

Offering Circular

218019



# Imperial Chemical Industries PLC

(Incorporated with limited liability in England)

## ICI Coordination Centre N.V.

(Incorporated with limited liability in the Kingdom of Belgium)

## ICI Finance PLC

(Incorporated with limited liability in England)

## ICI Investments (Netherlands) B.V.

(Incorporated with limited liability in the Netherlands and having its corporate seat in Rotterdam)

U.S.\$4,500,000,000

## Euro Medium Term Note Programme

Due from one month to 30 years from the date of original issue

Guaranteed

(in the case of issues by ICI Coordination Centre N.V., ICI Finance PLC and

ICI Investments (Netherlands) B.V.) by

Imperial Chemical Industries PLC

On 15 July 1997 Imperial Chemical Industries PLC, ICI Finance PLC and ICI Investments (Netherlands) B.V. entered into a U.S.\$4,000,000,000 Euro Medium Term Note Programme. On the date hereof ICI Coordination Centre N.V. is added as an issuer under the Programme and the amount of the Programme is increased to U.S.\$4,500,000,000. This Offering Circular supersedes the previous Offering Circular dated 15 July 1997. Any Notes (as defined below) issued under the Programme (as defined below) after the date hereof are issued subject to the provisions set out herein.

Under the Euro Medium Term Note Programme described in this Offering Circular (the "Programme"), Imperial Chemical Industries PLC, ICI Coordination Centre N.V., ICI Finance PLC and ICI Investments (Netherlands) B.V. (each an "Issuer"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "Notes") guaranteed (in the case of issues by ICI Coordination Centre N.V., ICI Finance PLC and ICI Investments (Netherlands) B.V.) by Imperial Chemical Industries PLC (the "Guarantor"). The aggregate principal amount of Notes outstanding will not at any time exceed U.S.\$4,500,000,000 (or the equivalent in other currencies).

Application has been made to the London Stock Exchange Limited (the "London Stock Exchange") for Notes issued within 12 months of this Offering Circular to be admitted to the Official List and application will also be made (in certain circumstances as described herein) to list Notes denominated in French Francs or denominated in another currency or currencies but linked, directly or indirectly, to French Francs ("French Franc Notes") on the Paris Bourse. Unlisted Notes may, however, also be issued pursuant to the Programme. The relevant Pricing Supplement (as defined herein) in respect of the issue of any Notes will specify whether or not such Notes will be listed on the London Stock Exchange (or any other stock exchange) and, with respect to Notes to be listed on the Paris Bourse ("Paris Listed Notes"), will be delivered to the *Commission des Opérations de Bourse* (the "COB") on or before the date of issue of the Paris Listed Notes.

Copies of this document, which comprises listing particulars approved by the London Stock Exchange in relation to Notes to be issued during the period of 12 months from the date of this Offering Circular, have been delivered for registration to the Registrar of Companies in England and Wales as required by Section 149 of the Financial Services Act 1986.

Each Series (as defined herein) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "temporary Global Note") or a permanent global note in bearer form (each a "permanent Global Note"). Notes in registered form will be represented by registered certificates (each a "Certificate"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Global Notes and Certificates may be deposited on the issue date with a common depository on behalf of Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System ("Euroclear") and Cedel Bank, société anonyme ("Cedel Bank") and/or any other agreed clearing system (including, in the case of Paris Listed Notes, *Sicovam S.A.* and the *intermédiaires financiers habilités* authorised to maintain accounts therein (together, "Sicovam")). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "Summary of Provisions Relating to the Notes while in Global Form".

For the sole purpose of listing Notes on the Paris Bourse, this Offering Circular has been submitted to the clearance procedures of the COB and has been registered by the COB under no. P98-150 dated 24 April 1998.

The Programme has been rated A- by Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc. ("Standard & Poor's") and Baa1 by Moody's Investors Services, Inc. ("Moody's").

Arranger

**Deutsche Bank AG London**

Deutsche Mark Arranger

**Deutsche Bank Aktiengesellschaft**

French Franc Arranger

**Deutsche Bank France S.A.**

Dealers

**ABN AMRO**

**Credit Suisse First Boston**

**Greenwich NatWest**

**J.P. Morgan Securities Ltd.**

**Barclays Capital**

**Deutsche Bank AG London**

**HSBC Markets**

**SBC Warburg Dillon Read**

**Sumitomo Finance International plc**

The date of this Offering Circular is 28 April 1998

*This Offering Circular, with the exception of the information contained in pages 36 to 60, 61 to 64 (sections headed "Netherlands" and "Belgium" only), comprises listing particulars in relation to Imperial Chemical Industries PLC and, with the exception of the information contained in pages 31 to 35, 45 to 60, 61 to 64 (section headed "United Kingdom" and "Netherlands" only), comprises listing particulars in relation to ICI Coordination Centre N.V. and, with the exception of the information contained in pages 31 to 44, 53 to 60, 61 to 64 (section headed "Netherlands" and "Belgium" only), comprises listing particulars in relation to ICI Finance PLC and, with the exception of the information contained in pages 31 to 52, 61 to 64 (section headed "United Kingdom" and "Belgium" only), comprises listing particulars in relation to ICI Investments (Netherlands) B.V., given in compliance with the listing rules made under Section 142 of the Financial Services Act 1986 by the London Stock Exchange, for the purpose of giving information with regard to Imperial Chemical Industries PLC, ICI Coordination Centre N.V., ICI Finance PLC, ICI Investments (Netherlands) B.V. and the Notes. Accordingly, each Issuer accepts responsibility for the information contained in its listing particulars. To the best of the knowledge and belief of each Issuer (which has taken all reasonable care to ensure that such is the case), such information contained in its listing particulars is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*Each of the Issuers and the Guarantor having made all reasonable enquiries confirms that this document contains all information with respect to each Issuer, the Guarantor, the Guarantor and its subsidiary undertakings taken as a whole (the "Group" or the "ICI Group") and the Notes that is material in the context of the issue and offering of the Notes, the statements contained in it relating to each Issuer, the Guarantor and the Group are in every material particular true and accurate and not misleading, the opinions and intentions expressed in this Offering Circular with regard to each Issuer, the Guarantor and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to each Issuer, the Guarantor, the Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Offering Circular misleading in any material respect and all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements.*

*No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by any Issuer, the Guarantor or any of the Dealers or Arrangers (as defined in "Summary of the Programme"). Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of any Issuer or the Guarantor since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of any Issuer or the Guarantor since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.*

*The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuers, the Guarantor, the Dealers and the Arrangers to inform themselves about and to observe any such restriction.*

*The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Offering Circular, see "Subscription and Sale".*

*This Offering Circular has not been and will not be submitted to the clearance procedures of the Belgian Banking and Finance Commission (Commission Bancaire et Financière/Commissie voor het Bank- en Financiewezen) and accordingly may not be used in connection with any offer or sale of Notes in Belgium except as may otherwise be permitted by law.*

*This Offering Circular does not constitute an offer of, or an invitation by or on behalf of any Issuer, the Guarantor or the Dealers to subscribe for, or purchase, any Notes.*

*The Arrangers and the Dealers have not separately verified the information contained in this Offering Circular. None of the Dealers or the Arrangers (except the French Franc Arranger) makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. Neither this Offering Circular nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any Issuer, the*

*Guarantor, the Arrangers or the Dealers that any recipient of this Offering Circular or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arrangers undertakes to review the financial condition or affairs of any Issuer or the Guarantor during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arrangers.*

*In connection with any Tranche (as defined in "Summary of the Programme"), one of the Dealers will act as a stabilising agent (the "Stabilising Agent"). The identity of the Stabilising Agent will be disclosed in the relevant Pricing Supplement. References in the next paragraph to "this issue" are to each Tranche in relation to which a Stabilising Agent is appointed.*

*In connection with this issue, the Stabilising Agent may over-allot or effect transactions which stabilise or maintain the market price of the Notes at a level which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time and will be carried out in accordance with applicable laws and regulations.*

*In this Offering Circular, unless otherwise specified or the context otherwise requires, references to "U.S.\$" are to U.S. dollars, to "NLG" are to Dutch guilders, to "£" are to pounds sterling, to "BEF" are to Belgian francs and to "FRF" are to French francs.*

## **DOCUMENTS INCORPORATED BY REFERENCE**

This Offering Circular should be read and construed in conjunction with each relevant Pricing Supplement, the most recently published audited annual accounts, and any interim accounts (whether audited or unaudited) published subsequently to such annual accounts, of each Issuer and the Guarantor from time to time, which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents; provided, however, that no such document or modifying or superseding statement shall form part of the listing particulars issued in compliance with the listing rules made under Section 142 of the Financial Services Act 1986.

For so long as any Notes are listed on the Paris *Bourse*, such documents will be available from the principal office of Deutsche Bank France S.A. (the "Paris Listing Agent") for Paris Listed Notes. The documents incorporated herein by reference have not been submitted to the clearance procedures of the COB.

## **SUPPLEMENTARY LISTING PARTICULARS**

If at any time the Issuers shall be required to prepare supplementary listing particulars pursuant to Section 147 of the Financial Services Act 1986, the Issuers will prepare and make available an appropriate amendment or supplement to this Offering Circular or a further offering circular which, in respect of any subsequent issue of Notes to be listed on the London Stock Exchange, shall constitute supplementary listing particulars as required by the London Stock Exchange and Section 147 of the Financial Services Act 1986.

Each of the Issuers and the Guarantor have given an undertaking to the COB that, if and for so long as any of the Notes are listed on the Paris *Bourse*, any material adverse change in the business or financial condition of the relevant Issuer or the Guarantor shall be notified to the COB and published in accordance with its rules.

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## SUMMARY OF THE PROGRAMME

*The following summary is qualified in its entirety by the remainder of this Offering Circular.*

Issuers:	Imperial Chemical Industries PLC, ICI Coordination Centre N.V., ICI Finance PLC and ICI Investments (Netherlands) B.V.
Guarantor (in respect of issues by ICI Coordination Centre N.V., ICI Finance PLC and ICI Investments (Netherlands) B.V.):	Imperial Chemical Industries PLC
Description:	Euro Medium Term Note Programme
Size:	Up to U.S.\$4,500,000,000 (or the equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any one time.
Arranger:	Deutsche Bank AG London (other than for issues of Notes denominated or payable in Deutsche Marks ("Deutsche Mark Notes") or French Franc Notes
Deutsche Mark Arranger:	Deutsche Bank Aktiengesellschaft
French Franc Arranger:	Deutsche Bank France S.A.
Dealers:	<p>ABN AMRO Bank N.V., Barclays de Zoete Wedd Limited, Credit Suisse First Boston (Europe) Limited, Deutsche Bank AG London, Midland Bank plc, J.P. Morgan Securities Ltd., NatWest Capital Markets Limited (as agent for National Westminster Bank Plc), Sumitomo Finance International plc and Swiss Bank Corporation.</p> <p>The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to "Permanent Dealers" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to "Dealers" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.</p>
Fiscal Agent:	The Chase Manhattan Bank
Method of Issue:	<p>The Notes will be issued on a syndicated or non-syndicated basis. Issues of French Franc Notes are governed by the Euro French Franc Regulations. The Notes will be issued in series (each a "Series") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "Tranche") on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and principal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a pricing supplement to this Offering Circular (a "Pricing Supplement").</p>
Issue Price:	Notes may be issued at their principal amount or at a discount or premium to their principal amount. Partly-paid Notes may be issued, the issue price of which will be payable in two or more instalments.

Form of Notes:

The Notes may be issued in bearer form only ("Bearer Notes"), in bearer form exchangeable for Registered Notes ("Exchangeable Bearer Notes") or in registered form only ("Registered Notes"). Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in "Summary of the Programme - Selling Restrictions"), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as "Global Certificates".

Clearing Systems:

Cedel Bank, Euroclear, Sicovam, Deutscher Kassenverein AG (the "Kassenverein"), the Belgian National Bank as operator of the X/N clearing system ("BNB") and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer.

Initial Delivery of Notes:

On or before the issue date for each Tranche, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a common depositary for Euroclear and Cedel Bank and/or any other agreed clearing system (including, without limitation, Sicovam). Global Notes or Global Certificates may also be deposited with the Kassenverein, BNB or any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

Currencies:

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in U.S. dollars, Australian dollars, Austrian schillings, Belgian francs, Canadian dollars, Danish kroner, Deutsche Marks, Dutch guilders, Finnish markkas, French francs, Hong Kong dollars, Portuguese escudos, Italian lire, New Zealand dollars, Sterling, Swedish kronor, Swiss Francs or yen or in other currencies if the relevant Issuer, the Guarantor (where applicable) and the relevant Dealers so agree.

The issue of Notes denominated in Austrian schillings will be arranged in compliance with Austrian requirements prevailing at the time of issue via an Austrian credit institution capable of carrying out, and that does carry out, the functions of a Dealer.

Any issue of Deutsche Mark Notes will take place in compliance with the guidelines of the German Central Bank regarding the issuance of Deutsche Mark denominated debt securities. In particular, only credit institutions domiciled in Germany (which expression shall include German branches of foreign banks) may act as Dealers with respect to such Notes (except for issues of Deutsche Mark Notes on a syndicated basis where only the lead manager need be a credit institution domiciled in Germany).

Issues of Notes denominated in Swiss francs will be effected in compliance with the relevant regulations of the Swiss National Bank, which currently requires such issues that have a maturity of more than one year to be effected through a bank domiciled in Switzerland or

Liechtenstein that is regulated under the Federal Law on Banks and Savings Banks of 1934 (as amended) (which includes a branch or subsidiary located in Switzerland of a foreign bank) or a securities dealer licensed pursuant to the Swiss Federal Act on Stock Exchanges and Securities Trading (except for issues of Notes denominated in Swiss francs on a syndicated basis where only the lead manager need be a bank or securities dealer domiciled in Switzerland or Liechtenstein).

A credit establishment or investment institution established in a member state of the European Union which is authorised to lead-manage eurobond issues by the competent authority of its home state may (i) act as a Dealer in respect of issues of French Franc Notes and (ii) act as lead manager of issues of French Franc Notes issued on a syndicated basis. The arranger for issues of French Franc Notes, the Dealers in respect of French Franc Notes and the relevant Issuer must comply with the rules and regulations from time to time relating to the *Marché de l'Eurofranc* (the "Euro French Franc Regulations"). In the case of a public issue of French Franc Notes, the minimum aggregate principal amount for the issue shall be FRF300,000,000. In addition, Paris Listed Notes will be issued subject to the requirements of the *Paris Bourse*. Under the current regulations, private placements shall be construed as issues of Notes placed on a firm basis with a small number of predetermined non-resident investors.

Maturities:	Subject to compliance with all relevant laws, regulations and directives, any maturity between one month and 30 years. Unless otherwise permitted by then current laws, regulations and directives, Deutsche Mark Notes will have a maturity of not less than two years and French Franc Notes will have a maturity of not less than one year.
Denomination:	Definitive Notes will be in such denominations as may be specified in the relevant Pricing Supplement, save that unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the relevant Issuer in the United Kingdom will have a minimum denomination of £100,000 (or its equivalent in other currencies), unless such Notes may not be redeemed until the third anniversary of their date of issue and are to be listed on the London Stock Exchange or the <i>Paris Bourse</i> .
Fixed Interest Rate Notes:	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.
Floating Rate Notes:	Floating Rate Notes will bear interest set separately for each Series by reference to LIBOR, LIBID or LIMEAN (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin. Interest periods will be specified in the relevant Pricing Supplement.
Zero Coupon Notes:	Zero Coupon Notes may be issued at their principal amount or at a discount to it and will not bear interest.
Variable Coupon Amount Notes:	The Pricing Supplement issued in respect of each issue of variable coupon amount Notes will specify the basis for calculating the amounts of interest payable, which may be by reference to a stock index or formula or as otherwise provided in the relevant Pricing Supplement. The issue of index-linked Deutsche Mark Notes will be in compliance with the policy of the German Central Bank regarding the indexation of Deutsche Mark denominated debt obligations of non-German issuers. The issue of index-linked French Franc Notes will be in compliance with the <i>Principes Généraux</i> set by the COB and the <i>Conseil des Bourses de Valeurs</i> or any successor body thereto.



Interest Periods and Interest Rates:	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.
Variable Redemption Amount Notes:	The Pricing Supplement issued in respect of each issue of variable redemption amount Notes will specify the basis for calculating the redemption amounts payable, which may be by reference to a stock index or formula or as otherwise provided in the relevant Pricing Supplement. The issue of index-linked Deutsche Mark Notes will be in compliance with the policy of the German Central Bank regarding the indexation of Deutsche Mark denominated debt obligations of non-German issuers. The issue of index-linked French Franc Notes will be in compliance with the <i>Principes Généraux</i> set by the COB and the <i>Conseil des Bourses de Valeurs</i> or any successor body thereto. Unless permitted by the then current laws and regulations, Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the relevant Issuer in the United Kingdom must have a minimum redemption amount of £100,000 (or its equivalent in other currencies) unless such Notes may not be redeemed until the third anniversary of their date of issue and are listed on the London Stock Exchange.
Redemption by Instalments:	The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Other Notes:	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, dual currency Notes, reverse dual currency Notes, optional dual currency Notes, partly-paid Notes and any other type of Note that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement.
Optional Redemption:	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.
Status of Notes:	The Notes and (if applicable) the guarantee in respect of them will constitute unsubordinated and unsecured obligations of the Issuer and the Guarantor, respectively, all as described in "Terms and Conditions of the Notes – [Guarantee and] Status".
Negative Pledge:	See "Terms and Conditions of the Notes – Negative Pledge".
Cross Default:	See "Terms and Conditions of the Notes – Events of Default".
Rating:	Notes to be issued under the Programme have been rated A- by Standard & Poor's and Baa1 by Moody's.
Early Redemption:	Except as provided in "Optional Redemption" above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See "Terms and Conditions of the Notes – Redemption, Purchase and Options".
Withholding Tax:	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the United Kingdom or, in the case of Notes issued by ICI Coordination Centre N.V., the Kingdom of Belgium or, in the case of Notes issued by ICI

Investments (Netherlands) B.V., the Netherlands, subject to customary exceptions, all as described in "Terms and Conditions of the Notes – Taxation".

