

For Six Month Period Ending May 10, 2004
(Insert date)

I - REGISTRANT

1. (a) Name of Registrant (b) Registration No.

Hill and Knowlton, Inc.

3301

(c) Business Address(es) of Registrant

600 New Hampshire Avenue
Suite 601
Washington, DC 20037

2. Has there been a change in the information previously furnished in connection with the following:

- (a) If an individual:
- | | | |
|-----------------------|------------------------------|-----------------------------|
| (1) Residence address | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (2) Citizenship | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (3) Occupation | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
- (b) If an organization:
- | | | |
|--------------------------|---|--|
| (1) Name | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| (2) Ownership or control | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| (3) Branch offices | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
- (c) Explain fully all changes, if any, indicated in items (a) and (b) above.
New branch in Tallahassee, FL

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IF THE REGISTRANT IS AN INDIVIDUAL, OMIT RESPONSE TO ITEMS 3, 4 AND 5(a).

3. If you have previously filed Exhibit C¹, state whether any changes therein have occurred during this 6 month reporting period.

Yes No

If yes, have you filed an amendment to the Exhibit C? Yes No N/A

If no, please attach the required amendment.

¹ The Exhibit C, for which no printed form is provided, consists of a true copy of the charter, articles of incorporation, association, and by laws of a registrant that is an organization. (A waiver of the requirement to file an Exhibit C may be obtained for good cause upon written application to the Assistant Attorney General, Criminal Division, U.S. Department of Justice, Washington, DC 20530.)

4. (a) Have any persons ceased acting as partners, officers, directors or similar officials of the registrant during this 6 month reporting period? Yes No

If yes, furnish the following information:

Name	Position	Date connection ended
See attachment I (4-a)		

(b) Have any persons become partners, officers, directors or similar officials during this 6 month reporting period? Yes No

If yes, furnish the following information:

Name	Residence address	Citizenship	Position	Date assumed
See attachment I (4-b)				

5. (a) Has any person named in item 4(b) rendered services directly in furtherance of the interests of any foreign principal? Yes No

If yes, identify each such person and describe his service.

N/A

(b) Have any employees or individuals, who have filed a short form registration statement, terminated their employment or connection with the registrant during this 6 month reporting period? Yes No

If yes, furnish the following information:

Name	Position or connection	Date terminated
Jessica Slovak McFadden (formerly Jessica Slovak)	Account Supervisor	01/14/2004
Melissa Quiroz	Account Supervisor	04/23/2004

(c) During this 6 month reporting period, has the registrant hired as employees or in any other capacity, any persons who rendered or will render services to the registrant directly in furtherance of the interests of any foreign principal(s) in other than a clerical or secretarial, or in a related or similar capacity? Yes No

If yes, furnish the following information:

Name	Residence address	Citizenship	Position	Date assumed
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6. Have short form registration statements been filed by all of the persons named in Items 5(a) and 5(c) of the supplemental statement? Yes No N/A

If no, list names of persons who have not filed the required statement.

N/A

II - FOREIGN PRINCIPAL

7. Has your connection with any foreign principal ended during this 6 month reporting period?

Yes No

If yes, furnish the following information:

Name of foreign principal	Date of termination
Portfolio of Finance & Economic Development, Cayman Islands B.W.I	12/13/2003
Ministry of Planning and Investment of the Socialist Republic of Vietnam	01/31/2004

8. Have you acquired any new foreign principal² during this 6 month reporting period?

Yes No

If yes, furnish the following information:

Name and address of foreign principal	Date acquired
None	

9. In addition to those named in Items 7 and 8, if any, list foreign principals² whom you continued to represent during the 6 month reporting period.

Government of Botswana (through the Debswana Diamond Company)
Association of Dutch Insurers
SABIC

10. **EXHIBITS A AND B**

(a) Have you filed for each of the newly acquired foreign principals in Item 8 the following:

Exhibit A ³	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A
Exhibit B ⁴	Yes <input type="checkbox"/>	No <input type="checkbox"/>	

If no, please attach the required exhibit.

(b) Have there been any changes in the Exhibits A and B previously filed for any foreign principal whom you represented during the 6 month period? Yes No

If yes, have you filed an amendment to these exhibits? Yes No

If no, please attach the required amendment.

² The term "foreign principal" includes, in addition to those defined in Section 1(b) of the Act, an individual organization any of whose activities are directly or indirectly supervised, directed, controlled, financed, or subsidized in whole or in major part by a foreign government, foreign political party, foreign organization or foreign individual. (See Rule 100(a)(9).) A registrant who represents more than one foreign principal is required to list in the statements he files under the Act only those principals for whom he is not entitled to claim exemption under Section 3 of the Act. (See Rule 208.)

³ The Exhibit A, which is filed on Form CRM-157 (Formerly OBD-67), sets forth the information required to be disclosed concerning each foreign principal.

⁴ The Exhibit B, which is filed on Form CRM-155 (Formerly OBD-65), sets forth the information concerning the agreement or understanding between the registrant and the foreign principal.

III - ACTIVITIES

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11. During this 6 month reporting period, have you engaged in any activities for or rendered any services to any foreign principal named in Items 7, 8, and 9 of this statement? Yes No

If yes, identify each such foreign principal and describe in full detail your activities and services:

See attachment III (11)

-
12. During this 6 month reporting period, have you on behalf of any foreign principal engaged in political activity⁵ as defined below? Yes No

If yes, identify each such foreign principal and describe in full detail all such political activity, indicating, among other things, the relations, interests and policies sought to be influenced and the means employed to achieve this purpose. If the registrant arranged, sponsored or delivered speeches, lectures or radio and TV broadcasts, give details as to dates and places of delivery, names of speakers and subject matter.

See attachment III (11)

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13. In addition to the above described activities, if any, have you engaged in activity on your own behalf which benefits any or all of your foreign principals? Yes No

If yes, describe fully.

N/A

⁵ The term "political activities" means any activity that the person engaging in believes will, or that the person intends to, in any way influence any agency or official of the Government of the United States or any section of the public within the United States with reference to formulating, adopting or changing the domestic or foreign policies of the United States or with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party.

IV - FINANCIAL INFORMATION

14 . (a) RECEIPTS-MONIES

During this 6 month reporting period, have you received from any foreign principal named in Items 7, 8, and 9 of this statement, or from any other source, for or in the interests of any such foreign principal, any contributions, income or money either as compensation or otherwise? Yes No

If no, explain why.

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies⁶

Date	From whom	Purpose	Amount
------	-----------	---------	--------

See attachment IV (14-a)

Total

(b) RECEIPTS - FUND RAISING CAMPAIGN

During this 6 month reporting period, have you received, as part of a fund raising campaign⁷, any money on behalf of any foreign principal named in items 7, 8, and 9 of this statement? Yes No

If yes, have you filed an Exhibit D⁸ to your registration? Yes No

If yes, indicate the date the Exhibit D was filed. Date _____

(c) RECEIPTS - THINGS OF VALUE

During this 6 month reporting period, have you received any thing of value⁹ other than money from any foreign principal named in Items 7, 8, and 9 of this statement, or from any other source, for or in the interests of any such foreign principal? Yes No

If yes, furnish the following information:

Name of foreign principal	Date received	Description of thing of value	Purpose
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^{6, 7} A registrant is required to file an Exhibit D if he collects or receives contributions, loans, money, or other things of value for a foreign principal, as part of a fund raising campaign. (See Rule 201(e).)

⁸ An Exhibit D, for which no printed form is provided, sets forth an account of money collected or received as a result of a fund raising campaign and transmitted for a foreign principal.

⁹ Things of value include but are not limited to gifts, interest free loans, expense free travel, favored stock purchases, exclusive rights, favored treatment over competitors, "kickbacks," and the like.

15. (a) **DISBURSEMENTS - MONIES**

During this 6 month reporting period, have you

(1) disbursed or expended monies in connection with activity on behalf of any foreign principal named in Items 7, 8, and 9 of this statement? Yes No

(2) transmitted monies to any such foreign principal? Yes No

If no, explain in full detail why there were no disbursements made on behalf of any foreign principal.

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies, including monies transmitted, if any, to each foreign principal.

Date	To whom	Purpose	Amount
		See attachment IV (15-a)	

Total

(b) DISBURSEMENTS – THINGS OF VALUE

During this 6 month reporting period, have you disposed of anything of value¹⁰ other than money in furtherance of or in connection with activities on behalf of any foreign principal named in Items 7, 8, and 9 of this statement?

Yes No

If yes, furnish the following information:

Date disposed	Name of person to whom given	On behalf of what foreign principal	Description of thing of value	Purpose
---------------	------------------------------	-------------------------------------	-------------------------------	---------

N/A

(c) DISBURSEMENTS – POLITICAL CONTRIBUTIONS

During this 6 month reporting period, have you from your own funds and on your own behalf either directly or through any other person, made any contributions of money or other things of value¹¹ in connection with an election to any political office, or in connection with any primary election, convention, or caucus held to select candidates for political office?

