

**IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT  
THE HON. MR. JUSTICE BRIGGS**

**No. 6984 of 2007**

**17 December 2007**



**IN THE MATTER OF IMPERIAL CHEMICAL INDUSTRIES PLC**

**-and-**

**IN THE MATTER OF THE COMPANIES ACT 1985**

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**ORDER**

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**UPON THE PETITION** of the above named Imperial Chemical Industries PLC (the *Company*), whose registered office is situated at 20 Manchester Square, London W1U 3AN, on 20 November 2007 preferred unto this Court

**AND UPON HEARING** Counsel for the Company

**AND UPON READING** the said Petition and the evidence

**AND UPON AKZO NOBEL N.V.** undertaking, by Counsel for the Company being their Counsel for the purpose, to be bound by the Scheme of Arrangement hereinafter sanctioned and undertaking to execute and do, or procure to be executed and done, all such documents, acts or things as may be necessary or desirable to be executed or done by them for the purpose of giving effect to the said Scheme of Arrangement

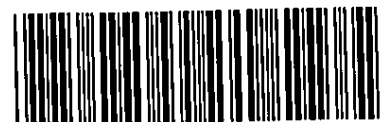
**THE COURT HEREBY SANCTIONS** the Scheme of Arrangement as set forth in Schedule 1 hereto

**AND IT IS ORDERED THAT** this Order be produced by the Company to the Registrar of Companies and that an office copy hereof be delivered to him

Dated 17 December 2007



WEDNESDAY



CRS

\*C038TW0C\*

02/01/2008

COMPANIES HOUSE

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**SCHEDULE 1**

**PART XI: THE SCHEME OF ARRANGEMENT**

**IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT**

**No. 6984 of 2007**

**IN THE MATTER OF  
IMPERIAL CHEMICAL INDUSTRIES PLC**

**-and-**

**IN THE MATTER OF  
THE COMPANIES ACT 1985  
SCHEME OF ARRANGEMENT**

**(under Section 425 of the Companies Act 1985)**

**BETWEEN  
IMPERIAL CHEMICAL INDUSTRIES PLC**

**AND  
THE SCHEME SHAREHOLDERS  
(as hereinafter defined)**

## PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings

<b>ADS Depositary</b>	Citibank, N A , 388 Greenwich Street, 14 <sup>th</sup> Floor, New York, NY10013 in its capacity as depositary under the Deposit Agreement
<b>Akzo Nobel</b>	Akzo Nobel N V , a company incorporated in The Netherlands
<b>Akzo Nobel Group</b>	collectively, Akzo Nobel, its subsidiaries and its subsidiary undertakings from time to time
<b>Business Day</b>	any day, other than a Saturday or Sunday, on which banks in London are open for business (other than solely for trading and settlement in euro)
<b>Cancellation Shares</b>	Scheme Shares other than the Loan Note Elected Shares (but including Loan Note Elected Shares treated as Cancellation Shares pursuant to clause 3.3 of this Scheme)
<b>certificated or in certificated form</b>	a share which is not in uncertificated form (that is, not in CREST)
<b>Circular</b>	the document dated 1 October 2007 sent by the Company to the ICI Shareholders
<b>Closing Price</b>	the closing middle market quotation
<b>Code</b>	the City Code on Takeovers and Mergers
<b>Company or ICI</b>	ICI, incorporated in England and Wales with registered number 00218019
<b>Court</b>	the High Court of Justice, Chancery Division (Companies Court), in England and Wales
<b>Court Meeting</b>	the meeting (and any adjournment thereof) of holders of Scheme Shares convened by order of the Court pursuant to section 425 of the Companies Act 1985 to consider and, if thought fit, approve the Scheme, notice of which is set out at the end of the Circular, including any adjournment thereof
<b>Court Orders</b>	the orders of the Court sanctioning the Scheme under section 425 of the Companies Act 1985 and confirming the Reduction of Capital

