

For Six Month Period Ending November 2005
(Insert date)

I - REGISTRANT

1. (a) Name of Registrant Hill & Knowlton, Inc. (b) Registration No. 3301
- (c) Business Address(es) of Registrant 600 New Hampshire Ave, N.W. Suite 601 Washington, D.C. 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 type="checkbox"/> | No <input checked="" type="checkbox"/> |

(c) Explain fully all changes, if any, indicated in items (a) and (b) above.

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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 period.
Yes No

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

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 requirements to file an Exhibit C may be obtained for good cause upon written application to the Assistant Attorney General, Criminal Division, Internal Security Section, U.S. Department of Justice, Washington, D.C. 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: See Attachment I (4-a)

Name	Position	Date Connection Ended
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- (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: See Attachment I (4-b)

Name	Residence Address	Citizenship	Position	Date Assumed
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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.

Matt Wahn provided services for UK Trade and Investment USA

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

If yes, furnish the following information:

Name	Position or connection	Date terminated
	See Attachment I (5-b)	

- (c) During this six 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: See Attachment I (5-c)

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

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

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

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

Government of Pakistan
Information and Broadcasting Division
4th Floor – Cabinet Block
Islamabad, Pakistan

September 2005

Kingdom of Thailand
c/o Thai Trade Center
611 North Larchmont Blvd, 3rd Floor
Los Angeles, CA 90004

March 2005

Organization of the Petroleum Exporting Countries
Obere Donaustrasse 93
A-1020 Vienna, Austria

May 2005

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.

Association of Dutch Insurers
SABIC
UK Trade and Investment USA

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 checked="" type="checkbox"/>	No <input type="checkbox"/>
Exhibit B ⁴	Yes <input checked="" 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 this six 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

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 See attachment III (11)

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, places, of delivery, names of speakers and subject matter.

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.

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 political or public interests, policies, or relations of a government, a foreign county 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 See Attachment IV (14-a)	Purpose	Amount
------	---------------------------------------	---------	--------

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 D 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 amount 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 competition, "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 See attachment IV (15-a)

(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
------	---------	---------	--------

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: N/A

Date Disposed	Name of person to whom given	On behalf of what foreign principal	Description of thing of value	Purpose
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(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: N/A

Date	Amount or thing of value	Name of political organization	Name of candidate
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^{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 materials¹²?

Yes No

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

17. Identify each such foreign principal. Kingdom of Thailand, SABIC, UK Trade & Investment

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.

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:

- 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
- Other (specify) Internet

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

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

21. What language was used in the informational materials:

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
Copies are filed as a part of this supplemental statement

23. Did you label each item of such informational materials with the statement required by Section 4(b) of the Act? Yes No See Item # 22 above.

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.

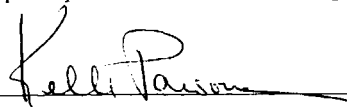
VI - EXECUTION

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)

January 30, 2006



Kelli Parsons, General Manager

Hill & 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 X or NO _____

(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 _____ or NO _____

(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.)

Kelli Parsons
Signature

01-30-06
Date

KELLI PARSONS
Please type or print name of
signatory on the line above

GENERAL MANAGER
Title



U.S. Department of Justice

Criminal Division

Washington, DC 20530

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.

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

Last Name	First Name and Other Names	Registration Date	Termination Date	Role
Clampitt	Adam	01/05/2005		
Cohen	Bradley Daniel	01/05/2005	10/17/05	
Cox	James O. III	03/13/2002		
Dreisch	Lisa	01/05/2005		
Gaines	Sallie L.	01/05/2005		
Grannell	Nora	03/18/2003		
Hartwig	Myron A.	01/05/2005		
Hymel	Gary	03/18/2003		
Kincaid	Jamie	01/05/2005		
Mackey	Judith Anne	01/05/2005		
Majorosova	Pavlina	01/05/2005		
Mankiewicz	Frank	07/18/1983		
Mastal	Megan L.	03/13/2002		
Meyer	Don	01/05/2005		
Morcos-Rauchberg	Eileen J.	01/05/2005	10/3/05	
Reineke	Eugene	01/05/2005		
Sendelbach	Patricia	01/05/2005		
Sfikas	Athanasia	01/05/2005		
Terrana	Angelo Peter	06/10/2004	06/10/05	
Tragakis	Charles	01/05/2005		
Wallace	Bronwyn	06/10/2004		
Walsh	Deirdre	06/10/2004		
Williams	Michele	01/05/2005		
Aldinger	Michael	06/10/2005		
Moses	Eric P.	06/10/2005		
Stephan	Katherine Julia	06/10/2005		
Mangum	Jeff	06/10/2005		
Peal	Ryan	06/10/2005		
Warecki	Brian	06/10/2005		
Wahn	Matthew	06/10/2005		
Hendrickson	Lena	06/10/2005		
Bryant	Steve	06/10/2005		
Drummond	Jon W.	06/10/2005		
Inch	Anna R.	06/10/2005		
Meehan	Melissa	06/10/2005		
Bradshaw	Kimberlee M.	06/10/2005		
Finch	Anna	06/10/2005		
Gonzalez	Yadira	06/10/2005	06/24/05	

O'Connell	Cynthia F.	06/10/2005	
Casto	Gregory A.	06/10/2005	06/02/05
Costello	Harold J. (Harry)	06/10/2005	
Olson	Emily	06/10/2005	
Meltz	Elizabeth	06/10/2005	
Getzug	Steve	06/10/2005	
Bingham	Daniel P.	06/10/2005	
Davenport	Maureen	09/26/2005	
Clark	Paul S.	09/26/2005	
Sheller	Francis X	09/26/2005	
Parsons	Kelli	09/26/2005	
Haas	Michael	01/27/06	
Amestoy	Erica	01/27/06	
Goodman	Bonnie	01/27/06	
Finch	Anna	01/27/06	
Lamkin	Lauren	01/27/06	
Juaristi	Amy	01/27/06	
Meyer	Don	01/27/06	
Bartlett	Ron	01/30/06	
Anuluoha	Kakwete	01/27/06	
Brigham	Jennifer	01/27/06	
Harmening	Tom	01/30/06	
Chang	Priscilla	01/27/06	
Hardin	Christi	01/27/06	
Penn-Kraus	Rick	01/27/06	
Pontrelli	Monica	01/27/06	
Austin	Marcia	01/30/06	
Shenitzer	Ilana	01/27/06	
Sides	Jennifer	01/27/06	
Bottary	Leo	01/30/06	
Williams	Molly	01/30/06	
Drevna	Nathan	01/30/06	
Capehart	Jonathan	01/30/06	
Hawkins	Steve	01/30/06	
Volke	Elizabeth Freid	01/30/06	
Griscti	Paul	01/30/06	

Names added by Hill & Knowlton, Inc.
for additional individuals for whom Short
Form Registration Statements have been
Filed.



U.S. Department of Justice

Criminal Division

Washington, DC 20530

SECTION B

In addition to those persons listed in Section A, list below all current employees rendering services directly on behalf of the foreign principals(s) who have not 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 the Registration Unit describing the activities and connection with the foreign principal.

Name	Function	Date Hired
N/A		

Signature: Kelli Pason Date: 01-30-06

Title: GENERAL MANAGER

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Attachment I (4-a)

LAST NAME	FIRST NAME	POSITION	DATE CONNECTION ENDED
Archer	William	SVP	6/30/2005
Barnabee	Margaret	VP	11/16/2005
Bortz	William	VP	11/1/2005
Bracy	Dennis	SVP	10/7/2005
Chesbrough	Ann	SVP	7/12/2005
Diamond	Michael	VP	7/29/2005
Dickinson	Jean	VP	9/30/2005
Garza	Raul	SVP	9/1/2005
Goldberg	Kalman	SVP	8/9/2005
Iorillo	Nicole	VP	10/7/2005
Joyce	Karen	VP/HR Manager	11/21/2005
Kevelighan	Sean	VP	8/3/2005
Kim	Soon Mee	SVP	10/21/2005
Kuechenmeister	Christopher	VP	6/1/2005
Loh	Lily	VP	8/5/2005
McCollister-Slipp	Anna	SVP	8/10/2005
Merrill	Melinda	VP	7/29/2005
Morcos-Rauchberg	Eileen	VP	10/3/2005
Ocampo	Kimberly	VP	9/14/2005
Parks	Craig	GM	5/13/2005
Quintaglie	Michele	SVP	11/3/2005
Scullin	Barbara	VP	6/14/2005

* VP = Vice President

* SVP = Senior Vice President

* GM = General Manager

CONFIDENTIAL
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Attachment I (4-b)

LAST NAME	FIRST NAME	RESIDENCE ADDRESS	CITY	STATE	ZIP	CITIZENSHIP	POSITION	DATE ASSUMED
Clampitt	Adam	1350 N. Hayworth #7	West Hollywood	CA	90046	US	VP	11/1/2005
Durkin	Kathleen	9836 S. Central Park	Evergreen Park	IL	60805	US	VP	8/1/2005
Finnegan	Ian	3915 W Street, NW	Washington	DC	20037	US	VP	11/1/2005
Hauser	Caroline	1715 Chancellor Street	Evanston	IL	60201	US	VP	11/1/2005
Key	Amy	900 N. Lake Shore Dr. Apt 2604	Chicago	IL	60611	US	VP	11/1/2005
Newton	Kimberly	117 S. Royal St. #200	Alexandria	VA	22314	US	VP	11/1/2005
Wahn	Matthew	211-35 23rd Ave. Apt 3E	Bayside	NY	11360	US	VP	8/1/2005

**VP = Vice President

Attachment I (5-b)

Name	Position or Connection	Date Terminated
Casto, Gregory	Account Executive	6/2/2005
Cohen, Brad	Account Executive	10/17/2005
Gonzalez, Yadira	Vice President	6/24/2005
Morcos-Rauchberg, Eileen	Vice President	10/3/2005
Terrana, Angelo	Senior Account Supervisor	6/10/2005

Attachment I (5-c)

Name	Residence Address	Citizenship	Position	Date assumed
Jennifer Brigham	10910 Wellworth Ave., # 302 Los Angeles, CA 90024	US	Intern	7/18/2005
Anna Finch	318 Coral Avenue Newport Beach, CA 92662	US	AAE	9/1/2005
Michael Haas	20152 Bayfront Drive # 102 Huntington Beach, CA 92646	US	AC	11/1/2005
Lauren Lamkin	574 2nd Street Hermosa Beach, CA 90254	US	SAE	7/15/2005
Ilana Shenitzer	6550 Colgate Ave. Los Angeles, CA 90048	US	AC	7/1/2005
Jennifer Sides	333 S. Reeves Drive # 205 Beverly Hills, CA 90212	US	AAE	11/1/2005

* AAE = Assistant Account Executive

* AC = Account Coordinator

* SAE = Senior Account Executive

Attachment III (11)

Association of Dutch Insurers:

Registrant provided advice and counsel principally regarding retroactive policy claims.

SABIC:

Registrant provided corporate communications counseling and media support.

UK Trade and Investment USA:

Registrant provided media relations/public relations services on behalf of the UK government's inward investment agency, UK Trade & Investment.

Kingdom of Thailand

Registrant provided public relations support for a Thai consumer and wholesale tradeshow event in Los Angeles.

Government of Pakistan

Registrant provided communications counseling to foreign principal on an international communications and media program to increase understanding of Pakistan and issues affecting it.

Organization of the Petroleum Exporting Countries

Registrant provided public relations support for one day of media interviews for OPEC Secretary General while in New York.

Attachment IV (14-a)

CLIENT	AMOUNT
Association of Dutch Insurers	\$ 2,464.26
SABIC	\$ 204,506.40
UK Trade and Investment USA	\$ 126,550.26
TOTAL	\$ 333,520.92

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Attachment IV (15-a)

Description	UK Trade & Investments	Association of Dutch Insurers	Government of Pakistan	SABIC	Kingdom of Thailand
Messenger Services	25.25				
Copies/Printing	705.30				
Video Monitoring Services			646.34		
Video Production	286.18				
Postage&Freight	248.80			41.45	
Supplies	200.45				
Meals/Entertainment/Travel	3,674.53	20.00	21,051.27	25,027.09	
News Retrieval	11,425.80	14.75			
Misc. Fees & Expenses	2,497.45			21,465.80	150.00
Consultants					
Professional Fees	32,915.80		2,137.50	2,400.00	
Production Costs					
Telephone/Fax	882.86	73.46	248.24	1,035.39	
TOTAL	52,862.42	108.21	24,083.35	49,969.73	150.00

Renewable Energy Background

Renewable energy – wind, wave, biological and solar sources - are vital components in the world's race to find alternatives to fossil fuels. Green energy solutions provide a hedge against escalating fossil fuel costs and play a critical part in the fight against climate change.

The United Kingdom is committed to a long-term leadership role in developing renewable energy policies and environmentally friendly technologies, using these four major renewable energy fields. Renewable energy research and practical applications are widely supported in the UK and Europe, making related activity in the region of particular interest to the United States and other major energy-consuming markets.

