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Borouge announces further strategic expansion of polyolefins operations beyond Borouge 2

Borouge, the leading provider of innovative, value creating plastics solutions today announced that it has initiated the feasibility study for Borouge 3: a further expansion of its polyolefin operations in Abu Dhabi to add approximately 2.5 million tonnes per year of capacity by 2014.

The proposed expansion would enable Borouge, a joint venture between the Abu Dhabi National Oil Company (ADNOC) and Borealis, to meet the growing demands of specific polyethylene and polypropylene markets in the Middle East and Asia in pursuit of its strategy to create value through innovation.

The Borouge 3 study will explore options to take advantage of additional feedstock becoming available from planned upstream ADNOC expansions to expand both Polyethylene and Polypropylene production capacities beyond the current Borouge 2 Project which is under construction and on target for start up in 2010.

Included in the Borouge 3 development scheme is a Low Density Polyethylene (LDPE) unit to produce high performance material for wire & cable applications. Borouge co-owner Borealis is already the market leader in wire & cable applications and this further expansion would strengthen its global market leadership. The feasibility study will also explore ways to increase Borouge's competitive position in Pipe, Automotive and Advanced Packaging applications to serve customers with completely new product generations.

The proposed expansion will boost Borouge's total production capacity to 4.5 million tonnes per year. It will be located alongside the existing Borouge 1 and Borouge 2 petrochemical complex at Ruwais, Abu Dhabi, in the United Arab Emirates.

"Borouge 3 is a giant step in our evolution and a testament to our capability to grow and meet the expectations of our customers and our owners. We are proud to build on the

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strength and trust we've gained as leaders in Operational Excellence in the Middle East since we first began production in 2001," says Abdulaziz Alhajri, Chief Executive Officer, Borouge Production Company.

"This is another step in the execution of our company strategy to deliver the value adding market applications of the future and will enable us to consolidate our leadership of the wire and cable markets in Asia and the Middle East," says Harald Hammer, Chief Executive Officer, Borouge Marketing Company.

Borouge's current capacity is 600,000 tonnes of polyethylene per year, and the Borouge 2 expansion project will increase capacity to 2 million tonnes per year. Construction of Borouge 2 began in late 2007 and consists of an ethane cracker of 1.5 million tonnes per year, olefins conversion unit of 752,000 tonnes per year (the world's largest), two Borstar® polypropylene plants with a combined annual capacity of 800,000 tonnes, along with a new Borstar Enhanced polyethylene plant with an annual capacity of 540,000 tonnes.

"The Borouge joint venture has been a success story since the inception of its sales and marketing in 1998 and production in 2001. ADNOC has confidence investing in further development of Borouge's core business and providing another platform to enable the government of Abu Dhabi to support downstream industry and further diversify its economy," says Rashed Saud Al Shamsi, Petrochemicals Director of ADNOC.

"The further development of Borouge is in line with Borealis' strategy to actively participate in the continuing strong market growth in the Middle East and Asia," confirms Henry Sperle, Borealis Executive Vice President for Middle East Asia. "This significant expansion in polyolefins, based primarily on our unique Borstar technology, compliments our current expansion plans in base chemicals in the region."

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For further information please contact:

Marnie Woodd, Borouge Group Communications Adviser, Tel. +971 2 607 0826

Email: marnie.woodd@borouge.com

Kerstin Meckler, Borealis Group Media Relations Manager, Tel. +43 122 400 389

Email: kerstin.meckler@borealisgroup.com

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Borouge and **Borealis** 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.borouge.com and www.borealisgroup.com.