

Offering Circular



Imperial Chemical Industries PLC

(Incorporated with limited liability in England)

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.\$4,000,000,000

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 Finance PLC and

ICI Investments (Netherlands) B.V.) by

Imperial Chemical Industries PLC

Under the Euro Medium Term Note Programme described in this Offering Circular (the "Programme"), Imperial Chemical Industries PLC, 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 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.\$4,000,000,000 (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. Unlisted Notes may, however, 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).

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"). 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".

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 Morgan Grenfell

Dealers

ABN AMRO Bank N.V.
Credit Suisse First Boston
HSBC Markets
NatWest Markets

Sumitomo Finance International plc

Barclays de Zoete Wedd Limited
Deutsche Morgan Grenfell
J.P. Morgan Securities Ltd.
SBC Warburg
A Division of SBC Bank Corporation
UBS Limited

This Offering Circular, save for pages 35 to 46, 49 to 50 (section headed "Netherlands" only) and the references to KPMG Accountants N.V. in paragraphs 10 and 11 on page 58, comprises listing particulars in relation to Imperial Chemical Industries PLC and, save for pages 29 to 34, 44 to 46, 49 to 50 (section headed "Netherlands" only) and the references to KPMG Accountants N.V. in paragraphs 10 and 11 on page 58, comprises listing particulars in relation to ICI Finance PLC and, save for pages 29 to 43, 47 to 49 (section headed "United Kingdom" only) and the references to KPMG Audit Plc in paragraphs 10 and 11 on page 58, 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 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 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 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 and to "£" are to pounds sterling.

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.

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.

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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 Finance PLC and ICI Investments (Netherlands) B.V.
Guarantor (in respect of issues by ICI Finance PLC and ICI Investments (Netherlands) B.V.):	Imperial Chemical Industries PLC
Description:	Euro Medium Term Note Programme
Size:	Up to U.S.\$4,000,000,000 (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"))
Deutsche Mark Arranger:	Deutsche Bank Aktiengesellschaft
Dealers:	<p>ABN AMRO Bank N.V., Barclays de Zoete Wedd Limited, Credit Suisse First Boston (Europe) Limited, Deutsche Bank AG London, J.P. Morgan Securities Ltd., Midland Bank plc, NatWest Capital Markets Limited (as agent for National Westminster Bank Plc), Sumitomo Finance International plc, Swiss Bank Corporation and UBS Limited.</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. 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, Deutscher Kassenverein AG (the "Kassenverein") 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. Global Notes or Global Certificates may also be deposited with the Kassenverein 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, Canadian dollars, Danish kroner, Deutsche Marks, Dutch guilders, Finnish markkas, 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).

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.
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.
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.
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. 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 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 or as otherwise specified in the relevant Pricing Supplement. As specified in the relevant Pricing Supplement, a Series of Notes may be unlisted.
Selling Restrictions:	United States, United Kingdom, Netherlands, Germany and Japan. 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 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 Finance PLC or ICI Investments (Netherlands) B.V. Provisions in square brackets preceded by an asterisk are only applicable to Notes issued by ICI Investments (Netherlands) B.V. and where two 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 and the second shall be applicable to Notes issued by ICI Investments (Netherlands) B.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.

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 15 July 1997 between Imperial Chemical Industries PLC, 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 Finance PLC or ICI Investments (Netherlands) B.V. the Deeds of Covenant dated 15 July 1997 executed by ICI Finance PLC or ICI Investments (Netherlands) B.V. respectively 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 unmaturing 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. 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 dated 15 July 1997 executed by 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] or in *[pounds sterling/Dutch guilders] but with a view to being distributed outside *[the United Kingdom/the Netherlands];

"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.

(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;

"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, 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 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 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,] 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.

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*). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper 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.

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. 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

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 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, 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 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 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 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. 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 accountholders 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 Finance PLC and ICI Investments (Netherlands) B.V., the Guarantor on 15 July 1997 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. 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.