Governing Law:

English.

Listing:

The London Stock Exchange and/or as otherwise specified in the relevant Pricing Supplement including, without limitation, the Paris *Bourse*. The Euro French Franc Regulations recommend the listing of French Franc Notes on the Paris *Bourse* where (i) such French Franc Notes are, or are intended to be, listed on any other stock exchange or (ii) such French Franc Notes are, or are intended to be, distributed as a public offer (within the meaning of the Euro French Franc Regulations). As specified in the relevant Pricing Supplement, a Series of Notes may be unlisted.

Selling Restrictions:

United States, United Kingdom, Belgium, Netherlands, Germany, Japan and France. See "Subscription and Sale".

In connection with the offering and sale of a particular Tranche of Notes additional restrictions may be imposed which will be set out in the relevant Pricing Supplement.

The Issuers and the Guarantor are Category 2 for the purposes of Regulation S under the Securities Act.

Notes issued in bearer form will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "D Rules") unless the relevant Pricing Supplement states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "C Rules").

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. Provisions in square brackets are only applicable to Notes issued by ICI Coordination Centre N.V., ICI Finance PLC or ICI Investments (Netherlands) B.V. and, where two provisions in square brackets are separated by an oblique, the first shall be applicable to Notes issued by Imperial Chemical Industries PLC and the second shall be applicable to Notes issued by ICI Coordination Centre N.V., ICI Finance PLC or ICI Investments (Netherlands) B.V. Two provisions in square brackets preceded by an asterisk and separated by an oblique are applicable to Notes issued by ICI Investments (Netherlands) B.V. and ICI Coordination Centre N.V. respectively and where three provisions in square brackets are separated by an oblique and preceded by an asterisk, the first shall be applicable to Notes issued by Imperial Chemical Industries PLC or ICI Finance PLC, the second shall be applicable to Notes issued by ICI Investments (Netherlands) B.V. and the third to Notes issued by ICI Coordination Centre N.V. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

While Notes issued by ICI Coordination Centre N.V. are in global form, the effect of certain terms and conditions of the Notes may be modified. In addition, the specific terms and conditions governing the clearing system or the depositary through or by which the Notes are respectively cleared or held must be taken into account.

The Notes are issued pursuant to an Agency Agreement (as amended or supplemented as at the date of issue of the Notes (the "Issue Date"), the "Agency Agreement") dated 28 April 1998 between Imperial Chemical Industries PLC, ICI Coordination Centre N.V., ICI Finance PLC and ICI Investments (Netherlands) B.V. (together, the "Issuers" and, for the purposes of these Conditions, such of them as is named on this [Note]/[Certificate] as the issuer being the "Issuer"), Imperial Chemical Industries PLC in its capacity as the guarantor (the "Guarantor"), The Chase Manhattan Bank as fiscal agent and the other agents named in it and with the benefit of (i) in the case of Notes issued by Imperial Chemical Industries PLC, the Deed of Covenant dated 15 July 1997 executed by Imperial Chemical Industries PLC and (ii) in the case of Notes issued by ICI Coordination Centre N.V., ICI Finance PLC or ICI Investments (Netherlands) B.V. the Deeds of Covenant dated 15 July 1997 executed by ICI Investments (Netherlands) B.V. and ICI Finance PLC respectively and the Deed of Covenant dated 28 April 1998 executed by ICI Coordination Centre N.V. and, in each case, by Imperial Chemical Industries PLC (as amended or supplemented as at the Issue Date, the "Deeds of Covenant"). The fiscal agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "Fiscal Agent", the "Paying Agents" (which expression shall include the Fiscal Agent), the "Registrar", the "Transfer Agents" and the "Calculation Agent(s)". The Noteholders (as defined below), the holders of the interest coupons (the "Coupons") appertaining to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "Talons") (the "Couponholders") and the holders of the receipts for the payment of instalments of principal (the "Receipts") relating to Notes in bearer form of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

Copies of the Agency Agreement and the Deeds of Covenant are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

### **1. Form, Denomination and Title**

The Notes are issued in bearer form ("Bearer Notes", which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form ("Registered Notes") or in bearer form exchangeable for Registered Notes ("Exchangeable Bearer Notes") in each case in the Denomination(s) shown hereon.

*All Registered Notes shall have the same Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Denomination as the lowest denomination of Exchangeable Bearer Notes.*

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Any Bearer Note the principal amount of which is redeemable in instalments is issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ("Certificates") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "Register"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "Noteholder" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "holder" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

## **2. Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes**

### *(a) Exchange of Exchangeable Bearer Notes*

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same aggregate principal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination may not be exchanged for Bearer Notes of another Denomination. Unless otherwise required by Belgian law, Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

### *(b) Transfer of Registered Notes*

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor.

### *(c) Exercise of Options or Partial Redemption in Respect of Registered Notes*

In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

*(d) Delivery of New Certificates*

Each new Certificate to be issued pursuant to Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice or surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition (d), "business day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar.

*(e) Exchange Free of Charge*

Exchange and transfer of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

*(f) Closed Periods*

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

**3. [Guarantee and] Status**

*[(a) Guarantee]*

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Notes, Receipts and Coupons. Its obligations in that respect (the "Guarantee") are contained in the Deeds of Covenant executed by ICI Coordination Centre N.V., ICI Finance PLC or ICI Investments (Netherlands) B.V. respectively and, in each case, by Imperial Chemical Industries PLC.]

*[(b)] Status of Notes [and Guarantee]*

The Notes and the Receipts and Coupons constitute (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and Coupons [and of the Guarantor under the Guarantee] shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer [and the Guarantor, respectively,] present and future.

**4. Negative Pledge**

(a) So long as any of the Notes, Receipts or Coupons remain outstanding (as defined in the Agency Agreement):

- (i) neither the Issuer [nor the Guarantor] shall create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("Security") upon the whole or any part of its undertaking, assets or revenues present or future to secure any Relevant Debt, or any guarantee of or indemnity in respect of any Relevant Debt;
- (ii) [each of] the Issuer [and the Guarantor] shall procure that no other person creates or permits to subsist any Security upon the whole or any part of the undertaking, assets or revenues present or future of that other person to secure any of the Issuer's Relevant Debt

[or the Guarantor's Relevant Debt], or any guarantee of or indemnity in respect of any of the Issuer's Relevant Debt [or the Guarantor's Relevant Debt]; and

- (iii) [each of] the Issuer [and the Guarantor] shall procure that no other person [other than the Guarantor] gives any guarantee of, or indemnity in respect of, any of the Issuer's Relevant Debt [or the Guarantor's Relevant Debt];

unless, at the same time or prior thereto, the Issuer's obligations under the Notes, Receipts and Coupons [or, as the case may be, the Guarantor's obligations under the Guarantee] (A) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (B) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

- (b) For the purposes of this Condition:

"Relevant Debt" means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock or other securities that are for the time being, or are intended by the issuer thereof to be quoted, listed or ordinarily dealt in on any stock exchange, automated trading system, over-the-counter or other securities market, denominated, payable or optionally payable in a currency other than \*[pounds sterling/Dutch guilders/Belgian francs] or in \*[pounds sterling/Dutch guilders/Belgian francs] but with a view to being distributed outside \*[the United Kingdom/the Netherlands/the Kingdom of Belgium];

"Subsidiary" means any entity whose affairs are required by law or in accordance with generally accepted accounting principles applicable in the United Kingdom to be consolidated in the consolidated accounts of the [Issuer/Guarantor].

## **5. Interest and other Calculations**

### *(a) Interest Rate and Accrual*

Each Note bears interest on its outstanding principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Interest Rate, such interest being payable in arrear on each Interest Payment Date.

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Interest Rate in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

### *(b) Business Day Convention*

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (i) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding Business Day and (B) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (ii) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

### *(c) Interest Rate on Floating Rate Notes*

If the Interest Rate is specified as being Floating Rate, the Interest Rate for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (i) if the Primary Source for the Floating Rate is a Page, subject as provided below, the Interest Rate shall be:
  - (x) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity); or

- (y) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date;

- (ii) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (i)(x) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (i)(y) applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Interest Rate shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent; and
- (iii) if paragraph (ii) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Interest Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Relevant Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Relevant Currency (the "Principal Financial Centre") are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (x) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (y) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Interest Rate shall be the Interest Rate determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

In respect of Floating Rate Notes which are French Franc Notes, the applicable Pricing Supplement may specify alternative methods for determination of the Interest Rate to those set out above.

*(d) Interest Rate on Zero Coupon Notes*

Where a Note the Interest Rate of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Redemption Amount of such Note. As from the Maturity Date, the Interest Rate for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 6(b)).

*(e) Margin, Maximum/Minimum Interest Rates, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding*

- (i) If any Margin or Rate Multiplier is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Interest Rates, in the case of (x), or the Interest Rates for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (iii) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph;
- (ii) If any Maximum or Minimum Interest Rate, Instalment Amount or Redemption Amount is specified hereon, then any Interest Rate, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be;
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country of such currency.

*(f) Calculations*

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Interest Rate and the outstanding principal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

*(g) Determination and Publication of Interest Rates, Interest Amounts, Redemption Amounts and Instalment Amounts*

As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount or Instalment Amount, obtain any quote or make any determination or calculation, it shall determine the Interest Rate and calculate the amount of interest payable (the "Interest Amounts") in respect of each Denomination of the Notes for the relevant Interest Accrual Period, calculate the Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of an Interest Rate and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made. The determination of each Interest Rate, Interest Amount, Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

*(h) Definitions*

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"Business Day" means:

- (i) in the case of a specified currency, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency; and/or
- (ii) in the case of a specified currency and/or one or more specified financial centres, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the specified currency or, if none is specified, generally in each of the financial centres so specified; and/or
- (iii) in the case of Notes in global form issued by ICI Coordination Centre N.V. and deposited with the BNB, a day (other than Saturday or Sunday) on which the commercial banks in Belgium are open for business.

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (whether or not constituting an Interest Period, the "Calculation Period"):

- (i) if "Actual/365" or "Actual/Actual" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, with the exception of Notes issued by ICI Coordination Centre N.V. which are held in the X/N clearing system of the BNB, for which the 365-day



general rule applies if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

- (ii) if "Actual/365 (Fixed)" is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if "Actual/360" is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if "30/360", "360/360" or "Bond Basis" is specified hereon, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (v) if "30E/360" or "Eurobond Basis" is specified hereon, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);

"Effective Date" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such hereon or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates;

"Interest Accrual Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

"Interest Commencement Date" means the Issue Date or such other date as may be specified hereon;

"Interest Determination Date" means, with respect to an Interest Rate and Interest Accrual Period, the date specified as such hereon or, if none is so specified, the first day of such Interest Accrual Period if the Relevant Currency is Sterling or the day falling two Business Days in London for the Relevant Currency prior to the first day of such Interest Accrual Period if the Relevant Currency is not Sterling;

"Interest Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

"Interest Period Date" means each Interest Payment Date unless otherwise specified hereon;

"Interest Rate" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon;

"Page" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuter Monitor Money Rates Service ("Reuters") and the Dow Jones Telerate Service ("Telerate")) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate;

"Reference Banks" means the institutions specified as such hereon or, if none, four (or, if the Relevant Financial Centre is Helsinki, five) major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Benchmark;

"Relevant Currency" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated;

"Relevant Financial Centre" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the financial centre as may be specified as such hereon or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, London;

"Relevant Rate" means the Benchmark for a Representative Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date;

"Relevant Time" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified hereon or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

"Representative Amount" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the amount specified as such hereon or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time;

"Specified Duration" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the duration specified hereon or, if none is specified, a period of time equal to the relevant Interest Accrual Period, ignoring any adjustment pursuant to Condition 5(b).

*(i) Calculation Agent and Reference Banks*

The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for an Interest Period or to calculate any Interest Amount, Instalment Amount or the Redemption Amount or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

**6. Redemption, Purchase and Options**

*(a) Redemption by Instalments and Final Redemption*

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6 or the relevant Instalment Date (being one of the dates so specified hereon) is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 6(d) or 6(e), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding principal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the principal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 6(d) or 6(e), each Note shall be finally redeemed on the Maturity Date specified hereon at its Redemption Amount (which, unless otherwise provided, is its principal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

*(b) Early Redemption of Zero Coupon Notes*

- (i) The Redemption Amount payable in respect of any Note that does not bear interest prior to the Maturity Date, the Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.
- (iii) If the Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(d).

*(c) Redemption for Taxation Reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount (together with interest accrued to the date fixed for redemption), if (i) the Issuer [(or, if the Guarantee were called, the Guarantor)] has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the United Kingdom \*[or the Netherlands/or the Kingdom of Belgium] or any political subdivision or any authority \*[thereof/of either] or \*[therein/in either] having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date and (ii) such obligation cannot be avoided by the Issuer [(or the Guarantor, as the case may be)] taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes [(or the Guarantee, as the case may be)] then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer [(or the Guarantor, as the case may be)] stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer [(or the Guarantor, as the case may be)] has or will become obliged to pay such additional amounts as a result of such change or amendment.

*(d) Redemption at the Option of the Issuer and Exercise of Issuer's Options*

If so provided hereon, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Option Period redeem, or exercise any Issuer's option in relation to, all or, if so provided, some of the Notes in the principal amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange requirements.

*(e) Redemption at the Option of Noteholders and Exercise of Noteholders' Options*

If so provided hereon, the Issuer shall, at the option of the holder of any such Note, redeem such Note on the date or dates so provided at its Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option or any other Noteholders' option that may be set out hereon the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' Option Period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

*(f) Purchases*

The Issuer[, the Guarantor] and any of [its/their] subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

*(g) Cancellation*

All Notes purchased by or on behalf of the Issuer[, the Guarantor] or any of [its/their] respective subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer [and the Guarantor] in respect of any such Notes shall be discharged.

## **7. Payments and Talons**

*(a) Bearer Notes*

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the holder, by transfer to an account denominated in that currency with, a bank in the principal financial centre for that currency; Provided that in the case of Japanese yen, the transfer shall be to a non-resident Japanese yen account with an authorised foreign exchange bank (in the case of payment to a non-resident of Japan).

*(b) Registered Notes*

- (i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note shall be made in the currency in

which such payments are due by cheque drawn on a bank in the principal financial centre of the country of the currency concerned and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date and subject as provided in paragraph (a) above, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of the country of that currency.

*(c) Payments in the United States*

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

*(d) Payments Subject to Fiscal Laws*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

*(e) Appointment of Agents*

The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer [and the Guarantor] and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities (including London so long as the Notes are listed on the London Stock Exchange Limited (the "London Stock Exchange")) and (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

*(f) Unmatured Coupons and Receipts and unexchanged Talons*

- (i) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Bearer Notes should be surrendered for payment together with all unmatured Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Redemption Amount due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) If the Notes so provide, upon the due date for redemption of any Bearer Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

*(g) Talons*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and, if necessary, another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

*(h) Non-Business Days*

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "Business Day Jurisdictions" hereon and where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency.

## **8. Taxation**

All payments of principal and interest in respect of the Notes, the Receipts and the Coupons [or under the Guarantee] shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the United Kingdom \*[or the Netherlands/or the Kingdom of Belgium] or any authority \*[thereof/of either] or \*[therein/in either] having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer [or, as the case may be, the Guarantor] shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the United Kingdom [or the Netherlands, as the case may be/or the Kingdom of Belgium, as the case may be,] other than the mere holding of the Note, Receipt or Coupon; or
- (b) presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day; or
- (c) when any such taxes, duties, assessments or governmental charges would not have been imposed but for such holder's failure to qualify for an exemption from Belgian withholding tax as a result of such holder's independent circumstances or actions, including, but not limited to, (i) such

holder's failure to qualify for the opening of an X-account under the X/N clearing system established under the law of 6 August 1993; and (ii) such holder's withdrawal of the Notes from the X/N clearing system.

As used in these Conditions, "Relevant Date" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) "principal" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "principal" and/or "interest" shall be deemed to include any additional amounts that may be payable under this Condition.

## **9. Prescription**

Claims against the Issuer [and the Guarantor] for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## **10. Events of Default**

If any of the following events ("Events of Default") occurs, the holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Redemption Amount of such Note together with accrued interest to the date of payment shall become immediately due and payable, unless such event of default shall have been remedied prior to the receipt of such notice by the Fiscal Agent:

- (i) there is a failure for more than 14 days in the payment of principal or interest in respect of the Notes or any of them when and as the same ought to be paid; or
- (ii) there is a failure by the Issuer [or the Guarantor] to perform or observe any covenant, condition or provision contained in the [Agency Agreement] or in the Notes or the Coupons and on its part to be performed or observed (other than the obligation to pay principal or interest in respect of any of the Notes) and such failure continues unremedied for a period of 30 days; or
- (iii) any indebtedness for borrowed moneys contracted by the Issuer [or the Guarantor] becomes due prior to its stated maturity by reason of a failure to observe the terms thereof or any such indebtedness is not paid at its stated maturity (or within any applicable grace period thereof) or there is a failure by the Issuer [or the Guarantor] to make any payment due under any guarantee and/or indemnity given by it in respect of any indebtedness for borrowed moneys, in each case having an aggregate principal amount in excess of U.S.\$50,000,000 or its equivalent in other currencies; or
- (iv) a resolution is passed or an order of a court of competent jurisdiction is made for the winding-up or dissolution or administration of the Issuer [or the Guarantor] (otherwise than for the purposes of a reconstruction, merger or consolidation the terms whereof have previously been approved by an Extraordinary Resolution of the Noteholders); or
- (v) an incumbrancer takes possession or a receiver is appointed of the whole or any material part of the assets or undertaking of the Issuer [or the Guarantor] and is not paid out in full or discharged within seven days; or
- (vi) a distress, execution or other process is levied or enforced upon or sued out against the whole or any material part of the property of the Issuer [or the Guarantor] and is not discharged within 90 days thereof; or
- (vii) the Issuer [or the Guarantor] stops payment or (otherwise than for the purposes of such a reconstruction, merger or consolidation as is referred to in paragraph (iv) of this Condition) ceases or threatens to cease to carry on business or is unable to pay its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or a particular type of) the debts of the Issuer [or the Guarantor]; or

- (viii) proceedings are initiated against the Issuer [or the Guarantor] under any applicable bankruptcy, insolvency, composition or other similar laws and such proceedings are not discharged or stayed within a period of 60 days; or
- (ix) the Issuer [or the Guarantor] initiates or consents to proceedings relating to itself under any applicable bankruptcy, insolvency, composition or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition with, its creditors generally; or
- (x) any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs (iv) to (ix) (inclusive); or
- (xi) the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect.