Yes No

If yes, furnish the following information:

Date	Amount or thing of value	Name of political organization	Name of candidate
------	--------------------------	--------------------------------	-------------------

N/A

^{10, 11} Things of value include but are not limited to gifts, interest free loans, expense free travel, favored stock purchases, exclusive rights, favored treatment over competitors, "kickbacks" and the like.

V - INFORMATIONAL MATERIALS

16. During this 6 month reporting period, did you prepare, disseminate or cause to be disseminated any informational materials ^{12?}
Yes No

IF YES, RESPOND TO THE REMAINING ITEMS IN SECTION V.

17. Identify each such foreign principal.

N/A

18. During this 6 month reporting period, has any foreign principal established a budget or allocated a specified sum of money to finance your activities in preparing or disseminating informational materials? Yes No

If yes, identify each such foreign principal, specify amount, and indicate for what period of time.

N/A

19. During this 6 month reporting period, did your activities in preparing, disseminating or causing the dissemination of informational materials include the use of any of the following: N/A

- Radio or TV broadcasts
- Magazine or newspaper articles
- Motion picture films
- Letters or telegrams
- Advertising campaigns
- Press releases
- Pamphlets or other publications
- Lectures or speeches
- Internet
- Other (specify) _____

20. During this 6 month reporting period, did you disseminate or cause to be disseminated informational materials among any of the following groups: N/A

- Public Officials
- Newspapers
- Libraries
- Legislators
- Editors
- Educational institutions
- Government agencies
- Civic groups or associations
- Nationality groups
- Other (specify) _____

21. What language was used in the informational materials: N/A

- English
- Other (specify) _____

22. Did you file with the Registration Unit, U.S. Department of Justice a copy of each item of such informational materials disseminated or caused to be disseminated during this 6 month reporting period? Yes No N/A

23. Did you label each item of such informational materials with the statement required by Section 4(b) of the Act? Yes No N/A

12. The term informational materials includes any oral, visual, graphic, written, or pictorial information or matter of any kind, including that published by means of advertising, books, periodicals, newspapers, lectures, broadcasts, motion pictures, or any means or instrumentality of interstate or foreign commerce or otherwise. Informational materials disseminated by an agent of a foreign principal as part of an activity in itself exempt from registration, or an activity which by itself would not require registration, need not be filed pursuant to Section 4(b) of the Act.

VI - EXECUTION

In accordance with 28 U.S.C. §1746, the undersigned swear(s) or affirm(s) under penalty of perjury that he/she has (they have) read the information set forth in this registration statement and the attached exhibits and that he/she is (they are) familiar with the contents thereof and that such contents are in their entirety true and accurate to the best of his/her (their) knowledge and belief, except that the undersigned make(s) no representation as to the truth or accuracy of the information contained in the attached Short Form Registration Statement(s), if any, insofar as such information is not within his/her (their) personal knowledge.

(Date of signature)

(Type or print name under each signature¹³)

6-9-04

Marla Viorst

Marla Viorst, Vice President of Public Affairs

Hill and Knowlton, Inc.

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¹³ This statement shall be signed by the individual agent, if the registrant is an individual or by a majority of those partners, officers, directors or persons performing similar functions, if the registrant is an organization, except that the organization can, by power of attorney, authorize one or more individuals to execute this statement on its behalf.

UNITED STATES DEPARTMENT OF JUSTICE
FARA REGISTRATION UNIT
CRIMINAL DIVISION
WASHINGTON, D.C. 20530

NOTICE

Please answer the following questions and return this sheet in triplicate with your Supplemental Statement:

1. Is your answer to Item 16 of Section V (Informational Materials - page 8 of Form CRM-154, formerly Form OBD-64-Supplemental Statement):

YES _____ or NO X

(If your answer to question 1 is "yes" do not answer question 2 of this form.)

2. Do you disseminate any material in connection with your registration:

YES X or NO _____

see attachment A

(If your answer to question 2 is "yes" please forward for our review copies of all material including: films, film catalogs, posters, brochures, press releases, etc. which you have disseminated during the past six months.)

M. A. ...
Signature

6-9-04
Date

Please type or print name of signatory on the line above

Title

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THIS FORM IS TO BE AN OFFICIAL ATTACHMENT TO YOUR CURRENT
SUPPLEMENTAL STATEMENT - PLEASE EXECUTE IN TRIPLICATE

SHORT-FORM REGISTRATION INFORMATION SHEET

SECTION A

The Department records list active short-form registration statements for the following persons of your organization filed on the date indicated by each name. If a person is not still functioning in the same capacity directly on behalf of the foreign principal, please show the date of termination.

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Short Form List For Registrant: Hill & Knowlton, Inc.

Last Name	First Name and Other Names	Registration Date	Termination Date	Role
Austin	Marcia S.	9/11/90	Before 11/10/03	
Blair	Martin	2/5/01	Before 11/10/03	
Clark	Paul	3/27/01	Before 01/01/03	
Colford	Christopher	3/27/01	Before 01/01/03	
Coons	Barbara	11/16/90	12/13/03	
Cox	James O. III	3/13/02		
Dhilton	Nell	1/24/01		
Eberstein	Jason	10/29/03	01/31/04	
Elliott	Kevin R.	5/15/01	Before 01/01/03	
Goodman	Bonnie Michelle	12/11/90	Before 01/01/03	
Grannell	Nora	3/18/03		
Hodges	Matthew	10/29/03	01/31/04	
Hubert	Vincent P.	10/31/00	Before 01/01/04	
Hyde	Richard C.	6/30/88	Before 01/01/04	
Hymel	Gary	3/18/03		
Link	Patrick	3/18/03	07/31/2003	
Malina	Joel	3/18/03	07/31/2003	
Mankiewicz	Frank	7/18/83		
Mastal	Megan L.	3/13/02		
McFadden	Jessica Slovak	4/1/03	1/14/2004	
Mooney	John R.	7/11/03	07/31/2003	
Paster	Howard G.	3/27/01	01/31/2004	
Sarvis	Aubrey	4/1/03	01/31/2004	
Schlpper	Tom	4/1/03		
Sikas	Athanasia	7/11/03	12/31/2002	
Sheehan	Maria	4/17/01	12/13/2003	
Six	Robert J.	10/29/03	12/13/2003	
Slovak	Jessica	5/3/01	1/14/2004	
Taaffe	Paul	10/22/03	01/31/2004	
Trammell	Jeffrey Bavia	4/1/03	01/31/2004	
Violet	Maria	12/10/03	01/31/2004	
Wexler	Anne	11/9/90	Before 01/01/04	

SECTION B

In addition to those persons listed in Section A, list below all current employees rendering services directly on behalf of the foreign principal(s) who have not as yet filed short-form registration statements. (Do not list clerks, secretaries, typists or employees in a similar or related capacity. If there is some question as to whether an employee has an obligation to file a short-form, please address a letter to us describing the activities and connection with the foreign principal.)

Name	Function	Date Hired

Signature: M. Mallick

Date: _____

Title: Vice President

Attachment I (4-a)

LAST NAME	FIRST NAME	POSITION	DATE CONNECTION ENDED
Daly	Brian	SVP	11/28/2003
Parker	Armetta	VP	12/5/2003
Fagerstrom	Stanley	VP	4/6/2004
Hildebrand	Joseph	SVP	12/22/2003
Elliot	Rebecca	VP	2/11/2004
Devaney	Orah	SVP	12/12/2003
Langston	David	SVP	2/6/2004
Evanko	George	VP	3/31/2004
Cranston	Carey	VP	2/24/2004
Barracato	Jennifer	VP	2/20/2004
Trudel Asch	Mary	SVP	3/2/2004
Beagelmann	Shari	VP	4/28/2004
Yosco	Renee	SVP	3/15/2004
Hunter	Alex	VP	3/4/2004
Flanagan	Mike	VP	03/19/004
Thomas	Kristin	VP	3/3/2004

**VP = Vice President

**SVP = Senior Vice President

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Attachment I (4-b)