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 by the relevant Issuer to refinance in part the loan facility in the aggregate principal amount of U.S.\$8,500,000,000 entered into to finance the Acquisition as described in the Business Description below and 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 by the Decree of the Dutch Minister of Finance dated 8 September 1995 (BGW 95/791-M).

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. It consists of businesses in Paints, Materials (which comprises Acrylics, Polyurethanes and Films), Explosives and Industrial Chemicals (which comprises Chemicals & Polymers, Polyester, Performance Chemicals and Tioxide). In addition, the Group has a number of Regional Businesses and has leading international positions in paints, explosives, titanium dioxide, polyurethane chemicals and systems based on methyl diphenyl diisocyanate (MDI), acrylics, chlorofluorocarbon (CFC) replacements and polyester film. It also has strong positions in polyester intermediates, surfactants and catalysts.

Recent Developments

On 8 July 1997 ICI completed the acquisition of the specialty chemicals businesses of the Unilever Group ("Specialty Chemicals") for a cash consideration of U.S.\$8 billion (approximately £4,730 million) on a debt free basis (the "Acquisition").

On 11 July 1997 ICI announced the pricing and final terms for the global offering of ICI's 62.4 per cent. publicly quoted shareholding in ICI Australia Limited ("ICI Australia"). The total gross proceeds raised by ICI from the global offering combined with the proceeds from an associated share buy-back by ICI Australia, assuming full exercise of the over-allotment option under the global offering, are expected to be approximately A\$2.2 billion (£1.0 billion).

On 14 July 1997 ICI announced that it had agreed to sell its polyester polymer and intermediates, titanium dioxide (outside North America) and polyester film businesses to E.I Du Pont de Nemours ("Du Pont"). The aggregate consideration for the three businesses is U.S.\$3.0 billion (£1.8 billion). The consideration will comprise cash and the assumption of liabilities by Du Pont and will be subject to adjustment by reference to completion accounts. This disposal is conditional on ICI shareholder approval and certain regulatory and other approvals. It is expected to be completed within the next nine months.

The Acquisition is in line with the Group's stated strategy to shift its business profile towards specialty chemicals tailored to meet specific customer needs and to reduce its exposure to commodity chemicals. As part of this strategy, ICI will continue to divest non-core businesses for value. The divestments already announced are expected to raise £2.9 billion.

Information on the Acquisition

The businesses acquired pursuant to the Acquisition are some of the world's leading specialty chemicals businesses, having a combined turnover in the year to 31 December 1996 of £3,007 million, operating profit of £365 million (before exceptional charges of £4 million) and approximately 16,000 employees worldwide (including approximately 2,500 in the UK).

The Acquisition increases the geographical diversity and reduces the cyclicity of the ICI Group.

The consideration for the Acquisition has been provided through a new five year loan facility totalling U.S.\$8.5 billion. Standard & Poor's announced on 7 May 1997 that ICI's long term debt credit rating had been revised from A+ to A- and Moody's announced on 12 June 1997 that ICI's long term debt credit rating had been revised to Baa1. ICI expects to be able to reduce its total borrowing levels significantly through the early stages of the divestment programme and plans to refinance its residual debt. The foreign exchange and interest rate exposures in connection with the Acquisition and financing have been hedged.

Market leading businesses

Each of the constituent businesses has strong positions in its chosen market segments.

National Starch is one of the world's leading producers of industrial adhesives and specialty starches and a major producer of specialty synthetic resins and polymers. National Starch develops tailored solutions to meet the needs of its customers in carefully selected application segments, including personal care, paper, packaging, electronics and food. National Starch is headquartered in the United States of America ("USA").

Quest is one of the world's leading fragrances, flavours and food ingredients companies, with particular strengths in new product development and applied bioscience. It serves customers in the household, personal care and food and beverage sectors. Quest is headquartered in the Netherlands.

Unichema is one of the world's leading producers of oleochemical base products, such as fatty acids and glycerine. It has also built a specialties business that develops value-added derivatives of base products for use in a variety of markets, such as personal care, polymers and synthetic lubricants which are complementary to ICI's Performance Chemicals business. Unichema is headquartered in the Netherlands.