## **11. Meeting of Noteholders and Modifications**

### *(a) Meetings of Noteholders*

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the principal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Interest Rate, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply[, or] (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, [or (ix) to modify or cancel the Guarantee,] in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent, or at any adjourned meeting not less than 25 per cent, in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

*These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.*

### *(b) Modification of Agency Agreement*

The Issuer [and the Guarantor] shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

## **12. Replacement of Notes, Certificates, Receipts, Coupons and Talons**

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of the Fiscal Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes,



Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

### 13. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in the conditions of such Notes to "Issue Date" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "Notes" shall be construed accordingly.

### 14. Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*) and in respect of Bearer Notes listed on the Paris *Bourse* (so long as that exchange requires) in a French language daily newspaper of general circulation in Paris (which is expected to be *Les Echos*). If any such publication is not practicable in either case, notice shall be validly given if published in another leading daily English language newspaper or another leading daily French language newspaper, in each case with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above. Notices with respect to the calling of a general meeting of Noteholders of ICI Coordination Centre N.V. shall be published in accordance with the terms provided for in the Belgian Company Laws in the Belgian State Gazette and a leading daily newspaper (if practicable, the *Tijd* or *L'Echo*) printed in the Dutch or French language, respectively and of general circulation in Belgium.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

### 15. Redenomination and Exchange

#### (a) Redenomination

Where redenomination is specified in the applicable Pricing Supplement as being applicable, the relevant Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders of the relevant issue, on giving at least 30 days' prior notice to the relevant Noteholders in accordance with Condition 14, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in Euro.

The election will have effect as follows:

- (i) each specified Denomination will be deemed to be denominated in such amount of Euro as is equivalent to its denomination in the specified Currency at the Established Rate, subject to such provisions (if any) as to rounding (and payments in respect of fractions consequent on rounding) as the relevant Issuer may decide, after consultation with the Principal Paying Agent, and as may be specified in the notice provided that such rounding is not materially prejudicial to the Noteholders;
- (ii) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons will be made solely in Euro, including payments of interest in respect of periods before the Redenomination Date, as though references in the Notes to the specified Currency were to Euro. Accordingly, payments will be made in Euro by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee. Neither the relevant Issuer nor any Agent shall be liable to any Noteholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of Euro or any currency conversion or rounding effected in connection therewith;
- (iii) if interest is required to be calculated for a period of less than one year, it will be calculated on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall in a leap year, the sum of (i) the number of those days falling in a leap year divided by 366 and (ii) the number of those days falling in a non-leap year divided by 365), provided that with regard to the Notes issued by ICI Coordination Centre N.V. which are entered into the X/N clearing system of the BNB, interest will be calculated on the basis of the actual number of days elapsed divided by 360; and

- (iv) such other changes shall be made to the terms and conditions of the Notes as the relevant Issuer may decide, after consultation with the Principal Paying Agent, and as may be specified in the notice, to conform them to conventions then applicable to instruments denominated in Euro or to enable the Notes to be consolidated with one or more issues of other notes, whether or not originally denominated in the Specified Currency or Euro.

*(b) Exchange*

Where exchange is specified in the applicable Pricing Supplement as being applicable, the relevant Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders of the relevant issue, on giving not less than 30 days' prior notice to the relevant Noteholders in accordance with Condition 14, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be exchangeable for Notes expressed to be denominated in Euro in accordance with such arrangements as the relevant Issuer may decide, after consultation with the Principal Paying Agent, and as may be specified in the notice, including arrangements under which Receipts and Coupons unmaturing at the date so specified become void. For the avoidance of doubt and without prejudice to the provisions of sub-paragraph (a)(i) above, any such exchange shall not give rise to any rounding.

*(c) Definitions*

In this Condition, the following expressions have the following meanings:

"Established Rate" means the rate for the conversion of the specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into Euro established by the Council of the European Union pursuant to Article 1091(4) of the Treaty;

"Euro" means the currency to be introduced at the start of the third stage of economic and monetary union pursuant to the Treaty;

"Redenomination Date" means a date for payment of interest under the Notes specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) or, as the case may be, (b) above which falls on or after the start of the third stage of economic and monetary union pursuant to the Treaty or, if the country of the specified Currency is not one of the countries then participating in such third stage, which falls on or after such later date as it does so participate; and

"Treaty" means the treaty establishing the European Community, as amended from time to time.

**16. Governing Law \*[and Jurisdiction]**

*(a) Governing Law*

The Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, English law.

*(b) Jurisdiction*

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons ("Proceedings") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

*(c) Service of Process*

The Issuer irrevocably appoints the Guarantor of 9 Millbank, London SW1P 3JF (Attention: Company Secretary of Imperial Chemical Industries PLC) as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any manner permitted by law.]

## **SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**

### **Initial Issue of Notes**

Upon the initial deposit of a Global Note with a common depositary for Euroclear and Cedel Bank (the "Common Depositary") or registration of Registered Notes in the name of any nominee for Euroclear and Cedel Bank and delivery of the relative Global Certificate to the Common Depositary, Euroclear or Cedel Bank will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid. Permanent Global Notes shall be issued in compliance with the C Rules.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with the Kassenverein, Approved Intermediaries or (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Cedel Bank held by the Kassenverein or other clearing systems. Conversely, Notes that are initially deposited with the Kassenverein or any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Cedel Bank or other clearing systems (or Approved Intermediaries).

### **Relationship of Accountholders with Clearing Systems**

Unless otherwise provided herein, each of the persons shown in the records of Euroclear, Cedel Bank, an Approved Intermediary or any other clearing system as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Cedel Bank or such Approved Intermediary or clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Cedel Bank or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

### **Exchange**

#### **1. Temporary Global Notes**

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- 1.1 if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules in whole, but not in part, for the Definitive Notes defined and described below; and
- 1.2 otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership [as well as certification to compliance with Belgian selling restrictions] in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

#### **2. Permanent Global Notes**

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under "Partial Exchange of Permanent Global Notes", in part for Definitive Notes or, in the case of 2.3 below, Registered Notes:

- 2.1 unless principal in respect of any Notes is not paid when due, by the Issuer giving notice to the Noteholders, the Fiscal Agent of its intention to effect such exchange;
- 2.2 if the relevant Pricing Supplement provides that such Global Note is exchangeable at the request of the holder (including the holder of a Note represented by a permanent Global Note), by the holder giving notice to the Fiscal Agent of its election for such exchange; and
- 2.3 if the permanent Global Note is an Exchangeable Bearer Note, by the holder (including the holder of a Note represented by a permanent Global Note) giving notice to the Fiscal Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; and

- 2.4 otherwise, (1) if the permanent Global Note is held on behalf of Euroclear or Cedel Bank or any other clearing system (an "Alternative Clearing System") and any such clearing system or the BNB (or its successor operator of the X/N clearing system) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or (2) if principal in respect of any Notes is not paid when due, by the holder (including the holder of a Note represented by a permanent Global Note) giving notice to the Fiscal Agent of its election for such exchange.

### **3. Permanent Global Certificates**

If the Pricing Supplement states that the Notes are to be represented by a permanent Global Certificate on issue, transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- 3.1 if the Notes represented by the Global Certificate are held on behalf of Euroclear or Cedel Bank or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- 3.2 if principal in respect of any Notes is not paid when due; or
- 3.3 with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to 3.1 or 3.2 above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

### **4. Partial Exchange of Permanent Global Notes**

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes (i) if principal in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly-paid Notes.

### **5. Delivery of Notes**

On or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate principal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be. In this Offering Circular, "Definitive Notes" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

### **6. Exchange Date**

"Exchange Date" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

## **Amendment to Conditions**

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Circular by reason of their particular nature or the clearing system or depository that they are respectively cleared in or deposited with. The following is a summary of certain of those provisions:

### **1. Payments**

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes.

### **2. Prescription**

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

### **3. Meetings**

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each minimum Denomination of Notes for which such Global Note may be exchanged. (All holders of Registered Notes are entitled to one vote in respect of each Note comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

### **4. Cancellation**

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant permanent Global Note.

### **5. Purchase**

Notes represented by a permanent Global Note may only be purchased by the Issuer, the Guarantor (if applicable) or any Subsidiary if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

### **6. Issuer's Option**

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in, and containing the information required by, the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and, accordingly, no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of account holders with a clearing system or Approved Intermediary in respect of the Notes will be governed by the standard procedures of Euroclear, Cedel Bank, the Kassenverein or any other clearing system (as the case may be).

### **7. Noteholders' Options**

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect

of which the option has been exercised, and stating the principal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation.

#### **8. Events of Default**

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 10 by stating in the notice to the Fiscal Agent the principal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the Issuer and the Guarantor (if applicable) under the terms of the relevant Deeds of Covenant executed as deeds by the Relevant Issuer and, in the case of Notes issued by ICI Coordination Centre N.V., ICI Finance PLC and ICI Investments (Netherlands) B.V., the Guarantor on 15 July 1997 (in the case of the Relevant Issuers other than ICI Coordination Centre N.V.) and 28 April 1998 (in the case of ICI Coordination Centre N.V.) to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a clearing system without prejudice of such persons' individual rights to elect for direct enforcement rights under the terms of the relevant Deeds of Covenant. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

#### **9. Notices**

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note except that (i) so long as any Notes are listed on the *Paris Bourse* and the rules of that Exchange so require, notices shall also be published in a leading newspaper having general circulation in Paris (which is expected to be *Les Echos*) and (ii) for Notes issued by ICI Coordination Centre N.V., notices with respect to the convocation of a general meeting of Noteholders of ICI Coordination Centre N.V. shall be published in accordance with the terms provided for in the Belgian Company Laws in the Belgian State Gazette and a leading daily newspaper (if practicable, the *Tijds* or *L'Echo*) printed in the Dutch or French language, respectively and of general circulation in Belgium.

#### **Partly-paid Notes**

The provisions relating to Partly-paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly-paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly-paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

### **USE OF PROCEEDS**

The net proceeds of the Notes will be used for the general corporate purposes of the Group.

In the case of Notes issued by ICI Investments (Netherlands) B.V. the net proceeds will be applied in compliance with the Decree of the Dutch Minister of Finance dated 4 February 1993 (BGW 93/6) issued pursuant to article 1, paragraph 3 of the 1992 Act on the supervision of the credit system as amended.

In the case of Notes issued by ICI Coordination Centre N.V. the net proceeds will be used for activities authorised under Royal Decree 187 of 30 December 1982 as well as the Royal Decree, as amended, recognising ICI Coordination Centre N.V. under such legislation.

## IMPERIAL CHEMICAL INDUSTRIES PLC

### Business Description

#### Introduction

Since the incorporation of Imperial Chemical Industries PLC ("ICI") in 1926 ICI and its subsidiary undertakings (the "ICI Group") has been one of the major industrial chemical organisations in the world with an impressive record in innovation. Reshaping activity in 1997 delivered a decisive shift into the specialty chemicals sector. The ongoing businesses of the ICI Group now comprise Coatings (Paints), Specialty Products (which comprises National Starch, Quest and Industrial Specialties), Materials (which comprises Acrylics and Polyurethanes) and Industrial Chemicals (which comprises Petrochemicals, Halochemicals and a number of Regional Businesses). The ICI Group has leading international positions in paints, industrial adhesives, specialty starch, fragrances, flavours, food ingredients, specialty oleochemicals, polyurethane chemicals and systems based on methyl diphenyl diisocyanate (MDI), acrylics and chlorofluorocarbon (CFC) replacements. It also has strong positions in synthetic resins and polymers, chemicals based on silica and alumina, surfactants and catalysts. In addition the ICI Group has strong regional positions in petrochemicals and chlor-alkali products in the UK.

#### Recent Developments

To reduce its exposure to commodity chemicals, ICI announced on 14 July 1997 that it had agreed to sell the polyester polymer and intermediates, Tioxide (outside North America) and polyester film businesses to E.I. Du Pont de Nemours ("Du Pont") for an aggregate consideration of U.S.\$3.0 billion (£1.8 billion). The disposals were conditional on certain regulatory and other approvals. On 31 December 1997 ICI completed the sale of a substantial part of its polyester polymer and intermediates business to Du Pont for U.S.\$1.4 billion (£0.8 billion) and on 31 January 1998 ICI completed the sale of its polyester film business to Du Pont for U.S.\$650 million (£400 million). It is expected that the transaction will be fully completed during 1998.

On 21 December 1997, ICI reached agreement for the sale of its explosives operations in Canada, Latin America and Europe and its distribution business in the USA to ICI Australia Limited (renamed Orica Limited from February 1998) for U.S.\$370 million.

On 31 December 1997, ICI completed the sale of its UK based fertiliser business to Terra Industries Inc. for £200 million, together with a deferred, phased, market related payment.

On 2 January 1998, ICI completed the sale of its 51 per cent. shareholding in its South Africa based explosives business AECI Explosives Limited (AEL) to its joint venture partner, AECI Limited, for U.S.\$117 million.

On 2 February 1998, ICI completed the sale of the ICI Group's methylamines and derivatives business to Air Products for £67 million.

On 28 February 1998, ICI completed the sale of its global interests in 'Propafilm' oriented polypropylene (OPP) films to UCB SA.

On 6 March 1998, ICI's wholly-owned subsidiary, National Starch & Chemical GmbH, completed the acquisition from BTP plc of BTP's adhesives business operation in Germany, Mydrin AGS GmbH, for £21.5 million.

On 26 March 1998, ICI reached agreement to acquire the European Home Improvement business of Williams PLC (excluding Spain and Portugal) for £350 million in cash. Completion of the transaction, subject to European Commission regulatory approval, is expected in early May 1998.

On 29 March 1998, ICI reached agreement to acquire Acheson Industries, Inc. of Port Huron, Michigan, USA, a leading global specialty materials business, for U.S.\$560 million. After completion of the acquisition, ICI intends to combine Acheson Industries, Inc. with National Starch's fast growing global electronic and engineering materials division. Completion of the transaction is subject to the usual regulatory approvals and is expected to be completed in the second quarter of 1998.

ICI reached agreement to sell the Crosfield Group to W.R. Grace & Co. of Boca Raton, Florida, USA for U.S.\$455 million in cash on 1 April 1998. Completion of the transaction, subject to regulatory approval, is expected during the second quarter of 1998.

As part of its strategy, the ICI Group intends to continue to divest or dilute its interests in non-core businesses where it has no long-term competitive advantage, particularly in industrial chemicals or where it believes greater value will result from deployment of the resources elsewhere.

### **Current Trading and Prospects**

Profit before tax and exceptional items in the first quarter of 1998 was £87 million, up 34 per cent. compared to the corresponding period last year. The ICI Group faced challenging markets, with the slowdown in Asia and the strength of sterling offsetting growth in the Americas and Europe. Notwithstanding this background, there was improvement in gross margins and profit.

Overall growth has slowed in 1998 from the healthy rate seen through most of 1997, mainly because of Asia, but continued growth in consumer markets in the Americas and Europe is expected. The strategic reshaping of ICI together with the drive for improved performance has enhanced the ICI Group's competitive strength. ICI has created a business which is well positioned for profitable growth and has a number of leading positions in industry segments where the opportunities for organic and acquisition growth are above average.