LAST NAME	FIRST NAME	RESIDENCE ADDRESS	CITY	STATE	ZIP	CITIZENSHIP	POSITION	DATE HIRE	DATE ASSUMED
O'Connell	Cynthia	1505 O'Connell Lane	Tallahassee	FL	32317	US	SVP	5/3/2004	
Reno	Thomas	240 Nelson Road	Scarsdale	NY	10583	US	GM	4/15/2004	
Sichko	Martha	2916 S. Dinwiddle Street	Arlington	VA	22206	US	VP	1/26/2004	
Lewton	Margaret	29 Pony Trail Road	Stamford	CT	60903	US	SVP	1/12/2004	
Chesbrough	Ann	14 E. 37th Street Apt. 2A	New York	NY	10016	US	SVP	11/17/2003	
Meyer	Donald	3201 Holly Street	Alexandria	VA	22305	US	VP	5/3/2004	
Frost Mackey	Judith	515 E. 85th Street	New York	NY	10028	US	SVP	1/5/2004	
Sheller	Francis	198 Broad Street	Leetsdale	PA	15056	US	SVP	11/17/2004	
Smith	Ken	5915 Taft Avenue	Oakland	CA	94618	US	VP	1/1/2004	
Bortz	William	2310 St. Joseph Avenue	Long Beach	CA	90815	US	VP		5/1/2004
Novak	Laura	312 e. 82nd St. Apt. 3E	New York	NY	10028	US	VP		5/1/2004
Carpenter	Floride	226 e. 81st St. Apt. 3A	New York	NY	10028	US	VP		5/1/2004
Davenport	Maureen	1757 Swann St. Apt. 2	Washington	DC	20009	US	VP		5/1/2004
Diamond	Mike	5425 College Drive #J	Tiburon	CA	94920	US	VP		1/1/2004
Kevellighan	Sean	2145 California ST. NW 101	Washington	DC	20008	US	VP		5/1/2004

**VP = Vice President

**SVP = Senior Vice President

**GM = General Manager

Attachment III (11)

Ministry of Planning and Investment of the Socialist Republic of Vietnam

Registrant provided communication counsel and undertook a program to promote investment in Vietnam

Government of Botswana (Through the Debswana Diamond Company)

Registrant developed and implemented a public affairs program regarding international trade, economic development, and world health matters. The public affairs program includes educating the media and the US government regarding international trade, economic development, and world health matters in the Republic of Botswana.

Association of Dutch Insurers:

Registrant provided advice and counsel regarding retroactive policy claims.

Portfolio of Finance and Economic Development, Cayman Islands B.W.I

Registrant monitored U.S. Media for coverage of finance issues of interest to foreign principal, and assisted in development of media response strategy relating to financial services regulation issues.

SABIC

Registrant provided corporate communications counseling and media support.

Attachment IV (14-a)

CLIENT	AMOUNT
Ministry of Planning and Investment of the Socialist Republic of Vietnam	\$ 52,412.49
Government of Botswana (Through the Debswana Diamond Company)	\$ 125,164.59
Association of Dutch Insurers	\$ 31,742.62
Portfolio of Finance and Economic Development, Cayman Islands	\$ 48,558.94
TOTAL	\$ 257,878.64

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Attachment IV (15-a)

Description	Portfolio of Finance & Economic Development, Cayman Islands B.W.I.	Ministry of Planning and Investment of the Socialist Republic of Vietnam	Government of Botswana (through the Debswana Diamond Company)	Association of Dutch Insurers	SABIC
Monitoring		93.50	1,643.49		98.45
Messenger Services			69.75		272.77
Printing					2,872.70
Copies	10.03	37.25	27.75		
Video Production			1,025.74		
Postage&Freight		302.66	98.37		88.59
Website Fees			2,400.00		
Meals/Entertainment/Travel		283.48	35,147.78	190.91	59,598.54
News Retrieval	222.90	1,678.47	126.85	393.29	49.94
Misc. Fees & Expenses	349.62		40.14		3,641.22
Telephone/Fax	588.30	355.08	866.91	44.27	652.00
TOTAL	1,170.85	2,750.44	41,446.78	628.47	67,274.21

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ATTACHMENT

A

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Press release

SABIC PARTICIPATES IN CHINAPLAS 2003

- *China is the world's fastest growing plastics market*
- *SABIC's expanded manufacturing capacity will help meet market demand in China*

Beijing, People's Republic of China (December 4, 2003): Saudi Basic Industries Corporation (SABIC), is participating in ChinaPlas 2003, the 17th International Exhibition on Plastics and Rubber Industries, to better serve the needs of the plastics industry in China.

Yousef Al-Benyan, General Manager of SABIC Asia Pacific said: "China is the world's fastest growing plastics market, and its demand for petrochemicals has grown at a rapid pace (7.6% annually) over the past 10 years. For the next two years, demand is expected to continue to grow at 7.4% annually. SABIC is expanding its operations to help meet this demand, and has six key projects coming on stream by 2006. SABIC's production is now more than 40 million metric tons per year, and the company's planned construction, debottlenecking and expansion projects are expected to increase production capacity by over 10%. (5.5 million mt/y)"

SABIC is one of the largest polymer providers to China.

Al-Benyan added: "We are committed to helping our customers succeed in their businesses. This commitment is underpinned by our high level of service; the quality of our products; and the efficiency and dependability of the way we deliver our products to the China market."

SABIC has warehouse facilities in Hong Kong, Shanghai and Shenzhen, which have helped to dramatically reduce delivery times to its customers.



“Participating in ChinaPlas gives us a chance to introduce SABIC to potential new customers. For our existing customers, it provides an opportunity for us to thank them for their invaluable support, and to foster stronger partnerships and friendships.” said Al-Benyan.

Widely recognized as the most established and most influential international trade fair for the plastics and rubber industry in China, ChinaPlas 2003 will be held from December 4 to 7, 2003 at the China International Exhibition Center in Beijing.

END

SAAD AL-HUSSAIN
Acting General Manager, Corporate Communications

NOTES TO EDITORS:

The Middle East’s largest petrochemicals company, SABIC, is based in Riyadh, Saudi Arabia.

It was founded in 1976, when the Saudi Arabian Government decided to use hydrocarbon gases released in the production of oil as raw material for the production of chemicals, polymers and fertilizers. The Saudi Arabian Government owns 70% of SABIC shares, with the remaining 30% held by private investors in Saudi Arabia and other countries of the Gulf Cooperation Council (GCC).

SABIC’s business activities have been restructured and a new management model became effective on 1 September 2002. There are now six Strategic Business Units (SBUs): Basic Chemicals; Intermediates; Polyolefins; PVC & Polyester; Fertilizers and Metals. Supporting all these functions is a corporate core consisting Human Resources; Corporate Finance; Corporate Control and Research & Technology. A Shared Services Organization will become operational in 2003.

SABIC has two large industrial sites in Saudi Arabia – Al-Jubail and Yanbu – with sixteen world-scale production complexes. Some of these production complexes are operated with multi-national partners such as Exxon Mobil, Shell, Fortum, Ecofuel/ENI and Mitsubishi Chemicals. In addition, SABIC has interests in three production complexes in Bahrain. Over the last 16 years, SABIC’s overall production capacity has increased considerably. In 2002 it amounted to 40.6 million metric tons.

SABIC EuroPetrochemicals owns two petrochemical production sites in Geleen (Netherlands) and Gelsenkirchen (Germany) for the production, marketing and sales of polypropylenes, polyethylenes and hydrocarbons. They annually sell about 2.6 million tonnes of polymers, mainly in Europe. About 2,300 people are employed at SABIC EuroPetrochemicals.

SABIC is the world’s 11th largest petrochemical company and it employs over 16,000 people worldwide, mainly in Saudi Arabia. In 2002 SABIC posted sales of approximately SR34bn (US\$9.06bn) and a net profit of approximately SR2.84bn (US\$758.4m)

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Press release

SABIC PARTICIPATES IN IRANPLAST 2003

Riyadh, Saudi Arabia (December 10, 2003): Saudi Basic Industries Corporation (SABIC) is participating in IranPlast 2003, the 2nd International Plastics and Rubber fair, to maintain its presence in this major export market.

Mustafa Al-Sahan, General Manager of SABIC's Polypropylene Marketing group said: "Polypropylene demand in Iran has increased by 150% since 1997 and our forecasts suggest that over the next three years Iranian demand is likely to continue to rise. SABIC is now the world's 6th largest producer of polypropylene, and we are looking to increase our production capacity for this product to meet increasing global demand."

At this year's event, SABIC will be delivering two technical seminars to its customers to provide a deeper understanding of some of its key polymer products. One presentation will focus on polypropylene morphology and applications; the other on emulsion polyvinyl chloride properties and processing.

"Participating in IranPlast gives us a chance to introduce SABIC to potential new customers. For our existing customers, it provides an opportunity for us to thank them for their invaluable support, and to foster stronger partnerships and friendships," said Al-Sahan.

The exhibition runs from December 10 to 14, 2003 at the International Exhibition Ground in Tehran. The SABIC stand can be found in Hall 35.

END



MOHAMMAD AL-MOTAWA
General Manager, Corporate Communications

NOTES TO EDITORS:

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SABIC is the world's 11th largest petrochemical company and it employs over 16,000 people worldwide, mainly in Saudi Arabia. In 2002 SABIC posted sales of approximately SR34bn (US\$9.06bn) and a net profit of approximately SR2.84bn (US\$758.4m)

2004 JUN 10 PM 2:11
CRM/ISS/REGISTRATION UNIT

Press release

SABIC BOARD RECOMMENDS DISTRIBUTION OF SR 3,600 MILLION FOR SHAREHOLDERS AT SR 12 PER SHARE

Riyadh, Saudi Arabia (March 15, 2004): The Board of Directors of Saudi Basic Industries Corporation (SABIC) has recommended payment of SR 3,600 million (US\$ 960 million) to company shareholders at SR 12 per share. The recommendation will be presented at the annual general assembly of shareholders on 17 April 2004.

