

DSM's Loyalty Dividend Program

Dries Ausems, Director Investor Relations



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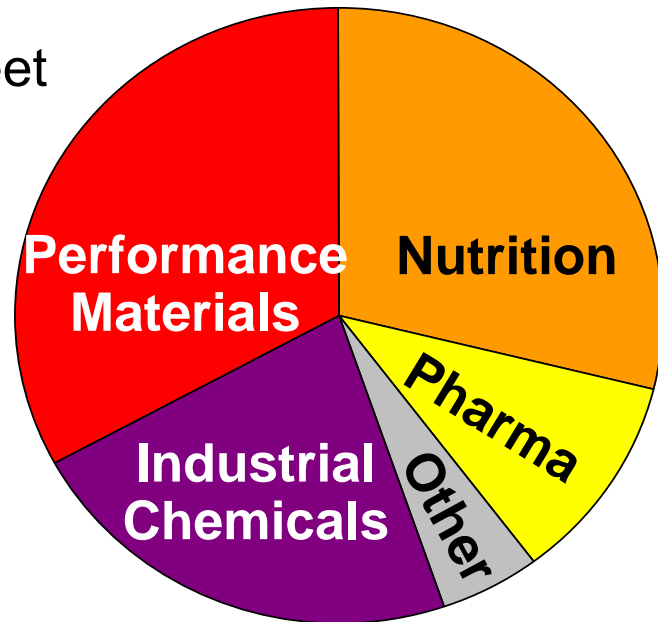
DSM today



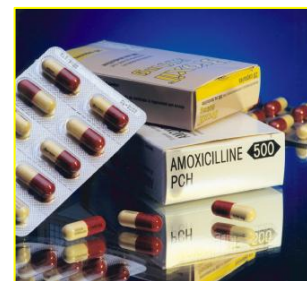
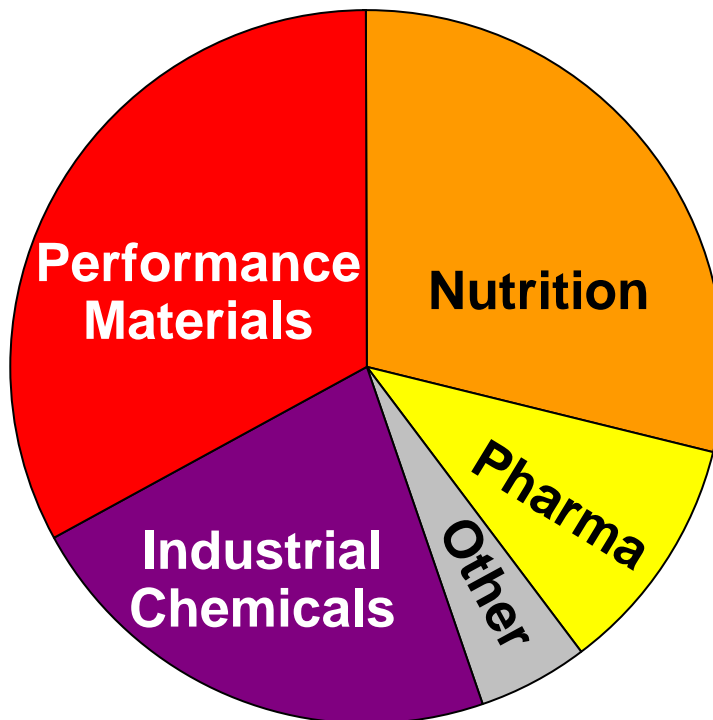
- **Globally active “multi-specialty” chemical company**
 - More than 200 locations, ca. 25,000 employees
- *Leadership positions*, in ~75% of the portfolio
- *Innovation driven*, R&D spend ~ € 340 million
- *Financially sound*, solid balance sheet