<b>CREST</b>	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by CRESTCo in accordance with the Uncertificated Securities Regulations 2001 (SI 2001 No 3755)
<b>CRESTCo</b>	Euroclear UK & Ireland Limited
<b>Deposit Agreement</b>	the amended and restated deposit agreement dated as of 15 June 2004, as amended by amendment No 1 dated 6 August 2007 by and among ICI, the ADS Depositary, ICI ADS Holders and beneficial owners
<b>Effective Date</b>	the date on which this Scheme becomes effective in accordance with clause 8 of the Scheme
<b>holder</b>	includes any person entitled by transmission
<b>ICI ADS</b>	an American depositary share, evidenced by an American depositary receipt, representing four ICI Shares, issued by the ADS Depositary in accordance with the Deposit Agreement
<b>ICI ADS Holder</b>	a holder of any ICI ADS
<b>ICI Shares</b>	ordinary shares of £1 each in the capital of ICI, including those represented by ICI ADSs
<b>ICI Shareholder</b>	a holder of ICI Shares from time to time
<b>Interim Dividends</b>	the ordinary interim dividends of <ul style="list-style-type: none"> <li>(a) 4 95 pence per ICI Share declared by the Directors on 2 August 2007, which is expected to be paid on 5 October 2007 to ICI Shareholders on the register of members on 24 August 2007, and</li> <li>(b) 5 pence per ICI Share in respect of the period 1 July 2007 to 31 December 2007, provided that, if the Effective Date falls prior to 31 December 2007, such dividend will be paid pro rata by reference to where the Effective Date falls between 1 July 2007 and 31 December 2007</li> </ul>
<b>Loan Note Elected Shares</b>	Scheme Shares (if any) in respect of which valid elections have been made under the Loan Note Alternative in accordance with its terms and this Scheme
<b>Loan Note Form of Election</b>	the green form of election relating to the Loan Note Alternative and accompanying the Circular
<b>Loan Notes</b>	the loan notes to be issued by Akzo Nobel pursuant to the Loan Note Alternative, particulars

	of which are summarised in Part VII of the Circular
<b>Merrill Lynch</b>	Merrill Lynch International
<b>Morgan Stanley</b>	Morgan Stanley & Co Limited
<b>New ICI Shares</b>	the new ICI Shares to be issued in accordance with clause 1 2 of this Scheme
<b>Panel</b>	the Panel on Takeovers and Mergers
<b>Reduction of Capital</b>	the reduction of the share capital of ICI under section 135 of the Companies Act 1985 by the cancellation and extinguishing of the Cancellation Shares, to be effected as part of the Scheme
<b>Registrars</b>	Lloyds TSB Registrars or its successor, Equiniti, pursuant to the sale referred to in paragraph 22 of Part III of the Circular
<b>Restricted Overseas Person</b>	<ul style="list-style-type: none"> <li>(a) any US person, as defined in Regulation S under the Securities Act,</li> <li>(b) any ICI ADS Holder,</li> <li>(c) any person (including an individual, partnership, unincorporated syndicate, limited liability company, unincorporated organisation, trust, trustee, executor, administrator or other legal representative) in or resident in, or any person whom Akzo Nobel believes to be in or resident in, Australia, Canada, Japan, New Zealand or The Netherlands (or any custodian, nominee or trustee for such person), and</li> <li>(d) any person who is deemed not to have made a valid election for the Loan Note Alternative pursuant to clause 3 10 of the Scheme</li> </ul>
<b>Scheme</b>	this scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court
<b>Scheme Record Time</b>	6 00 p m on the Business Day immediately preceding the Court Hearing for the Reduction of Capital
<b>Scheme Shareholder</b>	a holder of Scheme Shares from time to time
<b>Scheme Shares</b>	<p>the ICI Shares which are</p> <ul style="list-style-type: none"> <li>(a) in issue at the date of the Circular;</li> <li>(b) (if any) issued after the date of the Circular and prior to the Voting Record Time in</li> </ul>

