DSM

Minutes of the Annual General Meeting of Shareholders held at the company's head office in Heerlen, on March 25, 2009

(The text is a translation of the Dutch minutes. In preparing this document, an attempt has been made to translate as literally as possible without jeopardizing the overall continuity of the text. Inevitably, however, differences may occur in translation, and if they do, the Dutch text will govern).

Agenda item 1: Opening

The Chairman, Mr. Herkströter, opened the meeting and welcomed those present. He addressed a special word of welcome to Messrs. Spijker and Pluymakers of accountants Ernst & Young. If necessary, they would be able to comment on the reliability of the annual accounts. He informed the meeting that their presence was in compliance with the so-called Tabaksblat Code. He also extended a word of welcome to all those following the AGM on the web. He pointed out that the meeting was being recorded on audiotape to facilitate drawing up of the minutes. Mr. Fuchs, the Corporate Secretary, would be taking the minutes of the meeting. Conversation in the English or German language would be translated simultaneously. The Chairman pointed out that the agenda for this meeting had been published in a number of national newspapers on 23 February 2009. A revised agenda was published on 10 March 2009. The revision related to the removal of agenda item 7, the proposal to adjust the remuneration policy for the Managing Board of Directors. No decision would be taken on this matter in this meeting.
He furthermore noted that the meeting was being held in compliance both with statutory regulations and with the provisions of the company's Articles of Association, which meant that the meeting was empowered to pass valid resolutions about all subjects discussed. The chairman reported that, at the start of the meeting, according to the list of persons attending the meeting, the following persons were either present or represented by authorized representatives: 204 holders of bearer shares who had registered a total of 98,448,712 of €1.50 par value each at the date of registration. This corresponded to a total number of votes equaling 50 times the aforementioned number of shares. This meant that 47.73% of the company's issued voting share capital was present at the meeting or was represented by authorized representatives[1]. For the various resolutions to be passed at this meeting DSM had received a number of proxies as well as voting instructions representing a total of 67 million shares. The chairman pointed out that, due to the new Corporate Governance Code, this was the first year in which the opportunity arose to give voting rights and voting instructions to an independent third party, i.e. the notary Visser, who was also present at the meeting.

Agenda item 2: Report by the Managing Board of Directors on 2008

The **Chairman** asked Mr. **Sijbesma**, Chairman of the Managing Board of Directors, to elucidate the Annual Report and the Annual Accounts for 2007[2]. After this presentation,

[1] Ultimately, 210 shareholders or representatives of shareholders were present at the meeting, representing in total around 48.0% of the company's issued voting share capital.
[2] This presentation was made available after the meeting and is accessible via www.dsm.com

the Chairman suggested that, to increase the efficiency of the meeting, a few shareholders would be given the opportunity to ask questions one after the other, each being limited to a maximum of three questions, before the Board replied. The first person invited to take the floor was Mr. Schout.

Mr. **Schout** asked whether the current fall in demand was of a temporary nature. Concerning the share purchase program, he indicated that he wished to know the average price at which the company had repurchased shares. He also requested further information on the collaboration between DSM and Crucell.

Mr. **Sijbesma** said that the current fall in demand was influenced by a number of factors, primarily involving a fall in demand from the consumer. For example, fewer automobiles and electronic devices are being purchased by the consumer. DSM can therefore supply for instance fewer materials to the manufacturers of these products. In addition, these manufacturers are minimizing their stocks on a large scale, which has a temporary, one-off effect, also impacting on DSM as a supplier of materials. Furthermore, DSM has been affected by stock devaluation as a result of a sharp fall in the price of raw materials. He indicated that it was difficult to forecast when consumer demand would pick up structurally once more. DSM had prepared itself for various different scenarios.

The collaboration between DSM and Crucell has been in existence for some years. On the basis of a so-called cell line, attempts are being made to develop more productive biopharmaceuticals. Productivity is currently at 27 grams per liter. This is very high compared with the approx. 7 grams per liter which is the industry standard. The underlying technology is licensed by DSM/Crucell to interested parties. Mr. Sijbesma commented that it would take a few more years before end products became available on the market which were produced using this technology. The financial results of this activity are still limited, but may be highly significant in the slightly longer term.

Mr. **Schwalb** informed the meeting that DSM had paid around €38 per share to repurchase shares.

Mr. **Van der Helm** (Vereniging van Beleggers voor Duurzame Ontwikkeling (VBDO, Association of Investors for Sustainable Development)) complimented DSM on the Triple P report. He said that he was delighted that DSM was facing up not only to the financial crisis, but also to the climate crisis and food crisis, and was attempting to develop business initiatives to bring these under control, while adding value in the process.

Given the revised Dutch Corporate Governance Code, he wondered how and to what extent the Supervisory Board was involved in the company's sustainability policy.

Furthermore, the VBDO wanted further quantification of the formulated sustainability objectives. With regard to the environmental targets set by DSM for 2010, he noted that a number of these had already been achieved in 2008. He wondered whether DSM intended to revise these objectives for the remaining period.

Regarding the remuneration of the members of the Managing Board, he asked for consideration to be given to the link between remuneration and sustainable objectives. This link has now been implemented within DSM, for which he complimented the company. Nevertheless, he said he wished to state that a very substantial part of this variable remuneration was directly linked to financial results. Only a limited part of the variable remuneration was linked to non-financial objectives. He wondered which specific sustainable objectives the non-financial part of the bonus was related to. Furthermore, he asked whether and how DSM was prepared to consider altering this ratio in favor of sustainable objectives.

