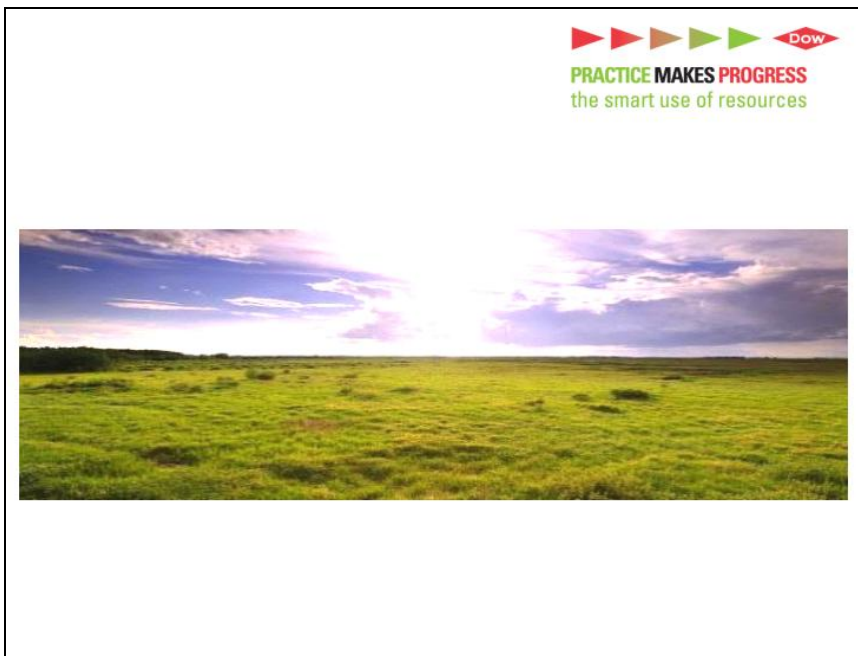
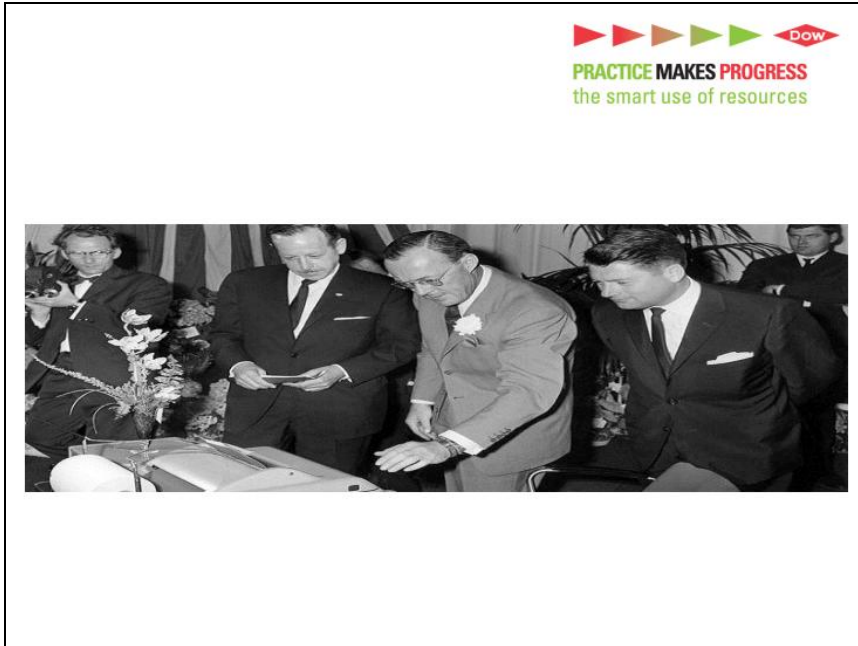


September 1, 2005

1. Opening statement:



Imagine the early '60 - more than 40 years ago - a group of Americans looking down from a dike in Zeeuws Vlaanderen seeing a wide polder a few meters under see level. The sun is shining and the Americans say to each other: *'This is our place'*.



Just a few of years later, on May 24th 1965, Dow's first large scale production site outside North America was officially opened by his Royal Highness Prince Bernard by sending a telex to Dow Headquarters in Midland. '*Your site in Terneuzen has been opened. I wish you and your company all the best for the future...*'

However, the actual international expansion of Dow started ten years earlier in a small sales office in down town Rotterdam, just a few miles from the location where we are today. Then the *Nederlandsche Dow Maatschappij N.V.* was founded, that focused on the trade and distribution of Dow products in Europe; it was our first bridgehead in Europe.