Developed nations are closely monitoring the examples set by Britain in the fight against global warming and climate change. The research taking place on the coasts of Wales, Scotland and Eastern England is setting a high standard for renewable energy innovation.

As part of a national, government-led initiative, the UK has set an ambitious goal to cut carbon dioxide emissions by 60 percent by 2050. This goal will be met by encouraging the expansion of renewable energy power resources and by implementing a wide range of energy efficiency measures.

Renewables Obligation

The Renewables Obligation, introduced in April 2002, is a milestone in energy policy. It sets out a progressive strategy for achieving environmental protection, energy reliability and a competitive marketplace for industry and investment.

Under its terms, the UK has set goals of generating 10 percent of total energy supply from renewable sources by 2010, 15.4 percent by 2015 and 20 percent by 2020.

ROCs and Pricing Incentives:

The Renewables Obligation has strong pricing incentives to encourage suppliers to meet set targets:

- Eligible renewable generators receive Renewables Obligation Certificates (ROCs) for each megawatt of electricity generated. These certificates can be sold to suppliers, in order to fulfill their obligation.
- Suppliers can either present enough certificates to cover the required percentage of their output or pay a "buyout" price of \$55 per megawatt for any shortfall.
- The market value for each megawatt of green electricity is made up of the value of the actual electricity, the buy-out price and the anticipated value of the recycling benefit in any obligation period.

- All proceeds from buyout payments are recycled to suppliers in proportion to the number of ROCs they present.

Market Impact:

The Renewables Obligation creates an excellent market opportunity for businesses and technologies that can help to create renewable energy applications in the UK. The measure has defined a value for renewables, and offers financial incentives for entrepreneurs and others to successfully enter this expanding market.

- Recent third-party analysis estimates that the Renewables Obligation will be worth nearly US\$2 billion per year to the UK renewable energy industry by 2010.
- Nearly 1,000 companies worldwide are involved in the UK renewable energy sector.
- Exports are currently worth US\$130-US\$160 million per year.

Other Government Initiatives

Progressive government policies and significant funding increases have enabled major developments in alternative energy research and technologies. Among them are:

- US\$530 million in capital grants available for renewable energy ventures across the technology spectrum and US\$90 million for research and development.
- Millions in tax credits in the UK are specifically earmarked for R&D for emerging renewable energy technologies.

Technologies

Among the technologies the UK is using to develop renewable energy are:

Wind Power

With enough potential offshore wind resources to power the country three times over, the UK is poised to develop innovative technologies that harness offshore wind energy.

- The Ernst & Young Renewable Energy Country Attractiveness Index ranks the UK number one in the world for wind energy.
- Some 7,000 megawatts of offshore wind capacity was recently licensed in a US\$12 million plan to develop 18 wind farms powered by 1,000 turbines. This predicted expansion is generating an unprecedented demand for more wind energy research, technologies and services.

Marine & Tidal Energy

The UK has long been a world leader in tidal and wave energy:

- The world's first commercial grid-connected wave-power station is located in Islay, Scotland.

- Over 40 percent of the UK's renewable energy today is provided by hydropower, with the newest applications involving wave and tidal energy.
- The UK has some of the strongest waves in the world, due to the direction of prevailing winds and size of the Atlantic Ocean.
- The European Marine Energy Center (EMEC) — a US\$8.6 million test center for wave generation conversion systems -- became operational in late 2003 on the Orkney Islands. The EMEC makes performance assessments of wave energy devices, determines the feasibility of mass production of marine energy, and acts as a focal point for linked R&D.
- A US\$50 million Marine Research Development Fund was recently announced. The fund will support firms in their efforts to bring first-class R&D to market.

Bioenergy

Bioenergy currently accounts for 86 percent of the UK's electricity supply from renewable energy sources.

- Bioenergy applications in the UK include energy crops, agricultural by-products, landfill gas and domestic green waste.
- The UK boasts the world's first three power stations fueled by chicken litter.
- The UK also has a large volume of landfill sites and leads Europe in installed capacity of electricity plants which exploit landfill gas.
- The UK Department of Trade & Investment (DTI) and the New Opportunities Fund recently developed a three-year bioenergy Capital Grant Scheme that will provide US\$110 million in grant funding to companies investing in heat or electricity-generating projects fueled by biomass feedstocks.

Solar Power

The UK offers several solar-power research capabilities to support technology and business development.

- More than 30 universities are engaged in solar research
- The government aims to achieve 20 megawatts of installed solar photovoltaic capacity by 2005 and 200 megawatts by 2012.
- The government also increased grant funding, including the US\$34 million Major Photovoltaic Demonstration Program, to drive the creation of different applications of PV technology.

For additional information about UKTI and about its resources and services, please visit UKTI's website at <http://www.uktradeinvestusa.com> or for general queries contact:

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Bronwyn Wallace
Hill & Knowlton
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About UK Trade & Investment

UK Trade & Investment is the government organization that provides integrated support services for UK companies engaged in overseas trade and foreign businesses focused on the UK as an inward investment location. It brings together the work of teams in 200 British embassies and FCO posts overseas and government departments across Whitehall. In England, UK Trade & Investment services are delivered through the 45 Business Links and other partners including Regional Development Agencies and Chambers of Commerce, coordinated by nine regional International Trade Directors. The devolved administrations in Scotland, Wales and Northern Ireland have their own arrangements for local delivery of services.

**Issued by UK Trade & Investment
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Hill & Knowlton
713-752-1900
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UK TAKES TOP SPOT AS MOST ATTRACTIVE RENEWABLE ENERGY MARKET

Ernst & Young Report Underlines UK's Commitment to Climate Change Agenda and the Renewable Energy Industry

NEW YORK, Feb. 1, 2005 – The United Kingdom is the most attractive renewable energy marketplace, according to the recently published Ernst & Young Renewable Energy Country Attractiveness Indices report.

E&Y, the leading project finance advisor, ranks the UK as the country with the most desirable national renewable energy market, judged by its supportive regulatory infrastructure and suitability for individual renewable energy technologies. The UK shares its top ranking with Spain.

“This report validates the UK's success in creating a progressive set of policy measures and market framework to deliver clean, reliable energy at competitive prices,” said Alastair Newton, director of UK Trade & Investment. “By directing the marketplace to new initiatives, innovations and technologies with cleaner renewable energy resources, the UK is helping address the critical challenges of global warming in a serious and measurable way.

“While we've long been acknowledged as a leader in the field, we're pleased to be recognized with the #1 slot,” continued Newton. “The report supports our efforts in making the UK top-of-mind for companies looking to develop renewable energy solutions.”

The E&Y report ranks countries based on general regulatory infrastructure for renewable energy, including electricity market regulatory risk, planning and grid connection issues and access to finance. The report also ranks country capabilities, commercial application and viability of wind, solar, biomass and other renewable energy technologies in terms of power off-take attractiveness, tax climate, grant/soft loan availability, market growth potential, current installed base, resource quality and project size.

The UK is the global leader in wind generation, according to the report. Onshore, the UK has a total current wind generation capacity in excess of 700 megawatts and consent for projects amounting to more than 2,000 megawatts in the near term. In addition, the UK's new offshore wind program is paving the way for the world's largest expansion of renewable energy.

The UK currently is a world leader in renewable energy, setting the standard for renewable energy policy. Under this policy, the UK's Renewable Obligation, 10.4 percent of the total electricity supply must come from renewable sources by 2010; 15.4 percent by 2015; and the country aspires to a

20-percent renewable supply by 2020. The UK government further affirmed its commitment to and leadership position in the reduction of greenhouse gases, working to reduce the country's carbon dioxide emissions by 60 percent by the year 2050, as outlined in the "Energy White Paper" published in February 2003.

About the UK's Energy Policy

The UK's year-long Presidency of the G8 will be leveraged to bring the issue of global climate change to the forefront of global agendas.

The Earth's climate is changing, with scientific evidence pointing to the increasing concentrations of greenhouse gases in the atmosphere as the primary cause. With the G8 accounting for over 65% of global GDP and 47% of global CO2 emissions, the UK has taken a leadership position in the search for solutions.

A key aspect of tackling climate change will be promoting the uptake of cleaner technologies and spurring innovation in new ones. This requires collaboration among Britain's global partners - both business and political. For this reason in particular, Prime Minister Tony Blair launched the 2002 Renewable Energy and Energy Efficiency Partnership (REEEP) initiative. The REEEP is a global alliance which brings together stakeholders from many walks of life eager to accelerate the market development of renewable energy and energy efficient technologies.

The UK's goal in 2005 is to achieve international agreement on the faster introduction of smart technologies while achieving its national goal of cutting carbon dioxide emissions by 60% by 2050.

About UK Trade and Investment

UK Trade & Investment is the Government organization that both supports companies in the UK doing business internationally and overseas enterprises seeking to locate in the UK. The integrated services offered by UK Trade & Investment bring together a network of business sector specialists and support teams in British embassies and Foreign and Commonwealth Office (FCO) posts overseas, as well as key experts in government departments across the UK.

As a government agency, UK Trade & Investment is uniquely positioned to offer expanding companies access to a growing network of global business advisors and market entry intelligence and guidance on operational issues. With its government connections, in-depth knowledge of UK regional business, ties to leading institutions, science and technology resources, as well as its global network, UK Trade & Investment is a unique strategic resource for companies that want to operate in the number one business location in Europe. For more information visit: www.uktradeinvestusa.com

###

Solar Integrated Technologies Company of the Future

Please consider the following idea for your "next frontiers: companies of the future" issue.

The sky's the limit

Soaring oil and gas prices and Katrina's rampage of the Gulf Coast's energy infrastructure has been a wake-up call to America's lack of energy diversification, and put a spotlight on the need to include renewables energy sources into our energy mix.

With advanced technologies driving down cost, **solar energy** is quickly and steadily becoming the alternative-of-choice, expected to grow 35 percent this year, overtaking wind energy dominance (26 percent growth expectation), according to Merrill Lynch's New Energy Technology Fund.

One of the key new-technology developers helping to make solar affordable and more smartly integrated into our lives is **Solar Integrated Technologies (SIT)** (<http://www.solarintegrated.com/>). The 75-year-old L.A.-based company has re-designed the expensive, awkward solar panel to create solar-powered roofing and a solar-powered tent, redefining "traditional" applications for solar technology. With an impressive history, share of market and continued technology innovation and refinement, SIT has proven itself to be a leader of the pack. And now that it has listed on the U.K.'s AIM*, it is considered - most definitely - to be a company of the future.

Solar industry is hot & getting hotter

- According to Merrill Lynch New Energy Technology Fund, solar power growth will outpace that of wind power in 2005 – expected 35 percent growth in solar vs. 26 percent in wind
 - The global market value of solar power is \$4 billion, and it is expected to grow to be a \$34 billion enterprise in 10 years.
- Solar costs have fallen significantly over past four years and continue to decrease
 - New U.S. energy law includes a tax credit up to \$2,000 for the purchase and installation of a residential or commercial solar power system.
- Proven technology: Photovoltaics (PV) or solar cells convert sunlight into electricity without any moving parts, noise, pollution, radiation, or maintenance
- Local-power generation -- generates power where it's needed, i.e. manufacturing plant
- Produces power during hot, sunny days, when utilities experience greatest demand on power plants
- Construction costs of renewable power plants are generally higher, operating costs usually very low
- Localized power-generation aspect allows for multitude of new, intelligent applications (such as solar roofing, light posts, etc)

Solar Integrated Technologies is leader today & in future

- First company to conceptualize and patent the idea of integrating PV into roofing (1989)
- Established in 1930, leader in energy efficient commercial and industrial roofing for 75 years
- Manufactures solar roofing materials (unrolled like mats) and photovoltaic tents
- Based in L.A., with offices in London
- Recently listed on London Alternative Investment market (AIM)*

Customers & Recent Projects

- Industrial customers include Coca-Cola Enterprises and Frito-Lay plus municipal and other blue chip companies
- Recently partnered with GE Commercial Finance Energy Financial Services to manufacture PV roofs for 14 San Diego City Schools (additional installations over next two years)
 - \$17 million project investment
 - GE has the right of first refusal on up to \$500 million to fund current and prospective solar roofing projects that Solar Integrated develops.
 - PV systems (roofs) will be manufactured at SIT South Los Angeles factory, a plant that qualifies for government incentives designed to revitalize poor communities.
- Currently testing newly developed solar-powered tent
 - Possible military and humanitarian applications (potential for helping power re-building Gulf Coast?)
 - Powered by flexible solar photovoltaic sheets capable of generating enough electricity to power lighting, 10 laptops, a couple of evaporative coolers and a small refrigerator.