### **Litigation**

- (i) The Glidden Company ("Glidden"), a wholly-owned subsidiary of ICI, is a defendant, along with four former lead pigment manufacturers and a trade association, in a number of suits in the USA, several of which purport to be class actions, seeking damages for alleged personal injury caused by lead-based paint or for the costs of removing lead-based paint. An alleged predecessor of Glidden manufactured lead pigments until the 1950s and lead-based consumer paints until the 1960s. The suits involve substantial claims for damages and rulings adverse to Glidden could lead to additional claims. The cases pending include a suit filed in 1989 by the City of New York in the Supreme Court of the State of New York seeking the removal of all lead-based paints from all buildings owned or managed by the City of New York and related entities. Purported class action suits on behalf of all children alleged to be affected by lead-based paint are pending in the state court of Ohio, and in the federal court in New York, filed in August 1992 and January 1996, respectively. A personal injury suit is also pending in the state court in New York, which was filed in November 1993. Although no legislation is currently pending, several U.S. State legislatures have considered bills that could adversely affect Glidden's position in pending or possible future cases, including proposals that could add additional grounds for legal liability or that would permit suits otherwise time-barred. Glidden believes that it has strong defences and intends to continue to deny all liability and to defend all actions vigorously.
- (ii) In 1995, ICI Explosives USA Inc. ("EUSA") and a former employee each admitted to a single offence in breach of U.S. anti-trust laws relating to the sale of certain commercial explosives between 1988 and 1992 and, as a result, EUSA paid a fine of U.S.\$10 million. Subsequently, EUSA has been named as a defendant in a number of lawsuits filed in the Federal Courts, including eleven proposed class action lawsuits and seven non-class action suits, by parties claiming unquantified damages from a number of explosives companies in the United States of America. ICI has been named as a party to three and ICI Canada Inc. has been named as a party to two of the non-class action lawsuits. The eleven Federal Court class action suits and seven Federal Court non-class action suits have been consolidated before the Federal Court in Salt Lake City, Utah. The single state court case that was filed will not be prosecuted as a class action. In September 1996, EUSA settled the class action lawsuits for U.S.\$18 million, payable over three years. The settlement does not include the plaintiffs in the seven non-class suits or the state court case. The non-class suits are at a relatively early stage and damages have not been quantified. According to the schedule set by the judge in Salt Lake City, trial of the non-class suits is set for after 1 November 1998. However, it is likely that date will be postponed to after August 1999. Actions arising from the violation of U.S. anti-trust laws, if established, could result in the payment of substantial penalties and damages.
- (iii) ICI, as well as several other ICI companies, have been named as defendants in lawsuits, including a proposed class action lawsuit, relating to the bombing of the AP Murrah Building in Oklahoma City, Oklahoma. The lawsuits allege, *inter alia*, that the ICI companies were negligent in relation to the sale, through a distributor, of fertiliser allegedly used to prepare the bomb, to a farmers' co-



operative in Kansas. The Oklahoma Federal Court granted ICI's motion to dismiss the complaint, holding that the ICI companies have no case to answer. Judgment to this effect was entered on 18 November 1996. The judgment has been appealed to the United States Court of Appeals for the Tenth Circuit. The parties' oral arguments were heard by the US Court of Appeals on 22 January 1998 and the appeal should be decided in 1998. ICI were also named defendants in several additional actions, filed in April 1997, arising from the bombing. The allegations against ICI in these actions are similar to those asserted in the prior litigation. All actions were filed in the District Court of Oklahoma County, Oklahoma. Concurrently with the US District Court's dismissal, the plaintiffs in two Oklahoma State Court cases voluntarily stayed their cases pending the outcome of the appeal before the US Court of Appeals and agreed to dismiss their claims if that Federal District Court's dismissal of the earlier lawsuits against the ICI companies is upheld on appeal by the US Court of Appeals. In the two remaining 1997 Oklahoma State Court actions, the plaintiffs in one case non-suited their action, without prejudice, while all proceedings in the other case have been stayed pending the outcome of the appeal to the US Court of Appeals in the earlier lawsuit. The ICI companies concerned in the actions believe they have strong defences, have denied all liability and will vigorously contest any appeal or further court proceedings in this matter.

Save as set out above, no member of the ICI Group is or has been engaged in, nor (so far as ICI is aware) has pending or threatened, any legal or arbitration proceedings which may have or have had in the recent past (including at least the 12 months preceding the date of this document) a significant effect on the financial position of the ICI Group.

#### **Directors**

The directors of ICI and their functions within the ICI Group and their principal activities outside the ICI Group are as follows:

##### **Executive Directors**

Sir Ronald Hampel  
(Chairman)

Charles Miller Smith  
(Chief Executive)

Rob J Margetts, CBE  
(Executive Vice President – Industrial Chemicals  
and Materials, Technology and Safety, Health  
and Environment)

Alan G Spall  
(Chief Financial Officer)

James A Kennedy  
(Executive Vice President – National Starch)

##### **Other Directorships**

British Aerospace PLC  
Aluminium Company of America

HSBC Holdings plc

English China Clays plc

Legal & General Group Plc

**Non Executive Directors**

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Sir Roger Hurn

Lord Simpson

Hon-Chiu Lee

Sir Alex Trotman

**Other Directorships**

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Smiths Industries plc (Chairman)  
Glaxo Wellcome plc (Deputy Chairman)

The General Electric Company, p.l.c. (Managing Director)  
Pilkington plc

Hysan Development Company Ltd (Managing Director)  
Garden Hotel, Guangzhou (Deputy Chairman)  
Cathay Pacific Airways Ltd  
Hang Seng Bank Ltd

Ford Motor Company (Chairman and Chief Executive Officer)

The business address of the directors is Imperial Chemical House, Millbank, London SW1P 3JF.

**Subsidiaries**

ICI is the holding company for a group of companies and businesses as described in "Business Description" above.

## CAPITALISATION OF IMPERIAL CHEMICAL INDUSTRIES PLC

The following table sets out the consolidated capitalisation of ICI at 31 December 1997:

	<i>£m</i>
Shareholders' Funds	
Share capital – Ordinary shares of £1 each (Authorised 850 million shares; allotted and fully paid 727 million shares) . . . . .	727
Reserves . . . . .	(581)
	<u>146</u>
Minority interests . . . . .	<u>79</u>
Indebtedness for borrowed money	
Short-term debt (due within one year)	
Bank borrowings . . . . .	63
Other short-term borrowings . . . . .	1,042
Current instalments of loans . . . . .	950
Finance lease obligations . . . . .	6
Total short-term debt . . . . .	<u>2,061</u>
Long-term debt (due after more than one year)	
Bank loans . . . . .	1,066
Other loans . . . . .	1,909
Finance lease obligations . . . . .	10
Total long-term debt . . . . .	<u>2,985</u>
Total debt . . . . .	<u>5,046</u>
Total Capitalisation <sup>(b)(c)</sup> . . . . .	<u><u>5,271</u></u>

*Notes:*

- (a) Current asset investments and cash at bank amounted to £1,275 million at 31 December 1997.
- (b) In the period from 1 January to 31 March 1998 proceeds received from disposals of businesses of £530 million were applied in the reduction of net debt.
- (c) Save as described above, there has been no material change in the consolidated capitalisation of ICI since 31 December 1997.

## **ICI COORDINATION CENTRE N.V.**

### **Incorporation and Business**

ICI Coordination Centre N.V. ("ICI N.V.") was incorporated with limited liability under the laws of Belgium on 3 February 1989. It is registered with the Commercial Register of Leuven under number 73.806.

The business of ICI N.V. is to develop and centralise activities performed by companies belonging to the same group for the benefit of such companies. ICI N.V. has been granted the status of coordination centre by Royal Decree of 26 April 1989 taken in execution of the Royal Decree number 187 of 30 December 1982.

ICI N.V. is a wholly-owned indirect subsidiary of ICI. ICI Theta B.V. holds 96 per cent. of the shares of ICI N.V., the remaining 4 per cent. being held by ICI (Switzerland) A.G.

### **Directors**

The following is a list of the directors of ICI N.V.:

<b>Name</b>	<b>Principal Occupation</b>
Roberte Kesteman	Managing Director, ICI Coordination Centre N.V.
Christopher Vallance	Corporate Treasurer, ICI
Lode de Maesschalck	Director, ICI Coordination Centre N.V.

The business address of the directors is Everslaan 45, B-3078 Everberg, Belgium.

## CAPITALISATION OF ICI COORDINATION CENTRE N.V.

The following table sets out the capitalisation of ICI Coordination Centre N.V. at 31 December 1996.

*BEF*

Shareholders' Funds	
Share Capital - shares without nominal value (Issued and fully paid 1,192,825 shares) . . . . .	13,282,687,417
Reserves . . . . .	1,172,002,981
	<u>14,454,690,398</u>
Indebtedness for borrowed money	
Short-term debt (due within one year) <sup>(a)</sup> . . . . .	5,823,669,764
Long-term debt . . . . .	2,204,880,000
	<u>8,028,549,764</u>
Total debt . . . . .	<u>8,028,549,764</u>
Total Capitalisation <sup>(b)(c)(d)</sup> . . . . .	<u><u>22,483,240,162</u></u>

*Notes:*

- (a) Current asset investments and cash at bank and in hand amounted to BEF 136,354,083 at 31 December 1996. Other amounts receivable amounted to BEF 25,389,448,180 at 31 December 1996.
- (b) At 31 March 1998, total debt amounted to BEF 9,349,346,300 comprising short-term debt (due within one year) of BEF 8,205,866,300 and long-term debt of BEF 1,143,480,000. At that date current asset investments and cash at bank and in hand amounted to BEF 217,890,000 and other amounts receivable amounted to BEF 30,751,100,497.
- (c) On 8 April 1998, ICI Theta B.V. subscribed BEF 12,776,035,400 in respect of 1,080,700 Class A shares without nominal value in the company.
- (d) Save as described above, there has been no material change in the capitalisation of ICI Coordination Centre N.V. since 31 December 1996.

## AUDITOR'S REPORT ON ICI COORDINATION CENTRE N.V.

**Free translation of Report of the Statutory Auditor (Commissaris-Revisor)  
originally prepared in Dutch on the statutory accounts  
submitted for approval by the annual general shareholders' meeting of  
ICI Coordination Centre N.V.**

### **Statutory accounts as of 31 December 1996**

In accordance with legal and statutory requirements, we are reporting to you on the completion of the mandate which you have entrusted to us for the year ended 31 December 1996.

Our examination was performed in accordance with auditing standards of the "Instituut der Bedrijfsrevisoren".

The administrative and accounting organisation and the system of internal controls were considered sufficient for the purposes of our examination.

The Company's directors and representatives have provided us with the explanations and information requested by us.

The accounting records have been maintained, and the statutory accounts have been prepared, in accordance with the applicable legal and regulatory requirements.

The report of the Board of Directors contains the information required by law and conforms with the statutory accounts.

The proposed appropriation of results is in accordance with the statutes of the Company and with the Company Law.

We are not aware of any transaction or decision which would constitute a breach of the Company's statutes or of Company Law.

On the basis of our examination, we are of the opinion that the statutory accounts as at and for the year ended 31 December 1996, indicating total assets of BEF 26,117,607,369 and a net profit to be appropriated of BEF 4,013,545,785, present fairly the financial position of the Company and the results of its operations, taking into account the prevailing legal and regulatory requirements, and that the disclosures included in the notes to the accounts are adequate.

Brussels, 2 May 1997

Klynveld Peat Marwick Goerdeler,  
Bedrijfsrevisoren,  
Statutory Auditor

represented by  
E. Helsen  
Bedrijfsrevisor

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*Note:*

The financial statements set out on pages 39 to 44 are an English translation of the financial statements published in the Dutch language. The official financial statements are prepared based on the preformatted forms as prescribed by the Royal Decree of 8 October 1976, the Belgian legislation to bring in force the 4th Directive of the EEC. To facilitate reading the same information as published is shown but after eliminating non-applicable captions and notes to the accounts and after re-ordering the notes in the sequential order of appearance in the balance sheet and the profit and loss accounts. The content of the notes has remained unchanged.

## FINANCIAL STATEMENTS OF ICI COORDINATION CENTRE N.V.

### 1. SHAREHOLDERS, BOARD OF DIRECTORS AND AUDITORS

#### 1.1 Shareholders (as at 31 December 1996)

ICI Theta B.V. (The Netherlands)	74.3%
ICI Belgium N.V. (Belgium)	18.5%
ICI Switzerland A.G. (Switzerland)	7.2%

#### 1.2 Directors (as at 31 December 1996)

John Russell Houlden  
F. Rooseveltlaan 123 box 31  
1050 Brussels (5)  
Belgium

Roberte Kesteman  
Kwadenhoekstraat 14  
3012 Wilsele  
Belgium

Christopher Vallance  
Rivendell  
Oxley Road  
Torquay TQ1 2HF  
United Kingdom

#### 1.3 Auditors

B.C.V. Klynveld Peat Marwick Goerdeler (KPMG) Bedrijfsrevisoren (IBR number B001)  
Neerveldstraat 101-103 box 5  
1200 Sint-Lambrechts-Woluwe (Brussels)  
Belgium

### 2. BALANCE SHEET

#### 2.1 Assets

	31 December 1996	1995
	<i>(expressed in BEF)</i>	
Fixed assets (note 1) . . . . .	558,037	1,191,569
Amounts due after more than one year (note 2) . . . . .	572,623,616	563,394,684
Amounts due within one year . . . . .	573,181,653	564,586,253
Trade debtors (note 2) . . . . .	15,600,582	14,515,248
Other amounts receivable (note 2) . . . . .	25,389,448,180	12,429,531,612
Current asset investments and short-term deposits (note 3) . . . . .	89,000,000	65,000,000
Cash at bank and in hand . . . . .	47,354,083	175,739,488
Deferred charges and deferred income (note 4) . . . . .	3,021,871	4,029,416
Short-term assets. . . . .	25,544,424,716	12,688,815,764
Total assets . . . . .	<u>26,117,606,369</u>	<u>13,253,402,017</u>

## 2.2 Liabilities

	31 December 1996	1995
	<i>(expressed in BEF)</i>	
Share capital (note 5) . . . . .	13,282,687,417	11,443,883,417
Reserves		
– Legal reserve . . . . .	440,412,236	239,734,947
– Reserves not available for distribution . . . . .	458,124,996	172,859,951
Profit and loss reserve . . . . .	273,465,749	359,645,923
	<u>14,454,690,398</u>	<u>12,216,124,238</u>
Creditors due after more than one year (financial debts) (note 6) . . . . .	2,204,880,000	
Creditors due within one year (financial debts) (note 2) . . . . .	5,823,669,764	1,016,254,636
Trade creditors (note 3) . . . . .	2,519,222	5,552,263
Accrued tax and remuneration and social security liabilities (note 7)		
– tax liabilities . . . . .	2,194,889	1,672,618
– remuneration and social security liabilities . . . . .	11,282,945	8,819,572
Other creditors		
– amounts payable . . . . .	3,613,783,625	886
Other accruals and deferred income (note 8) . . . . .	4,585,526	4,977,804
	<u>9,458,035,971</u>	<u>1,037,277,779</u>
Total liabilities . . . . .	<u>26,117,606,369</u>	<u>13,253,402,017</u>

## 3. PROFIT AND LOSS ACCOUNT

	31 December 1996	1995
	<i>(expressed in BEF)</i>	
Turnover . . . . .	97,014,962	79,987,373
Other operating income . . . . .	46,323	
Operating income . . . . .	<u>97,061,285</u>	<u>79,987,373</u>
Services and other goods . . . . .	44,898,315	40,627,529
Remuneration, social security costs and pensions (note 9) . . . . .	57,437,004	45,505,526
Depreciation (note 1) . . . . .	524,356	524,360
Other operating charges (note 10) . . . . .	4,838,907	4,880,290
Operating charges . . . . .	<u>107,698,582</u>	<u>91,537,705</u>
Net operating loss . . . . .	(10,637,297)	(11,550,332)
Income from current assets . . . . .	1,012,894,608	882,809,671
Other financial income (note 11) . . . . .	3,495,503,013	113,031,097
Interest paid and other debt changes . . . . .	(152,568,700)	(55,242,934)
Other financial charges (note 12) . . . . .	(330,049,416)	(1,287,876,715)
Profit (loss) before tax and exceptional items . . . . .	<u>4,015,142,208</u>	<u>(358,829,213)</u>
Exceptional income . . . . .		137,736
Exceptional charges		
– exceptional depreciation (note 1) . . . . .	(109,176)	
– losses on sale of fixed assets . . . . .		(163,760)
– other exceptional charges . . . . .		(83,826)
Profit (loss) before tax . . . . .	<u>4,015,033,032</u>	<u>(358,939,063)</u>
Taxation: – current (note 13) . . . . .	(1,487,247)	(1,486,559)
– corrections to previous years . . . . .		208,595
Net profit (loss) . . . . .	<u>4,013,545,785</u>	<u>(360,217,027)</u>



#### 4. APPROPRIATION ACCOUNT

	31 December	
	1996	1995
	<i>(expressed in BEF)</i>	
Profit (loss) to be appropriated .....	4,013,545,785	(360,217,027)
Retained earnings at of the year .....	359,645,923	892,722,901
Allocation of profit to:		
– legal reserve .....	(200,677,289)	
– other reserves .....	(285,265,045)	(172,859,951)
Dividends .....	(3,613,783,625)	
Retained earnings at end of the year .....	273,465,749	359,645,923

#### 5. NOTES TO THE ACCOUNTS

##### Note 1: Fixed assets

(Statutory accounts note III 2)

Office equipment:

	Cost	Accumulated Depreciation	Net Book Value
	<i>(expressed in BEF)</i>		
As at 31 December 1995 .....	2,621,788	1,430,219	1,191,569
Depreciation 1996 .....		633,532 <sup>1</sup>	(633,532)
As at 31 December 1996 .....	2,621,788	2,063,751	558,037

##### Note 2: Amounts relating to group companies

(Statutory accounts note XVIII)

Balance sheets:

	31 December	
	1996	1995
	<i>(expressed in BEF)</i>	
Amounts due from group companies		
– more than 1 year .....	572,623,616	563,394,684
– less than 1 year .....		
trade debtors .....	15,600,582	14,515,248
other .....	25,389,423,180	12,429,018,659
	25,977,647,378	13,006,928,591
Amounts due to affiliated group companies		
– creditors due within one year .....	5,823,669,764	1,016,254,636
– trade creditors less than one year .....	206,576	3,241,382
	5,823,876,340	1,019,496,018
Profit and loss account:		
Income from current assets .....	1,008,222,050	874,912,057
Other financial income .....	3,494,394,695	112,410,704
	4,502,616,745	987,322,761
Interest and other debt changes .....	152,439,677	17,558,238
Other financial changes .....	329,304,099	1,286,132,510
	481,743,776	1,303,690,748

<sup>1</sup> Shown as current year's depreciation in operational expenses for BEF 524,356 and as an exceptional charge for BEF 109,176.