Commenting on the announcement, Prince Saud bin Thunayan Al-Saud, Chairman of the Board, said that SABIC had enhanced its performance at all levels including training and development of human resources; development of research and technology; quality assurance; industrial security; environmental and vocational safety; consolidation and development of business regulations; and community relations. He added that SABIC had commenced the implementation of several expansion projects and new productivity programs, with the objective of reaching its targeted 45 million tons annual capacity in 2004, and 60 million tons per annum by 2008.

END

Mohammad S Al-Motawa
General Manager, Corporate Communications



NOTES TO EDITORS:

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SABIC employs over 16,000 people worldwide, most of whom are based in Saudi Arabia. In 2003 SABIC posted sales of approximately SR47.1bn (US\$12.56bn) and a net profit of approximately SR6.716bn (US\$1.79bn)

2004 JUN 10 PM 2: 39
CRM/ISS/REGISTRATION UNIT

12.00hrs, 18-Apr-04

Immediate

Press release

RECORD ANNUAL RESULTS ANNOUNCED AT SABIC GENERAL ASSEMBLY

Distribution of SR 3,600 million for shareholders at SR 12 per share
(SR 1,500 million – SR 5 per share in 2003)

SABIC General Assembly last night approved payment of dividends of SR 3,600 million (US\$ 960 million) to shareholders, at SR 12 per share. Payment will be made on May 1, 2004. Distributed dividends will represent (24%) of capital.

SABIC Chairman, Prince Saud Ibn Abdullah Ibn Thunayan Al-Saud, said: “2003 has been the year of record accomplishments. SABIC has realized its highest figures of productivity, marketing development, technology and profitability ever since its formation.

“These ongoing accomplishments are the outcome of diligent and persistent efforts by SABIC, its Affiliates and partners. SABIC will continue to improve in years to come through well organized strategic planning, utilization of local and global investment opportunities, investment in human resources and strengthening its global presence”.

SABIC Vice Chairman and CEO, Mohamed Al-Mady, summarized the company’s accomplishments saying: “This year SABIC has achieved record profits, earning SR6696 million (US\$ 1.79 billion). This is a 12% increase over the profits earned in 1995 (previously the most successful year) and a 135% increase over 2002’s profits.



“Our total capacity in 2003 was 42.3 million metric tons. Sales exceeded 33.9 metric tons and revenues stand at approximately SR 47 billion (US\$ 12.56 billion).

“SABIC is planning to reach an annual capacity of 45 million metric tons during the current year and 60 million by 2008 through local and global investment.

“SABIC has become the world’s eleventh largest producer of petrochemicals, inspired by its ambition to ultimately become the world’s largest producer of petrochemicals”.

The General Assembly approved the Report of the Board of Directors for the year 2003, the Company’s Auditors’ Report & Accounts and the members of the Board of Directors’ remuneration for the year ended December 31, 2003.

Also, the General Assembly agreed to hold the members of the Board of Directors harmless for the same year and approved the addition of 10% of profits to the statutory reserve, addition of balance profits to the general reserve, and appointment of an Auditor for 2004.

The General Assembly named Messrs. Abdullah M. Al-Issa and Mohammed S. Abanumay as the members to represent the Private Sector on the SABIC Board of Directors from 2004 to 2006.

ENDS

Mohammad Al-Motawa
General Manager, Corporate Communications



NOTES TO EDITORS:

The General Assembly meeting was convened at SABIC Corporate Headquarters in Riyadh under the Chairmanship of His Highness Prince Saud Ibn Abdullah Ibn Thunayan Al-Saud, President, Royal Commission for Jubail and Yanbu and Chairman of the Board of Directors of SABIC.

SABIC has become the world's eleventh largest producer of petrochemicals, inspired by its ambition to ultimately become the world's largest producer of petrochemicals.

SABIC is the first world's largest producer of granular urea, the second world's largest producer of glycol ethylene, methyl tertiary butyl ether, chemical methanol and the third world's largest producer of polyethylene. Overall, SABIC is the world's fourth largest polyolefin producer and the sixth largest producer of polypropylene.

SABIC employs more than 16,000 people worldwide, most of whom are based in Saudi Arabia. In 2003, SABIC posted sales of approximately SR47.1bn (US\$12.56bn) and a net profit of approximately SR6.716bn (US\$1.79bn).

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2004 JUN 10 PM 2: 39

CRM/ISS/REGISTRATION UNIT

Press release

SABIC ANNOUNCES SR 2.350 BILLION PROFIT IN FIRST QUARTER OF 2004

68% Rise On Q1 2003 Profits

Riyadh, Saudi Arabia (April 21, 2004): Saudi Basic Industries Corporation (SABIC) today reported first quarter profits of SR2.350 billion (US\$626.6 million), an increase of 68% compared to the same period in 2003.

SABIC's Vice Chairman and Chief Executive Officer, Mohamed Al-Mady said: "This increase reflects the remarkable improving performance in terms of productivity and marketing processes in parallel with the rise of global prices."

ENDS

Abdulaziz Al-Ageel
Media Relations Manager, Corporate Communications



NOTES TO EDITORS:

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SABIC employs over 16,000 people worldwide, most of whom are based in Saudi Arabia.



2004 JUN 10 PM 2: 39

CRM/ISS/REGISTRATION UNIT

(Riyadh) 09.00hrs, 26-Apr-04

Immediate

Press release

SABIC METALS, NUMBER ONE IN MIDDLE EAST

In 2003, SABIC Metals production totaled 3.9 million tons of long and flat steel products. This represents 27% of the total Arab countries' production, amounting to 14,5 million metric tons in the same year.

SABIC Vice Chairman and CEO, Mohamed H. Al-Mady said, "I would like to extend my thanks and appreciation to all of the Company's employees whose sustained efforts have lead to these highest ever production figures. I look forward to further accomplishments.

"I also welcome the report from the Board of Directors of the Arab Iron & Steel Association, praising SABIC Metals' performance in raising its production during 2003 by 14% over the previous year.

"I further congratulate Mr. Mohammed Bin Saleh Al-Jaber's (President, SABIC Metals), re-election to the Board of the Arab Iron & Steel Association." he said.

ENDS

Mohammad S. Al-Motawa

General Manager, Corporate Communications



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Press release

SABIC ANNOUNCES RECORD SR6.716 BILLION PROFIT IN 2003

136% Rise On 2002 Profits

Riyadh, Saudi Arabia (January 27, 2004): Saudi Basic Industries Corporation (SABIC) today announced its un-audited fourth quarter and full year results for 2003. Profits for the full year are SR6.716bn (US\$1.79bn), a 136% increase over the 2002 profits. It revealed quarterly profits of SR1.961 billion (US\$523 million).

Total sales for the year were SR47.1bn (US\$12.56bn) compared with SR34bn (US\$9.06bn) in 2002, an increase of 39%.

Production in the year rose to 42.3 million metric tons compared with 40.6 million metric tons in 2002, an increase of 4%.

Commenting on SABIC's financial results, Vice Chairman and CEO, Mohamed Al-Mady said: "I am delighted to announce these financial results – and SABIC's highest ever profit. 2003 saw continued expansions at our plants, and new production programs.

SABIC continues to study opportunities in the Middle East, Asia, and the Americas in order to further promote its global business, and get closer to its customers.

I would like to thank all SABIC employees, the Chairman of the Board, and all Board members for their ongoing support."



END

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Press release

SABIC CEO ADDRESSES INTERNATIONAL PETROCHEMICAL CONFERENCE Highlights growing Middle East petrochemical industry

SAN ANTONIO (March 29, 2004): Saudi Basic Industries Corporation (SABIC) Vice Chairman and Chief Executive Officer Mohamed H. Al-Mady discussed the Middle East's growing role in the global petrochemical industry today. He delivered the breakfast keynote address at the 2004 National Petrochemical and Refiners Association (NPRA) International Petrochemical Conference (IPC), the largest and most prestigious conference for the global petrochemical industry.

"I am honored to have been invited to address my colleagues about the growth of the petrochemical industry in the Middle East at this premier conference. The global industry is evolving and changing more rapidly than we have ever seen, and the Middle East is at the forefront of that transformation," said Mr. Al-Mady. "SABIC possesses a unique perspective in the world, as it combines industry infrastructure and market sophistication with access to raw materials and a centrally located position to the global marketplace."

