

PRESS RELEASE

CORPORATE MEDIA RELATIONS

Inauguration of Delesto 2 cogeneration plant in Delfzijl, the Netherlands

Akzo Nobel invests NLG 500 million in cogeneration plant, making a major contribution to a better environment

Arnhem, June 14, 1999. - "The cogeneration of heat and power is an environmentally friendly and extremely efficient technique. With this new plant Akzo Nobel will reach in the Netherlands an energy consumption level per unit of product that lies at 60% of the 1989 level. This also means an important contribution to the reduction of CO₂ emissions as laid down in the Kyoto agreements. Cogeneration makes a major contribution to a better environment," said Cees van Lede, Chairman of Akzo Nobel's Board of Management during the inauguration of Delesto 2 in Delfzijl, one of the largest cogeneration plants in Europe. "There is an enormous industrial cogeneration potential in the Netherlands. Realization of this potential is mainly contingent on the policy of the Dutch government." The new plant was inaugurated today by Jan Pronk, the Dutch Minister for the Environment, jointly with the U.S. Commerce Secretary, William Daley.

Delesto in Delfzijl is a joint project of Akzo Nobel and the Dutch utility company EDON. Since 1987 the large-scale cogeneration of heat and power has afforded a major contribution to energy savings. Another advantage of cogeneration is the reduced emission of CO₂ and NO_x due to the lower consumption of natural gas.

Because of the natural gas reserves in the Netherlands investments have been made for many years in environmentally friendly and sustainable technology for the combined generation of heat and power. These efforts have given the Netherlands a major lead on other countries and provided an important stimulus for the energy saving programs. A similar development can be seen at Akzo Nobel in the Netherlands: in 2000 more than 80% of the desired efficiency improvements will be accomplished by using cogeneration for industrial processes. Worldwide, Akzo Nobel is making continuous efforts to achieve greater energy efficiency and meet ever stricter environmental requirements. Van Lede: "We have set 'compliance plus' targets for Akzo Nobel worldwide, which means that we're going beyond regulatory requirements."

Akzo Nobel is also set to participate in the Benchmarking covenant. In this covenant energy-intensive companies give a clear commitment that in 2012 they will be among the world leaders as far as the environmental quality of their products is concerned. Van Lede also wants a commitment on the part of the government: "Cogeneration is

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an important tool to achieve the targets. Compulsory use of this environmentally friendly electricity via the public grid would be a good example of a stimulating government policy.”

Without a cooperative government policy there is a risk that in a free electricity market the investments in cogeneration plants will become unprofitable. This may well lead to a situation in which modern cogeneration plants will have to be shut down on behalf of obsolete brown-coal-fired power stations. “This would have a detrimental effect on global climate and air pollution policies,” Van Lede said.

The new Delesto 2 plant has been built by a consortium under the supervision of General Electric. It is the first project realized in Europe by this company as a turnkey contractor. Van Lede congratulated the builders on the fact that there were no accidents during the 2000 man-years needed to build the plant: “No one comes to work to get hurt.” He concluded his speech by a word of thanks to the Americans: “We are going to demonstrate that the delivered plant will be the global benchmark and will also serve as a sales window for Europe.”

Key figures Delesto 1+ 2:

Capital investment	Delesto 1: approx. NLG 450 million (USD 215 million) Delesto 2: approx. NLG 500 million (USD 240 million)
Annual energy saving	470 million cubic meters of natural gas (equivalent to consumption of 200,000 households)
Annual CO ₂ reduction	1,000,000 metric tons (= 2% of total target for the Netherlands)
Annual NO _x reduction	3,500 metric tons (= 1.5% of total target for the Netherlands)

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Note for the editor / not for publication

Akzo Nobel, based in the Netherlands, serves customers throughout the world with healthcare products, coatings, chemicals, and fibers. The fibers business, now known as Acordis, will be demerged. The company currently employs approximately 86,000 people in more than 70 countries. Consolidated sales for 1998 totaled EUR 12.5 billion (USD 13.8 billion). Financial results for the second quarter of 1999 will be announced on July 28.

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