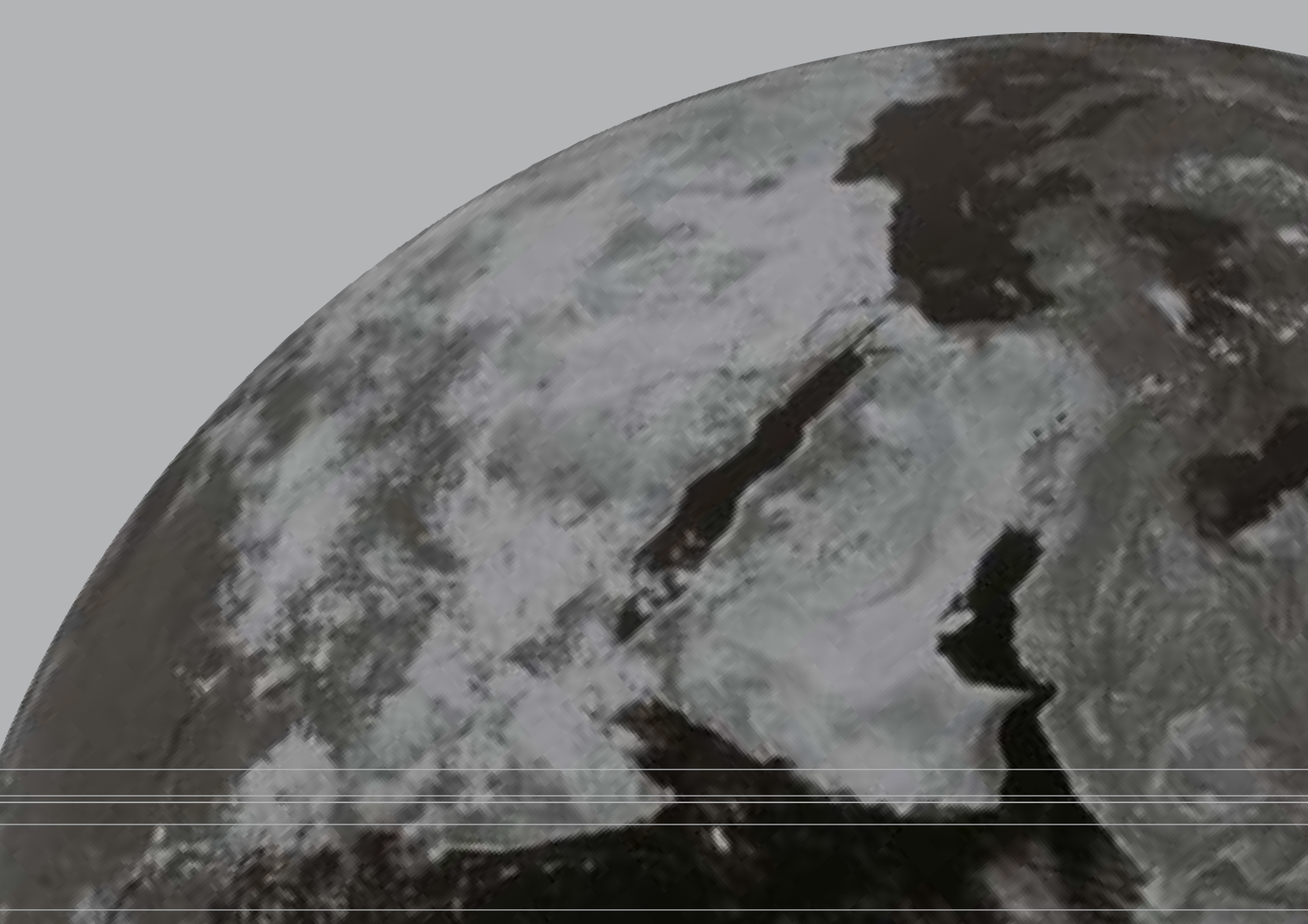




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At SABIC, our vision is clear. We will be a leading global manufacturer and marketer of hydrocarbon and metal products. We are committed to growing and expanding in ways that support our customers' needs...anywhere in the world.