Crosfield is a major manufacturer of inorganic chemicals based on silica and alumina for use in detergents, personal care, beverages, paper and coatings and a manufacturer of catalysts derived from silica and alumina. Crosfield is headquartered in the UK.

Moving ICI to the lighter end

ICI is pursuing a strategy of shifting its portfolio away from commodity chemicals towards applications-oriented coatings, materials and specialty chemicals.

ICI has already taken a number of important steps to strengthen and grow its positions in these areas. Through an aggressive programme of earnings-enhancing acquisitions, including Grow Group, Inc and Bunge Paints Limited, ICI has now built the world's most international paints business. In addition, ICI has underpinned its Materials and Performance Chemicals business with a continuing capital investment programme.

The rapid product development in electronics and in food and personal care, driven by the desire to enhance the quality of life, including greater concern for the environment and demand for convenience, is accelerating the need for high performance chemicals. These will be increasingly based on renewable feedstocks and the application of advanced technology including biotechnologies. The ICI Group following the Acquisition will provide a strong platform for growth in these high margin markets.

Platforms for Growth

New opportunities

The Acquisition will create a formidable new force in specialty chemicals. ICI believes there will be numerous significant opportunities for expansion which arise from Speciality Chemicals' position at the centre of the ICI Group following the Acquisition. This includes new product development, supplying customers previously unavailable to Speciality Chemicals and opening up a range of new acquisition opportunities.

Complementary skills

ICI will contribute highly developed skills in process engineering, project management and basic research and technology. Speciality Chemicals brings high-quality marketing skills and an outstanding reputation with customers in creating and applying technologies to assist customers in adding value to their products and services.

Geographic positions

National Starch's position as one of the pre-eminent U.S. specialty chemicals companies, together with its strong commitment to emerging markets in Asia and Latin America, will complement ICI's well established global positions creating many opportunities for accelerated growth. For example, National Starch's and Quest's plans to undertake major expansions in China and ASEAN markets should benefit from sharing established sites, local knowledge and relationships.

Global scale

The combination of Speciality Chemicals and ICI's Performance Chemicals business will create one of the leading global specialty chemicals companies. Opportunities for synergies will arise from combining Unichema and ICI's Performance Chemicals business. In addition, there are a number of opportunities for tax and asset optimisation and purchasing economies.

Divestment Programme

ICI is developing options for the disposal of its North American titanium dioxide businesses. Du Pont has agreed that if the proceeds to ICI from the sale of these businesses are less than U.S.\$150 million Du Pont will cover any deficit.

At the time of the Acquisition, ICI targeted a divestment programme of £3 billion over three years. Although that target has almost been achieved over three months, the momentum behind the divestment programme continues. The proceeds of the divestment programme will repay a substantial part of the Speciality Chemicals acquisition cost.

Information on the divestments

The combined effect of the Acquisition, the disposal to Du Pont and the sale of ICI's shareholding in ICI Australia is to transform ICI. On a *pro forma* basis over 63 per cent. of 1996 revenues and 77 per cent. of trading profits would have been from coatings, materials and specialty chemicals. The businesses to be sold to Du Pont contributed aggregate sales of £1,453 million and trading profit of £17 million in 1996 and at 31 December 1996 had aggregate net assets of £1,117 million.

Current Trading and Prospects

Operating profit for the first half of 1997 was well down on the strong first half of 1996. Sales volumes were generally strong and productivity savings achieved, but pricing in Industrial Chemicals particularly in Polyester and Tioxide, as well as stronger sterling, restrained profitability. Preliminary profit before tax and exceptional items for the first half of 1997 is expected to be £160 million compared to £367 million in 1996. Speciality Chemicals continued to make progress in the first quarter achieving modest sales growth and increasing operating profit by over 7 per cent. compared to the corresponding period last year.

The second half of the year is expected to benefit from the steady growth in the major markets of the ICI Group following the Acquisition. ICI is also expected to benefit, in the second half of the year, from price initiatives in the Materials and Industrial Chemicals sectors together with reductions in oil-based feedstock costs.

