As filed with the Securities and Exchange Commission on August 13, 1999
Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Huntsman ICI Chemicals LLC
(Exact Name of Registrant as Specified in its Charter)

Delaware	2800	87-0630358
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

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500 Huntsman Way
Salt Lake City, UT 84108
(801) 584-5700
(Address, Including Zip Code and Telephone Number, Including Area Code, of Co-Registrants' Principal Executive Offices)

Robert B. Lence, Esq.
Secretary
Huntsman ICI Chemicals LLC
500 Huntsman Way
Salt Lake City, UT 84108
(801) 584-5700
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copy to:
Phyllis G. Korff, Esq.
Skadden, Arps, Slate, Meagher & Flom LLP
919 Third Avenue
New York, NY 10022
(212) 735-3000

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Exact Name of Additional Registrants	Jurisdiction of Incorporation	Primary Standard Industrial Classification Code Number	I.R.S. Employer Identification Number
<S>	<C>	<C>	<C>
Huntsman ICI Financial LLC*.....	Delaware	2800	87-0632917
Tioxide Group*.....	U.K.	2800	00-0000000
Tioxide Americas Inc.*..	Cayman Islands	2800	98-0015568

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* Address and telephone of principal executive offices are the same as those of Huntsman ICI Chemicals LLC.

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: [_]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: [_]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: [_]

CALCULATION OF REGISTRATION FEE

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Title of Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Note(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
<S>	<C>	<C>	<C>	<C>
10 1/8% Senior Subordinated Notes due 2009.....	$600,000,000	100%	$600,000,000	$166,800
10 1/8% Senior Subordinated Notes due 2009.....	(Euro)200,000,000	100%	(Euro)200,000,000	$59,826(2)
Guarantees.....	(3)	(3)	(3)	None

</TABLE>

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(f) promulgated under the Securities Act of 1933, as amended.
(2) Calculated using an exchange rate of (Euro)1.00 = $1.076.
(3) No separate consideration will be received for the guarantees.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

++
+The information contained in this preliminary prospectus is not complete and +
+may be changed. We may not sell these securities until the registration +
+statement filed with the Securities and Exchange Commission is effective. +
+This prospectus is not an offer to sell these securities and is not +
+soliciting an offer to buy these securities in any state where the offer or +
+sale is not permitted. +
++

Subject to completion--Dated August 13, 1999.

PRELIMINARY PROSPECTUS

[LOGO OF HUNTSMAN APPEARS HERE]

[LOGO OF ICI APPEARS HERE]

Huntsman ICI Chemicals LLC

Exchange Offer for

$600,000,000 10 1/8% Senior Subordinated Notes due 2009
(Euro)200,000,000 10 1/8% Senior Subordinated Notes due 2009

This exchange offer will expire at , New York City Time, on , 1999, unless extended.

Terms of the exchange offer:

. We will exchange all outstanding notes that are validly tendered and not withdrawn prior to the expiration of the exchange offer.

. You may withdraw tendered outstanding notes at any time prior to the expiration of the exchange offer.

. We believe that the exchange of outstanding notes will not be a taxable exchange for United States federal income tax purposes, but you should see the section entitled "Certain U.S. Federal Tax Consequences" on page for more information.

. The terms of the notes to be issued are substantially identical to the terms of the outstanding notes, except for transfer restrictions and registration rights relating to the outstanding notes.

. We will not receive any proceeds from the exchange offer.

. There is no existing market for the notes to be issued, and we do not intend to apply for their listing on any securities exchange other than the Luxembourg Stock Exchange.

See the "Description of Notes" section on page 103 for more information about the notes to be issued in this exchange offer.

This investment involves risks. See the section entitled "Risk Factors" that begins on page 18 for a discussion of the risks that you should consider prior to tendering your outstanding notes for exchange.

Neither the Securities and Exchange Commission nor any state securities and exchange commission has approved or disapproved of these securities or passed upon the adequacy or the accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Prospectus dated , 1999.

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Our principal executive offices are located at 500 Huntsman Way, Salt Lake City, Utah 84108, and our telephone number is (801) 584-5700.

MARKET AND INDUSTRY DATA

Market data used throughout this prospectus was obtained from internal company surveys and industry surveys and publications. Industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy and completeness of such information. We have not independently verified such market data. Similarly, internal company surveys, while believed to be reliable, have not been verified by any independent sources.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-4 under the Securities Act of 1933 with respect to the notes offered in this prospectus. This prospectus, which forms part of the registration statement, does not contain all of the information that is included in the registration statement. You will find additional information about our company and the notes in the registration statement. Any statements made in this prospectus concerning the provisions of legal documents are not necessarily complete and you should read the documents that are filed as exhibits to the registration statement for a more complete understanding of the document or matter.

After the registration statement becomes effective, we will be subject to the informational requirements of the Exchange Act of 1934, and will file periodic reports, registration statements and other information with the SEC. You may read and copy the registration statement and any of the other documents we file with the SEC at the public reference facilities maintained by the SEC at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 and at the SEC's regional offices located at 7 World Trade Center, New York, New York 10048 and at Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Please call the SEC at 1-800- SEC-0330 for more information on the public reference rooms. In addition, reports and other filings are available to the public on the SEC's web site at http://www.sec.gov.

If for any reason we are not subject to the reporting requirements of the Securities Exchange Act of 1934 in the future, we will still be required under the indenture governing the notes to furnish the holders of the notes with certain financial and reporting information. See "Description of Notes--Covenants--Reports" for a description of the information we are required to provide.

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained in this prospectus are forward-looking in nature. In some cases, you can identify forward-looking statements by terminology such as "believes," "expects," "may," "will," "should," or "anticipates" or the negative of such terms or other comparable terminology, or by discussions of strategy. You are cautioned that our business and operations are subject to a variety of risks and uncertainties and, consequently, our actual results may materially differ from those projected by any forward-looking statements. Some of those risks and uncertainties are discussed below under "Risk Factors". We make no commitment to revise or update any forward-looking statements in order to reflect events or circumstances after the date any such statement is made.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this prospectus. As used in this prospectus, the term "company", "Huntsman ICI Chemicals", "we", "us" or "our" means Huntsman ICI Chemicals LLC, a Delaware limited liability company formed on March 23, 1999, and, unless the context otherwise requires, its consolidated subsidiaries and partnerships. Unless stated otherwise, references to capacities of our facilities refer to the "nameplate capacity", or theoretical maximum production capacity, of such facilities; however, the effective capacity of such facilities may actually be less than the nameplate capacity due to the current operating conditions and asset configuration of each facility. All references to "tonnes" are to metric tonnes.

The Company

General

We are a leading global manufacturer and marketer of specialty and commodity chemicals through our four principal businesses: polyurethane chemicals, propylene oxide, petrochemicals, and titanium dioxide. Our company is characterized by leading market positions; superior low cost operating capabilities; a high degree of technological expertise; a diversity of products, end markets and geographic regions served; significant product integration; and strong growth prospects.

- Our global polyurethane chemicals business is the world's second largest producer of methylene diphenyl diisocyanate, commonly referred to in the chemicals industry as "MDI", and MDI-based polyurethane systems. Our customers use our products in a wide variety of polyurethane applications, including automotive interiors, refrigeration and appliance insulation, construction products, footwear, furniture cushioning and adhesives.

- Our propylene oxide business is one of three North American producers of propylene oxide, which is commonly referred to in the chemicals industry as "PO". PO is used in a variety of applications, the largest of which is the production of polyols sold into the polyurethane chemicals market.

- Our petrochemicals business produces olefins and aromatics at our world-scale, highly integrated facilities in Northern England. These products are the key building blocks for the petrochemical industry and are used in plastics, synthetic fibers, packaging materials and a wide variety of other applications.

- Our titanium dioxide business, which operates under the trade name "Tioxide", is the largest titanium dioxide producer in Europe and the third largest producer in the world. Titanium dioxide, which is commonly referred to in the chemicals industry as "TiO\\2\\", is a white pigment used to impart whiteness, brightness and opacity to products such as paints, plastics, paper, printing inks, synthetic fibers and ceramics.

For the twelve months ended March 31, 1999, we had pro forma revenues of $3.6 billion, pro forma EBITDA of $424 million and pro forma Adjusted EBITDA of $483 million (see footnote 2 to "--Summary Historical and Pro Forma Financial Data"). For the year ended December 31, 1998, we derived 54%, 33%, 9% and 4% of our pro forma revenues in Europe, the Americas, Asia and the rest of the world, respectively. For the year ended December 31, 1998, our polyurethane chemicals, PO, petrochemicals and TiO\\2\\ businesses represented 37%, 9%, 28% and 26% of pro forma revenues, respectively.

Polyurethane Chemicals

We are one of the leading polyurethane chemicals producers in the world. We market a complete line of polyurethane chemicals, including MDI, toluene diisocyanate, which is commonly referred to in the chemicals industry as "TDI", polyols, polyurethane systems and aniline, with an emphasis on MDI-based chemicals. We are the world's second largest producer of MDI and MDI-based polyurethane systems, with an estimated 24% global MDI market share. Our customers produce polyurethane products through the combination of an isocyanate, such as MDI or TDI, with polyols, which are derived largely from PO and ethylene oxide. Primary polyurethane end-uses include automotive interiors, refrigeration and appliance insulation, construction products, footwear, furniture cushioning, adhesives and other specialized engineering applications.

According to Chem Systems, an international consulting and research firm, global consumption of MDI was approximately 4.6 billion pounds in 1998, growing from 2.9 billion pounds in 1992, which represents an 8.1% compound annual growth rate. This high growth rate is the result of the broad end-uses for MDI and its superior performance characteristics relative to other polymers.

Our polyurethane chemicals business is widely recognized as an industry leader in utilizing state-of-the-art application technology to develop new polyurethane chemical products and applications. Approximately 30% of our 1998 polyurethane chemicals sales were generated from products and applications introduced in the last three years. Our rapid rate of new product and application development has led to a high rate of product substitution, which in turn has led to MDI sales volume growth for our business of approximately 9.2% per year over the past 10 years, a rate in excess of the industry growth rate. Largely as a result of our technological expertise and history of product innovation, we have enjoyed long-term relationships with a diverse customer base, including BMW, Nike, Louisiana Pacific, Ford, Weyerhaeuser, DaimlerChrysler, Whirlpool, Bosch-Siemens and Electrolux.

We own the world's two largest MDI production facilities, located in Rozenburg, Netherlands and Geismar, Louisiana, which are back-integrated into the world's two largest aniline facilities, located in Wilton, U.K. and Geismar, Louisiana. Since 1996, we have invested over $500 million to significantly enhance our production capabilities through the rationalization of our older, less efficient facilities and the modernization of our newer facilities. According to Chem Systems, we are the lowest cost MDI producer in the world, largely due to the scale of our operations, our modern facilities and our back-integration into primary raw materials.

Propylene Oxide

We are one of three North American producers of PO. Our customers process PO into derivative products such as polyols for polyurethane products, propylene glycol, which is commonly referred to in the chemicals industry as "PG", and various other chemical products. End uses for these derivative products include applications in the home furnishings, construction, appliance, packaging, automotive and transportation, food, paints and coatings and cleaning products industries. According to Chem Systems, U.S. consumption of PO was approximately 3.7 billion pounds in 1998, growing from 2.8 billion pounds in 1992, which represents a 4.9% compound annual growth rate. Our PO business is also the third largest U.S. marketer of PG which is used primarily to produce unsaturated polyester resins for bath and shower enclosures and boat hulls, and to produce heat transfer fluids and solvents. As a co-product of our PO manufacturing process, we also produce methyl tertiary butyl ether, which is commonly referred to in the chemicals industry as "MTBE". MTBE is an oxygenate that is blended with gasoline to reduce harmful vehicle emissions and to enhance the octane rating of gasoline.

Our PO business utilizes our proprietary technology to manufacture PO and MTBE at our state-of-the-art facility in Port Neches, Texas. This facility, which is the most recently built PO manufacturing facility in North America, was designed and built under the supervision of Texaco and began commercial operations in August 1994. According to Chem Systems, we are one of the lowest cost PO producers in North America, largely due to our proprietary production process. Since acquiring the facility in 1997, we have increased its PO capacity by approximately 30% through a series of low cost debottlenecking and process improvement projects. The current capacity of the PO facility is approximately 525 million pounds of PO per year. We produce PG under a tolling arrangement with Huntsman Corporation, which has the capacity to produce approximately 120 million pounds of PG per year at a neighboring facility.

Petrochemicals

We are a leading, highly-integrated European olefins and aromatics producer. Olefins, principally ethylene and propylene, are the largest volume basic petrochemicals and are the key building blocks from which many other chemicals are made. For example, olefins are used to manufacture most plastics, resins, adhesives, synthetic rubber and surfactants which are used in a variety of end-use applications. Aromatics are basic petrochemicals used in the manufacture of polyurethane chemicals, nylon, polyester fiber and a variety of

plastics.

Our olefins facility at Wilton, U.K. is one of Europe's largest and lowest cost olefins facilities. Our Wilton olefins facility has the total capacity to produce approximately 1.9 billion pounds of ethylene, 880 million pounds of propylene and 200 million pounds of butadiene per year. We sell over 84% of our olefins volume through long-term contracts with Union Carbide, European Vinyls Corporation (through contractual arrangements with Imperial Chemical Industries PLC, which is referred to in this prospectus as "ICI"), ICI, Targor, BASF, BP Chemicals and others, and over 80% of our total volume is transported via direct pipelines to customers or consumed internally. The Wilton olefins facility benefits from its feedstock flexibility and superior logistics, which allows for the processing of naphtha, condensates and liquid petroleum gases, which are commonly referred to in the chemicals industry as "LPGs".

We produce aromatics at our two integrated manufacturing facilities located in Wilton, U.K. and North Tees, U.K. We are Europe's largest cyclohexane producer with 605 million pounds of annual capacity, Europe's second largest paraxylene producer with 730 million pounds of annual capacity and Europe's third largest benzene producer with 990 million pounds of annual capacity. Additionally, we have the annual capacity to produce 275 million pounds of cumene. We use all of the benzene produced by our aromatics business internally in the production of nitrobenzene for our polyurethane chemicals business and for the production of cyclohexane and cumene. The balance of our aromatics products are sold to several key customers, including DuPont, BASF and Phenolchemie. Our aromatics business has recently entered into a contract to purchase reformate feedstock from Shell Trading International Limited which will allow us to shut down a portion of our aromatics facilities and permanently reduce fixed production costs while maintaining production of key products. We believe that this contract will improve the future profitability of our aromatics business.

Titanium Dioxide

Our TiO\\2\\ business, which operates under the trade name "Tioxide", is the largest manufacturer of TiO\\2\\ in Europe, with an estimated 24% market share, and the third largest in the world, with an estimated 13% market share. TiO\\2\\ is a white pigment used to impart whiteness, brightness and opacity to products such as paints, plastics, paper, printing inks, synthetic fibers and ceramics. In addition to its optical properties, TiO\\2\\ possesses traits such as stability, durability and non-toxicity,

making it superior to other white pigments. According to International Business Management Associates, an industry research and consulting firm, global consumption of TiO\\2\\ was approximately 3.5 million tonnes in 1998, growing from 3.0 million tonnes in 1992, representing a 2.8% compound annual growth rate which approximates global GDP growth.

We offer an extensive range of products that are sold worldwide to over 3,000 customers in all major TiO\\2\\ end markets and geographic regions. The geographic diversity of our manufacturing facilities allows our TiO\\2\\ business to service local customers, as well as global customers that require multiple delivery points. Our major customers include Akzo Nobel, Cabot, Schulman, ICI Paints and General Electric. Our TiO\\2\\ business has an aggregate annual capacity of approximately 570,000 tonnes (approximately 515,000 tonnes of effective capacity in 1998) at our nine production facilities. Five of our TiO\\2\\ manufacturing plants are located in Europe, two are in North America, including a 50% interest in a manufacturing joint venture with NL Industries, one is in Asia, and one is in South Africa (a 60% owned subsidiary).

We are the second lowest cost TiO\\2\\ producer worldwide, according to International Business Management Associates. To further enhance our cost position, we have embarked on a comprehensive cost reduction program which has eliminated approximately $50 million of annualized cash costs since 1996, with an additional $30 million of annualized savings expected to be achieved by the end of 2001. As part of this program, we have reduced the number of product grades that we produce, focusing on those with wider applications. This program has resulted in reduced total plant set-up times and further improved product quality, product consistency, customer service and profitability.

Competitive Strengths

Our company is characterized by the following strengths:

. Leading Market Positions in Attractive Industries--We are the second largest producer of MDI and MDI-based polyurethane systems in the world, with an estimated 24% worldwide market share. We are the largest TiO\\2\\ producer in Europe and the third largest producer worldwide, with an estimated 13% global market share. In addition, we are one of three North American producers of PO. Each of the MDI, TiO\\2\\ and PO industries is characterized by a small number of global competitors, significant requirements for entry in the form of capital, time and technological know-how and consistently attractive long-term growth rates.

. Low Cost Producer--According to Chem Systems and International Business Management Associates, we are among the lowest cost producers of MDI, PO, olefins and TiO\\2\\. Since 1996, we have invested over $500 million to significantly enhance our production capabilities for polyurethane chemicals. As a result of this investment, our polyurethane chemicals business owns the world's two largest and most modern MDI manufacturing facilities, which are back-integrated into the world's two largest aniline facilities. Due to the scale and integration of our facilities, we are the world's lowest cost MDI manufacturer. Our PO facility, because of its recent construction and its proprietary production process, is one of the lowest cost producers of PO. We are among the lowest cost olefins producers in Europe and the second lowest cost TiO\\2\\ producer in the world. We believe that these low cost positions provide us with a key competitive advantage and allow us to achieve enhanced operating margins.

. Product and Process Innovation--We have a demonstrated track record of technological expertise, continuous process innovation and new product development. We have consistently increased the capacity of our existing facilities with minimal capital investment, and believe opportunities for further expansion exist within our current asset base. For example, over the last two years, we increased our PO capacity by approximately 30% through a series of low cost debottlenecking and process improvement projects. In addition, we maintain extensive research and development capabilities worldwide that have allowed us to generate a steady flow of new products and enhancements to existing products. For example, approximately 30% of our polyurethane chemicals sales are from products introduced over the past three years.

. Global Presence--We have over 40 manufacturing and technical support facilities located strategically in 18 countries worldwide, covering all the major regional consumption areas for our products. We have extensive worldwide operations in the production and marketing of MDI, MDI-based polyurethane systems and TiO\\2\\. Our global reach in polyurethane chemicals and TiO\\2\\ allows us to service local customers, as well as globally oriented customers that require supplier proximity on a worldwide basis.

. Diverse Revenue Base--Our four businesses generate revenue and cash flow from a highly diverse base of products, customers, geographic regions and end-use markets. We market products in over 60 countries to over 5,000 customers in a wide-variety of end-use markets and applications, including automotive interiors, refrigeration and appliance insulation, construction products, footwear, furniture cushioning, adhesives, packaging, food, coatings, cleaning products, heat transfer fluids, solvents, synthetic rubber, surfactants, paints, paper, printing inks, synthetic fibers, ceramics and various other applications. We believe that this diversity reduces our exposure to any particular industry, product market, customer or geographic region. In addition, this diversity provides us with a broad base from which to increase sales and expand customer relationships.

Business Strategy

We intend to capitalize on opportunities that exist across and within each of our four business segments as follows:

Company Strategies

. Improve Operating Efficiencies and Reduce Costs--In the past, ICI operated our polyurethane chemicals, petrochemicals and TiO\\2\\ businesses as three separate businesses. We intend to employ the management practices that Huntsman Corporation has utilized historically in its acquired businesses by leveraging its management capabilities, experience and entrepreneurial culture to increase operating efficiencies and reduce costs. More specifically, we intend to share services with Huntsman Corporation across our business groups in the areas of manufacturing, purchasing, research and development, human resources, finance, legal and environmental, health and safety. We expect to realize significant cost savings in these and other areas, as well as through the continuation of specific cost reduction initiatives already underway in our businesses.

. Grow Through Technology and Innovation--We intend to continue to focus on developing customized products to meet the needs of a growing number of customer and end market demands. We are a recognized innovation leader in the polyurethane chemicals business, and we have continually upgraded and modified our TiO\\2\\ product range to serve our customers' needs and increase product life cycles. Additionally, Huntsman Corporation management has a proven track record in its specialty oriented business lines of maintaining a low-cost production position while remaining a market and product innovator. We will continue to maintain research and development activities and investments to promote continued process and product innovation and manufacturing efficiency.

Business Segment Strategies

. Polyurethane Chemicals and PO--We intend to optimize the integration opportunities that exist between our polyurethane chemicals and PO businesses in order to expand the product line that we offer to the polyurethane industry. As our existing PO contracts expire, we intend to evaluate selective opportunities to utilize our PO internally to increase the scope and scale of our specialty polyol offerings at improved profitability. We believe we will be able to use our PO production in this manner as a platform for growth in MDI and TDI sales. Additionally, we believe that by managing our products and technologies together with Huntsman Corporation's existing polyurethane catalyst, polyol and amine technologies, further benefits will be created for our company.

. Petrochemicals--We believe our olefins and aromatics facilities have been historically underutilized and that a significant opportunity exists to increase operating rates, expand output and reduce manufacturing costs at these units. In many cases, Huntsman Corporation utilizes technologies and facilities similar to those used at our olefins and aromatics facilities and operates those assets at higher rates and at a lower cost. Moreover, the olefins and aromatics businesses had been held for sale by ICI for a significant period of time and, as a result, we believe new marketing opportunities relative to these businesses had been limited. We believe that under Huntsman Corporation management, these opportunities will be created and captured.

. TiO\\2\\--We intend to continue to improve our competitiveness and market position by focusing on reducing costs, enhancing our product offerings and strengthening our customer relationships through technical service and customer support. Approximately $50 million of annualized cash cost savings have been achieved since 1996 and further annualized cost savings of $30 million are expected to be achieved by the end of 2001, further improving our low cost position. We believe that our TiO\\2\\ business will also be able to improve the utilization of our assets by taking advantage of opportunities to increase sales to manufacturers of paints and coatings, some of whom may have been reluctant to purchase products from our TiO\\2\\ business when it was solely owned by ICI, a significant competitor in the paints and coatings industry.

Management and Ownership

Huntsman Corporation, one of the world's largest privately owned chemical companies, which is controlled by Jon M. Huntsman and members of his family, and its affiliates indirectly own 60% of our common equity interests. Huntsman Corporation is a global, vertically integrated company distinguished by leading market positions, breadth of product offerings, superior operating capabilities and a track record of growth. Since 1983, Huntsman Corporation and its predecessors have successfully completed over 35 acquisitions and investments in joint ventures to build a global chemicals business. Imperial Chemical Industries PLC, a U.K. publicly traded specialty products and paints company that is referred to in this prospectus as "ICI", indirectly owns 30% of our common equity interests. Since its incorporation in 1926, ICI has been one of the major industrial chemical organizations in the world with an impressive record of innovation. The remainder of our common equity interests is indirectly owned collectively by BT Capital Investors, L.P., Chase Equity Associates, L.P. and The Goldman Sachs Group, Inc.

The Transaction

At the close of business on June 30, 1999 pursuant to a contribution agreement and ancillary agreements between our company, Huntsman Specialty Chemicals Corporation, ICI and our parent, Huntsman ICI Holdings LLC, we acquired assets and stock representing ICI's polyurethane chemicals, selected petrochemicals (including ICI's 80% interest in the Wilton olefins facility) and TiO\\2\\ businesses and Huntsman Specialty's PO business. In addition, at the close of business on June 30, 1999, we also acquired the remaining 20% ownership interest in the Wilton olefins facility from BP Chemicals Limited.

In exchange for transferring its business to us, Huntsman Specialty (1) retained a 60% common equity interest in Huntsman ICI Holdings and (2) received approximately $360 million in cash. In exchange for transferring its businesses to us, ICI received (1) a 30% common equity interest in Huntsman ICI Holdings, (2) approximately $2 billion in cash that was paid in a combination of U.S. dollars and euros and (3) discount notes of Huntsman ICI Holdings with $508 million of accreted value at issuance. The obligations of the discount notes from Huntsman ICI Holdings are non-recourse to us. BT Capital Investors, L.P., Chase Equity Associates, L.P. and The Goldman Sachs Group, Inc. acquired the remaining 10% common equity interest in Huntsman ICI Holdings for $90 million in cash.

Cash Sources (in millions)

<TABLE>
<S> <C>
Senior secured credit facilities... $1,685
The notes..... 807
Cash equity(b)..... 90

Total cash sources..... $2,582
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</TABLE>

Cash Uses

<TABLE>
<S> <C>
Cash to ICI and BP Chemicals..... $2,140
Cash to Huntsman Specialty(a).... 360
Transaction fees and expenses.... 82

Total cash uses.....$2,582
=======
</TABLE>

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(a) Used for the repayment of Huntsman Specialty debt and the acquisition of Huntsman Specialty preferred stock.

(b) Represents $90 million cash contribution for 10% of our common equity. This implies a $900 million common equity value for our company.

The Exchange Offer

Securities Offered..... $600,000,000 aggregate principal amount of new 10 1/8% Senior Subordinated Notes due 2009 and (Euro)200,000,000 aggregate principal amount of new 10 1/8% Senior Subordinated Notes due 2009, all of which have been registered under the Securities Act of 1933. The terms of the notes offered in the exchange offer are substantially identical to those of the outstanding notes, except that certain transfer restrictions, registration rights and liquidated damages provisions relating to the outstanding notes do not apply to the new registered notes.

The Exchange Offer..... We are offering to issue registered notes in exchange for a like principal amount and like denomination of our outstanding notes. We are offering to issue these registered notes to satisfy our obligations under an exchange and registration rights agreement that we entered into with the initial purchasers of the outstanding notes when we sold them in a transaction that was exempt from the registration requirements of the Securities Act. You may tender your outstanding notes for exchange by following the procedures described under the heading "The Exchange Offer".

Tenders; Expiration Date; Withdrawal..... The exchange offer will expire at , New York City time, on , 1999, unless we extend it. If you decide to exchange your outstanding notes for new notes, you must acknowledge that you are not engaging in, and do not intend to engage in, a distribution of the new notes. You may withdraw any notes that you tender for exchange at any time prior to , 1999. If we decide for any reason not to accept any notes you have tendered for exchange, those notes will be returned to you without cost promptly after the expiration or termination of the exchange offer. See "The Exchange Offer--Terms of the Exchange Offer" for a more complete description of the tender and withdrawal provisions.

Conditions to the Exchange Offer.... The exchange offer is subject to customary conditions, some of which we may waive.

U.S. Federal Tax Consequences..... Your exchange of outstanding notes for notes to be issued in the exchange offer should not result

in any gain or loss to you for U.S. federal income tax purposes. See "Certain U.S. Federal Tax Consequences" for a general summary of material United States federal income tax consequences associated with the exchange of outstanding notes for the notes to be issued in the exchange offer and the ownership and disposition of those new notes.

Use of Proceeds..... We will not receive any cash proceeds from the exchange offer.

Exchange Agent.....	Bank One, N.A.
Consequences of Failure to Exchange.....	Outstanding notes that are not tendered or that are tendered but not accepted will continue to be subject to the restrictions on transfer that are described in the legend on those notes. In general, you may offer or sell your outstanding notes only if they are registered under, or offered or sold under an exemption from, the Securities Act and applicable state securities laws. We, however, will have no further obligation to register the outstanding notes. If you do not participate in the exchange offer, the liquidity of your notes could be adversely affected.
Consequences of Exchanging Your Notes.....	Based on interpretations of the staff of the SEC, we believe that you may offer for resale, resell or otherwise transfer the notes that we issue in the exchange offer without complying with the registration and prospectus delivery requirements of the Securities Act if you: . acquire the notes issued in the exchange offer in the ordinary course of your business; . are not participating, do not intend to participate, and have no arrangement or undertaking with anyone to participate, in the distribution of the notes issued to you in the exchange offer; and . are not an "affiliate" of our company as defined in Rule 405 of the Securities Act. If any of these conditions are not satisfied and you transfer any notes issued to you in the exchange offer without delivering a proper prospectus or without qualifying for a registration exemption, you may incur liability under the Securities Act. We will not be responsible for or indemnify you against any liability you may incur.

Any broker-dealer that acquires notes in the exchange offer for its own account in exchange for outstanding notes, which it acquired through market-making or other trading activities, must acknowledge that it will deliver a prospectus when it resells or transfers any notes issued in the exchange offer. See "Plan of Distribution" for a description of the prospectus delivery obligations of broker-dealers in the exchange offer.

The Notes

The terms of the notes we are issuing in this exchange offer and the outstanding notes are identical in all material respects, except:

(1) the notes issued in the exchange offer will have been registered under the Securities Act;

(2) the notes issued in the exchange offer will not contain transfer restrictions and registration rights that relate to the outstanding notes; and

(3) the notes issued in the exchange offer will not contain provisions relating to the payment of liquidated damages to be made to the holders of the outstanding notes under circumstances related to the timing of the exchange offer.

A brief description of the material terms of the notes follows:

Issuer..... Huntsman ICI Chemicals LLC.

Notes Offered..... $600,000,000 aggregate principal amount of dollar denominated 10 1/8% Senior Subordinated Notes due 2009 and (Euro)200,000,000 aggregate principal amount of euro denominated 10 1/8% Senior Subordinated Notes due 2009.

Maturity Date..... July 1, 2009.

Interest Payment Dates..... January 1 and July 1 of each year, commencing January 1, 2000.

Guarantors..... The notes are guaranteed by some of our subsidiaries. If we cannot make payments on the notes when they are due, then our guarantors are required to make payments on our behalf.

Optional Redemption..... We may redeem the notes, in whole or in part, at our option at any time on or after July 1, 2004, at the redemption prices listed in "Description of Notes--Optional Redemption".

In addition, on or before July 1, 2002, we may, at our option and subject to certain requirements,

use the net proceeds from one or more public equity offerings to redeem up to 35% of the original aggregate principal amount of the notes at 110.125% of their face amount, plus accrued and unpaid interest. Before July 1, 2004, we may redeem some or all of the notes at a redemption price equal to 100% of the principal amount thereof plus a "make whole" premium. See "Description of Notes--Optional Redemption".

Sinking Fund..... None.

Ranking..... The notes rank junior to all of our existing and future senior indebtedness, and rank senior in right of payment to all of our future indebtedness that is expressly subordinated to the notes. See "Description of Notes--Brief Description of the Notes and the Guarantees--The Notes".

The guarantees rank junior in right of payment to all existing and future senior indebtedness of our guarantors, and rank senior in right of payment to all of

their future indebtedness that is expressly subordinated to the guarantees. See "Description of Notes--Brief Description of the Notes and the Guarantees--The Guarantees".

As of March 31, 1999, we would have had approximately $1,696 million of senior indebtedness outstanding if we had completed our transactions with ICI and Huntsman Specialty and with BP Chemicals on that date.

Change of Control..... If we go through a change of control, we must make an offer to repurchase the notes at 101% of their face amount, plus accrued and unpaid interest. See "Description of Notes--Repurchase at the Option of Holders upon Change of Control".

Asset Sales..... We may have to use the net proceeds from asset sales to offer to repurchase notes under certain circumstances at their face amount, plus accrued and unpaid interest. See "Description of Notes--Certain Covenants--Limitation on Asset Sales".

Certain Covenants..... The indenture governing the notes contains certain covenants that, among other things, limit our ability and the ability of certain of our subsidiaries to:

. incur more debt;

. pay dividends, redeem stock or make other distributions;

. issue capital stock;

. make certain investments;

. create liens;

. enter into transactions with affiliates;

. enter into sale and leaseback transactions;

. merge or consolidate; and

. transfer or sell assets.

These covenants are subject to a number of important qualifications and limitations. See "Description of Notes--Certain Covenants".

Registration Covenant; Exchange Offer..... In connection with our agreement to register the exchange notes under the Securities Act by filing the registration statement of which this prospectus forms a part, we have agreed to:

. cause the registration statement to become effective on or before January 27, 2000; and

. consummate the exchange offer within 45 days after the effective date of the registration statement.

In addition, we have agreed, in certain circumstances, to file a "shelf registration statement" that would allow some or all of the notes to be offered to the public.

If we fail to meet any or all the targets listed above (a "registration default"), the annual interest rates on the notes will increase by 0.25% during the first 90-day period during which the registration default continues, and will increase by an additional 0.25% for each subsequent 90-day period during which the registration default continues, up to a maximum increase of 1.00% over the interest rates that would otherwise apply to the notes. As soon as we cure a registration default, the interest rates on the notes will revert to their original levels.

Upon consummation of the exchange offer, holders of notes will no longer have any rights under the exchange and registration rights agreement, except to the extent that we have continuing obligations to file a shelf registration statement.

For additional information concerning the above, see "Description of Notes--Form, Denomination, Transfer, Exchange and Book-entry Procedures,--Registration Covenant; Exchange Offer".

Use of Proceeds..... We will not receive any proceeds from the exchange offer. We used the net proceeds from the sale of the notes to fund a portion of the transfer of ICI's and Huntsman Specialty's businesses to us and related fees and expenses, and for general corporate purposes. See "Use of Proceeds".

Risk Factors

You should carefully consider all of the information set forth in this prospectus and, in particular, the specific factors set forth under the "Risk Factors" section before deciding to tender your outstanding notes in the exchange offer.

Summary Historical and Pro Forma Financial Data

The summary financial data set forth below presents the historical financial data of Huntsman Specialty, our predecessor, and the predecessor of Huntsman Specialty, as of the dates and for the periods indicated. In accordance with U.S. GAAP, Huntsman Specialty is considered the acquiror of the businesses transferred to us in connection with our transactions with ICI and Huntsman Specialty and with BP Chemicals at the close of business on June 30, 1999 because the shareholders of Huntsman Specialty acquired majority control of the businesses transferred to us. The summary financial and other data as of December 31, 1996 has been derived from audited financial statements. The summary financial and other data as of December 31, 1997 and 1998 and for the

year ended December 31, 1996, the two months ended February 28, 1997, the ten months ended December 31, 1997 and the year ended December 31, 1998 has been derived from the audited financial statements of Huntsman Specialty included elsewhere in this prospectus. The summary financial and other data as of March 31, 1999 and for the three months ended March 31, 1998 and 1999 has been derived from the unaudited financial statements of Huntsman Specialty included elsewhere in this prospectus.

The summary unaudited pro forma financial data prepared by us and set forth below gives effect to our transactions with ICI and Huntsman Specialty and with BP Chemicals and the related financing thereof, including the offering of the notes. The summary unaudited pro forma statement of operations data for the three months ended March 31, 1999 and the year ended December 31, 1998 give effect to our transaction with ICI and Huntsman Specialty and related financing thereof, including the offering of the notes, as if they had occurred on January 1, 1998. The summary unaudited pro forma balance sheet data as of March 31, 1999 gives effect to our transactions with ICI and Huntsman Specialty and with BP Chemicals and related financing thereof, including the offering of the notes, as if they had occurred on such date. The summary unaudited pro forma financial data does not purport to be indicative of the combined financial position or results of operations of future periods or indicative of results that would have occurred had our transactions with ICI and Huntsman Specialty and with BP Chemicals been consummated on the dates indicated. The pro forma and other adjustments, as described in the accompanying notes to the summary unaudited pro forma condensed balance sheet and statement of operations data, are based on available information and certain assumptions that we believe are reasonable.

You should read the summary historical and unaudited pro forma financial data in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Unaudited Pro Forma Financial Data", the audited and unaudited financial statements of Huntsman Specialty and the audited and unaudited combined financial statements of the polyurethane chemicals, selected petrochemicals and TiO\\2\\ businesses of ICI, included elsewhere in this prospectus.

<TABLE>
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	Predecessor(1)		Huntsman Specialty(1)			Huntsman ICI Chemicals		
					Pro Forma			
	Year Ended December 31,	Two Months Ended February 28,	Ten Months Ended December 31,	Year Ended December 31,	Three Months Ended March 31,	Pro Forma Year Ended December 31,	Three Months Ended March 31,	
	1996	1997	1997	1998	1998	1999	1998	1999
				(in millions)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Statement of Operations Data:								
Sales-net:	$405	$61	$ 348	$339	$ 86	$ 83	$3,671	$ 870
Cost of sales.....	377	65	300	277	72	62	3,104	716
Gross profit (loss)....	28	(4)	48	62	14	21	567	154
Operating expenses.....	19	2	8	8	3	2	353	103
Operating income (loss).....	9	(6)	40	54	11	19	214	51
Interest expense-net....	--	--	35	40	10	9	219	55
Other income.....	10	--	--	1	--	--	(9)	--
Income (loss) before income tax and minority interest.....	19	(6)	5	15	1	10	4	(4)
Income tax expense (benefit).....	7	(2)	2	6	--	4	51	9
Minority Interest.....	--	--	--	--	--	--	2	--
Income (loss) from continuing operations..	$ 12	$(4)	$ 3	$ 9	$ 1	$ 6	$ (49)	$ (13)

Other Data:								
Depreciation and amortization.....	$ --	$ 1	$ 26	$ 31	$ 8	$ 8	$ 201	$ 52
EBITDA(1)(2).....	49	1	66	86	19	27	424	103
Net cash provided by (used in) operating activities.....	48	(5)	37	46	--	8		
Net cash used in investing activities...	(1)	(1)	(510)	(10)	(2)	(1)		
Net cash provided by (used in) financing activities.....	(47)	6	483	(43)	--	--		
Capital expenditures....	1	1	2	10	2	1	232	71
Ratio of earnings to fixed charges(3).....	2.7x	--	1.1x	1.4x	1.1x	2.1x	1.0x	--
Balance Sheet Data (at period end):								
Working capital(4).....	$ 39		$ 40	$ 28		$ 34		$ 402
Total assets.....	292		594	578		583		4,214
Long-term debt(5).....	--		464	428		429		2,503
Total liabilities(6)....	287		569	547		548		3,167
Stockholders' equity....	5		25	31		35		1,047

</TABLE>

(See footnotes on next page)

(Footnotes from previous page)

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(1) Effective March 1, 1997, Huntsman Specialty purchased from Texaco Chemical, Inc. its PO business (see Note 1 to the audited financial statements of Huntsman Specialty). Prior to March 1, 1997, Texaco Chemical leased substantially all of the plant and equipment of the PO business under an operating lease agreement. Also, Texaco Chemical received interest income on net intercompany advances prior to the acquisition by Huntsman Specialty. Historical rental expense for the year ended December 31, 1996 and the two months ended February 28, 1997 was $34 million and $6 million, respectively. Interest income on net intercompany advances was $4 million for the year ended December 31, 1996. No interest was charged or credited during the two months ended February 28, 1997.

(2) EBITDA is defined as earnings from continuing operations before interest expense, depreciation and amortization, and taxes. Prior to March 1, 1997, EBITDA excludes interest income on net intercompany investments and advances to Texaco Chemical and rental expense (see footnote (1) above). EBITDA is included in this prospectus because it is a basis on which we assess our financial performance and debt service capabilities, and because certain covenants in our borrowing arrangements are tied to similar measures. However, EBITDA should not be considered in isolation or viewed as a substitute for cash flow from operations, net income or other measures of performance as defined by GAAP or as a measure of a company's profitability or liquidity. We understand that while EBITDA is frequently used by security analysts, lenders and others in their evaluation of companies, EBITDA as used herein is not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation.

The following other adjustments to pro forma EBITDA do not qualify as pro forma adjustments under the Securities and Exchange Commission's rules (principally Article 11 of Regulation S-X), but are included to eliminate the effect of nonrecurring items.

<TABLE>
<CAPTION>

	Year Ended December 31, 1998	Three Months Ended March 31, 1999
	(in millions)	
<S>	<C>	<C>

EBITDA	$405	$103
To conform the accounting policy for turnaround and inspection costs of the petrochemicals business	19	--
Pro forma EBITDA	424	103
Net reduction in corporate overhead allocation and insurance expenses	21	6
Impact of PO facility turnaround and inspection	19	--
Rationalization of TiO\\2\\ operations	17	2
Pro forma Adjusted EBITDA	$481	$111

</TABLE>

Pro forma Adjusted EBITDA does not include any amounts related to our transaction with BP Chemicals on June 30, 1999. We believe that pro forma Adjusted EBITDA for the year ended December 31, 1998 would have increased by approximately $16 million to approximately $497 million had our transaction with BP Chemicals at the close of business on June 30, 1999 been consummated on January 1, 1998.

(3) The ratio of earnings to fixed charges has been calculated by dividing (1) the sum of income before taxes plus fixed charges by (2) fixed charges. Fixed charges are equal to interest expense (including amortization of deferred financing costs), plus the portion of rent expense estimated to represent interest. Earnings were insufficient to cover fixed charges by $6 million and $4 million for the two months ended February 28, 1997, and, on a pro forma basis, for the three months ended March 31, 1999.

(4) Working capital represents total current assets, less total current liabilities, excluding cash and the current maturities of long-term debt.

(5) Long-term debt includes the current portion of long-term debt.

(6) Total liabilities includes mandatorily redeemable preferred stock of $68 million and $72 million at December 31, 1997 and 1998, respectively.

RISK FACTORS

You should carefully consider the risks described below in addition to all other information provided to you in this prospectus before deciding whether to participate in this exchange offer. The risk factors described below, other than those which discuss the consequences of failing to exchange your outstanding notes in the exchange offer, are generally applicable to both the outstanding notes and the notes issued in the exchange offer.

You may have difficulty selling the notes that you do not exchange.

If you do not exchange your outstanding notes for the notes offered in this exchange offer, you will continue to be subject to the restrictions on the transfer of your notes. Those transfer restrictions are described in the indenture governing the notes and in the legend contained on the outstanding notes, and arose because we originally issued the outstanding notes under exemptions from, and in transactions not subject to, the registration requirements of the Securities Act.

In general, you may offer or sell your outstanding notes only if they are registered under the Securities Act and applicable state securities laws, or if they are offered and sold under an exemption from those requirements. We do not intend to register the outstanding notes under the Securities Act.

If a large number of outstanding notes are exchanged for notes issued in the exchange offer, it may be more difficult for you to sell your unexchanged notes. In addition, if you do not exchange your outstanding notes in the exchange offer, you will no longer be entitled to have those notes registered under the Securities Act.

See "The Exchange Offer--Consequences of Failure to Exchange Outstanding Notes" for a discussion of the possible consequences of failing to exchange your notes.

Our ability to repay our debt depends upon the performance of our subsidiaries and their ability to make distributions to us.

The notes are the exclusive obligations of our company and the guarantors of the notes and not of any of our other subsidiaries. Because a significant portion of our operations are conducted by our subsidiaries, our cash flow and our ability to service indebtedness, including our ability to pay the interest on and principal of the notes when due, are dependent to a large extent upon cash dividends and distributions or other transfers from our subsidiaries. In addition, any payment of dividends, distributions, loans or advances by our subsidiaries to us could be subject to restrictions on dividends or repatriation of earnings under applicable local law, monetary transfer restrictions and foreign currency exchange regulations in the jurisdictions in which our subsidiaries operate, and any restrictions imposed by the current and future debt instruments of our subsidiaries. Our senior secured credit facilities currently prohibit, and the indenture governing these notes currently restricts, these types of payments by our subsidiaries. In addition, payments to us by our subsidiaries are contingent upon our subsidiaries' earnings.

Our subsidiaries are separate and distinct legal entities and, except for the guarantors of the notes, have no obligation, contingent or otherwise, to pay any amounts due pursuant to the notes or to make any funds available therefor, whether by dividends, loans, distributions or other payments, and do not guarantee the payment of interest on, or principal of, the notes. Any right that we have to receive any assets of any of our subsidiaries that are not guarantors upon the liquidation or reorganization of those subsidiaries, and the consequent right of holders of notes to realize proceeds from the sale of their assets, will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors and holders of debt issued by that subsidiary. In addition, the guarantees of the notes are subordinated to all indebtedness of each guarantor that is either senior or secured.

We have substantial debt that we may be unable to service and that restricts our activities.

We have incurred substantial debt in connection with our transactions with ICI and Huntsman Specialty and with BP Chemicals. As of March 31, 1999, we would have had total outstanding indebtedness of $2,503 million on a pro forma basis after giving effect to our transactions with ICI and Huntsman Specialty and with BP Chemicals and the financing thereof. We require substantial capital to finance our operations and continued growth, and we may incur substantial additional debt from time to time for a variety of purposes, including acquiring additional businesses. However, the terms of the indenture governing the notes and the senior secured credit facilities contain restrictive covenants. Among other things, these covenants limit or prohibit our ability to incur more debt; make prepayments of other debt in whole or in part; pay dividends, redeem stock or make other distributions; issue capital stock; make investments; create liens; enter into transactions with affiliates; enter into sale and leaseback transactions; and merge or consolidate and transfer or sell assets. Also, if we undergo a change of control, the indenture governing the notes may require us to make an offer to purchase the notes. Under these circumstances, we may also be required to repay indebtedness under our credit facilities prior to the notes. We cannot assure you that we will have the financial resources necessary to purchase the notes in this event. See "Description of Notes".

The degree to which we have outstanding debt could have important consequences for our business, including:

- a substantial portion of our cash flow must be applied towards payment of principal and interest on our debt, which will reduce funds available for other purposes, including our operations and future business opportunities;

- our ability to obtain additional financing may be constrained due to our existing level of debt;

- a high degree of debt will make us more vulnerable to a downturn in our business or the economy in general; and

. part of our debt is, and any future debt may be, subject to variable interest rates, which might make us vulnerable to increases in interest rates.

We are required to make scheduled principal payments under the credit facilities commencing on June 30, 2000. Our ability to make scheduled payments of principal and interest on, or to refinance, our debt depends on our future financial performance, which, to a certain extent, is subject to economic, competitive, regulatory and other factors beyond our control. We cannot guarantee that we will have sufficient cash from our operations or other sources to service our debt (including the notes). If our cash flow and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets or seek to obtain additional equity capital or restructure or refinance our debt. We cannot guarantee that such alternative measures would be successful or would permit us to meet our scheduled debt service obligations. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service obligations. We cannot guarantee our ability to consummate any asset sales or that any proceeds from an asset sale would be sufficient to meet the obligations then due.

If we are unable to generate sufficient cash flow and we are unable to obtain the funds required to meet payments of principal and interest on our indebtedness, or if we otherwise fail to comply with the various covenants in the instruments governing our indebtedness, including those under the credit facilities and the indenture governing the notes, we could be in default under the terms of those agreements. In the event of a default by us, a holder of the indebtedness could elect to declare all of the funds borrowed under those agreements to be due and payable together with accrued and unpaid interest, the lenders under the credit facilities could elect to terminate their commitments thereunder and we could be forced into bankruptcy or liquidation. Any default under the agreements

governing our indebtedness could have a material adverse effect on our ability to pay principal and interest on the notes and on the market value of the notes.

Our ability to repay our debt may be affected by joint venture arrangements.

We conduct a substantial amount of our operations through our joint ventures. Our ability to meet our debt service obligations depends, in part, upon the operation of our joint ventures. If any of our joint venture partners fails to observe its commitments, that joint venture may not be able to operate according to its business plans or we may be required to increase our level of commitment to give effect to such plans. In general, joint venture arrangements may be affected by relations between the joint venture partners. Differences in views among the partners may, for example, result in delayed decisions or in failure to agree on significant matters. Such circumstances may have an adverse effect on the business and operations of the joint ventures, adversely affecting the business and operations of our company. There can be no assurance that we and our joint venture partners will always agree on significant issues. Any such differences in our views or problems with respect to the operations of the joint ventures could have a material adverse effect on our business, financial condition, results of operations or cash flows.

The notes are subordinated to senior debt.

The notes are general unsecured obligations and are subordinated in right of payment to the prior payment of all our current and future senior debt. As of March 31, 1999, after giving effect to our transaction with ICI and Huntsman Specialty and the financing thereof, the aggregate principal amount of our senior debt on a pro forma basis would have been $1,696 million. The effect of this subordination is that if we were to undergo a bankruptcy, liquidation, dissolution, reorganization or similar proceeding, our assets would be available to pay our obligations on the notes only after all senior debt is paid, and we cannot guarantee that there will be sufficient assets remaining to pay amounts due on all or any of the notes. Our senior debt under the credit facilities is secured by liens on substantially all our U.S. assets, including the stock of certain of our subsidiaries. The notes are unsecured and therefore

do not have the benefit of this collateral. Accordingly, if an event of default occurs under the credit facilities, the lenders under the credit facilities will have a right to our assets and may foreclose upon the collateral. In that case, our assets would first be used to repay in full amounts outstanding under the credit facilities and may not be available to repay the notes.

Our success depends upon our ability to integrate our businesses.

Prior to our transactions with ICI and Huntsman Specialty and with BP Chemicals, we did not own the majority of our assets. As you evaluate our prospects, you should consider the many risks we will encounter during our process of integrating these acquired businesses, including:

- our potential inability to successfully integrate acquired operations and businesses or to realize anticipated synergies, economies of scale or other value;
- diversion of our management's attention from business concerns;
- difficulties in increasing production at acquired sites and coordinating management of operations at the acquired sites;
- delays in implementing consolidation plans;
- unanticipated legal liabilities; and
- loss of key employees of acquired operations.

The full benefit of the businesses transferred to us in connection with our transactions with ICI and Huntsman Specialty and with BP Chemicals requires the integration of administrative functions

and the implementation of appropriate operations, financial and management systems and controls. If we are unable to integrate our various businesses effectively, our business, financial condition, results of operations and cash flows may suffer.

Some of the assets comprising portions of the ICI businesses were not transferred to us at the closing of our transaction with ICI and Huntsman Specialty and may never be transferred to us.

Without breaching its obligations to transfer its businesses to us, ICI did not transfer assets having an aggregate value of no more than 3% of the net book value of all the assets that were scheduled to be transferred to us by ICI. In addition, ICI's failure to transfer its joint venture interests in Nippon Polyurethane Industry Co. Ltd. and Arabian Polyol Company Limited to us did not constitute a breach of ICI's obligations under the contribution agreement. Although (1) ICI is obligated to use its reasonable best efforts to transfer these assets and joint venture interests to us within two years, during which time ICI will hold the assets for our benefit, and (2) we are entitled to a purchase price adjustment if ICI does not ultimately transfer those assets, we can give no assurance as to when, if at all, these assets or joint venture interests will be transferred to us or what effect the failure to receive such assets or joint venture interests, and the related revenue streams, will have on our business, financial condition, results of operations or cash flows.

The chemicals industry is cyclical.

A substantial portion of our revenue is attributable to sales of products, the prices of which have been historically cyclical and sensitive to relative changes in supply and demand, the availability and price of feedstocks and general economic conditions. Historically, the markets for some of our products have experienced alternating periods of tight supply, causing prices and margins to increase, followed by periods of capacity additions, resulting in oversupply and declining prices and margins. We cannot guarantee that future growth in demand for these products will be sufficient to alleviate any existing or future conditions of excess industry capacity or that such conditions will not be sustained or further aggravated by anticipated or unanticipated capacity additions or other events. See "--We face significant competition", "Management's Discussion and Analysis of Financial Condition and

Results of Operations" and "Business--Competition".

There is significant price volatility for many of our raw materials.

The prices for a large portion of our raw materials are similarly cyclical. While we attempt to match raw material price increases with corresponding product price increases, our ability to pass on increases in the cost of raw materials to our customers is, to a large extent, dependent upon market conditions. There may be periods of time in which we are not able to recover increases in the cost of raw materials due to weakness in demand for or oversupply of our products. Therefore, increases in raw material prices may have a material adverse effect on our business, financial condition, results of operations or cash flows.

The industries in which we compete are highly competitive.

The industries in which we operate are highly competitive. Among our competitors are some of the world's largest chemical companies and major integrated petroleum companies that have their own raw material resources. Some of these companies are able to produce products more economically than we can. In addition, many of our competitors are larger and have greater financial resources, which may enable them to invest significant capital into their businesses, including expenditures for research and development. If any of our current or future competitors develop proprietary technology that enables them to produce products at a significantly lower cost, our technology could be rendered uneconomical or obsolete. Moreover, certain of our businesses use

technology that is widely available. Accordingly, barriers to entry, apart from capital availability, are low in certain product segments of our business, and the entrance of new competitors into the industry may reduce our ability to capture improving profit margins in circumstances where overcapacity in the industry is diminishing. Further, petroleum-rich countries have become more significant participants in the petrochemical industry and may expand this role significantly in the future. Any of these developments would have a significant impact on our ability to enjoy higher margins during periods of increased demand. See "--The chemicals industry is cyclical".

We depend on our key suppliers.

We obtain a significant portion of our raw materials from a few key suppliers. If any of these suppliers is unable to meet its obligations under present supply agreements, we may be forced to pay higher prices to obtain the necessary raw materials and we may not be able to increase prices for our finished products. In addition, some of the raw materials we use may become unavailable within the geographic area from which we now source our raw materials, and there can be no assurance that we will be able to obtain suitable and cost effective substitutes. Any interruption of supply or any price increase of raw materials could have a material adverse effect on our business, financial condition, results of operations or cash flows.

Some of our supply contracts require the consent of the supplier for the transfer of the contract to us in connection with our transactions with ICI and Huntsman Specialty and with BP Chemicals. There can be no assurance that we will receive those consents or that such suppliers will agree to continue to provide the raw materials on the same terms. If we do not receive these consents, we may be forced to pay higher prices to obtain necessary raw materials and we may not be able to increase prices for our finished products. This could have a material adverse effect on our business, financial condition, results of operations or cash flows.

Our relationships with Huntsman Corporation and ICI are critical.

We have entered and will continue to enter into certain agreements, including service, supply and purchase contracts with Huntsman Corporation and ICI. A breach by Huntsman Corporation or ICI in performing its obligations under any of these agreements could have a material adverse effect on our business, financial condition, results of operations or cash flows. There can be no assurance that we would be able to obtain similar service, supply or purchase contracts on the same terms from third parties should Huntsman Corporation or ICI terminate or breach any of these agreements. For example, we have only one operating facility for our PO business, which is located in Port

Neches, Texas. The facility is dependent on Huntsman Corporation's existing infrastructure and its adjacent facilities for certain utilities, raw materials, product distribution systems and safety systems. In addition, we depend upon employees of Huntsman Corporation to operate our Port Neches facility. We purchase all of the propylene used in the production of PO through Huntsman Corporation's pipeline, which is the only existing propylene pipeline connected to our PO facility. If we were required to obtain propylene from another source, we would need to make a substantial investment in an alternative pipeline. This could have a material adverse effect on our business, financial condition, results of operations or cash flows. See "Certain Relationships and Related Transactions".

We are subject to many environmental and safety regulations.

The operation of any chemical manufacturing plant, the distribution of chemical products and the related production of by-products and wastes, entail risk of adverse environmental effects. We are subject to extensive federal, state, local and foreign laws, regulations, rules and ordinances relating to pollution, the protection of the environment and the generation, storage, handling, transportation, treatment, disposal and remediation of hazardous substances and waste materials. In the ordinary course of business, we are subject continually to environmental inspections and

monitoring by governmental enforcement authorities. We may incur substantial costs, including fines, damages and criminal or civil sanctions, or experience interruptions in our operations for actual or alleged violations arising under any environmental laws. In addition, our production facilities require operating permits that are subject to renewal, modification and, in some circumstances, revocation. Violations of permit requirements can also result in restrictions or prohibitions on plant operations, substantial fines and civil or criminal sanctions. Our operations involve the generation, handling, transportation, use and disposal of numerous hazardous substances. Changes in regulations regarding the generation, handling, transportation, use and disposal of hazardous substances could inhibit or interrupt our operations and have a material adverse effect on our business. From time to time, these operations may result in violations under environmental laws, including spills or other releases of hazardous substances to the environment. In the event of a catastrophic incident, we could incur material costs as a result of addressing and implementing measures to prevent such incidents. In February 1999, hydrochloric acid was accidentally released from the Greatham facility into a nearby marsh that includes a conservation area. We have an indemnity from ICI which we believe will cover, in large measure, our liability for this matter. In addition, certain notices of violation relating to air emissions and waste water issues have been issued to our Port Neches facility. While these matters remain pending and could result in fines of over $100,000, we do not believe any of these matters will be material to us. Given the nature of our business, we cannot assure you that violations of environmental laws will not result in restrictions imposed on our operating activities, substantial fines, penalties, damages or other costs.

In addition, potentially significant expenditures could be necessary in order to comply with existing or future environmental laws. Our costs and operating expenses and capital expenditures relating to safety, health and environmental matters totaled approximately $4 million in 1996, $3 million in 1997 and $3 million in 1998 for our PO business. Environmental expenses and capital expenditures for our polyurethane chemicals, petrochemicals and TiO\\2\\ businesses were approximately (Pounds)53 million, (Pounds)44 million and (Pounds)42 million in 1996, 1997 and 1998, respectively. Costs in 1999 and 2000 are expected to remain at historical levels in order to cover, among other things, our routine measures to prevent, contain and clean up spills of materials that occur in the ordinary course of business. Our estimated capital expenditures for environmental, safety and health matters in 1999 and 2000 are expected to be similar to historical expenditures. Capital expenditures and, to a lesser extent, costs and operating expenses relating to environmental matters will be subject to evolving regulatory requirements and will depend on the timing of the promulgation and enforcement of specific standards which impose requirements on our operations. Therefore, we cannot assure you that additional capital expenditures will not be required under environmental laws. See "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Under certain environmental laws, we may be liable for the costs of investigating and cleaning up environmental contamination on or from our properties or at off-site locations where we disposed of or arranged for the disposal or treatment of hazardous wastes. We are aware that there is or may be soil or groundwater contamination at some of our facilities resulting from past operations at these or neighboring facilities. Based on available information and the indemnification rights that we possess (including indemnities provided by Huntsman Specialty and ICI for the facilities each transferred in connection with our transaction with them on June 30, 1999), we believe that the costs to investigate and remediate known contamination will not have a material adverse effect on our business, financial condition, results of operations or cash flows; however, we cannot give any assurance that such indemnities will fully cover the costs of investigation and remediation, that we will not be required to contribute to such costs or that such costs will not be material. See "Business--Environmental Regulations".

Pending or future litigation or legislative initiatives may subject us to products or environmental liability or materially adversely affect our MTBE sales.

A co-product of our PO operations is MTBE. MTBE is an oxygenate that petroleum refiners blend with gasoline to enhance the octane level of gasoline and to reduce the emissions produced when gasoline is burned. MTBE is used in many states to meet oxygenated fuels requirements applicable to certain polluted areas under the federal Clean Air Act. The presence of MTBE in some groundwater in California and other states (primarily due to gasoline leaking from underground storage tanks) and in surface water (primarily from recreational water craft) has led to public concern about MTBE's potential to contaminate drinking water supplies. Because MTBE is partially soluble in water, it has a tendency to dissolve more readily than most other gasoline constituents, making groundwater cleanup more difficult and expensive.

Heightened public awareness regarding this issue has resulted in state and federal initiatives to rescind the oxygenate requirements for reformulated gasoline, or to restrict or prohibit the use of MTBE in particular. For example, in March 1999, the Governor of California ordered that MTBE in California gasoline be phased out by the end of 2002 and has requested that the U.S. Environmental Protection Agency waive the federal oxygenated fuels requirements for gasoline sold in California. Several bills have been introduced in the U.S. Congress to accomplish similar goals of curtailing or eliminating the oxygenated fuels requirements in the Clean Air Act, or of curtailing MTBE use in particular. In November 1998, the EPA established a committee to review and provide recommendations concerning the requirements for oxygenated fuels in the Clean Air Act. The committee's findings were released to the public on July 27, 1999, and include, among other things, recommendations that (1) MTBE use be reduced substantially, (2) the U.S. Congress clarify federal and state authority to regulate or eliminate gasoline additives that threaten water supplies and (3) the U.S. Congress amend the Clean Air Act to remove certain of the oxygenated fuels requirements for reformulated gasoline. In a statement issued in response to these recommendations on July 26, 1999, the administrator of the EPA stated that the EPA would work with the U.S. Congress to craft a legislative solution that would allow for a significant reduction in MTBE use, while maintaining air quality. On August 4, 1999, the U.S. Senate passed a resolution calling for a phase out of MTBE. While this resolution has no binding legislative effect, there can be no assurance that future Congressional action will not result in a ban or other restrictions on MTBE use. Ongoing debate regarding this issue is continuing at all levels of federal and state government.

Any phase-out of or prohibition against the use of MTBE in California (in which a significant amount of MTBE is consumed), in other states, or nationally could result in a significant reduction in demand for our MTBE. In that event, we believe we will be able to modify our PO production process to make alternative co-products other than MTBE, though the necessary modifications may require significant capital expenditures. There can be no assurance, however, that we would not incur a material loss in revenues or material costs or expenditures in the event of a widespread decrease or cessation of use of MTBE.

In addition to recent legislative challenges to the use of MTBE, various citizens groups and municipalities have filed lawsuits against petroleum

refiners and trade associations involved with petroleum and oxygenated fuels, including other manufacturers of MTBE. The plaintiffs in these lawsuits seek, among other things, damages from the defendants for the costs of cleaning up contamination. Neither we nor any of our affiliates have been named in any of these lawsuits; however, we cannot give any assurance that we will not be named in any future litigation or that such litigation will not have a material adverse effect on our business, financial condition, results of operations or cash flows.

We are controlled by a single beneficial owner.

Jon M. Huntsman, Chairman of the Board, Chief Executive Officer and a Director of Huntsman Corporation, members of his immediate family and trusts for the benefit of his family members own beneficially 100% of the common stock of Huntsman Corporation, which with its affiliates indirectly

own 60% of our common equity interests. In addition, all of the members of our Board of Managers are members of the Huntsman family. See "Management--Managers and Executive Officers" and "Prospectus Summary--Management and Ownership". As a result of these relationships, the Huntsman family collectively, and Jon M. Huntsman individually, substantially controls our affairs.

As a result of Huntsman Corporation's and ICI's ownership interests, conflicts of interest could arise with respect to transactions involving business dealings between us and them, potential acquisitions of businesses or properties, the issuance of additional securities, the payment of dividends by us and other matters. See "Description of Notes--Certain Covenants--Limitations on Transactions with Affiliates". In addition, some of our executive officers serve as executive officers and directors of various Huntsman companies and of ICI and its affiliates. See "Management" and "Certain Relationships and Related Transactions".

Our business may be adversely affected by international operations and fluctuations in currency exchange rates.

We conduct a significant portion of our business outside the United States. Our operations outside the United States are subject to risks normally associated with international operations. These risks include the need to convert currencies which we may receive for our products into currencies required to pay our debt, or into currencies in which we purchase raw materials or pay for services, which could result in a gain or loss depending on fluctuations in exchange rates. Other risks of international operations include trade barriers, tariffs, exchange controls, national and regional labor strikes, social and political risks, general economic risks, required compliance with a variety of foreign laws, including tax laws and the difficulty of enforcing agreements and collecting receivables through foreign legal systems.

We rely on patents and confidentiality agreements to protect our intellectual property.

Proprietary protection of our processes, apparatuses, and other technology is important to our business. Consequently, we rely on judicial enforcement for protection of our patents. While a presumption of validity exists with respect to patents issued to us in the U.S., there can be no assurance that any of our patents will not be challenged, invalidated, circumvented or rendered unenforceable. Furthermore, there can be no assurance that any pending patent application filed by us will result in an issued patent, or that if patents do issue to us, that such patents will provide meaningful protection against competitors or against competitive technologies.

We also rely upon unpatented proprietary know-how and continuing technological innovation and other trade secrets to develop and maintain our competitive position. While it is our policy to enter into confidentiality agreements with our employees and third parties to protect our intellectual property, there can be no assurances that our confidentiality agreements will not be breached, that they will provide meaningful protection for our trade secrets or proprietary know-how, or that adequate remedies will be available in the event of an unauthorized use or disclosure of such trade secrets and know-how. In addition, there can be no assurances that others will not obtain knowledge of such trade secrets through independent development or other access

by legal means. The failure of our patents or confidentiality agreements to protect our processes, apparatuses, technology, trade secrets or proprietary know-how could have a material adverse effect on our business, financial condition, results of operations or cash flows.

Year 2000 issues could adversely affect our business.

Our business operations are dependent upon a large number of business support and manufacturing distributive control software and systems including a reliance on software and systems of third parties. Many existing computer software programs and systems could fail or create

erroneous results by or at the Year 2000. A degree of risk exists that we will not adequately identify and remedy each Year 2000 problem that exists in our business. We are also dependent on a limited number of internal professionals with critical knowledge and expertise required for remedying Year 2000 issues. Although we believe that our key management information systems and manufacturing controls are or will be Year 2000 ready, unanticipated Year 2000 problems with respect to our internal software and systems or that of a third party may arise which, depending on the nature and magnitude of the problem, could adversely affect our business, financial condition, results of operations or cash flows. In addition to the computer software and systems that we use directly, our operations also depend upon the performance of computer software and systems used by our significant service providers including services such as utilities, telecommunications or banking services. These problems could adversely affect our business. We are unable at this time to assess the possible impact on our business of Year 2000 problems involving any third party. However, where we consider the risks are high we have been developing contingency plans to minimize these impacts.

There is no established market for the notes.

Although the notes are listed on the Luxembourg Stock Exchange, the notes constitute a new issue of securities for which there is no established trading market. The initial purchasers have advised us that they intend to make a market in the notes, but they are not obligated to do so and may discontinue market-making activities any time. Accordingly, we cannot give any assurance as to (1) the likelihood that an active market for the notes will develop, (2) the liquidity of any such market, (3) the ability of holders to sell their notes or (4) the prices that holders may obtain for their notes upon any sale. Future trading prices for the notes will depend on many factors, including, among others, our operating results, the market for similar securities and interest rates. Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the notes. We cannot guarantee that the market for the notes will not be subject to similar disruptions or that any such disruptions will not have an adverse effect on the value or marketability of the notes.

The notes and the guarantees may be void, avoided or subordinated under laws governing fraudulent transfers, insolvency and financial assistance.

In connection with our transactions with ICI and Huntsman Specialty and with BP Chemicals, we have incurred substantial debt, including debt under our senior secured credit facilities and the notes. Various fraudulent conveyance laws enacted for the protection of creditors may apply to our issuance of the notes and the guarantors' issuance of the guarantees. To the extent that a court were to find that (1) the notes were issued or a guarantee was incurred with actual intent to hinder, delay or defraud any present or future creditor or (2) we or a guarantor did not receive fair consideration or reasonably equivalent value for issuing the notes or guarantee and we or a guarantor (A) was insolvent, (B) was rendered insolvent by reason of the issuance of the notes or a guarantee, (C) was engaged or about to engage in a business or transaction for which our remaining assets or those of a guarantor constituted unreasonably small capital to carry on its business or (D) intended to incur, or believed that it would incur, debts beyond its ability to pay those debts as they matured, the court could avoid the notes or the guarantee or subordinate the notes or the guarantee in favor of our or the guarantor's creditors. To the extent that the notes or a guarantee were avoided as a fraudulent conveyance or held unenforceable for any other reason, claims of holders of the notes against us or a guarantor would be adversely affected, the notes would be effectively subordinated to all obligations of our creditors or the creditors of the

guarantor, and the other creditors would be entitled to be paid in full before any payment could be made on the notes.

If insolvency proceedings are commenced by or against Tioxide Group, our English subsidiary that is a guarantor of the notes, the presiding court may apply English insolvency laws. Under English insolvency laws, the liquidator or administrator of Tioxide Group may, among other things, apply to the court to rescind the guarantee if Tioxide Group received consideration of significantly less value than the benefit of its guarantee provides to us, Tioxide Group was insolvent (as defined in the English Insolvency Act 1986) at the time of, or immediately after, entering into the guarantee and Tioxide Group enters into a formal insolvency process before the second anniversary of the sale of the notes.

Under applicable provisions of English company law, the giving of the guarantee by Tioxide Group constitutes "financial assistance". Accordingly, if the guarantee has reduced the net assets of Tioxide Group, the guarantee will be void. In the event that a guarantee is void, avoided or subordinated, we can give no assurance that after providing for all prior claims there would be sufficient assets remaining to satisfy the claims of holders of the notes.

THE EXCHANGE OFFER

Purpose of the Exchange Offer

When we sold the outstanding notes on June 30, 1999, we entered into an exchange and registration rights agreement with the initial purchasers of those notes. Under the exchange and registration rights agreement, we agreed to file the registration statement of which this prospectus forms a part regarding the exchange of the outstanding notes for notes which are registered under the Securities Act of 1933. We also agreed to use our reasonable best efforts to cause the registration statement to become effective with the SEC, and to conduct this exchange offer after the registration statement is declared effective. We will use our best efforts to keep this registration statement effective until the exchange offer is completed. The exchange and registration rights agreement provides that we will be required to pay liquidated damages to the holders of the outstanding notes if:

- the registration statement is not declared effective by January 27, 2000; or
- the exchange offer has not been consummated within 45 days after the effective date of the registration statement.

A copy of the exchange and registration rights agreement is filed as an exhibit to the registration statement to which this prospectus is a part.

Terms of the Exchange Offer

This prospectus and the accompanying letter of transmittal together constitute the exchange offer. Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, we will accept for exchange outstanding notes which are properly tendered on or before the expiration date and are not withdrawn as permitted below. The expiration date for this exchange offer is p.m., New York City time, on , 1999, or such later date and time to which we, in our sole discretion, extend the exchange offer.

The form and terms of the notes being issued in the exchange offer are the same as the form and terms of the outstanding notes, except that:

- the notes being issued in the exchange offer will have been registered under the Securities Act;
- the notes issued in the exchange offer will not bear the restrictive legends restricting their transfer under the Securities Act; and
- the notes being issued in the exchange offer will not contain the

registration rights and liquidated damages provisions contained in the outstanding notes.

Notes tendered in the exchange offer must be in denominations of the principal amount of $1,000 or (Euro)1,000 and any integral multiple thereof.

We expressly reserve the right, in our sole discretion:

. to extend the expiration date;

. to delay accepting any outstanding notes;

. if any of the conditions set forth below under "--Conditions to the Exchange Offer" have not been satisfied, to terminate the exchange offer and not accept any notes for exchange; and

. to amend the exchange offer in any manner.

We will give oral or written notice of any extension, delay, non-acceptance, termination or amendment as promptly as practicable by a public announcement, and in the case of an extension, no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date.

During an extension, all outstanding notes previously tendered will remain subject to the exchange offer and may be accepted for exchange by us. Any outstanding notes not accepted for exchange for any reason will be returned without cost to the holder that tendered them as promptly as practicable after the expiration or termination of the exchange offer.

How to Tender Notes for Exchange

When the holder of outstanding notes tenders, and we accept, notes for exchange, a binding agreement between us and the tendering holder is created, subject to the terms and conditions set forth in this prospectus and the accompanying letter of transmittal. Except as set forth below, a holder of outstanding notes who wishes to tender notes for exchange must, on or prior to the expiration date:

(1) transmit a properly completed and duly executed letter of transmittal, including all other documents required by such letter of transmittal, to Bank One, N.A. (the "exchange agent") at the address set forth below under the heading "--The Exchange Agent"; or

(2) if notes are tendered pursuant to the book-entry procedures set forth below, the tendering holder must transmit an agent's message to the exchange agent at the address set forth below under the heading "--The Exchange Agent."

In addition, either:

(1) the exchange agent must receive the certificates for the outstanding notes and the letter of transmittal;

(2) the exchange agent must receive, prior to the expiration date, a timely confirmation of the book-entry transfer of the notes being tendered into the exchange agent's account at the Depository Trust Company ("DTC"), Euroclear or Cedelbank, as applicable, in each case along with the letter of transmittal or an agent's message; or

(3) the holder must comply with the guaranteed delivery procedures described below.

The term "agent's message" means a message, transmitted to DTC, Euroclear or Cedelbank, as applicable, and received by the exchange agent and forming a part of a book-entry transfer (a "book-entry confirmation"), which states that DTC, Euroclear or Cedelbank, as applicable, has received an express acknowledgment that the tendering holder agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against such holder.

The method of delivery of the outstanding notes, the letters of transmittal and all other required documents is at the election and risk of the holders. If such delivery is by mail, we recommend registered mail, properly insured, with return receipt requested. In all cases, you should allow sufficient time to assure timely delivery. No letters of transmittal or notes should be sent directly to us.

Signatures on a letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed unless the notes surrendered for exchange are tendered:

(1) by a holder of outstanding notes who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal; or

(2) for the account of an eligible institution.

An "eligible institution" is a firm which is a member of a registered national securities exchange or a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States.

If signatures on a letter of transmittal or notice of withdrawal are required to be guaranteed, the guarantor must be an eligible institution. If notes are registered in the name of a person other than the signer of the letter of transmittal, the notes surrendered for exchange must be endorsed by, or accompanied by a written instrument or instruments of transfer or exchange, in satisfactory form as determined by us in our sole discretion, duly executed by the registered holder with the holder's signature guaranteed by an eligible institution.

We will determine all questions as to the validity, form, eligibility (including time of receipt) and acceptance of notes tendered for exchange in our sole discretion. Our determination will be final and binding. We reserve the absolute right to:

(1) reject any and all tenders of any note improperly tendered;

(2) refuse to accept any note if, in our judgment or the judgment of our counsel, acceptance of the note may be deemed unlawful; and

(3) waive any defects or irregularities or conditions of the exchange offer as to any particular note either before or after the expiration date, including the right to waive the ineligibility of any holder who seeks to tender notes in the exchange offer.

Our interpretation of the terms and conditions of the exchange offer as to any particular notes either before or after the expiration date, including the letter of transmittal and the instructions to it, will be final and binding on all parties. Holders must cure any defects and irregularities in connection with tenders of notes for exchange within such reasonable period of time as we will determine, unless we waive such defects or irregularities. Neither we, the exchange agent nor any other person shall be under any duty to give notification of any defect or irregularity with respect to any tender of notes for exchange, nor shall any of us incur any liability for failure to give such notification.

If a person or persons other than the registered holder or holders of the outstanding notes tendered for exchange signs the letter of transmittal, the tendered notes must be endorsed or accompanied by appropriate powers of attorney, in either case signed exactly as the name or names of the registered holder or holders that appear on the outstanding notes.

If trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity sign the letter of transmittal or any notes or any power of attorney, such persons should so indicate when signing, and you must submit proper evidence satisfactory to us of such person's authority to so act unless we waive this requirement.

By tendering, each holder will represent to us that, among other things, that the person acquiring notes in the exchange offer is obtaining them in the ordinary course of its business, whether or not such person is the holder, and that neither the holder nor such other person has any arrangement or understanding with any person to participate in the distribution of the notes issued in the exchange offer. If any holder or any such other person is an "affiliate," as defined under Rule 405 of the Securities Act, of our company, or is engaged in or intends to engage in or has an arrangement or understanding with any person to participate in a distribution of such notes to be acquired in the exchange offer, such holder or any such other person:

(1) may not rely on the applicable interpretations of the staff of the SEC; and

(2) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

Each broker-dealer who acquired its outstanding notes as a result of market-making activities or other trading activities and thereafter receives notes issued for its own account in the exchange offer, must acknowledge that it will deliver a prospectus in connection with any resale of such notes issued in the exchange offer. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. See "Plan of Distribution" for a discussion of the exchange and resale obligations of broker-dealers in connection with the exchange offer.

Acceptance of Outstanding Notes for Exchange; Delivery of Notes Issued in the Exchange Offer

Upon satisfaction or waiver of all of the conditions to the exchange offer, we will accept, promptly after the expiration date, all outstanding notes properly tendered and will issue notes registered under the Securities Act. For purposes of the exchange offer, we shall be deemed to have accepted properly tendered outstanding notes for exchange when, as and if we have given oral or written notice to the exchange agent, with written confirmation of any oral notice to be given promptly thereafter. See "--Conditions to the Exchange Offer" for a discussion of the conditions that must be satisfied before we accept any notes for exchange.

For each outstanding note accepted for exchange, the holder will receive a note registered under the Securities Act having a principal amount equal to, and in the denomination of, that of the surrendered outstanding note. Accordingly, registered holders of notes issued in the exchange offer on the relevant record date for the first interest payment date following the consummation of the exchange offer will receive interest accruing from the most recent date to which interest has been paid or, if no interest has been paid on the outstanding notes, from June 30, 1999. Outstanding notes that we accept for exchange will cease to accrue interest from and after the date of consummation of the exchange offer. Under the exchange and registration rights agreement, we may be required to make additional payments in the form of liquidated damages to the holders of the outstanding notes under circumstances relating to the timing of the exchange offer.

In all cases, we will issue notes in the exchange offer for outstanding notes that are accepted for exchange only after the exchange agent timely receives:

(1) certificates for such outstanding notes or a timely book-entry confirmation of such outstanding notes into the exchange agent's account at DTC, Euroclear or Cedelbank, as applicable;

(2) a properly completed and duly executed letter of transmittal or an agent's message; and

(3) all other required documents.

If for any reason set forth in the terms and conditions of the exchange offer we do not accept any tendered outstanding notes, or if a holder submits outstanding notes for a greater principal amount than the holder desires to

exchange, we will return such unaccepted or non-exchanged notes without cost to the tendering holder. In the case of notes tendered by book-entry transfer into the exchange agent's account at DTC, Euroclear or Cedelbank, as applicable, such non-exchanged notes will be credited to an account maintained with DTC, Euroclear or Cedelbank, as applicable. We will return the notes or have them credited to DTC, Euroclear or Cedelbank account, as applicable, as promptly as practicable after the expiration or termination of the exchange offer.

Book Entry Transfers

The exchange agent will make a request to establish an account at DTC with respect to outstanding notes denominated in dollars and at Euroclear or Cedelbank with respect to outstanding

notes denominated in euros for purposes of the exchange offer within two (2) business days after the date of this prospectus. Any financial institution that is a participant in DTC's, Euroclear's or Cedelbank's systems, as applicable, must make book-entry delivery of outstanding notes denominated in dollars by causing DTC to transfer those outstanding notes denominated in dollars into the exchange agent's account at DTC in accordance with DTC's procedures for transfer and must make book-entry delivery of outstanding notes denominated in euros by causing Euroclear or Cedelbank to transfer those outstanding notes denominated in euros into the exchange agent's account at Euroclear or Cedelbank in accordance with Euroclear's or Cedelbank's procedures, as applicable. Such participant should transmit its acceptance to DTC, Euroclear or Cedelbank, as applicable, on or prior to the expiration date or comply with the guaranteed delivery procedures described below. DTC, Euroclear or Cedelbank, as applicable, will verify such acceptance, execute a book-entry transfer of the tendered outstanding notes into the exchange agent's account at DTC, Euroclear or Cedelbank, as applicable, and then send to the exchange agent confirmation of such book-entry transfer. The confirmation of such book-entry transfer will include an agent's message confirming that DTC, Euroclear or Cedelbank, as applicable, has received an express acknowledgment from such participant that such participant has received and agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against such participant. Delivery of notes issued in the exchange offer may be effected through book-entry transfer at DTC, Euroclear or Cedelbank, as applicable. However, the letter of transmittal or facsimile thereof or an agent's message, with any required signature guarantees and any other required documents, must:

(1) be transmitted to and received by the exchange agent at the address set forth below under "--Exchange Agent" on or prior to the expiration date; or

(2) comply with the guaranteed delivery procedures described below.

Guaranteed Delivery Procedures

If a holder of outstanding notes desires to tender such notes and the holder's notes are not immediately available, or time will not permit such holder's notes or other required documents to reach the exchange agent before the expiration date, or the procedure for book-entry transfer cannot be completed on a timely basis, a tender may be effected if:

(1) the holder tenders the notes through an eligible institution;

(2) prior to the expiration date, the exchange agent receives from such eligible institution a properly completed and duly executed notice of guaranteed delivery, substantially in the form we have provided, by telegram, telex, facsimile transmission, mail or hand delivery, setting forth the name and address of the holder of the notes being tendered and the amount of the notes being tendered. The notice of guaranteed delivery shall state that the tender is being made and guarantee that within three (3) New York Stock Exchange trading days after the date of execution of the notice of guaranteed delivery, the certificates for all physically tendered notes, in proper form for transfer, or a book-entry confirmation, as the case may be, together with a properly completed and duly executed letter of transmittal or agent's message with any required signature guarantees and any other documents required by the letter of transmittal will be deposited by

the eligible institution with the exchange agent; and

(3) the exchange agent receives the certificates for all physically tendered outstanding notes, in proper form for transfer, or a book-entry confirmation, as the case may be, together with a properly completed and duly executed letter of transmittal or agent's message with any required signature guarantees and any other documents required by the letter of transmittal, within three (3) New York Stock Exchange trading days after the date of execution of the notice of guaranteed delivery.

Withdrawal Rights

You may withdraw tenders of your outstanding notes at any time prior to p.m., New York City time, on the expiration date.

For a withdrawal to be effective, you must send a written notice of withdrawal to the exchange agent at one of the addresses set forth below under "--Exchange Agent." Any such notice of withdrawal must:

(1) specify the name of the person having tendered the outstanding notes to be withdrawn;

(2) identify the outstanding notes to be withdrawn, including the principal amount of such outstanding notes; and

(3) where certificates for outstanding notes are transmitted, specify the name in which outstanding notes are registered, if different from that of the withdrawing holder.

If certificates for outstanding notes have been delivered or otherwise identified to the exchange agent, then, prior to the release of such certificates the withdrawing holder must also submit the serial numbers of the particular certificates to be withdrawn and signed notice of withdrawal with signatures guaranteed by an eligible institution unless such holder is an eligible institution. If notes have been tendered pursuant to the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC, Euroclear or Cedelbank, as applicable, to be credited with the withdrawn notes and otherwise comply with the procedures of such facility. We will determine all questions as to the validity, form and eligibility (including time of receipt) of such notices and our determination will be final and binding on all parties. Any tendered notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the exchange offer. Any notes which have been tendered for exchange but which are not exchanged for any reason will be returned to the holder thereof without cost to such holder. In the case of notes tendered by book-entry transfer into the exchange agent's account at DTC, Euroclear or Cedelbank, the notes withdrawn will be credited to an account maintained with DTC, Euroclear or Cedelbank, as applicable, for the outstanding notes. The notes will be returned or credited to DTC, Euroclear or Cedelbank account, as applicable, as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. Properly withdrawn notes may be re-tendered by following one of the procedures described under "--How to Tender Notes for Exchange" above at anytime on or prior to p.m., New York City time, on the expiration date.

Conditions to the Exchange Offer

We are not required to accept for exchange, or to issue notes in the exchange offer for any outstanding notes. We may terminate or amend the exchange offer, if at any time before the acceptance of such outstanding notes for exchange:

(1) any federal law, statute, rule or regulation shall have been adopted or enacted which, in our judgment, would reasonably be expected to impair our ability to proceed with the exchange offer;

(2) any stop order shall be threatened or in effect with respect to the registration statement of which this prospectus constitutes a part or the qualification of the indenture under the Trust Indenture Act of 1939, as amended;

(3) there shall occur a change in the current interpretation by staff of the SEC which permits the notes issued in the exchange offer in exchange for the outstanding notes to be offered for resale, resold and otherwise transferred by such holders, other than broker-dealers and any such holder which is an "affiliate" of our company within the meaning of Rule 405 under the Securities Act, without compliance with the registration and prospectus delivery

provisions of the Securities Act, provided that such notes acquired in the exchange offer are acquired in the ordinary course of such holder's business and such holder has no arrangement or understanding with any person to participate in the distribution of such notes issued in the exchange offer;

(4) there has occurred any general suspension of or general limitation on prices for, or trading in, securities on any national exchange or in the over-the-counter market;

(5) any governmental agency creates limits that adversely affect our ability to complete the exchange offer;

(6) there shall occur any declaration of war, armed hostilities or other similar international calamity directly or indirectly involving the United States, or the worsening of any such condition that existed at the time that we commence the exchange offer;

(7) there shall have occurred a change (or a development involving a prospective change) in our and our subsidiaries' businesses, properties, assets, liabilities, financial condition, operations, results of operations taken as a whole, that is or may be adverse to us; or

(8) we shall have become aware of facts that, in our reasonable judgment, have or may have adverse significance with respect to the value of the outstanding notes or the notes to be issued in the exchange offer.

The preceding conditions are for our sole benefit and we may assert them regardless of the circumstances giving rise to any such condition. We may waive the preceding conditions in whole or in part at any time and from time to time in our sole discretion. If we do so, the exchange offer will remain open for at least three (3) business days following any waiver of the preceding conditions. Our failure at any time to exercise the foregoing rights shall not be deemed a waiver of any such right and each such right shall be deemed an ongoing right which we may assert at any time and from time to time.

The Exchange Agent

Bank One, N.A. has been appointed as our exchange agent for the exchange offer. All executed letters of transmittal should be directed to our exchange agent at the address set forth below. Questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and requests for notices of guaranteed delivery should be directed to the exchange agent addressed as follows:

Main Delivery To:
Bank One, N.A.

By hand delivery or overnight courier:

Bank One Trust Company, NA
Corporate Trust Operations,
OH 10184
235 West Schrock Rd.
Westerville, OH 43081
Attention: Lora Marsch--
Confidential

By mail:

Bank One Trust Company, NA
Corporate Trust Operations
P.O. Box 710184
Columbus, OH 43271-0184
Attention: Lora Marsch--
Confidential

By facsimile transmission:
(for eligible institutions only)

614-248-9987

Confirm by Telephone:

800-346-5153

Delivery of the letter of transmittal to an address other than as set forth above or transmission of such letter of transmittal via facsimile other than as set forth above does not constitute a valid delivery of such letter of transmittal.

Fees and Expenses

We will not make any payment to brokers, dealers, or others soliciting acceptance of the exchange offer except for reimbursement of mailing expenses.

The estimated cash expenses to be incurred in connection with the exchange offer will be paid by us and are estimated in the aggregate to be approximately $.

Transfer Taxes

Holders who tender their outstanding notes for exchange will not be obligated to pay any transfer taxes in connection with the exchange. If, however, notes issued in the exchange offer are to be delivered to, or are to be issued in the name of, any person other than the holder of the notes tendered, or if a transfer tax is imposed for any reason other than the exchange of outstanding notes in connection with the exchange offer, then the holder must pay any such transfer taxes, whether imposed on the registered holder or on any other person. If satisfactory evidence of payment of, or exemption from, such taxes is not submitted with the letter of transmittal, the amount of such transfer taxes will be billed directly to the tendering holder.

Consequences of Failure to Exchange Outstanding Notes

Holders who desire to tender their outstanding notes in exchange for notes registered under the Securities Act should allow sufficient time to ensure timely delivery. Neither the exchange agent nor our company is under any duty to give notification of defects or irregularities with respect to the tenders of notes for exchange.

Outstanding notes that are not tendered or are tendered but not accepted will, following the consummation of the exchange offer, continue to be subject to the provisions in the indenture regarding the transfer and exchange of the outstanding notes and the existing restrictions on transfer set forth in the legend on the outstanding notes and in the offering circular dated June 22, 1999, relating to the outstanding notes. Except in limited circumstances with respect to specific types of holders of outstanding notes, we will have no further obligation to provide for the registration under the Securities Act of such outstanding notes. In general, outstanding notes, unless registered under the Securities Act, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not currently anticipate that we will take any action to register the outstanding notes under the Securities Act or under any state securities laws.

Upon completion of the exchange offer, holders of the outstanding notes will not be entitled to any further registration rights under the exchange and registration rights agreement, except under limited circumstances.

Holders of the notes issued in the exchange offer and any outstanding notes which remain outstanding after consummation of the exchange offer will vote together as a single class for purposes of determining whether holders of the requisite percentage of the class have taken certain actions or exercised certain rights under the indenture.

Consequences of Exchanging Outstanding Notes

Based on interpretations of the staff of the SEC, as set forth in no-action letters to third parties, we believe that the notes issued in the exchange offer may be offered for resale, resold or otherwise transferred by holders of such notes, other than by any holder which is an "affiliate" of our company within the meaning of Rule 405 under the Securities Act. Such notes may be offered for resale, resold or otherwise transferred without compliance with the registration and prospectus delivery provisions of the Securities Act, if:

(1) such notes issued in the exchange offer are acquired in the ordinary course of such holder's business; and

(2) such holder, other than broker-dealers, has no arrangement or understanding with any person to participate in the distribution of such notes issued in the exchange offer.

However, the SEC has not considered the exchange offer in the context of a no-action letter and we cannot guarantee that the staff of the SEC would make a similar determination with respect to the exchange offer as in such other circumstances.

Each holder, other than a broker-dealer, must furnish a written representation, at our request, that:

(1) it is not an affiliate of ours;

(2) it is not engaged in, and does not intend to engage in, a distribution of the notes issued in the exchange offer and has no arrangement or understanding to participate in a distribution of notes issued in the exchange offer;

(3) it is acquiring the notes issued in the exchange offer in the ordinary course of its business; and

(4) it is not acting on behalf of a person who could not make representations (1)-(3).

Each broker-dealer that receives notes issued in the exchange offer for its own account in exchange for outstanding notes must acknowledge that such outstanding notes were acquired by such broker-dealer as a result of market-making or other trading activities and that it will deliver a prospectus in connection with any resale of such notes issued in the exchange offer. See "Plan of Distribution" for a discussion of the exchange and resale obligations of broker-dealers in connection with the exchange offer.

In addition, to comply with state securities laws of certain jurisdictions, the notes issued in the exchange offer may not be offered or sold in any state unless they have been registered or qualified for sale in such state or an exemption from registration or qualification is available and complied with by the holders selling the notes. We have agreed in the exchange and registration rights agreement that, prior to any public offering of transfer restricted securities, we will register or qualify the transfer restricted securities for offer or sale under the securities laws of any jurisdiction requested by a holder. Unless a holder requests, we currently do not intend to register or qualify the sale of the notes issued in the exchange offer in any state where an exemption from registration or qualification is required and not available. "Transfer restricted securities" means each note until:

(1) the date on which such note has been exchanged by a person other than a broker-dealer for a note in the exchange offer;

(2) following the exchange by a broker-dealer in the exchange offer of a note for a note issued in the exchange offer, the date on which the note issued in the exchange offer is sold to a purchaser who receives from such broker-dealer on or prior to the date of such sale a copy of this prospectus;

(3) the date on which such note has been effectively registered under the Securities Act and disposed of in accordance with a shelf registration statement that we file in accordance with the exchange and registration rights agreement; or

(4) the date on which such note is distributed to the public in a transaction under Rule 144 of the Securities Act.

THE TRANSACTION

Summary

At the close of business on June 30, 1999, we acquired assets and stock representing ICI's polyurethane chemicals, selected petrochemicals (including ICI's 80% interest in the Wilton olefins facility) and TiO\\2\\ businesses and Huntsman Specialty Chemicals Corporation's PO business. In addition, at the close of business on June 30, 1999, we also acquired the remaining 20% ownership interest in the Wilton olefins facility from BP Chemicals Limited.

The chart below shows our company structure, together with common equity ownership:

[Flow chart of Huntsman Corporation and affiliates]

Transaction Consideration

Initial Transaction Consideration

In exchange for transferring its business to us, Huntsman Specialty

. retained a 60% common equity interest in Huntsman ICI Holdings and

.received approximately $360 million in cash.

In exchange for transferring its businesses, ICI received

.a 30% common equity interest in Huntsman ICI Holdings,

. approximately $2 billion in cash that was paid in a combination of U.S. dollars and euros and

. discount notes of Huntsman ICI Holdings with $508 million of accreted value at issuance.

The obligations of the discount notes from Huntsman ICI Holdings are non-recourse to us.

Huntsman ICI Holdings issued discount notes to ICI in two classes, senior discount notes with $242.7 million of accreted value at issuance and subordinated discount notes with $265.3 million of accreted value at issuance, neither of which require cash interest payments. The senior discount notes accrete interest at a rate of 13.375%. The subordinated discount notes accrete interest at a rate of 8% for approximately the first four years following their issuance and will be reset to accrete at a market rate thereafter. The covenants in the indentures governing the discount notes are not more restrictive on us than the covenants contained in the indenture governing the notes. In addition, without the consent of Huntsman ICI Holdings, ICI has agreed not to sell the subordinated discount notes prior to the reset of the interest rate on those notes. Both the senior and the subordinated discount notes mature on December 31, 2009.

With the consent of Huntsman ICI Holdings, on August 2, 1999, ICI sold the senior discount notes of Huntsman ICI Holdings in a private transaction under Rule 144A and Regulation S of the Securities Act. Huntsman ICI Holdings has also agreed to register substantially similar notes under the Securities Act to be exchanged for the outstanding senior discount notes. Huntsman ICI Holding's registration obligations are substantially similar to our obligations to register the notes offered in this prospectus, except that ICI has agreed to pay the fees and expenses of Huntsman ICI Holdings incurred in connection with its registration of those notes.

Adjustments to Consideration

Because ICI failed to transfer less than 3% of the assets comprising the

businesses that it was obligated to transfer to us at the closing of our transaction with them, we reduced the cash payable to ICI by an agreed amount. ICI is now under a continuing obligation to use its reasonable endeavors to transfer those assets to us. Until the assets are so transferred, ICI will hold the assets for our benefit and we will indemnify ICI for any losses it incurs in respect of those assets during that time. When and if ICI transfers any of the excluded assets to us, then we will pay ICI the amount by which the cash payable to ICI at the closing was reduced with respect to such assets. However, after June 30, 2001, at our option, we may either (1) require ICI to maintain the existing arrangement and pay ICI the portion of the purchase price that we withheld with respect to any such excluded assets that have not been transferred to us or (2) terminate the arrangement and require ICI to refund the remaining portion of the purchase price attributable to those assets.

In addition, ICI failed to transfer its interests in Nippon Polyurethane Industry Co. Ltd. and Arabian Polyol Company Limited to us at the closing. Under the terms of the contribution agreement, we did not receive a purchase price adjustment with respect to those retained joint venture interests, and ICI has agreed to hold the retained joint venture interests for our benefit and will pay to us any dividends received from the joint ventures, and we will indemnify ICI for any losses relating to any such retained joint venture interest from the closing until such time as such interests are transferred to us or we are refunded the fair market value of such interests. ICI is required to pay us an amount equal to the fair market value as of the closing of our transaction with ICI of either of these joint venture interests if either (1) any of the other joint venture partners exercise a right of first refusal to acquire that joint venture interest or (2) on or before June 30, 2001, ICI has not obtained all consents necessary to transfer that interest to us. We do not believe the failure by ICI to transfer these interests will have a material adverse impact on our results of operations or cash flows.

Warranties and Indemnification

In connection with the transfer of the assets to us, both ICI and Huntsman Specialty gave standard warranties to Huntsman ICI Holdings in connection with the businesses being transferred, including warranties relating to environmental liabilities and potential environmental liabilities; existence of, or breaches in connection with, any material contracts and tax matters.

Each of ICI and Huntsman Specialty has agreed to indemnify Huntsman ICI Holdings for certain specified matters and will be liable for damages in the event of a breach of any of its warranties, other than nominal damages, as well as for certain specific losses and claims. Generally, most claims for breaches of warranty must be brought on or before June 30, 2001, while claims under certain specific indemnities are subject to longer time limits. ICI generally will not be liable for damages from any breach of warranty unless the aggregate amount of damages in respect of its breaches of warranties exceeds (1) (Pounds)10 million to the extent these breaches relate to events in existence as of April 15, 1999 and (2) (Pounds)30 million to the extent these breaches relate to events occurring between April 15, 1999 and June 30, 1999. Huntsman Specialty will not generally be liable for damages from any breach of warranty unless the aggregate amount of damages in respect of its breaches of warranties exceeds $3.5 million. In addition to giving warranties, ICI and Huntsman Specialty have also given specific indemnities to us in relation to liabilities arising out of product liability claims for products manufactured before June 30, 1999, certain litigation existing prior to June 30, 1999, and certain employee claims. ICI and Huntsman Specialty have also each given indemnities with respect to certain environmental matters. In any event, neither ICI nor Huntsman Specialty will be liable for any damages, whether arising from a breach of warranty or under a specific indemnity that (with limited exceptions), in the case of ICI, exceed (Pounds)650 million in the aggregate and in the case of Huntsman Specialty exceed $225 million in the aggregate.

Description of Put and Call Options

Under the terms of the limited liability company agreement for Huntsman ICI Holdings, Huntsman Specialty has the option to purchase, and ICI has the right to require Huntsman Specialty to purchase, ICI's 30% interest in Huntsman ICI Holdings between June 30, 2002 and June 30, 2003. The exercise price for each of these put and call options will be based partially upon an agreed formula and the parties' agreed value of our businesses or based upon a third party

valuation at the time of the exercise of a put or a call option. If the put or call option is exercised and Huntsman Specialty does not purchase ICI's interests in accordance with the terms of the put or call option, then ICI has the right to sell its interest in Huntsman ICI Holdings in a public offering or a private sale and, if the proceeds of the sale are less than the put or call option exercise price, ICI has the right to require Huntsman Specialty to sell, for the benefit of ICI, sufficient equity interests in Huntsman ICI Holdings owned by Huntsman Specialty as are necessary to provide ICI with proceeds equal to the shortfall.

Under the terms of an agreement between Huntsman Specialty and BT Capital Investors, L.P., Chase Equity Associates, L.P. and The Goldman Sachs Group, Inc., each of these institutional investors has the right to require Huntsman Specialty to purchase its interest in Huntsman ICI Holdings contemporaneously with any exercise of the Huntsman Specialty and ICI put and call arrangements described above. In addition, each institutional investor has the right to require Huntsman Specialty to purchase its equity interest in Huntsman ICI Holdings at any time after June 30, 2004. Each institutional investor also has an option to require Huntsman Specialty to purchase its equity interest in Huntsman ICI Holdings following the occurrence of a change of control of Huntsman ICI Holdings or Huntsman Corporation. Huntsman Specialty has the option to purchase all outstanding interests owned by the institutional investors at any time after June 30, 2006. The exercise price for each of these put and call options will be the value of our business as agreed between Huntsman Specialty and the institutional investors or as determined by a third party at the

time of the exercise of the put or call option. If Huntsman Specialty, having used commercially reasonable efforts, does not purchase such interests, the selling institutional investor will have the right to require Huntsman ICI Holdings to register such interests for resale under the Securities Act.

USE OF PROCEEDS

We will not receive any proceeds from the exchange offer. The net proceeds from the sale of the notes to the initial purchasers was approximately $789 million, less fees and expenses. We used the net proceeds to fund a portion of our transaction with ICI and Huntsman Specialty and related fees and expenses, and for general corporate purposes. See "The Transaction".

CAPITALIZATION

The following table sets forth the actual capitalization of Huntsman Specialty as of March 31, 1999 and for our company as of March 31, 1999 on a pro forma basis to give effect to our transactions with ICI and Huntsman Specialty and with BP Chemicals and related financing thereof, including the offering of the notes. The information set forth below is unaudited and should be read in conjunction with "Unaudited Pro Forma Financial Data" and audited and unaudited financial statements of Huntsman Specialty and the related notes included elsewhere in this prospectus. Except as set forth in the pro forma column below, there has been no material change in the capital of our company since March 31, 1999.

<TABLE>
<CAPTION>

	As of March 31, 1999		
	Actual	Adjustments	Pro Forma
	(in millions)		
<S>	<C>	<C>	<C>
Cash	$ 10	$ (10)(a)	$ --
Long-term debt:			
Senior secured credit facilities	$ 357	$1,328 (b)	$1,685
The notes	--	807 (c)	807
Other long-term debt	72	(61)(d)	11
Total long-term debt	429	2,074	2,503

Mandatorily redeemable preferred stock.....	73	(73)(e)	--
Equity(f).....	35	1,012 (g)	1,047
Total capitalization.....	$537.0	$3,013	$3,550

</TABLE>

- --------

(a) Reflects the net effect on cash of our transactions with ICI and Huntsman Specialty and with BP Chemicals as follows:

<TABLE>
<S> <C>

Proceeds from the senior secured credit facilities.....	$ 1,685
Proceeds from the sale of the notes.....	807
Cash contribution from Huntsman ICI Holdings of institutional investors' equity.....	90
Cash contribution from Huntsman ICI Holdings from issuance of discount notes.....	508
Elimination of cash of Huntsman Specialty not included in our transaction with ICI and Huntsman Specialty.....	(10)
Cash consideration paid to ICI and BP Chemicals.....	(1,250)
Repayment of intercompany debt to ICI.....	(1,398)
Cash consideration paid to Huntsman Specialty.....	(360)
Payment of estimated transaction fees and expenses.....	(82)
	$ (10)

(b) Reflects the sum of the following:

Borrowings under the senior secured credit facilities.....	$ 1,685
Existing debt of Huntsman Specialty not included in our transaction with ICI and Huntsman Specialty.....	(357)
	$ 1,328

(c) Reflects the proceeds from the sale of the notes.

(d) Reflects the sum of the following:

Other long-term debt of Huntsman Specialty not included in our transaction with ICI and Huntsman Specialty.....	$ (72)
Other long-term debt of the ICI businesses transferred to us in our transaction with ICI and Huntsman Specialty.....	11
	$ (61)

</TABLE>

(e) Reflects the elimination of mandatorily redeemable preferred stock of Huntsman Specialty not included in our transaction with ICI and Huntsman Specialty.

(f) As of March 31, 1999, Huntsman Specialty had an authorized capitalization of 1,000 shares of common stock at par value of $0.01 per share and 65,000 shares of preferred stock with a liquidation value of $1.00 per share. At such date 1,000

shares of common stock and 65,000 shares of Series A Non-voting Cumulative Redeemable stock with a liquidation value of $1.00 per share were issued and outstanding. At June 30, 1999, our total authorized ownership interests consisted of 1,000 units.

(g)Reflects the sum of the following:

<TABLE>
<S> <C>

Cash contribution from Huntsman ICI Holdings of institutional investors' equity.....	$ 90
Cash contribution from Huntsman ICI Holdings from issuance of discount notes.....	508
Distribution of cash to Huntsman Specialty.....	(360)
Distribution of cash to ICI.....	(250)
Contribution of U.S. polyurethane chemicals business by ICI.....	520
Elimination of assets, liabilities and retained earnings of Huntsman Specialty not included in our transaction with ICI and Huntsman Specialty.....	504
	$1,012

</TABLE>

UNAUDITED PRO FORMA FINANCIAL DATA

The unaudited pro forma financial data of our company set forth below gives effect to our transactions with ICI and Huntsman Specialty and with BP Chemicals and the related financing thereof, including the offering of the notes. The unaudited pro forma condensed statement of operations data for the year ended December 31, 1998 and the three months ended March 31, 1999 gives effect to our transactions with ICI and Huntsman Specialty and with BP Chemicals at the close of business on June 30, 1999 as if they had occurred on January 1, 1998. The unaudited pro forma condensed balance sheet data as of March 31, 1999 gives effect to our transactions with ICI and Huntsman Specialty and with BP Chemicals as if they had occurred on such date. The unaudited pro forma financial data does not purport to be indicative of the combined financial position or results of operations of future periods or indicative of results that would have occurred had our transactions with ICI and Huntsman Specialty and with BP Chemicals referred to above been consummated on the dates indicated. The pro forma and other adjustments, as described in the accompanying notes to the unaudited pro forma condensed balance sheet and statements of operations, are based on available information and certain assumptions that management believes are reasonable. You should read the unaudited pro forma financial data in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited and unaudited financial statements of Huntsman Specialty and the audited and unaudited combined financial statements of the polyurethane chemicals, selected petrochemicals and TiO\\2\\ businesses of ICI, included elsewhere in this prospectus.

UNAUDITED PRO FORMA CONDENSED BALANCE SHEET AS OF MARCH 31, 1999

<TABLE>
<CAPTION>

	ICI Businesses			Combined	Pro Forma			
	U.S. GAAP (U.K. GAAP)	Adjustments(a)	Huntsman Specialty (U.S. GAAP)(a)	Huntsman ICI Chemicals (U.S. GAAP)	Pro Forma Adjustments(b)	Huntsman ICI Chemicals (U.S. GAAP)	Adjustments	Huntsman ICI Chemicals (U.S. GAAP)
	(in millions)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Current assets:								
Cash and cash equivalents....	(Pounds) 35		$ 57	$ 10	$ (67)	$ --	$ -- (c)	$ --
Accounts receivable.....	248		400	48		448		448
Due from affiliates.....	27		44	5		49		49
Other receivables....	33		53	--	(11)	42		42
Inventories.....	256		413	23		436	20 (d)	456
Total current assets.....	599	--	967	86	(78)	975	20	995
Plant and equipment, net..	1,051	(Pounds)69	1,808	381		2,189	782 (d)	2,971
Investments in unconsolidated affiliates.....	6		10	--		10		10
Intangible assets.....	--	30	48	116		164	74 (d)	238
Total assets.....	(Pounds)1,656	(Pounds)99	$2,833	$583	$ (78)	$3,338	$ 876	$4,214
Current liabilities:								
Short-term								

borrowings and current portion of long-term debt.....	(Pounds) 13		$ 21	$ --	$ (21)	$ --		$ --	
Accounts payable.....	190		307	15		322		322	
Accrued liabilities....	143	(Pounds)23	268	11	(84)	195	$ 25 (d)	220	
Due to affiliates.....	25		40	11		51		51	
Intercompany debt.....	866		1,398	--		1,398	(1,398)(e)	--	
Deferred income taxes.....	--		--	5	(5)	--		--	
Total current liabilities....	1,237	23	2,034	42	(110)	1,966	(1,373)	593	
Long-term debt:									
Long-term debt..	7		11	429	(429)	11		11	
Senior secured credit facilities.....	--		--	--		--	1,685 (f)	1,685	
The notes.....	--		--	--		--	807 (f)	807	
Total long-term debt.....	7	--	11	429	(429)	11	2,492	2,503	
Deferred income and other liabilities....	19		31	--		31		31	
Deferred income taxes.....	43	68	179	4	(183)	--	40 (g)	40	
Mandatorily redeemable preferred stock.....	--		--	73	(73)	--		--	
Equity.....	350	8	578	35	717	1,330	(283)(h)	1,047	
Total liabilities and equity.....	(Pounds)1,656	(Pounds)99	$2,833	$583	$ (78)	$3,338	$ 876	$4,214	

</TABLE>

(See footnotes on next page)

(Footnotes from previous page)

- --------

(a) To adjust the financial information of the businesses transferred to us by ICI from U.K. GAAP to U.S. GAAP. See Note 31 to the unaudited interim condensed combined financial statements of the polyurethane chemicals, selected petrochemicals and TiO\\2\\ businesses of ICI contained elsewhere in this prospectus. The exchange rate used to translate the balances is 1.6143 at March 31, 1999.

(b) To eliminate the following assets and liabilities of Huntsman Specialty and of the businesses transferred to us by ICI that were not included in our transaction with ICI and Huntsman Specialty:

<TABLE>
<CAPTION>

	Huntsman Specialty	ICI Transferred Businesses	Total
		(in millions)	
<S>	<C>	<C>	<C>
Cash and cash equivalents.....	$(10)	$(57)	$(67)
Other receivables.....	--	(11)	(11)
Short-term borrowings and current portion of long-term debt.....	--	21	21

Accrued liabilities	3	81	84
Deferred income taxes--current	5	--	5
Long-term debt	429	--	429
Deferred income taxes--long-term	4	179	183
Mandatorily redeemable preferred stock	73	--	73
	$504	$213	$717

</TABLE>

(c) To reflect the net effect on cash of our transactions with ICI and Huntsman Specialty and with BP Chemicals as follows:

<TABLE>

<S>	<C>
Proceeds from the senior secured credit facilities	$ 1,685
Proceeds from the sale of the notes (euro to dollar exchange rate of 1.0336)	807
Cash contribution from Huntsman ICI Holdings of institutional investors' equity	90
Cash contribution from Huntsman ICI Holdings from issuance of discount notes	508
Cash consideration paid to ICI and BP Chemicals	(1,250)
Repayment of intercompany debt to ICI	(1,398)
Cash consideration paid to Huntsman Specialty	(360)
Payment of estimated transaction fees and expenses	(82)
	$ 0

(d) To adjust the assets and liabilities of the businesses transferred to us by ICI and BP Chemicals to the fair market value based upon management estimates in accordance with the purchase method of accounting.

Inventories	$ 20
Property and equipment	782
Intangible assets	74
Accrued liabilities	(25)
	$ 851

(e) To reflect the repayment of intercompany debt to ICI.

(f) To record the debt resulting from our transactions with ICI and Huntsman Specialty and with BP Chemicals.

(g) To record the estimated deferred taxes resulting from our transactions with ICI and Huntsman Specialty and with BP Chemicals.

(h) To record the impact on equity as a result of our transactions with ICI and Huntsman Specialty and with BP Chemicals:

Cash contribution from Huntsman ICI Holdings of institutional investors' equity	$ 90
Cash contribution from Huntsman ICI Holdings from issuance of discount notes	508
Distribution of cash to ICI	(250)
Contribution of U.S. polyurethane chemicals business	520
Cash consideration paid to Huntsman Specialty	(360)
Elimination of equity of ICI businesses prior to our transaction with ICI and Huntsman Specialty	(791)
	$ (283)

</TABLE>

UNAUDITED PRO FORMA CONDENSED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 1998

<TABLE>
<CAPTION>

	ICI Businesses			Combined		Pro Forma	
	U.S. GAAP (U.K. GAAP)	Adjustments(a)	Huntsman Specialty (U.S. GAAP)(a)	Huntsman ICI Chemicals (U.S. GAAP)	Pro Forma Adjustments(b)	Huntsman ICI Chemicals (U.S. GAAP)	Adjustments	Huntsman ICI Chemicals (U.S. GAAP)
	(in millions)							
Sales--net.....	(Pounds)2,011		$3,332	$339		$3,671	$	$3,671
Cost of sales....	1,687	(Pounds) 12	2,815	277	$(19)(b)	3,073	31 (d)	3,104
Gross profit....	324	12	517	62	19	598	(31)	567
Operating expenses.....	211	(3)	345	8		353		353
Operating income.....	113	(9)	172	54	19	245	(31)	214
Interest expense--net....	71	(12)	97	40	(40)(c)	97	122 (e)	219
Other income.....	(5)	--	(8)	(1)		(9)		(9)
Income before income tax and minority interest.....	47	3	83	15	59	157	(153)	4
Income tax expense (benefit).....	(12)	13	2	6		8	43 (f)	51
Minority interest.....	1	--	2	--		2		2
Income (loss) from continuing operations.....	(Pounds) 58	(Pounds)(10)	$ 79	$ 9	$ 59	$ 147	$(196)	$ (49)
Other Data:								
Depreciation and amortization...	(Pounds) 76		$ 139	$ 31		$ 170		$ 201
EBITDA.....	194		319	86		424		424 (g)

UNAUDITED PRO FORMA CONDENSED STATEMENT OF OPERATIONS
THREE MONTHS ENDED MARCH 31, 1999

<CAPTION>

	ICI Businesses			Combined		Pro Forma	
	U.S. GAAP (U.K. GAAP)	Adjustments(a)	Huntsman Specialty (U.S. GAAP)(a)	Huntsman ICI Chemicals (U.S. GAAP)	Pro Forma Adjustments(b)	Huntsman ICI Chemicals (U.S. GAAP)	Adjustments	Huntsman ICI Chemicals (U.S. GAAP)
	(in millions)							
Sales--net.....	(Pounds) 482		$ 787	$ 83		$ 870	$	$ 870
Cost of sales....	394	(Pounds) 4	651	62		713	3 (d)	716
Gross profit....	88		136	21		157	(3)	154
Operating expenses.....	61	1	101	2		103		103
Operating income.....	27	(5)	35	19		54	(3)	51
Interest expense--net....	16	(2)	23	9	$ (9)(c)	23	32 (e)	55
Income (loss) before income tax	11	(3)	12	10	9	31	(35)	(4)
Income tax expense (benefit).....	4	(2)	3	4		7	2 (f)	9
Income (loss)								

from continuing operations..... (Pounds)	7	(Pounds) (1)	$ 9	$ 6	$ 9	$ 24	$ (37)	$ (13)
Other Data:								
Depreciation and amortization... (Pounds)	22		$ 41	$ 8		$ 49		$ 52
EBITDA.....	49		76	27		103		103

</TABLE>

(See footnotes on next page)

(Footnotes from previous page)

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(a) To adjust the financial information of the businesses transferred to us by ICI from U.K. GAAP to U.S. GAAP. See Note 31 to the unaudited interim condensed combined financial statements of the polyurethane chemicals, selected petrochemicals and TiO\\2\\ businesses of ICI contained elsewhere in this prospectus. The average exchange rates used to translate the statement of operations are 1.6570 for the year ended December 31, 1998 and 1.6335 for the three months ended March 31, 1999.

(b) To change the accounting policy for turnaround and inspection costs to conform to Huntsman Specialty's policy of capitalizing and amortizing such costs.

(c) Reflects the reduction in interest expense for debt of Huntsman Specialty that is not included in our transaction with ICI and Huntsman Specialty.

(d) Reflects the additional depreciation and amortization expense of the assets transferred to us by ICI and by BP Chemicals. Plant and equipment is depreciated over 15 years and intangible assets, primarily finance costs, intellectual property, and non-compete agreements, are amortized over 5 to 15 years.

<TABLE>
<CAPTION>

	Year Ended December 31, 1998	Three Months Ended March 31, 1999
	(in millions)	
<S>	<C>	<C>
Original depreciation expense recorded by ICI.....	$(147)	$(41)
Pro forma depreciation expense on stepped up assets.....	178	44
	$ 31	$ 3

(e) Reflects the sum of the following:

<CAPTION>

	Year Ended December 31, 1998	Three Months Ended March 31, 1999
	(in millions)	
<S>	<C>	<C>
Interest on the notes (10.125%).....	$ 82	$ 21
Interest on the senior secured credit facilities at LIBOR (5.2875%) plus applicable margin.....	137	34
Interest on ICI debt repaid.....	(97)	(23)
	$ 122	$ 32

</TABLE>

If the interest rate changes by one-eighth of one percent, the amount of interest expense would change by $2 million annually.

(f) Reflects the elimination of the historic U.S. tax provision for Huntsman Specialty and ICI's polyurethane chemicals business and the foreign tax effect of certain pro forma adjustments at an estimated effective rate of

35%.

(g) Pro Forma EBITDA does not include any amounts related to our transaction with BP Chemicals. We believe pro forma EBITDA for the year ended December 31, 1998 would have increased by approximately $16 million to approximately $440 million had our transaction with BP Chemicals been consummated on January 1, 1998.

SELECTED HISTORICAL FINANCIAL DATA

The selected financial data set forth below presents the historical financial data of Huntsman Specialty, our predecessor, and the predecessor of Huntsman Specialty, as of the dates and for the periods indicated. The selected financial data as of December 31, 1994 and 1995 and for the years ended have been derived from audited financial statements. The selected financial data as of December 31, 1996 has been derived from audited financial statements. The selected financial data as of December 31, 1997 and 1998 and for the year ended December 31, 1996, the two months ended February 28, 1997, the ten months ended December 31, 1997 and the year ended December 31, 1998 has been derived from the audited financial statements of Huntsman Specialty included elsewhere in this prospectus. The selected financial data as of March 31, 1999 and for the three months ended March 31, 1998 and 1999 has been derived from the unaudited financial statements of Huntsman Specialty included elsewhere in this prospectus. You should read the selected financial data in conjunction with "Unaudited Pro Forma Financial Data", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited historical financial statements of Huntsman Specialty and its predecessor and the accompanying notes included elsewhere in this prospectus.

<TABLE>
<CAPTION>

	Predecessor(1)				Huntsman Specialty(1)			
							Three Months	
	Year Ended December 31,		Two Months Ended	Ten Months Ended	Year Ended		Ended March 31,	
	1994(2)	1995	February 28, 1996	December 31, 1997	December 31, 1998	December 31, 1998	1998	1999
	(dollars in millions)				(dollars in millions)			
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Statement of Income Data:								
Sales--net	$ 81	$316	$405	$61	$348	$339	$86	$ 83
Cost of sales	88	309	377	65	300	277	72	62
Gross profit (loss)	(7)	7	28	(4)	48	62	14	21
Operating expenses	14	20	19	2	8	8	3	2
Operating income (loss)	(21)	(13)	9	(6)	40	54	11	19
Interest expense--net	--	--	--	--	35	40	10	9
Other income	12	11	10	--	--	1	--	--
Income (loss) before income tax	(9)	(2)	19	(6)	5	15	1	10
Income tax, expense (benefit)	(3)	(1)	7	(2)	2	6	--	4
Income (loss) from continuing operations	$ (6)	$ (1)	$ 12	$(4)	$ 3	$ 9	$ 1	$ 6
Other Data:								
Depreciation and amortization	$ 1	$ 1	$ --	$ 1	$ 26	$ 31	$ 8	$ 8
EBITDA(3)	(8)	7	49	1	66	86	19	27
Net cash provided by (used in) operating								

activities.....	(5)	(73)	48	(5)	37	46	--	8
Net cash used in investing activities..	--	--	(1)	(1)	(510)	(10)	(2)	(1)
Net cash provided by (used in) financing activities.....	5	73	(47)	6	483	(43)	--	--
Capital expenditures...	--	--	1	1	2	10	2	1
Ratio of earnings to fixed charges(4).....	--	--	2.7x	--	1.1x	1.4x	1.1x	2.1x
Balance Sheet Data (at period end):								
Working capital(5).....	$ 45	$ 44	$ 39		$ 40	$ 28		$ 34
Total assets.....	199	243	292		594	578		583
Long-term debt(6).....	--	--	--		464	428		429
Total liabilities(7)...	205	250	287		569	547		548
Stockholders' equity...	(6)	(7)	5		25	31		35

</TABLE>

(See footnotes on next page)

(Footnotes from previous page)

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(1) Effective March 1, 1997, Huntsman Specialty purchased from Texaco Chemical, Inc. its PO business (see Note 1 to the financial statements of Huntsman Specialty). Prior to March 1, 1997, Texaco Chemical leased substantially all of the plant and equipment of the PO business under an operating lease agreement. Also, Texaco Chemical received interest income on net intercompany advances prior to the acquisition by Huntsman Specialty. Historical rental expense for the years ended December 31, 1994, 1995, and 1996 and the two months ended February 28, 1997 was $0, $14, $34 and $6 million, respectively. Depreciation and amortization is net of $2 million, $6 million, $6 million and $0 million of amortization of deferred income and suspense credits related to the lease for the two years ended December 31, 1994, 1995 and 1996 and the two months ended February 28, 1997. Interest income (expense) on net intercompany advances was $(1) million, $4 million and $4 million for the years ended December 31, 1994, 1995, and 1996, respectively. No interest was charged or credited during the two months ended February 28, 1997.

(2) The PO facility commenced operations in August 1994.

(3) EBITDA is defined as earnings from continuing operations before interest expense, depreciation and amortization, and taxes. Prior to March 1, 1997, EBITDA excludes interest income on net intercompany investments and advances to Texaco Chemical and rental expenses (see footnote (1) above). EBITDA is included in this prospectus because it is a basis on which we assess our financial performance and debt service capabilities, and because certain covenants in our borrowing arrangements are tied to similar measures. However, EBITDA should not be considered in isolation or viewed as a substitute for cash flow from operations, net income or other measures of performance as defined by GAAP or as a measure of a company's profitability or liquidity. We understand that while EBITDA is frequently used by security analysts, lenders and others in their evaluation of companies, EBITDA as used herein is not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation.

(4) The ratio of earnings to fixed charges has been calculated by dividing (A) income before income taxes plus fixed charges by (B) fixed charges. Fixed charges are equal to interest expense (including amortization of deferred financing costs), plus the portion of rent expense estimated to represent interest. Earnings were insufficient to cover fixed charges by $2 million and $6 million for the year ended December 31, 1995 and the two months ended February 28, 1997. There were no fixed charges for the year ended December 31, 1994.

(5) Working capital represents total current assets, less total current liabilities, excluding cash and the current maturities of long-term debt.

(6) Long-term debt includes the current portion of long-term debt.

(7) Total liabilities includes mandatorily redeemable preferred stock of $68 million and $72 million at December 31, 1997 and 1998, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

We derive revenues, earnings and cash flow from the sale of a wide variety of specialty and commodity chemicals through our four principal businesses: polyurethane chemicals, PO, petrochemicals and TiO\\2\\. These products are manufactured at facilities located in the Americas, Europe, Asia and Africa, and are sold throughout the world.

Our four principal businesses are impacted to varying degrees by economic conditions, prices of raw materials and global supply and demand pressures. Generally, the demand for our polyurethane chemicals products has been relatively resistant to changes in global economic conditions because of the industry's growth through continuing innovation and product substitution. Sales have also been resistant to specific industry cycles due to the wide variety of end markets for polyurethane chemicals. As a result, sales volumes of our polyurethane chemicals have grown at rates in excess of global GDP growth. The global PO market is influenced by supply and demand imbalances. However, prices and margins for PO in North America, the primary market in which our PO business operates, have been relatively stable due to the limited number of producers, the tendency of producers to consume a substantial amount of the PO that they produce internally and the tendency of producers to enter into long-term contracts with customers. PO demand is largely driven by the polyurethane industry, and as a result, growth rates for PO have generally exceeded GDP growth rates as well.

Petrochemicals and TiO\\2\\ sales have generally grown at rates that are approximately equal to GDP growth. Many of the markets for our petrochemicals and TiO\\2\\ products are cyclical and sensitive to changes in the balance between supply and demand, the price of raw materials and the level of general economic activity. Historically, the petrochemicals and TiO\\2\\ markets have experienced alternating periods of tight supply and rising prices and profit margins, followed by periods of capacity additions resulting in over-capacity and falling prices and profit margins. Due to differing factors affecting supply and demand, the cycles for the petrochemicals and TiO\\2\\ markets are generally independent of one another. According to Chem Systems, the petrochemical industry is at or near its cyclical trough following a period of oversupply in the last few years and supply and demand characteristics are expected to improve in coming years, resulting in improved profitability.

TiO\\2\\ prices have historically been driven by industry-wide operating rates but have typically lagged behind movements in these rates by up to twelve months due to the effects of product stocking and destocking by customers and suppliers, contract arrangements and cyclicality. The industry experiences some seasonality in its sales because sales of paints, the primary end use for TiO\\2\\, are generally highest in the spring and summer months in the northern hemisphere. This results in greater sales volumes in the first half of the year because the proportion of our TiO\\2\\ products sold in Europe and North America is greater than that sold in Asia and the rest of the world.

We conduct our businesses on a global basis using a number of currencies, primarily the U.S. dollar and the deutschemark. For financial reporting purposes, the results of the businesses transferred to us by ICI have been reported in Sterling. See the audited and unaudited combined financial statements of the businesses transferred to us by ICI included elsewhere in this prospectus. As a result of the translation of our results of operations to Sterling, operating costs have been impacted by movements in the value of the Sterling relative to other currencies. Historically, the impacts on sales from these currency translations have generally been offset by corresponding impacts in expenses which has tended to mitigate the overall impact of currency translations. In the future, we will be reporting our results of operations in U.S. dollars and, because a greater portion of our business operations are conducted in U.S. dollars, management believes a smaller proportion of our sales and expenses will be subject to the impacts of currency translations.

Discussion of Huntsman Specialty Financial Data

General

The domestic market for PO has historically experienced less cyclicality than the commodity petrochemical markets in general. However, we believe that the PO market in the future may experience periods of tight supply, higher prices and higher margins followed by capacity additions, oversupply and declining or flat prices. We sell substantially all of our PO under multi-year contracts and tolling agreements primarily in the domestic market. These contracts generally use formulas to link PO prices to the underlying price of propylene, PO's main raw material, thereby affording our margins some protection from propylene price volatility.

We supply certain customers with PO under tolling agreements. Under these agreements, the customer is obligated to deliver the propylene required to produce the PO and we receive a toll fee which is adjusted for changes in production costs. We sold approximately 62%, 42% and 42% of our PO under tolling arrangements in 1996, 1997 and 1998, respectively.

The market for MTBE is cyclical, with prices and production rising or falling based on changes in global supply and demand, raw material prices, the cost structure of various producers and the price of gasoline. Historically, the market for MTBE has been strongly influenced by changes in government regulation in the U.S. and elsewhere, and could be further influenced by recent proposed changes. See "Business--Propylene Oxide--Recent Developments". We expect that the market for MTBE will continue to be influenced by government regulation as the federal government and the states contemplate the future role of MTBE in environmental policy and as foreign governments enact standards limiting motor vehicle emissions. We sell the majority of our MTBE under long-term contracts. Our emphasis on contractual, high-volume sales allows us to obtain generally higher and more stable prices than are typically available on the spot market.

The financial information for the years ended December 31, 1996 and 1997 discussed below are presented on a pro forma basis as if the acquisition by Huntsman Specialty of the PO business from Texaco Chemical had occurred on January 1, 1996. Prior to the acquisition on March 31, 1997, Texaco Chemical leased substantially all of the plant and equipment of the PO business under an operating lease agreement. The pro forma adjustments consist primarily of adjustments to reflect the plant and equipment as if owned and not leased, interest expense related to the financing to acquire Texaco Chemical and related income tax adjustments.

The pro forma results for the years ended December 31, 1996 and 1997, the actual results for the year ended December 31, 1998 and the three months ended March 31, 1998 and 1999 are illustrated below.

<TABLE>
<CAPTION>

	Pro Forma Year Ended December 31,		Year Ended December 31,	Three Months Ended March 31,	
	1996	1997	1998	1998	1999
	(in millions)				
<S>	<C>	<C>	<C>	<C>	<C>
Sales--net	$ 405	$ 409	$339	$ 86	$ 83
Cost of sales	363	364	277	72	62
Gross profit	42	45	62	14	21
Selling, general and administrative expenses (including research and development expenses)	19	10	8	3	2
Income from operations	23	35	54	11	19
Interest expense--net	42	42	40	10	9
Other income	-	-	1	-	-
Income (loss) before income tax	(19)	(7)	15	1	10
Income tax expense (benefit)	(8)	(2)	6	-	4

Net income (loss)	$ (11)	$ (5)	$ 9	$ 1	$ 6

</TABLE>

Three Months Ended March 31, 1999 Compared to Three Months Ended March 31, 1998

Revenues. Revenues for our PO business in the first quarter of 1999 decreased by $3 million, or 3%, to $83 million from $86 million in the comparable period in 1998. Lower revenues from the sale of PO and MTBE were partially offset by higher revenues from the sale of PG and certain by-products. Lower PO revenues were a result of a 7% decline in sales volumes together with a 6% decline in the average sales price. Sales volumes declined as a larger volume of PO production was used in the downstream manufacture of PG. PO average sales prices declined as a result of a decline in the cost of propylene, the primary raw material for PO. Lower MTBE revenues were a result of a 23% decline in average sales prices as compared to the comparable period in 1998, somewhat offset by a 19% increase in MTBE sales volume.

Gross profit. Gross profit in the first quarter of 1999 increased by $7 million, or 50%, to $21 million from $14 million in the comparable period in 1998. The increase was a result of lower costs of raw materials used to produce MTBE as the cost of isobutane and methanol declined significantly as compared to the comparable period in 1998.

Selling, general and administrative expenses (including research and development expenses). Selling, general and administrative expenses (including research and development expenses) ("SG&A") in the first quarter of 1999 remained relatively unchanged from the comparable period in of 1998.

Interest expense. Net interest expense in the first quarter of 1999 declined by $1 million, or 10%, to $9 million from $10 million in the comparable period in 1998. Lower interest expense was a result of the repayment of debt and lower interest rates during the period as compared to the comparable period in 1998.

Net Income. Net income in the first quarter of 1999 increased by $5 million to $6 million from $1 million during the comparable period in 1998 as a result of the factors discussed above.

Year Ended December 31, 1998 (Actual) Compared to Year Ended December 31, 1997 (Pro Forma)

Revenues. Revenues for our PO business in 1998 decreased by $70 million, or 17%, to $339 million from $409 million in 1997. Lower revenues from the sale of MTBE and by-products were partially offset by higher PG revenues. MTBE revenues declined as a result of a 25% decline in average sales prices and a 10% decline in sales volumes. Higher PG revenues were a result of a 68% increase in sales volumes, partially offset by a 10% decline in average selling prices. Revenues from the sale of PO remained essentially unchanged as a 1% decline in sales volume was offset by a 1% increase in average sales prices. Higher average PO sales prices were a result of higher tolling fees. PO and MTBE sales volumes were negatively impacted by a 49 day turnaround and inspection ("T&I") period which occurred during 1998.

Gross profit. Gross profit in 1998 increased by $17 million, or 38%, to $62 million from $45 million in 1997. The increase was a result of significantly lower costs of raw materials used to produce MTBE as the cost of isobutane and methanol declined significantly as compared to 1997. Gross margin was negatively impacted by the T&I mentioned above.

Selling, general and administrative expenses (including research and development expenses). SG&A in 1998 decreased by $2 million, or 20%, to $8 million from $10 million in 1997. Lower SG&A expenses were a result of ongoing expense reduction initiatives which have been instituted since the acquisition of the PO business by Huntsman Specialty in March 1997.

Interest expense. Net interest expense in 1998 declined by $2 million, or 5%, to $40 million from $42 million in 1997. Lower interest expense was a result of the repayment of debt and lower interest rates during 1998 as

compared to 1997.

Net income. Net income in 1998 increased by $14 million to $9 million as compared to a net loss of $5 million in 1997 as a result of the factors discussed above.