Key data 2006

Sales : € 8.4 billion
EBITDA: € 1.3 billion
Net profit: € 551 million



DSM at a Glance



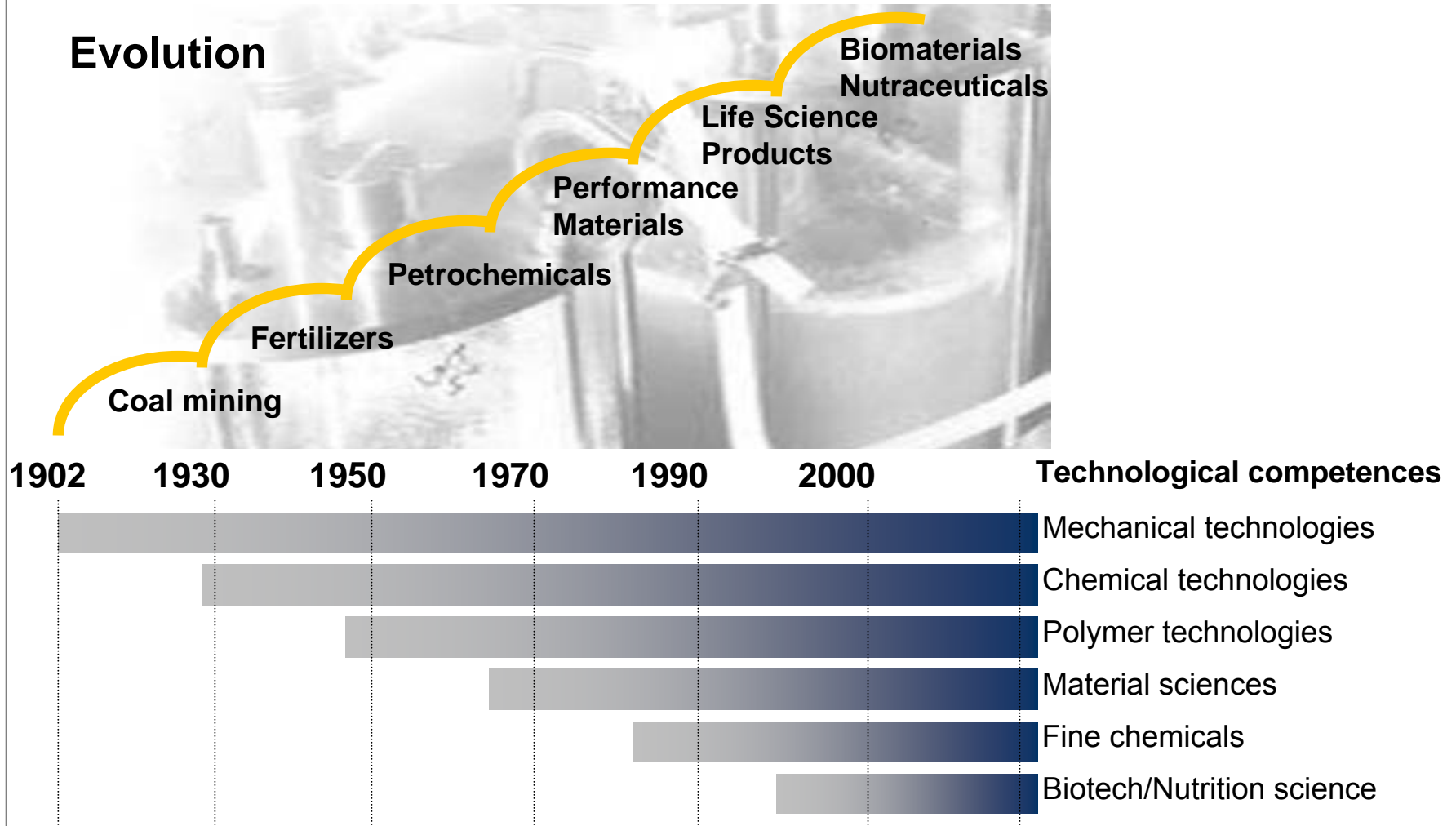
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Unlimited. **DSM**