	respect of the Court Meeting, and
	(c) (if any) issued on or after the Voting Record Time in respect of the Court Meeting and at or prior to the Scheme Record Time, on terms that the holder thereof shall be bound by the Scheme, or in respect of which the original or any subsequent holder thereof agrees in writing to be bound by the Scheme,
	but excluding any ICI Shares held by any member of the Akzo Nobel Group
<b>Securities Act</b>	the US Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
<b>TTE Instruction</b>	a transfer to escrow instruction (as defined in the CREST manual
<b>UBS or UBS Investment Bank</b>	UBS Limited
<b>uncertificated or in uncertificated form</b>	recorded on the relevant register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
<b>UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>United States or US</b>	the United States of America, its territories and possessions, any state of the United States of America, and the District of Columbia
<b>Voting Record Time</b>	6 00 p m on the day which is two days before the date of the Meeting(s) or, if such meeting(s) is/are adjourned, 6 00 p m on the second day before the date of such adjourned meeting(s)

(B) References to **clauses** are to clauses of this Scheme

(C) The authorised share capital of the Company at the date of this Scheme is £1,400,000,000 divided into 1,400,000,000 ICI Shares, of which, as at the close of business on 26 September 2007, 1,195,688,221 have been issued and are credited as fully paid and the remainder are unissued

(D) At the date of this Scheme, the Akzo Nobel Group owns no ICI Shares

(E) Akzo Nobel has agreed to appear by counsel on the hearing of the petition to sanction this Scheme and to submit to be bound by and to undertake to the Court to be bound by this Scheme and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme

## THE SCHEME

### 1. CANCELLATION OF THE CANCELLATION SHARES

1.1 The capital of the Company shall be reduced by cancelling and extinguishing the Cancellation Shares

1.2 Subject to and forthwith upon the Reduction of Capital taking effect and notwithstanding anything to the contrary in the Company's articles of association

- (a) the authorised share capital of the Company shall be increased to an amount equal to that of the Company immediately prior to the Reduction of Capital, by the creation of such number of New ICI Shares as is equal to the number of Cancellation Shares, and
- (b) the reserve arising in the books of account of the Company as a result of the Reduction of Capital shall be capitalised and applied in paying up in full at par the New ICI Shares created pursuant to clause 1.2(a) of this Scheme, which shall be allotted and issued credited as fully paid (free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature whatsoever) to Akzo Nobel and/or its nominee(s)

### 2. CONSIDERATION FOR CANCELLATION OF THE CANCELLATION SHARES

In consideration for the cancellation of the Cancellation Shares and the allotment and issue of the New ICI Shares as provided in clause 1 of this Scheme, Akzo Nobel shall (subject as hereinafter provided) pay or procure that there shall be paid to or for the account of each holder of Cancellation Shares (as appearing in the register of members of the Company at the Scheme Record Time) 670 pence for each Cancellation Share held by such holder

### 3. LOAN NOTE ALTERNATIVE

3.1 Conditional upon and subject to the remainder of this clause 3 and clause 4, if any Scheme Shareholder shall validly so elect in respect of all or some of his Scheme Shares, Akzo Nobel shall, in consideration for the transfer of the Loan Note Elected Shares under clause 4 of this Scheme (and subject as hereinafter provided), allot and issue to such holder (as appearing in the register of members at the Scheme Record Time)

**for each £1 of cash consideration  
(to which such Scheme Shareholder would  
otherwise have been entitled under clause 2)**

**£1 nominal value of Loan Notes**

provided that the Loan Note Alternative shall not be available to Restricted Overseas Persons, or persons whom Akzo Nobel believes to be Restricted Overseas Persons.

