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DSM launches U.S. Department of Energy-funded research initiative for second generation biofuels

Royal DSM N.V., the global Life Sciences and Materials Sciences company today announced the execution of a multimillion dollar cooperative funding agreement with the US Department of Energy to underwrite a portion of research and development costs aimed at enabling "second generation" biofuels from non-food feedstocks.

In February 2008, a consortium led by DSM that includes Abengoa Bioenergy New Technologies, Los Alamos National Laboratory and Sandia National Laboratory was awarded USD 7.4 million by the Department of Energy toward a proposed USD 33 million program to conduct cost effective enzyme development focused on finding applications in cellulose-based biorefineries for the production of advanced biofuels bio-based products. As part of its strategy to fully establish industrial biotechnology as an alternative to traditional petrochemical manufacturing, DSM has committed to funding the majority of the project costs and to creating new highly skilled "green collar" jobs at its Belvidere, NJ facility. The research will help further the Department of Energy's goal of making cellulosic ethanol cost-competitive with gasoline by 2012, and the standard set out in the Energy Independence and Security Act of 2007 calling for the U.S. to produce 36 billion gallons of biofuel by the year 2022.

"This initiative is a major step forward in DSM's mission to make Industrial Biotechnology a competitive alternative for manufacturing sustainable and renewable fuel, material and medicine," says Feike Sijbesma, DSM CEO. "Through our collaboration with government and other industry leaders, we will be able to accelerate cellulosic biofuels R&D, help make New Jersey a powerhouse in the quest for sustainable energy independence, and create high-value green collar jobs within the state."

DSM and the Department of Energy, through their Cooperative Agreement, will work during the next four years to develop cost efficient enzymes to allow for the manufacturing of commercial quantities of second generation biofuel. This work has already begun, and will continue at DSM's facility in New Jersey, and around the world.

"This federal funding helps create green collar jobs here in New Jersey and promotes energy independence - goals we need to achieve to spur our economy and break our addiction to oil," said U.S. Senator Robert Menendez. "I am proud that this project will help place the Garden State at the forefront in the creation of low-cost and advanced biofuels, fuels which will aid family budgets and our state's economy. I look forward to seeing this project come to fruition, contributing to the 'greening' of our state in a way that does not rely on food sources."

US Senator Fran Lautenberg added, *"Innovative companies right here in New Jersey are leading the way in developing environmentally sound fuels to help usher in a new energy future. I will continue to work to support New Jersey's renewable fuels in Washington to help bring needed green-collar jobs to the state-and help the environment."*

Proprietary enzymes that make it possible to hydrolyze cellulose and xylose from various plant residues are available today, but a significant volume of R&D and collaborative partnerships are

still needed to make the process commercially viable. DSM's corporate history, with more than 100 years of experience in enzymes, yeast technology and industrial fermentation, together with its integration of chemical engineering and biotechnology competencies in a single organization, make the company uniquely qualified to overcome the technical obstacles currently encountered in the pursuit of commercial-scale second generation biofuels.

Second generation biofuels

Soaring energy prices, renewed concerns about climate change, and escalating raw material costs have created a growing interest in "Industrial Biotechnology" -- the use of living cells and their enzymes to create products from renewable resources. Development of conversion technologies for plant residues and "lower value", non-food / feed based feedstocks is currently a major focus for DSM R&D across multiple end product applications including advanced biofuels. Using feedstocks such as wheat straw, corn stover and so-called "energy crops" will enable the cost effective operation of future large scale integrated biorefineries. Such biorefineries will create the infrastructure necessary to meet the ever growing commercial demand for biofuels, bio-based chemicals and other bio-derived end products while increasing energy independence and reducing carbon emissions.

DSM - the Life Sciences and Materials Sciences Company

Royal DSM N.V. creates innovative products and services in Life Sciences and Materials Sciences that contribute to the quality of life. DSM's products and services are used globally in a wide range of markets and applications, supporting a healthier, more sustainable and more enjoyable way of life. End markets include human and animal nutrition and health, personal care, pharmaceuticals, automotive, coatings and paint, electrics and electronics, life protection and housing. DSM has annual sales of almost EUR 8.8 billion and employs some 23,000 people worldwide. The company is headquartered in the Netherlands, with locations on five continents. DSM is listed on Euronext Amsterdam. More information: www.dsm.com

For more information:

DSM Corporate Affairs	Ketchum Public Relations
Hugh Welsh	A.J. Goodman
tel. +1(973) 257-8208	tel. +1 (646) 935 4123
e-mail hugh.welsh@dsm.com	e-mail aj.goodman@ketchum.com

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Forward-looking statements

This press release contains forward-looking statements. These statements are based on current expectations, estimates and projections of DSM and information currently available to the company. The statements involve certain risks and uncertainties that are difficult to predict and therefore DSM does not guarantee that its expectations will be realized. Furthermore, DSM has no obligation to update the statements contained in this press release.

The English language version of the press release is leading.