INTRODUCTION

We have made a significant leap forward in our global growth and our commitment to move closer to our customers with the acquisition of DSM's petrochemical business. As a result of that one deal, which created SABIC EuroPetrochemicals, we moved from being the 22nd largest producer to number 11, and became 3rd in polyethylene and 6th in polypropylene production. We added significant manufacturing capacity to better serve SABIC customers in Europe.

We continue to look for additional opportunities in Asia, Europe, the Americas and the Kingdom of Saudi Arabia to expand our six key businesses: Basic Chemicals, Intermediates, Polyolefins, PVC & Polyester, Fertilizers and Metals.

SABIC is a reliable supplier of high-quality chemicals and industrial products that are the raw materials for many of our customers. We are implementing a new Shared Services organization to further improve our competitiveness and bring all our businesses under one service umbrella.

Technology plays a vital role in our aspirations for global leadership. SABIC research centers in Europe, the United States, India and Saudi Arabia have helped develop some of the world's most advanced and efficient chemical plants. Our catalyst enhancements and innovative process technology bring additional value to SABIC customers around the globe.

Our commitment as a global leader goes beyond the business. SABIC is committed to leadership in environmental protection, safety performance and human resource development. Our corporate social responsibilities are just as important to us as financial success.

A vision made real

SABIC was founded in a barren part of a desert Kingdom 25 years ago with an ambitious vision. Instead of burning natural gas products associated with crude oil extraction, we would convert them into high-value petrochemical products for the world market. In this way, we would improve the environmental performance of our oil industry, conserve our natural resources and create new economic opportunities and employment for Saudi Arabia.

SABIC is now one of the world's fastest-growing petrochemical companies and a major force in the Saudi economy. We are among the world's largest exporters of fertilizers, polymers and chemicals, and the leading steel maker in the Middle East. Our industries earn valuable export revenues and provide raw materials for hundreds of downstream ventures in the country. We have played an important role in helping Saudi Arabia achieve self-sufficiency in food production.

In the wider world, SABIC contributes to our customers' success with high-quality raw materials. We help them and their customers develop products that improve the quality of life for millions of people. Our products help feed the Far East with improved agricultural harvests. They enhance the environmental performance of gasoline. They contribute to production of a wide range of clothing, plastics and medical equipment. They help keep things moving even in the coldest winters and harshest climates.

At each link in the value chain, SABIC helps other companies to succeed, creating new jobs around the world and improving the quality of life for millions.

The wealth of a Kingdom

Saudi Arabia lies astride two-thirds of the world's proven oil reserves and enormous reserves of natural gas. Fifty percent of the world's annual new ethylene production is expected from the Middle East. We are also uniquely fortunate in our geographical location, from which we can readily serve markets around the world—from Europe to the United States to Asia.

While the blessings of the raw material wealth of the Kingdom and the Gulf Region are enormous, that is only the starting point. For future growth, we will move beyond Saudi Arabia to bring our manufacturing closer to our customers. We will continue to invest in industry-leading technology to improve our operating efficiency and environmental performance. We will continue to add new plants and expand as a reliable partner and supplier for our customers around the world.

In the future, we will not just ship our products to every region of the world, but will also manufacture in many of those regions. We will seek new partners or acquire assets that provide a business fit to our vision and mission. We will invest in research where the best intellectual expertise is found.

Above all, we will focus on strengthening SABIC's internal culture, growing as a leader in the global knowledge economy, promoting continuous change in our manufacturing processes and upgrading the skills of our workforce.



SABIC WORLDWIDE

SABIC today

Our plant sites in Saudi Arabia—at Al-Jubail on the Gulf coast and Yanbu on the Red Sea—are twin industrial cities representing an investment of more than US\$26 billion and 17 affiliate companies. Among these are:

- Al-Razi, the Saudi Methanol Company, the world's largest single-complex, chemical-grade methanol producer
- Two of the world's largest and most diversified petrochemical companies, Sadaf and Petrokemya
- HADEED, the largest integrated steel producer in the region

The SABIC Research and Technology Center in Riyadh is the largest in the Middle East.