Year Ended December 31, 1997 (Pro Forma) Compared to Year Ended December 31, 1996 (Pro Forma)

Revenues. Revenues for our PO business in 1997 increased by $4 million, or 1%, to $409 million from $405 million in 1996. Higher PO revenue was offset by lower revenues from the sale of MTBE, PG and by-products. Higher PO revenue was due to a 11% increase sales volume and a 17% increase in average selling prices during 1997 as compared to 1996. Higher sales volume was a result of an increase in PO production during 1997 resulting from internal engineering efforts and higher capacity utilization. Higher average PO sales prices were a result of higher tolling fees and higher customer contract prices. The decrease in MTBE revenue was due to a 13% decline in sales volume partially offset by a 2% increase in average selling price during 1997 as compared to 1996. The reduction in MTBE sales volume was primarily due to elimination of MTBE spot sales purchased under contractual obligations not assumed by Huntsman Specialty in connection with the acquisition of the PO business from Texaco.

Gross profit. Gross profit in 1997 increased by $3 million, or 7%, to $45 million from $42 million in 1996. The increase was primarily due to lower quantities of PO, MTBE and PG purchased for resale in 1997 as compared to 1996.

Selling, general and administrative expenses (including research and development expenses). SG&A in 1997 decreased by $9 million, or 47%, to $10 million from $19 million in 1996. Lower SG&A expenses were a result of the elimination of certain expenses incurred by the company's predecessor.

Interest expense. Net interest expense was $42 million in both 1997 and 1996.

Net income. Net income in 1997 increased by $6 million to a loss of $5 million as compared to a net loss of $11 million in 1996 as a result of the factors discussed above.

Discussion of ICI Businesses Combined Financial Data

The financial data and discussion presented below aggregates the financial information of the polyurethane chemicals, petrochemicals and TiO\\2\\ businesses transferred to us by ICI. The financial information for these businesses was historically prepared by ICI under U.K. GAAP in Sterling. The financial data below has been derived from the U.K. GAAP financial statements included elsewhere in this prospectus and adjusted for certain differences between U.K. GAAP and U.S. GAAP. These adjustments have not generally been significant for these businesses, but where there are significant differences between U.K. GAAP and U.S. GAAP, these differences are discussed. Information regarding adjustments from U.K. GAAP to U.S. GAAP is set forth in the combined financial statements of the businesses transferred to us by ICI included elsewhere in this prospectus. The financial data does not include any information concerning the 20% interest in the Wilton olefins facility that BP Chemicals owned during these periods. The following table presents combined financial data for the polyurethane chemicals, petrochemicals and TiO\\2\\ businesses for the years ended December 31, 1996, 1997 and 1998 and for the three months ended March 31, 1998 and 1999.

<TABLE>
<CAPTION>

	Year Ended December 31,			Three Months Ended March 31,	
	1996	1997	1998	1998	1999
	(in millions)				
<S>	<C>	<C>	<C>	<C>	<C>

Turnover.....	(Pounds)2,534	(Pounds)2, 337	(Pounds)2,011	(Pounds)532	(Pounds)482
Operating costs and other operating income(1).....	2,374	2,301	1,888	497	460
Operating exceptional items.....	11	56	10	--	--
Non-operating exceptional items--(profit)/loss on sale or closure of operations.....	--	(23)	4	4	--
Total.....	2,385	2,334	1,902	501	460
Profit on ordinary activities before interest.....	149	3	109	31	22
Net interest payable....	66	55	59	18	14
Taxation on profit on ordinary activities....	39	(3)	1	(2)	2
Attributable to minorities.....	3	1	1	--	--
Net profit/(loss).....	(Pounds) 41	(Pounds) (50)	(Pounds) 48	(Pounds) 15	(Pounds) 6

</TABLE>

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(1)Includes income from fixed asset investments.

Three Months Ended March 31, 1999 Compared to Three Months Ended March 31, 1998

Turnover. Turnover in the first quarter of 1999 decreased by (Pounds)50 million, or 9%, to (Pounds)482 million from (Pounds)532 million in the comparable period of 1998. The decline was primarily attributable to a (Pounds)56 million decline in petrochemicals turnover resulting from lower prices and volumes and from lower turnover from our feedstock procurement activities. As part of our normal ongoing operations, we engage in feedstock procurement activities which include the buying and selling of naphtha and other feedstocks with the primary objective of ensuring a reliable and cost competitive raw material supply. Polyurethane chemicals and TiO\\2\\ turnover were essentially unchanged.

Operating costs and other operating income. Operating costs and other operating income in the first quarter of 1999 decreased by (Pounds)37 million, or 7%, to (Pounds)460 million from (Pounds)497 million in the comparable period in 1998. This decline is due primarily to lower raw material costs for petrochemicals and from lower product costs relating to our petrochemicals feedstock procurement activities.

Non-operating exceptional items. There were no non-operating exceptional items in the first quarter of 1999 compared with non-operating exceptional losses of (Pounds)4 million in the comparable period in 1998 which related to minor disposals in that period.

Net interest payable. Net interest payable in the first quarter of 1999 decreased by (Pounds)4 million, or 22%, to (Pounds)14 million from (Pounds)18 million in the comparable period in 1998. This decrease was primarily due to a decrease in the weighted average interest rate to 7.3% in the first quarter of 1999 from 9.0% in the first quarter of 1998.

Taxation. The tax charge of (Pounds)2 million for the first quarter of 1999 compares with a credit of (Pounds)2 million for the comparable period of 1998.

Net profit. The net profit for the first quarter of 1999 of (Pounds)6 million compares with a net profit of (Pounds)15 million for the comparable period of 1998, a decrease in profit of (Pounds)9 million, which resulted from the factors described above.

Year Ended December 31, 1998 Compared to Year Ended December 31, 1997

Turnover. Turnover in 1998 decreased by (Pounds)326 million, or 14%, to (Pounds)2,011 million from (Pounds)2,337 million in 1997. The decrease was due primarily to petrochemicals turnover which was lower by (Pounds)309 million resulting from a significant decrease in the turnover of our feedstocks procurement activities, and lower average selling prices for our olefins and aromatics products. Additionally, polyurethane chemicals turnover declined due to MDI price erosion in Asia and the impact of unfavorable currency translations. These declines were marginally offset by an increase of (Pounds)27 million in TiO\\2\\ turnover due to higher average selling prices. Turnover was further reduced by a continuation of the 1997 decrease in paraxylene demand, reflecting weakness in the PTA market. Overall sales volumes in TiO\\2\\ decreased 6% in 1998 as compared to 1997, primarily due to significantly lower demand in Asia. However, these declines were partially offset by an increase in polyurethane sales volumes, which was driven by an 8% increase in sales volumes for MDI.

Operating costs and other operating income. Operating costs and other operating income in 1998 decreased by (Pounds)413 million, or 18%, to (Pounds)1,888 million from (Pounds)2,301 million in 1997. The decrease was primarily due to lower raw material costs for petrochemicals and polyurethane chemicals. Specifically, the price of naphtha declined, affecting manufacturing cost for petrochemicals, and the price of benzene declined, affecting manufacturing costs for polyurethane chemicals.

Operating exceptional items. Operating exceptional items in 1998 decreased by (Pounds)46 million, to (Pounds)10 million from (Pounds)56 million in 1997. The 1998 charge was comprised of rationalization expenditures for our TiO\\2\\ business.

Non-operating exceptional items. Net non-operating exceptional losses from disposal of businesses of (Pounds)4 million in 1998 compared with net gains of (Pounds)23 million in the previous year.

Net interest payable. Net interest payable increased by (Pounds)4 million, or 7%, to (Pounds)59 million in 1998 from (Pounds)55 million in 1997. The increase was primarily due to an increase in the weighted average interest rate to 8.0% in 1998 from 7.6% in 1997. Net interest payable under U.K. GAAP was (Pounds)71 million in 1998 compared with (Pounds)69 million in 1997. The difference between the U.K. and U.S. GAAP amounts resulted from the U.S. GAAP requirement to capitalize interest incurred as part of the cost of constructing fixed assets.

Taxation. Under U.S. GAAP, there was a tax charge of (Pounds)1 million in 1998 compared to a tax credit of (Pounds)3 million in 1997. This represents an effective tax rate of 2% in 1998 and 6% in 1997. In

1998, the effective rate was relatively low due to brought forward trading losses being utilized against current year profits. The 1997 effective rate reflects the net impact of a non-deductible write down of the aromatics assets within petrochemicals and deferred tax assets recognized for TiO\\2\\ carried forward trading losses. Under U.S. GAAP, deferred taxation is provided on a full provision basis, whereas under U.K. GAAP, provision is only made for taxes payable or recoverable in the foreseeable future. The effective tax rates under U.K. GAAP were 26% in 1998 and 32% in 1997. The differences between U.S. and U.K. GAAP are primarily driven by the fact that benefit for carried forward trading losses was taken in 1997 for U.S. GAAP and in 1998 for U.K. GAAP purposes.

Net profit. The net profit for 1998 of (Pounds)48 million compares with a net loss of (Pounds)50 million for 1997, an improvement in profit of (Pounds)98 million, which resulted from the factors described above.

Year Ended December 31, 1997 Compared to Year Ended December 31, 1996

Turnover. Turnover in 1997 decreased by (Pounds)197 million, or 8%, to (Pounds)2,337 million from (Pounds)2,534 million in 1996. The decline was primarily attributable to the impact of unfavorable currency translations. Additionally, average MDI sales prices in our polyurethane chemicals business declined due to price erosion in Asia and TiO\\2\\ average sales prices declined due to destocking by customers in 1997. In our petrochemicals

business, paraxylene prices fell in local currency terms by 16%. In our polyurethane chemicals business, MDI volumes increased 13%; TiO\\2\\ volumes increased 6%; and petrochemicals volumes decreased 13% for olefins, 10% for paraxylene.

Operating costs and other operating income. Operating costs and other operating income in 1997 decreased by (Pounds)73 million, or 3%, to (Pounds)2,301 million from (Pounds)2,374 million in 1996 due primarily to lower raw material costs, resulting from the impact of favorable currency translations, partially offset by the increase in costs due to higher sales of polyurethane chemicals.

Operating exceptional items. Operating exceptional items increased by (Pounds)45 million to (Pounds)56 million from (Pounds)11 million in 1996. The 1997 charge included (Pounds)14 million for our TiO\\2\\ business rationalization program, (Pounds)17 million to settle a raw material supplier dispute, and (Pounds)25 million to write down the book value of our aromatics assets.

Non-operating exceptional items. Net non-operating exceptional items in 1997 of (Pounds)23 million comprised a (Pounds)25 million profit on the sale of our Australian polyurethane chemicals business, offset by a (Pounds)2 million loss on other asset disposals. There were no non-operating exceptional items in 1996.

Net interest payable. Net interest payable in 1997 decreased by (Pounds)11 million, or 17%, to (Pounds)55 million in 1997 from (Pounds)66 million in 1996. This decrease was primarily due to a decrease in the weighted average interest rate to 7.6% in 1997 from 8.5% in 1996. Net interest payable under U.K. GAAP was (Pounds)69 million in 1997 compared with (Pounds)78 million in 1996. The difference between the U.K. and U.S. GAAP amounts resulted from the U.S. GAAP requirement to capitalize interest incurred as part of the cost of constructing fixed assets.

Taxation. Under U.S. GAAP, there was a tax credit of (Pounds)3 million in 1997 compared to a tax charge of (Pounds)39 million in 1996. This represents an effective tax rate of 6% in 1997 and 47% in 1996. The 1997 effective rate reflects the net impact of a non-deductible write down of the aromatics assets within petrochemicals and deferred tax assets recognized for TiO\\2\\ carried forward trading losses. The 1996 effective rate is primarily caused by TiO\\2\\ trading losses not being recognized in that year as utilization in future periods was uncertain. Under U.S. GAAP, deferred taxation is provided on a full provision basis, whereas under U.K. GAAP, provision is only made for taxes payable or recoverable in the foreseeable future. The effective tax rates under U.K. GAAP are 32% in 1997 and 34% in

1996. The significant difference in 1997 between U.S. and U.K. GAAP is primarily driven by the fact that no deferred tax asset was recognized under U.K. GAAP for trading losses.

Net profit/(loss). The net loss for 1997 of (Pounds)50 million compares with a net profit of (Pounds)41 million for 1996, a reduction in profit of (Pounds)91 million which resulted from the factors described above.

Discussion of Polyurethane Chemicals, Petrochemicals and TiO\\2\\ Businesses Financial Data

The financial data and discussion presented below for each of the polyurethane chemicals, petrochemicals and TiO\\2\\ businesses has been derived from financial statements prepared under U.K. GAAP in Sterling and adjusted for certain differences between U.K. GAAP and U.S. GAAP. The financial data does not include any information concerning 20% interest in the Wilton olefins facility that BP Chemicals owned during these periods.

Polyurethane Chemicals

The results for the years ended December 31, 1996, 1997 and 1998 and for the three months ended March 31, 1998 and 1999 are illustrated below. The financial information for the polyurethane chemicals business was historically prepared by ICI under U.K. GAAP in Sterling. The financial data presented below has been derived from the U.K. GAAP financial statements included elsewhere in

this prospectus, adjusted for certain significant differences between U.K. GAAP and U.S. GAAP and translated into U.S. dollars at average exchange rates of 1.6570 and 1.6335 for the year ended December 31, 1998 and the three months ended March 31, 1999, respectively. This translation does not necessarily result in the same U.S. dollar amounts as would have arisen if the translation had been performed in accordance with U.S. GAAP.

<TABLE>
<CAPTION>

	Year Ended December 31,				Three Months Ended March 31,		
	1996	1997	1998	1998	1999		
	(Pounds)	(Pounds)	(Pounds)	$	(Pounds)	(Pounds)	$
	(in millions)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Sales	907	860	816	1,352	198	206	336
Cost of sales, operating expenses and other income, net	795	762	727	1,204	185	188	308
Income before interest and income tax	112	98	89	148	13	18	28

</TABLE>

Three Months Ended March 31, 1999 Compared to Three Months Ended March 31, 1998

Sales. Sales of polyurethane chemicals in the first quarter of 1999 increased by (Pounds)8 million, or 4%, to (Pounds)206 million from (Pounds)198 million in the comparable period in 1998 primarily due to increased sales volumes in the U.S. and Asia.

Cost of sales, operating expenses and other income, net. Cost of sales, operating expenses and other income, net in the first quarter of 1999 increased by (Pounds)3 million, or 2%, to (Pounds)188 million from (Pounds)185 million in the comparable period in 1998.

Income before interest and income tax. Income before interest and income tax in the first quarter of 1999 of (Pounds)18 million compares with (Pounds)13 million for the comparable period of 1998, an increase in income before interest and tax of (Pounds)5 million as a result of the factors described above.

Year Ended December 31, 1998 Compared to Year Ended December 31, 1997

Sales. Sales of polyurethane chemicals in 1998 decreased by (Pounds)44 million, or 5%, to (Pounds)816 million from (Pounds)860 million in 1997 due primarily to a decrease in the average sales price of MDI

resulting from lower underlying raw material prices, price pressures in Asia and the impact of unfavorable currency translations. The price declines and unfavorable currency translations were partially offset by increased MDI volumes of 8%. This volume growth was driven by a 14% sales volume increase in the U.S. resulting primarily from continued growth in wood binders and a 10% growth in European sales volumes. These volume gains were partially offset by a volume decline of 19% in the Asian market related to a weakening of the Asian economy.

Cost of sales, operating expenses and other income, net. Cost of sales, operating expenses and other income, net in 1998 decreased by (Pounds)35 million, or 5%, to (Pounds)727 million from (Pounds)762 million in 1997. This decline was largely attributable to a decline in the price of benzene, MDI's primary raw material. Additionally, operating expenses declined due to lower manufacturing costs which resulted from improvements in our production process following a restructuring of our European manufacturing assets.

Income before interest and income tax. Income before interest and income tax for 1998 of (Pounds)89 million compares with (Pounds)98 million for 1997, a decrease in income before interest and income tax of (Pounds)9 million as a result of the factors described above.

Year Ended December 31, 1997 Compared to Year Ended December 31, 1996

Sales. Sales of polyurethane chemicals in 1997 decreased by (Pounds)47 million, or 5%, to (Pounds)860 million from (Pounds)907 million in 1996. This decrease was attributable primarily to a decline in average MDI sales prices and the substantial impact of unfavorable currency translations which more than offset sales volume increases. MDI prices declined primarily as a result of general pricing pressures in Asia. Lower Asian prices reflected the addition of significant global capacity, coupled with a weakening of the Asian economy. In 1997, MDI sales volumes increased 13% from 1996 due to significant growth of MDI in the U.S. of 19%. This increase was driven by demand for the MDI based wood binder applications and insulation panels used in construction. MDI sales volumes in Europe grew at 9%, while sales volumes in Asia declined by 2%.

Cost of sales, operating expenses and other income, net. Cost of sales, operating expenses and other income, net in 1997 decreased by (Pounds)33 million, or 4%, to (Pounds)762 million from (Pounds)795 million in 1996 including a one-time gain of (Pounds)25 million resulting from the sale of our Australian polyurethane chemicals business. Excluding the impact of the one-time gain, costs of sales, operating expenses and other income/expense in 1997 decreased by (Pounds)8 million.

Income before interest and income tax. Income before interest and income tax in 1997 of (Pounds)98 million compares with (Pounds)112 million for 1996, a decrease in income before interest and income tax of (Pounds)14 million as a result of the factors described above.

Petrochemicals

The results for the years ended December 31, 1996, 1997, and 1998 and for the three months ended March 31, 1998 and 1999 are illustrated below. The financial data does not include any information concerning BP Chemicals' interest in the Wilton olefins facility. The financial information for the petrochemicals business was historically prepared by ICI under U.K. GAAP in Sterling. The financial data presented below has been derived from the U.K. GAAP financial statements included elsewhere in this Offering Circular, adjusted for certain significant differences between U.K. GAAP and U.S. GAAP and translated into U.S. dollars at average exchange rates of 1.6570 and 1.6335 for the year ended December 31, 1998 and the three months ended March 31, 1999, respectively. This

translation does not necessarily result in the same U.S. dollar amounts as would have arisen if the translation had been performed in accordance with U.S. GAAP.

<TABLE>
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	Year Ended December 31,				Three Months Ended March 31,		
	1996	1997	1998	1998	1999		
	(Pounds)	(Pounds)	(Pounds)	$	(Pounds)	(Pounds)	$
	(in millions)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Sales	1,009	930	621	1,029	191	135	221
Cost of sales, operating expenses and other income, net	954	964	653	1,082	184	143	234
Income (loss) before interest and income tax	55	(34)	(32)	(53)	7	(8)	(13)

</TABLE>

Three Months Ended March 31, 1999 Compared to Three Months Ended March 31, 1998

Sales. Sales of petrochemicals in the first quarter of 1999 decreased by (Pounds)56 million, or 29%, to (Pounds)135 million from (Pounds)191 million in the comparable period in 1998. This decrease was primarily a result of lower revenues from sales of both olefins and aromatics and a reduction in sales related to our feedstock procurement activities. As part of our normal ongoing operations, we engage in feedstock procurement activities, which include the buying and selling of naphtha and other feedstocks with the primary objective of ensuring a reliable and cost competitive raw material supply. Revenues from our sales of olefins and aromatics decreased as a result of lower average sales prices, partially offset by the impact of favorable currency translations. Average sales prices decreased due primarily to a weakening in the European petrochemical sector and lower raw material costs. Sales decreases from our feedstock procurement activities were substantially offset by a reduction in our cost of sales as a result of a reduction in crude oil and feedstock prices.

Cost of sales, operating expenses and other income, net. Cost of sales, operating expenses and other income, net in the first quarter of 1999 decreased by (Pounds)41 million, or 22%, to (Pounds)143 million from (Pounds)184 million in the comparable period in 1998. This decrease was primarily attributable to a decline in raw material costs and a reduction in our cost of sales related to our feedstock procurement activities.

Income (loss) before interest and income tax. The loss before interest and income tax in the first quarter of 1999 of (Pounds)8 million compares with a profit of (Pounds)7 million for the comparable period in 1998, a decrease in income before interest and income tax of (Pounds)15 million as a result of the factors described above.

Year Ended December 31, 1998 Compared to Year Ended December 31, 1997

Sales. Sales of petrochemicals in 1998 decreased by (Pounds)309 million, or 33%, to (Pounds)621 million from (Pounds)930 million in 1997. This decrease was primarily a result of lower revenues from sales of olefins and aromatics and a reduction in sales related to our feedstock procurement activities. Revenues from our sales of olefins and aromatics decreased primarily as a result of decreases in average sales prices and, to a lesser extent, decreases in sales volumes. For example, average sales prices for two of our primary petrochemical products, ethylene and paraxylene, declined by 16% and 20%, respectively. Sales related to our feedstock procurement activities accounted for nearly half of our sales decrease and were substantially offset by a reduction in our cost of sales due to a substantial reduction in crude oil and feedstock prices.

Cost of sales, operating expenses and other income, net. Cost of sales, operating expenses and other income, net in 1998 decreased by (Pounds)311 million, or 32%, to (Pounds)653 million from

(Pounds)964 million in 1997. This decrease was primarily attributable to a decline in raw material costs and lower volumes of finished product purchased for resale. The average cost for our primary raw material, naphtha, declined by 31%. Additionally, operating expenses were (Pounds)25 million lower due to the absence of a one-time write down which was expensed in 1997.

Income (loss) before interest and income tax. The loss before interest and income tax for 1998 of (Pounds)32 million compares with a loss of (Pounds)34 million for 1997, a reduction in loss before interest and income tax of (Pounds)2 million as a result of the factors described above.

Year Ended December 31, 1997 Compared to Year Ended December 31, 1996

Sales. Sales of petrochemicals in 1997 decreased by (Pounds)79 million, or 8%, to (Pounds)930 million from (Pounds)1,009 million in 1996. The decrease was attributable to a decline in the average sales price and sales volumes of paraxylene and the significant impact of unfavorable currency fluctuations.

Cost of sales, operating expenses and other income, net. Cost of sales, operating expenses and other income, net in 1997 increased by (Pounds)10

million, or 1%, to (Pounds)964 million from (Pounds)954 million in 1996. This increase was primarily attributable to a one-time charge of (Pounds)25 million related to the write down of the book value of our aromatics facility. The increase was partially offset by the impact of favorable currency translations impacting the cost of our primary feedstock, naphtha.

Income (loss) before interest and income tax. The loss before interest and income tax for 1997 of (Pounds)34 million compares with income before interest and tax of (Pounds)55 million for 1996, a decrease in income before interest and income tax of (Pounds)89 million as a result of the factors described above.

Titanium Dioxide

The results for the years ended December 31, 1996, 1997 and 1998 and for the three months ended March 31, 1998 and 1999 are illustrated below. The financial information for the TiO\\2\\ business was historically prepared by ICI under U.K. GAAP in Sterling. The financial data presented below has been derived from the U.K. GAAP financial statements included elsewhere in this Offering Circular, adjusted for certain significant differences between U.K. GAAP and U.S. GAAP and translated into U.S. dollars at average exchange rates of 1.6570 and 1.6335 for the year ended December 31, 1998 and the three months ended March 31, 1999, respectively. This translation does not necessarily result in the same U.S. dollar amounts as would have arisen if the translation had been performed in accordance with U.S. GAAP.

<TABLE>
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	Year Ended December 31,				Three Months Ended March 31,		
	1996	1997	1998	1998	1999		
	(Pounds)	(Pounds)	(Pounds)	$	(Pounds)	(Pounds)	$
	(in millions)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Sales	618	547	574	951	143	141	230
Cost of sales, operating expenses and other income, net	636	608	522	865	132	129	210
Income (loss) before interest and income tax	(18)	(61)	52	86	11	12	20

</TABLE>

Three Months Ended March 31, 1999 Compared to Three Months Ended March 31, 1998

Sales. Sales of TiO\\2\\ in the first quarter of 1999 decreased by (Pounds)2 million, or 1%, to (Pounds)141 million from (Pounds)143 million in the comparable period in 1998. The decline was primarily attributable to lower sales volumes due to weakened demand in Europe, substantially offset by higher average sales prices in the first quarter of 1999 resulting from price increases implemented in 1998.

Cost of sales, operating costs and other income, net. Cost of sales, operating costs and other income, net in the first quarter of 1999 decreased by (Pounds)3 million, or 2%, to (Pounds)l32 million from (Pounds)l32 million in the comparable period in 1998. This decline was primarily a result of lower sales volumes and a reduction in operating expenses resulting from our ongoing cost reduction initiatives.

Income (loss) before interest and income tax. Income before interest and income tax for the three months ended March 31, 1999 of (Pounds)l2 million compares with (Pounds)ll million for the same period in 1998, an increase in income before interest and income tax of (Pounds)l million as a result of the factors described above.

Year Ended December 31, 1998 Compared to Year Ended December 31, 1997

Sales. Sales of TiO\\2\\ in 1998 increased by (Pounds)27 million, or 5%, to (Pounds)574 million from (Pounds)547 million in 1997. The increase was primarily a result of higher average local selling prices in Europe and North America. This increase was partially offset by the impact of unfavorable currency translations, and, to a lesser extent, lower sales volumes in Asia.

Cost of sales, operating expenses and other income, net. Cost of sales, operating expenses and other income, net in 1998 decreased by (Pounds)86 million, or 14%, to (Pounds)522 million from (Pounds)608 million in 1997. The decline was a result of lower operating costs, primarily due to favorable currency translations, and a reduction in operating expenses resulting from our ongoing cost reduction initiatives. Additionally, during 1998, we recognized exceptional charges of (Pounds)10 million, as compared to an exceptional charge of (Pounds)31 million in 1997. The 1998 charge included severance costs relating to the continued implementation of our ongoing cost reduction initiatives.

Income (loss) before interest and income tax. Income before interest and income tax for 1998 of (Pounds)52 million compares with a loss of (Pounds)61 million in 1997, an increase in income before interest and taxation of (Pounds)113 million as a result of the factors described above.

Year Ended December 31, 1997 Compared to Year Ended December 31, 1996

Sales. Sales of TiO\\2\\ in 1997 decreased by (Pounds)71 million, or 11%, to (Pounds)547 million from (Pounds)618 million in 1996. The decrease was primarily attributable to lower average selling prices and unfavorable currency translations, partially offset by increased sales volumes. Prices dropped sharply in the second half of 1996 as customers reduced their stock levels in response to falling demand in Europe. Although prices stabilized and improved from April 1997 onwards, the overall average selling price was approximately 7% lower than the average selling price in 1996. Excluding the impact of currency translations, sales would have been substantially the same as 1996.

Cost of sales, operating expenses and other income, net. Cost of sales, operating expenses and other income, net in 1997 decreased by (Pounds)28 million, or 4%, to (Pounds)608 million from (Pounds)636 million in 1996. The decrease was primarily attributable to favorable currency translations, partially offset by an increase in exceptional charges of (Pounds)20 million which were (Pounds)31 million in 1997 compared with (Pounds)ll million in 1996. The exceptional charges for 1997 were comprised of (Pounds)17 million to settle a supplier dispute, (Pounds)l0 million in severance charges in connection with our ongoing cost reduction initiative and (Pounds)4 million of other charges.

Income (loss) before interest and income tax. The loss before interest and income tax for 1997 of (Pounds)61 million compares with a loss of (Pounds)18 million in 1996, an increase of (Pounds)43 million as a result of the factors described above.

Recent Developments

Concurrently with our acquisition of ICI's and Huntsman Specialty's businesses, we also acquired BP Chemicals's 20% ownership interest in the Wilton olefins facility. In connection with our acquisition of this interest from BP Chemicals, BP Chemicals has agreed to become a significant long-term customer of our petrochemicals business. We believe that pro forma Adjusted EBITDA for the year ended December 31, 1998 would have increased by approximately $16 million to approximately $497 million had our acquisition of BP Chemicals's interest in the Wilton olefins facility been consummated on January 1, 1998.

Liquidity and Capital Resources

Liquidity

We are highly leveraged as a result of the debt that we incurred to fund the transfer of ICI's and Huntsman Specialty's businesses to us. Contemporaneously with the closing of the transfer of those businesses, our

company and Huntsman ICI Holdings took the following actions:

. We issued the outstanding notes.

. We entered into the senior secured credit facilities which provide for borrowings of up to $2,070 million, including $400 million under a revolving facility, a substantial portion of which remains available as of the date of this Prospectus. The credit facilities are secured by a first priority perfected lien on substantially all of our assets. See "Description of Credit Facilities".

. Huntsman ICI Holdings issued the senior discount notes and the senior subordinated discount notes to ICI. See "The Transaction--Transaction Consideration".

Our senior secured credit facilities currently prohibit, and the indenture governing the notes currently restricts, payment of dividends, distributions, loans or advances to us by our subsidiaries. We do, however, anticipate that borrowings under the credit facilities and cash flow from operations will be sufficient for us to make required payments of principal and interest on our debt when due, as well as to fund capital expenditures.

Capital Expenditures

Our capital expenditures for our PO business for the three months ended March 31, 1999 were $1 million, a decrease of $1 million from the comparable period in the prior year; combined capital expenditures for our polyurethane chemicals, petrochemicals and TiO\\2\\ businesses collectively were (Pounds)20 million and (Pounds)43 million in the first quarter of 1998 and 1999, respectively. Capital expenditures for the years ended December 31, 1996, 1997 and 1998 were $1 million, $3 million and $10 million, respectively, for our PO business. Combined capital expenditures for our polyurethane chemicals, petrochemicals and TiO\\2\\ businesses collectively were (Pounds)190 million, (Pounds)170 million and (Pounds)134 million for the years ended December 31, 1996, 1997 and 1998, respectively. The increases reflect expenditures relating to extensive production process improvements, primarily for our polyurethane chemicals and TiO\\2\\ businesses. For our polyurethane chemicals business, these improvements, expected to be completed in 1999, included the closure of our Hillhouse, U.K. facility in 1997, the construction of our nitrobenzene facility at Wilton, U.K. completed in 1997, the capacity expansion at Rozenburg, Netherlands completed in 1997, and the capacity expansion program at our Geismar, Louisiana facility which is expected to be completed in 1999. We expect to incur an additional (Pounds)115 million during 1999 to complete the capacity expansion at the Geismar facility, approximately (Pounds)87 million of which had been expended at June 30, 1999. Aside from the completion of the expansion program at the Geismar facility, we do not have any planned extraordinary capital expenditures in the near-term. We estimate our total capital expenditures for 1999 and 2000, including expenditures relating to environmental compliance, to be between $200 million and $250 million in each year.

Environmental Regulation

The operations of any chemical manufacturing plant and the distribution of chemical products, and the related production of co-products and wastes, entail risk of adverse environmental effects, and therefore, we are subject to extensive federal, state, local and foreign laws, regulations, rules and ordinances relating to pollution, the protection of the environment and the generation, storage, handling, transportation, treatment, disposal and remediation of hazardous substances and waste materials. In the ordinary course of business, we are subject continually to environmental inspections and monitoring by governmental enforcement authorities. The ultimate costs under environmental laws and the timing of such costs are difficult to predict; however, potentially significant expenditures could be required in order to comply with existing or future environmental laws.

Our costs and operating expenses and capital expenditures relating to safety, health and environmental matters totaled approximately $4 million in 1996, $3 million in 1997 and $3 million in 1998 for our PO business. Environmental expenses and capital expenditures for our polyurethane chemicals, petrochemicals and TiO\\2\\ businesses were approximately (Pounds)53 million,

(Pounds)44 million and (Pounds)42 million in 1996, 1997 and 1998, respectively. Costs in 1999 and 2000 are expected to remain at historical levels in order to cover, among other things, our routine measures to prevent, contain and clean up spills of materials that occur in the ordinary course of business. Our estimated capital expenditures for environmental, safety and health matters in 1999 and 2000 are expected to be similar to historical expenditures. Capital expenditures are planned, for example, under national legislation, implementing the European Union Directive on Integrated Pollution Prevention and Control. Under this directive, the majority of our plants will, over the next few years, be required to obtain governmental authorizations which will regulate air and water discharges, waste management and other matters relating to the impact of operations on the environment, and to conduct site assessments to evaluate environmental conditions. Although the implementing legislation in most Member States is not yet in effect, it is likely that additional expenditures may be necessary in some cases to meet the requirements of authorizations under this directive. In particular, we believe that related expenditures to upgrade our wastewater treatment facilities at several sites may be necessary and associated costs could be material. Wastewater treatment upgrades unrelated to this initiative also are planned at certain facilities. In addition, we may incur material expenditures in complying with the European Union Directive on Hazardous Waste Incineration beyond currently anticipated expenditures, particularly in relation to our Wilton facility. It is also possible that additional expenditures to reduce air emissions at two of our U.K. facilities may be material. Capital expenditures and, to a lesser extent, costs and operating expenses relating to environmental matters will be subject to evolving regulatory requirements and will depend on the timing of the promulgation of specific standards which impose requirements on our operations. Therefore, we cannot assure you that material capital expenditures beyond those currently anticipated will not be required under environmental laws. See "Business--Environmental Regulations".

Risk Management

We are exposed to market risk, including changes in interest rates, currency exchange rates, and certain commodity prices. To manage the volatility relating to these exposures, we enter into various derivative transactions. We do not hold or issue derivative financial instruments for trading purposes.

Our cash flows and earnings are subject to fluctuations due to exchange rate variation. Historically, the businesses transferred to us by ICI have managed the majority of their foreign currency exposures by entering into short-term forward foreign exchange contracts with ICI. In addition, short-term exposures to changing foreign currency exchange rates at certain of our foreign subsidiaries are managed through financial market transactions, principally through the purchase of forward foreign exchange contracts (with maturities of six months or less) with various financial

institutions. Huntsman Specialty did not hedge its foreign currency exposure in a manner that would entirely eliminate the impact of currency fluctuations on our cash flows and earnings. While we do not expect that our foreign currency hedging activities will significantly change, the scope of our hedging activities may change due to the currency denominations of the indebtedness that we incurred to fund our transaction with ICI and Huntsman Specialty.

Historically, Huntsman Specialty used interest rate swaps, caps and collar transactions entered into with various financial institutions to hedge against the movements in market interest rates associated with our floating rate debt obligations. We do not hedge our interest rate exposure in a manner that would entirely eliminate the effects of changes in market interest rates on our cash flow and earnings. Under the terms of our senior secured credit facilities, we will be required to hedge a significant portion of our floating rate debt. As a result, we expect that our interest rate hedging activities will increase in the future.

In order to reduce our overall raw material costs, our petrochemical business engages in feedstock procurement activities. From time-to-time, we have entered into short-term (with a maturity less than one year) forward purchase agreements for various feedstocks, including crude oil, naphtha, and LPGs. From time to time, we also purchase and sell crude oil futures. We do not hedge our commodity exposure in a manner that would entirely eliminate the effects of changes in commodity prices on our cash flows and earnings.

Recently Issued Financial Accounting Standards

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No.133 established accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives as assets or liabilities in the balance sheet and measure those instruments at fair value. SFAS No.133 is effective for our financial statements for the year ending December 31, 2001. We are currently evaluating the effects of SFAS No.133 on our financial statements.

Year 2000 Preparations

The "Year 2000 problem" is the result of computer programs being designed to read and store dates using only the last two digits of the year rather than four digits to define the applicable year and therefore may not correctly recognize date changes such as the change from December 31, 1999 to January 1, 2000. This could result in a system failure. The Year 2000 problem is believed to affect virtually all companies and organizations which include us as well as our key suppliers and customers. Our failure, or the failure of our key suppliers or customers, to address this issue could adversely affect our operations.

We aim to have our businesses "Year 2000 ready" by September 30, 1999. In conjunction with external advisers, we have identified various IT systems, such as our distributed control systems that we consider to be "mission critical" and have developed a Year 2000 plan including remediation and contingency planning for converting these systems for our Year 2000 readiness. More specifically, this plan includes identifying all material information technology components, embedded chips, and facilities that are exclusively or predominantly used in the businesses. All key components dedicated in the manufacturing process have been inventoried and prioritized, and will be remediated to Year 2000 readiness. Additionally, we have successfully conducted confirmation testing in relation to all commercial business systems and infrastructure provided by Huntsman Specialty or ICI for our businesses and have reason to believe that key functionality relating to these businesses will be Year 2000 ready, as determined by such confirmation testing.

We are dependent upon a large number of business support and manufacturing distributive control systems in our business operations. A degree of risk exists that we will not adequately identify and remedy each Year 2000 problem that exists. However, we believe that we have minimized our risks through prioritizing our efforts to focus on "mission critical" systems first and verifying our approach with an objective third party. Another concern is our dependency on and demands for a limited number of internal professionals with critical knowledge and expertise required to remedy Year 2000 issues. We have tried to minimize these concerns through supplementing critical internal personnel with systems and Year 2000 readiness consultants to assist in the remediation effort.

The economy in general may be adversely affected by risks associated with the Year 2000 issue. Our business, financial condition, results of operations or cash flows could be adversely affected if systems on which we rely, including systems that are operated by third parties with whom we do business, are not Year 2000 ready in time. Our operations are dependent on a continuous supply of key services from raw material suppliers and utility and transportation providers. Accordingly, as an integral part of our Year 2000 preparations we are evaluating key third party and single-source suppliers of utilities and feedstocks. While we are evaluating third party customers and suppliers, there can be no assurance that third parties with whom we have a significant business relationship will successfully test, reprogram, and replace all of their information technology, manufacturing and operational and non-information technology systems so that they will continue to properly function and interface with and support our business operations on a timely basis. Our approach is to avoid material interruption of core business operations through the Year 2000 and beyond, while ensuring safe operations and responsible financial performance. The contingency planning involves identifying options we can control. Examples are the building of feedstock inventories and the arranging of alternative supplies. Given the uncertainty in

the Year 2000 problem, we are unable, at this time, to assess the extent and resulting materiality of the impact of possible Year 2000 failures on our business, financial condition, results of operations or cash flows. For example, controlled plant shutdowns using our standard shutdown procedures might be necessitated by failures of our suppliers or utility providers or by internal conditions affecting plant operability. Such events could have a material adverse effect on our business, financial condition, results of operations or cash flows.

As of March 31, 1999, in accordance with our Year 2000 preparations, we had spent approximately $156,000 for our PO business and (Pounds)11.4 million for our petrochemicals, polyurethane chemicals and TiO\\2\\ businesses combined. We expect to have additional expenses of approximately $4 million for the remainder of 1999 and in 2000. The costs of our Year 2000 program and the dates on which we believe we will complete such program are based on our current best estimates, which were derived using numerous assumptions regarding future events, including the continued availability of certain resources and the continued progression toward the implementation of procedures at various facilities. There can be no assurance that these estimates will prove to be accurate and, therefore, actual results could differ materially from those anticipated. Specific factors that could cause material differences with actual results include, but are not limited to, the results of testing and the timeliness and effectiveness of remediation efforts of third parties.

BUSINESS

General

We are a leading global manufacturer and marketer of specialty and commodity chemicals through our four principal businesses: polyurethane chemicals, propylene oxide, petrochemicals and titanium dioxide. Our company is characterized by leading market positions; superior low cost operating capabilities; a high degree of technological expertise; a diversity of products, end markets and geographic regions served; significant product integration; and strong growth prospects.

- Our global polyurethane chemicals business is the world's second largest producer of MDI, and MDI-based polyurethane systems. Our customers use our products in a wide variety of polyurethane applications, including automotive interiors, refrigeration and appliance insulation, construction products, footwear, furniture cushioning and adhesives.

- Our propylene oxide business is one of three North American producers of PO. PO is used in a variety of applications, the largest of which is the production of polyols sold into the polyurethane chemicals market.

- Our petrochemicals business produces olefins and aromatics at world-scale, highly integrated facilities in northern England. These products are the key building blocks for the petrochemical industry and are used in plastic, synthetic fibers, packaging materials and a wide variety of other applications.

- Our TiO\\2\\ business, which operates under the trade name "Tioxide", is the largest TiO\\2\\ producer in Europe and the third largest producer in the world. TiO\\2\\ is a white pigment used to impart whiteness, brightness and opacity to products such as paints, plastics, paper, printing inks, synthetic fibers and ceramics.

For the twelve months ended March 31, 1999, we had pro forma revenues of $3.6 billion, pro forma EBITDA of $424 million and pro forma Adjusted EBITDA of $483 million (see footnote 2 to "Prospectus Summary--Summary Historical and Pro Forma Financial Data"). For the year ended December 31, 1998, we derived 54%, 33%, 9% and 4% of our pro forma revenues in Europe, the Americas, Asia and the rest of the world, respectively. For the year ended December 31, 1998, our polyurethane chemicals, PO, petrochemicals and TiO\\2\\ businesses represented 37%, 9%, 28% and 26%, respectively, of pro forma revenues.

Polyurethane Chemicals

General

We are one of the leading polyurethane chemicals producers in the world. We market a complete line of polyurethane chemicals, including MDI, TDI, polyols, polyurethane systems and aniline, with an emphasis on MDI-based chemicals. We are the world's second largest producer of MDI and MDI-based polyurethane systems, with an estimated 24% global MDI market share. Our customers produce polyurethane products through the combination of an isocyanate, such as MDI or TDI, with polyols, which are derived largely from PO and ethylene oxide. Primary polyurethane end-uses include automotive interiors, refrigeration and appliance insulation, construction products, footwear, furniture cushioning, adhesives and other specialized engineering applications. According to Chem Systems, global consumption of MDI was approximately 4.6 billion pounds in 1998, growing from 2.9 billion pounds in 1992, which represents an 8.1% compound annual growth rate. This high growth rate is the result of the broad end-uses for MDI and its superior performance characteristics relative to other polymers.

Our polyurethane chemicals business is widely recognized as an industry leader in utilizing state-of-the-art application technology to develop new polyurethane chemical products and

applications. Approximately 30% of our 1998 polyurethane chemicals sales were generated from products and applications introduced in the last three years. Our rapid rate of new product and application development has led to a high rate of product substitution, which in turn has led to MDI sales volume growth for our business of approximately 9.2% per year over the past 10 years, a rate in excess of the industry growth rate. Largely as a result of our technological expertise and history of product innovation, we have enjoyed long-term relationships with a diverse customer base, including BMW, Weyerhaeuser, Ford, Nike, Louisiana Pacific, DaimlerChrysler, Whirlpool, Bosch-Siemens and Electrolux.

We own the world's two largest MDI production facilities, located in Rozenburg, Netherlands and Geismar, Louisiana, which are back-integrated into the world's two largest aniline facilities, located in Wilton, U.K. and Geismar, Louisiana. Since 1996, we have invested over $500 million to significantly enhance our production capabilities through the rationalization of our older, less efficient facilities and the modernization of our newer facilities listed above. According to Chem Systems, we are the lowest cost MDI producer in the world, largely due to the scale of our operations, our modern facilities and our back-integration into primary raw materials.

Industry Overview

The polyurethane chemicals industry is a $24 billion global market, consisting primarily of the manufacture and marketing of MDI, TDI and polyols. Polyurethane chemicals are used to develop a broad range of products utilized in many industries, including the appliance, automotive, footwear, furniture, construction and coatings and adhesives industries. Product applications for polyurethanes are diverse, including automotive seating, dash boards, steering wheels, refrigeration and appliance insulation, wood binders, athletic shoe soles, rollerblade wheels, furniture cushions, adhesives and other specialized applications.

In 1998, MDI, TDI, polyols and other products, such as specialized additives and catalysts, accounted for 28%, 17%, 46% and 9% of industry-wide polyurethane chemicals sales, respectively. MDI is used primarily in rigid polyurethane foam and other specialty non-foam applications. Conversely, TDI is used primarily in flexible foam applications that are generally sold as commodities. Polyols, including polyether and polyester polyols, are used in conjunction with MDI and TDI in rigid foam, flexible foam and other non-foam applications. The following chart illustrates the range of product types and end uses for polyurethane chemicals:

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Polyurethane products are created through the reaction of MDI or TDI with a polyol. Polyurethane chemicals are sold to customers who react the chemicals to produce polyurethane products. Depending on their needs, customers will use

either commodity polyurethane chemicals produced for mass sales or specialty polyurethane chemicals tailored for their specific requirements. By varying the blend, additives and specifications of the polyurethane chemicals, manufacturers are able to produce and develop a breadth and variety of polyurethane products. The following table sets forth information regarding the three principal polyurethane chemicals markets:

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As reflected in the chart above, MDI has a substantially larger market size and a higher growth rate than TDI. TDI was the first isocyanate invented and produced, but it has been steadily replaced by MDI in many applications. MDI's leadership in the polyurethane chemicals market primarily results from its ability to be used in a more diverse range of polyurethane applications than TDI. In addition, because MDI has a lower toxicity than TDI, many polyurethane product manufacturers have begun substituting MDI for TDI in their products. As a result, TDI is now used primarily in the production of low-density foam for furniture and automotive seating cushions, mattresses and inexpensive footwear. According to Chem Systems, future growth of MDI is expected to be driven by the continued substitution of MDI for fiberglass and other materials currently used in insulation foam for construction. Other high growth markets, such as binders for reconstituted wood board products, are expected to further contribute to the continued growth of MDI.

MDI. Since 1992, the global consumption of MDI has grown at an average rate of 8.1%, which exceeds both GDP growth and TDI consumption growth during the same period. The U.S. and European markets consume the largest quantities of MDI. We believe the Asian market will become an increasingly important market for MDI as the market continues to recover from recent macro-economic difficulties, and the less developed economies in Asia continue to mature.

There are four major producers of MDI: Bayer, Huntsman ICI Chemicals, BASF and Dow, which have global market shares of 29%, 24%, 19% and 19%, respectively. We believe it is unlikely that any new major producers of MDI will emerge due to the substantial requirements for entry such as the limited availability of licenses for MDI technology and the substantial capital commitment that is required to develop both the necessary technology and the infrastructure to manufacture and market MDI.

The price of MDI tends to vary by region and by product type. In the Americas, where our polyurethane chemicals business is the market leader, the margin between MDI prices and raw material costs has remained relatively stable over the last ten years. In Europe, where we have the second largest MDI market share, these margins have tended to be higher on average but with slightly greater volatility due to occasional supply and demand imbalances. The volatility in margins

has been highest in Asia primarily due to the region's status as a net importer of MDI. As a result, Asia has the most severe excess supply in times of surplus in the Americas and Europe, and the most severe shortage in times of strong global demand. Historically, oversupply of MDI has been rapidly absorbed due to the high growth rate of MDI consumption.

TDI. The TDI market generally grows at a rate consistent with GDP and exhibits relatively stable prices. The four largest TDI producers supply approximately 60% of global TDI demand. The consumers of TDI consist primarily of numerous small producers that manufacture flexible foam blocks sold as commodities for use as furniture cushions and mattresses. Flexible foam is typically the first polyurethane market to become established in developing countries, and, as a result, development of TDI demand typically precedes MDI demand. Accordingly, as the Asian economy continues to improve, we expect TDI demand in the developing Asian nations to increase, followed thereafter by increasing demand for MDI.

Polyols. Polyols are reacted with isocyanates, primarily MDI and TDI, to produce finished polyurethane products. Approximately 67% of all polyols produced are used in polyurethane applications. In 1998, approximately 50% of polyols were used to produce flexible foam blocks sold as commodities and the remaining 50% were sold as specialty products for use in various applications

that meet the specific needs of individual customers. The creation of a broad spectrum of polyurethane products is made possible through the different combinations of the various polyols with MDI, TDI and other isocyanates. The market for specialty polyols that are reacted with MDI has been growing at approximately the same rate at which MDI consumption has been growing. The growth of consumption of commodity polyols has paralleled the growth of global GDP.

Aniline. Aniline is an intermediate chemical used primarily as a raw material to manufacture MDI. Approximately 80% of all aniline produced is consumed by MDI producers, while the remaining 20% is consumed by synthetic rubber and dye producers. According to Chem Systems, global capacity for aniline is approximately 4.3 billion pounds per year. Approximately 97% of all aniline produced is either consumed downstream by the producers of the aniline or is sold to third parties under long-term, sole supply contracts. The lack of a significant spot market for aniline means that in order to remain competitive, MDI manufacturers must either be integrated with an aniline manufacturing facility or have a long-term cost-competitive aniline supply contract.

Key Strengths

Our polyurethane chemicals business is characterized by the following strengths:

- Leading Market Share in an Attractive Industry--We are the world's second largest producer of MDI and MDI-based polyurethane systems, with a 24% global MDI market share. Since 1992, global MDI consumption has grown at an average rate of 8.1% per year. The high growth rate, relatively stable margins and substantial technological and capital requirements for entry make the MDI market attractive.

- Technological Leader--We are recognized as an industry leader in developing new polyurethane chemical products and applications through the utilization of state-of-the-art application technology. Approximately 30% of our 1998 sales of polyurethane chemicals were generated from products and applications introduced in the last three years. This rapid rate of new product and application development has led to a high rate of materials substitution, and correspondingly high MDI sales volume growth of approximately 9.2% per year over the past 10 years, which is in excess of the industry growth rate.

- Low Cost Producer--We are the lowest cost MDI producer in the world, according to Chem Systems. This is largely due to the scale of our modern facilities and their back-integration into our primary raw materials. We own the world's two largest MDI production

  facilities, which are back-integrated into the world's two largest aniline facilities. Since 1996, we have invested over $500 million in order to significantly enhance our production capabilities through the rationalization of older, less efficient facilities and the modernization of newer facilities.

- Strength and Quality of Customer Relationships--Our polyurethane chemicals business custom blends our products to meet each customer's specifications. We employ regionally focused and experienced sales forces and technical support personnel trained to service highly differentiated end markets. By assisting our customers to overcome production obstacles at their facilities, we have strengthened our relationships with them and created new opportunities to develop products for them.

Strategy

The strategy for our polyurethane chemicals business is based on the following initiatives:

- Leverage our Technological Expertise for Growth--We intend to leverage our technological expertise to strengthen our relationships with existing customers and create opportunities to service new customers and end-markets. In particular, we are focused on developing products

that will allow us to better serve high-value, high-growth markets such as the automotive interiors, footwear, and coatings, adhesives, sealants and elastomers ("CASE") markets.

. Maintain Low Cost Leadership--We will continue to focus on process innovation and invest in low-cost debottlenecking and process improvement projects to incrementally expand our facilities and maintain our low-cost position. In addition to our large-scale capacity expansions, we have historically been able to increase the capacities of our existing MDI, aniline and nitrobenzene facilities for minimal capital investment. We believe that similar opportunities exist within our newly-modernized asset base, and we intend to identify and capture these opportunities going forward.

. Capitalize on Product Synergies--We intend to evaluate selective opportunities to utilize our PO internally to increase the scope and scale of our specialty polyol offerings at improved profitability. We believe we will be able to use our PO production in this manner as a platform for growth in MDI and TDI sales. Additionally, we believe that by managing our products and technologies together with Huntsman Corporation's existing polyurethane catalyst, polyol, and amine technologies, further benefits will be created for our company.

Sales and Marketing

We manage a global sales force at 43 locations with a presence in 32 countries, which sells our polyurethane chemicals to over 2,000 customers in 67 countries. Our sales and technical resources are organized to support major regional markets, as well as key end-use markets which require a more global approach. These key end-use markets include the appliance, automotive, footwear, furniture, construction, binders and CASE industries. Some of our major customers in these end markets include:

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End Market	Customers
<C>	<S>
Appliances	Bosch-Siemens, Electrolux, General Electric, Sharp, Whirlpool
Automotive	BMW, DaimlerChrysler, Ford, Collins & Aikman
Footwear	Adidas, Nike, Reebok
Binders	B.F. Goodrich, Clarks
Construction	Louisiana Pacific, Kingspan
CASE	Henkel, Marten, Weyerhaeuser
Furniture	IKEA, Recticel

</TABLE>

Approximately 50% of our polyurethane chemicals sales are in the form of "systems" in which we provide the total isocyanate and polyol formulation to our customers in a ready-to-use form. Our ability to supply polyurethane systems is a critical factor in our overall strategy to offer comprehensive product solutions to our customers. We have strategically located our polyol blending facilities, commonly referred to in the chemicals industry as "systems houses", close to our customers, enabling us to focus on customer support and technical service. We believe this customer support and technical service system contributes to customer retention and also provides opportunities for identifying further product and service needs of customers. We intend to increase the utilization of our systems houses to produce and market greater volumes of polyols and MDI polyol blends.

Manufacturing and Operations

Our primary polyurethane chemicals facilities are located at Geismar, Louisiana, Rozenburg, Netherlands and Wilton, U.K. Our Wilton facility is currently the largest producer of nitrobenzene and aniline in the world. Following the completion of an expansion project expected in the fourth quarter of 1999, the Geismar facility is expected to become the largest producer of nitrobenzene, aniline and MDI in the world.

The following chart provides information regarding the capacities of our primary facilities:

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Location	Annual Capacities MDI	TDI	Polyols	Aniline	Nitrobenzene
	(millions of pounds)				
<S>	<C>	<C>	<C>	<C>	<C>
Geismar, Louisiana(a).....	550(a)(b)	90	150	500(b)(c)	660(b)(c)
Wilton, U.K.			640	880	
Rozenburg, Netherlands.....	550	--	100	--	--
Total.....	1,100	90	250	1,140	1,540

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(a) The Geismar facility is owned as follows: we own 100% of the MDI, TDI and polyol facilities, and Rubicon, Inc., a manufacturing joint venture with Uniroyal in which we own 50%, owns the aniline and nitrobenzene facilities. Rubicon is a separate legal entity that operates both the assets that we own jointly with Uniroyal and our wholly-owned assets at Geismar.

(b) Following an expansion project that is scheduled to be completed in the fourth quarter of 1999, the annual capacity of the Geismar facility is expected to increase to approximately 835 million pounds of MDI, 825 million pounds of aniline and 1,100 million pounds of nitrobenzene.

(c) We have the right to approximately 73% of this capacity under the Rubicon joint venture arrangements.

Since 1996, we have invested over $500 million to improve and expand our polyurethane chemicals production facilities. In 1996, we substantially restructured our manufacturing assets by constructing new world-class aniline and nitrobenzene production facilities at Wilton, expanding our MDI capacity at Rozenburg from approximately 200 million pounds per year to approximately 550 million pounds per year and closing our older MDI facility at Hillhouse, U.K. (approximately 130 million pounds of annual capacity). We effected this restructuring without increasing our manufacturing fixed cost base. Subsequently in 1998, we commenced capital projects at our Geismar facility designed to increase its total production capacity with respect to MDI, aniline and nitrobenzene. The total budgeted cost for the Geismar facility MDI expansion is estimated to be $198 million, the majority of which was spent on or before June 30, 1999. We expect to pursue future plant expansions and capacity modification projects when justified by market conditions.

We also produce TDI and polyols at our Geismar facility and polyols and polyol blends at our Rozenburg facility. We manufacture TDI and polyols primarily to support our MDI customers' requirements. We believe the combination of our PO business, which produces the major feedstock for polyols, with our polyols business creates an opportunity to expand our polyols business and market greater volumes of polyols through our existing sales network and customer base.

Rubicon Joint Venture. We are a 50% joint venture owner, along with Uniroyal, of Rubicon, Inc., which owns aniline, nitrobenzene and diphenylamine ("DPA") manufacturing facilities in Geismar, Louisiana. In addition to operating our 100% owned MDI, TDI and polyol facilities at Geismar, Rubicon also operates the jointly-owned aniline, nitrobenzene and DPA facilities and is responsible for providing other auxiliary services to the entire Geismar complex. We are entitled to approximately 73% of the nitrobenzene and aniline production capacity of Rubicon, and Uniroyal is entitled to 100% of the DPA production. As a result of this joint venture, we are able to achieve greater scale and lower costs for our products than we would otherwise have been able to obtain.

Raw Materials. The primary raw materials for polyurethane chemicals are benzene and PO. Benzene is a widely-available commodity that is the primary feedstock for the production of MDI. Approximately one-third of the raw material costs of MDI is attributable to the cost of benzene. Our back-integration into benzene, nitrobenzene and aniline provides us with a competitively priced supply of feedstocks and reduces our exposure to supply

interruption. We believe that this back-integration contributes to our status as the world's lowest cost producer of MDI.

Approximately 60% of the raw material costs of polyols is attributable to the costs of PO. We believe that the integration of our PO business with our polyurethane chemicals business will give us access to a competitively priced, strategic source of PO and the opportunity to further expand into the polyol market. See "--Propylene Oxide--Industry Overview--PO Market".

Competition

The polyurethane chemicals business is characterized by a small number of competitors, including BASF, Bayer, Dow and Lyondell. While these competitors produce various types and quantities of polyurethane chemicals, we focus on MDI and MDI-based polyurethane systems. We compete based on technological innovation, technical assistance, customer service, product reliability and price. In addition, our polyurethane chemicals business also differentiates itself from its competition in the MDI market in two ways: (1) where price is the dominant element of competition, our polyurethane chemicals business differentiates itself by its high level of customer support including cooperation on technical and safety matters; and (2) elsewhere, we compete on the basis of product performance and our ability to react to customer needs, with the specific aim of obtaining new business through the solution of customer problems.

Propylene Oxide

General

We are one of three North American producers of PO. Our customers process PO into derivative products such as polyols for polyurethane products, propylene glycol, which is commonly referred to in the chemicals industry as "PG", and various other chemical products. End uses for these derivative products include applications in the home furnishings, construction, appliance, packaging, automotive and transportation, food, paints and coatings and cleaning products industries. Our PO business is also the third largest U.S. marketer of PG which is used primarily to produce unsaturated polyester resins for bath and shower enclosures and boat hulls, and to produce heat transfer fluids and solvents. As a co-product of our PO manufacturing process, we also produce methyl tertiary butyl ether which is commonly referred to in the chemicals industry as "MTBE". MTBE is an oxygenate that is blended with gasoline to reduce harmful vehicle emissions and to enhance the octane rating of gasoline.

Our PO business utilizes our proprietary technology to manufacture PO and MTBE at our state-of-the-art facility in Port Neches, Texas. This facility, which is the most recently built PO manufacturing facility in North America, was designed and built under the supervision of Texaco and

began commercial operations in August 1994. According to Chem Systems, we are the lowest cost PO producer in North America largely due to our proprietary production process. Since acquiring the facility in 1997, we have increased its PO capacity by approximately 30% through a series of low cost debottlenecking and process improvement projects. The current capacity of the PO facility is approximately 525 million pounds of PO per year. We produce PG under a tolling arrangement with Huntsman Corporation, which has the capacity to produce approximately 120 million pounds of PG per year at a neighboring facility.

Industry Overview

PO Market. Demand for PO depends largely on overall economic demand, especially that of consumer durables. Consumption of PO in the U.S. represents approximately 40% of global consumption. According to Chem Systems, U.S. consumption of PO was approximately 3.7 billion pounds in 1998, growing from 2.8 billion pounds in 1992, which represents a 4.9% compound annual growth rate. The following chart illustrates the primary end markets and applications for PO, and their respective percentages of total PO consumption:

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Two U.S. producers, Lyondell and Dow, account for approximately 90% of

North American PO production. We believe that Lyondell and Dow consume approximately 50% and 70%, respectively, of their North American PO production in their North American downstream operations. Because both Dow and Lyondell consume large amounts of their PO production in their downstream operations, and because of the relatively high transportation costs relating to imports, the development of a merchant PO market has been limited.

MTBE Market. MTBE is an oxygenate that is blended with gasoline to reduce harmful vehicle emissions and to enhance the octane rating of gasoline. Historically, the refining industry utilized tetra

ethyl lead as the primary additive to increase the octane rating of gasoline until health concerns resulted in the removal of tetra ethyl lead from gasoline. This led to the increasing use of MTBE as a component in gasoline during the 1980s. U.S. consumption of MTBE, which was approximately 290,000 barrels per day in 1998, has grown at a compound annual rate of 15.2% in the 1990s due primarily to the implementation of federal environmental standards that require improved gasoline quality through the use of oxygenates. MTBE has experienced strong growth due to its ability to satisfy the oxygenation requirement of the Clean Air Act Amendments of 1990 with respect to exhaust emissions of carbon monoxide and hydrocarbon emissions from automobile engines. Some regions of the U.S. have adopted this oxygenate requirement to improve air quality even though they may not be mandated to do so by the Clean Air Act. While this trend has further increased MTBE consumption, the continued use of MTBE is becoming increasingly controversial. See "Business--Propylene Oxide--Recent Developments".

Key Strengths

Our PO business is characterized by the following strengths:

- Low Cost Producer--According to Chem Systems, our proprietary production process makes us one of the lowest cost producers of PO. Furthermore, because our Port Neches, Texas facility is less than five years old, we expect our annual maintenance-related capital expenditures to be minimal for the next several years.

- Attractive Industry--The U.S. PO market is attractive to existing manufacturers for a number of reasons, including significant technological requirements for entry, a limited number of producers in the U.S. and the stability of PO demand. As a result, producers in the U.S. PO market have enjoyed relatively stable margins and growth, and have been able to expand capacity to capture the substantial growth in the PO market.

- Long-Term Customer Contracts--Currently, we enjoy the benefit of long-term contracts under which 100% of our annual PO production, approximately 95% of our annual MTBE production and over 70% of our annual PG production is sold to various consumers, including Huntsman Corporation. Additionally, our principal PO contracts are structured to effectively reduce our exposure to price volatility in propylene, the principal raw material in PO, by providing for a variable processing fee plus the market value of propylene consumed in PO production.

- Broad Range of End-Use Products for PO--PO is a versatile chemical used to produce derivative products for a wide array of end-use applications in a variety of industries, including the home furnishings, construction, appliance, packaging, automotive and transportation, food, paint, CASE and cleaning product industries.

Strategy

The strategy for our PO business is based upon the following:

- Capitalize on Product Synergies--As our existing PO contracts expire, we intend to evaluate selective opportunities to utilize our PO internally to increase the scope and scale of our specialty polyol offerings at improved profitability. We believe we will be able to use our PO production in this manner as a platform for growth in MDI and TDI sales.

. Continue to Increase Capacity--Since acquiring our PO facility in 1997, we have increased our PO capacity by approximately 30% through a series of low cost debottlenecking and process improvement projects. We believe further debottlenecking and process improvement opportunities exist and we will continuously work to implement further low cost projects in these areas.

Sales and Marketing

We have entered into contractual arrangements with Huntsman Corporation under which Huntsman Corporation provides us with all of the management, sales, marketing and production personnel required to operate our PO business. See "Certain Relationships and Related Transactions". We believe that the extensive market knowledge and industry experience of the sales executives and technical experts provided to us by Huntsman Corporation, in combination with our strong emphasis on customer relationships, has facilitated our ability to establish and maintain long-term customer contracts. Due to the specialized nature of our markets, our sales force must possess technical knowledge of our products and their applications. Our strategy is to continue to increase sales to existing customers and to attract new customers by providing quality products, reliable supply, competitive prices and superior customer service.

Based on current production levels, we have entered into long-term contracts to sell 100% of our PO to customers including BASF, Arch Chemicals, Inc. and Huntsman Corporation through 2007. Other contracts provide for the sale of 95% of our annual MTBE production through 1999 to Texaco and BP Amoco, 63% of our annual MTBE production in 2000 to Texaco and 51% of our annual MTBE production from 2001 through March 2007 to Texaco. In addition, over 70% of our current annual PG production is sold pursuant to long-term contracts.

Manufacturing and Operations

We manufacture both PO and its co-product, MTBE, at our facility in Port Neches, Texas. We produce PG under a tolling arrangement with Huntsman Corporation. Our Port Neches facility has a current capacity of approximately 525 million pounds of PO per year and 260 million gallons of MTBE per year and the neighboring Huntsman Corporation facility at which our PG is produced has a capacity of 120 million pounds of PG per year.

We use a proprietary production process to manufacture PO. This technology was commercialized at our facility in Port Neches, Texas. We own or license all technology, know-how and patents developed and utilized at this facility. Technology is a significant requirement for entry into the PO market. Our process reacts isobutane and oxygen in proprietary oxidation (peroxidation) reactors, thereby forming tertiary butyl hydroperoxide ("TBHP") and tertiary butyl alcohol ("TBA"). The TBHP is separated from the TBA using fractionation techniques. The separated TBHP is further reacted with propylene in the presence of a proprietary catalyst in epoxidation reactors to form PO and TBA as a by-product. The PO is separated from the TBA via fractionation and is then purified for final processing. The TBA produced as a PO by-product is combined with the TBA from peroxidation and purified by fractionation. We produce MTBE by reacting the purified TBA with methanol over a catalyst in the MTBE reaction section of our Port Neches facility. This is a patented one-step reaction which is unique in the industry because it allows for the direct conversion of the TBA to MTBE without going through expensive dehydration steps that our competitors utilize.

While all PO technologies create significant volumes of co-product which affect the overall profitability of the process, we believe that our technology possesses several distinct advantages over its alternatives. For example, the reactors for our PO production process are less expensive relative to other technologies, and our feedstock and overall investment costs are lower than for the PO/styrene monomer technology. As compared to the chlorohydrin technology, our process produces significantly less waste effluent and avoids the disposal of chlorinated waste products which must be incinerated or used in the manufacture of chlorinated solvents. Finally, all of our PO co-products can be processed into saleable materials or used as fuels in our production process.

Raw Materials. The primary raw materials used in our PO production process are isobutane, propylene, methanol and oxygen, which accounted for 60%, 21%, 15% and 4%, respectively, of total raw material costs in 1998. We purchase our

raw materials primarily under long-term contracts. While

most of these feedstocks are commodity materials generally available to us from a wide variety of suppliers at competitive prices in the spot market, we purchase all of the propylene used in the production of our PO from Huntsman Corporation, through Huntsman Corporation's pipeline, which is the only propylene pipeline connected to our PO facility.

Recent Developments

The presence of MTBE in some groundwater supplies in California and other states (primarily due to gasoline leaking from underground storage tanks) and in surface water (primarily from recreational watercraft) has led to public concern about MTBE's potential to contaminate drinking water supplies. Heightened public awareness regarding this issue has resulted in state and federal initiatives to rescind the federal oxygenate requirements for reformulated gasoline, including the recent issuance of an executive order in California seeking to phase-out MTBE by 2002 and the introduction of several bills in the U.S. Congress that would phase-out or curtail the use of MTBE. In November 1998, the EPA established a committee to review and provide recommendations concerning the requirements for oxygenated fuels in the Clean Air Act. The committee's findings were released to the public on July 27, 1999, and include, among other things, recommendations that (1) MTBE use be reduced substantially, (2) the U.S. Congress clarify federal and state authority to regulate or eliminate gasoline additives that threaten water supplies and (3) the U.S. Congress amend the Clean Air Act to remove certain of the oxygenated fuels requirements for reformulated gasoline. In a statement issued in response to these recommendations on July 26, 1999, the administrator of the EPA stated that the EPA would work with the U.S. Congress to craft a legislative solution that would allow for a significant reduction in MTBE use, while maintaining air quality. On August 4, 1999, the U.S. Senate passed a resolution calling for a phase out of MTBE. While this resolution has no binding legislative effect, there can be no assurance that future Congressional action will not result in a ban or other restrictions on MTBE use. Ongoing debate regarding this issue is continuing at all levels of federal and state government. Any phase-out of or prohibition against the use of MTBE in California (in which a significant amount of MTBE is consumed), in other states, or nationally could result in a significant reduction in demand for our MTBE. While the environmental benefits of the inclusion of MTBE in gasoline is widely debated, we believe that there is no reasonable replacement for MTBE as an octane enhancer and, while its use may no longer be mandated, we believe that it will continue to be used as an octane enhancer as long as its use is not prohibited. If demand for MTBE does decline, we believe that our low cost position will put us in a favorable position relative to other higher cost sources of MTBE (primarily imports and on-purpose manufacturing facilities). In the event that there should be a phase-out, however, we believe we will be able to modify our PO production process to use our co-product TBA stream to produce saleable products other than MTBE, though the necessary modifications may require significant capital expenditures. See "Risk Factors--Pending or future litigation or future legislative initiatives may subject us to products or environmental liability or materially adversely affect our MTBE sales".

Competition

Total North American PO production capacity was approximately 5.0 billion pounds per year as of December 31, 1998, according to Chem Systems. Nearly all of this capacity is located in the U.S. and controlled by three producers: Lyondell with a capacity of approximately 2.5 billion pounds per year, Dow with a capacity of approximately 2.0 billion pounds per year and our company with a capacity of 525 million pounds per year. We compete based on price, product performance and service.

Petrochemicals

General

We are a leading, highly-integrated European olefins and aromatics producer. Olefins, principally ethylene and propylene, are the largest volume basic petrochemicals and are the key

building blocks from which many other chemicals are made. For example, olefins are used to manufacture most plastics, resins, adhesives, synthetic rubber and surfactants which are used in a variety of end-use applications. Aromatics are basic petrochemicals used in the manufacture of polyurethane chemicals, nylon, polyester fiber and a variety of plastics.

Our olefins facility at Wilton, U.K. is one of Europe's largest and lowest cost olefins facilities. Our Wilton facility has the capacity to produce approximately 1.9 billion pounds of ethylene, 880 million pounds of propylene and 200 million pounds of butadiene per year. We sell over 84% of our olefins volume through long-term contracts with Union Carbide, European Vinyls Corporation (through contractual arrangements with ICI), ICI, Targor, BASF, BP Chemicals and others and over 80% of our total volume is transported via direct pipelines to our customers or consumed internally. The Wilton olefins facility benefits from its feedstock flexibility and superior logistics, which allows for the processing of naphthas, condensates and LPGs.

We produce aromatics at our two integrated manufacturing facilities located in Wilton, U.K. and North Tees, U.K. We are Europe's largest cyclohexane producer with 605 million pounds of annual capacity, Europe's second largest paraxylene producer with 730 million pounds of annual capacity and Europe's third largest benzene producer with 990 million pounds of annual capacity. Additionally, we have the annual capacity to produce 275 million pounds of cumene. We use all of the benzene produced by our aromatics business internally in the production of nitrobenzene for our polyurethane chemicals business and for the production of cyclohexane and cumene. The balance of our aromatics products are sold to several key customers, including DuPont, BASF and Phenolchemie. Our aromatics business has recently entered into a contract to purchase reformate feedstock from Shell Trading International Limited which will allow us to shut down a portion of our aromatics facilities and permanently reduce fixed production costs while maintaining production of key products. We believe that this contract will improve the future profitability of our aromatics business.

Industry Overview

Petrochemical markets are essentially global commodity markets. However, the olefins market is subject to some regional price differences due to the limited inter-regional trade resulting from the high costs of product transportation. The global petrochemicals market is cyclical and is subject to pricing swings due to supply and demand imbalances, feedstock prices (primarily driven by crude oil prices) and general economic conditions.

As shown in the following table, both globally and in Western Europe, our primary market, ethylene is the largest petrochemicals market and paraxylene has been the fastest growing:

<TABLE>
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Product	1998 Global Market size (billions of pounds)	W. Europe as a % of Global Market	Historic Growth, W. Europe (1992-1998)	Markets	Applications
<S>	<C>	<C>	<C>	<C>	<C>
Ethylene	177	23%	3.3%	Polyethylene, ethylene oxide, polyvinyl chloride, alpha olefins	Packaging materials, plastics, housewares, beverage containers, personal care
Propylene	101	28%	4.5%	Polypropylene, propylene oxide, acrylonitrile, isopropanol	Clothing fibers, plastics, automotive parts, foams for bedding & furniture
				Polyurethanes,	Appliances,

Benzene	64	24%	4.2%	polystyrene, cyclohexane, cumene	automotive components, detergents, personal care, packaging materials, carpet
Paraxylene	29	11%	5.2%	Polyester, purified terephthalic acid ("PTA")	Fibers, textiles, beverage containers

Source: Chem Systems

In Western Europe, there are 22 producers of ethylene who collectively operate 53 plants with an annual production capacity of approximately 44.5 billion pounds. No single Western European ethylene producer has a capacity share greater than 10%. The top three Western European producers of ethylene are Dow, Enichem and Elf Atochem. Western European ethylene consumption in 1998 is estimated at 42.0 billion pounds, representing an average industry operating rate of 93%. Propylene capacity in Western Europe is approximately 30 billion pounds per year. Western European propylene consumption in 1998 is estimated at 28.5 billion pounds, representing an average industry operating rate of 95%. Olefins capacity in Western Europe has expanded moderately in recent years primarily through implementation of debottlenecking and process improvement projects at existing units. No greenfield olefins capacity has been constructed in Western Europe since 1994. Based upon the three to five year development and construction cycle for a new olefins plant and the fact that no new olefins plants have been announced, capacity additions in Western Europe over the next few years are expected to be limited.

Since 1997, olefins margins have fallen, primarily due to lower economic growth in Asia and industry overcapacity. Although olefins prices in Western Europe have risen in recent months as a result of the recovery in crude oil and other raw material feedstock prices from 1998 lows, margins

have yet to recover. According to Chem Systems the petrochemical industry is at or near its cyclical trough following a period of oversupply in the last few years and supply and demand characteristics are expected to improve in coming years, resulting in improved profitability.

The aromatics market in Western Europe has 27 producers of benzene and 10 producers of paraxylene. Annual Western European benzene production capacity is approximately 17 billion pounds and consumption was estimated at 15.5 billion pounds in 1998. The five largest Western European producers of benzene are Dow, Shell, Huntsman ICI Chemicals, Enichem and Exxon. Paraxylene production capacity in Western Europe in 1998 was approximately 3.9 billion pounds and consumption was estimated at 3.1 billion pounds. Demand for paraxylene in Western Europe is expected to increase as producers of PTA, for which paraxylene is primarily used, have added capacity in Spain, the Netherlands and Belgium in the last three years.

Both the benzene and paraxylene markets are currently in a period of overcapacity. The increasing restrictions imposed by regulatory authorities on the aromatics content of gasoline in general, and the benzene content in particular, have affected the supply side of the aromatics industry in recent years. In 1998, global paraxylene demand fell by 1.2% largely as a result of the recent Asian economic downturn, while global capacity rose by 15%. As a result of these dynamics, according Chem Systems, margins in the aromatics industry, particularly those in paraxylene, are expected to continue to exhibit characteristic cyclicality and recover from currently depressed cyclical lows early in the next decade as polyester growth drives a rebalancing of supply and demand.

Key Strengths

Our petrochemicals business is characterized by the following strengths:

. Raw Material Supply and Integration--Our petrochemicals facilities are strategically located in northeastern England with pipeline and

waterborne access to the vast hydrocarbon supplies from the North Sea. The dramatic rise in gas processing in the Teesside area is expected to provide a growing availability of LPGs and other liquid feedstocks at favorable prices. We also benefit from internal integration whereby a local third party refinery and our olefins facility provide a significant amount of feedstock for our aromatics facilities, which in turn provides a significant amount of feedstock for our olefins facility, all of which are transferred via pipeline to minimize transportation and handling costs.

. Distribution & Storage Infrastructure--We have a unique supporting infrastructure comprising liquefied ethylene terminals at both Teesside, U.K. (principally for export) and Wilhelmshaven, Germany (for import); a propylene terminal at Teesside (principally for export); extensive cavern storage facilities in the Teesside area for storage of naphtha and LPG feedstocks, ethylene, propylene, crude butadiene and hydrogen; extensive above ground storage and jetty facilities to allow both import and export of feedstocks and products; and an ethylene pipeline grid linking our facilities to customers in northwestern England, northeastern England and Grangemouth, Scotland. We believe such infrastructure assets provide us with a competitive advantage and will allow us to be creative in the sourcing of raw materials and in the development and maintenance of strategic customers.

. Low Cost Producer--According to Chem Systems, we are one of the lowest cost olefins producers in Europe. Our scale of olefins production, the location of our olefins facility within the larger chemical manufacturing complex at Wilton and the proximity of all of our petrochemical facilities to abundant supplies of raw materials provide significant cost advantages over other European olefins producers.

. Strong Customer Relationships--We have several strong customer relationships in diverse markets which create attractive outlets for our products, many of which are linked

via direct pipeline to our facilities. The primary customers for our ethylene business are European Vinyls Corporation (through contractual arrangements with ICI), Union Carbide, BP Chemicals and ICI. A large majority of our propylene is sold via pipeline and waterborne delivery to Targor for the production of polypropylene both at Wilton and in continental Europe. Nearly all of our paraxylene production is sold via pipeline to Dupont for the production of PTA, an intermediate chemical used in the production of polyester.

Strategy

The strategy of our petrochemicals business is based on the following initiatives:

. Improve Asset Utilization and Reduce Costs--We plan to continue to reduce costs and improve production processes through focused improvement programs. The most recent such program was initiated in late 1998, with a target of reducing annual costs by $20 million. We also intend to aggressively pursue additional improvements to operating efficiencies, thereby increasing asset utilization and further reducing costs.

. Further Develop Our Customer Base--We intend to leverage Huntsman Corporation's customer and supplier relationships to further develop our Western European customer base. Moreover, the olefins and aromatics businesses have been held for sale by ICI for a significant period of time and, as a result, we believe new marketing opportunities relative to these businesses have been limited. We believe that under Huntsman Corporation management, these opportunities will be created and captured.

. Reposition the Aromatics Business--We intend to reduce our operating costs and improve cash flows by repositioning our aromatics business as an extractor of aromatics as opposed to an on-purpose manufacturer of aromatics. We have recently formed a strategic alliance with Shell to purchase substantial volumes of their refinery by-product streams which

are rich in aromatics, and will enable us to close the high cost reformer unit at our aromatics complex at the North Tees site. The benefits of this alliance will begin in the fourth quarter of 1999 and we believe that this will significantly improve the profitability of our aromatics business.

Sales and Marketing

In recent years, our sales and marketing efforts have focused on developing long-term contracts with customers to minimize our selling expenses and administration costs. In 1998, over 80% of our primary petrochemicals sales were made under long-term contracts. We delivered over 75% of our petrochemical products in 1998 by pipeline, and we delivered the balance of our products by road and ship to either the U.K. or export markets, primarily in continental Western Europe.

Manufacturing and Operations

We produce olefins at our facility in Wilton, U.K. In addition, we own and operate two integrated aromatics manufacturing facilities at our Wilton and North Tees sites at Teesside, U.K. Information regarding these facilities is set forth in the following chart:

<TABLE>
<CAPTION>

Location	Product	Annual Capacity
		(millions of pounds)
<S>	<C>	<C>
Wilton, U.K.	Ethylene	1,900
	Propylene	880
	Butadiene	200
	Paraxylene	730
North Tees, U.K.	Benzene	990
	Mixed xylenes	870
	Cyclohexane	605
	Cumene	275
	Ethylbenzene	90

</TABLE>

The Wilton olefins facility's flexible feedstock capability, which permits it to process naphtha, condensates and LPG feedstocks, allows us to take advantage of favorable feedstock prices arising from seasonal fluctuations or local availability. According to Chem Systems, the Wilton olefins facility is one of Europe's most cost efficient olefins manufacturing facilities on a cash cost of production basis. In addition to our manufacturing operations, we also operate an extensive logistics operations infrastructure in North Tees. This infrastructure includes both above and below ground storage facilities, jetties and logistics services on the River Tees. These operations reduce our raw material costs by providing greater access and flexibility for obtaining feedstocks.

In order to reduce costs and improve the cash performance of our aromatics business, we have recently entered into a supply contract with Shell to purchase large volumes of refinery by-product streams which are rich in aromatics. Beginning in the fourth quarter of 1999, we intend to cease production at our existing aromatics reformer unit and utilize the remaining assets to extract aromatics from purchased by-product streams and by-product streams produced at the Wilton olefins facility. As a result of this arrangement, we expect to realize a significant improvement in the cash performance of our aromatics business in the near term.

Raw Materials. Teesside, situated on the northeast coast of England, is one of the most cost effective locations in Europe due to its proximity to the local supply of oil, gas and chemical feedstocks. Due to our strategic location, we have the option to purchase feedstocks from a variety of sources. However, we have elected to procure the majority of our naphtha, condensates and LPGs from local producers, as they have been the most economical sources. In order to secure the optimal mix of the required quality and type of feedstock for our petrochemical operations at fully competitive prices, we

regularly engage in the purchase and sale of feedstocks.

Competition

The markets in which our petrochemicals business operates are highly competitive. Our competitors in the olefins and aromatics business are frequently some of the world's largest chemical companies such as BP Amoco, Dow, Exxon and Shell. The primary factors for competition in this business are price, service and reliability of supply. The technology used in these businesses is widely available and licensed, though new entrants must make significant capital expenditures in order to participate in this market.

Titanium Dioxide

General

Our TiO\\2\\ business, which operates under the tradename "Tioxide", is the largest manufacturer of TiO\\2\\ in Europe, with an estimated 24% market share, and the third largest in the world, with an estimated market share of 13%. TiO\\2\\ is a white pigment used to impart whiteness, brightness and opacity to products such as paints, plastics, paper, printing inks, synthetic fibers and ceramics. In addition to its optical properties, TiO\\2\\ possesses traits such as stability, durability and non-toxicity, making it superior to other white pigments. According to International Business Management Associates, global consumption of TiO\\2\\ was approximately 3.5 million tonnes in 1998, growing from 3.0 million tonnes in 1992, representing a 2.8% compound annual growth rate which approximates global GDP growth.

We offer an extensive range of products that are sold worldwide to over 3,000 customers in all major TiO\\2\\ end markets and geographic regions. The geographic diversity of our manufacturing facilities allows our TiO\\2\\ business to service local customers, as well as global customers that require multiple delivery points. Our major customers include Akzo Nobel, Cabot, Schulman, ICI Paints and General Electric. Our TiO\\2\\ business has an aggregate annual capacity of approximately 570,000 tonnes (approximately 515,000 tonnes of effective capacity in 1998) at our nine production facilities. Five of our TiO\\2\\ manufacturing plants are located in Europe, two are in North America, including a 50% interest in a manufacturing joint venture with NL Industries, one is in Asia, and one is in South Africa (a 60% owned subsidiary).

We are the second lowest cost TiO\\2\\ producer worldwide, according to International Business Management Associates. To further enhance our low-cost position, we have embarked on a comprehensive cost reduction program which has eliminated approximately $50 million of annualized cash costs since 1996, with an additional $30 million of annualized savings expected to be achieved by the end of 2001. As part of this program, we have reduced the number of product grades we produce, focusing on those with wider applications. This program has resulted in reduced total plant set-up times and further improved product quality, product consistency, customer service and profitability.

Industry Overview

Global consumption of TiO\\2\\ was 3.5 million tonnes in 1998 according to International Business Management Associates. The historical long-term growth rate for global TiO\\2\\ consumption has been generally consistent with global GDP growth. Although short-term influences such as customer and producer stocking and de-stocking activities in response to changes in capacity utilization and price may distort this trend, over the long-term, GDP growth is the primary underlying factor influencing growth in TiO\\2\\ demand. The TiO\\2\\ industry experiences some seasonality in its sales because paint sales generally peak during the spring and summer months in the northern hemisphere, resulting in greater sales volumes during the first half of the year.

The global TiO\\2\\ market is characterized by a small number of large global producers. The TiO\\2\\ industry has six major producers, the top four of which (DuPont, Millennium Chemicals, Huntsman ICI Chemicals and NL Industries) account for 64% of the global market share. There has been recent industry consolidation as large global producers have acquired smaller, local producers. The TiO\\2\\ industry has substantial requirements for entry, including proprietary production technology and world scale assets requiring

significant capital investment. No greenfield TiO\\2\\ capacity has been announced in the last few years. Based upon current price levels and the long lead times for planning, governmental approvals and construction, additional greenfield capacity is not expected in the near future. According to International Business Management Associates, prices of TiO\\2\\ are expected to be positively affected by limited investment in new capacity.

There are two manufacturing processes for the production of TiO\\2\\, the sulfate process and the chloride process. Most recent capacity additions have employed the chloride process technology and, currently, the chloride process accounts for approximately 58% of global production capacity according to International Business Management Associates. However, the global distribution of sulfate and chloride-based TiO\\2\\ capacity varies by region, with the sulfate process being predominant in Europe, our primary market. The chloride process is the predominant process used in North America and both processes are used in Asia. According to International Business Management Associates, approximately 85% of end-use applications can use pigments produced by either process.

Key Strengths

Our TiO\\2\\ business is characterized by the following strengths:

- Leading Market Position in an Attractive Industry--We are the largest TiO\\2\\ producer in Europe, with an estimated 24% market share, and the third largest producer worldwide, with an estimated 13% market share. We believe that we are well positioned in an attractive industry which has high technological and capital requirements for entry, limited expectations for new greenfield capacity in the near term and growth rates generally consistent with global GDP.

- Low Cost Producer--According to International Business Management Associates, our TiO\\2\\ business is the second lowest cost producer in the world. We achieved this position through our pursuit of process efficiencies and managed cost reductions, which have resulted in an 11% decline in our average manufacturing cash costs since 1995.

- Strong Global Reach Through Local Presence--We have a leading market share in most of the countries in which we manufacture TiO\\2\\, including the U.K., France, South Africa, Spain, Malaysia and Italy. The global reach of our TiO\\2\\ business allows us to service both globally-oriented customers requiring the capacity and reach to meet their needs on a worldwide basis and local customers who value local presence.

- Strong Customer Relationships--Through our extensive global sales force we have a local presence in each of the markets in which we participate, which contributes to our strong links with major customers. We have long-term relationships with major customers such as Akzo Nobel, ICI Paints, PPG and General Electric, who we believe value our product offerings, local presence and our ability to meet their worldwide needs.

- Competitive Product Range and Continuing Product Development--Through incremental improvements to existing products and new product innovations, we offer a full range of competitive products, including the leading coatings grade in Europe. Our successful development and marketing of new grades of TiO\\2\\ has long-term benefits because of the long life cycle of our products. We also continue to develop new products to capitalize on market opportunities. For example, we recently introduced a product grade that we believe has the potential to be a world leader in the plastics segment, the fastest growing TiO\\2\\ market.

Strategy

The strategy of our TiO\\2\\ business is based on the following initiatives:

- Leverage Customer Relationships for Growth--We intend to leverage our association with Huntsman Corporation, our leading market positions and

our strong customer relationships to expand our customer base. We believe that our TiO\\2\\ business will also be able to improve the utilization of our assets by taking advantage of opportunities to expand

our customer base through increasing sales to manufacturers of paints and coatings, some of whom may have been previously reluctant to purchase products from our TiO\\2\\ business when it was solely owned by ICI, a significant competitor in the paints and coatings industry.

. Improve Asset Utilization and Reliability--We intend to improve our asset utilization and product quality by continuing to align our product range with our production capabilities. We will continue to optimize our number of product lines and emphasize newer "universal" product lines which can be used across a greater number of applications. We will also attempt to identify further opportunities for low cost capacity expansion as justified by market conditions.

. Continue to Improve Cost Structure--We will continue our comprehensive cost improvement program which concentrates on permanent cost reduction, improved product quality and increased productivity. This four year program, currently in its third year, has achieved total annualized savings of approximately $50 million and has targeted additional annual savings totaling $30 million. We intend to further improve our cost competitiveness by aggressively developing and marketing the co-products of our operations.

Sales and Marketing

Approximately 95% of our TiO\\2\\ sales are made through our direct sales and technical services network, enabling us to cooperate more closely with our customers and to respond to our increasingly global customer base. Our concentrated sales effort and local manufacturing presence have allowed us to achieve our leading market shares in a number of the countries where we manufacture TiO\\2\\, including the U.K., France, South Africa, Spain, Malaysia and Italy.

In addition, we have focused on marketing products to higher growth industries. For example, we believe that our TiO\\2\\ business is well-positioned to benefit from the projected growth in the plastics sector, which, according to International Business Management Associates, is expected to grow faster than the overall TiO\\2\\ market over the next several years. The table below summarizes the major end markets for our TiO\\2\\ products and our representative customers:

<TABLE>
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End Markets	% of 1998 Sales Volume	Major Customers
<C>	<C>	<S>
Paints and Coatings..	58%	ICI Paints, Akzo Nobel, PPG, Kalon
Plastics.....	26%	Cabot, Schulman, General Electric, Geon
Paper.....	5%	Arjo Wiggins, Munskjo
Inks.....	5%	BASF/Inmont, Sun/DIC, Converters Ink

</TABLE>

Manufacturing and Operations

Our TiO\\2\\ business has nine manufacturing sites in eight countries with a total estimated capacity of 570,000 tonnes per year (approximately 515,000 tonnes of effective capacity in 1998). Approximately 75% of our TiO\\2\\ capacity is located in Western Europe. Our manufacturing plant in Tracy, Canada is a "finishing" plant, which finishes products from certain of our other plants to specific customer requirements. The following table presents information regarding our TiO\\2\\ facilities:

<TABLE>
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Region	Site	Annual Capacity (tonnes)	Process
Western Europe	Calais, France	100,000	Sulfate
	Greatham, U.K.	80,000	Chloride
	Grimsby, U.K.	80,000	Sulfate
	Huelva, Spain	80,000	Sulfate
	Scarlino, Italy	80,000	Sulfate
North America	Lake Charles, Louisiana(1)	60,000(1)	Chloride
	Tracy, Canada	N/A	Finishing
Asia	Teluk Kalung, Malaysia	50,000	Sulfate
Southern Africa	Umbogintwini, South Africa(2)	40,000(2)	Sulfate
		570,000	

(1) This facility is owned and operated by Louisiana Pigment Company, L.P., a manufacturing joint venture that is owned 50% by us and 50% by Kronos Louisiana, Inc., a subsidiary of NL Industries, Inc. The capacity shown reflects our 50% interest in Louisiana Pigment Company.
(2) This facility is owned by Tioxide Southern Africa (Pty) Limited, a company that is owned 60% by us and 40% by AECI. We operate this facility and are responsible for marketing 100% of the production.

In recent years, we have invested significant capital to optimize and modernize our facilities, enhance our production capabilities and maintain compliance with evolving environmental regulations. We have rationalized our product range in order to concentrate on product grades that can be used in multiple applications, yielding benefits in product quality and consistency. As a result of these programs, our facilities are modern and highly cost-effective.

Joint Ventures. We own a 50% interest in a manufacturing joint venture located in Lake Charles, Louisiana. The remaining 50% interest is held by our joint venture partner Kronos Louisiana, Inc., a wholly-owned subsidiary of NL Industries, Inc. We share production offtake and operating costs of the plant equally with Kronos, though we market our share of the production independently. The operations of the joint venture are under the direction of a supervisory committee on which each partner has equal representation.

We also own a 60% interest in Tioxide Southern Africa (Pty) Limited, based in Umbogintwini, near Durban, South Africa. The remaining 40% interest is owned by AECI, a major South African chemicals and minerals company. We operate this facility and are responsible for marketing 100% of the production.

Raw Materials. The primary raw materials used to produce TiO\\2\\ are titanium-bearing ores. There are a limited number of ore suppliers and we purchase ore under long-term supply contracts. The cost of titanium-bearing ores has been relatively stable in comparison to TiO\\2\\ prices. Titanium-bearing ore represents approximately 40% of TiO\\2\\ pigment production costs.

TiO\\2\\ producers extract titanium from ores and process it into pigmentary TiO\\2\\ using either the chloride or sulfate process. Once an intermediate TiO\\2\\ pigment has been produced, it is "finished" into a product with specific performance characteristics for particular end-use applications. The

finishing process is common to both the sulfate and chloride processes and is a major determinant of the final product's performance characteristics. The vast majority of end-use applications can use product from either process.

The sulfate process generally uses less-refined ores which are cheaper to purchase but produce more co-product than the chloride process. Co-products from both processes require treatment prior to disposal in order to comply with environmental regulations. In order to reduce our disposal costs and to increase our cost competitiveness, we have aggressively developed and marketed

the co-products of our TiO\\2\\ business.

Competition

The global markets in which our TiO\\2\\ business operates are highly competitive. The primary factors of competition are price, product quality and service. The TiO\\2\\ industry has recently undergone a consolidation process, where larger global producers have acquired smaller, regional producers. The major producers against whom we compete are DuPont, Millennium Chemicals and NL Industries. Our low production costs, combined with our presence in numerous local markets, give us a competitive advantage, particularly with respect to those global customers demanding presence in the various regions in which they conduct business.

Research and Development

Our PO business spent approximately $4 million, $3 million and $3 million on research and development for our products in 1996, 1997 and 1998, respectively. In 1996, 1997 and 1998, an aggregate of approximately (Pounds)51 million, (Pounds)49 million and (Pounds)39 million, respectively, was spent by our polyurethane chemicals, petrochemicals and TiO\\2\\ businesses for research and development. We expect to spend a total of $67 million in 1999 and $68 million in 2000 on research and development for all our businesses combined. We principally conduct our research and development at Huntsman Corporation's research facilities located in Austin, Texas for our PO business; at our facilities located in Billingham, England for our TiO\\2\\ business; at our facilities located in Everberg, Belgium, West Deptford, New Jersey and Sterling Heights, Michigan for our polyurethane chemicals business and at our facilities located in Wilton, U.K. for our petrochemicals business. We are engaged at these research facilities in discovering and developing new processes and test methods, and applications for existing products to meet the needs of the marketplace.

Intellectual Property Rights

Proprietary protection of our processes, apparatuses, and other technology and inventions is important to our businesses. For our PO business, we own approximately 150 U.S. patents, approximately 10 patent applications (including provisionals) currently pending at the United States Patent and Trademark Office, and approximately 525 foreign counterparts, including both issued patents and pending patent applications. For our TiO\\2\\ business, we have approximately 50 U.S. patents and pending patent applications, and approximately 700 foreign counterparts. For our polyurethane chemicals business, we own approximately 200 U.S. patents and pending patent applications, and approximately 1,900 foreign counterparts. For our petrochemicals business, we own five patents and pending applications (both U.S. and foreign). We also rely upon unpatented proprietary know-how and continuing technological innovation and other trade secrets to develop and maintain our competitive position.

In addition to our own patents and patent applications and proprietary trade secrets and know-how, we have entered into certain licensing arrangements which authorize us to use certain trade secrets, know-how and related technology and/or operate within the scope of certain patents owned by other entities. Our petrochemicals business primarily uses technology licensed from a number of

suppliers. We have operated several generations of petrochemicals plants and have accumulated well developed proprietary know-how, some of which is patented, and technology which we apply to maintain and improve the performance of our existing asset base. We also license and sub-license certain intellectual property rights to affiliates and to third parties. In connection with our transaction with ICI and Huntsman Specialty (under the terms of a technology transfer agreement and a PO/MTBE technology transfer agreement), we have licensed back to ICI and Huntsman Corporation (on a non-exclusive basis) certain intellectual property rights for use in their respective retained businesses, and ICI and Huntsman Corporation have each licensed certain retained intellectual property to us.

For our polyurethane chemicals business, we have brand names for a number of our products, and we own approximately 25 U.S. trademark registrations and

applications for registration currently pending at the United States Patent and Trademark Office, and approximately 1,200 foreign counterparts, including both registrations and applications for registration. For our TiO\\2\\ business, we have approximately 200 trademark registrations and pending applications, approximately 150 of which relate to the trademark "Tioxide". Our PO business and petrochemicals business are not dependent on the use of trademarks. We have entered into a trademark license agreement with each of Huntsman Corporation and ICI under which we have obtained, respectively, the rights to use the trademark "Huntsman" and the trademark "ICI", subject to certain restrictions, including, in the case of the "ICI" mark, that it will only be used as part of the combination "Huntsman ICI". The license to use the trademark "ICI" expires on June 30, 2000.

Properties

We own or lease chemical manufacturing and research facilities in the locations indicated in the list below. We own or lease office space and storage facilities throughout the U.S. and many foreign countries. Our principal executive offices, which are leased from Huntsman Corporation, are located at 500 Huntsman Way, Salt Lake City, Utah 84108. The following is a list of our material owned or leased properties where manufacturing, blending, research and main office facilities are located.

<TABLE>
<CAPTION>

Location	Description of Facility
<S>	<C>
Geismar, Louisiana	MDI, TDI, Nitrobenzene(1), Aniline(1) and Polyols Manufacturing Facilities
Rozenburg, Netherlands(2)	MDI Manufacturing Facility, Polyols Manufacturing Facilities and Systems House
Wilton, U.K.	Aniline and Nitrobenzene Manufacturing Facilities
Shepton Mallet, U.K.	Polyester Polyols Manufacturing Facility
Peel, Canada(2)	Polyurethane Systems House
West Deptford, New Jersey	Polyurethane Systems House, Research Facility and U.S. Regional Headquarters
Sterling Heights, Michigan(2)	Polyurethane Research Facility
Auburn Hills, Michigan(2)	Polyurethane Office Space and Research Facility
Cartagena, Colombia	Polyurethane Systems House
Deggendorf, Germany	Polyurethane Systems House
Ternate, Italy	Polyurethane Systems House
Shanghai, China(2)	Polyurethane Systems House
Samuprakam, Thailand(2)	Polyurethane Systems House
Kuan Yin, Taiwan(2)	Polyurethane Systems House
Everberg, Belgium	Polyurethane Research Facility, Global Headquarters and European Headquarters
Gateway West, Singapore	Polyurethane Regional Headquarters
Port Neches, Texas	PO Manufacturing Facility
Austin, Texas(2)	PO/TBA Pilot Plant Facility
Wilton, U.K.	Olefins and Aromatics Manufacturing Facilities
North Tees, U.K.(2)	Aromatics Manufacturing Facility
Teesport, U.K.(2)	Logistics/Storage Facility
Saltholme, U.K.	Brine Reservoirs for Cavity Operations
Teesside, U.K.	Brinefields Cavity Operation and Development
Saltholme, U.K.(2)	Salt Mines
North Tees, U.K.(2)	Shipping and Logistics Facility
Grimsby, U.K.	TiO\\2\\ Manufacturing Facility
Greatham, U.K.	TiO\\2\\ Manufacturing Facility
Calais, France	TiO\\2\\ Manufacturing Facility
Huelva, Spain	TiO\\2\\ Manufacturing Facility
Scarlino, Italy	TiO\\2\\ Manufacturing Facility
Teluk Kalung, Malaysia	TiO\\2\\ Manufacturing Facility
Lake Charles, Louisiana(3)	TiO\\2\\ Manufacturing Facility
Umbogintwini, South Africa(4)	TiO\\2\\ Manufacturing Facility
Tracy, Canada	TiO\\2\\ Finishing Plant
Billingham, U.K.	TiO\\2\\ Research and Technical Facility

</TABLE>

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(1) 50% owned manufacturing joint venture with Uniroyal, Inc.
(2) Leased property.
(3) 50% owned manufacturing joint venture with Kronos Louisiana, Inc., a subsidiary of NL Industries, Inc.
(4) 60% owned subsidiary.

Employees

We employ over 6,000 people. Approximately 85% of our employees work outside the U.S. We have over 950 employees located in the U.S., approximately 2,100 employees in the U.K. and 3,200 employees elsewhere most of whom are subject to collective bargaining agreements. A collective bargaining agreement for our facility at Scarlino, Italy will be negotiated this year, with a second collective bargaining agreement at Scarlino to be renegotiated next year. Overall, we believe that our relations with our employees are good. In addition, Huntsman Corporation is providing operating, management and administrative services to us for our PO business similar to the services that it provided to Huntsman Specialty with respect to the PO business before it was transferred to us. See "Certain Relationships and Related Transactions".

Environmental Regulations

We are subject to extensive environmental laws. In the ordinary course of business, we are subject continually to environmental inspections and monitoring by governmental enforcement authorities. We may incur substantial costs, including fines, damages, and criminal or civil sanctions, for actual or alleged violations arising under environmental laws. In addition, our production facilities require operating permits that are subject to renewal, modification, and, in certain circumstances, revocation. Our operations involve the handling, transportation and use of numerous hazardous substances. From time to time, these operations may result in violations under environmental laws including spills or other releases of hazardous substances into the environment. In the event of a catastrophic incident, we could incur material costs or experience interruption in our operations as a result of addressing and implementing measures to prevent such incidents in the future. In February 1999, hydrochloric acid was accidentally released from the Greatham facility into a nearby marsh that includes a conservation area. We have an indemnity from ICI which we believe will cover, in large measure, our liability for this matter. In addition, certain notices of violation relating to air emissions and wastewater issues have been issued to the Port Neches facility. While these matters remain pending and could result in fines of over $100,000, we do not believe any of these matters will be material to us. Given the nature of our business, we cannot assure you, however, that violations of environmental laws will not result in restrictions imposed on our activities, substantial fines, penalties, damages or other costs.

Under some environmental laws, we may be jointly and severally liable for the costs of environmental contamination on or from our properties and at off-site locations where we disposed of or arranged for the disposal or treatment of hazardous wastes. For example, in the United States under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, and similar state laws, a current owner or operator of real property may be liable for such costs regardless of whether the owner or operator owned or operated the real property at the time of the release of the hazardous substances and regardless of whether the release or disposal was in compliance with law at the time it occurred. In addition, under the United States Resource Conservation and Recovery Act of 1976, as amended ("RCRA"), and similar state laws, as the holder of permits to treat or store hazardous wastes, we may, under some circumstances, be required to remediate contamination at our properties regardless of when the contamination occurred. Similar laws are being developed or are in effect to varying degrees in other parts of the world, most notably in the European Union. For example, in the U.K., a new contaminated land regime is expected to come into effect shortly which will provide a detailed framework for the identification, management and remediation of contaminated sites. This law may increase governmental scrutiny of our U.K. facilities.

We are aware that there is or may be soil or groundwater contamination at some of our facilities resulting from past operations at these or neighboring facilities. Based on available information and the indemnification rights that we possess (including indemnities provided by Huntsman Specialty

and ICI for the facilities that each of them transferred to us), we believe that the costs to investigate and remediate known contamination will not have a material adverse effect on our business, financial condition, results of operations or cash flows; however, we cannot give any assurance that such indemnities will fully cover the costs of investigation and remediation, that we will not be required to contribute to such costs or that such costs will not be material.

We may also incur costs for capital improvements and general compliance under environmental laws, including costs to acquire, maintain and repair pollution control equipment. Capital expenditures are planned, for example, under national legislation implementing the Integrated Pollution Prevention and Control Directive in the EU. Under this directive the majority of our plants will, over the next few years, be required to obtain governmental authorizations which will regulate air and water discharges, waste management and other matters relating to the impact of operations on the environment, and to conduct site assessments to evaluate environmental conditions. Although the implementing legislation in most Member States is not yet in effect, it is likely that additional expenditures may be necessary in some cases to meet the requirements of authorizations under this directive. In particular, we believe that related expenditures to upgrade our wastewater treatment facilities at several sites may be necessary and associated costs may be material. Wastewater treatment upgrades unrelated to this initiative also are planned at certain facilities. In addition, we may also incur material expenditures in complying with the EU Directive on Hazardous Waste Incineration beyond currently anticipated expenditures, particularly in relation to our Wilton facility. It is also possible that additional expenditures to reduce air emissions at two of our U.K. facilities may be material. Capital expenditures and, to a lesser extent, costs and operating expenses relating to environmental matters will be subject to evolving regulatory requirements and will depend on the timing of the promulgation and enforcement of specific standards which impose requirements on our operations. Therefore, we cannot assure you that material capital expenditures beyond those currently anticipated will not be required under environmental laws. See "Management's Discussion and Analysis of Financial Conditions and Results of Operations--Environmental Regulation".

Legal Matters

We are a party to various proceedings instituted by governmental authorities and others arising under provisions of applicable laws, including various environmental laws. Based in part on the indemnities provided to us by ICI and Huntsman Specialty in connection with their transfer of businesses to us and our insurance coverage, we do not believe that the outcome of any of these matters will have a material adverse effect on our financial condition or results of operations.

MANAGEMENT

Managers and Executive Officers

Members of our current Board of Managers and executive officers are listed below. The members of the Board of Managers are appointed by the owner of our common equity interests and hold office until their successors are duly appointed and qualified. All officers serve at the pleasure of our Board of Managers.

Board of Managers and Executive Officers

<TABLE>
<CAPTION>

Name	Age	Position
<S>	<C>	<C>
Jon M. Huntsman*.....	62	Chairman of the Board of Managers, Chief Executive Officer and Manager
Jon M. Huntsman, Jr.*...	39	Vice Chairman and Manager
Peter R. Huntsman*.....	36	President, Chief Operating Officer and Manager
Karen H. Huntsman*.....	61	Executive Vice President

J. Kimo Esplin..... 37 Executive Vice President and Chief Financial Officer
Patrick W. Thomas..... 41 President--Polyurethane Chemicals Division
Douglas A. L. Coombs.... 57 President--Tioxide Division
Thomas G. Fisher..... 50 Executive Vice President--Tioxide
Michael J. Kern..... 49 Executive Vice President--Manufacturing
Robert B. Lence..... 42 Executive Vice President, General Counsel and Secretary
Donald J. Stanutz..... 49 Executive Vice President--Polyurethane Chemicals
L. Russell Healy..... 43 Senior Vice President and Financial Director
William M. Chapman, Jr. ..... 57 Vice President--Human Resources
Curtis C. Dowd..... 39 Vice President--Corporate Development
James A. Huffman*..... 31 Vice President--Strategic Planning
Kevin J. Ninow..... 36 Vice President--Petrochemicals Manufacturing
Martin F. Petersen..... 38 Vice President and Treasurer
John B. Prows..... 45 Vice President--Petrochemicals
Samuel D. Scruggs..... 39 Vice President--Deputy General Counsel
</TABLE>
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* Such persons are related as follows: Karen H. Huntsman is the wife of Jon M. Huntsman. Jon M. Huntsman and Karen H. Huntsman are the parents of Jon M. Huntsman, Jr. and Peter R. Huntsman. James A. Huffman is a son-in-law of Jon M. Huntsman and Karen H. Huntsman and brother-in-law of Jon M. Huntsman, Jr. and Peter R. Huntsman.

Jon M. Huntsman is Chairman of the Board of Managers and Chief Executive Officer. He has been Chairman of the Board and Chief Executive Officer of Huntsman Corporation and all Huntsman companies since he founded his first company in 1970. In addition, Mr. Huntsman serves or has served on numerous corporate and industry boards, the Chemical Manufacturers Association and the American Polymers Council. Mr. Huntsman was selected in 1994 as the chemical industry's top CEO for all businesses in Europe and North America. Mr. Huntsman formerly served as Special Assistant to the President of the United States and as Vice Chairman of the U.S. Chamber of Commerce.

Jon M. Huntsman, Jr. is Vice Chairman and a Manager. Mr. Huntsman, Jr. serves as Vice Chairman and Director of Huntsman Corporation. Mr. Huntsman serves on the Board of Directors of Owens-Corning Corporation and on numerous corporate and not-for-profit boards. Previously, Mr. Huntsman, Jr. was Senior Vice President and General Manager of Huntsman Chemical Corporation. Later he served as U.S. Deputy Assistant Secretary of Commerce in the International Trade Administration, U.S. Deputy Assistant Secretary for East Asia and Pacific Affairs and as the United States Ambassador to the Republic of Singapore. Mr. Huntsman, Jr. also serves as President of the Huntsman Cancer Foundation.

Peter R. Huntsman is President, Chief Operating Officer and a Manager. He also serves as President, Chief Operating Officer and a Director of Huntsman Corporation. Previously, Mr. Huntsman was Senior Vice President of Huntsman Chemical Corporation and a Senior Vice President of Huntsman Packaging Corporation. Mr. Huntsman also served as Vice President-- Purchasing for Huntsman Polypropylene Corporation, and Senior Vice President and General Manager of Huntsman Polypropylene Corporation.

Karen H. Huntsman is Executive Vice President. Mrs. Huntsman performs an active role in all the Huntsman Corporation businesses and currently serves as an officer and/or board member for many of the Huntsman companies. By appointment of the Governor of the State of Utah, Mrs. Huntsman serves as a member of the Utah State Board of Regents. She also serves on the Boards of Directors of various corporate and not-for-profit entities, including First Security Corporation.

J. Kimo Esplin is Executive Vice President and Chief Financial Officer. Mr. Esplin also serves as Senior Vice President and Chief Financial Officer of Huntsman Corporation. Previously, Mr. Esplin served as Treasurer of Huntsman Corporation. Prior to joining Huntsman in 1994, Mr. Esplin was a Vice President in the Investment Banking Division of Bankers Trust Company, where he worked for seven years.

Patrick W. Thomas is President--Polyurethane Chemicals Division. Since

joining ICI in 1982, Mr. Thomas has held numerous management positions with ICI, including Polyurethanes Business Director, Europe from 1993 to 1997, Polyurethanes International Marketing and Planning Manager from 1991 to 1993 and Polyurethanes Business Engineering & Investment Manager from 1989 to 1991.

Douglas A. L. Coombs is expected to be President--Tioxide Division. Mr. Coombs currently is Chairman & Chief Executive Officer of Tioxide Group PLC, a position he has held since 1996. Mr. Coombs has held a number of management positions with ICI over the last 35 years.

Thomas G. Fisher is Executive Vice President--Tioxide. Mr. Fisher also serves as Senior Vice President of Huntsman Corporation. Mr. Fisher has held several positions with Huntsman that have included the overall management for Huntsman's PO, maleic anhydride, ethylene oxide, ethylene glycol and butadiene businesses. Prior to joining Huntsman in 1994, Mr. Fisher served in a variety of management positions with Texaco Chemical Company.

Michael J. Kern is Executive Vice President--Manufacturing. Mr. Kern also serves as Senior Vice President--Manufacturing for Huntsman Corporation. Prior to joining Huntsman, Mr. Kern held a variety of positions within Texaco Chemical Company, including Area Manager--Jefferson County Operations from April 1993 until joining the Company, Plant Manager of Port Neches facility from August 1992 to March 1993, Manager of the PO/MTBE project from October 1989 to July 1992, and Manager of Oxides and Olefins from April 1988 to September 1989.

Robert B. Lence is Executive Vice President, General Counsel and Secretary. Mr. Lence also serves as Senior Vice President and General Counsel of Huntsman Corporation. Mr. Lence joined Huntsman in December 1991 from Van Cott, Bagley, Cornwall & McCarthy, a Salt Lake City law firm, where he was a partner.

Donald J. Stanutz is Executive Vice President--Polyurethane Chemicals. Mr. Stanutz also serves as Senior Vice President of Huntsman Corporation. Mr. Stanutz has held several positions with Huntsman that have included the overall management for Huntsman's performance chemicals business, specialty polymers business and olefins, oxides and glycols business. Prior to joining Huntsman in 1994, Mr. Stanutz served in a variety of senior positions with Texaco Chemical Company.

L. Russell Healy is Senior Vice President and Financial Director. Mr. Healy also serves as Vice President--Finance for Huntsman Corporation. Previously, Mr. Healy served as Vice President--Taxation for Huntsman Corporation. Prior to joining Huntsman in 1995, Mr. Healy was a partner in the tax department of Deloitte and Touche, LLP. Mr. Healy is a CPA and holds a masters degree in accounting.

William M. Chapman, Jr. is Vice President--Human Resources. Mr. Chapman also serves as Vice President--Human Resources for Huntsman Corporation. Previously, Mr. Chapman has served as Vice President--Human Resources for Huntsman Petrochemical Corporation and as Director--Human Resources for Huntsman's Jefferson County, Texas operations. Prior to joining Huntsman in 1994, Mr. Chapman was Assistant General Manager--Services for Texaco Chemical Company.

Curtis C. Dowd is Vice President--Corporate Development. Mr. Dowd also serves as Vice President--Corporate Development for Huntsman Corporation. Mr. Dowd previously served as Vice President and General Counsel of Huntsman Petrochemical Corporation from 1994 to 1998. From 1991 to 1994, Mr. Dowd was an associate with the law firm of Skadden, Arps, Slate, Meagher & Flom LLP. Prior to attending law school, Mr. Dowd was a CPA with the accounting firm of Price Waterhouse for over six years.

James A. Huffman is Vice President--Strategic Planning. Mr. Huffman also serves as Vice President--Strategic Planning for Huntsman Corporation, a position which he has held since 1998. Prior to joining Huntsman in 1998, Mr. Huffman worked for the global management consulting firm of McKinsey & Company as an engagement manager. Mr. Huffman also worked for Huntsman in a variety of positions from 1991 to 1994, including Director--New Business Development and Manager--Credit for Huntsman Packaging.

Kevin J. Ninow is Vice President--Petrochemicals Manufacturing. Since

joining Huntsman in 1989, Mr. Ninow has served in a variety of manufacturing and engineering positions including Vice President of Manufacturing, Plant Manager--Oxides and Olefins, Plant Manager--C4's, Operations Manager--C4's, Manager of Technology, Process Control Group Leader, and Project Engineer.

Martin F. Petersen is Vice President and Treasurer. Mr. Petersen also serves as Vice President and Treasurer of Huntsman Corporation. Prior to joining Huntsman in 1997, Mr. Petersen was a Vice President in the Investment Banking Division of Merrill Lynch & Co., where he worked for seven years.

John B. Prows is Vice President--Petrochemicals. Since joining Huntsman in 1994, Mr. Prows has served as Plant Manager--Polypropylene, Plant Manager--Polystyrene, and Operations Manager--Styrene Monomer. Previously, Mr. Prows worked for Dupont for 13 years in a number of management and engineering roles in polyethylene, PVC and other manufacturing processes.

Samuel D. Scruggs is Vice President--Deputy General Counsel. Mr. Scruggs also serves as Vice President--Associate General Counsel for Huntsman Corporation. Prior to joining Huntsman in 1995, Mr. Scruggs was an associate with the law firm of Skadden, Arps, Slate, Meagher & Flom LLP.

Executive Compensation

Summary of Compensation

The following Summary Compensation Table sets forth information concerning compensation earned in the fiscal year ended December 31,1998, by our chief executive officer and our remaining four most highly compensated executive officers (the "Named Executive Officers") as of the end of the last fiscal year.

Summary Compensation Table

<TABLE>
<CAPTION>

	Annual Compensation(1)(2)				
Name and Principal Position	Year	Salary	Bonus	Options (Number of Shares)	All Other Compensation
<S>	<C>	<C>	<C>	<C>	<C>
Jon M. Huntsman, Chairman of the Board, Director and Chief Executive Officer.....	1998	$ 66,000	$ 375,000	--	$44,227(3)
Peter R. Huntsman, President and Director.....	1998	$ 40,170	$ 75,000	--	$11,595(4)
Jon M. Huntsman, Jr., Vice Chairman and Director.....	1998	$ 32,156	$ 60,000	--	$ 9,216(5)
J. Kimo Esplin, Senior Vice President and Chief Financial Officer.....	1998	$ 18,938	$ 30,000	--	$ 1,233(6)
Robert B. Lence, Senior Vice President and General Counsel...	1998	$ 14,479	$ 18,750	--	$ 3,325(7)

</TABLE>

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(1) All compensation of the above-named executive officers was paid entirely by Huntsman Corporation, our parent company; no charge with respect to this compensation was made to our company. Compensation figures for the executives listed above represent a prorated percentage of Huntsman Corporation compensation attributable to services rendered to our company.

(2) Perquisites and other personnel benefits, securities or property are less than either $50,000 or 10% of the total annual salary and bonus reported

for the named executive officer.
(3) Consists of $8,845 employer's 401(k) contribution for 1998, and employer's money purchase contribution of $35,382 for 1998.
(4) Consists of $2,319 employer's 401(k) contribution for 1998, and employer's money purchase contribution of $9,276 for 1998.
(5) Consists of $1,843 employer's 401(k) contribution for 1998, and employer's money purchase contribution of $7,373 for 1998.
(6) Consists of $986 employer's 401(k) contribution for 1998, and employer's money purchase contribution of $247 for 1998.
(7) Consists of $665 employer's 401(k) contribution for 1998, and employer's money purchase contribution of $2,660 for 1998.

The following table shows the estimated annual benefits payable under the Huntsman Corporation's tax-qualified defined benefit pension plan (the "Huntsman Corporation Pension Plan") and supplemental pension plan ("SERP") in specified final average earnings and years-of-service classifications.

Huntsman Corporation Pension Plan Table

<TABLE>
<CAPTION>

Final Average Compensation	Years of Benefit Service at Retirement							
	5	10	15	20	25	30	35	40
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
$ 25,000	1,800	3,500	5,300	7,000	8,800	10,500	12,300	14,000
$ 50,000	3,500	7,000	10,500	14,000	17,500	21,000	24,500	28,000
$ 75,000	5,300	10,500	15,800	21,000	26,300	31,500	36,800	42,000
$100,000	7,000	14,000	21,000	28,000	35,000	42,000	49,000	56,000
$125,000	8,800	17,500	26,300	35,000	43,800	52,500	61,300	70,000
$150,000	10,500	21,000	31,500	42,000	52,500	63,000	73,500	84,000
$175,000	12,300	24,500	36,800	49,000	61,300	73,500	85,800	98,000
$200,000	14,000	28,000	42,000	56,000	70,000	84,000	98,000	112,000
$300,000	21,000	42,000	63,000	84,000	105,000	126,000	147,000	168,000
$400,000	28,000	56,000	84,000	112,000	140,000	168,000	196,000	224,000
$500,000	35,000	70,000	105,000	140,000	175,000	210,000	245,000	280,000
$600,000	42,000	84,000	126,000	168,000	210,000	252,000	294,000	336,000

</TABLE>

The current Huntsman Corporation Pension Plan benefit is based on the following formula: 1.4% of final average compensation multiplied by years of credited service, minus 1.4% of estimated Social Security benefits multiplied by years of credited service (with a maximum of 50% of Social Security benefits). Final Average compensation is based on the highest average of three consecutive years of compensation. Messrs. Jon M. Huntsman, Peter R. Huntsman, Jon M. Huntsman, Jr., J. Kimo Esplin and Robert B. Lence were participants in the Huntsman Corporation Pension Plan in 1998. For the foregoing named executive officers, covered compensation consists of base salary and is reflected in the "Salary" column of the Summary Compensation Table. Federal regulations require that for the 1998 plan year, no more than $160,000 in compensation be considered for the calculation of retirement benefits under the Huntsman Corporation Pension Plan, and the maximum annual benefit paid from a qualified defined benefit plan cannot exceed $125,000. Benefits are calculated on a straight life annuity basis. The benefit amounts under the Huntsman Corporation Pension Plan are offset for Social Security as described above.

The SERP is a nonqualified supplemental pension plan for designated executive officers, that provides benefits based on certain compensation amounts not included in the calculation of benefits payable under the Huntsman Corporation Pension Plan. Messrs. Jon. M. Huntsman, Peter R. Huntsman, Jon M. Huntsman, Jr., J. Kimo Esplin and Robert B. Lence were participants in the SERP in 1998. The compensation amounts taken into account for these named executive officers under the SERP include bonuses (as reflected in the "Bonus" columns of the summary compensation Table) and base salary in excess of the qualified plan limitations. The SERP benefit is calculated as the difference between (1) the benefit determined using the Huntsman Corporation Pension Plan formula with unlimited base salary plus bonus, and (2) the benefit determined using base salary as limited by federal regulations.

The number of completed years of credited service as of December 31, 1998

under the Huntsman Corporation Pension Plan and SERP for the named executive officers participating in the plans were 28, 15, 15, 4 and 13 years for each of Messrs. Jon. M. Huntsman, Peter R. Huntsman, Jon M. Huntsman, Jr., J. Kimo Esplin and Robert B. Lence, respectively.

Compensation of Managers

The managers do not receive any additional compensation for their service as managers.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We share numerous services and resources with Huntsman Corporation and ICI. We also rely on Huntsman Corporation and ICI to supply some of our raw materials and to purchase a significant portion of our products.

General

We expect to enter into several agreements with Huntsman Corporation under which Huntsman Corporation will provide us with administrative support and a range of services, including treasury and risk management, human resources, technical and legal services for our businesses in the U.S. and elsewhere. In connection with these arrangements, we participate in Huntsman Corporation's worldwide insurance program. Furthermore, we expect to enter into one or more agreements under which we will provide to Huntsman Corporation a range of support services, including treasury, human resources, technical and legal services for Huntsman Corporation's businesses in Europe and elsewhere. These agreements will provide for fees based on an equitable allocation of the general and administrative costs and expenses. In addition, we have paid an aggregate fee of $10 million to cover non-reimbursed expenses incurred in connection with our transaction with ICI and Huntsman Specialty to Huntsman Specialty, ICI and the institutional investors in proportion to their common equity interests in Huntsman ICI Holdings.

Polyurethane Chemicals Business

Supply Contracts

We intend to enter into one or more agreements with ICI for the supply of caustic soda, chlorine and sulphuric acid to us. We expect the terms and conditions of these agreements to be substantially the same as agreements or non-contractual arrangements existing prior to the closing of the transfer of ICI's businesses to us, which generally reflect market prices.

Utilities Contracts

We intend to enter into several agreements with ICI relating to our supply of general utilities, including steam, electricity and water to ICI at our Rozenburg, Netherlands facility. We will also enter into reciprocal agreements relating to the supply by ICI to us of certain utilities. The terms and conditions of these agreements to be substantially the same as agreements or non-contractual arrangements existing prior to the closing of the transfer of ICI's businesses to us, which generally reflect market prices or prices based upon cost plus a reasonable fee.

Services Contracts

We intend to enter into one or more agreements with ICI relating to a wide range of operational services both to and from ICI. These operational services include the operation and maintenance of various infrastructure, effluent disposal, storage and distribution assets. We expect the terms of these agreements to be substantially the same as agreements or non-contractual arrangements existing prior to the closing of the transfer of ICI's businesses to us, which generally, reflect market prices or prices based upon cost plus a reasonable fee.

In addition, we expect to enter into agreements relating to the provision both to and from ICI of a range of support services for the efficient transition of business ownership. These services may include various human resource, occupational health, analytical, engineering or purchasing services. We expect the terms of these agreements to be substantially the same as

existing agreements or non-contractual arrangements existing prior to the closing of the transfer of ICI's businesses to us, which generally reflect market price or prices based upon cost plus a reasonable fee.

PO Business

PO Supply Agreement

Pursuant to an existing agreement with Huntsman Corporation that expires in 2012, we are obligated to sell, and Huntsman Corporation is obligated to buy, all PO produced at our PO facility in Port Neches, Texas which is not purchased by our other customers. We are entitled to receive market prices for the PO purchased by Huntsman Corporation. Based on current market price and the current commitments of our other customers to purchase our PO, we anticipate that Huntsman Corporation will spend at least $36 million per year under this agreement.

Propylene Supply Agreement

Pursuant to an existing agreement that expires in 2012, Huntsman Corporation is obligated to provide 100% of the propylene required by us for operation of our PO facility, up to a maximum of 350 million pounds per year. We pay market prices for the propylene supplied by Huntsman Corporation. These agreements each have terms of 15 years. Based on current market prices, we anticipate that we will spend approximately $44 million per year under these agreements.

Supply Contracts

We are interdependent with Huntsman Corporation with respect to the supply of certain other feedstock, utilities and products. Under a supply agreement that expires in 2012, we are required to sell, and Huntsman Corporation is required to purchase, all of the steam that we generate at our PO facility. Huntsman Corporation reimburses us for the cost of the steam that it purchases from us. Under separate supply agreements, we have agreed to purchase our requirements of mono-ethylene glycol and tri-ethylene glycol from Huntsman Corporation at market prices for use in our PO operations. Furthermore, in exchange for Huntsman Corporation's PG tolling services, we pay Huntsman Corporation a reservation fee, adjusted annually for inflation, plus a variable toll fee equal to Huntsman Corporation's cost of operating the PG plant. Based on current market prices, we anticipate that we will spend approximately $5 million per year, and that Huntsman Corporation will spend approximately $6 million per year, under these agreements.

Services Contracts

In order to operate the PO business, we have entered into a series of contracts with Huntsman Corporation that expire in 2012 under which Huntsman Corporation operates and maintains the PO facility, including the provision of management, personnel, transportation, information systems, accounting, tax and legal services, and research and development to our PO business. Generally, under these agreements, we pay Huntsman Corporation an amount equal to its actual costs for providing us with each of these services plus, in some cases, an additional fee. Based on current market prices, we anticipate that we will spend approximately $38 million per year under these agreements.

Petrochemicals Business

Naphtha Supply Agreement

We will enter into a product supply agreement with ICI, which will require ICI to supply and us to buy the entire naphtha output (up to 2.98 billion pounds per year) of the Phillips Imperial Petroleum Limited refinery at Teesside and specified amounts of other feedstock available to ICI from operations at Teesside. This naphtha supply agreement will continue until ICI is no longer a shareholder in Phillips Imperial Petroleum Limited or until the refinery is permanently shut down. We will purchase these products on terms and conditions which reflect market prices.

Supply Contracts

We intend to enter into one or more agreements with ICI for the supply of ethylene to ICI and the supply of hydrogen to and from ICI. We expect the terms and conditions of these agreements to be substantially the same as agreements or non-contractual arrangements existing prior to the closing of the transfer of ICI's businesses to us, which generally reflect market prices.

Utilities Contracts

We intend to enter into one or more agreements with ICI relating to the provision of certain utilities, including steam, fuel gas, potable water, electricity, water and compressed air by us to ICI. We will also enter into reciprocal agreements relating to the supply by ICI to us of certain utilities. We expect the terms and conditions of these agreements to be substantially the same as agreements or non-contractual arrangements existing prior to the closing of the transfer of ICI's businesses to us, which generally reflect market prices or prices based upon cost plus a reasonable fee.

Services Contracts

We expect to enter into several agreements with ICI relating to a wide range of operational services both to and from ICI, primarily at Teesside. These operational services will include the operation and maintenance of various infrastructure, effluent disposal, storage, jetty, and distribution assets. We expect the terms and conditions of these agreements to be substantially the same as agreements or non-contractual arrangements existing prior to the closing of the transfer of ICI's businesses to us, which generally reflect market prices or prices based upon cost plus a reasonable fee.

In addition, we expect to enter into agreements relating to the provision by ICI to us of a range of support services for the efficient transition of the change of business ownership. These services may include various human resources, occupational health, analytical, engineering or purchasing services. We expect the terms and conditions of these agreements to be substantially the same as agreements or non-contractual arrangements existing prior to the closing of the transfer of ICI's businesses to us, which generally reflect market prices or prices based on cost plus a reasonable fee.

Tioxide Business

Supply Agreement with ICI Paints

We have extended an existing agreement with the paints business of ICI to supply TiO\\2\\. At the current level of commitment, we supply approximately 60,000 tonnes of TiO\\2\\ per year at market prices. The extended agreement expires no earlier than June 30, 2001 upon at least twelve months' notice. In addition, we have entered into a separate agreement to supply ICI with further quantities of TiO\\2\\ up to a maximum amount of 15,000 tonnes per year at market prices. Based on current market prices, we anticipate that ICI will spend approximately $100 million per year under these agreements.

Feedstock Supply Contracts

We have entered into several agreements with ICI for the supply of sulphur and sulphuric acid to us, and we intend to enter into one or more agreements with ICI for the supply of caustic soda and chlorine to us. We have also entered into reciprocal agreements with ICI relating to the supply of certain products to ICI, including sodium hypochlorite. The terms and conditions of these new agreements with ICI are, and we expect the terms and conditions of the proposed agreements with ICI to be, substantially the same as agreements or non-contractual arrangements existing prior to the closing of the transfer of ICI's businesses to us, which generally reflect market prices. The

agreements with ICI into which we have already entered have terms of years and, based on current market prices, we anticipate that we will spend approximately million per year, and that ICI will spend approximately million per year, under these existing agreements.

Utilities Contracts

We intend to enter into one or more agreements with ICI relating to the supply of certain utilities including steam, water and electricity by ICI to us at Billingham. We also expect to enter into reciprocal agreements relating to the provision of certain utilities by us to ICI. We expect that the terms and conditions of these agreements to be substantially the same as agreements or non-contractual arrangements existing prior to the closing of the transfer of ICI's businesses to us, which generally reflect market prices or prices based upon cost plus a reasonable fee.

Services Contracts

We intend to enter into one or more agreements with ICI relating to a wide range of operational services both to and from ICI. These operational services will include the operation and maintenance of various infrastructure, effluent disposal, storage and distribution assets. We expect the terms and conditions of these agreements to be substantially the same as agreements or non-contractual arrangements existing prior to the closing of the transfer of ICI's businesses to us, which generally reflect market prices or prices based upon cost plus a reasonable fee.

In addition, we intend to enter into agreements relating to the provision by ICI to us of a range of support services for the efficient transition of business ownership. These services may include various human resources, occupational health, analytical, engineering or purchasing services. We expect the terms and conditions of these agreements to be substantially the same as agreements or non-contractual arrangements existing prior to the closing of the transfer of ICI's businesses to us, which generally reflect market prices or prices based upon cost plus a reasonable fee.

Continuing Arrangements Not Yet Entered Into

Under the contribution agreement, until we are able to agree upon the terms of the product, supply or utilities agreements described above:

- with respect to (1) the existing supply of any product or utility, or (2) the supply of any existing service which is material to the continuing operation of our or ICI's business after closing, we or ICI may, if we fail to agree on the relevant terms before January 1, 2000, refer the matter for dispute resolution. Until resolution, the provider of products, utilities or services will provide the relevant product, utility or service until June 30, 2001, with the option to terminate with twelve months' notice at any time after closing. A further twelve month extension is possible in limited circumstances; and

- with respect to all other existing provisions of product, utilities and services, we or ICI may, if we fail to agree on the relevant terms before October 1, 1999, refer the matter for dispute resolution. Until resolution, the provider of products, utilities or services will provide the relevant product, utility or service until June 30, 2000, with the option to terminate with three months' notice at any time after closing. A further six month extension is possible in limited circumstances.

If we are unable to agree on the pricing of any product, utility or service for the period from June 30, 1999 until December 31, 1999, it will be supplied at the price prevailing at December 31, 1998. For the subsequent twelve month period an arms-length market price is to be agreed upon, with a price review to be conducted after each successive twelve month period.