Solar Roofing Advantages

- While 3 to 4 times more expensive than standard roofs, SIT systems generate electricity, producing revenues for users that is sold back to utilities.
 - Cost can be recovered in span of seven to 12 years (with government rebates and tax incentives)
- Solar roof continues to generate free electricity over a period of at least 20 more years

AIMing to cash in on mature U.K. market

- One of the most mature markets for renewable energy
- Investment in clean technology is growing at 30 percent a year
- Greater receptivity of investors
- Better understanding of renewables capital markets
- Significant increase in PV generation capacity in the UK due to the rapid expansion of the grid-connected market, along with strong government support.
 - Allocated renewables government capital grants amount to GBP350 million
- Provided 8 million USD to the Engineering & Physical Sciences Research Council for a consortium of six universities and seven companies to research 'Photovoltaic Material for the 21st Century'.
- Government support of market
 - In 2006, U.K. companies supplying goods and services to the government must conform to clean-technology and emissions guidelines
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Available interviews:

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- Bruce M. Khouri, Founder, President and COO
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- Kevin Tabor, Director of Technology and Manufacturing

"Hook"

- Katrina Aftermath – Irony – Green energy can help fuel the rebuilding of fossil-fuel infrastructure
- Local-power generation aspect can be applied to relieve energy poverty
 - U.K. initiatives promote PV in Social Housing as part of European Commission funded projects ('Solar Technology Loans').

Questions

1. Prior to 1989 and the solar roof development, what kind of energy-efficient roofing did SIT manufacture? What led SIT to get into the solar roofing industry?
2. What differentiates SIT's product from other solar roofing companies'?
3. What is the status of the San Diego school project?
4. What successes and applications have clients such as Frito-Lay and Coca Cola had with your product? Do they see it as a worthy investment? Do you have any other high-profile customers?
5. What is the status of your solar tent? Have you considered utilizing the technology for the Gulf Coast post-Katrina rebuild?
6. Why did you choose to invest/expand in the UK? What incentives were the most appealing? Why now?
7. What are the advantages of being a U.S. company investing in the UK? Does company size matter?
8. What advantages do you hope to gain by listing on AIM?
9. What emerging trends do you see in the solar power sector, both investment-wise and in technology, short and long term?
10. What are some factors that you consider to be strong drivers of the solar power market in the U.S.?
11. Do you consider SIT a "company of the future?" – Why?
12. In the future, does SIT have any plans to make solar panels for home use as opposed to solely commercial?

13. The Life & Times interview with Robert Hertzberg mentioned that homeowners could benefit from
• enough nearby companies investing in SIT-developed solar roofs – please clarify

From: Bronwyn Wallace

Sent: Wednesday, October 05, 2005 10:21 AM

To: 'nboyce@npr.org'

Subject: SOLAR is Hot & Getting HOTTER - Bush-Endorsed as Near-term Energy Alternative
President Bush's call for solar technology

In President Bush's speech yesterday, he highlighted one way to address our energy challenges as "better conservation and encouraging technologies to change how we use energy." Specifically, he noted the impressive research and development being done with **solar energy**, stating "someday in the relative near future we'll be able to have units on our houses that will be able to power electronics within our houses, and hopefully, with excess energy, be able to feed them back in the system."

WE HAVE THAT TECHNOLOGY NOW, and more and more investors and financiers are catching on to the terrific investment opportunities in renewables both in the US and abroad. Please read more below, and let me know if you need more information. ©Bronwyn 713-752-1900

The solar solution

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- Kevin Tabor, Director of Technology and Manufacturing

From: Bronwyn Wallace
Sent: Thursday, June 16, 2005 5:46 PM
To: 'fiona.harvey@ft.com'
Subject: Renewable Energy Financial Forum & Interview Opportunities
Hi Fiona!

Please let me know if you are interested in speaking with experts and/or attending the Renewable Energy Financial Forum in New York this Wednesday at the Waldorf Astoria. The overwhelming response to this Forum is proof positive that investors and financiers are catching on to the terrific investment opportunities in renewables both in the US and abroad. Please check out the impressive participant list, including Goldman Sachs: <http://www.euromoneyenergy.com/default.asp?Page=11&eventid=ECK109&site=energy>

Renewable energy as an energy solution has garnered much attention lately from the Kyoto protocol, the Senate energy policy debate, and concerns over energy independence.

Ernst & Young recently ranked the UK as the world's most attractive renewable energy marketplace. While the UK is considered to be the premier location for inward investment, the US also has become a major market for UK renewable resources. UK Trade & Investment Director, Alastair Newton will be attending the conference and available if you would like to meet him to discuss UK investment success stories that pertain to the US, the state of renewables and viability of the technology.

Learning from the Best - UK is the Gold Standard

- Ernst & Young recently ranked the UK as having the world's most desirable national renewable energy market, judged by its supportive regulatory infrastructure and policies and cultivation of renewable energy technologies.
- The UK's progressive set of policy measures and market framework support investment, development and utilization of renewable energy technologies, which drive commercial viability of renewable energy technology.
- UK is top-of-mind for companies looking to develop renewable energy solutions.
- Many large US companies such as GE and Ford, as well as small and medium companies, are capitalizing on the attractive UK renewables market, investing in renewable energy projects there.
- Collaboration between UK and US, New England area - the UK is eager to share best practices and experiences in helping the area develop policies to encourage technology utilization and return on investment. The UK's lessons learned through its vast experiences in renewables provide tremendous opportunities for those looking to emulate its success.
- The UK is the global leader in wind generation. In fact, the UK's new offshore wind program is paving the way for the world's largest expansion of renewable energy.
- The UK currently is a world leader in renewable energy, setting the standard for renewable energy policy. Under the UK's Renewable Obligation, 10.4 percent of the total electricity supply must come from renewable sources by 2010; 15.4 percent by 2015; and the country aspires to a 20-percent renewable supply by 2020.

Fast Facts - US Renewable Energy

- US renewable energy markets are in a growth mode, providing excellent opportunities for both financiers and developers.
- 18 US states have established green power markets and currently implement Renewable Portfolio Standards (RPS)
- Renewable energy financing in the US has gained recent attention due to concerns over national energy security and new innovative financing methods
- UK companies are perfectly positioned to participate in the rapidly growing US renewable energy market because of their experience in the more fully developed, mature UK market.
- Much of the wind technology seen today in the US comes from the UK innovation and investment, and most of the top wind developers in the US are UK-based companies, ex. Garad Hassam, Renewable Energy Systems.

Wind Energy

-
- Most promising of renewable energy technologies
- Most price competitive, and prices are declining as technology improves
- Large companies and financial institutions are investing in wind in US and abroad

Thank you!

:) B O n

Bronwyn Wallace
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HILL KNOWLTON

Dear Suzanna:

Thank you for joining us for the May 2005 renewable energy mission to London and Scotland. We are excited that you are participating in this important energy sector and hope you find the experience rewarding.

The goal of this mission for UK Trade & Investment is to provide you with a better understanding of the UK renewable energy market, the commercial application of renewable energy technologies, and the opportunities for North American companies to invest in Great Britain and develop strategic partnerships with British companies. Additionally, in its role this year as presidency of the G-8, the UK has made climate change one of its priorities to promote more constructive dialogue, and practical cooperation and action.

We are eager to assist with anything you need. Please read the enclosed carefully and let us know if you have any questions.

We are looking forward to your joining us for this renewable energy mission to the UK.

With kind regards,

Laura Nicholas
Vice Consul
UK Trade & Investment
New York City
(212) 745-0406

Mike Rosenfeld
Vice Consul
British Consulate-General,
Los Angeles
(310) 481-2986

ALASTAIR NEWTON - DIRECTOR, UK TRADE & INVESTMENT USA

Alastair Newton was promoted to the post of Director of UK Trade & Investment (UKTI) USA, the US arm of the British Government's international business development agency on 1 April 2005. Prior to that, he was Director Investment UKTI USA for almost three years, during which time he oversaw a 130% increase in UKTI-assisted US investments into the UK. With trade development now added to his portfolio, he is charged with delivering a similarly ambitious expansion of business in the US for British companies, in particular small and medium-sized enterprises.

Alastair is a career diplomat with the United Kingdom's Foreign & Commonwealth Office (FCO). He has spent the bulk of the past thirteen years working on economic issues.

From 1992 to 1996, he served as First Secretary (Trade/Investment) at the UK Delegation to the Organisation for Economic Cooperation and Development (OECD). He was elected Vice Chair of the Organisation's Committee on International Investment and Multinational Enterprises in 1994, and appointed Chair to its Advisory Group on Investment responsible for promoting sound investment regimes in Central and Eastern Europe. He was also a regular contributor to the OECD's outreach programmes to non-member economies in Asia and Latin America and wrote half a dozen papers on foreign investment published by OECD. In 1995, he was elected co-chair of the OECD's Committee on Trade and Environment.

In December 1996, he was appointed Deputy Head of the FCO's Policy Planning Staff, where his responsibilities included economic issues. In August 1998, he was promoted into the FCO's senior management as Head of Economic Relations with special responsibility to the prime minister's office for G7/8 policy coordination. He combined this post with heading up the unit responsible for corporate citizenship. In 1999, he additionally chaired the sub-group of the EU Stability Pact responsible for setting up the Southeast Europe Investment Compact aimed at promoting investor-friendly policies in the Balkans.

In March 2000, he began a two-year secondment to Lehman Brothers International as Senior Political Analyst. His primary role there was to inject political and policy thinking into economic analysis, the better to inform market-related decisions. As such, he co-authored two major studies – *Labour's Second Term: The Euro and Other Challenges* (12 June 2001) and *China: Gigantic Possibilities, Present Realities* (21 January 2002) – and had published over 50 investment-related articles.

Returning to the public sector, he took up his appointment in New York as Director Investment, UKTI USA and Deputy Consul General in July 2002. In that capacity, he joined the North American corporate advisory board of the Economist Intelligence Unit Viewswire executive briefing service in September 2002.

May 2005



The Truth about the UK Video Gaming Industry

- The UK is world's third-largest market for video games
- EA, Activision, THQ, Sega, Atari, Microsoft XBOX, Sony Computer Entertainment, and Nintendo all have significant operations in the U.K.
- 33 per cent of all Play Station 2 games bought in Europe were developed in the UK
- More than 22,000 people work in the UK video gaming industry – 6,000 in the development sector alone
- The UK boasts more than 120 independent development studios
- UK developers are recognized as some of the most creative in the world
- "Grand Theft Auto", "Fable" and "Doom 3" were all developed in the UK
- More than US\$600 million was invested in the UK video games development sector in 2004
- The UK PC and video game software market grew 12 per cent in 2004 to US\$2.5 billion
- 40 per cent of adults with broadband Internet connections at home play video games
- More than 25 million gaming consoles have been sold in the UK from 1995 to 2003 – enough for every household to own one
- More than 80 per cent of the UK population own cell phones and analysts forecast the mobile gaming market will be worth more than US\$400 million by next year
- 20 UK universities offer computer gaming undergraduate and graduate degrees
- Through Skillset, the Skills Council for the Audio-Visual Industry, the UK government actively supports education and training programs for gaming industry employees
- Electronic Art's FIFA Soccer 2004 sold more than 600,000 units
- The UK has strict anti-piracy laws
- Sales of software and hardware generated over \$4.1 billion US in 2004
- The network games market has grown seven times faster than the traditional, retail based, games market



The UK's Interactive Entertainment Industry

The UK's interactive entertainment and leisure software industry is renowned for its world-leading technological innovation and creativity of design. UK developers have excelled in producing groundbreaking computer games, such as Grand Theft Auto, Tomb Raider and Fable, distinguishable by their originality, wit and market appeal.

The UK is Europe's largest market for interactive entertainment and leisure software (accounting for \$2.53 billion in 2004) and third, globally, behind the US and Japan. The UK market accounts for 30% of global sales. The UK's console market was worth \$641 million in 2004, larger than the markets for France and Germany combined.

The UK's competitive business environment and, in particular, the large and growing pool of rich development talent, has encouraged many global interactive entertainment companies to choose the UK as a base for their European operations. These include EA, Activision, THQ, Sony Computer Entertainment, Sega and Microsoft XBOX.

The UK also boasts the highest number of independent development studios in Europe (120). These studios generated exports worth \$933 million in 2003.

SKILLS

Skillset, the Sector Skills Council for the Audio-Visual Industries, is a Government initiative that puts employer's needs at the heart of skills provision. **Skillset** is working with a range of employers, including large multinationals such as EA, Activision and Eidos and small and medium size companies, such as Blitz games and Kuju, to shape the provision of education and training and ensure the optimum skills base for the interactive entertainment sector.

Skillset commissioned research found more than 20 UK universities were offering 59 graduate degree and 40 post-graduate degree courses relating to computer games development. **Skillset** is working to establish an accreditation benchmark to assure that students participating in an accredited course meet the highest industry standards.

For additional information about UKTI and about its resources and services, please visit UKTI's website at <http://www.uktradeinvestusa.com> or contact:

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UK Trade & Investment
(310) 996-3021
david.slater@fco.gov.uk

Eileen Morcos
Hill & Knowlton
(310) 633-9435
Eileen.morcos@hillandknowlton.com

UK Trade & Investment is the UK Government organisation that both supports companies in the UK doing business internationally and overseas enterprises seeking to establish or expand their business in the UK.