The **Chairman** informed the meeting that a new remuneration system for members of the Managing Board would be developed in 2009. The link between remuneration and non-financial objectives would form part of this. The nature of the new remuneration system was not yet known, but this would be included on the agenda of the 2010 General Meeting of Shareholders.
Regarding the extent to which the Supervisory Board was involved in the company's sustainability objectives, he answered that this had the Board's full attention. The Board had, for example, commented on the Triple P report. For the coming financial year, consideration would be given to including the involvement in sustainability in the Supervisory Board's reporting.
Mr. **Sijbesma** thanked Mr. Van der Helm for the compliments. Regarding the quantification of the defined sustainability objectives, he referred to a number of pages in the Annual Report which provided more information on these objectives. The main elements of the sustainability policy are outlined on page 8[3] of the Triple P report. Further quantification is provided on other pages of this report. From page 61 onwards, for example, quantitative objectives are set out, including emissions.
Mr. **Zuidam** added that the most important objective for DSM in terms of sustainability was for the company to hold a leading position in this area within the industry. For the last five years, DSM had been in first or second place in the Dow Jones Sustainability Index for chemical companies worldwide. Sound objectives were needed to achieve this. DSM has, for example, set itself a target of reducing specific emissions into the air or water by 50 to 75%. A further objective is aimed at increasing diversity within the company. For example, DSM aims to employ more women and people of different nationalities. In procurement, the objective is to ensure that 60% of DSM suppliers have signed DSM's "Code of Conduct". In 2008, a level of 67% was achieved. The ultimate goal is 90%.
DSM aims to set clear, challenging, but at the same time realistic, objectives for the year 2020. With the aid of substantial investment, DSM succeeded in achieving some of the nine sustainability objectives in 2008, even though the target end date is 2010. These objectives will not be tightened up for 2010. Strenuous efforts are still being made to achieve the remaining challenging objectives before the year 2010.
Mr. **Van der Helm** suggested considering whether specific sustainability objectives could be combined into centrally defined objectives, which could then be more easily linked to remuneration objectives. In this context, he pointed out that the VBDO, in collaboration with a remuneration consultant, intended to carry out a study into the creation of sustainable remuneration.
Mr. **Van Gorkum** referred to a book published in 2002 entitled “Cradle to Cradle: Remaking the Way We Make Things” by William McDonough and Michael Braungart. He wondered why the ideas put forward in this book did not feature in DSM's Annual Report. He furthermore argued that the world would be unable to move on beyond the current crisis situation if it retained the same mindset which caused the current crisis. He also asked whether the plastics produced by DSM were recyclable. If so, he wondered whether these plastics then were brought to a higher quality level (upcycling), or to the same quality level (recycling), or to a lower quality level (downcycling). Finally, he asked whether DSM was involved in the development of nuclear energy.
Mr. **Sijbesma** commented that both he and Mr. Zuidam had read the book concerned, “Cradle to Cradle”. DSM had held several discussions with Mr. Braungart to discuss

[3] All page numbers in the minutes refer to the English edition of the Annual Report 2008 or the Triple P Report 2008

whether and to what extent the principle of “cradle to cradle” could be implemented within DSM. These discussions had produced a number of sound proposals which could be developed by DSM. He also felt that the "cradle to cradle" principle was not always the right concept for the company. For example, it was sometimes sensible not to degrade a substance entirely to its original state, given the energy loss associated with this. DSM was pursuing an active policy to examine whether products were recyclable or biodegradable. He quoted as an example the development to make agricultural plastic biodegradable, so that this could be left lying on agricultural land and could itself serve as a nutrient. DSM is not active in the development of nuclear energy.

In response to a question from Mr. **Van Gorkum,** Mr. **Zuidam** indicated that DSM is also not focusing on the development of materials that are used in the generation of nuclear energy. In materials development, DSM is focusing in particular on wind and solar energy, which are also two important alternative energy sources. Furthermore, a great deal of attention is focused on the transition from fossil to bio-based raw materials.

Close contact has been established with Mr. Braungart. In collaboration with him, DSM has initiated two test projects to examine whether two plastics can be developed for the automotive and electronics industries following the “cradle to cradle” principle. Finally, he pointed out that DSM by Shaw order recovers caprolactam from old carpet. This recovered caprolactam is then re-used as a raw material in carpet production.

Mr. **Dekker** (Vereniging van Effectenbezitters (VEB, Dutch Investors’ Association)) argued that one of the objectives of Vision 2010 was to reduce the company’s susceptibility to economic trends. This susceptibility to economic trends was still particularly evident in the area of Performance Materials and Polymer Intermediates. He asked whether DSM intended to reduce this susceptibility to economic trends in the longer term. More specifically, he asked for an update on the repositioning of Polymer Intermediates which had been referred to during the analysts’ conference in 2007. He then asked whether the current economic recession also created opportunities for DSM. He referred to possible acquisitions and consolidation of market shares. Finally, Mr. Dekker indicated that the Annual Report contained little information on the company’s relative competitive position. He asked whether more information could be provided on this subject in a subsequent annual report.

Mr. **Sijbesma** said that, in his opinion, only the global food market was not susceptible to economic trends. After all, food is needed every day. On the other hand, almost all other purchases can be deferred and therefore are, more or less, susceptible to economic trends. This becomes evident in times of severe economic recession firstly in the housing market, followed by the automotive industry and the electronics market. However, if the recession was severe enough, almost everything was ultimately susceptible to economic trends. The business units of DSM which were to be sold were slightly more susceptible to economic trends. The specialties that DSM has in the Engineering Plastics and Resins business are clearly less susceptible to economic trends. However, if automobiles are no longer being produced or sold, there is no need for even the best specialties. These specialties then are temporarily redundant.

Mr. **Sijbesma** explained that Polymer Intermediates is an internal supplier of raw materials for DSM Engineering plastics. DSM does not want to make itself vulnerable by selling off Polymer Intermediates. For that reason, the Polymer Intermediates business, which is in fact cyclical, fits after all within the DSM strategy. There is no question of planning to sell or reposition it.

He confirmed that the current economic recession also created opportunities for DSM. This was certainly the case where competitors ceased trading or relinquished market share. A further opportunity arose in the area of new market launches. By using the engineering plastic Stanyl®, for example, the total weight of an automobile can be reduced. DSM has recently been able to sell Stanyl® on the American automobile market. New opportunities exist here in the area of sustainability.

Regarding the request to provide precise information on market shares or competitive positions in the annual report, Mr. Sijbesma commented that DSM did not regard it as sensible from a competitive standpoint to make public announcements on this subject. More general information is, however, provided. For example, DSM has a market share of on average approx. 30% in the worldwide production of vitamins.