So today we can celebrate our 50th anniversary of Dow's presence in the Benelux, our 40th anniversary of the Terneuzen site, the largest production site outside the US! Furthermore, our site in Tessenderlo in Belgium this year exists 30 years, and the site in Delfzijl is now 20 years with Dow. We really are in a mood to celebrate.

2. Welcome & program introduction

Ladies and gentleman, I am much honored to welcome you today at our symposium in the Van Nelle Design Factory in Rotterdam, the city where we began our international (European) expansion 50 years ago.

Especially I want to welcome:

- The prizewinners of the Dow Energy Award and the Dissertation Awards and their families
- The speakers that will present today
- The members of the special 'Alliance to Save Energy' of US Congress that is in Europe for a Fact-Finding Trip about energy efficiency headed by Kateri Callahan
- And two members of the top of the Dow Chemical Company; Arnold Allemang - member of the Board of Directors and Gary Veurink our Corporate Vice President, for Manufacturing and Engineering.

We have organized this symposium to celebrate our 50th anniversary with you, but moreover we have organized it to discuss with you the topic of sustainable growth and the role of the chemical industry.

As we all know, global economy is very dependent on natural resources that include vast amount of non renewables. Earlier this year the United Nations warned that our eco systems are over exploited, which has a huge impact on global climate. We think that this situation must be addressed by those **who can influence** it. That is the reason why we have invited you for our symposium today that addresses the sustainable use of natural resources:

The title of our symposium is *Practice Makes Progress - The Smart Use of Resources*. Why? When looking back at 50 year Dow history in the Benelux, we found that through the years **our daily practice** has brought us solutions and innovations that enabled us to deal with natural resources in a more efficient and therefore in a more sustainable manner. This practice is the focus for my presentation.

Sustainability is not only about the future. It is also about what we are doing today and about what we have achieved in the past. This afternoon we want to show you the role and achievements of the chemical industry and of Dow. Because to us it is very clear that chemists can lead in developing the technological dimension of sustainable growth.

I invite you to join us in exploring possible ways of managing natural resources more efficiently. To enable an interactive program this afternoon, we will be relying on input from you. During the Mind Mapping session we will map out important steps that will help us on the path towards more sustainable use of natural resources.

The discussions will be fueled by contributions from **John Elkington**, Chairman of SustainAbility **Anton van Steenhoven**, chairman of the jury of the Dow Energy Award, and **Theo Walthie**, who as business Global Business Group President is responsible for Hydrocarbons & Energy. I want to thank them on forehand for their valuable contributions. I am honored that this afternoon also Mr. **Laurens Jan Brinkhorst**, the Dutch Minister of Economic Affairs, will speak about the sustainable use of energy resources.

During the symposium, Mr. Brinkhorst will also be presenting the **18th Dow Energy Award**. This prize – together with two Dissertation Awards - are awarded under the auspices of the Royal Netherlands Academy of Arts and Sciences to people who have come up with new, valuable technological solutions relating to sustainable energy. Just two weeks ago the Dutch government announced it has a plan to make 400 million euro available for sustainable energy. Dow welcomes the emphasis on sustainability and perhaps our award winners can give minister Brinkhorst some good suggestions how to spend that money.

3. Dow Benelux a sustainable start



During the preparation of this symposium, I realized that for starting a complex chemical industry in a distant, empty polder below sea level, there was a strong need for:

- pioneers
- innovators
- entrepreneurs

Who had guts and vision...

and who had:

- faith in the future; growth
- faith in the local community, its people and the authorities

I am proud to say that it were those pioneers who have built a successful industry that in many ways has impacted the region. And they did that with continuous attention for people, economy and environment.