Contacts:

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(310) 996-3024
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(310) 633-9435
Eileen.Morcos@hillandknowlton.com

May 18, 2004

For immediate release

UK Engages Video Game Business at E3

UK Trade & Investment releases MPEG to showcase nation's attributes and commitment to growing the video gaming industry

LOS ANGELES – With the world's third-largest video game market and Europe's highest concentration of independent development studios, officials from UK Trade & Investment, the UK Government's business development agency, will be at E3 to explain why the UK is the European partner of choice for the US and international video games industry.

All the major international players – EA, Activision, THQ, Sega, Atari, Microsoft Xbox, Sony Computer Entertainment, Codemasters and Nintendo – have significant operations in the UK. Electronic Arts chose the UK to locate its European Headquarters and then acquired a major development studio.

"The leading video game companies have found that the United Kingdom offers terrific business opportunities, in particular through collaboration with some of the world's most innovative and creative games developers and publishers," said David Slater, Her Majesty's Consul and UK Trade & Investment's Director for the West Coast. "More than 22,000 people work in the UK gaming industry – 6,000 in the development sector alone."

In addition to helping overseas companies develop their business in the UK, the UK Government is working in close partnership with the industry to ensure that the UK remains a competitive environment for developing games.

"A highlight is our co-operation on Skillset, the Sector Skills Council for the Audio-Visual Industries. Skillset is proactively tackling the skills needs of the games sector, working with employers – including big name publishers like EA, Activision and Eidos and SME's like Blitz Games and Kuju – to shape the future provision of education and training for the sector," Slater said. "Skillset is also working towards a new games industry accreditation programme for UK higher education to ensure that graduates emerge with the optimum mix of skills required by employers. We believe that this initiative is unique, not only in Europe, but elsewhere."

U. K. Government Engages Video Game Business at E3
Page 2 of 3

The UK influence on this burgeoning market is continually growing. Eidos' "Tomb Raider" series has sold more than 28 million units and its star Lara Croft has spawned two films. Among the other best-selling games conceived and developed in the United Kingdom were: Rockstar Games' "Grand Theft Auto," EA's "Harry Potter" series and Team Soho's "The Getaway." Other innovative games and products of note include Lionhead Studios & Big Blue Box's "Fable" and Sony's "Eye Toy," a USB digital camera that makes the player the star of the game by tracking the player's body movements and integrating them into the action onscreen.

To underscore the United Kingdom's commitment to the video games industry, UK Trade & Investment, the Department of Trade & Investment and the British Council are, for the third consecutive year, sponsoring the UK State of Play Pavilion and the British Gaming Village at E3 to showcase some of the nation's hottest developers and publishers. The exhibition platforms are also sponsored by the Entertainment & Leisure Software Publishers Association (ELSPA), the trade group for publishers, and The Independent Games Association (TIGA), the trade group for the nation's developers. More than 30 UK-based developers and publishers are exhibiting at E3 this year. UK State of Play is in the West Hall at the Los Angeles Convention Center and the British Gaming Village can be found in Kentia Hall.

UK Trade & Investment also this week released an MPEG, which can be found at www.uktradeinvestusa.com/e3, to inform the video gaming industry and media that cover it about the benefits of expanding in the United Kingdom. The humorous video, produced by The Cannery in Hollywood, features a modern-day town crier at a busy urban intersection announcing some of the best features the UK has to offer video game companies.

"We wanted an edgy and industry-targeted device to get the attention of the video gaming industry. Our goal is to inform company decision makers about the unique opportunities that exist in the UK," Slater said. "The MPEG highlights that the UK has the talent pool, the market and infrastructure for US companies to tap into should they decide to develop their business in the UK."

The video games market has seen huge growth over the last 15 years as advances in technology have led to the introduction of affordable, mass-produced games consoles. In that time, the United Kingdom has become the world's third-largest market for video games – behind the United States and Japan – and the largest in Europe, ahead of France and Germany. Sales of software and hardware generated over US \$4.1 billion in 2004 and more than 25 million gaming consoles were sold in the United Kingdom between 1995 and 2003 – enough for every household to own one.

"Ultimately, we want US companies to take full advantage of the opportunities in the UK and maximize their profits," Slater said. "UK Trade & Investment serves as a collaborative partner in the business development process and provides access to all resources that international businesses need to enter the UK and European market. Equally important, we want to introduce UK companies to the US market and assist them to invest, maximize profits and create wealth in the US. It is very much a win-win relationship."

About U.K. Trade & Investment

UK Trade & Investment is the Government organization that both supports companies in the UK doing business internationally and overseas enterprises seeking to locate in the UK. The integrated services offered by UK Trade & Investment bring together a network of business sector specialists and support teams in British embassies and Foreign and Commonwealth Office (FCO) posts overseas, as well as key experts in government departments across the UK.

As a government agency, UK Trade & Investment is uniquely positioned to offer expanding companies access to a growing network of global business advisors and market entry intelligence and guidance on operational issues. With its government connections, in-depth knowledge of UK regional business, ties to leading institutions, science and technology resources, as well as its global network, UK Trade & Investment is a unique strategic resource for companies that want to operate in the number one business location in Europe. For more information visit: <http://www.uktradeinvestusa.com>.

#

UK E3 2005 Exhibitor List

Babel Media is the leading outsourcing company in the games industry. Recent PC and Console titles include "Football Manager 2005", "Sid Meier's Pirates", and "Conflict Vietnam".

Blaze Games is a UK-based software developer and publisher working on all current and next generation video games-console platforms. The company recently acquired the publishing rights to a number of licences including "Popstars" and "I'm A Celebrity – Get Me Out of Here".

Blitz Games is one of the UK's top five independent game developers. Blitz's client list includes THQ, Atari, Disney, Universal, Microsoft, and Sony among others.

Blue Sequoia Technologies is the technology provider behind Game2XS.com, a leading European online gaming service.

Blue Sphere is a leading developer of Java games for mobile phones. The company's current portfolio consists of 50 titles, 16 languages, supporting over 150 handsets.

Brand Protect LLP is one of the world's best-respected intellectual property protection firms.

Deep Red Games has published seven successful titles in its specialist genre of God/Sim games.

Digital Design Studio is the developer of 3motion, a research and commercial centre specialising in 3D visualisation and interaction technologies.

Digital Jesters is a new Britsoft Games Publisher with a fresh attitude. Current titles include "Freedom Force Vs the third Reich", "TrackMania Sunrise", and "Beyond Divinity".

Dynamo Games is a specialist mobile games developer dedicated to bringing the best quality games to the mobile platform.

Eutechnyx is the award-winning specialist driving game developer and one of the largest technology companies in NE England. The company's titles include "Big Mutho Trucker", "SRS Street Racing Syndicate", and "007 Racing".

Fire International is a sister company of Blaze Games. The company recently acquired a range of budget arcade games compatible with PS2, Xbox and DVD players.

FluffyLogic offers efficient, competitive and professional solutions and service, including: consultancy, project management, IT support, E-Commerce and digital media.

Gameware Development Ltd is a market-leading software development studio, established in May 2003 and based in Cambridge, England. The company has built a technology and patent portfolio – primarily the InfiniteScene suite of 3D PC/mobile technologies and a stable of interactive entertainment properties including the *Creatures* and *James Bond* franchises.

Greenstreet Software Limited is a new company formed from the restructure of GST Technology and eGames Europe. The company develops a whole range of graphic productivity software including Draw, Photo FX2 and the “Maker” range of print products.

Global Software Publishing (GSP) is one of the UK’s leading publishers of software for the home and family. As well as its own products, the company publishes titles on behalf of leading brands and characters such as Dorling Kindersley, Letts, and BBC Multimedia.

Just Flight is the leading publisher of flight and train simulation (published under the Just Trains label) products in the world today. The company’s titles include “Trainz Railway Simulator”, “Airline Simulator 2”, and “A340 Professional”.

Macrospace is the acclaimed European studio of mobile entertainment publisher Sorrent, Inc. The Macrospace studio has developed over 40 hit mobile games – titles like “Alpha Wing”, “Fatal Force” and “Who Wants to be a Millionaire?”

Mastertronic is the market leader in value software publishing in the UK, according to Chart Track. Award-winning titles from leading publishers include the “Conflict Desert Storm” series, the “Command and Conquer” series, and “The Thing”.

Meercat Interactive is a development team of dedicated, experienced computer game design, art, sound and programming professionals. The company offers efficient, competitive and professional solutions for game development needs.

Mind Candy is Europe’s foremost developer of Alternate Reality Games (ARGs). The company uses a wide variety of media to create its games, including mysterious websites, cryptic billboards, and mobile phones.

MiniWORLDGAMES is an independent games developer who specialises in innovation, original content and superior graphics for the mobile phone industry, media companies and online clients. Projects include “Dirty Sanchez” for MTV, “Fotris” for the British Heart Foundation, and games for UK newspaper *The Mirror*.

Oxygen Interactive Software is an aggressive young publisher with established distribution across Europe and beyond, actively seeking international partnerships and continuing to gain market share in Europe.

Pit Stop Productions Ltd is a music audio production company located in Yorkshire, running three studios and employing a team of highly talented musicians and sound engineers.

PuzzleKings LLP is a UK-based company dedicated to producing video mind games for the mass market that can scale from portable gaming platforms through to next generation games consoles.

Real Time Worlds is a software technology company specialising in the entertainment sector. The company's talented team has a history of creating some of the world's best selling video games, including the global hit franchises "Lemmings" and "Grand Theft Auto".

Rebellion is a UK-based computer games developer. The company has developed such games as the double BAFTA-nominated "Aliens vs. Predator" for 20th Century Fox on the PC. Other releases include: "Delta Force: Urban Warfare", "Rainbow Six: Lone Wolf", and the alternate reality FPS game "World War Zero".

Saitek is a major brand in gaming peripherals for the PC. All of the company's products are designed by gamers for gamers, to help them get the best out of their favourite PC games.

SCi Games is one of Europe's leading games publishers. Titles include: "Carmageddon", "The Italian Job", and "The Great Escape" among others.

Sumo Digital is an independent games developer located in Sheffield, England. Recent titles completed include Xbox "Outrun2" and the PSP version of "TOCA Pro Race Driver".

ZOO Digital Publishing is the games publishing division of ZOO Digital Group plc. The company focuses on the publishing and distribution of interactive DVD content.

Altrec.com

U.S.-based specialty online retailer Altrec.com, founded in 1998 offers high-performance gear and clothing brands for camping, hiking, backpacking, cycling, climbing, paddling, snow sports, running, and adventure travel.

Altrec.com is a niche player in selling high-end, high-performance sporting gear and clothing. The company differentiates itself from the competition by making the buying experience as risk-free as possible with outstanding and responsive customer service. Altrec's focus on the buying experience enabled the company to expand rapidly both domestically and internationally.

Located in Kirkland, Washington, Altrec.com sells in 40 countries internationally. Approximately 10 percent of the company's revenue is international – derived primarily from Canada and the UK.

The Challenge

As Altrec's customer base in Europe grew, the company identified a challenge in providing accurate pricing for its products shipped overseas. The company wanted to quote an all-inclusive cost of the product from the warehouse to the consumer's doorstep, as duties, taxes, and freight differed by country of destination and product. However, the primary way to do that was to either partner with a UK company or establish a base of operations in Europe.

"Once you've established a foothold in the UK, you have a jumping off point to Europe."

Tim Shannon, Director of Operations, Altrec.com

"There were two ways we could have initiated this project. One was to hire an international consultant and pay him US\$65,000 to US\$75,000. The other was to work with UKTI and their infrastructure of development agencies and governmental support. By utilizing UKTI's complimentary services, I figure we are somewhere between US\$75,000 and US\$100,000 better off by not hiring a consultant."

Tim Shannon, Director of Operations, Altrec.com

As a small privately held company, Altrec did not have the resources to hire an independent consultant to help it navigate through the process of opening a base of operations in Europe and finding and developing relationships with European partners. The Seattle office of UK Trade & Investment (UKTI) helped Altrec find trade partners and investment opportunities in the UK.

The Opportunity

Altrec considered a number of European countries to land inventory. It chose the UK because of its similarities to the US market,

including the UK's advanced infrastructure; deregulatory market; highly skilled, flexible and cost-competitive labor force; and attractive location as a gateway to mainland Europe.

UK Trade & Investment is the government organization that supports companies both in the UK trading internationally, and overseas enterprises seeking to locate in the UK. The Agency's role is to help companies realize their international business potential through knowledge transfer and partner search support.

After Altrec made the decision to expand into Europe, the UK Trade & Investment office in Seattle provided introductions with the UK's various regional development agencies (RDAs). These meetings with the RDAs offered Altrec an opportunity to assess each region, and its high-level demographics, including income distribution and employment market.

Altrec's Director of Operations, Tim Shannon, was invited to attend UKTI's Technology World 2005 partnering event. Technology World 2005 hosts hundreds of leading edge technology companies that are looking to form new business relationships with international partners.

