IV. <u>The Proposed Acquirer - Dyneon</u>

A. <u>Name and Address</u>

Dyneon headquarters are located in Oakdale, Minnesota and its address is:

Dyneon LLC
6744 33rd Street North
Oakdale, Minnesota 55128

B. **Description of Business**

Dyneon is a wholly owned subsidiary of 3M and is part of 3M's "specialty materials" division. Dyneon is one of the world's largest fluoropolymers manufacturers, with manufacturing plants and/or compounding facilities in the United States and Germany, and with commercial representation in over 50 countries worldwide. Dyneon also has access to 3M's worldwide sales and distribution networks.

Dyneon manufactures the following fluoropolymers: PTFE, ETFE, FEP, HTE, PFA and THV. It also manufactures fluoroelastomers and polymer processing additives. Dyneon, however, does not manufacture any form of PVDF. Dyneon is already a 50% shareholder in Alventia. It also operates a fluoroelastomers facility at Decatur, which is adjacent to the Decatur PVDF facility. Furthermore, it is the freehold owner of the land on which the Decatur PVDF facility is located and provides certain site services to both SFI and Alventia.

Dyneon's parent, 3M, is a major global diversified technology company with a market capitalization of $46 billion as of December 31, 2001. In 2001, 3M's turnover was approximately $16 billion and 3M invested over one billion dollars in research and development (and over five billion dollars in the period from 1996 to 2001). The common stock of 3M is publicly traded on the New York Stock Exchange under the ticker symbol "MMM." Further information on Dyneon can be found at http://www.dyneon.com and further information on 3M can be found at http://www.3m.com.

C. Financial Information

Dyneon, together with 3M, has the financial resources to ensure the continuing, viable and competitive operation of the Solvay Fluoropolymers Business and the Solvay VF_2 Joint Venture Business. Through their research and development resources, and Dyneon's particular expertise in fluoropolymers and other fluorinated materials, Dyneon and 3M will be able to develop new grades of PVDF. They also have the necessary sales, marketing and distribution assets required to sell PVDF worldwide. The DYNEON trade mark is also well-known amongst fluoropolymers customers. 3M's most recent annual report on Form 10-K and quarterly report on Form 10-Q are attached to this Application as Annex B.

As far as incentives are concerned, Solvay has every reason to believe that Dyneon will wish to make its new PVDF business a success in order to generate an acceptable return on its investment in acquiring and developing the business. Solvay understands that the Commission has requested that Dyneon provide directly to the Commission certain financial information, including Dyneon's financing provisions, if any, for its acquisition of SFI, the most recent financial statements of 3M and the most recent financial statements of Dyneon, as well as information about Dyneon's plans for the conduct of the PVDF business from the Decatur facility.

D. Members and Senior Executives of Dyneon

Solvay understands that the Commission has requested that Dyneon provide directly to the Commission the names of its members, who are vested with the management of Dyneon, and the names of its senior executives.

E. Transactions between Dyneon and Solvay

To Solvay's knowledge, neither Dyneon nor 3M has any shareholding in Solvay or *vice versa*, and there are no joint ventures between the two groups other than Alventia.

There will be certain commercial links between Dyneon and Solvay/Ausimont as a result of the divestiture of the Solvay Fluoropolymers Business and the Solvay VF_2 Joint Venture Business. These consist principally of contracts for the supply of raw materials (HCFC-142b and VF_2) to Dyneon on a long term basis, contracts for the licensing of various intellectual property rights and a short-term supply contract for certain grades of PVDF ([CONFIDENTIAL MATERIAL REDACTED]). In addition, Solvay currently supplies to Dyneon (i) VF_2 to Dyneon's two fluoroelastomers plants in Europe, pursuant to a long-term supply agreement; and (ii) R 22, a fluorinated gas that is a raw material used in the manufacture of certain fluoropolymers by Dyneon, pursuant to a purchase order entered into on December 20, 2001 for the 2002 calendar year. These agreements are all on normal commercial terms and do not cause Dyneon to not be independent of Solvay and vice-versa.

F. Documents Discussing the Proposed Divestiture

Solvay understands that the Commission has requested that Dyneon provide directly to the Commission a copy of all documents that discuss the Proposed Divestiture.