Ms. **Van Lamoen** (Robeco) also spoke on behalf of APG, MN Services, the Pensioenfonds Grafische Bedrijven (Graphics Businesses Pension Fund), Syntras Achmea Vermogensbeheer (Syntras Achmea Asset Management) and the Triodos Beleggingsfondsen (Triodos Investment Funds). These six shareholders jointly represent around 2 million shares. Referring to the invitation to this meeting, she stressed the importance of encouraging good communications between the company and its stakeholders. To obtain a clearer insight into the company, an attempt was made in the 2007 and 2008 meetings to improve the transparency of the risk section in the annual report. She noted with appreciation that DSM had succeeded in doing so. She then complimented DSM on achieving a record business result. However, in the fourth quarter of 2008, the economic recession had also affected DSM, bringing new risks with it. She urged DSM to ensure that the risk section in the annual report was kept up-to-date.

Mr. **Sijbesma** confirmed that the improvement in the transparency of the risk section in the annual report was not just a one-off action. DSM has been in discussion with various stakeholders on this matter, providing DSM with some good ideas. He indicated that DSM is seeking to make further improvements.

Mr. **Stevense** (Stichting Rechtsbescherming Beleggers (Foundation for the Protection of Investors' Rights)) referred to the fact that the Pharma clusters had not achieved the EBITDA margin target in the financial year. Against the background of great uncertainty affecting market demand for Performance Materials as mentioned in the Annual Report, he asked what measures DSM had taken to ensure that these objectives would in fact be achieved.

Referring to page 39 of the Annual Report, he quoted: "Together with the annual financial accounts, all business groups, staff and service departments reported on any material operational, reporting and compliance risks or incidents over the past year in their Letter of Representation." And also: "The main risks were discussed with the Audit Committee of the Supervisory Board on 16 February 2009." He wondered what had come out of this discussion.

Based on the profitability of DSM Agro, the interdependency with other business units and the function of chemical fertilizer in the food chain, Mr. Stevense wondered whether it was wise for DSM to sell DSM Agro.

He also asked for more background information on DSM's activities in the improvement of packaging concepts.

Mr. **Sijbesma** explained that the DSM Agro business is cyclical, not so much in terms of consumption, but specifically in terms of supply. Furthermore, the business is not particularly innovative with low R&D costs in proportion to sales and furthermore DSM does not hold a global position in the chemical fertilizer market, but merely a position in a

restricted part of Europe. Given these characteristics, DSM Agro no longer fits in with DSM strategy.
Regarding the Performance Materials cluster, Mr. **Gerardu** said that DSM had set not only an EBITDA target but also general targets for 2010. These had not been reviewed from one year to the next. In order to achieve the target EBITDA margin in 2010, DSM is reliant on demand ultimately returning to the original trend line. There is currently no sign of this. On the other hand – and this was announced by DSM in December 2008 – programs have also been started within Performance Materials to turn the result into a positive one as soon as possible. These two effects will ultimately determine the extent to which the 2010 objective can in fact be achieved.
Mr. **Sijbesma** then explained that all DSM business units have to report the most significant risks and any incidents each year to the Managing Board via a Letter of Representation. The outcome of this is reviewed within the Managing Board. The Managing Board also examines what it regards as the collective risks for the company as a whole. A summary of this is discussed with the Supervisory Board. The most significant risks, of which he cited a few, are reported in the Annual Report. The Annual Report also contains a number of comments on how this was discussed by the Managing Board, and by the Managing Board with the Supervisory Board. In the meeting held on 16 February 2009 between members of the Managing Board and the Audit Committee, no new items were discussed.
DSM has a risk management system wherein forward-looking risk analyses are carried out in the units with the Corporate Risk Management department. With regard to new packaging concepts, Mr. Sijbesma stated as an example that work was being carried out to produce biodegradable plastics based on succinic acid.
Mr. **Van Riet** pointed out that the “Other activities” of DSM in the financial year accounted for 5% of turnover. These activities resulted in a 10% loss. He wondered what these "Other activities" were and how they could be wound down. Regarding collaborations between DSM and companies in China, Mr. Van Riet asked for consideration to be given to the retention of company secrets and patents.
Mr. **Schwalb** indicated that the “Other activities” of DSM covered various items. They included, for example, investments of €60 million in innovation activities, and also pension costs and fixed corporate overheads of the company. Furthermore, the results of DSM's own insurance business which were more negative than normal in 2008 due to incidental effects. The financial results of Noordgastransport are also reported under “Other activities”.
Mr. **Zuidam** confirmed that patents were vitally important to DSM in order to protect company know-how. This was an important point in negotiations on joint ventures in China. Special measures were also taken to prevent leakage of this know-how.
Mr. **Berkelder** pointed out that the value of DSM stocks revealed a growing tendency and had even risen sharply in spite of the devaluation in 2008. He said that DSM, compared, for example, with its fellow sector company Lanxess, had 20% to 25% more stocks. Although DSM was reducing stocks in response to the crisis, he wondered whether DSM should be making more consistent efforts to achieve lower stock volumes. A different question concerned the extraction by DSM of ethanol from cellulose. He wondered what the envisaged business model was: did DSM intend to become an enzyme supplier, where the factory installation would be built by a third party? He furthermore referred to the risks of the loss of overhead subsidies which could severely impact on the profitability of this type of activity.

Mr. **Schwalb** commented that the inventory value of DSM could not simply be compared with a company such as Lanxess, but should also be compared with other companies. The difficulty with these comparisons is that the composition of activities is different. Lanxess, for example, only carries out activities which we associate specifically with Performance Materials and Base Chemicals. For these products, in comparison with revenues, inventories are much lower than, for example, in the case of food products. He generally agreed that the inventory level of DSM was on the high side. DSM is now endeavoring to implement a rapid reduction in this value. Furthermore, DSM has initiated a program to structurally achieve lower inventory levels.