In order to succeed with its business expansion and locate its European operations in the UK, Altrec knew it needed to collaborate with UK systems integrators, specialized software development companies, online marketing affiliates, and transportation partners to make the move to the UK as efficient as possible.

UKTI's Technology World 2005 event introduced Altrec to its first UK partnership with Commission Junction UK, a company that manages online affiliate marketing programs and relationships.

Altrec is currently working with Commission Junction UK to develop xml data feeds for images, product, pricing, and attributes. The company initially anticipates having 10 to 20 UK-based employees upon the opening of its UK offices.



*Experience the flare, grace, quality and value
of contemporary Thai products and services at*

THAILAND EXHIBITION 2005

This comprehensive showcase of Thailand's finest in fashion, jewelry, home décor, electronics, spa services and more will feature manufactures looking to develop and expand trade partnerships. Enjoy fashion shows and culinary demonstrations while you see the latest in Thai buys.

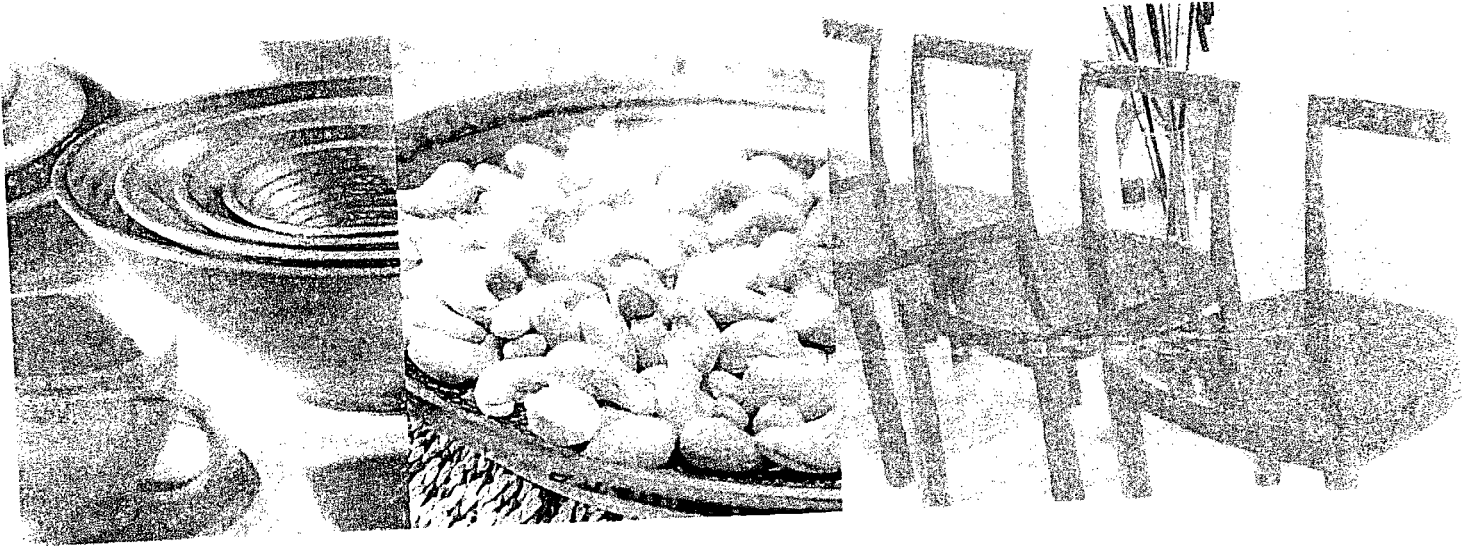
JUNE 16 - 19

1201 South Figueroa Street
Los Angeles, CA 90015

RSVP
www.thailand2005.com
877.241.3562

EXHIBITORS

Accessories	Power Beauty
Art/Fabrics	Home Decor
Automotive	Home/Specialty
Cosmetics/Spa	Jewelry
Communications	Lingerie
Construction	Pharmaceutical
Electronics	Shoes
Food/Beverage	Stationery
Furniture	Textiles
Gifts/Souvenirs	Toys
Glassware	Travel/Traveling
	Travel/Recreatory

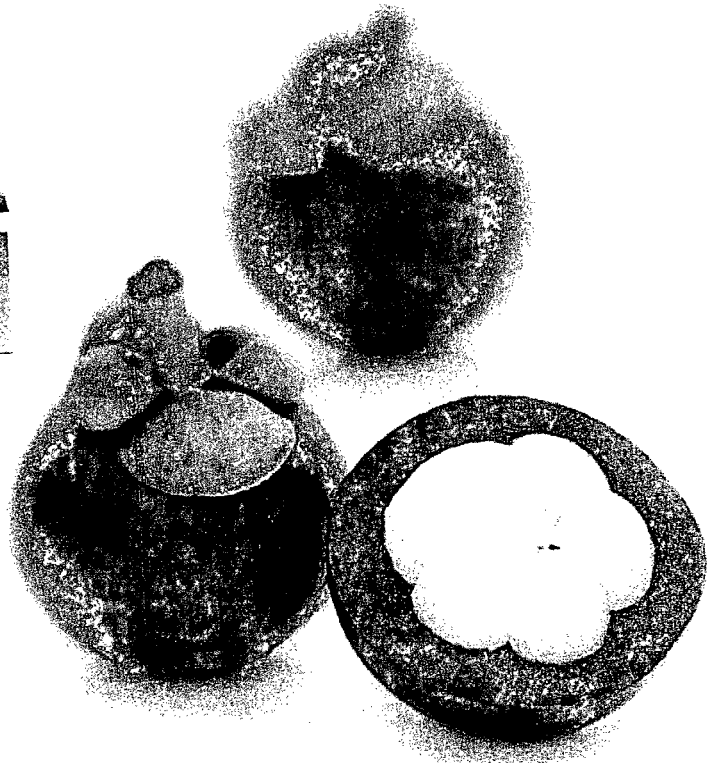



BUY FLY VISIT

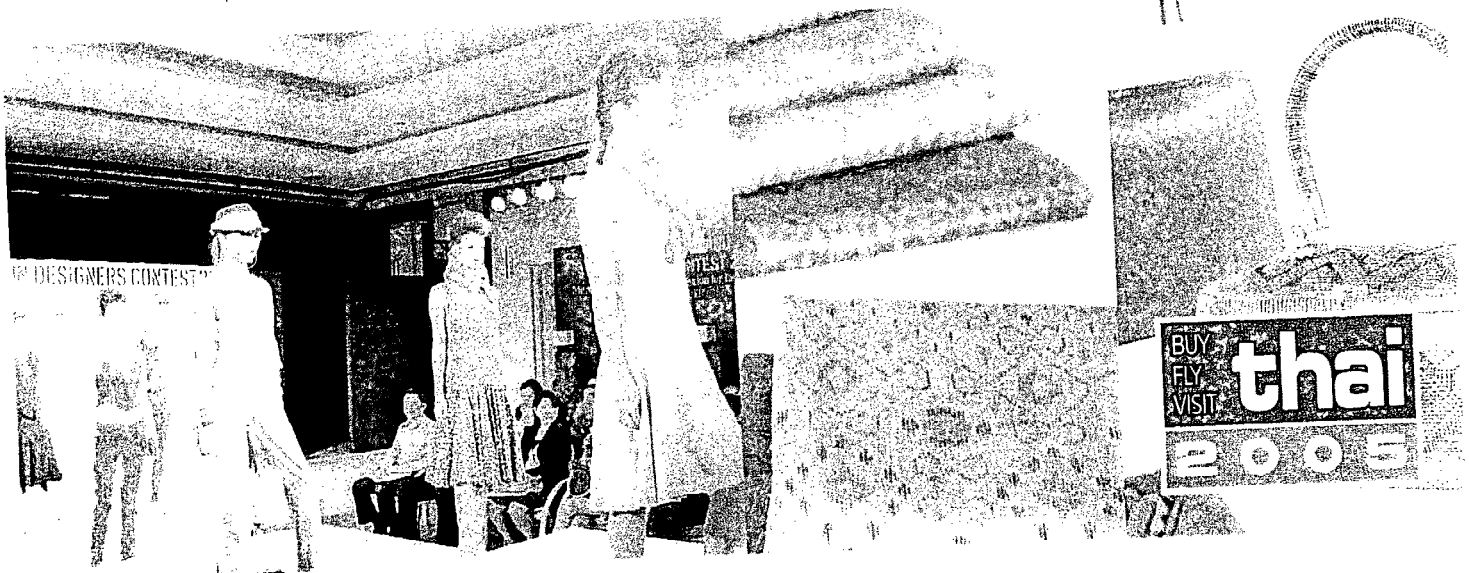
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Thailand Exhibition 2005
Los Angeles Convention Center
June 16 - 19, 9 a.m. - 5 p.m.

www.thailand2005.com
info@thailand2005.com



DEP  Sponsored by the Department of Export Promotion



May 13, 2005

The Honorable
Jan Perry
Los Angeles City Council
200 N. Spring St., Room 420
Los Angeles, CA 90012

Dear Councilwoman Perry:

This June 16 - 19, Los Angeles will host the first ever all-Thai trade show – **Thailand Exposition 2005** – to showcase our country's finest in fashion, jewelry, home décor, craftware, electronics, spa services and more.

We request the honor of your presence as a featured guest at the Opening Ceremony of the four-day exposition at the Los Angeles Convention Center. The event will take place Thursday, June 16 at 9 a.m. in the Convention Center's South Hall, 1201 S. Figueroa St., Los Angeles, CA 90015.

The ceremony will include welcoming remarks from Thai Deputy Minister of Commerce H.E. Mr. Suriya Lapvisutisin, a classical Thai dance performance and welcoming remarks from city officials.

We would also like to request a welcome letter to the attendees who are traveling to Los Angeles, recognizing the deep roots between Los Angeles and the nation of Thailand and contributions to the local economy by Thais, including fashion designer Coco Kliks and chef Tommy Tang.

We look forward to having you join us on June 16 to open Thailand Exposition 2005, and we thank you for opening the doors to your city for our event. To confirm your attendance and if you should you have any questions please contact Eric Moses (310) 633-9436.

Sincerely,

Songseen Susevi
Director
Thai Trade Center, Los Angeles

May 13, 2005

The Honorable
James K. Hahn
Mayor of Los Angeles
200 N. Spring St., Room 303
Los Angeles, CA 90012

Dear Mayor Hahn:

This June 16 - 19, Los Angeles will host the first ever all-Thai trade show – **Thailand Exposition 2005** – to showcase our country’s finest in fashion, jewelry, home décor, craftware, electronics, spa services and more.

We request the honor of your presence as a featured guest at the Opening Ceremony of the four-day exposition at the Los Angeles Convention Center. The event will take place Thursday, June 16 at 9 a.m. in the Convention Center’s South Hall, 1201 S. Figueroa St., Los Angeles, CA 90015.

The ceremony will include welcoming remarks from Thai Deputy Minister of Finance H.E. Mr. Suriya Lapvisutisin, a classical Thai dance performance and welcoming remarks from city officials. During the ceremony we would be honored for you to present the Deputy Minister of Commerce with an official city proclamation and present a proclamation honoring the Thai Trade Center, which is located in Larchmont Village, for Thailand Exposition 2005.

We would also like to request a welcome letter to the attendees who are traveling to Los Angeles, recognizing the deep roots between Los Angeles and the nation of Thailand and contributions to the local economy by Thais, including fashion designer Coco Kliks and chef Tommy Tang.

We look forward to having you join us on June 16 to open Thailand Exposition 2005, and we thank you for opening the doors to your city for our event. To confirm your attendance and if you should you have any questions please contact Eric Moses at (310) 633-9436.

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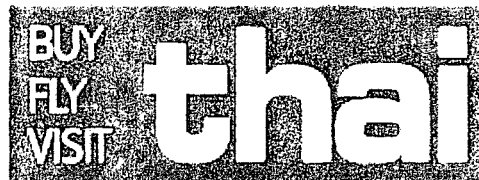
Songseen Susevi
Director
Thai Trade Center, Los Angeles

Cc: Scott Suh, Mayor’s Office of International Trade

ATTN: CALENDAR & EVENTS EDITOR

MEDIA CONTACT

Anna Finch
(310) 633-9421
anna.finch@hillandknowlton.com



MEDIA ADVISORY

Southern California Residents to Experience Finest in Contemporary Thai Culture

Workshops, Demonstrations, Performances, Products and Services Showcased at First Los Angeles-based Thai Exhibition

EVENT DETAILS:

Los Angeles will play host to its first ever all-Thai trade show this summer. **Thailand Exhibition 2005** will showcase the country's finest in fashion, jewelry, home décor, craftware, electronics, spa services and more. Consumers, buyers and wholesalers will have the opportunity to explore and purchase one-of-a-kind merchandise not easily found in Southern California.

In addition to product and service sales, the exhibition will feature seminars and demonstrations, including a **business alliance workshop** on building relationships between Southland and Thai companies, **culinary demonstrations** from some of Los Angeles' top Thai chefs, **cultural performances** from Thai music and dance groups, **craft-making demonstrations** from some of Thailand's finest artisans, and a **fashion show** featuring the work of leading Thai designer Coco Kliks.