Although 50 years ago the term sustainability was not that common, I dare to say that we at Dow already lived the principle. We did that perhaps in different ways than known today, and we made mistakes, but we have always been working on optimizing the smart use our resources. By day to day improvements based on our learning's and

experiences. We made progress by practice and practice made progress. Already at that time...today and tomorrow **sustainability has always been part of the way we work.**

4. Dow Benelux a history of growth

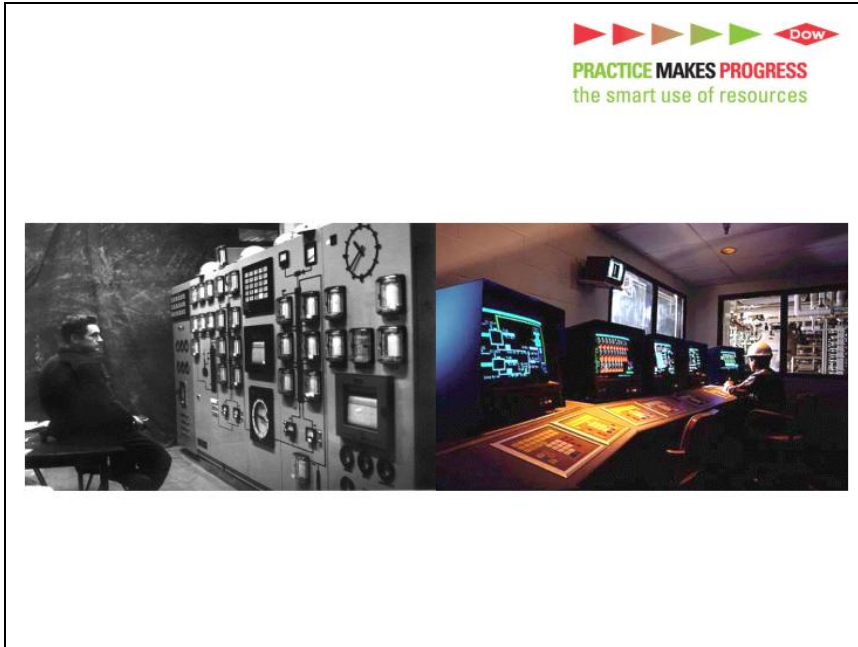


But let's first look at our history in the Benelux that so far has been one of growth:

- From **seven employees** in 1955 to **2.600** people today
- From **one** small plant in the Botlek to over **30 plants** the Netherlands and Belgium, 26 of which at the Terneuzen site.
- From importing **20,000 tons** of polystyrene to producing **9.2 million** tons of 800 different chemicals and plastics in 2004

Looking at this growth I distinguish three stages:

1. The **initial development** stage from the start of production in Terneuzen in 1965.
During the sixties the site grew steadily and independent plants were added.



2. The **second growth** stage was introduced in 1970 when in Terneuzen the First naphtha cracker was started up followed by a second one in 1972. This made it possible for us to produce the basic chemical materials for downstream production units.

In the meantime in 1975 the first Belgian Dow site - Tessenderlo - starts production and in 1985 the Delfzijl site was acquired.



3. In 1999 we announced a major investment program which included the construction of a third naphtha cracker that became operational in 2002. In this period investments in this cracker and in associated facilities added up to 800 million US dollars making us the biggest US investor in the Netherlands. This introduced the third phase of our growth that focused on the **integration** of operations. The additional cracker capacity made it feasible to increase downstream capacity as well. So as a consequence the past few years we expanded with new plants and by expanding existing plants.

5. We have put our mark on society

This continuous growth of Dow was not only welcome to the company itself. I can assure you that this growth also served the development of the community, especially that of the region of Zeeuws Vlaanderen, where our Terneuzen site is located.

In the fifties of the last century Zeeuws Vlaanderen was deprived; the region was bombed heavily during the 2nd world war, set under water and again was flooded during the big flood in 1953. The main source of income was declining agriculture and industrial development lagged behind. As a consequence unemployment rates rose rapidly.

So when - in the early '60 – we were looking for a location to build a major production site in Europe, the city of Terneuzen lobbied intensively to get this important industrial project. Especially then major Hedzer Rijpstra was proactively involved. It was not easy because Terneuzen had to compete with Antwerp. At the end of the day the **proactive Dutch industry policy** helped Dow to decide to come to Terneuzen. We have never regretted it and I hope neither the Dutch authorities.

And Terneuzen benefited. Within a year 1,500 jobs were created, 900 new houses were built and new roads, etc. were constructed. The population of the city of Terneuzen grew with **72%** between 1964 and '2004. Dow's presence initiated also a lot of other activities and entrepreneurs in the region prospered. Today, Dow economically impacts **25% of the population** in the region.