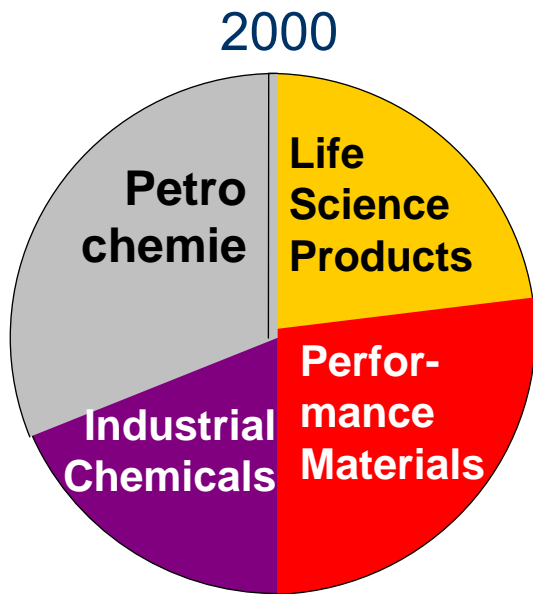
> 100 year successful transformation



Evolution

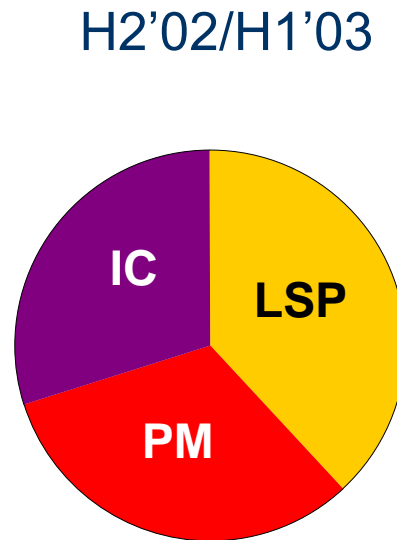


Vision 2005: Portfolio Transformation



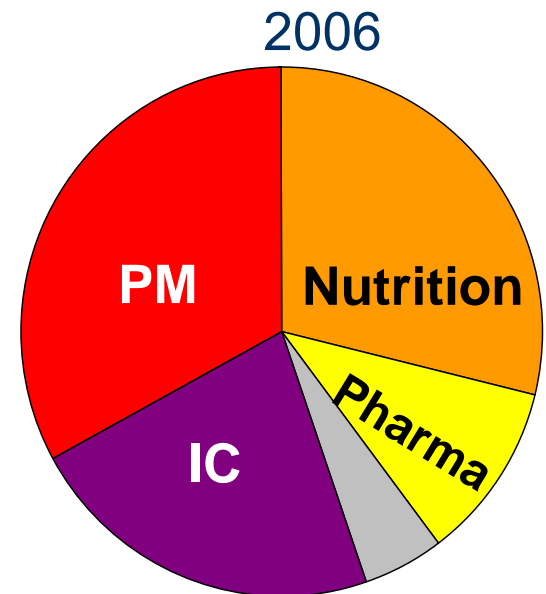
Sales € 8 bn

Div. Petrochemicals
and energy profit rights



Sales € 5.6 bn

Acq. Roche Vitamins



Sales € 8.4 bn

Acq. NeoResins
and div. Bakery

Vision 2010: *Building on Strengths*



Building on Strengths

**Market-driven growth
and innovation**

**Increased Presence
Emerging Economies**

***Operational
Excellence***

Value Creation

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Triple P Policy



DSM for the 3rd consecutive year **Global Sector Leader Chemicals**



**Dow Jones
Sustainability Indexes**
Member 2006/07



FTSE4Good