WHEN: **Thursday, June 16 – Sunday, June 19**
9 a.m. – 5 p.m. daily

LOCATION: Los Angeles Convention Center, South Hall
1201 South Figueroa Street
Los Angeles, CA 90015

CONSUMER INFORMATION: More information about the exhibition and events can be found online at www.thailand2005.com or by calling (877) 241-3562. Admission is free.

EXHIBITORS: Southern California consumers will experience a plethora of products and services from exhibiting industries including:

Apparel	Footwear	Leather
Arts/Crafts	Furniture	Silk
Automotive	Gifts/Souvenirs	Stationery
Clocks/Watches	Glassware	Textiles
Computers	Health/Beauty	Toys
Construction	Home Decor	Trade/Investment
Electronics	Hotel/Restaurant	Travel/Recreation
Food/Beverage	Jewelry	



DEPARTMENT OF EXPORT PROMOTION BACKGROUND

Thailand's exports grew by 16.75 percent to US\$87.91 billion in 2004 due, in large part, to the work of the country's Department of Export Promotion (DEP). Charged with generating income from exports and fostering continuous economic growth, the DEP has set a target of achieving exports valued at more than US\$100 billion by the year 2006.

As part of its strategy to meet that target, the DEP has established a Special Task Force (STF) to boost efficiency in penetrating new markets, especially in countries with which Thailand has signed free trade agreements, such as China, India, the Middle East, Latin America and Australia.

Generally, the DEP works to improve the competitive capabilities for exporters of Thai goods and services in the global market. The mission of the DEP is to build consumer and buyer confidence in the standards and quality of Thai products.

By educating manufacturers about the export process and providing advice on overcoming export barriers, the DEP helps local manufacturers take their products and services abroad. The DEP teaches local Thai manufacturers about the importance of quality, design and packaging and helps them to develop products and identify markets.

The DEP connects local producers with overseas buyers and foreign importers through five regional centers. Additionally, the DEP manages 53 overseas foreign trade promotion offices located in commercial centers around the globe, including an office here in Los Angeles. The overseas offices track global trade trends and forecasts, conduct market research into products and services with export potential and identify segments and opportunities in new markets.

Overseas offices also serve as organizers of export promotion activities to boost awareness and acceptance of Thai products and services through contacts with business people and organizations involved in international trade.

Activities include: trade exhibitions; importer trade missions to attend DEP-sponsored trade exhibitions in Thailand; product promotions in cooperation with department stores, supermarkets, and importers; special activities intended to penetrate and expand markets opened up by new trade agreements; assisting with joint ventures; and establishing export platforms for accessing neighboring markets.



THAILAND'S RURAL ECONOMIC DEVELOPMENT: OTOP AND THE ROYAL PROJECT FACT SHEET

In the last few years, Thailand's economy has harnessed rural resources to diversify and boost economic activity. Government sponsored programs such as OTOP and the Royal Project are at the heart of the Thai government's mission to eradicate poverty and narcotic drug production, promote a culture of self-sufficiency, protect the environment and natural resources, and preserve time-honored traditions and crafts. These programs support local artisans and small farms by helping to shoulder the burden of production costs and providing producers with access to the marketplace outside of their villages.

OTOP

Background Modeled after the Japanese "One Village One Product" program, OTOP, meaning "One Tambon One Product," was launched in Thailand in 2001 in an effort to promote local industry through the manufacturing of attractive specialty products found in Thai tambons, or villages. The project has strong government support on several levels, including identification of potential products, advice on production, quality control, packaging and design, and exposure to foreign markets through local and international exhibitions and trade shows.

Quick Facts	Campaign launch:	2001
	OTOP exports (2004):	\$900 million
	OTOP exports (2005 estimate):	\$1 billion
	Products:	16,808
	Participating tambons:	More than 7,000
	At Thailand Exhibition 2005:	50 OTOP producers

THE ROYAL PROJECT

Background The slash-and-burn technique of clearing virgin forests used by the migratory tribal people living in Thailand's mountainous North and the traditional cultivation of opium poppies in the region led the Thai government to institute the Royal Project in 1969. What began as a small effort to protect the environment and involve the northern hill tribes in the national economy has developed into a massive program of rural revitalization. In addition to revenue generated by alternative crops, generally yielding superior incomes to opium, the program has provided funding for the building of schools and other infrastructure and has created a secondary industry of eco-tourism that brings visitors to the thriving rural centers.

Quick Facts	Campaign launch:	1969
	Annual operating budget:	More than \$1.7 million
	Crops:	Around 300
	Opium output:	Less than 5 percent of the global supply; Down 87 percent since the program's inception
	Operating area:	444 villages in 5 northern provinces
	People working:	More than 100,000, supporting around 30,000 families



MEDIA ADVISORY

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LOS ANGELES CITY COUNCIL ANNOUNCES THAI BUSINESS WEEK

ANNOUNCEMENT CELEBRATES INTERCONTINENTAL TRADE AND CUTTING-EDGE THAI PRODUCTS TO BE SHOWCASED AT UPCOMING EXHIBITION

WHAT: Los Angeles City Councilman Tom LaBonge and the Los Angeles City Council will celebrate Thailand's many contributions to Southern California with an official proclamation announcing **June 16 – 19 Thai Business Week in Los Angeles.**

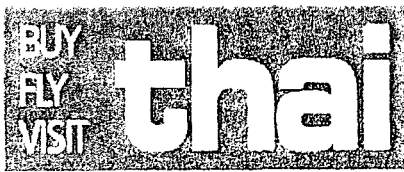
The proclamation comes as a preview to the upcoming Thailand Exhibition 2005 – Los Angeles' first all-Thai investment and tourism trade show. The all-encompassing exhibition will showcase the long-established grace of Thai craftsmanship and some of the newest cutting-edge Thai products and lifestyle offerings, including traditional ceramics, wood carvings, couture fashion designs and integrated computer circuits. The exhibition will be held at the Los Angeles Convention Center, June 16 – 19.

WHO: Los Angeles City **Councilman Tom LaBonge**
Los Angeles City Council
Royal Thai Consul General Isinthorn Sorrvai
Royal Thai Embassy Minister-Counselor Prakarn Virakul
Los Angeles Thai Trade Center Director Songseen Susevi

WHEN: **Friday, June 10**
10:00 a.m. City Council Vote and Proclamation Presentation

WHERE: **Los Angeles City Hall**
City Council Chamber
200 North Spring Street
Los Angeles, CA 90012

NOTE: For more information about Thailand Exhibition 2005 and a complete event schedule, visit www.thailand2005.com.



THAILAND EXHIBITION 2005 FACT SHEET

Event Overview Los Angeles will host the first ever all-Thai trade show – Thailand Exhibition 2005 – to showcase the finest in Thai fashion, jewelry, home décor, craftware, electronics, spa services and more from June 16 – 19.

The event will recognize the deep roots that exist between Los Angeles and the nation of Thailand and contributions to the local economy by local Thais. Event exhibitors and buyers alike will have opportunities to expand and forge new trade relationships, and consumers will have a chance to experience first-hand the wonder of Thai culture and products.

Date and Time June 16 – 19, 2005
9 a.m. to 5 p.m. daily

Location Los Angeles Convention Center, South Hall
1201 South Figueroa Street
Los Angeles, CA 90015

Total Exhibitors 213

Thai Exhibitors	180
Intertrader Exhibitors	26
Non-profit Organizations	7

Industries Represented 21

Apparel	Food/Beverage	Health/Beauty	Medical
Arts/Crafts	Footwear	Home Décor	Service Trade
Automotive	Furniture	Hotel/Restaurant	Silk
Construction	Gifts/Souvenirs	Jewelry	Stationery
Electronics	Glassware	Leather	Textiles
			Toys

Exhibit Space Over 150,000 square feet

Demonstrations and Seminars	Business and trade seminar	Culinary art
	Ceramic painting	Cultural dancing
	Classic Thai music	Fashion show
	Clay molding	Flower weaving
	Contemporary Thai music	Fruit carving
	Copyright and patent seminar	Papyrus making

Sponsors and Supporters Sponsored by the Government of Thailand's Department of Export Promotion with support from the City of Los Angeles



MEDIA ADVISORY

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amy.juaristi@hillandknowlton.com

LOS ANGELES AND THAI LEADERS JOIN TO CELEBRATE INTERCONTINENTAL TRADE, CUTTING-EDGE THAI PRODUCTS

*EXHIBITION AIMS TO BOOST THAI TRADE, ECONOMY
AFTER 2004 HEALTH EPIDEMIC, NATURAL DISASTER*

WHAT: The **opening celebration** for **Thailand Exhibition 2005** promises fanfare with a Thai flare. Classic and contemporary Thai music, Thai dignitaries and Los Angeles city officials will celebrate the products and services that Thailand offers the global community. A couture fashion show featuring local Thai designer Coco Kliks will follow the ceremony.

Los Angeles' first all-Thai consumer and wholesale trade show – Thailand Exhibition 2005 – brings to Southland consumers and buyers unique offerings not easily found in the area. The all-encompassing exhibition will showcase the long-established grace of Thai craftsmanship and some of the newest cutting-edge Thai products and lifestyle offerings, including traditional ceramics, wood carvings, couture fashion designs and integrated computer circuits.

WHO: Los Angeles City **Councilwoman Jan Perry**
Department of Export Promotion Director-General Chantra Purnariksha
Thai Trade Representative Pravich Rattanap
Fashion Designer Coco Kliks

WHEN: **Thursday, June 16**
8:30 a.m. Welcome Reception and Media Check In
9:00 a.m. Press Conference and Ribbon Cutting
10:00 a.m. Fashion Show by Coco Kliks

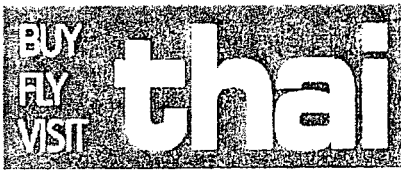
WHERE: **Los Angeles Convention Center, South Hall**
1201 South Figueroa Street
Los Angeles, CA 90015

VISUALS:

- Presentation of City of Los Angeles proclamation by Councilwoman Jan Perry
- **Ribbon-cutting** by Los Angeles city officials and Thai dignitaries
- Performance of classic and contemporary **Thai music**
- **Fashion show** with designer Coco Kliks

NOTE: For more information about the exhibition and a complete event schedule, visit www.thailand2005.com.

CONSUMER CONTACT: Toll-free: (877) 241-3562
info@thailand2005.com



FOR IMMEDIATE RELEASE

Media Contact: Amy Juaristi
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(323) 810-2504 (cell)
amy.juaristi@hillandknowlton.com

FIRST LOS ANGELES ALL-THAI TRADE SHOW BLENDS OLD WORLD WITH CUTTING-EDGE

Event Showcase Spans Couture Fashion to Craftware, Electronics to Home Décor

LOS ANGELES, May 15 – Southland consumers, wholesalers and retailers will get their first look at an all-Thai consumer and wholesale trade show June 16 – 19 at the Los Angeles Convention Center. Thailand Exhibition 2005 will give visitors the opportunity to experience the diversity that is Thailand – from traditional to trendy and handicrafts to high tech. The collection will include the finest in Thai fashion, jewelry, home décor, craftware, electronics, spa services and more and information on Thai tourism, healthcare and investment.

Thailand's fast-growing reputation as a regional center for high quality, competitively-priced goods and services has set it apart in the global trade arena. It's ability to incorporate the long-established grace of Thai craftsmanship with contemporary perspective positions Thailand to further make a name for itself in the global community. "What better place than Los Angeles – a city known for bringing the world the latest trends and embracing the new and unexpected – to reveal the best that Thailand has to offer? We are excited to unveil our latest products and services in this exciting city," said Thailand Deputy Minister of Commerce Suriya Lapvisutisin.

While the exhibition aims to expand and create new business opportunities for U.S.- and Thai-based companies alike, it will also showcase the contributions that Thais have made already to the local economy, including couture fashion from Los Angeles designer Coco Kliks and famed fusion dishes from chef Tommy Tang, among others.

"Los Angeles and Thailand are deeply connected economically and culturally, and that is why I am proud that our city – home to the first Thai Town in the United States – is hosting Thailand Exhibition 2005," said Mayor James Hahn. "We know that Thailand is still coming back from the devastation caused by last December's tsunami and I am hopeful this exhibition will provide opportunities for Thai companies to work with Los Angeles firms on successful business deals."

"Thai Exhibition 2005 is an exciting opportunity that is certain to strengthen our relationships with both the international and local Thai communities. As a major metropolitan center, Los Angeles is an ideal location to host this great exchange of cultural and business ideas," said Councilwoman Jan Perry.

To help cultivate the cross-continent relationship, the City of Los Angeles is co-sponsoring a seminar during the exhibition to guide Southland and Thai companies in conducting business with one another. In addition, copyright and patent seminars will be offered to exhibitors by a local attorney.