Regarding the extraction of ethanol from cellulose, Mr. **Sijbesma** informed the meeting that no final decision had yet been taken regarding the business model. DSM develops technology on the basis of enzyme technology and in combination with yeast technology. Furthermore, no one else offers this combination, in which DSM is therefore unique. It seemed likely that DSM would supply the technology under license to third parties and would perhaps participate in one or two large demonstration projects. He did not expect DSM to build its own production installations which would require substantial investment. Furthermore, he said that DSM is focusing specifically on the so-called second-generation biofuels which will ultimately be more economical as the waste product problem will then be solved and using feed stocks that are not in conflict with food supply. DSM is not setting up any projects which, in terms of profitability, are completely dependent on overhead subsidies.

Mr. **Van der Helm** referred to a study carried out by Trucost. This company investigated the level of environmental damage caused by a business in relation to its turnover. This was translated into the so-called “impact ratio”. Out of the 109 companies active in the same sector as DSM, DSM was in 106th place. However, a significant part of that poor score was due to the value chain rather than DSM itself. He wondered whether DSM was prepared to include sector-related objectives in the sustainability report, for example by indicating how DSM scores in relation to its competitors.

Mr. Van der Helm also wished to pay a compliment to the shareholders present in the room for attending this meeting. Their presence after all demonstrated their commitment to the company. He pointed out that the introduction of a loyalty dividend was now possible following a ruling by the Supreme Court. He wondered what DSM intended to do to re-introduce the loyalty dividend or in any event further stimulate the affected long-term share ownership.

Finally, **Mr. Van der Helm** asked how DSM planned to improve the dialogue with stakeholders. He also asked whether any satisfaction surveys had been carried out among DSM employees to ascertain the importance they attached to sustainability.

Mr. **Sijbesma** said that neither he nor Mr. Zuidam was aware of this report from Trucost.

Mr. **Van der Helm** promised to provide this report after the meeting.

Mr. **Sijbesma** promised that he would look at this report and see whether it offered any learning points for DSM.

He further indicated that DSM currently had no plans to introduce a loyalty dividend even if this was now legally possible. A cautious approach was required as opinions regarding the loyalty dividend differed among DSM shareholders, including long-term shareholders. DSM still believed that the aims of a loyalty dividend were still valid: identification of DSM’s shareholders and long-term shareholdership stimulation. DSM is the type of company that can add value in the long term. He said he was grateful that some shareholders were willing to make a long-term commitment to DSM.

Mr. **Van der Helm** felt that DSM would demonstrate inspiring leadership by taking more specific action.
Mr. **Sijbesma** indicated that the introduction of a loyalty dividend must also have firm support. It would be undesirable for an introduction of this type to result in conflicts between our own shareholders.
He added that DSM was aware that a number of stakeholders were involved, such as shareholders, company employees and customers. Without the last two of these, no stakeholder value can ultimately be created in the long term. Much attention is focused on communication with stakeholders, including company employees. For example, an engagement survey is carried out every year among the workforce. Last year, more than 12,000 employees took part in this, providing a clear indication of the mood of the workforce. Aspects such as external focus and inspiring leadership appeared to require additional attention, whereas sustainability achieved a very high score. DSM employees feel that it is important for the company to be socially engaged. He quoted as an example DSM's involvement in the United Nations World Food Programme.
He then promised to discuss ideas with the VBDO on how to further improve the structure of the dialogue with stakeholders.
Mr. **Spanjer** complimented DSM on the results achieved over the 2008 financial year. He referred to a factory in China that could not run at full capacity due to water quality problems. He wondered whether this had now been resolved. He also asked about the current level of cover of the DSM pension fund.
Mr. **Sijbesma** informed the meeting that the level of cover of the Dutch DSM pension fund was published periodically on the pension fund website. Relatively speaking, the pension fund is not doing badly, but the level of cover has now fallen below 105%, at which point there is an obligation to draw up a recovery plan in consultation with the Nederlandsche Bank in order to return to the legal minimum of 105% in the long term. As things currently stand, DSM does not need to make any additional payments into the pension fund.
Mr. **Zuidam** said that poor water quality had threatened to affect the factory concerned in China, but the problem had now been solved thanks to effective water purification.
Mr. **Dekker** asked what financial savings had been made by the Operational Excellence program in 2008. With regard to Performance Materials, he asked what production capacity was not currently being used and whether the fall in demand had now bottomed out. He also asked whether DSM had a supplementary payment obligation in respect of the company pension fund and whether DSM knew about a system of nominal pensions. More specifically, he asked whether an additional payment would be made into the DSM pension fund this year. On the subject of risk management, he referred to a letter that the VEB (Dutch Investors' Association) had sent to DSM among others. This letter contained a request to classify the main business risks according to severity and quantify them more accurately.
With regard to the DSM innovation program, he referred to 50 projects which had been set up in this connection. He asked how many of these projects were still running, how many had been successfully completed and how many had been stopped.
Mr. **Sijbesma** pointed out that, in principle, DSM and the company pension fund operated separately from one another from a financial perspective. DSM is not currently aware of any financial obligation to make additional payments into the DSM pension fund and this is not currently envisaged for 2009.