While in the U.S., Mr. Al-Mady addressed employees at Little Ferry, N.J.-based Scientific Design Company Inc., which SABIC jointly acquired with Süd-Chemie in 2003. He also traveled to Houston to speak with the employees at SABIC Americas' headquarters and state-of-the-art research and technology center in Sugar Land, Texas.

The International Petrochemical Conference is the largest conference representing the global petrochemical industry, hosting more than 3,000 attendees from 45 countries at the San Antonio Convention Center in San Antonio, Texas, March 28-30.

END

For a copy of his remarks, please visit: www.sabic.com.

Mohammad S. Al-Motawa
General Manager, Corporate Communications

2004 JUN 10 PM 2:40
CRM/CS/REGISTRATION UNIT

NOTES TO EDITORS:

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2004 JUN 10 PM 2:40
CRM/ISS/REGISTRATION UNIT

Press release

SABIC AMERICAS NAMES NEW GENERAL MANAGER

HOUSTON (March 25, 2004): SABIC Americas, Inc. (SAI) announced the appointment of Mr. Abdulaziz Al-Ahmad to the position of general manager of SAI. Mr. Al-Ahmad will be responsible for overseeing the day-to-day sales, marketing, business development, manufacturing, research and technology capabilities in the Americas region for the 11th largest petrochemical company in the world.

“I am pleased to join such an outstanding team in Houston. The Americas region is an integral and important part of SABIC’s overall growth strategy, and we are very well positioned in this key market,” said Mr. Al-Ahmad. “I look forward to building on SAI’s successes of the past 16 years by maintaining our focus on meeting customer needs, continuing to improve our services and efficiencies, offering high-quality products and continuing to invest in our R&D capabilities.”

Most recently, Mr. Al-Ahmad served as the general manager, fiber intermediates marketing of SABIC, with worldwide marketing responsibility for ethylene glycol and purified terephthalic acid. He currently serves as vice chairman of the board of Eastern Petrochemical, a joint venture between SABIC and a consortium of Japanese companies.

Mr. Al-Ahmad earned a bachelor of science degree in industrial technology from Eastern Washington University prior to joining SABIC as a technical sales representative in 1981. He has advanced through his 22-year career at SABIC in a variety of positions, gaining valuable experience with many of SABIC’s products and marketing procedures.



Contact:
Bronwyn Wallace
Hill & Knowlton
713-752-1900

NOTES TO EDITORS:

SABIC Americas, Inc. (SAI) is a leading importer and provider of basic and intermediate chemicals and fertilizer products to industries throughout the USA, Canada, Mexico, Central America, South America and the Caribbean. Headquartered in Houston, Texas, SAI also operates its own premier Research & Technology Center, a state-of-the-art petrochemical research facility, which keeps it at the cutting edge of industry advances. It is a wholly owned United States subsidiary of SABIC. SAI manages the sales, marketing, business development, manufacturing, research and technology capabilities for the Americas region.

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2004 JUN 10 PM 2:40
CRM/ISS/REGISTRATION UNIT

Corporate Overview

The Middle East's largest non-oil industrial company, SABIC (Saudi Basic Industries Corporation), is based in Riyadh, Saudi Arabia. It was founded in 1976, when the Saudi Arabian government decided to use the hydrocarbon gases released in the production of oil as raw materials for the production of chemicals, polymers and fertilizers. The Saudi Arabian government owns 70% of the SABIC shares with the remaining 30% held by private investors in Saudi Arabia and other countries of the Gulf Cooperation Council.

Structure of the business...

SABIC is modelled on six Strategic Business Units (SBUs) covering Basic Chemicals, Intermediate Chemicals, Polyolefins, PVC & Polyester, Fertilizers, and Metals. A corporate core consisting of Corporate HR, Corporate Finance, Corporate Control and Research & Technology supports all these SBUs. A Shared Services organization will become operational in 2003.

Basic Chemicals:

SABIC's Basic Chemicals Group is comprised of three main parts - Olefins, Oxygenates and Aromatics. Basic Chemicals are fundamental to SABIC industries and are the primary building blocks for petrochemicals produced from abundant hydrocarbon gases associated with crude oil production.

Intermediate Chemicals:

Intermediate chemicals are mainly used by the petrochemical industry as ingredients to manufacture other products downstream. SABIC's Intermediates SBU is organized into three management units: Chemical Intermediates, Fibers, and Linear Alpha Olefins. SABIC's Intermediates are produced for other SABIC affiliates and for export around the world.

Polyolefins:

SABIC is one of the world's leading producers of polyolefins. Our production capacities are expanding to meet the increased demand for these products in overseas markets as well as in Saudi Arabia's own plastics industry.

The SBU is the producer of polyethylene (PE) and polypropylene (PP). The PE product range includes essential polymers such as linear low-density polyethylene (LLDPE), low-density polyethylene (LDPE), and high-density polyethylene (HDPE). The PP product range includes random and homopolymer resins.



PVC and Polyester:

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

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

Fertilizers:

SABIC as a company is now the second biggest producer of urea fertilizer and the single largest producer of granular urea in the world. Its wide range of nitrogen, phosphate and compound fertilizers are used extensively worldwide.

Metals:

SABIC's wholly owned HADEED affiliate is the leading Gulf region steel maker. Since 1980, it has produced long steel products for the Kingdom's construction industry and now its output includes flat hot and cold rolled steel. The Metals SBU also manages large offshore aluminum shareholdings in Bahrain as well as sales and marketing of ferro alloys produced in the Kingdom.

SABIC in Europe:

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SABIC in Asia-Pacific:

SABIC Asia Pacific PTE Ltd (SAPPL) based in Singapore is responsible for SABIC's sales and marketing activities in Asia. In 2002, SAPPL was restructured to enhance communications, streamline operations and eliminate overlapping and share pooled resources across subsidiaries in Hong Kong, Japan and Korea, together with offices in China and the Philippines.

SABIC Americas:

SABIC Americas Inc (SAI) is an independent, wholly owned, US corporate subsidiary of SABIC. SAI employs 123 people in Houston, Texas, and is involved in sales and marketing, business development, and research and technology. SAI's SABIC Technology Center (STC) was established in late 1997.

Facts and Figures at a glance...

Q1 2004 Financial Results – Net profit:

- Q1 2004 Net Profit = SR 1.961 bn (US\$ 523 mn)
 - Compared with SR 1.396 bn (US\$ 372.2m) in the same period in 2003, an increase of 40 percent.

Historical figures...

Net profit

	1996	1997	1998	1999	2000	2001	2002	2003
US\$ millions	1,176	1,227	538	509	968	475	758	1790
SAR millions	4,410	4,600	2,020	1,910	3,630	1,780	2,840	6,716

Sales

	1996	1997	1998	1999	2000	2001	2002	2003
US\$ billions	5.55	6.41	4.93	5.11	7.11	7.67	9.08	12.56
SAR billions	20.83	24.02	18.49	19.17	26.66	28.77	34.03	47.10

Production

	Basic Chemicals	Intermediates	Polymers	Fertilizers	Metals	TOTAL
1996	-	-	-	-	-	22.85
1997	-	-	-	-	-	23.71
1998	10.954	4.828	2.663	4.399	2.499	25.343
1999	11.031	4.56	2.58	4.363	2.613	25.147
2000	12.52	4.88	2.66	5.12	2.9	28.08
2001	14.571	7.182	4.202	5.357	3.11	34.422
2002	15.865	7.46	6.717	5.259	3.489	38.79
2003						



Finally, did you know...

- SABIC went from a concept to first production in five years (1976 - 1981).
- In a brief 16 years since beginning production, SABIC has attained about a 5% share of world petrochemical markets and a much greater share in key products such as ethylene, ethylene glycol, methanol, MTBE and polyethylene.
- SABIC is the 11th largest petrochemicals company in the world. It is 3rd in polyethylene production, and 6th in polypropylene.
- SABIC markets its products to over 100 countries worldwide and has offices spread across the globe from Asia to the Americas.
- More than two-thirds of SABIC's production is exported, more than half of these exports are supplied to Asia.
- SABIC has 17 world-scale manufacturing affiliates in Saudi Arabia based in Al-Jubail on the Gulf coast and Yanbu on the Red Sea coast. The headquarters is in Riyadh, the capital of Saudi Arabia.
- SABIC has the largest R&T complex in the Middle East. It employs more than 500 scientists, researchers and technicians from all over the world.
- SABIC currently employs over 16,000 people worldwide.
- SABIC's industries at Al-Jubail represent one of the largest accumulations of advanced commodity chemicals technology in the world.
- SABIC's targeted production capacity for 2010 is 48 million mt/y.

