

Colombes, March 27<sup>th</sup> 2013

## Kem One situation: Arkema clarification

The Lyon commercial court has decided to open insolvency proceedings with continuation of activities for a six-month observation period against the company Kem One SAS, corresponding to the upstream part (chlorine / caustic soda electrolysis and PVC production) of the various businesses sold by Arkema to the Klesch Group.

Arkema points out that the divestment of the vinyl activities to the Klesch Group, finalized on July 2 2012, concerned a comprehensive industrial package coherent from an economic point of view, from upstream (chlorine / caustic soda electrolysis and PVC production) to downstream (PVC converting into compounds, pipes and profiles). Maintaining this integration was a key factor of Kem One's future success.

The Kem One group had a robust balance sheet at the time of the divestment (without any debt, a €100 million cash contribution, and many guarantees), and the Klesch Group made a commitment to develop a financing plan adapted to the needs of Kem One as from July 2012.

Arkema points out that the situation created today results from a unilateral act by the Klesch Group which has decided to split up the upstream (Kem One SAS) and downstream (Kem One Innovative Vinyls SAS) activities and not to put in place the contemplated funding and guarantees.

Arkema therefore expects that these insolvency proceedings will help clarify the reasons for the current situation (operation of the plants, management of the Lavéra steamcracker *force majeure* event, evolution of margins and volumes), and trusts that they will also help ensure without delay that the financial resources made available to Kem One by Arkema have been used in accordance with their corporate purpose.

Arkema points out that the sale of the vinyl activities to the Klesch Group in July 2012 was completed in full transparency, in full regularity and in full compliance with the standard practices for this type of transactions, and is perfectly confident in its ability to demonstrate the same.

Finally, Arkema points out that its exposure to Kem One SAS as at 31 December 2012, without any increase since, amounts to €125 million in total, corresponding to €65 million in receivables and €60 million in guarantees granted to third parties.

*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, some 14,000 employees and 10 research centers, Arkema generates annual revenue of €6.4 billion, and holds leadership positions in all its markets with a portfolio of internationally recognized brands.*

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