3.2 Restricted Overseas Persons will only be eligible to receive cash consideration and may not elect for or otherwise participate in the Loan Note Alternative Any election by a Restricted Overseas Person, in full or in part, for the Loan Note

Alternative will be void and such Restricted Overseas Person will be entitled to receive only cash consideration

3 3 If valid elections for the Loan Note Alternative would result in the issue pursuant to this Scheme of less than £20,000,000 in aggregate nominal value of Loan Notes, Akzo Nobel will not issue any Loan Notes (unless it decides otherwise). If no Loan Notes are issued pursuant to this clause 3, any relevant Scheme Shares whose holders have elected for the Loan Note Alternative shall be treated as Cancellation Shares for the purposes of this Scheme, such holders shall then receive the cash to which they would otherwise be entitled under this Scheme and clause 4 of this Scheme shall not apply

3 4 The maximum aggregate nominal value of Loan Notes available under the Loan Note Alternative is £1 25 billion To the extent that Scheme Shareholders validly elect to receive Loan Notes the aggregate nominal value of which exceeds such maximum amount, the entitlement of each Scheme Shareholder who so validly elects will be scaled down pro rata to the number of Scheme Shares in respect of which he has elected for the Loan Note Alternative and each such election shall be valid only in respect of the number of Scheme Shares so scaled down

3 5 The Loan Notes shall be issued credited as fully paid and in amounts and integral multiples of £1 nominal No fraction of a Loan Note shall be issued to any Scheme Shareholder and the cash entitlement relating thereto shall be disregarded and not paid to such holder

3 6 The election referred to in clause 3 1 of this Scheme shall be made by the completion and delivery of a Loan Note Form of Election in accordance with the instructions set out in the Circular and in the Loan Note Form of Election or by delivery of a TTE Instruction validly electing for the Loan Note Alternative

3 7 Akzo Nobel shall be entitled, in determining whether a Loan Note Form of Election is valid or not, to exercise the powers and discretions provided for in Part VIII of the Circular

3 8 Upon execution and delivery by a Scheme Shareholder of a valid Loan Note Form of Election or the delivery of a TTE Instruction validly electing for the Loan Note Alternative, such holder shall be bound by the terms and provisions contained in the Loan Note Form of Election and in Parts VII and VIII of the Circular and in particular (but without prejudice to the generality of the foregoing)

- (a) shall be responsible for the representations, warranties and undertaking contained in Notes 2 and 3 on page 4 of the Loan Note Form of Election and those set out in paragraph 2(a) of Part VIII of the Circular, and
- (b) shall be bound by the provisions set out in paragraph 2(b) to paragraph 2(l) of Part VIII of the Circular

3 9 The Loan Notes will be constituted by an instrument substantially in the form already prepared and initialled for the purpose of identification by Freshfields Bruckhaus Deringer solicitors and Slaughter and May solicitors, with such



modifications or additions, if any, as may prior to the execution thereof be agreed between ICI and Akzo Nobel

3 10 The provisions of this clause 3 shall be subject to any prohibition or condition imposed by law. The Loan Note Alternative shall not be available to Restricted Overseas Persons or persons whom Akzo Nobel believes are Restricted Overseas Persons. Without prejudice to any of the foregoing, if, in respect of any Scheme Shareholder with a registered address outside the UK or who is a citizen, resident or national of a jurisdiction outside the UK, Akzo Nobel is advised that the issue of Loan Notes pursuant to this clause 3 would or may infringe the laws of any such jurisdiction, or would or may require Akzo Nobel to observe any governmental or other consent to any registration, filing or other formality with which Akzo Nobel is unable to comply or which Akzo Nobel regards as unduly onerous, Akzo Nobel may determine that the Loan Note Alternative shall not be available to such holder so that such holder shall be deemed to be a Restricted Overseas Person and any Loan Note Form of Election completed or received or TTE Instruction delivered by such holder shall be invalid.