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SABIC Americas Fertilizer Group

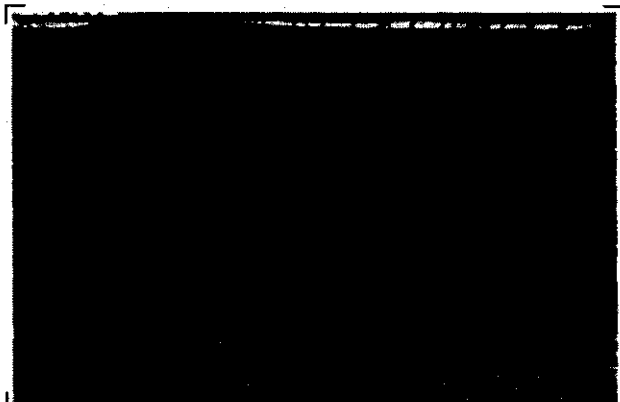


SABIC Americas Fertilizer Group is dedicated to helping the worldwide agriculture industry produce higher yields of quality crops to feed an ever-growing global population. Our integrated range of products, ammonia and urea, as well as compound, phosphate and liquid fertilizers, have helped us to maintain our position as a leading producer-supplier. Parent company, **SABIC**, is now the world's largest exporter of urea, and our three world-class affiliates produce a total of 5.5 million metric tons per year (mt/y) of fertilizers.

Our nitrogen, phosphate and compound fertilizers are used in an increasing number of applications to improve food security worldwide. For example, **SABIC** fertilizers provide the essential nutrients needed to achieve impressive crop yields from farm acreage that until recently had been arid desert.

Drive for Expansion

In line with the growing global demand for fertilizers, and coupled with our commitment to support global agricultural development, **SABIC** will continue to explore all opportunities for expansions in all areas of our business, which will enhance our competitive position or provide higher added value to our customers. Along this line, **SABIC** is now constructing its fourth fertilizer plant, with annual capacities of 1.1 million MT ammonia and 1.08 million MT granular urea. As scheduled, the project is expected to come on stream in 2006.



SABIC's expansion drive is a powerful indication that the company is determined to be one of the leading producers and exporters of ammonia and urea. Regardless of the ups and downs of the international market, **SABIC** knows that the global demand for fertilizers will continue to grow in the years to come.

About SABIC Americas:

SABIC Americas Inc is a leading provider of basic and intermediate chemicals and fertilizer products to industries throughout North America, Central America, South America and the Caribbean. Headquartered in Houston, SAI also operates its own premier Research & Technology Center, a state-of-the-art petrochemical research facility, which keeps it at the cutting edge of industry advances. An independent, wholly owned, U.S. corporate subsidiary of **SABIC**, SAI manages the sales, marketing, business development, manufacturing, research and technology capabilities for the Americas.

About SABIC

SABIC (Saudi Basic Industries Corporation), based in Riyadh, Saudi Arabia is the largest non-oil industry company in the Middle East. Established in 1976 to make use of Saudi Arabia's extensive hydrocarbon resources, **SABIC** has grown to be one of the largest international petrochemical companies in the world.

For more information, please visit our Web site at www.sabic.com or www.sabicamericas.com.

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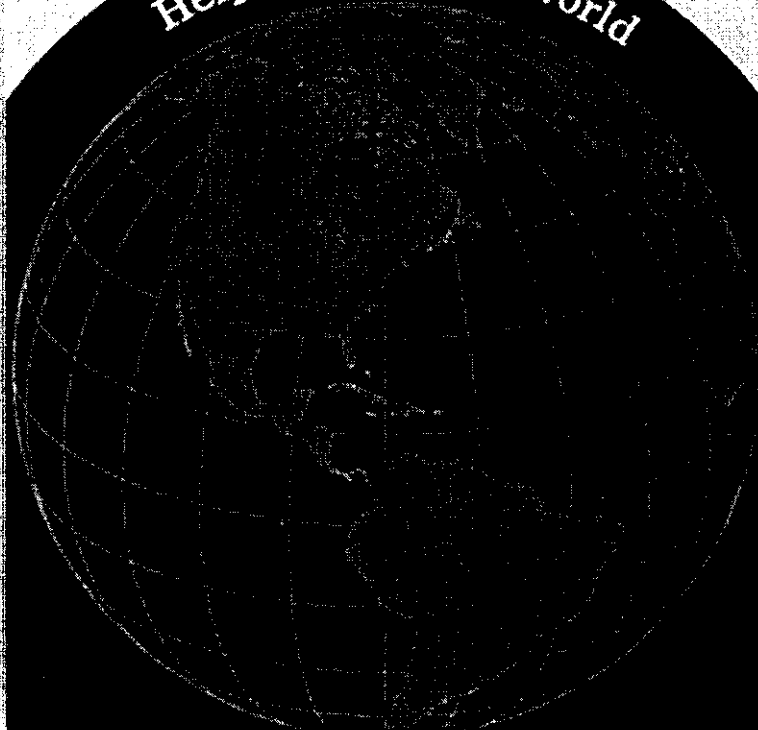
Commitment

Global Industry Leader

Integrated Products

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Helping Feed The World



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**"GROWTH OF THE MIDDLE EAST
PETROCHEMICAL INDUSTRY"**

by

MOHAMED H. AL-MADY

Vice Chairman and Chief Executive Officer
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Riyadh, Kingdom of Saudi Arabia

National Petrochemical and Refiners Association
2004 International Petrochemical Conference
San Antonio, Texas
March 29, 2004

Thank you for that gracious introduction.

Conference participants, guests, ladies and gentlemen, it is an honor and a privilege to speak at the 2004 NPRA International Petrochemical Conference.

I was originally scheduled to follow an overview of the global petrochemical industry by Jeroen van der Veer, the head of Shell Chemicals. Jeroen has since been appointed Chairman of Shell, and I extend my very best wishes to him in this new position.

I am pleased to share the podium today with the new head of Shell Chemicals, Fran Keeth. I have enjoyed a longstanding relationship with Shell, both personally and professionally. Not only does SABIC partner with Shell on joint ventures, but I spent two years at the Shell Deer Park plant in the 1980s, training with a group of young Saudi engineers.

Today, my remarks will focus on:

The continuing evolution of the global petrochemicals industry and the role of the Middle East industry.

The dramatic shifts in the world's petrochemical markets, which are driving industry migration.

And a few words about my company SABIC, as one example of how the Middle East is becoming an important leading player in the global petrochemical industry.

Rapid change throughout the world is becoming the rule, rather than the exception.

Many years ago, I saw a few lines in *The Wall Street Journal* that best describe the possible effects of "change:"

"To the fearful, change is threatening because it means that things may get worse.

"To the hopeful, change is encouraging because things may get better.

"To the confident, change is inspiring because it creates a challenge to make things better."

The structure of the petrochemical industry has been evolving throughout its 150-year history, and drivers of the more recent changes have been present for many years.

The foundations of today's petrochemical industry were laid in Germany and England as spin-offs of the 19th century Industrial Revolution.

After the Second World War, the industry's focus shifted immediately to North America, and later to Japan.

Over the past 30 years or so, the global petrochemical industry has also been undergoing some dramatic structural changes. In North America and Western Europe, insufficient supplies of competitive raw materials led investors to position their new assets away from established industry bases.

I think the trend really started more than 25 years ago when major oil and petrochemical companies started joint ventures with companies such as SABIC in the Middle East. Similar investments, in the same timeframe, were also made in Southeast and Northeast Asia.

Only recently, however, has the essence of this change become readily apparent and widely acknowledged:

The petrochemical industry has, and always will be, driven by the availability of competitive raw materials first coal, then oil, and now natural gas.

And, in recent years, we've seen policy decisions result in very real structural changes. Policy decisions in North America, for example, caused the US industry to back away from methanol production, and will likely end US production of MTBE altogether.

Oil-producing countries in the Middle East are expanding their petrochemical operations in an effort to diversify their industries and strengthen their domestic economies.

In terms of future industry development, the Middle East is at the center of strong global growth. At the same time, these countries are developing export-oriented projects both government-owned and/or private sector to gain larger global market shares in basic petrochemical products.

In the Arabian Gulf region, the cumulative total investment in the petrochemical sector amounted to 37 billion US dollars by the end of 2002.

And another 40 billion dollars of new investments are expected by 2010.

Ethylene capacity in the Middle East has grown steadily, from 3.9 million metric tons or 5.4 percent of world capacity in 1993 to 9 percent of world capacity in 2003. Various industry estimates suggest that ethylene capacity in the Middle East could reach almost 18 million tons or around 15 percent of global capacity by 2010.

From 1998 to 2002, the Middle East added 4.5 million tons per year of ethylene capacity.

Of that total, Saudi Arabia accounted for slightly more than half of that growth with capacity expansions of 2.3 million metric tons a year.

Among the GCC countries, Saudi Arabia is expanding its petrochemical business as planned and the countries of Qätär, Kuwait and the UAE have begun to expand their presence in the field. Oman and Bahrain are planning ethylene projects as well.