Tax Sharing Arrangement

Pursuant to our Limited Liability Company Agreement and the Limited Liability Company Agreement of Huntsman ICI Holdings, we have a tax sharing arrangement with all of our and Huntsman ICI Holdings' common equity holders. Under the arrangement, because we are treated as a partnership for U.S. income tax purposes, we will make quarterly payments (with appropriate annual adjustments) to our parent, Huntsman ICI Holdings, which will in turn make payments to its common equity holders, in an amount equal to the U.S. federal and state income taxes we and Huntsman ICI Holdings would have paid had Huntsman ICI Holdings been a consolidated or unitary group for federal tax purposes. The arrangement also provides that we will receive cash payments from

the common equity holders (through Huntsman ICI Holdings) in amounts equal to the amount of U.S. federal and state income tax refunds or benefit against future tax liabilities equal to the amount we would have received from the use of net operating losses or tax credits generated by us.

DESCRIPTION OF CREDIT FACILITIES

Senior Credit Facilities. In order to fund the closing of the transfer of ICI's and Huntsman Specialty's businesses to us, we borrowed funds under a senior secured credit agreement (the "Credit Agreement") with Bankers Trust Company, as Administrative Agent, Goldman Sachs Credit Partners L.P., The Chase Manhattan Bank and Warburg Dillon Read LLC, and a group of lenders (the "Lenders"). Under the Credit Agreement, the Lenders have provided an aggregate of $2.07 billion of senior secured credit facilities (the "Senior Secured Credit Facilities"), comprised of:

- a $400 million revolving loan facility,
- a $240 million term A loan facility,
- a $300 million term A loan facility in the euro equivalent of $300 million,
- a $565 million term B loan facility, and
- a $565 million term C loan facility.

In addition, a letter of credit facility of $75 million and a swing line loan facility of $25 million are available to us as subfacilities under the revolving loan facility. At the close of business on June 30, 1999, we borrowed $1.67 billion under the Senior Secured Credit Facilities. The revolving loan facility is available to us for working capital and general corporate purposes.

Our obligations under the Senior Secured Credit Facilities are supported by guarantees of Huntsman ICI Holdings LLC, which is our direct parent, our domestic subsidiaries (other than unrestricted subsidiaries under the Credit Agreement) and of Tioxide Group and Tioxide Americas Inc., both of which are non-U.S. subsidiaries that are disregarded as entities for U.S. tax purposes. We have secured our obligations under the Senior Secured Credit Facilities with the pledge of substantially all of our assets, including the stock of our domestic subsidiaries and of Tioxide Group. Our obligations under the Senior Secured Credit Facilities are also secured by the pledge by Huntsman ICI Holdings LLC of its membership interests in us, the pledge by the domestic subsidiary guarantors of their assets, the pledge by Tioxide Group of 65% of the voting stock of Huntsman ICI (Holdings) U.K. and the pledge by Tioxide Americas Inc. of its assets, in each case, with specified exceptions. The Senior Secured Credit Facilities also require that certain intercompany notes by foreign subsidiaries in favor of Huntsman ICI (Holdings) U.K. be secured.

Both the term A dollar loan facility and the term A euro loan facility mature on June 30, 2005 and are payable in semi-annual installments commencing December 31, 2000 with the amortization increasing over time. The term B loan facility matures on June 30, 2007 and is payable in annual installments of $5,650,000 commencing June 30, 2000 with the remaining unpaid balance due on final maturity. The term C loan facility matures on June 30, 2008 and is payable in annual installments of $5,650,000 commencing June 30, 2000 with the remaining unpaid balance due on final maturity. The revolving loan facilities mature on June 30, 2005 with no scheduled commitment reductions.

Interest rates for the Senior Secured Credit Facilities are based upon, at our option, either the applicable eurocurrency rate (for dollars or euros, as applicable) adjusted for reserves or the applicable base rate. The applicable spreads vary based on a pricing grid, in the case of adjusted eurocurrency based loans, from 1.25% to 3.50% per annum depending on the loan facility and whether specified conditions have been satisfied and, in the case of the applicable base rate based loans, from 0.25% to 2.25% per annum.

The Senior Secured Credit Facilities require mandatory prepayments in specified circumstances involving the incurrence of indebtedness, asset dispositions where the net cash proceeds are not

reinvested in additional assets, a specified percentage of excess cash flow, specified capital stock offerings, additional specified subordinated indebtedness and specified purchase price adjustments under the contribution agreement.

The Senior Secured Credit Facilities contain representations and warranties, affirmative covenants, financial covenants, negative covenants and events of default that are usual and customary for facilities similar to the Senior Secured Credit Facilities. The negative covenants include restrictions, among others, on the incurrence of indebtedness and liens, dividends and other distributions, consolidations and mergers, the purchase and sale of assets, issuance of stock, loans and investments, voluntary payments and modifications of indebtedness, and affiliate transactions. The financial covenants require us to maintain financial ratios, including a leverage ratio and an interest coverage ratio, and minimum consolidated net worth and require us to limit the amount of our capital expenditures.

DESCRIPTION OF NOTES

You can find the definitions of certain terms used in this description under the subheading "Certain Definitions". In this description, the word "Huntsman ICI Chemicals" refers only to Huntsman ICI Chemicals LLC and not to any of its subsidiaries.

The terms of the notes to be issued in the exchange offer are identical in all material respects to the terms of the outstanding notes, except for the transfer restrictions relating to the outstanding notes. Any outstanding notes that remain outstanding after the exchange offer, together with notes issued in the exchange offer, will be treated as a single class of securities under the indenture for voting purposes. When we refer to the term "note" or "notes", we are referring to both the outstanding notes and the notes to be issued in the exchange offer. When we refer to "holders" of the notes, we are referring to those persons who are the registered holders of notes on the books of the registrar appointed under the indenture.

The notes were issued under an indenture, dated June 30, 1999, among Huntsman ICI Chemicals, the Guarantors and Bank One, N.A., as trustee, in a private transaction that was not subject to the registration requirements of the Securities Act. See "Notice to Investors." The terms of the notes include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act").

The following description is a summary of the material provisions of the indenture and the registration rights agreement dated June 30, 1999. It does not restate those agreements in their entirety. We urge you to read the indenture and the registration rights agreement because they, and not this description, define your rights as holders of these notes. A copy of the indenture and registration rights agreement has been filed as an exhibit to the registration statement which includes this prospectus and is available to you upon request. See "Where You Can Find More Information".

Brief Description of the Notes and the Guarantees

The Notes

The notes are:

- general unsecured senior subordinated obligations of Huntsman ICI Chemicals;
- subordinated in right of payment to all existing and future Senior Debt of Huntsman ICI Chemicals and to all liabilities (including trade payables) of Huntsman ICI Chemicals's subsidiaries which are not Guarantors (except to the extent of indebtedness owed to Huntsman ICI Chemicals or Guarantors);
- equal in right of payment to all existing and senior subordinated Indebtedness of Huntsman ICI Chemicals;

. senior in right of payment to any subordinated Indebtedness of Huntsman ICI Chemicals; and

. unconditionally guaranteed by the Guarantors on a senior subordinated basis.

The Guarantees

As of the date of this prospectus, Tioxide Group, Tioxide Americas Inc. and Huntsman ICI Financial LLC (the "Guarantors") are our only subsidiaries that guarantee Huntsman ICI Chemicals's obligations under these notes. The obligations of the Guarantors under their guarantees are limited as necessary to minimize the risk that such guarantees would constitute a fraudulent conveyance

under applicable law. See "Risk Factors--The Notes and Guarantees may be void, avoided or subordinated under laws governing fraudulent transfers, insolvency and financial assistance."

The guarantees of the notes:

. are general unsecured senior subordinated obligations of the Guarantors;

. are effectively subordinated in right of payment to all existing and future Senior Debt of the Guarantors,

. are equal in right of payment to all existing and future senior subordinated Indebtedness of the Guarantors, and

. are senior in right of payment to any subordinated Indebtedness of the Guarantors.

Assuming we had completed the offering of these notes and applied the net proceeds as intended, as of December 31,1998, Huntsman ICI Chemicals and the Guarantors would have had $1,686 million of Senior Debt outstanding, and Huntsman ICI Chemicals's subsidiaries which are not Guarantors would have had approximately $13 million of Indebtedness outstanding.

Tioxide Group, Tioxide America Inc. and Huntsman ICI Financial LLC were incorporated on July 26, 1930, August 11, 1971, and May 19, 1999, respectively. The address of each of the Guarantors is: c/o Huntsman ICI Chemicals LLC, 500 Huntsman Way, Salt Lake City, Utah 84108.

As of the date of this prospectus, all the subsidiaries of Huntsman ICI Chemicals are "Restricted Subsidiaries." However, under certain circumstances we will be permitted to designate certain of our subsidiaries as "Unrestricted Subsidiaries." Unrestricted Subsidiaries will not be subject to the restrictive covenants in the indenture.

We and our Domestic Subsidiaries will make investments in our Foreign Subsidiaries either directly or by advancing funds to Huntsman ICI Financial LLC or Tioxide Group, each of whom will in turn advance the funds to the Foreign Subsidiaries, either as a capital contribution or as an intercompany loan. At July 1, 1999, Huntsman ICI Financial held approximately $1.3 billion of unsecured indebtedness from our Foreign Subsidiaries. In addition, Huntsman ICI Holdings (UK) ("Holdings U.K."), a direct wholly owned Restricted Subsidiary of Tioxide Group, held approximately $700 million of secured Indebtedness from our Foreign Subsidiaries. However, in the event of a bankruptcy, liquidation or reorganization of a Foreign Subsidiary, there can be no assurance that the intercompany loans it owes to Holdings U.K. or Tioxide Group will not be declared unenforceable, equitably subordinated to other obligations of such Foreign Subsidiary or recharacterized as equity. In such an event, creditors of such Foreign Subsidiary will have a prior claim to all assets of such Foreign Subsidiary.

Subordination

The payment of principal, premium and interest, if any, on these notes is subordinated to the prior payment in full in cash of all Senior Debt of Huntsman ICI Chemicals.

The holders of Senior Debt are entitled to receive payment in full in cash of Obligations due in respect of Senior Debt (including interest after the commencement of any such proceeding at the rate specified in the applicable Senior Debt) before the holders of notes are entitled to receive any payment with respect to the notes (except that holders of notes may receive and retain Permitted Junior Securities and payments made from the trust described under "--Legal Defeasance and Covenant Defeasance"), in the event of any distribution to creditors of Huntsman ICI Chemicals:

(1) in a liquidation or dissolution of Huntsman ICI Chemicals;

(2) in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to Huntsman ICI Chemicals or its property;

(3) in an assignment for the benefit of creditors; or

(4) in any marshaling of Huntsman ICI Chemicals' assets and liabilities.

Huntsman ICI Chemicals also may not make any payment in respect of the notes (except in Permitted Junior Securities or from the trust described under "--Legal Defeasance and Covenant Defeasance") if:

(1) a payment default on Designated Senior Debt occurs and is continuing beyond any applicable grace period; or

(2) any other default occurs and is continuing on Designated Senior Debt that permits holders of the Designated Senior Debt to accelerate its maturity and the trustee receives a notice of such default (a "Payment Blockage Notice") from Huntsman ICI Chemicals or the holders of any Designated Senior Debt.

Payments on the notes may and shall be resumed:

(1) in the case of a payment default, upon the date on which such default is cured or waived; and

(2) in case of a nonpayment default, the earlier of the date on which such nonpayment default is cured or waived or 179 days after the date on which the applicable Payment Blockage Notice is received, unless the maturity of any Designated Senior Debt has been accelerated.

No new Payment Blockage Notice may be delivered unless and until 360 days have elapsed since the effectiveness of the immediately prior Payment Blockage Notice.

No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the trustee shall be, or be made, the basis for a subsequent Payment Blockage Notice unless such default shall have been cured or waived for a period of not less than 180 days.

Huntsman ICI Chemicals must promptly notify holders of Senior Debt if payment of the notes is accelerated because of an Event of Default.

As a result of the subordination provisions described above, in the event of a bankruptcy, liquidation or reorganization of Huntsman ICI Chemicals, holders of these notes may recover less ratably than creditors of Huntsman ICI Chemicals who are holders of Senior Debt. See "Risk Factors--The notes are subordinated to senior debt".

Principal, Maturity and Interest of Notes

The notes denominated in dollars are limited in aggregate principal amount to $600,000,000 and were issued by Huntsman ICI Chemicals in denominations of $1,000 and integral multiples of $1,000. The notes denominated in euros are limited in aggregate principal amount to (Euro)200,000,000 and were issued by Huntsman ICI Chemicals in denominations of (Euro)1,000 and integral multiples of (Euro)1,000. The notes will mature on July 1, 2009 at the principal amount, plus accrued and unpaid interest to the maturity date.

Interest on the notes will accrue at the rate of 10.125% per annum and will

be payable semi-annually in arrears on January 1 and July 1, commencing on January 1, 2000. Huntsman ICI

Chemicals will make each interest payment to the holders of record of the notes on the immediately preceding December 15 and June 15.

Interest on the notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Optional Redemption

At any time prior to July 1, 2002, Huntsman ICI Chemicals may on any one or more occasions redeem up to 35% of the aggregate principal amount of the notes denominated in dollars and/or notes denominated in euros originally issued, at a redemption price of 110.125% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, with the net cash proceeds of one or more Equity Offerings; provided that

(1) at least 65% of the aggregate principal amount of each of the notes denominated in dollars and notes denominated in euros originally issued remains outstanding immediately after the occurrence of such redemption (excluding notes held by Huntsman ICI Chemicals and its subsidiaries); and

(2) the redemption must occur within 120 days of the date of the closing of such Equity Offering.

Notice of any such redemption must be given within 90 days after the date of such Equity Offering. Huntsman ICI Chemicals will publish a copy of such notice in accordance with the procedures described under "--Notices".

As used in the preceding paragraph, "Equity Offering" means any sale of Qualified Capital Stock of Huntsman ICI Chemicals or any capital contribution to the equity of Huntsman ICI Chemicals.

At any time on or prior to July 1, 2004, the notes may be redeemed, in whole or in part, at the option of Huntsman ICI Chemicals, upon not less than 30 nor more than 60 days' notice, at a redemption price (the "Make-Whole Price") equal to the greater of (1) 100% of the principal amount thereof or (2) as determined by an Independent Investment Banker, the present value of (A) the redemption price of such notes at July 1, 2004 (as set forth below) plus (B) all required interest payments due on such notes through July 1, 2004 (excluding accrued interest), discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at, in the case of the notes denominated in dollars, the Adjusted Treasury Rate, and, in the case of notes denominated in euros, the Adjusted Bund Rate, plus in each case accrued interest to the redemption date.

"Adjusted Bund Rate" means with respect to any redemption date, the mid-market yield, under the heading which represents the average for the immediately prior week, appearing on Reuters page AABBUND01, or its successor, for the maturity corresponding to July 1, 2009 (if no maturity date is within three months before or after July 1, 2009, yields for the two published maturities most closely corresponding to July 1, 2009 shall be determined and the Bund yield shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month), plus 0.50%. The Bund Rate shall be calculated on the third Business Day preceding such redemption date.

"Adjusted Treasury Rate" means with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a

price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, plus 0.50%.

"Comparable Treasury Issue" means the United States Treasury Security

selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes.

"Comparable Treasury Price" means, with respect to any redemption date, (1) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities" or (2) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (A) the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (B) if the trustee obtains fewer than three such Reference Treasury Dealer Quotations, the average of all such Quotations.

"Independent Investment Banker" means any Reference Treasury Dealer appointed by the trustee after consultation with Huntsman ICI Chemicals.

"Reference Treasury Dealer" means each of Goldman, Sachs & Co., Deutsche Bank Securities Inc., Chase Securities Inc. and Warburg Dillon Read LLC and their respective successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), Huntsman ICI Chemicals shall substitute therefor another Reference Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by the trustee, of the bid and asked prices of the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such Reference Treasury Dealer at 5:00 p.m. on the third Business Day preceding such redemption date.

After July 1, 2004, Huntsman ICI Chemicals may redeem all or a part of the notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest thereon, if any, to the applicable redemption date, if redeemed during the twelve-month period beginning on July 1 of the years indicated below:

<TABLE>
<CAPTION>

Year	Redemption price of notes denominated in dollars	Redemption price of notes denominated in euros
<S>	<C>	<C>
2004.....	105.063%	105.063%
2005.....	103.375%	103.375%
2006.....	101.688%	101.688%
2007 and thereafter.....	100.000%	100.000%

</TABLE>

Huntsman ICI Chemicals will publish a redemption notice in accordance with the procedures described under "--Notices".

Repurchase at the Option of Holders upon Change of Control

If a Change of Control occurs, each holder of notes will have the right to require Huntsman ICI Chemicals to repurchase all or any part (equal to $1,000 or (Euro)1,000, as the case may be, or an integral multiple thereof) of that holder's notes pursuant to the Change of Control Offer. In the Change of Control Offer, Huntsman ICI Chemicals will offer a Change of Control Payment in cash equal to 101% of the aggregate principal amount of notes repurchased plus accrued and unpaid interest thereon, if any, to the date of purchase. Within 30 days following any Change of Control, Huntsman ICI Chemicals will mail a notice to each holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase notes on the

Change of Control Payment Date (as defined below) specified in such notice, pursuant to the procedures required by the indenture and described in such notice. Huntsman ICI Chemicals will also publish a notice of the offer repurchase in accordance with the procedures described under "--Notices". Huntsman ICI Chemicals will comply with the requirements of Rule 14e-1 under the Exchange Act (or any successor rules) and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control.

On the Change of Control Payment Date, Huntsman ICI Chemicals will, to the extent lawful:

(1) accept for payment all notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Principal Paying Agent an amount equal to the Change of Control Payment in respect of all notes or portions thereof so tendered; and

(3) deliver or cause to be delivered to the trustee the notes so accepted together with an Officers' Certificate stating the aggregate principal amount of notes or portions thereof being purchased by Huntsman ICI Chemicals.

The Principal Paying Agent will promptly mail to each holder of notes so tendered the Change of Control Payment for such notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new note equal in principal amount to any unpurchased portion of the notes surrendered, if any; provided that each such new note will be in the same currency as the tendered note and in a principal amount of $1,000 or (Euro)1,000, as the case may be, or an integral multiple thereof.

The provisions described above that require Huntsman ICI Chemicals to make a Change of Control Offer following a Change of Control are applicable regardless of whether or not any other provisions of the indenture are applicable. Except as described above with respect to a Change of Control, the indenture does not contain provisions that permit the holders of the notes to require that Huntsman ICI Chemicals repurchase or redeem the notes in the event of a takeover, recapitalization or similar transaction.

Huntsman ICI Chemicals is required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to a Change of Control Offer made by Huntsman ICI Chemicals and purchases all notes validly tendered and not withdrawn under such Change of Control Offer.

The definition of "Change of Control" includes a phrase relating to the sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the assets of Huntsman ICI Chemicals and its subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require Huntsman ICI Chemicals to repurchase

such notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of Huntsman ICI Chemicals and its subsidiaries taken as a whole to another Person or group may be uncertain.

The indenture provides that, prior to the mailing of the notice referred to below, but in any event within 30 days following any Change of Control, Huntsman ICI Chemicals covenants to:

. repay in full and terminate all commitments under Indebtedness under the Credit Facilities and all other Senior Debt the terms of which require repayment upon a Change of Control or offer to repay in full and terminate all commitments under all Indebtedness under the Credit Facilities and all other such Senior Debt and to repay the Indebtedness owed to each lender which has accepted such offer or

. obtain the requisite consents under the Credit Facilities and all other Senior Debt to permit the repurchase of the notes as provided below.

Huntsman ICI Chemicals shall first comply with the covenant in the immediately preceding sentence before it shall be required to repurchase notes pursuant to the provisions described below. Huntsman ICI Chemicals's failure to comply with the covenant described in the immediately preceding sentence shall constitute an Event of Default described in clause (3) and not in clause (2) under "Events of Default" below.

Within 30 days following the date upon which the Change of Control occurred, Huntsman ICI Chemicals must send, by first class mail, a notice to each holder of notes, with a copy to the trustee, which notice shall govern the terms of the Change of Control Offer. Such notice shall state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date such notice is mailed, other than as may be required by law (the "Change of Control Payment Date"). Huntsman ICI Chemicals will also publish a notice of the offer to repurchase in accordance with the procedures described under "--Notices". Holders electing to have a note purchased pursuant to a Change of Control Offer will be required to surrender the note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the third business day prior to the Change of Control Payment Date.

Huntsman ICI Chemicals will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the "Change of Control" provisions of the indenture, Huntsman ICI Chemicals shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under the "Change of Control" provisions of the indenture by virtue thereof.

Selection and Notice

If less than all of the notes are to be redeemed at any time, the trustee will select notes for redemption as follows:

. if the notes are listed, in compliance with the requirements of the principal national securities exchange on which the notes are listed; or

. if the notes are not so listed, on a pro rata basis, by lot or by such method as the trustee shall deem fair and appropriate.

No notes of $1,000 or (Euro)1,000, as the case may be, or less shall be redeemed in part. Notices of redemption shall be mailed by first class mail at least 30 but not more than 60 days before

the redemption date to each holder of notes to be redeemed at its registered address. Huntsman ICI Chemicals will also publish a notice of redemption in accordance with the procedures described under "--Notices".

If any note is to be redeemed in part only, the notice of redemption that relates to that note shall state the portion of the principal amount thereof to be redeemed. A new note in principal amount equal to the unredeemed portion of the original note will be issued in the name of the holder thereof upon cancellation of the original note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on notes or portions of them called for redemption.

Certain Covenants

Set forth below are summaries of certain covenants contained in the indenture.

Limitation on Incurrence of Additional Indebtedness. Huntsman ICI Chemicals will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume, guarantee, acquire, become liable,

contingently or otherwise, with respect to, or otherwise become responsible for payment of (collectively, "incur") any Indebtedness (other than Permitted Indebtedness); provided, however, that if no Default or Event of Default shall have occurred and be continuing at the time of or as a consequence of the incurrence of any such Indebtedness, Huntsman ICI Chemicals and its Restricted Subsidiaries which are Guarantors may incur Indebtedness (including, without limitation, Acquired Indebtedness), and Restricted Subsidiaries which are not Guarantors may incur Acquired Indebtedness, in each case if on the date of the incurrence of such Indebtedness, after giving effect to the incurrence thereof, the Consolidated Fixed Charge Coverage Ratio of Huntsman ICI Chemicals is greater than 2.0 to 1.0.

Limitation on Restricted Payments. Huntsman ICI Chemicals will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, (1) declare or pay any dividend or make any distribution (other than dividends or distributions payable in Qualified Capital Stock of Huntsman ICI Chemicals) on or in respect of shares of Huntsman ICI Chemicals's Capital Stock to holders of such Capital Stock, (2) purchase, redeem or otherwise acquire or retire for value any Capital Stock of Huntsman ICI Chemicals or any warrants, rights or options to purchase or acquire shares of any class of such Capital Stock, (3) make any principal payment on, purchase, defease, redeem, prepay, decrease or otherwise acquire or retire for value, prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment, any Indebtedness of Huntsman ICI Chemicals that is subordinate or junior in right of payment to the notes or (4) make any Investment (other than Permitted Investments) (each of the foregoing actions set forth in clauses (1), (2), (3) and (4) being referred to as a "Restricted Payment"), if at the time of such Restricted Payment or immediately after giving effect thereto, (A) a Default or an Event of Default shall have occurred and be continuing or (B) Huntsman ICI Chemicals is not able to incur at least $1.00 of additional Indebtedness (other than Permitted Indebtedness) in compliance with the "Limitation on Incurrence of Additional Indebtedness" covenant or (C) the aggregate amount of Restricted Payments (including such proposed Restricted Payment) made subsequent to June 30, 1999 (the amount expended for such purposes, if other than in cash, being the fair market value of such property as determined reasonably and in good faith by the Board of Managers of Huntsman ICI Chemicals) shall exceed the sum of: (x) 50% of the cumulative Consolidated Net Income (or if cumulative Consolidated Net Income shall be a loss, minus 100% of such loss) of Huntsman ICI Chemicals earned from June 30, 1999 through the last day of the last full fiscal quarter immediately preceding the date the Restricted Payment occurs (the "Reference Date") (treating such period as a single accounting period); plus (y) 100% of the aggregate net cash proceeds received by Huntsman ICI Chemicals from any Person (other than a subsidiary of Huntsman ICI Chemicals) from the

issuance and sale subsequent to June 30, 1999 and on or prior to the Reference Date of Qualified Capital Stock of Huntsman ICI Chemicals (other than Specified Venture Capital Stock); plus (z) without duplication of any amounts included in clause (C)(y) above, 100% of the aggregate net cash proceeds of any equity contribution received by Huntsman ICI Chemicals from a holder of Huntsman ICI Chemicals' Capital Stock.

Notwithstanding the foregoing, the provisions set forth in the immediately preceding paragraph do not prohibit:

(1) the payment of any dividend within 60 days after the date of declaration of such dividend if the dividend would have been permitted on the date of declaration;

(2) the acquisition of any shares of Capital Stock of Huntsman ICI Chemicals, either (A) solely in exchange for shares of Qualified Capital Stock of Huntsman ICI Chemicals or (B) if no Default or Event of Default shall have occurred and be continuing, through the application of net proceeds of a substantially concurrent sale for cash (other than to a subsidiary of Huntsman ICI Chemicals) of shares of Qualified Capital Stock of Huntsman ICI Chemicals;

(3) the acquisition of any Indebtedness of Huntsman ICI Chemicals that is subordinate or junior in right of payment to the notes either (A) solely in exchange for shares of Qualified Capital Stock of Huntsman ICI Chemicals, or (B) if no Default or Event of Default shall have

occurred and be continuing, through the application of net proceeds of a substantially concurrent sale or incurrence for cash (other than to a subsidiary of Huntsman ICI Chemicals) of (x) shares of Qualified Capital Stock of Huntsman ICI Chemicals or (y) Refinancing Indebtedness;

(4) so long as no Default or Event of Default shall have occurred and be continuing, repurchases by Huntsman ICI Chemicals of, or dividends to Huntsman ICI Holdings to permit repurchases by Huntsman ICI Holdings of, Common Stock of Huntsman ICI Chemicals or Huntsman ICI Holdings from employees of Huntsman ICI Chemicals or any of its subsidiaries or their authorized representatives upon the death, disability or termination of employment of such employees, in an aggregate amount not to exceed $4 million in any calendar year;

(5) the redemption or repurchase of any Common Stock of Huntsman ICI Chemicals held by a Restricted Subsidiary of Huntsman ICI Chemicals which obtained such Common Stock directly from Huntsman ICI Chemicals;

(6) distributions to the members of Huntsman ICI Chemicals in accordance with the Tax Sharing Agreement;

(7) payments to Huntsman ICI Holdings for legal, audit, and other expenses directly relating to the administration of Huntsman ICI Holdings (including fees and expenses relating to the Huntsman ICI Holdings Zero Coupon Notes) which when aggregated with loans made to Huntsman ICI Holdings in accordance with clause (xvii) under the definition of "Permitted Investments", will not exceed $3.0 million in any fiscal year;

(8) the payment of consideration by a third party to equity holders of Huntsman ICI Chemicals;

(9) additional Restricted Payments in an aggregate amount not to exceed $10 million since June 30, 1999;

(10) payments of dividends on Disqualified Capital Stock issued in accordance with "Limitation on Incurrence of Additional Indebtedness" above and

(11) distributions and Investments in connection with our transaction with ICI and Huntsman Specialty and the financing thereof.

In determining the aggregate amount of Restricted Payments made subsequent to June 30, 1999 in accordance with clause (C) of the immediately preceding paragraph, cash amounts expended pursuant to clauses (A), (B), and (D) shall be included in such calculation.

Not later than the date of making any Restricted Payment pursuant to clause (C) of the second preceding paragraph or clause (9) of the immediately preceding paragraph, Huntsman ICI Chemicals shall deliver to the trustee an officers' certificate stating that such Restricted Payment complies with the indenture and setting forth in reasonable detail the basis upon which the required calculations were computed, which calculations may be based upon Huntsman ICI Chemicals' quarterly financial statements last provided to the trustee pursuant to "--Reports to Holders".

Limitation on Asset Sales. Huntsman ICI Chemicals will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless (1) Huntsman ICI Chemicals or the applicable Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the fair market value of the assets sold or otherwise disposed of (as determined in good faith by Huntsman ICI Chemicals' Board of Managers), (2) at least 75% of the consideration received by Huntsman ICI Chemicals or the Restricted Subsidiary, as the case may be, from such Asset Sale shall be in the form of cash or Cash Equivalents (provided that the amount of any liabilities (as shown on the most recent applicable balance sheet) of Huntsman ICI Chemicals or any such Restricted Subsidiary (other than liabilities that are by their terms subordinated to the notes) that are assumed by the transferee of any such assets shall be deemed to be cash for purposes of this provision) and

is received at the time of such disposition; and (3) upon the consummation of an Asset Sale, Huntsman ICI Chemicals shall apply, or cause such Restricted Subsidiary to apply, the Net Cash Proceeds relating to such Asset Sale within 365 days of receipt thereof either (A) to prepay any Senior Debt, Guarantor Senior Debt or Indebtedness of a Restricted Subsidiary that is not a Guarantor and, in the case of any such Indebtedness under any revolving credit facility, effect a permanent reduction in the availability under such revolving credit facility, (B) to either (x) make an investment in or expenditures for properties and assets (including Capital Stock of any entity) that replace the properties and assets that were the subject of such Asset Sale or in properties and assets (including Capital Stock of any entity) that will be used in the business of Huntsman ICI Chemicals and its subsidiaries as existing on June 30, 1999 or in businesses reasonably related thereto ("Replacement Assets") or (y) the acquisition of all of the capital stock or assets of any Person or division conducting a business reasonably related to that of Huntsman ICI Chemicals or its subsidiaries; provided that Net Cash Proceeds in excess of $30 million in the aggregate since June 30, 1999 from Asset Sales involving assets of Huntsman ICI Chemicals or a Guarantor (other than the Capital Stock of a Foreign Subsidiary) shall only be reinvested in (x) assets which will be owned by Huntsman ICI Chemicals or a Guarantor and not constituting an Investment or (y) in the capital stock of a Person that becomes a Guarantor, or (C) a combination of prepayment and investment permitted by the foregoing clauses (3)(A) or (3)(B). On the 366th day after an Asset Sale or such earlier date, if any, as the Board of Managers of Huntsman ICI Chemicals or board of directors of such Restricted Subsidiary determines not to apply the Net Cash Proceeds relating to such Asset Sale as set forth in clauses (3)(A), (3)(B) or (3)(C) of the next preceding sentence (each, a "Net Proceeds Offer Trigger Date"), such aggregate amount of Net Cash Proceeds which have not been applied on or before such Net Proceeds Offer Trigger Date as permitted in clauses (3)(A), (3)(B) and (3)(C) of the next preceding sentence (each a "Net Proceeds Offer Amount") shall be applied by Huntsman ICI Chemicals or such Restricted Subsidiary to make an offer to purchase (the "Net Proceeds Offer") on a date (the "Net Proceeds Offer Payment Date") not less than 30 nor more than 45 days following the applicable Net Proceeds Offer Trigger Date, from all holders of notes and all holders of other indebtedness that is pari passu with the notes containing provisions requiring offers to purchase with the proceeds of sales of assets, on a pro rata basis, that amount of notes equal to the Net Proceeds Offer Amount at a price equal to 100% of the principal amount of the notes to be purchased, plus accrued and unpaid interest thereon, if any, to

the date of purchase; provided, however, that if at any time any non-cash consideration received by Huntsman ICI Chemicals or any Restricted Subsidiary of Huntsman ICI Chemicals, as the case may be, in connection with any Asset Sale is converted into or sold or otherwise disposed of for cash (other than interest received with respect to any such non-cash consideration), then such conversion or disposition shall be deemed to constitute an Asset Sale hereunder and the Net Cash Proceeds thereof shall be applied in accordance with this covenant. Huntsman ICI Chemicals shall not be required to make a Net Proceeds Offer until there is an aggregate unutilized Net Proceeds Offer Amount equal to or in excess of $30 million resulting from one or more Asset Sales, at which time, the unutilized Net Proceeds Offer Amount, shall be applied as required pursuant to this paragraph, provided, however, that the first $30 million of Net Proceeds Offer Amount need not be applied as required pursuant to this paragraph.

In the event of the transfer of substantially all (but not all) of the property and assets of Huntsman ICI Chemicals and its Restricted Subsidiaries as an entirety to a Person in a transaction permitted under "--Merger, Consolidation and Sale of Assets," and as a result thereof Huntsman ICI Chemicals is no longer an obligor on the notes, the successor corporation shall be deemed to have sold the properties and assets of Huntsman ICI Chemicals and its Restricted Subsidiaries not so transferred for purposes of this covenant, and shall comply with the provisions of this covenant with respect to such deemed sale as if it were an Asset Sale. In addition, the fair market value of such properties and assets of Huntsman ICI Chemicals or its Restricted Subsidiaries deemed to be sold shall be deemed to be Net Cash Proceeds for purposes of this covenant.

Notwithstanding the two immediately preceding paragraphs, Huntsman ICI Chemicals and its Restricted Subsidiaries will be permitted to consummate an Asset Sale without complying with such paragraphs to the extent (1) at least

80% of the consideration for such Asset Sale constitutes Replacement Assets and (2) such Asset Sale is for fair market value; provided that any consideration not constituting Replacement Assets received by Huntsman ICI Chemicals or any of its Restricted Subsidiaries in connection with any Asset Sale permitted to be consummated under this paragraph shall constitute Net Cash Proceeds subject to the provisions of the two preceding paragraphs.

Each Net Proceeds Offer will be mailed to the record holders as shown on the register of holders within 30 days following the Net Proceeds Offer Trigger Date, with a copy to the trustee, and shall comply with the procedures set forth in the indenture. Upon receiving notice of the Net Proceeds Offer, holders may elect to tender their notes in whole or in part in integral multiples of $1,000 or (Euro)1,000, as the case may be, in exchange for cash. To the extent holders properly tender notes in an amount exceeding the Net Proceeds Offer Amount, notes of tendering holders will be purchased on a pro rata basis (based on amounts tendered). A Net Proceeds Offer shall remain open for a period of 20 business days or such longer period as may be required by law.

Huntsman ICI Chemicals will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of notes pursuant to a Net Proceeds Offer. To the extent that the provisions of any securities laws or regulations conflict with the "Limitation on Asset Sale" provisions of the indenture, Huntsman ICI Chemicals shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under the "Limitation on Asset Sale" provisions of the indenture by virtue thereof.

Limitation on Dividend and Other Payment Restrictions Affecting Subsidiaries. Huntsman ICI Chemicals will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary of Huntsman ICI Chemicals to (A) pay dividends or make any other distributions on or in respect of its Capital Stock; (B) make

loans or advances or to pay any Indebtedness or other obligation owed to Huntsman ICI Chemicals or any other Restricted Subsidiary of Huntsman ICI Chemicals; or (C) transfer any of its property or assets to Huntsman ICI Chemicals or any other Restricted Subsidiary of Huntsman ICI Chemicals, except for such encumbrances or restrictions existing under or by reason of:

(1) applicable law;

(2) the indenture relating to these notes;

(3) customary non-assignment provisions of any contract or any lease governing a leasehold interest of Huntsman ICI Chemicals or any Restricted Subsidiary of Huntsman ICI Chemicals;

(4) any agreements existing at the time of acquisition of any Person or the properties or assets of the Person so acquired (including agreements governing Acquired Indebtedness), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person or the properties or assets of the Person so acquired;

(5) agreements existing on June 30, 1999 to the extent and in the manner such agreements are in effect on June 30, 1999;

(6) restrictions imposed by any agreement to sell assets or Capital Stock permitted under the indenture to any Person pending the closing of such sale;

(7) any agreement or instrument governing Capital Stock of any Person that is acquired;

(8) Indebtedness or other contractual requirements of a Securitization Entity in connection with a Qualified Securitization Transaction; provided that such restrictions apply only to such Securitization

Entity;

(9) Liens incurred in accordance with the covenant described under "--Limitation on Liens";

(10) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(11) the Credit Facilities;

(12) any restriction under an agreement governing Indebtedness of a Foreign Subsidiary permitted under "--Limitation on Incurrence of Additional Indebtedness";

(13) customary restrictions in Capitalized Lease Obligations, security agreements or mortgages securing Indebtedness of Huntsman ICI Chemicals or a Restricted Subsidiary to the extent such restrictions restrict the transfer of the property subject to such Capitalized Lease Obligations, security agreements or mortgages;

(14) customary provisions in joint venture agreements and other similar agreements (in each case relating solely to the respective joint venture or similar entity or the equity interests therein) entered into in the ordinary course of business;

(15) contracts entered into in the ordinary course of business, not relating to Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of Huntsman ICI Chemicals or any Restricted Subsidiary in any manner material to Huntsman ICI Chemicals or any Restricted Subsidiary; and

(16) an agreement governing Indebtedness incurred to Refinance the Indebtedness issued, assumed or incurred pursuant to an agreement referred to in clause (2), (4), (5), (8), (11), (12) or (13), above;

provided, however, that the provisions relating to such encumbrance or restriction contained in any such Indebtedness are no less favorable to Huntsman ICI Chemicals in any material respect as

determined by the Board of Managers of Huntsman ICI Chemicals in their reasonable and good faith judgment than the provisions relating to such encumbrance or restriction contained in agreements referred to in such clause (2), (4), (5), (8), (11), (12) or (13).

Limitation on Preferred Stock of Restricted Subsidiaries. Huntsman ICI Chemicals will not permit any of its Restricted Subsidiaries to issue any Preferred Stock (other than to Huntsman ICI Chemicals or to a Restricted Subsidiary of Huntsman ICI Chemicals) or permit any Person (other than Huntsman ICI Chemicals or a Restricted Subsidiary of Huntsman ICI Chemicals) to own any Preferred Stock of any Restricted Subsidiary of Huntsman ICI Chemicals; provided, however, that

. Class A Shares and Class B Shares may be issued pursuant to the terms of the Contribution Agreement;

. any Person which is not a Restricted Subsidiary of Huntsman ICI Chemicals may issue Preferred Stock to equity holders of such Person in exchange for equity interests if after such issuance such Person becomes a Restricted Subsidiary and

. Tioxide Southern Africa (Pty) Limited may issue Preferred Stock to its equity holders in exchange for its equity interests.

Limitation on Liens. Huntsman ICI Chemicals shall not, and shall not permit any of its Restricted Subsidiaries to, create, incur or otherwise cause or suffer to exist or become effective any Liens of any kind upon any property or assets of Huntsman ICI Chemicals or any Restricted Subsidiary, now owned or hereafter acquired, which secures Indebtedness pari passu with or subordinated to the notes unless

. if such Lien secures Indebtedness which is pari passu with the notes, then the notes are secured on an equal and ratable basis with the obligations so secured until such time as such obligation is no longer secured by a Lien or

. if such Lien secures Indebtedness which is subordinated to the notes, any such Lien shall be subordinated to a Lien granted to the holders of the notes in the same collateral as that securing such Lien to the same extent as such subordinated Indebtedness is subordinated to the notes.

Prohibition on Incurrence of Senior Subordinated Debt. Huntsman ICI Chemicals will not incur or suffer to exist Indebtedness that is senior in right of payment to the notes and subordinate in right of payment to any other Indebtedness of Huntsman ICI Chemicals.

Merger, Consolidation and Sale of Assets. Huntsman ICI Chemicals will not, in a single transaction or series of related transactions, consolidate or merge with or into any Person, or sell, assign, transfer, lease, convey or otherwise dispose of (or cause or permit any Restricted Subsidiary of Huntsman ICI Chemicals to sell, assign, transfer, lease, convey or otherwise dispose of) all or substantially all of Huntsman ICI Chemicals's assets (determined on a consolidated basis for Huntsman ICI Chemicals and Huntsman ICI Chemicals's Restricted Subsidiaries) whether as an entirety or substantially as an entirety to any Person unless: (A) either (1) Huntsman ICI Chemicals shall be the surviving or continuing corporation or (2) the Person (if other than Huntsman ICI Chemicals) formed by such consolidation or into which Huntsman ICI Chemicals is merged or the Person which acquires by sale, assignment, transfer, lease, conveyance or other disposition the properties and assets of Huntsman ICI Chemicals and of Huntsman ICI Chemicals's Restricted Subsidiaries substantially as an entirety (the "Surviving Entity") (x) shall be an entity organized and validly existing under the laws of the United States or any State thereof or the District of Columbia and (y) shall expressly assume, by supplemental indenture (in form and substance satisfactory to the trustee), executed and delivered to the trustee, the due and punctual payment of the principal of, and

premium, if any, and interest on all of the notes and the performance of every covenant of the notes and the indenture on the part of Huntsman ICI Chemicals to be performed or observed; (B) immediately after giving effect to such transaction and the assumption contemplated by clause (A)(2)(y) above (including giving effect to any Indebtedness and Acquired Indebtedness incurred or anticipated to be incurred in connection with or in respect of such transaction), Huntsman ICI Chemicals or such Surviving Entity, as the case may be, shall be able to incur at least $1.00 of additional Indebtedness (other than Permitted Indebtedness) pursuant to the "--Limitation on Incurrence of Additional Indebtedness" covenant; (C) immediately before and immediately after giving effect to such transaction and the assumption contemplated by clause (A)(2)(y) above (including, without limitation, giving effect to any Indebtedness and Acquired Indebtedness incurred or anticipated to be incurred and any Lien granted in connection with or in respect of the transaction), no Default or Event of Default shall have occurred or be continuing; and (D) Huntsman ICI Chemicals or the Surviving Entity shall have delivered to the trustee an officers' certificate and an opinion of counsel, each stating that such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with the applicable provisions of the indenture and that all conditions precedent in the indenture relating to such transaction have been satisfied.

The indenture provides that upon any consolidation, combination or merger or any transfer of all or substantially all of the assets of Huntsman ICI Chemicals in accordance with the foregoing, in which Huntsman ICI Chemicals is not the continuing corporation, the successor Person formed by such consolidation or into which Huntsman ICI Chemicals is merged or to which such conveyance, lease or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, Huntsman ICI Chemicals under the indenture and the notes with the same effect as if such surviving entity had been named as such.

Each Guarantor (other than any Guarantor whose guarantee is to be released in accordance with the terms of the guarantee and the indenture in connection

with any transaction complying with the provisions of "--Limitation on Asset Sales") will not, and Huntsman ICI Chemicals will not cause or permit any Guarantor to, consolidate with or merge with or into any Person other than Huntsman ICI Chemicals or any other Guarantor unless: (1) the entity formed by or surviving any such consolidation or merger (if other than the Guarantor) or to which such sale, lease, conveyance or other disposition shall have been made assumes by supplemental indenture all of the obligations of the Guarantor on the guarantee; (2) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing; and (3) immediately after giving effect to such transaction and the use of any net proceeds therefrom on a pro forma basis, Huntsman ICI Chemicals could satisfy the provisions of clause (2) of the first paragraph of this covenant. Any merger or consolidation of a Guarantor with and into Huntsman ICI Chemicals (with Huntsman ICI Chemicals being the surviving entity) or another Guarantor need not comply with the first paragraph of this covenant.

Notwithstanding anything in this section to the contrary, (1) Huntsman ICI Chemicals may merge with an Affiliate that has no material assets or liabilities and that is incorporated or organized solely for the purpose of reincorporating or reorganizing Huntsman ICI Chemicals in another state of the United States or the District of Columbia without complying with clause (B) of the first paragraph of this covenant and (2) any transaction characterized as a merger under applicable state law where each of the constituent entities survives, shall not be treated as a merger for purposes of this covenant, but shall instead be treated as (A) an Asset Sale, if the result of such transaction is the transfer of assets by Huntsman ICI Chemicals or a Restricted Subsidiary, or (B) an Investment, if the result of such transaction is the acquisition of assets by Huntsman ICI Chemicals or a Restricted Subsidiary.

Limitations on Transactions with Affiliates. (A) Huntsman ICI Chemicals will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or permit to exist any transaction or series of related transactions (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any of its Affiliates (each an "Affiliate Transaction"), other than (1) Affiliate Transactions permitted under paragraph (B) below and (2) Affiliate Transactions on terms that are no less favorable than those that might reasonably have been obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate of Huntsman ICI Chemicals or such Restricted Subsidiary. All Affiliate Transactions (and each series of related Affiliate Transactions which are similar or part of a common plan) involving aggregate payments or other property with a fair market value in excess of $5 million shall be approved by the Board of Managers of Huntsman ICI Chemicals or board of directors of such Restricted Subsidiary, as the case may be, such approval to be evidenced by a board resolution stating that such Board of Managers or board of directors has determined that such transaction complies with the foregoing provisions. If Huntsman ICI Chemicals or any Restricted Subsidiary of Huntsman ICI Chemicals enters into an Affiliate Transaction (or a series of related Affiliate Transactions related to a common plan) that involves an aggregate fair market value of more than $10 million, Huntsman ICI Chemicals or such Restricted Subsidiary, as the case may be, shall, prior to the consummation thereof, obtain a favorable opinion as to the fairness of such transaction or series of related transactions to Huntsman ICI Chemicals or the relevant Restricted Subsidiary, as the case may be, from a financial point of view, from an Independent Financial Advisor and file the same with the trustee.

(B) The restrictions set forth in clause (A) do not apply to (1) reasonable fees and compensation paid to and indemnity provided on behalf of, officers, directors, manager, employees or consultants of Huntsman ICI Chemicals or any Restricted Subsidiary of Huntsman ICI Chemicals as determined in good faith by Huntsman ICI Chemicals' Board of Managers or senior management; (2) transactions exclusively between or among Huntsman ICI Chemicals and any of its Restricted Subsidiaries or exclusively between or among such Restricted Subsidiaries, provided such transactions are not otherwise prohibited by the indenture; (3) any agreement as in effect as of June 30, 1999 or contemplated under the contribution agreement or any amendment thereto or any transaction contemplated thereby (including pursuant to any amendment thereto) in any replacement agreement thereto so long as any such amendment or replacement agreement is not more disadvantageous to the holders in any material respect than the original agreement; (4) Permitted Investments and Restricted Payments

made in compliance with "--Limitation on Restricted Payments"; (5) transactions between or among any of Huntsman ICI Chemicals, any of its subsidiaries and any Securitization Entity in connection with a Qualified Securitization Transaction, in each case provided that such transactions are not otherwise prohibited by the indenture; and (6) transactions with distributors or other purchases or sales of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of the indenture which when taken together are fair to Huntsman ICI Chemicals or the Restricted Subsidiaries as applicable, in the reasonable determination of the Board of Managers of Huntsman ICI Chemicals or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party.

Limitation of Guarantees by Restricted Subsidiaries. Huntsman ICI Chemicals will not permit any of its Restricted Subsidiaries, directly or indirectly, by way of the pledge of any intercompany note or otherwise, to assume, guarantee or in any other manner become liable with respect to any Indebtedness of Huntsman ICI Chemicals or any other Restricted Subsidiary (other than (A) Indebtedness under Currency Agreements in reliance on clause (5) of the definition of "Permitted Indebtedness", (B) Interest Swap Obligations and Commodity Agreements incurred in reliance on clause (4) of the definition of "Permitted Indebtedness" or (C) any guarantee by a Foreign Subsidiary of Indebtedness of another Foreign Subsidiary permitted under "--Limitation on

Incurrence of Additional Indebtedness"), unless, in any such case (1) such Restricted Subsidiary that is not a Guarantor executes and delivers a supplemental indenture to the indenture, providing a guarantee of payment of the notes by such Restricted Subsidiary and (2) (x) if any such assumption, guarantee or other liability of such Restricted Subsidiary is provided in respect of Senior Debt, the guarantee or other instrument provided by such Restricted Subsidiary in respect of such Senior Debt may be superior to the guarantee pursuant to subordination provisions no less favorable in any material respect to the holders than those contained in the indenture and (y) if such assumption, guarantee or other liability of such Restricted Subsidiary is provided in respect of Indebtedness that is expressly subordinated to the notes, the guarantee or other instrument provided by such Restricted Subsidiary in respect of such subordinated Indebtedness shall be subordinated to the guarantee pursuant to subordination provisions no less favorable in any material respect to the holders than those contained in the indenture.

Notwithstanding the foregoing, any such guarantee by a Restricted Subsidiary of the notes shall provide by its terms that it shall be automatically and unconditionally released and discharged, without any further action required on the part of the trustee or any holder, upon: (1) the unconditional release of such Restricted Subsidiary from its liability in respect of the Indebtedness in connection with which such guarantee was executed and delivered pursuant to the preceding paragraph; or (2) any sale or other disposition (by merger or otherwise) to any Person which is not a Restricted Subsidiary of Huntsman ICI Chemicals of all of the Capital Stock in, or all or substantially all of the assets of, such Restricted Subsidiary or the parent of such Restricted Subsidiary; provided that (A) such sale or disposition of such Capital Stock or assets is otherwise in compliance with the terms of the indenture and (B) such assumption, guarantee or other liability of such Restricted Subsidiary has been released by the holders of the other Indebtedness so guaranteed or (3) such Guarantor becoming an Unrestricted Subsidiary in accordance with the indenture.

Capital Stock of Certain Subsidiaries. Huntsman ICI Chemicals will at all times hold directly, or indirectly through a wholly owned Restricted Subsidiary, (1) all issued and outstanding Capital Stock of Tioxide Group, other than shares of Class A Shares issued pursuant to the terms of the contribution agreement, which will be held by an ICI Affiliate and (2) all issued and outstanding Capital Stock of Holdings U.K., other than shares of Class B Shares issued pursuant to the terms of the Contribution Agreement, which will be held by a Huntsman Affiliate. Neither Tioxide Group nor Holdings U.K. will issue any Capital Stock (or any direct or indirect rights, options or warrants to acquire such Capital Stock) to any Person other than Huntsman ICI Chemicals or a wholly owned Restricted Subsidiary of Huntsman ICI Chemicals except to qualify directors if required by applicable law or other similar legal requirements and the Class A Shares and Class B Shares described in the preceding sentence. Tioxide Group will not make any direct or indirect

distribution with respect to its Capital Stock to any Person other than Huntsman ICI Chemicals or a wholly owned Restricted Subsidiary of Huntsman ICI Chemicals except that after the UK Holdco Notes have been paid in full, dividends may be paid on the Class A Shares of Tioxide Group in an amount not to exceed 1% of the dividends paid by Tioxide Group. Holdings U.K. will not make any direct or indirect distribution with respect to its Capital Stock to any Person other than Huntsman ICI Chemicals or a wholly owned Restricted Subsidiary of Huntsman ICI Chemicals and other than nominal dividends on the Class B Shares.

Conduct of Business. Huntsman ICI Chemicals and its Restricted Subsidiaries (other than a Securitization Entity) will not engage in any businesses which are not the same, similar or related to the businesses in which Huntsman ICI Chemicals and its Restricted Subsidiaries were engaged on June 30, 1999, except to the extent that after engaging in any new business, Huntsman ICI Chemicals and its Restricted Subsidiaries, taken as a whole, remain substantially engaged in similar lines of business as were conducted by them on June 30, 1999. Huntsman ICI Financial shall only conduct the business of holding Indebtedness of Restricted Subsidiaries of Huntsman ICI Chemicals

and shall not incur or be liable for any Indebtedness other than guarantees otherwise permitted under the indenture. Tioxide Group shall only conduct the business of holding the equity interests in Restricted Subsidiaries and shall not incur or be liable for any Indebtedness other than guarantees otherwise permitted under the indenture. Holdings U.K. shall only conduct the business of holding equity interests and Indebtedness of Restricted Subsidiaries and shall not incur or be liable for any Indebtedness other than Indebtedness owing to Huntsman ICI Chemicals or Huntsman ICI Financial. Funds directly or indirectly advanced to any Foreign Subsidiary by Huntsman ICI Chemicals or any Domestic Subsidiary may only be so advanced if such funds are (1) advanced directly by Huntsman ICI Chemicals or a Domestic Subsidiary, (2) contributed to Huntsman ICI Financial as common equity and Huntsman ICI Financial loans such funds, directly or indirectly through wholly owned Restricted Subsidiaries, to such Foreign Subsidiary or (3) contributed to Tioxide Group as common equity and Tioxide Group invests such funds in such Foreign Subsidiary.

Reports to Holders. Whether or not required by the SEC, so long as any notes are outstanding, after the date that this exchange offer is required to be consummated, Huntsman ICI Chemicals will furnish to the holders of notes, within the time periods specified in the SEC's rules and regulations:

(1) all quarterly and annual financial information that would be required to be contained in a filing with the SEC on Forms 10-Q and 10-K if Huntsman ICI Chemicals were required to file such Forms, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, with respect to the annual information only, a report on the annual financial statements by Huntsman ICI Chemicals' certified independent accountants; and

(2) all current reports that would be required to be filed with the SEC on Form 8-K if Huntsman ICI Chemicals were required to file such reports.

If Huntsman ICI Chemicals has designated any of its subsidiaries as Unrestricted Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph shall include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes or schedules thereto, and in Management's Discussion and Analysis of Financial Condition and Results of Operations, of the financial condition and results of operations of Huntsman ICI Chemicals and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of Huntsman ICI Chemicals.

In addition, whether or not required by the SEC, Huntsman ICI Chemicals will file a copy of all of the information and reports referred to in clauses (1) and (2) above with the SEC for public availability within the time periods specified in the SEC's rules and regulations (unless the SEC will not accept such a filing) and make such information available to securities analysts and prospective investors upon request.

Events of Default

The following events are defined in the indenture as "Events of Default":

(1) the failure to pay interest on any notes when the same becomes due and payable and the default continues for a period of 30 days (whether or not such payment shall be prohibited by the subordination provisions of the indenture);

(2) the failure to pay the principal on any notes, when such principal becomes due and payable, at maturity, upon redemption or otherwise (including the failure to make a payment to purchase notes tendered pursuant to a Change of Control Offer or a Net Proceeds Offer) (whether or not such payment shall be prohibited by the subordination provisions of the indenture);

(3) a default in the observance or performance of any other covenant or agreement contained in the indenture which default continues for a period of 60 days after Huntsman ICI Chemicals receives written notice specifying the default (and demanding that such default be remedied) from the trustee or the holders of at least 25% of the outstanding principal amount of the notes (except in the case of a default with respect to the "Merger, Consolidation and Sale of Assets" covenant, which will constitute an Event of Default with such notice requirement but without such passage of time requirement);

(4) the failure to pay at final maturity (giving effect to any applicable grace periods and any extensions thereof) the principal amount of any Indebtedness of Huntsman ICI Chemicals or any Restricted Subsidiary of Huntsman ICI Chemicals, or the acceleration of the final stated maturity of any such Indebtedness if the aggregate principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness in default for failure to pay principal at final maturity or which has been accelerated, aggregates $25 million or more at any time and such Indebtedness has not been discharged in full or such acceleration has not been rescinded or annulled within 30 days of such final maturity or acceleration;

(5) one or more judgments in an aggregate amount in excess of $25 million (which are not covered by indemnities or third party insurance as to which the Person giving such indemnity or such insurer has not disclaimed coverage) shall have been rendered against Huntsman ICI Chemicals or any of its Restricted Subsidiaries and such judgments remain undischarged, unpaid or unstayed for a period of 60 days after such judgment or judgments become final and non-appealable;

(6) certain events of bankruptcy affecting Huntsman ICI Chemicals or any of its Significant Subsidiaries; or

(7) any guarantee of a Significant Subsidiary ceases to be in full force and effect or any such guarantee is declared to be null and void and unenforceable or any of such guarantee is found to be invalid or any of the Guarantors denies its liability under its guarantee (other than by reason of release of a Guarantor in accordance with the terms of the indenture).

If an Event of Default (other than an Event of Default specified in clause (vi) above with respect to Huntsman ICI Chemicals) shall occur and be continuing, the trustee or the holders of at least 25% in principal amount of outstanding notes may declare the principal of and accrued interest on all the notes to be due and payable by notice in writing to Huntsman ICI Chemicals and the trustee specifying the respective Event of Default and that it is a "notice of acceleration" (the "Acceleration Notice"), and the same (1) shall become immediately due and payable or (2) if there are any amounts outstanding under the Designated Senior Debt, shall become immediately due and payable upon the first to occur of an acceleration under the Designated Senior Debt or five business days after receipt by Huntsman ICI Chemicals and the Representative under the Designated Senior Debt of such Acceleration Notice. If an Event of Default specified in clause (6) above with respect to Huntsman ICI Chemicals occurs and is continuing, then all unpaid principal of, and premium, if any, and accrued and unpaid interest on all of the outstanding notes shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder.

The indenture provides that, at any time after a declaration of acceleration with respect to the notes as described in the preceding paragraph, the holders of a majority in principal amount of the notes may rescind and cancel such declaration and its consequences (1) if the rescission would not conflict with any judgment or decree, (2) if all existing Events of Default have been cured or waived except nonpayment of principal or interest that has become due solely because of the acceleration, (3) to the extent the payment of such interest is lawful, interest on overdue installments of interest

and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid, (4) if Huntsman ICI Chemicals has paid the trustee its reasonable compensation and reimbursed the trustee for its expenses, disbursements and advances and (5) in the event of the cure or waiver of an Event of Default of the type described in clause (6) of the description above of Events of Default, the trustee shall have received an officers' certificate and an opinion of counsel that such Event of Default has been cured or waived. No such rescission shall affect any subsequent Default or impair any right consequent thereto.

The holders of a majority in principal amount of the notes may waive any existing Default or Event of Default under the indenture, and its consequences, except a default in the payment of the principal of or interest on any notes.

Holders of the notes may not enforce the indenture or the notes except as provided in the indenture and under the Trust Indenture Act. Subject to the provisions of the indenture relating to the duties of the trustee, the trustee is under no obligation to exercise any of its rights or powers under the indenture at the request, order or direction of any of the holders, unless such holders have offered to the trustee reasonable indemnity. Subject to all provisions of the indenture and applicable law, the holders of a majority in aggregate principal amount of the then outstanding notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee. The trustee may withhold from holders of the notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal, premium or interest) if it determines that withholding notice is in their interest.

Under the indenture, Huntsman ICI Chemicals is required to provide an officers' certificate to the trustee promptly upon any such officer obtaining knowledge of any Default or Event of Default (provided that such officers shall provide such certification at least annually whether or not they know of any Default or Event of Default) that has occurred and, if applicable, describe such Default or Event of Default and the status thereof.

Legal Defeasance and Covenant Defeasance

Huntsman ICI Chemicals may, at its option and at any time, elect to have its obligations and the obligations of the Guarantors discharged with respect to the outstanding notes ("Legal Defeasance"). Such Legal Defeasance means that Huntsman ICI Chemicals shall be deemed to have paid and discharged the entire indebtedness represented by the outstanding notes, except for (1) the rights of holders to receive, solely from the trust fund described below, payments in respect of the principal of, premium, if any, and interest on the notes when such payments are due, (2) Huntsman ICI Chemicals' obligations with respect to the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payments, (3) the rights, powers, trust, duties and immunities of the trustee and Huntsman ICI Chemicals' obligations in connection therewith and (4) the Legal Defeasance provisions of the indenture. In addition, Huntsman ICI Chemicals may, at its option and at any time, elect to have the obligations of Huntsman ICI Chemicals released with respect to certain covenants that are described in the indenture ("Covenant Defeasance") and thereafter any omission to comply with such obligations shall not constitute a Default or Event of Default with respect to the notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, reorganization and insolvency events) described under "Events of Default" will no longer constitute an Event of Default with respect to the notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) Huntsman ICI Chemicals must irrevocably deposit with the trustee, in trust, for the benefit of the holders cash in U.S. dollars or non-callable U.S. government obligations (in the case

of notes denominated in dollars), euros or non-callable government obligations of any member nation of the European Union whose official currency is the euro, rated AAA or better by S&P and Aaa or better by Moody's (in the case of notes denominated in euros), or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest on the notes on the stated date for payment thereof or on the applicable redemption date, as the case may be;

(2) in the case of Legal Defeasance, Huntsman ICI Chemicals shall have delivered to the trustee an opinion of counsel in the United States reasonably acceptable to the trustee confirming that (A) Huntsman ICI Chemicals has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since June 30, 1999, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of counsel shall confirm that, the holders will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred; provided, however, such opinion of counsel shall not be required if all the notes will become due and payable on the maturity date within one year or are to be called for redemption within one year under arrangements satisfactory to the trustee);

(3) in the case of Covenant Defeasance, Huntsman ICI Chemicals shall have delivered to the trustee an opinion of counsel in the United States reasonably acceptable to the trustee confirming that the holders will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default shall have occurred and be continuing on the date of such deposit or insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 91st day after the date of deposit;

(5) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under the indenture or any other material agreement or instrument to which Huntsman ICI Chemicals or any of its subsidiaries is a party or by which Huntsman ICI Chemicals or any of its subsidiaries is bound;

(6) Huntsman ICI Chemicals shall have delivered to the trustee an officers' certificate stating that the deposit was not made by Huntsman ICI Chemicals with the intent of preferring the holders over any other creditors of Huntsman ICI Chemicals or with the intent of defeating, hindering, delaying or defrauding any other creditors of Huntsman ICI Chemicals or others;

(7) Huntsman ICI Chemicals shall have delivered to the trustee an officers' certificate and an opinion of counsel, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with; and

(8) Huntsman ICI Chemicals shall have delivered to the trustee an opinion of counsel to the effect that (A) either (x) Huntsman ICI Chemicals has assigned all its ownership interest in the trust funds to the trustee or (y) the trustee has a valid perfected security interest in the trust funds and (B) assuming no intervening bankruptcy of Huntsman ICI Chemicals between the date of the deposit and the 124th day following the perfection of a security interest in the deposit and

that no holder is an insider of Huntsman ICI Chemicals, after the 124th day following the perfection of a security interest in the deposit, the trust funds will not be subject to avoidance as a preference under Section 547 of the Federal Bankruptcy Code.

Satisfaction and Discharge

The indenture will be discharged and will cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the notes, as expressly provided for in the indenture) as to all outstanding notes when (1) either (A) all the notes theretofore authenticated and delivered (except lost, stolen or destroyed notes which have been replaced or paid and notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by Huntsman ICI Chemicals and thereafter repaid to Huntsman ICI Chemicals or discharged from such trust) have been delivered to the trustee for cancellation or (B) all notes not theretofore delivered to the trustee for cancellation have become due and payable and Huntsman ICI Chemicals has irrevocably deposited or caused to be deposited with the trustee funds in an amount sufficient to pay and discharge the entire Indebtedness on the notes not theretofore delivered to the trustee for cancellation, for principal of, premium, if any, and interest on the notes to the date of deposit together with irrevocable instructions from Huntsman ICI Chemicals directing the trustee to apply such funds to the payment thereof at maturity or redemption, as the case may be; (2) Huntsman ICI Chemicals has paid all other sums payable under the indenture by Huntsman ICI Chemicals; and (3) Huntsman ICI Chemicals has delivered to the trustee an officers' certificate and an opinion of counsel stating that all conditions precedent under the indenture relating to the satisfaction and discharge of the indenture have been complied with. All funds that remain unclaimed for one year will be paid to Huntsman ICI Chemicals, and thereafter holders of notes must look to Huntsman ICI Chemicals for payment as general creditors.

Cancellation

All notes which are redeemed by or on behalf of Huntsman ICI Chemicals will be cancelled and, accordingly, may not be reissued or resold. If Huntsman ICI Chemicals purchases any notes, such acquisition shall not operate as a redemption unless such notes are surrendered for cancellation.

Withholding Taxes

Under certain circumstances, a holder of notes may be subject to withholding taxes and Huntsman ICI Chemicals will not be required to pay any additional amounts to cover such withholding taxes. See "Certain U.S. Federal Tax Consequences--Certification Requirements".

Modification of the Indenture

From time to time, Huntsman ICI Chemicals, the Guarantors and the trustee, without the consent of the holders, may amend the indenture for certain specified purposes, including curing ambiguities, defects or inconsistencies, so long as such change does not, in the opinion of the trustee, adversely affect the rights of any of the holders in any material respect. In formulating its opinion on such matters, the trustee will be entitled to rely on such evidence as it deems appropriate, including, without limitation, solely on an opinion of counsel. Other modifications and amendments of the indenture may be made with the consent of the holders of a majority in principal amount of the then outstanding notes issued under the indenture, except that, without the consent of each holder affected thereby, no amendment may:

(1) reduce the amount of notes whose holders must consent to an amendment;

(2) reduce the rate of or change or have the effect of changing the time for payment of interest, including defaulted interest, on any notes;

(3) reduce the principal of or change or have the effect of changing the fixed maturity of any notes, or change the date on which any notes may be subject to redemption or repurchase, or reduce the redemption or repurchase price therefor;

(4) make any notes payable in money other than that stated in the notes;

(5) make any change in provisions of the indenture protecting the right of each holder to receive payment of principal of and interest on such note on or after the due date thereof or to bring suit to enforce such payment, or permitting holders of a majority in principal amount of notes to waive Defaults or Events of Default;

(6) amend, change or modify in any material respect the obligation of Huntsman ICI Chemicals to make and consummate a Change of Control Offer in the event of a Change of Control or make and consummate a Net Proceeds Offer with respect to any Asset Sale that has been consummated or modify in any material respect any of the provisions or definitions with respect thereto;

(7) modify or change any provision of the indenture or the related definitions affecting the subordination or ranking of the notes or any guarantee in a manner which adversely affects the holders; or

(8) release any Guarantor from any of its obligations under its guarantee or the indenture otherwise than in accordance with the terms of the indenture.

Governing Law

The indenture will provide that it, the notes and the guarantees will be governed by, and construed in accordance with, the laws of the State of New York but without giving effect to applicable principles of conflicts of law to the extent that the application of the law of another jurisdiction would be required thereby.

The Trustee

The indenture will provide that, except during the continuance of an Event of Default, the trustee will perform only such duties as are specifically set forth in the indenture. During the existence of an Event of Default, the trustee will exercise such rights and powers vested in it by the indenture, and use the same degree of care and skill in its exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

The indenture and the provisions of the Trust Indenture Act contain certain limitations on the rights of the trustee, should it become a creditor of Huntsman ICI Chemicals, to obtain payments of claims in certain cases or to realize on certain property received in respect of any such claim as security or otherwise. Subject to the Trust Indenture Act, the trustee will be permitted to engage in other transactions; provided that if the trustee acquires any conflicting interest as described in the Trust Indenture Act, it must eliminate such conflict or resign.

Notices

All notices shall be deemed to have been given (1) the mailing by first class mail, postage prepaid, of such notices to holders of the notes at their registered addresses as recorded in the Register; and (2) so long as the notes are listed on the Luxembourg Stock Exchange and it is required by the rules of the Luxembourg Stock Exchange, publication of such notice to the holders of the notes in English in a leading newspaper having general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or, if such publication is not practicable, in one other leading English language daily newspaper with general circulation in Europe, such newspaper being published on each business day in morning editions, whether or not it shall be published on Saturday, Sunday or holiday editions.

Certain Definitions

Set forth below is a summary of certain of the defined terms used in the indenture. Reference is made to the indenture for the full definition of all such terms, as well as any other terms used herein for which no definition is provided.

"Acquired Indebtedness" means Indebtedness of a Person or any of its subsidiaries existing at the time such Person becomes a Restricted Subsidiary of Huntsman ICI Chemicals or at the time it merges or consolidates with Huntsman ICI Chemicals or any of its Restricted Subsidiaries or assumed in connection with the acquisition of assets from such Person and in each case not incurred by such Person in connection with, or in anticipation or contemplation of, such Person becoming a Restricted Subsidiary of Huntsman ICI Chemicals or such acquisition, merger or consolidation, except for Indebtedness of a Person or any of its subsidiaries that is repaid at the time such Person becomes a Restricted Subsidiary of Huntsman ICI Chemicals or at the time it merges or consolidates with Huntsman ICI Chemicals or any of its Restricted Subsidiaries.

"Affiliate" means, with respect to any specified Person, any other Person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative of the foregoing; provided however that none of the Initial Purchasers or their Affiliates shall be deemed to be an Affiliate of Huntsman ICI Chemicals.

"Asset Acquisition" means:

. an Investment by Huntsman ICI Chemicals or any Restricted Subsidiary of Huntsman ICI Chemicals in any other Person pursuant to which such Person shall become a Restricted Subsidiary of Huntsman ICI Chemicals or of any Restricted Subsidiary of Huntsman ICI Chemicals, or shall be merged with or into Huntsman ICI Chemicals or of any Restricted Subsidiary of Huntsman ICI Chemicals, or

. the acquisition by Huntsman ICI Chemicals or any Restricted Subsidiary of Huntsman ICI Chemicals of the assets of any Person (other than a Restricted Subsidiary of Huntsman ICI Chemicals) which constitute all or substantially all of the assets of such Person or comprises any division or line of business of such Person or any other properties or assets of such Person other than in the ordinary course of business.

"Asset Sale" means any direct or indirect sale, issuance, conveyance, transfer, lease (other than operating leases entered into in the ordinary course of business), assignment or other transfer for value by Huntsman ICI Chemicals or any of its Restricted Subsidiaries (including any Sale and Leaseback Transaction) to any Person other than Huntsman ICI Chemicals or a Restricted Subsidiary of Huntsman ICI Chemicals of (A) any Capital Stock of any Restricted Subsidiary of Huntsman ICI Chemicals; or (B) any other property or assets of Huntsman ICI Chemicals or any Restricted Subsidiary of Huntsman ICI Chemicals other than in the ordinary course of business; provided, however, that Asset Sales shall not include (1) a transaction or series of related transactions for which Huntsman ICI Chemicals or its Restricted Subsidiaries receive aggregate consideration of less than $5 million, (2) sales of accounts receivable and related assets (including contract rights) of the type specified in the definition of "Qualified Securitization Transaction" to a Securitization Entity for the fair market value thereof, (3) sales or grants of licenses to use the patents, trade secrets, know-how and other intellectual property of Huntsman ICI Chemicals or any of its Restricted Subsidiaries to the extent that such license does not prohibit Huntsman ICI Chemicals or any of its Restricted Subsidiaries from using the technologies licensed or require Huntsman ICI Chemicals or any of its Restricted Subsidiaries to pay any fees for any such use, (4) the sale, lease,

conveyance, disposition or other transfer of all or substantially all of the assets of Huntsman ICI Chemicals as permitted under "Merger, Consolidation and Sale of Assets", of any Capital Stock or other ownership interest in or assets or property of an Unrestricted Subsidiary or a Person which is not a subsidiary, pursuant to any foreclosure of assets or other remedy provided by applicable law to a creditor of Huntsman ICI Chemicals or any subsidiary of Huntsman ICI Chemicals with a Lien on such assets, which Lien is permitted under the indenture; provided that such foreclosure or other remedy is conducted in a commercially reasonable manner or in accordance with any bankruptcy law, involving only Cash Equivalents, Foreign Cash Equivalents or inventory in the ordinary course of business or obsolete equipment in the

ordinary course of business consistent with past practices of Huntsman ICI Chemicals or including only the lease or sublease of any real or personal property in the ordinary course of business, (5) the consummation of any transaction in accordance with the terms of "--Limitation on Restricted Payments", and (6) Permitted Investments.

"Capital Stock" means:

. with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including each class of Common Stock and Preferred Stock of such Person and

. with respect to any Person that is not a corporation, any and all partnership, membership or other equity interests of such Person.

"Capitalized Lease Obligation" means, as to any Person, the obligations of such Person under a lease that are required to be classified and accounted for as capital lease obligations under GAAP and, for purposes of this definition, the amount of such obligations at any date shall be the capitalized amount of such obligations at such date, determined in accordance with GAAP.

"Cash Equivalents" means:

(1) a marketable obligation, maturing within two years after issuance thereof, issued or guaranteed by the United States of America or an instrumentality or agency thereof,

(2) a certificate of deposit or banker's acceptance, maturing within one year after issuance thereof, issued by any lender under the Credit Facilities, or a national or state bank or trust company or a European, Canadian or Japanese bank, in each case having capital, surplus and undivided profits of at least $100,000,000 and whose long-term unsecured debt has a rating of "A" or better by S&P or A2 or better by Moody's or the equivalent rating by any other nationally recognized rating agency (provided that the aggregate face amount of all Investments in certificates of deposit or bankers' acceptances issued by the principal offices of or branches of such European or Japanese banks located outside the United States shall not at any time exceed 33 1/3% of all Investments described in this definition),

(3) open market commercial paper, maturing within 270 days after issuance thereof, which has a rating of A1 or better by S&P or P1 or better by Moody's, or the equivalent rating by any other nationally recognized rating agency,

(4) repurchase agreements and reverse repurchase agreements with a term not in excess of one year with any financial institution which has been elected primary government securities dealers by the Federal Reserve Board or whose securities are rated AA- or better by S&P or Aa3 or better by Moody's or the equivalent rating by any other nationally recognized rating agency relating to marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency or instrumentality thereof and backed by the full faith and credit of the United States of America,

(5) "Money Market" preferred stock maturing within six months after issuance thereof or municipal bonds issued by a corporation organized under the laws of any state of the

United States, which has a rating of "A" or better by S&P or Moody's or the equivalent rating by any other nationally recognized rating agency,

(6) tax exempt floating rate option tender bonds backed by letters of credit issued by a national or state bank whose long-term unsecured debt has a rating of AA or better by S&P or Aa2 or better by Moody's or the equivalent rating by any other nationally recognized rating agency, and

(7) shares of any money market mutual fund rated at least AAA or the equivalent thereof by S&P or at least Aaa or the equivalent thereof by

Moody's or any other mutual fund holding assets consisting (except for de minimus amounts) of the type specified in clauses (1) through (6) above.

"Change of Control" means (1) prior to the initial public equity offering of Huntsman ICI Chemicals, the failure by Mr. Jon M. Huntsman, his spouse, direct descendants, an entity controlled by any of the foregoing and/or by a trust of the type described hereafter, and/or a trust for the benefit of any of the foregoing (the "Huntsman Group"), collectively to have the power, directly or indirectly, to vote or direct the voting of securities having at least a majority of the ordinary voting power for the election of directors (or the equivalent) of Huntsman ICI Chemicals or (2) after the initial public equity offering, the occurrence of the following: (A) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more members of the Huntsman Group, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person shall be deemed to have "beneficial ownership" of all securities that such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of 35% or more of the then outstanding voting capital stock of Huntsman ICI Chemicals other than in a transaction having the approval of the Board of Managers of Huntsman ICI Chemicals at least a majority of which members are Continuing Managers; or (B) Continuing Managers shall cease to constitute at least a majority of the managers constituting the Board of Managers of Huntsman ICI Chemicals.

"Class A Shares" means the Class A Shares of Tioxide Group which have voting rights but no rights to dividends and a nominal liquidation preference.

"Class B Shares" means the Class B Shares of Holdings U.K. which have voting rights, a rights to nominal dividends and a nominal liquidation preference.

"Commodity Agreement" means any commodity futures contract, commodity option or other similar agreement or arrangement entered into by Huntsman ICI Chemicals or any of its Restricted Subsidiaries designed to protect Huntsman ICI Chemicals or any of its Restricted Subsidiaries against fluctuations in the price of commodities actually at that time used in the ordinary course of Huntsman ICI Chemicals or its Restricted Subsidiaries.

"Common Stock" of any Person means any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock, whether outstanding on June 30, 1999 or issued after June 30, 1999, and includes, without limitation, all series and classes of such common stock.

"Consolidated EBITDA" means, with respect to any Person, for any period, the sum (without duplication) of (1) Consolidated Net Income, (2) to the extent Consolidated Net Income has been reduced thereby, (A) all income taxes of such Person and its Restricted Subsidiaries paid or accrued in accordance with GAAP for such period (other than income taxes attributable to extraordinary, unusual or nonrecurring gains or losses or taxes attributable to sales or dispositions outside the ordinary course of business) and Permitted Tax Distributions paid during such period, (B) Consolidated Interest Expense and (C) Consolidated Non-cash Charges less any non-cash items

increasing Consolidated Net Income for such period, all as determined on a consolidated basis for such Person and its Restricted Subsidiaries in accordance with GAAP.

"Consolidated Fixed Charge Coverage Ratio" means, with respect to any Person, the ratio of Consolidated EBITDA of such Person during the four full fiscal quarters for which financial statements are available under "--Reports to Holders" (the "Four Quarter Period") ending on or prior to the date of the transaction giving rise to the need to calculate the Consolidated Fixed Charge Coverage Ratio (the "Transaction Date") to Consolidated Fixed Charges of such Person for the Four Quarter Period.

In addition to and without limitation of the foregoing, for purposes of this definition, "Consolidated EBITDA" and "Consolidated Fixed Charges" shall be calculated after giving effect on a pro forma basis for the period of such calculation to:

(1) the incurrence or repayment of any Indebtedness of such Person or any of its Restricted Subsidiaries (and the application of the proceeds thereof) giving rise to the need to make such calculation and any incurrence or repayment of other Indebtedness (and the application of the proceeds thereof), other than the incurrence or repayment of Indebtedness in the ordinary course of business for working capital purposes pursuant to working capital facilities, occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and prior to June 30, 1999, as if such incurrence or repayment, as the case may be (and the application of the proceeds thereof), occurred on the first day of the Four Quarter Period and

(2) any Asset Sales or Asset Acquisitions (including, without limitation, any Asset Acquisition giving rise to the need to make such calculation as a result of such Person or one of its Restricted Subsidiaries (including any Person who becomes a Restricted Subsidiary as a result of the Asset Acquisition) incurring, assuming or otherwise being liable for Acquired Indebtedness and also including any Consolidated EBITDA (provided that such Consolidated EBITDA shall be included only to the extent includible pursuant to the definition of "Consolidated Net Income") attributable to the assets which are the subject of the Asset Acquisition or Asset Sale during the Four Quarter Period) occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and on or prior to the Transaction Date, as if such Asset Sale or Asset Acquisition (including the incurrence, assumption or liability for any such Acquired Indebtedness) occurred on the first day of the Four Quarter Period.

If such Person or any of its Restricted Subsidiaries directly or indirectly guarantees Indebtedness of a Person other than Huntsman ICI Chemicals or a Restricted Subsidiary, the preceding sentence shall give effect to the incurrence of such guaranteed Indebtedness as if such Person or any Restricted Subsidiary of such Person had directly incurred or otherwise assumed such guaranteed Indebtedness. Furthermore, in calculating "Consolidated Fixed Charges" for purposes of determining the denominator (but not the numerator) of this "Consolidated Fixed Charge Coverage Ratio," (1) interest on outstanding Indebtedness determined on a fluctuating basis as of the Transaction Date and which will continue to be so determined thereafter shall be deemed to have accrued at a fixed rate per annum equal to the rate of interest on such Indebtedness in effect on the Transaction Date; (2) if interest on any Indebtedness actually incurred on the Transaction Date may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rates, then the interest rate in effect on the Transaction Date will be deemed to have been in effect during the Four Quarter Period; and (3) notwithstanding clause (1) above, interest on Indebtedness determined on a fluctuating basis, to the extent such interest is covered by agreements relating to Interest Swap Obligations, shall be deemed to accrue at the rate per annum resulting after giving effect to the operation of such agreements.

"Consolidated Fixed Charges" means, with respect to any Person for any period, the sum, without duplication, of (1) Consolidated Interest Expense, plus (2) the product of (A) the amount of all dividend payments on any series of Preferred Stock of such Person and its Restricted Subsidiaries (other than dividends paid in Qualified Capital Stock and other than dividends paid to such Person or to a Restricted Subsidiary of such Person) paid, accrued or scheduled to be paid or accrued during such period times (B) a fraction, the numerator of which is one and the denominator of which is one minus the then current effective consolidated federal, state and local tax rate of such Person, expressed as a decimal.

"Consolidated Interest Expense" means, with respect to any Person for any period, the sum of, without duplication: (1) the aggregate of the interest expense of such Person and its Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP, including without limitation, (A) any amortization of debt discount and amortization or write-off of deferred financing costs, (B) the net costs under Interest Swap Obligations, (C) all capitalized interest and (D) the interest portion of any deferred payment obligation; and (2) the interest component of Capitalized Lease

Obligations paid, accrued and/or scheduled to be paid or accrued by such Person and its Restricted Subsidiaries during such period as determined on a consolidated basis in accordance with GAAP.

"Consolidated Net Income" means, with respect to any Person, for any period, the sum of (1) aggregate net income (or loss) of such Person and its Restricted Subsidiaries for such period on a consolidated basis, determined in accordance with GAAP plus (2) cash dividends or distributions paid to such Person by any other Person (the "Payor") other than a Restricted Subsidiary of the referent Person, to the extent not otherwise included in Consolidated Net Income, which have been derived from operating cash flow of the Payor; provided that there shall be excluded therefrom (A) after-tax gains from Asset Sales or abandonments or reserves relating thereto, (B) after-tax items classified as extraordinary or nonrecurring gains, (C) the net income of any Person acquired in a "pooling of interests" transaction accrued prior to the date it becomes a Restricted Subsidiary of the referent Person or is merged or consolidated with the referent Person or any Restricted Subsidiary of the referent Person, (D) the net income (but not loss) of any Restricted Subsidiary of the referent Person to the extent that the declaration of dividends or similar distributions by that Restricted Subsidiary of that income is restricted; provided, however, that the net income of Foreign Subsidiaries shall only be excluded in any calculation of Consolidated Net Income of Huntsman ICI Chemicals as a result of application of this clause (D) if the restriction on dividends or similar distributions results from consensual restrictions, (E) the net income or loss of any Person, other than a Restricted Subsidiary of the referent Person, except to the extent of cash dividends or distributions paid to the referent Person or to a wholly owned Restricted Subsidiary of the referent Person by such Person, (F) any restoration to income of any contingency reserve, except to the extent that provision for such reserve was made out of Consolidated Net Income accrued at any time following June 30, 1999, (G) income or loss attributable to discontinued operations (including, without limitation, operations disposed of during such period whether or not such operations were classified as discontinued), (H) in the case of a successor to the referent Person by consolidation or merger or as a transferee of the referent Person's assets, any earnings of the successor corporation prior to such consolidation, merger or transfer of assets, (I) all gains or losses from the cumulative effect of any change in accounting principles and (J) the net amount of all Permitted Tax Distributions made during such period.

"Consolidated Net Worth" of any Person means the consolidated stockholders' equity (or equivalent) of such Person, determined on a consolidated basis in accordance with GAAP, less (without duplication) amounts attributable to Disqualified Capital Stock of such Person.

"Consolidated Non-cash Charges" means, with respect to any Person, for any period, the aggregate depreciation, amortization and other non-cash charges of such Person and its Restricted

Subsidiaries reducing Consolidated Net Income of such Person and its Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP (excluding any such charges constituting an extraordinary item or loss or any such charge which requires an accrual of or a reserve for cash charges for any future period).

"Continuing Managers" means, as of any date, the collective reference to:

- all members of the Board of Managers of Huntsman ICI Chemicals who have held office continuously since a date no later than twelve months prior to Huntsman ICI Chemicals's initial public equity offering, and

- all members of the Board of Managers of Huntsman ICI Chemicals who assumed office after such date and whose appointment or nomination for election by Huntsman ICI Chemicals's shareholders was approved by a vote of at least 50% of the Continuing Managers in office immediately prior to such appointment or nomination or by the Huntsman Group.

"Contribution Agreement" means the Contribution Agreement, dated April 15, 1999, among Huntsman Specialty, ICI and Huntsman ICI Holdings, as such agreement is in effect on June 30, 1999.

"Credit Facilities" means the senior secured Credit Agreement, dated as of

April 15, 1999 among Huntsman ICI Chemicals and the financial institutions party thereto, together with the related documents thereto (including, without limitation, any guarantee agreements and security documents), in each case as such agreements may be amended (including any amendment and restatement thereof), supplemented, extended or otherwise modified from time to time, and any one or more debt facility, indenture or other agreement refinancing, replacing (whether or not contemporaneously) or otherwise restructuring (including increasing the amount of available borrowings thereunder (provided that such increase in borrowings is permitted by the "Limitation on Incurrence of Additional Indebtedness" covenant above) or making Restricted Subsidiaries of Huntsman ICI Chemicals a borrower, additional borrower or guarantor thereunder) all or any portion of the Indebtedness under such agreement or any successor or replacement agreement and whether including any additional obligors or with the same or any other agent, lender or group of lenders or with other financial institutions or lenders.

"Currency Agreement" means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement designed to protect Huntsman ICI Chemicals or any Restricted Subsidiary of Huntsman ICI Chemicals against fluctuations in currency values.

"Default" means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

"Designated Senior Debt" means:

. Indebtedness under or in respect of the Credit Facilities and

. any other Indebtedness constituting Senior Debt which, at the time of determination, has an aggregate principal amount of at least $100,000,000 and is specifically designated in the instrument evidencing such Senior Debt as "Designated Senior Debt" by Huntsman ICI Chemicals.

"Disqualified Capital Stock" means that portion of any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the sole option of the holder thereof on or prior to the final maturity date of the notes.

"Domestic Subsidiary" means any subsidiary other than a Foreign Subsidiary.

"Environmental Lien" means a Lien in favor of any governmental authority arising in connection with any environmental laws.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

"fair market value" means, with respect to any asset or property, the price which could be negotiated in an arm's-length, free market transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction. Fair market value shall be determined by the Board of Managers of Huntsman ICI Chemicals acting reasonably and in good faith and shall be evidenced by a board resolution of the Board of Managers of Huntsman ICI Chemicals delivered to the trustee.

"Foreign Cash Equivalents" means:

. debt securities with a maturity of 365 days or less issued by any member nation of the European Union, Switzerland or any other country whose debt securities are rated by S&P and Moody's A-1 or P-1, or the equivalent thereof (if a short-term debt rating is provided by either) or at least AA or AA2, or the equivalent thereof (if a long-term unsecured debt rating is provided by either) (each such jurisdiction, an "Approved Jurisdiction") or any agency or instrumentality of an Approved Jurisdiction, provided that the full faith and credit of the Approved Jurisdiction is pledged in support of such debt securities or such debt securities constitute a general obligation of the Approved

Jurisdiction and

. debt securities in an aggregate principal amount not to exceed $25 million with a maturity of 365 days or less issued by any nation in which Huntsman ICI Chemicals or its Restricted Subsidiaries has cash which is the subject of restrictions on export or any agency or instrumentality of such nation, provided that the full faith and credit of such nation is pledged in support of such debt securities or such debt securities constitute a general obligation of such nation.

"Foreign Subsidiary" means any subsidiary of Huntsman ICI Chemicals (other than a Guarantor) organized under the laws of, and conducting a substantial portion of its business in, any jurisdiction other than the United States of America or any state thereof or the District of Columbia.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession of the United States, which were in effect as of June 30, 1999.

"Guarantor" means:

. each of Tioxide Group, Huntsman ICI Financial and Tioxide Americas Inc. and

. each of Huntsman ICI Chemicals's Restricted Subsidiaries that in the future executes a supplemental indenture in which such Restricted Subsidiary agrees to be bound by the terms of the indenture as a Guarantor;

provided that any Person constituting a Guarantor as described above shall cease to constitute a Guarantor when its respective guarantee is released in accordance with the terms of the indenture.

"Guarantor Senior Debt" means with respect to any Guarantor, the principal of, premium, if any, and interest (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable law) on any Indebtedness of a Guarantor, whether outstanding on June 30, 1999 or thereafter created, incurred or assumed, unless, in the case of any particular Indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness shall not be senior in right of payment to the guarantee of such Guarantor. Without limiting the generality of the foregoing, "Guarantor Senior Debt" shall also include the principal of, premium, if any, interest (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable law) on, and all other amounts owing in respect of, (w) all monetary obligations of every nature of a Guarantor in respect of the Credit Facilities, including, without limitation, obligations to pay principal and interest, reimbursement obligations under letters of credit, fees, expenses and indemnities, (x) all monetary obligations of every nature of a Guarantor evidenced by a promissory note and which is, directly or indirectly, pledged as security for the obligations of Huntsman ICI Chemicals under the Credit Facilities, (y) all Interest Swap Obligations and (z) all obligations under Currency Agreements, in each case whether outstanding on June 30, 1999 or thereafter incurred. Notwithstanding the foregoing, "Guarantor Senior Debt" shall not include (1) any Indebtedness of such Guarantor to a Restricted Subsidiary of such Guarantor or any Affiliate of such Guarantor or any of such Affiliate's subsidiaries other than as described in clause (x), (2) Indebtedness to, or guaranteed on behalf of, any shareholder, director, officer or employee of such Guarantor or any Restricted Subsidiary of such Guarantor (including, without limitation, amounts owed for compensation), (3) Indebtedness to trade creditors and other amounts incurred in connection with obtaining goods, materials or services, (4) Indebtedness represented by Disqualified Capital Stock, (5) any liability for federal, state, local or other taxes owed or owing by such Guarantor, (6) Indebtedness incurred in violation of the indenture provisions set forth under "Limitation on

Incurrence of Additional Indebtedness," (7) Indebtedness which, when incurred and without respect to any election under Section 1111(b) of Title 11, United States Code, is without recourse to Huntsman ICI Chemicals and (8) any Indebtedness which is, by its express terms, subordinated in right of payment to any other Indebtedness of such Guarantor.

"Holdings U.K." means, Huntsman ICI Holdings (UK), a private unlimited company incorporated under the laws of England and Wales.

"Huntsman Affiliate" means Huntsman Corporation or any of its Affiliates (other than Huntsman ICI Holdings and its subsidiaries).

"Huntsman Corporation" means Huntsman Corporation, a Utah corporation.

"Huntsman ICI Holdings Zero Coupon Notes" means, collectively, the Senior Discount Notes due 2009 and the Subordinated Discount Notes due 2009 issued by Huntsman ICI Holdings, and any notes into which any such Huntsman ICI Holdings Zero Coupon Notes may be exchanged or replaced pursuant to the terms of the indenture pursuant to which such Huntsman ICI Holdings Zero Coupon Notes are issued.

"Huntsman Specialty" means Huntsman Specialty Chemicals Corporation, a Utah corporation.

"ICI Affiliate" means ICI or any Affiliate of ICI.

"Indebtedness" means with respect to any Person, without duplication,

(1) all Obligations of such Person for borrowed money,

(2) all Obligations of such Person evidenced by bonds, debentures, notes or other similar instruments,

(3) all Capitalized Lease Obligations of such Person,

(4) all Obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations and all Obligations under any title retention agreement (but excluding trade accounts payable and other accrued liabilities arising in the ordinary course of business that are not overdue by 90 days or more or are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted),

(5) all Obligations for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction,

(6) guarantees in respect of Indebtedness referred to in clauses (1) through (5) above and clause (8) below,

(7) all Obligations of any other Person of the type referred to in clauses (1) through (6) which are secured by any lien on any property or asset of such Person, the amount of such Obligation being deemed to be the lesser of the fair market value of such property or asset or the amount of the Obligation so secured,

(8) all Obligations under Currency Agreements and Interest Swap Agreements of such Person and

(9) all Disqualified Capital Stock issued by such Person with the amount of Indebtedness represented by such Disqualified Capital Stock being equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any.

For purposes hereof, the "maximum fixed repurchase price" of any Disqualified Capital Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Capital Stock as if such Disqualified Capital Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Capital Stock, such fair market value shall be determined reasonably and in

good faith by the board of directors of the issuer of such Disqualified Capital Stock; provided, however, that notwithstanding the foregoing, "Indebtedness" shall not include:

(A) advances paid by customers in the ordinary course of business for services or products to be provided or delivered in the future,

(B) deferred taxes or

(C) unsecured indebtedness of Huntsman ICI Chemicals and/or its Restricted Subsidiaries incurred to finance insurance premiums in a principal amount not in excess of the insurance premiums to be paid by Huntsman ICI Chemicals and/or its Restricted Subsidiaries for a three year period beginning on the date of any incurrence of such indebtedness.

"Independent Financial Advisor" means a firm:

. which does not, and whose directors, officers and employees or Affiliates do not, have a direct or indirect financial interest in Huntsman ICI Chemicals and

. which, in the judgment of the Board of Managers of Huntsman ICI Chemicals, is otherwise independent and qualified to perform the task for which it is to be engaged.

"Interest Swap Obligations" means the obligations of any Person pursuant to any arrangement with any other Person, whereby, directly or indirectly, such Person is entitled to receive

from time to time periodic payments calculated by applying either a floating or a fixed rate of interest on a stated notional amount in exchange for payments made by such other Person calculated by applying a fixed or a floating rate of interest on the same notional amount and shall include, without limitation, interest rate swaps, caps, floors, collars and similar agreements.

"Investment" means, with respect to any Person, any direct or indirect loan or other extension of credit (including, without limitation, a guarantee) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Indebtedness issued by, any Person. "Investment" shall exclude extensions of trade credit by Huntsman ICI Chemicals and its Restricted Subsidiaries on commercially reasonable terms in accordance with normal trade practices of Huntsman ICI Chemicals or such Restricted Subsidiary, as the case may be. For the purposes of the "Limitation on Restricted Payments" covenant, (1) "Investment" shall include and be valued at the fair market value of the net assets of any Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary and shall exclude the fair market value of the net assets of any Unrestricted Subsidiary at the time that such Unrestricted Subsidiary is designated a Restricted Subsidiary and (2) the amount of any Investment shall be the original cost of such Investment plus the cost of all additional Investments by Huntsman ICI Chemicals or any of its Restricted Subsidiaries, without any adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect to such Investment, reduced by the payment of dividends or distributions in connection with such Investment or any other amounts received in respect of such Investment; provided that no such payment of dividends or distributions or receipt of any such other amounts shall reduce the amount of any Investment if such payment of dividends or distributions or receipt of any such amounts would be included in Consolidated Net Income. If Huntsman ICI Chemicals or any Restricted Subsidiary of Huntsman ICI Chemicals sells or otherwise disposes of any Common Stock of any direct or indirect Restricted Subsidiary of Huntsman ICI Chemicals such that, after giving effect to any such sale or disposition, Huntsman ICI Chemicals no longer owns, directly or indirectly, greater than 50% of the outstanding Common Stock of such Restricted Subsidiary, Huntsman ICI Chemicals shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Common Stock of such Restricted Subsidiary not sold or disposed of.

"Lien" means any lien, mortgage, deed of trust, pledge, security interest,

charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest), but not including any interests in accounts receivable and related assets conveyed by Huntsman ICI Chemicals or any of its subsidiaries in connection with any Qualified Securitization Transaction.

"Net Cash Proceeds" means, with respect to any Asset Sale, the proceeds in the form of cash or Cash Equivalents including payments in respect of deferred payment obligations when received in the form of cash or Cash Equivalents (other than the portion of any such deferred payment constituting interest) received by Huntsman ICI Chemicals or any of its Restricted Subsidiaries from such Asset Sale net of (A) all out-of-pocket expenses and fees relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees and sales commissions), (B) taxes paid or payable after taking into account any reduction in consolidated tax liability due to available tax credits or deductions and any tax sharing arrangements, (C) repayment of Indebtedness that is required to be repaid in connection with such Asset Sale, (D) the decrease in proceeds from Qualified Securitization Transactions which results from such Asset Sale and (E) appropriate amounts to be provided by Huntsman ICI Chemicals or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with GAAP, against any liabilities associated with such Asset Sale and retained by Huntsman ICI Chemicals or any Restricted Subsidiary, as the case may be, after

such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale.

"Obligations" means all obligations for principal, premium, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Organizational Documents" means, with respect to any Person, such Person's memorandum, articles or certificate of incorporation, bylaws, partnership agreement, joint venture agreement, limited liability company agreement or other similar governing documents and any document setting forth the designation, amount and/or relative rights, limitations and preferences of any class or series of such Person's Capital Stock.

"Permitted Indebtedness" means, without duplication, each of the following:

(1) Indebtedness under the notes, the indenture and the guarantees;

(2) Indebtedness incurred pursuant to the Credit Facilities in an aggregate principal amount not exceeding $2.4 billion at any one time outstanding less the amount of any payments made by Huntsman ICI Chemicals under the Credit Facilities with the Net Cash Proceeds of any Asset Sale (which are accompanied by a corresponding permanent commitment reduction) pursuant to clause (3)(A) of the first sentence of "--Limitation on Asset Sales";

(3) other Indebtedness of Huntsman ICI Chemicals and its Restricted Subsidiaries outstanding on June 30, 1999 reduced by the amount of any prepayments with Net Cash Proceeds of any Asset Sale (which are accompanied by a corresponding permanent commitment reduction) pursuant to "--Limitation on Asset Sales";

(4) Interest Swap Obligations of Huntsman ICI Chemicals relating to Indebtedness of Huntsman ICI Chemicals or any of its Restricted Subsidiaries (or Indebtedness which Huntsman ICI Chemicals or any of its Restricted Subsidiaries reasonably intends to incur within six months) and Interest Swap Obligations of any Restricted Subsidiary of Huntsman ICI Chemicals relating to Indebtedness of such Restricted Subsidiary (or Indebtedness which such Restricted Subsidiary reasonably intends to incur within six months); provided, however, that such Interest Swap Obligations are entered into to protect Huntsman ICI Chemicals and its Restricted Subsidiaries from fluctuations in interest rates on Indebtedness permitted under with the indenture to the extent the notional principal amount of such Interest Swap Obligation, when incurred, does not exceed the principal

amount of the Indebtedness to which such Interest Swap Obligation relates;

(5) Indebtedness under Commodity Agreements and Currency Agreements; provided that in the case of Currency Agreements which relate to Indebtedness, such Currency Agreements do not increase the Indebtedness of Huntsman ICI Chemicals and its Restricted Subsidiaries outstanding other than as a result of fluctuations in foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder;

(6) Indebtedness of a Restricted Subsidiary of Huntsman ICI Chemicals to Huntsman ICI Chemicals or to a Restricted Subsidiary of Huntsman ICI Chemicals for so long as such Indebtedness is held by Huntsman ICI Chemicals or a Restricted Subsidiary of Huntsman ICI Chemicals, in each case subject to no Lien held by a Person other than Huntsman ICI Chemicals or a Restricted Subsidiary of Huntsman ICI Chemicals (other than the pledge of intercompany notes under the Credit Facilities); provided that if as of any date any Person other than Huntsman ICI Chemicals or a Restricted Subsidiary of Huntsman ICI Chemicals owns or holds any such Indebtedness or holds a Lien in respect of such Indebtedness

(other than the pledge of intercompany notes under the Credit Facilities), such date shall be deemed the incurrence of Indebtedness not constituting Permitted Indebtedness by the issuer of such Indebtedness;

(7) Indebtedness of Huntsman ICI Chemicals to a Restricted Subsidiary for so long as such Indebtedness is held by a Restricted Subsidiary, in each case subject to no Lien (other than Liens securing intercompany notes pledged under the Credit Facilities); provided that (A) any Indebtedness of Huntsman ICI Chemicals to any Restricted Subsidiary (other than pursuant to notes pledged under the Credit Facilities) is unsecured and subordinated, pursuant to a written agreement, to Huntsman ICI Chemicals' obligations under the indenture and the notes and (B) if as of any date any Person other than a Restricted Subsidiary owns or holds any such Indebtedness or any Person holds a Lien in respect of such Indebtedness (other than pledges securing the Credit Facilities), such date shall be deemed the incurrence of Indebtedness not constituting Permitted Indebtedness by Huntsman ICI Chemicals;

(8) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; provided, however, that such Indebtedness is extinguished within two business days of incurrence;

(9) Indebtedness of Huntsman ICI Chemicals or any of its Restricted Subsidiaries represented by letters of credit for the account of Huntsman ICI Chemicals or such Restricted Subsidiary, as the case may be, in order to provide security for workers' compensation claims, payment obligations in connection with self-insurance or similar requirements in the ordinary course of business;

(10) Refinancing Indebtedness;

(11) Indebtedness arising from agreements of Huntsman ICI Chemicals or a subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred in connection with the disposition of any business, assets or subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or subsidiary for the purpose of financing such acquisition; provided that the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds actually received by Huntsman ICI Chemicals and the subsidiary in connection with such disposition;

(12) Obligations in respect of performance bonds and completion, guarantee, surety and similar bonds provided by Huntsman ICI

Chemicals or any subsidiary in the ordinary course of business;

(13) Guarantees by Huntsman ICI Chemicals or a Restricted Subsidiary of Indebtedness incurred by Huntsman ICI Chemicals or a Restricted Subsidiary so long as the incurrence of such Indebtedness by Huntsman ICI Chemicals or any such Restricted Subsidiary is otherwise permitted by the terms of the indenture;

(14) Indebtedness of Huntsman ICI Chemicals or any subsidiary incurred in the ordinary course of business not to exceed $35 million at any time outstanding (A) representing Capitalized Lease Obligations or (B) constituting purchase money Indebtedness incurred to finance property or assets of Huntsman ICI Chemicals or any Restricted Subsidiary of Huntsman ICI Chemicals acquired in the ordinary course of business; provided, however, that such purchase money Indebtedness shall not exceed the cost of such property or assets and shall not be secured by any property or assets of Huntsman ICI Chemicals or any Restricted Subsidiary of Huntsman ICI Chemicals other than the property and assets so acquired;

(15) Indebtedness of Foreign Subsidiaries that are Restricted Subsidiaries to the extent that the aggregate outstanding amount of Indebtedness incurred by such Foreign Subsidiaries under this clause (15)does not exceed at any one time an amount equal to the sum of (A) 80% of the consolidated book value of the accounts receivable of all Foreign Subsidiaries and (B) 60% of the consolidated book value of the inventory of all Foreign Subsidiaries; provided, however, that notwithstanding the foregoing limitation, Foreign Subsidiaries may incur in the aggregate up to $50 million of Indebtedness outstanding at any one time;

(16) Indebtedness of Huntsman ICI Chemicals and its Domestic Subsidiaries pursuant to overdraft lines or similar extensions of credit in an aggregate amount not to exceed $20 million at any one time outstanding and Indebtedness of Foreign Subsidiaries pursuant to over-draft lines or similar extensions of credit in an aggregate principal amount not to exceed $60 million at any one time outstanding;

(17) the incurrence by a Securitization Entity of Indebtedness in a Qualified Securitization Transaction that is not recourse to Huntsman ICI Chemicals or any subsidiary of Huntsman ICI Chemicals (except for Standard Securitization Undertakings);

(18) So long as no Event of Default or Potential Event of Default exists, Indebtedness of Huntsman ICI Chemicals to BASF or its Affiliates in an aggregate outstanding amount not in excess of $50 million for the purpose of financing up to 50% of the cost of installation, construction or improvement of property relating to the manufacture of PO/MTBE;

(19) Indebtedness of Huntsman ICI Chemicals to a Huntsman Affiliate or an ICI Affiliate constituting Subordinated Indebtedness;

(20) Indebtedness consisting of take-or-pay obligations contained in supply agreements entered into in the ordinary course of business;

(21) Indebtedness of Huntsman ICI Chemicals to any to any of its subsidiaries incurred in connection with the purchase of accounts receivable and related assets by Huntsman ICI Chemicals from any such subsidiary which assets are subsequently conveyed by Huntsman ICI Chemicals to a Securitization Entity in a Qualified Securitization Transaction; and

(22) additional Indebtedness of Huntsman ICI Chemicals and its Restricted Subsidiaries in an aggregate principal amount not to exceed $25 million at any one time outstanding.

"Permitted Investments" means:

(1) Investments by Huntsman ICI Chemicals or any Restricted Subsidiary of

Huntsman ICI Chemicals in any Person that is or will become immediately after such Investment a Restricted Subsidiary of Huntsman ICI Chemicals or that will merge or consolidate into Huntsman ICI Chemicals or a Restricted Subsidiary of Huntsman ICI Chemicals; provided that this clause (1) shall not permit any Investment by Huntsman ICI Chemicals or a Domestic Restricted Subsidiary in a Foreign Subsidiary consisting of a capital contribution by means of a transfer of property other than cash, Cash Equivalents or Foreign Cash Equivalents other than transfers of property of nominal value in the ordinary course of business;

(2) Investments in Huntsman ICI Chemicals by any Restricted Subsidiary of Huntsman ICI Chemicals; provided that any Indebtedness evidencing such Investment is unsecured and subordinated (other than pursuant to intercompany notes pledged under the Credit Facilities), pursuant to a written agreement, to Huntsman ICI Chemicals' obligations under the notes and the indenture;

(3) investments in cash and Cash Equivalents;

(4) loans and advances to employees and officers of Huntsman ICI Chemicals and its Restricted Subsidiaries in the ordinary course of business for travel, relocation and related expenses;

(5) Investments in Unrestricted Subsidiaries or joint ventures not to exceed $75 million, plus (A) the aggregate net after-tax amount returned in cash on or with respect to any Investments made in Unrestricted Subsidiaries and joint ventures whether through interest payments, principal payments, dividends or other distributions or payments, (B) the net after-tax cash proceeds received by Huntsman ICI Chemicals or any Restricted Subsidiary from the disposition of all or any portion of such Investments (other than to a Restricted Subsidiary of Huntsman ICI Chemicals), (C) upon redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary, the fair market value of such subsidiary and (D) the net cash proceeds received by Huntsman ICI Chemicals from the issuance of Specified Venture Capital Stock;

(6) Investments in securities received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any debtors of Huntsman ICI Chemicals or its Restricted Subsidiaries;

(7) Investments made by Huntsman ICI Chemicals or its Restricted Subsidiaries as a result of consideration received in connection with an Asset Sale made in compliance with the "Limitation on Asset Sales" covenant;

(8) Investments existing on June 30, 1999;

(9) any Investment by Huntsman ICI Chemicals or a wholly owned subsidiary of Huntsman ICI Chemicals, or by Tioxide Group or Holdings U.K., in a Securitization Entity or any Investment by a Securitization Entity in any other Person in connection with a Qualified Securitization Transaction; provided that any Investment in a Securitization Entity is in the form of a Purchase Money Note or an equity interest;

(10) Investments by Huntsman ICI Chemicals in Rubicon, Inc. and Louisiana Pigment Company (each a "Joint Venture"), so long as: (A) such Joint Venture does not have any Indebtedness for borrowed money at any time on or after the date of such Investment (other than Indebtedness owing to the equity holders of such Joint Venture), (B) the documentation governing such Joint Venture does not contain a restriction on distributions to Huntsman ICI Chemicals, and (C) such Joint Venture is engaged only in the business of manufacturing product used or marketed by Huntsman ICI Chemicals and its Restricted Subsidiaries and/or the joint venture partner, and businesses reasonably related thereto;

(11) Investments by Foreign Subsidiaries in Foreign Cash Equivalents;

(12) loans to Huntsman ICI Holdings for the purposes described in clause

(7) of the second paragraph of "Certain Covenants--Limitation on Restricted Payments") which, when aggregated with the payment made under such clause, will not exceed $3 million in any fiscal year;

(13) any Indebtedness of Huntsman ICI Chemicals to any of its subsidiaries incurred in connection with the purchase of accounts receivable and related assets by Huntsman ICI Chemicals from any such subsidiary which assets are subsequently conveyed by Huntsman ICI Chemicals to a Securitization Entity in a Qualified Securitization Transaction; and

(14) additional Investments in an aggregate amount not exceeding $25 million at any one time outstanding.

"Permitted Junior Securities" means: (1) Capital Stock in Huntsman ICI Chemicals or any Guarantor; or (2) debt securities of Huntsman ICI Chemicals or any Guarantor that (A) are subordinated to all Senior Debt and any debt securities issued in exchange for Senior Debt to substantially the same extent as, or to a greater extent than, the notes and the related guarantees are subordinated to Senior Debt pursuant to the terms of the indenture and (B) have a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of the notes.

"Permitted Tax Distribution" for any fiscal year means any payments made in compliance with clause (6) of the second paragraph under "Certain Covenants--Limitation on Restricted Payments."

"Person" means an individual, partnership, corporation, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

"Preferred Stock" of any Person means any Capital Stock of such Person that has preferential rights to any other Capital Stock of such Person with respect to dividends or redemptions or upon liquidation.

"Qualified Capital Stock" means any Capital Stock that is not Disqualified Capital Stock.

"Qualified Securitization Transaction" means any transaction or series of transactions that may be entered into by Huntsman ICI Chemicals or any of its subsidiaries pursuant to which Huntsman ICI Chemicals or any of its subsidiaries may sell, convey or otherwise transfer pursuant to customary terms to (1) a Securitization Entity or to Huntsman ICI Chemicals which subsequently transfers to a Securitization Entity (in the case of a transfer by Huntsman ICI Chemicals or any of its subsidiaries) and (2) any other Person (in the case of transfer by a Securitization Entity), or may grant a security interest in any accounts receivable (whether now existing or arising or acquired in the future) of Huntsman ICI Chemicals or any of its subsidiaries, and any assets related thereto including, without limitation, all collateral securing such accounts receivable, all contracts and contract rights and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets (including contract rights) which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions involving accounts receivable.

"Refinance" means, in respect of any security or Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue a security or Indebtedness in exchange or replacement for, such security or Indebtedness in whole or in part. "Refinanced" and "Refinancing" shall have correlative meanings.

"Refinancing Indebtedness" means any Refinancing by Huntsman ICI Chemicals or any Restricted Subsidiary of Huntsman ICI Chemicals of Indebtedness incurred in accordance with the "Limitation on Incurrence of Additional Indebtedness" covenant or Indebtedness described in clause (3) of the definition of "Permitted Indebtedness", in each case that does not (1) result in an increase in the aggregate principal amount of Indebtedness of such Person as of the date of such proposed Refinancing (plus the amount of any premium required to be paid under the terms of the instrument governing such Indebtedness and plus the amount of reasonable expenses incurred by Huntsman ICI Chemicals in connection with such Refinancing) or (2) create Indebtedness with (A) a Weighted Average

Life to Maturity that is less than the Weighted Average Life to Maturity of the Indebtedness being Refinanced or (B) a final maturity earlier than the final maturity of the Indebtedness being Refinanced; provided that (x) if such Indebtedness being Refinanced is Indebtedness of Huntsman ICI Chemicals, then such Refinancing Indebtedness shall be Indebtedness solely of Huntsman ICI Chemicals and (y) if such Indebtedness being Refinanced is subordinate or junior to the notes, then

such Refinancing Indebtedness shall be subordinate to the notes at least to the same extent and in the same manner as the Indebtedness being Refinanced.

"Representative" means the indenture trustee or other trustee, agent or representative in respect of any Designated Senior Debt; provided that if, and for so long as, any Designated Senior Debt lacks such a representative, then the Representative for such Designated Senior Debt shall at all times constitute the holders of a majority in outstanding principal amount of such Designated Senior Debt in respect of any Designated Senior Debt.

"Restricted Subsidiary" of any Person means any subsidiary of such Person which at the time of determination is not an Unrestricted Subsidiary.

"Sale and Leaseback Transaction" means any direct or indirect arrangement with any Person or to which any such Person is a party, providing for the leasing to Huntsman ICI Chemicals or a Restricted Subsidiary of any property, whether owned by Huntsman ICI Chemicals or any Restricted Subsidiary on June 30, 1999 or later acquired, which has been or is to be sold or transferred by Huntsman ICI Chemicals or such Restricted Subsidiary to such Person or to any other Person from whom funds have been or are to be advanced by such Person on the security of such Property.

"Securitization Entity" means a wholly owned subsidiary of Huntsman ICI Chemicals (or Tioxide Group, Holdings U.K. another Person in which Huntsman ICI Chemicals or any subsidiary of Huntsman ICI Chemicals makes an Investment and to which Huntsman ICI Chemicals or any subsidiary of Huntsman ICI Chemicals transfers accounts receivable or equipment and related assets) which engages in no activities other than in connection with the financing of accounts receivable or equipment and which is designated by the Board of Managers of Huntsman ICI Chemicals (as provided below) as a Securitization Entity

(1) no portion of the Indebtedness or any other Obligations (contingent or otherwise) of which

- is guaranteed by Huntsman ICI Chemicals or any subsidiary of Huntsman ICI Chemicals (other than the Securitization Entity) (excluding guarantees of Obligations (other than the principal of, and interest on, Indebtedness)) pursuant to Standard Securitization Undertakings,

- is recourse to or obligates Huntsman ICI Chemicals or any subsidiary of Huntsman ICI Chemicals (other than the Securitization Entity) in any way other than pursuant to Standard Securitization Undertakings or

- subjects any property or asset of Huntsman ICI Chemicals or any subsidiary of Huntsman ICI Chemicals (other than the Securitization Entity), directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings and other than any interest in the accounts receivable or equipment and related assets being financed (whether in the form of an equity interest in such assets or subordinated indebtedness payable primarily from such financed assets) retained or acquired by Huntsman ICI Chemicals or any subsidiary of Huntsman ICI Chemicals,

(2) with which neither Huntsman ICI Chemicals nor any subsidiary of Huntsman ICI Chemicals has any material contract, agreement, arrangement or understanding other than on terms no less favorable to Huntsman ICI Chemicals or such subsidiary than those that might be obtained at the time from Persons that are not Affiliates of Huntsman ICI Chemicals, other than fees payable in the ordinary course of business in connection with servicing receivables of such entity, and

(3) to which neither Huntsman ICI Chemicals nor any subsidiary of Huntsman ICI Chemicals has any obligation to maintain or preserve such entity's financial condition or cause such

entity to achieve certain levels of operating results. Any such designation by the Board of Managers of Huntsman ICI Chemicals shall be evidenced to the trustee by filing with the trustee a certified copy of the resolution of the Board of Managers of Huntsman ICI Chemicals giving effect to such designation and an officers' certificate certifying that such designation complied with the foregoing conditions.

"Senior Debt" means the principal of, premium, if any, and interest (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable law) on any Indebtedness of Huntsman ICI Chemicals, whether outstanding on June 30, 1999 or thereafter created, incurred or assumed, unless, in the case of any particular Indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness shall not be senior in right of payment to the notes. Without limiting the generality of the foregoing, "Senior Debt" shall also include the principal of, premium, if any, interest (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable law) on, and all other amounts owing in respect of, (1) all monetary obligations of every nature of Huntsman ICI Chemicals under the Credit Facilities, including, without limitation, obligations to pay principal and interest, reimbursement obligations under letters of credit, fees, expenses and indemnities, (2) all Interest Swap Obligations and (3) all Obligations under Currency Agreements and Commodity Agreements, in each case whether outstanding on June 30, 1999 or thereafter incurred. Notwithstanding the foregoing, "Senior Debt" shall not include (1) any Indebtedness of Huntsman ICI Chemicals to a Restricted Subsidiary of Huntsman ICI Chemicals or any Affiliate of Huntsman ICI Chemicals or any of such Affiliate's subsidiaries, (2) Indebtedness to, or guaranteed on behalf of, any shareholder, director, officer or employee of Huntsman ICI Chemicals or any subsidiary of Huntsman ICI Chemicals (including, without limitation, amounts owed for compensation), (3) Indebtedness to trade creditors and other amounts incurred in connection with obtaining goods, materials or services, (4) Indebtedness represented by Disqualified Capital Stock, (5) any liability for federal, state, local or other taxes owed or owing by Huntsman ICI Chemicals, (6) Indebtedness incurred in violation of the indenture provisions set forth under "Limitation on Incurrence of Additional Indebtedness," (7) Indebtedness which, when incurred and without respect to any election under Section 1111(b) of Title 11, United States Code, is without recourse to Huntsman ICI Chemicals and (8) any Indebtedness which is, by its express terms, subordinated in right of payment to any other Indebtedness of Huntsman ICI Chemicals.

"Significant Subsidiary" means any Restricted Subsidiary of Huntsman ICI Chemicals which, at the date of determination, is a "Significant Subsidiary" as such term is defined in Regulation S-X under the Exchange Act.

"Specified Venture Capital Stock" means Qualified Capital Stock of Huntsman ICI Chemicals or holdings issued to a Person who is not an Affiliate of Huntsman ICI Chemicals and the proceeds from the issuance of which are applied within 180 days after the issuance thereof to an Investment in an Unrestricted Subsidiary or joint venture.

"Standard Securitization Undertakings" means representations, warranties, covenants and indemnities entered into by Huntsman ICI Chemicals or any subsidiary of Huntsman ICI Chemicals which are reasonably customary in an accounts receivable securitization transaction.

"Subordinated Indebtedness" means Indebtedness of Huntsman ICI Chemicals or any Guarantor which is expressly subordinated in right of payment to the notes or the guarantee of such Guarantor, as the case may be.

"Tax Sharing Agreement" means the provisions contained in the Limited Liability Company Agreements of Huntsman ICI Chemicals and Huntsman ICI Holdings as in existence on June 30, 1999 relating to distributions to be made to the members thereof with respect to such members' income tax liabilities.

"UK Holdco Note" means that certain unsecured promissory note issued by Holdings U.K. in favor of Huntsman ICI Financial.

"Unrestricted Subsidiary" of any Person means (1) any subsidiary of such Person that at the time of determination shall be or continue to be designated an Unrestricted Subsidiary in the manner provided below, and (2) any subsidiary of an Unrestricted Subsidiary. The Board of Managers of Huntsman ICI Chemicals may designate any subsidiary (including any newly acquired or newly formed subsidiary) to be an Unrestricted Subsidiary unless such subsidiary owns any Capital Stock of, or owns or holds any Lien on any property of, Huntsman ICI Chemicals or any other subsidiary of Huntsman ICI Chemicals that is not a subsidiary of the subsidiary to be so designated; provided that (A) Huntsman ICI Chemicals certifies to the trustee that such designation complies with the "Limitation on Restricted Payments" covenant and (B) each subsidiary to be so designated and each of its Subsidiaries has not at the time of designation, and does not thereafter, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender has recourse to any of the assets of Huntsman ICI Chemicals or any of its Restricted subsidiaries. The Board of Managers of Huntsman ICI Chemicals may designate any Unrestricted Subsidiary to be a Restricted Subsidiary only if (A) immediately after giving effect to such designation, Huntsman ICI Chemicals is able to incur at least $1.00 of additional Indebtedness (other than Permitted Indebtedness) in compliance with the "Limitation on Incurrence of Additional Indebtedness" covenant and (B) immediately before and immediately after giving effect to such designation, no Default or Event of Default shall have occurred and be continuing. Any such designation by the Board of Managers of Huntsman ICI Chemicals shall be evidenced to the trustee by promptly filing with the trustee a copy of the board resolution giving effect to such designation and an officers' certificate certifying that such designation complied with the foregoing provisions.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing (A) the then outstanding aggregate principal amount of such Indebtedness into (B) the sum of the total of the products obtained by multiplying (1) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal, including payment at final maturity, in respect thereof, by (2) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment.

Listing

The outstanding notes are listed on the Luxembourg Stock Exchange and we have applied to list the exchange notes on the Luxembourg Stock Exchange. The legal notice relating to the issue of the exchange notes and our limited liability company agreement will be registered prior to the listing with the Registrar of the District Court in Luxembourg, where such documents are available for inspection and where copies thereof can be obtained upon request. As long as any notes are listed on the Luxembourg Stock Exchange and as long as the rules of such exchange so require, an agent for making payments on, and transfer of, notes will be maintained in Luxembourg. We have initially designated Banque Generale du Luxembourg as our agent for such purposes.

Form, Denomination, Book-Entry Procedures and Transfer

Except as set forth below, the notes issued in the exchange offer will be issued in registered, global form in minimum denominations of $1,000 or (Euro)1,000 and integral multiples of $1,000 or (Euro)1,000.

The notes which are denominated in dollars to be issued in the exchange offer will be represented by one or more global notes in definitive, fully registered form without interest coupons (collectively, the "Dollar Global Note") and will be deposited with the trustee as custodian for the Depository Trust Company ("DTC") and registered in the name of a nominee of DTC. The notes denominated in euros to be issued in the exchange offer will be represented by one global note in fully registered form without interest coupons (the "Euro

Global Note") and will be deposited with The First National Bank of Chicago, London Branch as common depositary for Euroclear (the "Common Depositary") and registered in the name of a nominee of the Common Depositary. All holders of notes denominated in euros who exchange their outstanding notes denominated in euros in the exchange offer will hold their interests through the Euro Global Note, regardless of whether they purchased their interests pursuant to Rule 144A or Regulation S.

Except in the limited circumstances described below, owners of beneficial interests in global notes will not be entitled to receive physical delivery of certificated notes. Transfers of beneficial interests in the global notes will be subject to the applicable rules and procedures of DTC, Euroclear and Cedelbank and their respective direct or indirect participants which rules and procedures may change from time to time.

Global Notes. The following description of the operations and procedures of DTC, Euroclear and Cedelbank are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them from time to time. Huntsman ICI Chemicals takes no responsibility for these operations and procedures and urges investors to contact the system or their participants directly to discuss these matters.

Upon the issuance of the Dollar Global Note, DTC will credit, on its internal system, the respective principal amount of the individual beneficial interests represented by such global note to the accounts of persons who have accounts with such depositary. Such accounts initially will be designated by or on behalf of the exchange agent. Ownership of beneficial interests in a Dollar Global Note will be limited to its participants or persons who hold interests through its participants. Ownership of beneficial interests in the Dollar Global Notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants).

Upon the issuance of the Euro Global Note, the Common Depositary will credit, on its internal system, the respective principal amount of the beneficial interests represented by such global note to the accounts of Euroclear. Euroclear will credit, on its internal systems, the respective principal amounts of the individual beneficial interests in such global notes to the accounts of persons who have accounts with Euroclear. Such accounts initially will be designated by or on behalf of the Initial Purchasers. Ownership of beneficial interests in the Euro Global Note will be limited to participants or persons who hold interests through participants in Euroclear. Ownership of beneficial interests in Euro Global Note will be shown on, and the transfer of that ownership will be effected only through, records maintained by Euroclear or its nominees (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants).

As long as DTC or the Common Depositary, or its respective nominee, is the registered holder of a global note, DTC or the Common Depositary or such nominee, as the case may be, will be considered the sole owner and holder of the notes represented by such global notes for all purposes under the indenture and the notes. Unless (1) in the case of a Dollar Global Note, DTC notifies Huntsman ICI Chemicals that it is unwilling or unable to continue as depositary for a global note or ceases to be a "Clearing Agency" registered under the Exchange Act,

(2) in the case of a Euro Global Note, Euroclear notifies Huntsman ICI Chemicals it is unwilling or unable to continue as clearing agency, (3) in the case of a Euro Global Note, the Common Depositary notifies Huntsman ICI Chemicals that it is unwilling or unable to continue as Common Depositary and a successor Common Depositary is not appointed within 120 days of such notice or (4) in the case of any note, an event of default has occurred and is continuing with respect to such note, described below under "--Form, Denomination, Book-Entry Procedures and Transfer--Certificated Notes", owners of beneficial interests in a global note will not be entitled to have any portions of such global note registered in their names, will not receive or be entitled to receive physical delivery of notes in certificated form and will not be considered the owners or holders of the global note (or any notes represented

thereby) under the indenture or the notes. In addition, no beneficial owner of an interest in a global note will be able to transfer that interest except in accordance with DTC's and/or Euroclear's and Cedelbank's applicable procedures (in addition to those under the indenture referred to herein).

Investors may hold their interests in the Dollar Global Note through Euroclear or Cedelbank and the Euro Global Note through Euroclear, if they are participants in such systems, or indirectly through organizations which are participants in such systems. Cedelbank and Euroclear will hold interests in the Dollar Global Note on behalf of their participants through customers' securities accounts in their respective names on the books of the Common Depositary. Investors may hold their interests in the Dollar Global Note directly through DTC, if they are participants in such system, or indirectly through organizations (including Euroclear and Cedelbank) which are participants in such system. All interests in a global note may be subject to the procedures and requirements of DTC and/or Euroclear and Cedelbank.

Payments of the principal of and interest on Dollar Global Notes will be made to DTC or its nominee as the registered owner thereof. Payments of the principal of and interest on the Euro Global Note will be made to the order of the Common Depositary or its nominee as the registered owner thereof. Neither Huntsman ICI Chemicals, the trustee, the Common Depositary nor any of their respective agents will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the global notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Huntsman ICI Chemicals expects that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a global note representing any notes held by it or its nominee, will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such global note for such notes as shown on the records of DTC or its nominee. Huntsman ICI Chemicals expects that the Common Depositary, in its capacity as paying agent, upon receipt of any payment or principal or interest in respect of a global note representing any notes held by it or its nominee, will immediately credit the accounts of Euroclear which in turn will immediately credit accounts of participants in Euroclear with payments in amounts proportionate to their respective beneficial interests in the principal amount of such global note for such notes as shown on the records of Euroclear and Cedelbank. Huntsman ICI Chemicals also expects that payments by participants to owners of beneficial interests in such global note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in "street name". Such payments will be the responsibility of such participants.

Because DTC, Euroclear and Cedelbank can only act on behalf of their respective participants, who in turn act on behalf of indirect participants and certain banks, the ability of a holder of a beneficial interest in global notes to pledge such interest to persons or entities that do not participate in the DTC, Euroclear or Cedelbank systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for such interest. The laws of some countries and

some U.S. states require that certain persons take physical delivery of securities in certificated form. Consequently, the ability to transfer beneficial interests in a global note to such persons may be limited. Because DTC, Euroclear and Cedelbank can act only on behalf of participants, which, in turn, act on behalf of indirect participants and certain banks, the ability of a person having a beneficial interest in a global note to pledge such interest to persons or entities that do not participate in the DTC system or in Euroclear and Cedelbank, as the case may be, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate evidencing such interest.

Except for trades involving only Euroclear and Cedelbank participants, interests in the Dollar Global Note will trade in DTC's Same-Day Funds Settlement System and secondary market trading activity in such interests will therefore settle in immediately available funds, subject in all cases to the rules and procedures of DTC and its participants. Transfers of interests in Dollar Global Notes between participants in DTC will be effected in accordance

with DTC's procedures, and will be settled in same-day funds. Transfers of interests in Euro Global Notes and Dollar Global Notes between participants in Euroclear and Cedelbank will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the notes described above, cross-market transfers of dollar notes between DTC participants, on the one hand, and Euroclear or Cedelbank participants, on the other hand, will be effected in DTC in accordance with DTC's rules on behalf of Euroclear or Cedelbank, as the case may be by its respective depositary; however, such crossmarket transactions will require delivery of instructions to Euroclear or Cedelbank, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Cedelbank, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant global note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Cedelbank participants may not deliver instructions directly to the depositories for Euroclear or Cedelbank.

Because of time zone differences, the securities account of a Euroclear or Cedelbank participant purchasing an interest in the Dollar Global Note from a DTC participant will be credited, and any such crediting will be reported to the relevant Euroclear or Cedelbank participant, during the securities settlement processing day (which must be a business day for Euroclear and Cedelbank immediately following the DTC settlement date). Cash received in Euroclear or Cedelbank as a result of sales of interests in a global note by or through a Euroclear or Cedelbank participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Cedelbank cash account only as of the business day for Euroclear or Cedelbank following the DTC settlement date.

DTC, Euroclear and Cedelbank have advised Huntsman ICI Chemicals that they will take any action permitted to be taken by a holder of notes (including the presentation of notes for exchange as described below) only at the direction of one or more participants to whose account with DTC or Euroclear or Cedelbank, as the case may be, interests in the global notes are credited and only in respect of such portion of the aggregate principal amount of the notes as to which such participant or participants has or have given such direction. However, if there is an event of default under the notes, DTC, Euroclear and Cedelbank reserve the right to exchange the global notes for legended notes in certificated form, and to distribute such notes to their respective participants.

DTC has advised Huntsman ICI Chemicals as follows: DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve system, a

"clearing corporation" within the meaning of the Uniform Commercial Code and a "Clearing Agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical transfer and delivery of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. Indirect access to the DTC system is available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly ("indirect participants").

Euroclear and Cedelbank have advised Huntsman ICI Chemicals as follows: Euroclear and Cedelbank each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.

Euroclear and Cedelbank each provide various services including

safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Cedelbank each also deal with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Cedelbank have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.

Account holders in both Euroclear and Cedelbank are world-wide financial institutions including underwriters, securities brokers and dealers, trust companies and clearing corporations. Indirect access of both Euroclear and Cedelbank is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

An account holder's overall contractual relations with either Euroclear or Cedelbank are governed by the respective rules and operating procedures of Euroclear or Cedelbank and any applicable laws. Both Euroclear and Cedelbank act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.

Although DTC, Euroclear and Cedelbank currently follow the foregoing procedures to facilitate transfers of interests in global notes among participants of DTC, Euroclear and Cedelbank, they are under no obligation to do so, and such procedures may be discontinued or modified at any time. Neither Huntsman ICI Chemicals nor the trustee will have any responsibility for the performance by DTC, Euroclear or Cedelbank or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Certificated Notes. If any depositary is at any time unwilling or unable to continue as a depositary for notes for the reasons set forth above under "--Form, Denomination, Book-Entry Procedures and Transfer--Global Notes", Huntsman ICI Chemicals will issue certificates for such notes in definitive, fully registered, non-global form without interest coupons in exchange for the Dollar Global Note or the Euro Global Note, as the case may be. Certificates for notes delivered in exchange for any global note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by DTC, Euroclear, Cedelbank or the Common Depositary (in accordance with their customary procedures).