**Note 3: Current asset investments and short term deposits**  
(Statutory accounts note VI)

	31 December 1996	1995
	<i>(expressed in BEF)</i>	
Short-term deposits. . . . .	89,000,000	65,000,000

**Note 4: Deferred charges and accrued income**  
(Statutory accounts note VII)

	1996
	<i>(expressed in BEF)</i>
Interest due from subsidiary companies . . . . .	2,699,143
Other . . . . .	322,728
	3,021,871

**Note 5: Share capital**  
(Statutory accounts note VIII)

	Amount	Number of shares
	<i>(expressed in BEF)</i>	
As at 31 December 1995. . . . .	11,443,883,417	1,034,825
Capital increase during 1996. . . . .	1,838,804,000	158,000
As at 31 December 1996. . . . .	13,282,687,417	1,192,825

All shares are without nominal value.

**Note 6: Creditors due after more than one year**  
(Statutory accounts note X A)

	Amount due between 1 and 5 years
	<i>(expressed in BEF)</i>
Sundry loans <sup>1</sup> . . . . .	2,204,880,000

**Note 7: Accrued taxes, remuneration and social security liabilities**  
(Statutory accounts note X C)

None of amounts due to tax authorities or social security authorities is overdue as at 31 December 1996.

**Note 8: Other accruals and deferred income**  
(Statutory accounts note XI)

	1996
	<i>(expressed in BEF)</i>
Accrued interest payable to subsidiary companies (Cashpool activities). . . . .	4,574,669

<sup>1</sup> Long-term loan in Japanese Yen (¥8,000,000,000), repayable on 30 November 2000 at 2.6 per cent. interest per annum.

**Note 9: Payroll expenses**  
(Statutory accounts note XII C and G)

	31 December 1996	1995
Number of employees:		
– at the closing date . . . . .	27	21
–average during the year . . . . .	24	21
Number of actual working hours . . . . .	49,409	35,553
	<i>(expressed in BEF)</i>	
Gross salaries and sundry remunerations. . . . .	39,520,789	31,022,887
Social security charges. . . . .	13,191,547	10,787,273
Premiums pension funds. . . . .	4,724,668	3,695,366
	57,437,004	45,505,526
Number of part-time employees at the closing date. . . . .	2	0
Number of actual working hours . . . . .	787	109
Total expense. . . . .	698,793	102,000

**Note 10: Other operating charges**  
(Statutory accounts note XII F)

	31 December 1996	1995
	<i>(expressed in BEF)</i>	
Taxes on operations . . . . .	4,000,000	4,000,000
Sundry . . . . .	838,907	880,290
	4,838,907	4,880,290

**Note 11: Other financial income**  
(Statutory accounts note XIII A)

	31 December 1996	1995
	<i>(expressed in BEF)</i>	
Exchange gains on foreign currency loans. . . . .	3,494,394,695	112,410,704
Other exchange gains . . . . .	1,108,318	620,393
	3,495,503,013	113,031,097

**Note 12: Other financial charges**  
(Statutory accounts note XIII E)

	31 December 1996	1995
	<i>(expressed in BEF)</i>	
Exchange losses on intercompany loans . . . . .	329,304,099	1,286,132,544
Other exchange losses. . . . .	396,317	1,744,171
Financial charge relating to capital increase. . . . .	349,000	
	330,049,416	1,287,876,715

**Note 13: Taxation**  
**(Statutory accounts note XIII E)**

The amount for current taxes (BEF 1,487,247) represents the tax charge on current year's income.

**Note 14: Other taxes paid during the year for account of third parties**  
**(Statutory accounts note XVI)**

	1996	1995
	<i>(expressed in BEF)</i>	
Value added taxes		
- charged to the Company . . . . .	11,272,809	8,948,465
- charged by the Company . . . . .	10,166,355	8,460,512
Withholding taxes on salaries . . . . .	12,079,515	10,507,892
	<u>33,518,679</u>	<u>27,916,869</u>

**Note 15: Declaration in relation to group accounts**  
**(Statutory accounts VOL 21)**

The ultimate parent company of ICI Coordination Centre N.V. is Imperial Chemical Industries PLC, Imperial Chemical House, Millbank, London SW1P 3JF, United Kingdom. Consolidated financial statements of the ultimate parent company can be obtained at this address.

**SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are prepared in accordance with the accounting law of 17 July 1975 and implementing Royal Decrees.

**Fixed assets**

Office equipment is depreciated on a straight line basis over 5 years.

**Receivables and payables**

Receivables and payables are stated at their nominal value. Interest income on receivables collected by means of periodic receipts is determined on an actuarial basis and is recorded into the income statement based on the expired period.

**Foreign currencies**

Assets and liabilities in foreign currencies are converted into BEF at the current rate at the balance sheet date. All resulting exchange differences are recorded into the profit and loss account.

## ICI FINANCE PLC

### **Incorporation and Business**

ICI Finance PLC ("ICI Finance") was incorporated with limited liability under the laws of England and Wales on 19 October 1895 with Registered No. 45690.

The business of ICI Finance is to undertake treasury activities on behalf of the ICI Group.

ICI Finance is a wholly-owned indirect subsidiary of ICI. ICI Finance is a 100 per cent.-owned direct subsidiary of Mortar Investments U.K. Limited.

### **Directors**

The following is a list of the directors of ICI Finance:

<b>Name</b>	<b>Principal Occupation</b>
Alan G Spall (Chairman)	Chief Financial Officer, ICI
John M Charlton	Group Treasurer, ICI
David J Gee	Group Controller, ICI
Christopher Vallance	Corporate Treasurer, ICI
Philip J Gillett	Group Taxation Controller, ICI

None of the directors listed above performs activities outside the ICI Group which are significant with respect to the ICI Group.

The business address of the directors is Imperial Chemical House, Millbank, London SW1P 3JF.

## CAPITALISATION OF ICI FINANCE PLC

The following table sets out the capitalisation of ICI Finance PLC at 31 December 1997.

	<i>£m</i>
Shareholders' Funds	
Share capital – Ordinary shares of £1 each . . . . .	310
(Authorised 500 million shares; allotted and fully paid 310 million shares)	
Reserves . . . . .	307
	<u>617</u>
Indebtedness for borrowed money	
Short-term debt (due within one year)	
External . . . . .	341
Intra Group . . . . .	4,728
Total debt . . . . .	<u>5,069</u>
Total Capitalisation <sup>(b)</sup> . . . . .	<u><u>5,686</u></u>

*Notes:*

- (a) Current asset investments and cash at bank and in hand amounted to £691 million at 31 December 1997. Since that date substantially all of this amount has been on lent to Group Companies.
- (b) Save as described above, there has been no material change in the capitalisation of ICI Finance PLC since 31 December 1997.

## AUDITOR'S REPORT ON ICI FINANCE PLC

*The financial information set out on pages 48 to 52 has been extracted, without material adjustments, from the audited accounts of ICI Finance PLC in respect of the relevant periods. The report below has been extracted from the accounts of ICI Finance PLC for the year ended 31 December 1997. The page references below are to those of such accounts.*

### "AUDITOR'S REPORT TO THE MEMBERS OF ICI FINANCE PLC

We have audited the financial statements on pages 7 to 14.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As described on page 5\*, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### OPINION

In our opinion the financial statements give a true and fair view of the state of the affairs of the Company as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
8 Salisbury Square  
London EC4Y 8BB

30 January 1998"

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#### Note:

\* Set out below is the statement in respect of the responsibility of the Directors which appears in the relevant financial statements:

"Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them for safeguarding the assets of the Company and to prevent and detect fraud and other irregularities."

# FINANCIAL STATEMENTS OF ICI FINANCE PLC

## Profit and Loss Account for the years ended 31 December 1996 and 1997

	Notes	1997	1996
		£'000	£'000
Net operating income . . . . .	3	26,055	80,361
Exceptional operating items . . . . .	4	(31,238)	-
Operating (loss)/profit . . . . .		(5,183)	80,361
Income from shares in Group undertakings . . . . .		100	250
Interest receivable and similar income . . . . .	5	325,586	254,475
Interest payable and similar charges . . . . .	6	(217,267)	(183,831)
Profit on ordinary activities before taxation . . . . .	2	103,236	151,255
Tax on profit on ordinary activities . . . . .	7	(32,690)	(49,867)
Profit on ordinary activities after taxation . . . . .		70,546	101,388
Dividends . . . . .		-	(50,000)
Retained profit for the year . . . . .		70,546	51,388
Profit and loss account brought forward . . . . .		236,858	185,470
Profit and loss account carried forward . . . . .		307,404	236,858

The Company has no recognised gains or losses other than the profit for the year.

The notes on pages 9 to 14 form an integral part of these financial statements.



## Balance sheet at 31 December 1996 and 1997

	Notes	1997 £'000	1996 £'000
FIXED ASSETS			
Investments . . . . .	8	500	500
CURRENT ASSETS			
Debtors . . . . .	9	5,043,266	3,111,432
Investments . . . . .	10	663,543	157,489
Cash at bank and in hand . . . . .		27,319	27,088
		5,734,128	3,296,009
CREDITORS:			
amounts falling due within one year . . . . .	11	(5,117,224)	(2,749,651)
NET CURRENT ASSETS . . . . .		616,904	546,358
TOTAL ASSETS LESS CURRENT LIABILITIES . . . . .		617,404	546,858
CAPITAL AND RESERVES			
Called up share capital . . . . .	12	310,000	310,000
Profit and loss account . . . . .		307,404	236,858
SHAREHOLDER'S FUNDS - EQUITY . . . . .	13	617,404	546,858

The notes on pages 9 to 14 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 30 January 1998 and were signed on its behalf by:

C Vallance  
Director

## Notes Relating to the Financial Statements

**1. Accounting policies***(a) Basis of preparation*

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 1985, as amended by the Companies Act 1989.

*(b) Foreign currencies*

Assets and liabilities in foreign currencies (including forward foreign currency contracts) are converted into sterling at the spot rates of exchange ruling at the balance sheet date. All exchange differences are taken to the profit and loss account.

*(c) Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of provisions for taxation and accounting purposes.

*(d) Financial reporting standard 1 (Revised 1996)*

The consolidated financial statements of the Company's ultimate parent undertaking include a consolidated statement of cash flows of the Group. The Company is consequently exempt from preparing a cash flow statement in these financial statements.

*(e) Derivative instruments*

Derivative instruments, such as interest rate swaps, forward rate agreements and options, are marked to market at the balance sheet date and the surplus or deficit arising taken to the profit and loss account.

**2. Segmental information**

The Company's activities are carried out wholly in the United Kingdom.

Profit before taxation is not analysed by class of business since the Company's activities are so closely inter-related that a separate analysis would not be meaningful.

**3. Net operating income/(expenses)**

	1997	1996
	£'000	£'000
Gains due to exchange and interest rate movements . . . . .	27,752	81,372
Administration and other expenses . . . . .	(1,655)	(967)
Auditor's remuneration - audit work . . . . .	(42)	(44)
	<u>26,055</u>	<u>80,361</u>

**4. Exceptional operating items**

	1997	1996
	£'000	£'000
Loan commitment fees . . . . .	<u>31,238</u>	<u>-</u>

**5. Interest receivable and similar income**

	1997	1996
	£'000	£'000
Interest from ultimate holding company and fellow subsidiary undertakings . . .	303,976	214,866
Interest from short-term deposits and other interest . . . . .	21,610	39,609
	<u>325,586</u>	<u>254,475</u>

**6. Interest payable and similar charges**

	1997	1996
	£'000	£'000
Interest to ultimate holding company and fellow subsidiary undertakings . . . . .	173,893	182,119
Interest to subsidiary undertaking . . . . .	42	44
Interest on other borrowings . . . . .	43,332	1,668
	<u>217,267</u>	<u>183,831</u>

The above payments are in respect of borrowings wholly repayable within one year.

**7. Tax on profit on ordinary activities**

	1997	1996
	£'000	£'000
Corporation tax – group relief . . . . .	32,683	49,858
Overseas taxation . . . . .	7	9
	<u>32,690</u>	<u>49,867</u>

UK corporation tax has been provided on the profits of the year at the rate of 31.5% (1996: 33%).

**8. Fixed asset investments**

	At 31 December 1996 and 31 December 1997
	£'000
Subsidiary undertaking (unlisted) 500,000 shares of £1 each, fully paid at cost . . . . .	500

Details of the subsidiary undertaking are given below.

	Country of Registration and Principal Operations	Class of Shares held	% held (direct)	Principal Activities
ICI Finance (Leasing) Limited . . . . .	England	Ordinary	100	Leasing

In the opinion of the Directors, the value of the investment in the subsidiary undertaking is not less than the amount at which it is stated in the balance sheet.

The Company is exempt (under section 228 of the Companies Act 1985) from the requirement to prepare Group accounts as it is a wholly-owned subsidiary of Mortar Investments UK Ltd which in turn is a wholly-owned subsidiary of Imperial Chemical Industries PLC and is therefore included in the consolidated accounts of Imperial Chemical Industries PLC, a company registered in England.

**9. Debtors**

	1997	1996
	£'000	£'000
Amounts due from holding company and fellow subsidiary undertakings . . . . .	5,024,496	3,080,556
Other debtors . . . . .	18,770	30,876
	<u>5,043,266</u>	<u>3,111,432</u>

There are no debtors falling due after more than one year (1996: £Nil).

**10. Current asset investments**

	1997	1996
	£'000	£'000
Securities listed on The London Stock Exchange .....	-	4,717
Total listed investments .....	-	4,717
Unlisted investments .....	663,543	152,772
	<u>663,543</u>	<u>157,489</u>

**11. Creditors: amounts falling due within one year**

	1997	1996
	£'000	£'000
Bank loans and overdrafts (unsecured) .....	341,258	66,663
Amounts owed to Group companies		
Holding company and fellow subsidiary undertakings .....	4,727,495	2,653,332
Subsidiary undertaking .....	643	730
Accruals and deferred income .....	21,490	1,151
Other creditors .....	26,338	27,775
	<u>5,117,224</u>	<u>2,749,651</u>

**12. Called up share capital**

	Authorised		Allotted and fully paid	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Ordinary shares of £1 each .....	<u>500,000</u>	<u>500,000</u>	<u>310,000</u>	<u>310,000</u>

**13. Reconciliation of movements in shareholders' funds**

	1997	1996
	£'000	£'000
Opening shareholders' funds .....	546,858	495,470
Profit for the year .....	70,546	51,388
Closing shareholders' funds .....	<u>617,404</u>	<u>546,858</u>

**14. Commitments**

Commitments existed at 31 December 1997 in connection with forward currency contracts, currency options and cross currency and interest rate swaps, arising in the ordinary course of business.

**15. Directors' emoluments and staff costs**

The Company employed no staff during year (1996: Nil). None of the Directors received any emoluments in respect of their services to the Company (1996: £Nil).

**16. Parent company**

Mortar Investments UK Ltd, which is registered in England, is the Company's parent company.

**17. Ultimate parent company**

The Company's ultimate parent company is Imperial Chemical Industries PLC, which is incorporated in Great Britain and registered in England.

Copies of the Group accounts are available from Imperial Chemical House, Millbank, London SW1P 3JF.

**18. Related party transactions**

Related party transactions with other members of the ICI Group controlled by Imperial Chemical Industries PLC are not disclosed in accordance with the exemption allowed under Financial Reporting Standard No. 8.

## ICI INVESTMENTS (NETHERLANDS) B.V.

### **Incorporation and Business**

ICI Investments (Netherlands) B.V. ("ICI B.V.") was incorporated with limited liability under the laws of the Netherlands on 17 June 1997. It is registered with the Chamber of Commerce and Industry in Rotterdam under number 275870.

The business of ICI B.V. is that of a holding company.

ICI B.V. is a wholly-owned indirect subsidiary of ICI. ICI B.V. is a 100%-owned direct subsidiary of ICI Theta B.V.

### **Managing Directors**

The following is a list of the managing directors of ICI B.V.:

<b>Name</b>	<b>Principal Occupation</b>
Erik Barents	Managing Director, ICI Holland B.V.
Cornelis van't Hof	Commercial Manager, Unichema Chemie B.V.
Jacobus L Kruit	Chief Financial Officer, ICI Holland B.V.
Philip J Gillett	Group Taxation Controller, ICI

None of the managing directors listed above perform activities outside the ICI Group which are significant with respect to the ICI Group.

The business address of the managing directors is Merseyweg 10, 3197 KG Botlek-Rotterdam, The Netherlands.

# **CAPITALISATION OF ICI INVESTMENTS (NETHERLANDS) B.V.**

The following table sets out the capitalisation of ICI Investments (Netherlands) B.V. at 31 December 1997.

	<i>NLG</i> <i>(Thousand)</i>
Shareholders' Funds	
Share Capital – shares of NLG 100 each (Authorised 2,000 shares; issued and fully paid 400 shares) . . . . .	40
Reserves . . . . .	(31,134)
	<u>(31,094)</u>
Indebtedness for borrowed money	
Short-term debt (due within one year)	
External . . . . .	211,700
Intra Group . . . . .	41,337
Total short-term debt <sup>(a)</sup> . . . . .	<u>253,037</u>
Long-term debt	
External . . . . .	2,046,408
Intra Group . . . . .	0
Total long-term debt . . . . .	<u>2,046,408</u>
Total debt <sup>(b)</sup> . . . . .	<u>2,299,445</u>
Total Capitalisation <sup>(c)(d)(e)</sup> . . . . .	<u><u>2,268,351</u></u>

## *Notes:*

- (a) Current asset investments and cash at bank and in hand amounted to NLG 28,000 at 31 December 1997.
- (b) Amounts owed to ICI Investments (Netherlands) B.V. by ICI Group companies amounted to NLG 146,318,000 at 31 December 1997.
- (c) ICI Investments (Netherlands) B.V. reported a loss of NLG 14.2 million for the quarter ended 31 March 1998.
- (d) On 1 April 1998 ICI reached agreement to sell Crosfield Group to W. R. Grace & Co.. Crosfield B.V., a constituent part of Crosfield Group, is a wholly owned subsidiary of ICI Investments (Netherlands) B.V. and it is anticipated, subject to completion of the sale, and on the basis of the agreed debt free price, that a loss of approximately NLG 247 million will arise.
- (e) Save as described above, there has been no material change in the capitalisation of ICI Investments (Netherlands) B.V. since 31 December 1997.

