

**Kemira and Rockwood to form leading TiO<sub>2</sub> joint venture**

Kemira Oyj and Rockwood Holdings Inc. have agreed to form a joint venture that includes both parties' titanium dioxide businesses and the functional additives business owned by Rockwood. The transaction values Kemira's TiO<sub>2</sub> business in excess of EUR 250 million and will result in a small capital gain for Kemira. In addition, the transaction will have a positive cash flow effect and reduce Kemira's net debt by appr. EUR 120 million. The deal is subject to approval by the competition authorities and is expected to close during Q3 in 2008.

The new joint venture will include Rockwood's titanium dioxide pigments and functional additives businesses, including its production facilities in Duisburg, Germany and Kemira's titanium dioxide business, including Kemira's titanium dioxide plant in Pori and Kemira's technical research center specializing in TiO<sub>2</sub> products in Oberhausen, Germany and its US subsidiary, Kemira Specialty, Inc. Kemira's TiO<sub>2</sub> business had a turnover of appr. EUR 230 million in 2007 and operative EBITDA of slightly less than 14 %.

The new specialty titanium dioxide company will be headquartered in Germany and had a pro forma turnover of appr. EUR 560 million in 2007. The new company will have a yearly production capacity of around 240 000 tons of titanium dioxide and it will employ around 1 700 employees. Rockwood will own 61 % and Kemira 39 % of the new joint venture.

"This joint venture is an excellent way of developing the value of our titanium dioxide business and it will provide a good platform for synergy creation e.g. through better capacity utilization" says Harri Kerminen, CEO of Kemira Group. "The new company will be a highly specialized titanium dioxide producer with strong market positions in global niche market segments. It will be the leading provider of titanium dioxide pigments for textile, packaging ink and cosmetics industries worldwide", Kerminen continues.

Rockwood Holdings Inc. is a leading global specialty chemicals and advanced materials company. Rockwood has a worldwide employee base of approximately 10 000 people and annual net sales of approximately USD 3.1 billion. The company focuses on global niche segments of the specialty chemicals, pigments and additives and advanced materials markets.

Kemira Oyj is a global chemicals group with leading positions in selected customer segments. Kemira's four business areas, Kemira Pulp&Paper, Kemira Water, Kemira Specialty and Kemira Coatings, provide customers with complete solutions, expertise and premium quality products. Kemira serves the pulp & paper industry, water treatment, paint business and chemical industry. In 2007, Kemira recorded revenue of approximately EUR 2.8 billion and had a staff of 10 000. Kemira operates in 40 countries.

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**Kemira** is seeking to be a group of global and leading chemical businesses with unique positions in selected customer segments. Kemira's four business areas: Kemira Pulp&Paper, Kemira Water, Kemira Specialty and Kemira Coatings provide customers with complete solutions, expertise and premium quality products. Kemira serves the pulp and paper industry, water treatment, paint business and chemical industry.

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