Outside Saudi Arabia, SABIC has petrochemical production sites in the Netherlands and Germany, interests in three production complexes in Bahrain, a global network of affiliates, distribution centers and storage facilities and Research and Technology Centers in the United States, India and Europe.

In all, SABIC employs more than 16,000 people worldwide.

SABIC tomorrow

In its relatively brief history SABIC has made dramatic advances. But it is the future that really excites us.

We will continue our search for new opportunities abroad—acquiring or building plants that are closer to our customers. We will also invest in the Kingdom—with new plants, catalyst improvements and debottlenecking—to increase our production capacity in key products.

Our growth plans are ambitious, but so are the needs of our customers. Our annual production capacity is nearing 42 million metric tons. By 2010, we plan to reach a production target of 48 million tons per year.

To help achieve this ambitious goal, we are investing in the construction of our 17th manufacturing affiliate. The Jubail United Petrochemical Company (United) is being added as a grass-roots ethylene complex at a cost of US \$1.8 billion. Simultaneously, a new world-class polyethylene plant is being built next door at our Petrokemya affiliate.

We will continue to invest in our people, empowering them to grow the company and achieve leadership in product sectors, technology, skills and systems. We will also continue to emphasize safety, the environment and quality. We will be a trusted supplier for our customers and a responsible corporate citizen in the Kingdom and in each of the countries where we operate.

The restructuring of our business into six Strategic Business Units (SBUs)—Basic Chemicals, Intermediates, Polyolefins, PVC & Polyester, Fertilizers and Metals—brings us closer to customers and improves the speed of our decision-making. Our FANAR (lighthouse) project is guiding the way as we transform the company's operations with our global SAP installation.

Our commitment to customers is absolute. The creation of SABIC EuroPetrochemicals—our first manufacturing initiative outside the Middle East—has given us a stronger base in Europe and a powerful springboard for future growth on that continent. It is just the first step in our strategy to become a global leader in the petrochemicals industry by moving closer to our customers around the world.

Wherever you are in the world, there is a very good chance that products from SABIC play a role in your life. Our Basic Chemicals are the fundamental components of industrial and consumer goods that the world needs—from clothing and farming products to computers and communication systems, from domestic appliances to industrial equipment and building materials.



Jos Hoefnagels
Packing Operator, Geleen



BASIC CHEMICALS

At world-class plants in Dammam, Al-Jubail and Yanbu, SABIC produces a growing percentage of the basic chemical ingredients upon which the world depends for industrial and consumer durable goods. Our manufacturing facilities at Al-Jubail form one of the largest petrochemical sites in existence and include the world's largest producer of chemical-grade methanol.

Produced from the abundant hydrocarbon resources associated with crude oil production, the three basic chemicals groups are olefins, oxygenates and aromatics. Together, they are the foundation of a vast range of products that are central to daily life around the world.

Olefins are the petrochemical industry's basic building blocks, used in the manufacture of virtually all consumer products made with chemicals and/or plastics. The most important of these are ethylene and propylene. Ethylene provides the base for three of the most extensively used polymers (polyethylene, PVC and polystyrene) as well as a range of chemical intermediates. Their uses include sterile medical applications, PVC windows, detergents, anti-freeze, energy-saving insulation, packaging to keep food fresh, textiles and computer casings. Propylene provides the base for two other widely used polymers, polypropylene and polyurethanes, and other chemical intermediates. Their end uses include raffia, packaging film, bottle crates, bottles and car batteries.

The main oxygenates are alcohols and ethers. A key product for SABIC is methyl tertiary butyl ether (MTBE), the octane enhancer which replaces lead in fuel. Our production of MTBE continues to be exported as the world becomes more aware of the need for cleaner fuels.