## **AUDITOR'S REPORT ON ICI INVESTMENTS (NETHERLANDS) B.V.**

*The financial information set out on pages 56 to 60 has been extracted, without material adjustments, from the audited accounts of ICI Investments (Netherlands) B.V. in respect of the relevant period. The report below has been extracted from the accounts of ICI Investments (Netherlands) B.V. for the period ended 31 December 1997.*

### **AUDITOR'S REPORT**

#### **Introduction**

We have audited the financial statements 1997 of ICI Investments (Netherlands) B.V., Rotterdam. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

#### **Scope**

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

#### **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the company as of 31 December 1997 and of the result for the financial year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9, Book 2 of the Netherlands Civil Code.

Rotterdam, 12 March 1998

KPMG Accountants N.V.

# FINANCIAL STATEMENTS OF ICI INVESTMENTS (NETHERLANDS) B.V.

## BALANCE SHEET AS AT 31 DECEMBER 1997

(after proposed appropriation of result)

	31 December 1997	17 June 1997
	<i>(in thousands of Dutch guilders)</i>	
<b>Financial fixed assets</b>		
Investments in group companies . . . . .	2,178,200	—
Loans to group companies . . . . .	146,318	—
	<u>2,324,518</u>	<u>—</u>
<b>Current assets</b>		
Amounts receivable from group companies . . .	548	—
Cash at bank and in hand . . . . .	28	40
	<u>576</u>	<u>40</u>
	<u>2,325,094</u>	<u>40</u>
<b>Capital and reserves</b>		
Paid-up and called capital . . . . .	40	40
Profit and loss account . . . . .	(31,134)	—
	<u>(31,094)</u>	<u>40</u>
<b>Long-term liabilities</b>		
Bonds . . . . .	2,046,408	—
<b>Current liabilities</b>		
Amounts payable to group companies . . . . .	41,337	—
Notes . . . . .	211,700	—
Other liabilities . . . . .	56,743	—
	<u>309,780</u>	<u>—</u>
	<u>2,325,094</u>	<u>40</u>



ICI Investments (Netherlands) B.V.

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 1997**

	1997
	<i>(in thousands of Dutch guilders)</i>
General expenses .....	161
Net interest payable and similar charges .....	47,738
<b>Loss before taxation</b> .....	47,899
Taxation .....	16,765
<b>Loss after taxation</b> .....	31,134

## NOTES TO THE FINANCIAL STATEMENTS

### **General**

The Company was incorporated on 17 June 1997. Consequently the first financial year covers the period from 17 June 1997 through 31 December 1997.

The Company's parent company is ICI Theta B.V., Rotterdam. Its ultimate parent company is Imperial Chemical Industries PLC, London, United Kingdom (hereafter "ICI PLC").

### **Significant accounting policies**

The financial statements have been prepared under the historical cost convention and on an accrual basis of accounting.

#### *Consolidated accounts*

The Company has elected to invoke Article 408, Title 9 of Book 2 of the Dutch Civil Code whereby the Company is exempt from preparing consolidated financial statements since the financial and other data of the Company and its subsidiaries is consolidated with that of ICI PLC. The Annual Report of ICI PLC will be deposited together with the Company's statement with the Trade Register.

#### *Foreign currencies*

Profit and loss items in foreign currencies are translated into Dutch guilders at average rates for the relevant accounting periods. Assets and liabilities in foreign currencies are translated at exchange rates ruling at balance sheet date. Foreign currency exchange gains or losses arising from translation are processed in the profit and loss account.

#### *Financial derivatives*

The Company uses currency swaps to reduce exposure to foreign exchange risks and interest rate swaps to adjust interest rate exposure. Principal amounts of currency swaps are revalued at exchange rates ruling at balance sheet date and included in the Dutch guilder value of long-term liabilities. Interest income and expenses from interest rate swaps are processed with net interest payable.

#### *Financial fixed assets*

In recognition of its status as a Dutch intermediate holding company of ICI PLC, the investments in group companies are stated at cost, applying historical exchange rates.

Dividends received from pre-acquisition reserves of participating interests are applied to reduce the historical acquisition costs of the relevant investment.

In the event of a permanent diminution in value of an investment, this impairment is reflected by an adjustment to the carrying value of the relevant investment.

#### *Other assets and liabilities*

Unless otherwise stated in the financial statements, all other assets and liabilities are shown at face value.

#### *Recognition of income from participating interests*

Dividends from participating interests in respect of the financial year or previous years are recorded as income for the year in so far as such dividends are received or declared before preparation of the Company's accounts.

#### *Taxation*

The Company and its subsidiaries are part of a fiscal unit, of which ICI Theta B.V. is the parent company. Due to this unity, the Company is jointly and severally liable for the liabilities of the fiscal unit. Taxes payable by the fiscal unit are allocated to the separate companies in proportion to their fiscal results.

**BALANCE SHEET AS AT 31 DECEMBER 1997****Financial fixed assets***Investments in group companies*

On 8 July 1997 the Company acquired a 100 per cent. interest in the following subsidiaries:

Crosfield B.V., Eijsden

National Starch and Chemical B.V., Zutphen

Quest International Nederland B.V., Naarden

Unichema Chemie B.V., Gouda

Vinamul B.V., Geleen.

**Capital and reserves***Paid-up and called capital*

The paid-up and called capital as at 31 December 1997 consists of 400 ordinary shares of NLG 100 each. Contribution has been made in cash.

**Long-term liabilities***Bonds*

The following analysis reflects the effects of financial derivatives on the Company's borrowings.

Original currency	Before financial derivatives		Repayment dates	After financial derivatives	
	Original interest rate	Amount NLG,000		Interest rate	Amount NLG,000
U.S. dollars	6.75	1,009,550	2002	variable	1,034,853
British pounds	7.625	1,003,320	2007	variable	1,011,555
		<u>2,012,870</u>			<u>2,046,408</u>

The weighted average interest rate payable in 1997, including the effects of financial derivatives, was approximately 3.9 per cent.

Repayment of the bonds and notes and interest thereon is unconditionally and irrevocably guaranteed by ICI PLC under the Euro Medium Term Note Programme. Under this programme ICI PLC, ICI Finance PLC and the Company (together the Issuers) may issue notes up to a principal amount of USD 4,000 million. The Notes (and interest thereon) shall at all time rank *pari passu* amongst themselves and at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Company (and the other Issuers). Furthermore, cross default and negative pledge clauses apply.

ICI Investments (Netherlands) B.V.

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 1997**

**Net interest payable and similar charges**

Represents the balance of interest payable on the basis of original lending agreements and the income and expenses from interest rate swaps with respect to bonds and notes. The swap contracts have been entered into with other ICI group companies. Furthermore, this item includes interest paid and received on current accounts with group companies. The net interest income from group companies included in this item amounts to NLG 13,632,000.

**Managing director's remuneration**

Managing directors did not receive any remuneration.

**Employees**

There are no employees in the service of the Company.

## TAXATION

### UNITED KINGDOM

The following is a summary of the United Kingdom withholding tax treatment at the date hereof in relation to the payments on the Notes and other salient points relating to the United Kingdom taxation treatment of Noteholders. It is not exhaustive, and in particular it does not deal with the position of certain classes of Noteholders, such as dealers in securities. Noteholders who are in any doubt as to their tax position should consult their professional advisers.

*Notes issued in bearer form by Imperial Chemical Industries PLC and ICI Finance PLC ("U.K. Notes")*

1. U.K. Notes which are in bearer form and which carry a right to interest ("U.K. Notes") will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange within the meaning of section 841 Income and Corporation Taxes Act 1988 (the London Stock Exchange is so recognised). Accordingly, so long as the U.K. Notes are in global form and are and continue to be quoted Eurobonds and held in a "recognised clearing system" (Cedel Bank and Euroclear have each been designated as a "recognised clearing system" for this purpose), payments of interest on the U.K. Notes may be made without withholding or deduction for or on account of United Kingdom income tax provided that (where payments of interest are made through a person who is in the United Kingdom):
  - (a) payment is made direct to the recognised clearing system; or
  - (b) the paying agent obtains a valid declaration in the form required by law from the depositary of the clearing system; or
  - (c) the paying agent has received a notice from the Inland Revenue instructing it to pay the interest with no tax deducted.
2. If U.K. Notes are issued in definitive form and are and continue to be quoted Eurobonds, then payments of interest on the U.K. Notes may be made without withholding or deduction for or on account of United Kingdom income tax where:
  - (a) the payment of interest is made by or through a person who is not in the United Kingdom; or
  - (b) the payment is made by or through a person who is in the United Kingdom and either:
    - (i) the U.K. Notes are held in a "recognised clearing system" and one of the conditions set out in paragraph 1 (a), (b) or (c) is satisfied; or
    - (ii) the person who is the beneficial owner of the U.K. Notes and is entitled to the interest is not resident in the United Kingdom and either:
      - (A) the paying agent obtains a valid declaration in the form required by law from the said person; or
      - (B) the paying agent obtains a valid declaration in the form required by law from another person who holds the U.K. Notes for the non-resident person and who is entitled to arrange for the interest to be paid with no tax deducted; or
      - (C) the paying agent has received a notice from the Inland Revenue instructing it to pay the interest with no tax deducted.
3. In all other cases interest on U.K. Notes with a maturity of one year or more will be paid under deduction of income tax at the lower rate (currently 20 per cent.) subject to any direction to the contrary from the Inland Revenue in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.
4. If U.K. Notes carry a right to interest and have a maturity date less than one year from the date of issue (and are not issued with such a maturity date pursuant to any arrangement, the effect of which is to render such Note part of a borrowing for a total term of one year or more) payments of interest may be made without withholding or deduction for or on account of United Kingdom income tax.
5. Any interest on U.K. Notes will have a United Kingdom source and accordingly may be chargeable to United Kingdom tax by direct assessment. Where the interest is paid without withholding or deduction, the interest will not be assessed to United Kingdom tax in the hands of holders of U.K. Notes who are not resident in the United Kingdom, except where such persons carry on a trade, profession or vocation in the United Kingdom through a United Kingdom

branch or agency in connection with which the interest is received or to which the U.K. Notes are attributable, in which case (subject to exemptions for interest received by certain categories of agent) tax may be levied on the United Kingdom branch or agency.

*Notes Issued in bearer form by ICI Investments (Netherlands) B.V. and ICI Coordination Centre N.V. ("Non-U.K. Notes")*

- 6 Payments of interest on Non-U.K. Notes may be made without withholding or deduction for or on account of United Kingdom income tax provided that (where payments of interest are made through a person who is in the United Kingdom):
- (a) the Non-U.K. Notes are held in a "recognised clearing system" and one of the conditions set out in paragraph 1 (a), (b) or (c) is satisfied; or
  - (b) the person who is the beneficial owner of the non-U.K. Notes and is entitled to the interest is not resident in the United Kingdom and one of the conditions set out in paragraph 2(b)(i)(A), (B) or (C) is satisfied; or
  - (c) the interest arises to trustees not resident in the United Kingdom of certain discretionary or accumulation trusts (where, *inter alia*, none of the beneficiaries of the trust is resident in the United Kingdom) and the paying agent obtains a valid declaration in the form required by law from the trustee; or
  - (d) the person beneficially entitled to the interest is eligible under specified provisions for relief from United Kingdom tax in respect of the interest and the paying agent obtains a valid declaration in the form required by law from the appropriate person.

*All Notes*

- 7 Where a United Kingdom person acts as a collecting agent on behalf of a holder of U.K. Notes which constitute quoted Eurobonds or on behalf of a holder of non-U.K. Notes, i.e. either:
- acts as custodian of the Notes and receives interest on the Notes, or directs that interest on the Notes be paid to another person, or consents to such payment; or
- collects or secures payment of, or receives interest on, the Notes for a Noteholder or a Couponholder (except by means of clearing a cheque or arranging for the clearing of a cheque),
- the collecting agent will be required to withhold on account of United Kingdom income tax at the lower rate currently 20 per cent. unless:
- (a) the relevant Notes are held in a "recognised clearing system" and:
    - (i) the collecting agent pays or accounts for the interest to the recognised clearing system; or
    - (ii) the collecting agent obtains a valid declaration in the form required by law from the depositary of the clearing system; or
    - (iii) the collecting agent has received a notice from the Inland Revenue instructing it to pay the interest with no tax deducted; or
  - (b) the person beneficially entitled to the interest and the related Notes is not resident in the United Kingdom and either:
    - (i) the collecting agent obtains a valid declaration in the form required by law from the said person; or
    - (ii) the collecting agent obtains a valid declaration in the form required by law from another person who holds the Notes for the non-resident person and who is entitled to arrange for the interest to be paid with no tax deducted; or
    - (iii) the collecting agent has received a notice from the Inland Revenue instructing it to pay the interest with no tax deducted; or
  - (c) the interest arises to trustees not resident in the United Kingdom of certain discretionary or accumulation trusts (where, *inter alia*, none of the beneficiaries of the trust is resident in the United Kingdom) and the collecting agent obtains a valid declaration in the form required by law from the trustee; or
  - (d) the person beneficially entitled to the interest is eligible under specified provisions for relief from United Kingdom tax in respect of the interest and the collecting agent obtains a valid declaration in the form required by law from the appropriate person.

- 8 Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.
- 9 Where Notes are issued at a discount or redeemable at a premium, United Kingdom withholding tax will not apply to the payment of such discount or premium so long as it does not constitute yearly interest for United Kingdom tax purposes.
- 10 Holders of Notes which are companies within the charge to United Kingdom corporation tax may be subject to United Kingdom corporation tax on their holding, disposal or redemption of Notes. The nature of the tax charge will depend on the terms of the Note in question and the particular circumstances of the relevant Noteholder. In particular, Noteholders within the charge to United Kingdom corporation tax should have regard to the provisions of the "loan relationship" legislation contained in the Finance Act 1996, the chargeable gains legislation and the legislation applicable to foreign exchange gains and losses contained in the Finance Act 1993.
- 11 Holders of Notes who are individuals or trustees and who are resident or ordinarily resident in the United Kingdom or who carry on a trade in the United Kingdom through a branch or agency to which the Notes are attributable may be subject to United Kingdom income or capital gains tax on their holding, disposal or redemption of Notes. The nature of the tax charge will depend on the terms of the Note in question and the particular circumstances of the relevant Noteholder. In particular, such Noteholders should have regard to the capital gains tax legislation, the "accrued income scheme" and the "relevant discounted securities legislation".

## **BELGIUM**

The following is a general summary of Belgian taxation as of the date hereof in relation to payments made under and other transfers involving the Notes, Receipts or Coupons. It is not exhaustive and Noteholders who are in doubt as to their tax position should consult their professional advisors.

- (a) by application of the Belgian law of 6 August 1993 concerning transactions in certain securities, withholding tax is not levied if the Notes are booked on an account that has been opened in the books of a direct or indirect participant of the X/N clearing system of the BNB, and if the holder of the Note falls within the category of persons which may open an X-account in accordance with the requirements of the said legislation. This category includes, among others, non-residents of Belgium who do not use the Notes in connection with a business or any other professional activity in Belgium;
- (b) a holder of a Note, Receipt or Coupon who derives income from a Note, Receipt or Coupon or who realises a gain on disposal or redemption of a Note, Receipt or Coupon will not be subject to Belgian taxation on income or capital gains unless (i) the holder is a non-resident who is using the Notes in a fixed base or permanent establishment which he maintains in Belgium, (ii) the holder is an individual resident of Belgium who is using the Notes for his professional activity or (iii) the holder is a company resident in Belgium;
- (c) the Notes, Receipts or Coupons will not be subject to Belgian gift taxes provided the gift is not required to be and is not made or evidenced by a deed or other instrument subject to registration in Belgium;
- (d) the Notes, Receipts or Coupons will not be subject to Belgian inheritance taxes if held by persons not resident in Belgium at the time of their death;
- (e) the Belgian tax on securities transactions will not be levied on subscription to, or purchase or sale of, the Notes, provided such transfers do not take place with the intervention of a Belgian professional securities intermediary; and
- (f) the Belgian tax on delivery of bearer securities will not be levied on the Notes so long as they are maintained in the X/N clearing system of the BNB.

## **NETHERLANDS**

The following is a general summary of Dutch taxation as at the date hereof in relation to payments made under the Notes, Receipts or Coupons. It is not exhaustive and Noteholders who are in doubt as to their tax position should consult their professional advisers.