The holder of a non-global note may transfer such note by surrendering it at the office or agency maintained by Huntsman ICI Chemicals for such purpose in the Borough of Manhattan, The City of New York, which initially will be the office of the trustee or of the Transfer Agent in

Luxembourg. Upon transfer or partial redemption of any note, new certificates may be obtained from the Transfer Agent in Luxembourg.

Notwithstanding any statement herein, Huntsman ICI Chemicals and the trustee reserve the right to impose such transfer, certification, exchange or other requirements, and to require such restrictive legends on certificates evidencing notes, as they may determine are necessary to ensure compliance with the securities laws of the United States and the states therein and any other applicable laws or as DTC, Euroclear or Cedelbank may require.

Same-Day Settlement and Payment

The indenture requires that payments in respect of the notes represented by the global notes, including principal, premium, if any, interest and liquidated damages, if any, be made by wire transfer of immediately available funds to the accounts specified by the global note holder. With respect to notes in certificated form, Huntsman ICI Chemicals will make all payments of principal, premium, if any, interest and liquidated damages, if any, by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a check to each such holder's registered address. Certificated notes may be surrendered for payment at the offices of the trustee or, so long as the notes are listed on the Luxembourg Stock Exchange, the Paying Agent in Luxembourg on the maturity date of the notes. The notes represented by the global notes are expected to be eligible to trade in DTC's, Same-Day Firm Settlement System, and any permitted secondary

market trading activity in such notes will, therefore, be required by DTC to be settled in immediately available funds. Huntsman ICI Chemicals expects that secondary trading in any certificated notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Cedelbank participant purchasing an interest in a global note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Cedelbank participant, during the securities settlement processing day (which must be a business day for Euroclear and Cedelbank) immediately following the settlement date of DTC. Cash received in Euroclear or Cedelbank as a result of sales of interests in a global note by or through a Euroclear or Cedelbank participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Cedelbank cash account only as of the business day for Euroclear or Cedelbank following DTC's settlement date.

Registration Covenant; Exchange Offer

Huntsman ICI Chemicals has entered into an exchange and registration rights agreement pursuant to which Huntsman ICI Chemicals has agreed, for the benefit of the holders of the notes:

(1) to use its reasonable best efforts to file with the SEC a registration statement with respect to the notes to be exchanged for the outstanding notes, of which this prospectus forms a part; and

(2) to use its reasonable best efforts to cause the registration statement of which this prospectus forms a part to become effective within 210 days following the Closing.

Huntsman ICI Chemicals has further agreed to commence the exchange offer promptly after the exchange offer registration statement has become effective, hold the offer open for at least 30 days, and exchange notes for all notes validly tendered and not withdrawn before the expiration of the offer.

Under existing SEC interpretations, the exchange notes would in general be freely transferable after the exchange offer without further registration under the Securities Act, except that broker-

dealers ("Participating Broker-Dealers") receiving exchange notes in the exchange offer will be subject to a prospectus delivery requirement with respect to resales of those exchange notes. The SEC has taken the position that Participating Broker-Dealers may fulfill their prospectus delivery requirements with respect to the exchange notes (other than a resale of an unsold allotment from the original sale of the notes) by delivery of the prospectus contained in the exchange offer registration statement. Under the exchange and registration rights agreement, Huntsman ICI Chemicals is required to allow Participating Broker-Dealers and other persons, if any, subject to similar prospectus delivery requirements to use the prospectus contained in the exchange offer registration statement in connection with the resale of such exchange notes. Each holder of notes (other than certain specified holders of notes) who wishes to exchange such notes for exchange notes in the exchange offer will be required to represent that any exchange notes to be received by it will be acquired in the ordinary course of its business, that at the time of the commencement of the exchange offer it has no arrangement with any person to participate in the distribution (within the meaning of the Securities Act) of the exchange notes and that it is not an Affiliate of Huntsman ICI Chemicals.

However, if:

. on or before the date of consummation of the exchange offer, the existing SEC interpretations are changed such that the exchange notes would not in general be freely transferable in such manner on such date; or

. the exchange offer has not been consummated on or before March 12, 2000; or

. the exchange offer is not available by any holder of the notes,

Huntsman ICI Chemicals will, in lieu of (or, in the case of clause (3), in addition to) effecting registration of exchange notes, use its reasonable best efforts to cause a registration statement under the Securities Act relating to a shelf registration of the notes for resale by holders or, in the case of clause (3), of the notes held by the initial purchasers of the notes for resale by the initial purchasers (the "Resale Registration") to become effective and to remain effective until two years following the effective date of such registration statement or such shorter period that will terminate when all the securities covered by the shelf registration statement have been sold pursuant to the shelf registration statement.

Huntsman ICI Chemicals will, in the event of the Resale Registration, provide to the holder or holders of the applicable notes copies of the prospectus that is a part of the registration statement filed in connection with the Resale Registration, notify such holder or holders when the Resale Registration for the applicable notes has become effective and take certain other actions as are required to permit unrestricted resales of the applicable notes. A holder of notes that sells such notes pursuant to the Resale Registration generally would be required to be named as a selling security holder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with such sales and will be bound by the provisions of the exchange and registration rights agreement that are applicable to such holder (including certain indemnification obligations).

Although Huntsman ICI Chemicals intends to file the registration statement previously described, we cannot assure you that the registration statement will be filed or, if filed, that it will become effective.

In the event that:

(1) the registration statement relating to the exchange offer (or, if applicable, the Resale Registration) has not become effective on or before January 27, 2000; or

(2) the exchange offer has not been consummated within 45 business days after the effective date of the exchange offer registration statement; or

(3) any registration statement required by the exchange and registration rights agreement is filed and declared effective but shall thereafter cease to be effective (except as specifically permitted therein) without being succeeded immediately by an additional registration statement filed and declared effective (any such event referred to in clauses (1) through (4), the "Registration Default"),

then the per annum interest rate on the applicable notes will increase, for the period from the occurrence of the Registration Default until such time as no Registration Default is in effect (at which time the interest rate will be reduced to its initial rate) by 0.25% during the first 90-day period following the occurrence of such Registration Default, which rate shall increase by an additional 0.25% during each subsequent 90-day period, up to a maximum of 1.0%.

The summary herein of certain provisions of the exchange and registration rights agreement does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the exchange and registration rights agreement, a copy of which will be available upon request to Huntsman ICI Chemicals.

We have filed an application to list the exchange notes on the Luxembourg Stock Exchange. Huntsman ICI Chemicals will publish, in accordance with the procedures described under "Notices," a notice of the commencement of the exchange offer and any increase in the rate of interest on the notes, as well as the results of the exchange offer and the new identifying numbers of the securities (the common codes and ISINs). All documents prepared in connection with the exchange offer will be available for inspection at the office of the paying and transfer agent in Luxembourg and all necessary actions and services in respect of the exchange offer may be done at the office of the paying and transfer agent in Luxembourg.

The notes and the exchange notes will be considered collectively to be a

single class for all purposes under the indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase.

PLAN OF DISTRIBUTION

Each broker-dealer that receives notes for its own account in the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of those notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of notes received in the exchange offer where the outstanding notes were acquired as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the consummation of the exchange offer, we will make this prospectus, as amended and supplemented, available to any broker-dealer for use in connection with any such resale. In addition, until , 1999, all dealers effecting transactions in the notes issued in the exchange offer may be required to deliver a prospectus.

Neither Huntsman ICI Chemicals nor any of the Guarantors will receive any proceeds from any sale of notes by broker-dealers. Notes received by broker-dealers for their own account in the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or at negotiated prices. Any such resale may be made directly to purchasers or to or though brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such notes. Any broker-dealer that resells notes that were received by it for its own account in the exchange offer and any broker or dealer that participates in a distribution of such notes may be deemed to be an "underwriter" within the meaning of the Securities Act, and profit on any such resale of notes issued in the exchange and any commission or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

For a period of 180 days after the consummation of the exchange offer, Huntsman ICI Chemicals will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests such documents in the letter of transmittal. Huntsman ICI Chemicals has agreed to pay all expenses incident to the exchange offer, including the expenses of one counsel for the holders of the notes, other than the commissions or concessions of any broker-dealers and will indemnify the holders of the notes, including any broker-dealers, against certain liabilities, including liabilities under the Securities Act. We note, however, that, in the opinion of the SEC, indemnification against liabilities arising under federal securities laws is against public policy and may be unenforceable.

CERTAIN U.S. FEDERAL TAX CONSEQUENCES

The following is a general summary of material U.S. federal tax consequences of the exchange of outstanding notes for the notes to be issued in the exchange offer and of the ownership and disposition of those new notes to holders who acquired the outstanding notes at the initial offering for the original offering price and who acquire new notes in the exchange offer. This discussion is based on U.S. federal income tax laws, regulations, ruling and decisions, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. This discussion does not address all aspects of U.S. federal taxation that may be relevant to a particular holder of the notes based on such holder's particular circumstances. For example, the following discussion does not address the U.S. federal income tax consequences of the ownership and disposition of the notes to a holder who is a broker-dealer, an insurance company, a tax-exempt organization, a financial institution or who is a non-U.S. holder (as defined below) that controls 10% or more of the capital or profits interest of Huntsman ICI Chemicals, or of any related person to Huntsman ICI Chemicals. Further, this discussion generally considers only holders of notes that purchased the notes upon the initial offering and that own their notes as capital assets (generally, assets held for

investment) and does not consider the tax treatment of holders that hold the notes through a partnership or other pass-through entity. Prospective investors are urged to consult their tax advisors regarding the U.S. Federal tax consequences of acquiring, holding, and disposing of the notes, as well as any tax consequences that may arise under the laws of any foreign, state, local or other taxing jurisdiction.

For purposes of this discussion, a U.S. holder is any person who is:

. a citizen or resident of the U.S.;

. a corporation, partnership, or other entity created or organized in the U.S. or under the laws of the U.S. or of any political subdivision thereof;

. an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or

. a trust whose administration is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust.

The Exchange Offer

An exchange of the notes for the exchange notes pursuant to the exchange offer will be ignored for federal income tax purposes, assuming, as expected, that the terms of the exchange notes are substantially identical to the terms of the notes. Consequently, a holder of the notes will not recognize taxable gain or loss as a result of exchanging notes pursuant to the exchange offer. The holding period of the exchange notes will be the same as the holding period of the notes and the tax basis in the exchange notes will be the same as the basis in the notes immediately before the exchange.

Taxation of U.S. Holders of Notes

Interest

Payments of interest on the notes will be includible in a U.S. holder's taxable income as ordinary interest income at the time such payments are accrued or received, in accordance with such holder's method of tax accounting.

Payments of interest that are made to a U.S. holder in respect of notes that are denominated in a currency other than the U.S. dollar (e.g., Euros), will be included in gross income by the U.S. holder based on the U.S. dollar value of such interest payments. The U.S. dollar value of the interest payments will be translated by a U.S. holder that uses the cash method of tax accounting based on the spot rate of exchange on the date of receipt regardless of whether the payments in fact are converted to U.S. dollars. The U.S. dollar value of the interest payments will be translated by a U.S. holder that uses the accrual method of tax accounting based on the average exchange rate in effect during the accrual period (or a portion thereof within the holder's taxable year), or at such holder's election at the spot rate of exchange on (1) the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year); or (2) the date of receipt, if such date is within five business days of the last day of the accrual period. Such election must be applied consistently by the U.S. holder to all debt instruments from year to year and can be changed only with the consent of the Internal Revenue Service. A U.S. holder that uses the accrual method of tax accounting will recognize exchange gain or loss if the spot rate of exchange on the date the interest payments are received differs from the rate applicable to the accrual of that interest in income.

Upon the disposition of the foreign currency, a U.S. holder will recognize exchange gain or loss in amount equal to the difference between the amount realized on such disposition and its basis in the foreign currency. The basis of the U.S. holder in the foreign currency and the amount realized on the disposition of the foreign currency will be determined by the spot rate of exchange on the date of receipt or disposition, respectively. Exchange gain and loss are treated as ordinary income or loss for U.S. federal income tax purposes.

Sale, Exchange or Retirement of the Notes

Upon the sale, exchange or retirement of a note, a U.S. holder generally will recognize capital gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (less any accrued but unpaid interest, which will be taxed as such), and its adjusted tax basis in the note. Such gain or loss will be long term capital gain or loss if the note was held by the U.S. holder for more than one year on the date of the sale, exchange or retirement.

If a U.S. holder receives a specified currency other than the U.S. dollar on the sale, exchange or retirement of a note, the amount realized will be the U.S. dollar value of the foreign currency received calculated at the spot rate of exchange on the date of the sale, exchange or retirement. In the case of a note that is traded on an established securities market, a U.S. holder that uses the cash method of tax accounting, and a U.S. holder that uses the accrual method of tax accounting and that makes the election discussed below, will determine the U.S. dollar value of its basis in the note and the amount realized on the disposition of the note by translating the foreign currency paid for the note and the foreign currency received on the disposition of the note at the spot rate of exchange on the settlement date of such purchase and disposition, respectively. The election available to accrual basis U.S. holders in respect of the purchase and sale of notes denominated in foreign currency traded on an established securities market must be applied consistently by the U.S. holders to all debt instrument from year to year and can be changed only with the consent of the Internal Revenue Service.

A U.S. holder will recognize exchange gain or loss upon the disposition of the foreign currency received on the sale, exchange or retirement of the notes equal to the difference between the amount realized on the disposition of the foreign currency and its basis in the foreign currency. Exchange gain and loss are treated as ordinary income or loss for U.S. federal income tax purposes.

Taxation of Non-U.S. Holders of the Notes

Interest

Payments of interest on the notes to any person who is not a U.S. holder, which will be referred to as a non-U.S. holder, who satisfies the certification requirements described below under "Certification Requirements", generally will not be subject to United States Federal income or withholding tax, provided that (1) the non-U.S. holder does not actually or constructively own 10% or more of the capital or profits interest of Huntsman ICI Chemicals; (2) the non-U.S. holder is not a controlled foreign corporation that is related to Huntsman ICI Chemicals; or (3) such interest payments are not effectively connected with the conduct of a United States trade or business of the non-U.S. holder.

Disposition of the Notes

A non-U.S. holder of notes generally will not be subject to U.S. federal income tax on gain realized on the sale, exchange, or other disposition of a note, unless (1) such holder is an individual who is present in the U.S. for 183 days or more during the taxable year and certain other requirements are met, or (2) the gain is effectively connected with the conduct of a U.S. trade or business of the non-U.S. holder.

Certification Requirements

Information reporting and backup withholding tax at the rate of 31% may apply to the payments of interest on the notes, and on payment of the proceeds of a sale or other disposition of the notes. A U.S. holder will generally be exempt from backup withholding tax if the U.S. holder delivers a properly filed Internal Revenue Service Form W-9 or a substantially similar substitute form certifying as to its tax identification numbers, or otherwise establishes an exemption from backup withholding. A non-U.S. holder generally will be exempt from the backup withholding tax and information reporting requirements if the holder delivers a properly filed Internal Revenue Service Form W-8 or a substantially similar substitute form certifying as to its foreign status, or otherwise establishes an exemption from backup withholding.

In addition, as mentioned above, a non-U.S. holder might be subject to

withholding tax on the payments of interest on the notes. In order to be exempt from withholding tax, the non-U.S. holder must deliver a properly filed Internal Revenue Service Form W-8 or a substantially similar substitute form certifying as to its foreign status.

Estate Tax

If interest on the notes is exempt from withholding of U.S. federal income tax under the rules described above, the notes will not be included in the estate of a deceased non-U.S. holder for U.S. federal estate tax purposes.

LEGAL MATTERS

Certain legal matters as to the validity of the notes offered hereby will be passed upon for Huntsman ICI Chemicals by Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York.

EXPERTS

The financial statements of Huntsman Specialty Chemicals Corporation included in this prospectus as of December 31, 1997 and 1998 and for the two months ended February 28, 1997, the ten months ended December 31, 1997 and for the year end December 31, 1998, have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing herein, and are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The financial statements of Texaco Chemical Inc. included in this prospectus to the extent and for the period indicated in their report have been audited by Arthur Andersen LLP, independent public accountants, and are included herein in reliance upon the authority of such firm as experts in giving such reports.

The combined financial statements of the polyurethane chemicals, TiO\\2\\ and selected petrochemicals businesses included in this prospectus for the years ended December 31, 1996, 1997 and 1998 have been audited by KPMG Audit Plc, independent auditors, as stated in their report appearing herein, and are included in reliance upon the report of such firm as experts in accounting and auditing.

GENERAL LISTING INFORMATION

Listing

We have applied to list the exchange notes on the Luxembourg Stock Exchange. Our limited liability company agreement and the legal notice relating to the issue of the exchange notes will be deposited prior to any listing with the Registrar of the District Court in Luxembourg (Greffier en Chef du Tribunal d'Arrondissement a Luxembourg), where such documents are available for inspection and where copies thereof can be obtained upon request. As long as the notes are listed on the Luxembourg Stock Exchange, an agent for making payments on, and transfers of, notes will be maintained in Luxembourg.

The notes denominated in euros have been accepted for clearance by Euroclear under the common code . The ISIN for the notes denominated in euros is .

The CUSIP number for the notes denominated in dollars is .

The issuance of the notes was authorized by the Managers of Huntsman ICI Chemicals by unanimous written consent on June 22, 1999.

Documents

For so long as the notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, copies of the following documents may be inspected at the specified office of the Paying Agent and Registrar in Luxembourg:

. Limited Liability Company Agreement of Huntsman ICI Chemicals LLC;

. the indenture relating to the notes, which includes the forms of the note certificates; and

. the exchange and registration rights agreement.

In addition, copies of the most recent consolidated financial statements of Huntsman ICI Chemicals for the preceding financial year, and any interim quarterly financial statements published

by Huntsman ICI Chemicals will be available at the specified office of the Paying Agent in Luxembourg for so long as the notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require. The Guarantors do not and will not publish separate reports.

Responsibility Statement

Having made all reasonable inquiries, we confirm that this prospectus contains all information with respect to Huntsman ICI Chemicals and the notes which is material in the context of the issue and offering of the notes, that such information is true and accurate in every material respect and is not misleading in any material respect and that this prospectus does not omit to state any material fact necessary to make such information not misleading. The opinions, assumptions and intentions expressed in this prospectus with regard to Huntsman ICI Chemicals are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions. We accept responsibility for the information contained in this prospectus accordingly. We represent that, other than as contemplated by the pro forma financial information presented in this prospectus, there has been no material adverse change in our financial position since March 31, 1999.

INDEX TO FINANCIAL STATEMENTS

<TABLE>
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
Huntsman ICI Chemicals LLC

We have audited the accompanying balance sheet of Huntsman ICI Chemicals LLC (the "Company") (a wholly-owned subsidiary of Huntsman ICI Holdings LLC) as of June 30, 1999 (date of initial capitalization). This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

In our opinion, such balance sheet presents fairly, in all material respects, the financial position of the Company at June 30, 1999 in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP

Salt Lake City, Utah
August 12, 1999

HUNTSMAN ICI CHEMICALS LLC
(a wholly-owned subsidiary of Huntsman ICI Holdings LLC)

BALANCE SHEET
June 30, 1999 (Date of Initial Capitalization)

	<C>
ASSETS	
Cash	$1,000
TOTAL	$1,000
MEMBER'S EQUITY	
Member's Equity	$1,000
TOTAL	$1,000

See notes to balance sheet.

HUNTSMAN ICI CHEMICALS LLC
(a wholly-owned subsidiary of Huntsman ICI Holdings LLC)

NOTES TO BALANCE SHEET
As of June 30, 1999 (Date of Initial Capitalization)

1. GENERAL

The accompanying balance sheet includes the accounts of Huntsman ICI Chemicals LLC (the Company), a wholly owned subsidiary of Huntsman ICI Holdings LLC (Holdings). The Company was incorporated on April 12, 1999 for the purpose of entering into a Contribution Agreement to acquire certain businesses of Imperial Chemical Industries PLC (ICI) discussed in Note 2 and the propylene oxide (PO) business of Huntsman Specialty Chemical Company (HSCC). Holdings and HSCC are majority-owned subsidiaries of Huntsman Corporation. The Company was initially funded on June 30, 1999.

Use of Estimates in Preparing Financial Statements--The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. SUBSEQUENT EVENTS

Effective July 1, 1999, pursuant to a contribution agreement and ancillary agreements between the Company, HSCC, ICI, and Holdings, the Company acquired assets and stock representing ICI's polyurethene chemicals, selected petrochemicals, (including ICI's 80% interest in the Wilton Olefins facility), and TiO\\2\\ businesses and HSCC's PO business. In addition, at the close of business on June 30, 1999, the Company also acquired the remaining 20% ownership interest in the Wilton Olefins facility from BP Chemicals, Limited (BP Chemicals), as well as the BP Chemicals' interest in related infrastructure assets for approximately $118 million.

In exchange for transferring its business to the Company, HSCC (1) retained a 60% common equity interest in Holdings and (2) received approximately $360 million in cash. In exchange for transferring its business to the Company, ICI received (1) a 30% common equity interest in Holdings, (2) approximately $2 billion in cash that was paid in a combination of U.S. dollars and euros, and (3) discount notes of Holdings with approximately $508 million of accreted value at issuance. The obligations of the discount notes from Holdings are non-recourse to the Company. BT Capital Investors, L.P., Chase Equity Associates, L.P., and the Goldman Sachs Group acquired the remaining 10% common equity interest in Holdings for approximately $90 million cash.

The cash sources to finance the above transactions are summarized as follows (in millions):

<TABLE>
<S> <C>

Senior secured credit facilities	$1,685
Senior subordinated notes	807
Cash equity from institutional investors	90
Total cash sources	$2,582

</TABLE>

HSCC is considered the acquiror of the businesses transferred to the Company in connection with the transaction with ICI and HSCC because the shareholders of HSCC acquired majority control of the businesses transferred to the Company. The transactions with ICI and BP Chemicals will be accounted for as purchase transactions, and accordingly, the financial statements of the Company effective July 1, 1999 will reflect the purchase price (including transaction costs and liabilities assumed)

based upon the estimated fair values.

3. BORROWING ARRANGEMENTS

The Senior Secured Credit Facilities will allow the Company to borrow up to an aggregate of $2,070 million comprised of as follows (in millions):

<TABLE>
<S> <C>

Revolving loan	$ 400
Term A dollar loan	240
Term A euro loan (in euro equivalent)	300
Term B loan	565
Term C loan	565
Total	$2,070

</TABLE>

Both the term A dollar loan facility and the term A euro loan facility mature on June 30, 2005 and are payable in semi-annual installments commencing December 31, 2000 with the amortization increasing over time. The term B loan facility matures on June 30, 2007 and the term C loan facility matures on June 30, 2008. Both the term B and term C loan facilities require repayments in annual installments of $5.65 million each, commencing June 30, 2000, with the remaining unpaid balance due on final maturity. The revolving loan facility matures on June 30, 2005 with no scheduled commitment reductions.

Interest rates for the Senior Secured Credit Facilities are based upon, at the Company's option, either a eurocurrency rate or a base rate plus a spread. The applicable spreads vary based on a pricing grid, in the case of eurocurrency based loans, from 1.25% to 3.50% per annum depending on the loan facility and whether specified conditions have been satisfied and, in the case of base rate loans, from 0% to 2.25% per annum.

The obligations under the Senior Secured Credit Facilities are supported by guarantees of certain other subsidiaries (Tioxide Group Limited, Tioxide America, Inc., and Huntsman ICI Financial LLC) and Holdings as well as pledges of 65% of the voting stock of certain non-U.S. subsidiaries. The Senior Secured Credit Facilities contain covenants relating to incurrence of debt, purchase and sale of assets, limitations on investments, affiliate transactions and maintenance of certain financial ratios. The Senior Secured Credit Facilities limit the payment of dividends generally to the amount required by the members to pay income taxes.

The Company issued $600 million and (Euro)200 million 10 1/8% Senior Subordinated Notes (the Notes). Interest on the Notes is payable semi-annually and the Notes mature on July 1, 2009. The Notes will be guaranteed by the Company's domestic subsidiaries and certain non-U.S. subsidiaries. The Notes may be redeemed, in whole or in part, at any time by the Company on or after July 1, 2004, at percentages ranging from 105% to 100% at July 1, 2007 of their face amount, plus accrued and unpaid interest. The Notes contain covenants relating to the incurrence of debt, limitations on distributions, asset sales and affiliate transactions, among other things. The Notes also contain a change in control provision requiring the Company to offer to repurchase the Notes upon a change in control.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder of
Huntsman Specialty Chemicals Corporation

We have audited the accompanying balance sheets of Huntsman Specialty Chemicals Corporation (the "Company"), formerly Texaco Chemical, Inc. (the "Predecessor Company"), as of December 31, 1997 and 1998, and the related statements of operations, stockholder's equity, and cash flows for the two months ended February 28, 1997 (Predecessor Company operations), the period from March 1, 1997 (commencement of operations) to December 31, 1997 and the

year ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such financial statements present fairly, in all material respects, the financial position of Huntsman Specialty Chemicals Corporation at December 31, 1997 and 1998 and the results of the Predecessor Company operations and its cash flows for the two months ended February 28, 1997 and the results of the Company operations and cash flows for the period March 1, 1997 to December 31, 1997 and the year ended December 31, 1998, in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP

Houston, Texas
February 26, 1999 (June 2, 1999 as to Note 14)

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Texaco Chemical Inc.:

We have audited the accompanying statements of operations, stockholders' equity and cash flows of Texaco Chemical Inc. (a Delaware corporation) (the "Predecessor Company") for the year ended December 31, 1996. These financial statements are the responsibility of Texaco Chemical Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of the operations and cash flows of Texaco Chemical Inc. for the year ended December 31, 1996, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Houston, Texas
February 14, 1997

HUNTSMAN SPECIALTY CHEMICALS CORPORATION

BALANCE SHEETS
(In thousands)

<TABLE>
<CAPTION>

	As of December 31,	
	1997	1998

<S>	<C>	<C>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	$ 10,093	$ 2,574
Accounts receivable	43,894	45,787
Related party accounts receivable (Note 8)	5,144	4,710
Inventories (Notes 2 and 3)	23,102	19,687
Deferred tax asset (Note 7)	655	
Other current assets	974	862
Total current assets	83,862	73,620
PLANT AND EQUIPMENT (Notes 1 and 2):		
Land and improvements	3,575	3,575
Buildings and equipment	404,013	415,268
Construction-in-progress	4,600	3,753
Total plant and equipment	412,188	422,596
Less accumulated depreciation and amortization	(16,920)	(37,505)
Plant and equipment, net	395,268	385,091
OTHER ASSETS (Notes 2 and 4)	114,542	118,922
TOTAL	$593,672	$577,633

</TABLE>

See notes to financial statements.

HUNTSMAN SPECIALTY CHEMICALS CORPORATION

BALANCE SHEETS
(In thousands)

<TABLE>
<CAPTION>

	As of December 31,	
	1997	1998
<S>	<C>	<C>
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES:		
Accounts payable (Note 2)	$ 15,207	$ 9,394
Related party accounts payable (Note 8)	8,797	16,588
Accrued liabilities (Note 5)	10,236	13,835
Deferred income taxes (Note 7)		3,436
Current portion of long-term debt	9,209	
Total current liabilities	43,449	43,253
LONG-TERM DEBT (Notes 1, 2 and 6)		
Senior Credit Facilities	256,100	221,987
Term Loan	135,000	135,000
BASF note	63,473	70,575
Total long-term debt	454,573	427,562
DEFERRED INCOME TAXES (Notes 2 and 7)	2,572	4,264
MANDATORILY REDEEMABLE PREFERRED STOCK		
($1 par value; 65,000 shares authorized, issued and outstanding-stated at liquidation value of $1,000 per share, including $2,682 and $6,909 in unpaid dividends,		

respectively)	67,682	71,909
Total liabilities	568,276	546,988
COMMITMENTS AND CONTINGENCIES (Notes 8, 9, 11 and 12)		
STOCKHOLDER'S EQUITY:		
Common stock ($.01 par value; 2,500 shares authorized, issued and outstanding)		
Additional paid-in capital	25,000	25,000
Retained earnings	396	5,645
Total stockholder's equity	25,396	30,645
TOTAL	$593,672	$577,633

</TABLE>

See notes to financial statements.

HUNTSMAN SPECIALTY CHEMICALS CORPORATION

STATEMENTS OF OPERATIONS
(In thousands)

<TABLE>
<CAPTION>

	Predecessor Company			
	Year Ended December 31, 1996	Two Months Ended February 28, 1997	Ten Months Ended December 31, 1997	Year Ended December 31, 1998
<S>	<C>	<C>	<C>	<C>
REVENUE:				
Sales (Note 13)	$358,071	$42,800	$283,808	$253,161
Related party sales (Note 8)	46,582	9,657	24,053	32,999
Tolling fees		8,552	40,666	52,509
Other revenue	10,424	--	--	--
Total revenue	415,077	61,009	348,527	338,669
COST OF SALES (Note 8)	377,173	64,935	300,051	276,538
GROSS PROFIT (LOSS)	37,904	(3,926)	48,476	62,131
EXPENSES (Notes 8 and 9):				
Sales, general & administrative	15,256	1,103	5,499	4,830
Research and development	3,695	694	2,578	3,030
Total expenses	18,951	1,797	8,077	7,860
OPERATING INCOME (LOSS)	18,953	(5,723)	40,399	54,271
INTEREST EXPENSE (Note 6)			35,985	40,925
INTEREST INCOME			(581)	(1,050)
OTHER INCOME				(863)
INCOME (LOSS) BEFORE INCOME TAXES	18,953	(5,723)	4,995	15,259
INCOME TAX EXPENSE (BENEFIT) (Notes 2 and 7)	6,643	(2,035)	1,917	5,783
NET INCOME (LOSS)	$ 12,310	$(3,688)	$ 3,078	$ 9,476

</TABLE>

See notes to financial statements.

HUNTSMAN SPECIALTY CHEMICALS CORPORATION

STATEMENTS OF STOCKHOLDER'S EQUITY
(In thousands)

<TABLE>
<CAPTION>

	Common Stock	Additional Paid-In Capital	Retained Earnings (Deficit)	Total
<S>	<C>	<C>	<C>	<C>
Predecessor Company:				
BALANCE, JANUARY 1, 1996	$ 1	$	$(7,338)	$(7,337)
Net income			12,310	12,310
BALANCE, DECEMBER 31, 1996	1		4,972	4,973
Net loss			(3,688)	(3,688)
BALANCE, FEBRUARY 28, 1997	$ 1	$	$ 1,284	$ 1,285
Post Acquisition:				
Issuance of stock at formation, March 21, 1997		25,000		25,000
Dividends accrued on mandatorily redeemable preferred stock			(2,682)	(2,682)
Net income			3,078	3,078
BALANCE, DECEMBER 31, 1997	--	25,000	396	25,396
Dividends accrued on mandatorily redeemable preferred stock			(4,227)	(4,227)
Net income			9,476	9,476
BALANCE, DECEMBER 31, 1998	$--	$25,000	$ 5,645	$30,645

</TABLE>

See notes to financial statements.

HUNTSMAN SPECIALTY CHEMICALS CORPORATION

STATEMENTS OF CASH FLOWS
(In thousands)

<TABLE>
<CAPTION>

	Predecessor Company			
	Year Ended December 31, 1996	Two Months Ended February 28, 1997	Ten Months Ended December 31, 1997	Year Ended December 31, 1998
<S>	<C>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	$12,310	$(3,688)	$ 3,078	$ 9,476
Reconciliation to net cash provided by (used in) operating activities:				
Depreciation and amortization	465	1,092	25,733	30,482
Deferred income				

taxes.....	37,575	4,102	1,917	5,783
Interest on subordinated note....			5,272	7,102
Changes in operating working capital:				
Accounts receivable...	(3,660)	8,399	(11,766)	(1,459)
Inventories.....	(7,453)	(1,561)	10,763	3,415
Other current assets..	(2,092)	603	(974)	112
Accounts payable.....	7,995	(12,619)	(85)	1,978
Other current liabilities.....	2,635	1,328	4,861	3,599
Other assets.....	235	(2,709)	(1,949)	(14,277)
Net cash provided by (used in) operating activities.....	48,010	(5,053)	36,850	46,211
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of PO/MTBE facility.....			(508,200)	
Capital expenditures....	(1,445)	(1,090)	(2,067)	(10,408)
Net cash used in investing activities.....	(1,445)	(1,090)	(510,267)	(10,408)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from issuance of long-term debt.....			483,200	
Repayment of long-term debt.....			(24,690)	(43,322)
Issuance of common stock.....			25,000	
Intercompany investments and advances from (to) Texaco (net).....	(46,565)	6,143		
Net cash provided by (used in) financing activities.....	(46,565)	6,143	483,510	(43,322)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	--	--	10,093	(7,519)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD...	--	--		10,093
CASH AND CASH EQUIVALENTS AT END OF PERIOD.....	$ --	$ --	$ 10,093	$ 2,574
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING ACTIVITIES:				
In conjunction with the purchase of the facilities, the Company issued preferred stock to Texaco.....			$ 65,000	

</TABLE>

See notes to financial statements.

HUNTSMAN SPECIALTY CHEMICALS CORPORATION

NOTES TO FINANCIAL STATEMENTS

1.ACQUISITIONS

General--The accompanying financial statements include the accounts of Huntsman Specialty Chemicals Corporation (the "Company" or "Huntsman"), which was formed on December 26, 1996. Effective March 1, 1997 (the "Effective Date") for financial accounting purposes, the Company purchased from Texaco, Inc. its propylene oxide ("PO") and methyl tertiary butyl ether ("MTBE") business, known as the "PO/MTBE business" for $573.2 million, subject to a working capital adjustment (the "Acquisition"). The Acquisition closed on March 21, 1997.

The financial statements for the year ended December 31, 1996 and the two months ended February 28, 1997 present on a historical cost basis the assets, liabilities, revenues and expenses related to Texaco Chemical Inc. ("TCI" or the "Predecessor Company"), a wholly-owned subsidiary of Texaco Inc., which includes the PO/MTBE business that was included in the Acquisition. These Predecessor Company financial statements exclude certain assets held under the Citibank lease (see Note 12).

To finance the Acquisition, the Company entered into a $350 million Credit Agreement with a group of financial institutions, a $135 million Term Loan Agreement and issued a $75 million Subordinated Note to BASF. The Company also issued preferred stock to Texaco with an aggregate liquidation preference of $65 million at the date of issuance. Cumulative dividends of 5.5% to 6.5% of the liquidation preference (which equals redemption price) will accrue and be payable commencing July 15, 2002. The Company may redeem the preferred stock at any time, subject to restrictions, and is required to redeem the stock prior to April 15, 2008. Additionally, prior to the Acquisition, the Company received an equity contribution from its parent company, Huntsman Specialty Chemicals Holdings Corporation, in the amount of $25 million.

The sources and applications of funds required to consummate the Acquisition are summarized below in thousands of dollars.

<TABLE>

<S>	<C>
Sources of Funds:	
Senior Credit Facilities:	
Revolving Credit Facility(1)	$ --
Term Loan A	150,000
Term Loan B	70,000
Term Loan C	70,000
Term Loan	135,000
BASF Subordinated Note(2)	58,200
Equity contribution	25,000
Seller Preferred Stock	65,000
Total	$573,200
Uses of Funds:	
Payment of the Acquisition Price	$560,700
Transaction fees and expenses(3)	12,500
Total	$573,200

</TABLE>

---

(1) The Revolving Credit Facility provided for maximum borrowings of up to $60 million.
(2) The BASF Subordinated Note had an original principal amount of $75 million, for financial reporting purposes, the note was recorded at its estimated fair value of $58.2 million.
(3) Total transaction fees and expenses totaled $15.0 million, of which $9.6 million was paid on March 21, 1997. The remainder was paid using the excess funds obtained by the notes, the equity contribution and funds provided by operations.

The Acquisition has been accounted for as a purchase transaction, and, accordingly, the financial statements subsequent to the Effective Date reflect the purchase price, including transaction costs allocated to tangible and intangible assets acquired and liabilities assumed based on

their estimated fair values as of the Effective Date.

The allocation of the $572.5 million purchase price (after working capital adjustment and including fees and expenses) is summarized as follows in thousands of dollars:

<TABLE>

<S>	<C>
Current assets	$ 68,569
Plant and equipment	410,122
Other noncurrent assets	121,405
Liabilities assumed	(27,547)
Total	$572,549

</TABLE>

2.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business--The Company markets and sells products: (1) PO, (2) Glycols, and (3) MTBE, which it manufactures at its facility in Port Neches, Texas (the "Facility").

Revenue Recognition--The Company generates revenues through sales in the open market, raw material conversion agreements and long-term supply contracts. The Company recognizes revenues as the products are shipped.

Cash Flow Information--Highly liquid investments with an original maturity of three months or less when purchased are considered to be cash equivalents. The Company paid $31 million and $33 million in interest expense for the period and the year ended December 31, 1997 and 1998, respectively. The Company paid $10 thousand in state taxes during 1998.

Supplemental Non-cash Information--In 1996, TCI had an MTBE sales agreement with Huntsman in which it purchased MTBE from Huntsman at a price which may have been greater than market. Texaco Inc. absorbed any additional costs and reimbursed TCI through intercompany investments and advances.

Financial Instruments--The carrying amount reported in the balance sheet for cash and cash equivalents, accounts receivable, and accounts payable approximates fair value because of the immediate or short-term maturity of these financial instruments. The carrying value of the Revolving Credit Facility and the Term Loans approximate fair value since they bear interest at a floating rate plus an applicable margin. The fair value of the Subordinated Note, $64 million and $75 million at December 31, 1997 and 1998, respectively, was derived based on rates currently available to the Company for debt instruments of similar terms.

The Company enters into certain derivative financial instruments as part of its interest rate risk management. Interest rate swaps, caps, collars and floors are classified as matched transactions. The differential to be paid or received as interest rates change is accrued and

recognized as an adjustment to interest expense. The related amount payable to or receivable from counterparties is included in accounts receivable or accrued liabilities. Gains and losses on terminations of interest rate agreements are deferred and amortized over the lesser of the remaining term of the original contract or the life of the debt. The premiums paid for the interest rate agreements are included as other assets and are amortized to expense over the term of the agreements.

The fair values of derivative financial instruments are the amounts at which they could be settled, based on estimates obtained from dealers. Such amounts as of December 31, 1997 and 1998 were as follows in thousands:

<TABLE>
<CAPTION>

	1997	1998

	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<S>	<C>	<C>	<C>	<C>
Pay fixed swaps.....		$(840)		$(2,182)
Interest rate caps purchased.....	$ 736	221	$641	61
Interest rate collars purchased.....	1,139	124	927	(3,610)

</TABLE>

Use of Estimates--The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Carrying Value of Long-Term Assets--The Company evaluates the carrying value of long-term assets based upon current and anticipated undiscounted cash flows, and recognizes an impairment when such estimated cash flows will be less than the carrying value of the asset. Measurement of the amount of impairment, if any, is based upon the difference between carrying value and fair value.

Inventories--Inventories of petrochemical products are stated at cost, determined on the weighted average method. Inventories are valued at the lower of cost or market. Materials and supplies are stated at average cost. Prior to March 1, 1997, MTBE was valued at market price as of the date produced.

Plant and Equipment and Depreciation and Amortization--Depreciation of plant and equipment is provided generally on the group plan, using the straight-line method, with depreciation based on a 5% composite rate for all classes of property.

Effective March 1, 1997, periodic maintenance and repairs applicable to manufacturing facilities are accounted for on the prepaid basis by capitalizing the cost of the turnaround and amortizing the costs over the estimated period until the next turnaround. Normal maintenance and repairs of all other plant and equipment are charged to expense as incurred. Renewals, betterments and major repairs that materially extend the useful life of the assets are capitalized, and the assets replaced, if any, are retired.

Prior to March 1, 1997, periodic maintenance and repairs applicable to manufacturing facilities were accounted for on an accrual basis.

When capital assets representing complete groups of property are disposed of, the difference between the disposal proceeds and net book value is credited or charged to income. When miscellaneous assets are disposed of, the difference between asset cost and salvage value is charged or credited to accumulated depreciation.

Interest expense capitalized as part of plant and equipment was $77 thousand and $441 thousand for the period and the year ended December 31, 1997 and 1998, respectively

Intangible assets--Intangible assets are stated at their fair market values at the time of the Acquisition and are amortized using the straight-line method over their estimated useful lives of five to fifteen years or over the life of the related agreement and are included in "Other assets."

Preferred Stock--In conjunction with the Acquisition, the Company issued preferred stock to Texaco with an aggregate liquidation preference of $65 million. The preferred stock has a cumulative dividend rate of 5.5%, 6.5% or a combination thereof of the liquidation preference per year, which is adjusted on April 15th of each year, based on the Company's cash flow in the previous year. During 1998, $35 million of the preferred stock accrued dividends at the rate of 6.5% and the remainder at 5.5%. Unpaid cumulative dividends will compound at a rate of 5.5% or 6.5% and are payable

commencing July 15, 2002. The Company may redeem the preferred stock at any time, subject to restrictions, and is required to redeem the stock prior to April 15, 2008.

Environmental Expenditures--Environmental related restoration and remediation costs are recorded as liabilities and expensed when site restoration and environmental remediation and clean-up obligations are either known or considered probable and the related costs can be reasonably estimated. Other environmental expenditures, which are principally maintenance or preventative in nature, are recorded when expended and are expensed or capitalized as appropriate.

Income Taxes--The Company files a consolidated federal income tax return with its ultimate parent. The Company has entered into a tax allocation agreement with its ultimate parent whereby the Company is charged or credited for an amount that would have been applicable had the Company filed a separate consolidated federal income tax return.

Deferred income taxes are provided for temporary differences between financial statement income and taxable income using the asset and liability method in accordance with Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes."

See Note 8--For Predecessor Company Income Tax Policy.

Research and Development Expenses--Research and development costs are expensed as incurred.

Earnings per Share--Earnings per share have been omitted from the statement of operations since such information is not meaningful.

Recently Issued Financial Accounting Standards--In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. SFAS No. 133 is effective for the Company's financial statements for the year ending December 31, 2000. The Company is currently evaluating the effects of SFAS No. 133 on its financial statements.

3.INVENTORIES

Inventories as of December 31, 1997 and 1998 consisted of the following in thousands of dollars:

<TABLE>
<CAPTION>

	1997	1998
<S>	<C>	<C>
Feedstocks	$ 7,471	$ 5,175
Unfinished products	224	1,032
Finished products	15,127	12,915
	22,822	19,122
Materials and supplies	280	565
Total	$23,102	$19,687

</TABLE>

In the normal course of operations, the Company exchanges raw materials with other companies for the purpose of reducing transportation costs. No gains or losses are recognized on these exchanges, and the net open exchange positions are valued at the Company's cost. Net amounts deducted from inventory under open exchange agreements owed by the Company at December 31, 1997 and 1998 were $90 thousand (477,688 pounds of feedstock and products) and $412 thousand (927,529 pounds of feedstock and products) respectively, which represent the net amounts payable by the Company under

open exchange agreements.

4.OTHER ASSETS

Other assets at December 31, 1997 and 1998 consisted of the following in thousands of dollars:

<TABLE>
<CAPTION>

	1997	1998
<S>	<C>	<C>
Patents, licenses, and technology	$ 90,180	$ 90,180
Other agreements	17,823	17,823
Non-compete agreements	1,520	1,520
Total intangibles	109,523	109,523
Accumulated amortization	(6,736)	(14,820)
Net intangibles	102,787	94,703
Capitalized turnaround expense		14,009
Other noncurrent assets	11,296	9,557
Spare parts inventory	459	653
Total	$114,542	$118,922

</TABLE>

5.ACCRUED LIABILITIES

Accrued liabilities at December 31, 1997 and 1998 consisted of the following in thousands of dollars:

<TABLE>
<CAPTION>

	1997	1998
<S>	<C>	<C>
Ad valorem taxes	$ 4,532	$ 6,974
Product rebate accruals	2,367	4,110
Other miscellaneous accruals	3,337	2,751
Total	$10,236	$13,835

</TABLE>

6.LONG-TERM DEBT

Long-term debt as of December 31, 1997 and 1998 consisted of the following in thousands of dollars:

<TABLE>
<CAPTION>

	1997	1998
<S>	<C>	<C>
Senior Credit Facilities:		
Revolving Credit Facility		
Term Loan A	$126,709	$ 87,935
Term Loan B	69,300	67,026
Term Loan C	69,300	67,026
Term Loan	135,000	135,000
BASF Subordinated Note, face value $75 million, discounted to a 9.3% effective rate	59,257	60,632
Accrued Interest on BASF Subordinated Note	4,216	9,943
Total	463,782	427,562
Less current maturities	(9,209)	
Total long-term debt	$454,573	$427,562

</TABLE>

The scheduled maturities of long-term debt by year as of December 31, 1998 are as follows (in thousands):

<TABLE>
<CAPTION>
Year ended December 31:

<S>	<C>
1999	$ --
2000	30,435
2001	37,500
2002	20,000
2003	1,400
Thereafter	352,595
Total	441,930
Less discount on BASF note	(14,368)
Total long-term debt	$427,562

</TABLE>

Senior Credit Facilities--In March 1997, the Company entered into a Bank Credit Agreement with Bankers Trust Company related to Senior Credit Facilities in an aggregate principal amount of $350 million. These facilities consisted of (i) a five-year $60 million revolving credit facility (the "Revolving Credit Facility"), (ii) a five-year $150 million aggregate principal amount Term Loan A, a seven-year $70 million aggregate principal amount Term Loan B and an eight-year $70 million aggregate principal amount Term Loan C (the "Term Loan A", the "Term Loan B" and the "Term Loan C" are referred to collectively as the "Senior Term Loans").

The Senior Credit Facilities bear interest at a rate equal to, at the Company's option, (i) the Reserve adjusted Eurodollar Rate plus an applicable margin which ranges from 0.625% to 2.0% for the Revolving Credit Facility and the Term Loan A, 2.00 to 2.50% for the Term Loan B and 2.25 to 2.75% for the Term Loan C, ("Eurodollar Loans") or (ii) the Base Rate (defined in the Senior Credit Facilities as the higher of the prime rates of Bankers Trust Company or the sum of the overnight rate on the federal funds transactions plus 0.5%) plus the applicable margin, equal to 1.25% less than the applicable borrowing margin for Eurodollar loans, but in no event less than 0% ("Prime Rate Loans").

The Revolving Credit Facility requires a commitment fee ranging from 0.225% to 0.5% per annum on the total unused balance. This rate is determined based on the Company's most recent financial ratios. The rate during 1997 and 1998 was 0.5%.

The obligations of the Company under the Senior Credit Facilities are secured by a first-priority interest in substantially all of the assets of the Company.

Term Loan--In March 1997, the Company entered into a Term Loan Agreement with Bankers Trust Company and various lending institutions in the aggregate principal amount of $135 million (the "Term Loan"). The Term Loan bears interest at a rate equal to, at the Company's option, (i) the Eurodollar Rate plus an applicable margin of 3.5% per annum ("Eurodollar Loans") or (ii) the Base Rate plus the applicable margin, equal to 2.25% per annum ("Prime Rate Loans").

Interest on Prime Rate Loans is due quarterly and on the date of conversion of any such Prime Rate Loan to a Eurodollar Loan. Interest on Eurodollar Loans will be due at the end of the interest period applicable thereto, and if such interest period is in excess of three months, each three months.

BASF Subordinated Note--The Company issued to BASF a subordinated note in the aggregate principal amount of $75 million. Until April 15, 2002, interest is accrued on the Subordinated Note at 7% per annum and is included in "Long-term Debt." On April 15, 2002, all accrued interest will be added to the principal of the Subordinated Note. Such principal balance

will be payable in a single installment on April 15, 2008. Interest accrued after April 15, 2002 will be payable quarterly, commencing July 15, 2002. For financial reporting purposes, the note was recorded at its fair value of $58.2 million based on prevailing market rates as of the Effective Date.

The Senior Credit Facility, the Term Loan and the Subordinated Note contain restrictive covenants that, among other things and under certain conditions, restrict the Company's indebtedness, liens, sales/leaseback transactions, assets sales, capital expenditures, acquisitions, investments and transactions with affiliates, dividends and other restricted payments. Additionally, these covenants require that certain financial ratios be maintained. Management believes the Company was in compliance as of December 31, 1998.

Interest Rate Contracts--The Company enters into various types of interest rate contracts in managing interest rate risk on its long-term debt as indicated below as of December 31, 1998:

. Pay Fixed Swaps--$65 million notional amount, weighted average pay rate of 6.03%, maturing in 2000.

. Interest Rate Caps--$60 million notional amount, weighted average cap rate of 8%, maturing in 2002.

. Interest Rate Collars--$125 million notional amount, weighted average cap rate of 6.99%, weighted average floor rate of 5.67%, maturing in 2002.

Under interest rate swaps, the Company agrees with other parties to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to an agreed notional principal amount.

The Company purchases interest rate cap and sells interest rate floor agreements to reduce the impact of changes in interest rates on its floating-rate long-term debt. The cap agreements entitle the Company to receive from counterparties (major banks) the amounts, if any, by which the Company's interest payments on certain of its floating-rate borrowings exceed 6.6% to 8.0%. The floor agreement requires the Company to pay to the counterparty (a major bank) the amount, if any, by which the Company's interest payments on certain of its floating-rate borrowings are less than 6.0% to 5.26%.

The Company is exposed to credit losses in the event of nonperformance by a counterparty to the derivative financial instruments. The Company anticipates, however, that the counterparties will be able to fully satisfy obligations under the contracts. Market risk arises from changes in interest rates.

Predecessor Company--In February 1986, Texaco Inc. and various subsidiaries entered into a Master Credit Agreement ("Credit Agreement"), whereby Texaco Inc. and such subsidiaries may, from time to time, be borrowers or lenders pursuant to the Credit Agreement. The Credit Agreement was subsequently amended for minor revisions in June 1986, January 1987 and April 1987. While TCI is not a party to the Credit Agreement, the financial statements are prepared as if TCI had been a party to the Credit Agreement with Texaco. As a result, interest is calculated based on the Short-Term Applicable Federal Rate as published by the Internal Revenue Service in its Internal Revenue Bulletin. The average annual interest rates utilized ranged from 5.1% to 6.2% for the periods presented. Interest accrued during the year and outstanding at year-end was added to the principal balance of the intercompany account and itself became interest bearing. Interest income totaled $4,182,000 for the year ended December 31, 1996. No interest was charged or credited during the two months ended February 28, 1997.

7.INCOME TAXES

<TABLE>
<CAPTION>

	Predecessor Company			
	Year Ended December 31, 1996	Two Months Ended February 28, 1997	Ten Months Ended December 31, 1997	Year Ended December 31, 1998
<S>	<C>	<C>	<C>	<C>
Current	$(30,932)	$(6,137)	$	$
Deferred	37,575	4,102	1,917	5,783
Total	$ 6,643	$(2,035)	$1,917	$5,783

</TABLE>

The following schedule reconciles the differences between the United States federal income taxes at the United State statutory rate to the Company's provision for income taxes, in thousands of dollars:

<TABLE>
<CAPTION>

	Predecessor Company			
	Year Ended December 31, 1996	Two Months Ended February 28, 1997	Ten Months Ended December 31, 1997	Year Ended December 31, 1998
<S>	<C>	<C>	<C>	<C>
United States federal income taxes at statutory rate	$6,634	$(2,003)	$1,748	$5,341
State income taxes, net of federal benefit		97		82
Other	9	(32)	72	360
Total provision (benefit) income taxes	$6,643	$(2,035)	$1,917	$5,783
Effective income tax rate	35%	36%	38%	38%

</TABLE>

Components of deferred tax assets and liabilities at December 31, 1997 and 1998 are as follows in thousands of dollars:

<TABLE>
<CAPTION>

	1997	1998
<S>	<C>	<C>
Deferred tax liabilities:		
Plant and equipment	$(44,919)	$(78,602)
Capitalized turnaround costs		(5,323)
Interest		(5,460)
Other deferred tax liability	(27)	(27)
Total deferred tax liability	(44,946)	(89,412)
Deferred tax assets:		
Intangible assets	29,081	27,765
Inventories	655	1,887
Net operating loss carryforward	13,293	52,060
Total deferred tax assets	43,029	81,712
Net deferred tax liability	$ (1,917)	$ (7,700)

</TABLE>

8.RELATED-PARTY TRANSACTIONS

The Company has no employees and relies entirely on third parties to provide all goods and services necessary to operate the Company's business. Certain of such goods and services are provided by Huntsman Petrochemical Corporation ("HPC"), an affiliate of the Company.

Service Agreements--In accordance with various service agreements, the terms of which range from 10 to 29 years, HPC provides management, operating, maintenance and other services to the Company. In connection with those service agreements, the Company paid $27 and $61 million of fees and expense reimbursements to HPC during the period and year ended December 31, 1997 and 1998, respectively. Additionally, the Company was reimbursed $6 million in the period and year ended December 31, 1997 and 1998 by HPC for steam purchased by the Company on HPC's behalf.

Supply Agreements--Additionally, the Company relies on HPC to supply certain raw materials and to purchase a significant portion of the facility's output pursuant to various agreements. The Company sold $24 and $33 million of product to HPC and purchased $43 and $38 million of raw materials from HPC during the period and year ended December 31, 1997 and 1998, respectively.

Other Related Party Sales--During 1998, the Company purchased $5 million of raw materials from Huntsman Polymers Corporation.

Receivables and Payables--As of December 31, 1997 and 1998, the Company had $5 and $3 million, respectively, in trade receivables from HPC and $5 and $11 million, respectively in trade payables to HPC. In addition, the Company had $2 million in miscellaneous receivables from HPC as of December 31, 1998, as well as $4 and $6 million in miscellaneous payables to HPC as of December 31, 1997 and 1998, respectively.

Predecessor Company--Transactions with the Texaco entities include the purchase and sale of raw materials and products, and activities involving administrative support and financing. A summary of transactions between the Predecessor Company and the Texaco entities and Star Enterprise (Star), a joint venture partnership of Texaco follows:

<TABLE>
<CAPTION>

	Year Ended December 31, 1996	Two Months Ended February 28, 1997
<S>	<C>	<C>
Sales and services to:		
Texaco entities	$ 16,792	$ 2,385
Star	29,790	7,272
Total	$ 46,582	$ 9,657
Cost of goods sold from:		
Texaco entities	$ 97,717	$16,642
Star	22,571	1,800
Total	$120,288	$18,442

</TABLE>

The management, professional, technical and administrative services billed to the Predecessor Company by Texaco entities are summarized below in thousands of dollars:

<TABLE>
<CAPTION>

	Year Ended December 31, 1996	Two Months Ended February 28, 1997
<S>	<C>	<C>
Management and Professional(a)	$ 986	$ 58

Technical(b)	33	3
Administrative(c)	367	62
Research and development	1,564	264
Total	$2,950	$ 387

</TABLE>

(a)Primarily Legal, Employee Relations, Finance, Tax and other Corporate Management.
(b)Primarily Computer and Communications costs.
(c)Primarily Accounting Services.

Insurance coverage for the Predecessor Company was provided by Texaco's worldwide risk management program arranged through Heddington Insurance Limited ("Heddington"), an indirect wholly owned captive insurance subsidiary of Texaco Inc. Texaco Inc. charges the participating companies for their proportionate share of the premiums charged by Heddington to Texaco Inc. based upon various risk factors and other estimates determined by Texaco's management. Accordingly, the Company's cost for insurance premiums is charged to expense as incurred, and is included in the above table in cost of goods sold. Such premiums totaled $1,817,000 in 1996 and $307,000 for the two months ended February 28, 1997.

The Predecessor Company is a member of the Texaco Inc. consolidated United States income tax return group. The income tax return group operates under a formal agreement whereby each member of this group is allocated its share of the consolidated United States income tax provision or benefit based on what the member's income tax provision or benefit would have been had the member filed a separate return and made the same tax elections. Excluded from such allocation, and therefore from the Company's financial statements, are any Federal alternative minimum tax payments made by Texaco Inc. in excess of regular tax, which are recorded by Texaco Inc., offset by a reduction of deferred income taxes, and are available to reduce future regular income tax payments. In any event, as the Predecessor Company assets and liabilities, rather than stock, were sold to Huntsman, the Federal alternative minimum tax

credits will remain with Texaco Inc. Current taxes are charged or credited to expense and are reflected as related party payables or receivables until settled after the applicable tax returns have been filed.

9.ENVIRONMENTAL MATTERS

The Company's operations are subject to extensive environmental laws and regulations concerning emissions to air, discharges to surface and subsurface waters and the generation, storage, handling, transportation, treatment, disposal and remediation of hazardous substances and other waste materials ("Environmental Laws"). The Company's production facilities require operating permits that are subject to revocation, modification and renewal. Violations of Environmental Laws or permit requirements can result in substantial fines and civil or criminal sanctions. The operation of any chemical manufacturing plant entails risk of adverse environmental effects, including exposure to chemical products, by-products and waste from the Company's operations, and there can be no assurance that material costs or liabilities will not be incurred to rectify any such damage. In addition, potentially significant expenditures could be required in order to comply with Environmental Laws and permit requirements that may be adopted or imposed in the future.

The Company believes that there is existing contamination under the property resulting from the operation from about 1920 to 1950 of the unlined earthen crude oil storage tanks on the property and from contaminated groundwater emanating from adjacent property formerly owned by Texaco and now owned by HPC. The Purchase Agreement provides that Texaco will generally be responsible, for a period of eleven years following the Closing Date for up to $40 million of costs incurred with respect to all other conditions related to the property that existed on the Closing Date related to air, land, soil surface, subsurface strata or groundwater that were not in compliance with Environmental Laws as in effect as of the Closing Date. The Company, however, is generally

responsible for the first $3 million of such costs as well as for the first $50,000 of such costs incurred per claim. The Purchase Agreement further provides that, subject to certain limitations, the Company will be responsible for such conditions to the extent (i) that Texaco is not responsible, or (ii) such conditions were caused or arose after the Closing Date.

It is the Company's belief that the total cost of remediation of all contamination existing on the property will be less than the $40 million cap on Texaco's indemnity obligations. However, there can be no assurance that the cost of remediation will not exceed this amount, that the cost of remediation will not be covered by Texaco indemnity obligations which contain certain specified limitations, that Texaco will have the financial resources to fully perform its responsibilities under the Purchase Agreement or that the Company will not be required to incur expenses for liabilities under environmental laws or for environmental remediation before such time as Texaco pays any liability for which it is ultimately held responsible. In any such event, the Company may be required to incur significant liabilities. In addition, no assurance can be given that Texaco will not seek to challenge its liability under the Purchase Agreement, that the eleven year period of limitation with respect to certain costs incurred for the remediation of contamination will not expire before remediation costs are incurred pursuant to an Environmental Law in effect as of the Closing Date or that remediation will not be required pursuant to an Environmental Law enacted after the Closing Date.

10.EMPLOYEE BENEFIT PLANS

Active employees of the Predecessor Company participated in various Texaco-sponsored benefit plans. The costs of the savings, health care and life insurance plans relative to employees' active services were shared by the Predecessor Company and its employees. Texaco Inc. charges the participating companies for their proportionate share of these costs, and accordingly, the Predecessor Company's costs for these plans were charged to expense as incurred.

Employee Stock Ownership Plans--Texaco sponsors a Thrift Plan for the benefit of its salaried employees. Amendments to the thrift Plan in 1988 created an Employee Stock Ownership Plan ("ESOP") feature. The ESOP purchased 833,333 1/3 shares of Series B ESOP Convertible Preferred Stock ("Series B") from Texaco Inc. for $600 per share, or an aggregate purchase price of $500 million, Texaco Inc. guaranteed the loan made to the ESOP, which was used to acquire the shares of Series B.

The Thrift Plan is designed to provide a participant with a maximum benefit of approximately 6% of base pay, which is payable in shares of Series B. Participants may partially convert their Series B into common stock of Texaco Inc. beginning at age 55, or may elect full conversion upon retirement or separation from service with Texaco Inc. or a participating company.

The Predecessor Company recorded ESOP expense of $46,000 in 1996 and $8,000 for the two months ended February 28, 1997.

Pension Plans--The Predecessor Company employees participated in Texaco Inc. and other subsidiary-sponsored pension plans. Generally, these plans provided defined pension benefits based on final average pay. However, the level of benefits and terms of vesting vary among plans. Amounts charged to pension expense, as well as amounts funded, were generally based on actuarial studies. Pension plan assets were administered by trustees and are principally invested in equity and fixed income securities and deposits with insurance companies.

The total expense for the Predecessor Company's participation in these pension plans was $122,000 in 1996 and $19,000 for the two months ended February 28, 1997.

Other Postretirement Benefits--The Predecessor Company employees participated in Texaco Inc. sponsored postretirement plans that provide health care and life insurance for retirees and eligible dependents. The Predecessor Company's U.S. health insurance obligation is its fixed dollar

contribution. The plans were unfunded, and the costs are shared by the Predecessor Company and its employees.

The total expense for postretirement plans other than pensions of the Predecessor Company was $136,000 in 1996 and $20,000 for the two months ended February 28, 1997.

Effective with the acquisition, substantially all Predecessor Company employees became employees of HPC.

11.COMMITMENTS AND CONTINGENCIES

The Company has various purchase commitments for materials and supplies entered into in the ordinary course of business. These agreements extend from three to ten years and the purchase price is generally based on market prices subject to certain minimum price provisions.

The Company is involved in litigation from time to time in the ordinary course of its business. In management's opinion, none of such litigation is material to the Company's financial condition or results of operations.

Contingent Liabilities

There were various legal proceedings and claims against TCI which arose in the ordinary course of business, none of which are material to TCI. Texaco Inc. subject to terms of the Acquisition, will remain liable for any and all of TCI's contingent liabilities that arise prior to the date of sale.

Internal Revenue Service Claims

The Internal Revenue Service ("IRS") has asserted a number of claims against Texaco Inc. for periods prior to the effective date of the PO/MTBE operations sale. Notwithstanding the tax sharing agreement, TCI, and each of the members of the consolidated U.S. income tax return group, is jointly and severally liable for any potential liability to the IRS. However, Texaco Inc. will remain primarily liable for the Company's tax liabilities that arise prior to the date of sale.

12.LEASE COMMITMENTS AND RENTAL EXPENSE

The Predecessor's Company's principal operating asset was a PO/MTBE plant under lease from Citibank, N.A. and other financial institutions, dated August 14, 1992. The lease was accounted for as an operating lease. Terms of the lease include an option for TCI or Texaco to purchase the lease. The purchase option was exercised prior to the acquisition. The lease obligation is reflected in the Predecessor Company's statement of income as rental expense, included in "Cost of Sales", and totaled $34,436,000 in 1996 and $5,523,000 for the two months ended February 28, 1997.

As of December 31, 1996, the Predecessor Company had estimated minimum commitments of $20,725,000 for the year 1997 for payment of rentals (net of noncancelable sublease rentals) under the above-mentioned lease which, at inception, had a noncancelable term of more than one year. Also at December 31, 1996, TCI had a minimum commitment under this lease of $489,033,000 for the year 1997 as a residual value guarantee.

13.CUSTOMER INFORMATION

Sales to three non-related customers account for 17%, 18%, and 36% of sales for the year ended December 31, 1998. Sales to three non-related customers account for 15%, 20%, and 32% of sales for the period from March 1, 1997 to December 31, 1997. Sales to four non-related customers' account for 13%, 13%, 18%, and 23% of sales for the period from January 1, 1997 to February 28, 1997. Sales to four non-related customers account for 12%, 12%, 17%, and 19% of sales for the year ended December 31, 1996.

14.SUBSEQUENT EVENT

In April 1999, the Company, Imperial Chemical Industries Plc (ICI), and Huntsman ICI Holdings LLC (Holdings) entered into a Contribution Agreement

and certain ancillary agreements under which Huntsman ICI Chemicals LLC (Huntsman ICI), a wholly owned subsidiary of Holdings, agreed to acquire certain assets and stock representing ICI's polyurethene chemicals, selected petrochemicals and titanium dioxide businesses and the business of the Company. In exchange for transferring its business to Holdings, the Company will obtain a 60% common equity interest in Holdings and receive $360 million in cash. The Company will use the cash and any additional funds from Huntsman Corporation to repay the existing debt and acquire the preferred stock. In exchange for transferring its businesses to Holdings, ICI will receive a 30% equity interest in Holdings, an aggregate of approximately $2,022 million in cash and approximately $508 million of accreted value at issuance from the discount notes of Holdings. In addition, BT Capital Investors, L.P., Chase Equity Associates, L.P. and The Goldman Sachs Group, Inc. will acquire the remaining 10% interest in Holdings for $90 million in cash.

The Company and ICI have agreed to indemnify each other for specific claims and losses with respect to the transaction. Between the third and fourth anniversary of the closing of the transaction, the Company has the option to purchase, and ICI has the right to require the Company to purchase, ICI's 30% interest in Holdings.

Huntsman ICI has negotiated senior credit facilities and subordinated credit facilities totaling approximately $2.9 billion to fund the transaction.

The transaction is expected to close June 30, 1999 and is subject to regulatory and ICI shareholder approval.

BALANCE SHEETS (Unaudited)
(Thousands of Dollars)

<TABLE>
<CAPTION>

ASSETS	December 31, 1998	March 31, 1999
<S>	<C>	<C>
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	$ 2,574	$ 9,845
Accounts receivable	45,787	47,443
Related party accounts receivable	4,710	4,918
Inventories (Notes 2 and 3)	19,687	23,435
Other current assets	862	431
Total current assets	73,620	86,072
PLANT AND EQUIPMENT (Notes 1 and 2):		
Land and improvements	3,575	3,575
Buildings and equipment	415,268	415,268
Construction-in-progress	3,753	4,917
Total plant and equipment	422,596	423,760
Less accumulated depreciation and amortization	(37,505)	(42,721)
Plant and equipment, net	385,091	381,039
OTHER ASSETS (Notes 2 and 4)	118,922	116,270
TOTAL	$577,633	$583,381

</TABLE>

See notes to financial statements.

BALANCE SHEETS (Unaudited)
(Thousands of Dollars)

<TABLE>
<CAPTION>

LIABILITIES AND STOCKHOLDER'S EQUITY	December 31, 1998	March 31, 1999
<S>	<C>	<C>
CURRENT LIABILITIES:		
Accounts payable (Note 2)	$ 9,394	$ 14,767
Related party accounts payable	16,588	10,646
Accrued liabilities (Note 5)	13,835	10,660
Deferred income taxes	3,436	5,252
Total current liabilities	43,253	41,325
LONG-TERM DEBT (Notes 1, 2 and 6)		
Senior Credit Facilities	221,987	221,987
Term Loan	135,000	135,000
BASF note	70,575	72,327
Total long-term debt	427,562	429,314
DEFERRED INCOME TAXES (Note 2)	4,264	4,263
MANDATORILY REDEEMABLE PREFERRED STOCK ($1 par value; 65,000 shares authorized, issued and outstanding-stated at liquidation value of $1,000 per share, including $7,959 and $6,909 in unpaid dividends, respectively)	71,909	72,959
Total liabilities	546,988	547,861
COMMITMENTS AND CONTINGENCIES (Notes 7 and 8)		
STOCKHOLDER'S EQUITY:		
Common stock ($.01 par value; 2,500 shares authorized, issued and outstanding)		
Additional paid-in capital	25,000	25,000
Retained earnings	5,645	10,520
Total stockholder's equity	30,645	35,520
TOTAL	$577,633	$583,381

</TABLE>

See notes to financial statements.

HUNTSMAN SPECIALTY CHEMICALS CORPORATION

STATEMENTS OF INCOME (Unaudited)
(Thousands of Dollars)

<TABLE>
<CAPTION>

	3 Months Ended March 31,	
	1998	1999
<S>	<C>	<C>
REVENUE:		
Sales (Note 9)	$64,113	$58,851
Related party sales	9,654	10,781
Tolling fees	12,182	13,730
Total revenue	85,949	83,362
COST OF SALES	72,018	61,738
GROSS PROFIT	13,931	21,624

EXPENSES (Note 7):		
Sales, general & administrative	1,722	1,846
Research and development	765	858
Total expenses	2,487	2,704
OPERATING INCOME	11,444	18,920
INTEREST EXPENSE (Note 6)	10,433	9,539
INTEREST INCOME	(233)	(176)
INCOME BEFORE INCOME TAXES	1,244	9,557
INCOME TAX EXPENSE (Note 2)	467	3,632
NET INCOME	$ 777	$ 5,925

</TABLE>

See notes to financial statements.

HUNTSMAN SPECIALTY CHEMICALS CORPORATION

STATEMENTS OF CASH FLOWS (Unaudited)
(Thousand of Dollars)

<TABLE>
<CAPTION>

	3 Months Ended March 31,	
	1998	1999
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 777	$ 5,925
Reconciliation to net cash provided by operating activities:		
Depreciation and amortization	7,504	7,877
Deferred income taxes	234	1,815
Interest on subordinated note	1,711	1,752
Changes in operating working capital:		
Accounts receivable	(4,638)	(1,864)
Inventories	(4,820)	(3,748)
Other current assets	488	431
Accounts payable	(74)	(569)
Other current liabilities	(2,389)	(3,175)
Other assets	1,426	(9)
Net cash provided by operating activities	219	8,435
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(1,697)	(1,164)
Net cash used in investing activities	(1,697)	(1,164)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,478)	7,271
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	10,093	2,574
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 8,615	$ 9,845

	======= =======

</TABLE>

See notes to financial statements.

HUNTSMAN SPECIALTY CHEMICALS CORPORATION

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1. ACQUISITIONS

General--The accompanying financial statements include the accounts of Huntsman Specialty Chemicals Corporation (the Company), which was formed on December 26, 1996. Effective March 1, 1997 (the "Effective Date") for financial accounting purposes, the Company purchased from Texaco, Inc. its propylene oxide ("PO") and methyl tertiary butyl ether ("MTBE") business, known as the "PO/MTBE business" for $573.2 million, subject to a working capital adjustment (the "Acquisition"). The Acquisition closed on March 21, 1997.

To finance the Acquisition, the Company entered into a $350 million Credit Agreement with a group of financial institutions, a $135 million Term Loan Agreement and issued a $75 million Subordinated Note to BASF. The Company also issued preferred stock to Texaco with an aggregate liquidation preference of $65 million. Cumulative dividends of 5.5% to 6.5% of the liquidation preference will accrue and be payable commencing July 15, 2002. The Company may redeem the preferred stock at any time, subject to restrictions, and is required to redeem the stock prior to April 15, 2008. Additionally, prior to the Acquisition, the Company received an equity contribution from its parent company, Huntsman Specialty Chemicals Holdings Corporation, in the amount of $25 million.

The sources and applications of funds required to consummate the Acquisition are summarized below in thousands of dollars.

<TABLE>

<S>	<C>
Sources of Funds:	
Senior Credit Facilities:	
Revolving Credit Facility (1)	$ --
Term Loan A	150,000
Term Loan B	70,000
Term Loan C	70,000
Term Loan	135,000
BASF Subordinated Note (2)	58,200
Equity contribution	25,000
Seller Preferred Stock	65,000
Total	$573,200
Uses of Funds:	
Payment of the Acquisition Price	$560,700
Transaction fees and expenses (3)	12,500
Total	$573,200

</TABLE>

(1) The Revolving Credit Facility provided for maximum borrowings of up to $60 million.

(2) The BASF Subordinated Note had an original principal amount of $75 million, for financial reporting purposes, the note was recorded at its estimated fair value of $58.2 million.

(3) Total transaction fees and expenses totaled $15.0 million, of which $9.6 million was paid on March 21, 1997. The remainder was paid using the excess funds obtained by the notes, the equity contribution and funds provided by operations.

The Acquisition has been accounted for as a purchase transaction, and, accordingly, the financial statements subsequent to the Effective Date reflect the purchase price, including transaction costs allocated to tangible and intangible assets acquired and liabilities assumed based on their estimated fair values as of the Effective Date.

The allocation of the $572.5 million purchase price (after working capital adjustment and including fees and expenses) is summarized as follows in thousands of dollars:

<TABLE>
<S> <C>

Current assets	$ 68,569
Plant and equipment	410,122
Other noncurrent assets	121,405
Liabilities assumed	(27,547)
Total	$572,549

</TABLE>

2.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business--The Company markets and sells products: (1) PO, (2) Glycols, and (3) MTBE, which it manufactures at its facility in Port Neches, Texas (the "Facility").

Revenue Recognition--The Company generates revenues through sales in the open market, raw material conversion agreements and long-term supply contracts. The Company recognizes revenues as the products are shipped.

Cash Flow Information--Highly liquid investments with an original maturity of three months or less when purchased are considered to be cash equivalents. The Company paid $8.8 million and $8.0 million in interest expense for the quarter ended March 31, 1998 and 1999 respectively.

Financial Instruments--The carrying amount reported in the balance sheet for cash and cash equivalents, accounts receivable, and accounts payable approximates fair value because of the immediate or short-term maturity of these financial instruments. The carrying value of the Revolving Credit Facility and the Term Loans approximate fair value since they bear interest at a floating rate plus an applicable margin. The fair value of the Subordinate Note was derived based on rates currently available to the Company for debt instruments of similar terms.

The Company enters into certain derivative financial instruments as part of its interest rate risk management. Interest rate swaps, caps, collars and floors are classified as matched transactions. The differential to be paid or received as interest rates change is accrued and recognized as an adjustment to interest expense. The related amount payable to or receivable from counterparties is included in accounts receivable or accrued liabilities. Gains and losses on terminations of interest rate agreements are deferred and amortized over the lesser of the remaining term of the original contract or the life of the debt. The premiums paid for the interest rate agreements are included as other assets and are amortized to expense over the term of the agreements.

Use of Estimates--The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Carrying Value of Long-Term Assets--The Company evaluates the carrying value of long-term assets based upon current and anticipated undiscounted cash flows, and recognizes an impairment when such estimated cash flows will be less than the carrying value of the asset. Measurement of the amount of impairment, if any, is based upon the difference between carrying value and fair value.

Inventories--Inventories of petrochemical products are stated at cost, determined on the weighted average method. Inventories are valued at the lower of cost or market. Materials and supplies are stated at average cost.

Plant and Equipment and Depreciation and Amortization--Depreciation of plant and equipment is provided generally on the group plan, using the straight-line method, with depreciation based on a 5% composite rate for all classes of property.

Periodic maintenance and repairs applicable to manufacturing facilities are accounted for on the prepaid basis by capitalizing the cost of the turnaround and amortizing the costs over the estimated period until the next turnaround. Normal maintenance and repairs of all other plant and equipment are charged to expense as incurred. Renewals, betterments and major repairs that materially extend the useful life of the assets are capitalized, and the assets replaced, if any, are retired.

When capital assets representing complete groups of property are disposed of, the difference between the disposal proceeds and net book value is credited or charged to income. When miscellaneous assets are disposed of, the difference between asset cost and salvage value is charged or credited to accumulated depreciation.

Interest expense capitalized as part of plant and equipment was $56 thousand and $168 thousand for the quarter ended March 31, 1998 and 1999, respectively.

Intangible assets--Intangible assets are stated at their fair market values at the time of the Acquisition and are amortized using the straight-line method over their estimated useful lives of five to fifteen years or over the life of the related agreement and are included in "Other assets."

Preferred Stock--In conjunction with the Acquisition, the Company issued preferred stock to Texaco with an aggregate liquidation preference of $65 million. The preferred stock has a cumulative dividend rate of 5.5%, 6.5% or a combination thereof of the liquidation preference per year, which is adjusted on April 15th of each year, based on the Company's cash flow in the previous year. During 1998, $35 million of the preferred stock accrued dividends at the rate of 6.5% and the remainder at 5.5%. Unpaid cumulative dividends will compound at a rate of 5.5% or 6.5% and is payable commencing July 15, 2002. The Company may redeem the preferred stock at any time, subject to restrictions, and is required to redeem the stock prior to April 15, 2008.

Environmental Expenditures--Environmental related restoration and remediation costs are recorded as liabilities and expensed when site restoration and environmental remediation and clean-up obligations are either known or considered probable and the related costs can be reasonably estimated. Other environmental expenditures, which are principally maintenance or preventative in nature, are recorded when expended and are expensed or capitalized as appropriate.

Income Taxes--The Company files a consolidated federal income tax return with its ultimate parent. The Company has entered into a tax allocation agreement with its ultimate parent whereby the Company is charged or credited for an amount that would have been applicable had the Company filed a separate consolidated federal income tax return.

Deferred income taxes are provided for temporary differences between financial statement income and taxable income using the asset and liability method in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes."

Unaudited Interim Financial Information--The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete

financial statements. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, have been made which are necessary to fairly present the financial position of the Company as of March 31, 1999 and the results of its operations and cash flows for the interim periods ended March 31, 1998 and 1999. The results of the interim period should not be regarded as necessarily indicative of results that may be expected for the entire year. The financial information presented herein should be read in conjunction with the audited financial statements and notes for the year ended December 31, 1998, included elsewhere in the offering circular.

Recently Issued Financial Accounting Standards--In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives as assets or liabilities in the balance sheet and measure those instruments at fair value. SFAS No. 133 is effective for the Company's financial statements for the year ending December 31, 2000. The Company is currently evaluating the effects of SFAS No. 133 on its financial statements.

3.INVENTORIES

Inventories consisted of the following in thousands of dollars:

<TABLE>
<CAPTION>

	December 31, 1998	March 31, 1999
<S>	<C>	<C>
Feedstocks	$ 5,175	$ 8,278
Unfinished products	1,032	2,231
Finished products	12,915	12,427
	19,122	22,936
Materials and supplies	565	499
Total	$19,687	$23,435

</TABLE>

In the normal course of operations, the Company exchanges raw materials with other companies for the purpose of reducing transportation costs. No gains or losses are recognized on these exchanges, and the net open exchange positions are valued at the Company's cost. Net amounts deducted from inventory under open exchange agreements owed by the Company at December 31, 1998 and March 31, 1999 were $412 thousand (927,529 pounds of feedstock and products) and $817 thousand (420,837 pounds of feedstock and products), respectively, which represent the net amounts payable by the Company under open exchange agreements.

4.OTHER ASSETS

Other assets consisted of the following in thousands of dollars:

<TABLE>
<CAPTION>

	December 31, 1998	March 31, 1999
<S>	<C>	<C>
Patents, licenses, and technology	$ 90,180	$ 90,180
Other agreements	17,823	17,823
Non-compete agreements	1,520	1,520
Total intangibles	109,523	109,523
Accumulated amortization	(14,820)	(16,841)
Net intangibles	94,703	92,682
Capitalized turnaround expense	14,009	13,235

Other noncurrent assets	9,557	9,521
Spare parts inventory	653	832
Total	$118,922	$116,270

5.ACCRUED LIABILITIES

Accrued liabilities consisted of the following in thousands of dollars:

	December 31, 1998	March 31, 1999
Ad valorem taxes	$ 6,974	$ 2,514
Product rebate accruals	4,110	3,308
Other miscellaneous accruals	2,751	4,838
Total	$13,835	$10,660

6.LONG-TERM DEBT

Long-term debt consisted of the following in thousands of dollars:

	December 31, 1998	March 31, 1999
Senior Credit Facilities:		
Revolving Credit Facility		
Term Loan A	$ 87,935	$ 87,935
Term Loan B	67,026	67,026
Term Loan C	67,026	67,026
Term Loan	135,000	135,000
BASF Subordinated Note, face value $75 million, discounted to a 9.3% effective rate	60,632	60,976
Accrued Interest on BASF Subordinated Note	9,943	11,351
Total Long-Term Debt	$427,562	$429,314

Senior Credit Facilities--In March 1997, the Company entered into a Bank Credit Agreement with Bankers Trust Company related to Senior Credit Facilities in an aggregate principal amount of $350 million. These facilities consisted of (i) a five-year $60 million revolving credit facility (the "Revolving Credit Facility"), (ii) a five-year $150 million aggregate principal amount Term Loan A, a seven-year $70 million aggregate principal amount Term Loan B and an eight-year $70 million aggregate principal amount Term Loan C (the "Term Loan A", the "Term Loan B" and the "Term Loan C" are referred to collectively as the "Senior Term Loans").

The Senior Credit Facilities bear interest at a rate equal to, at the Company's option, (i) the Reserve adjusted Eurodollar Rate plus an applicable margin which ranges from 0.625% to 2.0% for the Revolving Credit Facility and the Term Loan A, 2.00 to 2.50% for the Term Loan B and 2.25 to 2.75% for the Term Loan C, ("Eurodollar Loans") or (ii) the Base Rate (defined in the Senior Credit Facilities as the higher of the prime rates of Bankers Trust Company or the sum of the overnight rate on the federal funds transactions plus 0.5%) plus the applicable margin, equal to 1.25% less than the applicable borrowing margin for Eurodollar loans, but in no event less than 0% ("Prime Rate Loans").

The Revolving Credit Facility requires a commitment fee ranging from

0.225% to 0.5% per annum on the total unused balance. This rate is determined based on the Company's most recent financial ratios.

The obligations of the Company under the Senior Credit Facilities are secured by a first-priority interest in substantially all of the assets of the Company.

Term Loan--In March 1997, the Company entered into a Term Loan Agreement with Bankers Trust Company and various lending institutions in the aggregate principal amount of $135 million (the "Term Loan"). The Term Loan bears interest at a rate equal to, at the Company's option, (i) the Eurodollar Rate plus an applicable margin of 3.5% per annum ("Eurodollar Loans") or (ii) the Base Rate plus the applicable margin, equal to 2.25% per annum ("Prime Rate Loans").

Interest on Prime Rate Loans is due quarterly and on the date of conversion of any such Prime Rate Loan to a Eurodollar Loan. Interest on Eurodollar Loans will be due at the end of the interest period applicable thereto, and if such interest period is in excess of three months, each three months.

BASF Subordinated Note--The Company issued to BASF a subordinated note in the aggregate principal amount of $75 million. Until April 15, 2002, interest is accrued on the Subordinated Note at 7% per annum and is included in "Long-term Debt." On April 15, 2002, all accrued interest will be added to the principal of the Subordinated Note. Such principal balance will be payable in a single installment on April 15, 2008. Interest accrued after April 15, 2002 will be payable quarterly, commencing July 15, 2002. For financial reporting purposes, the note was recorded at its fair value of $58.2 million based on prevailing market rates as of the Effective Date.

The Senior Credit Facility, the Term Loan and the Subordinated Note contain restrictive covenants that, among other things and under certain conditions, restrict the Company's indebtedness, liens, sales/leaseback transactions, assets sales, capital expenditures, acquisitions, investments and transactions with affiliates, dividends and other restricted payments. Additionally, these covenants require that certain financial ratios be maintained.

Interest Rate Contracts--The Company enters into various types of interest rate contracts in managing interest rate risk on its long-term Under interest rate swaps, the Company agrees with other parties to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to an agreed notional principal amount.

The Company purchases interest rate cap and sells interest rate floor agreements to reduce the impact of changes in interest rates on its floating-rate long-term debt. The cap agreements entitle the Company to receive from counterparties (major banks) the amounts, if any, by which the Company's interest payments on certain of its floating-rate borrowings exceed 6.6% to 8.0%. The floor agreement requires the Company to pay to the counterparty (a major bank) the amount, if any, by which the Company's interest payments on certain of its floating-rate borrowings are less than 6.0% to 5.26%.

The Company is exposed to credit losses in the event of nonperformance by a counterparty to the derivative financial instruments. The Company anticipates, however, that the counterparties will be able to fully satisfy obligations under the contracts. Market risk arises from changes in interest rates.

7.ENVIRONMENTAL MATTERS

The Company's operations are subject to extensive environmental laws and regulations concerning emissions to airs, discharges to surface and subsurface waters and the generation, storage, handling, transportation, treatment, disposal and remediation of hazardous substances and other waste materials ("Environmental Laws"). The Company's production facilities require operating permits that are subject to revocation,

modification and renewal. Violations of Environmental Laws or permit requirements can result in substantial fines and civil or criminal sanctions. The operation of any chemical manufacturing plant entails risk of adverse environmental effects, including exposure to chemical products, by-products and waste from the Company's operations, and there can be no assurance that material costs or liabilities will not be incurred to rectify any such damage. In addition, potentially significant expenditures could be required in order to comply with Environmental Laws and permit requirements that may be adopted or imposed in the future.

The Company believes that there is existing contamination under the property resulting from the operation from about 1920 to 1950 of the unlined earthen crude oil storage tanks on the property and from contaminated groundwater emanating from adjacent property formerly owned by Texaco and now owned by HPC. The Purchase Agreement provides that Texaco will generally be responsible, for a period of eleven years following the Closing Date for up to $40 million of costs incurred with respect to all other conditions related to the property that existed on the Closing Date related to air, land, soil surface, subsurface strata or groundwater that were not in compliance with Environmental Laws as in effect as of the Closing Date. The Company, however, is generally responsible for the first $3 million of such costs as well as for the first $50,000 of such costs incurred per claim. The Purchase Agreement further provides that, subject to certain limitations, the Company will be responsible for such conditions to the extent (i) that Texaco is not responsible, or (ii) such conditions were caused or arose after the Closing Date.

It is the Company's belief that the total cost of remediation of all contamination existing on the property will be less than the $40 million cap on Texaco's indemnity obligations. However, there can be no assurance that the cost of remediation will not exceed this amount, that the cost of remediation will not be covered by Texaco indemnity obligations which contain certain specified limitations, that Texaco will have the financial resources to fully perform its responsibilities under the Purchase Agreement or that the Company will not be required to incur expenses for liabilities under environmental laws or for environmental remediation before such time as Texaco pays any liability for which it is ultimately held responsible. In any such event, the Company may be required to incur significant liabilities. In addition, no assurance can be given that Texaco will not seek to challenge its liability under the Purchase Agreement, that the eleven year period of limitation with respect to certain costs incurred for the remediation of contamination will not expire before remediation costs are incurred pursuant to an Environmental Law in effect as of the Closing Date or that remediation will not be required pursuant to an Environmental Law enacted after the Closing Date.

8.COMMITMENTS AND CONTINGENCIES

The Company has various purchase commitments for materials and supplies entered into in the ordinary course of business. These agreements extend from three to ten years and the purchase price is generally based on market prices subject to certain minimum price provisions.

The Company is involved in litigation from time to time in the ordinary course of its business. In management's opinion, none of such litigation is material to the Company's financial condition or results of operations.

9.CUSTOMER INFORMATION

Sales to three non-related customers account for 31%, 20%, and 16% of sales for the quarter ended March 31, 1998. Sales to three non-related customers account for 23%, 17%, and 15% of sales for the quarter ended March 31, 1999.

INDEPENDENT AUDITORS REPORT

The Board of Directors
Imperial Chemical Industries PLC

We have audited the accompanying combined balance sheets representing an aggregation of financial information from the individual companies and operations of the businesses of Imperial Chemical Industries PLC ("ICI") relating to polyurethane chemicals, titanium dioxide and selected petrochemicals ("the Businesses") as at 31 December 1997 and 1998 and their related combined profit and loss accounts, cash flow statements and statements of total recognised gains and losses for each of the years in the three year period ended 31 December 1998. Our responsibility is to express an opinion on these combined financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of the Businesses as of 31 December 1997 and 1998, and the results of their operations and their cash flows for each of the years in the three year period ended 31 December 1998, in conformity with generally accepted accounting principles in the United Kingdom.

Generally accepted accounting principles in the United Kingdom vary in certain significant respects from generally accepted accounting principles in the United States. Application of generally accepted accounting principles in the United States would have affected results of operations for each of the years in the three year period ended 31 December 1998 and net investment as of 31 December 1997 and 1998, to the extent summarised in Note 30 of the combined financial statements.

KPMG Audit Plc
Chartered Accountants
London, England
2 June 1999

COMBINED PROFIT AND LOSS ACCOUNTS

<TABLE>
<CAPTION>

		Years ended 31 December		
	Notes	1996	1997	1998
		(Pounds)m	(Pounds)m	(Pounds)m
<S>	<C>	<C>	<C>	<C>
Turnover	3	2,534	2,337	2,011
Operating costs	5	(2,368)	(2,288)	(1,888)
Other operating income	5	6	5	8
Trading profit before operating exceptional items	3,5	172	54	131
Operating exceptional items	4	(11)	(56)	(10)
Trading profit/(loss) after operating exceptional items	5	161	(2)	121
Income from fixed asset investment--dividends		2	1	1
Exceptional items--profit/(loss) on sale or closure of operations	4	--	23	(4)
Profit on ordinary activities before interest		163	22	118
Net interest payable	8	(78)	(69)	(71)
Profit/(loss) on ordinary activities				

before taxation.....		85	(47)	47
Taxation on profit/(loss) on ordinary activities.....	9	(29)	(15)	12
Profit/(loss) on ordinary activities after taxation.....		56	(62)	59
Attributable to minorities.....		(3)	(1)	(1)
Net profit/(loss) for the financial year.....		53	(63)	58

COMBINED STATEMENTS OF TOTAL RECOGNISED GAINS AND LOSSES

	Years ended 31 December		
	1996	1997	1998
	(Pounds)m	(Pounds)m	(Pounds)m
Net profit/(loss) for the financial year.....	53	(63)	58
Currency translation differences on foreign currency net investments.....	(88)	(51)	--
Other movements.....	--	(2)	7
	(88)	(53)	7
Total recognised gains/(losses) relating to the year.....	(35)	(116)	65

The accompanying notes form an integral part of these combined financial statements.

COMBINED BALANCE SHEETS

		At 31 December	
	Notes	1997	1998
		(Pounds)m	(Pounds)m
Fixed assets			
Tangible assets.....	10	958	1,041
Investments--Participating and other interests.....	11	7	6
		965	1,047
Current assets			
Stocks.....	12	236	250
Debtors.....	13	340	296
Investments and short-term deposits--unlisted.....		2	2
Cash at bank.....	24	53	51
		631	599
Total assets.....		1,596	1,646
Creditors due within one year			
Short-term borrowings.....	14	(20)	(12)
Current instalments of loans.....	16	(9)	(4)
Financing due to ICI.....	16	--	(866)
Other creditors.....	15	(408)	(345)

	(437)	(1,227)	
Net current assets/(liabilities)	194	(628)	
Total assets less current liabilities	1,159	419	
Creditors due after more than one year			
Loans	16	(10)	(8)
Financing due to ICI	16	(866)	--
Other creditors	15	(7)	(9)
	(883)	(17)	
Provisions for liabilities and charges	17	(77)	(72)
Deferred income		(11)	(11)
	(971)	(100)	
Net assets	188	319	
Net investment (page F-37)	184	316	
Minority interests--equity	4	3	
	188	319	

The accompanying notes form anintegral part of these combined financial statements.

COMBINED CASH FLOW STATEMENTS

	Notes	Years ended 31 December 1996	1997	1998
		(Pounds)m	(Pounds)m	(Pounds)m
Net cash inflow from operating activities	18	292	111	200
Returns on investments and servicing of finance	19	(13)	(12)	(12)
Taxation		(41)	(22)	(56)
		238	77	132
Capital expenditure and financial investment	20	(187)	(169)	(130)
Disposals	21	--	31	--
Cashflow before financing		51	(61)	2
Net movement in financing	22	(57)	67	(4)
Increase/(decrease) in cash	24	(6)	6	(2)

RECONCILIATION OF MOVEMENTS IN COMBINED NET INVESTMENT

	Years ended 31 December 1996	1997	1998
	(Pounds)m	(Pounds)m	(Pounds)m

Net profit/(loss) for the financial year.....	53	(63)	58
Distributions and transfers (to)/from ICI, net of tax.....	(3)	10	21
Profit/(loss) retained for year.....	50	(53)	79
Other recognised gains/(losses) related to the year--exchange differences on translation of opening investment and other non cash movements.....	(42)	2	53
Increase/(decrease) in net investment.....	8	(51)	132
Combined net investment at beginning of year.....	227	235	184
Combined net investment at end of year.....	235	184	316

</TABLE>

The net assets above have been reduced as of 31 December, in each year by a cumulative amount of goodwill written off of (Pounds)35m.

There are no significant statutory or contractual restrictions on the distribution of current year income of subsidiary undertakings. Undistributed profits are, in the main, employed in the businesses of these companies. The undistributed income of the Businesses overseas may be liable to overseas taxes and/or United Kingdom taxation (after allowing for double taxation relief) if they were to be distributed as dividends.

The cumulative exchange gains and losses on the translation of foreign currency financial statements into pounds sterling are taken into account in the above reconciliation of movements in combined net investment.

The accompanying notes form anintegral part of these combined financial statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1 Basis of preparation

The accompanying Combined Financial Statements for the three years ended 31 December 1998 have been prepared in connection with the disposal of ICI's Tioxide, Polyurethanes and selected petrochemicals businesses (the "Businesses") in order to show the financial position, results of operations, total recognised gains and losses and cash flows of the Businesses. They have been prepared on a carve-out basis by aggregating the historical financial information of the Businesses as if they had formed a discrete operation under common management for the entire three year period. The Businesses are not separate legal entities and have not been separately financed. Distributions and transfers out of retained income made by the Businesses have been treated as reductions in net investment (i.e. as if they were dividends).

Management overheads

Certain management overheads and other similar costs amounting to (Pounds)13m in 1996, (Pounds)23 million in 1997 and (Pounds)15 million in 1998 have been attributed to the Businesses. Allocations were based on a combination of the sales of the Businesses as a percentage of ICI's sales and the net assets of the Businesses as a percentage of ICI's net assets. In all cases management believes the method used was reasonable. The allocated costs are included in operating costs in the Combined Profit and Loss Accounts and have been treated as non-cash movements through net investment.

Indebtedness and interest

The Combined Financial Statements include interest on the indebtedness between ICI and the Businesses of (Pounds)866 million as if such indebtedness had been in place for all periods presented. This debt has been determined by management to be an appropriate amount to include in the Combined Financial Statements because it is the amount of long-term debt that is expected to be outstanding on the date the transaction is completed. The charge for interest on such indebtedness is based on the weighted average interest rates of selected, representative long-term borrowings of ICI in each year. The interest

charge was (Pounds)73 million in 1996, (Pounds)66 million in 1997 and (Pounds)69 million in 1998, reflecting interest rates of 8.5% in 1996, 7.6% in 1997 and 8.0% in 1998. For cash flow purposes, interest on such indebtedness and associated tax relief to the extent that it exceeds the actual interest paid to ICI in the relevant period has been treated as a non-cash movement through net investment.

Taxation

The tax charge attributable to the Businesses is based on the charge recorded by individual legal entities and an appropriate allocation of the tax charge incurred by ICI where activities of both the Businesses and ICI were carried out within a single legal entity. There are no material differences between the tax charge allocated and that which would have arisen on a stand alone basis. Only actual tax payments by individual legal entities of the Businesses have been included in the Combined Cash Flow Statements; payments by ICI legal entities in respect of tax attributable to activities of the Businesses have been treated as non-cash movements through net investment.

2 Principal accounting policies

These Combined Financial Statements have been prepared under the historical cost convention and UK accounting standards applicable for those periods presented. Accordingly, the provisions of Financial Reporting Standard (FRS) 12 and FRS 14 and all of the disclosure requirements of FRS 13 have not been applied. Accounting policies conform with UK Generally Accepted Accounting Principles (UK GAAP). The principal accounting policies which have been applied are set out below.

Turnover

Turnover excludes intra-Business turnover and value added taxes. Revenue is recognised at the point at which title passes.

Depreciation

The book value of each tangible fixed asset is written off to its residual value evenly over its estimated remaining life. Reviews are made annually of the estimated remaining lives of individual productive assets, taking account of commercial and technological obsolescence as well as normal wear and tear. Under this policy it becomes impracticable to calculate average asset lives exactly; however, the total lives approximate to 28 years for buildings and 20 years for plant and equipment. Depreciation of assets qualifying for grants is calculated on their full cost.

Pension costs

The pension costs relating to UK retirement plans are assessed in accordance with the advice of independent qualified actuaries. The amounts so determined include the regular cost of providing the benefits under the plans which should be a level percentage of current and expected future earnings of the employees covered under the plans. Variations from the regular pension cost are spread on a systematic basis over the estimated average remaining service lives of current employees in the plans. With minor exceptions, non-UK subsidiaries recognise the expected cost of providing pensions on a systematic basis over the average remaining service lives of employees in accordance with the advice of independent qualified actuaries.

Research and development

Research and development expenditure is charged to profit in the year in which it is incurred.

Government grants

Grants related to expenditure on tangible fixed assets are credited to profit over a period approximating to the lives of qualifying assets. The grants shown in the balance sheets consist of the total grants receivable to

date less the amounts so far credited to profit.

Foreign currencies

Profit and loss accounts in foreign currencies are translated into sterling at average rates for the relevant accounting periods. Assets and liabilities are translated at exchange rates ruling at the date of the Businesses' balance sheet. Exchange differences on short-term foreign currency borrowings and deposits are included with net interest payable. Exchange differences on all other transactions, except relevant foreign currency loans, are taken to trading profit. In the Businesses' accounts, exchange differences arising on consolidation of the net investments in overseas subsidiary undertakings and associated undertakings are taken to net investment in the balance sheet. Differences on relevant foreign currency loans are taken to net investment and offset against the differences on net investment in the balance sheet.

Stock valuation

Finished goods are stated at the lower of cost and net realisable value, raw materials and other stocks at the lower of cost and replacement price; the first in, first out or an average method of valuation is used. In determining cost for stock valuation purposes, depreciation is included but selling expenses and certain overhead expenses are excluded.

Environmental liabilities

The Businesses are exposed to environmental liabilities relating to past operations, principally in respect of soil and groundwater remediation costs. Provisions for these costs are made when expenditure on remedial work is probable and the cost can be estimated within a reasonable range of possible outcomes.

Associated undertakings and joint ventures

Associated undertakings and joint ventures are undertakings in which the Businesses hold a long-term interest and over which they actually exercise significant influence. Interests in joint arrangements that are not entitles are included proportionately in the accounts of the investing entity.

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 certain items, including post-retirement benefits, for taxation and for accounting purposes. However, no provision is made for taxation deferred by reliefs unless there is reasonable evidence that such deferred taxation will be payable in the future.

Goodwill

On the acquisition of a business, fair values are attributed to the net assets acquired. Goodwill arises where the fair value of the consideration given for a business exceeds such net assets. For purchased goodwill arising on acquisitions after 31 December 1997 goodwill is capitalised and amortised through the profit and loss acount over a period of 20 years unless it is considered that it has a materially different useful life. For goodwill arising on acquisitions prior to 31 December 1997 purchased goodwill was charged directly to net investment in the year of acquisition. On subsequent disposal or termination of a previously acquired business, the profit or loss recognised on disposal or termination is calculated after charging the amount of any related goodwill previously taken to net investment.

3 Segmental information

<TABLE>
<CAPTION>

	Years ended 31 December		
	1996	1997	1998
	(Pounds)m	(Pounds)m	(Pounds)m
<S>	<C>	<C>	<C>
Turnover			
By business			
Polyurethanes	907	860	816
Tioxide	618	547	574
Petrochemicals	1,047	980	659
	2,572	2,387	2,049
Inter-business	(38)	(50)	(38)
	2,534	2,337	2,011

<CAPTION>

	Years ended 31 December		
	1996	1997	1998
	(Pounds)m	(Pounds)m	(Pounds)m
<S>	<C>	<C>	<C>
By geographical location of operating units			
United Kingdom	1,511	1,214	818
Continental Europe	845	781	751
USA	481	494	509
Other Americas	101	97	83
Asia Pacific	224	184	143
Other countries	42	37	42
	3,204	2,807	2,346
Inter-area eliminations	(670)	(470)	(335)
	2,534	2,337	2,011

<CAPTION>

	Years ended 31 December		
	1996	1997	1998
	(Pounds)m	(Pounds)m	(Pounds)m
<S>	<C>	<C>	<C>
By geographical location of customer			
United Kingdom	900	760	560
Continental Europe	772	755	638
USA	377	386	408
Other Americas	118	117	118
Asia Pacific	266	236	204
Other countries	101	83	83
	2,534	2,337	2,011

</TABLE>

3. Segmental information (continued)

<TABLE>
<CAPTION>

	Trading profit/(loss) before exceptional items	Profit/(loss) before interest and taxation after exceptional items
	Years ended 31 December	Years ended 31 December

	1996	1997	1998	1996	1997	1998
	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m
By business						
Polyurethanes	113	77	90	115	101	87
Tioxide	--	(23)	68	(11)	(54)	58
Petrochemicals	59	--	(27)	59	(25)	(27)
	172	54	131	163	22	118

	Trading profit/(loss) before exceptional items			Profit/(loss) before interest and taxation after exceptional items		
	Years ended 31 December			Years ended 31 December		
	1996	1997	1998	1996	1997	1998
	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m
By geographical location of operating units						
United Kingdom	85	36	13	80	13	11
Continental Europe	31	(19)	56	30	(22)	48
USA	49	30	44	47	30	44
Other Americas	9	5	6	7	4	5
Asia Pacific	(8)	(1)	7	(8)	(6)	5
Other countries	6	3	5	7	3	5
	172	54	131	163	22	118

	At 31 December	
	1997	1998
	(Pounds)m	(Pounds)m
Total assets less current liabilities		
By business		
Net operating assets		
Polyurethanes	480	523
Tioxide	629	661
Petrochemicals	100	102
	1,209	1,286
Net non-operating liabilities	(50)	(867)
	1,159	419

3. Segmental information (continued)

	At 31 December	
	1997	1998
	(Pounds)m	(Pounds)m
By geographical location of operating units		
Net operating assets		
United Kingdom	438	420

Continental Europe	371	439
USA	263	290
Other Americas	15	19
Asia Pacific	105	100
Other	17	18
	1,209	1,286
Net non-operating liabilities	(50)	(867)
	1,159	419

Net operating assets comprise tangible fixed assets, stocks and total operating debtors(note 13) less current operating creditors (note 15).

	Years ended 31 December		
	1996	1997	1998
Employees--average number of people employed			
By business			
Polyurethanes	2,139	2,225	2,172
Tioxide	3,611	3,383	3,243
Petrochemicals	946	947	952
	6,696	6,555	6,367

	Years ended 31 December		
	1996	1997	1998
By geographical location of operating units			
United Kingdom	2,517	2,421	2,261
Continental Europe	2,515	2,595	2,614
USA	545	436	444
Other Americas	76	153	161
Asia Pacific	712	628	558
Other countries	331	322	329
	6,696	6,555	6,367

4 Exceptional items before taxation

	Years ended 31 December		
	1996	1997	1998
	(Pounds)m	(Pounds)m	(Pounds)m
Operating exceptional items			
Tioxide:			
Rationalisation of operations, including severance (1996 (Pounds)4m; 1997 (Pounds)10m; 1998 (Pounds)7m)	(11)	(14)	(10)
Settlement of dispute with supplier	--	(17)	--

Petrochemicals:			
Asset impairment	--	(25)	--
	(11)	(56)	(10)
Credited/(charged) after trading profit			
Profit/(loss) on sale or closure of operations:			
Disposal of Polyurethanes business in Australia	--	25	--
Other disposals	--	(2)	(4)
	--	23	(4)
Exceptional items within profit on ordinary activities before taxation	(11)	(33)	(14)

</TABLE>

5 Trading profit

<TABLE>
<CAPTION>

	Years ended 31 December		
	1996	1997	1998
	(Pounds)m	(Pounds)m	(Pounds)m
<S>	<C>	<C>	<C>
Trading profit before exceptional items			
Turnover	2,534	2,337	2,011
Operating costs			
Cost of sales	(1,989)	(1,911)	(1,535)
Distribution costs	(100)	(128)	(143)
Research and development	(51)	(49)	(39)
Administration and other expenses	(228)	(200)	(171)
	(2,368)	(2,288)	(1,888)
Other operating income			
Government grants	1	2	2
Royalty income	1	--	3
Other income	4	3	3
	6	5	8
Trading profit	172	54	131
Operating costs include:			
Depreciation	93	88	76
Gross profit, as defined by UK Companies Act 1985	545	426	476
Trading profit after exceptional items			
Turnover	2,534	2,337	2,011
Operating costs			
Cost of sales	(1,996)	(1,965)	(1,544)
Distribution costs	(102)	(128)	(143)
Research and development	(51)	(49)	(39)
Administration and other expenses	(230)	(202)	(172)
	(2,379)	(2,344)	(1,898)
Other operating income			
Government grants	1	2	2
Royalty income	1	--	3
Other income	4	3	3
	6	5	8

Trading profit/(loss)	161	(2)	121
Operating costs include:			
Depreciation	93	113	76
Gross profit, as defined by UK Companies Act 1985	538	372	467

6 Note of historical cost profits and losses

There were no material differences between reported profits and losses on ordinary activities before tax in 1996, 1997 and 1998.

7 Staff costs

	Years ended 31 December		
	1996	1997	1998
	(Pounds)m	(Pounds)m	(Pounds)m
Staff costs:			
Salaries	181	166	163
Social security costs	28	24	27
Pension costs	13	15	15
Other employment costs	3	3	2
	225	208	207
Less amounts allocated to capital and to provisions set up in previous years	(2)	(3)	--
Severance costs charged in arriving at profit before tax	5	10	8
Employee costs charged in arriving at profit before tax	228	215	215

8 Net interest payable

	Years ended 31 December		
	1996	1997	1998
	(Pounds)m	(Pounds)m	(Pounds)m
Interest payable and similar charges			
Interest on loans			
External	3	3	1
Other ICI businesses	73	66	69
	76	69	70
Interest on short-term borrowings	3	2	2
	79	71	72
Interest receivable and similar income			
External	(1)	(2)	(1)
	78	69	71

9 Taxation on profit on ordinary activities

<TABLE>
<CAPTION>

	Years ended 31 December								
	1996			1997			1998		
	Before exceptional items	Exceptional items	Total	Before exceptional items	Exceptional items	Total	Before exceptional items	Exceptional items	Total
	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
United Kingdom									
taxation									
Corporation tax.....	(11)	(3)	(14)	17	--	17	(30)	--	(30)
Deferred taxation.....	4	--	4	--	--	--	2	--	2
	(7)	(3)	(10)	17	--	17	(28)	--	(28)
Overseas taxation									
Overseas taxes..	33	--	33	31	(10)	21	24	(4)	20
Deferred taxation.....	6	--	6	(23)	--	(23)	(4)	--	(4)
	39	--	39	8	(10)	(2)	20	(4)	16
	32	(3)	29	25	(10)	15	(8)	(4)	(12)

</TABLE>

UK and overseas taxation has been provided on the profit/(loss) earned for the periods covered by the accounts, UK corporation tax has been provided at the rate of 31% (1997 31.5%; 1996 33%).

Deferred taxation

The amounts of deferred taxation accounted for as the balance sheet data and the potential amounts of deferred taxation are disclosed below.

<TABLE>
<CAPTION>

	Year ended 31 December		
	1996	1997	1998
	(Pounds)m	(Pounds)m	(Pounds)m
<S>	<C>	<C>	<C>
Accounted for at balance sheet date			
Timing differences on UK capital allowances and depreciation.....	70	63	83
Miscellaneous timing differences.....	(3)	(22)	(43)
	67	41	40
Not accounted for at balance sheet data			
Timing differences on UK capital allowances and depreciation.....	64	82	81
Miscellaneous timing differences.....	(11)	(49)	(36)
	53	33	45
Full potential deferred taxation.....	120	74	85

</TABLE>

NOTES TO THE COMBINED FINANCIAL STATEMENTS--(Continued)

10Tangible fixed assets

<TABLE>
<CAPTION>

	Land and buildings	Plant and equipment	Payments to account and assets in course of construction	Total
<S>	(Pounds)m <C>	(Pounds)m <C>	(Pounds)m <C>	(Pounds)m <C>
Cost				
At 1 January 1997	191	1,396	188	1,775
Capital expenditure.....	--	--	171	171
Transfer of assets into use.....	2	77	(79)	
Exchange adjustments....	(20)	(80)	(14)	(114)
Disposals and other movements.....	(2)	(28)	(1)	(31)
At 31 December 1997.....	171	1,365	265	1,801
Capital expenditure.....	--	--	135	135
Transfer of assets into use.....	4	261	(265)	
Exchange adjustments....	4	27	2	33
Disposals and other movements.....	(1)	(36)	--	(37)
At 31 December 1998	178	1,617	137	1,932
Depreciation				
At 1 January 1997	59	726		785
Charge for year.....	7	106		113
Exchange adjustments....	(5)	(28)		(33)
Disposals and other movements.....	(1)	(21)		(22)
At 31 December 1997.....	60	783		843
Charge for year.....	5	71		76
Exchange adjustments....	2	9		11
Disposals and other movements.....	(1)	(38)		(39)
At 31 December 1998.....	66	825		891
Net book value at 31 December 1997.....	111	582	265	958
Net book value at 31 December 1998.....	112	792	137	1,041

</TABLE>

The depreciation charge of (Pounds)113m in 1997, shown above, includes (Pounds)25m charged to exceptional items relating to provisions for impairment.

Included in land and buildings is (Pounds)22m (1997 (Pounds)22m) in respect of the cost of land which is not subject to depreciation.

NOTES TO THE COMBINED FINANCIAL STATEMENTS--(Continued)

<TABLE>
<CAPTION>

	At 31 December

	1997	1998
	(Pounds)m	(Pounds)m
<S>	<C>	<C>
The net book value of land and buildings comprises:		
Freeholds	84	86
Long leases (over 50 years unexpired)	27	26
	111	112

11 Investments in participating and other interests

	At 31 December	
	1997	1998
	(Pounds)m	(Pounds)m
<S>	<C>	<C>
Associated undertakings--non equity accounted shares		
Cost		
At beginning of year	7	7
Exchange adjustments	--	(1)
At 31 December	7	6

12 Stocks

	At 31 December	
	1997	1998
	(Pounds)m	(Pounds)m
<S>	<C>	<C>
Raw materials and consumables	91	106
Stocks in process	9	11
Finished goods and good for resale	136	133
	236	250

13 Debtors

	At 31 December	
	1997	1998
	(Pounds)m	(Pounds)m
<S>	<C>	<C>
Amounts due within one year		
Trade debtors--external	122	97
Trade debtors--other ICI businesses	182	158
Taxation recoverable	6	10
Other prepayments and accrued income	6	10
Other debtors--external	20	19
	336	294
Amounts due after one year		
Other debtors--external	4	2
	340	296

</TABLE>

Non operating debtors included in the above

<TABLE>
<CAPTION>

	At 31 December	
	1997	1998
	(Pounds)m	(Pounds)m
<S>	<C>	<C>
Amounts due within one year		
Taxation recoverable	3	3
Other debtors	2	--
	5	3
Amounts due after one year		
Taxation recoverable	3	7
	8	10

14 Short-term borrowings

<CAPTION>

	At 31 December	
	1997	1998
	(Pounds)m	(Pounds)m
<S>	<C>	<C>
Bank borrowings--Unsecured	20	12

15 Other creditors

<CAPTION>

	At 31 December	
	1997	1998
	(Pounds)m	(Pounds)m
Amounts due within one year		
<S>	<C>	<C>
Trade creditors--external	158	184
Trade creditors--other ICI businesses	60	26
Corporate taxation	91	53
Value added and payroll taxes and social security	17	8
Accruals	43	42
Other creditors	39	32
	408	345
Amounts due after one year		
Pension liabilities	2	3
Other creditors	5	6
	7	9

Non-operating creditors included in the above

Amounts due within one year		
Corporate taxation	91	53
Other creditors	--	1
	91	54
Amounts due after one year		
Pension liabilities	2	3
Other creditors	3	--
	5	3

</TABLE>

NOTES TO THE COMBINED FINANCIAL STATEMENTS--(Continued)

16 Loans

<TABLE>
<CAPTION>

	At 31 December	
	1997	1998
	(Pounds)m	(Pounds)m
<S>	<C>	<C>
Creditors due within one year		
Current instalment of loans	9	4
Financing due to ICI	--	866
	9	870
Creditors due after more than one year		
Loans	10	8
Financing due to ICI	866	--
	876	8
	885	878
Secured loans		
US dollars	4	--
Other currencies	1	--
Total secured	5	--
Secured by fixed charge	4	--
Secured by floating charge	1	--
Unsecured loans		
US dollars	--	--
Other foreign currencies	14	12
	14	12
Financing due to ICI (see note below)	866	866
Total unsecured	880	878
Total loans	885	878
Loan maturities		
Bank loans		
Loans or instalments thereof are repayable:		
From 2 to 5 years from balance sheet date	7	5
From 1 to 2 years	3	3
Total due after more than one year	10	8
Total due within one year	9	4
	19	12
Other loans		
Loans or instalments thereof are repayable:		
From 1 to 2 years from balance sheet date	866	--
Within one year	--	866

</TABLE>

Financing due to ICI includes the indebtedness assumed by the Businesses on 1 January 1999 as if it had been in place throughout the period.

<TABLE>
<CAPTION>

	At 31 December	
	1997	1998
	(Pounds)m	(Pounds)m
<S>	<C>	<C>
Total loans		
Loans or instalments thereof are repayable:		
From 2 to 5 years from balance sheet date	7	5
From 1 to 2 years	869	3
Total due after more than one year	876	8
Total due within one year	9	870
Total loans	885	878

</TABLE>

17 Provisions for liabilities and charges

<TABLE>
<CAPTION>

	Deferred taxation	Unfunded pensions	Employee benefits	Other provisions	Total
	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m
<S>	<C>	<C>	<C>	<C>	<C>
At 1 January 1997	67	13	17	14	111
Profit and loss account	(23)	--	1	1	(21)
Net amounts paid or becoming current	--	(2)	(1)	(8)	(11)
Exchange and other movements	(3)	--	--	1	(2)
At 31 December 1997	41	11	17	8	77
Profit and loss account	(2)	(5)	2	3	(2)
Net amounts paid or becoming current	--	(1)	(1)	(2)	(4)
Exchange and other movements	1	--	--	--	1
At 31 December 1998	40	5	18	9	72

</TABLE>

18 Net cash inflow from operating activities

<TABLE>
<CAPTION>

	Years ended 31 December		
	1996	1997	1998
	(Pounds)m	(Pounds)m	(Pounds)m
<S>	<C>	<C>	<C>
Trading profit/(loss)	161	(2)	121
Exceptional items within trading profit	11	56	10
Trading profit before exceptional items	172	54	131
Depreciation	93	88	76
Stocks decrease/(increase)	(18)	56	(11)
Debtors decrease	28	9	52
Creditors increase/(decrease)	45	(62)	(36)
Other movements, including exchange	(4)	(2)	(1)
	316	143	211
Outflow relating to exceptional items	(24)	(32)	(11)
</TABLE>

	292	111	200

</TABLE>

Outflow related to exceptional items includes expenditure charged to exceptional provisions relating to business rationalisation, settlement of a dispute with a supplier and for sale or closure of operations, including severance and other employee costs.

19 Returns on investments and servicing of finance

<TABLE>
<CAPTION>

	Years ended 31 December		
	1996	1997	1998
	(Pounds)m	(Pounds)m	(Pounds)m
<S>	<C>	<C>	<C>
Dividends received from associated undertakings	1	--	--
Interest received	32	8	10
Interest paid	(45)	(19)	(21)
Dividends paid by subsidiary undertakings to minority shareholders	(1)	(1)	(1)
	(13)	(12)	(12)

</TABLE>

20 Capital expenditure and financial investment

<TABLE>
<CAPTION>

	Years ended 31 December		
	1996	1997	1998
	(Pounds)m	(Pounds)m	(Pounds)m
<S>	<C>	<C>	<C>
Purchase of tangible fixed assets	(188)	(173)	(130)
Purchase of fixed asset investments other than associated undertakings or joint ventures	(1)	--	--
Sale of tangible fixed assets	2	4	--
	(187)	(169)	(130)

</TABLE>

21 Disposals

<TABLE>
<CAPTION>

	Years ended 31 December		
	1996	1997	1998
	(Pounds)m	(Pounds)m	(Pounds)m
<S>	<C>	<C>	<C>
Cash inflow from disposal of Polyurethanes business in Australia	--	31	--

</TABLE>

The Polyurethanes business in Australia contributed (Pounds)3m and (Pounds)2m to the trading profit of the Businesses in 1996 and 1997, respectively.

22 Financing

<TABLE>
<CAPTION>

	Distributions and transfers to ICI *	Financing due to ICI	Sub Total	Short-term borrowings other than Loans	overdrafts	Sub Total	Total
Notes		16	16	24			
	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
At 1 January 1997.....	(1,101)	866	(235)	(27)	-	(27)	(262)
Exchange adjustments....	53	-	53	-	-	-	53
Financing							
New finance.....	(69)	-	(69)	-	(7)	(7)	(76)
Finance repaid.....	1	-	1	8		8	9
Cash flow.....	(68)	-	(68)	8	(7)	1	(67)
Acquisitions and disposals.....	3	-	3	-	-	-	3
Other non-cash changes..	63	-	63	-	-	-	63
At 31 December 1997.....	(1,050)	866	(184)	(19)	(7)	(26)	(210)
Exchange adjustments....	(7)	-	(7)	-	-	-	(7)
Financing							
New finance.....	(23)	-	(23)	-		-	(23)
Finance repaid.....	14	-	14	7	6	13	27
Cash flow.....	(9)	-	(9)	7	6	13	4
Other non-cash changes..	(116)	-	(116)	-	-	-	(116)
At 31 December 1998.....	(1,182)	866	(316)	(12)	(1)	(13)	(329)

</TABLE>

- --------

* The distributions and transfers to ICI and related interest paid are not indicative of the dividends and interest that the Businesses will pay as an independent managed and financed entity.

The Businesses have not been charged with any financing costs in respect of amounts included within Net investment during the period covered by the Combined Financial Statements.

23 Analysis of net debt

<TABLE>
<CAPTION>

	Cash	Financing -- debt				Current asset investments	Net debt
		Financing due to ICI	Short-term borrowings other than Loans	overdrafts	Total		
	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
At 1 January 1997.....	39	(866)	(27)	-	(893)	3	(851)
Exchange adjustments....	(5)	-	-	-	-	(1)	(6)
Cash flow.....	6	-	8	(7)	1	-	7
At 31 December 1997.....	40	(866)	(19)	(7)	(892)	2	(850)

Exchange adjustments....	2	-	-	-	-	-	2
Cash flow.....	(2)	-	7	6	13	-	11
At 31 December 1998.....	40	(866)	(12)	(1)	(879)	2	(837)

24 Cash and short-term borrowings

	Cash at bank	Short-term borrowings: Overdrafts	Short-term borrowings: Other	Short-term borrowings: Total	Net total	Cash (at bank and overdraft)
	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m
At 1 January 1997.....	50	(11)	--	(11)	39	39
Exchange adjustments....	(6)	1	--	1	(5)	(5)
Cash flow.....	9	(3)	(7)	(10)	(1)	6
At 31 December 1997.....	53	(13)	(7)	(20)	33	40
Exchange adjustments....	--	2	--	2	2	2
Cash flow.....	(2)	--	6	6	4	(2)
At 31 December 1998.....	51	(11)	(1)	(12)	39	40

25 Leases

	Years ended 31 December		
	1996	1997	1998
	(Pounds)m	(Pounds)m	(Pounds)m
Rentals under operating leases, charged as an expense in the profit and loss account			
Hire of plant and machinery.....	7	4	3
Other.....	3	1	1
	10	5	4

	Land and buildings: Years ended 31 December			Other assets: Years ended 31 December		
	1996	1997	1998	1996	1997	1998
	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m
Commitments under operating leases to pay rentals during the year following the year of these accounts, analysed according to the period in which each lease expires						
Expiring within 1 year.....	1	1	1	--	--	1
Expiring in years 2 to						

5.....	1	--	--	2	2	1
Expiring thereafter...	1	1	1	--	--	--
	3	2	2	2	2	2

</TABLE>

<TABLE>
<CAPTION>

	Years ended 31 December		
	1996	1997	1998
	(Pounds)m	(Pounds)m	(Pounds)m
<S>	<C>	<C>	<C>
Obligations under operating leases comprise			
Rentals due within 1 year.....	5	4	4
Rentals due after more than 1 year			
From 1 to 2 years.....	4	4	3
From 2 to 3 years.....	3	3	3
From 3 to 4 years.....	3	2	2
From 4 to 5 years.....	2	2	2
After 5 years from balance sheet date.....	14	11	8
	26	22	18
	31	26	22

</TABLE>

26 Pensions and other post retirement benefits

Pensions

The majority of the Businesses' employees are covered by retirement plans. These plans are generally of the defined benefit type under which benefits are based on employees' years of service and average final remuneration and are funded through separate trustee-administered funds. Formal independent actuarial valuations of ICI's main plans are undertaken regularly, normally at least triennially and adopting the projected unit method.

The actuarial assumptions used to calculate the projected benefit obligation of ICI's pension plans vary according to the economic conditions of the country in which they are situated. It is usually assumed that, over the long term, the annual rate of return on scheme investments will be higher than the annual rate of increase in pensionable remuneration and in present and future pension in payments.

The weighted average discount rate used in determining the actuarial present values of the benefit obligations was 7.3% (1997 7.8%). The weighted average expected long-term rate of return on investments was 7.9% (1997 8.0%). The weighted average rate of increase of future earnings was 4.9% (1997 5.0%).

The actuarial value of the fund assets of these plans at the date of the latest actuarial valuations was sufficient to cover 104% (1997 107%) of the benefits that had accrued to members after allowing for expected future increases in earnings; their market value was (Pounds)462m (1997 (Pounds)427m).

The total pension cost for the Businesses for 1998 was (Pounds)15m (1997 (Pounds)15m; 1996 (Pounds)13m). Accrued pension costs amounted to (Pounds)3m (1997 (Pounds)2m) and are included in other creditors (note 15); provisions for the benefit obligation of a small number of unfunded plans amounted to (Pounds)5m (1997 (Pounds)11m) and are included in provisions for liabilities and charges - unfunded pensions (note 17).

27 Related party transactions

The following information is provided in accordance with FRS No 8 - Related Party Transactions, as being material transactions with related parties during 1998.

Related party: Imperial Chemical Industries PLC and subsidiary undertakings

Transactions: a) Sales of product (Pounds)124m
b) Sales of services (Pounds)3m
c) Purchases of product (Pounds)13m
d) Purchases of services (Pounds)35m

Related party: Phillips-Imperial Petroleum Ltd (PIP), disclosed as a principal associated undertaking of Imperial Chemical Industries PLC.

Transactions: a) Sales of refined products to PIP amounted to (Pounds)98m.
b) Purchase of refined oil and refining costs from PIP amounted to (Pounds)29m.
c) Site services and other charges to PIP amounted to (Pounds)23m.
d) Amount owed to the Group related to the above transactions amounted to (Pounds)5m.

Related party: ICHEM Insurance Company Limited, a subsidiary undertaking of Imperial Chemical Industries PLC.

Transactions: Insurance premium paid by the Businesses (Pounds)11.7m.
Insurance claims settled by ICHEM Insurance Company Limited (Pounds)22.4m.

28 Contingent liabilities and commitments

	At 31 December	
	1997	1998
	(Pounds)m	(Pounds)m
Commitments for capital expenditure not provided in these accounts		
Contracts placed for future expenditure.....	24	107
Expenditure authorized but not yet contracted.....	1	1
	25	108

The Businesses are involved in various legal proceedings arising out of the normal course of business. It is not believed that the outcome of these proceedings will have a material effect on the Businesses' financial position.

The Businesses are also subject to contingencies pursuant to environmental laws and regulations that in the future may require it to take action to correct the effects on the environment of prior disposal or release of chemical substances by the Businesses or other parties. The ultimate requirement for such actions, and their cost is inherently difficult to estimate, however provisions have been established at 31 December 1998 in accordance with the accounting policy in note 2.

Guarantees and contingencies arising in the ordinary course of business, for which no security has been given, are not expected to result in any material financial loss.

The Businesses have entered into a number of take-or-pay contracts in respect of purchases of raw materials and services for varying periods up to

2013. The aggregate present value of significant commitments at 31 December 1998 was approximately (Pounds)420m.

29 Subsequent event

In April 1999 ICI, Huntsman Specialty Chemicals Corporation and Huntsman ICI Holdings LLC (Holdings) entered into a Contribution Agreement under which Holdings acquired the businesses of ICI relating to polyurethane chemicals, titanium dioxide and selected petrochemicals (the "Businesses"). In exchange for transferring the Businesses, ICI will receive a 30% equity interest in Holdings and an aggregate of approximately $2,022 million in cash and approximately $508 million in proceeds from discount notes of Holdings. The transaction is expected to close on 30 June 1999.

30 Differences between UK and US accounting principles

The Combined Financial Statements are prepared in accordance with United Kingdom Generally Accepted Accounting Principles (UK GAAP). The significant differences between UK GAAP and US Generally Accepted Accounting Principles (US GAAP) which affect net income and net assets are set out below:

(a)Accounting for pension costs

There are four significant differences between UK GAAP and US GAAP in accounting for pension costs:

(i) SFAS No. 87, "Employers' Accounting for Pensions", requires that pension plan assets are valued by reference to their fair or market related values, whereas UK GAAP permits an alternative measurement of assets, which, in the case of the main UK retirement plans, is on the basis of the discounted present value of expected future income streams from the pension plan assets.

(ii)SFAS No. 87, requires measurements of plan assets and obligations to be made as at the date of financial statements or a date not more than three months prior to that date. Under UK GAAP, calculations may be based on the results of the latest actuarial valuation.

(iii)SFAS No. 87, mandates a particular actuarial method--the projected unit credit method--and requires that each significant assumption necessary to determine annual pension cost reflects best estimates solely with regard to that individual assumption. UK GAAP does not mandate a particular method, but requires that the method and assumptions, taken as a whole, should be compatible and lead to the actuary's best estimate of the cost of providing the benefits promised.

(iv)Under SFAS No. 87, a negative pension cost may arise where a significant unrecognised net asset or gain exists at the time of implementation. This is required to be amortised on a straight-line basis over the average remaining service period of employees. Under UK GAAP, the policy is not to recognise pension credits in its financial statements unless a refund of, or reduction in, contributions is likely.

(b) Purchase accounting adjustments, including the amortisation and impairment of goodwill and intangibles

In the Combined Financial Statements, prepared in accordance with UK GAAP, goodwill arising on acquisitions accounted for under the purchase method after 1 January 1998, is capitalised and amortised, as it would be in accordance with US GAAP. Prior to that date such goodwill arising on acquisitions was and remains eliminated against net investment. Values were not placed on intangible assets. Additionally, UK GAAP requires that on subsequent disposal or closure of a previously acquired asset, any goodwill previously taken directly to net investment is then charged in the income statement against the income

or loss on disposal or closure. Under US GAAP all goodwill would be capitalised in the combined balance sheet and amortised through the profit and loss account over its estimated life not exceeding 40 years. Also, under US GAAP, it is normal practice to ascribe fair values to identifiable intangibles. For the purpose of the adjustments to US GAAP, included below, identifiable intangible assets are amortised to income over the lower of their estimated lives or 40 years. Provision is made where there is a permanent impairment to the carrying value of capitalised goodwill and intangible assets based on a projection of future undiscounted cash flows.

(c) Capitalisation of interest

There is no accounting standard in the UK regarding the capitalisation of interest and the Businesses do not capitalise interest in the Combined Financial Statements. Under US GAAP, SFAS No. 34 "Capitalization of Interest Cost", requires interest incurred as part of the cost of constructing fixed assets to be capitalised and amortised over the life of the asset.

(d) Restructuring costs

US GAAP requires a number of specific criteria to be met before restructuring costs can be recognised as an expense. Among these criteria is the requirement that all the significant actions arising from the restructuring plan and their completion dates must be identified by the balance sheet date. Under UK GAAP, prior to the publication of FRS12, when a decision was taken to restructure, the necessary provisions were made for severance and other costs. Accordingly, timing differences, between UK GAAP and US GAAP, arise on the recognition of such costs.

(e) Deferred taxation

Deferred taxation is provided on a full provision basis under US GAAP. Under UK GAAP no provision is made for taxation deferred by reliefs unless there is reasonable evidence that such deferred taxation will be payable in the foreseeable future.

The following is a summary of the material adjustments to net income and net equity which would be required if US GAAP had been applied instead of UK GAAP:

<TABLE>
<CAPTION>

	1996	1997	1998
	(Pounds)m	(Pounds)m	(Pounds)m
<S>	<C>	<C>	<C>
Net income after exceptional items--UK GAAP.....	53	(63)	58
Adjustments to conform with US GAAP			
Pension expense.....	-	(1)	(1)
Purchase accounting adjustments			
Amortisation of goodwill and intangibles.....	(1)	(1)	(1)
Capitalisation of interest less amortisation and disposals.....	(1)	(3)	-
Restructuring costs.....	-	-	5
Deferred taxation			
Arising on UK GAAP results.....	(10)	16	(12)
Arising on other US GAAP adjustments.....	--	2	(1)
Total US GAAP adjustments.....	(12)	13	(10)
Net income--US GAAP.....	41	(50)	48
Net assets--UK GAAP.....		188	319
Adjustments to conform with US GAAP			
Purchase accounting adjustments including			

goodwill and intangibles.....	31	30
Capitalisation of interest less amortisation and disposals.....	71	71
Restructuring provision.....	-	5
Pension expense.....	(26)	(27)
Deferred taxation.....	(51)	(64)
Total US GAAP adjustments.....	25	15
Net assets--US GAAP.....	213	334

</TABLE>

31 Principal companies and operations

a) Principal ICI subsidiary companies included in the Businesses.