With regard to risk management, he pointed out that DSM had included only the most significant risks with the greatest impact on the company in the Annual Report. This was a selection from a much longer list of risks.
Out of the 50 projects from the innovation program, 10 projects appear to have been unsuccessful. The remaining projects are still running. Some products that have been developed have already been launched on the market, but are undergoing further development. In general, the Innovation program is running well. In 2005, DSM set itself the target of generating €1 billion in additional turnover from innovation by 2010. By 2008, €600 million had already been generated. The prospects of achieving the set target look positive.
Mr. **Gerardu** said that there was still little evidence of an increase in demand for Performance Materials. He indicated that he was reluctant to jump to conclusions, but it could be that the bottom had been reached. However, there is still no sign of a clear improvement. It is difficult to quantify as a percentage how much production capacity is now being used because this differs according to activity and factory location. In any event, a large number of factories are not running at full capacity.
With regard to the quantification of risk management, Mr. **Schwalb** referred to page 81 of the Annual Report. DSM quantifies risks wherever it is possible and appropriate. He cited as an example the quantification of a number of financial risks as described in the Annual Report under section 24 of the notes to the annual accounts. Sometimes a quantification of this type is not possible, for example in the case of risks relating to personnel.
He also discussed the company's cost-saving programs. A recession-related cost saving of €100 million was announced in December 2008. DSM is also continuing with the “Operational Excellence” program, one of the cornerstones of Vision 2010. Among other things, a program entitled “Advanced Manufacturing” was initiated in 2008. At the end of 2007, an announcement was also made regarding a cost-saving energy program. However, not every savings program was published.
Mr. **Swinkels** referred to the DSM share purchase program. It was announced that the company would repurchase €750 million of shares, of which €500 million were realized. He wondered why it was decided not to purchase the remaining €250 million of shares. He also asked for an update on the investigation into the possible resumption of coal mining operations.
Mr. **Sijbesma** commented that some financial analysts and journalists had pointed out that DSM had huge amounts of underground coal reserves, and that this value was not reflected at present in the current DSM stock market share price. He said that the financial value of the coal reserve should only be attributed on the basis of the price of coal in the longer term rather than on the basis of a daily price in connection with the costs involved in mining the coal. He argued that it was not technologically easy to exploit the reserves in an economical manner. If the coal was to be mined, DSM would probably not do this itself. DSM will nevertheless continue to consider its options.
With regard to the share purchase program, Mr. Sijbesma said that it had been decided under the present circumstances, wherein a strong cash position is essential, not to purchase any further shares in order to maintain the company’s strong cash position. He did however recognize that a higher debt can create value for shareholders.
Mr. **Swinkels** argued that weakly financed companies could present opportunities for DSM. He asked whether DSM intended to exploit these opportunities, at the expense of the share purchase program of €250 million.

Mr. **Sijbesma** said that he did not wish to target possible acquisition candidates directly. It was also possible that competitors might leave the field of play without DSM having purchased these companies. DSM would then be able to take over their market share.
Mr. **Van Schalkwijk** asked which new products were undergoing development and would contribute to profit within the next two years.
Mr. **Sijbesma** referred to the Innovation program with its target of generating €1 billion in additional revenue from Innovation by 2010. He furthermore indicated that a number of new products had already been introduced onto the market and a substantial number were still in the pipeline. For example, DSM recently introduced a new enzyme to prevent the formation of acrylamide. This enzyme can prevent up to 90% of various carcinogenic substances in baked products. InsuVital® was also recently launched on the market. This product helps to prevent type 2 diabetes. Another product is Fabuless®, which DSM has brought onto the market via Campina in Optimel. This product results in reduced appetite and therefore weight loss, at least for those who consequently eat less. Within Performance Materials, around one half years ago a new polymer was developed for the electronics industry to enable the production of even smaller, higher-precision components. A test factory is now being built for this new polymer. PER.C6®, which is being developed in collaboration with Crucell, is also expected to contribute in the somewhat longer term to company profitability.

Agenda item 3: Adoption of the Financial Statements for 2008

The **Chairman** stated that the next business on the agenda was the adoption of the Financial Statements for 2008. He pointed out that, under Article 31, section 2, of the Articles of Association, the Annual Accounts need to be adopted by the Annual General Meeting of Shareholders. The Annual Accounts for 2008 were approved by the Supervisory Board on February 17, 2009. The Annual Accounts have been audited by the external auditor, whose report has been reproduced on page 148 of the Annual Report. He gave the shareholders the opportunity to ask questions about the Annual Accounts.
Mr. **Stevense** (Stichting Rechtsbescherming Beleggers (Foundation for the Protection of Investors' Rights)) asked for an explanation of the "Change in actuarial gains and losses" (page 99). Compared with the 2007 reporting year, this item has swung from positive to negative. He also asked for an explanation of the "Other operating costs" on page 107. He wondered whether the €7 million of claims related to the "Derecognition of assets under construction" item. On the same page, it was stated that the "Result from other securities" for 2008 was plus €13 million, whereas the figure for 2007 was minus €3 million. On page 109 of the Annual Report, it was stated that the "Income tax expense in equity" had swung from minus €52 million in 2007 to plus €346 million in 2008. Mr. Stevense asked for a more detailed explanation.
Finally, he referred to a USD loan with a term running until 2009 (page 121). He wondered whether DSM intended to repay this loan. Regarding the conversion of the fixed interest rate of this loan into a variable rate, he asked about the consequences of this for 2009.
Mr. **Schwalb** replied that the aforementioned USD loan would expire in 2009. This loan would be repaid from funds received in connection with the recently issued corporate bond. Following repayment, DSM would then have virtually no further loans on short-term repayment. On the question concerning the data on page 107, he explained that DSM had various small investments which came under the heading of financial investments. Due to the poor conditions on the stock market in 2008, various financial investments had been

somewhat devalued. The big swings in "Change in actuarial gains and losses" and also in "Income tax expense in equity" origins from the negative development in pension funding because of the financial markets development.
He then invited Mr. Sampers (Senior Accounting Officer DSM Corporate Control & Accounting) to explain the claims of €7 million.
Mr. **Sampers** confirmed that a number of new construction activities were stopped by DSM due to the current economic situation. The associated amount of devaluation is shown on page 107 (English version). The sum of €7 million relates to claims due to cancellation of a number of procurement contracts which were cancelled due to the crisis. The move to the "Change in actuarial gains and losses" item is due to the financing of the Dutch pension fund. The move into this item reflects the drop in the level of cover.
Taking the above into account, the General Meeting of Shareholders subsequently adopted the Financial Statements for 2008 (95,140,750 shares in favor, 3,519,217 shares against and 367,839 shares abstaining).