Global
Reporting
Initiative



World Business Council for
Sustainable Development

Vision 2010: Retain top ranking in SHE & Sustainability

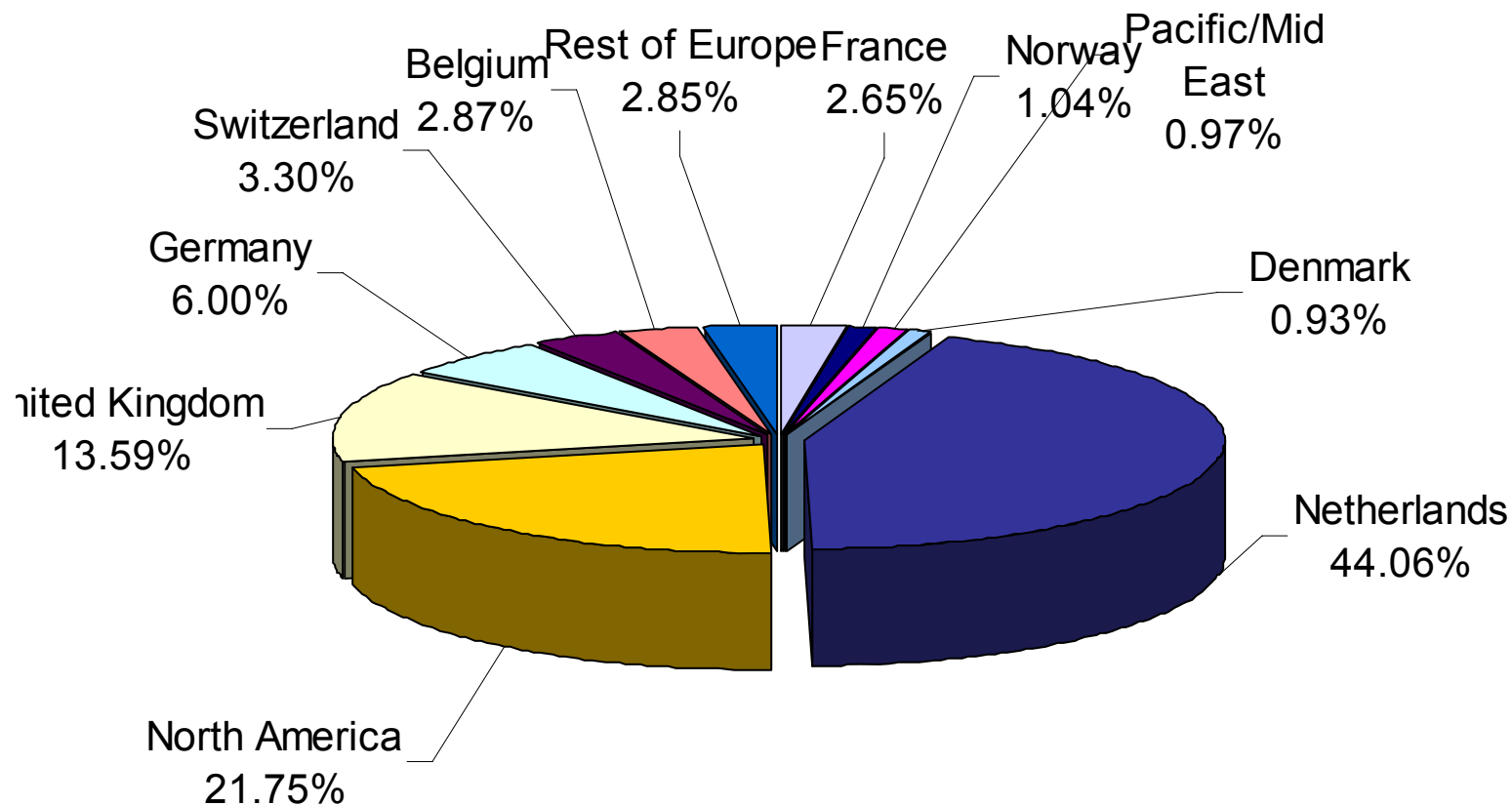
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Very Diversified Shareholder Base



Over 400 institutional holders identified, > Σ 60 % total shareholder base



Shareholder tracking survey December 2006

Loyalty dividend



➤ Objectives

- Enable improved communication with LT shareholders
- Incentive for LT shareholding in line with LT focus DSM

➤ Proposal

- Voluntary registration of DSM shares
- No restrictions to de-registration
- De-registration possible in a swift way
- Dividend bonus of 10%/year, after 3 years of registration
- First pay-out (30 %) with final dividend 2009