<TABLE>

% owned	Country	Unit name
100	England	Tioxide Group Ltd
100	England	Tioxide Europe Ltd
100	England	Tioxide Group Service Ltd
100	USA	Tioxide Americas Inc
100	Canada	Tioxide Canada Inc
100	Italy	Tioxide Europe Srl
100	Spain	Tioxide Europe S.A.
100	France	Tioxide Europe SA
100	Malaysia	Tioxide (Malaysia) SDN BHD
60	South Africa	Tioxide Southern Africa (Pty) Ltd

b) Principal associated companies included in the Businesses.

% owned	Country	Unit name
50	USA	Louisiana Pigment Company, LP

Louisiana Pigment Company, LP is accounted for as a joint arrangement that is not an entity in these special purpose accounts.

c) Principal operations included in the Businesses.

% owned	Country	Unit name
100	England	ICI Chemicals & Polymers Ltd--Petrochemicals
100	England	Imperial Chemical Industries PLC--Polyurethanes
100	USA	ICI Americas Inc--Polyurethanes
100	Netherlands	ICI Holland BV--Polyurethanes

</TABLE>

32 Supplemental Condensed Combined Financial Information

The payment obligations under the Senior Subordinated Notes (see elsewhere in the Offering Circular) are guaranteed by certain of the Businesses which are wholly owned subsidiaries of ICI and will be wholly owned subsidiaries of Holdings following the transaction described in note 29 (the "Guarantors"). The guarantees are full, unconditional and joint and several. The Supplemental Condensed Combined Financial Information sets forth profit and loss account, balance sheet and cash flow information for the Guarantors and for the other individual companies and operations of the Businesses (the "Non-Guarantors"). The information reflects the investments of the Guarantors in certain of the Non-Guarantors using the equity method of accounting. For the purposes of this Supplemental Condensed Combined Financial Information, the indebtedness between ICI and the Businesses of (Pounds)866 million and the interest on such indebtedness and associated tax relief has been reflected within the Non-Guarantors information.

Supplemental Combined Profit and Loss Account
For the year ended 31 December 1996

<TABLE>
<CAPTION>

	Non-Guarantors	Guarantors	Eliminations	Combined
	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m
<S>	<C>	<C>	<C>	<C>
Turnover	131	2,454	(51)	2,534
Operating costs	(130)	(2,289)	51	(2,368)
Other operating income	-	6	-	6
Trading profit before operating exceptional items	1	171	-	172
Operating exceptional items	-	(11)	-	(11)
Trading profit after operating exceptional items	1	160	-	161
Income from fixed asset investment--dividends	-	2	-	2
Share of loss of consolidated subsidiaries before interest	(13)	-	13	-
Profit/(loss) on ordinary activities before interest	(12)	162	13	163
Net interest receivable/(payable)	10	(88)	-	(78)
Share of interest payable of consolidated subsidiaries	(17)	-	17	-
Profit/(loss) on ordinary activities before taxation	(19)	74	30	85
Taxation on profit/(loss) on ordinary activities	(1)	(28)	-	(29)
Profit/(loss) on ordinary activities after taxation	(20)	46	30	56
Attributable to minorities	-	(3)	-	(3)
Net profit/(loss) for the financial year	(20)	43	30	53

</TABLE>

Supplemental Combined Profit and Loss Account
For the year ended 31 December 1997

<TABLE>
<CAPTION>

	Non-Guarantors	Guarantors	Eliminations	Combined
	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m
<S>	<C>	<C>	<C>	<C>
Turnover	131	2,267	(61)	2,337
Operating costs	(134)	(2,215)	61	(2,288)
Other operating income	-	5	-	5
Trading profit/(loss) before operating exceptional items	(3)	57	-	54
Operating exceptional items	-	(56)	-	(56)
Trading profit/(loss) after operating exceptional items	(3)	1	-	(2)
Income from fixed asset investment--dividends	-	1	-	1
Exceptional items--profit on sale or closure of operations	-	23	-	23
Share of loss of consolidated subsidiaries before interest	(50)	--	50	--

Profit/(loss) on ordinary activities before interest.....	(53)	25	50	22
Net interest receivable/(payable).....	17	(86)	-	(69)
Share of interest payable of consolidated subsidiaries.....	(21)	--	21	--
Loss on ordinary activities before taxation.....	(57)	(61)	71	(47)
Taxation on loss on ordinary activities.....	(3)	(12)	-	(15)
Share of taxation of consolidated subsidiaries.....	16	--	(16)	--
Loss on ordinary activities after taxation	(44)	(73)	55	(62)
Attributable to minorities.....	-	(1)	-	(1)
Loss for the financial year.....	(44)	(74)	55	(63)

</TABLE>

Supplemental Combined Profit and Loss Account
For the year ended 31 December 1998

<TABLE>
<CAPTION>

	Guarantors	Non-Guarantors	Eliminations	Combined
	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m
<S>	<C>	<C>	<C>	<C>
Turnover.....	137	1,925	(51)	2,011
Operating costs.....	(125)	(1,814)	51	(1,888)
Other operating income.....	-	8	-	8
Trading profit before operating exceptional items.....	12	119	-	131
Operating exceptional items.....	-	(10)	-	(10)
Trading profit after operating exceptional items.....	12	109	-	121
Income from fixed asset investment--dividends.....	-	1	-	1
Exceptional items--losses on sale or closure of operations.....	-	(4)	-	(4)
Share of profit of consolidated subsidiaries before interest....	32	-	(32)	-
Profit on ordinary activities before interest.....	44	106	(32)	118
Net interest receivable/(payable).....	11	(82)	-	(71)
Share of interest payable of consolidated subsidiaries.....	(16)	-	16	-
Profit on ordinary activities before taxation.....	39	24	(16)	47
Taxation on profit on ordinary activities.....	(9)	21	-	12
Share of taxation of consolidated subsidiaries.....	7	-	(7)	-
Profit on ordinary activities after taxation	37	45	(23)	59
Attributable to minorities.....	-	(1)	-	(1)
Net profit for the financial year.....	37	44	(23)	58

</TABLE>

Supplemental Combined Balance Sheet
As at 31 December 1997

<TABLE>
<CAPTION>

	Guarantors	Non-Guarantors	Eliminations	Combined
	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m
<S>	<C>	<C>	<C>	<C>
Fixed assets				
Tangible assets	-	958	-	958
Investments--Participating and other interests	141	7	(141)	7
	141	965	(141)	965
Current assets				
Stocks	12	224	-	236
Debtors	189	366	(215)	340
Investments and short-term deposits--unlisted	-	2	-	2
Cash at bank	-	53	-	53
	201	645	(215)	631
Total assets	342	1,610	(356)	1,596
Creditors due within one year				
Short-term borrowings	-	(20)	-	(20)
Current instalments of loans	-	(9)	-	(9)
Other creditors	(51)	(572)	215	(408)
	(51)	(601)	215	(437)
Net current assets	150	44	-	194
Total assets less current liabilities	291	1,009	(141)	1,159
Creditors due after more than one year				
Loans	-	(10)	-	(10)
Financing due to ICI	-	(866)	-	(866)
Other creditors	-	(7)	-	(7)
	-	(883)	-	(883)
Provisions for liabilities and charges	-	(77)	-	(77)
Deferred income	-	(11)	-	(11)
	-	(971)	-	(971)
Net assets	291	38	(141)	188
Net Investment	291	34	(141)	184
Minority Interests--equity	-	4	-	4
	291	38	(141)	188

</TABLE>

Supplemental Combined Balance Sheet
As at 31 December 1998

<TABLE>
<CAPTION>

	Guarantors	Non-Guarantors	Eliminations	Combined

	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m
<S>	<C>	<C>	<C>	<C>
Fixed assets				
Tangible assets.....	-	1,041	-	1,041
Investments--Participating and other interests.....	239	6	(239)	6
	239	1,047	(239)	1,047
Current assets				
Stocks.....	13	237	-	250
Debtors.....	141	328	(173)	296
Investments and short-term deposits--unlisted.....	-	2	-	2
Cash at bank.....	-	51	-	51
	154	618	(173)	599
Total assets.....	393	1,665	(412)	1,646
Creditors due within one year				
Short-term borrowings.....	-	(12)	-	(12)
Current instalments of loans.....	-	(4)	-	(4)
Financing due to ICI	-	(866)	-	(866)
Other creditors.....	(60)	(458)	173	(345)
	(60)	(1,340)	173	(1,227)
Net current assets/(liabilities).....	94	(722)	-	(628)
Total assets less current liabilities.....	333	325	(239)	419
Creditors due after more than one year				
Loans.....	-	(8)	-	(8)
Other creditors.....	-	(9)	-	(9)
	-	(17)	-	(17)
Provisions for liabilities and charges.....	-	(72)	-	(72)
Deferred income.....	-	(11)	-	(11)
	-	(100)	-	(100)
Net assets.....	333	225	(239)	319
Net investment.....	333	222	(239)	316
Minority interests--equity	-	3	-	3
	333	225	(239)	319

</TABLE>

Supplemental Combined Cash Flow Statements
For the year ended 31 December 1996

<TABLE>
<CAPTION>

	Non-Guarantors	Guarantors	Eliminations	Combined
	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m
<S>	<C>	<C>	<C>	<C>
Net cash inflow from operating activities.....	6	286	-	292
Equity income of wholly owned subsidiaries.....	45	-	(45)	-
Returns on investments and servicing of finance.....	12	(25)	-	(13)

Taxation.....	8	(49)	-	(41)
	71	212	(45)	238
Capital expenditure and financial investment.....	-	(187)	-	(187)
Disposals.....	(13)	-	13	-
Cashflow before financing.....	58	25	(32)	51
Net movement in financing.....	(56)	(33)	32	(57)
Increase/(decrease) in cash.....	2	(8)	-	(6)

For the year ended 31 December 1997

	Guarantors	Non-Guarantors	Eliminations	Combined
	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m
Net cash inflow from operating activities.....	(6)	117	-	111
Equity income of wholly owned subsidiaries.....	4	-	(4)	-
Returns on investments and servicing of finance.....	16	(28)	-	(12)
Taxation.....	(9)	(13)	-	(22)
	5	76	(4)	77
Capital expenditure and financial investment.....	-	(169)	-	(169)
Acquisitions/(Disposals).....	(13)	31	13	31
Cashflow before financing.....	(8)	(62)	9	(61)
Net movement in financing.....	6	70	(9)	67
Increase/(decrease) in cash.....	(2)	8	-	6

For the year ended 31 December 1998

	Guarantors	Non-Guarantors	Eliminations	Combined
	(Pounds)m	(Pounds)m	(Pounds)m	(Pounds)m
Net cash inflow from operating activities.....	9	191	-	200
Equity income of wholly owned subsidiaries.....	1	-	(1)	-
Returns on investments and servicing of finance.....	9	(21)	-	(12)
Taxation.....	(10)	(46)	-	(56)
	9	124	(1)	132
Capital expenditure and financial investment.....	-	(130)	-	(130)
Disposals.....	(70)	-	70	-
Cashflow before financing.....	(61)	(6)	69	2
Net movement in financing.....	61	4	(69)	(4)
Decrease in cash.....	-	(2)	-	(2)

</TABLE>

UNAUDITED CONDENSED COMBINED PROFIT AND LOSS ACCOUNTS

<TABLE>
<CAPTION>

	3 months ended

	31 March	
	1998	1999
	(Unaudited)	
	(Pounds)m	(Pounds)m
Turnover	532	482
Operating costs	(494)	(455)
Trading profit	38	27
Exceptional items - loss on sale or closure of operations	(4)	--
Profit on ordinary activities before interest	34	27
Net interest payable	(20)	(16)
Profit on ordinary activities before taxation	14	11
Taxation on profit on ordinary activities	--	(4)
Profit on ordinary activities after taxation	14	7
Attributable to minorities	--	--
Net profit for the financial year	14	7

The accompanying notes form an integral part of these condensed combined financial statements.

UNAUDITED CONDENSED COMBINED BALANCE SHEETS

	At 31 December 1998	At 31 March 1999
		(Unaudited)
	(Pounds)m	(Pounds)m
Fixed assets		
Tangible assets	1,041	1,051
Investments--Participating and other interests	6	6
	1,047	1,057
Current assets		
Stocks	250	256
Debtors	296	308
Investments and short-term deposits--unlisted	2	3
Cash at bank	51	32
	599	599
Total assets	1,646	1,656
Creditors due within one year		
Short-term borrowings	(12)	(8)
Current instalments of loans	(4)	(5)
Financing due to ICI	(866)	(866)
Other creditors	(345)	(326)
	(1,227)	(1,205)
Net current liabilities	(628)	(606)
Total assets less current liabilities	419	451
Creditors due after more than one year		

Loans	(8)	(7)
Other creditors	(9)	(9)
	(17)	(16)
Provisions for liabilities and charges	(72)	(75)
Deferred income	(11)	(10)
	(100)	(101)
Net assets	319	350
Net investment	316	347
Minority interest - equity	3	3
	319	350

</TABLE>

The accompanying notes form an integral part of these condensed combined financial statements.

UNAUDITED CONDENSED COMBINED CASH FLOW STATEMENTS

<TABLE>
<CAPTION>

	3 months ended 31 March	
	1998	1999
	(Unaudited)	
	(Pounds)m	(Pounds)m
<S>	<C>	<C>
Net cash inflow/(outflow) from operating activities	(12)	1
Returns on investments and servicing of finance	(4)	(3)
Taxation	(9)	(2)
	(25)	(4)
Capital expenditures and financial investment	(22)	(35)
Cash flow before financing	(47)	(39)
Net movement in financing	38	26
Decrease in cash	(9)	(13)

</TABLE>

The accompanying notes form an integral part of these condensed combined financial statements.

NOTES TO THE UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS

1 Basis of Preparation

These Unaudited Condensed Combined Financial Statements have been prepared applying the basis of preparation and accounting policies disclosed in Notes 1 and 2 to the Combined Financial Statements and should be read in conjunction with those Combined Financial Statements included at pages F-35 to F-66. In the opinion of management of ICI, the Unaudited Condensed Combined Financial Statements includes all adjustments, consisting only of normal recurring adjustments other than those separately disclosed, necessary for a fair statement of the results for the interim periods. Financial information for interim periods is not necessarily indicative of the results for the full year.

2 Inventories

<TABLE>
<CAPTION>

	31 December, 1998	31 March, 1999
		(Unaudited)
	(Pounds)m	(Pounds)m
<S>	<C>	<C>
Raw materials and consumables	106	100
Stocks in process	11	10
Finished goods and goods for resale	133	146
	250	256

</TABLE>

3 Differences between UK and US accounting principles

These Unaudited Condensed Combined Financial Statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Principles (UK GAAP) which differs in certain significant respects from US GAAP. A description of the relevant accounting principles which differ materially is given in Note 30 to the Combined Financial Statements.

The following is a summary of the material adjustments to net income and net assets which would be required if US GAAP had been applied instead of UK GAAP:

<TABLE>
<CAPTION>

	3 months ended 31 March	
	1998	1999
	(Unaudited)	
	(Pounds)m	(Pounds)m
<S>	<C>	<C>
Net income - UK GAAP	14	7
Adjustments to conform with US GAAP:		
Pension expense	-	(1)
Purchase accounting adjustments:		
Amortisation of goodwill and intangibles	-	-
Capitalisation of interest less amortisation and disposals	(1)	(2)
Restructuring costs	-	-
Deferred taxation		
Arising on UK GAAP results	2	1
Arising on other US GAAP adjustments	-	1
Total US GAAP adjustments	1	(1)
Net income - US GAAP	15	6

</TABLE>

<TABLE>
<CAPTION>

	At 31 March 1999
	(Unaudited)
	(Pounds)m
<S>	<C>
Net assets - UK GAAP	350
Adjustments to conform with US GAAP:	
Purchase accounting adjustments including goodwill and intangibles	30
Capitalisation of interest less amortisation and disposals	69
Restructuring provisions	5
Pension expense	(28)

Deferred taxation	(68)
Total US GAAP adjustments	8
Net assets - US GAAP	358

</TABLE>

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No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus does not offer to sell or ask for offers to buy any securities other than those to which this prospectus relates and it does not constitute an offer to sell or ask for offers to buy any of the securities in any jurisdiction where it is unlawful, where the person making the offer is not qualified to do so, or to any person who cannot legally be offered the securities. The information contained in this prospectus is current only as of its date.

Until , 1999, all dealers that effect transactions in these securities, whether or not participating in this exchange offer, may be required to deliver a prospectus.

PROSPECTUS

Huntsman ICI Chemicals LLC

Exchange Offer for

$600,000,000 10 1/8% Senior Subordinated Notes due 2009

(Euro)200,000,000 10 1/8% Senior Subordinated Notes due 2009

[LOGO OF HUNTSMAN APPEARS HERE]

[LOGO OF ICI APPEARS HERE]

, 1999

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- ----------

PART II

Item 20. Indemnification of Officers and Directors

Huntsman ICI Chemicals LLC is empowered by Section 18-108 of the Delaware Limited Liability Company Act, subject to the procedures and limitations therein, to indemnify and hold harmless any member or manager or other person from and against any and all claims and demands whatsoever, subject to such standards and restrictions, if any, as are set forth in its limited liability company agreement. Huntsman ICI Chemicals LLC's amended and restated limited liability company agreement contains no indemnification provisions.

Huntsman ICI Financial LLC is empowered by Section 18-108 of the Delaware Limited Liability Company Act, subject to the procedures and limitations therein, to indemnify and hold harmless any member or manager or other person from and against any and all claims and demands whatsoever, subject to such standards and restrictions, if any, as are set forth in its limited liability company agreement. Huntsman ICI Financial LLC's limited liability company agreement contains no indemnification provisions.

Tioxide Group is an unlimited company having share capital registered in

England and Wales. Section 310 of the U.K. Companies Act of 1985 (as amended) nullifies any provision contained in a company's articles of association or in any other contract with the company for exempting any director, officer or auditor of the company, or indemnifying such person against, any liability that would attach to him by rule of law in respect of any negligence, default, breach of duty or breach of trust for which such person may be guilty with respect to such company. However, Section 310 permits a company to purchase or maintain insurance for its directors, officers and auditors against liabilities of this nature and permits a company to indemnify any director, officer or auditor against any liability incurred by such person that results from defending any proceedings (civil or criminal) in which a judgment is given in such person's favor or such person is acquitted or application is made under Section 144(3) or (4) of the Companies Act (acquisition of shares by innocent nominee) or Section 727 of the Companies Act (general power to grant relief in the case of honest and reasonable conduct) where relief is granted to such director, officer or auditor by the court.

Article 22(a) of the Articles of Association of Tioxide Group indemnifies every director, officer and auditor of Tioxide Group out of the assets of Tioxide Group against all losses and liabilities that such person may sustain in the performance of the duties of his office to the extent permitted by Section 310 of the Companies Act. Furthermore, Article 22(b) empowers the directors of Tioxide Group to purchase insurance for any director, officer or auditor of Tioxide Group as permitted by the Companies Act.

Tioxide Americas Inc. is incorporated in the Cayman Islands. Cayman Islands law does not specifically limit the extent to which a company's articles of association may provide for the indemnification of officers and directors, except to the extent that such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g., for purporting to provide indemnification against the consequences of committing a crime). In addition, an officer or director may not be able to enforce indemnification for his own dishonesty or wilful neglect or default.

Article 123 of the Articles of Association of Tioxide Americas Inc., which is filed as an exhibit to this registration statement, contain provisions providing for the indemnification by Tioxide Americas of an officer, director or trustee of Tioxide Americas for all actions, proceedings, claims, costs, charges,

losses, damages and expenses which they incur or sustain by reason of any act done or omitted in or about the execution of their duty in their respective offices or trusts, except such (if any) as they shall incur or sustain by or through their own respective wilful neglect or default.

Item 21. Exhibits and Financial Statement Schedules

<TABLE>
<C> <S>
3.1 Certificate of Formation of Huntsman ICI Chemicals LLC

3.2 Amended and Restated Limited Liability Company Agreement of Huntsman ICI Chemicals LLC dated June 30, 1999

3.3 Certificate of Formation of Huntsman ICI Financial LLC

3.4 Limited Liability Company Agreement of Huntsman ICI Financial LLC dated June 18, 1999, as amended by the First Amendment dated June 19, 1999

3.5 Memorandum of Association of Tioxide Group*

3.6 Articles of Association of Tioxide Group*

3.7 Memorandum of Association of Tioxide Americas Inc.

3.8 Articles of Association of Tioxide Americas Inc.

4.1 Indenture, dated as of June 30, 1999, among Huntsman ICI Chemicals LLC, the Guarantors party thereto and Bank One, N.A., as Trustee, relating to the 10 1/8% Senior Subordinated Notes due 2009

4.2 Form of certificate of 10 1/8% Senior Subordinated Note due 2009 denominated in dollars (included as Exhibit A-3 to Exhibit 4.1)

4.3 Form of certificate of 10 1/8% Senior Subordinated Note due 2009 denominated in euros (included as Exhibit A-4 to Exhibit 4.1)

4.4 Exchange and Registration Rights Agreement dated June 30, 1999, by and among Huntsman ICI Chemicals LLC, the Guarantors party thereto, Goldman, Sachs & Co., Deutsche Bank Securities Inc., Chase Securities Inc. and Warburg Dillon Read LLC

4.5 Form of Guarantee (included as Exhibit E to Exhibit 4.1)

5.1 Form of opinion and consent of Skadden, Arps, Slate, Meagher & Flom as to the legality of the notes to be issued by Huntsman ICI Chemicals LLC, and the guarantees to be issued by Huntsman ICI Financial LLC, in the exchange offer*

5.2 Form of opinion and consent of Counsel to Tioxide Group as to the legality of the guarantees to be issued by Tioxide Group in the exchange offer*

5.3 Form of opinion and consent of W.S. Walker & Company as to the legality of the guarantees to be issued by Tioxide Americas Inc. in the exchange offer*

8.1 Opinion and consent of Skadden, Arps, Slate, Meagher & Flom LLP as to the tax consequences of the notes to be issued by Huntsman ICI Chemical LLC*

10.1 Contribution Agreement, dated as of April 15, 1999, by and among Imperial Chemical Industries PLC, Huntsman Specialty Chemicals Corporation, Huntsman ICI Holdings LLC and Huntsman ICI Chemicals LLC as amended by the first Amending Agreement, dated June 4, 1999, the second Amending Agreement, dated June 30, 1999, and the third Amending Agreement, dated June 30, 1999

10.2 Purchase and Sale Agreement (PO/MTBE Business), dated March 21, 1997, among Texaco, Texaco Chemical Inc. and Huntsman Specialty Chemicals Corporation

10.3 Operating and Maintenance Agreement, dated as of March 21, 1997, by and between Huntsman Specialty Chemicals Corporation and Huntsman Petrochemical Corporation

</TABLE>

<TABLE>
<C> <S>

10.4 Credit Agreement, dated as of June 30, 1999, by and among Huntsman ICI Chemicals LLC, Huntsman ICI Holdings LLC, Bankers Trust Company, Goldman Sachs Credit Partners LP, The Chase Manhattan Bank, and Warburg Dillon Read and various lending institutions party thereto

10.5 Asset Sale Agreement, dated June 30, 1999, by and between BP Chemicals Limited and Huntsman ICI Chemicals LLC+

10.6 Joint Venture Agreement, dated as of October 18, 1993 between Tioxide Americas Inc. and Kronos Louisiana, Inc.

10.7 Shareholders Agreement, dated as of January 11, 1982, by and among Imperial Chemical Industries PLC, ICI American Holdings, Inc. and Uniroyal, Inc.

10.8 Operating Agreement, dated December 28, 1981, between Uniroyal, Inc., Rubicon Chemicals, Inc. and Rubicon, Inc.

10.9 Liability and Indemnity Agreement, dated December 28, 1981, by and among Rubicon Inc., Rubicon Chemicals Inc., Imperial Chemical Industries PLC, ICI American Holdings Inc., ICI Americas Inc. and

Uniroyal Inc.*

12.1 Statement re: Computation of Ratio of Earnings to Fixed Charges

21.1 Subsidiaries of Huntsman ICI Chemicals LLC

23.1 Consent of Deloitte & Touche LLP

23.2 Consent of Arthur Andersen LLP

23.3 Consent of KPMG Audit Plc

23.4 Consent of Skadden, Arps, Slate, Meagher & Flom LLP (included in Exhibit 5.1)*

24.1 Powers of Attorney (included as part of signature page)

25.1 Form T-1 Statement of Eligibility of Bank One, N.A. to act as Trustee under the indenture

27.1 Financial Data Schedule (for SEC use only)

99.1 Form of Letter of Transmittal for dollar denominated notes

99.2 Form of Notice of Guaranteed Delivery for dollar denominated notes

99.3 Form of Letter of Transmittal for euro denominated notes

99.4 Form of Notice of Guaranteed Delivery for euro denominated notes

99.5 Letter to Brokers

99.6 Letter to Clients
</TABLE>
- --------
* To be filed by amendment.
+ Confidential treatment requested. Exhibit omitted and filed separately with the SEC.

Item 22. Undertakings

The Undersigned registrants hereby undertake:

(1) To file during any period in which offers to sale are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) to include any material information with respect to the plan of distribution previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liabilities under the Securities Act of 1933, each post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the

offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from the registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Item 4, 10(b), 11 or 13 of this Form, within one business day of the receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

The undersigned registrant hereby undertakes to supply by means of post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described in Item 20 above, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act, Huntsman ICI Chemicals LLC has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Salt Lake City, State of Utah, on the 13th day of August, 1999.

Huntsman ICI Chemicals LLC

/s/ Jon M. Huntsman
By: _____
Jon M. Huntsman
Chief Executive Officer, Chairman
of the
Board of Managers & Manager

POWER OF ATTORNEY

We the undersigned managers and officers of Huntsman ICI Chemicals LLC do hereby constitute and appoint Jon M. Huntsman, Jon M. Huntsman, Jr., J. Kimo Esplin, Robert B. Lence and Martin F. Petersen and each of them, our true and lawful attorneys-in-fact and agents, to do any and all acts and things in our names and on our behalf in our capacities as directors and officers and to execute any and all instruments for us and in our name in the capacities indicated below, which said attorneys and agents, or either of them, may deem necessary or advisable to enable said company to comply with the Securities Act of 1933, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission, in connection with this registration statement, or any registration statement for this offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, including specifically, but without limitation, the power and authority to sign for us or any of us in our names in the capacities indicated below, any and all amendments (including post-effective amendments) hereto; and we do hereby ratify and confirm all that said attorneys and agents, or any of them, shall do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities on the 13th day of August, 1999:

<TABLE>
<CAPTION>

Name	Capacities
<S>	<C>
/s/ Jon M. Huntsman Jon M. Huntsman	Chief Executive Officer, Chairman of the Board of Managers & Manager
/s/ Jon M. Huntsman, Jr. Jon M. Huntsman, Jr.	Vice Chairman of the Board of Managers and Manager
/s/ Peter R. Huntsman Peter R. Huntsman	President, Chief Operating Officer and Manager
/s/ J. Kimo Esplin J. Kimo Esplin	Chief Financial Officer

</TABLE>

HUNTSMAN ICI FINANCIAL LLC

Pursuant to the requirements of the Securities Act, Huntsman ICI Financial LLC has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Salt Lake City, State of Utah, on the 13th day of August, 1999.

Huntsman ICI Financial LLC

By: /s/ Jon M. Huntsman
Jon M. Huntsman
Chief Executive Officer, Chairman of the Board of Managers & Manager

POWER OF ATTORNEY

We the undersigned managers and officers of Huntsman ICI Financial LLC do hereby constitute and appoint Jon M. Huntsman, Jon M. Huntsman, Jr., J. Kimo Esplin, Robert B. Lence and Martin F. Petersen and each of them, our true and lawful attorneys-in-fact and agents, to do any and all acts and things in our names and on our behalf in our capacities as directors and officers and to execute any and all instruments for us and in our name in the capacities indicated below, which said attorneys and agents, or either of them, may deem necessary or advisable to enable said company to comply with the Securities Act of 1933, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission, in connection with this registration statement, or any registration statement for this offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, including specifically, but without limitation, the power and authority to sign for us or any of us in our names in the capacities indicated below, any and all amendments (including post-effective amendments) hereto; and we do hereby ratify and confirm all that said attorneys and agents, or any of them, shall do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities on the 13th day of August, 1999:

<TABLE>
<CAPTION>

Name	Capacities

/s/ Jon M. Huntsman Jon M. Huntsman	Chief Executive Officer, Chairman of the Board of Managers & Manager
/s/ Jon M. Huntsman, Jr. Jon M. Huntsman, Jr.	Vice Chairman of the Board of Managers and Manager
/s/ Peter R. Huntsman Peter R. Huntsman	President, Chief Operating Officer and Manager
/s/ J. Kimo Esplin J. Kimo Esplin	Chief Financial Officer

TIOXIDE GROUP

Pursuant to the requirements of the Securities Act, Tioxide Group has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Salt Lake City, State of Utah, on the 13th day of August, 1999.

Tioxide Group

/s/ Peter R. Huntsman
By: _____
Peter R. Huntsman
Chairman of the Board of Directors

POWER OF ATTORNEY

We the undersigned directors and officers of Tioxide Group do hereby constitute and appoint Jon M. Huntsman, Jon M. Huntsman, Jr., J. Kimo Esplin, Robert B. Lence and Martin F. Petersen and each of them, our true and lawful attorneys-in-fact and agents, to do any and all acts and things in our names and on our behalf in our capacities as directors and officers and to execute any and all instruments for us and in our name in the capacities indicated below, which said attorneys and agents, or either of them, may deem necessary or advisable to enable said company to comply with the Securities Act of 1933, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission, in connection with this registration statement, or any registration statement for this offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, including specifically, but without limitation, the power and authority to sign for us or any of us in our names in the capacities indicated below, any and all amendments (including post-effective amendments) hereto; and we do hereby ratify and confirm all that said attorneys and agents, or any of them, shall do or cause to be done by virtue thereof.

Pursuant to the requirements of Securities Act of 1933, this registration statement has been signed by the following persons on the 13th day of August, 1999:

Name	Capacities
/s/ Peter R. Huntsman Peter R. Huntsman	Chairman of the Board of Directors
/s/ J. Kimo Esplin	Director

J. Kimo Esplin

/s/ L. Russell Healy Director

_____

L. Russell Healy

</TABLE>

TIOXIDE AMERICAS INC.

Pursuant to the requirements of the Securities Act, Tioxide Americas Inc. has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Salt Lake City, State of Utah, on the 13th day of August, 1999.

Tioxide Americas Inc.

/s/ Peter R. Huntsman

By: _____

Peter R. Huntsman

Chairman of the Board of Directors

POWER OF ATTORNEY

We the undersigned directors and officers of Tioxide Americas Inc. do hereby constitute and appoint Jon M. Huntsman, Jon M. Huntsman, Jr., J. Kimo Esplin, Robert B. Lence and Martin F. Petersen and each of them, our true and lawful attorneys-in-fact and agents, to do any and all acts and things in our names and on our behalf in our capacities as directors and officers and to execute any and all instruments for us and in our name in the capacities indicated below, which said attorneys and agents, or either of them, may deem necessary or advisable to enable said company to comply with the Securities Act of 1933, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission, in connection with this registration statement, or any registration statement for this offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, including specifically, but without limitation, the power and authority to sign for us or any of us in our names in the capacities indicated below, any and all amendments (including post-effective amendments) hereto; and we do hereby ratify and confirm all that said attorneys and agents, or any of them, shall do or cause to be done by virtue thereof.

Pursuant to the requirements of Securities Act of 1933, this registration statement has been signed by the following persons on the 13th day of August, 1999:

<TABLE>
<CAPTION>

Name	Capacities
<S>	<C>
/s/ Peter R. Huntsman _____ Peter R. Huntsman	Chairman of the Board of Directors
/s/ J. Kimo Esplin _____ J. Kimo Esplin	Director
/s/ L. Russell Healy _____ L. Russell Healy	Director and Treasurer

</TABLE>

EXHIBIT INDEX

<TABLE>

<CAPTION>

Number	Description of Exhibits
<C>	<S>
3.1	Certificate of Formation of Huntsman ICI Chemicals LLC
3.2	Amended and Restated Limited Liability Company Agreement of Huntsman ICI Chemicals LLC dated June 30, 1999
3.3	Certificate of Formation of Huntsman ICI Financial LLC
3.4	Limited Liability Company Agreement of Huntsman ICI Financial LLC dated June 18, 1999, as amended by the First Amendment dated June 19, 1999
3.5	Memorandum of Association of Tioxide Group*
3.6	Articles of Association of Tioxide Group*
3.7	Memorandum of Association of Tioxide Americas Inc.
3.8	Articles of Association of Tioxide Americas Inc.
4.1	Indenture, dated as of June 30, 1999, among Huntsman ICI Chemicals LLC, the Guarantors party thereto and Bank One, N.A., as Trustee, relating to the 10 1/8% Senior Subordinated Notes due 2009
4.2	Form of certificate of 10 1/8% Senior Subordinated Note due 2009 denominated in dollars (included as Exhibit A-3 to Exhibit 4.1)
4.3	Form of certificate of 10 1/8% Senior Subordinated Note due 2009 denominated in euros (included as Exhibit A-4 to Exhibit 4.1)
4.4	Exchange and Registration Rights Agreement dated June 30, 1999, by and among Huntsman ICI Chemicals LLC, the Guarantors party thereto, Goldman, Sachs & Co., Deutsche Bank Securities Inc., Chase Securities Inc. and Warburg Dillon Read LLC
4.5	Form of Guarantee (included as Exhibit E of Exhibit 4.1)
5.1	Form of opinion and consent of Skadden, Arps, Slate, Meagher & Flom as to the legality of the notes to be issued by Huntsman ICI Chemicals LLC, and the guarantees to be issued by Huntsman ICI Financial LLC, in the exchange offer*
5.2	Form of opinion and consent of Counsel to Tioxide Group as to the legality of the guarantees to be issued by Tioxide Group in the exchange offer*
5.3	Form of opinion and consent of W.S. Walker & Company as to the legality of the guarantees to be issued by Tioxide Americas Inc. in the exchange offer*
8.1	Opinion and consent of Skadden, Arps, Slate, Meagher & Flom LLP as to the tax consequences of the notes to be issued by Huntsman ICI Chemical LLC*
10.1	Contribution Agreement, dated as of April 15, 1999, by and among Imperial Chemical Industries PLC, Huntsman Specialty Chemicals Corporation, Huntsman ICI Holdings LLC and Huntsman ICI Chemicals LLC as amended by the first Amending Agreement, dated June 4, 1999, the second Amending Agreement, dated June 30, 1999, and the third Amending Agreement, dated June 30, 1999
10.2	Purchase and Sale Agreement (PO/MTBE Business), dated March 21, 1997, among Texaco, Texaco Chemical Inc. and Huntsman Specialty Chemicals Corporation
10.3	Operating and Maintenance Agreement, dated as of March 21, 1997, by and between Huntsman Specialty Chemicals Corporation and Huntsman Petrochemical Corporation

</TABLE>

<TABLE>
<C> <S>

10.4 Credit Agreement, dated as of June 30, 1999, by and among Huntsman ICI Chemicals LLC, Huntsman ICI Holdings LLC, Bankers Trust Company, Goldman Sachs Credit Partners LP, The Chase Manhattan Bank, and Warburg Dillon Read and various lending institutions party thereto

10.5 Asset Sale Agreement, dated June 30, 1999, by and between BP Chemicals Limited and Huntsman ICI Chemicals LLC+

10.6 Joint Venture Agreement, dated as of October 18, 1993 between Tioxide Americas Inc. and Kronos Louisiana, Inc.

10.7 Shareholders Agreement, dated as of January 11, 1982, by and among Imperial Chemical Industries PLC, ICI American Holdings, Inc. and Uniroyal, Inc.

10.8 Operating Agreement, dated December 28, 1981, between Uniroyal, Inc., Rubicon Chemicals, Inc. and Rubicon, Inc.

10.9 Liability and Indemnity Agreement, dated December 28, 1981, by and among Rubicon Inc., Rubicon Chemicals Inc., Imperial Chemical Industries PLC, ICI American Holdings Inc., ICI Americas Inc. and Uniroyal Inc.*

12.1 Statement re: Computation of Ratio of Earnings to Fixed Charges

21.1 Subsidiaries of Huntsman ICI Chemicals LLC

23.1 Consent of Deloitte & Touche LLP

23.2 Consent of Arthur Andersen LLP

23.3 Consent of KPMG Audit Plc

23.4 Consent of Skadden, Arps, Slate, Meagher & Flom LLP (included in Exhibit 5.1)*

24.1 Powers of Attorney (included as part of signature page)

25.1 Form T-1 Statement of Eligibility of Bank One, N.A. to act as Trustee under the indenture

27.1 Financial Data Schedule (for SEC use only)

99.1 Form of Letter of Transmittal for dollar denominated notes

99.2 Form of Notice of Guaranteed Delivery for dollar denominated notes

99.3 Form of Letter of Transmittal for euro denominated notes

99.4 Form of Notice of Guaranteed Delivery for euro denominated notes

99.5 Letter to Brokers

99.6 Letter to Clients

</TABLE>

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* To be filed by amendment.

+ Confidential treatment requested. Exhibit omitted and filed separately with the SEC.

EXHIBIT 3.1

CERTIFICATE OF FORMATION

OF

HUNTSMAN IMPERIAL CHEMICALS LLC

1. The name of the limited liability company is Huntsman Imperial Chemicals LLC.

2. The address of its registered office in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation of Huntsman Imperial Chemicals LLC on this 23rd day of March, 1999.

By /s/ Mary E. Keogh
Name: Mary E. Keogh
Title: Authorized Person

EXHIBIT 3.2

AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF HUNTSMAN ICI CHEMICALS LLC
(A Delaware Limited Liability Company)

AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT, dated as of June 30, 1999 (this "Agreement"), of Huntsman ICI Chemicals LLC (the "Company") by and between Huntsman ICI Holdings LLC, a Delaware limited liability company ("Holdings") and each Person (as defined in the Delaware Limited Liability Company Act, as amended from time to time (the "Act")) subsequently admitted as a member of the Company (individually, a "Member" and collectively, the "Members").

RECITAL

WHEREAS, Holdings has caused the Company to be formed under the Act, and Holdings desires pursuant to the Act to set forth information regarding certain affairs of the Company and certain conduct of its business.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

FORMATION

The Company has been formed as a limited liability company pursuant to the Act. A Certificate of Formation described in Section 18-201 of the Act (the "Certificate of Formation") has been filed by Mary E. Keogh, who was authorized to sign and file the Certificate of Formation, with the Secretary of State of the State of Delaware in conformity with the Act. The name of the Company is "HUNTSMAN ICI CHEMICALS LLC" or such other name or names as may be selected by the Members from time to time.

ARTICLE II

TERM

The existence of the Company shall commence on the date of the filing of the Certificate of Formation in the office of the Secretary of State of the State of Delaware in accordance with the Act, and the Company shall have a perpetual life.

ARTICLE III

MEMBERS

Section 3.1 Members. The initial Member of the Company is Holdings, which holds 100% of the membership interests of the Company. Holdings' principal address is 500 Huntsman Way, Salt Lake City, Utah 84108.

Section 3.2 Admission of New Members. No Person shall be admitted as a Member of the Company without the approval of Holdings.

Section 3.3 Certificates of Membership. The membership interest of a

Member in the Company owned by each Member (denominated in units) shall be evidenced by one or more certificates (in substantially the form attached hereto as Exhibit A, "Certificates"). Each Certificate shall be executed by the Chief Executive Officer or any Vice President and the Secretary or any Assistant Secretary of the Company (or other persons designated by the Board).

Section 3.4 Interest as a Security. A membership interest of a Member in the Company evidenced by a Certificate shall constitute a security for all purposes of Article 8 of the Uniform Commercial Code promulgated by the National Conference of Commissioners on Uniform State Laws, as in effect in Delaware or any other applicable jurisdiction. Delaware law shall constitute the local law of the Company's jurisdiction in its capacity as the issuer of membership interests of a Member in the Company.

ARTICLE IV

MANAGEMENT

Section 4.1 Board of Managers. The business and affairs of the Company shall be managed by a Board of Managers (the "Board"), which shall be responsible for policy setting and approval of the overall direction of the Company. The Board shall consist of up to four individuals (the "Managers"). The names of the Managers are Jon M. Huntsman, Jon M. Huntsman, Jr., Peter R. Huntsman and Michael C. Dixon. A Manager may be removed at any time from such position by Holdings. Upon the removal or resignation of a Manager, a new Manager may be designated and appointed by Holdings.

All decisions affecting or to be made by, and all actions to be taken and obligations to be incurred on behalf of, the Company shall be made, taken or incurred by the Board or any other person designated by the Board. Any decision or act of the Board within the scope of its power and authority granted hereunder shall control and shall bind the Company.

Section 4.2 Quorum. At all meetings of the Board (in person or via a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other), a majority of the entire Board shall constitute a quorum for the transaction of business and the act of a majority of the Managers present at any meeting at which there is a quorum shall be an act of the Board.

Section 4.3 Actions by Written Consent. Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting, if a majority of the Managers consents thereto in writing, and the writings are filed with the records of the Company.

Section 4.4 Reliance by Third Parties. Persons dealing with the Company are entitled to rely conclusively upon the power and authority of the Board herein set forth.

Section 4.5 Limitations on Duties and Liabilities. To the fullest extent permitted under Section 18-1101 of the Delaware Act, (a) with respect to those matters addressed in clauses 4.7 and 4.12 of the Holdings Agreement (as defined below), no duty (including any fiduciary duty), whether at law or in equity, that any Manager or Member has to the Company or any other Manager or Member shall require such Manager or Member to take any action that is not authorized as contemplated by the Holdings

Agreement, and (b) no Manager or Member shall (i) be deemed to breach any duty

(including any fiduciary duty), whether at law or in equity, that it has to the Company or any other Manager or Member or (ii) have any liability to the Company or any other Manager or Member with respect to any act or omission, in each case, if and to the extent that such Manager or Member acts in accordance with any instruction or direction of the Board of Managers of Holdings. The Foregoing is not intended to expand in any manner the duties (including any fiduciary duties), whether at law or in equity, of any Manager or Member.

ARTICLE V

DISTRIBUTIONS AND CAPITAL CONTRIBUTIONS

Section 5.1 As soon as reasonably practicable after the end of each calendar quarter, the Company shall determine the Tax Allowance Amount in respect of such quarter. Upon such determination, the Company shall cause the Tax Allowance Amount to be distributed in cash to Holdings to the extent of Available Net Cash Flow, provided that such a distribution is permitted by all lending agreements to which the Company is then a party.

For purposes of this Article:

"Available Net Cash Flow" means, for any period, the consolidated gross cash receipts (net of borrowings) of the U.S. Associate Group less (i) all expenses of the U.S. Associate Group which require a cash expenditure, (ii) all payments of principal of, interest on and any other amounts with respect to indebtedness, leases or other commitments or obligations of the U.S. Associate Group (including loans by Members to the U.S. Associate Group), (iii) any sum expended by the U.S. Associate Group for capital expenditures or asset acquisitions, and (iv) reserves for anticipated working capital and other purposes, the amounts of which shall be reasonably determined from time to time by the Board, provided that in the case of each of (i), (ii) and (iii) above, expenses, payments and other amounts shall be taken into account to the extent that they are due and payable during the period for which Available Net Cash Flow is being generated.

"BTCP Member" has the meaning set forth in the Holdings Agreement.

"CEA Member" has the meaning set forth in the Holdings Agreement.

"GSG Member" has the meaning set forth in the Holdings Agreement.

"H Member" has the meaning set forth in the Holdings Agreement.

"Holdings Agreement" means the Amended and Restated Limited Liability Company Agreement, dated _____, 1999, by and among Huntsman Specialty Chemicals Corporation, ICI Americas Inc., ICI Alta Inc., BT Capital Investors, L.P., Chase Equity Associates, L.P. and The Goldman Sachs Group, Inc., as amended from time to time.

"ICI Member" has the meaning set forth in the Holdings Agreement.

"Tax Allowance Amount" means, for any calendar quarter, an amount of cash equal to the sum of (i) the product of (q) the amount of net taxable income allocable by Holdings to the ICI Member and (r) 38%, (ii) the product of (s) the amount of net taxable income allocable by Holdings to the H Member and (t) 38%, (iii) the product of (u) the amount of net taxable income allocable by Holdings to the BTCP Member and (v) 38%, (iv) the product of (w) the amount of net taxable income allocable by Holdings to the CEA Member and (x) 38%, and (v) the product of (y) the amount of net taxable income allocable by Holdings to the GSG Member and (z) 38%, provided, however, that, had each of the amounts determined

pursuant to clauses (i), (ii), (iii), (iv) and (v) been distributed directly to the relevant members of Holdings, if the H Member would have received more than 60% of the aggregate tax allowance amounts so computed, the ICI Member would have received more than 30% of the aggregate tax allowance amounts so computed, either the BTCP Member and/or the CEA Member would have received more than 4 4/9% of the aggregate tax allowance amounts so computed and/or the GSG Member would have received more than 1 1/9% of the aggregate tax allowance amounts so computed, then the tax allowance amount determined with respect to the other members of Holdings shall be increased for purposes of computing the Tax Allowance Amount so that the Tax Allowance Amount is an aggregate amount that, if distributed directly to the relevant members of Holdings, would be distributed 60% to the H Member, 30% to the ICI Member, 4 4/9% to the BTCP Member, 4 4/9% to the CEA Member and 1 1/9% to the GSG Member; provided, that as
----
a result of the immediately preceding proviso, the Tax Allowance Amount shall not exceed the product of (a) the net taxable income of Holdings determined on a hypothetical basis as if Holdings were treated as a corporation for U.S. income tax purposes and (b) 40%. In calculating the Tax Allowance Amounts, the amounts of net taxable income allocable by Holdings to each Member shall be increased or decreased, as necessary, to reflect the extent to which estimated amounts of net

taxable income used to calculate Tax Allowance Amounts for previous quarters were greater or lesser than the actual amounts of net taxable income reported on Holdings' U.S. federal income tax return.

"U.S. Associate Group" has the meaning set forth in the Holdings Agreement.

Section 5.2 To the extent that any member of Holdings makes a mandatory capital contribution to Holdings pursuant to section 3.1(b) of the Holdings Agreement, then Holdings shall contribute such capital contribution to the capital of the Company.

ARTICLE VI

MISCELLANEOUS

Section 6.1 Amendment to the Agreement. This Agreement may be amended
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by, and only by, a written instrument executed by Holdings.

Section 6.2 Governing Law and Severability. This Agreement shall be
----
governed by and construed in accordance with the laws of the State of Delaware without giving effect to the principles of conflicts of law. In particular, this Agreement shall be construed to the maximum extent possible to comply with all the terms and conditions of the Act. If it shall be determined by a court of competent jurisdiction that any provisions or wording of this Agreement shall be invalid or unenforceable under the Act or other applicable law, such invalidity or unenforceability shall not invalidate the entire Agreement. In that case, this Agreement shall be construed so as to limit any term or provision so as to make it enforceable or valid within the requirements of applicable law, and, in the event such term or provisions cannot be so limited, this Agreement shall be construed to omit such invalid or unenforceable terms or provisions.

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the date first above written.

HUNTSMAN ICI HOLDINGS LLC

By: /s/ Peter R. Huntsman
Name: Peter R. Huntsman
Title: Manager

EXHIBIT A

CERTIFICATE FOR INTERESTS IN
HUNTSMAN ICI CHEMICALS LLC
A Delaware Limited Liability Company

Certificate No. _____ No. of Units _____

Huntsman ICI Chemicals LLC,
a Delaware limited liability company (the "Company"), hereby certifies that
----

[NAME OF MEMBER]

(The "Holder") is the registered owner of _____ Units of limited liability
------
company Interest in the Company ("Interests"). The Holder, by accepting this
----
Certificate, is deemed to have agreed to become a Member of the Company, if admitted as such in accordance with the terms of the Company Agreement, and to have agreed to comply with and be bound by, the Company Agreement.

No Interest(s) may be transferred unless and until this Certificate, or a written instrument of transfer satisfactory to the Company, is duly endorsed or executed for transfer by the Holder of the Holder's duly authorized attorney, and this Certificate (together with any separate written instrument of transfer) is delivered to the Company for registration of transfer.

THE INTERESTS REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW AND MAY NOT BE OFFERED FOR SALE, SOLD, PLEDGED, TRANSFERRED OR OTHERWISE DISPOSED OF UNTIL THE HOLDER PROVIDES EVIDENCE REASONABLY SATISFACTORY TO THE COMPANY (WHICH, IN THE DISCRETION OF THE COMPANY, MAY INCLUDE AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY) THAT SUCH OFFER, SALE, PLEDGE, TRANSFER OR OTHER DISPOSITION WILL NOT VIOLATE APPLICABLE FEDERAL OR STATE SECURITIES LAWS.

ATTEST: HUNTSMAN ICI CHEMICALS LLC

_____ By_____
Secretary or Assistant Secretary Chief Executive Officer or Vice President

Dated: _____

ASSIGNMENT OF INTEREST

FOR VALUE RECEIVED, the undersigned (the "Assignor"), hereby assigns,
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conveys, sells and transfers unto:

_____
Please print or typewrite Name and Address of Assignee

_____ Please insert Social Security or other Taxpayer Identification Number of Assignee

_____ Units of Interest evidenced by this Certificate. Assignor irrevocably constitutes and appoints the Company as its attorney-in-fact with full power of substitution to transfer the Interest represented by this Certificate, or any lesser designated number of Interest as referenced herein, on the books of the Company.

Date:_____ _____
Signature

EXHIBIT 3.3

CERTIFICATE OF FORMATION

OF

HUNTSMAN ICI FINANCIAL LLC

1. The name of the limited liability company is Huntsman ICI Financial LLC.

2. The address of its registered office in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation of Huntsman ICI Financial LLC on this 19th day of May, 1999.

By: /s/ Mary E. Keogh
Name: Mary E. Keogh
Title: Authorized Person

EXHIBIT 3.4

LIMITED LIABILITY COMPANY AGREEMENT
OF
HUNTSMAN ICI FINANCIAL LLC
(A Delaware Limited Liability Company)

LIMITED LIABILITY COMPANY AGREEMENT, dated as of June 18, 1999 (this "Agreement"), of Huntsman ICI Financial LLC (the "Company") by and between Huntsman ICI Chemicals LLC, a Delaware limited liability company ("Huntsman") and each Person (as defined in the Delaware Limited Liability Company Act, as amended from time to time (the "Act")) subsequently admitted as a member of the Company (individually, a "Member" and collectively, the "Members").

RECITAL

WHEREAS, Huntsman has caused the Company to be formed under the Act, and Huntsman desires pursuant to the Act to set forth information regarding certain affairs of the Company and certain conduct of its business.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

FORMATION

The Company has been formed as a limited liability company pursuant to the Act. A Certificate of Formation described in Section 18-201 of the Act (the "Certificate of Formation") has been filed by Mary E. Keogh, who was authorized to sign and file the Certificate of Formation, with the Secretary of State of the State of Delaware in conformity with the Act. The name of the Company is "HUNTSMAN ICI FINANCIAL LLC" or such other name or names as may be selected by the Members from time to time.

ARTICLE II

TERM

The existence of the Company shall commence on the date of the filing of the Certificate of Formation in the office of the Secretary of State of the State of Delaware in accordance with the Act, and the Company shall have a perpetual life.

ARTICLE III

MEMBERS

Section 3.1 Members. The initial Member of the Company is Huntsman, which holds 100% of the membership interests of the Company. Huntsman's principal address is 500 Huntsman Way, Salt Lake City, Utah 84108.

Section 3.2 Admission of New Members. No Person shall be admitted as a Member of the Company without the approval of Huntsman.

Section 3.3 Certificates. The membership interest of a Member in the Company owned by each Member (denominated in units) shall be evidenced by one or more certificates (in substantially the form attached hereto as Exhibit A, the "Certificates"). Each Certificate shall be executed by the Chief Executive Officer or any Vice President and the Secretary or any Assistant Secretary of the Company (or other persons designated by the Board).

ARTICLE IV

MANAGEMENT

Section 4.1 Designation of Managers. The Company shall have up to five managers, each of whom shall be designated and appointed by Huntsman (each, a "Manager"). The names of the initial Managers are Jon M. Huntsman, Peter R. Huntsman, Jon M. Huntsman, Jr., Michael C. Dixon, and Samuel D. Scruggs. A Manager may be removed at any time from such position by Huntsman. Upon the removal or resignation of a Manager, a new Manager may be designated and appointed by Huntsman.

Section 4.2 General Powers of the Manager. Each Manager shall have the responsibility and authority to manage, direct, control and conduct the business and affairs the Company, subject to the direction and oversight of the Members.

Without limiting the generality of the foregoing, each Manager is authorized:

(a) to negotiate, execute and deliver in the name and on behalf of the Company the Intercompany Notes (each such note substantially in the form attached hereto as Exhibit A) (the "Intercompany Notes") on such terms and with such conditions as such Manager shall deem necessary, proper and advisable to consummate the transactions contemplated by that certain Contribution Agreement, dated April 15, 1999 (the "Contribution Agreement"), by and between Imperial Chemical Industries PLC, Huntsman Specialty Chemicals Corporation and Huntsman ICI Holdings LLC (as amended, modified or supplemented) (the "Transaction"), the execution of which shall be conclusive evidence that the same was necessary, proper and advisable; and

(b) to execute, deliver and amend, or authorize and approve the execution, delivery and amendment of, all agreements, instruments and documents, and to take, or authorize the taking of, all actions, as any Manager may deem necessary and desirable to consummate the Transaction, and the actions of any of the Managers in negotiating the Intercompany Notes and such other agreements, documents and instruments (collectively, the "Supplemental Instruments") as such Manager deems necessary, proper and advisable to establish the relationships and to consummate the Transaction by the Company, the execution of the Intercompany Notes and any of the Supplemental Instruments conclusively establishing each Managers authority therefor from the Company; and

(c) to take all such future actions and to do all such things as any of the Managers may deem to be necessary, proper or advisable, to document and/or consummate the Transaction by the Company, including, without limitation, negotiating, executing and delivering future modifications, amendments, supplements or changes to the Intercompany Notes and/or the Supplemental Instruments, and negotiating, executing and delivering such additional agreements, instruments, documents and certificates, in the name

and on behalf of the Company, which shall in such Manager's judgement be necessary, proper or advisable in order to modify, amend, supplement or change the Intercompany Notes and/or Supplemental Instruments any time in the future, the execution or any such future modification, amendment, supplement, or other document evidencing a change, or the execution of such additional agreement, instrument, document or certificate to be conclusive evidence of the same as necessary, proper or advisable.

All decisions affecting or to be made by, and all actions to be taken and obligations to be incurred on behalf of, the Company shall be made, taken or incurred by any of the Managers. Any decision or act of a Manager within the scope of his power and authority granted hereunder shall control and shall bind the Company.

Section 4.3 Reliance by Third Parties. Persons dealing with the Company are entitled to rely conclusively upon the power and authority of any of the Managers herein set forth.

ARTICLE V

Miscellaneous

Section 5.1 Amendment to the Agreement. This Agreement may be amended by, and only by, a written instrument executed by Huntsman.

Section 5.2 Governing Law and Severability. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to the principles of conflicts of law. In particular, this Agreement shall be construed to the maximum extent possible to comply with all the terms and conditions of the Act. If it shall be determined by a court of competent jurisdiction that any provisions or wording of this Agreement shall be invalid or unenforceable under the Act or other applicable law, such invalidity or unenforceability shall not invalidate the entire Agreement. In that case, this Agreement shall be construed so as to limit any term or provision so as to make it enforceable or valid within the requirements of applicable law, and, in the event such term or provisions cannot be so limited, this Agreement shall be construed to omit such invalid or unenforceable terms or provisions.

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the date first above written.

HUNTSMAN ICI CHEMICALS LLC

By: /s/ Jon M. Huntsman, Jr.
Name: Jon M. Huntsman Jr.
Title: Manager

EXHIBIT A

CERTIFICATE FOR INTERESTS IN
HUNTSMAN ICI FINANCIAL LLC
A Delaware Limited Liability Company

Certificate No. _____ No. of Units _____

Huntsman ICI Financial LLC,
a Delaware limited liability company (the "Company"), hereby certifies that

[NAME OF MEMBER]

(The "Holder") is the registered owner of _____ Units of limited liability

company Interest in the Company ("Interests"). The Holder, by accepting this Certificate, is deemed to have agreed to become a Member of the Company, if admitted as such in accordance with the terms of the Company Agreement, and to have agreed to comply with and be bound by, the Company Agreement.

No Interest(s) may be transferred unless and until this Certificate, or a written instrument of transfer satisfactory to the Company, is duly endorsed or executed for transfer by the Holder of the Holder's duly authorized attorney, and this Certificate (together with any separate written instrument of transfer) is delivered to the Company for registration of transfer.

THE INTERESTS REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW AND MAY NOT BE OFFERED FOR SALE, SOLD, PLEDGED, TRANSFERRED OR OTHERWISE DISPOSED OF UNTIL THE HOLDER PROVIDES EVIDENCE REASONABLY SATISFACTORY TO THE COMPANY (WHICH, IN THE DISCRETION OF THE COMPANY, MAY INCLUDE AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY) THAT SUCH OFFER, SALE, PLEDGE, TRANSFER OR OTHER DISPOSITION WILL NOT VIOLATE APPLICABLE FEDERAL OR STATE SECURITIES LAWS.

ATTEST: HUNTSMAN ICI FINANCIAL LLC

_____ By _____
Secretary or Assistant Secretary Chief Executive Officer or Vice President

Dated: _____

ASSIGNMENT OF INTEREST

FOR VALUE RECEIVED, the undersigned (the "Assignor"), hereby assigns, conveys, sells and transfers unto:

_____
Please print or typewrite Name and Address of Assignee

_____ Please insert Social Security or other
Taxpayer Identification Number of Assignee

_____ Units of Interest evidenced by this Certificate. Assignor irrevocably constitutes and appoints the Company as its attorney-in-fact with full power of substitution to transfer the Interest represented by this Certificate, or any lesser designated number of Interest as referenced herein, on the books of the Company.

Date:_____ _____
Signature

AMENDMENT NO. 1
TO
LIMITED LIABILITY COMPANY
AGREEMENT

This Amendment No. 1 (this "Amendment") to the Limited Liability Company Agreement (the "LLC Agreement") of Huntsman ICI Financial LLC, a limited liability company organized and existing under the laws of the State of Delaware (the "Company"), is made this 19th day of June, 1999, by Huntsman ICI Chemicals LLC, as the sole member of the Company ("Huntsman").

WHEREAS, Huntsman had previously entered into the LLC Agreement dated as of June 18, 1999; and

WHEREAS, Huntsman desires to amend the LLC Agreement to provide

clarification as to the type of interest held by members of the Company.

NOW, THEREFORE, pursuant to Section 5.1 of the LLC Agreement, Huntsman hereby agrees as follows:

1. Article III of the LLC Agreement shall be amended to include the following Section 3.4:

> Section 3.4 Interest as a Security. A membership interest of a Member in the Company evidenced by a Certificate shall constitute a security for all purposes of Article 8 of the Uniform Commercial Code promulgated by the National Conference of Commissioners on Uniform State Laws, as in effect in Delaware or any other applicable jurisdiction. Delaware law shall constitute the local law of the Company's jurisdiction in its capacity as the issuer of membership interests of a Member in the Company.

2. Upon the execution and delivery of this Amendment, the LLC Agreement shall be amended in accordance herewith and this Amendment shall form a part of the LLC Agreement for all purposes, and Huntsman and every Member (as defined in the LLC Agreement) shall be bound by the LLC Agreement, as so amended.

IN WITNESS WHEREOF, the undersigned has duly executed this Amendment as of the date first above written.

HUNTSMAN ICI CHEMICALS LLC

By: /s/ Samuel D. Scruggs
Name: Samuel D. Scruggs
Title: Manager

EXHIBIT 3.7

THE COMPANIES LAW (1998 REVISION)

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

TIOXIDE AMERICAS INC.
(Adopted by Special Resolution on 25th June, 1999)

1. The name of the Company is Tioxide Americas Inc..

2. The Registered Office of the Company shall be at the offices of Maples and Calder, Attorneys-at-Law, Ugland House, South Church Street, P.O. Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies or at such other place as the Directors may from time to time decide.

3. The objects for which the Company is established are unrestricted and shall include, but without limitation, the following:

(i) (a) To carry on the business of an investment company and to act as promoters and entrepreneurs and to carry on business as financiers, capitalists, concessionaires, merchants, brokers, traders, dealers, agents, importers and exporters and to undertake and carry on and execute all kinds of investment, financial, commercial, mercantile, trading and other operations.

(b) To carry on whether as principals, agents or otherwise howsoever the business of realtors, developers, consultants, estate agents or managers, builders, contractors, engineers, manufacturers, dealers in or vendors of all types of property including services.

(ii) To exercise and enforce all rights and powers conferred by or incidental to the ownership of any shares, stock, obligations or other securities including without prejudice to the generality of the foregoing all such powers of veto or control as may be conferred by virtue of the holding by the Company of some special proportion of the issued or nominal amount thereof, to provide managerial and other executive, supervisory and consultant services for or in relation to any company in which the Company is interested upon such terms as may be thought fit.

(iii) To purchase or otherwise acquire, to sell, exchange, surrender, lease, mortgage, charge, convert, turn to account, dispose of and deal with real and personal property and rights of all kinds and, in particular, mortgages, debentures, produce, concessions, options, contracts, patents, annuities, licences, stocks, shares, bonds, policies, book debts, business concerns, undertakings, claims, privileges and choses in action of all kinds.

(iv) To subscribe for, conditionally or unconditionally, to underwrite, issue on commission or otherwise, take, hold, deal in and convert stocks, shares and securities of all kinds and to enter into partnership or into any arrangement for sharing profits, reciprocal concessions or cooperation with any person or company and to promote and aid in promoting, to constitute, form or organise any company, syndicate or partnership of any kind, for the purpose of acquiring and undertaking any property and liabilities of the Company or of advancing, directly or indirectly, the objects of the Company or for any other purpose which the Company may think expedient.

(v) To stand surety for or to guarantee, support or secure the performance of all or any of the obligations of any person, firm or company whether or not related or affiliated to the Company in any manner and whether by personal covenant or by mortgage, charge or lien upon the whole or any part of the undertaking, property and assets of the Company, both present and future, including its uncalled capital or by any such method and whether or not the Company shall receive valuable consideration therefor.

(vi) To engage in or carry on any other lawful trade, business or enterprise which may at any time appear to the Directors of the Company capable of being conveniently carried on in conjunction with any of the aforementioned businesses or activities or which may appear to the Directors of the Company likely to be profitable to the Company.

In the interpretation of this Memorandum of Association in general and of this Clause 3 in particular no object, business or power specified or mentioned shall be limited or restricted by reference to or inference from any other object, business or power, or the name of the Company, or by the juxtaposition of two or more objects, businesses or powers and that, in the event of any ambiguity in this clause or elsewhere in this Memorandum of Association, the same shall be resolved by such interpretation and construction as will widen and enlarge and not restrict the objects, businesses and powers of and exercisable by the Company.

4. Except as prohibited or limited by the Companies Law (1998 Revision), the Company shall have full power and authority to carry out any object and shall have and be capable of from time to time and at all times exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate in doing in any part of the

world whether as principal, agent, contractor or otherwise whatever may be considered by it necessary for the attainment of its objects and whatever else may be considered by it as incidental or conducive thereto or consequential thereon, including, but without in any way restricting the generality of the foregoing, the power to make any alterations or amendments to this Memorandum of Association and the Articles of Association of the Company considered necessary or convenient in the manner set out in the Articles of Association of the Company, and the power to do any of the following acts or things, viz: to pay all expenses of and incidental to the promotion, formation and incorporation of the Company; to register the Company to do business in any other jurisdiction; to sell, lease or dispose of any property of the Company; to draw, make, accept, endorse, discount, execute and issue promissory notes, debentures, bills of exchange, bills of lading, warrants and other negotiable or transferable instruments; to lend money or other assets and to act as guarantors; to borrow or raise money on the security of the undertaking or on all or any of the assets of the Company including uncalled capital or without security; to invest monies of the Company in such manner as the Directors determine; to promote other companies; to sell the undertaking of the Company for cash or any other consideration; to distribute assets in specie to Members of the Company; to make charitable or benevolent donations; to pay pensions or gratuities or provide other benefits in cash or kind to Directors, officers, employees, past or present and their families; to purchase Directors and officers liability insurance and to carry on any trade or business and generally to do all acts and things which, in the opinion of the Company or the Directors, may be conveniently or profitably or usefully acquired and dealt with, carried on, executed or done by the Company in connection with the business aforesaid PROVIDED

THAT the Company shall only carry on the businesses for which a licence is required under the laws of the Cayman Islands when so licensed under the terms of such laws.

5. The liability of each Member is limited to the amount from time to time unpaid on such Member's shares.

6. The share capital of the Company is US$11,000.00 divided into 11,000 shares of a nominal or par value of US$1.00 each with power for the Company insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies

Law (1998 Revision) and the Articles of Association and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to the powers hereinbefore contained.

7. If the Company is registered as exempted, its operations will be carried on subject to the provisions of Section 193 of the Companies Law (1998 Revision) and, subject to the provisions of the Companies Law (1998 Revision) and the Articles of Association, it shall have the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

WE the several persons whose names and addresses are subscribed are desirous of being formed into a company in pursuance of this Memorandum of Association and we

respectively agree to take the number of shares in the capital of the Company set opposite our respective names.

EXHIBIT 3.8

THE COMPANIES LAW (1998 REVISION)

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

TIOXIDE AMERICAS INC.
(Adopted by Special Resolution on 25th June, 1999)

1. In these Articles Table A in the Schedule to the Statute does not apply and, unless there be something in the subject or context inconsistent therewith,

"Articles" means these Articles as originally framed or as from time to time altered by Special Resolution.

"Auditors" means the persons for the time being performing the duties of auditors of the Company.

"Company" means the above-named Company.

"debenture" means debenture stock, mortgages, bonds and any other such securities of the Company whether constituting a charge on the assets of the Company or not.

"Directors" means the directors for the time being of the Company.

"dividend" includes bonus.

"Member" shall bear the meaning as ascribed to it in the Statute.

"month" means calendar month.

"paid-up" means paid-up and/or credited as paid-up.

"registered office" means the registered office for the time being of the Company.

"Seal" means the common seal of the Company and includes every duplicate seal.

"Secretary" includes an Assistant Secretary and any person appointed to perform the duties of Secretary of the Company.

"share" includes a fraction of a share.

"Special Resolution" has the same meaning as in the Statute and includes a resolution approved in writing as described therein.

"Statute" means the Companies Law (1998 Revision) of the Cayman Islands as amended and every statutory modification or re-enactment thereof for the time being in force.

"written" and "in writing" include all modes of representing or reproducing words in visible form.

Words importing the singular number only include the plural number and vice-versa.

Words importing the masculine gender only include the feminine gender.

Words importing persons only include corporations.

2. The business of the Company may be commenced as soon after incorporation as the Directors shall see fit, notwithstanding that part only of the shares may have been allotted.

3. The Directors may pay, out of the capital or any other monies of the Company, all expenses incurred in or about the formation and establishment of the Company including the expenses of registration.

CERTIFICATES FOR SHARES

4. Certificates representing shares of the Company shall be in such form as shall be determined by the Directors. Such certificates may be under Seal. All certificates for shares shall be consecutively numbered or otherwise identified and shall specify the shares to which they relate. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered in the register of Members of the Company. All certificates surrendered to the Company for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and cancelled. The Directors may authorise certificates to be issued with the seal and authorised signature(s) affixed by some method or system of mechanical process.

5. Notwithstanding Article 4 of these Articles, if a share certificate be defaced, lost or destroyed, it may be renewed on payment of a fee of one dollar (US$1.00) or such lesser sum and on such terms (if any) as to evidence and indemnity and the payment of the expenses incurred by the Company in investigating evidence, as the Directors may prescribe.

ISSUE OF SHARES

6. Subject to the provisions, if any, in that behalf in the Memorandum of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights previously conferred on the holders of existing shares, the Directors may allot, issue, grant options over or otherwise dispose of shares of the Company (including fractions of a share) with or without preferred, deferred or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper. The Company shall not issue shares in bearer form.

7. The Company shall maintain a register of its Members and every person whose name is entered as a Member in the register of Members shall be entitled without payment to receive within two months after allotment or lodgement of transfer (or within such other period as the conditions of issue shall provide) one certificate for all his shares or several certificates each for one or more of his shares upon payment of fifty cents (US$0.50) for every certificate after the first or such less sum as the Directors shall from time to time determine provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue more than one certificate and delivery of a certificate for a share to one of the several joint holders shall be sufficient delivery to all such holders.

TRANSFER OF SHARES

8. The instrument of transfer of any share shall be in writing and shall be executed by or on behalf of the transferor and the transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register in respect thereof.

9. The Directors may in their absolute discretion decline to register any transfer of shares without assigning any reason therefor. If the Directors refuse to register a transfer they shall notify the transferee within two months of such refusal.

10. The registration of transfers may be suspended at such time and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than forty-five days in any year.

REDEEMABLE SHARES

11. (a) Subject to the provisions of the Statute and the Memorandum of Association, shares may be issued on the terms that they are, or at the option of the Company or the holder are, to be redeemed on such terms and in such manner as the Company, before the issue of the shares, may by Special Resolution determine.

(b) Subject to the provisions of the Statute and the Memorandum of Association, the Company may purchase its own shares (including fractions of a share), including any redeemable shares, provided that the manner of purchase has first been authorised by the Company in general meeting and may make payment therefor in any manner authorised by the Statute, including out of capital.

VARIATION OF RIGHTS OF SHARES

12. If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound-up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a Special Resolution passed at a general meeting of the holders of the shares of that class.

The provisions of these Articles relating to general meetings shall apply to every such general meeting of the holders of one class of shares except that the necessary quorum shall be one person holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll.

13. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

COMMISSION ON SALE OF SHARES

14. The Company may in so far as the Statute from time to time permits pay a commission to any person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any shares of the Company. Such commissions may be satisfied by the payment of cash or the lodgement of fully or partly paid-up shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

NON-RECOGNITION OF TRUSTS

15. No person shall be recognised by the Company as holding any share upon

any trust and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future, or partial interest in any share, or any interest in any fractional part of a share, or (except only as is otherwise provided by these Articles or the Statute) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

LIEN ON SHARES

16. The Company shall have a first and paramount lien and charge on all shares (whether fully paid-up or not) registered in the name of a Member (whether solely or jointly with others) for all debts, liabilities or engagements to or with the Company (whether presently payable or not) by such Member or his estate, either alone or jointly with any other person, whether a Member or not, but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The registration of a transfer of any such share shall operate as a waiver of the Company's lien (if any) thereon. The Company's lien (if any) on a share shall extend to all dividends or other monies payable in respect thereof.

17. The Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder or holders for the time being of the share, or the person, of which the Company has notice, entitled thereto by reason of his death or bankruptcy.

18. To give effect to any such sale the Directors may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer, and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

19. The proceeds of such sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

CALL ON SHARES

20. (a) The Directors may from time to time make calls upon the Members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed terms, provided that no call shall be payable at less than one month from the date fixed for the payment of the last preceding call, and each Member shall (subject to receiving at least fourteen days notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on the shares. A call may be revoked or postponed as the Directors may determine. A call may be made payable by instalments.

(b) A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.

(c) The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

21. If a sum called in respect of a share is not paid before or on a day appointed for payment thereof, the persons from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate not exceeding ten per cent per annum as the

Directors may determine, but the Directors shall be at liberty to waive payment of such interest either wholly or in part.

22. Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium or otherwise, shall for the purposes of these Articles be deemed to be a call duly made, notified and payable on the date on which by the terms of issue the same becomes payable, and in the case of non-payment all the relevant provisions of these Articles as to payment of interest forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

23. The Directors may, on the issue of shares, differentiate between the holders as to the amount of calls or interest to be paid and the times of payment.

24. (a) The Directors may, if they think fit, receive from any Member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him, and upon all or any of the monies so advanced may (until the same would but for such advances, become payable) pay interest at such rate not exceeding (unless the Company in general meeting shall otherwise direct) seven per cent per annum, as may be agreed upon between the Directors and the Member paying such sum in advance.

(b) No such sum paid in advance of calls shall entitle the Member paying such sum to any portion of a dividend declared in respect of any period prior to the date upon which such sum would, but for such payment, become presently payable.

FORFEITURE OF SHARES

25. (a) If a Member fails to pay any call or instalment of a call or to make any payment required by the terms of issue on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of the call, instalment or payment remains unpaid, give notice requiring payment of so much of the call, instalment or payment as is unpaid, together with any interest which may have accrued and all expenses that have been incurred by the Company by reason of such non-payment. Such notice shall name a day (not earlier than the expiration of fourteen days from the date of giving of the notice) on or before which the payment required by the notice is to be made, and shall state that, in the event of non-payment at or before the time appointed the shares in respect of which such notice was given will be liable to be forfeited.

(b) If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture.

(c) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.

26. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture were payable by him to the Company in respect of the shares together with interest thereon, but his liability shall cease if and when the Company shall have received payment in full of all monies whenever payable in respect of the shares.

27. A certificate in writing under the hand of one Director or the Secretary of the Company that a share in the Company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of the fact therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be

registered as the holder of the share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

28. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium as if the same had been payable by virtue of a call duly made and notified.

REGISTRATION OF EMPOWERING INSTRUMENTS

29. The Company shall be entitled to charge a fee not exceeding one dollar (US$1.00) on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney, notice in lieu of distringas, or other instrument.

TRANSMISSION OF SHARES

30. In case of the death of a Member, the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares, but nothing herein contained shall release the estate of any such deceased holder from any liability in respect of any shares which had been held by him solely or jointly with other persons.

31. (a) Any person becoming entitled to a share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer) may, upon such evidence being produced as may from time to time be required by the Directors and subject as hereinafter provided, elect either to be registered himself as holder of the share or to make such transfer of the share to such other person nominated by him as the deceased or bankrupt person could have made and to have such person registered as the transferee thereof, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that Member before his death or bankruptcy as the case may be.

(b) If the person so becoming entitled shall elect to be registered himself as holder he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

32. A person becoming entitled to a share by reason of the death or bankruptcy or liquidation or dissolution of the holder (or in any other case than by transfer) shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a Member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company PROVIDED HOWEVER that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within ninety days the Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share until the requirements of the notice have been complied with.

AMENDMENT OF MEMORANDUM OF ASSOCIATION, CHANGE OF LOCATION OF REGISTERED OFFICE & ALTERATION OF CAPITAL

33. (a) Subject to and in so far as permitted by the provisions of the Statute, the Company may from time to time by Special Resolution alter or amend its Memorandum of Association with respect to any objects, powers or other matters specified therein provided always that the Company may by ordinary resolution:

(i) increase the share capital by such sum to be divided into shares of such amount or without nominal or par value as the resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;

(ii) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(iii) by subdivision of its existing shares or any of them divide the whole or any part of its share capital into shares of smaller amount than is fixed by the Memorandum of Association or into shares without nominal or par value;

(iv) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person.

(b) All new shares created hereunder shall be subject to the same provisions with reference to the payment of calls, liens, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.

(c) Without prejudice to Article 11 hereof and subject to the provisions of the Statute, the Company may by Special Resolution reduce its share capital and any capital redemption reserve fund.

(d) Subject to the provisions of the Statute, the Company may by resolution of the Directors change the location of its registered office.

CLOSING REGISTER OF MEMBERS OR FIXING RECORD DATE

34. For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any dividend, or in order to make a determination of Members for any other proper purpose, the Directors of the Company may provide that the register of Members shall be closed for transfers for a stated period but not to exceed in any case forty days. If the register of Members shall be so closed for the purpose of determining Members entitled to notice of or to vote at a meeting of Members such register shall be so closed for at least ten days immediately preceding such meeting and the record date for such determination shall be the date of the closure of the register of Members.

35. In lieu of or apart from closing the register of Members, the Directors may fix in advance a date as the record date for any such determination of Members entitled to notice of or to vote at a meeting of the Members and for the purpose of determining the Members entitled to receive payment of any dividend the Directors may, at or within 90 days prior to the date of declaration of such dividend fix a subsequent date as the record date for such determination.

36. If the register of Members is not so closed and no record date is fixed for the determination of Members entitled to notice of or to vote at a meeting of Members or Members entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this section, such determination shall apply to any adjournment thereof.

GENERAL MEETING

37. (a) Subject to paragraph (c) hereof, the Company shall within one year of its incorporation and in each year of its existence thereafter hold a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as the Directors shall appoint and if no other time and place is prescribed by them, it shall be held at the registered office on the second Wednesday in December of each year at ten o'clock in the morning.

(b) At these meetings the report of the Directors (if any) shall be presented.

(c) If the Company is exempted as defined in the Statute it may but shall not be obliged to hold an annual general meeting.

38. (a) The Directors may whenever they think fit, and they shall on the requisition of Members of the Company holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company, proceed to convene a general meeting of the Company.

(b) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the registered office of the Company and may consist of several documents in like form each signed by one or more requisitionists.

(c) If the Directors do not within twenty-one days from the date of the deposit of the requisition duly proceed to convene a general meeting, the requisitionists, or any of them

representing more than one-half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three months after the expiration of the said twenty-one days.

(d) A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

NOTICE OF GENERAL MEETINGS

39. At least five days' notice shall be given of an annual general meeting or any other general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company PROVIDED that a general meeting of the Company shall, whether or not the notice specified in this regulation has been given and whether or not the provisions of Article 38 have been complied with, be deemed to have been duly convened if it is so agreed:

(a) in the case of a general meeting called as an annual general meeting by all the Members entitled to attend and vote thereat or their proxies; and

(b) in the case of any other general meeting by a majority in number of the Members having a right to attend and vote at the meeting, being a majority together holding not less than seventy-five per cent in nominal value or in the case of shares without nominal or par value seventy-five per cent of the shares in issue, or their proxies.

40. The accidental omission to give notice of a general meeting to, or the non-receipt of notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings of that meeting.

PROCEEDINGS AT GENERAL MEETINGS

41. No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business; two Members present in person or by proxy shall be a quorum provided always that if the Company has one Member of record the quorum shall be that one Member present in person or by proxy.

42. A resolution (including a Special Resolution) in writing (in one or more counterparts) signed by all Members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.

43. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved and in any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other time or such other place as the Directors may determine and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the Members present shall be a quorum.

44. The Chairman, if any, of the Board of Directors shall preside as Chairman at every general meeting of the Company, or if there is no such Chairman, or if he shall not be present within fifteen minutes after the time appointed for the holding of the meeting, or is unwilling to act, the Directors present shall elect one of their number to be Chairman of the meeting.

45. If at any general meeting no Director is willing to act as Chairman or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the Members present shall choose one of their number to be Chairman of the meeting.

46. The Chairman may, with the consent of any general meeting duly constituted hereunder, and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a general meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting; save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned general meeting.

47. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is, before or on the declaration of the result of the show of hands, demanded by the Chairman or any other Member present in person or by proxy.

48. Unless a poll be so demanded a declaration by the Chairman that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the Company's Minute Book containing the Minutes of the proceedings of the meeting shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

49. The demand for a poll may be withdrawn.

50. Except as provided in Article 52, if a poll is duly demanded it shall be taken in such manner as the Chairman directs and the result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded.

51. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the general meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.

52. A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the general meeting directs and any business other than that upon which a poll has been demanded or is contingent thereon may be proceeded with pending the taking of the poll.

VOTES OF MEMBERS

53. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every Member of record present in person or by proxy at a general meeting shall have one vote and on a

poll every Member of record present in person or by proxy shall have one vote for each share registered in his name in the register of Members.

54. In the case of joint holders of record the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of Members.

55. A Member of unsound mind, or in respect of whom an order has been made by any court, having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis, or other person in the nature of a committee, receiver or curator bonis appointed by that court, and any such committee, receiver, curator bonis or other persons may vote by proxy.

56. No Member shall be entitled to vote at any general meeting unless he is registered as a shareholder of the Company on the record date for such meeting nor unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

57. No objection shall be raised to the qualification of any voter except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not disallowed at such general meeting shall be valid for all purposes. Any such

objection made in due time shall be referred to the Chairman of the general meeting whose decision shall be final and conclusive.

58. On a poll or on a show of hands votes may be given either personally or by proxy.

PROXIES

59. The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation under the hand of an officer or attorney duly authorised in that behalf. A proxy need not be a Member of the Company.

60. The instrument appointing a proxy shall be deposited at the registered office of the Company or at such other place as is specified for that purpose in the notice convening the meeting no later than the time for holding the meeting, or adjourned meeting provided that the Chairman of the Meeting may at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited upon receipt of telex, cable or telecopy confirmation from the appointor that the instrument of proxy duly signed is in the course of transmission to the Company.

61. The instrument appointing a proxy may be in any usual or common form and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked. An instrument appointing a proxy shall be deemed to include the power to demand or join or concur in demanding a poll.

62. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at the registered office before the commencement of the general meeting, or adjourned meeting at which it is sought to use the proxy.

63. Any corporation which is a Member of record of the Company may in accordance with its Articles or in the absence of such provision by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as the

corporation could exercise if it were an individual Member of record of the Company.

64. Shares of its own capital belonging to the Company or held by it in a fiduciary capacity shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding shares at any given time.

DIRECTORS

65. There shall be a Board of Directors consisting of not more than ten persons (exclusive of alternate Directors) PROVIDED HOWEVER that the Company may from time to time by ordinary resolution increase or reduce the limit in the number of Directors. The first Directors of the Company shall be determined in writing by, or appointed by a resolution of, the subscribers of the Memorandum of Association or a majority of them.

66. The remuneration to be paid to the Directors shall be such remuneration as the Directors shall determine. Such remuneration shall be deemed to accrue from day to day. The Directors shall also be entitled to be paid their travelling, hotel and other expenses properly incurred by them in going to, attending and returning from meetings of the Directors, or any committee of the Directors, or general meetings of the Company, or otherwise in connection with the business of the Company, or to receive a fixed allowance in respect thereof as may be determined by the Directors from time to time, or a combination partly of one such method and partly the other.

67. The Directors may by resolution award special remuneration to any Director of the Company undertaking any special work or services for, or undertaking any special mission on behalf of, the Company other than his ordinary routine work as a Director. Any fees paid to a Director who is also counsel or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to his remuneration as a Director.

68. A Director or alternate Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine.

69. A Director or alternate Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director or alternate Director.

70. A shareholding qualification for Directors may be fixed by the Company in general meeting, but unless and until so fixed no qualification shall be required.

71. A Director or alternate Director of the Company may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which

the Company may be interested as shareholder or otherwise and no such Director or alternate Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company.

72. No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or transaction by reason of such Director holding office or of the fiduciary relation thereby established. A Director (or his alternate Director in his absence) shall be at liberty to vote in respect of

any contract or transaction in which he is so interested as aforesaid PROVIDED HOWEVER that the nature of the interest of any Director or alternate Director in any such contract or transaction shall be disclosed by him or the alternate Director appointed by him at or prior to its consideration and any vote thereon.

73. A general notice that a Director or alternate Director is a shareholder of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall be sufficient disclosure under Article 72 and after such general notice it shall not be necessary to give special notice relating to any particular transaction.

ALTERNATE DIRECTORS

74. Subject to the exception contained in Article 82, a Director who expects to be unable to attend Directors' Meetings because of absence, illness or otherwise may appoint any person to be an alternate Director to act in his stead and such appointee whilst he holds office as an alternate Director shall, in the event of absence therefrom of his appointor, be entitled to attend meetings of the Directors and to vote thereat and to do, in the place and stead of his appointor, any other act or thing which his appointor is permitted or required to do by virtue of his being a Director as if the alternate Director were the appointor, other than appointment of an alternate to himself, and he shall ipso facto vacate office if and when his appointor ceases to be a Director or removes the appointee from office. Any appointment or removal under this Article shall be effected by notice in writing under the hand of the Director making the same.

POWERS AND DUTIES OF DIRECTORS

75. The business of the Company shall be managed by the Directors (or a sole Director if only one is appointed) who may pay all expenses incurred in promoting, registering and setting up the Company, and may exercise all such powers of the Company as are not, from time to time by the Statute, or by these Articles, or such regulations, being not

inconsistent with the aforesaid, as may be prescribed by the Company in general meeting required to be exercised by the Company in general meeting PROVIDED HOWEVER that no regulations made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

76. The Directors may from time to time and at any time by powers of attorney appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorneys as the Directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

77. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the Directors shall from time to time by resolution determine.

78. The Directors shall cause minutes to be made in books provided for the purpose:

(a) of all appointments of officers made by the Directors;

(b) of the names of the Directors (including those represented thereat by an alternate or by proxy) present at each meeting of the Directors and of any committee of the Directors;

(c) of all resolutions and proceedings at all meetings of the Company and of the Directors and of committees of Directors.

79. The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

80. The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

MANAGEMENT
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81. (a) The Directors may from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in the three next following paragraphs shall be without prejudice to the general powers conferred by this paragraph.

(b) The Directors from time to time and at any time may establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any persons to be members of such committees or local boards or any managers or agents and may fix their remuneration.

(c) The Directors from time to time and at any time may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorise the members for the time being of any such local board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

(d) Any such delegates as aforesaid may be authorised by the Directors to subdelegate all or any of the powers, authorities, and discretions for the time being vested in them.

MANAGING DIRECTORS
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82. The Directors may, from time to time, appoint one or more of their body (but not an alternate Director) to the office of Managing Director for such term and at such remuneration (whether by way of salary, or commission, or participation in profits, or partly in one way and partly in another) as they may think fit but his appointment shall be subject to determination ipso facto if he ceases from any cause to be a Director and no alternate Director appointed by him can act in his stead as a Director or Managing Director.

83. The Directors may entrust to and confer upon a Managing Director any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit and either collaterally with or to the exclusion of their own powers and may from time to time revoke, withdraw, alter or vary all or any of such powers.

PROCEEDINGS OF DIRECTORS
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84. Except as otherwise provided by these Articles, the Directors shall meet together for the despatch of business, convening, adjourning and otherwise regulating their meetings as they think fit. Questions arising at any meeting shall be decided by a majority of votes of the Directors and alternate Directors present at a meeting at which there is a quorum, the vote of an alternate Director not being counted if his appointor be present at such meeting. In case of an equality of votes, the Chairman shall have a second or casting vote.

85. A Director or alternate Director may, and the Secretary on the requisition of a Director or alternate Director shall, at any time summon a meeting of the Directors by at least two days' notice in writing to every Director and alternate Director which notice shall set forth the general nature of the business to be considered unless notice is waived by all the Directors (or their alternates) either at, before or after the meeting is held and PROVIDED FURTHER if notice is given in person, by cable, telex or telecopy the same shall be deemed to have been given on the day it is delivered to the Directors or transmitting organisation as the case may be. The provisions of Article 40 shall apply mutatis mutandis with respect to notices of meetings of Directors.

86. The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed shall be two, a Director and his appointed alternate Director being considered only one person for this purpose, PROVIDED ALWAYS that if there shall at any time be only a sole Director the quorum shall be one. For the purposes of this Article an alternate Director or proxy appointed by a Director shall be counted in a quorum at a meeting at which the Director appointing him is not present.

87. The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors the continuing Directors or Director may act for the purpose of increasing the number of Directors to that number, or of summoning a general meeting of the Company, but for no other purpose.

88. The Directors may elect a Chairman of their Board and determine the period for which he is to hold office; but if no such Chairman is elected, or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the meeting.

89. The Directors may delegate any of their powers to committees consisting of such member or members of the Board of Directors (including Alternate Directors in the absence of their appointors) as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.

90. A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in the case of an equality of votes the Chairman shall have a second or casting vote.

91. All acts done by any meeting of the Directors or of a committee of Directors (including any person acting as an alternate Director) shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director or alternate Director, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and qualified to be a Director or alternate Director as the case may be.

92. Members of the Board of Directors or of any committee thereof may participate in a meeting of the Board or of such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. A resolution in writing (in one or more counterparts), signed by all the Directors for the time being or all the members of a committee of Directors (an alternate Director being entitled to sign such resolution on behalf of his appointor) shall be as valid and effectual as if it had been passed at a meeting of the Directors or committee as the case may be duly convened and held.

93. (a) A Director may be represented at any meetings of the Board of Directors by a proxy appointed by him in which event the presence or vote of the proxy shall for all purposes be deemed to be that of the Director.

(b) The provisions of Articles 59-62 shall mutatis mutandis apply to the appointment of proxies by Directors.

VACATION OF OFFICE OF DIRECTOR

94. The office of a Director shall be vacated:

(a) if he gives notice in writing to the Company that he resigns the office of Director;

(b) if he absents himself (without being represented by proxy or an alternate Director appointed by him) from three consecutive meetings of the Board of Directors without special leave of absence from the Directors, and they pass a resolution that he has by reason of such absence vacated office;

(c) if he dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;

(d) if he is found a lunatic or becomes of unsound mind.

APPOINTMENT AND REMOVAL OF DIRECTORS

95. The Company may by ordinary resolution appoint any person to be a Director and may in like manner remove any Director and may in like manner appoint another person in his stead.

96. The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors but so that the total amount of Directors (exclusive of alternate Directors) shall not at any time exceed the number fixed in accordance with these Articles.

PRESUMPTION OF ASSENT

97. A Director of the Company who is present at a meeting of the Board of Directors at which action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the Minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favour of such action.

SEAL

98. (a) The Company may, if the Directors so determine, have a Seal which shall, subject to paragraph (c) hereof, only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors in that behalf and every instrument to which the Seal has been affixed shall be signed by one person who shall be either a Director or the Secretary or Secretary-Treasurer or some person appointed by the Directors for the purpose.

(b) The Company may have a duplicate Seal or Seals each of which shall be a facsimile of the Common Seal of the Company and, if the Directors so determine, with the addition on its face of the name of every place where it is to be used.

(c) A Director, Secretary or other officer or representative or attorney may without further authority of the Directors affix the Seal of the Company over his signature alone to any document of the Company required to be authenticated by him under Seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

OFFICERS

99. The Company may have a President, a Secretary or Secretary-Treasurer appointed by the Directors who may also from time to time appoint such other officers as they consider necessary, all for such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors from time to time prescribe.

DIVIDENDS, DISTRIBUTIONS AND RESERVE

100. Subject to the Statute, the Directors may from time to time declare dividends (including interim dividends) and distributions on shares of the Company outstanding and authorise payment of the same out of the funds of the Company lawfully available therefor.

101. The Directors may, before declaring any dividends or distributions, set aside such sums as they think proper as a reserve or reserves which shall at the discretion of the Directors, be applicable for any purpose of the Company and pending such application may, at the like discretion, be employed in the business of the Company.

102. No dividend or distribution shall be payable except out of the profits of the Company, realised or unrealised, or out of the share premium account or as otherwise permitted by the Statute.

103. Subject to the rights of persons, if any, entitled to shares with special rights as to dividends or distributions, if dividends or distributions are to be declared on a class of shares they shall be declared and paid according to the amounts paid or credited as paid on the shares of such class outstanding on the record date for such dividend or distribution as determined in accordance with these Articles but no amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of this Article as paid on the share.

104. The Directors may deduct from any dividend or distribution payable to any Member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

105. The Directors may declare that any dividend or distribution be paid wholly or partly by the distribution of specific assets and in particular of paid up shares, debentures, or debenture stock of any other company or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees as may seem expedient to the Directors.

106. Any dividend, distribution, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the holder who is first named on the register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses, or other monies payable in respect of the share held by them as joint holders.

107. No dividend or distribution shall bear interest against the Company.

CAPITALISATION

108. The Company may upon the recommendation of the Directors by ordinary resolution authorise the Directors to capitalise any sum standing to the credit of any of the Company's reserve accounts (including share premium account and

capital redemption reserve fund) or any sum standing to the credit of profit and loss account or otherwise available for distribution and to appropriate such sum to Members in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of dividend and to apply such sum on their behalf in paying up in full unissued shares for allotment and distribution credited as fully paid up to and amongst them in the proportion aforesaid. In such event the Directors shall do all acts and things required to give effect to such capitalisation, with full power to the Directors to make such provisions as they think fit for the case of shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all of the Members interested into an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

BOOKS OF ACCOUNT

109. The Directors shall cause proper books of account to be kept with respect to:

(a) all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place;

(b) all sales and purchases of goods by the Company;

(c) the assets and liabilities of the Company.

Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

110. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by Statute or authorised by the Directors or by the Company in general meeting.

111. The Directors may from time to time cause to be prepared and to be laid before the Company in general meeting profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by law.

AUDIT

112. The Company may at any annual general meeting appoint an Auditor or Auditors of the Company who shall hold office until the next annual general meeting and may fix his or their remuneration.

113. The Directors may before the first annual general meeting appoint an Auditor or Auditors of the Company who shall hold office until the first annual general meeting unless previously removed by an ordinary resolution of the Members in general meeting in which case the Members at that meeting may appoint Auditors. The Directors may fill any casual vacancy in the office of Auditor but while any such vacancy continues the surviving or continuing Auditor or Auditors, if any, may act. The remuneration of any Auditor appointed by the Directors under this Article may be fixed by the Directors.

114. Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and Officers of the Company such information and explanation as may be necessary for the performance of the duties of the auditors.

115. Auditors shall at the next annual general meeting following their appointment and at any other time during their term of office, upon request of the Directors or any general meeting of the Members, make a report on the accounts of the Company in general meeting during their tenure of office.

NOTICES

116. Notices shall be in writing and may be given by the Company to any Member either personally or by sending it by post, cable, telex or telecopy to him or to his address as shown in the register of Members, such notice, if mailed, to be forwarded airmail if the address be outside the Cayman Islands.

117. (a) Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, pre-paying and posting a letter containing the notice, and to have been effected at the expiration of sixty hours after the letter containing the same is posted as aforesaid.

(b) Where a notice is sent by cable, telex, or telecopy, service of the notice shall be deemed to be effected by properly addressing, and sending such notice through a transmitting organisation and to have been effected on the day the same is sent as aforesaid.

118. A notice may be given by the Company to the joint holders of record of a share by giving the notice to the joint holder first named on the register of Members in respect of the share.

119. A notice may be given by the Company to the person or persons which the Company has been advised are entitled to a share or shares in consequence of the death or bankruptcy of a Member by sending it through the post as aforesaid in a pre-paid letter addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address supplied for that purpose by the persons claiming to be so entitled, or at the option of the Company by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

120. Notice of every general meeting shall be given in any manner hereinbefore authorised to:

(a) every person shown as a Member in the register of Members as of the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the register of Members; and

(b) every person upon whom the ownership of a share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a Member of record where the Member of record but for his death or bankruptcy would be entitled to receive notice of the meeting.

No other person shall be entitled to receive notices of general meetings.

WINDING UP

121. If the Company shall be wound up the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Statute, divide amongst the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability.

122. If the Company shall be wound up, and the assets available for distribution amongst the Members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as

nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. And if in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. This Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

INDEMNITY

123. The Directors and officers for the time being of the Company and any trustee for the time being acting in relation to any of the affairs of the Company and their heirs, executors, administrators and personal representatives respectively shall be indemnified out of the assets of the Company from and against all actions, proceedings, costs, charges, losses, damages and

expenses which they or any of them shall or may incur or sustain by reason of any act done or omitted in or about the execution of their duty in their respective offices or trusts, except such (if any) as they shall incur or sustain by or through their own wilful neglect or default respectively and no such Director, officer or trustee shall be answerable for the acts, receipts, neglects or defaults of any other Director, officer or trustee or for joining in any receipt for the sake of conformity or for the solvency or honesty of any banker or other persons with whom any monies or effects belonging to the Company may be lodged or deposited for safe custody or for any insufficiency of any security upon which any monies of the Company may be invested or for any other loss or damage due to any such cause as aforesaid or which may happen in or about the execution of his office or trust unless the same shall happen through the wilful neglect or default of such Director, Officer or trustee.

FINANCIAL YEAR

124. Unless the Directors otherwise prescribe, the financial year of the Company shall end on 31st December in each year and, following the year of incorporation, shall begin on 1st January in each year.

AMENDMENTS OF ARTICLES

125. Subject to the Statute, the Company may at any time and from time to time by Special Resolution alter or amend these Articles in whole or in part.

TRANSFER BY WAY OF CONTINUATION

126. If the Company is exempted as defined in the Statute, it shall, subject to the provisions of the Statute and with the approval of a Special Resolution, have the power to register by way of continuation as a body corporate under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

EXHIBIT 4.1

INDENTURE

Dated as of June 30, 1999

Among

HUNTSMAN ICI CHEMICALS LLC, as Issuer,

each of the Guarantors named herein

and

Bank One, N.A., as Trustee

_____

$600,000,000

10 1/8% Senior Subordinated Notes due 2009

EU200,000,000

10 1/8% Senior Subordinated Notes due 2009

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INDENTURE, dated as of June 30, 1999, among HUNTSMAN ICI CHEMICALS LLC, a Delaware limited liability company (the "Company"), each of the Guarantors named herein, as guarantors, and Bank One, N.A., a national banking association, as trustee (the "Trustee").

The Company has duly authorized the creation of an issue of dollar denominated 10 1/8% Senior Subordinated Notes due 2009 (the "Dollar Notes") and euro denominated 10 1/8% Senior Subordinated Notes due 2009 (the "Euro Notes" and, together with the Dollar Notes, the "Notes"). All things necessary to make the Notes, when duly issued and executed by the Company and authenticated and delivered hereunder, the valid and binding obligations of the Company and to make this Indenture a valid and binding agreement of the Company have been done.

Each party hereto agrees as follows for the benefit of the other parties and for the equal and ratable benefit of the Holders of the Company's Notes:

ARTICLE ONE

DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01. Definitions.

"Acceleration Notice" has the meaning provided in Section 6.02.

"Acquired Indebtedness" means Indebtedness of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary of

the Company or at the time it merges or consolidates with the Company or any of its Restricted Subsidiaries or assumed in connection with the acquisition of assets from such Person and in each case not incurred by such Person in connection with, or in anticipation or contemplation of, such Person becoming a Restricted Subsidiary of the Company or such acquisition, merger or consolidation, except for Indebtedness of a Person or any of its Subsidiaries that is repaid at the time such Person becomes a Restricted Subsidiary of the Company or at the time it merges or consolidates with the Company or any of its Restricted Subsidiaries.

"Affiliate" means, with respect to any specified Person, any other Person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under

common control with, such specified Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative of the foregoing; provided, however, that none of the Initial Purchasers or their respective Affiliates shall be deemed to be an Affiliate of the Company.

"Affiliate Transaction" has the meaning provided in Section 4.11.

"Agent" means any Registrar, Paying Agent or Co-Registrar.

"Agent Member" means, with respect to any Depository, any member of, or participant in, such Depository.

"Applicable Procedures" has the meaning provided in Section 2.16(a)(ii).

"Asset Acquisition" means (a) an Investment by the Company or any Restricted Subsidiary of the Company in any other Person pursuant to which such Person shall become a Restricted Subsidiary of the Company or of any Restricted Subsidiary of the Company, or shall be merged with or into the Company or of any Restricted Subsidiary of the Company, or (b) the acquisition by the Company or any Restricted Subsidiary of the Company of the assets of any Person (other than a Restricted Subsidiary of the Company) which constitute all or substantially all of the assets of such Person or comprises any division or line of business of such Person or any other properties or assets of such Person other than in the ordinary course of business.

"Asset Sale" means any direct or indirect sale, issuance, conveyance, transfer, lease (other than operating leases entered into in the ordinary course of business), assignment or other transfer for value by the Company or any of its Restricted Subsidiaries (including any Sale and Leaseback Transaction) to any Person other than the Company or a Restricted Subsidiary of the Company of (a) any Capital Stock of any Restricted Subsidiary of the Company; or (b) any other property or assets of the Company or any Restricted Subsidiary of the Company other than in the ordinary course of business; provided, however, that

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Asset Sales shall not include (i) a transaction or series of related transactions for which the Company

or its Restricted Subsidiaries receive aggregate consideration of less than $5 million, (ii) sales of accounts receivable and related assets (including contract rights) of the type specified in the definition of "Qualified Securitization Transaction" to a Securitization Entity for the fair market value thereof, (iii) sales or grants of licenses to use the Company's or any Restricted Subsidiary's patents, trade secrets, know-how and other intellectual property of the Company or any of its Restricted Subsidiaries to the extent that such license does not prohibit the Company or any of its Restricted Subsidiaries from using the technology licensed or require the Company or any of its Restricted Subsidiaries to pay any fees for any such use, (iv) the sale, lease, conveyance, disposition or other transfer (A) of all or substantially all of the assets of the Company as permitted under Section 5.01, (B) of any Capital Stock

or other ownership interest in or assets or property of an Unrestricted Subsidiary or a Person which is not a Subsidiary, (C) pursuant to any foreclosure of assets or other remedy provided by applicable law to a creditor of the Company or any Subsidiary of the Company with a Lien on such assets, which Lien is permitted under the Indenture; provided that such foreclosure or other remedy is conducted in a commercially reasonable manner or in accordance with any bankruptcy law, (D) involving only Cash Equivalents, Foreign Cash Equivalents or inventory in the ordinary course of business or obsolete equipment in the ordinary course of business consistent with past practices of the Company or (E) including only the lease or sublease of any real or personal property in the ordinary course of business, (v) the consummation of any transaction in accordance with the terms of Section 4.03, (vi) Permitted Investments and (vii) any merger or other consolidation permitted by Article V.

"Bankruptcy Law" means Title 11, United States Code or any similar federal, state or foreign law for the relief of debtors.

"Board of Directors" means, as to any Person, the Board of Directors, the board of managers or other similar body of such Person or any duly authorized committee thereof.

"Board Resolution" means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day" means a day that is not a Legal Holiday.

"Capital Stock" means (i) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including each class of Common Stock and Preferred Stock of such Person and (ii) with respect to any Person that is not a corporation, any and all partnership, membership or other equity interests of such Person.

"Capitalized Lease Obligation" means, as to any Person, the obligations of such Person under a lease that are required to be classified and accounted for as capital lease obligations under GAAP and, for purposes of this definition, the amount of such obligations at any date shall be the capitalized amount of such obligations at such date, determined in accordance with GAAP.

"Cash Equivalents" means (i) a marketable obligation, maturing within two years after issuance thereof, issued or guaranteed by the United States of America or an instrumentality or agency thereof, (ii) a certificate of deposit or banker's acceptance, maturing within one year after issuance thereof, issued by any lender under the Credit Facilities, or a national or state bank or trust company or a European, Canadian or Japanese bank, in each case having capital, surplus and undivided profits of at least $100,000,000 and whose long-term unsecured debt has a rating of "A" or better by S&P or A2 or better by Moody's or the equivalent rating by any other nationally recognized rating agency (provided that the aggregate face amount of all Investments in certificates of deposit or bankers' acceptances issued by the principal offices of or branches of such European or Japanese banks located outside the United States shall not at any time exceed 33 1/3% of all Investments described in this definition), (iii) open market commercial paper, maturing within 270 days after issuance thereof, which has a rating of A1 or better by S&P or P1 or better by Moody's or the equivalent rating by any other nationally recognized rating agency, (iv) repurchase agreements and reverse repurchase agreements with a term not in excess of one year with any financial institution which has been elected primary government securities dealers by the Federal Reserve Board or whose securities are rated AA- or better by S&P or Aa3 or better by Moody's or the equivalent rating by any other nationally recognized rating agency relating to marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency or instrumentality thereof and backed by

the full faith and credit of the United States of America, (v) "Money Market"

preferred stock maturing within six months after issuance thereof or municipal bonds issued by a corporation organized under the laws of any state of the United States, which has a rating of "A" or better by S&P or Moody's or the equivalent rating by any other nationally recognized rating agency, (vi) tax exempt floating rate option tender bonds backed by letters of credit issued by a national or state bank whose long-term unsecured debt has a rating of AA or better by S&P or Aa2 or better by Moody's or the equivalent rating by any other nationally recognized rating agency, and (vii) shares of any money market mutual fund rated at least AAA or the equivalent thereof by S&P or at least Aaa or the equivalent thereof by Moody's or any other mutual fund holding assets consisting (except for de minimis amounts) of the type specified in clauses (i) through (vi) above.

"Change of Control" means (i) prior to the initial public equity offering of the Company, the failure by Mr. Jon M. Huntsman, his spouse, direct descendants or an entity controlled by any of the foregoing and/or by a trust of the type described hereafter, and/or by a trust for the benefit of any of the foregoing (the "Huntsman Group"), collectively, to have the power, directly or indirectly, to vote or direct the voting of securities having at least a majority of the ordinary voting power for the election of directors (or the equivalent) of the Company or (ii) after the initial public equity offering, the occurrence of the following: (x) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more members of the Huntsman Group, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a Person shall be deemed to have "beneficial ownership" of all securities that such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of 35% or more of the then outstanding voting capital stock of the Company other than in a transaction having the approval of the Board of Directors of the Company at least a majority of which members are Continuing Directors; or (y) Continuing Directors shall cease to constitute at least a majority of the Board of Directors of the Company.

"Change of Control Date" has the meaning provided in Section 4.14.

"Change of Control Offer" has the meaning provided in Section 4.14.

"Change of Control Payment Date" has the meaning provided in Section 4.14.

"Class A Shares" means the Class A Shares of TG which have voting rights but no rights to dividends and a nominal liquidation preference.

"Class B Shares" means the Class B Shares of Holdings U.K., which have voting rights, a right to nominal dividends and a nominal liquidation preference.

"Commission" or "SEC" means the Securities and Exchange Commission.

"Commodity Agreements" means any commodity futures contract, commodity option or other similar agreement or arrangement entered into by the Company or any of its Restricted Subsidiaries designed to protect the Company or any of its Restricted Subsidiaries against fluctuations in the price of commodities actually at that time used in the ordinary course of business of the Company or its Restricted Subsidiaries.

"Common Depositary" means The First National Bank of Chicago, London Branch, as common depositary for Euroclear and depositary for the Euro Denominated Securities, together with its successors in such capacity.

"Common Stock" of any Person means any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock, whether outstanding on the Issue Date or issued after the Issue Date, and includes, without limitation, all series and classes of such common stock.

"Company" means the party named as such in this Indenture until a successor replaces it pursuant to this Indenture and thereafter means such successor and also includes for the purposes of any provision contained herein and required by the TIA any other obligor on the Notes.

"Consolidated EBITDA" means, with respect to any Person, for any period, the sum (without duplication) of (i) Consolidated Net Income and (ii) to the extent Consolidated Net Income has been reduced thereby, (A) all income taxes of such Person and its Restricted Subsidiaries paid or accrued in accordance with GAAP for such period (other than income taxes attributable to extraordinary, unusual or nonrecurring gains or losses or taxes attributable to sales or dispositions outside

the ordinary course of business) and Permitted Tax Distributions paid during such period, (B) Consolidated Interest Expense and (C) Consolidated Non-cash Charges less any non-cash items increasing Consolidated Net Income for such period, all as determined on a consolidated basis for such Person and its Restricted Subsidiaries in accordance with GAAP.

"Consolidated Fixed Charge Coverage Ratio" means, with respect to any Person, the ratio of Consolidated EBITDA of such Person during the four full fiscal quarters for which financial statements are available under Section 4.09 (the "Four Quarter Period") ending on or prior to the date of the transaction giving rise to the need to calculate the Consolidated Fixed Charge Coverage Ratio (the "Transaction Date") to Consolidated Fixed Charges of such Person for the Four Quarter Period. In addition to and without limitation of the foregoing, for purposes of this definition, "Consolidated EBITDA" and "Consolidated Fixed Charges" shall be calculated after giving effect on a pro forma basis for the period of such calculation to (i) the incurrence or repayment of any Indebtedness of such Person or any of its Restricted Subsidiaries (and the application of the proceeds thereof) giving rise to the need to make such calculation and any incurrence or repayment of other Indebtedness (and the application of the proceeds thereof), other than the incurrence or repayment of Indebtedness in the ordinary course of business for working capital purposes pursuant to working capital facilities, occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and prior to the Transaction Date, as if such incurrence or repayment, as the case may be (and the application of the proceeds thereof), occurred on the first day of the Four Quarter Period and (ii) any Asset Sales or Asset Acquisitions (including, without limitation, any Asset Acquisition giving rise to the need to make such calculation as a result of such Person or one of its Restricted Subsidiaries (including any Person who becomes a Restricted Subsidiary as a result of the Asset Acquisition)incurring, assuming or otherwise being liable for Acquired Indebtedness and also including any Consolidated EBITDA (provided that such Consolidated EBITDA shall be included only to the extent includible pursuant to the definition of "Consolidated Net Income") attributable to the assets which are the subject of the Asset Acquisition or Asset Sale during the Four Quarter Period) occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and on or prior to the Transaction Date, as if such Asset Sale or Asset Acquisition (including the incurrence, assumption or liability for any such Acquired Indebtedness) occurred on the first day of the Four Quarter Period. If

such Person or any of its Restricted Subsidiaries directly or indirectly guarantees Indebtedness of a Person other than the Company or a Restricted Subsidiary, the preceding sentence shall give effect to the incurrence of such guaranteed Indebtedness as if such Person or any Restricted Subsidiary of such Person had directly incurred or otherwise assumed such guaranteed Indebtedness. Furthermore, in calculating "Consolidated Fixed Charges" for purposes of determining the denominator (but not the numerator) of this "Consolidated Fixed Charge Coverage Ratio," (1) interest on outstanding Indebtedness determined on a fluctuating basis as of the Transaction Date and which will continue to be so determined thereafter shall be deemed to have accrued at a fixed rate per annum equal to the rate of interest on such Indebtedness in effect on the Transaction Date; (2) if interest on any Indebtedness actually incurred on the Transaction Date may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rates, then the interest rate in effect on the Transaction Date will be deemed to have been in effect during the Four Quarter Period; and (3) notwithstanding clause (1) above, interest on Indebtedness determined on a fluctuating basis, to the extent such interest is covered by agreements relating to Interest Swap

Obligations, shall be deemed to accrue at the rate per annum resulting after giving effect to the operation of such agreements.

"Consolidated Fixed Charges" means, with respect to any Person for any period, the sum, without duplication, of (i) Consolidated Interest Expense, plus (ii) the product of (x) the amount of all dividend payments on any series of Preferred Stock of such Person and its Restricted Subsidiaries (other than dividends paid in Qualified Capital Stock and other than dividends paid to such Person or to a Restricted Subsidiary of such Person) paid, accrued or scheduled to be paid or accrued during such period times (y) a fraction, the numerator of which is one and the denominator of which is one minus the then current effective consolidated federal, state and local tax rate of such Person, expressed as a decimal.

"Consolidated Interest Expense" means, with respect to any Person for any period, the sum of, without duplication: (i) the aggregate of the interest expense of such Person and its Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP, including without limitation, (a) any amortization of debt discount and amortization or write-off of deferred financing costs, (b) the net costs under Interest Swap Obligations, (c) all capitalized interest and (d) the interest portion of any deferred payment ob-

ligation; and (ii) the interest component of Capitalized Lease Obligations paid, accrued and/or scheduled to be paid or accrued by such Person and its Restricted Subsidiaries during such period as determined on a consolidated basis in accordance with GAAP.

"Consolidated Net Income" means, with respect to any Person, for any period, the aggregate net income (or loss) of such Person and its Restricted Subsidiaries for such period on a consolidated basis, determined in accordance with GAAP plus (y) cash dividends or distributions paid to such Person by any other Person (the "Payor") other than a Restricted Subsidiary of the referent Person, to the extent not otherwise included in Consolidated Net Income, which have been derived from operating cash flow of the Payor; provided that there
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shall be excluded therefrom (a) after-tax gains from Asset Sales or abandonments or reserves relating thereto, (b) after-tax items classified as extraordinary or nonrecurring gains, (c) the net income of any Person acquired in a "pooling of interests" transaction accrued prior to the date it becomes a Restricted Subsidiary of the referent Person or is merged or consolidated with the referent Person or any Restricted Subsidiary of the referent Person, (d) the net income (but not loss) of any Restricted Subsidiary of the referent Person to the extent that the declaration of dividends or similar distributions by that Restricted Subsidiary of that income is restricted; provided, however, that the net income
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of Foreign Subsidiaries shall not be excluded in any calculation of Consolidated Net Income of the Company as a result of application of this clause (d) if the restriction on dividends or similar distribution results from consensual restrictions, (e) the net income or loss of any Person, other than a Restricted Subsidiary of the referent Person, except to the extent of cash dividends or distributions paid to the referent Person or to a Wholly Owned Restricted Subsidiary of the referent Person by such Person, (f) any restoration to income of any contingency reserve, except to the extent that provision for such reserve was made out of Consolidated Net Income accrued at any time following the Issue Date, (g) income or loss attributable to discontinued operations (including, without limitation, operations disposed of during such period whether or not such operations were classified as discontinued), (h) in the case of a successor to the referent Person by consolidation or merger or as a transferee of the referent Person's assets, any earnings of the successor corporation prior to such consolidation, merger or transfer of assets, (i) all gains or losses from the cumulative effect of any change in accounting principles and (j) the net amount of all Permitted Tax Distributions made during such period.

"Consolidated Net Worth" of any Person means the consolidated stockholders' equity (or equivalent) of such Person, determined on a consolidated basis in accordance with GAAP, less (without duplication) amounts

attributable to Disqualified Capital Stock of such Person.

"Consolidated Non-cash Charges" means, with respect to any Person, for any period, the aggregate depreciation, amortization and other non-cash charges of such Person and its Restricted Subsidiaries reducing Consolidated Net Income of such Person and its Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP (excluding any such charges constituting an extraordinary item or loss or any such charge which requires an accrual of or a reserve for cash charges for any future period).

"Continuing Directors" means, as of any date, the collective reference to (i) all members of the Board of Directors of the Company who have held office continuously since a date no later than the later of (x) twelve months prior to the Company's initial public equity offering and (y) the Issue Date, and (ii) all members of the Board of Directors of the Company who assumed office after such date and whose appointment or nomination for election by the Company's shareholders was approved by a vote of at least 50% of the Continuing Directors in office immediately prior to such appointment or nomination or by the Huntsman Group.

"Contribution Agreement" means the Contribution Agreement dated as of April 15, 1999 (as amended and in effect on the Issue Date) between ICI, Huntsman Specialty and Huntsman ICI Holdings LLC.

"Covenant Defeasance" has the meaning set forth in Section 8.01.

"Credit Facilities" means the senior secured Credit Agreement, dated as of April 15, 1999 among the Company and the financial institutions party thereto, together with the related documents thereto (including, without limitation, any guarantee agreements and security documents). In each case as such agreements may be amended (including any amendment and restatement thereof), supplemented, extended or otherwise modified from time to time, and any one or more debt facility, indenture or other agreement refinancing, replacing (whether or not contemporaneously) or otherwise restructuring (including increasing the amount of available borrowings thereunder (provided that such increase in borrowings is permitted under Sec-

tion 4.12) or making Restricted Subsidiaries of the Company a borrower, additional borrower or guarantor thereunder) all or any portion of the Indebtedness under such agreement or any successor or replacement agreement and whether including any additional obligors or with the same or any other agent, lender or group of lenders or with other financial institutions or lenders.

"Currency Agreement" means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement designed to protect the Company or any Restricted Subsidiary of the Company against fluctuations in currency values.

"Custodian" means any receiver, trustee, assignee, liquidator, sequestrator or similar official under any Bankruptcy Law.

"Default" means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

"Depositary" means DTC or the Common Depositary, as the case may be.

"Designated Senior Debt" means (i) Senior Debt under or in respect of the Credit Facilities and (ii) any other Indebtedness constituting Senior Debt which, at the time of determination, has an aggregate principal amount of at least $100,000,000 and is specifically designated in the instrument evidencing such Senior Debt as "Designated Senior Debt" by the Company.

"Discharged" means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by, and obligations under, the Notes and to have satisfied all the obligations under this Indenture relating to the Notes (and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging the same upon compliance by the Company with the provisions of Article Eight), except (i) the rights of the Holders of Notes to receive, from the trust fund described in Article Eight, payment of the

principal of and the interest on such Notes when such payments are due, (ii) the Company's obligations with respect to the Notes under Sections 2.03 through 2.07, 7.07 and 7.08 and (iii) the rights, powers, trusts, duties and immunities of the Trustee hereunder.

"Disqualified Capital Stock" means that portion of any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the sole option of the holder thereof on or prior to the final maturity date of the Notes.

"Dollar Paying Agent" means an office or agency of the Company where Dollar Notes may be presented for payment.

"Dollar Registrar" means an office or agency of the Company in the borough of Manhattan, the City of New York, where Dollar Notes may be presented for registration of transfer or exchange.

"Domestic Subsidiary" means any Subsidiary other than a Foreign Subsidiary.

"DTC" means the Depository Trust Company, its nominees and successors.

"Equity Offering" has the meaning provided in paragraph 5 of the Notes.

"euro" or "EU" means the currency introduced at the start of the third stage of economic and monetary union pursuant to the Treaty of Rome establishing the European Community, as amended by the Treaty on European Union, signed at Maastricht on February 7, 1992.

"Euroclear" means Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System.

"Euro Obligations" means non-callable government obligations of any member nation of the European Union whose official currency is the Euro, rated AAA or better by S&P and Aaa or better by Moodys.

"Euro Paying Agent" means an office or agency of the Company where Euro Notes may be presented for payment.

"Euro Registrar" means an office or agency of the Company where Euro Notes may be presented for registration of transfer or exchange.

"Event of Default" has the meaning provided in Section 6.01.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

"Exchange Notes" means notes issued in exchange for the Notes pursuant to the terms of the Registration Rights Agreement.

"fair market value" means, with respect to any asset or property, the price which could be negotiated in an arm's-length, free market transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction. Fair market value shall be determined by the Board of Directors of the Company acting reasonably and in good faith and shall be evidenced by a Board Resolution of the Board of Directors of the Company delivered to the Trustee.

"Foreign Cash Equivalents" means (i) debt securities with a maturity of 365 days or less issued by any member nation of the European Union, Switzerland or any other country whose debt securities are rated by S&P and Moody's A-1 or P-1, or the equivalent thereof (if a short-term debt rating is provided by either) or at least AA or AA2, or the equivalent thereof (if a long-term unsecured debt rating is provided by either) (each such jurisdiction, an

"Approved Jurisdiction") or any agency or instrumentality of an Approved Jurisdiction, provided that the full faith and credit of the Approved Jurisdiction is pledged in support of such debt securities or such debt securities constitute a general obligation of the Approved Jurisdiction and (ii) debt securities in an aggregate principal amount not to exceed $25 million with a maturity of 365 days or less issued by any nation in which the Company or its Restricted Subsidiaries have cash which is the subject of restrictions on export or any agency or instrumentality of such nation, provided that the full faith and credit of such nation is pledged in support of such debt securities or such debt securities constitute a general obligation of such nation.

"Foreign Subsidiary" means any Restricted Subsidiary of the Company (other than a Guarantor) organized under the laws of, and conducting a substantial portion of its business in, any jurisdiction other than the United States or any state thereof or the District of Columbia.

"Funds" means the aggregate amount of U.S. Legal Tender and/or U.S. Government Obligations (in the case of Dollar Notes) and euros and/or Euro Obligations (in the case of the

Euro Notes) deposited with the Trustee pursuant to Article Eight.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession of the United States, which are in effect as of the Issue Date.

"Global Security" means a Regulation S Global Security (or Unrestricted Global Security) or a Restricted Global Security.

"Guarantee" means the guarantee of a Guarantor of the obligations of the Company under the Indenture and the Notes.

"Guarantor" means (i) each of TG, HICI Financial and Tioxide Americas, Inc. and (ii) each of the Company's Restricted Subsidiaries that in the future executes a supplemental indenture in which such Restricted Subsidiary agrees to be bound by the terms of this Indenture as a Guarantor; provided that any Person

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constituting a Guarantor as described above shall cease to constitute a Guarantor when its respective Guarantee is released in accordance with the terms of this Indenture.

"Guarantor Senior Debt" means with respect to any Guarantor, (i) the principal of, premium, if any, and interest (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable law) on any Indebtedness of a Guarantor, whether outstanding on the Issue Date or thereafter created, incurred or assumed, unless, in the case of any particular Indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness shall not be senior in right of payment to the Guarantee of such Guarantor. Without limiting the generality of the foregoing, "Guarantor Senior Debt" shall also include the principal of, premium, if any, interest (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable law) on, and all other amounts owing in respect of, (w) all monetary obligations of every na-

ture of a Guarantor in respect of the Credit Facilities, including, without limitation, obligations to pay principal and interest, reimbursement obligations under letters of credit, fees, expenses and indemnities, (x) all monetary obligations of every nature of a Guarantor evidenced by a promissory note and which is, directly or indirectly, pledged as security for the obligations of the Company under the Credit Facilities, (y) all Interest Swap Obligations and (z)

all obligations under Currency Agreements, in each case whether outstanding on the Issue Date or thereafter incurred. Notwithstanding the foregoing, "Guarantor Senior Debt" shall not include (i) any Indebtedness of such Guarantor to a Restricted Subsidiary of such Guarantor or any Affiliate of such Guarantor or any of such Affiliate's Subsidiaries other than as described in clause (x), (ii) Indebtedness to, or guaranteed on behalf of, any shareholder, director, officer or employee of such Guarantor or any Restricted Subsidiary of such Guarantor (including, without limitation, amounts owed for compensation), (iii) Indebtedness to trade creditors and other amounts incurred in connection with obtaining goods, materials or services, (iv) Indebtedness represented by Disqualified Capital Stock, (v) any liability for federal, state, local or other taxes owed or owing by such Guarantor, (vi) Indebtedness incurred in violation of Section 4.12, (vii) Indebtedness which, when incurred and without respect to any election under Section 1111(b) of Title 11, United States Code, is without recourse to the Company and (viii) any Indebtedness which is, by its express terms, subordinated in right of payment to any other Indebtedness of such Guarantor.

"HICI Financial" means Huntsman ICI Financial LLC, a Delaware limited liability company, or any Wholly Owned Restricted Subsidiary of the Company which complies with all covenants applicable to HICI Financial under this Indenture.

"Holder" or "Noteholder" means the Person in whose name a Note is registered on the Registrar's books.

"Holdings" means Huntsman ICI Holdings LLC, a Delaware limited liability company.

"Holdings U.K." means Huntsman ICI Holdings (UK), a private unlimited company incorporated under the laws of England and Wales, or any direct Wholly Owned Restricted Subsidiary of the Company which complies with all covenants applicable to Holdings U.K. under this Indenture.

"Holdings Zero Coupon Notes" means, collectively, the Senior Discount Notes due 2009 and the Subordinated Discount

Notes due 2009 issued by Holdings, and any notes into which any such Holdings Zero Coupon Notes may be exchanged or replaced pursuant to the terms of the indenture pursuant to which such Holding Zero Coupon Notes are issued.

"Huntsman Affiliate" means Huntsman Corporation or any of its Affiliates (other than Holdings and its Subsidiaries).

"Huntsman Corporation" means Huntsman Corporation, a Utah corporation.

"Huntsman Specialty" means Huntsman Specialty Chemicals Corporation, a Utah corporation.

"ICI Affiliate" means ICI or any Affiliate of ICI.

"Indebtedness" means with respect to any Person, without duplication, (i) all Obligations of such Person for borrowed money, (ii) all Obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all Capitalized Lease Obligations of such Person, (iv) all Obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations and all Obligations under any title retention agreement (but excluding trade accounts payable and other accrued liabilities arising in the ordinary course of business that are not overdue by 90 days or more or are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted), (v) all Obligations for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction, (vi) guarantees and other contingent obligations in respect of Indebtedness referred to in clauses (i) through (v) above and clause (viii) below, (vii) all Obligations of any other Person of the type referred to in clauses (i) through (vi) which are secured by any lien on any property or asset of such Person, the amount of such Obligation being deemed to be the lesser of the fair market value of such property or asset or the amount of the Obligation so secured, (viii) all Obligations under Currency Agreements, Commodity Agreements and Interest Swap Agreements of such Person and (ix) all Disqualified

Capital Stock issued by such Person with the amount of Indebtedness represented by such Disqualified Capital Stock being equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any. For purposes hereof, the "maximum fixed repurchase price" of any Disqualified Capital Stock which does not have a fixed repurchase price

shall be calculated in accordance with the terms of such Disqualified Capital Stock as if such Disqualified Capital Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to this Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Capital Stock, such fair market value shall be determined reasonably and in good faith by the Board of Directors of the issuer of such Disqualified Capital Stock; provided, however, that notwithstanding the
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foregoing, "Indebtedness" shall not include (i) advances paid by customers in the ordinary course of business for services or products to be provided or delivered in the future, (ii) deferred taxes or (iii) unsecured indebtedness of the Company and/or its Restricted Subsidiaries incurred to finance insurance premiums in a principal amount not in excess of the insurance premiums to be paid by the Company and/or its Restricted Subsidiaries for a three year period beginning on the date of any incurrence of such indebtedness.

"Indenture" means this Indenture, as amended or supplemented from time to time in accordance with the terms hereof.

"Independent Financial Advisor" means a firm (i) which does not, and whose directors, officers and employees or Affiliates do not, have a direct or indirect financial interest in the Company and (ii) which, in the judgment of the Board of Directors of the Company, is otherwise independent and qualified to perform the task for which it is to be engaged.

"Initial Purchasers" means Goldman, Sachs & Co, Deutsche Bank Securities Inc., Chase Securities Inc., and Warburg Dillon Read LLC.

"Institutional Accredited Investor" means an accredited investor within the meaning of Rule 501(a)(1), (2), (3), OR (7) under the Securities Act.

"Interest Payment Date" means the stated maturity of an installment of interest on the Notes.

"Interest Swap Obligations" means the obligations of any Person pursuant to any arrangement with any other Person, whereby, directly or indirectly, such Person is entitled to receive from time to time periodic payments calculated by applying either a floating or a fixed rate of interest on a stated notional amount in exchange for periodic payments made by such other Person calculated by applying a fixed or a floating rate

of interest on the same notional amount and shall include, without limitation, interest rate swaps, caps, floors, collars and similar agreements.

"Investment" means, with respect to any Person, any direct or indirect loan or other extension of credit (including, without limitation, a guarantee) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Indebtedness issued by, any Person. "Investment" shall exclude extensions of trade credit by the Company and its Restricted Subsidiaries on commercially reasonable terms in accordance with normal trade practices of the Company or such Restricted Subsidiary, as the case may be. For the purposes of Section 4.03, (i) "Investment" shall include and be valued at the fair market value of the net assets of any Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary and shall exclude the fair market value of the net assets of any Unrestricted Subsidiary at the time that such Unrestricted Subsidiary is designated a Restricted Subsidiary and (ii) the amount of any Investment shall be the original cost of such Investment plus the

cost of all additional Investments by the Company or any of its Restricted Subsidiaries, without any adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect to such Investment, reduced by the payment of dividends or distributions in connection with such Investment or any other amounts received in respect of such Investment; provided that no such

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payment of dividends or distributions or receipt of any such other amounts shall reduce the amount of any Investment if such payment of dividends or distributions or receipt of any such amounts would be included in Consolidated Net Income. If the Company or any Restricted Subsidiary of the Company sells or otherwise disposes of any Common Stock of any direct or indirect Restricted Subsidiary of the Company such that, after giving effect to any such sale or disposition, the Company no longer owns, directly or indirectly, greater than 50% of the outstanding Common Stock of such Restricted Subsidiary, the Company shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Common Stock of such Restricted Subsidiary not sold or disposed of.

"Issue Date" means the date of original issuance of the Notes.

"Legal Holiday" has the meaning provided in Section 13.07.

"Lien" means any lien, mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest), but not including any interest in accounts receivable and related assets conveyed by the Company or any of its Subsidiaries in connection with any Qualified Securitization Transaction.

"LPC" means Louisiana Pigment Company.

"Legal Defeasance" has the meaning given to such term in Section 8.01.

"Maturity Date" means July 1, 2009.

"Net Cash Proceeds" means, with respect to any Asset Sale, the proceeds in the form of cash, Cash Equivalents or Foreign Cash Equivalents including payments in respect of deferred payment obligations when received in the form of cash, Cash Equivalents or Foreign Cash Equivalents (other than the portion of any such deferred payment constituting interest) received by the Company or any of its Restricted Subsidiaries from such Asset Sale net of (a) all out-of-pocket expenses and fees relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees and sales commissions), (b) taxes paid or payable after taking into account any reduction in consolidated tax liability due to available tax credits or deductions and any tax sharing arrangements, (c) repayment of Indebtedness that is required to be repaid in connection with such Asset Sale (d) the decrease in proceeds from Qualified Securitization Transactions which results from such Asset Sale and (e) appropriate amounts to be provided by the Company or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with GAAP, against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale.

"Net Proceeds Offer" has the meaning provided in Section 4.15.

"Net Proceeds Offer Amount" has the meaning provided in Section 4.15.

"Net Proceeds Offer Payment Date" has the meaning provided in Section 4.15.

"Net Proceeds Offer Trigger Date" has the meaning provided in Section 4.15.

"Non-U.S. Person" has the meaning assigned to such term in Regulation

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"Notes" means, collectively, the Notes and the Exchange Notes, treated as a single class of securities under this Indenture, except as set forth herein.