3 11 If at the Scheme Record Time the number of Scheme Shares held by a person who has elected to receive Loan Notes is

- (a) equal to or exceeds the number of Scheme Shares in respect of which an election for Loan Notes made by him would otherwise be effective, the validity of his election shall not be affected by any alteration in his holding of Scheme Shares between the date on which he made such election and the Scheme Record Time and any reductions in his holding shall, if applicable, be treated as disposals of those Scheme Shares in respect of which he did not elect to receive Loan Notes, or
- (b) less than the number of Scheme Shares in respect of which the holder has elected to receive such Loan Notes, he shall be treated as having validly elected to receive Loan Notes in respect of all of his Scheme Shares

#### **4. ACQUISITION OF LOAN NOTE ELECTED SHARES**

4.1 Forthwith and contingently upon the cancellation of the Cancellation Shares becoming effective in accordance with the terms of this Scheme, the allotment of the New ICI Shares referred to in clause 1 2(b) of this Scheme and the registration of such New ICI Shares in the name of Akzo Nobel and/or its nominee(s) but subject to clause 3 2 and 3 3 of this Scheme, Akzo Nobel and/or its nominee(s) shall acquire the Loan Note Elected Shares fully paid, with full title guarantee, free from all liens, equities, charges, encumbrances and other interests and together with all rights at the date of this Scheme or thereafter attached thereto including the right to receive and retain all dividends and other distributions declared, paid or made thereon, on or after 13 August 2007 other than the Interim Dividends

4 2 For such purposes, the Loan Note Elected Shares shall be transferred to Akzo Nobel and/or its nominee(s) and, to give effect to such transfer, any person may be appointed by Akzo Nobel to execute as transferor an instrument or instruction of transfer of any Loan Note Elected Share and every instrument or instruction of

transfer so executed shall be as effective as if it had been executed by the holder or holders of the Loan Note Elected Shares thereby transferred

## **5. SETTLEMENT**

5 1 As soon as practicable after the Effective Date and, in any event, not more than 14 days thereafter, Akzo Nobel shall

- (a) in the case of Cancellation Shares which at the Scheme Record Time were in certificated form, despatch or procure the despatch to the persons entitled thereto, or as they may direct, in accordance with the provisions of clause 5.2 of this Scheme, cheques and/or warrants for the sums payable to them respectively in accordance with clause 2 of this Scheme or, in the case of Cancellation Shares which at the Scheme Record Time are in uncertificated form, ensure that an assured payment obligation in respect of the sums payable in accordance with clause 2 to the persons entitled thereto is created in accordance with the CREST assured payment arrangements PROVIDED THAT Akzo Nobel reserves the right to make payment of the said consideration by cheque and/or warrant as aforesaid if, for any reason, it wishes to do so, and
- (b) against the execution of any instrument or instruction of transfer referred to in clause 4 of this Scheme, in the case of Loan Note Elected Shares, issue the Loan Notes which it is required to issue pursuant to clause 3 of this Scheme and procure the delivery of certificates therefor to the persons entitled thereto, or as they may direct in accordance with the provisions of clause 5 2

5 2 All deliveries of cheques, warrants and certificates required to be made pursuant to this Scheme shall be effected by posting the same by first class post in pre-paid envelopes addressed to the persons entitled thereto at their respective addresses as appearing in the register of members of the Company at the Scheme Record Time (or, in the case of joint holders, at the address of that one of the joint holders whose name stands first in the said register in respect of such joint holding at such time) or in accordance with any special instructions regarding communications, and neither Akzo Nobel nor the Company nor their respective agents or nominees shall be responsible for any loss or delay in the transmission of cheques, warrants or certificates sent in accordance with this clause 5 2 which shall be sent at the risk of the person entitled thereto

5 3 All cheques and warrants shall be made payable to the person to whom in accordance with the foregoing provisions of this clause 5 the envelope containing the same is addressed and the encashment of any such cheque or warrant shall be a complete discharge of Akzo Nobel's obligation to pay for the monies represented thereby

5 4 The provisions of this clause 5 shall be subject to any prohibition or condition imposed by law

5 5 In respect of payments made through CREST, Scheme Shareholders will receive any cash consideration to which they are entitled through the CREST payment

system to the appropriate CREST account through which the relevant Scheme Shareholders hold such uncertificated shares in respect of the cash consideration due to them

