

June 30, 2010

Borealis sets investment milestones for the development of its Porvoo location

Borealis, a leading provider of chemical and innovative plastics solutions, strengthens its long-term commitment to the production site in Porvoo, Finland with a 10 year contract with Neste Oil to supply feedstock and further investment in the site's innovation capabilities.

The contract between Neste Oil and Borealis covers all feedstock and product streams between the Neste Oil refinery and Borealis' production plants in Porvoo as well as related logistics services. The 10-year contract continues the co-operation of both companies in the areas of asset development and business optimisation as well as Health, Safety and Environment (HSE).

"This contract is an important milestone for us," emphasises Borealis Chief Executive Mark Garrett. "As we have secured the feedstock supply and refinery integration, we can continue to develop our Porvoo facilities into the future and benefit from the close co-operation within the chemical cluster."

To further develop its innovation capabilities in Porvoo, Borealis is investing a total of 5 million EUR in the existing Borstar® pilot plant. The investment includes the addition of new hardware and will enable the company to further develop its proprietary Borstar technology, a cornerstone of Borealis' success in the polyolefins business and backbone of the company's innovation strategy. The investment increases the range of innovative products from Porvoo to include PE125 pipe material, enhanced LLDPE film and specialities for high density film and moulding products. The pilot plant enhancements will lead to better product homogeneity, higher melt strength and increased product purity.

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This investment ties in with a EUR 10 million investment in the new Aurora building for catalyst and process research which was completed in 2008 resulting in a more centralised and efficient operation and providing increased capacity and new work culture.

“The Borstar technology is one of the cornerstones of our success and a key element for our international growth strategy,” states Mark Garrett. “This investment will support our strategy to lift the Borstar process technology to the next level. It contributes to our Value Creation through Innovation strategy allowing a further step change in the production of innovative polymers”.

Borealis' commitment to its production location in Porvoo has been marked by a number of significant past investments. During 2007, a cracker expansion project was completed which entailed the replacement of two compressors and a complete revamp of two furnaces and a phenol capacity expansion project was implemented which increased the unit's nameplate capacity by near 40%. By the end of 2008, the company had invested EUR 25 million in the expansion of its PP capacities in Porvoo. In spring 2010, EUR 4.5 million was spent on process safety improvements during the phenol and aromatics turnaround and just recently, the company announced the reorganisation and enhancement of its material handling by the end of 2010. This will ensure that special requests from customers are met and it delivers further improvements of loading planning and on-time deliveries.

Borealis continues to grow in Europe. In June 2010, the company inaugurated a new LDPE production plant in Stenungsund, Sweden to serve the rapidly expanding global wire & cable market with high quality and pure products for the future. In 2009, Borealis opened its Innovation Headquarters in Linz, Austria.

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Borealis polyolefin plant in Porvoo, Finland

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Borealis is a leading provider of chemical and innovative plastics solutions that create value for society. With sales of EUR 4.7 billion in 2009, customers in over 120 countries, and 5,200 employees worldwide, Borealis is owned 64% by the International Petroleum Investment Company (IPIC) of Abu Dhabi and 36% by OMV, the leading energy group in the European growth belt. Borealis is headquartered in Vienna, Austria, and has production locations, innovation centers and customer service centers across Europe and the Americas. Through Borouge, a joint venture between Borealis and the Abu Dhabi National Oil Company (ADNOC), one of the world's major oil companies, the company's footprint reaches out to the Middle East, Asia Pacific, the Indian sub-continent and Africa. Established in 1998, Borouge employs approximately 1,400 people, has customers in more than 50 countries and its headquarters are in Abu Dhabi in the UAE and Singapore.

Building on the unique Borstar® technology and their experience in polyolefins of more than 50 years, Borealis and Borouge provide innovative, value creating plastics solutions for the infrastructure (pipe systems and power and communication cables), automotive and advanced packaging markets. In addition, Borealis offers a wide range of base chemicals from melamine and plant nutrients to phenol and acetone.

Today Borealis and Borouge manufacture over 4 million tonnes of polyolefins (polyethylene and polypropylene) per year. Borouge is currently tripling its polyolefins manufacturing capacity to 2 million tonnes per year (t/y) by mid-2010 and an additional 2.5 million t/y is scheduled for 2013. The companies continue to invest to ensure that their customers throughout the value chain, across the globe, can always rely on product quality, consistency and security of supply.

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media release

Boreouge and Borealis are committed to the principles of Responsible Care® and proactively contribute to addressing the world's water and sanitation challenges through their Water for the World™ initiative.

For more information visit:

Borealis: www.borealisgroup.com

Boreouge: www.borouge.com

Water for the World: www.waterfortheworld.net

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