6. Practice made Progress

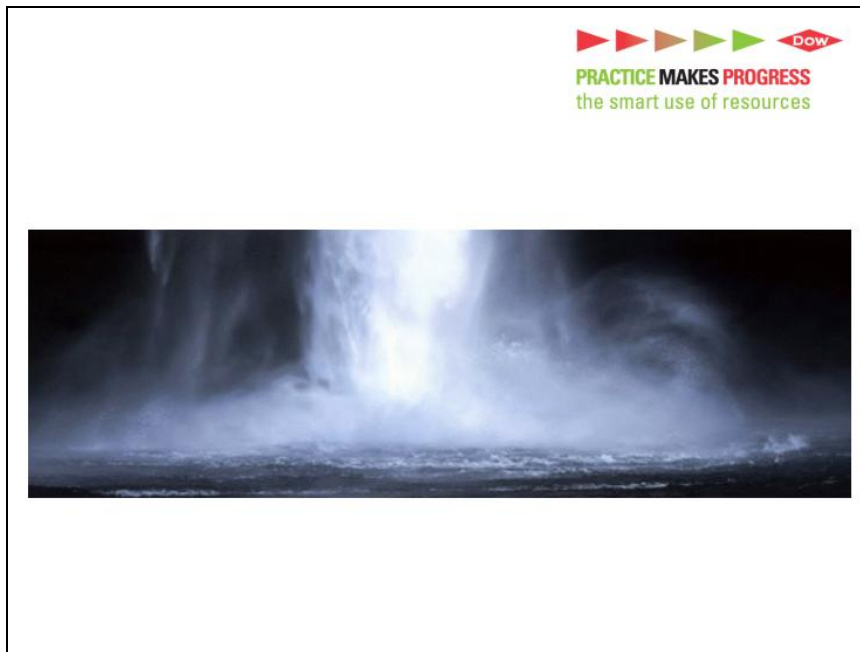


But doing business is not only about numbers. We came to Terneuzen to stay, to build a strong position and to build a lasting relationship with the community.

From the start... we learned by pioneering that 'practice made progress'. The practice I want to share with you now is about waste water, energy and the integration of activities.

Important to mention here is our basic philosophy that we have been using for decades, namely **reduction at the source**. Our focus is firstly on creating as less waste as possible, than ensuring a sustainable way of dealing with the remaining waste, if possible by reusing it. By doing so we have the past few years succeeded in reducing our waste with 20%. (=gevaarlijk afval - niet-gevaarlijk afval is met 45 procent gedaald)

Waste water



A specific example is dealing with **water**, which is an important resource in our operations. Our approach is using as little water as possible - reduction at the source - AND reusing as much wastewater as possible. End 2001 we completed a water project that involved an ingenious system that focuses on the cycled use of water. It includes all sorts of water such as river water, surface water in the region and our own wastewater.

The Dow water project is made up of four practical steps:

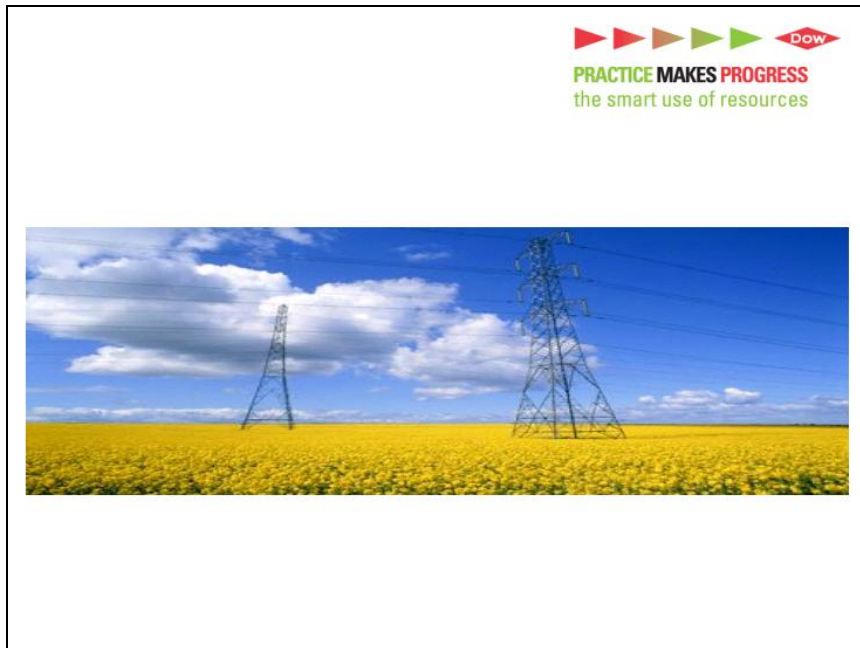
- **Separation of wastewater** into a saltwater and freshwater stream which are treated in our own biological wastewater purification facility.
- **Wastewater treatment plant.** Eighty percent of the purified freshwater is reused by Dow.
- **New desalination plant.** In cooperation with DELTA - now Evides - a desalination plant has been built in which the heated saltwater from the Westerschelde is reused after being used as cooling water. This water is desalinated using the newest membrane filtration technology, which is more environmentally friendly.
- **Rainwater.** Even the rainwater that falls on the company property (440 hectares) is collected and used as processing water, as much as possible.