- (a) all payments under the Notes, Receipts or Coupons can be made free of withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein;

- (b) a holder of a Note, Receipt or Coupon who derives income from a Note, Receipt or Coupon or who realises a gain on the disposal or redemption of a Note, Receipt or Coupon will not be subject to Dutch taxation on income or capital gains unless:
  - (i) the holder is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions; or
  - (ii) such income or gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment or permanent representative in the Netherlands; or
  - (iii) the holder has, directly or indirectly, a substantial interest or a deemed substantial interest in the relevant Issuer and such interest or the Notes, Receipts or Coupons do not form part of the assets of an enterprise; or
  - (iv) if the holder is an individual not having a substantial interest or a deemed substantial interest in the relevant Issuer, any of certain connected persons has a substantial interest or a deemed substantial interest in the relevant Issuer and such interest or the Notes, Receipts or Coupons do not form part of the assets of an enterprise.
- (c) Dutch net wealth tax will not be levied on a holder of a Note, Receipt or Coupon unless such holder is an individual and:
  - (i) the holder is, or is deemed to be, resident in the Netherlands; or
  - (ii) such Note, Receipt or Coupon is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in the Netherlands;
- (d) Dutch gift, estate or inheritance taxes will not be levied on the occasion of the transfer of a Note, Receipt or Coupon by way of gift, or on the death of a holder, unless:
  - (i) the holder is, or is deemed to be, resident in the Netherlands; or
  - (ii) the transfer is construed as an inheritance or as a gift made by or on behalf of a person who, at the time of the gift or death, is or is deemed to be, resident in the Netherlands; or
  - (iii) such Note, Receipt or Coupon is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in the Netherlands;
- (e) there is no Dutch registration tax, capital tax, stamp duty or any other similar tax or duty other than court fees and contributions for the registration with the Trade Register of the Chamber of Commerce, payable in the Netherlands in respect of or in connection with the execution, delivery and enforcement by legal proceedings (including any foreign judgment in the courts of the Netherlands) of the Notes, Receipts or Coupons or the performance of the relevant Issuer's obligations under the Notes, Receipts or Coupons;
- (f) there is no Dutch value added tax payable in respect of payments in consideration for the issue of the Notes, Receipts or Coupons or in respect of the payment of interest or principal under the Notes, Receipts or Coupons or the transfer of the Notes, Receipts or Coupons; and
- (g) a holder of a Note, Receipt or Coupon will not become resident, or deemed to be resident, in the Netherlands by reason only of the holding of a Note, Receipt or Coupon or the execution, performance, delivery and/or enforcement of the Notes, Receipts or Coupons.



## SUBSCRIPTION AND SALE

### **Summary of Dealer Agreement**

Subject to the terms and on the conditions contained in a Dealer Agreement dated 15 July 1997 supplemented and amended by a Supplemental Dealer Agreement dated 28 April 1998 (together the "Dealer Agreement") between the Issuers, the Guarantor, the Permanent Dealers and the Arrangers, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, each Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by each Issuer through the Dealers, acting as agents of the relevant Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The relevant Issuer (if applicable, failing whom the Guarantor) will pay each relevant Dealer a commission in respect of Notes subscribed by it as separately agreed between them. Each Issuer (if applicable, failing whom the Guarantor) has agreed to reimburse the Arrangers for certain of their expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions payable in respect of an issue of Notes on a syndicated basis will be stated in the relevant Pricing Supplement.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the relevant Issuer.

### **Selling Restrictions**

#### *United States*

The Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, by the Fiscal Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the restricted period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Each issuance of index-, commodity- or currency-linked Notes will be subject to such additional United States selling restrictions as the relevant Issuer and the relevant Dealer(s) may agree, as indicated in the applicable Pricing Supplement. Each Dealer has agreed that it will offer, sell or deliver such Notes only in compliance with such additional United States selling restrictions.

### *United Kingdom*

Each Dealer has agreed that:

1. it has not offered or sold and will not offer or sell (a) any Notes having a maturity of one year or more, in respect of which admission to listing in accordance with Part IV of the Financial Services Act 1986 (the "Act") is to be sought, to persons in the United Kingdom prior to admission of such Notes to such listing or (b) prior to the date six months after their date of issue, any Notes having a maturity of one year or more, in respect of which admission to such listing is not to be sought, to persons in the United Kingdom, in each case, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances that have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 or, in the case of Notes in respect of which admission to such listing is to be sought, the Act;
2. it has complied with and will comply with all applicable provisions of the Act with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
3. it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the Notes, other than any document that consists of or any part of listing particulars, supplementary listing particulars or any other document required or permitted to be published by listing rules under Part IV of the Act, to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 (as amended) or is a person to whom such document may otherwise lawfully be issued or passed on.

### *Germany*

Each Dealer confirms that it is aware of the fact that no selling prospectus (*Verkaufsprospekt*) has been or will be published in respect of the Programme and that it will comply with the German Securities Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*) of 13 December 1990.

Each issue of Deutsche Mark Notes ("DM-Notes") will take place through Dealers in compliance with the "Statement of the Deutsche Bundesbank concerning Deutsche Mark issues" dated 3 July 1992 as from time to time amended or replaced. In particular, only credit institutions domiciled in Germany (which expression includes German branches of foreign banks) will act as Dealers in relation to such Notes (the "DM-Dealers"). In the case of Notes issued on a syndicated basis, it is sufficient if the Lead Manager is a credit institution domiciled in Germany (the "DM Lead Manager"). The relevant Issuer will cause the Issuing Agent to notify the Deutsche Bundesbank, at the end of each month, as to the amounts, Issue Dates and other terms of each series of DM-Notes purchased by the relevant DM-Dealer, or, in the case of Notes issued on a syndicated basis, by a group of managers, during the month. Furthermore, the relevant DM-Dealer or the DM Lead Manager, as the case may be, will inform the Deutsche Bundesbank about an issue of DM-Notes in the manner as requested from time to time.

Each Dealer undertakes that it shall furnish the Deutsche Bundesbank with appropriate details of any Notes which such Dealer has agreed to purchase and which are a new financial product involving a Deutsche Mark component in sufficient time so as to enable the Deutsche Bundesbank to express its opinion prior to the launch of the issue of such Notes.

### *Japan*

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the "Securities and Exchange Law"). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Securities and Exchange Law and other relevant laws and regulations of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

### *Netherlands*

Each Dealer represents and agrees that any Notes issued under the Programme by the Issuers, in respect of which no recognition of the Offering Circular and the applicable Pricing Supplement as referred to in EC Directive 89/298/EEC has been confirmed by the Securities Board of the Netherlands (*Stichting Toezicht Effectenverkeer*) and which are offered as part of their initial distribution in or from within the Netherlands or as part of a re-offering in the Netherlands, shall, if the prohibition referred to in article 3 paragraph 1 of the Netherlands 1995 Act on the supervision of the securities trade (*Wet toezicht effectenverkeer 1995*, hereinafter the "Act") applies, (i) only be issued and offered in individual denominations of at least NLG 100,000 or the equivalent in another currency, or (ii) not be offered, transferred or sold, whether directly or indirectly, to any individual or legal entity, as part of their initial distribution or at any time thereafter, other than to individuals or legal entities, situated in or outside the Netherlands, who or which trade or invest in securities in the conduct of their profession or trade, which includes banks, brokers, dealers, insurance companies, pension funds, other institutional investors and commercial enterprises which regularly, as an ancillary activity, invest in securities, in which case it must be made clear upon making the offer that it is exclusively made to the said individuals or legal entities and in which case a copy of any offering material (including the applicable Pricing Supplement) must be submitted by the relevant Issuer to the Securities Board of the Netherlands before the issue date of the relevant Notes, or (iii) only be issued and offered if another exemption as referred to in the Exemption Regulation based on the Act (*Vrijstellingsregeling Wet toezicht effectenverkeer 1995*), from the above prohibition applies and the requirements of such exemption are fully complied with, or (iv) only be issued and offered if the Securities Board of the Netherlands has, upon request, granted an individual dispensation from the above prohibition and the conditions attached to such dispensation are fully complied with.

Pursuant to article 3 of the Netherlands Savings Certificates Act of 21 May 1985 (*Wet inzake spaarbewijzen*) (the "1985 Act"), any transfer or acceptance of Notes which fall within the definition of savings certificates (*spaarbewijzen*) in the 1985 Act is prohibited unless the transfer and acceptance is done through the mediation of either the Relevant Issuer or a member of the Amsterdam Stock Exchange. The 1985 Act is not applicable to the issue and trading of Notes qualifying as savings certificates, if such Notes are physically issued outside the Netherlands and are not immediately thereafter distributed within the Netherlands in the course of primary trading. The prohibition referred to in the first sentence does not apply (i) to a transfer and acceptance by natural persons not acting in the course of a business or profession, and (ii) to the issue of Notes qualifying as savings certificates to the first holders thereof. In addition, pursuant to the 1985 Act, certain identification requirements in relation to the issue of, transfer of or payment on such Notes qualifying as savings certificates have to be complied with.

### *Belgium*

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that in respect of Notes except those having a denomination of or for which the minimum investment amount is at least BEF 10,000,000 or the equivalent thereof in other currencies, it has not, directly or indirectly, offered, sold, transferred or delivered in Belgium and will not, directly or indirectly, offer, sell, transfer or deliver in Belgium any Notes (including rights representing an interest in a global Note) to any individual or legal entity other than (i) credit institutions and investment firms referred to in Article 3, 2°, a) of the Belgian Royal Decree of 9 January 1991 on the public character of transactions which aim to solicit public savings and the assimilation of certain transactions with a public offer (ii) institutions for collective investment referred to in Book III of the Belgian Act of 4 December 1990 on financial transactions and the financial markets, (iii) insurance companies referred to in Article 2, 1 of the Belgian Act of 9 July 1975 on the supervision of insurance companies and (iv) pension funds referred to in Article 2, paragraph 3, 6° of the Belgian Act of 9 July 1975 on the supervision of insurance companies and in the Belgian Decree of 15 May 1985 on the activities of private mutual funds, each acting on their own account in reliance on Article 3, 2° of the Belgian Royal Decree of 9 January 1991 on the public character of transactions which aim to solicit public savings and the assimilation of certain transactions with a public offer. This Offering Circular has been issued to you for your personal use only and exclusively for the purposes of the Offering. Accordingly this Offering Circular may not be used for any other purpose nor passed on to any other person in Belgium. This Offering Circular has not been or will not be approved by the Belgian Banking and Finance Commission (*Commissie voor het Bank- en Financiewezen/Commission Bancaire et Financière*) in accordance with the Royal Decree N° 185 of 9 July 1935.

In addition, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it shall only offer or sell any Notes issued under the Programme by ICI Coordination Centre N.V. to persons who qualify for an X-account according to Article 4 of the Royal Decree of 26 May 1994 on the X/N clearing system. An X-account is in that respect reserved for: (i) Belgian corporations subject to Belgian corporate income tax; (ii) institutions, associations and companies provided for in article 2, paragraph 3 of the Belgian law of 9 July 1975 on the control of insurance companies; (iii) state regulated institutions ("institutions parastatales") for social security, or institutions which are equated to these, provided for in article 105, 2° of the Royal Decree of 27 August 1993 implementing the Income Tax Code 1992, (iv) non-resident investors provided for in article 105, 5° of the same decree; (v) investment funds, recognised in the framework of pension savings, provided for in article 115 of the same decree; (vi) companies, associations and other tax payers provided for in article 227, 2° of the Income Tax Code 1992, which have used the income generating capital for the exercise of their professional activities in Belgium and which are subject to non-resident taxes pursuant to article 233 of the same code; (vii) the Belgian state in respect of investments which are exempt from withholding tax in accordance with article 265 of the Income Tax Code 1992; (viii) investment funds governed by foreign law which are an indivisible estate managed by a management company for the account of the participants, when their participation rights are not publicly issued in Belgium and are not traded in Belgium; and (ix) resident corporations when their activities exclusively or principally consist in the granting of credits and loans.

#### *France*

Each Dealer has acknowledged and each further Dealer appointed under the Programme will be required to acknowledge that French Franc Notes will be issued outside France and each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, in connection with their initial distribution, it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France, and that it has not distributed and will not distribute or cause to be distributed to the public in France this Offering Circular or any other offering material relating to any Notes.

Each Issuer has undertaken that it will not offer any Notes, directly or indirectly, to the public in France.

#### *General*

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

Other than in the United Kingdom, no action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Offering Circular, any other offering material or any Pricing Supplement and none of the Issuers, the Guarantor, nor any other Dealer shall have responsibility therefor.

## FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

The terms of the Notes and additional provisions relating to their issue are as follows:

### Provisions appearing on the face of the [Notes/Certificates]

- |   |                                  |     |
|---|----------------------------------|-----|
| 1 | Series No (*):                   | [●] |
| 2 | Tranche No (*):                  | [●] |
| 3 | ISIN (*):                        | [●] |
| 4 | Currency (*):                    | [●] |
| 5 | Principal Amount of Tranche (*): | [●] |
| 6 | Issue Date (*):                  | [●] |

### Provisions appearing on the back of the [Notes/Certificates]

- |    |                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7  | Form (*):                                                                                                                                                                                                                       | [Bearer/Exchangeable Bearer/Registered]                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 8  | Denomination(s) (*):                                                                                                                                                                                                            | [●]                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 9  | Interest Commencement Date (* - other than Zero Coupon Notes):                                                                                                                                                                  | [●]                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 10 | Interest Rate (including after Maturity Date) (*):                                                                                                                                                                              | [[●] per cent per annum/ Floating Rate/Zero Coupon/ [other]]                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 11 | Interest Payment Date(s) (* - other than Zero Coupon Notes):<br><b>N.B. Interest Payment Dates should only be adjusted for Floating Rate Notes. Non-payment dates for other types of Note are dealt with by Condition 7(h).</b> | [●], subject to adjustment in accordance with the [Following/ Modified Following/ Preceding] Business Day Convention for which the Business Day[s] [is/are] [specify cities]] OR [●] months after the previous Interest Payment Date (or, in the case of the first Interest Payment Date, after the Interest Commencement Date), subject to adjustment in accordance with the Floating Rate Business Day Convention for which the Business Day[s] [is/are] [specify cities]] |
| 12 | Relevant Time (Floating Rate Notes):                                                                                                                                                                                            | [●]                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 13 | Interest Determination Date (Floating Rate Notes):                                                                                                                                                                              | [[●] Business Days in [specify city] for [specify currency] prior to] [the first day in each Interest Period/each Interest Payment Date]                                                                                                                                                                                                                                                                                                                                     |
| 14 | Primary Source for Floating Rate(* - Floating Rate Notes):                                                                                                                                                                      | [specify relevant screen page or "Reference Banks"]                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 15 | Reference Banks (* - Floating Rate Notes - if Primary Source is "Reference Banks"):                                                                                                                                             | [specify four]                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 16 | Relevant Financial Centre (Floating Rate Notes):                                                                                                                                                                                | [The financial centre most closely connected to the Benchmark - specify if not London]                                                                                                                                                                                                                                                                                                                                                                                       |
| 17 | Benchmark (* - Floating Rate Notes):                                                                                                                                                                                            | [LIBOR, LIBID, LIMEAN or other benchmark]                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 18 | Representative Amount (Floating Rate Notes):                                                                                                                                                                                    | [Specify if screen or Reference Bank quotes are to be given in respect of a transaction of a specified notional amount]                                                                                                                                                                                                                                                                                                                                                      |

- 19 Relevant Currency (Floating Rate Notes): [Specify if not currency of denomination]
- 20 Effective Date (Floating Rate Notes): [Specify if quotes are not to be obtained with effect from commencement of Interest Period]
- 21 Specified Duration (Floating Rate Notes): [Specify period for quote, if not duration of Interest Period]
- 22 Margin (if applicable): [●] per cent per annum
- 23 Rate Multiplier (if applicable): [●]
- 24 Maximum/Minimum Interest Rate (if applicable): [●] per cent per annum
- 25 Maximum/Minimum Instalment Amount (if applicable): [●]
- 26 Maximum/Minimum Redemption Amount (if applicable): [●]
- 27 Interest Amount (Fixed Rate Note or Variable Coupon Amount Note): [Specify amount of interest due in respect of each Denomination on each Interest Payment Date or, if applicable, a formula for calculating such amounts]
- 28 Day Count Fraction (\*): [●]
- 29 Interest Period Date(s) (if applicable): [●][, subject to adjustment in accordance with the [Following/ Modified Following/ Preceding] Business Day Convention for which the Business Day[s] [is/are] [specify cities]] OR [●] months after the previous Interest Period Date (or, in the case of the first Interest Period Date, after the Interest Commencement Date), subject to adjustment in accordance with the Floating Rate Business Day Convention for which the Business Day[s] [is/are] [specify cities]]  
**N.B. Interest Period Dates should only be adjusted for Floating Rate Notes. Non-payment dates for other types of Note are dealt with by Condition 7(h).**
- 30 Redemption Amount (including early redemption) (\*): [Principal Amount/[other]]
- 31 Maturity Date (\*): [●][, subject to adjustment in accordance with the [Following/ Modified Following/ Preceding] Business Day Convention for which the Business Day[s] [is/are] [specify cities]] OR [The Interest Payment Date falling in [specify month and year]]  
**N.B. The Maturity Date should only be adjusted for Floating Rate Notes. Non-payment dates for other types of Note are dealt with by Condition 7(h).**
- 32 Redemption for Taxation Reasons permitted on days other than Interest Payment Dates (\*): [Yes/No]
- 33 Amortisation Yield (Zero Coupon Notes): [●] per cent per annum
- 34 Terms of redemption at the option of the Issuer or description of any other Issuer's option (if applicable): [If Sterling Notes, take care to ensure option does not contravene the Banking Act 1987 (Exempt Transactions 1997). If French Franc Notes, may only exercise option to redeem after one year from issue date. If Notes issued by ICI Coordination Centre N.V., exercises by lot are excluded]
- 35 Issuer's Option Period (if applicable): [●]
- 36 Terms of redemption at the option of the Noteholders or description of any other Noteholders' option (if applicable): [If Sterling Notes, take care to ensure option does not contravene the Banking Act 1987 (Exempt Transactions 1997). If French Franc Notes, may only exercise option to redeem after one year from issue date.]

