

Colombes, November 23rd 2011

Arkema refocuses on Specialty Chemicals and announces a plan to divest its Vinyl Products activities

- **Divestment of Vinyl Products business segment to the Klesch Group, specializing in the development of commodity-related industrial activities.**
- **Creation of an independent and integrated leader in the European PVC industry, to be headquartered in Lyon.**
- **Establishment of a dedicated management team from Arkema, as well as a strong financial structure at the service of an ambitious industrial project.**
- **Transfer with no restructuring of the industrial plants: the employees concerned by this project retain the specific terms of their employment contracts.**
- **Arkema refocuses on its specialty activities: Industrial Chemicals and Performance Products segments.**

Arkema presented today to the Central Works Council a plan for the spinoff and divestment of its Vinyl Products activities.

« This project is based on our firm belief that our specialty activities require today a differentiated strategy for each of these activities.

Grouped within an independent structure under the responsibility of Otto Takken, currently Executive Vice President of Arkema's Vinyl Products business segment, the chlorochemicals, PVC and downstream activities should develop within a new structure with a clear industrial plan, a dedicated strategy, and a strong balance sheet.

By refocusing on its specialty activities, namely Industrial Chemicals and Performance Products, Arkema would continue to implement its growth strategy in innovative solutions dedicated to sustainable development and in emerging economies. Accordingly, our Group should assert its place as a major world player in specialty chemicals », explains Thierry Le Hénaff, Arkema Chairman and Chief Executive Officer.

Since its creation, Arkema has developed world-leading positions in Industrial Chemicals and Performance Products. At the same time, the Group has initiated a major program to improve the competitiveness of its Vinyl Products business segment.

At the end of 2010, the Group reaffirmed this strategy, and announced its firm ambition for accelerated growth in the specialty chemicals within its Industrial Chemicals and Performance Products business segments, while continuing to boost the competitiveness of its Vinyl Products segment. The pursuit of this strategy in the coming years requires significant investments to secure the long-term success of each of these activities.

Creating a major player in the European PVC industry

This analysis has prompted the Group to envisage the creation of an independent and integrated PVC player by spinning off its vinyl products businesses and divesting them to the Klesch Group, which specializes in the development of commodity-related industrial activities. This project would enable the vinyl products activities to benefit from a distinct industrial strategy equipped with significant financial resources in order to boost their long-term development and future.

Arkema will provide the new entity with a strong balance sheet, confirming its commitment to making this project a success, and to ensuring its development for the long term.

The project announced today, which aims to create a major player in the European PVC industry, built around a coherent portfolio of activities balanced between upstream activities (chlorine, caustic soda and PVC) and downstream activities (profiles and compounds), would entail no restructuring of the manufacturing plants for the businesses being divested. The employees concerned by the industrial plan as well as those required to operate the business will be transferred, and their compensation packages together with their seniority, qualifications, and the specific terms of their employment contracts would be safeguarded.

The project entails the divestment of all assets in France directly related to the chlorine and derivatives activities, as well as all downstream activities around the world (compounds, pipes and profiles). The Jarrie facility, which will no longer be part of the vinyl products entity (following the planned closure of dichloroethane), would not be transferred to this new structure. The Saint-Auban facility would only be concerned by the transfer of the PVC paste activity. The Balan EVA activity would not be concerned by the project.

1780 employees in France and 850 employees outside France would be transferred to the new entity, which would be headquartered in Lyon (France). In 2010 the sales of this new structure exceeded 1 billion euros.

“We are delighted to announce this agreement with Arkema to acquire its Vinyl Products division. This acquisition provides the Klesch Group with a new growth platform and one which complements its existing operations. One of the key attractions of Arkema’s Vinyl Products business is the expertise of its management and the dedication of its staff. We look forward to working with them in the future”, precise A.Gary Klesch, founder and Chairman of The Klesch Group.

Ranking among world leaders in specialty chemicals

With this project, Arkema would concentrate its resources and investments on developing its Industrial Chemicals and Performance Products businesses.

Refocused on its specialty activities, with leading positions in all its product lines, proforma sales estimated at some 6.5 billion euros (following the integration of Total’s resins on a full year basis), the new Arkema entity would feature a greater balance by region, reduced cyclicity, and improved profitability. The Group will consolidate its growth strategy in order to join the ranks of the world’s specialty chemicals majors.

From an accounting viewpoint, the operation should result in the recognition in 2011 of exceptional net expenses estimated at around 470 million euros, including approximately 100 million euros cash charge for Arkema.

The project remains subject to the legal information and consultation process involving the trade unions in the various entities and countries concerned, and to the approval of antitrust authorities.

*A global chemical company and France's leading chemicals producer, **Arkema** is building the future of the chemical industry every day. Deploying a responsible, innovation-based approach, we produce state-of-the-art specialty chemicals that provide customers with practical solutions to such challenges as climate change, access to drinking water, the future of energy, fossil fuel preservation and the need for lighter materials. With operations in more than 40 countries, 15,700 employees and 9 research centers, Arkema generates annual revenue of €5.9 billion, and holds leadership positions in all its markets with a portfolio of internationally recognized brands. **The world is our inspiration.***

*Founded in 1990, the **Klesch** Group is one of the main operators of commodities industrial activities in Europe. Based in Switzerland, Klesch specializes in long-term investments in so-called commodities industries. It employs around 3000 people across four business units, in aluminium production, oil refining, industrial maritime transport, and commodity trading. Klesch reported sales of over 3 billion euros in 2010.*

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