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 courts of Ohio and Louisiana, and in the federal court in New York, filed in August 1992, November 1995 and January 1996, respectively. Several personal injury suits are also pending in state courts, two in New York and one each in Maryland and West Virginia, filed in November 1993, March 1996, December 1994 and October 1996, respectively. Although none are 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 officer 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, including a proposed class action lawsuit, 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 two and ICI Canada Inc. has been named as a party to one of the lawsuits. On 12 September 1996, EUSA entered into settlement agreement for U.S.\$18 million (payable over three years) which has been approved by the U.S. District Court for the District of Utah. The settlement disposed of the class action lawsuit except for those class members who chose to opt out of the class. A number of individual non-class lawsuits remain outstanding. These cases are at a relatively early stage and any potential damages have not been quantified. The ICI companies are vigorously defending the cases. 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. Lawsuits were commenced on 10 May 1995 in the U.S. District Court, Western District of Oklahoma, on 15 May 1995 in the District Court, 134th Judicial District, Dallas County, Texas and on 23 August 1995 in Oklahoma County District Court. 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. Concurrent with the Federal Court's dismissal, the plaintiff in the Oklahoma State court case voluntarily stayed their case pending the outcome of the appeal in the Federal case. Similarly, the plaintiffs in the Texas State court action have voluntarily non-suited their action, without prejudice. The ICI companies concerned in the actions have strong defences, have denied all liability and will vigorously contest any appeal or further trial court proceedings in this matter.
- EUSA has also been named a defendant in four additional actions, filed in April 1997, arising from the bombing. The allegations against EUSA in these actions are similar to those asserted in the prior litigation. All four actions were filed in the District Court of Oklahoma County, Oklahoma. Two have been removed to the Federal Court, one was voluntarily dismissed and one remains in the Oklahoma State Court. ICI will seek a dismissal of each action on the grounds applied by the U.S. District Court in the principal action.
- (iv) RTZ Iron & Titanium Inc. (formerly known as QIT-FER and Titane Inc.) ("QIT") supplied slag to certain Tioxide factories under an agreement made in 1991 which was amended in 1994. QIT argued that this amendment was void because of mistake. Following a hearing in December 1996 the arbitration panel decided that the amendment made to the agreement was invalid. QIT's claim against Tioxide was therefore successful. The arbitrators made no findings with regard to any damages payable by Tioxide. Negotiations between Tioxide and QIT are in train. The parties have agreed a settlement consisting of a payment of U.S.\$27 million by Tioxide to QIT together with agreements for certain long term supply arrangements.

Save as set out above, no member of the ICI Group, as enlarged by the Acquisition but excluding the ICI Australia Group (the "Enlarged 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 Enlarged 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
(Business Director – Industrial Chemicals)
Alan G Spall
(Finance Director)
James A Kennedy*
(President and Chief Executive Officer of National
Starch and Chemical Company)

Other Directorships

British Aerospace PLC
Aluminium Company of America
HSBC Holdings plc

English China Clays plc
Legal & General Group Plc

Non Executive Directors

Sir Anthony Pilkington
Sir Roger Hum

George Simpson

Hon-Chiu Lee

Sir Alex Trotman

Other Directorships

Smiths Industries plc (Chairman)
Glaxo Wellcome plc
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)

*with effect from 23 July 1997

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 1996:

	<i>£m</i>
Shareholders' Funds	
Share capital – Ordinary shares of £1 each (Authorised 850 million shares; allotted and fully paid 725 million shares)	725
Reserves	2,881
	<u>3,606</u>
Minority interests	470
Indebtedness for borrowed money	
Short-term debt (due within one year)	
Bank borrowings	43
Other short-term borrowings	143
Current instalments of loans	243
Finance lease obligations	3
Total short-term debt ^(b)	<u>432</u>
Long-term debt (due after more than one year)	
Bank loans	352
Other loans	822
Finance lease obligations	12
Total long-term debt	<u>1,186</u>
Total debt	<u>1,618</u>
Total Capitalisation ^(c)	<u>5,694</u>

Notes:

- (a) Current asset investments and cash at bank amounted to £901 million at 31 December 1996.
- (b) In connection with completion of the Acquisition referred to in "Imperial Chemical Industries PLC – Business Description" above, short-term debt has increased by £2,070,000,000 and long-term debt has increased by £2,660,000,000.
- (c) Save as described above, there has been no material change in the consolidated capitalisation of ICI since 31 December 1996.

