

BRASKEM AND IDESA SIGN AGREEMENT WITH PEMEX FOR THE SUPPLY OF RAW MATERIALS TO THE ETHYLENE XXI PROJECT

The agreements for the project in Mexico were signed at an event attended by the presidents of Brazil and Mexico and by executives from the two countries

Braskem, the largest thermoplastic resins producer in the Americas, and Idesa, one of Mexico's leading petrochemical groups, signed today with Pemex, Mexico's state-owned oil and gas company, the investment agreement and raw material (ethane) supply agreement for the installation of an integrated petrochemical project in that country, in which Braskem and Idesa will invest US\$ 2.5 billion.

The agreement is being finalized in the presence of presidents Felipe Calderón Hinojosa and Luiz Inácio Lula da Silva at the close of the Strategic Mexico-Brazil Entrepreneurs Forum held on the Mayan Riviera. At the event, agreements will also be formalized for the supply of naphtha and basic petrochemicals between Braskem and Pemex.

At the end of 2009, Braskem and Idesa were the winners of the auction held by Pemex Gás e Petroquímica Básica for the acquisition of 66,000 barrels/day of ethane, which will be used as feedstock at the petrochemical complex to be built in Coatzacoalcos, in the Mexican state of Veracruz. The raw material supply agreement is valid for 20 years.

The project involves the production of one million tons/day of ethylene and polyethylenes at three polymerization plants, with operational startup expected in 2015. The initiative should provide significant stimulus for substituting the polyethylene Mexico currently imports, which currently is worth approximately US\$ 2 billion/year.

Braskem and Idesa will hold interests in the joint-venture structure adopted for the project of 65% and 35%, respectively. To leverage the project's competitiveness, the partnership will take maximum advantage of the strengths and experiences of both companies. A strategic minority interest by Pemex in the project as partner is still being analyzed.

The Ethylene XXI project represents the reactivation of Mexico's petrochemical industry, an opportunity for adding value to hydrocarbons and the development of human capital and the manufacturing industry.

Another agreement that will also be signed during the meeting will assure the supply by Braskem of the basic petrochemical products propylene and butene to Pemex. The agreement, which is valid for one year, provides for the supply of 34,000 tons of these products.

An agreement for the sale of 375,000 tons of naphtha by Pemex to Braskem is also being settled. The formalization of these agreements should also help further strengthen trade relations between Mexico and Brazil.

Braskem is the largest producer of thermoplastic resins in the Americas. With 29 industrial plants distributed about Brazil and the United States, the company produces more than 15 million tons of thermoplastic resins and other petrochemical products annually.

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