Methanol, is the starting point for the formaldehyde resins on which paint, adhesive and decorative laminate industries depend, while purified industrial ethanol is a component of many pharmaceuticals, cosmetics, insecticides and organic solutions.

Among SABIC's aromatics products are styrene and paraxylene. Styrene is the basic building block for our polystyrene production and is also used in the manufacture of synthetic rubber. Paraxylene is the principal raw material used to produce PTA, which, along with Glycol, is ultimately used to make polyester.

Mansour bin-Salamah
VIP Coordinator, Riyadh

Through our Intermediates Group, SABIC strives to add maximum value to basic chemical products. That helps our customers around the world grow and innovate, become more cost-efficient, reduce waste and contribute to a cleaner environment.

INTERMEDIATES

Using basic chemicals as raw materials, SABIC's Intermediates Strategic Business Unit manufactures an immense range of value-added products that are used worldwide in such everyday essentials as textiles, antifreeze, soaps and detergents, paints, PVC and plastics.

The Group divides into two sections, Chemical Intermediates and Fiber Intermediates & Industrial Gases. Both form vital links between SABIC's basic chemicals and downstream manufacturing, producing materials for use by SABIC affiliates and for export around the world.

Chemical Intermediates produce caustic soda, ethylene dichloride, vinyl chloride monomer, 2-ethyl hexanol and di-octyl phthalate. Ethylene dichloride is converted to vinyl chloride monomer (VCM). VCM is the main raw material used to produce PVC, one of the world's most widely used polymers. Caustic soda is used in aluminum mining, as well as in paper and textile production, and in soaps and detergents.

Fiber Intermediates and Industrial Gases products include mono ethylene glycol (MEG), used in the production of polyester and antifreeze, di-ethylene glycol (DEG) and tri-ethylene glycol (TEG) used in detergent, paints and gas processing, and purified terephthalic acid (PTA) used in the manufacture of polyester. We are now one of the world's largest producers of ethylene glycol (EG), responsible for over 18 per cent of global supply.

Significant investments by SABIC in the development of advanced polymer products have enabled us to play a central role in the growth of Saudi Arabia's plastics industry. Starting with a single processing plant in 1956, the industry has grown to encompass over 500 local plastics producers making an enormous range of products for domestic use and for export across the globe.



HOUSTON

DUBAI

SINGAPORE

DUBAI

RIYADH

Lafi Al-Shammary
Operations Technician, Jubail

Ahmed Banay
Operations Technician, Jubail

For more than 60 years, polymeric materials—commonly known as plastics—have played an increasingly important role in helping raise global standards of living. Plastics are providing new consumer and industrial markets with practical, modern, and economic products in elegant designs that cannot be produced using other materials. Polymers have increasingly replaced scarce and costly materials like wood, steel and aluminum. By the turn of the 21st century, global thermoplastics consumption had reached 115 million tons per year and that's without counting the great many engineering and textile resins that are also available.

Today, the per capita consumption of plastics in Saudi Arabia is one of the highest among developing countries and is approaching levels of use previously seen only in the industrialized world. The consumption of plastics by the domestic processing industry now represents a significant proportion of SABIC's total polymer production.

SABIC's PVC and Polyester Strategic Business Unit comprises Polyester & Melamine and PVC & Polystyrene. Polyester and Melamine include many staple fibers used in textile and carpet manufacture and weaving and knitting, resins used to make bottles, trays and packaging, and melamine adhesives, laminates, surface coatings and molding compounds.

Our portfolio of major PVC and Polystyrene products includes PVC homopolymers used in piping, wire and cable coating, bottles, windows, artificial leathers, book coverings and wallpaper. Polystyrenes are used in a wide range of applications, from toys and disposable cutlery to insulation and industrial packaging.

PVC, PS, Polyester and Melamine products are manufactured by SABIC affiliates throughout the Kingdom: National Plastics Company (Ibn Hayyan), Arabian Petrochemical Company (Petrokemya), Arabian Industrial Fibers Company (Ibn Rushd) and Saudi Arabian Fertilizer Company (SAFCO).