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%-owned direct subsidiary of Mortar Investments U.K. Limited.

Directors

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

Name	Principal Occupation
Alan G Spall (Chairman)	Finance Director, ICI
John M Charlton	Group Treasurer, ICI
David J Gee	Group Controller, ICI
Christopher Vallance	Corporate Treasurer, ICI
Philip J Gillett	Taxation Controller, ICI

None of the directors listed above perform 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 1996.

	<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	237
	<u>547</u>
Indebtedness for borrowed money	
Short-term debt (due within one year) ^(b)	
External	67
Intra Group ^(c)	2,653
Total debt	<u>2,720</u>
Total Capitalisation ^(d)	<u><u>3,267</u></u>

Notes:

- (a) Current asset investments, cash at bank and in hand amounted to £185 million at 31 December 1996.
- (b) In connection with the completion of the Acquisition referred to in "Imperial Chemical Industries PLC – Business Description" above, short-term debt has increased by £2,070,000,000.
- (c) Amounts owed to ICI Finance PLC by ICI Group companies were £3,081 million at 31 December 1996.
- (d) Save as described above, there has been no material change in the capitalisation of ICI Finance PLC since 31 December 1996.

AUDITOR'S REPORT OF ICI FINANCE PLC

The financial information set out on pages 38 to 43 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 for the year ended 31 December 1996. 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 1996 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 1997"

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 judgments 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

ICI Finance PLC

Profit and Loss Account for the years ended 31 December 1994, 1995 and 1996

	Notes	1996	1995	1994
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Turnover	2	-	13,632	99,540
Net operating income/(expenses)	3	80,361	(23,558)	(82,589)
Operating profit/(loss)		80,361	(9,926)	16,951
Income from shares in Group undertakings		250	-	-
Interest receivable and similar income	4	254,475	278,004	167,318
Interest payable and similar charges	5	(183,831)	(200,847)	(133,095)
Profit on ordinary activities before taxation	2	151,255	67,231	51,174
Tax on profit on ordinary activities	6	(49,867)	(21,763)	(16,754)
Profit on ordinary activities after taxation		101,388	45,468	34,420
Dividends		(50,000)	(100,000)	-
Retained profit/(loss) for the year		51,388	(54,532)	34,420
Profit and loss account brought forward		185,470	240,002	205,582
Profit and loss account carried forward		<u>236,858</u>	<u>185,470</u>	<u>240,002</u>

The Company has no recognised gains or losses other than the profit for the years ended 31 December 1994, 1995 and 1996.

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

ICI Finance PLC
Balance sheet at 31 December 1995 and 1996

	Notes	1996 <u>£'000</u>	1995 <u>£'000</u>
FIXED ASSETS			
Investments	7	500	500
CURRENT ASSETS			
Debtors	8	3,111,432	3,150,532
Investments	9	157,489	929,286
Cash at bank and in hand.		27,088	46,310
		<u>3,296,009</u>	<u>4,126,128</u>
CREDITORS:			
amounts falling due within one year	10	(2,749,651)	(3,631,158)
NET CURRENT ASSETS		<u>546,358</u>	<u>494,970</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>546,858</u>	<u>495,470</u>
CAPITAL AND RESERVES			
Called-up share capital	11	310,000	310,000
Profit and loss account		236,858	185,470
	12	<u>546,858</u>	<u>495,470</u>

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 of 30 January 1997 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)

	1996	1995
	£'000	£'000
Gains/(losses) due to exchange and interest rate movements	81,372	(22,936)
Administration and other expenses	(967)	(576)
Auditor's remuneration - audit work	(44)	(46)
	<u>80,361</u>	<u>(23,558)</u>