Agenda item 4a: Reserve and dividend policy

In line with the Corporate Governance code, the **Chairman** then introduced the reserve and dividend policy as a separate item on the agenda. The reserve policy, which is closely linked to the dividend policy, has remained unchanged since the previous year. The level of the dividend depends on business conditions, the company's financial performance and other relevant factors. The dividend policy is similarly unchanged. The adapted dividend policy reflects the transformation of DSM's portfolio and the resulting increased profit stability. DSM's aim is a stable and preferably rising dividend. The dividend is paid out fully in cash. He gave the shareholders the opportunity to ask questions.
Mr. **Schout** argued in favor of a stock dividend or optional dividend instead of the proposed cash dividend.
The **Chairman** indicated that he had decided to submit a proposal to the meeting for a cash dividend and no request had been made to add a different proposal to the agenda. He referred to the option of re-investing the cash dividend directly in shares.
Mr. **Schout** said that in the last case, a 15% dividend tax was deducted and could not always be offset. He urged the shareholders present to vote against the proposed cash dividend.
Mr. **Rienks** asked how much DSM had to pay to ABN-AMRO to run the dividend re-investment program and what advantages this offered to DSM. He further commented that participation in this program did not appear to be voluntary.
The **Chairman** said that participation in the dividend re-investment program was a free choice. He invited Mr. Rienks to discuss his experience of this with the Company Secretary.
In response to a question from Mr. **Swinkels,** Mr. **Sijbesma** replied that DSM is not incurring any costs. If a shareholder wished to convert the dividend into shares, ABN-AMRO would charge the shareholder one half of one percent of the total value as costs. These costs were lower than in the case of a normal purchase of shares.
Mr. **Schout** felt that it was totally unnecessary to charge these costs. He argued once more for the distribution of a stock dividend and again urged the meeting to vote against the proposed cash dividend.

Agenda item 4b: Approval of dividend payment for 2007

The **Chairman** then turned to the approval of the dividend payment for 2008. According to the adopted Financial Statements, the net profit for 2008 amounts to €577 million. According to Article 32 of the Articles of Association, the Managing Board, with the approval of the Supervisory Board, decides which part of the profit should be reserved. This reserve is determined to be €373 million. Out of the profit remaining after this reservation, subsequently first a dividend will be distributed on the cumulative preference shares. This distribution will amount to €10 million. The remaining part of the profit, €194 million, will be made available to the Annual General Meeting. With the approval of the Supervisory Board, the Managing Board asked the Annual General Meeting to adopt the proposal to distribute a dividend for 2008 amounting to €1.20 per ordinary share. This amount is the same as in the preceding year. Taking into account the interim dividend of €0.40 per ordinary share paid out in August 2008, the final dividend will amount to €0.80 per ordinary share. The date of the payment of the final dividend is 21 April 2009; this date has been determined so that the Dividend Re-Investment Program (DRIP) introduced in 2007 can be implemented.
He then gave the meeting the opportunity to ask questions.
Mr. **Broenink** stated that DSM had made its largest-ever profit in 2008. He noted that the Managing Board and the Supervisory Board trusted in DSM and the policy adopted. To underline this trust, he wondered whether DSM could pay out a higher dividend.
Mr. **Sijbesma** emphasized that DSM wanted to show the shareholders and the outside world that the dividend policy was unchanged, and that DSM was aiming to achieve a stable and preferably increasing dividend. However, under the current economic conditions, in which the company was concentrating all its efforts on cash generation, DSM did not believe that it was sensible to increase the dividend.
Mr. **Van Gog** asked for an explanation as to why the payment of the dividend revealed no single effect of the share purchase program. There were after all fewer shares in circulation now and also with an increased profit the dividend per share could, in his opinion, also be increased.
The **Chairman** said that Mr. Van Gog was, in principle, mathematically correct with this argument. In order to be able to face up to the current difficult times, DSM aims to retain as much cash in hand as possible. This, rather than the number of outstanding shares, has been a decisive factor this year in determining the proportion of profit available for the dividend.
Mr. **Van Schalkwijk** pointed out that the shares repurchased by DSM are also involved in the dividend to be paid out. He said he assumed that these dividend sums would benefit the company's own cash in hand. He pointed out that DSM had to make this public.
Mr. **Sijbesma** said that the Annual Report indicated precisely the number of outstanding shares on which the dividend was paid. He again pointed out that the current economic conditions called for the necessary caution. For this reason, it was decided not to go through with the share purchase program and not to increase the dividend. Furthermore, the aim is to achieve stability, meaning that caution is called for in order to increase the dividend immediately when things are going well and therefore to prevent a reduction in the dividend in poorer years.
Mr. **Schout** referred to page 41 of the Annual Report which states that €577 million net profit is attributable to equity holders. Taking into account the total number of 162,227,000

outstanding shares, Mr. Schout said he had calculated that each shareholder was entitled around €3.55 per share.
Mr. **Sijbesma** emphasized that the figures in the Annual Report had been correctly drawn up, but the description on page 41 could perhaps lead to some confusion. The profit appropriation is set out on page 149 of the Annual Report. A proportion of the net profit is reserved and not all net profit is therefore paid out as a dividend.
Mr. **Schout** argued for a different wording to be used in subsequent annual reports.
The **Chairman** subsequently put the proposal to the vote (99,019,146 shares in favor, 8,697 shares against and 2,279 shares abstaining) and concluded that the meeting had approved the proposed dividend payment on ordinary shares for 2008.

Agenda item 5a: Release from liability of the members of the Managing Board
Agenda item 5b: Release from liability of the members of the Supervisory Board

The **Chairman** informed the meeting that, in accordance with Article 31, section 3, of the Articles of Association, the persons attending the meeting are allowed to vote separately on these subjects. The meeting did not make use of the opportunity to ask questions on either subject.
The **Chairman** then successively asked the meeting to vote on the proposal to release from liability the members of the Managing Board (agenda item 5a: 98,379,187 shares in favor, 486,603 shares against and 155,467 shares abstaining) and on the proposal to release from liability the members of the Supervisory Board (agenda item 5b: 98,388,851 shares in favor, 487,248 shares against and 155,768 shares abstaining).
The **Chairman** concluded that the members of the Managing Board and the Supervisory Board had been released from liability for their managerial activities and the supervision thereof, respectively.

Agenda item 6: (Re)appointment of the members of the Supervisory Board

The **Chairman** informed the meeting that, according to Article 24 of the Articles of Association, the members of the Supervisory Board are appointed by the General Meeting of Shareholders. According to the roster, it is the turn of Messrs Hochuli and Sonder to resign. Both Supervisory Board members are eligible for re-election.