By using waste water to produce process water, the quantity of waste water has been reduced significantly with **40%**. At the same time the energy needed to produce water has been reduced as well, leading to an economic benefit and a reduction of the CO₂-emission of 55,000 tonnes per year.

And since 1965 we have succeeded in decreasing the use of fresh water with two thirds; firstly thanks to water efficiency, and secondly thanks to water treatment.

In 2000 we received the Responsible Care award of the Dutch Chemical Industry Association – the VNCI - for our water management system.

Energy efficiency



Another example is energy. The chemical industry is a main user of energy. At Dow Terneuzen alone we are responsible for **1.5%** of the overall Dutch energy consumption. Therefore we want to use energy as efficient as possible and we strive to be in the top of energy efficient companies. Dow sites in the Netherlands and Belgium have signed national Benchmarking Covenants for energy efficiency.

Through the years we have focused on reducing our energy consumption. In the '60 we developed and built a cogeneration facility in order to achieve better energy efficiency by

combining the production of electricity and steam. Later on cogeneration became a standard in the Dutch energy industry.

In 1983, Dow won the **Dutch Energy Saving trophy**. We got this award from the Ministry of Economic Affairs for the fact that in the period 1972-1983 we had succeeded in reducing our energy consumption with 40%. Please bear in mind that at the same time we were increasing production. Furthermore we had concrete plans and investments to further reduce energy consumption with 5% annually.

Receiving the Energy Saving Trophy was reason for us to introduce the Dow Energy Award in order to stimulate others to invest in finding solutions for optimizing energy efficiency. And we kept going on ourselves. Since 1999, we succeeded in further reducing energy consumption per ton product with 5%. In the same period production grew with 24%. Practice has taught us that growth is essential for improving energy efficiency. Only growth makes it possible to invest in new, sustainable technologies. Therefore, to my opinion absolute limits - ceilings - as in the Kyoto protocol work counterproductive.

Fortunately we are not the only one. In 2004 Dutch companies together invested 1.38 billion euro billion in energy efficient operations according to a report of SenterNovem. And new, good ideas are generated every day. Only last month the public-private initiative (of the industry, government and energy sector) in the city of Rotterdam was published to use the residual heat of the industry to heat houses and offices. At the moment this heat – in Rotterdam annually about 15 to 20 petajoule – disappears into the air or water, while it can be used to warm the houses of more than half a million families