Steel products have played a key role in building, developing and industrializing the Kingdom of Saudi Arabia and the Gulf Region. To support continued growth and economic development, SABIC's Metals SBU includes the region's largest and most diversified steel production company.

Nasser Al-Ruwaily
Storekeeper, Jubail

METALS

The Metals Strategic Business Unit plays a significant role in SABIC's diversified manufacturing portfolio in Saudi Arabia.

In 1983, Saudi Iron and Steel Co. (HADEED), a wholly owned affiliate, began production of long steel products for the Kingdom's construction industry with an annual capacity of 800,000 metric tons. Since then, HADEED has progressively increased its annual capacity, which now includes flat steel products, to more than 3.5 million metric tons. Today, HADEED is the leading steel-maker in the Gulf.

The Metals SBU consists of Long Steel and Flat Steel, plus regional aluminum joint ventures. HADEED's Long Steel products include billets, rebar, wire rod and light sections to support the Kingdom's construction industry. Flat Steel production facilities produce hot-rolled, cold-rolled and galvanized products.

HADEED plans to increase production to five million metric tons a year—with three million tons of long steel products and two million tons of flat steel products.

The Metals SBU also manages SABIC's Aluminum portfolio investment, including ALBA (Aluminum Bahrain) and GARMCO (Gulf Aluminum Rolling Mill Company). ALBA produces liquid metal, ingots, rolling slabs and billets, while GARMCO produces aluminum sheets and coils. Additionally, Metals oversees the SABIC investment in SABAYEK, a ferro-alloy smelter in Jubail that produces silico manganese as a raw material for HADEED's steel production and aluminum industry.

By converting natural gas into crop nutrients, SABIC fertilizers help farmers feed a hungry world through improved crop yields and healthier and more nutritious agricultural products.



SINGAPORE

HOUSTON

RIYADH

YANBU

Phyllis Tan Seow Wei
Sales Assistant, Singapore

FERTILIZERS

The worldwide per capita land base available for agricultural production has declined dramatically over the past few decades and is expected to continue to decrease. It has been estimated that by 2025, the land area in production per person will be 56 percent smaller than it was in 1965. This continued reduction is creating strong demand for improved yields from agricultural crops around the world.

SABIC's Fertilizer Strategic Business Unit, which includes Urea and Ammonia & Phosphates, plays a key part in meeting this need. We are now one of the largest producers of crop nutrients in the world and the world's largest exporter of granular urea.

SABIC has three fertilizer manufacturing affiliates: Saudi Arabian Fertilizers Company (SAFCO), Al-Jubail Fertilizer Company (SAMAD) and National Chemical Fertilizer Company (IBN AL-BAYTAR). Their combined capacity is 5.6 million metric tons per year of ammonia, urea, compound, phosphate and liquid fertilizers.

Urea is one of the world's most popular and economical nitrogen-based fertilizers and it serves as an important ingredient of melamine and other industrial products. Our production of ammonia and phosphates meets almost all of Saudi Arabia's requirements, and we are proud to play an integral part in the Kingdom's goal to secure domestic food supplies.

Overseas, SABIC is a leading fertilizer supplier for the Far East. Other major export markets for our fertilizers include Africa, Australia, New Zealand and the United States. Our geographical location—and the consistent quality of our products and service—gives us a considerable advantage over our competitors.



SABIC products are sold and distributed worldwide with the support of our international network of sales offices, affiliates, joint ventures, distribution and storage facilities, and research and technology centers.

John Ledford
Research Scientist, Houston

A GLOBAL COMMITMENT TO OUR CUSTOMERS

With the addition of SABIC EuroPetrochemicals, we have dramatically increased our production capacity to serve customers in a wide range of businesses throughout Europe. SABIC now ranks as the 11th largest petrochemical producer in the world.

In Europe, we are expanding our eBusiness initiatives to provide even better access and service for our customers. These steps will help to simplify the way we do business by improving transaction communications, speed and transparency for our customers and distributors.