Outside the GCC countries, Iran's current ethylene capacity of 720 thousand tons per year could reach 3.8 million tons by 2006. Iran is considered by some industry observers to be "the one to watch," as Iran could very well emerge as a leading petrochemicals producer in the Middle East second only to Saudi Arabia.

By 2006, we expect to see Gas-To-Liquids or "GTL" projects begin commercial production in Qatar, Iran and Egypt. These projects will produce sulfur-free fuels diesel, kerosene and dimethyl ether (DME) as well as petrochemical feedstocks with a high ethylene yield.

So, the region is quite active and we can expect the current pace of growth to continue for quite some time.

It is a fact that ethylene production in the Middle East will almost always be greater than regional demand.

In Basic Chemicals, for example, the region's ethylene surplus was 520 thousand tons in 2001. Actual ethylene exports are not expected to increase from 2001 levels as the region's ethylene surplus levels off to 470 thousand tons per year by 2006.

At the same time, however, exports of ethylene-based products are forecast to grow from 5.7 million tons in 2001 to 11.5 million tons in 2006.

Exports of propylene-based products are forecast to triple in 2006 from 2001 levels of 450 thousand tons. Also by 2006, extra capacities of benzene and para-xylene based products are forecast.

In Intermediates, annual increases are forecast for ethylene glycol, styrene monomer, ethylene dichloride, methanol, and MTBE.

In Polyolefins, exports through 2006 of more than 12 million tons a year are expected for LDPE / LLDPE and HDPE.

Saudi Arabia's share of ethylene based derivative exports will rise to 6.7 million tons in 2006.

Just as the three most important things in real estate are location, location and location the key to success in the petrochemical industry has always been access:

- Access to feedstock,
- Access to technology, and
- Access to the right markets.

Access to competitive feedstocks and access to state-of-the-art process technologies have enabled petrochemical producers in the Middle East to exceed local demand and focus their attention on “access to the right markets.”

Europe and the Americas will remain the world’s biggest chemical markets, and their growth rates are expected to pace their annual GDP growth rates.

However, as the industry’s center of gravity moves from West to East, petrochemical producers in the Middle East are looking at the world’s fastest growing markets in Asia, overall and in China in particular.

Asia is already a booming market for all chemical products, and it will continue to play a decisive role in the future of the global chemical industry for many years to come.

A third of the world's major industries are located in Asia. This makes the entire region an important market, as these industries require a broad range of chemicals from commodities to specialties, petrochemicals to plastics and electronic chemicals, to crop production and food additives.

According to the World Bank, global GDP in 2004 should grow by an average of 2.5 percent, while this year's GDP growth rate in China will be three times greater (7.5 percent).

Let me share one example from a recent study.

In 2002, China's polyethylene consumption accounted for 8.3 million tons, or 52 percent of the Asia-Pacific regional total.

Linear Low-Density Polyethylene film, used in agricultural and packaging applications, represents almost 55 percent of the total Chinese consumption. And, LLDPE consumption is still expected to grow at a double-digit rate for the next five years in China.

Another factor contributing to recent polyethylene growth in the Asia Pacific region has been the increased amount of polyethylene products being exported to other regions. For example, inter-regional exports of polyethylene sacks and bags from China amounted to 470 thousand tons in 2002, more than double the 210 thousand tons exported in 1998.

By 2005, China will have the world's only polyethylene capacity deficit of 4.5 million metric tons.

Other studies predict that by 2010, you can add North America and Western Europe to the short-list of regions with polyethylene capacity deficits.

The outlook for polypropylene is even more dramatic.

Between 2005 and 2010, PP consumption in Western Europe and North America will increase by a third and by almost half in China. At the same time, PP production capacities in those three regions will not increase much at all.

By 2010, the PP capacity deficit in Western Europe, North America will increase to just over 3 million tons a year and China's PP capacity deficit will soar to 8 million tons.

What does all this mean for the petrochemical industry in the Middle East?

Quite a lot!

Access and close proximity to the booming markets in the Asia Pacific region makes GCC member states the world's first choice for new petrochemical production facilities, and perhaps the world's best choice for investment in the petrochemical industry.

The GCC states offer current and future feedstock price advantages, as well as a strategic location on major trade routes to all of Asia. And unlike some parts of Asia, the GCC also offers an established industrial infrastructure, an educated and motivated workforce, and governments that actively encourage industrial expansion and foreign investment.

Beside the competitive advantage of raw materials, the infrastructure available in many GCC nations rivals modern facilities anywhere in the world including those in "developed" nations.

Saudi Arabia is a pioneer in the Middle East petrochemical sector. The Kingdom has transformed itself, in just 20 years, from a net importer of petrochemicals to a major exporter of petrochemicals to more than 100 countries.

Last year, more than 80 percent of petrochemical exports from the GCC were shipped from Saudi Arabia, where SABIC has been a leading player in the global petrochemical industry.

This phenomenal growth was only possible with the participation of joint venture partners, mainly from the West. Seventy years ago, the Kingdom's first oil production and oil exports, were made possible with the help of British and American companies. And, less than 30 years ago, SABIC and its American, Asian and European partners set the foundations for development of a Middle East petrochemical industry.

SABIC's foreign partners include Shell, Exxon Mobil, Mitsubishi, Celanese, Neste, Ecofuel and others. These partners provide not only their capital but also their technical expertise and training for the Saudi workforce that now operates all of our major facilities in the Kingdom.

With the active participation of our foreign partners, SABIC's growth, in the last twenty years, has been nothing short of spectacular.

SABIC's total assets at year-end 2003 reached 29 billion dollars, and production totaled 42.3 million metric tons.

Revenues for 2003 were 12.6 billion dollars, yielding a net profit of 1.8 billion.

SABIC is now the largest non-oil industrial company in the Middle East, and currently the world's largest exporter of granular urea, and the world's second largest producer of ethylene glycol, methanol and MTBE.

With the recent acquisition of DSM's petrochemical business in Europe, the first in our global expansion plan, SABIC has become the world's third largest producer of polyethylene and the sixth largest producer of polypropylene. Overall, SABIC is the world's fourth largest polyolefin producer.

Two years ago, SABIC began its global expansion.

Soon after acquiring DSM's petrochemical business, in late 2002, SABIC bought Owens Corning's 50 percent share in StaMax BV, a joint venture originally formed with DSM in 1999. StaMax produces reinforced polypropylene used by the auto industry to make parts for Mercedes-Benz, BMW, Volkswagen and other fine cars.

Six months after the DSM petrochemicals acquisition, SABIC opened a new polypropylene plant in Geleen, Netherlands. Also in Geleen, SABIC's growth plans include a third ethylene plant.

Last October, SABIC announced plans to build its new European headquarters building in Sittard, Netherlands, scheduled for completion in late 2005.

Last March, SABIC and Süd-Chemie AG formed a 50:50 partnership to acquire Scientific Design, Inc. of New Jersey a world leader in process and catalyst-related technologies for the EO/EG business.

SABIC continues to seek additional overseas opportunities that fit with our core activities and make sense. This strategy may involve acquisitions or grass-roots investments.

The Middle East Industry, as well as those in other areas of the world, have benefited greatly from the centres of innovation and powerful technologies in the West. A real issue for the industry as a whole, I believe, is where will the future engines of innovation be found? Will the North American and European centers of excellence continue to invest in new technology development within an industry undergoing global re-structuring?

From our earliest days, SABIC made a commitment to the development of technical expertise. In the past 15 years we have made excellent progress and now have technology centres in Riyadh, Jubail, Houston, Geleen, and India. We intend to continue that investment in the future, but we also recognize that developing world-class centers of excellence takes time and patience.

To sum it all up, SABIC represents a convergence of opportunities and ideas that brought the right people, and the right events, together at the right time as the petrochemical industry's center of gravity moves towards the best-cost areas with ready access to high growth markets.

I would again like to express my appreciation to the NPRA for inviting me to speak at this important conference.

I'd like to close with an Arabian proverb, "He who has hope, has everything."

Let "hope," in this deep and powerful sense, be the promise of a more peaceful and harmonious world a world that brings us closer to one another.

Thank you.

Hiring the best

Mohammad Al-Bat'hi, Saudi Basic Industries (SABIC), outlines the key aspects and challenges in the hydrocarbon processing industry and the general trends expected in 2004.

With the global economy expected to rebound in 2004 and the resulting projected economic upswing, companies in the hydrocarbon processing industry need to be prepared for the increase in demand for its products and qualified workers. As we all know, the energy industry, including hydrocarbon processing, has successfully weathered the downturn, despite the global recession. This evidence further proves that energy always will be a major driver of the economy and a necessary component of society.

SABIC, as the 11th largest chemical producer in the world, with more than 16,000 employees located across the globe is well situated to witness the impact of the ups and downs of the economy and industry. From our global perspective, 2004 offers an uncertain, but optimistic, view towards the future.

