

Paris, July 5th 2006

CECA presents a plan to close down its Pierrefitte-Nestalas plant and further develop its Phosphorus Specialties business

CECA, Arkema's Specialty Chemicals business unit, has today presented to a Central Works Council extraordinary meeting a project for the closure of its operations at its Pierrefitte-Nestalas industrial facilities (France / Hautes-Pyrénées), and the future growth of its Phosphorus Specialties business, in particular through new production capacities in China, with the aim of restoring the competitiveness of this activity.

CECA's Phosphorus Specialties activity currently relies on two industrial facilities, in Pierrefitte-Nestalas (France / Hautes-Pyrénées) and in Bex (Switzerland).

The Pierrefitte-Nestalas facility is centered on the production of sodium hypophosphite, a product used as an additive in the nickel-plating of metals, and of its byproduct, phosphoric acid.

Operating costs at the Pierrefitte-Nestalas facility are affecting the competitiveness of the sodium hypophosphite sector that, despite efforts in recent years, remains a loss-making activity. The facility in fact being hampered by several structural factors:

- an impossibility of bringing in supplies by rail of its raw material, phosphorus, which necessitates deliveries by road,
- a manufacturing process producing a phosphoric acid whose characteristics do not fulfill the standards required by the buyant electronics markets,
- increasing environmental constraints.

The Bex facility, however, benefits from optimized phosphorus feedstock costs thanks to a rail infrastructure, while its production process produces "electronic" grade phosphoric acid.

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In order to offset the closure of the Pierrefitte-Nestalas plant, expand in fast-growing Asian markets, and move closer to raw material (phosphorus) sources, CECA's business development plan for its Phosphorus Specialties includes the setting-up of new capacities in China through an industrial partnership in the Shanghai region.

From early 2007, this combined presence, in Europe and in Asia, will allow CECA to better serve its customers with an extended product range, in particular for sodium hypophosphite, and to shore up its positions in the top-end electronics application sector.

The implementation of the project put forward today to CECA's Central Works Council is subject to the legal information and consultation procedure involving labor unions.

The project should entail the loss of 23 posts overall at the Pierrefitte-Nestalas plant. CECA is committed to making no personnel lay-offs by promoting redeployment through mobility within the Arkema Group, in particular at its industrial facilities in south-western France, and by offering a voluntary early retirement package fully financed by the Company that would potentially concern 7 people. Accordingly, CECA's senior management is committed to taking all necessary steps to assist every individual concerned in finding a solution without delay.

CECA, a subsidiary of the Arkema Group, is one of the world's leading manufacturers of specialty chemicals. CECA resolutely focuses on improving the performance of its customers, by designing and developing for them adsorbents, chemical intermediates, and additives.

CECA boasts an extensive industrial presence in Europe, together with two research centers (GRL and CRRA, France) at the service of customer innovation.

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