Agenda item 6a: Reappointment of Mr. P. Hochuli

The **Chairman** said that the Supervisory Board nominated Mr. Hochuli for reappointment as member of the Supervisory Board, in conformity with Article 24, section 2, of the Articles of Association. For the personal details and other relevant data he referred to the notes to the agenda. It was proposed to appoint Mr. Hochuli as member of the Supervisory Board in accordance with this nomination.
There were no questions from the meeting on the proposal to re-appoint Mr. Hochuli. The Chairman subsequently put the proposal to the vote (98,966,222 shares in favor, 59,301 shares against and 3,857 shares abstaining) and concluded that the General Meeting of Shareholders had reappointed Mr. Hochuli as member of the Supervisory Board.

Agenda item 6b: Reappointment of Mr. C. Sonder

The **Chairman** said that the Supervisory Board nominated Mr. Sonder for reappointment as member of the Supervisory Board. For the personal details and other relevant data he referred to the notes to the agenda.
The meeting had no questions about the proposal to reappoint Mr. Sonder. The Chairman subsequently put the proposal to the vote (98,942,024 shares in favor, 86,840 shares against and 3,837 shares abstaining) and concluded that the General Meeting of Shareholders had reappointed Mr. Sonder as member of the Supervisory Board.

Agenda item 7 (removed)

The **Chairman** informed the meeting that agenda item 7 had been removed. This agenda item involved a proposal to adjust the remuneration policy for members of the Managing Board and entailed a tightened up scheme for the acquisition of share options and performance-related shares on the basis of DSM's total shareholder return. In the proposal, stock incentives could no longer be acquired if performance fell below the median of the reference group, whereas more stock incentives could be acquired for outstanding results compared with the reference group. Contrary to many press reports, the total value of the stock incentives under the new scheme would remain exactly the same as under the existing system. In the new system, no stock incentives are issued if performance falls below the median of the reference group. This adjustment was exactly as requested by the meeting last year. In view of the current social discussion and particularly because DSM wished to dispel the impression that the members of the Managing Board would be rewarded considerably more in future for their performance, it was decided to remove this proposal from the agenda for this annual meeting and therefore provisionally retain the existing scheme for the acquisition of stock incentives on the basis of total shareholder return. DSM acknowledges that, given the current economic conditions, it is appropriate to show restraint with regard to the remuneration policy, even though the current total value of the DSM stock incentives provision is considerably lower than the median of comparable companies. The press report concerned explained that DSM wanted to perform well in the area of sustainability and, in line with corporate values, strike a balance between value creation, respect for people and care for the environment. DSM will further adjust its remuneration policy for the Managing Board on the basis of the corporate values of the company and an appropriate balance between the interests of the major DSM stakeholders. Adjustments will also be made to comply with the revised Dutch Corporate Governance Code. In this context, DSM will submit a proposal to the 2010 annual meeting for a revised remuneration policy for the Managing Board, including a new scheme for the acquisition of stock incentives on the basis of the total shareholder return. As already announced, the base salaries of the members of the Managing Board will not be increased for 2009. Even though the agenda item had been removed, the **Chairman** gave the meeting the opportunity to ask questions or make comments.
Ms. **Van Lamoen** indicated that the proposal on the agenda complied with the request of the shareholders that she represented to allocate no stock incentives for performance that was poorer than that of competitors. The proposal would have had the backing of the

shareholders that she represents. She asked whether the remuneration policy would be tightened up on this specific point in the coming year.
The **Chairman** indicated that the remuneration policy would not only be tightened up on this point, but would be revised in its entirety. He furthermore gave the assurance that, if the situation arose where DSM performed more poorly than the median of the peer group and the current remuneration policy resulted in an acquisition of shares, the Supervisory Board would give this matter its full attention.
Ms. **Van Lamoen** quoted from the DSM press report concerned: "DSM aims to perform well in the area of sustainability" and "DSM intends to further adapt its policy on the basis of the corporate values of the company". She said that she supported and commended both ambitions and also the link between them. She asked DSM in this context to maintain its leading position in the area of sustainability, to allow the corporate values to form a real integral part of long-term remuneration and to report transparently on this matter.
The **Chairman** indicated that these points would certainly be noted.
Mr. **Swinkels** commented that, in his opinion, everyone should be rewarded according to their effort and performance and that a peer group should not include any companies that, for example, were poorly financed or accepted no social responsibility. He argued for a remuneration system that was relatively simple by nature.
The **Chairman** confirmed that the new proposal would aim to be simple.

Agenda item 8a: Extension of the period during which the Managing Board is authorized to issue ordinary shares

The **Chairman** then introduced the next item on the agenda, which was the extension of the authorization of the Managing Board to issue ordinary shares. For details he referred the meeting to the notes to the agenda.
Mr. **Van Schalkwijk** said he believed that the issue of shares resulted in the dilution of total share capital. He said he supported the acquisition of additional cash flow from existing shareholders.
The **Chairman** explained that situations were conceivable in which it was optimal to negotiate a transaction (partly) with shares instead of money. In order to have flexibility in such cases, authorization is requested, but each year for a period of 18 months only.
In response to a question from Mr. **Schout**, the **Chairman** explained that the Supervisory board would examine and assess each specific case, this being the reason why a specific proposal always requires separate approval from the Supervisory Board.
The **Chairman** put the proposal to the vote (98,328,518 shares in favor, 700,504 shares against and 1,666 shares abstaining) and concluded that the meeting had agreed to the extension of the period during which the Managing Board is authorized to issue ordinary shares in accordance with the proposal.

Agenda item 8b: Extension of the period during which the Managing Board is authorized to limit or exclude the preferential right when issuing ordinary shares

The **Chairman** turned to the extension of the authorization of the Managing Board to limit or exclude the preferential right when issuing ordinary shares. He referred the meeting to the notes to the agenda.
In response to a question from Mr. **Swinkels**, the **Chairman** confirmed that authorization requested under this agenda item replaces ongoing authorization.
The **Chairman** subsequently put the proposal to vote (97,011,020 shares in favor, 1,902,505 shares against and 116,371 shares abstaining) and concluded that the meeting had granted the extension of the authorization in accordance with the proposal.

