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Borouge to invest in automotive market with new compounding facility in China

Borouge, a leading provider of innovative, value creating plastics solutions, today announced that it plans to develop a compounding facility in China for the manufacture of high performance polypropylene compounds for applications in the automotive and electrical appliance sectors.

The new compounding facility will be constructed in the Shanghai area and will have an annual capacity of up to 50,000 tonnes with further expansion possibility. It will be strategically located to take advantage of the supply of Borstar® polypropylene from its production plant in Ruwais, Abu Dhabi through an advanced logistics concept and to serve current customers such as VW, GM and PSA in China, future customers in China and other Asian and Middle East markets.

The compounding facility will primarily provide polypropylene solutions for the automotive industry including endurance and high impact interior and exterior applications such as dashboards, door panels and bumpers, as well as mineral filled PP and glass fibre reinforced PP for under the bonnet applications. Value-added compounds for electrical appliances will also initially be part of the manufacturing portfolio.

The new site complements Borouge 2, the major expansion of Borouge's production facilities in Ruwais which will triple its annual capacity to two million tonnes of polyolefins and enable the production for the first time of polypropylene matrix materials. The increased capacity is expected to come on-stream in 2010, in parallel to the start-up of the new polymerisation units in the Borouge 2 project. It also complements the development of Borouge and Borealis' network of Innovation Centres focused on customer applications. Borealis is together with the Abu Dhabi National Oil

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Company (ADNOC) a co-owner of Borouge and already markets its high value polyolefins to the automotive markets in Asia through Borouge.

By locating this new facility in China, Borouge expects to take further advantage of the country's status as the world's fastest growing automotive market and its drive to become the biggest car producer in the world within the next 10 years. Borouge's investment in Shanghai, which builds on the know-how of Borealis' European and Brazilian compounding assets, underlines the company's commitment to serve the automotive and electrical appliance sectors.

"This investment represents a very significant step in the ability of Borouge and Borealis to serve its customers in the automotive industry with innovative plastics solutions and to take advantage of this rapidly growing market sector," comments Harald Hammer, Chief Executive Officer of the Borouge marketing company. "The location in Shanghai puts us close to the high growth markets in Asia, close to our supply channels and close to our customers."

"A manufacturing presence in China helps us meet the increasing demand from the automotive industry for innovative, value creating solutions," adds Paul Turner, Vice President Automotive and Appliances at Borealis. "This is a natural progression in the growth of our business in Asia and puts us right at the heart of one of the most dynamic economies in the world."

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For further information please contact:

Borealis: Craig Halgreen, Group Communications Director,
tel. +43 122 400 334 lypresbo@borealisgroup.com

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Borealis and **Borouge** are leading providers of innovative, value creating plastics solutions. With more than 40 years of experience in polyolefins and using our unique Borstar® technology, we focus on the infrastructure, automotive and advanced packaging markets. We have production facilities, innovation centres and service centres across Europe, the Middle East and Asia Pacific and work with customers in more than 170 countries around the world to provide plastic materials that make an essential contribution to society and to sustainable development. We are committed to the principles of Responsible Care® and to leading the way in 'Shaping the Future with Plastics.'

For more information on Borealis and Borouge, a joint venture between Borealis and the Abu Dhabi National Oil Company, visit www.borealisgroup.com and www.borouge.com.

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