The Organization of Economic Cooperation and Development concurs. In its recently released outlook for 2004, it states that there is ample evidence of renewed strength in the global economy. The general global economic recession that was experienced in 2002 and 2003 seems to be reversing, evidenced by countries worldwide reporting more robust economic numbers. And, economic boons should provide a boost for the hydrocarbon industry.

This economic resurgence, coupled with the ensuing increase in demand for energy and its derivative products, will create greater need for skilled workers. Recruitment and retention of qualified employees will become more of a challenge. Not just the quantity, but also the quality of employees is paramount, especially in such an ever-changing field with technological advancements and emerging new energy frontiers. Therefore, recruiting "the best and the brightest" becomes even more imperative for the future of the global economy and hydrocarbon processing.

SABIC has had particular success in refining its employment process to cultivate the top employees in the industry. This article will share our perspective and highlight some of the ways that we recruit and retain a quality workforce.

An uncertain environment

Companies generally have maintained profitability over the last few years through a combination of moderately higher product pricing and cost-cutting measures—often including workforce reductions. Higher raw material costs have exacerbated the magnitude of layoffs that many companies have been forced to endure. This uncertainty in the economy and hydrocarbon industry makes it more difficult to recruit intelligent, qualified employees. Students do not want to commit to an insecure career path, and many experienced employees have tired of the cyclical nature of the industry and have found placement in other fields.

Additionally, a decline in the number of engineering and science-related graduates in the past several years has forced the energy industry to

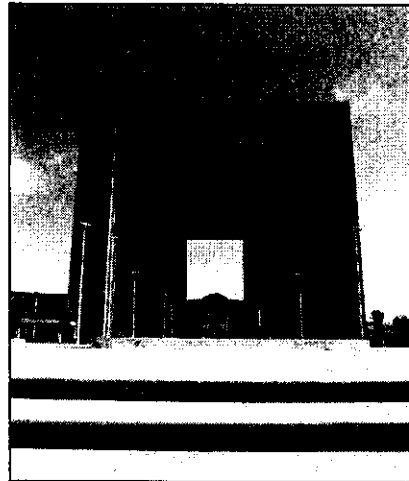


Figure 1. SABIC is the largest non-oil industry company in the Middle East.

grapple with a shortage of skilled technical personnel, but with increased demand created by a rebounding global economy, the

industry should experience growth going forward both in product and workforce. This differential will leave companies in a bind between increased demand for their products and lack of people with the experience and expertise to help fill that demand. Employment opportunities for all industries have waned

over the last couple of years, but 2004 should provide a much-needed upswing in activity and result in a better outlook for employees and employers.

The early bird catches the employee

Employers in the downstream oil and gas industry have had to start earlier than in other professions to educate prospective workers about opportunities the field provides for qualified, educated employees and the importance of the energy industry as a whole. This recruitment involves cultivating relationships with students early in their education; sometimes before college or university studies have begun.

Most university students enter school with a predisposed idea of what field they would like to study. By investing time and resources into informing the best and brightest students early in their education, the downstream hydrocarbon processing industry helps ensure its own long-term viability. With this in mind, SABIC is developing a program to work with candidates to determine their interests and competencies prior to graduation and "official" hiring. Similarly, to continue the efforts begun in preparatory schools and universities, many companies recruit college graduates directly out of undergraduate institutions for on-the-job training that may last as long as three years, depending on the degree of specialty of the tasks involved. Likewise, SABIC searches for the right combination of drive, knowledge and potential and then "grows" its talent through hands-on experience. This approach allows them to train their employees in the methods and procedures they prefer, rather than retraining someone accustomed to another company's system. This necessary investment in the industry workforce will pay dividends in the future for both the company and the hydrocarbon-processing field.



Figure 2. SABIC recruits engineers and scientists from the top schools globally.

Recognizing the rising cost of a quality education in many of the fields related to hydrocarbon processing, many savvy companies have begun increasing the quantity and reward of financial scholarships offered to attract prospective employees. Signing bonuses also increasingly have become an important factor in recruiting the most qualified candidates. These financial incentives are necessary because companies in the hydrocarbon processing industry are not only competing against each other but against energy companies, consulting firms, pharmaceutical corporations and other businesses.

Stronger employment outlook in 2004—moderate growth

The positive employment outlook for 2004 likely will be mitigated by consolidation and cost-cutting measures that have taken place in the industry over the last few years. In this variable environment, recruiting efforts at a moderate level probably will continue across all markets and geographies in the coming year. The cyclical nature of the industry challenges companies to be more conscious of over-hiring during upswings in the cycle. To address this issue, SABIC has found that a continuous outreach program helps maintain strong relationships with schools, potential employees and the public.

Generally, the current market reflects an employers' advantage, with more people looking for positions than there are openings. Employers can afford to be more selective when choosing the right candidate for the right position. From a global perspective, there are hiring issues specific to geography with which human resources managers must deal. For example, there has been a decrease in the number of overseas and international applicants willing to relocate to the Middle East. As tensions worldwide settle over the coming months and years, there should be a rise in international applicants. Ironically, one of the markets that likely will experience growth in the coming years is Iraq. As the country's government stabilizes and foreign companies help rebuild the infrastructure, industry will prosper, creating positive opportunities for the hydrocarbon processing field—increasing the demand for quality employees.

Internet and HR

With the globalization of the economy and energy industries, it has become more necessary for human resources managers to recruit from not only a domestic pool of potential employees but also a worldwide pool of applicants. The Internet has facilitated obtaining the best

applicants internationally. Employers regularly post job opportunities on Web sites like Monster.com, HotJobs.com, and CareerBuilder.com. Additionally, SABIC's Web site has proven to be a valuable tool for recruiting, providing information about the company's operations worldwide.

This is not to say that the "old" method of putting a job notice in print has gone by the wayside. Especially for local positions, the local newspaper remains an essential way of reaching the job applicant pool. Posting available jobs with industry associations also has been a very successful way for SABIC to reach a targeted audience with specific skill sets.

Best applicant criteria

Among the characteristics SABIC seeks in its candidates are a positive attitude, drive for self-improvement and creativity. With the right assessment program and profiling survey in place, a company can use these desired qualities as a measuring stick to evaluate each applicant for each job. In SABIC's employment process, those applicants who are most highly rated, based on our assessment program, are then invited for an interview, ultimately leading to a final offer for the successful applicant.

In addition to seeking certain characteristics, SABIC looks for candidates with a strong academic background, and seeks graduates from top schools across the globe. Companies literally search the entire world for the right person for a job.

Since the hydrocarbon industry is dependent on engineering and technology, those with degrees in chemical engineering and other related disciplines are heavily sought, and these degrees are greatly enhanced when combined with an MBA or other advanced degree. Executive and middle management positions usually require either extensive experience or a combination of experience and graduate education. SABIC's employees actively are encouraged to continue their education, and many companies pay for employees to return to school for advanced degrees or additional training. While engineering degrees are highly sought, other degrees are becoming less "hot." For example, information technology graduates are still recruited in the industry, but demand for this field seems to have declined over the few years.

Retention is requisite

Employee retention industry-wide always has presented a challenge. Better opportunities in other industries with more stability attract some of the brightest employees to leave hydrocarbon processing. Company officials have begun to recognize the costs that result from being



Figure 3. On-the-job training is a key factor in attracting the best and brightest.

unable to retain qualified employees. Many companies post their job listings on an intranet site so that existing employees may see what other opportunities are available for career advancement or a career path transition within the same company. Also, employee benefits packages, including health insurance, life insurance and retirement accounts, have become more important in enticing prospective and existing employees. In SABIC's experience, giving employees the opportunity to learn on the job and gain valuable experience in many areas of expertise is another positive factor that aids in retention.

One area that SABIC has found to be especially important to its employees is family involvement and participation. SABIC promotes a family-oriented workplace and encourages employees to bring their spouses and children to specially designed company functions, such as the annual desert picnic and camp in Saudi Arabia. These types of family-focused events create an atmosphere that promotes the development of personal relationships among employees and management. Demonstrations of company commitment to the contentment of its employees are immeasurable in terms of a happy workforce. Quality-of-life issues are significant factors when employees choose companies for which they would like to work. In addition,

SABIC recognizes loyalty and longevity by rewarding its employees with end-of-service awards, service awards at intervals during their careers, and competitive pension programs.

Turning the world

There always will be a need for qualified employees in the hydrocarbon industry. Indeed, the world economy is dependent on the energy industry. As such, one note to remember is that the growing world population only will intensify the need for products from the hydrocarbon industry. More people will buy more cars requiring more gasoline, meaning increased volumes of petrochemical additives such as oxygenates. More people will eat more food requiring more fertilizer to grow. More people will buy more plastic products requiring more polyolefins. The need will be there. It is just a matter of making sure that the industry is well positioned with a qualified workforce to meet that growing need.



Mohammad Al-Bat'hi is Vice President of SABIC's Corporate HR department, responsible for the company's HR and Corporate Communications sections.