Other demonstrations include papyrus-making and ceramic-painting from Thai artisans and a fashion show from Kliks and culinary demonstrations from Tang.

Located in the Convention Center's South Hall, the exhibition is open from 9 a.m. to 5 p.m. daily. Wholesalers and retailers may attend at any time; the general public is welcome on Saturday and Sunday, June 18 and 19. Admission to the event is free. For more information about the exhibition, visit www.thailand2005.com.

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UK City Ranked Among Top Global Intelligent Communities

Sunderland Selected as Model Digital Age Community For Fourth Consecutive Year

New York, May 31, 2005 – ICF, The Intelligent Community Forum, recently announced its selection of Sunderland, the United Kingdom, as one of the world's top seven intelligent communities of 2005.

The United Kingdom continues to demonstrate its leadership in this area, which recognizes the pioneering cities and regions of the digital age.

Following in the footsteps of Glasgow, the recipient of last year's top award, Sunderland is now in contention for recognition as the world's Intelligent Community of the Year.

Selected by ICF, a non-profit think-tank which researches the impact of connectivity and information technology on economic growth, Sunderland shares the spotlight with Issy-les-Moulineaux, France, Mitaka, Japan, Pirai, Brazil, Singapore, Tianjin, China, and Toronto, Canada.

Ranked as one of the globe's top seven intelligent communities for an unprecedented fourth consecutive year, Sunderland's selection was based on five critical factors. These factors are: Sunderland's broadband infrastructure, knowledge-based workforce, innovation-focused inward investment activities and the city's "digital democracy", and the community's change-friendly social and political culture. Regions, communities, and cities are evaluated on their documented strategies for utilizing broadband information and communications technology to drive competitiveness.

"Sunderland's drive, its innovation and its academic infrastructure make it an ideal location for ICT companies," said Michael Roberts, Senior Vice President of the North of England Inward Investment Agency. "The ICF ranking is a testimonial to what can be achieved when business and government work together."

"Sunderland's ranking as an Intelligent Community is a credit to the city itself and a reflection of the UK economy and business environment as a whole," said Alastair Newton, Director of UK Trade & Investment USA. "It is one of many reasons why the UK remains the number one destination for US technology companies looking to do business in the world's largest single market, the European Union."

A former shipbuilding and mining city in the north of England, Sunderland now boasts one of the world's most progressive knowledge-based economies. In 2004, a KPMG study ranked Sunderland as one of the top five most competitive business locations in the UK.

One of the seven cities will be selected as ICG's 2005 Intelligent Community of the Year during the June 13-14, ICF conference in New York.

About UK Trade & Investment

UK Trade & Investment is the British Government's international business development agency, supporting companies in the UK doing business internationally and overseas enterprises seeking to establish a market footprint in the UK. The integrated services offered by UK Trade & Investment bring together a network of business sector specialists and support teams in over 200 British embassies and Foreign and Commonwealth Office (FCO) posts overseas, as well as key experts in government departments across the UK.

As a government agency, UK Trade & Investment is uniquely positioned to offer expanding companies access to a growing network of global business advisors and bespoke market entry intelligence and guidance on operational issues. With its government connections, in-depth knowledge of UK regional business, ties to leading institutions, science and technology resources, as well as its global network, UK Trade & Investment is a unique strategic resource for companies that want to operate in the number one business location in Europe. For more information visit: www.uktradeinvestusa.com

About ICF

The Intelligent Community Forum (ICF) is a special interest group within the World Teleport Association that focuses on the uses of broadband technology for economic development by communities large and small in both the developed and developing world. Because real estate is a critical part of urban development, ICF also addresses the development of intelligent buildings, Internet hosting centers and similar facilities.

ICF conducts research, creates conference content, publishes newsletters and presents annual Awards for Intelligent Community and Intelligent Building developers. For more information visit: www.intelligentcommunity.org

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UK Wins Bio-IT World's 2005 Best Practices Award for Stem Cell Innovation
UK Global Model Recognized in "Knowledge Management and Collaboration"
Category

New York - June 29, 2005 - UK Trade & Investment, the British Government's international business development agency, accepted the *Bio-IT World's* 2005 Best Practices Award at last night's Bio-IT World Awards dinner in Washington DC. The UK received the award in the category of "Knowledge Management and Collaboration" for its global model of best practices in stem cell innovation.

"The future of the entire health sciences arena is essentially being dictated by the advances that are resulting from the model that the UK Government has established through its unambiguous, robust and ethical policy on stem cells", said Dr. Stefan Winkler, Vice Consul Science and Technology. "By setting the gold standard in stem cell policy, the UK Government has set the stage for technological stem cell innovation around the world and is fostering an environment where the future of global biomedicine can thrive."

Despite current debate over the use of stem cells and its consequent hindrance to progress, the UK Government has taken a clear stance and in the past year, implemented a progressive platform that includes dedicated resources, funding and collaboration among academic, government and commercial stakeholders. As a result, the Government has created a regulatory framework that fosters an environment of international collaboration and "best in class" research and development programs that are responsible for biomedical breakthroughs across the world today.

In May of 2004, the UK Government took a prominent global stance through the establishment of a \$4.7 million public stem cell bank. Adhering to the highest regulatory and technology standards, the bank provides a global access to ethically approved and quality controlled cell lines for use in the development of clinical applications and basic research.

"The UK Trade & Investment entry for the UK really stood out in the minds of the judging panel," explained *Bio-IT World* editor-in-chief Kevin Davies. "There is no doubt about the incredible potential of stem cell technology. This award recognizes the great strides being made in the UK to stimulate innovation in this field, and to facilitate global research through the stem cell bank. It may also serve as a wake-up call to other countries that are in danger of falling behind in this critical area."

The UK Trade & Investment's entry was peer-reviewed by a panel of expert judges and selected from among 33 lengthy submissions from organizations ranging from large pharmaceutical and biotechnology companies to academic institutions, detailing best practices in one of six categories.

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About Bio-IT World, Inc.

A business unit of IDG, Bio-IT World, Inc., publishes information across a variety of media to meet the needs of bio-IT, life science, healthcare, pharmaceutical and regulatory professionals. The company's award-winning publication, Bio-IT World, and accompanying website, www.bio-itworld.com, deliver the latest news, analysis and information on the application of technology products and services to enable the life sciences R&D value chain - spanning basic research, drug discovery and development, clinical trials, and regulatory compliance. The company's digital magazine, Health-IT World, and twice-weekly electronic publication, Health-IT World News, cover business, technology and product developments related to healthcare management systems and outcomes-based medicine. Established in September 2001, Bio-IT World, Inc. is headquartered in Framingham, Mass.

For additional information about UKTI and its resources and services, please visit UK Trade & Investment's website at <http://www.uktradeinvestusa.com> or for general queries, contact:

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26 September, 2005

Press release

PETROCHEMICALS INDUSTRY TRENDS AND CHALLENGES

At the European Petrochemical Association Annual Meeting (EPCA) in Vienna, Austria today, Saudi Basic Industries Corporation (SABIC) Vice Chairman and CEO, Mohamed Al-Mady, delivered the keynote address to representatives of the top global petrochemical producers, their major international service providers as well as their suppliers and customers. He stated that the petrochemical industry is undergoing major structural changes with particular respect to feedstocks, geography and demographics.

Evaluating current economic and demographic trends Mr. Al-Mady said, “We are witnessing a shifting of the center of economic, population, and petrochemical gravity eastward. This is an epic shift and deserves the attention of all planning exercises associated with meeting future global chemical demands”.

Mr. Al-Mady stressed the importance of growth in S.E Asia and the effect it has on the demand for crude oil. He referred to the delicate supply/demand balance and the significant influence geopolitical issues have over the global balance and stated that petrochemicals producers recognize the effect that feedstock costs and emerging markets have in determining the location of future plants, in order to satisfy global balances and demand.

Focusing on gas feedstock, Mr. Al-Mady stated, “Russian and Middle Eastern countries, in cooperation with international petroleum companies are expected to play an important role in the development of a global market for gas. This development will be driven not only by growing demand, but also by the desire of governments to monetize an increasingly valuable resource where it exists in excess of domestic demands.”

He added, “This opens the door for extended cooperation between petrochemical producers in the Middle East and Europe (...a good example of this cooperation was the acquisition by SABIC of DSM’s petrochemicals activities..) Middle Eastern countries, with their natural resource base can provide an excellent location for manufacturing assets of European petrochemical producers allowing them to reach the growing consumer markets of Asia, Africa and the Middle East.”

Mr. Al-Mady continued by stressing the importance of Saudi Arabia’s accession to membership in the World Trade Organization (WTO). He said, “We hope that the European community will provide support for Saudi Arabia's accession to WTO membership. WTO membership will strengthen trade between our regions providing significant benefits that accompany free and open trading to both Europe and Saudi Arabia.”

Referring to the future of the global petrochemical industry, Mr. Al-Mady was optimistic, saying “The favorable demographics which will exist in the coming years in China, India, Brazil and other industrializing countries will continue to increase demand for our petrochemical products.”

ENDS

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NOTES TO EDITORS:

Saudi Basic Industries Corporation (SABIC) is the largest company in the Middle East by market capitalization (at more than US\$ 100 billion), and the 10th largest petrochemicals manufacturer in the world. It is a market leader in the production of polyethylene, polypropylene, glycols, methanol, MTBE and fertilizers and the fourth largest polymers producer in the world.

SABIC's profit rose to a record SR 14.2 billion (US\$ 3.8 billion) in 2004, a 112% increase on 2003 and the company's highest profit since inception. Sales revenues for 2004 totaled SR 68.5 billion (US\$ 18.3 billion), an increase of 47% on revenues in 2003 making SABIC the largest and most profitable public company in the Middle East.

SABIC operates six interlinked strategic business units: Basic Chemicals, Intermediates, Polyolefins, PVC and Polyester, Fertilizers and Metals. The company has significant research resources and has dedicated Research and Technology centers in Riyadh, Geleen in the Netherlands, Houston USA and Vadodara in India. SABIC has more than 16,000 employees worldwide.

SABIC has two large production sites in Saudi Arabia – in Al-Jubail and in Yanbu – comprising 18 world-scale complexes. Some of these complexes are operated with multi-national joint venture partners such as Exxon Mobil, Shell, Fortum, Ecofuel/ENI and Mitsubishi Chemicals. SABIC's overall production capacity has increased from 35.4 million metric tons in 2001 to 42.9 million metric tons of production in 2004.

Headquartered in Riyadh, SABIC was founded in 1976 when the Saudi Arabian Government decided to use the hydrocarbon gases released in oil production as the 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 Gulf Cooperation Council countries.

SABIC Europe has its headquarters in Sittard in the Netherlands. It operates two petrochemical production sites in Geleen, Netherlands and Gelsenkirchen in Germany for the production, marketing and sales of polypropylenes, polyethylenes and hydrocarbons. In 2004 SABIC Europe sold 6 million tons of polymers, base chemicals and intermediates, mainly to the European market, employing 2,300 people.

"A GLOBAL VIEW OF
PETROCHEMICALS
IN A CHANGING WORLD"

MOHAMED AL-MADY
Vice Chairman & CEO
Saudi Basic Industries Corporation

EPCA Annual Meeting

Monday, September 26, 2005
Vienna, Austria

Good morning ladies and gentlemen. It is a pleasure for me to be with you this morning and I thank the EPCA Board for extending the invitation to address you today.

I feel that our company is now becoming closely linked with the European petrochemical industry with production sites in Geleen and Gelsenkirchen and our new, European Headquarter building in Sittard, Holland. We are very pleased to be a part of this important European Petrochemical industry. Presently, SABIC Europe employs approximately 2,300 people. Our plan is to grow our investment and business in Europe along with the growth of the markets. We wish to conduct our business in a manner that provides our employees with a safe and healthy workplace and provides our customers with the highest-quality products.

The theme of our meeting this year is: "Do we like chemicals?" In my remarks this morning, I want to first touch on the importance of chemistry and chemical products and the way they touch our lives in beneficial ways each day.

If we were to listen closely to industry analysts, we would conclude that we are in an industry whose time has passed. They classify the petrochemical industry as a mature and cyclical industry that is rather stodgy - no longer exciting or particularly innovative.

At the same time, many in general public and in some regulatory agencies look at chemicals in rather negative ways - more to be feared than appreciated. The industry has not been very effective in explaining and promoting the benefits and important role that chemistry and chemical products provide daily in our lives. It appears that our industry has ceded control of the dialogue to other voices that have negative views of chemicals, thereby discounting and minimizing their many benefits to society.

In fact, the chemical industry is dynamic, innovative and constantly evolving – to produce products which improve our quality-of-life, health and safety.

The developed countries of the world have a standard of living to which less developed countries aspire. Much of this higher standard of living is due to the products of the chemical industry and the science of chemistry. Synthetic fibers, protective packaging materials, light weight automotive parts, synthetic rubbers, tires, plastic medical devices, paints and coating,

adhesives, refrigerants, improved yield of agricultural products, etc. This listing could go on at length but suffice it to say that the products of our industry are essential for our daily living and well being.