"Obligations" means all obligations for principal, premium, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Officer" means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, any Vice President, the Chief Financial Officer, the Treasurer, the Financial Director, or the Secretary of such Person, or any other officer designated by the Board of Directors serving in a similar capacity.

"Officers' Certificate" means, with respect to any Person, a certificate signed by two Officers or by an Officer and either an Assistant Treasurer or an Assistant Secretary of such Person and otherwise complying with the requirements of Sections 13.04 and 13.05, as they relate to the making of an Officers' Certificate, and delivered to the Trustee.

"Opinion of Counsel" means a written opinion from legal counsel who is reasonably acceptable to the Trustee complying with the requirements of Sections 13.04 and 13.05, as they relate to the giving of an Opinion of Counsel, and delivered to the Trustee.

"Organizational Documents" means, with respect to any Person, such Person's memorandum, articles or certificate of incorporation, bylaws, partnership agreement, joint venture agreement, limited liability company agreement or other similar governing documents and any document setting forth the designation, amount and/or relative rights, limitations and preferences of any class or series of such Person's Capital Stock.

"Participants" means (i) with respect to the Dollar Notes, institutions that have accounts with DTC or its nominee and (ii) with respect to the Euro Notes, institutions that have accounts with Euroclear or their respective nominees.

"Paying Agent" has the meaning provided in Section 2.03, except that, during the continuance of a Default or Event of Default and for the purposes of Articles Three and Eight and Sections 4.14 and 4.15, the Paying Agent shall not be the Company or any Affiliate of the Company.

"Permitted Indebtedness" means, without duplication, each of the following:

(i) Indebtedness under the Notes, this Indenture and the Guarantees;

(ii) Indebtedness incurred pursuant to the Credit Facilities (including the Notes) in an aggregate principal amount not exceeding $2.4 billion at any one time outstanding, less the amount of any payments made by the Company under the Credit Facilities with the Net Cash Proceeds of any Asset Sale (which are accompanied by a corresponding permanent commitment reduction) pursuant to clause (iii)(A) of the first sentence of Section 4.15;

(iii) other Indebtedness of the Company and its Restricted Subsidiaries outstanding on the Issue Date reduced by the amount of any prepayments with Net Cash Proceeds of any Asset Sale (which are accompanied by a corresponding permanent commitment reduction) pursuant to Section 4.15;

(iv) Interest Swap Obligations of the Company relating to Indebtedness of the Company or any of its Restricted Subsidiaries (or Indebtedness which the Company or any its Restricted Subsidiaries reasonably intends to incur within six months) and Interest Swap Obligations of any Restricted Subsidiary of the Company relating to Indebtedness of such Restricted Subsidiary (or Indebtedness which such

Restricted Subsidiary reasonably intends to incur within six months); provided, however, that such Interest Swap Obligations are entered into to protect the Company and its Restricted Subsidiaries from fluctuation in interest rates on Indebtedness permitted under the Indenture to the extent the notional principal amount of such Interest Swap Obligation, when Incurred, does not ex-

ceed the principal amount of the Indebtedness to which such Interest Swap Obligation relates;

(v) Indebtedness under Commodity Agreements and Currency Agreements; provided that in the case of Currency Agreements which relate to Indebtedness, such Currency Agreements do not increase the Indebtedness of the Company and its Restricted Subsidiaries outstanding other than as a result of fluctuations in foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder;

(vi) Indebtedness of a Restricted Subsidiary of the Company to the Company or to a Restricted Subsidiary of the Company for so long as such Indebtedness is held by the Company or a Restricted Subsidiary of the Company, in each case subject to no Lien held by a Person other than the Company or a Restricted Subsidiary of the Company (other than the pledge of intercompany notes under the Credit Facilities); provided that if as of any date any Person other than the Company or a Restricted Subsidiary of the Company owns or holds any such Indebtedness or holds a Lien in respect of such Indebtedness (other than the pledge of intercompany notes under the Credit Facilities), such date shall be deemed the incurrence of Indebtedness not constituting Permitted Indebtedness by the issuer of such Indebtedness;

(vii) Indebtedness of the Company to a Restricted Subsidiary for so long as such Indebtedness is held by a Restricted Subsidiary, in each case subject to no Lien (other than Liens securing intercompany notes pledged under the Credit Facilities); provided that (a) any Indebtedness of the Company to any Restricted Subsidiary (other than pursuant to notes pledged under the Credit Facilities) is unsecured and subordinated, pursuant to a written agreement, to the Company's obligations under this Indenture and the Notes and (b) if as of any date any Person other than a Restricted Subsidiary of the Company owns or holds any such Indebtedness or any Person holds a Lien in respect of such Indebtedness (other than pledges securing the Credit Facilities), such date shall be deemed the incurrence of Indebtedness not constituting Permitted Indebtedness by the Company;

(viii) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of day-

light overdrafts) drawn against insufficient funds in the ordinary course of business; provided, however, that such Indebtedness is extinguished within two business days of incurrence;

(ix) Indebtedness of the Company or any of its Restricted Subsidiaries represented by letters of credit for the account of the Company or such Restricted Subsidiary, as the case may be, in order to provide security for workers' compensation claims, payment obligations in connection with self-insurance or similar requirements in the ordinary course of business;

(x) Refinancing Indebtedness;

(xi) Indebtedness arising from agreements of the Company or a Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred in connection with the

disposition of any business, assets or Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Subsidiary for the purpose of financing such acquisition; provided that the maximum aggregate liability in respect of
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all such Indebtedness shall at no time exceed the gross proceeds actually received by the Company and the Subsidiary in connection with such disposition;

(xii) Obligations in respect of performance bonds and completion, guarantee, surety and similar bonds provided by the Company or any Restricted Subsidiary in the ordinary course of business;

(xiii) guarantees by the Company or a Restricted Subsidiary of Indebtedness incurred by the Company or a Restricted Subsidiary so long as the incurrence of such Indebtedness by the Company or any such Restricted Subsidiary is otherwise permitted by the terms of the Indenture;

(xiv) Indebtedness of the Company or any Restricted Subsidiary incurred in the ordinary course of business not to exceed $35 million at any time outstanding (A) representing Capitalized Lease Obligations or (B) constituting purchase money Indebtedness incurred to finance property or assets of the Company or any Restricted Subsidiary of the Company acquired in the ordinary course of business; provided, however, that such purchase
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money Indebtedness shall not exceed the cost of such property or assets and

shall not be secured by any property or assets of the Company or any Restricted Subsidiary of the Company other than the property and assets so acquired;

(xv) Indebtedness of Foreign Subsidiaries to the extent that the aggregate outstanding amount of Indebtedness incurred by such Foreign Subsidiaries under this clause (xv) does not exceed the greater of (x) $50 million and (y) at any one time an amount equal to the sum of (A) 80% of the consolidated book value of the accounts receivable of all Foreign Subsidiaries and (B) 60% of the consolidated book value of the inventory of all Foreign Subsidiaries;

(xvi) Indebtedness of the Company and its Domestic Subsidiaries pursuant to overdraft lines or similar extensions of credit in an aggregate amount not to exceed $20 million at any one time outstanding and Indebtedness of Foreign Subsidiaries pursuant to overdraft lines or similar extensions of credit in an aggregate principal amount not to exceed $60 million at any one time outstanding;

(xvii) the incurrence by a Securitization Entity of Indebtedness in a Qualified Securitization Transaction that is not recourse to the Company or any Subsidiary of the Company (except for Standard Securitization Undertakings);

(xviii) so long as an Event of Default or Potential Event of Default exists; Indebtedness of the Company to BASF or its Affiliates in an aggregate outstanding amount not in excess of $50 million for the purposes of financing up to 50% of the cost of installation, construction or improvement of property relating to the manufacture of PO/MTBE;

(xix) Indebtedness of the Company to a Huntsman Affiliate or an ICI Affiliate constituting Subordinated Indebtedness;

(xx) Indebtedness consisting of take-or-pay obligations contained in supply agreements entered into in the ordinary course of business;

(xxi) Indebtedness of the Company to any of its Subsidiaries incurred in connection with the purchase of accounts receivable and related assets by the Company from any such Subsidiary which assets are subsequently conveyed

by the Company to a Securitization Entity in a Qualified Securitization Transaction; and

(xxii) additional Indebtedness of the Company and its Restricted Subsidiaries in an aggregate principal amount not to exceed $25 million at any one time outstanding.

"Permitted Investments" means (i) Investments by the Company or any Restricted Subsidiary of the Company in any Person that is or will become immediately after such Investment a Restricted Subsidiary of the Company or that will merge or consolidate into the Company or a Restricted Subsidiary of the Company; provided that this clause (i) shall not permit any investment by the
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Company or a Domestic Restricted Subsidiary in a Foreign Subsidiary consisting of a capital contribution by means of a transfer of property other than cash, Cash Equivalents or Foreign Cash Equivalents other than transfers of property of nominal value in the ordinary course of business; (ii) Investments in the Company by any Restricted Subsidiary of the Company; provided that any
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Indebtedness evidencing such Investment is unsecured and subordinated (other than pursuant to intercompany notes pledged under the Credit Facilities), pursuant to a written agreement, to the Company's obligations under the Notes and this Indenture; (iii) investments in cash and Cash Equivalents; (iv) loans and advances to employees and officers of the Company and its Restricted Subsidiaries in the ordinary course of business for travel, relocation and related expenses; (v) Investments in Unrestricted Subsidiaries or joint ventures not to exceed $75 million, plus (A) the aggregate net after-tax amount returned in cash on or with respect to any Investments made in Unrestricted Subsidiaries and joint ventures whether through interest payments, principal payments, dividends or other distributions or payments, (B) the net after-tax cash proceeds received by the Company or any Restricted Subsidiary from the disposition of all or any portion of such Investments (other than to a Restricted Subsidiary of the Company), (C) upon redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary, the fair market value of such Subsidiary and (D) the net cash proceeds received by the Company from the issuance of Specified Venture Capital Stock; (vi) Investments in securities received pursuant to any plan of reorganzition or similar arrangement upon the bankruptcy or insolvency of any debtors of the Company or its Restricted Subsidiaries; (vii) Investments made by the Company or its Restricted Subsidiaries as a result of consideration received in connection with an Asset Sale made in compliance with Section 4.15; (viii) Investments existing on the Issue Date; (ix) any Investment by the Company or a Wholly Owned Subsidiary of

the Company in a Securitization Entity or any Investment by a Securitization Entity in any other Person in connection with a Qualified Securitization Transaction; provided that any Investment in a Securitization Entity is in the form of a Purchase Money Note or an equity interest; (x) Investments by the Company in Rubicon and LPC (each a "Joint Venture"), so long as: (A) such Joint Venture does not have any Indebtedness for borrowed money at any time on or after the date of such Investment (other that Indebtedness owing to the equity holders of such Joint Venture), (B) the documentation govering such Joint Venture does not contain a restriction on distributions to the Company, and (C) such Joint Venture is engaged only in the business of manufacturing product used or marketed by the Company and its Restricted Subsidiaries and/or the joint venture partner, and business reasonably related thereto; (xi) Investments by Foreign Subsidiaries in Foreign Cash Equivalents; (xii) loans to Holding for the purposes described in clause (7) of the second paragraph of Section 4.03 which, when aggregated with the payment made under such clause, will not exceed $3 million in any fiscal year; (xiii) any Indebtendess of the Company to any of its Subsidiaries incurred in connection with the purchase of accounts receivable and related assets by the Company from any such Subsidiary which assets are subsequently conveyed by the Company to a Securitization Entity in a Qualified Securitization Transaction; and (xiv) additional Investments in an aggregate amount not exceeding $25 million at any one time outstanding.

"Permitted Junior Securities" means: (1) Capital Stock in the Company or any Guarantor; or (2) debt securities of the Company or any Guarantor that (A) are subordinated to all Senior Debt and any debt securities issued in exchange for Senior Debt to substantially the same extent as, or to a greater

extent than, the Notes and the Guarantees are subordinated to Senior Debt pursuant to the terms of the Indenture and (B) have a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of the Notes.

"Permitted Tax Distribution" for any fiscal year means any payments in compliance with clause (6) of the second paragaph under Section 4.03.

"Person" means an individual, partnership, corporation, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

"Physical Notes" shall have the meaning provided in Section 2.01.

"Preferred Stock" of any Person means any Capital Stock of such Person that has preferential rights to any other Capital Stock of such Person with respect to dividends or redemptions or upon liquidation.

"principal" of any Indebtedness (including the Notes) means the principal amount of such Indebtedness plus the premium, if any, on such Indebtedness.

"Private Placement Legend" means the legend initially set forth on the Notes in the form set forth on Exhibit A-1.

"pro forma" means, unless otherwise provided herein, with respect to any calculation made or required to be made pursuant to the terms of this Indenture, a calculation in accordance with Article 11 of Regulation S-X promulgated under the Securities Act.

"Purchase Money Note" means a promissory note evidencing a line of credit, or evidencing other Indebtedness owed to the Company or any Restricted Subsidiary in connection with a Qualified Securitization Transaction, which note shall be repaid from cash available to the maker of such note, other than amounts required to be established as reserves, amounts paid to investors in respect of interest, principal and other amounts owing to such investors and amounts paid in connection with the purchase of newly generated accounts receivable.

"Qualified Capital Stock" means any Capital Stock that is not Disqualified Capital Stock.

"Qualified Institutional Buyer" or "QIB" has the meaning specified in Rule 144A.

"Qualified Securitization Transaction" means any transaction or series of transactions that may be entered into by the Company or any of its Subsidiaries pursuant to which the Company or any of its Subsidiaries may sell, convey or otherwise transfer pursuant to customary terms to (a) a Securitization Entity (in the case of a transfer by the Company or any of its Subsidiaries) and (b) any other Person (in the case of transfer by a Securitization Entity), or may grant a security interest in any accounts receivable (whether now existing or arising or acquired in the future) of the Company or any of its Subsidiaries, and any assets related thereto including, without

limitation, all collateral securing such accounts receivable, all contracts and contract rights and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets (including contract rights) which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions involving accounts receivable.

"Record Date" has the meaning provided in Section 2.05.

"Redemption Date" means, with respect to any Notes, the Maturity Date of such Note or the earlier date on which such Note is to be redeemed by the

Company pursuant to paragraph 5 of the Notes.

"Redemption Price" has the meaning provided in Section 3.03.

"Refinance" means, in respect of any security or Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue a security or Indebtedness in exchange or replacement for, such security or Indebtedness in whole or in part. "Refinanced" and "Refinancing" shall have correlative meanings.

"Refinancing Indebtedness" means any Refinancing by the Company or any Restricted Subsidiary of the Company of Indebtedness incurred in accordance with Section 4.12 or Indebtedness described in clause (iii) of the definition of "Permitted Indebtedness", in each case that does not (1) result in an increase in the aggregate principal amount of Indebtedness of such Person as of the date of such proposed Refinancing (plus the amount of any premium required to be paid under the terms of the instrument governing such Indebtedness and plus the amount of reasonable expenses incurred by the Company in connection with such Refinancing) or (2) create Indebtedness with (A) a Weighted Average Life to Maturity that is less than the Weighted Average Life to Maturity of the Indebtedness being Refinanced or (B) a final maturity earlier than the final maturity of the Indebtedness being Refinanced; provided that (x) if such
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Indebtedness being Refinanced is Indebtedness of the Company, then such Refinancing Indebtedness shall be Indebtedness solely of the Company and (y) if such Indebtedness being Refinanced is subordinate or junior to the Notes, then such Refinancing Indebtedness shall be subordinate to the Notes at least

to the same extent and in the same manner as the Indebtedness being Refinanced.

"Registrar" has the meaning provided in Section 2.03.

"Registration Rights Agreement" means the Registration Rights Agreement dated as of June 30, 1999 among the Company, the Guarantors and the Initial Purchasers.

"Regulation S" means Regulation S under the Securities Act.

"Regulation S Global Security" has the meaning specified in Section 2.01.

"Replacement Assets" has the meaning provided in Section 4.15.

"Representative" means the indenture trustee or other trustee, agent or representative in respect of any Designated Senior Debt; provided that if,
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and for so long as, any Designated Senior Debt lacks such a representative, then the Representative for such Designated Senior Debt shall at all times constitute the holders of a majority in outstanding principal amount of such Designated Senior Debt in respect of any Designated Senior Debt.

"Restricted Dollar Denominated Global Security" means a Restricted Global Security representing Dollar Notes.

"Restricted Euro Denominated Global Securities" means a Restricted Global Security representing Euro Notes.

"Restricted Global Security" has the meaning specified in Section 2.01.

"Restricted Security" means a Note that constitutes a "restricted security" within the meaning of Rule 144(a)(3) under the Securities Act; provided, however, that the Trustee shall be entitled to request and
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conclusively rely on an Opinion of Counsel with respect to whether any Note constitutes a Restricted Security.

"Restricted Subsidiary" of any Person means any Subsidiary of such Person which at the time of determination is not an Unrestricted Subsidiary.

"Rubicon" means Rubicon, Inc., a joint venture between ICI Americas Inc. and Uniroyal Inc.

"Sale and Leaseback Transaction" means any direct or indirect arrangement with any Person or to which any such Person is a party, providing for the leasing to the Company or a Restricted Subsidiary of any property, whether owned by the Company or any Restricted Subsidiary at the Issue Date or later acquired, which has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such Person or to any other Person from whom funds have been or are to be advanced by such Person on the security of such property.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

"Securitization Entity" means a Wholly Owned Subsidiary of the Company (or another Person in which the Company or any Subsidiary of the Company makes an Investment and to which the Company or any Subsidiary of the Company transfers accounts receivable or equipment and related assets) which engages in no activities other than in connection with the financing of accounts receivable or equipment and which is designated by the Board of Directors of the Company (as provided below) as a Securitization Entity (a) no portion of the Indebtedness or any other Obligations (contingent or otherwise) of which (i) is guaranteed by the Company or any Subsidiary of the Company (other than the Securitization Entity)(excluding guarantees of Obligations (other than the principal of, and interest on, Indebtedness)) pursuant to Standard Securitization Undertakings, (ii) is recourse to or obligates the Company or any Subsidiary of the Company in any way other than pursuant to Standard Securitization Undertakings or (iii) subjects any property or asset of the Company or any Subsidiary of the Company (other than the Securitization Entity), directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings and other than any interest in the accounts receivable or equipment and related assets being financed (whether in the form of any equity interest in such assets or subordinated indebtedness payable primarily from such financed assets) retained or acquired by the Company or any Subsidiary of the Company, (b) with which neither the Company nor any Subsidiary of the Company has any material contract, agreement, arrangement or understanding other than on terms no less favorable to the Company or such Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company, other than fees payable in the

ordinary course of business in connection with servicing receivables of such entity, and (c) to which neither the Company nor any Subsidiary of the Company has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results. Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a certified copy of the resolution of the Board of Directors of the Company giving effect to such designation and an officers' certificate certifying that such designation complied with the foregoing conditions.

"Senior Debt" means the principal of, premium, if any, and interest (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable law) on any Indebtedness of the Company, whether outstanding on the Issue Date or thereafter created, incurred or assumed, unless, in the case of any particular Indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness shall not be senior in right of payment to the Notes. Without limiting the generality of the foregoing, "Senior Debt" shall also include the principal of, premium, if any, interest (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable law) on, and all other amounts owing in respect of, (x) all monetary obligations of every nature of the Company under the Credit Facilities, including, without limitation, obligations to pay principal and interest,

reimbursement obligations under letters of credit, fees, expenses and indemnities, (y) all Interest Swap Obligations and (z) all Obligations under Currency Agreements and Commodity Agreements, in each case whether outstanding on the Issue Date or thereafter incurred. Notwithstanding the foregoing, "Senior Debt" shall not include (i) any Indebtedness of the Company to a Restricted Subsidiary of the Company or any Affiliate of the Company or any of such Affiliate's Subsidiaries, (ii) Indebtedness to, or guaranteed on behalf of, any shareholder, director, officer or employee of the Company or any Subsidiary of the Company (including, without limitation, amounts owed for compensation), (iii) Indebtedness to trade creditors and other amounts incurred in connection with obtaining goods, materials or services, (iv) Indebtedness represented by Disqualified Capital Stock, (v) any liability for federal, state, local or other taxes owed or owing by the Company, (vi) Indebtedness incurred in violation of the

provisions set forth under Section 4.12, (vii) Indebtedness which, when incurred and without respect to any election under Section 1111(b) of Title 11, United States Code, is without recourse to the Company and (viii) any Indebtedness which is, by its express terms, subordinated in right of payment to any other Indebtedness of the Company.

"Significant Subsidiary" means any Restricted Subsidiary of the Company which, at the date of determination, is a "Significant Subsidiary" as such term is defined in Regulation S-X under the Exchange Act.

"Specified Venture Capital Stock" means Qualified Capital Stock of the Company or Holdings issued to a Person who is not an Affiliate of the Company and the proceeds from the issuance of which are applied within 180 days after the issuance thereof to an Investment in an Unrestricted Subsidiary or joint venture.

"Standard Securitization Undertakings" means representations, warranties, covenants and indemnities entered into by the Company or any Subsidiary of the Company which are reasonably customary in an accounts receivable securitization transaction.

"Subordinated Indebtedness" means Indebtedness of the Company or any Guarantor which is expressly subordinated in right of payment to the Notes or the Guarantee of such Guarantor, as the case may be.

"Subsidiary," with respect to any Person, means (i) any corporation of which the outstanding Capital Stock having at least a majority of the votes entitled to be cast in the election of directors under ordinary circumstances shall at the time be owned, directly or indirectly, by such Person or (ii) any other Person of which at least a majority of the voting interest under ordinary circumstances is at the time, directly or indirectly, owned by such Person.

"Tax Sharing Agreement" means the provisions contained in the Limited Liability Company Agreements of the Company and Holdings as in existence on the Issue Date relating to distributions to be made to the members thereof with respect to such members' income tax liabilities.

"TG" means Tioxide Group, or any direct Wholly Owned Restricted Subsidiary of the Company which complies with all covenants applicable to TG under this Indenture.

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. (S)(S) 77aaa-77bbbb), as amended, as in effect on the date hereof, except as otherwise provided in Section 9.03.

"Trust Officer" means any officer or assistant officer of the Trustee assigned by the Trustee to administer its corporate trust matters or, in the case of a successor trustee, an officer assigned to the department, division or group performing the corporate trust work of such successor.

"Trustee" means the party named as such in this Indenture until a successor replaces it in accordance with the provisions of this Indenture and

thereafter means such successor.

"UK Holdco Note" means that certain unsecured promissory note issued by Holdings U.K. in favor of HICI Financial.

"Unrestricted Global Security" has the meaning set forth in Section 2.01.

"Unrestricted Notes" means one or more Notes that do not and are not required to bear the Private Placement Legend in the form set forth in Exhibit
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A-3 and A-4, including, without limitation, the Exchange Notes.
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"Unrestricted Subsidiary" of any Person means (i) any Subsidiary of such Person that at the time of determination shall be or continue to be designated an Unrestricted Subsidiary in the manner provided below, and (ii) any Subsidiary of an Unrestricted Subsidiary. The Board of Directors may designate any Subsidiary (including any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary unless such Subsidiary owns any Capital Stock of, or owns or holds any Lien on any property of, the Company or any other Subsidiary of the Company that is not a Subsidiary of the Subsidiary to be so designated; provided that (x) the Company certifies to the Trustee that such designation complies with Section 4.03 and (y) each Subsidiary to be so designated and each of its Subsidiaries has not at the time of designation, and does not thereafter, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender has recourse to any of the assets of the Company or any of its Restricted Subsidiaries. The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary only if (x) immediately after giving effect to such designation, the Company is able to incur at least $1.00 of additional Indebtedness (other

than Permitted Indebtedness) in compliance with Section 4.12 and (y) immediately before and immediately after giving effect to such designation, no Default or Event of Default shall have occurred and be continuing. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the Board Resolution giving effect to such designation and an officers' certificate certifying that such designation complied with the foregoing provisions.

"U.S. Government Obligations" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable or redeemable at the issuer's option.

"U.S. Legal Tender" means such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing (a) the then outstanding aggregate principal amount of such Indebtedness into (b) the sum of the total of the products obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment.

"Wholly Owned Subsidiary" of any Person means any Subsidiary of such Person of which all the outstanding voting securities (other than in the case of a Foreign Subsidiary, directors' qualifying shares or an immaterial amount of shares owned by other Persons pursuant to applicable law) are owned by such Person or any Wholly Owned Subsidiary of such Person; provided, however, that
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each of TG and Holdings U.K. shall be deemed to Wholly Owned Subsidiaries.

SECTION 1.02. Incorporation by Reference of TIA.

Whenever this Indenture refers to a provision of the TIA, that portion of such provision that is required to be incorporated for this Indenture to be qualified under the TIA is incorporated by reference in, and made a part of, this Inden-

ture. The following TIA terms used in this Indenture have the following meanings:

"Commission" means the SEC.

"indenture securities" means the Notes.

"indenture security holder" means a Holder or a Noteholder.

"indenture to be qualified" means this Indenture.

"indenture trustee" or "institutional trustee" means the Trustee.

"obligor" on the indenture securities means the Company or any other obligor on the Notes.

All other TIA terms used in this Indenture that are defined by the TIA, defined by the TIA by reference to another statute or defined by SEC rule and not otherwise defined herein have the meanings assigned to them therein.

SECTION 1.03. Rules of Construction.

Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP as in effect on the Issue Date;

(3) "or" is not exclusive;

(4) words in the singular include the plural, and words in the plural include the singular; and

(5) "herein," "hereof" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

ARTICLE TWO

THE NOTES

SECTION 2.01. Form and Dating.

The Initial Notes and the Trustee's certificate of authentication relating thereto shall be substantially in the form of Exhibit A-1 (in the case
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of Dollar Notes) and A-2 (in the case of Euro Notes). The Exchange Notes and the Trustee's certificate of authentication relating thereto shall be substantially in the form of Exhibit A-3 (in the case of Dollar Notes) and A-4

(in the case of Euro Notes). The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. The Company shall approve the form of the Notes and any notation, legend or endorsement thereon. Each Note shall be dated the date of issuance and shall show the date of its authentication. Each Note shall have an executed Guarantee from each of the Guarantors endorsed thereon substantially in the form of Exhibit E hereto.

The terms and provisions contained in the Notes annexed hereto as Exhibit A, shall constitute, and are hereby expressly made, a part of this Indenture and, to the extent applicable, the Company, the Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby.

Restricted Global Securities. (i) The Notes shall be issued in the form of one or more global Securities (the "Restricted Global Security") in definitive, fully registered form without interest coupons, with the legend provided for in Exhibit B hereto, except as otherwise permitted herein.

(ii) Each Restricted Dollar Denominated Global Security shall be registered in the name of DTC or its nominee and deposited with the Trustee, at its Corporate Trust Office, as custodian for DTC, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The aggregate principal amount of a Restricted Dollar Denominated Global Security may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC, in connection with a corresponding decrease or increase in the aggregate principal amount of a Regulation S Dollar Denominated Global Security or an Unrestricted Dollar Denominated Global Security, as hereinafter provided.

(iii) Each Restricted Euro Denominated Global Security shall be registered in the name of the Common Depositary or its nominee and deposited with the Common Depositary, on behalf of Euroclear, duly executed by the Company and authenticated by the Trustee as hereinafter provided for credit to the account of Euroclear. The aggregate principal amount of a Restricted Euro Denominated Global Security may from time to time be increased or decreased by adjustments made on the records of the Common Depositary, in connection with a corresponding decrease or increase in the aggregate principal amount of an Unrestricted Euro Denominated Global Security, as hereinafter provided.

Regulation S Global Securities. (i) Dollar Notes offered and sold in reliance on Regulation S shall be initially issued in the form of one or more Global Securities in definitive, fully registered form without interest coupons, with such applicable legends as are provided for in Exhibit A hereto, except as otherwise permitted herein. Until such time as the Restricted Period (as defined below) shall have terminated, such Global Securities shall be referred to herein as the "Regulation S Global Security." After such time as the Restricted Period shall have terminated, such Regulation S Global Securities shall be referred to herein, as the "Unrestricted Global Securities."

(ii) Each Regulation S Dollar Denominated Global Security and Unrestricted Dollar Denominated Global Security shall be registered in the name of DTC or its nominee and deposited with the Trustee, at its Corporate Trust Office, as custodian for DTC, duly executed by the Company and authenticated by the Trustee as hereinafter provided, for credit to the respective accounts at DTC of the depositaries for Euroclear or Cedelbank. The aggregate principal amount of each Regulation S Dollar Denominated Global Security (or Unrestricted Dollar Denominated Global Security) may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC, in connection with a corresponding decrease or increase in the aggregate principal amount of a Restricted Dollar Denominated Global Security, as hereinafter provided.

Notes issued in exchange for interests in a Global Note pursuant to Section 2.16 may be issued in the form of permanent certificated Notes in registered form in substantially the form set forth in Exhibit A-1, A-2, A-3 or A-4 (the "Physical Notes").

SECTION 2.02. Execution and Authentication; Aggregate Principal Amount.

An Officer who shall have been duly authorized by all requisite corporate actions shall attest to the Notes for the Company, and one officer shall sign the Guarantees for the Guarantors by manual or facsimile signature.

If an Officer whose signature is on a Note or a Guarantee, as the case may be, was an Officer at the time of such execution but no longer holds that office or position at the time the Trustee authenticates the Note, the Note shall nevertheless be valid.

A Note shall not be valid until an authorized signatory of the Trustee manually signs the certificate of authentication on the Note. The signature of such representative of the Trustee shall be conclusive evidence that the Note has been authenticated under this Indenture.

The Trustee shall authenticate (i) Dollar Notes for original issue in an aggregate principal amount not to exceed $600,000,000 and Euro Notes for original issue in an aggregate principal amount not to exceed EU200,000,000, and (ii) Unrestricted Notes from time to time only in exchange for a like principal amount of Notes, upon a written order of the Company in the form of an Officers' Certificate of the Company. Each such written order shall specify the amount of Notes to be authenticated and the date on which the Notes are to be authenticated, whether such Notes are Unrestricted Notes and whether (subject to Section 2.01) the Notes are to be issued as Physical Notes or Global Notes and such other information as the Trustee may reasonably request. The aggregate principal amount of Dollar Notes and Euro Notes outstanding at any time may not exceed $600,000,000 and EU200,000,000, respectively, except as provided in Sections 2.07 and 2.08.

Notwithstanding the foregoing, except as provided in Section 9.02, all Notes issued under this Indenture shall vote and consent together on all matters (as to which any of such Notes may vote or consent) as one class and no series of Notes will have the right to vote or consent as a separate class on any matter. For purposes of voting, the aggregate principal amount of outstanding Euro Notes will be calculated using the noon buying rate in The City of New York for cable transfers in euros as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate") of $1.0323 per euro on June 22, 1999.

The Trustee may appoint an authenticating agent reasonably acceptable to the Company to authenticate Notes. Unless otherwise provided in the appointment, an authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with the Company and Affiliates of the Company.

The Notes shall be issuable in fully registered form only, without coupons, in denominations of $1,000 or EU1,000 and any integral multiple thereof.

SECTION 2.03. Registrar and Paying Agent.

The Company shall maintain an office or agency (which shall be located in the Borough of Manhattan in the City of New York, State of New York), where (a) Notes may be presented or surrendered for registration of transfer or for exchange ("Registrar"), (b) Notes may be presented or surrendered for payment ("Paying Agent") and (c) notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Registrar shall keep a register of the Notes and of their transfer and exchange. The Company, upon notice to the Trustee, may have one or more co-Registrars and one or more additional paying agents reasonably acceptable to the Trustee. The term "Paying Agent" includes any additional paying agent. The Company may change the Paying Agent or Registrar without notice to any Holder.

The Company shall enter into an appropriate agency agreement with any Agent not a party to this Indenture, which agreement shall incorporate the provisions of the TIA and implement the provisions of this Indenture that relate to such Agent. The Company shall notify the Trustee, in advance, of the name and address of any such Agent. If the Company fails to maintain a Registrar or Paying Agent, or fails to give the foregoing notice, the Trustee shall act as such.

The Company initially appoints the Trustee as Registrar and Paying Agent until such time as the Trustee has resigned or a successor has been appointed. Any of the Registrar, the Paying Agent or any other agent may resign upon 30 days' notice to the Company.

SECTION 2.04. Paying Agent To Hold Assets in Trust.

The Company shall require each Paying Agent other than the Trustee to agree in writing that each Paying Agent shall hold in trust for the benefit of the Holders or the Trustee all assets held by the Paying Agent for the payment of principal of, premium, if any, or interest on, the Notes (whether such assets have been distributed to it by the Company or any other obligor on the Notes), and shall notify the Trustee of any default by the Company (or any other obligor on the Notes) in making any such payment. The Company at any time may require a Paying Agent to distribute all assets held by it to the Trustee and account for any assets disbursed and the Trustee may at any time during the continuance of any payment Default, upon written request to a Paying Agent, require such Paying Agent to distribute all assets held by it to the Trustee and to account for any assets distributed. Upon distribution to the Trustee of all assets that shall have been delivered by the Company to the Paying Agent and the completion of any accounting required to be made hereunder, the Paying Agent shall have no further liability for such assets.

SECTION 2.05. Holder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of the Holders and shall otherwise comply with TIA (S) 312(a). If the Trustee is not the Registrar, the Company shall furnish to the Trustee five (5) Business Days before each Interest Payment Date and at such other times as the Trustee may request in writing a list as of the applicable Record Date and in such form as the Trustee may reasonably require of the names and addresses of the Holders, which list may be conclusively relied upon by the Trustee.

SECTION 2.06. Transfer and Exchange.

Subject to Sections 2.15 and 2.16, when Notes are presented to the Registrar or a co-Registrar with a request to register the transfer of such Notes or to exchange such Notes for an equal principal amount of Notes of other authorized denominations, the Registrar or co-Registrar shall register the transfer or make the exchange as requested if its requirements for such transaction are met; provided, however, that the Notes presented or surrendered
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for transfer or exchange shall be duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Company and the Registrar or co-Registrar, duly executed by the Holder thereof or his attorney

duly authorized in writing. To permit registrations of transfers and exchanges, the Company shall execute and the Trustee shall authenticate Notes at the Registrar's or co-Registrar's written request. No service charge shall be made for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith. The Registrar or co-Registrar shall not be required to register the transfer of or exchange of any Note (i) during a period beginning at the opening of business 15 days before the mailing of a notice of redemption pursuant to Section 3.03 and paragraph 5 of the Notes and ending at the close of business on the day of such mailing and (ii) selected for redemption in whole or in part pursuant to Article Three, except the unredeemed portion of any Note being redeemed in part.

Any Holder of a beneficial interest in a Global Note shall, by acceptance of such beneficial interest, agree that transfers of beneficial interests in such Global Notes may be effected only through a book entry system maintained by the Holder of such Global Note (or its agent), and that ownership of a beneficial interest in the Note shall be required to be reflected in a book

entry system.

SECTION 2.07. Replacement Notes.

If a mutilated Note is surrendered to the Trustee or if the Holder of a Note claims that the Note has been lost, destroyed or wrongfully taken, the Company shall issue and the Trustee shall authenticate a replacement Note and each of the Guarantors shall execute a Guarantee thereon if the Trustee's requirements are met. If required by the Trustee or the Company, such Holder must provide an indemnity bond or other indemnity, sufficient in the reasonable judgment of the Company, the Guarantors and the Trustee, to protect the Company, the Guarantors, the Trustee or any Agent from any loss which any of them may suffer if a Note is replaced. The Company and the Trustee may charge such Holder for its reasonable out-of-pocket expenses in replacing a Note, including reasonable fees and expenses of counsel. Every replacement Note shall constitute an additional obligation of the Company and every replacement Guarantee shall constitute an additional obligation of the Guarantors.

SECTION 2.08. Outstanding Notes.

Notes outstanding at any time are all the Notes that have been authenticated by the Trustee except those cancelled

by it, those delivered to it for cancellation and those described in this Section as not outstanding. Subject to Section 2.09, a Note does not cease to be outstanding because the Company or any of its Affiliates holds the Note.

If a Note is replaced pursuant to Section 2.07 (other than a mutilated Note surrendered for replacement), it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a bona fide purchaser. A mutilated Note ceases to be outstanding upon surrender of such Note and replacement thereof pursuant to Section 2.07.

If on a Redemption Date or the Maturity Date the Paying Agent holds U.S. Legal Tender, U.S. Government Obligations, or a combination thereof (in the case of Dollar Notes) or euros, Euro Obligations, or a combination thereof (in the case of Euro Notes) sufficient to pay all of the principal, premium, if any, and interest due on the Notes payable on that date and is not prohibited from paying such money to the Holders thereof pursuant to the terms of this Indenture, then on and after that date such Notes cease to be outstanding and interest on them ceases to accrue.

If on any date which is no earlier than 60 days prior to a Redemption Date, the Company has irrevocably deposited in trust with the Trustee U.S. Legal Tender, U.S. Government Obligations or a combination thereof (in the case of Dollar Notes) or euros, Euro Obligations or a combination thereof (in the case of Euro Notes) in an amount sufficient to pay all of the principal, premium, if any, and interest due on the Notes payable on such Redemption Date, together with irrevocable instructions from the Company directing the Trustee to apply such funds to the payment thereof on such Redemption Date pursuant to the terms of this Indenture, then and after the date of such deposit such Notes shall be deemed to be not outstanding for purposes of determining whether the Holders of the required aggregate principal amount of Notes have concurred in any direction, waiver, consent or notice which requires the consent of at least a majority in aggregate principal amount of Notes then outstanding.

SECTION 2.09. Treasury Notes.

In determining whether the Holders of the required aggregate principal amount of Notes have concurred in any direction, waiver, consent or notice, Notes owned by the Company or an Affiliate shall be considered as though they are not out-

standing, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes which the Trustee actually knows are so owned shall be so considered. The

Company shall notify the Trustee, in writing, when it or any of its Affiliates repurchases or otherwise acquires Notes, of the aggregate principal amount of such Notes so repurchased or otherwise acquired.

SECTION 2.10. [intentionally omitted]

SECTION 2.11. Cancellation.

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and the Paying Agent shall forward to the Trustee any Notes surrendered to them for transfer, exchange or payment. The Trustee, or at the direction of the Trustee, the Registrar or the Paying Agent, and no one else, shall cancel and, at the written direction of the Company, shall dispose and deliver evidence of disposal of all Notes surrendered for transfer, exchange, payment or cancellation. Subject to Section 2.07, the Company may not issue new Notes to replace Notes that the Company has paid or delivered to the Trustee for cancellation. If the Company shall acquire any of the Notes, such acquisition shall not operate as a redemption or satisfaction of the Indebtedness represented by such Notes unless and until the same are surrendered to the Trustee for cancellation pursuant to this Section 2.11.

SECTION 2.12. Defaulted Interest.

The Company will pay interest on overdue principal from time to time on demand at the rate of interest then borne by the Dollar Notes or Euro Notes, as applicable. The Company shall, to the extent lawful, pay interest on overdue installments of interest (without regard to any applicable grace periods) from time to time on demand at the rate of interest then borne by the Dollar Notes or Euro Notes, as applicable. Interest on the Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months, and, in the case of a partial month, the actual number of days elapsed.

If the Company defaults in a payment of interest on the Notes, it shall pay the defaulted interest, plus (to the extent lawful) any interest payable on the defaulted interest to the Persons who are Holders on a subsequent special record date, which date shall be the fifteenth day next preceding the date fixed by the Company for the payment of defaulted interest

or the next succeeding Business Day if such date is not a Business Day. At least 15 days before the subsequent special record date, the Company shall mail to each Holder, with a copy to the Trustee, a notice that states the subsequent special record date, the payment date and the amount of defaulted interest, and interest payable on such defaulted interest, if any, to be paid.

Notwithstanding the foregoing, any interest which is paid prior to the expiration of the 30-day period set forth in Section 6.01(a) shall be paid to Holders as of the regular record date for the Interest Payment Date for which interest has not been paid.

SECTION 2.13. CUSIP Numbers.

The Company in issuing the Notes may use one or more "CUSIP" and/or "ISIN" numbers, and if so, the Trustee shall use the CUSIP and/or "ISIN" numbers in notices of redemption or exchange as a convenience to Holders; provided, however, that no representation is hereby deemed to be made by the Trustee as to the correctness or accuracy of the CUSIP numbers printed in the notice or on the Notes, and that reliance may be placed only on the other identification numbers printed on the Notes. The Company shall promptly notify the Trustee of any change in the CUSIP or "ISIN" number.

SECTION 2.14. Deposit of Moneys.

Prior to 11:00 a.m. New York City time on each Interest Payment Date, Maturity Date, Redemption Date, Change of Control Payment Date, and Net Proceeds

Offer Payment Date, the Company shall have deposited with the Paying Agent in immediately available funds money sufficient to make cash payments, if any, due on such Interest Payment Date, Maturity Date, Redemption Date, Change of Control Payment Date, and Net Proceeds Offer Payment Date, as the case may be, in a timely manner which permits the Paying Agent to remit payment to the Holders on such Interest Payment Date, Maturity Date, Redemption Date, Change of Control Payment Date, and Net Proceeds Offer Payment Date, as the case may be.

SECTION 2.15. Book-Entry Provisions for Global Securities.

Except as indicated below in this Section 2.15, the Notes shall be represented only by Global Securities. The Global Securities shall be deposited with a Depositary for such Notes (and shall be registered in the name of such Depositary

or its nominee). The Depositary for the Dollar Notes shall be DTC unless the Company appoints a successor Depositary by delivery of a Company Order to the Trustee specifying such successor Depositary. The Depositary for the Euro Notes shall be First Chicago Clearing Centre unless, with the approval of Euroclear, the Company appoints a successor Depositary (which shall be a Common Depositary of Euroclear) by delivery of a Company Order to the Trustee specifying such successor Depositary.

All payments on a Dollar Denominated Global Security will be made to DTC or its nominee, as the case may be, as the registered owner and Holder of such Dollar Denominated Global Security. All payments on a Euro Denominated Global Security will be made to the order of the Common Depositary or its nominee, as the case may be, as the registered holder of such Euro Denominated Global Security. In each case, the Company will be fully discharged by payment to or to the order of such Depositary from any responsibility or liability in respect of each amount so paid. Upon receipt of any such payment in respect of a Dollar Denominated Global Security, DTC will credit Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Dollar Denominated Global Security as shown on the records of DTC. The Common Depositary will instruct the Euro Paying Agent to make payments in respect of the Euro Notes to Euroclear in amounts proportionate to their respective beneficial interests in the principal amount of each Euro Denominated Global Security, and Euroclear will credit Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Security as shown on the records of Euroclear.

Unless and until it is exchanged in whole or in part for Physical Notes, a Global Security may not be transferred except as a whole by the relevant Depositary or nominee thereof to another nominee of the Depositary or to a successor of Depositary or a nominee of such successor.

Owners of beneficial interests in Global Securities shall be entitled or required, as the case may be, but only under the circumstances described in this Section 2.15, to receive physical delivery of Physical Notes.

Interests in a Global Security shall be exchangeable or transferable, as the case may be, for Physical Notes if (i) in the case of a Dollar Denominated Global Security, DTC notifies the Company that it is unwilling or unable to continue as

Depositary for such Dollar Denominated Global Security, or DTC ceases to be a "Clearing Agency" registered under the United States Securities Exchange Act of 1934, and a successor depositary is not appointed by the Company within 120 days, (ii) in the case of a Euro Denominated Global Security, Euroclear and Cedelbank notify the Company that they are unwilling or unable to continue as clearing agencies for such Euro Denominated Global Security, (iii) in the case of a Euro Denominated Global Security, the Common Depositary notifies the Company that it is unwilling or unable to continue as Depositary for such Euro Denominated Global Security, and a successor Common Depositary is not appointed by the Company within one hundred twenty (120) days or (iv) in the case of any Global Security, an Event of Default has occurred and is continuing with respect thereto and the owner of a beneficial interest therein requests such exchange or

transfer. Upon the occurrence of any of the events described in the preceding sentence, the Company shall cause the appropriate Physical Notes to be delivered to the owners of beneficial interests in the Global Securities or the Participants in DTC or Euroclear through which such owners hold their beneficial interest. Physical Notes shall be exchangeable or transferable for interests in other Physical Notes as described herein.

SECTION 2.16. Transfer and Exchange of Securities.

(a) Transfer and Exchange of Dollar Denominated Global Securities.

Notwithstanding any provisions of this Indenture or the Notes, transfers of a Dollar Denominated Global Security, in whole or in part, transfers and exchanges of interests therein of the kinds described in clauses (ii), (iii) and (iv) below and exchange of interests in Dollar Denominated Global Securities or of other Dollar Denominated Securities as described in clause (v) below, shall be made only in accordance with this Section 2.16(a). Transfers and exchanges subject to this Section 2.16 shall also be subject to the other provisions of the Indenture that are not inconsistent with this Section 2.16.

(i) General. A Dollar Denominated Global Security may not be transferred, in whole or in part, to any Person other than DTC or a nominee thereof or a successor to DTC or its nominee, and no such transfer to any such other Person may be registered; provided that this clause (i) shall not prohibit any transfer of a Dollar Denominated Security that is issued in exchange for a Dollar Denominated Global Security but is not itself a Dollar Denominated Global Security. No transfer of a Dollar Note of

any series to any Person shall be effective under this Indenture or the Dollar Notes of such series unless and until such Dollar Note has been registered in the name of such Person. Nothing in this Section 2.16(a)(i) shall prohibit or render ineffective any transfer of a beneficial interest in a Dollar Denominated Global Security effected in accordance with the other provisions of this Section 2.16(a).

(ii) Restricted Global Security to Regulation S Global Security.

If the Holder of a beneficial interest in a Restricted Dollar Denominated Global Security of any series wishes at any time to transfer such interest to a Person who wishes to take delivery thereof in the form of a beneficial interest in a Regulation S Dollar Denominated Global Security of such series, such transfer may be effected, subject to the rules and procedures of DTC, Euroclear and Cedelbank, in each case to the extent applicable (the "Applicable Procedures"), only in accordance with the provisions of this Section 2.16(a)(ii). Upon receipt by the Dollar Registrar of (A) written instructions given in accordance with the Applicable Procedures from an Agent Member directing the Dollar Registrar, to credit or cause to be credited to a specified Agent Member's account a beneficial interest in a Regulation S Dollar Denominated Global Security in a principal amount equal to that of the beneficial interest in a Restricted Dollar Denominated Global Security to be so transferred; (B) a written order given in accordance with the Applicable Procedures containing information regarding the account of the Agent Member (and/or the Euroclear or Cedelbank account, as the case may be) to be credited with, and the account of the Agent Member to be debited for, such beneficial interest and (C) a certificate in substantially the form set forth in Exhibit C-1 given by the Holder of such beneficial interest, the principal amount of a Restricted Dollar Denominated Global Security shall be reduced, and the principal amount of a Regulation S Dollar Denominated Global Security shall be increased, by the principal amount of the beneficial interest in a Restricted Dollar Denominated Global Security to be so transferred, in each case by means of an appropriate adjustment on the records of the Dollar Registrar, and the Dollar Registrar shall instruct DTC or its authorized representative to make a corresponding adjustment to its records and to credit or cause to be credited to the account of the Person specified in such instructions (which shall be the Agent Member for Euroclear or Cedelbank or both, as the case may be) a benefi-

cial interest in a Regulation S Dollar Denominated Global Security having a principal amount equal to the amount so transferred.

(iii) Restricted Dollar Denominated Global Security to Unrestricted Dollar Denominated Global Security. If the Holder of a beneficial interest in a Restricted Dollar Denominated Global Security of any series wishes at any time to transfer such interest to a Person who wishes to take delivery thereof in the form of a beneficial interest in an Unrestricted Dollar Denominated Global Security of such series, such transfer may be effected, subject to the Applicable Procedures, only in accordance with this Section 2.16(a)(iii). Upon receipt by the Dollar Registrar, of (A) written instructions given in accordance with the Applicable Procedures from an Agent Member directing the Dollar Registrar to credit or cause to be credited to a specified Agent Member's account a beneficial interest in an Unrestricted Dollar Denominated Global Security in a principal amount equal to that of the beneficial interest in a Restricted Dollar Denominated Global Security to be so transferred, (B) a written order given in accordance with the Applicable Procedures containing information regarding the account of the Agent Member (and, if applicable, the Euroclear or Cedelbank account, as the case may be) to be credited with, and the account of the Agent Member to be debited for, such beneficial interest and (C) a certificate in substantially the form set forth in Exhibit C-2 given by the Holder of such beneficial interest, the principal amount of the Restricted Dollar Denominated Global Security shall be reduced, and the principal amount of an Unrestricted Dollar Denominated Global Security shall be increased, by the principal amount of the beneficial interest in a Restricted Global Dollar Denominated Security to be so transferred, in each case by means of an appropriate adjustment on the records of the Dollar Registrar and the Dollar Registrar shall instruct DTC or its authorized representative to make a corresponding adjustment to its records and to credit or cause to be credited to the account of the Person specified in such instructions a beneficial interest in an Unrestricted Dollar Denominated Global Security having a principal amount equal to the amount so transferred.

(iv) Regulation S Dollar Denominated Global Security or Unrestricted Dollar Denominated Global Security to Restricted Dollar Denominated Global Security. If the Holder of a beneficial interest in a Regulation S Dollar

Denominated Global Security of any series or an Unrestricted Dollar Denominated Global Security of any series wishes at any time to transfer such interest to a Person who wishes to take delivery thereof in the form of a beneficial interest in a Restricted Dollar Denominated Global Security of such series, such transfer may be effected, subject to the Applicable Procedures, only in accordance with this Section 2.16(a)(iv). Upon receipt by the Dollar Registrar of (A) written instructions given in accordance with the Applicable Procedures from an Agent Member directing the Dollar Registrar to credit or cause to be credited to a specified Agent Member's account a beneficial interest in a Restricted Dollar Denominated Global Security in a principal amount equal to that of the beneficial interest in a Regulation S Dollar Denominated Global Security or an Unrestricted Dollar Denominated Global Security to be so transferred, (B) a written order given in accordance with the Applicable Procedures containing information regarding the account of the Agent Member to be credited with, and the account of the Agent Member (and, if applicable, the Euroclear or Cedelbank account, as the case may be) to be debited for, such beneficial interest and (C) with respect to a transfer of a beneficial interest in a Regulation S Dollar Denominated Global Security (but not an Unrestricted Dollar Denominated Global Security) to a Person whom the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act, a certificate in substantially the form set forth in Exhibit C-3 given by the Holder of such beneficial interest, the principal amount of a Restricted Dollar Denominated Global Security shall be increased, and the principal amount of a Regulation S Dollar Denominated

Global Security or an Unrestricted Dollar Denominated Global Security shall be reduced, by the principal amount of the beneficial interest in a Restricted Dollar Denominated Global Security to be so transferred, in each case by means of an appropriate adjustment on the records of the Dollar Registrar and the Dollar Registrar shall instruct DTC or its authorized representative to make a corresponding adjustment to its records and to credit or cause to be credited to the account of the Person specified in such instructions a beneficial interest in the Restricted Dollar Denominated Global Security having a principal amount equal to the amount so transferred.

(v) Exchanges of Dollar Denominated Global Security for Dollar Denominated Non-Global Security. In the event

that a Dollar Denominated Global Security or any portion thereof is exchanged for Dollar Denominated Securities other than Dollar Denominated Global Securities, such other Dollar Denominated Securities may in turn be exchanged (on transfer or otherwise) for Notes that are not Dollar Denominated Global Securities or for beneficial interests in a Dollar Denominated Global Security (if any is then Outstanding) only in accordance with such procedures, which shall be substantially consistent with the provisions of clauses (i) through (iv) above and (vi) below (including the certification requirements intended to insure that transfers and exchanges of beneficial interests in a Dollar Denominated Global Security comply with Rule 144A, Rule 144 or Regulation S, as the case may be) and any Applicable Procedures, as may be from time to time adopted by the Company and the Trustee.

(vi) Beneficial Interest in Regulation S Dollar Denominated Global Security to be Held Through Euroclear or Cedelbank. Until the termination of the Restricted Period with respect thereto, interests in a Regulation S Global Security may be held only through Agent Members acting for and on behalf of Euroclear and Cedelbank, provided that this clause (vi) shall not prohibit any transfer in accordance with Section 2.16(a)(iv) hereof.

(b) Transfer and Exchange of Euro Denominated Global Securities. Notwithstanding any provisions of this Indenture or the Euro Notes, transfers of a Euro Denominated Global Security, in whole or in part, shall be made only in accordance with this Section 2.16(b). Transfers and exchanges subject to this Section 2.16 shall also be subject to the other provisions of the Indenture that are not inconsistent with this Section 2.16.

(i) General. A Euro Denominated Global Security may not be transferred, in whole or in part, to any Person other than the Common Depositary or a nominee thereof or a successor Common Depositary or its nominee, and no such transfer to any such other Person may be registered; provided that this clause (i) shall not prohibit any transfer of a Euro Denominated Security that is issued in exchange for a Euro Denominated Global Security but is not itself a Euro Denominated Global Security. No transfer of a Euro Denominated Security to any Person shall be effective under this Indenture or the Euro Denominated Securities unless and until such Euro Denominated Security has been registered in the name of such Person. Nothing in this

Section 2.16(b)(i) shall prohibit or render ineffective any transfer of a beneficial interest in a Euro Denominated Global Security effected in accordance with the other provisions of this Section 2.16(b).

(ii) Restricted Euro Denominated Global Security to Unrestricted Euro Denominated Global Security. If the Holder of a beneficial interest in a Restricted Euro Denominated Global Security wishes at any time to

transfer such interest to a Person who wishes to take delivery thereof in the form of a beneficial interest in an Unrestricted Euro Denominated Global Security, such transfer may be effected, subject to the Applicable Procedures, only in accordance with this Section 2.16(b)(ii). Upon receipt by the Euro Registrar of (A) written instructions given in accordance with the Applicable Procedures from Euroclear or Cedelbank directing the Euro Registrar to credit or cause to be credited to Euroclear's account a beneficial interest in an Unrestricted Euro Denominated Global Security in a principal amount equal to that of the beneficial interest in a Restricted Euro Denominated Global Security to be so transferred, (B) a written order given in accordance with the Applicable Procedures containing information regarding the account of Euroclear to be credited with, and the account of Euroclear to be debited for, such beneficial interest and (C) a certificate in substantially the form set forth in Exhibit C-2 given by the Holder of such beneficial interest, the principal amount of the Restricted Euro Denominated Global Security shall be reduced, and the principal amount of an Unrestricted Euro Denominated Global Security shall be increased, by the principal amount of the beneficial interest in a Restricted Euro Denominated Global Security to be so transferred, in each case by means of an appropriate adjustment on the records of the Euro Registrar and the Euro Registrar shall instruct the Common Depositary or its authorized representative to make a corresponding adjustment to its records and to credit or cause to be credited to the account of Euroclear a beneficial interest in a Unrestricted Euro Denominated Global Security having a principal amount equal to the amount so transferred.

(iii) Exchanges of Euro Denominated Global Security for Euro Denominated Non-Global Security. In the event that a Euro Denominated Global Security or any portion thereof is exchanged for Notes other than Euro Denominated Global Securities, such other Notes may in turn be exchanged (on transfer or otherwise) for Notes that are not

Euro Denominated Global Securities or for beneficial interests in a Euro Denominated Global Security (if any is then Outstanding) only in accordance with such procedures, which shall be substantially consistent with the provisions of clauses (i) through (ii) above and (iv) below (including the certification requirements intended to insure that transfers and exchanges of beneficial interests in a Euro Denominated Global Security comply with Rule 144A, Rule 144 or Regulation S, as the case may be) and any Applicable Procedures, as may be from time to time adopted by the Company and the Trustee.

(iv) Interest in Euro Denominated Global Security to be Held Through Euroclear or Cedelbank. Interests in a Euro Denominated Global Security may be held only through Agent Members acting for and on behalf of Euroclear.

(c) Global Securities. The provisions of clauses (i), (ii), (iii), and (iv) below shall apply only to Global Securities;

(i) General. Each Global Security authenticated under the Indenture shall be registered in the name of the appropriate Depositary or a nominee thereof and delivered to such Depositary or a nominee thereof or custodian therefor.

(ii) Transfer to Persons other than Depositary. Notwithstanding any other provision in the Indenture or the Securities, no Global Security may be exchanged in whole or in part for Securities registered, and no transfer of a Global Security in whole or in part may be registered, in the name of any person other than the appropriate Depositary or a nominee thereof unless (A) in the case of a Dollar Denominated Global Security, DTC notifies the Company that it is unwilling or unable to continue as Depositary for such Global Security, or DTC ceases to be a "Clearing Agency" registered under the United States Securities Exchange Act of 1934,

and a successor to DTC is not appointed by the Company within ninety (90) days, (B) in the case of a Euro Denominated Global Security, Euroclear and Cedelbank notify the Company that they are unwilling or unable to continue as clearing agencies for such Euro Denominated Global Security, and successor clearing agencies are not appointed by the Company within one hundred twenty (120) days, (C) in the case of a Euro Denominated Global Security, the Common Depositary notifies the Company that it is unwilling or unable to continue as Depositary for

such Euro Denominated Global Security, and a successor Common Depositary is not appointed by the Company within one hundred twenty (120) days or (D) in the case of any Global Security, an Event of Default has occurred and is continuing with respect thereto and the owner of a beneficial interest therein requests such exchange or transfer. Any Global Security exchanged pursuant to clause (A), (B) or (C) above shall be so exchanged in whole and not in part and any Global Security exchanged pursuant to clause (D) above may be exchanged in whole or from time to time in part as directed by DTC. Any Security issued in exchange for a Global Security or any portion thereof shall be a Global Security, provided that any such Security so issued that is registered in the name of a Person other than the appropriate Depositary or a nominee thereof shall not be a Global Security.

(iii) Global Security to Physical Note. Notes in exchange for a
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Global Security or any portion thereof pursuant to clause (ii) above shall be issued in definitive, fully registered form without interest coupons, shall have an aggregate principal amount equal to that of such Global Security or portion thereof to be so exchanged, shall be registered in such names and be in such authorized denominations as the appropriate Depositary shall designate and shall bear any legends required hereunder. Any Global Security to be exchanged in whole shall be surrendered by the appropriate Depositary to the appropriate Registrar. With regard to any Global Security to be exchanged in part, either such Global Security shall be so surrendered for exchange or, in the case of a Dollar Denominated Global Security, if the Trustee is acting as custodian for DTC or its nominee with respect to such Global Security or, in the case of a Euro Denominated Global Security, if the Common Depositary is acting as Depositary for Euroclear and Cedelbank, the principal amount thereof shall be reduced, by an amount equal to the portion thereof to be so exchanged, by means of an appropriate adjustment made on the records of the Trustee, as Authenticating Agent, or of the Common Depositary. Upon any such surrender or adjustment, the Trustee shall authenticate and deliver the Security issuable on such exchange to or upon the order of the appropriate Depositary or an authorized representative thereof.

(iv) In the event of the occurrence of any of the events specified in clause (ii) above, the Company will promptly make available to the Trustee a reasonable supply

of Physical Notes in definitive, fully registered form, without interest coupons.

(v) No Rights of Agent Members in Global Security. No Agent Member
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of any Depositary nor any other Persons on whose behalf Agent Members may act (including Euroclear and Cedelbank and account Holders and Participants therein) shall have any rights under the Indenture with respect to any Global Security, or under any Global Security, and each Depositary or its nominee, as the case may be, may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner and Holder of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the applicable Depositary or such nominee, as the case may be, or impair, as between DTC, Euroclear and Cedelbank, their respective Agent Members and any other person on whose behalf an Agent Member may act, the operation of customary practices of such Persons governing the exercise of the rights of a Holder of any Note.

SECTION 2.17. Special Transfer Provisions.

(a) Transfers to Institutional Accredited Investors. If Securities are being transferred to an Institutional Accredited Investor, the Securities shall be accompanied by delivery of a transferee certificate for Institutional Accredited Investors substantially in the form of Exhibit D hereto and an opinion of counsel reasonably satisfactory to the Company to the effect that such transfer is in compliance with the Securities Act.

(b) Other Transfers. If a Holder proposes to transfer an Initial Security pursuant to any exemption from the registration requirements of the Securities Act other than as provided for above, the Registrar shall only register such transfer or exchange if such transferor delivers to the Registrar and the Trustee an Opinion of Counsel satisfactory to the Company and the Registrar that such transfer is in compliance with the Securities Act and the terms of this Indenture; provided that the Company may, based upon the opinion of its counsel, instruct the Registrar by a Company Order not to register such transfer in any case where the proposed transferee is not a QIB, an Institutional Accredited Investor or a non-U.S. Person.

(c) General. By its acceptance of any Security bearing Legends, each Holder of such a Security acknowledges the restrictions on transfer of such Security set forth in this Indenture and in the Legends and agrees that it will transfer such Security only as provided in this Indenture.

The Registrar shall retain copies of all letters, notices and other written communications received pursuant to Section 2.15, 2.16 or this Section 2.17 for a period of two years, after which time such letters, notices and other written communications shall at the written request of the Company be delivered to the Company. The Company shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable prior written notice to the Registrar.

ARTICLE THREE

REDEMPTION

SECTION 3.01. Notices to Trustee.

If the Company elects to redeem Notes pursuant to paragraph 5 of the Notes, it shall notify the Trustee and the Paying Agent in writing of the Redemption Date and the aggregate principal amount of the Notes to be redeemed. Such notice must be given at least 35 days prior to the Redemption Date (unless a shorter notice shall be satisfactory to the Trustee), but shall not be given more than 60 days before the Redemption Date. Any such notice may be cancelled at any time prior to notice of such redemption being mailed to any Holder and shall thereby be void and of no effect.

SECTION 3.02. Selection of Notes To Be Redeemed.

If less than all of the Notes are to be redeemed at any time, selection of such Notes for redemption will be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which such Notes are listed or, if such Notes are not listed on a national securities exchange, on a pro rata basis, by lot or by such method as the Trustee shall deem fair and appropriate; provided, however, that no Notes of a principal amount of $1,000 or EU1,000, as the case may be, or less shall be redeemed in part. On and after the Redemption Date, interest shall cease to accrue on the Notes or portions thereof called for redemption; provided,

further, however, that if a partial redemption is made with the proceeds of an
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Equity Offering, selection of the Notes or portions thereof for redemption shall be made by the Trustee only on a pro rata basis or on as nearly a pro rata basis as is practicable (subject to DTC procedures), unless such method is otherwise prohibited.

SECTION 3.03. Notice of Redemption.

At least 30 days but not more than 60 days before a Redemption Date, the Company shall mail or cause to be mailed a notice of redemption by first-class mail to each Holder whose Notes are to be redeemed at its registered address, with a copy to the Trustee. At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at the Company's expense. Each notice for redemption shall identify the Notes to be redeemed and shall state:

(1) the Redemption Date;

(2) the redemption price and the amount of accrued interest, if any, to be paid (the "Redemption Price");

(3) the paragraph and subparagraph of the Notes pursuant to which the Notes are being redeemed;

(4) the name and address of the Paying Agent;

(5) that Notes called for redemption must be surrendered to the Paying Agent to collect the Redemption Price;

(6) that, unless the Company defaults in making the redemption payment, interest, if any, on Notes called for redemption shall cease to accrue on and after the Redemption Date, and the only remaining right of the Holders of such Notes is to receive payment of the Redemption Price upon surrender to the Paying Agent of the Notes redeemed;

(7) that, if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the Redemption Date, and upon cancellation of such Note, a new Note or Notes in the aggregate principal amount equal to the unredeemed portion thereof will be issued in the name of the Holder;

(8) that, if less than all the Notes are to be redeemed, the identification of the particular Notes (or portion thereof) to be redeemed, as well as the aggregate

principal amount of Notes to be redeemed and the aggregate principal amount of Notes to be outstanding after such partial redemption; and

(9) whether the redemption is conditioned on any events and what such conditions are.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such rule, laws and regulations are applicable in connection with the purchase of Notes.

SECTION 3.04. Effect of Notice of Redemption.

Once notice of redemption is mailed in accordance with Section 3.03, Notes called for redemption become due and payable on the Redemption Date and at the Redemption Price. Upon surrender to the Trustee or Paying Agent, such Notes called for redemption shall be paid at the Redemption Price, but installments of interest, the maturity of which is on or prior to the Redemption Date, shall be payable to Holders of record at the close of business on the relevant record dates referred to in the Notes. Interest shall accrue on or after the Redemption Date and shall be payable only if the Company defaults in payment of the Redemption Price.

SECTION 3.05. Deposit of Redemption Price.

On or before the Redemption Date, the Company shall deposit with the Paying Agent U.S. Legal Tender (in the case of Dollar Notes) and/or euros (in the case of Euro Notes) sufficient to pay the Redemption Price of all Notes to be redeemed on that date. The Paying Agent shall promptly return to the Company any U.S. Legal Tender (in the case of Dollar Notes) and/or euros (in the case of Euro Notes) so deposited that is not required for that purpose, except with respect to monies owed as obligations to the Trustee pursuant to Article Seven.

Unless the Company fails to comply with the preceding paragraph and defaults in the payment of such Redemption Price, interest on the Notes to be redeemed will cease to accrue on and after the applicable Redemption Date, whether or not such Notes are presented for payment.

SECTION 3.06. Notes Redeemed in Part.

Upon surrender of a Note that is to be redeemed in part, the Trustee shall authenticate for the Holder a new Note or Notes equal in principal amount to the unredeemed portion of the Note surrendered.

ARTICLE FOUR

COVENANTS

SECTION 4.01. Payment of Notes.

The Company shall pay the interest on the Notes on the dates and in the manner provided in the Notes. An installment of principal of or interest on the Notes shall be considered paid on the date it is due if the Trustee or Paying Agent holds on that date U.S. Legal Tender (in the case of Dollar Notes) and/or euros (in the case of Euro Notes) designated for and sufficient to pay the installment. Interest on the Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Notwithstanding anything to the contrary contained in this Indenture, the Company may, to the extent it is required to do so by law, deduct or withhold income or other similar taxes imposed by the United States of America from principal, premium or interest payments hereunder.

SECTION 4.02. Maintenance of Office or Agency.

The Company shall maintain the office or agency required under Section 2.03. The Company shall give prior notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the address of the Trustee set forth in Section 12.02.

SECTION 4.03. Limitation on Restricted Payments.

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, (a) declare or pay any dividend or make any distribution (other

than dividends or distributions payable solely in Qualified Capital Stock of the Company) on or in respect of shares of the Company's Capital Stock to holders of such Capital Stock, (b) purchase, redeem or otherwise acquire or retire for value any Capital Stock of the Company or any warrants, rights or options to purchase or acquire shares of any class of such Capital Stock, (c) make any principal payment on, purchase, defease, redeem, prepay, decrease or otherwise acquire or retire for value, prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment, any Indebtedness of the Company

that is subordinate or junior in right of payment to the Notes or (d) make any Investment (other than Permitted Investments) (each of the foregoing actions set forth in clauses (a), (b), (c) and (d) being referred to as a "Restricted Payment"), if at the time of such Restricted Payment or immediately after giving effect thereto, (i) a Default or an Event of Default shall have occurred and be continuing, (ii) the Company is not able to incur at least $1.00 of additional Indebtedness (other than Permitted Indebtedness) in compliance with Section 4.12, or (iii) the aggregate amount of Restricted Payments (including such proposed Restricted Payment) made subsequent to the Issue Date (the amount expended for such purposes, if other than in cash, being the fair market value of such property as determined reasonably and in good faith by the Board of Directors of the Company) shall exceed the sum of: (x) 50% of the cumulative Consolidated Net Income (or if cumulative Consolidated Net Income shall be a loss, minus 100% of such loss) of the Company earned from June 30, 1999 through the last day of the last full fiscal quarter immediately preceding the date the Restricted Payment occurs (the "Reference Date") (treating such period as a single accounting period); plus (y) 100% of the aggregate net cash proceeds received by the Company from any Person (other than a Subsidiary of the Company) from the issuance and sale subsequent to the Issue Date and on or prior to the Reference Date of Qualified Capital Stock of the Company (other than Specified Venture Capital Stock); plus (z) without duplication of any amounts included in clause (iii)(y) above, 100% of the aggregate net cash proceeds of any equity contribution received by the Company from a holder of the Company's Capital Stock.

Notwithstanding the foregoing, the provisions set forth in the immediately preceding paragraph shall not prohibit: (1) the payment of any dividend within 60 days after the date of declaration of such dividend if the dividend would have been permitted on the date of declaration; (2) the acquisition of any shares of Capital Stock of the Company, either (i) solely in exchange for shares of Qualified Capital Stock of

the Company or (ii) if no Default or Event of Default shall have occurred and be continuing, through the application of net proceeds of a substantially concurrent sale or incurrence for cash (other than to a Subsidiary of the Company) of shares of Qualified Capital Stock of the Company; (3) the acquisition of any Indebtedness of the Company that is subordinate or junior in right of payment to the Notes either (i) solely in exchange for shares of Qualified Capital Stock of the Company, or (ii) if no Default or Event of Default shall have occurred and be continuing, through the application of net proceeds of a substantially concurrent sale or incurrence for cash (other than to a Subsidiary of the Company) of (A) shares of Qualified Capital Stock of the Company or (B) Refinancing Indebtedness; (4) so long as no Default or Event of Default shall have occurred and be continuing, repurchases by the Company of, or dividends to Holdings to permit repurchases by Holdings of, Common Stock of the Company or Holdings from employees of the Company or any of its Subsidiaries or their authorized representatives upon the death, disability or termination of employment of such employees, in an aggregate amount not to exceed $4 million in any calendar year; (5) the redemption or repurchase of any Common Stock of the Company held by a Restricted Subsidiary of the Company which obtained such Common Stock directly from the Company; (6) distributions to the members of the Company in accordance with the Tax Sharing Agreement; (7) payments to Holdings for legal, audit and other expenses directly relating to the administration of Holdings (including fees and expenses relating to the Holdings Zero Coupon Notes) which when aggregated with loans made to Holdings in accordance with clause (xvii) under the definition of "Permitted Investments" will not exceed $3.0 million in any fiscal year; (8) the payment of consideration by a third party to equity holders of the Company; (9) additional Restricted Payments in an aggregate amount not to exceed $10 million since the Issue Date; (10) payments of dividends on Disqualified Capital Stock issued in accordance with Section 4.12 and (11) distributions or investments to effect the transactions contemplated by the Contribution Agreement and the financing thereof. In determining the aggregate amount of Restricted Payments made subsequent to the Issue Date in accordance with clause (iii) of the immediately preceding paragraph, cash amounts expended pursuant to clauses (1), (2) and (4) shall be included in such calculation.

Not later than the date of making any Restricted Payment pursuant to clause (iii) of the second preceding paragraph or clause (9) of the immediately preceding paragraph, the Company shall deliver to the Trustee an officers' certificate stating that such Restricted Payment complies with this Inden-

ture and setting forth in reasonable detail the basis upon which the required calculations were computed, which calculations may be based upon the Company's quarterly financial statements last provided to the Trustee pursuant to Section 4.09.

SECTION 4.04. Corporate Existence.

Except as otherwise permitted by Article Five, the Company shall do or cause to be done all things reasonably necessary to preserve and keep in full force and effect its corporate or other existence and the corporate or other existence of each of its Restricted Subsidiaries in accordance with the respective organizational documents of each such Restricted Subsidiary and the material rights (charter and statutory) and franchises of the Company and each such Restricted Subsidiary; except for such noncompliances as are not in the aggregate reasonably likely to have a material adverse effect on the financial condition or results of operations of the Company and its Restricted Subsidiaries taken as a whole.

SECTION 4.05. Payment of Taxes and Other Claims.

The Company shall pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (i) all material taxes, assessments and governmental charges (including withholding taxes and any penalties, interest and additions to taxes) levied or imposed upon it or any of its Restricted Subsidiaries or properties of it or any of its Restricted Subsidiaries and (ii) all material lawful claims for labor, materials, supplies and services that, if unpaid, might by law become a Lien upon the property of it or any of its Restricted Subsidiaries; except for such noncompliances as are not in the aggregate reasonably likely to have a material adverse effect on the financial condition or results of operations of the Company and its Restricted Subsidiaries as a whole; provided, however, that there shall not be required to
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be paid or discharged any such tax, assessment or charge, the amount, applicability or validity of which is being contested in good faith by appropriate proceedings and for which adequate provision has been made or where the failure to effect such payment or discharge is not adverse in any material respect to the Holders.

SECTION 4.06. Maintenance of Properties and Insurance.

(a) The Company shall, and shall cause each of its Restricted Subsidiaries to, make all reasonable efforts to

maintain its material properties in normal condition (subject to ordinary wear and tear) and make all reasonably necessary repairs, renewals or replacements thereto as in the judgment of the Company may be reasonably necessary to the conduct of the business of the Company and its Restricted Subsidiaries; except for such noncompliances as are not in the aggregate reasonably likely to have a material adverse effect on the financial condition or results of operations of the Company and its Restricted Subsidiaries taken as a whole.

(b) The Company shall provide or cause to be provided, for itself and each of its Restricted Subsidiaries, insurance (including appropriate self-insurance) against loss or damage of the kinds that, in the reasonable, good faith opinion of the Company, are reasonably adequate and appropriate for the conduct of the business of the Company and such Restricted Subsidiaries.

SECTION 4.07. Compliance Certificate; Notice of Default.

(a) The Company shall deliver to the Trustee, within 120 days after the end of each of the Company's fiscal years, an Officers' Certificate stating that a review of its activities and the activities of its Restricted Subsidiaries during the preceding fiscal year has been made under the supervision of the signing officers with a view to determining whether it has

kept, observed, performed and fulfilled its obligations under this Indenture and further stating, as to each such officer signing such certificate, that to the best of his knowledge at the date of such certificate there is no Default or Event of Default that has occurred and is continuing or, if such signers do know of such Default or Event of Default, the certificate shall describe the Default or Event of Default and its status with particularity. The Officers' Certificate shall also notify the Trustee should the Company elect to change the manner in which it fixes its fiscal year end.

(b) The annual financial statements delivered to the Trustee pursuant to Section 4.09 shall be accompanied by a written report of the Company's independent accountants that in conducting their audit of the financial statements which are a part of such annual report or such annual financial statements nothing has come to their attention that would lead them to believe that the Company has violated any provisions of Article Four, Five or Six insofar as they relate to accounting matters or, if any such violation has occurred, specifying the nature and period of existence thereof, it being understood that such accountants shall not be liable directly or indirectly to any

Person for any failure to obtain knowledge of any such violation.

(c) So long as any of the Notes are outstanding (i) if any Default or Event of Default has occurred and is continuing or (ii) if any Holder seeks to exercise any remedy hereunder with respect to a claimed Default under this Indenture or the Notes, the Company shall deliver to the Trustee as soon as practicable by registered or certified mail or by telegram, telex or facsimile transmission followed by hard copy by registered or certified mail an Officers' Certificate specifying such event, notice or other action.

SECTION 4.08. Compliance with Laws.

The Company shall comply, and shall cause each of its Restricted Subsidiaries to comply, with all applicable statutes, rules, regulations, orders and restrictions of the United States of America, all states and municipalities thereof, and of any governmental department, commission, board, regulatory authority, bureau, agency and instrumentality of the foregoing, in respect of the conduct of their respective businesses and the ownership of their respective properties, except for such noncompliances as are not in the aggregate reasonably likely to have a material adverse effect on the financial condition or results of operations of the Company and its Restricted Subsidiaries taken as a whole.

SECTION 4.09. Reports to Holders.

Whether or not required by the Commission, so long as any Notes are outstanding, after the date the Exchange Offer is required to be consummated, the Company will furnish to the Trustee and the Holders of the Notes, within the time periods specified in the Commission's rules and regulations:

(1) all quarterly and annual financial information that would be required to be contained in a filing with the Commission on Forms 10-Q and 10-K if the Company were required to file such Forms, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, with respect to the annual information only, a report on the annual financial statements by the Company's certified independent accountants; and

(2) all current reports that would be required to be filed with the Commission on Form 8-K if the Company were required to file such reports.

If the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph shall include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes or schedules thereto and in Management's Discussion and Analysis of Financial Condition and Results of Operations, of the financial condition and results of operations of the

Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

In addition, whether or not required by the Commission, the Company will file a copy of all the information and reports referred to in clauses (1) and (2) above with the Commission for public availability within the time periods specified in the Commission's rules and regulations (unless the Commission will not accept such a filing) and make such information available to securities analysts and prospective investors upon request.

SECTION 4.10. Waiver of Stay, Extension or Usury Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury law or other law that would prohibit or forgive the Company from paying all or any portion of the principal of, premium or interest on the Notes as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the obligations or the performance of this Indenture; and (to the extent that it may lawfully do so) the Company hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 4.11. Limitations on Transactions with Affiliates.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or permit to exist any transaction or series of related transactions (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any of its Affiliates

(each an "Affiliate Transaction"), other than (x) Affiliate Transactions permitted under paragraph (b) below and (y) Affiliate Transactions on terms that are no less favorable than those that might reasonably have been obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate of the Company or such Restricted Subsidiary. All Affiliate Transactions (and each series of related Affiliate Transactions which are similar or part of a common plan) that involves an aggregate fair market value of more than $5.0 million shall be approved by the Board of Directors of the Company or such Restricted Subsidiary, as the case may be, such approval to be evidenced by a Board Resolution stating that such Board of Directors has determined that such transaction complies with the foregoing provisions. If the Company or any Restricted Subsidiary of the Company enters into an Affiliate Transaction (or a series of related Affiliate Transactions related to a common plan) that involves an aggregate fair market value of more than $10.0 million, the Company or such Restricted Subsidiary, as the case may be, shall, prior to the consummation thereof, obtain a favorable opinion as to the fairness of such transaction or series of related transactions to the Company or the relevant Restricted Subsidiary, as the case may be, from a financial point of view, from an Independent Financial Advisor and file the same with the Trustee.

(b) The restrictions set forth in clause (a) shall not apply to (i) reasonable fees and compensation paid to and indemnity provided on behalf of, officers, directors, employees or consultants of the Company or any Restricted Subsidiary of the Company as determined in good faith by the Company's Board of Directors or senior management; (ii) transactions exclusively between or among the Company and any of its Restricted Subsidiaries or exclusively between or among such Restricted Subsidiaries, provided such transactions are not otherwise prohibited by this Indenture; (iii) any agreement as in effect as of the Issue Date or contemplated by the Contribution Agreement or any amendment thereto or any transaction contemplated thereby (including pursuant to any amendment thereto) or in any replacement agreement thereto so long as any such amendment or replacement agreement is not more disadvantageous to the Holders in any material respect than the original agreement; (iv) Permitted Investments and Restricted Payments made in compliance with this Indenture; (v) transactions between or among any of the Company, any of its Subsidiaries and any Securitization Entity in connection with a Qualified Securitization Transaction,

in each case provided that such transactions are not otherwise prohibited by this Indenture; and (vi) transactions with distributors or other purchases or sales of goods or services,

in each case in the ordinary course of business and otherwise in compliance with the terms of this Indenture which when taken together are fair to the Company or the Restricted Subsidiaries as applicable, in the reasonable determination of the Board of Directors of the Company or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party.

SECTION 4.12. Limitation on Incurrence of Additional Indebtedness.

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume, guarantee, acquire, become liable, contingently or otherwise, with respect to, or otherwise become responsible for payment of (collectively, "incur") any Indebtedness (other than Permitted Indebtedness); provided, however, if no Default or Event of Default shall have occurred and be continuing at the time of or as a consequence of the incurrence of any such Indebtedness, the Company and its Restricted Subsidiaries which are Guarantors may incur Indebtedness (including, without limitation, Acquired Indebtedness) and Restricted Subsidiaries of the Company which are not Guarantors may incur Acquired Indebtedness, in each case if on the date of the incurrence of such Indebtedness, after giving effect to the incurrence thereof, the Consolidated Fixed Charge Coverage Ratio of the Company is greater than 2.0 to 1.0.

SECTION 4.13. Limitation on Dividend and Other Payment Restrictions Affecting Subsidiaries.

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary of the Company to (a) pay dividends or make any other distributions on or in respect of its Capital Stock; (b) make loans or advances or to pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary of the Company; or (c) transfer any of its property or assets to the Company or any other Restricted Subsidiary of the Company, except for such encumbrances or restrictions existing under or by reason of: (1) applicable law; (2) this Indenture; (3) customary non-assignment provisions of any contract or any lease governing a leasehold interest of any Restricted Subsidiary of the Company; (4) any agreements existing at the time of acquisition of any Person or the properties or assets of the Person so acquired (including agreements governing Acquired In-

debtedness), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person or the properties or assets of the Person so acquired; (5) agreements existing on the Issue Date to the extent and in the manner such agreements are in effect on the Issue Date; (6) restrictions imposed by any agreement to sell assets or Capital Stock permitted under this Indenture to any Person pending the closing of such sale; (7) any agreement or instrument governing Capital Stock of any Person that is acquired; (8) Indebtedness or other contractual requirements of a Securitization Entity in connection with a Qualified Securitization Transaction; provided that such restrictions apply only to such Securitization Entity; (9) Liens incurred in accordance with the covenant described under Section 4.18; (10) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business; (11) the Credit Facilities; (12) any restriction under an agreement governing Indebtedness of a Foreign Subsidiary permitted under Section 4.12; (13) customary restrictions in Capitalized Lease Obligations, security agreements or mortgages securing Indebtedness of the Company or a Restricted Subsidiary to the extent such restrictions restrict the transfer of the property subject to such Capitalized Lease Obligations, security agreements or mortgages; (14) customary provisions in joint venture agreements and other similar agreements (in each case relating

solely to the respective joint venture or similar entity or the equity interests therein) entered into in the ordinary course of business; (15) contracts entered into in the ordinary course of business, not relating to Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary; and (16) an agreement governing Indebtedness incurred to Refinance the Indebtedness issued, assumed or incurred pursuant to an agreement referred to in clause (2), (4), (5), (8), (11), (12) or (13) above; provided, however, that the provisions relating to such encumbrance
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or restriction contained in any such Indebtedness are no less favorable to the Company in any material respect as determined by the Board of Directors of the Company in their reasonable and good faith judgment than the provisions relating to such encumbrance or restriction contained in agreements referred to in such clause (2), (4), (5), (8), (11), (12) or (13).

SECTION 4.14. Change of Control.

(a) Upon the occurrence of a Change of Control, each Holder will have the right to require that the Company purchase

all or a portion (equal to $1,000 or EU1,000, as the case may be, or an integral multiple thereof) of such Holder's Notes in cash pursuant to the offer described below (the "Change of Control Offer"), at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase.

(b) Prior to the mailing of the notice referred to below, but in any event within 30 days following any Change of Control, the Company covenants to (i) repay in full and terminate all commitments under Indebtedness under the Credit Facilities and all other Senior Debt the terms of which require repayment upon a Change of Control or offer to repay in full and terminate all commitments under all Indebtedness under the Credit Facilities and all other such Senior Debt and to repay the Indebtedness owed to each lender which has accepted such offer or (ii) obtain the requisite consents under the Credit Facilities and all other Senior Debt to permit the repurchase of the Notes as provided below. The Company shall first comply with the covenant in the immediately preceding sentence before it shall be required to repurchase Notes pursuant to the provisions described below. The Company's failure to comply with the covenant described in the immediately preceding sentence shall be governed by clause (3), and not clause (2), of Section 6.01.

(c) Within 30 days following the date on which a Change of Control occurs (the "Change of Control Date"), the Company shall send, by first class mail, postage prepaid, a notice to each Holder of Notes at their last registered address and the Trustee, which notice shall govern the terms of the Change of Control Offer. The notice to the Holders shall contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Change of Control Offer. Such notice shall state:

(1) that the Change of Control Offer is being made pursuant to Section 4.14 of the Indenture and that all Notes validly tendered and not withdrawn will be accepted for payment;

(2) the purchase price (including the amount of accrued interest, if any) and the purchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed, other than as may be required by law) (the "Change of Control Payment Date");

(3) that any Note not tendered will continue to accrue interest;

(4) that, unless the Company defaults in making payment therefor, any Note accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Payment Date;

(5) that Holders electing to have a Note purchased pursuant to a Change of Control Offer will be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the

Note completed, to the Paying Agent and Registrar for the Notes at the address specified in the notice prior to the close of business on the third Business Day prior to the Change of Control Payment Date;

(6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the second Business Day prior to the Change of Control Payment Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Notes the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;

(7) that Holders whose Notes are purchased only in part will be issued

new Notes in a principal amount equal to the unpurchased portion of the Notes surrendered; provided, however, that each Note purchased and each new
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Note issued shall be in a principal amount of $1,000, EU1,000 or integral multiples thereof; and

(8) the circumstances and relevant facts regarding such Change of Control.

(d) On or before the Change of Control Payment Date, the Company shall (i) accept for payment Notes or portions thereof (in integral multiples of $1,000 and EU1,000) validly tendered pursuant to the Change of Control Offer, (ii) deposit with the Paying Agent in accordance with Section 2.14 U.S. Legal Tender and/or euros sufficient to pay the purchase price plus accrued and unpaid interest, if any, of all Notes to be purchased and (iii) deliver to the Trustee Notes so accepted together with an Officers' Certificate stating the Notes or portions thereof being purchased by the Company. Upon receipt by the Paying Agent of the monies specified in clause (ii) above and a copy of the Officers' Certificate specified in clause (iii) above, the Paying Agent shall promptly mail to the Holders of Notes so accepted payment in an amount equal to the purchase price plus accrued and unpaid interest, if any, out of

the funds deposited with the Paying Agent in accordance with the preceding sentence. The Trustee shall promptly authenticate and mail or cause to be transferred by book-entry to such Holders new Notes equal in principal amount to any unpurchased portion of the Notes surrendered, provided that each such new Note will be in the same currency as the surrendered Note and in a principal amount of $1,000 or EU1,000, as the case may be, or an integral multiple thereof. Upon the payment of the purchase price for the Notes accepted for purchase, the Trustee shall return the Notes purchased to the Company for cancellation. Any monies remaining after the purchase of Notes pursuant to a Change of Control Offer shall be returned within three Business Days by the Trustee to the Company except with respect to monies owed as obligations to the Trustee pursuant to Article Seven. For purposes of this Section 4.14, the Trustee shall act as the Paying Agent.

(e) The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such rule, laws and regulations are applicable in connection with the purchase of the Notes pursuant to a Change of Control Offer. To the extent the provisions of any securities laws and regulations conflict with the provisions of this Indenture relating to a Change of Control Offer, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations relating to such Change of Control Offer by virtue thereof.

SECTION 4.15. Limitation on Asset Sales.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless (i) the Company or the applicable Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the fair market value of the assets sold or otherwise disposed of (as determined in good faith by the Company's Board of Directors); (ii) at least 75% of the consideration received by the Company or the Restricted Subsidiary, as the case may be, from such Asset Sale shall be in the form of cash, Cash Equivalents or Foreign Cash Equivalents (provided that the amount of any liabilities (as shown on the Company's or such

Restricted Subsidiary's most recent balance sheet) of the Company or any such Restricted Subsidiary (other than liabilities that are by their terms subordinated to the Notes) that are assumed by the transferee of any such assets shall be deemed to be cash for purposes of this provision) and is received at the time of such disposition; and (iii) upon the con-

summation of an Asset Sale, the Company shall apply, or cause such Restricted Subsidiary to apply, the Net Cash Proceeds relating to such Asset Sale within 365 days of receipt thereof either (A) to prepay any Senior Debt, Guarantor Senior Debt or Indebtedness of a Restricted Subsidiary that is not a Guarantor and, in the case of any such Indebtedness under any revolving credit facility, effect a permanent reduction in the availability under such revolving credit facility, (B) to either (x) make an investment in or expenditures for properties and assets (including Capital Stock of any entity) that replace the properties and assets that were the subject of such Asset Sale or in properties and assets (including Capital Stock of any entity) that will be used in the business of the Company and its Subsidiaries as existing on the Issue Date or in businesses reasonably related thereto ("Replacement Assets") or (y) the acquisition of all of the capital stock or assets of any Person or division conducting a business reasonably related to that of the Company or its Subsidiaries; provided that Net
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Cash Proceeds in excess of $30 million in the aggregate since the Issue Date from Asset Sales involving assets of the Company or a Guarantor (other than the Capital Stock of a Foreign Subsidiary) shall only be reinvested in (x) assets which will be owned by the Company or a Guarantor and not constituting an Investment or (y) the capital stock of a Person that becomes a Guarantor or (C) a combination of prepayment, repurchase and investment permitted by the foregoing clauses (iii)(A), (iii)(B) and (iii)(C). On the 366th day after an Asset Sale or such earlier date, if any, as the Board of Directors of the Company or of such Restricted Subsidiary determines not to apply the Net Cash Proceeds relating to such Asset Sale as set forth in clauses (iii)(A), (iii)(B) and (iii)(C) of the next preceding sentence (each, a "Net Proceeds Offer Trigger Date"), such aggregate amount of Net Cash Proceeds which have not been applied on or before such Net Proceeds Offer Trigger Date as permitted in clauses (iii)(A), (iii)(B) and (iii)(C) of the next preceding sentence (each a "Net Proceeds Offer Amount") shall be applied by the Company or such Restricted Subsidiary to make an offer to purchase (the "Net Proceeds Offer") on a date (the "Net Proceeds Offer Payment Date") not less than 30 nor more than 45 days following the applicable Net Proceeds Offer Trigger Date, from all Holders and all holders of Indebtedness that is pari passu with the Notes containing provisions requiring offers to purchase with the proceeds of sales of assets, on a pro rata basis, that amount of Notes equal to the Net Proceeds Offer Amount at a price equal to 100% of the principal amount of the Notes to be purchased, plus accrued and unpaid interest thereon, if any, to the date of purchase; provided,
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however, that if at any time any non-cash consideration received by the
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Company or any Restricted Subsidiary of the Company, as the case may be, in connection with any Asset Sale is converted into or sold or otherwise disposed of for cash (other than interest received with respect to any such non-cash consideration), then such conversion or disposition shall be deemed to constitute an Asset Sale hereunder and the Net Cash Proceeds thereof shall be applied in accordance with this Section 4.15. The Company shall not be required to make a Net Proceeds Offer until there is an aggregate unutilized Net Proceeds Offer Amount equal to or in excess of $30 million resulting from one or more Asset Sales, at which time, the unutilized Net Proceeds Offer Amount, shall be applied as required pursuant to this paragraph, provided, however, that the
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first $30 million of Net Proceeds Offer Amount need not be applied as required pursuant to this paragraph.

In the event of the transfer of substantially all (but not all) of the property and assets of the Company and its Restricted Subsidiaries as an entirety to a Person in a transaction permitted under Section 5.01 and as a result thereof the Company is no longer an obligor on the Notes, the successor corporation shall be deemed to have sold the properties and assets of the Company and its Restricted Subsidiaries not so transferred for purposes of this Section 4.15, and shall comply with the provisions of this covenant with respect

to such deemed sale as if it were an Asset Sale. In addition, the fair market value of such properties and assets of the Company or its Restricted Subsidiaries deemed to be sold shall be deemed to be Net Cash Proceeds for purposes of this Section 4.15.

(b) Notwithstanding the two immediately preceding paragraphs, the Company and its Restricted Subsidiaries will be permitted to consummate an Asset Sale without complying with such paragraphs to the extent (i) at least 80% of the consideration for such Asset Sale constitutes Replacement Assets and (ii) such Asset Sale is for fair market value; provided, however, that any
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consideration not constituting Replacement Assets received by the Company or any of its Restricted Subsidiaries in connection with any Asset Sale permitted to be consummated under this paragraph shall constitute Net Cash Proceeds subject to the provisions of the two preceding paragraphs.

(c) Subject to the deferral right set forth in the final proviso of Section 4.15(a), each notice of a Net Proceeds Offer pursuant to this Section 4.15 shall be mailed, by first-class mail, by the Company to Holders of Notes at their last registered address not more than 30 days following the Net Proceeds Offer Trigger Date, with a copy to the Trustee. The no-

tice shall contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Net Proceeds Offer and shall state the following terms:

(1) that the Net Proceeds Offer is being made pursuant to Section 4.15 of the Indenture, that all Notes tendered will be accepted for payment; provided, however, that if the aggregate principal amount of Notes tendered
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in a Net Proceeds Offer plus accrued interest at the expiration of such offer exceeds the aggregate amount of the Net Proceeds Offer, the Company shall select the Notes to be purchased on a pro rata basis (with such adjustments as may be deemed appropriate by the Company so that only Notes in denominations of $1,000 or EU1,000, as applicable, or multiples thereof shall be purchased) and that the Net Proceeds Offer shall remain open for a period of 20 Business Days or such longer periods as may be required by law;

(2) the purchase price (including the amount of accrued interest) and the Net Proceeds Offer Payment Date (which shall be not less than 30 nor more than 45 days following the applicable Net Proceeds Offer Trigger Date and which shall be at least five Business Days after the Trustee receives notice thereof from the Company);

(3) that any Note not tendered will continue to accrue interest;

(4) that, unless the Company defaults in making payment therefor, any Note accepted for payment pursuant to the Net Proceeds Offer shall cease to accrue interest after the Net Proceeds Offer Payment Date;

(5) that Holders electing to have a Note purchased pursuant to a Net Proceeds Offer will be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day prior to the Net Proceeds Offer Payment Date;

(6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the second Business Day prior to the Net Proceeds Offer Payment Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Notes the holder delivered for purchase and

a statement that such Holder is withdrawing his election to have such Note purchased; and

(7) that Holders whose Notes are purchased only in part will be issued new Notes in a principal amount equal to the unpurchased portion of the

Note surrendered; provided, however, that each Note purchased and each new
Note issued shall be in an original principal amount of $1,000, EU1,000 or integral multiples thereof.

On or before the Net Proceeds Offer Payment Date, the Company shall (i) accept for payment Notes or portions thereof (in integral multiples of $1,000 and EU1,000) validly tendered pursuant to the Net Proceeds Offer, (ii) deposit with the Paying Agent in accordance with Section 2.14 U.S. Legal Tender (in the case of Dollar Notes) and/or euros (in the case of Euro Notes) sufficient to pay the purchase price plus accrued and unpaid interest, if any, of all Notes to be purchased and (iii) deliver to the Trustee Notes so accepted together with an Officers' Certificate stating the Notes or portions thereof being purchased by the Company. Upon receipt by the Paying Agent of the monies specified in clause (ii) above and a copy of the Officers' Certificate specified in clause (iii) above, the Paying Agent shall promptly mail to the Holders of Notes so accepted payment in an amount equal to the purchase price plus accrued and unpaid interest, if any, out of the funds deposited with the Paying Agent in accordance with the preceding sentence. The Trustee shall promptly authenticate and mail to such Holders new Notes equal in principal amount to any unpurchased portion of the Notes surrendered. Upon the payment of the purchase price for the Notes accepted for purchase, the Trustee shall return the Notes purchased to the Company for cancellation. Any monies remaining after the purchase of Notes pursuant to a Net Proceeds Offer shall be returned within three Business Days by the Trustee to the Company except with respect to monies owed as obligations to the Trustee pursuant to Article Seven. For purposes of this Section 4.15, the Trustee shall act as the Paying Agent.

To the extent the amount of Notes tendered pursuant to any Net Proceeds Offer is less than the amount of Net Cash Proceeds subject to such Net Proceeds Offer, the Company may use any remaining portion of such Net Cash Proceeds not required to fund the repurchase of tendered Notes for general corporate purposes and such Net Proceeds Offer Amount shall be reset to zero.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such rule, laws and regulations are applicable in connection with the repurchase of Notes pursuant to a Net Proceeds Offer. To the extent the provisions of any securities laws and regulations conflict with the provisions of this Indenture relating to a Net Proceeds Offer, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations relating to such Net Proceeds Offer by virtue thereof.

SECTION 4.16. Prohibition on Incurrence of Senior Subordinated Debt.

The Company will not incur or suffer to exist Indebtedness that by its terms is senior in right of payment to the Notes and subordinate in right of payment to any other Indebtedness of the Company.

SECTION 4.17. Limitation on Preferred Stock of Restricted Subsidiaries.

The Company will not permit any of its Restricted Subsidiaries to issue any Preferred Stock (other than to the Company or to a Restricted Subsidiary of the Company) or permit any Person (other than the Company or a Restricted Subsidiary of the Company) to own any Preferred Stock of any Restricted Subsidiary of the Company; provided, however, that (i) Class A Shares and Class B Shares may be issued pursuant to the terms of the Contribution Agreement; (ii) any Person which is not a Restricted Subsidiary of the Company may issue Preferred Stock to equity holders of such Person in exchange for equity interests if after such issuance such Person becomes a Restricted Subsidiary; and (iii) Tioxide Southern Africa (Pty) Limited may issue Preferred Stock to its equity holders in exchange for its equity interests.

SECTION 4.18. Limitation on Liens.

The Company shall not, and shall not cause or permit any of its

Restricted Subsidiaries to create, incur, assume or permit or suffer to exist any Liens of any kind upon any property or assets of the Company or any Restricted Subsidiary now owned or hereafter acquired, which secures Indebtedness pari passu with or subordinated to the Notes unless (i) if such Lien secures Indebtedness which is pari passu with the Notes, then the Notes are secured on an equal and ratable basis with the

obligations so secured until such time as such obligation is no longer secured by a Lien or (ii) if such Lien secures Indebtedness which is subordinated to the Notes, any such Lien shall be subordinated to a Lien granted to the Holders of the Notes in the same collateral as that securing such Lien to the same extent as such subordinated Indebtedness is subordinated to the Notes.

SECTION 4.19. Limitation of Guarantees by Restricted Subsidiaries.

The Company will not permit any of its Restricted Subsidiaries, directly or indirectly, by way of the pledge of any intercompany note or otherwise, to assume, guarantee or in any other manner become liable with respect to any Indebtedness of the Company or any other Restricted Subsidiary (other than (A) Indebtedness under Currency Agreements and Commodity Agreements in reliance on clause (v) of the definition of Permitted Indebtedness, (B) Interest Swap Obligations incurred in reliance on clause (iv) of the definition of Permitted Indebtedness or (C) any guarantee by a Foreign Subsidiary of Indebtedness of another Foreign Subsidiary permitted under Section 4.12), unless, in any such case (a) such Restricted Subsidiary that is not a Guarantor executes and delivers a supplemental indenture to this Indenture, providing a guarantee of payment of the Notes by such Restricted Subsidiary (the "Guarantee") and (b) (x) if any such assumption, guarantee or other liability of such Restricted Subsidiary is provided in respect of Senior Debt, the guarantee or other instrument provided by such Restricted Subsidiary in respect of such Senior Debt may be superior to the Guarantee pursuant to subordination provisions no less favorable in any material respect to the Holders than those contained in this Indenture and (y) if such assumption, guarantee or other liability of such Restricted Subsidiary is provided in respect of Indebtedness that is expressly subordinated to the Notes, the guarantee or other instrument provided by such Restricted Subsidiary in respect of such subordinated Indebtedness shall be subordinated to the Guarantee pursuant to subordination provisions no less favorable in any material respect to the Holders than those contained in this Indenture.

Notwithstanding the foregoing, any such Guarantee by a Restricted Subsidiary of the Notes shall provide by its terms that it shall be automatically and unconditionally released and discharged, without any further action required on the part of the Trustee or any Holder, upon: (i) the unconditional release of such Restricted Subsidiary from its liability in respect of the Indebtedness in connection with which such Guarantee was

executed and delivered pursuant to the preceding paragraph; or (ii) any sale or other disposition (by merger or otherwise) to any Person which is not a Restricted Subsidiary of the Company of all of the Capital Stock in, or all or substantially all of the assets of, such Restricted Subsidiary or the parent of such Restricted Subsidiary; provided that (a) such sale or disposition of such Capital Stock or assets is otherwise in compliance with the terms of this Indenture and (b) such assumption, guarantee or other liability of such Restricted Subsidiary has been released by the holders of the other Indebtedness so guaranteed or (iii) such Guarantor becoming an Unrestricted Subsidiary in accordance with this Indenture.

SECTION 4.20. Conduct of Business.

The Company and its Restricted Subsidiaries (other than a Securitization Entity) will not engage in any businesses which are not the same, similar or related to the businesses in which the Company and its Restricted Subsidiaries are engaged on the Issue Date, except to the extent that after engaging in any new business, the Company and its Restricted Subsidiaries, taken as a whole, remain substantially engaged in similar lines of business as are

conducted by them on the Issue Date. HICI Financial shall only conduct the business of holding Indebtedness of Restricted Subsidiaries of the Company and shall not incur or be liable for any Indebtedness other than guarantees otherwise permitted under this Indenture. TG shall only conduct the business of holding the equity interests in Restricted Subsidiaries and shall not incur or be liable for any Indebtedness other than guarantees otherwise permitted under this Indenture. Holdings U.K. shall only conduct the business of holding equity interests and Indebtedness of Restricted Subsidiaries and shall not incur or be liable for any Indebtedness other than Indebtedness owing to the Company or HICI Financial. Funds directly or indirectly advanced to any Foreign Subsidiary by the Company or any Domestic Subsidiary may only be so advanced if such funds are (i) advanced directly by the Company or a Domestic Restricted Subsidiary, (ii) contributed to HICI Financial as common equity and HICI Financial loans such funds, directly or indirectly through Wholly Owned Restricted Subsidiaries, to such Foreign Subsidiary or (iii) contributed to TG as common equity and TG invests such funds in such Foreign Subsidiary.

SECTION 4.21. Capital Stock of Certain Subsidiaries.

The Company will at all times hold directly, or indirectly through a Wholly Owned Restricted Subsidiary, (i) all

issued and outstanding Capital Stock of TG, other than Class A Shares issued pursuant to the terms of the Contribution Agreement, which will be held by an ICI Affiliate and (ii) all issued and outstanding Capital Stock of Holdings U.K., other than Class B Shares issued pursuant to the terms of the Contribution Agreement, which will be held by a Huntsman Affiliate. Neither TG nor Holdings U.K. will issue any Capital Stock (or any direct or indirect rights, options or warrants to acquire such Capital Stock) to any Person other than the Company or a Wholly Owned Restricted Subsidiary of the Company except to qualify directors if required by applicable law or other similar legal requirements and the Class A Shares and Class B Shares described in the preceding sentence. TG will not make any direct or indirect distribution with respect to its Capital Stock to any Person other than the Company or a Wholly Owned Restricted Subsidiary of the Company except that after the UK Holdco Notes have been paid in full, dividends may be paid on the Class A Shares of TG in an amount not to exceed 1% of the dividends paid by TG. Holdings U.K. will not make any direct or indirect distribution with respect to its Capital Stock to any Person other than the Company or a Wholly Owned Restricted Subsidiary of the Company and other than nominal dividends on the Class B Shares.

ARTICLE FIVE

SUCCESSOR CORPORATION

SECTION 5.01. Merger, Consolidation and Sale of Assets.

(a) The Company will not, in a single transaction or a series of related transactions, consolidate or merge with or into any Person, or sell, assign, transfer, lease, convey or otherwise dispose of (or cause or permit any Restricted Subsidiary of the Company to sell, assign, transfer, lease, convey or otherwise dispose of) all or substantially all of the Company's assets (determined on a consolidated basis for the Company and its Restricted Subsidiaries), whether as an entirety or substantially as an entirety to any Person unless:

(i) either (1) the Company shall be the surviving or continuing corporation or (2) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or the Person that acquires by sale, assignment, transfer, lease, conveyance or other disposition the properties and assets of the Company and of the

Company's Restricted Subsidiaries substantially as an entirety (the "Surviving Entity") (x) shall be an entity organized and validly existing under the laws of the United States or any State thereof or the District of Columbia and (y) shall expressly assume, by supplemental indenture (in form

and substance satisfactory to the Trustee), executed and delivered to the Trustee, the due and punctual payment of the principal of, and premium, if any, and interest on all the Notes and the performance of every covenant of the Notes and this Indenture on the part of the Company to be performed or observed;

(ii) immediately after giving effect to such transaction and the assumption contemplated by clause (i)(2)(y) above (including giving effect to any Indebtedness and Acquired Indebtedness incurred or anticipated to be incurred in connection with or in respect of such transaction), the Company or such Surviving Entity, as the case may be, shall be able to incur at least $1.00 of additional Indebtedness (other than Permitted Indebtedness) pursuant to Section 4.12;

(iii) immediately before and immediately after giving effect to such transaction and the assumption contemplated by clause (i)(2)(y) above (including, without limitation, giving effect to any Indebtedness and Acquired Indebtedness incurred or anticipated to be incurred and any Lien granted in connection with or in respect of the transaction), no Default or Event of Default shall have occurred or be continuing; and

(iv) the Company or the Surviving Entity shall have delivered to the Trustee an officers' certificate and an opinion of counsel, each stating that such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with the applicable provisions of this Indenture and that all conditions precedent in this Indenture relating to such transaction have been satisfied.

(b) For purposes of this Section 5.01, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of related transactions) of all or substantially all of the properties and assets of one or more Restricted Subsidiaries of the Company, the Capital Stock of which constitutes all or substantially all of the properties or assets of

the Company, will be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

(c) Each Guarantor (other than any Guarantor whose Guarantee is to be released in accordance with the terms of the Guarantee and this Indenture in connection with any transaction complying with the provisions of Section 4.15) will not, and the Company will not cause or permit any Guarantor to, consolidate with or merge with or into any Person other than the Company or any other Guarantor unless: (i) the entity formed by or surviving any such consolidation or merger (if other than the Guarantor) or to which such sale, lease, conveyance or other disposition shall have been made assumes by supplemental indenture all of the obligations of the Guarantor on its Guarantee; (ii) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing; and (iii) immediately after giving effect to such transaction and the use of any net proceeds therefrom on a pro forma basis, the Company could satisfy the provisions of clause (ii) of the first paragraph of this Section 5.01. Any merger or consolidation of a Guarantor with and into the Company (with the Company being the surviving entity) or another Guarantor need not comply with clause (a) above.

Notwithstanding anything in this Section 5.01 to the contrary, (a) the Company may merge with an Affiliate that has no material assets or liabilities and that is incorporated or organized solely for the purpose of reincorporating or reorganizing the Company in another state of the United States or the District of Columbia to realize tax benefits without complying with clause (ii) of the first paragraph of this covenant and (b) any transaction characterized as a merger under applicable state law where each of the constituent entities survives, shall not be treated as a merger for purposes of this covenant, but shall instead be treated as (x) an Asset Sale, if the result of such transaction is the transfer of assets by the Company or a Restricted Subsidiary, or (y) an Investment, if the result of such transaction is the acquisition of assets by the Company or a Restricted Subsidiary.

SECTION 5.02. Successor Corporation Substituted.

Upon any consolidation, combination or merger, or any transfer of all or substantially all of the assets of the Company in accordance with Section 5.01 in which the Company is not the continuing corporation, the successor Person formed by such consolidation or into which the Company is merged or to which such conveyance, lease or transfer is made shall succeed

to, and be substituted for, and may exercise every right and power of, the Company under this Indenture and the Notes with the same effect as if such surviving entity had been named as such.

ARTICLE SIX

DEFAULT AND REMEDIES

SECTION 6.01. Events of Default.

Each of the following shall be an "Event of Default":

(1) the failure to pay interest on the Notes when the same becomes due and payable and such Default continues for a period of 30 days (whether or not such payment shall be prohibited by the subordination provisions described under Article Ten);

(2) the failure to pay principal on any Notes, when such principal becomes due and payable, at maturity, upon redemption or otherwise (including the failure to make a payment to purchase Notes tendered pursuant to a Change of Control Offer or a Net Proceeds Offer) (whether or not such payment shall be prohibited by the provisions described under Article Ten);

(3) a default in the observance or performance of any other covenant or agreement contained in this Indenture, which default continues for a period of 60 days after the Company receives written notice thereof specifying the default (and demanding that such default be remedied) from the Trustee or the Holders of at least 25% of the outstanding principal amount of the Notes (except in the case of a default with respect to Section 5.01, which will constitute an Event of Default with such notice requirement but without such passage of time requirement);

(4) the failure to pay at the final maturity (giving effect to any applicable grace periods and any extensions thereof) the principal amount of any Indebtedness of the Company or any Restricted Subsidiary of the Company or the acceleration of the final stated maturity of any such Indebtedness if the aggregate principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness in default for failure to pay

principal at final maturity or which has been accelerated, aggregates $25.0 million or more at any time and such Indebtedness has not been discharged in full or such acceleration has not been rescinded or annulled within 30 days of such final maturity or acceleration;

(5) one or more judgments in an aggregate amount in excess of $25.0 million (which are not covered by third party insurance as to which the insurer has not disclaimed coverage) shall have been rendered against the Company or any of its Restricted Subsidiaries and such judgment or judgments remain undischarged, unpaid or unstayed for a period of 60 days after such judgment or judgments become final and nonappealable;

(6) the Company or any Restricted Subsidiary which is also a Significant Subsidiary (A) commences a voluntary case or proceeding under any Bankruptcy Law with respect to itself, (B) consents to the entry of a judgment, decree or order for relief against it in an involuntary case or proceeding under any Bankruptcy Law, (C) consents to the appointment of a custodian of it or for substantially all of its property, (D) consents to or acquiesces in the institution of a bankruptcy or an insolvency proceeding against it or (E) makes a general assignment for the benefit of

its creditors;

(7) a court of competent jurisdiction enters a judgment, decree or order for relief in respect of the Company or any Restricted Subsidiary which is also a Significant Subsidiary in an involuntary case or proceeding under any Bankruptcy Law, which shall (A) approve as properly filed a petition seeking reorganization, arrangement, adjustment or composition in respect of the Company or any Significant Subsidiary, (B) appoint a custodian of the Company or any Significant Subsidiary or for substantially all of its property or (C) order the winding-up or liquidation of its affairs; and such judgment, decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or

(8) any Guarantee of a Significant Subsidiary ceases to be in full force and effect or any such Guarantee is declared to be null and void and unenforceable or any of such Guarantee is found to be invalid or any of the Guarantors denies its liability under its Guarantee (other than by reason of release of a Guarantor in accordance with the terms of this Indenture).

SECTION 6.02. Acceleration.

(a) If an Event of Default (other than an Event of Default specified in Section 6.01(6) or (7) with respect to the Company) shall occur and be continuing, the Trustee or the Holders of at least 25% in principal amount of outstanding Notes may declare the principal of all the Notes, together with all accrued and unpaid interest, to be due and payable by notice in writing to the Company and, in the case of an acceleration notice from the Holders of at least 25% in principal amount of the outstanding Notes, the Trustee specifying the respective Event of Default and that it is a "notice of acceleration" (the "Acceleration Notice"), and the same shall become immediately due and payable or if there are any amounts outstanding under the Designated Senior Debt, shall become immediately due and payable upon the first to occur of an acceleration under the Designated Senior Debt or 5 Business Days after receipt by the Company and the Representative under the Designated Senior Debt of such Acceleration Notice. If an Event of Default specified in Section 6.01(6) or (7) with respect to the Company occurs and is continuing, then such amount will ipso facto become
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and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder of the Notes.

(b) At any time after a declaration of acceleration with respect to the Notes as described in the preceding paragraph, the Holders of a majority in principal amount of the Notes then outstanding (by notice to the Trustee) may rescind and cancel such declaration and its consequences if (i) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction, (ii) all existing Events of Default have been cured or waived except nonpayment of principal of or interest on the Notes that has become due solely by such declaration of acceleration, (iii) to the extent the payment of such interest is lawful, interest (at the same rate specified in the Notes) on overdue installments of interest and overdue payments of principal, which has become due other than by such declaration of acceleration, has been paid, (iv) the Company has paid the Trustee its reasonable compensation and reimbursed the Trustee for its expenses, disbursements and advances and (v) in the event of the cure or waiver of a Default or Event of Default of the type described in Sections 6.01(6) and (7), the Trustee has received an Officers' Certificate and Opinion of Counsel that such Default or Event of Default has been cured or waived and the Trustee shall be entitled to conclusively rely upon such Officers' Certificate and Opinion of Counsel. No such rescission shall affect any subsequent De-

fault or Event of Default or impair any right consequent thereto.

SECTION 6.03. Other Remedies.

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy by proceeding at law or in equity to collect the payment of principal of, premium, if any, or accrued and unpaid interest on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Noteholder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative to the extent permitted by law.

SECTION 6.04. Waiver of Past Defaults.

Subject to Sections 6.07 and 9.02, the Holders of a majority in principal amount of the Notes by notice to the Trustee may waive any existing Default or Event of Default and its consequences, except a Default in the payment of the principal of or interest on any Note as specified in clauses (1) and (2) of Section 6.01.

SECTION 6.05. Control by Majority.

Subject to Section 2.09, the Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on it, including, without limitation, any remedies provided for in Section 6.03. Subject to Section 7.01, however, the Trustee may, in its discretion, refuse to follow any direction that conflicts with any law or this Indenture, that the Trustee determines may be unduly prejudicial to the rights of another Holder (it being understood that the Trustee shall have no duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Holders) or that may involve the Trustee in personal liability; provided, however, that the Trustee may take any
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other action deemed proper by the Trustee, in its discretion, that is not inconsistent with such direction.

SECTION 6.06. Limitation on Suits.

A Holder may not pursue any remedy with respect to this Indenture or the Notes unless:

(1) the Holder gives to the Trustee notice of a continuing Event of Default;

(2) Holders of at least 25% in aggregate principal amount of the then outstanding Notes make a written request to the Trustee to pursue the remedy;

(3) such Holders offer to the Trustee indemnity or security against any loss, liability or expense to be incurred in compliance with such request which is satisfactory to the Trustee;

(4) the Trustee does not comply with the request within 45 days after receipt of the request and the offer of satisfactory indemnity or security; and

(5) during such 45-day period the Holders of a majority in aggregate principal amount of the then outstanding Notes do not give the Trustee a direction which, in the opinion of the Trustee, is inconsistent with the request.

A Holder may not use this Indenture to prejudice the rights of another Holder or to obtain a preference or priority over such other Holder.

SECTION 6.07. Rights of Holders To Receive Payment.

Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of principal of, premium and interest on a Note, on or after the respective due dates expressed in such Note, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

SECTION 6.08. Collection Suit by Trustee.

If an Event of Default in payment of principal or interest specified in clause (1) or (2) of Section 6.01 occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company or any other obligor on the Notes for the whole amount of princi-

pal and accrued interest remaining unpaid, together with interest on overdue principal and, to the extent that payment of such interest is lawful, interest on overdue installments of interest at the rate set forth in the Notes and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

SECTION 6.09. Trustee May File Proofs of Claim.

The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, taxes, disbursements and advances of the Trustee, its agents and counsel) and the Holders allowed in any judicial proceedings relating to the Company or any other obligor upon the Notes, any of their respective creditors or any of their respective property, and shall be entitled and empowered to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same, and any custodian in any such judicial proceedings is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, taxes, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07. The Company's payment obligations under this Section 6.09 shall be secured in accordance with the provisions of Section 7.07. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 6.10. Priorities.

If the Trustee collects any money pursuant to this Article Six, it shall pay out the money in the following order:

First: to the Trustee, its agents and attorneys for amounts due under Sections 6.09 and 7.07;

Second: if the Holders are forced to proceed against the Company directly without the Trustee, to Holders for their collection costs;

Third: to Holders for amounts due and unpaid on the Notes for principal, premium, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, if any, and interest, respectively; and

Fourth: to the Company or any other obligor on the Notes, as their interests may appear, or as a court of competent jurisdiction may direct.

The Trustee, upon prior notice to the Company, may fix a record date and payment date for any payment to Holders pursuant to this Section 6.10.

SECTION 6.11. Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.06 or 6.07.

SECTION 6.12. Expenses and Services After an Event of Default.

When the Trustee incurs expenses or renders services after the occurrence of an Event of Default described in this Article VI, the expenses and compensation for services are intended to constitute expenses of administration under any bankruptcy law.

ARTICLE SEVEN

TRUSTEE

SECTION 7.01. Duties of Trustee.

(a) If a Default or an Event of Default has occurred and is continuing, the Trustee shall exercise such rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise thereof as a prudent Person would exercise or use under the circumstances in the conduct of its own affairs.

(b) Except during the continuance of a Default or an Event of Default:

(1) The Trustee need perform only those duties as are specifically set forth in this Indenture or the TIA and no duties, covenants, responsibilities or obligations shall be implied in this Indenture that are adverse to the Trustee.

(2) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates (including Officers' Certificates) or opinions (including Opinions of Counsel) furnished to the Trustee and conforming to the requirements of this Indenture. However, as to any certificates or opinions which are required by any provision of this Indenture to be delivered or provided to the Trustee, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(c) Notwithstanding anything to the contrary herein contained, the Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) This paragraph does not limit the effect of paragraph (b) of this

Section 7.01.

(2) The Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts.

(3) The Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.02, 6.04 or 6.05.

(d) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(e) Every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), (c) and (d) of this Section 7.01.

(f) The Trustee shall not be liable for interest on any money or assets received by it except as the Trustee may agree with the Company. Assets held in trust by the Trustee need not be segregated from other assets except to the extent required by law.

(g) In the absence of bad faith, negligence or willful misconduct on the part of the Trustee, the Trustee shall not be responsible for the application of any money by any Paying Agent other than the Trustee.

SECTION 7.02. Rights of Trustee.

Subject to Section 7.01:

(a) The Trustee may rely and shall be fully protected in acting or refraining from acting upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may consult with counsel and may require an Officers' Certificate or an Opinion of Counsel, which shall conform to Sections 13.04 and 13.05. The Trustee shall not be liable for and shall be fully protected in respect of any action it takes or omits to take in good faith in reliance on such Officers' Certificate, or an Opinion of Counsel or advice of counsel.

(c) The Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any agent or attorney appointed with due care.

(d) The Trustee shall not be liable for any action that it takes or omits to take in good faith that it reasonably believes to be authorized or within its rights or powers.

(e) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate (including any Officers' Certificate), statement, instrument, opinion (including any Opinion of Counsel), notice, request, direction, consent, order, bond, debenture, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled, upon reasonable notice to the Company, to examine the books, records, and premises of the Company, personally or by agent or attorney.

(f) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Holders of the Notes pursuant to the provisions of this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred by it in compliance with such request, order or direction.

(g) The Trustee may consult with counsel, and the advice or opinion of counsel with respect to legal matters relating to this Indenture and the Notes shall be full and complete authorization and protection from liability with respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(h) The Trustee shall not be required to give any bond or surety in respect of the performance of its powers and duties hereunder.

(i) The permissive rights of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

SECTION 7.03. Individual Rights of Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company, any Restricted or Unrestricted Subsidiary, or their respective Affiliates, with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights. However, the Trustee must comply with Sections 7.10 and 7.11.

SECTION 7.04. Trustee's Disclaimer.

The Trustee makes no representation as to the validity or adequacy of this Indenture or the Notes, and it shall not be accountable for the Company's use of the proceeds from the Notes, and it shall not be responsible for any statement of the Company in this Indenture or the Notes other than the Trustee's certificate of authentication.

SECTION 7.05. Notice of Default.

If a Default or an Event of Default occurs and is continuing and if the Trustee has actual knowledge of such Default or Event of Default, the Trustee shall mail to each Noteholder notice of the uncured Default or Event of Default within 60 days after such Default or Event of Default occurs. Except in the case of a Default or an Event of Default in the payment of interest or principal of, premium or interest on, any Note, including an accelerated payment and the failure to make payment on the Change of Control Payment Date pursuant to a Change of Control Offer or on the Proceeds Purchase Date pursuant to a Net Proceeds Offer and, except in the case of a failure to comply with Article Five, the Trustee may withhold the notice if and so long as its Board of Directors, the executive committee of its Board of Directors or a committee of its Board of Directors and/or Trust Officers in good faith determines that withholding the notice is in the interest of the Holders. The Trustee shall not be deemed to have knowledge of a Default or Event of Default other than (i) any Event of Default occurring pursuant to Sections 6.01(1) or 6.01(2); or (ii) any Default or Event of Default of which a Trust Officer shall have received written notification or obtained actual knowledge. As used herein, the term "actual knowledge" means the actual fact or statement of knowing, without any duty to make any investigation with regard thereto.

SECTION 7.06. Reports by Trustee to Holders.

Within 60 days after April 1 of each year beginning with April 1, 1999, the Trustee shall, to the extent that any of the events described in TIA

(S) 313(a) occurred within the previous twelve months, but not otherwise, mail to each Noteholder a brief report dated as of such date that complies with TIA (S) 313(a). The Trustee also shall comply with TIA (S)(S) 313(b) and 313(c).

A copy of each report at the time of its mailing to Noteholders shall be mailed to the Company and filed with the SEC and each stock exchange, if any, on which the Notes are listed.

The Company shall promptly notify the Trustee if the Notes become listed on any stock exchange, and if the Notes are so listed, the Trustee shall comply with TIA (S) 313(d).

SECTION 7.07. Compensation and Indemnity.

The Company shall pay to the Trustee from time to time, and the Trustee shall be entitled to, such compensation as may be agreed upon by the Company and the Trustee. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee upon request for all reasonable out-of-pocket expenses, disbursements and advances incurred or made by it in connection with the performance of its duties and the discharge of its obligations under this Indenture. Such expenses shall include the reasonable fees and expenses of the Trustee's agents and counsel.

The Company shall indemnify the Trustee and its agents, employees, officers, stockholders and directors for, and hold them harmless against, any loss, liability or expense incurred by them except for such actions to the extent caused by any negligence, bad faith or willful misconduct on their part, arising out of or in connection with the acceptance or administration of this trust including the reasonable costs and expenses of defending themselves against or investigating any claim or liability in connection with the exercise or performance of any of the Trustee's rights, powers or duties hereunder. The Trustee shall notify the Company promptly of any claim asserted against the Trustee or any of its agents, employees, officers, stockholders and directors for which it may seek indemnity. The Company shall defend the claim and the Trustee shall cooperate in the defense. The Trustee and its

agents, employees,officers, stockholders and directors subject to the claim may have separate counsel and the Company shall pay the reasonable fees and expenses of such counsel; provided, however, that the Company will not be required to pay
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such fees and expenses if it assumes the Trustee's defense and there is no conflict of interest between the Company and the Trustee and its agents, employees, officers, stockholders and directors subject to the claim in connection with such defense as reasonably determined by the Trustee; provided,
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further, that the Company shall not be liable to pay the fees and expenses of - ------- more than one local counsel in any one jurisdiction. The Company need not pay for any settlement made without its written consent. The Company need not reimburse any expense or indemnify against any loss or liability to the extent incurred by the Trustee through its negligence, bad faith or willful misconduct.

To secure the Company's payment obligations in this Section 7.07, the Trustee shall have a lien prior to the Notes on all assets or money held or collected by the Trustee, in its capacity as Trustee, except assets or money held in trust to pay principal of or interest on particular Notes.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(6) or (7) occurs, such expenses and the compensation for such services shall be paid to the extent allowed under any Bankruptcy Law.

SECTION 7.08. Replacement of Trustee.

The Trustee may resign by so notifying the Company in writing at least

30 days in advance. The Holders of a majority in principal amount of the outstanding Notes may remove the Trustee by so notifying the Company and the Trustee and may appoint a successor Trustee with the Company's consent. A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only with the successor Trustee's acceptance of appointment as provided in this Section. The Company may remove the Trustee if:

(1) the Trustee fails to comply with Section 7.10;

(2) the Trustee is adjudged bankrupt or insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(3) a receiver or other public officer takes charge of the Trustee or its property; or

(4) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall notify each Holder of such event and shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Promptly after that, the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided in Section 7.07, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. A successor Trustee shall mail notice of its succession to each Holder.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the Holders of at least 10% in aggregate principal amount of the outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 7.10, any Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Company's obligations under Section 7.07 shall continue for the benefit of the retiring Trustee.

SECTION 7.09. Successor Trustee by Merger, Etc.

If the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the resulting, surviving or transferee corporation without any further act shall, if such resulting, surviving or transferee corporation is otherwise eligible hereunder, be the successor Trustee; provided, however, that
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such corporation shall be otherwise qualified and eligible under this Article Seven.

SECTION 7.10. Eligibility; Disqualification.

This Indenture shall always have a Trustee who satisfies the

requirement of TIA (S)(S) 310(a)(1) and 310(a)(2). The Trustee (or in the case of a corporation included in a bank holding company system, the related bank holding company) shall have a combined capital and surplus of at least $100,000,000 as set forth in its most recent published annual report of condition. In addition, if the Trustee is a corporation included in a bank holding company system, the Trustee, independently of such bank holding company, shall meet the capital requirements of TIA (S) 310(a)(2). The Trustee shall comply with TIA (S) 310(b); provided, however, that there shall be excluded from
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the operation of TIA (S) 310(b)(1) any indenture or indentures under which other notes, or certificates of interest or participation in other notes, of the Company are outstanding, if the requirements for such exclusion set forth in TIA (S) 310(b)(1) are met. The provisions of TIA (S) 310 shall apply to the Company and any other obligor of the Notes.

SECTION 7.11. Preferential Collection of Claims Against the Company.

The Trustee shall comply with TIA (S) 311(a), excluding any creditor relationship listed in TIA (S) 311(b). A Trustee who has resigned or been removed shall be subject to TIA (S) 311(a) to the extent indicated therein. The provisions of TIA (S) 311 shall apply to the Company and any other obligor of the Notes.

ARTICLE EIGHT

DISCHARGE OF INDENTURE; DEFEASANCE

SECTION 8.01. Termination of the Company's Obligations.

This Indenture will be Discharged and will cease to be of further effect and the obligations of the Company under the Notes and this Indenture shall terminate (except that the obligations under Sections 2.03 through 2.07, 7.01, 7.02, 7.07 and 7.08 and the rights, powers, trusts, duties and immunities of the Trustee hereunder shall survive the effect of this Article Eight) when (a) either (i) all Notes, theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust or segregated and

held in trust by the Company and thereafter repaid to the Company or discharged from such trust) have been delivered to the Trustee for cancellation or (ii) all Notes not theretofore delivered to the Trustee for cancellation have become due and payable and the Company has irrevocably deposited or caused to be deposited with the Trustee funds in an amount sufficient to pay and discharge the entire Indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the Notes to the date of deposit together with irrevocable instructions from the Company directing the Trustee to apply such funds to the payment thereof at maturity or redemption, as the case may be; (b) the Company has paid all other sums payable under this Indenture by the Company; and (c) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel stating that all conditions precedent under this Indenture relating to the satisfaction and discharge of this Indenture have been complied with; provided, however, that
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such counsel may rely, as to matters of fact, on a certificate or certificates of officers of the Company.

In addition, at the Company's option, either (a) the Company shall be deemed to have been Discharged from any and all obligations with respect to the Notes ("Legal Defeasance") after the applicable conditions set forth below have been satisfied (except for the obligations of the Company under Sections 2.03, 2.04, 2.06, 2.07, 7.01, 7.02, 7.07 and this Section 8.01) or (b) the Company shall cease to be under any obligation to comply with any term, provision or condition set forth in Sections 4.03, 4.09 and 4.11 through 4.21 and Section 5.01 and thereafter any omission to comply with such obligations shall not constitute a Default or Event of Default with respect to the Notes ("Covenant

Defeasance") after the applicable conditions set forth below have been satisfied:

(1) The Company shall have irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust, for the benefit of the Holders cash in U.S. Legal Tender, non-callable U.S. Government Obligations or a combination thereof (in the case of Dollar Notes) and euros or Euro Obligations (in the case of Euro Notes) that, together with the payment of interest and premium thereon and principal in respect thereof in accordance with their terms, will be sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay all the principal of, premium, if any, and interest on the Notes on the dates such payments are

due in accordance with the terms of such Notes, as well as the Trustee's fees and expenses; provided, however, that no deposits made pursuant to
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this Section 8.01(1) shall cause the Trustee to have a conflicting interest as defined in and for purposes of the TIA; and provided, further,
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that, as confirmed by an Opinion of Counsel, no such deposit shall result in the Company, the Trustee or the trust becoming or being deemed to be an "investment company" under the Investment Company Act of 1940;

(2) No Event of Default or Default with respect to the Notes shall have occurred and be continuing on the date of such deposit after giving effect to such deposit (other than a Default or Event of Default resulting from the incurrence of Indebtedness all or a portion of the proceeds of which will be used to defease the Notes pursuant to this Article Eight) or insofar as Events of Default pursuant to Section 6.01(6) or (7) are concerned, at any time in the period ending on the 91st day after the date of deposit;

(3) The Company shall have delivered to the Trustee an Opinion of Counsel, to the effect that (A) either (i) the Company has assigned all its ownership interest in the trust funds to the Trustee or (ii) the Trustee has a valid perfected security interest in the trust funds and (B) assuming no intervening bankruptcy of the Company between the date of the deposit and the 124th day following the perfection of a security interest in the deposit and that no Holder is an insider of the Company, after the 124th day following the perfection of a security interest in the deposit, the trust funds will not be subject to avoidance as a preference under Section 547 of the Federal Bankruptcy Code.