- 37 Noteholders' Option Period (if applicable): ☐
- 38 Instalment Date(s) (if applicable): ☐
- 39 Instalment Amount(s) (if applicable): ☐
- 40 Unmatured Coupons to become void upon early redemption (\*): [Yes/No]
- 41 Talons to be attached to Notes and, if applicable, the number of Interest Payment Dates between the maturity of each Talon (if applicable): [No/Yes, maturing every ☐ Interest Payment Dates]
- 42 Business Day Jurisdictions for Condition 7(h) (jurisdictions required to be open for payment) (\*): ☐
- 43 Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 11(a) (if applicable): ☐
- 44 Details of any other additions or variations to the Conditions (if applicable): ☐
- 45 The Agents appointed in respect of the Notes are (\*): [List Agents and their specified offices]

#### **Provisions applicable to Global Notes and Certificates**

- 46 Notes to be represented on issue by (\*): [temporary Global Note/permanent Global Note/Global Certificate]
- 47 Applicable TEFRA exemption (\* - if "C Rules" [\*or "not applicable"]): [C Rules/D Rules[\*not applicable]]
- 48 Temporary Global Note exchangeable for Definitive Notes (\* - if yes): [specify, if yes]
- 49 Permanent Global Note exchangeable for Definitive/Registered Notes at the request of the holder or the Issuer (\* - if yes): [specify, if yes]

#### **Provisions relating only to the sale and listing of the Notes**

- 50 Details of any additions or variations to the selling restrictions: ☐
- 51 Listing: ☐
- 52 Dealer's Commission: ☐
- 53 Method of issue of Notes: [Individual Dealer/ Syndicated Issue]
- 54 The following Dealer(s) [is/are] subscribing the Notes: [Insert legal name(s) of Dealer(s)]
- 55 Common Code: ☐
- 56 The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of ☐, producing a sum of (for Notes not denominated in U.S. dollars): U.S.\$☐
- 57 If Paris Listed Notes:
- (a) the number of Notes to be issued in each Specified Denomination: ☐
- (b) Sicovam SA number(s): ☐

- (c) Paying Agent in France: [insert name and address]
- (d) (i) address in Paris where relevant documents will be made available for inspection or receipt (free of charge): [insert address]
- (ii) list of such documents available for inspection or receipt (free of charge): [insert list]
- (e) Specialist broker: [●]
- (f) A statement in French signed manually by a person duly authorised on behalf of the relevant Issuer, [the Guarantor] and the relevant Dealer or, in the case of a syndicated issue of Notes, the relevant Lead Manager or other Dealer, accepting responsibility for the information contained in the Pricing Supplement, in the following form:

“PERSONNES QUI ASSUMENT LA RESPONSABILITE DE LA PRESENTE NOTE D'INFORMATION COMPOSEE DE LA PRESENTE NOTE D'OPERATION (PRICING SUPPLEMENT) [DE LA NOTE D'INFORMATION AYANT RECU DE LA COB LE VISA NO.[●] DU [DATE]] ET DU DOCUMENT DE BASE (OFFERING CIRCULAR)

1. *Au nom de l'émetteur*

A la connaissance de l'émetteur, les données de la présente Note d'Information sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

Aucun élément nouveau [(autres que ceux mentionnés dans la présente Note d'Opération)] intervenu depuis:

le 24 avril 1998, date du no. P98-150 apposé par la Commission des Opérations de Bourse sur le Document de Base,

[le [●], date du visa no. [●] apposé par la Commission des Opérations de Bourse sur la Note d'Information,]

n'est susceptible d'affecter de manière significative la situation financière de l'émetteur dans le contexte de la présente émission.

[IMPERIAL CHEMICAL INDUSTRIES PLC/ICI FINANCE PLC/ICI COORDINATION CENTRE N.V./ICI INVESTMENTS (NETHERLANDS) B.V.]

Par. ....  
[Nom et titre]

[2. *Au nom du garant*

A la connaissance du garant, les données de la présente Note d'Information sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

Aucun élément nouveau [(autres que ceux mentionnés dans la présente Note d'Opération)] intervenu depuis:

le 24 avril 1998, date du no. P98-150 apposé par la Commission des Opérations de Bourse sur le Document de Base,

[le [●], date du visa no. [●] apposé par la Commission des Opérations de Bourse sur la Note d'Information,]

n'est susceptible d'affecter de manière significative la situation financière du garant dans le contexte de la présente émission.



IMPERIAL CHEMICAL INDUSTRIES PLC

Par. ....  
[Nom et titre]

[2/3]. *Au nom de la banque présentatrice*

Personne assumant la responsabilité de la Note d'Information.

[name of the relevant Dealer/Lead Manager]

Par. ....  
[Nom et titre]

(g) A statement in French in respect of the Pricing Supplement in the following form:

"La notice légale sera publiée au *Bulletin des Annonces Légales Obligatoires* (BALO) du [date]. La présente Note d'Information ne peut pas être distribuée en France avant la date effective de cotation de l'emprunt à la Bourse de Paris et la publicité légale au BALO";

(h) The registration number allocated by the COB in respect of the Offering Circular and the visa number allocated to the Pricing Supplement in the following form:

"COMMISSION DES OPERATIONS DE BOURSE

En vue de la cotation à Paris des obligations et par application des articles 6 et 7 de l'ordonnance no. 67-833 du 28 septembre 1967, la Commission des Opérations de Bourse a enregistré le Document de Base sous le no. P98-150 du 24 avril 1998 et a apposé sur le présent Note d'Information le visa no. [●] du [date]."

**58** Redenomination and Exchange applicable:      Redenomination [not] applicable  
Exchange [not] applicable

Additional or alternative clearing systems or depositors:

**59** If Notes issued by ICI Coordination Centre      The X/N clearing system operated by BNB (or  
N.V.:      its successor operator) directly linked with  
Euroclear and indirectly (through Banque  
Bruxelles Lambert) with Cedel Bank

Notes:

(\*) - Obligatory definition for all Notes.

(\* - Floating Rate Notes) - Obligatory definition for Floating Rate Notes.

(\* - other than Zero Coupon Notes) - Obligatory definition for all Notes other than Zero Coupon Notes.

(\* - if) - Obligatory definition in the circumstances described.

[\*...] - TEFRA exemption will only be "not applicable" in circumstances where there is an issue of Registered Notes.

(Floating Rate Notes/Zero Coupon Notes) - Optional definition for Floating Rate Notes or Zero Coupon Notes, as the case may be. Although completion is desirable from a "for the avoidance of doubt" perspective, nothing need be specified if the fallback definition appearing in the Conditions is correct.

(if applicable) - Definition requiring completion where such additional terms are applicable to the Notes.

## GENERAL INFORMATION

1. The listing of the Notes on the London Stock Exchange will be expressed as a percentage of their principal amount (exclusive of accrued interest). It is expected that listing of the Notes on the London Stock Exchange will be granted on or before 29 April 1998, subject only to the issue of a temporary or permanent Global Note (or one or more Certificates) in respect of each Tranche. Prior to official listing, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction. However, unlisted Notes may be issued pursuant to the Programme.

Under regulations made by the French Trésor, it is recommended that French Franc Notes should be listed on the Paris *Bourse* where either (a) such French Franc Notes are, or are intended to be, listed on any other stock exchange or (b) such French Franc Notes are, or are intended to be, distributed as a public offer (within the meaning of the Euro French Franc Regulations). The following procedures will apply, *inter alia*, to French Franc Notes:

(i) *Commission des Opérations de Bourse (COB)*

Prior to the listing of any Notes on the Paris *Bourse*, the Pricing Supplement applicable to such issue of Notes is currently required to be approved at the time of the relevant issue. The relevant approval in relation to this Offering Circular has been evidenced by the issue of the registration no P98-150 dated 24 April 1998 by the COB. The relevant approval in relation to each issue will be evidenced by the issue of a *visa* by the COB. The *visa* number will be disclosed in the Pricing Supplement applicable to the relevant Notes.

(ii) *Bulletin des Annonces Légales Obligatoires (BALO)*

Notes to be listed on the Paris *Bourse* may not be offered in France and the publication of the Pricing Supplement applicable thereto will not be made before details of the relevant Notes (in the form of a *notice légale*) have been published in the BALO.

(iii) *SBF – Bourse de Paris (SBF)*

The listing of Notes on the Paris *Bourse* is subject to approval by the SBF. Such approval will be evidenced by publication in the *Bulletin de la SBF – Bourse de Paris*.

(iv) *Filing of Constitutional Documents*

Prior to the listing on the Paris *Bourse* of any Notes, a French translation of each Issuer's constitutional documents will be filed with the *Grefe du Tribunal de Commerce* of Paris.

(v) *Documents available for inspection*

In the case of Paris Listed Notes, the applicable Pricing Supplement will specify the additional places in Paris at which documents incorporated herein by reference (or otherwise required to be made available for inspection) may be inspected during normal business hours. Each Issuer has undertaken to make such documents available as so required.

2. Each of the Issuers and the Guarantor has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and the guarantees relating to them. The issue of the Notes by Imperial Chemical Industries PLC and the giving of the guarantees by Imperial Chemical Industries PLC relating to the Notes issued by ICI Coordination Centre N.V., ICI Finance PLC and ICI Investments (Netherlands) B.V. were authorised by resolutions of the Executive Committee of Imperial Chemical Industries PLC passed on 14 July 1997 and 22 April 1998, respectively, and the issue of the Notes by ICI Coordination Centre N.V., ICI Finance PLC and ICI Investments (Netherlands) B.V., respectively, was authorised by resolutions of the Board of Directors of ICI Coordination Centre N.V. passed on 22 April 1998, the Board of Directors of ICI Finance PLC and by the Board of Managing Directors in the case of ICI Investments (Netherlands) B.V. passed on 14 July 1997 and on 22 April 1998.
3. Except as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of Imperial Chemical Industries PLC or ICI Finance PLC or ICI Investments (Netherlands) B.V. or the Group since 31 December 1997 and, in the case of ICI Coordination Centre N.V., since 31 December 1996 and no material adverse change in the financial position or

prospects of Imperial Chemical Industries PLC or ICI Finance PLC or ICI Investments (Netherlands) B.V. since 31 December 1997 and, in the case of ICI Coordination Centre N.V., since 31 December 1996.

4. Except as disclosed in "Imperial Chemical Industries PLC—Litigation" on pages 32 to 33 of this Offering Circular with respect to the Guarantor and certain of its subsidiaries, none of the Issuers nor the Guarantor nor any of their respective subsidiaries is involved in any legal or arbitration proceedings that may have, or have had during the 12 months preceding the date of this document, a significant effect on the financial position of the Group or of the Issuer or the Guarantor nor is any Issuer or the Guarantor aware that any such proceedings are pending or threatened.
5. Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
6. Notes have been accepted for clearance through the Euroclear and Cedel Bank systems. The Common Code and the International Securities Identification Number (ISIN) for each Series of Notes will be set out in the relevant Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system (including Sicovam) the appropriate information will be specified in the relevant Pricing Supplement.
7. The Arranger for issues of Deutsche Mark Notes, the Dealers for Deutsche Mark Notes and the Issuer will comply with the Deutsche Bundesbank statements from time to time relating to the issue of Deutsche Mark securities.
8. The Arranger for issues of French Franc Notes, the Dealers for French Franc Notes and each Issuer will comply with the Euro French Franc Regulations from time to time relating to the issue of French franc securities.
9. For so long as Notes may be issued pursuant to this Offering Circular, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Guarantor and the specified office for the time being of the Fiscal Agent and, so long as any of the Notes is listed on the *Paris Bourse*, the specified office in Paris of the Paris Listing Agent:
  - 9.1 the Agency Agreement (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);
  - 9.2 the Dealer Agreement;
  - 9.3 the Deeds of Covenant;
  - 9.4 the Memorandum and Articles of Association of each Issuer (together with an English translation in the case of the Articles of Association of ICI Coordination Centre N.V. and of ICI Investments (Netherlands) B.V.);
  - 9.5 the audited consolidated annual accounts of Imperial Chemical Industries PLC and the audited annual accounts of ICI Finance PLC for the two years ended 31 December 1997 and the audited annual accounts of ICI Coordination Centre N.V. for the two years ended 31 December 1996 and the audited annual accounts of ICI Investments (Netherlands) B.V. for the period ended 31 December 1997;
  - 9.6 each Pricing Supplement for Notes that are listed on the London Stock Exchange or any other stock exchange;
  - 9.7 a copy of this Offering Circular together with any Supplement to this Offering Circular or further Offering Circular;
  - 9.8 a copy of the subscription agreement for Notes issued on a syndicated basis that are listed on the London Stock Exchange; and
  - 9.9 all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Offering Circular.

10. KPMG and KPMG Audit Plc (Chartered Accountants) have audited, and rendered unqualified audit reports on, the accounts of Imperial Chemical Industries PLC and ICI Finance PLC respectively for the two years ended 31 December 1997, KPMG Bedrijfsrevisoren has rendered an unqualified audit report on ICI Coordination Centre N.V. for the two years ended 31 December 1996 and KPMG Accountants N.V. has rendered an unqualified audit report on ICI Investments (Netherlands) B.V. for the period ended 31 December 1997.
11. KPMG Audit Plc, KPMG Bedrijfsrevisoren and KPMG Accountants N.V. have given their written consent to the inclusion in this document of their reports in the form and context in which they are respectively included and have authorised the contents of their respective reports for the purposes of Section 152(1)(e) of the Financial Services Act 1986.
12. **Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuers in the United Kingdom and which are issued pursuant to an exempt transaction under regulation 13(1) or (3) of the Banking Act 1987 (Exempt Transactions) Regulations 1997 (the "Regulations") will constitute commercial paper, shorter term debt securities or longer term debt securities (in each case, as defined in the Regulations), as specified in the applicable Pricing Supplement, in each case issued in accordance with regulations made under section 4 of the Banking Act 1987.** The Issuers are not authorised institutions or European authorised institutions (as such terms are defined in the Regulations) and repayment of the principal and payment of any interest or premium in connection with such Notes will, in the case of issues by ICI Coordination Centre N.V., ICI Finance PLC and ICI Investments (Netherlands) B.V. only, be guaranteed by Imperial Chemical Industries PLC, which is not an authorised institution or a European authorised institution.

In relation to any Notes which are to be issued pursuant to an exempt transaction under regulation 13(3) of the Regulations where such Notes would fall within regulation 13(4)(a) or (b) of the Regulations:

- (a) the relevant Issuer confirms that, as at the date hereof, it has complied with its obligations under the relevant rules (as defined in the Regulations) in relation to the admission to and continuing listing of the Programme and of any previous issues made under it and listed on the same exchange as the Programme;
- (b) the relevant Issuer confirms that it will have complied with its obligations under the relevant rules in relation to the admission to listing of such Notes by the time when such Notes are so admitted; and
- (c) the relevant Issuer confirms that, as at the date hereof, it has not, since the last publication, if any, in compliance with the relevant rules of information about the Programme, any previous issues made under it and listed on the same exchange as the Programme, or any Notes falling within regulation 13(4)(a) or (b) of the Regulations, having made all reasonable enquiries, become aware of any change in circumstances which could reasonably be regarded as significantly and adversely affecting its ability to meet its obligations as issuer in respect of such Notes as they fall due.

In relation to Notes which are to be exempt transactions under regulation 13(3) of the Regulations and fall within regulation 13(4)(b) of the Regulations, the relevant Issuer confirms that, as at the date hereof, it has complied and will continue to comply with its obligations under the Regulations to lodge all relevant information (as defined in the Regulations) in relation to any such Notes with the London Stock Exchange.

13. Under Article 109G of the Treaty establishing the European Communities, as amended by the Treaty on European Union (the "Treaty"), the currency composition of the ECU may not be changed. The Treaty contemplates that European monetary union will occur in the three stages, the second of which began on 1 January 1994 with the entry into force of the Treaty on European Union. The Treaty provides that, at the start of the third stage of European monetary union, the value of the ECU as against the currencies of the member states participating in the third stage will be irrevocably fixed, and the ECU will become a currency in its own right. In contemplation of that third stage, the European Council meeting in Madrid on 16 December 1995 decided that the name of that currency will be the Euro and that, in accordance with the Treaty, substitution of the Euro for the ECU will be at the rate of one Euro for one ECU. From

the start of the third stage of European monetary union, all payments in respect of Notes denominated or payable in ECU will be payable in Euro at the rate then established in accordance with the Treaty.

14. A copy of this Offering Circular has been, and a copy of each Pricing Supplement for Notes listed on the London Stock Exchange or the Paris *Bourse* will be, filed with the Securities Board of the Netherlands if required by, and depending on, the relevant exemption or exception from the offering prohibition of article 3 of the 1995 Act on the supervision of the securities trade (as amended) and the regulations issued pursuant thereto.

## PARIS BOURSE RESPONSIBILITY STATEMENT

PERSONNES QUI ASSUMENT  
LA RESPONSABILITE DU DOCUMENT DE BASE  
EN CE QUI CONCERNE LES TITRES QUI SERONT NEGOCIES AU  
COMPARTIMENT INTERNATIONAL DU PREMIER MARCHE DE LA BOURSE DE PARIS

1. **Au nom des émetteurs**

A la connaissance de chaque émetteur, les données du présent Document de Base sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

IMPERIAL CHEMICAL INDUSTRIES PLC      ICI COORDINATION CENTRE N.V.

A.G. SPALL

*Director*

R. KESTEMAN

*Managing Director*

ICI FINANCE PLC

ICI INVESTMENTS (NETHERLANDS) B.V.

J. M. CHARLTON

*Director*

E. BARENTS

*Managing Director*

2. **Au nom du garant**

A la connaissance du garant, les données du présent Document de Base sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

IMPERIAL CHEMICAL INDUSTRIES PLC

A. G. SPALL

*Director*

3. **Au nom de la banque présentatrice**

Personne assumant la responsabilité du présent Document de Base.

DEUTSCHE BANK FRANCE S.A.

CHRISTOPHE ANGELY

*Head of DCM*

GILLES DOBELLE

*Head of Legal*

## COMMISSION DES OPERATIONS DE BOURSE

En vue de la cotation à Paris des obligations éventuellement émises dans le cadre de ce Programme, et par application des articles 6 et 7 de l'ordonnance no. 67-833 du 28 septembre 1967, la Commission des Opérations de Bourse a enregistré le présent Document de Base sous le no. P98-150 du 24 avril 1998.

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