We have a wonderful and powerful story to tell to the general public. The American Chemistry Council will be launching a major public relations campaign this month directed at educating the public on the contributions and benefits that chemistry and chemical products play in their lives. This is an important advocacy effort to educate the public on the indispensable role of our industry and our products. CEFIC also has been active in promoting the many beneficial products of the industry and the vital role they play in our daily lives. We have much work to do, as an industry to tell our story. At the same time studies and research must be conducted to ensure that chemical products are not only useful but also safe in our environment.

Major Changes Driving Our Industry

Powerful forces are bringing major changes in our world and impacting global energy balances and feedstocks for the petrochemical industry. When SABIC was in its formative stages 30 years ago, identification of these changes was murky and cloudy. Today these forces of change are more visible and in better focus. Now we can see them clearly.

The petrochemical industry is experiencing major changes, much of it revolving around feedstocks, geography and demographics. Nevertheless, our industry is no stranger to rapid change and it will meet these new challenges as it has in the past. Now, I would like to speak about crude oil and natural gas, which are vital as sources of feedstock and fuel for the petrochemical industry.

For the past year or so we have witnessed crude oil prices increase from \$45/barrel, to a peak of \$70/barrel last August, when Hurricane Katrina caused a brief suspension of oil production in the Gulf of Mexico. In fact, oil prices have been about 70% higher in real terms than they were two years ago.

In its meeting of April this year, the International Monetary Fund suggested that the world needed to adjust to a "permanent oil shock." Oil prices are expected to be substantially higher than they were in the 1990's. While oil prices may settle somewhat lower than current levels, we can say that the era of oil is not over; however, the era of "cheap oil" is over.

It can be useful to look closer at what is happening with respect to both demand and supply of crude oil in an effort to explain and rationalize higher oil prices.

With regard to demand some geopolitical issues are relevant, particularly in the China Rim Region consisting of China and 18 surrounding countries. While four of the countries, Russia, Kazakhstan, Vietnam, and Kyrgyzstan, have surplus crude production, the remaining 15 countries have a large and growing crude oil deficit.

A study by Laguna Research Partners, LLC of Irvine California indicates that these China Rim Countries account for 50.1% of the world's population but only 9.7% of the global crude oil production. China itself has only 1.8% of the global oil production but has 20.4% of the world population. Thus, we can see that there is a large divergence between oil reserves and population - a population that is growing in numbers, as well as per capita income.

For countries in the China Rim Region and China itself, access to future secure sources of crude oil is of vital importance for future economic growth and becomes a matter of national security. Energy security equates to national security and becomes an issue of national priority.

Again on the demand side, we need to consider the economics and population growth of India and Brazil, two countries rapidly

following in the evolutionary footsteps of China. Estimating future oil demand of China and other rapidly developing economies will be extremely critical in estimating future global demand for crude oil.

China continues to have a sustainable economic growth rate of about 8% per year while India has sustained an annual growth rate of 6% in recent years. Population wise, by the year 2050, China and India are expected to have a combined total population of about 3 billion with India becoming larger than China.

James Cannon, senior energy fellow for Inform, Inc. of New York, cites “an enormous thirst for oil, “based upon “astronomical transportation growth in China and India, combined with industrial development”. He estimates that by 2030, China will have more motor vehicles than the United States.

With the magic of compounding at work, the world is now feeling the "muscle" of the two fast growing economies. I think we can all feel the "eastward" tilt taking place in our world.

Now, let's review what is happening on the supply side for oil. The world's experts are divided into two camps: pessimists who

believe that peak world oil production has been reached or soon will be reached; and optimists who believe that improved technology and reservoir management will allow global oil production to continue growing, as needed, to meet the growing demand.

We do know that a number of the major integrated oil companies have been having difficulty in replacing their oil reserves in the past few years. Each year, these majors have to look at much riskier and hostile environments for new oil reserves.

To some extent, the rising price of crude oil can be attributed to the difficulty of finding new reserves and reflecting the huge future capital requirements necessary for the major companies just to replace the reserves which are consumed annually. A secular trend of higher oil prices may be in place. If so, this is important information for future planning of petrochemical economics.

The International Energy Agency (IEA) has estimated the level of oil investments needed for exploration, development, refining, tankers and pipelines will average one trillion U.S. dollars in every decade from 2001 through 2030.

These are extraordinary requirements for future capital to meet future needs of the oil industry. The IEA has stated that "a challenge confronting producers and consumers alike is the need to strengthen the flow of capital to the energy scene." These figures lend credence to the proposal that the era of low cost crude oil may be over. There is a general perception that there is a very thin margin between global supply and demand while at the same time, there are a number of smoldering geopolitical issues which could arise to destabilize this tight balance. For petrochemical producers, this is critical as it affects the cost of some key feedstocks and becomes pre-eminent in decisions of where to locate future manufacturing plants to achieve global competitiveness. Quite often, we see decisions to locate new facilities in countries with large hydrocarbon surpluses rather than directly in markets where hydrocarbons must be imported.

While the international integrated oil companies receive much of the world's attention, countries with national oil companies owning 100% of their countries oil reserves, have most of the world's oil reserves. These countries will also be called upon to make much of the enormous future capital investments to meet the growing demand for oil.

We can conclude from this discussion that it will be (a) a daunting and expensive challenge for oil producers to meet the

future needs of global demand and (b) significant geopolitical activity to secure future sources of “equity” oil will be taking place by a number of countries as a matter of national security, priority, and necessity.

Now I would like to discuss another key feedstock for our industry - natural gas, another hydrocarbon commodity.

Because of its low carbon to hydrogen ratio, natural gas is a fuel well suited environmentally for power generation. It is a fuel gaining in global value and importance as clean fuel that can minimize the environmental impact associated with combustion of hydrocarbons. Much of the growing demand for power generation will be met by high efficiency combined cycle natural gas plants. Global demand for natural gas is expected to grow even faster than crude oil with an estimated doubling by the year 2030; primarily for power generation.

At the present time, natural gas markets tend to be regional in nature supplying gas by pipeline. However, as global demand for natural gas increases, the emergence of a more global market will develop.

This is leading to a more financially liquid market for natural gas as liquefied natural gas or "LNG." The broader movement of

LNG is being facilitated by significant technological developments; both in the cost of the liquefaction facilities, as well as the special marine vessels which transfer LNG between continents.

I should also mention that there is a geographic imbalance in supplies of natural gas. While some 75% of natural gas reserves are located in the Mideast and former Soviet Union, the rising demand will come primarily from North America, Europe and new markets in China, South Asia and Africa.

Russian and Middle Eastern countries, in cooperation with international petroleum companies are expected to play an important role in the development of a global market for natural gas. This development will be driven not only by growing demand, but also by the desire of governments to monetize an increasingly valuable resource where it exists in excess of domestic demands.

The increased value for natural gas also extends to liquids which are extracted from associated natural gas such as ethane, propane and butane. These are important petrochemical feedstocks. As in the case of petroleum liquids derived from crude oil, we can conclude that new petrochemical assets can benefit from locations where light condensate, natural gas, and natural gas

liquids exist well in excess of domestic demands. This opens the door for extended cooperation between petrochemical producers in the Middle East and Europe. Middle Eastern countries, with their natural resource base can provide an excellent location for manufacturing assets of European petrochemical producers allowing them to reach the growing consumer markets of Asia, Africa and the Middle East. We see this trend already taking place in a robust fashion. We in Saudi Arabia welcome investment from European companies in developing our petrochemical industry.

ECONOMIC AND DEMOGRAPHIC TRENDS

Major global economic growth will greatly depend upon China, India, United States, Latin America and other China Rim countries.

It seems the world is divided into high economic growth countries, such as China and India, modest growth countries such as the United States; and slow growth countries such as Germany and Japan.

The world's second and third largest economies, Japan and Germany, are expected to contribute only modestly to the forecasted overall global economic growth rate of some 3% - 4% annually.

We are witnessing a shifting of the center of economic, population, and petrochemical gravity eastward. This is an epic shift and deserves the attention of all planning exercises associated with meeting future global chemical demands. The American Chemistry Council reports that one-third of the \$1.94 trillion in global chemical sales now lies outside the U.S., Canada, Western Europe and Japan.

PETROCHEMICALS IN THE MIDDLE EAST AND SAUDI ARABIA

Petrochemical development in the Middle East, particularly the Gulf Cooperating Council or GCC countries is clearly accelerating. These countries include Saudi Arabia, Kuwait, Bahrain, Qatar, Oman, and the Arab Emirates. Neighboring Iran is also accelerating its petrochemical development. Iran has the world's second largest reserves of natural gas, just behind Russia.

If we look at ethylene as a proxy for the industry, half of the growth in new ethylene capacity in the next five years will be in the Middle East and one-third will be built in Asia. By 2010, ethylene production in Iran and the GCC countries is estimated to account for about 20% of the global capacity.

SABIC will be playing an important role in the future growth of Middle East petrochemical industry with major expansions in

ethylene, propylene, ethylene glycol, polyethylene, polypropylene, styrene monomer, steel, methanol and urea. SABIC's current and planned investment in capacity expansions are expected to reach approximately \$20 billion in the next three years. With these expansions, our annual production of products will grow from 43 million tons to 64 million tons by 2008.

Other private sector Saudi investors and foreign partners will also be building ethylene crackers and derivatives plants as well.

I think you can see that the Middle East with its hydrocarbon resources and its strategic geographic location, has become the world's most attractive location for petrochemical assets. For European petrochemical companies, it is an economic bridge to the rapidly growing Asian markets.

I would like to discuss opportunities in the industry for European and Mideastern entities. Companies in both regions have unique strengths that when combined can yield quite positive results. While Japanese and American companies recognized the strategic benefits of participating early in the joint development of the Mideast petrochemical industry. With the exception of Ecofuel and Fortum, most European petrochemical companies chose not to participate. Although many European companies have been slow to appreciate the benefits of investing in the

Middle East, it is not too late and more European companies are now actively participating in the development of the Middle Eastern petrochemical industry with significant investments throughout the region. The Middle East will continue for many reasons to be an attractive area for European investment.

At the same time, some European companies have chosen to divest their petrochemical businesses, preferring to focus on more strategic downstream or upstream businesses. This may present an opportunity for these European companies to form a joint venture or alliance with companies, such as SABIC, who wish to invest in the growth of the European petrochemical industry.

This occurred when SABIC acquired the petrochemical assets of DSM. This acquisition moved SABIC closer to its objective of global expansion and also provided DSM with capital to move further downstream in accord with its strategic objectives.

SABIC has been able to provide capital which permitted a restructuring of the European assets, thereby yielding a more competitive entity --- better able to expand and grow in the European market.

Our company believes we have much to gain by investing in Europe and growing with the Euro markets. At the same time we welcome cooperation with European companies in establishing joint ventures both in Europe and elsewhere.

As part of Saudi Arabia's desire to participate more broadly in global trade, accession to membership in the World Trade Organization (WTO) is now progressing. Currently Saudi Arabia's status with respect to WTO membership is "observer negotiating entry." Accession in 2005 will bring Saudi Arabia in closer community and cooperation in trade matters with all WTO member countries. WTO membership is an important step for Saudi Arabia in integrating its trading activities into the global trading system and in protecting its product exports from erosion due to illegal trade barriers.

We hope that the European community will provide support for Saudi Arabia's accession to WTO membership. WTO membership will strengthen trade between our regions providing significant benefits that accompany free and open trading to both Europe and Saudi Arabia. While some voices may call for protectionism, past history clearly demonstrates that this is not the path for future progress and growth of the European industry. Efforts to put trade barriers in place that restrict imports of basic building blocks end up penalizing the domestic downstream

consumers and fabricators. Ultimately, these barriers impose a severe penalty on the domestic economy.

Future Outlook For Global Petrochemical Industry

In discussing the future of our industry, it is noteworthy that very large increments of new capacity will come on-stream in the 2007 - 2009 time period. Some industry analysts predict that such a large capacity addition -- much of it in the Middle East -- is likely to affect industry profitability for several years. However, some top executives in the petrochemical industry believe the current peak will extend through the 2007 - 2009 period.

I believe that there is some good news that will follow whatever actually happens in the 2007 - 2009 period. The favorable demographics which will exist in China, India, Brazil and other industrializing countries will continue to increase demand for our petrochemical products.

SRI in its "World Petrochemical" publication has estimated that over the next three to four decades, perhaps two-thirds of the world's population will climb out of absolute poverty, and rising living standards will create a rising demand for bulk commodity chemicals growing similar to the demand which existed from 1960 - 2000.

While a number of long term factors are moving in a direction that may appear to threaten our industry, some very significant strategic factors are moving in a direction that is quite favorable for the industry. I think we have much to look forward to in the future.

As members of the global petrochemical industry, we can say unequivocally that this is a great industry. Our products, as well as their derivatives are providing important and in some cases essential benefits to an ever-increasing number of people around the world.

It has been a great honor and pleasure to participate in this prestigious meeting, and I thank you for your kind attention.