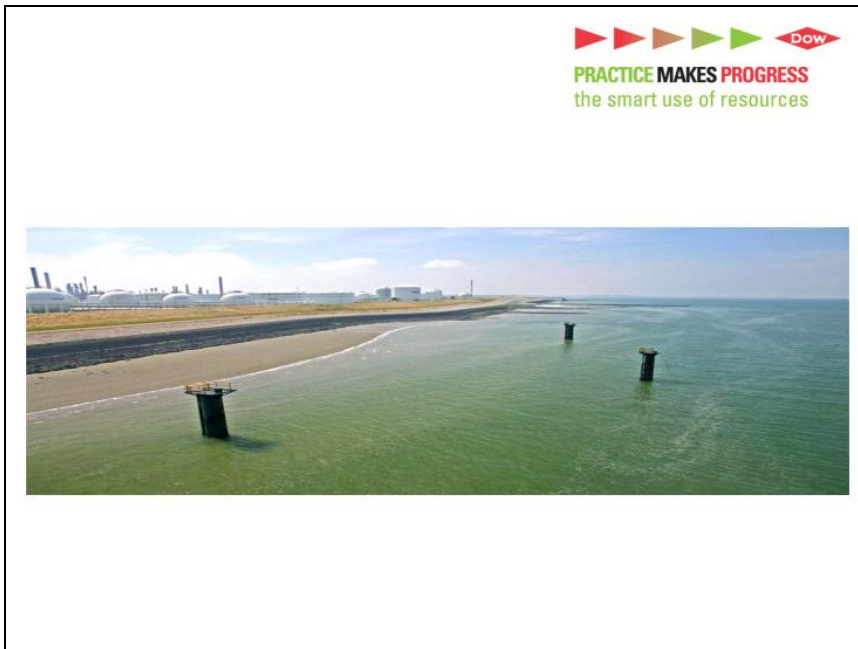
Integrated operations

Our growth and the large scale investments we made in water management and energy efficiency were only possible because of our concept of integrated operations, by integrating upstream and downstream production on one location; one plant provides the feedstock for the other plant to transform into chemicals and plastics, all starting with the cracker installations (the biggest in the world).

The integration on one location makes it possible to provide joint services and utilities - including energy and water - to 26 plants in Terneuzen. All plants concerned benefit from the joint focus on the optimization of these utilities.

Our focus is on further optimizing the supply chain. For that reason we started a few years ago in cooperation with Zeeland Seaports the development of the Terneuzen Valuepark next to our site. There we are concentrating activities that feed our operation, use our products or bring relevant logistical services. By doing so we integrate all aspects of the supply chain on one location and therefore positively impact the environment. How?

- By significantly reducing transportation of feedstock and products
- By introducing smart, multi modal transport options – container transport by sea, pipelines, etc
- By sharing utility services
- Some examples of the results that we can achieve:
 - Reduction of the number of road moves adding up to 30.000 annually resulting in a significant reduction of fuel consumption and a reduction of CO2 emissions.
 - Also less marine transportation by inland barges which at the end results in a reduction of CO2 emissions.



We want to continue to grow. Especially at the Valuepark we see excellent possibilities also for third parties to further grow and strengthen the chemical base in Terneuzen. By maintaining our high global standards and by implementing new technologies growth can be possible while safeguarding the environment. Of course the economic climate - as set by the authorities - should stimulate sustainable growth.

6. Position 'make-industry'

I want to take this moment to discuss opportunities to strengthen the position of the industry in the Netherlands. In particular the position of the chemical industry deserves a stronger position; keeping in mind that our sector is one of the top innovative industries in the Netherlands, we bring in 30% of the industry budget for R&D. And we provide 73,000 workplaces, 10% of the industry.

Dow's start in Terneuzen and its contribution to economic development in the region and in the Netherlands at large was possible because at essential moments in time, the local and national authorities supported us and shared our vision. That was the case in the early sixties when we started our operations in Terneuzen, that was also the case in the

early seventies and a few years ago when we expanded our operations significantly by building our cracker capacity.

Industry and government should join effort more emphatically again. Together we can provide an additional boost to innovation and economic development considering the importance of our products for other industry sectors.

The sign of the times are favourable. I sense more assertive action within our industry... although we should be more outspoken about the central role we play in sustainability. It is also for this reason sustainable use of resources is on the agenda.

Government's position towards industry (including the chemical industry) shifted over the last decade. Whereas our sector is undervalued in the Innovation Platform plans, last years industry brief to Parliament was much more favourable towards us.

In this respect I also want to mention the Dutch report 'Zuidwest Nederland piekt in de Delta' about the economic role of the south west of the Netherlands. Various stakeholders including government and industry conclude in this report that process industry is one of the three spearhead sectors that can contribute to the future development of the region. Off course we fully agree with this conclusion.

This symposium is therefore also a sustainability platform that I wish to continue since it is crucial to be in regular contact with each other on the issue. We aim to keep the Practice Makes Progress thought alive and to innovate society. And I challenge others to do the same; let's keep on working together on a sustainable future.

7. To preserve the earth for our Children

But looking back today at our 50 year history in the Benelux, our growth, our focus on sustainability, I have learned that doing business for half a century is NOT about economics, numbers, words...., it is about people. I am proud; proud of the pioneers who started the business in the fifties and sixties, proud of all those employees who have built this company and are still building today. I want to thank them all for their great work!

And with all that we do and not do, we must bare in mind that most of us present will not live to see consequences. We are doing this for our children and their children

Thank you