(4) The Company shall have paid or duly provided for payment of all amounts then due to the Trustee pursuant to Section 7.07;

(5) No such deposit will result in a Default under this Indenture or a breach or violation of, or constitute a default under, any other instrument or material agreement to which the Company or any of its Subsidiaries is a party or by which it or its property is bound;

(6) The Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the

Holders over any other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others;

(7) in the case of Legal Defeasance, the Company shall have delivered to the Trustee an opinion of counsel in the United States reasonably acceptable to the Trustee confirming that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling

or (B) since the date of the Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of counsel shall confirm that, the Holders will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(8) in the case of Covenant Defeasance, the Company shall have delivered to the Trustee an opinion of counsel in the United States reasonably acceptable to the Trustee confirming that the Holders will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred; and

(9) The Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel to the effect that all conditions precedent to Legal Defeasance or Covenant Defeasance, as the case may be, have been complied with.

Notwithstanding the foregoing, the Opinion of Counsel required by subparagraph 7 above need not be delivered if all Notes not theretofore delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable on the Maturity Date within one year, or (iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company.

SECTION 8.02. Acknowledgment of Discharge by Trustee.

Subject to Section 8.05, after (i) the conditions of Section 8.01, have been satisfied and (ii) the Company has de-

livered to the Trustee an Opinion of Counsel, stating that all conditions precedent referred to in clause (i) above relating to the satisfaction and discharge of this Indenture have been complied with, the Trustee upon written request of the Company shall acknowledge in writing the discharge of the Company's obligations under this Indenture except for those surviving obligations specified in this Article Eight.

SECTION 8.03. Application of Trust Money.

The Trustee shall hold in trust Funds deposited with it pursuant to Section 8.01. It shall apply the Funds through the Paying Agent and in accordance with this Indenture to the payment of all the principal of, or premium, if any, and interest on the Notes.

SECTION 8.04. Repayment to the Company.

The Trustee and the Paying Agent shall promptly pay to the Company any Funds held by them for the payment of all the principal of, or premium, if any, and interest that remains unclaimed for one year; provided, however, that the
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Trustee or such Paying Agent may, at the expense of the Company, cause to be published once in a newspaper of general circulation in the City of New York or mailed to each Holder, notice that such Funds remain unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication or mailing, any unclaimed balance of such Funds then remaining will be repaid to the Company. After payment to the Company, Holders entitled to the Funds must look to the Company for payment as general creditors unless an applicable abandoned property law designates another Person and all liability of the Trustee and Paying Agent with respect to such Funds shall cease.

SECTION 8.05. Reinstatement.

If the Trustee or Paying Agent is unable to apply any Funds by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.01 until such time as the Trustee or Paying Agent is permitted to apply all such Funds in accordance with Section 8.01; provided, however, that if the
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Company has made any payment of principal, or premium, if any, and interest on any Notes because of the reinstatement of its obligations,

the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from Funds held by the Trustee or Paying Agent.

ARTICLE NINE

AMENDMENTS, SUPPLEMENTS AND WAIVERS

SECTION 9.01. Without Consent of Holders.

The Company, when authorized by a Board Resolution, the Guarantors and the Trustee, together, may amend or supplement this Indenture or the Notes without the consent of any Holders:

(1) to cure any ambiguity, defect or inconsistency, so long as such change does not, in the opinion of the Trustee, adversely affect the rights of any of the Holders in any material respect;

(2) to comply with Article Five;

(3) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(4) to comply with requirements of the Commission in order to effect or maintain the qualification of this Indenture under the TIA; or

(5) to make any other change that would provide any additional benefit or rights to the Holders or that does not adversely affect in any material respect the rights of any Noteholders hereunder;
provided, however, that the Company has delivered to the Trustee an
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Opinion of Counsel and an Officers' Certificate, each stating that such amendment or supplement complies with the provisions of this Section 9.01.

SECTION 9.02. With Consent of Holders.

Subject to Section 6.07, the Company, when authorized by a Board Resolution, the Guarantors and the Trustee, together, with the written consent of the Holder or Holders of at least a majority in principal amount of the then outstanding Notes may make all other modifications, waivers and amendments

of this Indenture or the Notes, except that, without the consent of each Holder of Notes affected thereby, no amendment or waiver may, directly or indirectly:

(1) reduce the amount of Notes whose Holders must consent to an amendment;

(2) change the method of calculation of or reduce the rate of or change or have the effect of changing the time for payment of interest,

including defaulted interest, on any Notes;

(3) reduce the principal of or change or have the effect of changing the fixed maturity of any Notes, or change the date on which any Notes may be subject to redemption or repurchase, or reduce the redemption or repurchase price thereof;

(4) make any Notes payable in money other than that stated in the Notes and this Indenture;

(5) make any change in provisions of this Indenture protecting the right of each Holder to receive payment of principal and interest on such Note on or after the due date thereof or to bring suit to enforce such payment or permitting Holders of a majority in principal amount of the Notes to waive Defaults or Events of Default;

(6) amend, change or modify in any material respect the obligation of the Company to make and consummate a Change of Control Offer in the event of a Change of Control or make and consummate a Net Proceeds Offer with respect to any Asset Sale that has been consummated or modify any of the provisions or definitions with respect thereto;

(7) modify or change any provision of this Indenture or the related definitions affecting the subordination or ranking of the Notes or any Guarantee in a manner which adversely affects the Holders; or

(8) release any Guarantor from any of its obligations under its Guarantee or this Indenture otherwise than in accordance with the terms of this Indenture.

Notwithstanding any provision to the contrary, if any amendment, waiver or other modification will only effect the Dollar Notes or the Euro Notes, only the consent of the holders

of at least a majority of the Dollar Notes or the Euro Notes, as the case may be, shall be required.

It shall not be necessary for the consent of the Holders under this Section 9.02 to approve the particular form of any proposed amendment, supplement or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 9.02 becomes effective (as provided in Section 9.04), the Company shall mail to the Holders affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

SECTION 9.03. Compliance with TIA.

Every amendment, waiver or supplement of this Indenture or the Notes shall comply with the TIA as then in effect.

SECTION 9.04. Revocation and Effect of Consents.

Until an amendment, waiver or supplement becomes effective, a consent to it by a Holder is a continuing consent by the Holder and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. Subject to the following paragraph, any such Holder or subsequent Holder may revoke the consent as to his Note or portion of his Note by notice to the Trustee or the Company received before the date on which the Trustee receives an Officers' Certificate certifying that the Holders of the requisite principal amount of Notes have consented (and not theretofore revoked such consent) to the amendment, supplement or waiver (at which time such amendment, supplement or waiver shall become effective).

The Company may, but shall not be obligated to, fix such record date as it may select for the purpose of determining the Holders entitled to consent to any amendment, supplement or waiver. If a record date is fixed, then notwithstanding the last sentence of the immediately preceding paragraph, those Persons who were Holders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to revoke any consent previously given, whether or not such Persons continue to be Holders after such record date. No

such consent shall be valid or effective for more than 120 days after such record date.

After an amendment, supplement or waiver becomes effective, it shall bind every Holder, unless it makes a change described in any of clauses (1) through (8) of Section 9.02, in which case, the amendment, supplement or waiver shall bind only each Holder of a Note who has consented to it and every subsequent Holder of a Note or portion of a Note that evidences the same debt as a consenting Holder's Note; provided, however, that any such waiver shall not
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impair or affect the right of any Holder to receive payment of principal of and interest on a Note, on or after the respective due dates expressed in such Note, or to bring suit for the enforcement of any such payment on or after such respective dates without the consent of such Holder.

SECTION 9.05. Notation on or Exchange of Notes.

If an amendment, supplement or waiver changes the terms of a Note, the Trustee may require the Holder of the Note to deliver it to the Trustee. The Trustee may place an appropriate notation on the Note about the changed terms and return it to the Holder. Alternatively, if the Company or the Trustee so determines, the Company in exchange for the Note shall issue and the Trustee shall authenticate a new Note that reflects the changed terms.

SECTION 9.06. Trustee To Sign Amendments, Etc.

The Trustee shall execute any amendment, supplement or waiver authorized pursuant to and adopted in accordance with this Article Nine; provided, however, that the Trustee may, but shall not be obligated to, execute
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any such amendment, supplement or waiver which affects the Trustee's own rights, duties or immunities under this Indenture. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel and an Officers' Certificate each stating that the execution of any amendment, supplement or waiver authorized pursuant to this Article Nine is authorized or permitted by this Indenture. Such Opinion of Counsel shall not be an expense of the Trustee.

ARTICLE TEN

SUBORDINATION OF NOTES

SECTION 10.01. Notes Subordinated to Senior Debt.

Anything herein to the contrary notwithstanding, the Company, for itself and its successors, and each Holder, by his or her acceptance of Notes, agrees that the payment of all Obligations owing to the Holders in respect of the Notes is subordinated, to the extent and in the manner provided in this Article Ten, in right of payment to the prior payment in full in cash, Cash Equivalents or Foreign Cash Equivalents, or such payment duly provided for to the satisfaction of the holders of Senior Debt, of all Obligations on Senior Debt, including without limitation, the Company's obligations under the Credit

Facilities.

This Article Ten shall constitute a continuing offer to all Persons who become holders of, or continue to hold, Senior Debt, and such provisions are made for the benefit of the holders of Senior Debt and such holders are made obligees hereunder and any one or more of them may enforce such provisions.

SECTION 10.02. Suspension of Payment When Senior Debt Is in Default.

(a) Unless Section 10.03 shall be applicable, upon (1) the occurrence and continuance of any default in the payment when due, whether at maturity, upon any redemption, by declaration or otherwise, of any principal of, interest on, unpaid drawings for letters of credit issued in respect of, or regularly accruing fees with respect to, any Senior Debt (a "Payment Default") and (2) receipt by the Trustee and the Company from a Representative of written notice of such occurrence, then no payment (other than payments previously made pursuant to Article Eight) or distribution of any assets of the Company of any kind or character shall be made by or on behalf of the Company or any other Person on its or their behalf on account of any Obligations under the Notes or on account of the purchase, redemption or other acquisition of Notes for cash or property or otherwise (except that Holders may receive (i) Permitted Junior Securities and (ii) payments made from the trusts described in Section 8.01) and until such Payment Default shall have been cured or waived or shall have ceased to exist or such Senior Debt as to which such Payment Default relates shall have

been discharged or paid in full in cash, Cash Equivalents or Foreign Cash Equivalents, or such payment duly provided for to the satisfaction of the holders of Senior Debt, after which the Company shall resume making any and all required payments in respect of the Notes, including any missed payments.

(b) Unless Section 10.03 shall be applicable, upon (1) the occurrence and continuance of any event of default (other than a Payment Default) with respect to any Designated Senior Debt (as such event of default is defined in the instrument creating or evidencing such Designated Senior Debt) permitting the holders of such Designated Senior Debt then outstanding to accelerate the maturity thereof (a "Non-payment Default") and (2) the earlier of (i) receipt by the Trustee and the Company from a Representative of written notice of such occurrence stating that such notice is a "Payment Blockage Notice" pursuant to this Section 10.02 or (ii) if such Non-payment Default results from the acceleration of the Notes, the date of such acceleration, no payment (other than payments previously made pursuant to Article Eight) or distribution of any assets of the Company of any kind or character shall be made by or on behalf of the Company or any other Person on its or their behalf on account of any Obligations under the Notes or on account of the purchase or redemption or other acquisition of Notes for cash or property or otherwise (except that Holders may receive (i) Permitted Junior Securities and (ii) payments made from the trusts described in Section 8.01) for a period (the "Payment Blockage Period") commencing on the date of receipt by the Trustee of the written notice of a Non-payment Default from such Representative or the date of the acceleration referred to in clause (ii) above, as the case may be, unless and until the earlier to occur of the following events: (w) 180 days shall have elapsed since receipt of such notice or the date of the acceleration of the Notes, as the case may be (provided no Designated Senior Debt shall theretofore have been accelerated), (x) such Non-payment Default shall have been cured or waived or shall have ceased to exist, (y) such Designated Senior Debt shall have been discharged or paid in full in cash, Cash Equivalents or Foreign Cash Equivalents, or such payment duly provided for to the satisfaction of the holders of such Designated Senior Debt, or (z) such Payment Blockage Period shall have been terminated by written notice to the Company or the Trustee from the Representative initiating such Payment Blockage Period or the holders of at least a majority in principal amount of such issue of Designated Senior Debt initiating such Payment Blockage Period, after which, in the case of clause (w), (x), (y) or (z), the Company shall resume making any and all required payments in respect of the Notes,

including any missed payments. Notwithstanding anything herein to the contrary,

(x) in no event will a Payment Blockage Period or successive Payment Blockage Periods with respect to the same payment on the Notes extend beyond 180 days from the date the payment on the Notes was due and (y) only one such Payment Blockage Period may be commenced within any 360 consecutive days. For all purposes of this Section 10.02(b), no event of default which existed or was continuing on the date of the commencement of any Payment Blockage Period with respect to the Designated Senior Debt of the Company initiating such Payment Blockage Period shall be, or be made, the basis for the commencement of a second Payment Blockage Period by the holders or by the Representative of such Designated Senior Debt whether or not within a period of 360 consecutive days, unless such event of default shall have been cured or waived for a period of not less than 90 consecutive days (it being acknowledged that any subsequent action, or any breach of any financial covenants for a period commencing after the date of commencement of such Payment Blockage Period that, in either case, would give rise to an event of default pursuant to any provisions under which an event of default previously existed or was continuing shall constitute a new event of default for this purpose).

(c) In the event that, notwithstanding the foregoing, the Company shall have made payment to the Trustee or directly to the Holder of any Note prohibited by the foregoing provisions of this Section 10.02, then and in such event such payment shall be segregated from other funds and held in trust by the Trustee or such Holder or Paying Agent for the benefit of, and shall immediately be paid over to, the holders of Senior Debt or to the Representatives or as a court of competent jurisdiction shall direct.

SECTION 10.03. Notes Subordinated to Prior Payment of All Senior Debt on Dissolution, Liquidation or Reorganization of Company.

Upon any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to creditors upon any liquidation, dissolution, winding-up, reorganization, assignment for the benefit of creditors or marshaling of assets of the Company or in a bankruptcy, reorganization, insolvency, receivership or other similar proceeding relating to the Company or its property, whether voluntary or involuntary:

(a) the holders of all Senior Debt shall first be entitled to receive payments in full in cash, Cash Equiva-

lents or Foreign Cash Equivalents, or such payment duly provided for to the satisfaction of the holders of Senior Debt, of all amounts payable under Senior Debt before the Holders will be entitled to receive any payment or distribution of any kind or character is made on account of any Obligations on the Notes or for the acquisition of any of the Notes for cash or property or otherwise, and until all Obligations with respect to the Senior Debt are paid in full in cash, Cash Equivalents or Foreign Cash Equivalents, or such payment provided for to the satisfaction of the holders of Senior Debt, any distribution to which the Holders would be entitled shall be made to the holders of Senior Debt;

(b) any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to which the Holders or the Trustee on behalf of the Holders would be entitled except for the provisions of this Article Ten, shall be paid by the liquidating trustee or agent or other Person making such a payment or distribution, directly to the holders of Senior Debt or their representatives, ratably according to the respective amounts of Senior Debt remaining unpaid held or represented by each, until all Senior Debt remaining unpaid shall have been paid in full in cash, Cash Equivalents or Foreign Cash Equivalents, or such payment duly provided for to the satisfaction of the holders of Senior Debt, after giving effect to any concurrent payment or distribution to the holders of such Senior Debt; and

(c) in the event that, notwithstanding the foregoing, any payment or distribution of assets of the Company of any kind or character, whether such payment shall be in cash, property or securities, and the Company shall have made payment to the Trustee or directly to the Holders or any Paying Agent on account of any Obligations under the Notes before all Senior Debt is paid in full in cash, Cash Equivalents or Foreign Cash

Equivalents, or such payment duly provided for to the satisfaction of the holders of Senior Debt, such payment or distribution (subject to the provisions of Sections 10.06 and 10.07) shall be received, segregated from other funds, and held in trust by the Trustee or such Holder or Paying Agent for the benefit of, and shall immediately be paid over by the Trustee (if the notice required by Section 10.06 has been received by the Trustee) or by the Holder to, the holders of Senior Debt or their representatives, ratably according to the respective amounts of Senior Debt held or represented by each,

until all Senior Debt remaining unpaid shall have been paid in full in cash, Cash Equivalents or Foreign Cash Equivalents, or such payment duly provided for to the satisfaction of the holders of Senior Debt, after giving effect to any concurrent payment or distribution to or for the holders of Senior Debt.

(d) The consolidation of the Company with, or the merger of the Company with or into, another Person or the liquidation or dissolution of the Company following the conveyance, transfer or lease of its properties and assets substantially as an entirety to another Person upon the terms and conditions set forth in Article Five shall not be deemed a liquidation, dissolution, winding-up, reorganization, assignment for the benefit of creditors or marshaling of assets of the Company, as the case may be, for the purposes of this Article Ten; provided, however, that the Person formed
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by such consolidation or the surviving entity of such merger or the Person which acquires by conveyance, transfer or lease such properties and assets substantially as an entirety, as the case may be, shall, as a part of such consolidation, merger, conveyance, transfer or lease, comply with the conditions set forth in such Article Five.

The Company shall give prompt notice to the Trustee prior to any liquidation, dissolution, winding-up, reorganization, assignment for the benefit of creditors or marshaling of assets.

SECTION 10.04. Holders To Be Subrogated to Rights of Holders of Senior Debt.

Subject to the payment in full in cash, Cash Equivalents or Foreign Cash Equivalents, or such payment duly provided for to the satisfaction of the holders of Senior Debt, of all Senior Debt, the Holders of Notes shall be subrogated to the rights of the holders of Senior Debt to receive payments or distributions of assets of the Company applicable to the Senior Debt until all amounts owing on the Notes shall be paid in full in cash, Cash Equivalents or Foreign Cash Equivalents, and for the purpose of such subrogation no payments or distributions to the holders of Senior Debt by or on behalf of the Company, or by or on behalf of the Holders by virtue of this Article Ten, which otherwise would have been made to the Holders shall, as between the Company and the Holders, be deemed to be payment by the Company to or on account of the Senior Debt, it being understood that the provisions of this Article Ten are and are

intended solely for the purpose of defining the relative rights of the Holders, on the one hand, and the holders of Senior Debt, on the other hand.

If any payment or distribution to which the Holders would otherwise have been entitled but for the provisions of this Article Ten shall have been applied, pursuant to the provisions of this Article Ten, to the payment of all amounts payable under the Senior Debt, then the Holders shall be entitled to receive from the holders of such Senior Debt any such payments or distributions received by such holders of Senior Debt in excess of the amount sufficient to pay all amounts payable under or in respect of the Senior Debt in full in cash , Cash Equivalents or Foreign Cash Equivalents, or such payment duly provided for to the satisfaction of the holders of Senior Debt.

Each Holder by purchasing or accepting a Note waives any and all notice of the creation, modification, renewal, extension or accrual of any

Senior Debt of the Company and notice of or proof of reliance by any holder or owner of Senior Debt of the Company upon this Article Ten and the Senior Debt of the Company shall conclusively be deemed to have been created, contracted or incurred in reliance upon this Article Ten, and all dealings between the Company and the holders and owners of the Senior Debt of the Company shall be deemed to have been consummated in reliance upon this Article Ten.

SECTION 10.05. Obligations of the Company Unconditional.

Nothing contained in this Article Ten or elsewhere in this Indenture or in the Notes is intended to or shall impair, as between the Company and the Holders, the obligation of the Company, which is absolute and unconditional, to pay to the Holders the principal of and interest on the Notes as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the Holders and creditors of the Company other than the holders of the Senior Debt, nor shall anything herein or therein prevent the Trustee or any Holder from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article Ten, of the holders of Senior Debt in respect of cash, property or Notes of the Company received upon the exercise of any such remedy. Upon any payment or distribution of assets or securities of the Company referred to in this Article Ten, the Trustee, subject to the provisions of Sections 7.01 and 7.02, and the Holders shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which any liqui-

dation, dissolution, winding-up or reorganization proceedings are pending, or a certificate of the receiver, trustee in bankruptcy, liquidating trustee or agent or other Person making any payment or distribution to the Trustee or to the Holders for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of Senior Debt and other Indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article Ten. Nothing in this Article Ten shall apply to the claims of, or payments to, the Trustee under or pursuant to Section 7.07. The Trustee shall be entitled to rely on the delivery to it of a written notice by a Person representing himself or itself to be a holder of any Senior Debt (or a trustee on behalf of, or other representative of, such holder) to establish that such notice has been given by a holder of such Senior Debt or a trustee or representative on behalf of any such holder.

In the event that the Trustee determines in good faith that any evidence is required with respect to the right of any Person as a holder of Senior Debt to participate in any payment or distribution pursuant to this Article Ten, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Debt held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under this Article Ten, and if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

SECTION 10.06. Trustee Entitled To Assume Payments Not Prohibited in Absence of Notice.

The Trustee shall not at any time be charged with knowledge of the existence of any facts that would prohibit the making of any payment to or by the Trustee unless and until the Trustee or any Paying Agent shall have received written notice thereof from the Company or from one or more holders of Senior Debt or from any Representative therefor and, prior to the receipt of any such notice, the Trustee, subject to the provisions of Sections 7.01 and 7.02, shall be entitled in all respects conclusively to assume that no such fact exists.

SECTION 10.07. Application by Trustee of Assets Deposited with It.

U.S. Legal Tender, U.S. Government Obligations, Euros or Euro Obligations deposited in trust with the Trustee pursuant to and in accordance with Section 8.01 and 8.02 shall be for the sole benefit of the Holders of the Notes and, to the extent allocated for the payment of Notes, shall not be subject to the subordination provisions of this Article Ten. Otherwise, any deposit of assets or securities by or on behalf of the Company with the Trustee or any Paying Agent (whether or not in trust) for the payment of principal of or interest on any Notes shall be subject to the provisions of this Article Ten; provided, however, that if prior to the second Business Day preceding the date
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on which by the terms of this Indenture any such assets may become distributable for any purpose (including, without limitation, the payment of either principal of or interest on any Note) the Trustee or such Paying Agent shall not have received with respect to such assets the notice provided for in Section 10.06, then the Trustee or such Paying Agent shall have full power and authority to receive such assets and to apply the same to the purpose for which they were received, and shall not be affected by any notice to the contrary received by it on or after such date. The foregoing shall not apply to the Paying Agent if the Company or any Subsidiary or Affiliate of the Company is acting as Paying Agent. Nothing contained in this Section 10.07 shall limit the right of the holders of Senior Debt to recover payments as contemplated by this Article Ten.

SECTION 10.08. No Waiver of Subordination Provisions.

(a) No right of any present or future holder of any Senior Debt to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act by any such holder, or by any non-compliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof any such holder may have or be otherwise charged with.

(b) Without limiting the generality of subsection (a) of this Section 10.08, the holders of Senior Debt may, at any time and from time to time, without the consent of or notice to the Trustee or the Holders of the Notes, without incurring responsibility to the Holders of the Notes and without impairing or releasing the subordination provided in this Article Ten or the obligations hereunder of the Holders of the Notes to

the holders of Senior Debt, do any one or more of the following: (1) change the manner, place, terms or time of payment of, or renew or alter, Senior Debt or any instrument evidencing the same or any agreement under which Senior Debt is outstanding; (2) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Debt; (3) release any Person liable in any manner for the collection or payment of Senior Debt; and (4) exercise or refrain from exercising any rights against the Company and any other Person.

SECTION 10.09. Holders Authorize Trustee To Effectuate Subordination of Notes.

Each Holder of the Notes by such Holder's acceptance thereof authorizes and expressly directs the Trustee on his behalf to take such action as may be necessary or appropriate to effect the subordination provisions contained in this Article Ten, and appoints the Trustee such Holder's attorney-in-fact for such purpose, including, in the event of any liquidation, dissolution, winding-up, reorganization, assignment for the benefit of creditors or marshaling of assets of the Company tending towards liquidation or reorganization of the business and assets of the Company, the immediate filing of a claim for the unpaid balance of such Holder's Notes in the form required in said proceedings and cause said claim to be approved. If the Trustee does not file a proper claim or proof of debt in the form required in such proceeding prior to 30 days before the expiration of the time to file such claim or claims, then any of the holders of the Senior Debt or their Representative is hereby authorized to file an appropriate claim for and on behalf of the Holders of said Notes. Nothing herein contained shall be deemed to authorize the Trustee or the holders of Senior Debt or their Representative to authorize or consent to or

accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee or the holders of Senior Debt or their Representative to vote in respect of the claim of any Holder in any such proceeding.

SECTION 10.10. Right of Trustee To Hold Senior Debt.

The Trustee shall be entitled to all of the rights set forth in this Article Ten in respect of any Senior Debt at any time held by it to the same extent as any other holder of Senior Debt, and nothing in this Indenture shall be construed to deprive the Trustee of any of its rights as such holder.

SECTION 10.11. No Suspension of Remedies.

The failure to make a payment on account of principal of or interest on the Notes by reason of any provision of this Article Ten shall not be construed as preventing the occurrence of a Default or an Event of Default under Section 6.01.

Nothing contained in this Article Ten shall limit the right of the Trustee or the Holders of Notes to take any action to accelerate the maturity of the Notes pursuant to Article Six or to pursue any rights or remedies hereunder or under applicable law, subject to the rights, if any, under this Article Ten of the holders, from time to time, of Senior Debt.

SECTION 10.12. No Fiduciary Duty of Trustee to Holders of Senior Debt.

The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Debt, and it undertakes to perform or observe such of its covenants and obligations as are specifically set forth in this Article Ten, and no implied covenants or obligations with respect to the Senior Debt shall be read into this Indenture against the Trustee. The Trustee shall not be liable to any such holders (other than for its willful misconduct or gross negligence) if it shall pay over or deliver to the Holders of Notes or the Company or any other Person, money or assets in compliance with the terms of this Indenture. Nothing in this Section 10.12 shall affect the obligation of any Person other than the Trustee to hold such payment for the benefit of, and to pay such payment over to, the holders of Senior Debt or their Representative.

ARTICLE ELEVEN

GUARANTEE OF NOTES

SECTION 11.01. Unconditional Guarantee.

Subject to the provisions of this Article Eleven, each of the Guarantors hereby, jointly and severally, unconditionally and irrevocably guarantees, on a senior subordinated basis (such guarantees to be referred to herein as the "Guarantee") to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of this Indenture, the Notes or the obligations of the Company or any other

Guarantors to the Holders or the Trustee hereunder or thereunder, that: (a) the principal of, premium, if any, and interest on the Notes (and any Additional Interest payable thereon) shall be duly and punctually paid in full when due, whether at maturity, upon redemption at the option of Holders pursuant to the provisions of the Notes relating thereto, by acceleration or otherwise, and interest on the overdue principal and (to the extent permitted by law) interest, if any, on the Notes and all other obligations of the Company or the Guarantors

to the Holders or the Trustee hereunder or thereunder (including amounts due the Trustee under Section 7.07 hereof) and all other obligations shall be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, the same shall be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed, or failing performance of any other obligation of the Company to the Holders under this Indenture or under the Notes, for whatever reason, each Guarantor shall be obligated to pay, or to perform or cause the performance of, the same immediately. An Event of Default under this Indenture or the Notes shall constitute an event of default under this Guarantee, and shall entitle the Holders of Notes to accelerate the obligations of the Guarantors hereunder in the same manner and to the same extent as the obligations of the Company.

Each of the Guarantors hereby agrees that its obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions hereof or thereof, any release of any other Guarantor, the recovery of any judgment against the Company, any action to enforce the same, whether or not a Guarantee is affixed to any particular Note, or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Guarantor. Each of the Guarantors hereby waives the benefit of diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenants that its Guarantee shall not be discharged except by complete performance of the obligations contained in the Notes, this Indenture and this Guarantee. This Guarantee is a guarantee of payment and not of collection. If any Holder or the Trustee is required by any court or otherwise to return to

the Company or to any Guarantor, or any custodian, trustee, liquidator or other similar official acting in relation to the Company or such Guarantor, any amount paid by the Company or such Guarantor to the Trustee or such Holder, this Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect. Each Guarantor further agrees that, as between it, on the one hand, and the Holders of Notes and the Trustee, on the other hand, (a) subject to this Article Eleven, the maturity of the obligations guaranteed hereby may be accelerated as provided in Article Six hereof for the purposes of this Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (b) in the event of any acceleration of such obligations as provided in Article Six hereof, such obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantors for the purpose of this Guarantee.

No stockholder, officer, director, employee or incorporator, past, present or future, or any Guarantor, as such, shall have any personal liability under this Guarantee by reason of his, her or its status as such stockholder, officer, director, employee or incorporator.

Each Guarantor that makes a payment or distribution under its Guarantee shall be entitled to a contribution from each other Guarantor in an amount pro rata, based on the net assets of each Guarantor, determined in accordance with GAAP.

SECTION 11.02. Limitations on Guarantees.

The obligations of each Guarantor under its Guarantee are limited to the maximum amount which, after giving effect to all other contingent and fixed liabilities of such Guarantor and after giving effect to any collections from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under its Guarantee or pursuant to its contribution obligations under this Indenture, will result in the obligations of such Guarantor under the Guarantee not constituting a fraudulent conveyance or fraudulent transfer under federal or state law.

SECTION 11.03. Execution and Delivery of Guarantee.

To further evidence the Guarantee set forth in Section 11.01, each Guarantor hereby agrees that a notation of such Guarantee, substantially in the form of Exhibit E hereto, shall be endorsed on each Note authenticated and
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delivered by

the Trustee. Such Guarantee shall be executed on behalf of each Guarantor by either manual or facsimile signature of two Officers of each Guarantor, each of whom, in each case, shall have been duly authorized to so execute by all requisite corporate action. The validity and enforceability of any Guarantee shall not be affected by the fact that it is not affixed to any particular Note.

Each of the Guarantors hereby agrees that its Guarantee set forth in Section 11.01 shall remain in full force and effect notwithstanding any failure to endorse on each Note a notation of such Guarantee.

If an Officer of a Guarantor whose signature is on this Indenture or a Guarantee no longer holds that office at the time the Trustee authenticates the Note on which such Guarantee is endorsed or at any time thereafter, such Guarantor's Guarantee of such Note shall be valid nevertheless.

The delivery of any Note by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of any Guarantee set forth in this Indenture on behalf of each Guarantor.

SECTION 11.04. Release of a Guarantor.

(a) If no Default exists or would exist under this Indenture, upon the sale or disposition of all of the Capital Stock of a Guarantor by the Company, in a transaction or series of related transactions that either (i) does not constitute an Asset Sale or (ii) constitutes an Asset Sale the Net Cash Proceeds of which are applied in accordance with Section 4.15, or upon the consolidation or merger of a Guarantor with or into any Person in compliance with Article Five (in each case, other than to the Company or an Affiliate of the Company), or if any Guarantor is dissolved or liquidated in accordance with this Indenture, or if a Guarantor is designated an Unrestricted Subsidiary, such Guarantor's Guarantee will be automatically discharged and released, and such Guarantor and each Subsidiary of such Guarantor that is also a Guarantor shall be deemed automatically discharged and released from all obligations under this Article Eleven without any further action required on the part of the Trustee or any Holder. Any Guarantor not so released or the entity surviving such Guarantor, as applicable, shall remain or be liable under its Guarantee as provided in this Article Eleven.

(b) The Trustee shall deliver an appropriate instrument evidencing the release of a Guarantor upon receipt of a request by the Company or such Guarantor accompanied by an Officers' Certificate and an Opinion of Counsel certifying as to the compliance with this Section 11.04; provided, however, that
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the legal counsel delivering such Opinion of Counsel may rely as to matters of fact on one or more Officers Certificates of the Company.

The Trustee shall execute any documents reasonably requested by the Company or a Guarantor in order to evidence the release of such Guarantor from its obligations under its Guarantee endorsed on the Notes and under this Article Eleven.

Except as set forth in Articles Four and Five and this Section 11.04, nothing contained in this Indenture or in any of the Notes shall prevent any consolidation or merger of a Guarantor with or into the Company or another Guarantor or shall prevent any sale or conveyance of the property of a Guarantor as an entirety or substantially as an entirety to the Company or another Guarantor.

SECTION 11.05. Waiver of Subrogation.

Until this Indenture is discharged and all of the Notes are discharged and paid in full, each Guarantor hereby irrevocably waives and agrees not to exercise any claim or other rights which it may now or hereafter acquire against the Company that arise from the existence, payment, performance or enforcement of the Company's obligations under the Notes or this Indenture and such Guarantor's obligations under this Guarantee and this Indenture, in any such instance including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, indemnification, and any right to participate in any claim or remedy of the Holders against the Company, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law, including, without limitation, the right to take or receive from the Company, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim or other rights. If any amount shall be paid to any Guarantor in violation of the preceding sentence and any amounts owing to the Trustee or the Holders of Notes under the Notes, this Indenture, or any other document or instrument delivered under or in connection with such agreements or instruments, shall not have been paid in full, such amount shall have been deemed to have been paid to such Guarantor for the benefit of, and held in trust for the benefit of, the Trustee or the

Holders and shall forthwith be paid to the Trustee for the benefit of itself or such Holders to be credited and applied to the obligations in favor of the Trustee or the Holders, as the case may be, whether matured or unmatured, in accordance with the terms of this Indenture. Each Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by this Indenture and that the waiver set forth in this Section 11.05 is knowingly made in contemplation of such benefits.

SECTION 11.06. Immediate Payment.

Each Guarantor agrees to make immediate payment to the Trustee on behalf of the Holders of all Obligations owing or payable to the respective Holders upon receipt of a demand for payment therefor by the Trustee to such Guarantor in writing.

SECTION 11.07. No Set-Off.

Each payment to be made by a Guarantor hereunder in respect of the Obligations shall be payable in the currency or currencies in which such Obligations are denominated, and shall be made without set-off, counterclaim, reduction or diminution of any kind or nature.

SECTION 11.08. Obligations Absolute.

The obligations of each Guarantor hereunder are and shall be absolute and unconditional and any monies or amounts expressed to be owing or payable by each Guarantor hereunder which may not be recoverable from such Guarantor on the basis of a Guarantee shall be recoverable from such Guarantor as a primary obligor and principal debtor in respect thereof.

SECTION 11.09. Obligations Continuing.

The obligations of each Guarantor hereunder shall be continuing and shall remain in full force and effect until all the obligations have been paid and satisfied in full. Each Guarantor agrees with the Trustee that it will from time to time deliver to the Trustee suitable acknowledgments of this continued liability hereunder and under any other instrument or instruments in such form as counsel to the Trustee may advise and as will prevent any action brought against it in respect of any default hereunder being barred by any statute of limitations now or hereafter in force and, in the event of the failure of a Guarantor so to do, it hereby irrevocably appoints the

Trustee the attorney and agent of such Guarantor to make, execute and deliver such written acknowledgment or acknowledgments or other instruments as may from time to time become necessary or advisable, in the judgment of the Trustee on the advice of counsel, to fully maintain and keep in force the liability of such Guarantor hereunder.

SECTION 11.10. Obligations Not Reduced.

The obligations of each Guarantor hereunder shall not be satisfied, reduced or discharged solely by the payment of such principal, premium, if any, interest, fees and other monies or amounts as may at any time prior to discharge of this Indenture pursuant to Article Eight be or become owing or payable under or by virtue of or otherwise in connection with the Notes or this Indenture.

SECTION 11.11. Obligations Reinstated.

The obligations of each Guarantor hereunder shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment which would otherwise have reduced the obligations of any Guarantor hereunder (whether such payment shall have been made by or on behalf of the Company or by or on behalf of a Guarantor) is rescinded or reclaimed from any of the Holders upon the insolvency, bankruptcy, liquidation or reorganization of the Company or any Guarantor or otherwise, all as though such payment had not been made. If demand for, or acceleration of the time for, payment by the Company is stayed upon the insolvency, bankruptcy, liquidation or reorganization of the Company, all such Indebtedness otherwise subject to demand for payment or acceleration shall nonetheless be payable by each Guarantor as provided herein.

SECTION 11.12. Obligations Not Affected.

The obligations of each Guarantor hereunder shall not be affected, impaired or diminished in any way by any act, omission, matter or thing whatsoever, occurring before, upon or after any demand for payment hereunder (and whether or not known or consented to by any Guarantor or any of the Holders) which, but for this provision, might constitute a whole or partial defense to a claim against any Guarantor hereunder or might operate to release or otherwise exonerate any Guarantor from any of its obligations hereunder or otherwise affect such obligations, whether occasioned by default of any of the Holders or otherwise, including, without limitation:

(a) any limitation of status or power, disability, incapacity or other circumstance relating to the Company or any other Person, including any insolvency, bankruptcy, liquidation, reorganization, readjustment, composition, dissolution, winding-up or other proceeding involving or affecting the Company or any other Person;

(b) any irregularity, defect, unenforceability or invalidity in respect of any indebtedness or other obligation of the Company or any other Person under this Indenture, the Notes or any other document or instrument;

(c) any failure of the Company, whether or not without fault on its part, to perform or comply with any of the provisions of this Indenture or the Notes, or to give notice thereof to a Guarantor;

(d) the taking or enforcing or exercising or the refusal or neglect to take or enforce or exercise any right or remedy from or against the Company or any other Person or their respective assets or the release or discharge of any such right or remedy;

(e) the granting of time, renewals, extensions, compromises, concessions, waivers, releases, discharges and other indulgences to the Company or any other Person;

(f) any change in the time, manner or place of payment of, or in any other term of, any of the Notes, or any other amendment, variation,

supplement, replacement or waiver of, or any consent to departure from, any of the Notes or this Indenture, including, without limitation, any increase or decrease in the principal amount of or premium, if any, or interest on any of the Notes;

(g) any change in the ownership, control, name, objects, businesses, assets, capital structure or constitution of the Company or a Guarantor;

(h) any merger or amalgamation of the Company or a Guarantor with any Person or Persons;

(i) the occurrence of any change in the laws, rules, regulations or ordinances of any jurisdiction by any present or future action of any governmental authority or court amending, varying, reducing or otherwise affecting, or purporting to amend, vary, reduce or otherwise affect,

any of the Obligations or the obligations of a Guarantor under its Guarantee; and

(j) any other circumstance, including release of the Guarantor pursuant to Section 11.04 (other than by complete, irrevocable payment) that might otherwise constitute a legal or equitable discharge or defense of the Company under this Indenture or the Notes or of a Guarantor in respect of its Guarantee hereunder.

SECTION 11.13. Waiver.

Without in any way limiting the provisions of Section 11.01 hereof, each Guarantor hereby waives notice of acceptance hereof, notice of any liability of any Guarantor hereunder, notice or proof of reliance by the Holders upon the obligations of any Guarantor hereunder, and diligence, presentment, demand for payment on the Company, protest, notice of dishonor or non-payment of any of the Obligations, or other notice or formalities to the Company or any Guarantor of any kind whatsoever.

SECTION 11.14. No Obligation To Take Action Against the Company.

Neither the Trustee nor any other Person shall have any obligation to enforce or exhaust any rights or remedies or to take any other steps under any security for the Obligations or against the Company or any other Person or any property of the Company or any other Person before the Trustee is entitled to demand payment and performance by any or all Guarantors of their liabilities and obligations under their Guarantees or under this Indenture.

SECTION 11.15. Dealing with the Company and Others.

The Holders, without releasing, discharging, limiting or otherwise affecting in whole or in part the obligations and liabilities of any Guarantor hereunder and without the consent of or notice to any Guarantor, may

(a) grant time, renewals, extensions, compromises, concessions, waivers, releases, discharges and other indulgences to the Company or any other Person;

(b) take or abstain from taking security or collateral from the Company or from perfecting security or collateral of the Company;

(c) accept compromises or arrangements from the Company;

(d) apply all monies at any time received from the Company or from any security upon such part of the Obligations as the Holders may see fit or change any such application in whole or in part from time to time as the Holders may see fit; and

(e) otherwise deal with, or waive or modify their right to deal with, the Company and all other Persons and any security as the Holders or the Trustee may see fit.

SECTION 11.16. Default and Enforcement.

If any Guarantor fails to pay in accordance with Section 11.06 hereof, the Trustee may proceed in its name as trustee hereunder in the enforcement of the Guarantee of any such Guarantor and such Guarantor's obligations thereunder and hereunder by any remedy provided by law, whether by legal proceedings or otherwise, and to recover from such Guarantor the obligations.

SECTION 11.17. Amendment, Etc.

No amendment, modification or waiver of any provision of this Indenture relating to any Guarantor or consent to any departure by any Guarantor or any other Person from any such provision will in any event be effective unless it is signed by such Guarantor and the Trustee.

SECTION 11.18. Acknowledgment.

Each Guarantor hereby acknowledges communication of the terms of this Indenture and the Notes and consents to and approves of the same.

SECTION 11.19. Costs and Expenses.

Each Guarantor shall pay on demand by the Trustee any and all costs, fees and expenses (including, without limitation, legal fees on a solicitor and client basis) incurred by the Trustee, its agents, advisors and counsel or any of the Holders in enforcing any of their rights under any Guarantee.

SECTION 11.20. No Merger or Waiver; Cumulative Remedies.

No Guarantee shall operate by way of merger of any of the obligations of a Guarantor under any other agreement, including, without limitation, this Indenture. No failure to exercise and no delay in exercising, on the part of the Trustee or the Holders, any right, remedy, power or privilege hereunder or under this Indenture or the Notes, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under this Indenture or the Notes preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges in the Guarantee and under this Indenture, the Notes and any other document or instrument between a Guarantor and/or the Company and the Trustee are cumulative and not exclusive of any rights, remedies, powers and privilege provided by law.

SECTION 11.21. Survival of Obligations.

Without prejudice to the survival of any of the other obligations of each Guarantor hereunder, the obligations of each Guarantor under Section 11.01 shall survive the payment in full of the Obligations and shall be enforceable against such Guarantor without regard to and without giving effect to any defense, right of offset or counterclaim available to or which may be asserted by the Company or any Guarantor.

SECTION 11.22. Guarantee in Addition to Other Obligations.

The obligations of each Guarantor under its Guarantee and this Indenture are in addition to and not in substitution for any other obligations to the Trustee or to any of the Holders in relation to this Indenture or the Notes and any guarantees or security at any time held by or for the benefit of any of them.

SECTION 11.23. Severability.

Any provision of this Article Eleven which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction unless its removal would substantially defeat the basic intent, spirit and purpose of this Indenture and this Article Eleven.

SECTION 11.24. Successors and Assigns.

Each Guarantee shall be binding upon and inure to the benefit of each Guarantor and the Trustee and the other Holders and their respective successors and permitted assigns, except that no Guarantor may assign any of its obligations hereunder or thereunder.

ARTICLE TWELVE

SUBORDINATION OF GUARANTEE

SECTION 12.01. Guarantee Obligations Subordinated to Guarantor Senior Debt.

Anything herein to the contrary notwithstanding, each of the Guarantors, for itself and its successors, and each Holder, by his or her acceptance of Guarantees, agrees that the payment of all Obligations owing to the Holders in respect of its Guarantee (collectively, as to any Guarantor, its "Guarantee Obligations") is subordinated, to the extent and in the manner provided in this Article Twelve, to the prior payment in full in cash, Cash Equivalents or Foreign Cash Equivalents, or such payment duly provided for to the satisfaction of the holders of Guarantor Senior Debt, of all Obligations on Guarantor Senior Debt of such Guarantor, including without limitation, the Guarantors' obligations under the Credit Facilities.

This Article Twelve shall constitute a continuing offer to all Persons who become holders of, or continue to hold, Guarantor Senior Debt, and such provisions are made for the benefit of the holders of Guarantor Senior Debt and such holders are made obligees hereunder and any one or more of them may enforce such provisions.

SECTION 12.02. Suspension of Guarantee Obligations When Guarantor Senior Debt Is in Default.

(a) Unless Section 12.03 shall be applicable, upon (1) the occurrence of a Payment Default with respect to any Designated Senior Debt of a Guarantor or guaranteed by a Guarantor (which Designated Senior Debt or guarantee, as the case may be, constitutes Guarantor Senior Debt of such Guarantor) and (2) receipt by the Trustee, the Company and such Guarantor from a Representative of written notice of such occurrence, then no payment (other than payments previously made pursuant

to Article Eight) or distribution of any assets of such Guarantor of any kind or character shall be made by or on behalf of such Guarantor or any other Person on its behalf on account of any Obligations under the Notes or on account of the purchase, redemption or other acquisition of Notes for cash or property or otherwise (except that Holders may receive (i) Permitted Junior Securities and (ii) payments made from the trusts described in Section 8.01) until such Payment Default shall have been cured or waived or shall have ceased to exist or such Guarantor Senior Debt shall have been discharged or paid in full in cash, Cash Equivalents or Foreign Cash Equivalents, or such payment duly provided for to the satisfaction of the holders of Guarantor Senior Debt, after which such Guarantor shall resume making any and all required payments in respect of its

obligations under this Guarantee, including any missed payments.

(b) Unless Section 12.03 shall be applicable upon (1) the occurrence of any event of default (other than a Payment Default) with respect to any Designated Senior Debt of a Guarantor (as such event of default is defined in the instrument creating or evidencing such Designated Senior Debt of a Guarantor) and (2) the earlier of (i) receipt by the Trustee, the Company and such Guarantor from a Representative of written notice of such occurrence stating that such notice is a "Payment Blockage Notice" pursuant to this Section 12.02 or (ii) if such Non-payment Default results from the acceleration of the Securities, the date of the acceleration of the Securities, no payment (other than payments previously made pursuant to Article Eight hereof) or distribution of any assets of such Guarantor of any kind or character shall be made by on or behalf of such Guarantor or any other Person on its or their behalf on account of principal, premium, if any, or interest on the Notes or on account of the purchase, redemption or other acquisition of Notes for cash or property or otherwise (except that Holders may receive (i) Permitted Junior Securities and (ii) payments made from the trusts described in Section 8.01) for a period (the "Guarantor Payment Blockage Period") commencing on the date of receipt by the Trustee of such notice or the date of the acceleration referred to in clause (ii) above, as the case may be, unless and until the earlier to occur of the following events: (w) 180 days shall have elapsed since receipt of such written notice by the Trustee or the date of the acceleration of the Notes, as the case may be (provided no Designated Senior Debt of a Guarantor shall theretofore have been accelerated), (x) such Non-payment Default shall have been cured or waived or shall have ceased to exist, (y) such Designated Senior Debt shall have been discharged or paid in full in cash, Cash

Equivalents or Foreign Cash Equivalents, or such payment duly provided for to the satisfaction of the holders of such Designated Senior Debt of a Guarantor or (z) such Guarantor Payment Blockage Period shall have been terminated by written notice to the Trustee from the Representative initiating Guarantor Payment Blockage Period, or the holders of at least a majority in principal amount of such issue of Guarantor Senior Debt, after which, in the case of clause (w), (x), (y) or (z), such Guarantor shall resume making any and all required payments in respect of its obligations under its Guarantee, including any missed payments. Notwithstanding anything herein to the contrary, (x) in no event will a Guarantor Payment Blockage Period or successive Guarantor Payment Blockage Periods with respect to the same payment on a Guarantee extend beyond 180 days from the date the payment on a Guarantee was due and (y) only one such Guarantor Payment Blockage Period may be commenced within any 360 consecutive days. For all purposes of this Section 12.02(b), no event of default which existed or was continuing on the date of the commencement of any Guarantor Payment Blockage Period with respect to the Designated Senior Debt of a Guarantor initiating such Guarantor Payment Blockage Period shall be, or be made, the basis for the commencement of a second Guarantor Payment Blockage Period by the holders or by the agent or other representative of such Designated Senior Debt of a Guarantor whether or not within a period of 360 consecutive days, unless such event of default shall have been cured or waived for a period of not less than 90 consecutive days (it being acknowledged that any subsequent action, or any breach of any financial covenants for a period commencing after the date of commencement of such Guarantor Payment Blockage Period that, in either case, would give rise to an event of default pursuant to any provisions under which an event of default previously existed or was continuing shall constitute a new event of default for this purpose).

(c) In the event that, notwithstanding the foregoing, a Guarantor shall have made payment to the Trustee or directly to the Holder of any Note prohibited by the foregoing provisions of this Section 12.02, then and in such event such payment shall be segregated from other funds and held in trust by the Trustee or such Holder or Paying Agent for the benefit of, and shall immediately be paid over to, the holders of Designated Senior Debt of a Guarantor or to the Representatives or as a court of competent jurisdiction shall direct.

SECTION 12.03. Guarantee Obligations Subordinated to Prior Payment of All Guarantor Senior Debt on Dissolution, Liquidation or Reorganization of Such Subsidiary Guarantor.

Upon any payment or distribution of assets of any Guarantor of any kind or character, whether in cash, property or securities to creditors upon any liquidation, dissolution, winding up, reorganization, assignment for the benefit of creditors or marshaling of assets of such Guarantor, whether voluntary or involuntary, or in a bankruptcy, reorganization, insolvency, receivership or other similar proceeding relating to any Guarantor or its property, whether voluntary or involuntary, but excluding any liquidation or dissolution of a Guarantor into the Company or into another Guarantor:

(a) the holders of all Guarantor Senior Debt of such Guarantor shall first be entitled to receive payments in full in cash, Cash Equivalents or Foreign Cash Equivalents, or such payment duly provided for to the satisfaction of the holders of Guarantor Senior Debt, of all amounts payable under Guarantor Senior Debt before the Holders will be entitled to receive any payment or distribution of any kind or character on account of the Guarantee of such Guarantor, and until all Obligations with respect to the Guarantor Senior Debt are paid in full in cash, Cash Equivalents or Foreign Cash Equivalents, or such payment duly provided for to the satisfaction of the holders of Guarantor Senior Debt, any distribution to which the Holders would be entitled shall be made to the holders of Guarantor Senior Debt of such Guarantor;

(b) any payment or distribution of assets of such Guarantor of any kind or character, whether in cash, property or securities, to which the Holders or the Trustee on behalf of the Holders would be entitled except for the provisions of this Article Twelve shall be paid by the liquidating trustee or agent or other Person making such a payment or distribution, directly to the holders of Guarantor Senior Debt of such Guarantor or their representatives, ratably according to the respective amounts of such Guarantor Senior Debt remaining unpaid held or represented by each, until all such Guarantor Senior Debt remaining unpaid shall have been paid in full in cash, Cash Equivalents or Foreign Cash Equivalents, or such payment duly provided for to the satisfaction of the holders of Guarantor Senior Debt, after giving effect to any concurrent

payment or distribution to the holders of such Guarantor Senior Debt;

(c) in the event that, notwithstanding the foregoing, any payment or distribution of assets of such Guarantor of any kind or character, whether such payment shall be in cash, property or securities, and such Guarantor shall have made payment to the Trustee or directly to the Holders or any Paying Agent in respect of payment of the Guarantees before all Guarantor Senior Debt of such Guarantor is paid in full in cash, Cash Equivalents or Foreign Cash Equivalents, or such payment duly provided for to the satisfaction of the holders of Guarantor Senior Debt, such payment or distribution (subject to the provisions of Sections 12.06 and 12.07) shall be received, segregated from other funds, and held in trust by the Trustee or such Holder or Paying Agent for the benefit of, and shall immediately be paid over by the Trustee (if the notice required by Section 12.06 has been received by the Trustee) or by the Holder to, the holders of such Guarantor Senior Debt or their representatives, ratably according to the respective amounts of such Guarantor Senior Debt held or represented by each, until all such Guarantor Senior Debt remaining unpaid shall have been paid in full in cash, Cash Equivalents or Foreign Cash Equivalents, or such payment duly provided for to the satisfaction of the holders of Guarantor Senior Debt, after giving effect to any concurrent payment or distribution to the holders of Guarantor Senior Debt.

Each Guarantor shall give prompt notice to the Trustee prior to any dissolution, winding up, total or partial liquidation or total or reorganization (including, without limitation, in bankruptcy, insolvency, or receivership proceedings or upon any assignment for the benefit of creditors or any other marshaling of such Guarantor's assets and liabilities).

SECTION 12.04. Holders of Guarantee Obligations To Be Subrogated to Rights of Holders of Guarantor Senior Debt.

Subject to the payment in full in cash, Cash Equivalents or Foreign Cash Equivalents, or such payment duly provided for to the satisfaction of the holders of Guarantor Senior Debt, of all Guarantor Senior Debt, the Holders of Guarantee Obligations of a Guarantor shall be subrogated to the rights of the holders of Guarantor Senior Debt of such Guarantor to receive payments or distributions of assets of such

Guarantor applicable to such Guarantor Senior Debt until all amounts owing on or in respect of the Guarantee Obligations shall be paid in full in cash, Cash Equivalents or Foreign Cash Equivalents, and for the purpose of such subrogation no payments or distributions to the holders of such Guarantor Senior Debt by or on behalf of such Guarantor, or by or on behalf of the Holders by virtue of this Article Twelve, which otherwise would have been made to the Holders shall, as between such Guarantor and the Holders, be deemed to be payment by such Guarantor to or on account of such Guarantor Senior Debt, it being understood that the provisions of this Article Twelve are and are intended solely for the purpose of defining the relative rights of the Holders, on the one hand, and the holders of such Guarantor Senior Debt, on the other hand.

If any payment or distribution to which the Holders would otherwise have been entitled but for the provisions of this Article Twelve shall have been applied, pursuant to the provisions of this Article Twelve, to the payment of all amounts payable under such Guarantor Senior Debt, then the Holders shall be entitled to receive from the holders of such Guarantor Senior Debt any such payments or distributions received by such holders of such Guarantor Senior Debt in excess of the amount sufficient to pay all amounts payable under or in respect of such Guarantor Senior Debt in full in cash, Cash Equivalents or Foreign Cash Equivalents, or such payment duly provided for to the satisfaction of the holders of Guarantor Senior Debt.

Each Holder by purchasing or accepting a Note waives any and all notice of the creation, modification, renewal, extension or accrual of any Guarantor Senior Debt of the Guarantors and notice of or proof of reliance by any holder or owner of Guarantor Senior Debt of the Guarantors upon this Article Twelve and the Guarantor Senior Debt of the Guarantors shall conclusively be deemed to have been created, contracted or incurred in reliance upon this Article Twelve, and all dealings between the Guarantors and the holders and owners of the Guarantor Senior Debt of the Guarantors shall be deemed to have been consummated in reliance upon this Article Twelve.

SECTION 12.05. Obligations of the Guarantors Unconditional.

Nothing contained in this Article Twelve or elsewhere in this Indenture or in the Guarantees is intended to or shall impair, as between the Guarantors and the Holders, the obligation of the Guarantors, which is absolute and unconditional, to

pay to the Holders all amounts due and payable under the Guarantees as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the Holders and creditors of the Guarantors other than the holders of the Guarantor Senior Debt, nor shall anything herein or therein prevent the Trustee or any Holder from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article Twelve, of the holders of Guarantor Senior Debt in respect of cash, property or securities of the Guarantors received upon the exercise of any such remedy. Upon any payment or distribution of assets of any Guarantor referred to in this Article Twelve, the Trustee, subject to the provisions of Sections 7.01 and 7.02, and the Holders shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which any liquidation, dissolution, winding up or reorganization proceedings are pending, or a certificate of the receiver, trustee in bankruptcy, liquidating trustee or agent or other Person making any payment or distribution to the Trustee or to the Holders for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of Guarantor Senior Debt and other Indebtedness of any

Guarantor, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article Twelve. Nothing in this Article Twelve shall apply to the claims of, or payments to, the Trustee under or pursuant to Section 7.07. The Trustee shall be entitled to rely on the delivery to it of a written notice by a Person representing himself or itself to be a holder of any Guarantor Senior Debt (or a trustee on behalf of, or other representative of, such holder) to establish that such notice has been given by a holder of such Guarantor Senior Debt or a trustee or representative on behalf of any such holder.

In the event that the Trustee determines in good faith that any evidence is required with respect to the right of any Person as a holder of Guarantor Senior Debt to participate in any payment or distribution pursuant to this Article Twelve, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Guarantor Senior Debt held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under this Article Twelve, and if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

SECTION 12.06. Trustee Entitled To Assume Payments Not Prohibited in Absence of Notice.

The Trustee shall not at any time be charged with knowledge of the existence of any facts that would prohibit the making of any payment to or by the Trustee unless and until the Trustee or any Paying Agent shall have received notice thereof from the Company or any Guarantor or from one or more holders of Guarantor Senior Debt or from any Representative therefor and, prior to the receipt of any such notice, the Trustee, subject to the provisions of Sections 7.01 and 7.02, shall be entitled in all respects conclusively to assume that no such fact exists.

SECTION 12.07. Application by Trustee of Assets Deposited with It.

U.S. Legal Tender, U.S. Government Obligations, Euros or Euro Obligations deposited in trust with the Trustee pursuant to and in accordance with Sections 8.01 and 8.02 shall be for the sole benefit of Holders of the Notes and, to the extent allocated for the payment of Notes, shall not be subject to the subordination provisions of this Article Twelve. Otherwise, any deposit of assets or securities by or on behalf of a Guarantor with the Trustee or any Paying Agent (whether or not in trust) for payment of the Guarantees shall be subject to the provisions of this Article Twelve; provided, however, that if prior to the second Business Day preceding the date on which by the terms of this Indenture any such assets may become distributable for any purpose (including, without limitation, the payment of either principal of or interest on any Note) the Trustee or such Paying Agent shall not have received with respect to such assets the notice provided for in Section 12.06, then the Trustee or such Paying Agent shall have full power and authority to receive such assets and to apply the same to the purpose for which they were received, and shall not be affected by any notice to the contrary received by it on or after such date. The foregoing shall not apply to the Paying Agent if the Company or any Subsidiary or Affiliate of the Company is acting as Paying Agent. Nothing contained in this Section 12.07 shall limit the right of the holders of Guarantor Senior Debt to recover payments as contemplated by this Article Twelve.

SECTION 12.08. No Waiver of Subordination Provisions.

(a) No right of any present or future holder of any Guarantor Senior Debt to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by

any act or failure to act on the part of any Guarantor or by any act or failure to act, by any such holder, or by any non-compliance by any Guarantor with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof any such holder may have or be otherwise charged with.

(b) Without limiting the generality of subsection (a) of this Section 12.08, the holders of Guarantor Senior Debt may, at any time and from time to time, without the consent of or notice to the Trustee or the Holders of the Securities, without incurring responsibility to the Holders of the Notes and without impairing or releasing the subordination provided in this Article Twelve or the obligations hereunder of the Holders of the Notes to the holders of Guarantor Senior Debt, do any one or more of the following: (1) change the manner, place, terms or time of payment of, or renew or alter, Guarantor Senior Debt or any instrument evidencing the same or any agreement under which Guarantor Senior Debt is outstanding; (2) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Guarantor Senior Debt; (3) release any Person liable in any manner for the collection or payment of Guarantor Senior Debt; and (4) exercise or refrain from exercising any rights against the Guarantors and any other Person.

SECTION 12.09. Holders Authorize Trustee To Effectuate Subordination of Guarantee Obligations.

Each Holder of the Guarantee Obligations by his acceptance thereof authorizes and expressly directs the Trustee on his behalf to take such action as may be necessary or appropriate to effect the subordination provisions contained in this Article Twelve, and appoints the Trustee his attorney-in-fact for such purpose, including, in the event of any liquidation, dissolution, winding up, reorganization, assignment for the benefit of creditors or marshaling of assets of any Guarantor tending towards liquidation or reorganization of the business and assets of any Guarantor, the immediate filing of a claim for the unpaid balance under its or his Guarantee Obligations in the form required in said proceedings and cause said claim to be approved. If the Trustee does not file a proper claim or proof of debt in the form required in such proceeding prior to 30 days before the expiration of the time to file such claim or claims, then any of the holders of the Guarantor Senior Debt or their Representative is hereby authorized to file an appropriate claim for and on behalf of the Holders of said Guarantee Obligations. Nothing herein contained shall be deemed to authorize the Trustee or the holders of Guarantor Senior Debt

or their Representative to authorize or consent to or accept or adopt on behalf of any holder of Guarantee Obligations any plan of reorganization, arrangement, adjustment or composition affecting the Guarantee Obligations or the rights of any Holder thereof, or to authorize the Trustee or the holders of Guarantor Senior Debt or their Representative to vote in respect of the claim of any holder of Guarantee Obligations in any such proceeding.

SECTION 12.10. Right of Trustee To Hold Guarantor Senior Indebtedness.

The Trustee shall be entitled to all of the rights set forth in this Article Twelve in respect of any Guarantor Senior Debt at any time held by it to the same extent as any other holder of Guarantor Senior Debt, and nothing in this Indenture shall be construed to deprive the Trustee of any of its rights as such holder.

SECTION 12.11. No Suspension of Remedies.

The failure to make a payment in respect of the Guarantees by reason of any provision of this Article Twelve shall not be construed as preventing the occurrence of a Default or an Event of Default under Section 6.01.

Nothing contained in this Article Twelve shall limit the right of the Trustee or the Holders of Notes to take any action to accelerate the maturity of the Notes pursuant to Article Six or to pursue any rights or remedies hereunder or under applicable law, subject to the rights, if any, under this Article

Twelve of the holders, from time to time, of Guarantor Senior Debt.

SECTION 12.12. No Fiduciary Duty of Trustee to Holders of Guarantor Senior Debt.

The Trustee shall not be deemed to owe any fiduciary duty to the holders of Guarantor Senior Debt, and it undertakes to perform or observe such of its covenants and obligations as are specifically set forth in this Article Twelve, and no implied covenants or obligations with respect to the Guarantor Senior Debt shall be read into this Indenture against the Trustee. The Trustee shall not be liable to any such holders (other than for its willful misconduct or gross negligence) if it shall pay over or deliver to the holders of Guarantee Obligations or the Guarantors or any other Person, money or assets in compliance with the terms of this Indenture. Nothing in

this Section 12.12 shall affect the obligation of any Person other than the Trustee to hold such payment for the benefit of, and to pay such payment over to, the holders of Guarantor Senior Debt or their Representative.

ARTICLE THIRTEEN

MISCELLANEOUS

SECTION 13.01. TIA Controls.

If any provision of this Indenture limits, qualifies, or conflicts with another provision which is required to be included in this Indenture by the TIA, the required provision shall control. If any provision of this Indenture modifies or excludes any provision of the TIA that may be so modified or excluded, the latter provision shall be deemed to apply to this Indenture as so modified or excluded, as the case may be.

SECTION 13.02. Notices.

Any notices or other communications required or permitted hereunder shall be in writing, and shall be sufficiently given if made by hand delivery, by telex, by telecopier or registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

if to the Company or any Guarantor:

HUNTSMAN ICI CHEMICALS LLC
500 Huntsman Way
Salt Lake City, Utah 84108

Attention: Office of General Counsel

with a copy to:

Skadden Arps Slate Meagher & Flom
919 Third Avenue
New York, NY 10022

Attention: Phyllis Korff

if to the Trustee:

Bank One, N.A.

100 East Broad Street OH-1-0181
Columbus, Ohio 43215
Attention: Corporate Trust Services

The Company, the Guarantors and the Trustee by written notice to each other may designate additional or different addresses for notices. Any notice or communication to the Company, the Guarantors or the Trustee shall be deemed to have been given or made as of the date so delivered if personally delivered; when answered back, if telexed; when receipt is acknowledged, if faxed; and five (5) calendar days after mailing if sent by registered or certified mail, postage prepaid (except that a notice of change of address shall not be deemed to have been given until actually received by the addressee).

As long as the Securities are listed on the Luxembourg Stock Exchange and notice is required by the rules of the Luxembourg Stock Exchange, such notice shall be sufficiently given by publication of such notice to Holders of the Securities in English in a leading newspaper having general circulation in Luxembourg (which is expected to be the Luxembourg Wort) or, if such publication is not practicable, in one other leading English language daily newspaper with general circulation in Europe, such newspaper being published on each business day in morning editions, whether or not it shall be published in Saturday, Sunday or holiday editions.

Any notice or communication mailed to a Holder shall be mailed to him by first class mail or other equivalent means at his address as it appears on the registration books of the Registrar and shall be sufficiently given to him if so mailed within the time prescribed.

Failure to mail a notice or communication to a Noteholder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

SECTION 13.03. Communications by Holders with Other Holders.

Holders may communicate pursuant to TIA (S) 312(b) with other Holders with respect to their rights under this Indenture or the Notes. The Company, the Trustee, the Registrar and any other Person shall have the protection of TIA (S) 312(c).

SECTION 13.04. Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Company or the Guarantors to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(1) an Officers' Certificate, in form and substance satisfactory to the Trustee, stating that, in the opinion of the signers, all conditions precedent to be performed by the Company, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(2) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent to be performed by the Company, if any, provided for in this Indenture relating to the proposed action have been complied with.

SECTION 13.05. Statements Required in Certificate or Opinion.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture, other than the Officers' Certificate required by Section 4.07, shall include:

(1) a statement that the Person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such Person, he has made such examination or investigation as is reasonably necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of each such Person, such condition or covenant has been complied with.

SECTION 13.06. Rules by Trustee, Paying Agent, Registrar.

The Trustee may make reasonable rules in accordance with the Trustee's customary practices for action by or at a meeting of Holders. The Paying Agent or Registrar may make reasonable rules for its functions.

SECTION 13.07. Legal Holidays.

A "Legal Holiday" used with respect to a particular place of payment is a Saturday, a Sunday or a day on which banking institutions in New York, New York, Salt Lake City, Utah or at such place of payment are not required to be open. If a payment date is a Legal Holiday at such place, payment may be made at such place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

SECTION 13.08. Governing Law.

THIS INDENTURE, THE NOTES AND THE GUARANTEES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAWS TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY. Each of the parties hereto agrees to submit to the jurisdiction of the courts of the State of New York in any action or proceeding arising out of or relating to this Indenture or the Notes.

SECTION 13.09. No Adverse Interpretation of Other Agreements.

This Indenture may not be used to interpret another indenture, loan or debt agreement of the Company or any of its Subsidiaries. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

SECTION 13.10. No Recourse Against Others.

A past, present or future director, officer, member, manager, employee, stockholder or incorporator, as such, of the Company or any Guarantor shall not have any liability for any obligations of the Company or any Guarantor under the Notes, the Guarantees or this Indenture or for any claim based on, in respect of or by reason of such obligations or their creations. Each Holder by accepting a Note waives and releases all such

liability. Such waiver and release are part of the consideration for the issuance of the Notes.

SECTION 13.11. Successors.

All agreements of the Company in this Indenture and the Notes shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successors.

SECTION 13.12. Duplicate Originals.

All parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together shall represent the same agreement.

SECTION 13.13. Severability.

In case any one or more of the provisions in this Indenture or in the Notes shall be held invalid, illegal or unenforceable, in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions shall not in any way be affected or impaired thereby, it being intended that all of the provisions hereof shall be enforceable to the full extent permitted by law.

SECTION 13.14. Independence of Covenants.

All covenants and agreements in this Indenture and the Notes shall be given independent effect so that if any particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists.

[Remainder of Page Intentionally Left Blank]

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, all as of the date first written above.

HUNTSMAN ICI CHEMICALS LLC

/s/ J. Kimo Esplin
By:----------
Name: J. Kimo Esplin
Title: Executive Vice President and Chief Financial Officer

GUARANTORS

HUNTSMAN ICI FINANCIAL LLC

/s/ Samuel D. Scruggs
By:----------
Name: Samuel D. Scruggs
Title: Vice President - Deputy General Counsel

Executed as a Deed by
L. Russell Healy
for and on behalf of
Tioxide Americas Inc.
in the presence of

/s/ [Witness]
- ----------
Witness

TIOXIDE AMERICAS INC.

/s/ L. Russell Healy
By:----------
L. Russell Healy
Vice President and Treasurer

TIOXIDE GROUP

By:/s/ J. Kimo Esplin

Name: J. Kimo Esplin
Title: Director

BANK ONE, N.A., as Trustee

By:/s/ David B. Knox

Name: David B. Knox

Title: Authorized Signor

EXHIBIT A-1

[FORM OF RESTRICTED DOLLAR NOTE]

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH BELOW. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS AN "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(a)(1), (2), (3), OR (7) UNDER THE SECURITIES ACT) (AN "ACCREDITED INVESTOR") OR (C) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT WITHIN TWO YEARS AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) TO THE ISSUER THEREOF OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) INSIDE THE UNITED STATES TO AN ACCREDITED INVESTOR THAT, PRIOR TO SUCH TRANSFER, FURNISHES (OR HAS FURNISHED ON ITS BEHALF BY A U.S. BROKER-DEALER) TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE FOR THIS SECURITY), (D) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (E) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), OR (F) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND IN CONNECTION WITH ANY TRANSFER OF THIS SECURITY WITHIN TWO YEARS AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY, IF THE PROPOSED TRANSFEREE IS AN ACCREDITED INVESTOR, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE TRUSTEE AND THE ISSUER SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS EITHER OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANING GIVEN TO THEM BY REGULATIONS S UNDER THE SECURITIES ACT.

HUNTSMAN ICI CHEMICALS LLC

10 1/8% Senior Subordinated Note due 2009

No. $[ ]
CUSIP

HUNTSMAN ICI CHEMICALS LLC, a Delaware limited liability company (the "Company"), for value received, promises to pay to CEDE & CO. or registered assigns, the principal sum of , on July 1, 2009.

Interest Payment Dates: January 1 and July 1

Record Dates: December 15 and June 15

Reference is made to the further provisions of this Note contained herein, which will for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Company has caused this Note to be signed manually or by facsimile by its duly authorized officer.

Dated: HUNTSMAN ICI CHEMICALS LLC

By:_____

Name:
Title:

Trustee's Certificate of Authentication

This is one of the 10 1/8% Senior Subordinated Notes due 2009 referred to in the within-mentioned Indenture.

Dated:

Bank One, N.A., as Trustee

By:_____
Authorized Signature

(REVERSE OF NOTE)

10 1/8% Senior Subordinated Note due 2009

1. Interest. HUNTSMAN ICI CHEMICALS LLC, a Delaware limited liability company (the "Company"), promises to pay interest on the principal amount of this Note at the rate per annum shown above. Interest on the Notes will accrue from the most recent date on which interest has been paid or, if no interest has been paid, from June 30, 1999. The Company will pay interest semi-annually in arrears on each January 1 and July 1 (each, an "Interest Payment Date") and at stated maturity, commencing on January 1, 2000. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Company shall pay interest on overdue principal and on overdue installments of interest from time to time on demand at the rate borne by the Notes and on overdue installments of interest (without regard to any applicable grace periods) to the extent lawful.

2. Method of Payment. The Company shall pay interest on the Notes (except defaulted interest) to the Persons who are the registered Holders at the close of business on the Record Date immediately preceding the Interest Payment Date even if the Notes are cancelled on registration of transfer or registration of exchange after such Record Date. Holders must surrender Notes to a Paying Agent to collect principal payments. The Company shall pay principal, premium and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts ("U.S. Legal Tender"). However, the Company may pay principal, premium and interest by its check payable in such U.S. Legal Tender. The Company may deliver any such interest payment to the Paying Agent or to a Holder at the Holder's registered address.

3. Paying Agent and Registrar. Initially, Bank One, N.A. (the "Trustee") will act as Paying Agent and Registrar. The Company may change any Paying Agent, Registrar or co-Registrar without notice to the Holders. The Company or any of its Subsidiaries may, subject to certain exceptions, act as Registrar or co-Registrar.

4. Indenture. The Company issued the Notes under an Indenture, dated as of June 30, 1999 (the "Indenture"), among the Company, each of the Guarantors named therein and the Trustee. This Note is one of a duly authorized issue of Notes of the Company designated as its dollar denominated 10 1/8%

Senior Subordinated Notes due 2009 (the "Notes"), limited (except as otherwise provided in the Indenture) in aggregate principal amount to $600,000,000, which may be issued under the Indenture. The Notes and the Company's euro denominated 10 1/8% Senior Subordinated Notes due 2009 (the "Euro Notes") are treated as a single class of securities under the Indenture unless otherwise specified in the Indenture. Capitalized terms used herein shall have the meanings assigned to them in the Indenture unless otherwise defined herein. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by

reference to the Trust Indenture Act of 1939 (15 U.S.C. (S)(S) 77aaa-77bbbb) (the "TIA"), as in effect on the date of the Indenture. Notwithstanding anything to the contrary herein, the Notes are subject to all such terms, and Holders of Notes are referred to the Indenture and the TIA for a statement of them. The Notes are senior subordinated unsecured obligations of the Company.

5. Optional Redemption. (a) The Notes will be redeemable, at the
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Company's option, in whole at any time or in part from time to time, on and after July 1, 2004, upon not less than 30 nor more than 60 days' notice, at the following redemption prices (expressed as percentages of the principal amount thereof) if redeemed during the twelve-month period commencing on July 1 of the year set forth below, plus, in each case, accrued and unpaid interest thereon, if any, to the date of redemption:

<TABLE>
<CAPTION>

Year	Percentage
<S>	<C>
2004	105.063%
2005	103.375%
2006	101.688%
2007 and thereafter	100.000%

</TABLE>

(b) At any time, or from time to time, on or prior to July 1, 2002, the Company may, at its option, use the net cash proceeds of one or more Equity Offerings (as defined below) to redeem up to 35% of the aggregate principal amount of Notes originally issued at a redemption price equal to 110.125% of the principal amount thereof plus accrued and unpaid interest thereon, if any, to the date of redemption; provided, however, that at least 65% of the aggregate
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principal amount of the Dollar Notes and Euro Notes originally issued remain outstanding immediately after any such redemption. In order to effect the foregoing redemption with the proceeds of any Equity Offering, the Company shall make such redemption not more than 120 days after the consummation of any such Equity Offering.

As used in the preceding paragraph, "Equity Offering" means any sale of Qualified Capital Stock of the Company or any capital contribution to the equity of the Company.

(c) At any time on or prior to July 1, 2004, the Notes may be redeemed, in whole or in part, at the option of the Company, upon not less than 30 nor more than 60 days' notice, at a redemption price (the "Make-Whole Price") equal to the greater of (i) 100% of the principal amount thereof or (ii) as determined by an Independent Investment Banker, the present value of (A) the redemption price of such Notes at July 1, 2004 (as set forth below) plus (B) all required interest payments due on such Notes through July 1, 2004 (excluding accrued interest), discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at, in the case of the Dollar Notes, the Adjusted Treasury Rate and, in the case of the Euro Notes, the Adjusted Bund Rate, plus in each case accrued interest to the redemption date.

"Adjusted Bund Rate" means, with respect to any redemption date, the mid-market yield under the heading which represents the average for the immediately prior week appearing on Reuters page AABBUND01, or its successor, for the maturity corresponding to July 1, 2009 (if no maturity date is within three months before or after July 1, 2009, yields for the two published maturities most closely corresponding to July 1, 2009 shall be determined and the Bund yield shall be interpolated or extrapolated from such yields on a straight-line basis, rounding to the nearest month), plus 0.50%. The Bund Rate shall be calculated on the third Business Day preceding such redemption date.

"Adjusted Treasury Rate" means with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, plus 0.50%.

"Comparable Treasury Issue" means the United States Treasury Security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Notes that would be utilized, at the same time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

"Comparable Treasury Price" means, with respect to any redemption date, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities" or (ii) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (A) the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (B) if the Trustee obtains fewer than three such Reference Treasury Dealer Quotations, the average of all such quotations.

"Independent Investment Banker" means any Reference Treasury Dealer appointed by the Trustee after consultation with the Company.

"Reference Treasury Dealer" means each of Goldman Sachs & Co., Deutche Bank Securities Inc., Chase Securities Inc. and Warburg Dillon Read LLC and their respective successors; provided, however, that if any of the foregoing
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shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the Company shall substitute therefor another Reference Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices of the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m. on the third Business Day preceding such redemption date.

6. Notice of Redemption. Notice of redemption will be mailed at
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least 30 days but not more than 60 days before the Redemption Date to each Holder whose Notes are to be redeemed at such Holder's registered address. Notes in denominations larger than $1,000 may be redeemed in part.

7. Change of Control Offer. In the event of a Change of Control,
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upon the satisfaction of the conditions set forth in the Indenture, the Company shall be required to offer to repurchase all of the then outstanding Notes pursuant to a Change of Control Offer at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest,

if any, to the date of purchase. Holders of Notes that are the subject of such an offer to repurchase shall receive an offer to repurchase and may elect to have such Notes repurchased in accordance with the provisions of the Indenture pursuant to and in accordance with the terms of the Indenture.

8. Limitation on Asset Sales. Under certain circumstances set forth
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in Section 4.15 of the Indenture, the Company is required to apply the net proceeds from Asset Sales to offer to repurchase the Notes at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest thereon, if any, to the date of repurchase.

9. Denominations; Transfer; Exchange. The Notes are in fully
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registered form only, without coupons, in denominations of $1,000 and integral multiples of $1,000. A Holder shall register the transfer or exchange of Notes in accordance with the Indenture. The Registrar may require a Holder, among

other things, to furnish appropriate endorsements and transfer documents and to pay certain transfer taxes or similar governmental charges payable in connection therewith as permitted by the Indenture. The Registrar need not register the transfer or exchange of any Notes during a period beginning 15 days before the mailing of a redemption notice for any Notes or portions thereof selected for redemption.

10. Persons Deemed Owners. The registered Holder of a Note shall be treated as the owner of it for all purposes.

11. Unclaimed Money. If money for the payment of principal or interest remains unclaimed for one year, the Trustee and the Paying Agent will pay the money back to the Company. After that, all liability of the Trustee and such Paying Agent with respect to such money shall cease.

12. Discharge Prior to Redemption or Maturity. If the Company at any time deposits with the Trustee U.S. Legal Tender or non-callable U.S. Government Obligations sufficient to pay the principal of, premium and interest on the Notes to redemption or maturity and complies with the other provisions of this Indenture relating thereto, the Company will be discharged from certain provisions of the Indenture and the Notes (including certain covenants, but excluding its obligation to pay the principal of, premium and interest on the Notes).

13. Amendment; Supplement; Waiver. Subject to certain exceptions, the Indenture or the Notes may be amended or supplemented with the written consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes and Euro Notes, and any existing Default or Event of Default or noncompliance with any provision may be waived with the written consent of the Holders of a majority in aggregate principal amount of the then out-

standing Notes and Euro Notes. Without consent of any Holder, the parties thereto may amend or supplement the Indenture or the Notes to, among other things, cure any ambiguity, defect or inconsistency, provide for uncertificated Notes in addition to or in place of certificated Notes, or comply with Article Five of the Indenture or make any other change that does not adversely affect in any material respect the rights of any Holder of a Note.

14. Restrictive Covenants. The Indenture imposes certain limitations on the ability of the Company and its Subsidiaries to, among other things, incur additional Indebtedness, pay dividends or make certain other restricted payments, enter into transactions with Affiliates, create dividend or other payment restrictions affecting Restricted Subsidiaries and merge or consolidate with any other Person, sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its assets or adopt a plan of liquidation. Such limitations are subject to a number of important qualifications and exceptions. The Company must annually report to the Trustee on compliance with such limitations.

15. Successors. When a successor assumes, in accordance with this Indenture, all the obligations of its predecessor under the Notes and the Indenture, the predecessor will be released from those obligations.

16. Defaults and Remedies. If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes and Euro Notes may declare all the Notes to be due and payable in the manner, at the time and with the effect provided in the Indenture. Holders of Notes may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee is not obligated to enforce the Indenture or the Notes unless it has been offered indemnity or security reasonably satisfactory to it. The Indenture permits, subject to certain limitations therein provided, Holders of a majority in aggregate principal amount of the Notes and Euro Notes then outstanding to direct the Trustee in its

exercise of any trust or power. The Trustee may withhold from Holders of Notes notice of any continuing Default or Event of Default (except a Default in payment of principal or interest) if it determines in good faith that withholding notice is in their interest.

17. Trustee Dealings with Company. The Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with the Company, its Restricted and Unrestricted Subsidiaries or their respective Affiliates as if it were not the Trustee.

18. No Recourse Against Others. No past, present or future stockholder, director, officer, employee or incorporator, as such, of the Company shall have any liability for any obligation of the Company under the Notes or the Indenture or for any claim based on, in respect of or by reason of, such obligations or their creation. Each Holder of a Note by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

19. Authentication. This Note shall not be valid until the Trustee or authenticating agent manually signs the certificate of authentication on this Note.

20. Governing Law. This Note shall be governed by, and construed in accordance with, the laws of the State of New York without giving effect to applicable principles of conflicts of laws to the extent that the application of the laws of another jurisdiction would be required thereby.

21. Abbreviations and Defined Terms. Customary abbreviations may be used in the name of a Holder of a Note or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

22. CUSIP/ISIN Numbers. The Company has caused CUSIP and/or ISIN numbers to be printed on the Notes as a convenience to the Holders of the Notes. No representation is made as to the accuracy of such numbers as printed on the Notes and reliance may be placed only on the other identification numbers printed hereon.

23. Registration Rights. Pursuant to the Registration Rights Agreement, the Company and the Guarantors will be obligated upon the occurrence of certain events to consummate an exchange offer pursuant to which the Holder of this Note shall have the right to exchange this Note for a 10 1/8% Senior Subordinated Note due 2009, of the Company (an "Unrestricted Note") which have been registered under the Securities Act, in like principal amount and having terms identical in all material respects as this Note. The Holders shall be entitled to

receive certain additional interest payments in the event such exchange offer is not consummated and upon certain other conditions, all pursuant to and in accordance with the terms of the Registration Rights Agreement.

24. Indenture. Each Holder, by accepting a Note, agrees to be bound by all of the terms and provisions of the Indenture, as the same may be amended from time to time. Capitalized terms used herein and not defined herein have the meanings ascribed thereto in the Indenture.

25. Guarantees. This Note will be entitled to the benefits of certain senior subordinated Guarantees, if any, made for the benefit of the Holders. Reference is hereby made to the Indenture for a statement of the

respective rights, limitations of rights, duties and obligations thereunder of the Guarantors, the Trustee and the Holders.

The Company will furnish to any Holder of a Note upon written request and without charge a copy of the Indenture. Requests may be made to: HUNTSMAN ICI CHEMICALS LLC, 500 Huntsman Way, Salt Lake City, Utah 84108, Attention: Office of General Counsel.

[FORM OF ASSIGNMENT]

I or we assign to

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER

- ----------

- ----------
(please print or type name and address)

- ----------

- ----------

- ----------
the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

- ----------
attorney to transfer the Note on the books of the Company with full power of substitution in the premises.

Dated:_____ _____

NOTICE: The signature on this assignment must correspond with the name as it appears upon the face of the within Note in every particular without alteration or enlargement or any change whatsoever and be guaranteed by the endorser's bank or broker.

Signature Guarantee: _____

In connection with any transfer of this Note occurring prior to the date which is the earlier of (i) the date of the declaration by the Commission of the effectiveness of a registration statement under the Securities Act of 1933, as amended (the "Securities Act") covering resales of this Note (which effectiveness shall not have been suspended or terminated at the date of the transfer) and (ii) June 30, 2000 the undersigned confirms that it has not utilized any general solicitation or general advertising in connection with the transfer:

[Check One]
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(1) ___ to the Company or a subsidiary thereof; or

(2) ___ pursuant to and in compliance with Rule 144A under the Securities Act of 1933, as amended; or

(3) ___ to an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933, as amended) that has furnished to the Trustee a signed letter containing certain representations and agreements (the form of which letter can be obtained from the Trustee); or

(4) ___ outside the United States to a "foreign purchaser" in compliance with Rule 904 of Regulation S under the Securities Act of 1933, as amended; or

(5) ___ pursuant to the exemption from registration provided by Rule 144 under the Securities Act of 1933, as amended; or

(6) ___ pursuant to an effective registration statement under the Securities Act of 1933, as amended; or

(7) ___ pursuant to another available exemption from the registration statement requirements of the Securities Act of 1933, as amended.

and unless the box below is checked, the undersigned confirms that such Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act of 1933, as amended (an "Affiliate"):

[_] The transferee is an Affiliate of the Company.

Unless one of the items is checked, the Trustee will refuse to register any of the Notes evidenced by this certificate in the name of any person other than the registered Holder thereof; provided, however, that if item
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(3), (4), (5) or (7) is checked, the Company or the Trustee may require, prior to registering any such transfer of the Notes, in their sole discretion, such written legal opinions, certifications (including an investment letter in the case of box (3) or (4) and other information as the Trustee or the Company have reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the reg-

istration requirements of the Securities Act of l933, as amended.

If none of the foregoing items are checked, the Trustee or Registrar shall not be obligated to register this Note in the name of any person other than the Holder hereof unless and until the conditions to any such transfer of registration set forth herein and in Section 2.16 of the Indenture shall have been satisfied.

Dated:_____ Signed:_____
(Sign exactly as name appears on the other side of this Note)

Signature Guarantee:_____

TO BE COMPLETED BY PURCHASER IF (2) ABOVE IS CHECKED

The undersigned represents and warrants that it is purchasing this Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated:_____ _____
NOTICE: To be executed by an executive officer

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Company pursuant to Section 4.14 or Section 4.15 of the Indenture, check the appropriate box:

Section 4.14 [ ] Section 4.15 [ ]

If you want to elect to have only part of this Note purchased by the

Company pursuant to Section 4.14 or Section 4.15 of the Indenture, state the amount: $_____

Date:_____ Your Signature:_____
(Sign exactly as your name appears on the other side of this Note)

Signature Guarantee:_____
Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor program reasonably acceptable to the Trustee)

EXHIBIT A-2

[FORM OF RESTRICTED EURO NOTE]

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH BELOW. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS AN "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(a)(1), (2), (3), OR (7) UNDER THE SECURITIES ACT) (AN "ACCREDITED INVESTOR") OR (C) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT WITHIN TWO YEARS AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) TO THE ISSUER THEREOF OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) INSIDE THE UNITED STATES TO AN ACCREDITED INVESTOR THAT, PRIOR TO SUCH TRANSFER, FURNISHES (OR HAS FURNISHED ON ITS BEHALF BY A U.S. BROKER-DEALER) TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE FOR THIS SECURITY), (D) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (E) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), OR (F) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND IN CONNECTION WITH ANY TRANSFER OF THIS SECURITY WITHIN TWO YEARS AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY, IF THE PROPOSED TRANSFEREE IS AN ACCREDITED INVESTOR, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE TRUSTEE AND THE ISSUER SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS EITHER OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANING GIVEN TO THEM BY REGULATIONS S UNDER THE SECURITIES ACT.

HUNTSMAN ICI CHEMICALS LLC

10 1/8% Senior Subordinated Note due 2009

No. EU[ ]

ISIN

HUNTSMAN ICI CHEMICALS LLC, a Delaware limited liability company (the "Company"), for value received, promises to pay to or registered assigns, the principal sum of , on July 1, 2009.

Interest Payment Dates: January 1 and July 1

Record Dates: December 15 and June 15

Reference is made to the further provisions of this Note contained herein, which will for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Company has caused this Note to be signed manually or by facsimile by its duly authorized officer.

Dated: HUNTSMAN ICI CHEMICALS LLC

By:_____
Name:
Title:

Trustee's Certificate of Authentication

This is one of the 10 1/8% Senior Subordinated Notes due 2009 referred to in the within-mentioned Indenture.

Dated:

Bank One, N.A., as Trustee

By:_____
Authorized Signature

(REVERSE OF NOTE)

10 1/8% Senior Subordinated Note due 2009

1. Interest. HUNTSMAN ICI CHEMICALS LLC, a Delaware limited liability company (the "Company"), promises to pay interest on the principal amount of this Note at the rate per annum shown above. Interest on the Notes will accrue from the most recent date on which interest has been paid or, if no interest has been paid, from June 30, 1999. The Company will pay interest semi-annually in arrears on each January 1 and July 1 (each, an "Interest Payment Date") and at stated maturity, commencing on January 1, 2000. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Company shall pay interest on overdue principal and on overdue installments of interest from time to time on demand at the rate borne by the Notes and on overdue installments of interest (without regard to any applicable grace periods) to the extent lawful.

2. Method of Payment. The Company shall pay interest on the Notes (except defaulted interest) to the Persons who are the registered Holders at the close of business on the Record Date immediately preceding the Interest Payment Date even if the Notes are cancelled on registration of transfer or registration of exchange after such Record Date. Holders must surrender Notes to a Paying Agent to collect principal payments. The Company shall pay principal, premium and interest in euros. However, the Company may pay principal, premium and interest by its check payable in euros. The Company may deliver any such interest payment to the Paying Agent or to a Holder at the Holder's registered address.

3. Paying Agent and Registrar. Initially, Bank One, N.A. (the "Trustee") will act as Paying Agent and Registrar. The Company may change any Paying Agent, Registrar or co-Registrar without notice to the Holders. The Company or any of its Subsidiaries may, subject to certain exceptions, act as Registrar or co-Registrar.

4. Indenture. The Company issued the Notes under an Indenture, dated as of June 30, 1999 (the "Indenture"), among the Company, each of the

Guarantors named therein and the Trustee. This Note is one of a duly authorized issue of Notes of the Company designated as its euro denominated 10 1/8% Senior Subordinated Notes due 2009 (the "Notes"), limited (except as otherwise provided in the Indenture) in aggregate principal

amount to EU200,000,000, which may be issued under the Indenture. The Notes and the Company's dollar denominated 10 1/8% Senior Subordinated Notes due 2009 (the "Dollar Notes") are treated as a single class of securities under the Indenture unless otherwise specified in the Indenture. Capitalized terms used herein shall have the meanings assigned to them in the Indenture unless otherwise defined herein. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. (S)(S) 77aaa-77bbbb) (the "TIA"), as in effect on the date of the Indenture. Notwithstanding anything to the contrary herein, the Notes are subject to all such terms, and Holders of Notes are referred to the Indenture and the TIA for a statement of them. The Notes are senior subordinated unsecured obligations of the Company.

5. Optional Redemption. (a) The Notes will be redeemable, at the
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Company's option, in whole at any time or in part from time to time, on and after July 1, 2004, upon not less than 30 nor more than 60 days' notice, at the following redemption prices (expressed as percentages of the principal amount thereof) if redeemed during the twelve-month period commencing on July 1 of the year set forth below, plus, in each case, accrued and unpaid interest thereon, if any, to the date of redemption:

<TABLE>
<CAPTION>

Year	Percentage
<S>	<C>
2004	105.063%
2005	103.375%
2006	101.688%
2007 and thereafter	100.000%

</TABLE>

(b) At any time, or from time to time, on or prior to July 1, 2002, the Company may, at its option, use the net cash proceeds of one or more Equity Offerings (as defined below) to redeem up to 35% of the aggregate principal amount of Notes originally issued at a redemption price equal to 110.125% of the principal amount thereof plus accrued and unpaid interest thereon, if any, to the date of redemption; provided, however, that at least 65% of the aggregate
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principal amount of the Dollar Notes and Euro Notes originally issued remain outstanding immediately after any such redemption. In order to effect the foregoing redemption with the proceeds of any Equity Offering, the Company shall make such redemption not more than 120 days after the consummation of any such Equity Offering.

As used in the preceding paragraph, "Equity Offering" means any sale of Qualified Capital Stock of the Company or any capital contribution to the equity of the Company.

(c) At any time on or prior to July 1, 2004, the Notes may be redeemed, in whole or in part, at the option of the Company, upon not less than 30 nor more than 60 days' notice, at a redemption price (the "Make-Whole Price") equal to the greater of (i) 100% of the principal amount thereof or (ii) as determined by an Independent Investment Banker, the present value of (A) the redemption price of such Notes at July 1, 2004 (as set forth below) plus (B) all required interest payments due on such Notes through July 1, 2004 (excluding accrued interest), discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at, in the case of the Dollar Notes, the Adjusted Treasury Rate and, in the case of the Euro Notes, the Adjusted Bund Rate, plus in each case accrued interest to the redemption date.

"Adjusted Bund Rate" means, with respect to any redemption date, the

mid-market yield under the heading which represents the average for the immediately prior week appearing on Reuters page AABBUND01, or its successor, for the maturity corresponding to July 1, 2009 (if no maturity date is within three months before or after July 1, 2009, yields for the two published maturities most closely corresponding to July 1, 2009 shall be determined and the Bund yield shall be interpolated or extrapolated from such yields on a straight-line basis, rounding to the nearest month), plus 0.50%. The Bund Rate shall be calculated on the third Business Day preceding such redemption date.

"Adjusted Treasury Rate" means with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, plus 0.50%.

"Comparable Treasury Issue" means the United States Treasury Security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Notes that would be utilized, at the same time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

"Comparable Treasury Price" means, with respect to any redemption date, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities" or (ii) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (A) the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (B) if the Trustee obtains fewer than three such Reference Treasury Dealer Quotations, the average of all such quotations.

"Independent Investment Banker" means any Reference Treasury Dealer appointed by the Trustee after consultation with the Company.

"Reference Treasury Dealer" means each of Goldman Sachs & Co., Deutche Bank Securities Inc., Chase Securities Inc. and Warburg Dillon Read LLC and their respective successors; provided, however, that if any of the foregoing
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shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the Company shall substitute therefor another Reference Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices of the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m. on the third Business Day preceding such redemption date.

6. Notice of Redemption. Notice of redemption will be mailed at
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least 30 days but not more than 60 days before the Redemption Date to each Holder whose Notes are to be redeemed at such Holder's registered address. Notes in denominations larger than EU1,000 may be redeemed in part.

7. Change of Control Offer. In the event of a Change of Control,
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upon the satisfaction of the conditions set forth in the Indenture, the Company shall be required to offer to repurchase all of the then outstanding Notes pursuant to a Change of Control Offer at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest,

if any, to the date of purchase. Holders of Notes that are the subject of such an offer to repurchase shall receive an offer to repurchase and may elect to have such Notes repurchased in accordance with the provisions of the Indenture

pursuant to and in accordance with the terms of the Indenture.

8. Limitation on Asset Sales. Under certain circumstances set forth in Section 4.15 of the Indenture, the Company is required to apply the net proceeds from Asset Sales to offer to repurchase the Notes at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest thereon, if any, to the date of repurchase.

9. Denominations; Transfer; Exchange. The Notes are in fully registered form only, without coupons, in denominations of EU1,000 and integral multiples of EU1,000. A Holder shall register the transfer or exchange of Notes in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay certain transfer taxes or similar governmental charges payable in connection therewith as permitted by the Indenture. The Registrar need not register the transfer or exchange of any Notes during a period beginning 15 days before the mailing of a redemption notice for any Notes or portions thereof selected for redemption.

10. Persons Deemed Owners. The registered Holder of a Note shall be treated as the owner of it for all purposes.

11. Unclaimed Money. If money for the payment of principal or interest remains unclaimed for one year, the Trustee and the Paying Agent will pay the money back to the Company. After that, all liability of the Trustee and such Paying Agent with respect to such money shall cease.

12. Discharge Prior to Redemption or Maturity. If the Company at any time deposits with the Trustee euros or non-callable Euro Obligations sufficient to pay the principal of, premium and interest on the Notes to redemption or maturity and complies with the other provisions of this Indenture relating thereto, the Company will be discharged from certain provisions of the Indenture and the Notes (including certain covenants, but excluding its obligation to pay the principal of, premium and interest on the Notes).

13. Amendment; Supplement; Waiver. Subject to certain exceptions, the Indenture or the Notes may be amended or supplemented with the written consent of the Holders of at least a majority in aggregate principal amount of the then out-

standing Notes and Dollar Notes, and any existing Default or Event of Default or noncompliance with any provision may be waived with the written consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes and Dollar Notes. Without consent of any Holder, the parties thereto may amend or supplement the Indenture or the Notes to, among other things, cure any ambiguity, defect or inconsistency, provide for uncertificated Notes in addition to or in place of certificated Notes, or comply with Article Five of the Indenture or make any other change that does not adversely affect in any material respect the rights of any Holder of a Note.

14. Restrictive Covenants. The Indenture imposes certain limitations on the ability of the Company and its Subsidiaries to, among other things, incur additional Indebtedness, pay dividends or make certain other restricted payments, enter into transactions with Affiliates, create dividend or other payment restrictions affecting Restricted Subsidiaries and merge or consolidate with any other Person, sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its assets or adopt a plan of liquidation. Such limitations are subject to a number of important qualifications and exceptions. The Company must annually report to the Trustee on compliance with such limitations.

15. Successors. When a successor assumes, in accordance with this Indenture, all the obligations of its predecessor under the Notes and the Indenture, the predecessor will be released from those obligations.

16. Defaults and Remedies. If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes and Dollar Notes may declare all the Notes to be due and payable in the manner, at the time and with the effect provided in the Indenture. Holders of Notes may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee is not obligated to enforce the Indenture or the Notes unless it has been offered indemnity or security reasonably satisfactory to it. The Indenture permits, subject to certain limitations therein provided, Holders of a majority in aggregate principal amount of the Notes and Dollar Notes then outstanding to direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of Notes notice of any continuing Default or Event of Default (except a Default in payment of principal or interest) if it determines in good faith that withholding notice is in their interest.

17. Trustee Dealings with Company. The Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with the Company, its Restricted and Unrestricted Subsidiaries or their respective Affiliates as if it were not the Trustee.

18. No Recourse Against Others. No past, present or future stockholder, director, officer, employee or incorporator, as such, of the Company shall have any liability for any obligation of the Company under the Notes or the Indenture or for any claim based on, in respect of or by reason of, such obligations or their creation. Each Holder of a Note by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

19. Authentication. This Note shall not be valid until the Trustee or authenticating agent manually signs the certificate of authentication on this Note.

20. Governing Law. This Note shall be governed by, and construed in accordance with, the laws of the State of New York without giving effect to applicable principles of conflicts of laws to the extent that the application of the laws of another jurisdiction would be required thereby.

21. Abbreviations and Defined Terms. Customary abbreviations may be used in the name of a Holder of a Note or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

22. CUSIP/ISIN Numbers. The Company has caused CUSIP and/or ISIN numbers to be printed on the Notes as a convenience to the Holders of the Notes. No representation is made as to the accuracy of such numbers as printed on the Notes and reliance may be placed only on the other identification numbers printed hereon.

23. Registration Rights. Pursuant to the Registration Rights Agreement, the Company and the Guarantors will be obligated upon the occurrence of certain events to consummate an exchange offer pursuant to which the Holder of this Note shall have the right to exchange this Note for a 10 1/8% Senior Subordinated Note due 2009, of the Company (an "Unrestricted Note") which have been registered under the Securities Act, in like principal amount and having terms identical in all material respects as this Note. The Holders shall be entitled to

receive certain additional interest payments in the event such exchange offer is not consummated and upon certain other conditions, all pursuant to and in accordance with the terms of the Registration Rights Agreement.

24. Indenture. Each Holder, by accepting a Note, agrees to be bound by all of the terms and provisions of the Indenture, as the same may be amended from time to time. Capitalized terms used herein and not defined herein have the meanings ascribed thereto in the Indenture.

25. Guarantees. This Note will be entitled to the benefits of certain senior subordinated Guarantees, if any, made for the benefit of the Holders. Reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and obligations thereunder of the Guarantors, the Trustee and the Holders.

The Company will furnish to any Holder of a Note upon written request and without charge a copy of the Indenture. Requests may be made to: HUNTSMAN ICI CHEMICALS LLC, 500 Huntsman Way, Salt Lake City, Utah 84108, Attention: Office of General Counsel.

[FORM OF ASSIGNMENT]

I or we assign to

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER

- ---

- ---
(please print or type name and address)

- ---

- ---

- ---
the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

- ---
attorney to transfer the Note on the books of the Company with full power of substitution in the premises.

Dated:_____ _____

NOTICE: The signature on this assignment must correspond with the name as it appears upon the face of the within Note in every particular without alteration or enlargement or any change whatsoever and be guaranteed by the endorser's bank or broker.

Signature Guarantee:_____

In connection with any transfer of this Note occurring prior to the date which is the earlier of (i) the date of the declaration by the Commission of the effectiveness of a registration statement under the Securities Act of 1933, as amended (the "Securities Act") covering resales of this Note (which effectiveness shall not have been suspended or terminated at the date of the transfer) and (ii) June 30, 2000 the undersigned confirms that it has not utilized any general solicitation or general advertising in connection with the transfer:

[Check One]

(1) ___ to the Company or a subsidiary thereof; or

(2) ___ pursuant to and in compliance with Rule 144A under the Securities Act of 1933, as amended; or

(3) ___ to an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933, as amended) that has furnished to the Trustee a signed letter containing certain representations and agreements (the form of which letter can be obtained from the Trustee); or

(4) ___ outside the United States to a "foreign purchaser" in compliance with Rule 904 of Regulation S under the Securities Act of 1933, as amended; or

(5) ___ pursuant to the exemption from registration provided by Rule 144 under the Securities Act of 1933, as amended; or

(6) ___ pursuant to an effective registration statement under the Securities Act of 1933, as amended; or

(7) ___ pursuant to another available exemption from the registration statement requirements of the Securities Act of 1933, as amended.

and unless the box below is checked, the undersigned confirms that such Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act of 1933, as amended (an "Affiliate"):

[_] The transferee is an Affiliate of the Company.

Unless one of the items is checked, the Trustee will refuse to register any of the Notes evidenced by this certificate in the name of any person other than the registered Holder thereof; provided, however, that if item
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(3), (4), (5) or (7) is checked, the Company or the Trustee may require, prior to registering any such transfer of the Notes, in their sole discretion, such written legal opinions, certifications (including an investment letter in the case of box (3) or (4) and other information as the Trustee or the Company have reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the reg-

istration requirements of the Securities Act of l933, as amended.

If none of the foregoing items are checked, the Trustee or Registrar shall not be obligated to register this Note in the name of any person other than the Holder hereof unless and until the conditions to any such transfer of registration set forth herein and in Section 2.16 of the Indenture shall have been satisfied.

Dated:_____ Signed:_____
(Sign exactly as name appears on the other side of this Note)

Signature Guarantee:_____

TO BE COMPLETED BY PURCHASER IF (2) ABOVE IS CHECKED

The undersigned represents and warrants that it is purchasing this Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated:_____ _____
NOTICE: To be executed by an executive officer

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Company pursuant to Section 4.14 or Section 4.15 of the Indenture, check the appropriate box:

Section 4.14 [ ] Section 4.15 [ ]

If you want to elect to have only part of this Note purchased by the Company pursuant to Section 4.14 or Section 4.15 of the Indenture, state the amount: EU_____

Date:_____ Your Signature:_____
(Sign exactly as your name appears on the other side of this Note)

Signature Guarantee:_____
Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor program reasonably acceptable to the Trustee)

EXHIBIT A-3

[FORM OF DOLLAR NOTE]

HUNTSMAN ICI CHEMICALS LLC

10 1/8% Senior Subordinated Note due 2009

No. $[ ]

CUSIP

HUNTSMAN ICI CHEMICALS LLC, a Delaware limited liability company (the "Company"), for value received, promises to pay to CEDE & CO. or registered assigns, the principal sum of , on July 1, 2009.

Interest Payment Dates: January 1 and July 1

Record Dates: December 15 and June 15

Reference is made to the further provisions of this Note contained herein, which will for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Company has caused this Note to be signed manually or by facsimile by its duly authorized officers.

Dated: HUNTSMAN ICI CHEMICALS LLC

By:_____
Name:
Title:

Trustee's Certificate of Authentication

This is one of the 10 1/8% Senior Subordinated Notes due 2009 referred to in the within-mentioned Indenture.

Dated:

Bank One, N.A., as Trustee

By:_____
Authorized Signature

(REVERSE OF NOTE)

10 1/8% Senior Subordinated Note due 2009

1. Interest. HUNTSMAN ICI CHEMICALS LLC, a Delaware limited liability company (the "Company"), promises to pay interest on the principal amount of this Note at the rate per annum shown above. Interest on the Notes will accrue from the most recent date on which interest has been paid or, if no interest has been paid, from June 30, 1999. The Company will pay interest semi-annually in arrears on each January 1 and July 1 (each, an "Interest Payment Date") and at stated maturity, commencing on January 1, 2000. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Company shall pay interest on overdue principal and on overdue installments of interest from time to time on demand at the rate borne by the Notes and on overdue installments of interest (without regard to any applicable grace periods) to the extent lawful.

2. Method of Payment. The Company shall pay interest on the Notes (except defaulted interest) to the Persons who are the registered Holders at the close of business on the Record Date immediately preceding the Interest Payment Date even if the Notes are cancelled on registration of transfer or registration of exchange after such Record Date. Holders must surrender Notes to a Paying Agent to collect principal payments. The Company shall pay principal, premium and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts ("U.S. Legal Tender"). However, the Company may pay principal, premium and interest by its check payable in such U.S. Legal Tender. The Company may deliver any such interest payment to the Paying Agent or to a Holder at the Holder's registered address.

3. Paying Agent and Registrar. Initially, Bank One, N.A. (the "Trustee") will act as Paying Agent and Registrar. The Company may change any Paying Agent, Registrar or co-Registrar without notice to the Holders. The Company or any of its Subsidiaries may, subject to certain exceptions, act as Registrar or co-Registrar.

4. Indenture. The Company issued the Notes under an Indenture, dated as of June 30, 1999 (the "Indenture"), among the Company, each of the Guarantors named therein and the Trustee. This Note is one of a duly authorized issue of Notes of the Company designated as its dollar denominated 10 1/8% Senior Subordinated Notes due 2009 (the "Notes"), limited (except as otherwise provided in the Indenture) in aggregate principal amount to $600,000,000, which may be issued under the Indenture. The Notes and the Company's euro denominated 10 1/8%

Senior Subordinated Notes due 2009 (the "Euro Notes") are treated as a single class of securities under the Indenture unless otherwise specified in the Indenture. Capitalized terms used herein shall have the meanings assigned to them in the Indenture unless otherwise defined herein. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. (S)(S) 77aaa-77bbbb) (the "TIA"), as in effect on the date of the Indenture. Notwithstanding anything to the contrary herein, the Notes are subject to all such terms, and Holders of Notes are referred to the Indenture and the TIA for a statement of them. The Notes are senior subordinated unsecured obligations of the Company.

5. Optional Redemption. (a) The Notes will be redeemable, at the Company's option, in whole at any time or in part from time to time, on and after July 1, 2004, upon not less than 30 nor more than 60 days' notice, at the following redemption prices (expressed as percentages of the principal amount thereof) if redeemed during the twelve-month period commencing on July 1 of the year set forth below, plus, in each case, accrued and unpaid interest thereon, if any, to the date of redemption:

<TABLE>

<CAPTION>

Year	Percentage
<S>	<C>
2004	105.063%
2005	103.375%
2006	101.688%
2007 and thereafter	100.000%

</TABLE>

(b) At any time, or from time to time, on or prior to July 1, 2002, the Company may, at its option, use the net cash proceeds of one or more Equity Offerings (as defined below) to redeem up to 35% of the aggregate principal amount of Notes originally issued at a redemption price equal to 110.125% of the principal amount thereof plus accrued and unpaid interest thereon, if any, to the date of redemption; provided, however, that at least 65% of the aggregate
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principal amount of the Dollar Notes and Euro Notes originally issued remain outstanding immediately after any such redemption. In order to effect the foregoing redemption with the proceeds of any Equity Offering, the Company shall make such redemption not more than 120 days after the consummation of any such Equity Offering.

As used in the preceding paragraph, "Equity Offering" means any sale of Qualified Capital Stock of the Company or any capital contribution to the equity of the Company.

(c) At any time on or prior to July 1, 2004, the Notes may be redeemed, in whole or in part, at the option of the Company, upon not less than 30 nor more than 60 days' notice, at a redemption price (the "Make-Whole Price") equal to the greater of (i) 100% of the principal amount thereof or (ii) as determined by an Independent Investment Banker, the present value of (A) the redemption price of such Notes at July 1, 2004 (as set forth below) plus (B) all required interest payments due on such Notes through July 1, 2004 (excluding accrued interest), discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at, in the case of the Dollar Notes, the Adjusted Treasury Rate and, in the case of the Euro Notes, the Adjusted Bund Rate, plus in each case accrued interest to the redemption date.

"Adjusted Bund Rate" means, with respect to any redemption date, the mid-market yield under the heading which represents the average for the immediately prior week appearing on Reuters page AABBUND01, or its successor, for the maturity corresponding to July 1, 2009 (if no maturity date is within three months before or after July 1, 2009, yields for the two published maturities most closely corresponding to July 1, 2009 shall be determined and the Bund yield shall be interpolated or extrapolated from such yields on a straight-line basis, rounding to the nearest month), plus 0.50%. The Bund Rate shall be calculated on the third Business Day preceding such redemption date.

"Adjusted Treasury Rate" means with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, plus 0.50%.

"Comparable Treasury Issue" means the United States Treasury Security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Notes that would be utilized, at the same time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

"Comparable Treasury Price" means, with respect to any redemption date, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve

Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities" or (ii) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (A) the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (B) if the Trustee obtains fewer than three such Reference Treasury Dealer Quotations, the average of all such quotations.

"Independent Investment Banker" means any Reference Treasury Dealer appointed by the Trustee after consultation with the Company.

"Reference Treasury Dealer" means each of Goldman Sachs & Co., Deutche Bank Securities Inc., Chase Securities Inc. and Warburg Dillon Read LLC and their respective successors; provided, however, that if any of the foregoing
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shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the Company shall substitute therefor another Reference Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices of the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m. on the third Business Day preceding such redemption date.

6. Notice of Redemption. Notice of redemption will be mailed at
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if any, to the date of purchase. Holders of Notes that are the subject of such an offer to repurchase shall receive an offer to repurchase and may elect to have such Notes repurchased in accordance with the provisions of the Indenture pursuant to and in accordance with the terms of the Indenture.

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registered form only, without coupons, in denominations of $1,000 and integral multiples of $1,000. A Holder shall register the transfer or exchange of Notes in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay certain transfer taxes or similar governmental charges payable in connection therewith as permitted by the Indenture. The Registrar need not register the transfer or exchange of any Notes during a period beginning 15 days before the mailing of a redemption notice for any Notes or portions thereof selected for redemption.

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interest remains unclaimed for one year, the Trustee and the Paying Agent will

pay the money back to the Company. After that, all liability of the Trustee and such Paying Agent with respect to such money shall cease.

12. Discharge Prior to Redemption or Maturity. If the Company at any time deposits with the Trustee U.S. Legal Tender or non-callable U.S. Government Obligations sufficient to pay the principal of, premium and interest on the Notes to redemption or maturity and complies with the other provisions of this Indenture relating thereto, the Company will be discharged from certain provisions of the Indenture and the Notes (including certain covenants, but excluding its obligation to pay the principal of, premium and interest on the Notes).

13. Amendment; Supplement; Waiver. Subject to certain exceptions, the Indenture or the Notes may be amended or supplemented with the written consent of the Holders of at least a majority in aggregate principal amount of the then out-

standing Notes and Euro Notes, and any existing Default or Event of Default or noncompliance with any provision may be waived with the written consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes and Euro Notes. Without consent of any Holder, the parties thereto may amend or supplement the Indenture or the Notes to, among other things, cure any ambiguity, defect or inconsistency, provide for uncertificated Notes in addition to or in place of certificated Notes, or comply with Article Five of the Indenture or make any other change that does not adversely affect in any material respect the rights of any Holder of a Note.

14. Restrictive Covenants. The Indenture imposes certain limitations on the ability of the Company and its Subsidiaries to, among other things, incur additional Indebtedness, pay dividends or make certain other restricted payments, enter into transactions with Affiliates, create dividend or other payment restrictions affecting Restricted Subsidiaries and merge or consolidate with any other Person, sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its assets or adopt a plan of liquidation. Such limitations are subject to a number of important qualifications and exceptions. The Company must annually report to the Trustee on compliance with such limitations.

15. Successors. When a successor assumes, in accordance with this Indenture, all the obligations of its predecessor under the Notes and the Indenture, the predecessor will be released from those obligations.

16. Defaults and Remedies. If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes and Euro Notes may declare all the Notes to be due and payable in the manner, at the time and with the effect provided in the Indenture. Holders of Notes may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee is not obligated to enforce the Indenture or the Notes unless it has been offered indemnity or security reasonably satisfactory to it. The Indenture permits, subject to certain limitations therein provided, Holders of a majority in aggregate principal amount of the Notes and Euro Notes then outstanding to direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of Notes notice of any continuing Default or Event of Default (except a Default in payment of principal or interest) if it determines in good faith that withholding notice is in their interest.

17. Trustee Dealings with Company. The Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with the Company, its Restricted and Unrestricted Subsidiaries or their respective Affiliates as if it were not the Trustee.

18. No Recourse Against Others. No past, present or future stockholder, director, officer, employee or incorporator, as such, of the Company shall have any liability for any obligation of the Company under the Notes or the Indenture or for any claim based on, in respect of or by reason of, such obligations or their creation. Each Holder of a Note by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

19. Authentication. This Note shall not be valid until the Trustee or authenticating agent manually signs the certificate of authentication on this Note.

20. Governing Law. This Note shall be governed by, and construed in accordance with, the laws of the State of New York without giving effect to applicable principles of conflicts of laws to the extent that the application of the laws of another jurisdiction would be required thereby.

21. Abbreviations and Defined Terms. Customary abbreviations may be used in the name of a Holder of a Note or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

22. CUSIP/ISIN Numbers. The Company has caused CUSIP and/or ISIN numbers to be printed on the Notes as a convenience to the Holders of the Notes. No representation is made as to the accuracy of such numbers as printed on the Notes and reliance may be placed only on the other identification numbers printed hereon.

23. Indenture. Each Holder, by accepting a Note, agrees to be bound by all of the terms and provisions of the Indenture, as the same may be amended from time to time. Capitalized terms used herein and not defined herein have the meanings ascribed thereto in the Indenture.

24. Guarantees. This Note will be entitled to the benefits of certain senior subordinated Guarantees, if any, made for the benefit of the Holders. Reference is hereby made

to the Indenture for a statement of the respective rights, limitations of rights, duties and obligations thereunder of the Guarantors, the Trustee and the Holders.

The Company will furnish to any Holder of a Note upon written request and without charge a copy of the Indenture. Requests may be made to: HUNTSMAN ICI CHEMICALS LLC, 500 Huntsman Way, Salt Lake City, Utah 84108, Attention: Office of General Counsel.

[FORM OF ASSIGNMENT]

I or we assign to

PLEASE INSERT SOCIAL SECURITY OR

OTHER IDENTIFYING NUMBER

_____

_____

(please print or type name and address)

_____

_____

_____

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

_____

attorney to transfer the Note on the books of the Company with full power of substitution in the premises.

Dated:_____ _____

NOTICE: The signature on this assignment must correspond with the name as it appears upon the face of the within Note in every particular without alteration or enlargement or any change whatsoever and be guaranteed by the endorser's bank or broker.

Signature Guarantee:_____

In connection with any transfer of this Note occurring prior to the date which is the earlier of (i) the date of the declaration by the Commission of the effectiveness of a registration statement under the Securities Act of 1933, as amended (the "Securities Act") covering resales of this Note (which effectiveness shall not have been suspended or terminated at the date of the transfer) and (ii) June 30, 2000 the undersigned confirms that it has not utilized any general solicitation or general advertising in connection with the transfer:

[Check One]
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(1) ___ to the Company or a subsidiary thereof; or

(2) ___ pursuant to and in compliance with Rule 144A under the Securities Act of 1933, as amended; or

(3) ___ to an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933, as amended) that has furnished to the Trustee a signed letter containing certain representations and agreements (the form of which letter can be obtained from the Trustee); or

(4) ___ outside the United States to a "foreign purchaser" in compliance with Rule 904 of Regulation S under the Securities Act of 1933, as amended; or

(5) ___ pursuant to the exemption from registration provided by Rule 144 under the Securities Act of 1933, as amended; or

(6) ___ pursuant to an effective registration statement under the Securities Act of 1933, as amended; or

(7) ___ pursuant to another available exemption from the registration statement requirements of the Securities Act of 1933, as amended.

and unless the box below is checked, the undersigned confirms that such Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act of 1933, as amended (an "Affiliate"):

[_] The transferee is an Affiliate of the Company.

Unless one of the items is checked, the Trustee will refuse to register any of the Notes evidenced by this certificate in the name of any person other than the registered Holder thereof; provided, however, that if item
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(3), (4), (5) or (7) is checked, the Company or the Trustee may require, prior to registering any such transfer of the Notes, in their sole discretion, such

written legal opinions, certifications (including an investment letter in the case of box (3) or (4) and other information as the Trustee or the Company have reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the reg-

istration requirements of the Securities Act of l933, as amended.

If none of the foregoing items are checked, the Trustee or Registrar shall not be obligated to register this Note in the name of any person other than the Holder hereof unless and until the conditions to any such transfer of registration set forth herein and in Section 2.16 of the Indenture shall have been satisfied.

Dated:_____ Signed:_____
(Sign exactly as name appears on the other side of this Note)

Signature Guarantee:_____

TO BE COMPLETED BY PURCHASER IF (2) ABOVE IS CHECKED

The undersigned represents and warrants that it is purchasing this Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated:_____ _____
NOTICE: To be executed by an executive officer

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Company pursuant to Section 4.14 or Section 4.15 of the Indenture, check the appropriate box:

Section 4.14 [ ] Section 4.15 [ ]

If you want to elect to have only part of this Note purchased by the Company pursuant to Section 4.14 or Section 4.15 of the Indenture, state the amount: $_____

Date:_____ Your Signature:_____
(Sign exactly as your name appears on the other side of this Note)

Signature Guarantee:_____
Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor program reasonably acceptable to the Trustee)

EXHIBIT A-4

[FORM OF EURO NOTE]

HUNTSMAN ICI CHEMICALS LLC

10 1/8% Senior Subordinated Note due 2009

No. EU[ ]

ISIN

HUNTSMAN ICI CHEMICALS LLC, a Delaware limited liability company (the "Company"), for value received, promises to pay to or registered assigns, the principal sum of , on July 1, 2009.

Interest Payment Dates: January 1 and July 1

Record Dates: December 15 and June 15

Reference is made to the further provisions of this Note contained herein, which will for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Company has caused this Note to be signed manually or by facsimile by its duly authorized officer.

Dated: HUNTSMAN ICI CHEMICALS LLC

By:_____
Name:
Title:

Trustee's Certificate of Authentication

This is one of the 10 1/8% Senior Subordinated Notes due 2009 referred to in the within-mentioned Indenture.

Dated:

Bank One, N.A., as Trustee

By:_____
Authorized Signature

(REVERSE OF NOTE)

10 1/8% Senior Subordinated Note due 2009

1. Interest. HUNTSMAN ICI CHEMICALS LLC, a Delaware limited liability company (the "Company"), promises to pay interest on the principal amount of this Note at the rate per annum shown above. Interest on the Notes will accrue from the most recent date on which interest has been paid or, if no interest has been paid, from June 30, 1999. The Company will pay interest semi-annually in arrears on each January 1 and July 1 (each, an "Interest Payment Date") and at stated maturity, commencing on January 1, 2000. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Company shall pay interest on overdue principal and on overdue installments of interest from time to time on demand at the rate borne by the Notes and on overdue installments of interest (without regard to any applicable grace periods) to the extent lawful.

2. Method of Payment. The Company shall pay interest on the Notes (except defaulted interest) to the Persons who are the registered Holders at the close of business on the Record Date immediately preceding the Interest Payment Date even if the Notes are cancelled on registration of transfer or registration of exchange after such Record Date. Holders must surrender Notes to a Paying Agent to collect principal payments. The Company shall pay principal, premium and interest in euros. However, the Company may pay principal, premium and interest by its check payable in euros. The Company may deliver any such interest payment to the Paying Agent or to a Holder at the Holder's registered address.

3. Paying Agent and Registrar. Initially, Bank One, N.A. (the

"Trustee") will act as Paying Agent and Registrar. The Company may change any Paying Agent, Registrar or co-Registrar without notice to the Holders. The Company or any of its Subsidiaries may, subject to certain exceptions, act as Registrar or co-Registrar.

4. Indenture. The Company issued the Notes under an Indenture, dated as of June 30, 1999 (the "Indenture"), among the Company, each of the Guarantors named therein and the Trustee. This Note is one of a duly authorized issue of Notes of the Company designated as its euro denominated 10 1/8% Senior Subordinated Notes due 2009 (the "Notes"), limited (except as otherwise provided in the Indenture) in aggregate principal

amount to EU200,000,000, which may be issued under the Indenture. The Notes and the Company's dollar denominated 10 1/8% Senior Subordinated Notes due 2009 (the "Dollar Notes") are treated as a single class of securities under the Indenture unless otherwise specified in the Indenture. Capitalized terms used herein shall have the meanings assigned to them in the Indenture unless otherwise defined herein. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. (S)(S) 77aaa-77bbbb) (the "TIA"), as in effect on the date of the Indenture. Notwithstanding anything to the contrary herein, the Notes are subject to all such terms, and Holders of Notes are referred to the Indenture and the TIA for a statement of them. The Notes are senior subordinated unsecured obligations of the Company.

5. Optional Redemption. (a) The Notes will be redeemable, at the Company's option, in whole at any time or in part from time to time, on and after July 1, 2004, upon not less than 30 nor more than 60 days' notice, at the following redemption prices (expressed as percentages of the principal amount thereof) if redeemed during the twelve-month period commencing on July 1 of the year set forth below, plus, in each case, accrued and unpaid interest thereon, if any, to the date of redemption:

<TABLE>
<CAPTION>

Year	Percentage
<S>	<C>
2004	105.063%
2005	103.375%
2006	101.688%
2007 and thereafter	100.000%

</TABLE>

(b) At any time, or from time to time, on or prior to July 1, 2002, the Company may, at its option, use the net cash proceeds of one or more Equity Offerings (as defined below) to redeem up to 35% of the aggregate principal amount of Notes originally issued at a redemption price equal to 110.125% of the principal amount thereof plus accrued and unpaid interest thereon, if any, to the date of redemption; provided, however, that at least 65% of the aggregate principal amount of the Dollar Notes and Euro Notes originally issued remain outstanding immediately after any such redemption. In order to effect the foregoing redemption with the proceeds of any Equity Offering, the Company shall make such redemption not more than 120 days after the consummation of any such Equity Offering.

As used in the preceding paragraph, "Equity Offering" means any sale of Qualified Capital Stock of the Company or any capital contribution to the equity of the Company.

(c) At any time on or prior to July 1, 2004, the Notes may be redeemed, in whole or in part, at the option of the Company, upon not less than 30 nor more than 60 days' notice, at a redemption price (the "Make-Whole Price") equal to the greater of (i) 100% of the principal amount thereof or (ii) as determined by an Independent Investment Banker, the present value of (A) the redemption price of such Notes at July 1, 2004 (as set forth below) plus (B) all

required interest payments due on such Notes through July 1, 2004 (excluding accrued interest), discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at, in the case of the Dollar Notes, the Adjusted Treasury Rate and, in the case of the Euro Notes, the Adjusted Bund Rate, plus in each case accrued interest to the redemption date.

"Adjusted Bund Rate" means, with respect to any redemption date, the mid-market yield under the heading which represents the average for the immediately prior week appearing on Reuters page AABBUND01, or its successor, for the maturity corresponding to July 1, 2009 (if no maturity date is within three months before or after July 1, 2009, yields for the two published maturities most closely corresponding to July 1, 2009 shall be determined and the Bund yield shall be interpolated or extrapolated from such yields on a straight-line basis, rounding to the nearest month), plus 0.50%. The Bund Rate shall be calculated on the third Business Day preceding such redemption date.

"Adjusted Treasury Rate" means with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, plus 0.50%.

"Comparable Treasury Issue" means the United States Treasury Security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Notes that would be utilized, at the same time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

"Comparable Treasury Price" means, with respect to any redemption date, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities" or (ii) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (A) the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (B) if the Trustee obtains fewer than three such Reference Treasury Dealer Quotations, the average of all such quotations.

"Independent Investment Banker" means any Reference Treasury Dealer appointed by the Trustee after consultation with the Company.

"Reference Treasury Dealer" means each of Goldman Sachs & Co., Deutche Bank Securities Inc., Chase Securities Inc. and Warburg Dillon Read LLC and their respective successors; provided, however, that if any of the foregoing
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shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the Company shall substitute therefor another Reference Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices of the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m. on the third Business Day preceding such redemption date.

6. Notice of Redemption. Notice of redemption will be mailed at
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least 30 days but not more than 60 days before the Redemption Date to each Holder whose Notes are to be redeemed at such Holder's registered address. Notes in denominations larger than EU1,000 may be redeemed in part.

7. Change of Control Offer. In the event of a Change of Control,
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upon the satisfaction of the conditions set forth in the Indenture, the Company shall be required to offer to repurchase all of the then outstanding Notes

pursuant to a Change of Control Offer at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest,

if any, to the date of purchase. Holders of Notes that are the subject of such an offer to repurchase shall receive an offer to repurchase and may elect to have such Notes repurchased in accordance with the provisions of the Indenture pursuant to and in accordance with the terms of the Indenture.

8. Limitation on Asset Sales. Under certain circumstances set forth in Section 4.15 of the Indenture, the Company is required to apply the net proceeds from Asset Sales to offer to repurchase the Notes at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest thereon, if any, to the date of repurchase.

9. Denominations; Transfer; Exchange. The Notes are in fully registered form only, without coupons, in denominations of EU1,000 and integral multiples of EU1,000. A Holder shall register the transfer or exchange of Notes in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay certain transfer taxes or similar governmental charges payable in connection therewith as permitted by the Indenture. The Registrar need not register the transfer or exchange of any Notes during a period beginning 15 days before the mailing of a redemption notice for any Notes or portions thereof selected for redemption.

10. Persons Deemed Owners. The registered Holder of a Note shall be treated as the owner of it for all purposes.

11. Unclaimed Money. If money for the payment of principal or interest remains unclaimed for one year, the Trustee and the Paying Agent will pay the money back to the Company. After that, all liability of the Trustee and such Paying Agent with respect to such money shall cease.

12. Discharge Prior to Redemption or Maturity. If the Company at any time deposits with the Trustee euros or non-callable Euro Obligations sufficient to pay the principal of, premium and interest on the Notes to redemption or maturity and complies with the other provisions of this Indenture relating thereto, the Company will be discharged from certain provisions of the Indenture and the Notes (including certain covenants, but excluding its obligation to pay the principal of, premium and interest on the Notes).

13. Amendment; Supplement; Waiver. Subject to certain exceptions, the Indenture or the Notes may be amended or supplemented with the written consent of the Holders of at least a majority in aggregate principal amount of the then out-

standing Notes and Dollar Notes, and any existing Default or Event of Default or noncompliance with any provision may be waived with the written consent of the Holders of a majority in aggregate principal amount of the then out-standing Notes and Dollar Notes. Without consent of any Holder, the parties thereto may amend or supplement the Indenture or the Notes to, among other things, cure any ambiguity, defect or inconsistency, provide for uncertificated Notes in addition to or in place of certificated Notes, or comply with Article Five of the Indenture or make any other change that does not adversely affect in any material respect the rights of any Holder of a Note.

14. Restrictive Covenants. The Indenture imposes certain limitations on the ability of the Company and its Subsidiaries to, among other things, incur additional Indebtedness, pay dividends or make certain other restricted payments, enter into transactions with Affiliates, create dividend or other payment restrictions affecting Restricted Subsidiaries and merge or consolidate

with any other Person, sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its assets or adopt a plan of liquidation. Such limitations are subject to a number of important qualifications and exceptions. The Company must annually report to the Trustee on compliance with such limitations.

15. Successors. When a successor assumes, in accordance with this Indenture, all the obligations of its predecessor under the Notes and the Indenture, the predecessor will be released from those obligations.

16. Defaults and Remedies. If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes and Dollar Notes may declare all the Notes to be due and payable in the manner, at the time and with the effect provided in the Indenture. Holders of Notes may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee is not obligated to enforce the Indenture or the Notes unless it has been offered indemnity or security reasonably satisfactory to it. The Indenture permits, subject to certain limitations therein provided, Holders of a majority in aggregate principal amount of the Notes and Dollar Notes then outstanding to direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of Notes notice of any continuing Default or Event of Default (except a Default in payment of principal or interest) if it determines in good faith that withholding notice is in their interest.

17. Trustee Dealings with Company. The Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with the Company, its Restricted and Unrestricted Subsidiaries or their respective Affiliates as if it were not the Trustee.

18. No Recourse Against Others. No past, present or future stockholder, director, officer, employee or incorporator, as such, of the Company shall have any liability for any obligation of the Company under the Notes or the Indenture or for any claim based on, in respect of or by reason of, such obligations or their creation. Each Holder of a Note by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

19. Authentication. This Note shall not be valid until the Trustee or authenticating agent manually signs the certificate of authentication on this Note.

20. Governing Law. This Note shall be governed by, and construed in accordance with, the laws of the State of New York without giving effect to applicable principles of conflicts of laws to the extent that the application of the laws of another jurisdiction would be required thereby.

21. Abbreviations and Defined Terms. Customary abbreviations may be used in the name of a Holder of a Note or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

22. CUSIP/ISIN Numbers. The Company has caused CUSIP and/or ISIN numbers to be printed on the Notes as a convenience to the Holders of the Notes. No representation is made as to the accuracy of such numbers as printed on the Notes and reliance may be placed only on the other identification numbers printed hereon.

23. Indenture. Each Holder, by accepting a Note, agrees to be bound by all of the terms and provisions of the Indenture, as the same may be amended from time to time. Capitalized terms used herein and not defined herein have

the meanings ascribed thereto in the Indenture.

24. Guarantees. This Note will be entitled to the benefits of certain senior subordinated Guarantees, if any, made for the benefit of the Holders. Reference is hereby made

to the Indenture for a statement of the respective rights, limitations of rights, duties and obligations thereunder of the Guarantors, the Trustee and the Holders.