4. Interest receivable and similar income

	1996	1995
	£'000	£'000
Interest from ultimate holding company and fellow subsidiary undertakings . . .	214,866	212,590
Interest from short-term deposits and other interest	39,609	65,414
	<u>254,475</u>	<u>278,004</u>

5. Interest payable and similar charges

	1996	1995
	£'000	£'000
Interest to ultimate holding company and fellow subsidiary undertakings	182,119	197,121
Interest to subsidiary undertaking	44	43
Interest on other borrowings	1,668	3,683
	<u>183,831</u>	<u>200,847</u>

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

6. Tax on profit on ordinary activities

	1996	1995
	£'000	£'000
Corporation tax – group relief	49,858	16,974
– deferred	–	4,495
Overseas taxation	9	30
Under-provisions in respect of prior years.	–	264
	<u>49,867</u>	<u>21,763</u>

UK corporation tax has been provided on the profits of the year at the rate of 33% (1995: 33%).

7. Fixed asset investments

	At 31 December 1995 and 31 December 1996
	£'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.

8. Debtors

	1996	1995
	£'000	£'000
Amounts due from holding company and fellow subsidiary undertakings	3,080,556	3,146,530
Other debtors	30,876	4,002
	<u>3,111,432</u>	<u>3,150,532</u>

Other debtors includes deferred tax as follows:

	1996	1995
	£'000	£'000
Balance at beginning of period	–	4,495
Charge to profit and loss account	–	(4,495)
Balance at end of period	<u>–</u>	<u>–</u>

There are no debtors falling due after more than one year (1995: £Nil).

9. Current asset investments

	1996	1995
	£'000	£'000
Securities listed on The London Stock Exchange	4,717	42,100
Other listed investments	-	65,900
Total listed investments	4,717	108,000
Unlisted investments	152,772	821,286
	<u>157,489</u>	<u>929,286</u>

10. Creditors: amounts falling due within one year

	1996	1995
	£'000	£'000
Bank loans and overdrafts (unsecured)	66,663	45,314
Amounts owed to Group companies		
Holding company and fellow subsidiary undertakings	2,653,332	3,448,109
Subsidiary undertaking	730	921
Accruals and deferred income	1,151	648
Other creditors	27,775	36,166
Dividends to ordinary shareholders	-	100,000
	<u>2,749,651</u>	<u>3,631,158</u>

11. Called-up share capital

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

12. Reconciliation of movements in shareholders' funds

	1996	1995
	£'000	£'000
Opening shareholders' funds	495,470	550,002
Profit/(loss) for the year	51,388	(54,532)
Closing shareholders' funds	<u>546,858</u>	<u>495,470</u>

13. Commitments

Commitments existed at 31 December 1996 in connection with forward currency contracts, currency options and cross currency and interest rate swaps, arising in the ordinary course of business.

14. Directors' emoluments and staff costs

The Company employed no staff during year (1995: Nil). None of the Directors received any emoluments in respect of their services to the Company (1995: £Nil).

15. Parent company

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

16. 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.

17. 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 to be the holding company of the Speciality Chemicals companies incorporated in the Netherlands. ICI B.V. acquired the following subsidiaries on 8 July 1997:

Vinamul B.V.

National Starch and Chemical B.V.

Quest International Nederland B.V.

Unichema Chemie B.V.

Crosfield B.V.

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.:

<u>Name</u>	<u>Principal Occupation</u>
Erik Barents	Managing Director, ICI Holland B.V.
Cornelis van't Hof	Tax Manager, ICI Holland B.V.
Jacobus L Kruit	Finance Director, ICI Holland B.V.
Philip J Gillett	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 17 June 1997.

	<u>NLG</u>
Shareholders' Funds	
Share Capital – shares of NLG 100 each (Authorised 2,000 shares; issued and fully paid 400 shares)	40,000
Total Capitalisation ^(a)	<u>40,000</u>

Note:

- (a) There has been no material change in the capitalisation of ICI Investments (Netherlands) B.V. since 17 June 1997.
- (b) ICI Investments (Netherlands) B.V. does not have outstanding any loan capital, borrowings, indebtedness in the nature of borrowing, contingent liabilities or guarantees.