Agenda item 9: Authorization of the Managing Board to have the company repurchase shares

The **Chairman** then introduced the next agenda item to be discussed, which was the authorization for repurchasing shares in the company as meant in Article 13 of the Articles of Association for a period of 18 months, as described in detail in the notes to the agenda.
Mr. **Schout said** that no one had been able to foresee that that the DSM share price would fall so sharply during the preceding period. He said he would welcome it if DSM showed bravery in repurchasing shares.
The **Chairman** indicated that the comments had been noted. He pointed out that the company had no intention at that time to repurchase shares.
The **Chairman** put the proposal to vote (98,849,411 shares in favor, 180,665 shares against and 587 shares abstaining) and subsequently concluded that the meeting had granted the authorization in accordance with the proposal.

Agenda item 10: Reduction of the issued capital by canceling shares

The **Chairman** turned to the next business on the agenda, the proposal to reduce the issued capital by canceling shares, as described in detail in the notes to the agenda.
In response to a question from Mr. **Spanjer**, the **Chairman** said that no dividend would be paid out on canceled shares.
Mr. **Stevense** referred to page 134 of the Annual Report, in which it was stated that all stock options and performance shares would be settled by physical delivery of DSM shares. He asked how deposit shares could be physically delivered.
Mr. **Sijbesma** explained that this meant the delivery of shares to the manager concerned by way of a giro transfer.
The **Chairman** then put the proposal to the vote (99,016,356 shares in favor, 8,460 shares against and 2,529 votes abstaining). The Chairman concluded that the meeting had decided to reduce the issued capital in conformity with the Managing Board's proposal.

Agenda item11: Amendment to the Articles of Association

The **Chairman** turned to the next business on the agenda, the proposal to amend the Articles of Association of the company, referring to the notes to the agenda and the precise wording of the proposal with its own separate explanation. He gave the meeting the opportunity to ask questions.
Mr. **Van de Ven** pointed out that, with the proposed amendment to the Articles of Association, the company could repurchase shares worth up to 50% of issued capital. He said he felt that, with the repurchase of 50% of shares, shareholder control could be frustrated in practice. He asked in this context whether the company was prepared not to exercise this voting right in situations in which the approval of shareholders was required.
The **Chairman** commented that the proposed amendment to the Articles of Association was intended to align the wording of the Articles of Association with European legislation in this area. The repurchase of up to 50% of shares was not currently on the agenda.
Mr. **Visser** (company notary) confirmed that the Articles of Association of the company were now being amended on the grounds of legal obligations.
The General Meeting of Shareholders decides each year to authorize the Managing Board to repurchase shares. For 2009, a conscious decision was made to limit the authorization to a maximum of 10% and not pre-empt the possible amendment to the Articles of Association. If the Articles of Association are amended, the purchase authorization will still remain for a maximum of 10%. He indicated that by law no votes could be cast on purchased shares.
Mr. **Menten** asked how and at what price the cumulative preference shares are sold.
Mr. **Visser** said that all preference shares C were purchased by the company in 2004 at a price of around €0.03 per share. Therefore, from a financial point of view, cancelation of these shares had no financial consequences. In terms of a total cleansing of the Articles of Association, it was decided to allow these shares to disappear entirely from the Articles of Association, thereby simplifying the share structure.
Mr. **Menten** asked for an update on the possible extraction of coal by DSM from the Beatrix mine at Herkenbosch.
The **Chairman** said that this matter was still under investigation.
In response to a question from Mr. **Menten,** Mr. **Sijbesma** indicated that the coal reserves were not valued on the company balance sheet.
The proposal to amend the Articles of Association, along with the described authorization to request the declaration of non-opposition to the draft of the deed to amend the Articles of Association and to draw up the deed of amendment of the Articles of Association was put to the vote (98,948,083 shares in favor, 51,334 shares against and 5,356 shares abstaining). The Chairman noted that the Meeting had decided to amend the Articles of Association and the authorization was granted in accordance with the proposal.

Agenda item 12: Any Other Business

The **Chairman** gave the meeting the opportunity to ask questions on any subjects which had not yet been discussed.
Mr. **Dekker** (Vereniging van Effectenbezitters (VEB, Dutch Investors' Association)) once again called for a more specific insight into the development of the relative market share of

product groups, with particular emphasis on how the main business groups are developing.
The **Chairman** said that he had taken note of this request.
Mr. **Ten Klooster** called for the DSM Magazine to be published in Dutch.
Mr. **Sijbesma** said that most readers of the DSM Magazine preferred to have it in English. This was the reason why this magazine was now produced entirely in English. He understood the request but also referred to the high cost of a Dutch translation and the desire for the DSM Magazine then to be published in other languages also.
At the suggestion of the **Chairman,** Mr. **Sijbesma** agreed to review the actual cost and reconsider the matter.
Mr. **Ten Klooster** asked whether DSM still organized shareholder's visits.
Mr. **Sijbesma** confirmed this and asked Mr. Ten Klooster to contact the Investor Relations department.
Mr. **Stevense** pointed out that the Annual Report stated that Mr. Gerardu would only temporarily be chairman of the Supervisory Board of Holland Colours. He wondered what "temporarily" meant in this context.
Mr. **Gerardu** indicated that he had been chairman of the Supervisory Board of Holland Colours for one and a half years. The Annual Report indicated that the combination of that role with the membership of the Supervisory Board conflicts with the best practices of the Tabaksblat code. As soon as a suitable successor is found as chairman of the Supervisory Board of Holland Colours, this temporary situation will come to an end.
Mr. **Swinkels** asked how many employees within DSM were eligible for a bonus.
Mr. **Sijbesma** explained that there were still quite a number of people within the company who were eligible for a bonus. This involved thousands of employees, including production workers in factories who receive a small variable payment depending on their contribution in the year. In addition, a so-called results-based payment is made in the Netherlands, depending on the profit of the company.

Agenda item 13: Close of meeting

There being no further business, the **Chairman** then closed the meeting.

As adopted,

C.A.J. Herkströter, Chairman	F. Weijtens, Secretary