## **6. CERTIFICATES AND CANCELLATIONS**

With effect from and including the Effective Date

6 1 all certificates representing Cancellation Shares shall cease to have effect as documents of title to the Cancellation Shares comprised therein and every Scheme Shareholder shall be bound at the request of the Company to deliver up the same to the Company or as it may direct,

6 2 all certificates representing Loan Note Elected Shares (which are to be sent to the Registrars together with the relevant Loan Note Form of Election, subject to the terms of paragraphs 2(g) and 2(h) of Part VIII of the Circular) shall, in any event, cease to have effect as documents of title to the Loan Note Elected Shares comprised therein with effect from and including the Effective Date, and

6 3 CRESTCo shall be instructed to cancel the entitlements to Cancellation Shares of Scheme Shareholders in uncertificated form. As regards uncertificated Cancellation Shares, appropriate entries will be made in the register of members of the Company with effect from the Effective Date to reflect their cancellation

## **7. DIVIDEND MANDATES**

7 1 Each mandate relating to the payment of dividends on any Cancellation Shares and other instructions given to the Company by holders of Cancellation Shares in force at the Scheme Record Time shall, as from the Effective Date, cease to be valid (with the exception of, and to the extent of, any payment in relation to the second ordinary interim dividend to which Scheme Shareholders shall continue to be entitled)

7 2 Each mandate relating to the payment of dividends on any Loan Note Elected Shares and other instructions to the Company by holders of Loan Note Elected Shares in force at the Scheme Record Time shall, unless and until revoked or amended, be deemed as from the Effective Date to be valid and effective mandates in relation to the payment of interest and capital to, and instructions of, Akzo Nobel and/or its nominee(s) (with the exception of, and to the extent of, any payment in relation to the second ordinary interim dividend to which Scheme Shareholders shall continue to be entitled and, for the avoidance of doubt, this shall be without prejudice to the Noteholders' entitlement to receive any interest and/or principal payable in respect of the Loan Notes)

## **8. THE EFFECTIVE DATE**

8 1 This Scheme shall become effective in accordance with its terms as soon as an office copy of (i) the Court Order sanctioning this Scheme under section 425 of the Companies Act 1985 has been delivered to the Registrar of Companies for registration

and (ii) the Court Order confirming the Reduction of Capital has been delivered to the Registrar of Companies and registered by him

8.2 Unless this Scheme shall become effective on or before 31 March 2008 or such later date (if any) as Akzo Nobel and ICI may agree and the Panel and the Court may allow, this Scheme shall never become effective (save that Akzo Nobel and ICI have agreed to extend such date until at least 30 April 2008 if it is reasonably likely on 15 March 2008 that this Scheme can be completed by 30 April 2008)

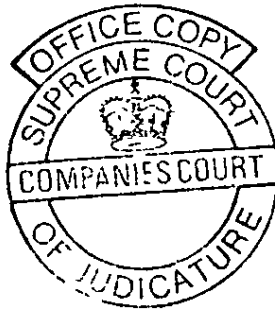
#### **9. MODIFICATION**

Akzo Nobel and the Company may jointly consent on behalf of all concerned to any modification of, or addition to, this Scheme or to any condition which the Court may approve or impose

#### **10. GOVERNING LAW**

This Scheme is governed by English Law and is subject to the jurisdiction of the English courts. The rules of the Code will, so far as they are appropriate, apply to this Scheme

Dated 1 October 2007



No. 6984 of 2007

17 December 2007

**IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT**

**IN THE MATTER OF  
IMPERIAL CHEMICAL INDUSTRIES PLC**

**AND**

**IN THE MATTER OF  
THE COMPANIES ACT 1985**

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**ORDER**

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**FRESHFIELDS BRUCKHAUS DERINGER**

65 Fleet Street  
London EC4Y 1HS  
Ref MJT/JB (020 7936 4000)  
**SOLICITORS FOR THE COMPANY**



*Sealed by Miss Ginn*