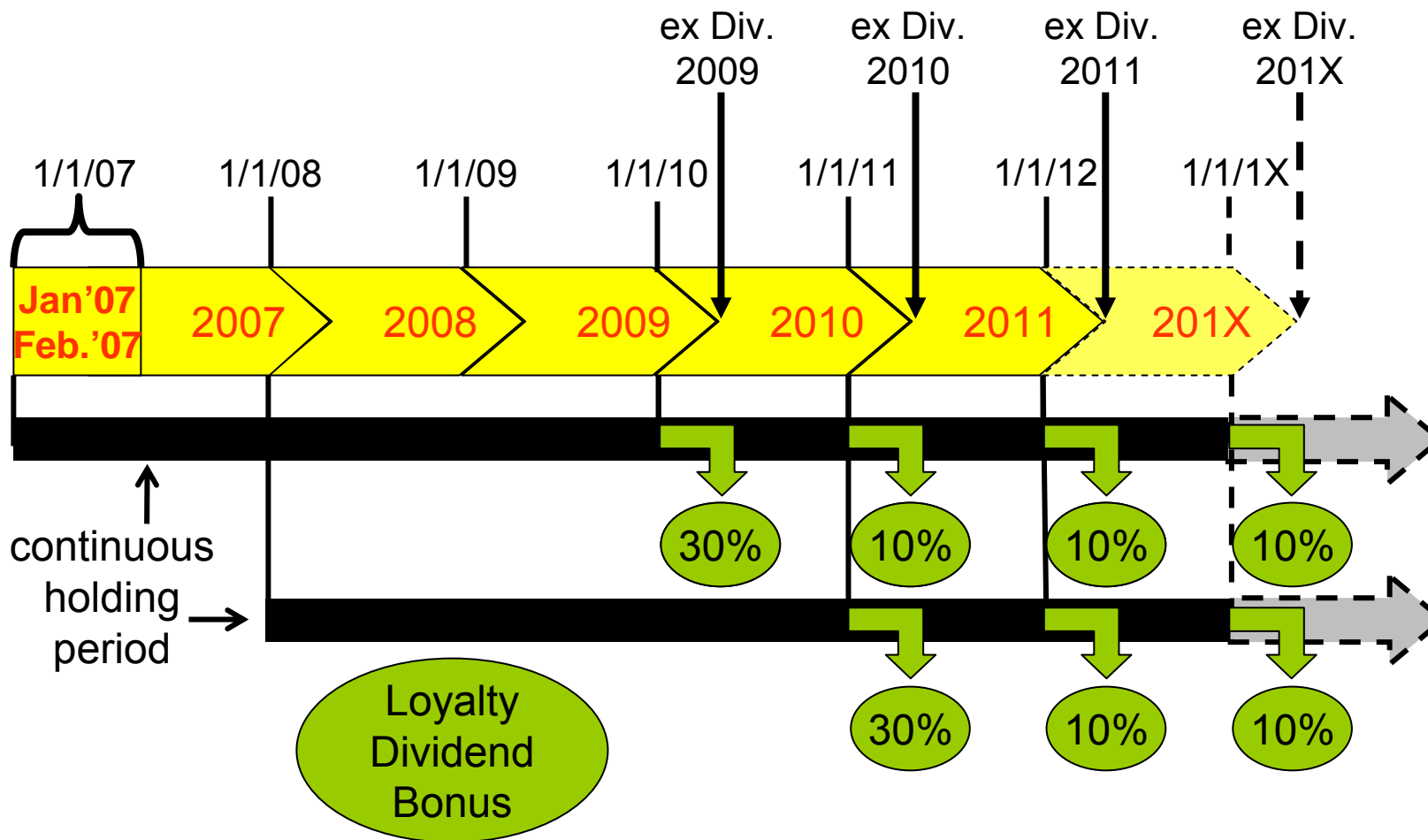
Loyalty Dividend – decision process



➤ Process

- Initial presentation Annual DSM Analyst Conference September 2006
- Discussed proposal with shareholders before decision on final implementation of this novel instrument
- (Pre-)registration open in January – February 2007
Announced in December 2006
- Implementation by the AGM in March 2007 via Amendment of the Articles of Association

Loyalty Dividend - timing



Loyalty Dividend – essentials



➤ Loyalty Dividend is:

- An extra option for LT shareholders, without prior commitments
- Open for all shareholders world-wide
- Fully in line with Dutch Corporate Governance Code and Dutch company law
- Straight forward easy procedures for registration and de-registration
- Registration has no implications for voting rights

Loyalty Dividend – what it is NOT



➤ Loyalty Dividend is:

- **Not** a defense mechanism – all shareholders remain free to buy or sell their DSM shares, to decide to register and/or to deregister any time, and to vote at the AGM the way they want
- **No** infringement on the principle of equal treatment of shareholders; difference in treatment & dividend proportionate to difference in positioning by shareholders
- **Not** at the expense of the normal dividend to be paid to all shareholders – DSM remains committed to the current basic dividend pay-out ratio
- **No** impact on trade or liquidity of DSM shares
- **Not** affecting the position in indexation on Euronext
Not leading to an additional share class

Advantages for DSM



➤ Advantages for DSM

- Enables a more direct communication with shareholders
Strengthening the Investor Relations function
- Create a more level playing field for DSM compared to the situation in many countries abroad, where registration of shareholders and changes in their holdings are common practice.
- System costs limited via central register

Advantages for Shareholders



➤ Advantages for the shareholder

- Additional dividend
- A more direct communication line with DSM.
- No custody fee and other administrative costs (regarding e.g. dividend payments)
- Easy to join and easy to opt out (if desired)

Contact:



DSM Investor Relations

P.O. Box 6500, 6401 JH Heerlen, The Netherlands

 (+31) 45 578 2864

 (+31) 45 578 2595

e-mail: investor.relations@dsm.com

internet: www.dsm.com



visiting address: Het Overloon 1, Heerlen, The Netherlands

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Safe Harbor Statement



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