With all of our operations we strive to move closer to our customers and to improve the support that we offer. We understand our valuable role and our responsibilities as a key raw material supplier. SABIC products serve as the economic stimulus for hundreds of enterprises that create thousands of jobs in the Kingdom and around the world.

Supporting our vision

As SABIC's production and marketing becomes ever more global, we are committed to the development of a worldwide Shared Services organization.

The training and development of our staff continues to be one of our highest priorities in the Kingdom and around the world. Our FANAR (lighthouse) worldwide SAP system rollout will link all of our operations, from order-entry to manufacturing to shipping and billing. SABIC Research and Technology Centers will provide scientific leadership, process improvements and technical support for our customers.

In all of our operations, safety, health and environmental protection will remain our highest concern.

Human resources

Today's training programs at SABIC are developing the skills, talent and leadership of a new generation. With a great variety of cultures and nationalities represented at our manufacturing plants, research and technology facilities, headquarters and overseas offices, training is the key to building cohesion and cooperation, and to preparing our workforce for the challenges of the future.

Research and technology

A core part of our strategy is ever-greater investment in Research and Technology. SABIC's R&T Center in Riyadh has achieved many notable successes, providing improvements in technology, environmental performance and design that help to make SABIC a world leader. Our catalyst improvements for our Unipol polyethylene production facilities are a model for the industry.

We continue to expand our R&T capability with a focus on technology development, the improvement of manufacturing processes and higher levels of local technical support for our customers. Our R&T teams also work closely with SBUs and manufacturing affiliates in process improvements and environmental protection. One of our long-term goals is to develop new processes and strengthen the company's technological base so that we can diversify within our core business sectors.

We are reaping a return from our R&T investment. Recent major successes include the development of new processes for Acetic Acid and Linear Alpha Olefins production. We are improving processes as well—from CO₂ treatment technology, which has environmental benefits—to EPS technology, which results in improved quality of polystyrene products. With more than 30 patents worldwide, the scope of our work is global.

To further serve the needs of our affiliates in Saudi Arabia we have built a new technology center in Jubail next door to the manufacturing plants. While R&T will remain a force in the Kingdom, we have also expanded to work with our global customers and to tap the best intellectual and scientific resources in the industry worldwide. Alongside the extensive facilities at SABIC EuroPetrochemicals in the Netherlands, SABIC has established advanced R&T centers outside the Kingdom in Houston, USA and Vadodara, India. A technical overseas office in Singapore provides support to SABIC's customers in the Far East.

Attracting national and international scientific talent to support these goals is a priority and we have forged alliances around the world with academic institutions and partners. SABIC R&T also provides funding for joint research programs in the Kingdom, Europe, the United States and Asia.

Health, safety and the environment

To support our commitments, SABIC has created a safety and environmental protection department within our Corporate Control group. Beyond the everyday efforts of our staff, this new department will help SABIC develop better technology and scientific solutions for improving our operations by enhancing operational performance, exploring ways to convert waste into new products and developing safer plant operations.

From managers to supervisors to employees, we are committed to creating a safe and incident-free working environment. Our efforts go beyond day-to-day plant safety to the prevention of occupational disease and related health problems. Our operational efficiency, including capturing wastes and finding commercial markets for it, helps us continually to improve our environmental performance in the Kingdom and in each of the countries where we operate.

A valued corporate citizen

SABIC products add value in many helpful ways: medical devices that save lives, safe and durable children's play-ground equipment, clothes that look better and wear longer, agricultural products that bring better harvests, steel for the development of our own region, automobile products that are lighter and improve fuel efficiency, and components & containers for a myriad of industrial and consumer products. In fields, homes, offices and plants we help make things work better and last longer. We provide a crucial link in a vast economic value chain that creates thousands of jobs and brings increased growth and prosperity to local economies.

In all of our operations in the Kingdom and anywhere in the world, SABIC pledges to be a good corporate citizen—with ethical business values, efficient and reliable operations and the highest standards of product quality, environmental protection, safety and health.

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