

STERLING CHEMICALS INC

Form 8-K

November 12, 2009



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Item 1.02. Termination of a Material Definitive Agreement

SIGNATURE

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**Item 1.02. Termination of a Material Definitive Agreement.**

On November 11, 2009, Sterling Chemicals, Inc. (*Sterling*) received notice from BASF Corporation (*BASF*) that, pursuant to the terms of that certain Third Amended and Restated Plasticizers Production Agreement, dated as of April 1, 2008, between Sterling and BASF, as amended (the *Production Agreement*), BASF is exercising its right to terminate the Production Agreement, effective December 31, 2010. Under the terms of the Production Agreement, Sterling sells all of its plasticizers to BASF, and in exchange, BASF provides Sterling with most of its required raw materials and markets Sterling's plasticizers. Additionally, BASF is obligated to make certain fixed quarterly payments to Sterling, while reimbursing Sterling monthly for its actual production costs and capital expenditures relating to its plasticizers facility. In connection with the termination of the Production Agreement, there will not be any early termination penalties for Sterling, but BASF will be required to pay to Sterling an early termination fee on December 31, 2010. Revenues from Sterling's plasticizers segment were \$31.0 million for the year ended December 31, 2008 and \$20.2 million for the nine months ended September 30, 2009, representing approximately 19.2% and 23.6%, respectively, of Sterling's total revenues for such period. Other than the Production Agreement, Sterling and its affiliates do not have any material relationships with BASF.

Notwithstanding BASF's election to terminate the Production Agreement, Sterling is continuing to explore and evaluate all available opportunities with respect to its plasticizers business and its plasticizers facility.

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 12, 2009

**STERLING CHEMICALS, INC.**

By: /s/ John V. Genova  
John V. Genova  
President and Chief Executive Officer