AUDITOR'S REPORT OF ICI INVESTMENTS (NETHERLANDS) B.V.



The Directors
Imperial Chemical Industries PLC
9 Millbank
London SW1P 3JF

The Directors
ICI Investments (Netherlands) B.V.
Merseyweg 10
3197 KG Botlek - Rotterdam
The Netherlands

Deutsche Bank AG London and the other Dealers under the Programme referred to below
c/o Deutsche Bank AG London
133 Houndsditch
London EC3A 7DX

15 July 1997

Dear Sirs

ICI Investments (Netherlands) B.V. ("ICI B.V.") was incorporated on 17 June 1997 with an authorised share capital of NLG200,000 comprising 2,000 ordinary shares of NLG100 each of which 400 shares are issued and fully paid. Its financial year ends on 31 December.

Save for the activities undertaken in connection with the matters referred to in the Offering Circular in respect of the U.S.\$4,000,000,000 Euro Medium Term Note Programme of Imperial Chemical Industries PLC, ICI Finance PLC and ICI B.V., ICI B.V. has not yet commenced to trade, has not made up any statutory accounts and has not declared or paid a dividend.

Yours faithfully

KPMG Accountants N.V.

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 depository 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. ("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".

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 (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 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 and the Guarantor, 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 any such Notes issued by any of the Issuers as part of their initial distribution in 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 ("*Stichting Toezicht Effectenverkeer*") 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.

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):
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). | [●], 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): 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).	[●], 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]]
30	Redemption Amount (including early redemption) (*):	[Principal Amount/[other]]
31	Maturity Date (*): 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).	[●], 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]]
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)]
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)]
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 Notes at the request of the holder (* - 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.\$[●] |

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 16 July 1997, 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.
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 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 the issue of the Notes by ICI Finance PLC and ICI Investments (Netherlands) B.V., respectively, was authorised by resolutions of 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.
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 of the Group since 31 December 1996 and, in the case of ICI Investments (Netherlands) B.V., since 17 June 1997 and no material adverse change in the financial position or prospects of Imperial Chemical Industries PLC or ICI Finance PLC or of the Group or the Guarantor since 31 December 1996 and, in the case of ICI Investments (Netherlands) B.V., since 17 June 1997.
4. Except as disclosed in "Imperial Chemical Industries PLC—Litigation" on pages 31 and 32 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.
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. 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:
 - 8.1 the Agency Agreement (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);
 - 8.2 the Dealer Agreement;
 - 8.3 the Deeds of Covenant;
 - 8.4 the Memorandum and Articles of Association of each Issuer (together with an English translation in the case of the Articles of Association of ICI Investments (Netherlands) B.V.);

- 8.5 the audited consolidated annual accounts of Imperial Chemical Industries PLC and ICI Finance PLC for the two years ended 31 December 1996;
 - 8.6 each Pricing Supplement for Notes that are listed on the London Stock Exchange or any other stock exchange;
 - 8.7 a copy of this Offering Circular together with any Supplement to this Offering Circular or further Offering Circular;
 - 8.8 a copy of the subscription agreement for Notes issued on a syndicated basis that are listed on the London Stock Exchange; and
 - 8.9 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.
9. The non-consolidated accounts of ICI Finance PLC for the years ended 31 December 1995 and 31 December 1996 contained in this document do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 (the "Act"). Statutory accounts for each such financial year have been delivered to the Registrar of Companies in England and Wales. KPMG Audit Plc have made a report under Section 235 of the Act on the last statutory accounts that was not qualified within the meaning of Section 262 of the Act and did not contain a statement made under Section 237(2) or Section 237(3) of the Act.
 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 three years ended 31 December 1996 and KPMG Accountants N.V. has rendered an audit report on ICI Investments (Netherlands) B.V.
 11. KPMG Audit Plc 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 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. A copy of this Offering Circular has been, and a copy of each Pricing Supplement for Notes listed on the London Stock Exchange 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.

REGISTERED OFFICES OF THE ISSUERS

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