The Company will furnish to any Holder of a Note upon written request and without charge a copy of the Indenture. Requests may be made to: HUNTSMAN ICI CHEMICALS LLC, 500 Huntsman Way, Salt Lake City, Utah 84108, Attention: Office of General Counsel.

[FORM OF ASSIGNMENT]

I or we assign to

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER

_____

_____

(please print or type name and address)

_____

_____

_____

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

_____

attorney to transfer the Note on the books of the Company with full power of substitution in the premises.

Dated:_____ _____

NOTICE: The signature on this assignment must correspond with the name as it appears upon the face of the within Note in every particular without alteration or enlargement or any change whatsoever and be guaranteed by the endorser's bank or broker.

Signature Guarantee: _____

In connection with any transfer of this Note occurring prior to the date which is the earlier of (i) the date of the declaration by the Commission of the effectiveness of a registration statement under the Securities Act of 1933, as amended (the "Securities Act") covering resales of this Note (which effectiveness shall not have been suspended or terminated at the date of the transfer) and (ii) June 30, 2000 the undersigned confirms that it has not utilized any general solicitation or general advertising in connection with the transfer:

[Check One]

(1) ___ to the Company or a subsidiary thereof; or

(2) ___ pursuant to and in compliance with Rule 144A under the Securities Act of 1933, as amended; or

(3) ___ to an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933, as amended) that has furnished to the Trustee a signed letter containing certain representations and agreements (the form of which letter can be obtained from the Trustee); or

(4) ___ outside the United States to a "foreign purchaser" in compliance with Rule 904 of Regulation S under the Securities Act of 1933, as amended; or

(5) ___ pursuant to the exemption from registration provided by Rule 144 under the Securities Act of 1933, as amended; or

(6) ___ pursuant to an effective registration statement under the Securities Act of 1933, as amended; or

(7) ___ pursuant to another available exemption from the registration statement requirements of the Securities Act of 1933, as amended.

and unless the box below is checked, the undersigned confirms that such Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act of 1933, as amended (an "Affiliate"):

[_] The transferee is an Affiliate of the Company.

Unless one of the items is checked, the Trustee will refuse to register any of the Notes evidenced by this certificate in the name of any person other than the registered Holder thereof; provided, however, that if item
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(3), (4), (5) or (7) is checked, the Company or the Trustee may require, prior to registering any such transfer of the Notes, in their sole discretion, such written legal opinions, certifications (including an investment letter in the case of box (3) or (4) and other information as the Trustee or the Company have reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the reg-

istration requirements of the Securities Act of l933, as amended.

If none of the foregoing items are checked, the Trustee or Registrar shall not be obligated to register this Note in the name of any person other than the Holder hereof unless and until the conditions to any such transfer of registration set forth herein and in Section 2.16 of the Indenture shall have been satisfied.

Dated: _____ Signed: _____
(Sign exactly as name appears on the other side of this Note)

Signature Guarantee: _____

TO BE COMPLETED BY PURCHASER IF (2) ABOVE IS CHECKED

The undersigned represents and warrants that it is purchasing this Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated:_____ _____
NOTICE: To be executed by an executive officer

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Company pursuant to Section 4.14 or Section 4.15 of the Indenture, check the appropriate box:

Section 4.14 [ ] Section 4.15 [ ]

If you want to elect to have only part of this Note purchased by the Company pursuant to Section 4.14 or Section 4.15 of the Indenture, state the amount: EU_____

Date: _____ Your Signature:_____
(Sign exactly as your name appears on the other side of this Note)

Signature Guarantee:_____
Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor program reasonably acceptable to the Trustee)

EXHIBIT B

FORM OF LEGEND FOR GLOBAL Security

Any Global Security authenticated and delivered hereunder shall bear a legend (which would be in addition to any other legends required in the case of a Restricted Security) in substantially the following form:

THIS NOTE IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE OF A DEPOSITORY OR A SUCCESSOR DEPOSITORY. THIS NOTE IS NOT EXCHANGEABLE FOR NOTES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITORY OR ITS NOMINEE EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER OF THIS NOTE AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY) MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY, TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF THE DEPOSITORY OR A NOMINEE OF THE DESPOSITORY OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO ITS NOMINEE OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, A NOMINEE OF THE DESPOSITORY, HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF THE DEPOSITORY OR ITS NOMINEE OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE.

EXHIBIT C-1

FORM OF TRANSFER CERTIFICATE
RESTRICTED GLOBAL SECURITY TO
REGULATION S GLOBAL SECURITY

(Transfers pursuant to Sections 2.16(a)(ii) of the Indenture)

Bank One, N.A.
100 East Broad Street OH-1-0181
Columbus, Ohio 43215
Attention: Corporate Trust Services

Re: Huntsman ICI Chemicals LLC 10 1/8% Senior Subordinated Notes due 2009
(the "Securities")

Reference is hereby made to the Indenture, dated as of June 30, 1999 between the Company and Bank One, N.A., as trustee, (the "Indenture"). Terms used but not defined herein and defined in Regulation S under the U.S. Securities Act of 1933 (the "Securities Act") or in the Indenture shall have the meanings given to them in Regulation S or the Indenture, as the case may be.

This certificate relates to U.S.$_____ principal amount of Securities, which are evidenced by the following certificate(s) (the "Specified Securities"):

[CUSIP][CINS][ISIN] No(s). _____

CERTIFICATE No(s). _____

The person in whose name this certificate is executed below (the "Undersigned") hereby certifies that either (i) it is the sole beneficial owner of the Specified Securities or (ii) it is acting on behalf of all the beneficial owners of the Specified Securities and is duly authorized by them to do so. Such beneficial owner or owners are referred to herein collectively as the "Owner". If the Specified Securities are represented by a Global Security, they are held through the appropriate Depositary or an Agent Member in the name of the Undersigned, as or on behalf of the Owner.

The Owner has requested that the Specified Securities be transferred to a person (the "Transferee") who will take delivery in the form of an interest in the Regulation S Global Security. In connection with such transfer, the Owner hereby

certifies that such transfer is being effected in accordance with Rule 904 under the Securities Act and with all applicable securities laws of the states of the United States and other jurisdictions. Accordingly, the Owner hereby further certifies as follows:

1. the Owner is not a distributor of the Specified Securities, an Affiliate of the Company or any such distributor or a person acting on behalf of any of the foregoing;

2. the offer of the Specified Securities was not made to a person in the United States;

3 either:

(a) at the time the buy order was originated, the Transferee was outside the United States or the Owner and any person acting on its behalf reasonably believed that the Transferee was outside the United States; or

(b) the transaction is being executed in, on or through the facilities of the Eurobond market, as regulated by the Association of International Bond Dealers, or another designated offshore securities market and neither the Owner nor any person acting on its behalf knows that the transactions have been prearranged with a buyer in the United States;

4. no directed selling efforts have been made in the United States by or on behalf of the Owner or any Affiliate thereof;

5. if the Owner is a dealer in securities or has received a selling concession, fee or other remuneration in respect of the Specified Securities, and the transfer is to occur during the Restricted Period, then the requirements of Rule 904(c)(1) have been satisfied;

6. the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act; and

7. upon completion of the transaction, the beneficial interest being transferred will be held through an Agent Member acting for and on behalf of Euroclear or Cedelbank.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company and the Initial Purchasers under the Purchase Agreement.

Dated:

_____
(Print the name of the Undersigned, as such term is defined in the second paragraph of this certificate.)

By: _____
Name:
Title:

(If the Undersigned is a corporation, partnership or fiduciary, the title of the person signing on behalf of the Undersigned must be stated.)

EXHIBIT C-2

FORM OF TRANSFER CERTIFICATE --
RESTRICTED GLOBAL SECURITY TO UNRESTRICTED GLOBAL SECURITY

(Transfers Pursuant to Sections 2.16(a)(iii) and 2.16(b)(ii) of the Indenture)

Bank One, N.A.
100 East Broad Street OH-1-0181
Columbus, Ohio 43215
Attention: Corporate Trust Services

Re: Huntsman ICI Chemicals LLC 10 1/8% Senior Subordinated Notes due 2009 (the "Securities")

Reference is hereby made to the Indenture, dated as of June 30, 1999 between the Company and Bank One, N.A., as trustee, (the "Indenture"). Terms used but not defined herein and defined in Regulation S under the U.S. Securities Act of 1933 (the "Securities Act") or in the Indenture shall have the meanings given to them in Regulation S or the Indenture, as the case may be.

This certificate relates to [U.S.$][EU]_____ principal amount of Securities, which are evidenced by the following certificate(s) (the "Specified Securities"):

[CUSIP][CINS][ISIN] No(s). _____

CERTIFICATE No(s). _____

The person in whose name this certificate is executed below (the "Undersigned") hereby certifies that either (i) it is the sole beneficial owner of the Specified Securities or (ii) it is acting on behalf of all the beneficial owners of the Specified Securities and is duly authorized by them to do so. Such

beneficial owner or owners are referred to herein collectively as the "Owner". If the Specified Securities are represented by a Global Security, they are held through the appropriate Depositary or an Agent Member in the name of the Undersigned, as or on behalf of the Owner.

The Owner has requested that the Specified Securities be transferred to a person (the "Transferee") who will take delivery in the form of an interest in the Unrestricted Global Security. In connection with such transfer, the Owner hereby

certifies that such transfer is being effected in accordance with Rule 904 or Rule 144 under the Securities Act and with all applicable securities laws of the states of the United States and other jurisdictions. Accordingly, the Owner hereby further certifies as follows:

(1) Rule 904 Transfers. If the transfer is being effected in accordance with Rule 904:

(A) the Owner is not a distributor of the Specified Securities, an Affiliate of the Company or any such distributor or a person acting on behalf of any of the foregoing;

(B) the offer of the Specified Securities was not made to a person in the United States;

(C) either:

(i) at the time the buy order was originated, the Transferee was outside the United States or the Owner and any person acting on its behalf reasonably believed that the Transferee was outside the United States; or

(i) the transaction is being executed in, on or through the facilities of the Eurobond market, as regulated by the Association of International Bond Dealers, or another designated offshore securities market and neither the Owner nor any person acting on its behalf knows that the transactions has been prearranged with a buyer in the United States;

(D) no directed selling efforts have been made in the United States by or on behalf of the Owner or any Affiliate thereof;

(E) if the Owner is a dealer in securities or has received a selling concession, fee or other remuneration in respect of the Specified Securities, and the transfer is to occur during the Restricted Period, then the requirements of Rule 904(c)(1) have been satisfied; and

(F) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act.

(2) Rule 144 Transfers. If the transfer is being effected pursuant to Rule 144:

(A) the transfer is occurring after [date one year after the latest date of issuance of any of the Specified Securities] and is being effected in accordance with the applicable amount, manner of sale and notice requirements of Rule 144; or

(B) the transfer is occurring after [date two years after the latest date of issuance of any of the Specified Securities] and the Owner is not, and during the preceding three months has not been, an Affiliate of the Company.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company and the Initial Purchasers under the Purchase Agreement.

Dated:

_____
(Print the name of the Undersigned, as such term is defined in the second paragraph of this certificate.)

By:_____
Name:
Title:

(If the Undersigned is a corporation, partnership or fiduciary, the title of the person signing on behalf of the Undersigned must be stated.)

EXHIBIT C-3

FORM OF TRANSFER CERTIFICATE --
REGULATION S GLOBAL SECURITY TO
RESTRICTED GLOBAL SECURITY

(Transfers to QIBs Pursuant to Sections 2.16(a)(iv) of the Indenture)

Bank One, N.A.
100 East Broad Street OH-1-0181
Columbus, Ohio 43215
Attention: Corporate Trust Services

Re: Huntsman ICI Chemicals LLC 10 1/8% Senior Subordinated Notes due 2009 (the "Securities")

Reference is hereby made to the Indenture, dated as of June 30, 1999 between the Company and Bank One, N.A., as trustee, (the "Indenture"). Terms used but not defined herein and defined in Regulation S under the U.S. Securities Act of 1933 (the "Securities Act") or in the Indenture shall have the meanings given to them in Regulation S or the Indenture, as the case may be.

This certificate relates to U.S.$_____ principal amount of Securities, which are evidenced by the following certificate(s) (the "Specified Securities"):

[CUSIP][CINS][ISIN] No(s). _____

CERTIFICATE No(s). _____

The person in whose name this certificate is executed below (the "Undersigned") hereby certifies that either (i) it is the sole beneficial owner of the Specified Securities or (ii) it is acting on behalf of all the beneficial owners of the Specified Securities and is duly authorized by them to do so. Such beneficial owner or owners are referred to herein collectively as the "Owner". If the Specified Securities are represented by a Global Security, they are held through the appropriate Depositary or an Agent Member in the name of the Undersigned, as or on behalf of the Owner.

The Owner has requested that the Specified Securities be transferred to a person (the "Transferee") who will take delivery in the form of an interest in the Restricted Global Security. In connection with such transfer, the Owner hereby

certifies that such transfer is being effected in accordance with Rule 144A under the Securities Act and with all applicable securities laws of the states of the United States and other jurisdictions. Accordingly, the Owner hereby

further certifies as follows:

(1) the Specified Securities are being transferred to a person that the Owner and any person acting on its behalf reasonably believe is a "qualified institutional buyer" within the meaning of Rule 144A, acquiring for its own account or for the account of a qualified institutional buyer; and

(2) the Owner and any person acting on its behalf have taken reasonable steps to ensure that the Transferee is aware that the Owner may be relying on Rule 144A in connection with the transfer.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company and the Initial Purchasers under the Purchase Agreement.

Dated:

_____
(Print the name of the Undersigned, as such term is defined in the second paragraph of this certificate.)

By:_____
Name:
Title:

(If the Undersigned is a corporation, partnership or fiduciary, the title of the person signing on behalf of the Undersigned must be stated.)

EXHIBIT D

FORM OF CERTIFICATE TO BE
DELIVERED IN CONNECTION WITH
TRANSFERS TO INSTITUTIONAL ACCREDITED INVESTORS

(Transfers Pursuant to Section 2.17(a) of the Indenture)

Bank One, N.A.
100 East Broad Street OH-1-0181
Columbus, Ohio 43215
Attention: Corporate Trust Services

Re: Huntsman ICI Chemicals LLC 10 1/8% Senior Subordinated Notes due 2009

Ladies and Gentlemen:

Reference is hereby made to the Indenture, dated as of June 30, 1999 between the Company and Bank One, N.A., as trustee (the "Indenture"). Terms used but not defined herein have the meanings given to them in the Indenture.

This certificate relates to [U.S. $] [EU]____ principal amount of Securities, which are evidenced by the following certificate(s) (the "Securities"):

1. We understand that the Securities have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), and may not be sold except as permitted in the following sentence. We understand and agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, (x) that such Securities are being offered only in a transaction not involving any public offering within two years after the date of the original issuance of the Securities or if within three months after we cease to be an affiliate (within the meaning of Rule 144 under the Securities Act) of the Company, such Securities may be resold, pledged or transferred only (i) to the Company, (ii) so long as the Securities are eligible for resale pursuant to

Rule 144A under the Securities Act ("Rule 144A"), to a person whom we reasonably believe is a "qualified institution buyer" (as defined in Rule 144A) ("QIB") that purchases for its own account or for the account of a QIB to whom notice is given that the resale, pledge or transfer is being made in reliance on Rule 144A (as indicated by the box checked by the transferor on the Certificate of Transfer on the reverse of the certificate for the Securities), (iii) in an offshore transaction in accordance with Regulation S under the Securities Act (as indicated by the box checked by the transferor on the Certificate of Transfer on the

reverse of the Note if the Note is not in book-entry form), and, if such transfer is being effected by certain transferors prior to the expiration of the "40-day distribution compliance period" (within the meaning of Rule 903(b)(2) of Regulation S under the Securities Act), a certificate that may be obtained from the Trustee is delivered by the transferee, (iv) to an institution that is an "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act (as indicated by the box checked by the transferor on the Certificate of Transfer on the reverse of the certificate for the Securities) which has certified to the Company and the Trustee for the Securities that it is such an accredited investor and is acquiring the Securities for investment purposes and not for distribution (provided that no Securities purchased from a foreign purchaser or from any person other than a QIB or an institutional accredited investor pursuant to this clause (iii) shall be permitted to transfer any Securities so purchased to an institutional accredited investor pursuant to this clause (iv) prior to the expiration of the "applicable restricted period" (within the meaning of Regulation S under the Securities Act), (v) pursuant to an exemption from registration under the Securities Act provided by Rule 144 (if applicable) under the Securities Act, or (vi) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States, and we will notify any purchaser of the Securities from us of the above resale restriction, if then applicable. We further understand that in connection with any transfer of the Securities by us that the Company and the Trustee for the Securities may request, and if so requested we will furnish, such certificates, legal opinions and other information as they may reasonably require to confirm that any such transfer complies with the foregoing restrictions.

2. We are able to fend for ourselves in the transactions contemplated by this Offering Circular, we have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Securities, and we and any accounts for which we are acting are each able to bear the economic risk of our or its investment and can afford the complete loss of such investment.

3. We understand that the Company and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and we agree that if any of the acknowledgments, representations and warranties deemed to have been made by us by our purchase of Securities, for our own account or of one or more accounts as to each of which we exercise sole investment discretion, are no longer accurate, we shall promptly notify the Company.

4. We are acquiring the Securities purchased by us for investment purposes and not for distribution of our own account or for one or more accounts as to each of which we exercise sole investment discretion and we are or such account is an institutional "accredited investor" (as defined in rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act).

5. You are entitled to rely upon this letter and you are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

Very truly yours,

_____

(Name of Purchaser)

By:_____

Date:

EXHIBIT E

GUARANTEE

For value received, the undersigned hereby unconditionally guarantees, as principal obligor and not only as a surety, to the Holder of this Note the cash payments in United States dollars of principal of, premium, if any, and interest on this Note in the amounts and at the times when due and interest on the overdue principal, premium, if any, and interest, if any, of this Note, if lawful, and the payment or performance of all other obligations of the Company under the Indenture (as defined below) or the Notes, to the Holder of this Note and the Trustee, all in accordance with and subject to the terms and limitations of this Note, Article Eleven of the Indenture and this Guarantee. This Guarantee will become effective in accordance with Article Eleven of the Indenture and its terms shall be evidenced therein. The validity and enforceability of any Guarantee shall not be affected by the fact that it is not affixed to any particular Note.

Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Indenture dated as of June 30, 1999, among HUNTSMAN ICI CHEMICALS LLC as issuer (the "Company"), each of the Guarantors named therein and Bank One, N.A., as trustee (the "Trustee"), as amended or supplemented (the "Indenture").

The obligations of the undersigned to the Holders of Notes and to the Trustee pursuant to this Guarantee and the Indenture are expressly set forth in Article Eleven of the Indenture and reference is hereby made to the Indenture for the precise terms of the Guarantee and all of the other provisions of the Indenture to which this Guarantee relates.

THIS GUARANTEE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW. The undersigned Guarantor hereby agrees to submit to the jurisdiction of the courts of the State of New York in any action or proceeding arising out of or relating to this Guarantee.

This Guarantee is subject to release upon the terms set forth in the Indenture.

IN WITNESS WHEREOF, each Guarantor has caused its Guarantee to be duly executed.

Date:_____
,

as Guarantor

By: _____
Name:
Title:

EXHIBIT 4.4

Huntsman ICI Chemicals LLC

$600,000,000 10 1/8% Senior Subordinated Notes due 2009
EU200,000,000 10 1/8% Senior Subordinated Notes due 2009

unconditionally guaranteed as to the
payment of principal, premium,
if any, and interest by

Tioxide Group
Tioxide Americas Inc.
Huntsman ICI Financial LLC

Exchange and Registration Rights Agreement

June 30, 1999

Goldman, Sachs & Co.,
Deutsche Bank Securities Inc.
Chase Securities Inc.
Warburg Dillon Read LLC
c/o Goldman, Sachs & Co.
85 Broad Street
New York, New York 10004

Ladies and Gentlemen:

Huntsman ICI Chemicals LLC, a Delaware limited liability company (the "Company"), proposes to issue and sell to the Purchasers (as defined herein) upon the terms set forth in the Purchase Agreement (as defined herein) $600,000,000 aggregate principal amount of its 10 1/8% Senior Subordinated Notes due 2009 and EU200,000,000 aggregate principal amount of its 10 1/8% Senior Subordinated Notes due 2009, which are unconditionally guaranteed by each of Tioxide Group, Tioxide Americas Inc., and Huntsman ICI Financial LLC. As an inducement to the Purchasers to enter into the Purchase Agreement and in satisfaction of a condition to the obligations of the Purchasers

thereunder, the Company and the Guarantors agree with the Purchasers for the benefit of holders (as defined herein) from time to time of the Registrable Securities (as defined herein) as follows:

1. Certain Definitions. For purposes of this Exchange and Registration Rights Agreement, the following terms shall have the following respective meanings:

"Base Interest" shall mean the interest that would otherwise accrue on the Securities under the terms thereof and the Indenture, without giving effect to the provisions of this Agreement.

The term "broker-dealer" shall mean any broker or dealer registered with the Commission under the Exchange Act.

"Closing Date" shall mean the date on which the Securities are initially issued.

"Commission" shall mean the United States Securities and Exchange Commission, or any other federal agency at the time administering the Exchange Act or the Securities Act, whichever is the relevant statute for the particular purpose.

"Effective Time," in the case of (i) an Exchange Registration, shall mean the time and date as of which the Commission declares the Exchange Registration Statement effective or as of which the Exchange Registration Statement otherwise becomes effective and (ii) a Shelf Registration, shall mean the time and date as of which the Commission declares the Shelf Registration Statement effective or as of which the Shelf Registration Statement otherwise becomes effective.

"Electing Holder" shall mean any holder of Registrable Securities that has returned a completed and signed Notice and Questionnaire to the Company in accordance with Section 3(d)(ii) or 3(d)(iii) hereof.

"Exchange Act" shall mean the Securities Exchange Act of 1934, or any successor thereto, as the same shall be amended from time to time.

"Exchange Offer" shall have the meaning assigned thereto in Section 2(a) hereof.

"Exchange Registration" shall have the meaning assigned thereto in Section 3(c) hereof.

"Exchange Registration Statement" shall have the meaning assigned thereto in Section 2(a) hereof.

"Exchange Securities" shall have the meaning assigned thereto in Section 2(a) hereof.

"Guarantee" shall have the meaning assigned thereto in the Indenture.

"Guarantor" shall have the meaning assigned thereto in the Indenture.

The term "holder" shall mean each of the Purchasers and other persons who acquire Registrable Securities from time to time (including any successors or assigns), in each case for so long as such person owns any Registrable Securities.

"Indenture" shall mean the Indenture, dated as of June 30, 1999, between the Company, the Guarantors and Bank One, N.A., as Trustee, as the same shall be amended from time to time relating to the Securities.

"Notice and Questionnaire" means a Notice of Registration Statement and Selling Securityholder Questionnaire substantially in the form of Exhibit A hereto.

The term "person" shall mean a corporation, association, partnership, limited liability company, organization, business, individual, government or political subdivision thereof or governmental agency.

"Purchase Agreement" shall mean the Purchase Agreement, dated as of June 22, 1999, between the Purchasers and the Company relating to the Securities.

"Purchasers" shall mean the Purchasers named in Schedule I to the Purchase Agreement.

"Registrable Securities" shall mean the Securities; provided, however, that a Security shall cease to be a Registrable Security when (i) in the circumstances contemplated by Section 2(a) hereof, the Security has been exchanged for an Exchange Security in an Exchange Offer as contemplated in Section 2(a) hereof (provided that any Exchange Security that, pursuant to the last two sentences of Section 2(a), is included in a prospectus for use in connection with resales by broker-dealers shall be deemed to be a Registrable Security with respect to Sections 5, 6 and 9 until resale of such Registrable Security has been effected within the 180-day period referred to in Section 2(a)(4)); (ii) in the circumstances contemplated by Section 2(b) hereof, a Shelf Registration Statement registering such Security under the Securities Act has been declared or becomes effective and such Security has been sold or otherwise transferred by the holder thereof pursuant to and in a manner contemplated by such effective Shelf Registration Statement; (iii) such Security is sold pursuant to Rule 144 under circumstances in which any legend borne by such Security relating to restrictions on transferability thereof, under the Securities Act or otherwise, is removed by the Company or pursuant to the Indenture; (iv) such Security is eligible to be sold pursuant to paragraph (k) of Rule 144; or (v) such Security shall cease to be outstanding.

"Registration Default" shall have the meaning assigned thereto in Section 2(c) hereof.

"Registration Expenses" shall have the meaning assigned thereto in Section 4 hereof.

"Resale Period" shall have the meaning assigned thereto in Section 2(a) hereof.

"Restricted Holder" shall mean (i) a holder that is an affiliate of the Company within the meaning of Rule 405, (ii) a holder who acquires Exchange Securities outside the ordinary course of such holder's business, (iii) a holder who has arrangements or understandings with any person to participate in the Exchange Offer for the purpose of distributing Exchange Securities and (iv) a holder that is a broker-dealer, but only with respect to Exchange Securities received by such broker-dealer pursuant to an Exchange Offer in exchange for Registrable Securities acquired by the broker-dealer directly from the Company.

"Rule 144," "Rule 405" and "Rule 415" shall mean, in each case, such rule promulgated under the Securities Act (or any successor provision), as the same shall be amended from time to time.

"Securities" shall mean, collectively, the dollar denominated 10 1/8% Senior Subordinated Notes due 2009 and the euro denominated 10 1/8% Senior Subordinated Notes due 2009 of the Company to be issued and sold to the Purchasers, and securities issued in exchange therefor or in lieu thereof pursuant to the Indenture (other than Exchange Securities). Each Security is entitled to the benefit of the guarantee provided for in the applicable Indenture (the "Guarantee") and, unless the context otherwise requires, any reference herein to a "Security," an "Exchange Security" or a "Registrable Security" shall include a reference to the related Guarantee.

"Securities Act" shall mean the Securities Act of 1933, or any successor thereto, as the same shall be amended from time to time.

"Shelf Registration" shall have the meaning assigned thereto in Section 2(b) hereof.

"Shelf Registration Statement" shall have the meaning assigned thereto in Section 2(b) hereof.

"Special Interest" shall have the meaning assigned thereto in Section 2(c) hereof.

"Trust Indenture Act" shall mean the Trust Indenture Act of 1939, or any successor thereto, and the rules, regulations and forms promulgated thereunder, all as the same shall be amended from time to time.

Unless the context otherwise requires, any reference herein to a "Section" or "clause" refers to a Section or clause, as the case may be, of this Exchange and Registration Rights Agreement, and the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Exchange and Registration Rights Agreement as a whole and not to any particular Section or other subdivision.

2. Registration Under the Securities Act.

(a) Except as set forth in Section 2(b) below, the Company agrees to use its reasonable best efforts to file under the Securities Act, as soon as practicable, but no later than 60 days after the Closing Date, a registration statement relating to an offer to exchange (such registration statement, the "Exchange Registration Statement", and such offer, the "Exchange Offer") any and all of the Registrable Securities for a like aggregate principal amount of debt securities issued by the Company and guaranteed by the Guarantors, which debt securities and guarantee are substantially identical to the Securities and the related Guarantees, respectively (and are entitled to the benefits of a trust indenture which is substantially identical to the applicable Indenture or is such Indenture and which has been qualified under the Trust Indenture Act), except that they have been registered pursuant to an effective registration statement under the Securities Act and do not contain provisions for

registration rights or the additional interest contemplated in Section 2(c) below (such new debt securities hereinafter called "Exchange Securities"). The Company agrees to use its reasonable best efforts to cause the Exchange Registration Statement to become effective under the Securities Act as soon as practicable, but no later than 210 days after the Closing Date. The Exchange Offer will be registered under the Securities Act on the appropriate form and will comply with all applicable tender offer rules and regulations under the Exchange Act. The Company further agrees to use its reasonable best efforts to commence and complete the Exchange Offer promptly, but no later than 45 days after such registration statement has become effective, hold the Exchange Offer open for at least 30 days and exchange Exchange Securities for all Registrable Securities that have been properly tendered and not withdrawn on or prior to the expiration of the Exchange Offer. The Exchange Offer will be deemed to have been "completed" only if the debt securities and related guarantee received by holders other than Restricted Holders in the Exchange Offer for Registrable Securities are, upon receipt, transferable by each such holder without restriction under the Securities Act and without material restrictions under the blue sky or securities laws of a substantial majority of the States of the United States of America, it being understood that broker-dealers receiving Exchange Notes will be subject to certain prospectus delivery requirements with respect to resale of the Exchange Notes. The Exchange Offer shall be deemed to have been completed upon the earlier to occur of (i) the Company having exchanged the Exchange Securities for all outstanding Registrable Securities pursuant to the Exchange Offer and (ii) the Company having exchanged, pursuant to the Exchange Offer, Exchange Securities for all Registrable Securities that have been properly tendered and not withdrawn before the expiration of the Exchange Offer, which shall be on a date that is at least 30 days following the commencement of the Exchange Offer. The Company agrees (x) to include in the Exchange Registration Statement a prospectus for use in any resales by any holder of Exchange Securities that is a broker-dealer and (y) to keep such Exchange Registration Statement effective for a period (the "Resale Period") beginning when Exchange Securities are first issued in the Exchange Offer and ending upon the earlier of the expiration of the 120th day after the Exchange Offer has been completed or such time as such broker-dealers no longer own any Registrable Securities. With respect to such Exchange Registration Statement, such holders shall have the benefit of the rights of indemnification and contribution set forth in Sections 6(a), (c), (d) and (e) hereof.

Each holder that participates in the Exchange Offer will be required, as a condition to its participation in the Exchange Offer, to represent to the Company in writing (which may be contained in the applicable letter of transmittal) (i) that any Exchange Securities to be received by it will be acquired in the ordinary course of its business, (ii) that at the time of the commencement of the Exchange Offer such holder will have no arrangement or understanding with any Person to participate in the distribution (within the meaning of the Securities Act) of the Exchange Securities in violation of the provisions of the Securities Act, (iii) that such holder is not an affiliate of the Company within the meaning of the Securities Act and (iv) that such holder is not acting on behalf of a Person who could not make the foregoing representations. In addition, each broker-dealer that will receive Exchange Securities for its own account in exchange for Securities that were acquired as a result of market-making or other trading activities will be required to represent that the Securities being tendered by such broker-dealer were acquired in ordinary trading or market-making activities. A broker-dealer that is not able to make the foregoing representation will not be permitted to participate in the Exchange Offer.

(b) If (i) on or prior to the time the Exchange Offer is completed existing Commission interpretations are changed such that the debt securities or the related guarantee received by holders other than Restricted Holders in the Exchange Offer for Registrable Securities are not or would not be, upon receipt, transferable by each such holder without restriction under the Securities Act, (ii) the Exchange Offer has not been completed within 255 days following the Closing Date or (iii) the Exchange Offer is not available to any holder of the Securities by reason of U.S. law or Commission policy (other than due solely to the status of such holder as an affiliate of the Company within the meaning of the Securities Act), the Company shall, in lieu of (or, in the case of clause (iii), in addition to) conducting the Exchange Offer contemplated by Section 2(a), file under the Securities Act as soon as practicable, but no later than the later of 60 days after the time such obligation to file arises, a "shelf" registration statement providing for the registration of, and the sale on a

continuous or delayed basis by the holders of, all of the Registrable Securities, pursuant to Rule 415 or any similar rule that may be adopted by the Commission (such filing, the "Shelf Registration" and such registration statement, the "Shelf Registration Statement"). The Company agrees to use its reasonable best efforts (x) to cause the Shelf Registration Statement to become or be declared effective no later than 150 days after such Shelf Registration Statement is filed and to keep such Shelf Registration Statement continuously effective for a period ending on the earlier of the second anniversary of the Effective Time or such time as there are no longer any Registrable Securities outstanding, provided, however, that (I) no holder shall be entitled to be named as a selling securityholder in the Shelf Registration Statement or to use the prospectus forming a part thereof for resales of Registrable Securities unless such holder is an Electing Holder and (II) the Company shall be permitted to take any action that would suspend the effectiveness of a Shelf Registration Statement or result in holders covered by a Shelf Registration Statement not being able to offer and sell such Securities if (i) such action is required by law or (ii) such action is taken by the Company in good faith and for valid business reasons involving a material undisclosed event, and (y) after the Effective Time of the Shelf Registration Statement, within 30 days following the request of any holder of Registrable Securities that is not then an Electing Holder, to take any action reasonably necessary to enable such holder to use the prospectus forming a part thereof for resales of Registrable Securities, including, without limitation, any action necessary to

identify such holder as a selling securityholder in the Shelf Registration Statement, provided, however, that nothing in this Clause (y) shall relieve any such holder of the obligation to return a completed and signed Notice and Questionnaire to the Company in accordance with Section 3(d)(iii) hereof. The Company further agrees to supplement or make amendments to the Shelf Registration Statement, as and when required by the rules, regulations or instructions applicable to the registration form used by the Company for such Shelf Registration Statement or by the Securities Act or rules and regulations thereunder for shelf registration, and the Company agrees to furnish to each Electing Holder copies of any such supplement or amendment prior to its being used or promptly following its filing with the Commission.

(c) In the event that (i) the Company has not filed the Exchange Registration Statement or Shelf Registration Statement on or before the date on which such registration statement is required to be filed pursuant to Section 2(a) or 2(b), respectively, or (ii) such Exchange Registration Statement or Shelf Registration Statement has not become effective or been declared effective by the Commission on or before the date on which such registration statement is required to become or be declared effective pursuant to Section 2(a) or 2(b), respectively, or (iii) the Exchange Offer has not been completed within 45 days after the initial effective date of the Exchange Registration Statement relating to the Exchange Offer (if the Exchange Offer is then required to be made) or (iv) any Exchange Registration Statement or Shelf Registration Statement required by Section 2(a) or 2(b) hereof is filed and declared effective but shall thereafter either be withdrawn by the Company or shall become subject to an effective stop order issued pursuant to Section 8(d) of the Securities Act suspending the effectiveness of such registration statement (except as specifically permitted herein) without being succeeded immediately by an additional registration statement filed and declared effective (each such event referred to in clauses (i) through (iv), a "Registration Default" and each period during which a Registration Default has occurred and is continuing, a "Registration Default Period"), then, as liquidated damages for such Registration Default, subject to the provisions of Section 9(b), special interest ("Special Interest"), in addition to the Base Interest, shall accrue at a per annum rate of 0.25% for the first 90 days of the Registration Default Period, at a per annum rate of 0.50% for the second 90 days of the Registration Default Period, at a per annum rate of 0.75% for the third 90 days of the Registration Default Period and at a per annum rate of 1.0% thereafter for the remaining portion of the Registration Default Period; provided, however, that Special Interest shall not accrue if the failure of the Company to comply with its obligations hereunder is a result of the failure of any of the holders, underwriters, Purchasers or placement or sales agents to fulfill their respective obligations hereunder.

(d) The Company shall take, and shall cause the Guarantors to take, all actions necessary or advisable to be taken by it to ensure that the transactions contemplated herein are effected as so contemplated, including all

actions necessary or desirable to register the Guarantees under the registration statement contemplated in Section 2(a) or 2(b) hereof, as applicable.

(e) Any reference herein to a registration statement as of any time shall be deemed to include any document incorporated, or deemed to be incorporated, therein by reference as of such time and any reference herein to any post-effective amendment to a registration statement as

of any time shall be deemed to include any document incorporated, or deemed to be incorporated, therein by reference as of such time.

3. Registration Procedures.

If the Company files a registration statement pursuant to Section 2(a) or Section 2(b), the following provisions shall apply:

(a) At or before the Effective Time of the Exchange Offer or the Shelf Registration, as the case may be, the Company shall qualify the Indenture under the Trust Indenture Act.

(b) In the event that such qualification would require the appointment of a new trustee under the Indenture, the Company shall appoint a new trustee thereunder pursuant to the applicable provisions of the Indenture.

(c) In connection with the Company's obligations with respect to the registration of Exchange Securities as contemplated by Section 2(a) (the "Exchange Registration"), if applicable, the Company shall, as soon as reasonably practicable (or as otherwise specified):

(i) use its reasonable best efforts to prepare and file with the Commission, as soon as practicable but no later than 60 days after the Closing Date, an Exchange Registration Statement on any form which may be utilized by the Company and which shall permit the Exchange Offer and resales of Exchange Securities by broker-dealers during the Resale Period to be effected as contemplated by Section 2(a), and use its best reasonable efforts to cause such Exchange Registration Statement to become effective as soon as practicable thereafter, but no later than 210 days after the Closing Date;

(ii) after the Effective Time of the Exchange Registration Statement, except as permitted hereunder, as soon as practicable prepare and file with the Commission such amendments and supplements to such Exchange Registration Statement and the prospectus included therein as may be necessary to effect and maintain the effectiveness of such Exchange Registration Statement for the periods and purposes contemplated in Section 2(a) hereof and as may be required by the applicable rules and regulations of the Commission and the instructions applicable to the form of such Exchange Registration Statement, and promptly provide each broker-dealer holding Exchange Securities with such number of copies of the prospectus included therein (as then amended or supplemented), in conformity in all material respects with the requirements of the Securities Act and the Trust Indenture Act and the rules and regulations of the Commission thereunder, as such broker-dealer may reasonably request prior to the expiration of the Resale Period, for use in connection with resales of Exchange Securities;

(iii) after the Effective Time of the Exchange Registration Statement and during the Resale Period promptly notify each broker-dealer that has requested copies of the prospectus included in such registration statement, and confirm such advice in writing, (A) with respect to such Exchange Registration Statement or any post-effective amendment, when the same has become effective, (B) of the issuance by the Commission of any stop order suspending the effectiveness of such Exchange Registration Statement or the initiation or threatening of any proceedings for that purpose, (C) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Exchange Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, or (D)

at any time during the Resale Period when a prospectus is required to be delivered under the Securities Act, that such Exchange Registration Statement, prospectus, prospectus amendment or supplement or post-effective amendment does not conform in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act and the rules and regulations of the Commission thereunder or contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, which such notice, in the case of clauses (B), (C) and (D) shall required any broker-dealer to suspend the use of such prospectus until further notice;

(iv) in the event that the Company would be required, pursuant to Section 3(e)(iii)(D) above, to notify any broker-dealers holding Exchange Securities, prepare and furnish to each such holder a reasonable number of copies of a prospectus supplemented or amended so that, as thereafter delivered to purchasers of such Exchange Securities during the Resale Period, such prospectus shall conform in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act and the rules and regulations of the Commission thereunder and shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing; provided, however, the Company shall not be required to amend or supplement such prospectus if (i) not permitted by law or (ii) the Company in good faith and for valid business reasons and such misstatement or omission involves a material undisclosed event;

(v) use its best efforts to obtain the withdrawal of any order suspending the effectiveness of such Exchange Registration Statement or any post-effective amendment thereto at the earliest practicable date unless the Company in good faith and for valid business reasons determines that to do so would involve disclosing a material undisclosed event;

(vi) use its best efforts to (A) register or qualify the Exchange Securities under the securities laws or blue sky laws of such jurisdictions as are contemplated by

Section 2(a) no later than the commencement of the Exchange Offer, (B) keep such registrations or qualifications in effect and comply with such laws so as to permit the continuance of offers, sales and dealings therein in such jurisdictions until the expiration of the Resale Period and (C) take any and all other actions as may be reasonably necessary or advisable to enable each broker-dealer holding Exchange Securities to consummate the disposition thereof in such jurisdictions; provided, however, that neither the Company nor the Guarantors shall be required for any such purpose to (1) qualify as a foreign corporation in any jurisdiction wherein it would not otherwise be required to qualify but for the requirements of this Section 3(c)(vi), (2) consent to general service of process or taxation in any such jurisdiction or (3) make any changes to its incorporating documents or limited liability agreement or any other agreement between it and its stockholders or members;

(vii) provide a CUSIP number for all Exchange Securities, not later than the applicable Effective Time;

(viii) comply with all applicable rules and regulations of the Commission, and make generally available to its securityholders as soon as practicable but no later than 18 months after the effective date of such Exchange Registration Statement, an earning statement of the Company and its subsidiaries complying with Section 11(a) of the Securities Act (including, at the option of the Company, Rule 158 thereunder).

(d) In connection with the Company's obligations with respect to the Shelf Registration, if applicable, the Company shall, as soon as reasonably practicable (or as otherwise specified):

(i) prepare and file with the Commission, as soon as reasonably practicable but in any case within the time periods specified in Section 2(b), a Shelf Registration Statement on any form which may be utilized by the Company and which shall register all of the Registrable Securities for resale by the holders thereof in accordance with such method or methods of disposition as may be specified by such of the holders as, from time to time, may be Electing Holders and use its best efforts to cause such Shelf Registration Statement to become effective as soon as reasonably practicable but in any case within the time periods specified in Section 2(b);

(ii) prior to the Effective Time of the Shelf Registration Statement, mail the Notice and Questionnaire to the holders of Registrable Securities; no holder shall be entitled to be named as a selling securityholder in the Shelf Registration Statement as of the Effective Time, and no holder shall be entitled to use the prospectus forming a part thereof for resales of Registrable Securities at any time, unless such holder has returned a completed and signed Notice and Questionnaire to the Company by the deadline for response set forth therein; provided, however, holders of Registrable Securities shall have at least 28 calendar days from the date on which the Notice and

Questionnaire is first mailed to such holders to return a completed and signed Notice and Questionnaire to the Company;

(iii) after the Effective Time of the Shelf Registration Statement, upon the request of any holder of Registrable Securities that is not then an Electing Holder, promptly send a Notice and Questionnaire to such holder; provided that the Company shall not be required to take any action to name such holder as a selling securityholder in the Shelf Registration Statement or to enable such holder to use the prospectus forming a part thereof for resales of Registrable Securities until such holder has returned a completed and signed Notice and Questionnaire to the Company;

(iv) after the Effective Time of the Shelf Registration Statement, except as permitted hereunder, as soon as reasonably practicable prepare and file with the Commission such amendments and supplements to such Shelf Registration Statement and the prospectus included therein as may be necessary to effect and maintain the effectiveness of such Shelf Registration Statement for the period specified in Section 2(b) hereof and as may be required by the applicable rules and regulations of the Commission and the instructions applicable to the form of such Shelf Registration Statement, and furnish to the Electing Holders copies of any such supplement or amendment simultaneously with or prior to its being used or filed with the Commission;

(v) comply with the provisions of the Securities Act with respect to the disposition of all of the Registrable Securities covered by such Shelf Registration Statement in accordance with the intended methods of disposition by the Electing Holders provided for in such Shelf Registration Statement;

(vi) provide (A) the Electing Holders, (B) the underwriters (which term, for purposes of this Exchange and Registration Rights Agreement, shall include a person deemed to be an underwriter within the meaning of Section 2(a)(11) of the Securities Act), if any, thereof, (C) any sales or placement agent, if any, therefor, (D) counsel for any such underwriter or agent and (E) not more than one counsel for all the Electing Holders a copy of such Shelf Registration Statement, each prospectus included therein or filed with the Commission and each amendment or supplement thereto;

(vii) for a reasonable period prior to the filing of such Shelf Registration Statement, and throughout the period specified in Section 2(b), make available at reasonable times at the Company's principal place of business or such other reasonable place for inspection by the persons referred to in Section 3(d)(vi) who shall

certify to the Company that they have a current intention to sell the Registrable Securities pursuant to the Shelf Registration such financial and other information and books and records of the Company, and cause the officers, employees, counsel and independent

certified public accountants of the Company to respond to such inquiries, as shall be reasonably necessary, in the reasonable judgment of the respective counsel referred to in such Section, to conduct a reasonable investigation within the meaning of Section 11 of the Securities Act; provided, however, that each such party shall be required to maintain in confidence and not to disclose to any other person any information or records reasonably designated by the Company as being confidential, until such time as (A) such information becomes a matter of public record (whether by virtue of its inclusion in such registration statement or otherwise), or (B) such person shall be required so to disclose such information pursuant to a subpoena or order of any court or other governmental agency or body having jurisdiction over the matter (subject to the requirements of such order, and only after such person shall have given the Company prompt prior written notice of such requirement), or (C) such information is set forth in such Shelf Registration Statement or the prospectus included therein or in an amendment to such Shelf Registration Statement or an amendment or supplement to such prospectus in order that such Shelf Registration Statement, prospectus, amendment or supplement, as the case may be, complies with applicable requirements of the federal securities laws and the rules and regulations of the Commission and does not contain an untrue statement of a material fact or omit to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(viii) promptly notify each of the Electing Holders, any sales or placement agent therefor and any underwriter thereof (which notification may be made through any managing underwriter that is a representative of such underwriter for such purpose) and confirm such advice in writing, (A) with respect to such Shelf Registration Statement or any post-effective amendment, when the same has become effective, (B) of the issuance by the Commission of any stop order suspending the effectiveness of such Shelf Registration Statement or the initiation or threatening of any proceedings for that purpose, (C) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, or (D) if at any time when a prospectus is required to be delivered under the Securities Act, that such Shelf Registration Statement, prospectus, prospectus amendment or supplement or post-effective amendment does not conform in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act and the rules and regulations of the Commission thereunder or contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, which such notice, in the case of clauses (B), (C) and (D) shall require the suspension of the use of such prospectus until further notice;

(ix) use its best efforts to obtain the withdrawal of any order suspending the effectiveness of such registration statement or any post-effective amendment

thereto at the earliest practicable date unless the Company in good faith and for valid business reasons determines that to do so would involve disclosing a material undisclosed event;

(x) if reasonably requested by any managing underwriter or underwriters, any placement or sales agent or any Electing Holder, promptly incorporate in a prospectus supplement or post-effective amendment such information as is required by the applicable rules and regulations of the Commission and as such managing underwriter or

underwriters, such agent or such Electing Holder specifies should be included therein relating to the terms of the sale of such Registrable Securities, including information with respect to the principal amount of Registrable Securities being sold by such Electing Holder or agent or to any underwriters, the name and description of such Electing Holder, agent or underwriter, the offering price of such Registrable Securities and any discount, commission or other compensation payable in respect thereof, the purchase price being paid therefor by such underwriters and with respect to any other terms of the offering of the Registrable Securities to be sold by such Electing Holder or agent or to such underwriters; and make all required filings of such prospectus supplement or post-effective amendment promptly after notification of the matters to be incorporated in such prospectus supplement or post-effective amendment;

(xi) furnish to each Electing Holder, each placement or sales agent, if any, therefor, each underwriter, if any, thereof and the respective counsel referred to in Section 3(d)(vi) a conformed copy of such Shelf Registration Statement, each such amendment and supplement thereto (in each case including, upon request, all exhibits thereto and documents incorporated by reference therein) and such number of copies of the prospectus included in such Shelf Registration Statement (including each preliminary prospectus and any summary prospectus), in conformity in all material respects with the applicable requirements of the Securities Act and the Trust Indenture Act and the rules and regulations of the Commission thereunder, and such other documents, as such Electing Holder, agent, if any, and underwriter, if any, may reasonably request that may be required in connection with the offering and disposition of the Registrable Securities owned by such Electing Holder, offered or sold by such agent or underwritten by such underwriter and to permit such Electing Holder, agent and underwriter to satisfy the prospectus delivery requirements of the Securities Act; and the Company hereby consents to the use of the prospectus contained in the Exchange Registration Statement at the Effective Time thereof and any amendment or supplement thereto by each such Electing Holder and by any such agent and underwriter, in each case in the form most recently provided to such person by the Company, in connection with the offering and sale of the Registrable Securities covered by such prospectus or any such supplement or amendment thereto;

(xii) use reasonable best efforts to (A) register or qualify the Registrable Securities to be included in such Shelf Registration Statement under such securities laws or blue sky laws of such jurisdictions as any Electing Holder and each placement or sales agent, if any, therefor and underwriter, if any, thereof shall reasonably request, (B) keep such registrations or qualifications in effect and comply with such laws so as to permit the continuance of offers, sales and dealings therein in such jurisdictions during the period the Shelf Registration is required to remain effective under Section 2(b) above and for so long as may be necessary to enable any such Electing Holder, agent or underwriter to complete its distribution of Securities pursuant to such Shelf Registration Statement and (C) take any and all other actions as may be reasonably necessary or advisable to enable each such Electing Holder, agent, if any, and underwriter, if any, to consummate the disposition in such jurisdictions of such Registrable Securities; provided, however, that neither the Company nor the Guarantors shall be required for any such purpose to (1) qualify as a foreign corporation in any jurisdiction wherein it would not otherwise be required to qualify but for the requirements of this Section 3(d)(xii), (2) consent to general service of process or taxation in any such jurisdiction or (3) make any changes to its incorporating documents or limited liability agreement or any other agreement between it and its stockholders or members;

(xiii) unless any Registrable Securities shall be in book-entry only form, cooperate with the Electing Holders and the managing underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold, which certificates, if so required by any securities exchange upon which any Registrable Securities are listed, shall be penned, lithographed or engraved, or produced by any combination of such

methods, on steel engraved borders, and which certificates shall not bear any restrictive legends; and, in the case of an underwritten offering, enable such Registrable Securities to be in such denominations and registered in such names as the managing underwriters may request at least two business days prior to any sale of the Registrable Securities;

(xiv) enter into one or more underwriting agreements, engagement letters, agency agreements, "best efforts" underwriting agreements or similar agreements, as appropriate, including customary provisions relating to indemnification and contribution (such indemnification and contribution obligations of the Company to be no more extensive than those contained in the Purchase Agreement), and take such other actions in connection therewith as any Electing Holders aggregating at least 20% in aggregate principal amount of the Registrable Securities at the time outstanding shall reasonably request in order to expedite or facilitate the disposition of such Registrable Securities;

(xv) whether or not an agreement of the type referred to in Section 3(d)(xvi) hereof is entered into and whether or not any portion of the offering con-

templated by the Shelf Registration is an underwritten offering or is made through a placement or sales agent or any other entity, (A) make such representations and warranties to the Electing Holders and the placement or sales agent, if any, therefor and the underwriters, if any, thereof in form, substance and scope as are customarily made in connection with an offering of debt securities pursuant to any appropriate agreement or to a registration statement filed on the form applicable to the Shelf Registration; (B) obtain an opinion of counsel to the Company in customary form and covering such matters, of the type customarily covered by such an opinion, as the managing underwriters, if any, or as any Electing Holders of at least 20% in aggregate principal amount of the Registrable Securities at the time outstanding may reasonably request, addressed to such Electing Holder or Electing Holders and the placement or sales agent, if any, therefor and the underwriters, if any, thereof and dated the effective date of such Shelf Registration Statement (or if such Shelf Registration Statement contemplates an underwritten offering of a part or all of the Registrable Securities, dated the date of the closing under the underwriting agreement relating thereto) (it being agreed that the matters to be covered by such opinion shall include the due incorporation and good standing of the Company and the Guarantors; the qualification of the Company and the Guarantors to transact business as foreign corporations; the due authorization, execution and delivery of the relevant agreement, if any, of the type referred to in Section 3(d)(xvi) hereof; the due authorization, execution, authentication and issuance, and the validity and enforceability, of the Securities; the absence of governmental approvals required to be obtained in connection with the Shelf Registration, the offering and sale of the Registrable Securities, this Exchange and Registration Rights Agreement or any agreement of the type referred to in Section 3(d)(xvi) hereof, except such approvals as may have been obtained or may be required under state securities or blue sky laws; the material compliance as to form of such Shelf Registration Statement and any documents incorporated by reference therein and of the Indenture with the requirements of the Securities Act and the Trust Indenture Act and the rules and regulations of the Commission thereunder, respectively; and, if addressed to any underwriters, as of the date of the opinion and of the Shelf Registration Statement or most recent post-effective amendment thereto, as the case may be, the absence from such Shelf Registration Statement and the prospectus included therein, as then amended or supplemented, and from the documents incorporated by reference therein (in each case other than the financial statements and other financial or accounting information contained therein) of an untrue statement of a material fact or the omission to state therein a material fact necessary to make the statements therein not misleading (in the case of such documents, in the light of the circumstances existing at the time that such documents were filed with the Commission under the Exchange Act)); (C) obtain a "cold comfort"

letter or letters from the independent certified public accountants of the Company addressed to the selling Electing Holders, the placement or sales agent, if any, therefor or the underwriters, if any, thereof, dated (i) the effective date of such Shelf Registration Statement and (ii) the effective date of any prospectus supplement to the prospectus included in such Shelf Registration Statement or post-effective amendment to such Shelf Registration Statement which includes unaudited or audited financial statements as of a date or for a period subsequent to that of the latest such statements included in such prospectus (and, if such Shelf Registration Statement contemplates an underwritten offering pursuant to any prospectus supplement to the prospectus included in such Shelf Registration

Statement or post-effective amendment to such Shelf Registration Statement which includes unaudited or audited financial statements as of a date or for a period subsequent to that of the latest such statements included in such prospectus, dated the date of the closing under the underwriting agreement relating thereto), such letter or letters to be in customary form and covering such matters of the type customarily covered by letters of such type; and (D) deliver such documents and certificates, including officers' certificates, as may be reasonably requested by any Electing Holders of at least 20% in aggregate principal amount of the Registrable Securities at the time outstanding or the placement or sales agent, if any, therefor and the managing underwriters, if any, thereof to evidence the accuracy of the representations and warranties made pursuant to clause (A) above or those contained in Section 5(a) hereof and the compliance with or satisfaction of any agreements or conditions contained in the underwriting agreement or other agreement entered into by the Company or the Guarantors;

(xvi) notify in writing each holder of Registrable Securities of any proposal by the Company to amend or waive any provision of this Exchange and Registration Rights Agreement in any material respect pursuant to Section 9(h) hereof and of any such amendment or waiver effected pursuant thereto, each of which notices shall contain the text of the amendment or waiver proposed or effected, as the case may be;

(xvii) in the event that any broker-dealer registered under the Exchange Act shall underwrite any Registrable Securities or participate as a member of an underwriting syndicate or selling group or "assist in the distribution" (within the meaning of the Conduct Rules (the "Conduct Rules") of the National Association of Securities Dealers, Inc. ("NASD") or any successor thereto, as amended from time to time) thereof, whether as a holder of such Registrable Securities or as an underwriter, a placement or sales agent or a broker or dealer in respect thereof, or otherwise, cooperate with such broker-dealer in connection with any filings required to be made by the NASD;

(xviii) comply with all applicable rules and regulations of the Commission, and make generally available to its securityholders as soon as practicable but in any event not later than 18 months after the effective date of such Shelf Registration Statement, an earning statement of the Company and its subsidiaries complying with Section 11(a) of the Securities Act (including, at the option of the Company, Rule 158 thereunder).

(e) In the event that the Company would be required, pursuant to Section 3(d)(viii)(D) above, to notify the Electing Holders, the placement or sales agent, if any, therefor and the managing underwriters, if any, thereof, the Company shall as soon as reasonably practicable prepare and furnish to each of the Electing Holders, to each placement or sales agent, if any, and to each such underwriter, if any, a reasonable number of copies of a prospectus supplemented or amended so that, as thereafter delivered to purchasers of Registrable Securities, such prospectus shall conform in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act and the rules and regulations of the Commission thereunder and shall not contain an untrue statement of a material fact or

omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing; provided, however, the Company shall not be required to amend or supplement such prospectus if (i) not permitted by law or (ii) the Company in good faith and for valid business reasons and such misstatement or omission involves a material undisclosed event. Each Electing Holder agrees that upon receipt of any notice from the Company pursuant to Section 3(d)(viii)(D) hereof, such Electing Holder shall forthwith discontinue the disposition of Registrable Securities pursuant to the Shelf Registration Statement applicable to such Registrable Securities until such Electing Holder shall have received copies of such amended or supplemented prospectus, and if so directed by the Company, such Electing Holder shall deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such Electing Holder's possession of the prospectus covering such Registrable Securities at the time of receipt of such notice.

(f) In the event of a Shelf Registration, in addition to the information required to be provided by each Electing Holder in its Notice and Questionnaire, the Company may require such Electing Holder to furnish to the Company such additional information regarding such Electing Holder and such Electing Holder's intended method of distribution of Registrable Securities as may be required in order to comply with the Securities Act. Each such Electing Holder agrees to (i) notify the Company as promptly as practicable of (A) any inaccuracy or change in information previously furnished by such Electing Holder to the Company or (B) of the occurrence of any event in either case as a result of which any prospectus relating to such Shelf Registration contains or would contain an untrue statement of a material fact regarding such Electing Holder or such Electing Holder's intended method of disposition of such Registrable Securities or omits to state any material fact regarding such Electing Holder or such Electing Holder's intended method of disposition of such Registrable Securities required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and (ii) promptly to furnish to the Company any additional information required to correct and update any previously furnished required information or so that such prospectus shall not contain, with respect to such Electing Holder or the disposition of such Registrable Securities, an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing.

(g) Until the expiration of two years after the Closing Date, the Company will not, and will not permit any of its "affiliates" (as defined in Rule 144) to, resell any of the Securities that have been reacquired by any of them except pursuant to an effective registration statement under the Securities Act.

4. Registration Expenses.

The Company agrees to bear and to pay or cause to be paid promptly all expenses incident to the Company's performance of or compliance with this Exchange and Registration Rights Agreement, including (a) all Commission and any NASD registration, filing and review fees and expenses, (b) all fees and expenses in connection with the qualification of the Securities for offering and sale under the State securities and blue sky laws referred to in Section 3(d)(xii) hereof under the laws of such jurisdictions as any managing underwriters or the Electing Holders may designate, including any fees and disbursements of counsel for the Electing Holders or underwriters in connection with such qualification, (c) all expenses relating to the preparation, printing, production, distribution and reproduction of each registration statement required to be filed hereunder, each prospectus included therein or prepared for distribution pursuant hereto, each amendment or supplement to the foregoing, and the expenses of preparing the Securities for delivery, (d) messenger, telephone and delivery expenses relating to the preparation of documents referred in clause (c) above, (e) fees and expenses of the Trustee under the Indenture, (f) internal expenses (including all salaries and expenses of the Company's officers and employees performing legal or accounting duties), (g) fees, disbursements and expenses of counsel and independent certified public accountants of the Company (including the expenses of any opinions or "cold comfort" letters required by or incident to such performance and compliance), (h) reasonable

fees, disbursements and expenses of one counsel for the Electing Holders retained in connection with a Shelf Registration, as selected by the Electing Holders of at least a majority in aggregate principal amount of the Registrable Securities held by Electing Holders (which counsel shall be reasonably satisfactory to the Company), (j) any fees charged by securities rating services for rating the Securities, and (k) fees, expenses and disbursements of any other persons, including special experts, retained by the Company in connection with such registration (collectively, the "Registration Expenses"). To the extent that any Registration Expenses are incurred, assumed or paid by any holder of Registrable Securities or any placement or sales agent therefor or underwriter thereof, the Company shall reimburse such person for the full amount of the reasonable Registration Expenses so incurred, assumed or paid promptly after receipt of a request therefor. Notwithstanding the foregoing, the holders of the Registrable Securities being registered shall pay all agency fees and commissions and underwriting discounts and commissions attributable to the sale of such Registrable Securities and the fees and disbursements of any counsel or other advisors or experts retained by such holders (severally or jointly), other than the counsel and experts specifically referred to above.

5. Representations and Warranties.

The Company and the Guarantors represent and warrant to, and agree with, each Purchaser and each of the holders from time to time of Registrable Securities that:

(a) Each registration statement covering Registrable Securities and each prospectus (including any preliminary or summary prospectus) contained therein or furnished pursuant to Section 3(d) or Section 3(c) hereof and any further amendments or supplements to any such registration statement or prospectus, when it becomes effective or is filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Securities Act and the Trust Indenture Act and the rules and regulations of the Commission thereunder and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and at all times subsequent to the Effective Time when a prospectus would be required to be delivered under the Securities Act, other than from (i) such time as a notice has been given to holders of Registrable Securities pursuant to Section 3(d)(viii)(D) or Section 3(c)(iii)(D) hereof until (ii) such time as the Company furnishes an amended or supplemented prospectus pursuant to Section 3(e) or Section 3(c)(iv) hereof, each such registration statement, and each prospectus (including any summary prospectus) contained therein or furnished pursuant to Section 3(d) or Section 3(c) hereof, as then amended or supplemented, will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by a holder of Registrable Securities, a placement or sales agent or an underwriter expressly for use therein.

(b) Any documents incorporated by reference in any prospectus referred to in Section 5(a) hereof, when they become or became effective or are or were filed with the Commission, as the case may be, will conform or conformed in all material respects to the requirements of the Securities Act or the Exchange Act, as applicable, and, as of such effective or filing date, none of such documents will contain or contained an untrue statement of a material fact or will omit or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by a holder of Registrable Securities, a placement or sales agent or an underwriter expressly for use therein.

(c) The compliance by the Company with all of the provisions of this Exchange and Registration Rights Agreement and the consummation of the transactions herein contemplated will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under,

any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any subsidiary of the Company is a party or by which the Company or any subsidiary of the Company is bound or to which any of the property or assets of the Company or any subsidiary of the Company is subject, except for such conflict, breach or default which (x) would not have a material adverse effect on the business, condition (financial or otherwise) or results of operations of the Company and its subsidiaries, taken as a whole (any such event, a "Material Adverse Effect") or (y) have been waived nor

will such action result in any violation of the provisions of the certificate of incorporation, as amended, or the by-laws of the Company or the Guarantors or violate any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any subsidiary of the Company or any of their properties except for such violation which would not have a Material Adverse Effect; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the consummation by the Company and the Guarantors of the transactions contemplated by this Exchange and Registration Rights Agreement, except the registration under the Securities Act of the Securities, qualification of the Indenture under the Trust Indenture Act and such consents, approvals, authorizations, registrations or qualifications as may be required under State securities or blue sky laws in connection with the offering and distribution of the Securities.

(d) This Exchange and Registration Rights Agreement has been duly authorized, executed and delivered by the Company.

6. Indemnification.

(a) Indemnification by the Company and the Guarantors. The Company and the Guarantors, jointly and severally, will indemnify and hold harmless each broker dealer selling Exchange Securities during the Resale Period, and each of the Electing Holders of Registrable Securities included in a Shelf Registration Statement against any losses, claims, damages or liabilities, joint or several, to which such holder may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Exchange Registration Statement or Shelf Registration Statement, as the case may be, under which such Registrable Securities were registered under the Securities Act, or any preliminary, final or summary prospectus contained therein or furnished by the Company to any such holder, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse such holder for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that (i) neither the Company nor any Guarantor shall be liable to any such person in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, or preliminary, final or summary prospectus, or amendment or supplement thereto, in reliance upon and in conformity with written information furnished to the Company by any holder, placement or sales agent or underwriter expressly for use therein and (ii) such indemnity with respect to any preliminary prospectus shall not inure to the benefit of any holder, placement agent or underwriter (or any person controlling such person) to the extent that any loss, claim, damage or liability of such person results from the fact that such person sold Securities to a person as to whom it shall be established that there was not sent or given, a copy of the final prospectus (or the final prospectus as amended or supplemented) at or prior to the confirmation of the sale of such Securities to such person if (x) the Com-

pany has previously furnished copies thereof in sufficient quantity to such indemnified person and the loss, claim, damage or liability of such indemnified person results from an untrue statement or omission of a material fact contained in such preliminary prospectus which was identified at such time to such

indemnified person and corrected in the final prospectus (or the final prospectus as amended or supplemented) and (y) such loss, liability, claim, damage or expense would have been eliminated by the delivery of such corrected final prospectus or the final prospectus as then amended or supplemented.

(b) Indemnification by the Holders and any Agents and Underwriters. The Company may require, as a condition to including any Registrable Securities in any registration statement filed pursuant to Section 2(b) hereof or to entering into any underwriting agreement with respect thereto, that the Company shall have received an undertaking reasonably satisfactory to it from the Electing Holder of such Registrable Securities and from each underwriter named in any such underwriting agreement, severally and not jointly, to (i) indemnify and hold harmless the Company , the Guarantors, and all other holders of Registrable Securities, against any losses, claims, damages or liabilities to which the Company, the Guarantors or such other holders of Registrable Securities may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in such registration statement, or any preliminary, final or summary prospectus contained therein or furnished by the Company to any such Electing Holder, agent or underwriter, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Electing Holder or underwriter expressly for use therein, and (ii) reimburse the Company and the Guarantors for any legal or other expenses reasonably incurred by the Company and the Guarantors in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that no such Electing Holder shall be required to undertake liability to any person under this Section 6(b) for any amounts in excess of the dollar amount of the proceeds to be received by such Electing Holder from the sale of such Electing Holder's Registrable Securities pursuant to such registration.

(c) Notices of Claims, Etc. Promptly after receipt by an indemnified party under subsection (a) or (b) above of written notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party pursuant to the indemnification provisions of or contemplated by this Section 6, notify such indemnifying party in writing of the commencement of such action; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under the indemnification provisions of or contemplated by Section 6(a) or 6(b) hereof. In case any such action shall be brought against any indemnified party and it shall notify an indemnifying party of the commencement thereof, such indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the de-

fense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, such indemnifying party shall not be liable to such indemnified party for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified

party. No indemnifying party shall be liable under this Section 6(c) for any settlement of any claim or action effected without its consent, which consent shall not be unreasonably withheld.

(d) Contribution. If for any reason the indemnification provisions contemplated by Section 6(a) or Section 6(b) are unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the indemnifying party and the indemnified party in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or by such indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contributions pursuant to this Section 6(d) were determined by pro rata allocation (even if the holders or any agents or underwriters or all of them were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 6(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages, or liabilities (or actions in respect thereof) referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 6(d), no holder shall be required to contribute any amount in excess of the amount by which the dollar or euro amount of the proceeds received by such holder from the sale of any Registrable Securities (after deducting any fees, discounts and commissions applicable thereto) exceeds the amount of any damages which such holder has otherwise been required

to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, and no underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The holders' and any underwriters' obligations in this Section 6(d) to contribute shall be several in proportion to the principal amount of Registrable Securities registered or underwritten, as the case may be, by them and not joint.

(e) The obligations of the Company and the Guarantors under this Section 6 shall be in addition to any liability which the Company or the Guarantors may otherwise have and shall extend, upon the same terms and conditions, to each officer, director and partner of each holder, agent and underwriter and each person, if any, who controls any holder, agent or underwriter within the meaning of the Securities Act; and the obligations of the holders and any agents or underwriters contemplated by this Section 6 shall be in addition to any liability which the respective holder, agent or underwriter may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company or the Guarantors and to each person, if any, who controls the Company or a Guarantor within the meaning of the Securities Act.

7. Underwritten Offerings.

(a) Selection of Underwriters. If any of the Registrable Securities covered by the Shelf Registration are to be sold pursuant to an underwritten offering, the managing underwriter or underwriters thereof shall be designated by Electing Holders holding at least a majority in aggregate principal amount of the Registrable Securities to be included in such offering, provided that such designated managing underwriter or underwriters is or are reasonably acceptable

to the Company.

(b) Participation by Holders. Each holder of Registrable Securities hereby agrees with each other such holder that no such holder may participate in any underwritten offering hereunder unless such holder (i) agrees to sell such holder's Registrable Securities on the basis provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements.

8. Rule 144.

The Company covenants to the holders of Registrable Securities that to the extent it shall be required to do so under the Exchange Act, the Company shall timely file the reports required to be filed by it under the Exchange Act or the Securities Act (including the reports under Section 13 and 15(d) of the Exchange Act referred to in subparagraph (c)(1) of Rule 144 adopted by the Commission under the Securities Act) and the rules and regulations adopted by the Commission thereunder,

and shall take such further action as any holder of Registrable Securities may reasonably request, all to the extent required from time to time to enable such holder to sell Registrable Securities without registration under the Securities Act within the limitations of the exemption provided by Rule 144 under the Securities Act, as such Rule may be amended from time to time, or any similar or successor rule or regulation hereafter adopted by the Commission. Upon the request of any holder of Registrable Securities in connection with that holder's sale pursuant to Rule 144, the Company shall deliver to such holder a written statement as to whether it has complied with such requirements.

9. Miscellaneous.

(a) No Inconsistent Agreements. The Company represents, warrants, covenants and agrees that it has not granted, and shall not grant, registration rights with respect to Registrable Securities or any other securities which would be inconsistent with the terms contained in this Exchange and Registration Rights Agreement.

(b) Specific Performance. The parties hereto acknowledge that there would be no adequate remedy at law if the Company fails to perform any of its obligations hereunder and that the Purchasers and the holders from time to time of the Registrable Securities may be irreparably harmed by any such failure, and accordingly agree that the Purchasers and such holders, in addition to any other remedy to which they may be entitled at law or in equity, shall be entitled to compel specific performance of the obligations of the Company under this Exchange and Registration Rights Agreement in accordance with the terms and conditions of this Exchange and Registration Rights Agreement, in any court of the United States or any State thereof having jurisdiction.

(c) Notices. All notices, requests, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been duly given when delivered by hand, if delivered personally or by courier, or three days after being deposited in the mail (registered or certified mail, postage prepaid, return receipt requested) as follows: If to the Company, to it at 500 Huntsman Way, Salt Lake City, Utah 84108, and if to a holder, to the address of such holder set forth in the security register or other records of the Company, or to such other address as the Company or any such holder may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

(d) Parties in Interest. All the terms and provisions of this Exchange and Registration Rights Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the parties hereto and the holders from time to time of the Registrable Securities and the respective successors and assigns of the parties hereto and such holders. In the event that any transferee of any holder of Registrable Securities shall acquire Registrable Securities, in any manner, whether by gift, bequest, purchase, operation of law or otherwise, such transferee shall, without any further writing or action of any kind, be deemed a beneficiary hereof for all purposes and such Registrable Securities shall be held subject to all of the terms of this Exchange and

Registration Rights Agreement, and by taking and holding such Registrable Securities such transferee shall be entitled to receive the benefits of, and be conclusively deemed to have agreed to be bound by all of the applicable terms and provi-

sions of this Exchange and Registration Rights Agreement. If the Company shall so request, any such successor, assign or transferee shall agree in writing to acquire and hold the Registrable Securities subject to all of the applicable terms hereof.

(e) Survival. The respective indemnities, agreements, representations, warranties and each other provision set forth in this Exchange and Registration Rights Agreement or made pursuant hereto shall remain in full force and effect regardless of any investigation (or statement as to the results thereof) made by or on behalf of any holder of Registrable Securities, any director, officer or partner of such holder, any agent or underwriter or any director, officer or partner thereof, or any controlling person of any of the foregoing, and shall survive delivery of and payment for the Registrable Securities pursuant to the Purchase Agreement and the transfer and registration of Registrable Securities by such holder and the consummation of an Exchange Offer.

(f) Governing Law. This Exchange and Registration Rights Agreement shall be governed by and construed in accordance with the laws of the State of New York, without reference to the conflict of law rules thereof.

(g) Headings. The descriptive headings of the several Sections and paragraphs of this Exchange and Registration Rights Agreement are inserted for convenience only, do not constitute a part of this Exchange and Registration Rights Agreement and shall not affect in any way the meaning or interpretation of this Exchange and Registration Rights Agreement.

(h) Entire Agreement; Amendments. This Exchange and Registration Rights Agreement and the other writings referred to herein (including the Indenture and the form of Securities) or delivered pursuant hereto which form a part hereof contain the entire understanding of the parties with respect to its subject matter. This Exchange and Registration Rights Agreement supersedes all prior agreements and understandings between the parties with respect to its subject matter. This Exchange and Registration Rights Agreement may be amended and the observance of any term of this Exchange and Registration Rights Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a written instrument duly executed by the Company and the holders of at least a majority in aggregate principal amount of the Registrable Securities at the time outstanding. Each holder of any Registrable Securities at the time or thereafter outstanding shall be bound by any amendment or waiver effected pursuant to this Section 9(h), whether or not any notice, writing or marking indicating such amendment or waiver appears on such Registrable Securities or is delivered to such holder.

(i) Inspection. For so long as this Exchange and Registration Rights Agreement shall be in effect, this Exchange and Registration Rights Agreement and a complete list of the names and addresses of all the holders of Registrable Securities shall be made available for inspection and copying on any business day by any holder of Registrable Securities for proper purposes only (which shall include any purpose related to the rights of the holders of Registrable Securities under the Securities, the Indenture and this Agreement) at the offices of the Trustee under the Indenture.

(j) Counterparts. This agreement may be executed by the parties in counterparts, each of which shall be deemed to be an original, but all such respective counterparts shall together constitute one and the same instrument.

If the foregoing is in accordance with your understanding, please sign and return to us seven counterparts hereof, and upon the acceptance hereof by you, on behalf of each of the Purchasers, this letter and such acceptance hereof shall constitute a binding agreement between each of the Purchasers, the Guarantors and the Company. It is understood that your acceptance of this

letter on behalf of each of the Purchasers is pursuant to the authority set forth in a form of Agreement among Purchasers, the form of which shall be submitted to the Company for examination upon request, but without warranty on your part as to the authority of the signers thereof.

Very truly yours,

Huntsman ICI Chemicals LLC

By: /s/ J. Kimo Esplin

Name: J. Kimo Esplin
Title: Executive Vice President and Chief Financial Officer

Tioxide Group

By: /s/ J. Kimo Esplin

Name: J. Kimo Esplin
Title: Director

Tioxide Americas Inc.

By: /s/ L. Russell Healy

Name: L. Russell Healy
Title: Vice President and Treasurer

Huntsman ICI Financial LLC

By: /s/ Samuel D. Scruggs

Name: Samuel D. Scruggs
Title: Vice President - Deputy General Counsel

Accepted as of the date hereof:
Goldman, Sachs & Co.
Deutsche Bank Securities Inc.
Chase Securities Inc.
Warburg Dillon Read LLC

By: Goldman, Sachs & Co.

/s/ Goldman, Sachs & Co.
- ---
(Goldman, Sachs & Co.)

Exhibit A
Huntsman ICI Chemicals LLC

INSTRUCTION TO DTC/EUROCLEAR PARTICIPANTS

(Date of Mailing)

URGENT - IMMEDIATE ATTENTION REQUESTED

DEADLINE FOR RESPONSE: [DATE] /*/

The Depository Trust Company ("DTC") or Euroclear has identified you as a

Participant through which beneficial interests in the Huntsman ICI Chemicals LLC (the "Company") [ ]% Senior Subordinated Notes due 2009 or [ ]% Senior Subordinated Notes due 2009 (together, the "Securities") are held.

The Company is in the process of registering the Securities under the Securities Act of 1933 for resale by the beneficial owners thereof. In order to have their Securities included in the registration statement, beneficial owners must complete and return the enclosed Notice of Registration Statement and Selling Securityholder Questionnaire.

It is important that beneficial owners of the Securities receive a copy of the enclosed materials as soon as possible as their rights to have the Securities included in the registration statement depend upon their returning the Notice and Questionnaire by [Deadline For Response]. Please forward a copy of the enclosed documents to each beneficial owner that holds interests in the Securities through you. If you require more copies of the enclosed materials or have any questions pertaining to this matter, please contact Huntsman ICI Chemicals LLC, 500 Huntsman Way, Salt Lake City, Utah 84108, (801) 532-5200.

/*/Not less than 28 calendar days from date of mailing.

Huntsman ICI Chemicals LLC

Notice of Registration Statement
and
Selling Securityholder Questionnaire

(Date)

Reference is hereby made to the Exchange and Registration Rights Agreement (the "Exchange and Registration Rights Agreement") among Huntsman ICI Chemicals LLC (the "Company"), the Guarantors named therein and the Purchasers named therein. Pursuant to the Exchange and Registration Rights Agreement, the Company has filed with the United States Securities and Exchange Commission (the "Commission") a registration statement on Form [__] (the "Shelf Registration Statement") for the registration and resale under Rule 415 of the Securities Act of 1933, as amended (the "Securities Act"), of the Company's [ ]% Senior Subordinated Notes due 2009 and [ ]% Senior Subordinated Notes due 2009 (together, the "Securities"). A copy of the Exchange and Registration Rights Agreement has been filed as an exhibit to the Shelf Registration Statement. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Exchange and Registration Rights Agreement.

Each beneficial owner of Registrable Securities (as defined below) is entitled to have the Registrable Securities beneficially owned by it included in the Shelf Registration Statement. In order to have Registrable Securities included in the Shelf Registration Statement, this Notice of Registration Statement and Selling Securityholder Questionnaire ("Notice and Questionnaire") must be completed, executed and delivered to the Company's counsel at the address set forth herein for receipt ON OR BEFORE [Deadline for Response]. Beneficial owners of Registrable Securities who do not complete, execute and return this Notice and Questionnaire by such date (i) will not be named as selling securityholders in the Shelf Registration Statement and (ii) may not use the prospectus forming a part thereof for resales of Registrable Securities.

Certain legal consequences arise from being named as a selling securityholder in the Shelf Registration Statement and related Prospectus. Accordingly, holders and beneficial owners of Registrable Securities are advised to consult their own securities law counsel regarding the consequences of being named or not being named as a selling securityholder in the Shelf Registration Statement and related prospectus.

The term "Registrable Securities" is defined in the Exchange and Registration Rights Agreement.

ELECTION

The undersigned holder (the "Selling Securityholder") of Registrable Securities hereby elects to include in the Shelf Registration Statement the Registrable Securities beneficially owned by it and listed below in Item (3). The undersigned, by signing and returning this Notice and Questionnaire, agrees to be bound with respect to such Registrable Securities by the terms and conditions of this Notice and Questionnaire and the Exchange and Registration Rights Agreement, including, without limitation, Section 6 of the Exchange and Registration Rights Agreement, as if the undersigned Selling Securityholder were an original party thereto.

Upon any sale of Registrable Securities pursuant to the Shelf Registration Statement, the Selling Securityholder will be required to deliver to the Company and the Trustee for the Securities the Notice of Transfer set forth in Appendix A to the Prospectus and as Exhibit B to the Exchange and Registration Rights Agreement.

The Selling Securityholder hereby provides the following information to the Company and represents and warrants that such information is accurate and complete:

QUESTIONNAIRE

(1) (a) Full Legal Name of Selling Securityholder:

(b) Full Legal Name of Registered Holder (if not the same as in (a) above) of Registrable Securities Listed in Item (3) below:

(c) Full Legal Name of DTC Participant (if applicable and if not the same as (b) above) Through Which Registrable Securities Listed in Item (3) below are Held:

---

(2) Address for Notices to Selling Securityholder:

_____
_____
_____

Telephone: _____
Fax: _____
Contact Person: _____

(3) Beneficial Ownership of Securities:

Except as set forth below in this Item (3), the undersigned does not beneficially own any Securities.

(a) Principal amount of Registrable Securities beneficially owned: _____

CUSIP No(s). of such Registrable Securities: _____

(b) Principal amount of Securities other than Registrable Securities beneficially owned:

_____
CUSIP No(s). of such other Securities:_____

(c) Principal amount of Registrable Securities which the undersigned wishes to be included in the Shelf Registration Statement: _____

CUSIP No(s). of such Registrable Securities to be included in the Shelf Registration Statement:_____

(4) Beneficial Ownership of Other Securities of the Company:

Except as set forth below in this Item (4), the undersigned Selling Securityholder is not the beneficial or registered owner of any other securities of the Company, other than the Securities listed above in Item (3).

State any exceptions here: _____

(5) Relationships with the Company:

Except as set forth below, neither the Selling Securityholder nor any of its affiliates, officers, directors or principal equity holders (5% or more) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.

State any exceptions here:

(6) Plan of Distribution:

Except as set forth below, the undersigned Selling Securityholder intends to distribute the Registrable Securities listed above in Item (3) only as follows (if at all): Such Registrable Securities may be sold from time to time directly by the undersigned Selling Securityholder or, alternatively, through underwriters, broker-dealers or agents. Such Registrable Securities may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of sale, at varying prices determined at the time of sale, or at negotiated prices. Such sales may be effected in transactions (which may involve crosses or block transactions) (i) on any national securities exchange or quotation service on which the Registered Securities may be listed or quoted at the time of sale, (ii) in the over-the-counter market, (iii) in transactions otherwise than on such exchanges or services or in the over-the-counter market, or (iv) through the writing of options. In connection with sales of the Registrable Securities or otherwise, the Selling Securityholder may enter into hedging transactions with broker-dealers, which may in turn engage in short sales of the Registrable Securities in the course of hedging the positions they assume. The Selling Securityholder may also sell Registrable Securities short and deliver Registrable Securities to close out such short positions, or loan or pledge Registrable Securities to broker-dealers that in turn may sell such securities.

State any exceptions here:

By signing below, the Selling Securityholder acknowledges that it understands its obligation to comply, and agrees that it will comply, with the provisions of the Exchange Act and the rules and regulations thereunder, particularly Regulation M.

In the event that the Selling Securityholder transfers all or any portion of the Registrable Securities listed in Item (3) above after the date on which such information is provided to the Company, the Selling Securityholder agrees to notify the transferee(s) at the time of the transfer of its rights and obligations under this Notice and Questionnaire and the Exchange and Registration Rights Agreement.

By signing below, the Selling Securityholder consents to the disclosure of the information contained herein in its answers to Items (1) through (6) above and

the inclusion of such information in the Shelf Registration Statement and related Prospectus. The Selling Securityholder understands that such information will be relied upon by the Company in connection with the preparation of the Shelf Registration Statement and related Prospectus.

In accordance with the Selling Securityholder's obligation under Section 3(d) of the Exchange and Registration Rights Agreement to provide such information as may be required by law for inclusion in the Shelf Registration Statement, the Selling Securityholder agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein which may occur subsequent to the date hereof at any time while the Shelf Registration Statement remains in effect. All notices hereunder and pursuant to the Exchange and Registration Rights Agreement shall be made in writing, by hand-delivery, first-class mail, or air courier guaranteeing overnight delivery as follows:

(i) To the Company:

_____
_____
_____
_____
_____

(ii) With a copy to:

_____
_____
_____
_____

_____

Once this Notice and Questionnaire is executed by the Selling Securityholder and received by the Company's counsel, the terms of this Notice and Questionnaire, and the representations and warranties contained herein, shall be binding on, shall inure to the benefit of and shall be enforceable by the respective successors, heirs, personal representatives, and assigns of the Company and the Selling Securityholder (with respect to the Registrable Securities beneficially owned by such Selling Securityholder and listed in Item (3) above). This Agreement shall be governed in all respects by the laws of the State of New York.

IN WITNESS WHEREOF, the undersigned, by authority duly given, has caused this Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Dated:_____

_____
Selling Securityholder
(Print/type full legal name of beneficial owner of Registrable Securities)
By: _____

Name:
Title:

PLEASE RETURN THE COMPLETED AND EXECUTED NOTICE AND QUESTIONNAIRE FOR RECEIPT ON OR BEFORE [DEADLINE FOR RESPONSE] TO THE COMPANY'S COUNSEL AT:

_____
_____
_____
_____
_____

NOTICE OF TRANSFER PURSUANT TO REGISTRATION STATEMENT

Bank One, N.A.
Huntsman ICI Chemicals LLC
c/o Bank One, N.A.
100 East Broad Street
8th Floor
Columbus, OH 43215

Attention: Trust Officer

Re: Huntsman ICI Chemicals LLC (the "Company")
10 1/8% Senior Subordinated Notes due 2009

Dear Sirs:

Please be advised that _____ has transferred $_____ and/or EU_____ aggregate principal amount of the above-referenced Notes pursuant to an effective Registration Statement on Form [_____] (File No. 333-_____) filed by the Company.

We hereby certify that the prospectus delivery requirements, if any, of the Securities Act of 1933, as amended, have been satisfied and that the above-named beneficial owner of the Notes is named as a "Selling Holder" in the Prospectus dated [date] or in supplements thereto, and that the aggregate principal amount of the Notes transferred are the Notes listed in such Prospectus opposite such owner's name.

Dated:

Very truly yours,

_____
(Name)

By:_____
(Authorized Signature)

EXHIBIT 10.1

CONFORMED COPY

As of 15 April 1999

(as amended by Amending
Agreements dated 4 and 30 June 1999
and by a further Amending Agreement
dated 30 June 1999)

IMPERIAL CHEMICAL INDUSTRIES PLC

HUNTSMAN SPECIALTY CHEMICALS CORPORATION

HUNTSMAN ICI HOLDINGS, LLC

HUNTSMAN ICI CHEMICALS, LLC

==========

CONTRIBUTION AGREEMENT
in respect of the contribution of the
Polyurethanes, Tioxide, Relevant
Petrochemicals and PO/MTBE businesses
to Huntsman ICI Holdings, LLC

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EXHIBIT 10.1

THIS CONTRIBUTION AGREEMENT was made as of 15 April 1999 and amended by Amending

Agreements dated 4 and 30 June 1999 and by a further Amending Agreement dated 30 June 1999

Between:

IMPERIAL CHEMICAL INDUSTRIES PLC, a company incorporated in England and Wales whose registered office is at Imperial Chemical House, Millbank, London SW1P 3JF (ICI);

HUNTSMAN SPECIALTY CHEMICALS CORPORATION, a corporation incorporated under the laws of Delaware whose principal office is at 500 Huntsman Way, Salt Lake City, Utah, USA (HSCC);

HUNTSMAN ICI HOLDINGS, LLC a limited liability company formed under the laws of Delaware whose principal place of business is at 500 Huntsman Way, Salt Lake City, Utah, USA (the Purchaser); and

HUNTSMAN ICI CHEMICALS, LLC a limited liability company formed under the laws of Delaware, whose principal place of business is at 500 Huntsman Way, Salt Lake City, Utah, USA (HIC).

Whereas:

(A) As at the date of this Agreement, members of ICI's Group carry on the ICI Business (as defined below) and HSCC carries on the PO/MTBE Business (as defined below).

(B) The parties are entering into this Agreement to set out the arrangements agreed between them for the establishment of the Purchaser's Group and the transfer to it of the relevant companies, businesses and/or assets comprising the ICI Business and the PO/MTBE Business and, amongst other things, to set out the terms governing their relationship between the signing of this Agreement and the completion of those arrangements.

It Is Agreed as follows:

Definitions And Interpretation

1.1 In this Agreement, except so far as the context otherwise requires, the following terms shall have the following meanings:

Accounting Period means any period by reference to which any income, profits or gains, or any other amounts relevant for the purposes of Tax, are measured or determined;

Accounts means, in relation to the year ended on the Accounts Date:

(a) in the case of the ICI Business, the audited special purpose accounts relating to the ICI Business, together with any notes, reports or statements included in or annexed to them, as set out in Exhibit A; and

(b) in the case of the PO/MTBE Business, the audited accounts relating to the PO/MTBE Business, together with any notes, reports or statements included in or annexed to them, as set out in Exhibit B;

Accounts Date means 31 December 1998;

Additional Employees means the Employees named as Additional Employees at paragraph 1 of Schedule 19;

Ancillary Agreements means the agreements in the agreed form referred to in clause 15 and the other agreements to be entered into pursuant to clause 15;

Assumed Liabilities means all debts, obligations and liabilities to the extent that they relate to the carrying on of the ICI Business or the PO/MTBE Business, as the case may be, by the Business Vendors, both prior to and after Closing but other than the Excluded Liabilities;

Books and Records means all books and records of any Business Vendor containing information which relates to the ICI Business or the PO/MTBE Business or on which any such information is recorded, including all forms of computer or machine readable material but excluding:

(a) all books and records which need to be retained for the purposes of VAT as referred to in clause 3.12;

(b) any physical embodiments of the Business Information which are transferred pursuant to clause 2.6(i); and

(c) the Tax Documents and other records referred to in clause 14.12;

BPCL means BP Chemicals Limited;

Business Assets has the meaning given in clause 2;

Business Cash Float means the cash held as petty cash by any of the Business Vendors for the purposes of the ICI Business or the PO/MTBE Business;

Business Contracts means all the contracts, arrangements and engagements (including without limitation, in the case of the ICI Business, the benefit of the Compensation Agreement dated 28 November 1997 between ICI and ICI Holland BV) relating either exclusively to the ICI Business or the PO/MTBE Business or relating in part to the ICI Business or the PO/MTBE Business (but then only to the extent that the same do so relate) to which any Business Vendor is (itself or through an agent) a party or the benefit of which is held in trust for or has been assigned to it and which, in any case, are current or unperformed or in respect of which it has any rights, liability or obligation as at Closing (or the relevant Delayed Closing Date, as the case may be), but excluding:

(a) contracts with Business Employees and Excluded Employees relating to their employment (save that any loans from members of the Vendor's Group to Employees and any other contracts with Business Employees which do not relate to their employment shall be Business Contracts);

(b) contracts of insurance relating to the ICI Business or the PO/MTBE Business (which, for the avoidance of doubt, are subject to the provisions of clause 17);

(c) leases, licences and contracts (if any) to the extent they create interests in land or (as the case may be) confer rights of occupation in relation to the Properties;

(d) Business IP Licences and Business IT Licences;

(e) the Ancillary Agreements;

(f) the new Raw Materials Agreement dated 24 July 1996 between ICI Chemicals & Polymers Limited, ICI Wilhelmshaven GmbH, EVC International NV, European Vinyls Corporation (International) SA/NV, European Vinyls Corporation (UK) Limited, European Vinyls Corporation (Deutschland) GmbH and European Vinyls Corporation (Italia) S.p.A.;

(g) the agreement for the conversion of Raw Materials into Vinyl Chloride Monomer for supply to ICI Chemicals & Polymers Limited dated 24 July, 1996 between European Vinyls Corporation UK Limited, European Vinyls Corporation (Deutschland) GmbH and ICI Chemicals & Polymers Limited;

(h) the agreement for the exclusive distribution of Vinyl Chloride Monomer dated 15 November 1994 between ICI Chemicals & Polymers Limited and European Vinyls Corporations (UK) Limited;

(i) naphtha contracts between ICI Chemical Industries Limited and Phillips Petroleum Company and between ICI Chemical Industries Limited and Phillips Imperial Petroleum Limited (as amended) dated 1st January, 1970, 1 October, 1971 and 5 August, 1980; and

(j) the Texaco Purchase Agreement; and

(k) bank accounts;

Business Day means a day (excluding Saturdays) on which banks generally are open in London, Rotterdam, Salt Lake City and New York City for the transaction of normal banking business;

Business Employee means any employee of any Business Vendor working for more than 50% of his time in the ICI Business immediately prior to Closing (including any employee temporarily absent from work), but does not include a Company Employee or an Excluded Employee;

Business Goodwill means the goodwill of any Business Vendor in relation to the ICI Business or, as the case may be, the PO/MTBE Business together with the right for the Purchaser or the Designated Purchaser to represent itself as carrying on any of the Polyurethanes Business, the Tioxide Business or the Relevant Petrochemicals Business or, as the case may be, the PO/MTBE Business in succession to the Business Vendors but excluding, for the avoidance of doubt, any rights to the "ICI" name, the letters ICI and the ICI Roundel and any right to the "Huntsman" name and Huntsman Logo;

Business Information means all Information that Relates to the ICI Business (in the case of ICI) or to the PO/MTBE Business (in the case of HSCC) and is owned, or the rights in which are owned, by any Business Vendor;

Business IPR means:

(a) all Intellectual Property Rights (excluding Intellectual Property Rights in computer software) owned by or on behalf of any Business Vendor which Relate to the ICI Business (in the case of ICI) or the PO/MTBE Business (in the case of HSCC) including (without limitation) the Registered Rights of each Business Vendor, brief details of which are set out in the IP Annex;

(b) all Intellectual Property Rights in computer software owned by or on behalf of HSCC which Relate to the PO/MTBE Business; and

(c) Business Owned Software;

Business IP Licences means all licences of Intellectual Property Rights or Business Information granted to or by any Business Vendor or the benefit of which are held in trust for or have been assigned to it and which, in any case, are current or unperformed or in respect of which it has any rights, liability or obligation as at Closing (or Delayed Closing, as the case may be) which Relate to the ICI Business (in the case of ICI) or to the PO/MTBE Business (in the case of HSCC) or relating in part to such business (but then only to the extent that the same do so relate) including without limitation those licences set out in the IP Annex, but excluding the Business IT Licences;

Business IT Licences means all licences of computer software granted to or by any Business Vendor or the benefit of which are held in trust for or have been assigned to it and which, in any case, are current or unperformed or in respect of which it has any rights, liability or obligation as at Closing (or the relevant Delayed Closing Date, as the case may be) used exclusively in the ICI Business (in the case of ICI) or the PO/MTBE Business (in the case of HSCC) or relating in part to the relevant Business (but then only to the extent that the same do so relate);

Business Owned Software shall have the meaning set out in Schedule 20;

Business Plant and Machinery means all the plant, machinery and other equipment including computer equipment but not software and related work in progress and motor vehicles beneficially owned by any Business Vendor and used or to be used exclusively or primarily in the ICI Business or, as the case may be, the PO/MTBE Business;

Business Stocks means all Stocks beneficially owned by any Business Vendor exclusively or primarily for the purposes of the ICI Business or the PO/MTBE Business including items which, although subject to reservation of title by the relevant sellers, are under the control of any Business Vendor (including where held by a consignee), but excluding raw materials held on consignment from suppliers;

Business Vendors means, in respect of the ICI Business, any member of ICI's Group other than the Companies (and, for the avoidance of doubt, other than any Non-Controlled Joint Venture), including the companies listed in column 1 of Schedule 2 and, in respect of the PO/MTBE Business, HSCC (and Business Vendor means any one of those companies);

Claim means any Warranty Claim, any Tax Covenant Claim, any claim under the Environmental Covenant, any claim under clauses 10.3, 10.4 or 12.17, any claim under clauses 8.1(a), 9 or 18.13 (for the purposes of clauses 12.3, 12.8(e), 12.13 and 13 only) and any claim under clauses 8.1(b) and 10.2 (for the purposes of clauses 12.8(e), 12.13 and 13 only);

Closing means the completion of the sale and purchase of the ICI Business and the PO/MTBE Business and related matters in accordance with clause 6;

Closing Adjustments Date means the first day of the calendar month following the calendar month in which the Closing Date falls;

Closing Date means the date on which Closing occurs pursuant to clause 6;

Closing Statement means, in relation to the ICI Business or, as the case may be, the PO/MTBE Business, the closing statement as at 00.01 am, applicable local time, on the first day of the calendar month following the calendar month in which the Closing Date falls, prepared in accordance with the provisions of clause 7 and Schedule 8, and Closing Statements shall be construed accordingly;

Closing Working Capital means, in relation to any Company or any Business Vendor, the working capital of that Company (or, in the case of the Controlled Joint Venture or LPC, the JV Percentage of such working capital) or Business Vendor (only in relation to its Local Business), comprising the items referred to in paragraph 2(c) of Schedule 8, expressed in dollars, as at 00.01 am, applicable local time, on the Closing Adjustments Date as set out in the Closing Statement;

Code means the US Internal Revenue Code of 1986, as amended;

Companies means the entities listed in column 2 of Part I, column 3 of Part A of Part II and column 2 of Part B of Part II and column 2 of Part III of Schedule 1, together with such entities as become Companies from time to time in accordance with Schedule 18, and Company means any one of them (provided that LPC shall also be deemed to be a Company for the purpose of the definitions of Provisional Cash Balance, Final Cash Balance, Provisional Financial Debt, Final Financial Debt, Final Intra Group Cash Balance, Final Intra Group Debt, Closing Working Capital and Intra Group Trading Indebtedness and of clauses 1.5, 3.4, 3.6, 3.7 and 7 and Schedule 8);

Company Employee means any employee of any of the Companies immediately prior to Closing who is not an Excluded Employee;

Computer Systems means IT systems (hardware, software and networks infrastructure) and all embedded information technology contained in material

plant, machinery and equipment used exclusively or predominantly in the ICI Business (in the case of ICI) or in the PO/MTBE Business (in the case of HSCC);

Conditions means the conditions set out in clause 4.1;

Confidentiality Agreements means (a) the agreement dated 25 September, 1997 between ICI (on behalf of ICI's Group (as defined in such agreement)) and Huntsman Corporation relating to confidentiality and other related issues as amended by a letter dated 24 October, 1997 between Huntsman Corporation and ICI, a letter dated 27 February 1998 between Huntsman Corporation and ICI Chemicals and Polymers and a letter dated 3 March, 1998 between Huntsman Corporation and ICI (the First Confidentiality Agreement); and (b) the agreement entered into by Huntsman Corporation on 18 February, 1999 between ICI and Huntsman Corporation relating to confidentiality and other related issues (the Second Confidentiality Agreement);

Controlled Joint Venture means the company listed in column 2 of Part III of Schedule 1;

Co-operation Agreement means the agreement entered into between ICI and HSCC at the same time as this Agreement, as amended;

Costs means liabilities, losses, damages, costs (including reasonable legal costs), charges, penalties and expenses (including Tax);

Cracker means the plants at Wilton known as JVO6, JVB3 and GTU and the other plant and related infrastructure listed in Schedule 24 which are used for (a) the production of ethylene, propylene, butadiene and other co-products (products) and (b) the storage, processing and distribution of feedstocks and products;

Dames & Moore Reliance Agreement means an agreement in the agreed form entitling certain persons (including, for the avoidance of doubt, the Purchaser, its lenders and debt finance providers) to rely on the reports prepared by Dames & Moore in respect of the environmental condition of certain properties of the ICI Business;

Data Room means, in the case of the ICI Business, such of the contents of the rooms made available to HSCC at the offices of ICI's Solicitors as are identified in the index contained in Exhibit C (being the contents as at 6 p.m. on 26 March 1999) and, in the case of the PO/MTBE Business, such of the

contents of the rooms made available to ICI at the offices of ICI's Solicitors as are identified in the index contained in Exhibit D (being the contents as at 6 p.m. on 26 March 1999);

Delayed Asset has the meaning given in clause 6.3;

Delayed Business has the meaning given in clause 6.3;

Delayed Closing Date means the date on which closing takes place of the transfer of any Delayed Assets, Delayed Business or Delayed Company which is not transferred at Closing or has not been transferred to TGL (as defined in Schedule 18) or one of its Subsidiaries prior to Closing (which in each case, unless the parties otherwise agree, shall be the last day in the relevant calendar month which is both a working day in the relevant jurisdiction and is also a Business Day) and Delayed Closing means the completion of the sale and purchase of the relevant Delayed Assets, Delayed Business or Delayed Company;

Delayed Company has the meaning given in clause 6.3;

Designated Purchasers means (i) the companies (or companies to be incorporated) listed in column 4 of Part I of Schedule 1 and column 3 of Schedule 2; (ii) in relation to the Joint Venture Interests (other than those in NPU and Arabian Polyol Co. Ltd), the Purchaser; and (iii) in relation to Business IP Licences and Business IT Licences relating to the ICI Business, the Purchaser or its nominee, and Designated Purchaser means any one of them;

Disclosed Matters means any fact, matter, event or circumstance which is fairly disclosed in the relevant Disclosure Letter or:

(a) in respect of the Warranties in paragraphs 2.2, 5.3, 5.5, 5.6, 5.7, 8.1, 8.2, 9, 11, 12, 13.1, 13.2, 13.3, 13.5, 14, 15, 17.2, 17.5, 17.11, 17.13, 17.14, 17.15, 17.16 and 25.1, insofar as it relates to matters covered by the foregoing paragraphs of Schedule 9 only, in the documents in the Data Room;

(b) in respect of the Warranties given by ICI in paragraph 16 of Schedule 9, in those documents in the Data Room relating to the ICI Business as follows:

(i) Polyurethanes

Part 1, Section 1.2; Part 1A, Section 1.2; Part 5; and Part 5A of the Data Room;

(ii) Tioxide

Any document which has as the second element of its code the number 2 (Codes are as shown in the Tioxide Data Room index. For example, document reference TEL 2.1/01);

(iii) Relevant Petrochemicals

Part 6 of Pheasant I and Part 6 of Pheasant V of the Data Room;

(c) in respect of the Warranties given by ICI in paragraphs 19, 20, 21 and 22 of Schedule 9, in those documents in the Data Room relating to the ICI Business as follows:

(i) Polyurethanes

Part 4 and Part 4A of the Data Room;

(ii) Tioxide

Any document which has as the second element of its code the number 13

Any document which has as the second element of its code the number 14

(Codes are as shown in the Tioxide Data Room index. For example, document reference TEL 13.1/07);

(iii) Relevant Petrochemicals

Project Pheasant (1), Part 2, Volume 1 of 1

Project Pheasant (3), Part 2, Volume 1 of 1

Project Pheasant (5), Part 2, Volume 1 of 1

(d) in respect of the Warranties given by HSCC in paragraph 16 of Schedule 9, in those documents in the Data Room relating to the PO/MTBE Business;

(e) in respect of the Warranties given by HSCC in paragraphs 19, 20, 21 and 22 of Schedule 9, in documents 1 to 10 inclusive in the section headed "HSCC Financial Index" in Volumes 2 and 3 of the Data Room relating to the PO/MTBE Business;

and/or which is deemed to be disclosed in the Disclosure Letters in accordance with their respective terms or for which the relevant Vendor is stated not to be liable in the Disclosure Letters;

Disclosure Letters means the disclosure letters in the agreed form from ICI to the Purchaser and from HSCC to the Purchaser, in each case delivered immediately before the signing of this Agreement;

dollar or $ means the lawful currency of the United States of America;

Employee means any Company Employee or Business Employee;

Environmental Consultants Agreements means the agreements between ICI and Dames & Moore dated 10 March 1999 for the carrying out of certain environmental consultancy services;

Environmental Covenant means the covenant set out in Schedule 14 and 14A as applicable;

Environmental Matters means:

(a) pollution or contamination;

(b) the disposal, release, spillage, deposit, escape, discharge, leak or emission of, Hazardous Materials or Waste;

(c) exposure of any person to Hazardous Materials or Waste;

(d) the creation or existence of any noise, vibration, radiation, common law or statutory nuisance, or other material adverse impact on the Environment;

(e) use and recovery of packaging;

(f) matters relating to human health and safety or the condition or protection of the Environment, arising out of the manufacturing, processing, treatment, keeping, handling, use, possession, transportation or presence of Hazardous Materials or Waste;

Euro/Dollar Rate has the meaning given to it in Clause 3.17;

Event means any event, transaction, action or omission, any change in the residence of any person for the purposes of any Tax and shall also include Closing;

Excluded Assets means the assets owned by the Business Vendors or the Companies set out in Schedule 12;

Excluded Employees means the Employees or groups of Employees described or named at paragraph 2 of Schedule 19;

Excluded Liabilities means (a) any Tax or amounts in respect of Tax of any Business Vendor or in relation to any Business Assets (which, for the avoidance of doubt shall include ICI's US Business and ICI's US Assets) arising in respect of any period of account for Tax purposes ending on or before Closing or in respect of acts, events or occurrences occurring on or before Closing and with respect to a Straddle Period the portion of such Straddle Period deemed to end on and include the Closing Date; (b) all borrowings and indebtedness (including, without limitation, by way of acceptance credits, discounting or similar facilities, finance leases, loan stocks, bonds, debentures, notes, debt or inventory financing or sale and lease back arrangements, overdrafts or any other arrangement the purpose of which is to raise money) owed by a Business Vendor, together with accrued interest on such amounts, to a Financial Institution (other than indebtedness resulting from operating leases); (c) all amounts owed to a member of ICI's or HSCC's Retained Group (apart from (i) indebtedness resulting from operating leases and (ii) Intra Group Trading Indebtedness); (d) any liability or obligation of any Business Vendor to the extent it arises out of any business other than the ICI Business or the PO/MTBE Business, as the case may be, and all liabilities and obligations under any guarantees, indemnities, counter-indemnities and letters of comfort of any nature whatsoever given by any of the Business Vendors in respect of any obligations or liabilities of any other member of ICI's Retained Group or HSCC's Retained Group; (e) any liability or obligation of ICI or of HSCC or any member of their respective Retained Groups arising under this Agreement or the Ancillary Agreements or any other agreement to be entered into pursuant to this Agreement; (f) any obligation of either Vendor pursuant to clause 20; and (g) any liability or obligation of ICI or of HSCC or any member of their respective Retained Group in relation to any Environmental Matters existing or arising prior to or at Closing;

Excluded Properties has the meaning given to it in Schedule 17;

Final Cash Balance means, in relation to any Company, the aggregate amount (or, in the case of the Controlled Joint Venture or LPC, the JV Percentage of such aggregate amount), expressed in dollars and calculated as at 00.01 am, applicable local time, on the Closing Adjustments Date, of its cash at bank, cash in hand or cash equivalents and amounts owed to that Company by members of ICI's Retained Group (apart from amounts representing Intra Group Trading Indebtedness), in each case as reflected in the books of that Company, but excluding all Tax assets or rights to

repayments of Tax and amounts in respect of such Tax assets or rights to repayments of Tax;

Final Consideration has the meaning given in clause 3.7;

Final Financial Debt means, in relation to any Company, the aggregate amount (or, in the case of a Controlled Joint Venture or LPC, the JV Percentage of such aggregate amount) expressed in dollars and calculated as at 00.01 am, applicable local time, on the Closing Adjustments Date of (a) all borrowings and indebtedness (including, without limitation, by way of acceptance credits, discounting or similar facilities, finance leases, loan stocks, bonds, debentures, notes, debt or inventory financing or sale and lease back arrangements, overdrafts or any other arrangements the purpose of which is to raise money), together with accrued interest on such amounts, of that Company (as reflected in the books of that Company) owed to a Financial Institution (apart from indebtedness resulting from operating leases); (b) all amounts owed to a member of ICI's Retained Group by that Company (as reflected in the books of that Company), other than amounts representing Intra Group Trading Indebtedness and Prime Debt; and (c) the Prime Debt, but excluding all Tax Liabilities and, for the avoidance of doubt, excluding the amount of any debt created pursuant to Schedule 18 which remains outstanding;

Final Intra Group Cash Balance means, in relation to any Company, that part of its Final Cash Balance which represents amounts owed to that Company by members of ICI's Retained Group as at 00.01 am, applicable local time, on the Closing Adjustments Date;

Final Intra Group Debt means, in relation to any Company, that part of its Final Financial Debt which represents amounts owed by that Company to members of ICI's Retained Group (including, for the avoidance of doubt, Prime Debt) as at 00.01 am, applicable local time, on the Closing Adjustments Date;

Financial Institution means any banking, financial, acceptance, credit, lending or other similar institution or organisation and any institutional investor, which in each case is not a member of ICI's Group;

Financing Agreements means the Senior Credit Agreement, the Senior Subordinated Credit Agreement and the Senior Subordinated Indenture together with all notes, guarantees, security agreements and other instruments issued or entered into pursuant to or in connection therewith;

Group means, in relation to ICI or the Purchaser, that party and its Subsidiaries for the time being and, in relation to HSCC, any undertaking

which controls, is controlled by or is under common control with HSCC and HSCC itself;

Group Information means all Information owned by, or the rights to which are owned by, the Companies;

Group IPR means all Intellectual Property Rights owned by the Companies;

HSCC's Solicitors means Slaughter and May of 35 Basinghall Street, London EC2V 5DB;

Huntsman Logo means the logo used by HSCC and Huntsman Corporation as depicted in the IP Annex;

Huntsman Trade Mark Licence means the trade mark licence between Huntsman Group Intellectual Property Holdings Corporation and the Purchaser in the agreed form set out in the IP Annex;

ICI/BP Joint Venture Agreements has the meaning given in the Co-operation Agreement;

ICI Business means the Polyurethanes Business, the Tioxide Business and the Relevant Petrochemicals Business;

ICI Retained Software shall have the meaning set out in Schedule 20;

ICI Roundel means the logo used by ICI as depicted in the IP Annex;

ICI's Accountants means KPMG Audit Plc;

ICI's Bank Account means an account or accounts to be nominated by ICI 5 Business Days before Closing;

ICI's Solicitors means Freshfields of 65 Fleet Street, London EC4Y 1HS;

ICI's US Assets means the Business Assets of ICI Americas Inc. and ICI Americas Inc.'s Joint Venture Interest in Rubicon Inc. as well as ICI American Holdings Inc.'s ownership interest in Tioxide Americas Inc. or its successor;

ICI's US Business means the Polyurethanes Business which is carried on by ICI in the United States of America making use of ICI's US Assets;

ICI Trade Mark Licence means the trade mark licence between ICI and the Purchaser in the agreed form appearing in the IP Annex;

Income, Profits or Gains includes any standard or measure for the purposes of any Tax and shall also include any income, profits or gains which are deemed to be earned, accrued or received for the purposes of any Tax and a reference to income, profits or gains as being earned, accrued or received on or before a particular date or in respect of a particular period shall mean income, profits or gains which are regarded as having been or are deemed to have been earned, accrued or received on or before that date or in respect of that period for the purposes of any Tax;

Independent Firm means Ernst & Young or, for the purposes of clauses 4.9 or 7, such other independent firm as is appointed pursuant to clause 4.9(b) or clause 7.14 respectively;

Information means all information, know-how and techniques (whether or not confidential and in whatever form held) including, without limitation, all:

(a) formulae, designs, specifications, drawings, data, manuals and instructions;

(b) customer lists, sales, marketing and promotional literature;

(c) business plans and forecasts; and

(d) technical or other expertise;

Initial Consideration has the meaning given in clause 3.4 or 3.5, as applicable;

Institutional Lenders means Lenders as defined in the Senior Credit Agreement;

Intellectual Property Rights means patents, trade marks, service marks, trade names, business names, rights in designs, copyright (including rights in computer software and moral rights), database rights, rights in domain names and all other intellectual property rights, in each case whether registered or unregistered and including applications for the grant of any of the foregoing rights, and all rights or forms of protection having equivalent or similar effect to any of the foregoing which may subsist anywhere in the world but excluding Information;

Interest Rate means 7% per annum;

Intra Group Guarantees means, as at the Closing Date (or, as the case may be, the Delayed Closing Date), all guarantees, indemnities, counter-indemnities, assurances, commitments and letters of comfort of any nature whatsoever:

(a) given to any person by any Company or any entity in which a Joint Venture Interest is held in respect of any liability of any member of the Retained Group (other than Assumed Liabilities);

or (as the context may require)

(b) given to any person by any member of ICI's Retained Group in respect of any liability of a Company or any entity in which a Joint Venture Interest is held;

Intra Group Trading Indebtedness means all debts outstanding as at Closing between the Companies and members of the Retained Group, or between the Local Businesses, on the one hand, and other business units of the Retained Group on the other, in respect of intra group trading activities in the ordinary and usual course of business (comprising all accrued payment obligations in respect of products, goods, services and support supplied, commissions for services relating to sales and employment costs chargeable in connection with any such trading activities);

IP Annex means the file of documents marked "IP Annex" and initialled by the parties for the purposes of identification only;

IPR Assignments means the assignments of Business IPR referred to in clause 2.7;

Joint Venture Agreement means any contract or arrangement, including any amendment or variation thereof, to which any member of ICI's Group is a party with other persons who are not members of ICI's Group, in relation to its holding of any Joint Venture Interest (including, without limitation, any articles of association, by-laws or other constitutional documents of any company in which a Joint Venture Interest is held);

Joint Venture Interests means the shares or limited partnership interests held by members of ICI's Group which are identified in column 3 of Parts III and IV of Schedule 1 (save that, for the purposes of clauses 16.1 to 16.5 and 16.7 to 16.15, it shall only mean such of those shares or limited partnership interests as are held in Arabian Polyol Co Ltd and NPU);

JV Finco means a Delaware limited liability company;

JV Percentage means 60 per cent. in the case of the Controlled Joint Venture, and 50 per cent. in the case of LPC;

LLC Agreement means the limited liability company agreement relating to the Purchaser in the agreed form;

Local Business means, in relation to each Business Vendor, that part of the ICI Business which is carried on by that Business Vendor and, in relation to HSCC, the PO/MTBE Business, and Local Businesses shall be construed accordingly;

LPC means Louisiana Pigment Company L.P.;

Material Adverse Change means an adverse change in the ICI Business or the PO/MTBE Business, as the case may be, occurring before and continuing immediately prior to Closing and whether occurring before or after the date of this Agreement (provided that no account shall be taken of any event which occurred before the date of this Agreement unless and to the extent only that such event constitutes a breach of the Warranties given at the date of this Agreement), such that the enterprise value of the ICI Business or PO/MTBE Business, as the case may be, (as determined, in the event of any dispute between the parties, by the Independent Firm pursuant to clause 4.9) is reduced by (Pounds)125 million or more as a result of such change. For this purpose the following shall be excluded from the calculation of the amount of the reduction in enterprise value of the ICI Business or the PO/MTBE Business, as the case may be:

(a) any effect resulting from industry consolidations or any adverse changes affecting capital or foreign exchange markets in general or adverse changes in general economic conditions in the economies and/or industries in which the ICI Business or PO/MTBE Business, as the case may be, operates or by which it is affected;

(b) the effects of any action or steps taken pursuant to and in accordance with this Agreement;

(c) any loss, damage, cost or liability to the extent that:

(i) the relevant Vendor has, pursuant to an indemnity obligation, compensated the Purchaser in respect of it by a payment in cash which, in the bona fide opinion of the relevant Vendor, satisfies in full the indemnity obligation;

(ii) the ICI Business or the PO/MTBE Business has otherwise been compensated therefor by receipt of insurance proceeds; or

(iii) it has otherwise been fully and effectively remedied on or prior to Closing;

material adverse effect on the relevant Business means:

(a) in relation to the Polyurethanes Business, a present or future reduction of the net assets of the Polyurethanes Business of (Pounds)5 million or more, a present or future reduction in annual trading profits (after deducting all charges except Taxation) of the Polyurethanes Business of (Pounds)1 million or more or a present or future reduction in annual turnover of the Polyurethanes Business of (Pounds)8 million or more;

(b) in relation to the Tioxide Business, a present or future reduction of the net assets of the Tioxide Business of (Pounds)5 million or more, a present or future reduction in annual trading profits (after deducting all charges except Taxation) of the Tioxide Business of (Pounds)1 million or more or a present or future reduction in annual turnover of the Tioxide Business of (Pounds)5 million or more;

(c) in relation to the Relevant Petrochemicals Business, a present or future reduction of the net assets of the Relevant Petrochemicals Business of (Pounds)1 million or more, a present or future reduction in annual trading profits (after deducting all charges except Taxation) of the Relevant Petrochemicals Business of (Pounds)1 million or more or a present or future reduction in annual turnover of the Relevant Petrochemicals Business of (Pounds)6 million or more;

(d) in relation to the PO/MTBE Business, a present or future reduction of the net assets of the PO/MTBE Business of (Pounds)3.2 million or more, a present or future reduction in annual trading profits (after deducting all charges except Taxation) of the PO/MTBE Business of (Pounds)1 million or more or a present or future reduction in annual turnover of the PO/MTBE Business of (Pounds)3.5 million or more;

Material Contracts means contracts (save for any employment-related contracts) to which any Relevant Company or, in respect of the Business, any Business Vendor is a party or the benefit of which is held in trust or has been assigned to any such person (a) which at Closing have in excess of 12 months to run and which in that time can reasonably be expected to involve income or expenditure, in respect of the Tioxide, Relevant Petrochemicals or PO/MTBE Businesses, in excess of $200,000 per annum or, in respect of the Polyurethanes Business, in excess of $1 million per annum (save that in respect of the Polyurethanes Business it shall be those contracts which can reasonably be expected to involve income or expenditure in excess of $8 million in respect of the Warranty in paragraph 13.1 of Schedule 9 only); (b) which at Closing have less than 12 months to run and which in that time can reasonably be expected to involve income or expenditure, in respect of the Polyurethanes, Tioxide, Relevant Petrochemicals or PO/MTBE Businesses, in excess of $1,000,000 (save that in respect of the Polyurethanes Business it

shall be those contracts which can reasonably be expected to involve income or expenditure in excess of $8,000,000 in respect of the Warranty in paragraph 13.1 of Schedule 9 only); or (c) which are material agency, distributorship or joint venture agreements;

Members' Agreement means the agreement, in the form set out in Exhibit C to the Subscription Agreement, to be entered into at Closing between the Purchaser, HSCC, BT Capital Investors, L.P., Chase Equity Associates, L.P. and The Goldman Sachs Group, Inc. relating, inter alia, to certain future rights in respect of transfers of interests in the Purchaser;

Non-Controlled Joint Ventures means the companies and limited partnerships details of which are set out in column 2 of Part IV of Schedule 1;

NPU means Nippon Polyurethane Industry Co. Ltd;

Olefins Agreements has the meaning given to it in the Co-operation Agreement;

Olefins Manufacturing Business has the meaning given to it in paragraph (e) of the definition of Relevant Petrochemicals Business;

Polyurethanes Business shall have the meaning set out in Schedule 21;

Permitted Encumbrances means (a) security interests in the ordinary course of business or by operation of law, security interests arising under sales contracts with title retention provisions and equipment leases with third parties entered into in the ordinary course of business and security interests for Taxes and other governmental charges which are not due and payable or which may thereafter be paid without penalty, and (b) other imperfections in title and encumbrances, if any, which do not materially impair the continued use and operation of the assets to which they relate;

Pie Crust Leases means the leases in the agreed form relating to the Aromatics and North Tees Logistics Plants, Teesside, England;

PO/MTBE Business means

(i) the business, operations and assets owned by HSCC for the manufacturing of propylene oxide and methyl tertiary butyl ether (MTBE) at its Port Neches, Texas plant (PO/MTBE plant) and the marketing, sale and distribution of MTBE and of propylene oxide from the PO/MTBE plant; and

(ii) HSCC's right to have propylene glycol manufactured by Huntsman Petrochemical Corporation (HPC) at HPC's Port Neches, Texas plant and the marketing, sale and distribution of such propylene glycol.

For the avoidance of doubt, the PO/MTBE Business shall not include the MTBE business, operations and assets of HPC at HPC's C4 plant in Port Neches, Texas, or the manufacturing, marketing, sale or distribution of MTBE from such C4 plant;

PO/MTBE Technology Transfer Agreement means the agreement of that name in the agreed form in the IP Annex;

Pre-Closing Tax Affairs means the Tax affairs of the Companies for which ICI or its agent is responsible under clause 14.1;

Prime Debt means, in relation to Tioxide Americas Inc., Tioxide Europe SA (France), Tioxide Europe Srl, Tioxide Europe SA (Spain) and ICI Holland BV, the actual amount of inter-company indebtedness outstanding from any such company to any of ICI, ICI Finance plc, ICI Omicron BV, ICI American Holdings Inc., or Mortar Investments International Limited immediately prior to Closing, the parties' estimates of which are set out in sub-paragraphs (a) to (e) of paragraph 17 of Schedule 4;

Properties means the land and buildings used, owned or occupied exclusively or primarily in relation to the ICI Business or, as the case may be, the PO/MTBE Business at the date of this Agreement, short details of which are set out in Part I of Schedule 17;

Provisional Cash Balance means, in relation to any Company, the provisional amount of the Final Cash Balance (excluding any part of the Final Cash Balance which represents amounts owed by members of ICI's Retained Group), expressed in dollars, as estimated by ICI in accordance with clause 3.6;

Provisional Financial Debt means, in relation to any Company, the provisional amount of the Final Financial Debt, expressed in dollars, as estimated by ICI in accordance with clause 3.6;

Purchaser's Accountants means Deloitte and Touche;

Purchaser's Relief means, for the purposes of the Tax Covenant and provisions of this Agreement relating thereto, a relief to the extent that it either arises in respect of an Event occurring or period commencing after the Closing Date or in respect of such part of a Straddle Period as falls after the Closing Date;

Receivables means debtors of the Business Vendors for the purposes of, or in connection with, the ICI Business or the PO/MTBE Business (including trade debtors, other debtors, accrued income, prepayments and royalty receivables), in each case including such part of such amounts as relates to VAT;

Registered Rights means in relation to any jurisdiction, any Group IPR or Business IPR which is the subject of registration (or application for registration) with any competent authority in that jurisdiction;

Regulatory Action means:

(a) any injunction, order or judgment of a court of competent jurisdiction; or

(b) any order, judgment, decision or conclusive determination made, given, taken or expressed by a competent supranational, governmental, statutory or regulatory authority, body or agency; or

(c) an enactment or direction of a legislative body;

Related Persons means, in relation to the relevant person, any of its agents, directors, officers, employees, advisers or consultants and any other person which the relevant person has engaged or instructed in connection with the transactions contemplated by this Agreement;

Relates to means exclusively or predominantly used in, developed or acquired for use in and Relate to shall be construed accordingly;

Relevant Competition Authority means any national, supranational, governmental or other agency or body responsible for the application of anti-trust, competition or merger control legislation in any jurisdiction other than the United States where the receipt of anti-trust, competition or merger control clearance or approval is mandatory prior to Closing and, for the avoidance of

doubt, shall include the German Bundeskartellamt and the Canadian Competition Bureau;

Relevant Petrochemicals Business means the business comprising:

(a) the manufacture, marketing, distribution and sale of benzene, xylenes, cyclohexane, cumene, ethyl benzene and paraxylene and other co-products carried on by ICI Chemicals and Polymers Limited from the plants known as Aromatics 1 and 2 at the North Tees site and the Paraxylene plant at the Wilton site, Teesside, England (the Aromatics Business);

(b) the storage, distribution and logistics business carried on by ICI Chemicals and Polymers Limited from the facilities (excluding the Olefins facilities) at the North Tees site, Teesside, England and known as North Tees Logistics (the North Tees Logistics Business);

(c) the sourcing, purchasing and supply of feedstocks for the Cracker and the marketing, distribution and sale of ethylene, propylene, butadiene and other co-products of the Cracker carried on by ICI Chemicals and Polymers Limited but excluding the Olefins Manufacturing Business (the Olefins Business);

(d) the marketing, distribution and sale of hydrogen through the hydrogen distribution infrastructure of ICI Chemicals and Polymers Limited at the Billingham, North Tees and Wilton sites, Teesside, England (the Hydrogen Business); and

(e) the manufacture of ethylene, propylene, butadiene and other co-products and the related feedstock and product storage, processing and distribution activities carried on by ICI Chemicals & Polymers Limited at the Cracker both (a) for the purposes of the Olefins Business and (b) on behalf of BPCL under the ICI/BP Joint Venture Agreements, but excluding the Olefins Business (the Olefins Manufacturing Business);

Relevant VAT Jurisdiction means, in respect of each Business Vendor, the jurisdiction in which it is incorporated or carries on business or in which assets which are to be sold pursuant to this Agreement are located;

relief includes, unless the context otherwise requires, any allowance, credit, deduction, exemption or set off in respect of any Tax or relevant to the computation of any Income, Profits or Gains for the purposes of any Tax, or any right to repayment of or saving of Tax, and any reference to the use or set off of relief shall be construed accordingly;

Repeated Warranties means the Warranties set out in paragraphs 1, 2, 3, 4, 5.2, 5.3, 5.4, 5.6, 6, 7.1, 8.4, 8.5, 8.6, 8.7, 11, 12.1, 13.7, 16.2(A) and (B), 16.3(A) and (B), 17 (excluding the Warranty set out in paragraph 17.14), 18, 23 and 25.2 of Schedule 9;

Retained Group means ICI or HSCC, as the case may be, and each member of its respective Group (apart, in the case of ICI's Group, from the Companies);

Retained Share Selling Company Group means the relevant Share Selling Company and any other company or companies (other than the Companies)

which either are or become, or have within the six years ending at Closing been, Subsidiaries of the relevant Share Selling Company or treated as members of the same group as the relevant Share Selling Company for any Tax purpose;

Retirement Benefits Schemes has the meaning given to that expression in Schedule 11 (Pensions);

Sale Shares means (a) the entire issued share capital of the Companies listed in column 2 of Part I of Schedule 1 (excluding the Class A Shares in the capital of TGL referred to in paragraph 1 of Schedule 18) and (b) the Joint Venture Interests (other than those in NPU and Arabian Polyol Co Ltd);

Schedule 18 Business means any business which is to be transferred pursuant to paragraphs 5 or 6 of Schedule 18;

Schedule 18 Company means any Company which is to be transferred pursuant to paragraphs 2(c) or 4 of Schedule 18 by the transfer of shares or membership interests in it or in its holding undertaking;

Selling Companies means (a) in respect of the ICI Business, the Share Selling Companies and the Business Vendors and (b) in respect of the PO/MTBE Business, HSCC (and, in each case, Selling Company means any one of them);

Senior Credit Agreement means the $1,940,000,000 Credit Agreement between HIC as borrower, Bankers Trust Company as Administrative Agent and others dated as of 15 April 1999 as amended or supplemented from time to time;

Senior Subordinated Credit Agreement means the $800,000,000 Senior Subordinated Credit Agreement between HIC as borrower, Goldman Sachs Credit Partners L.P. as Joint Lead Agent and others dated as of 15 April 1999 as amended or supplemented from time to time;

Senior Employee means any Employee employed at ICI Job Grade 40 and above;

Senior Subordinated Indenture has the meaning given to it in the Senior Subordinated Credit Agreement;

Share Selling Companies means the companies listed in column 1 of Part I of Schedule 1 and, in relation to the Joint Venture Interests other than those in NPU and Arabian Polyol Co Ltd, means ICI Americas Inc. and Share Selling Company means any one of them;

Spot Rate means the spot rate of exchange (closing mid-point) on the relevant date, as quoted in the London edition of the Financial Times first published thereafter or, where no such rate of exchange is published in respect of that date, at the rate quoted by Citibank N.A. as at the close of business in London on that date;

Stock means the stocks of fuels, raw materials, consumables, stocks-in-process, work-in-progress, finished stocks, goods for resale, stores, spare parts, loose tools and fittings and packaging materials beneficially owned by any Company or Business Vendor for the purpose of the ICI Business or the PO/MTBE Business (as the case may be);

Straddle Period has the meaning set forth in clause 14.9;

Subscription Agreement means the agreement dated as of 3 June between the Purchaser, BT Capital Investors, L.P., Chase Equity Associates, L.P. and The Goldman Sachs Group, Inc. relating to the subscription by the latter three parties for membership units in the Purchaser;

Systems House Entity means any Delayed Company or Delayed Business identified in Schedule 6 as being a systems house;

Tax means (a) taxes on Income, Profits and Gains, and (b) all other taxes, levies, duties, imposts, charges and withholdings of any nature, including any excise, property, sales, transfer, franchise and payroll taxes and any national insurance or social security contributions, together with all penalties, charges and interest relating to any of the foregoing or to any late or incorrect return in respect of any of them, regardless of whether such taxes, levies, duties, imposts, charges, withholdings, penalties and interest are chargeable directly or primarily against or attributable directly or primarily to any Company or any other person and of whether any amount in respect of them is recoverable from any other person;

Tax Authority means any taxing or other authority, in any jurisdiction, competent to impose any liability to Tax;

Tax Claim means the issue of any notice, demand, assessment, letter or other document by or on behalf of any Tax Authority or the taking of any other action by or on behalf of any Tax Authority (including the imposition of any withholding), from which notice, demand, assessment, letter, document or action it appears that a Tax Liability may be imposed on any Company;

Tax Covenant Claim means any claim under the Tax Covenant or in respect of any breach of a Tax Warranty;

Tax Covenant means the covenant relating to Tax set out in Schedule 13;

Tax Documents means the Tax Returns, claims and other documents which ICI or its agent is required to prepare on behalf of the Relevant Companies under clause 14.1(a) and (b);

Tax Liability means:

(a) a liability of any Company to make or suffer an actual payment of Tax (or amounts in respect of Tax, which shall include, for the avoidance of doubt, any payments for group relief or advance corporation tax and any payments on account of Tax); and

(b) the use or set off of any Purchaser's Relief in circumstances where, but for such use or set off, any Company would have had an actual liability to Tax in respect of which the Purchaser would have been able to make a Tax Covenant Claim (the amount of the Tax Liability for these purposes being deemed to be:

(i) where the Purchaser's Relief was a deduction from or offset against Tax, the amount of that Purchaser's Relief; and

(ii) where the Purchaser's Relief was a deduction from or offset against Income, Profits or Gains, the amount of the Tax which has been saved (ignoring for this purpose the availability of any credit for advance corporation tax) in consequence of the use or set-off of the Purchaser's Relief),

provided that the Purchaser shall procure that reliefs other than any Purchaser's Relief are used, so far as reasonably practicable, to

offset any such actual liability to Tax;

Tax Return means any return, report, information return or other document required to be made to any Tax Authority with respect to Tax or of any amount or information relevant for the purposes of Tax, including any related accounts, computations and attachments;

Tax Warranties means the warranties on the part of each Vendor set out in paragraphs 19 to 22 (inclusive) of Schedule 9;

Taxes Act means the UK Income and Corporation Taxes Act 1988;

Technology Transfer Agreement means the agreement of that name in the agreed form in the IP Annex;

Texaco Environmental Losses means any "Environmental Losses" (as defined in Section 6.1 of the Texaco Purchase Agreement) for which HSCC would be entitled to indemnification under Part Six of the Texaco Purchase Agreement if such losses were incurred by HSCC or the relevant member of HSCC's Group;

Texaco Purchase Agreement means the Purchase and Sale Agreement dated 21 March 1997 between Texaco Inc. and HSCC relating to the acquisition by HSCC of the PO/MTBE Business;

TGL means Tioxide Group Limited;

Time Limit means the latest date on which a Tax Document can be executed or delivered to a relevant Tax Authority either without incurring interest or a penalty, or in order to ensure that such Tax Document is effective;

Tioxide Business means the development, manufacture, marketing, distribution and sale of titanium dioxide pigments and coproducts and by-products and titanium dioxide pigments that incorporate organometallic compounds as carried on by the Companies listed under the heading "Tioxide" in column 2 of part I, column 3 of part II and column 2 of part III of Schedule 1 and by any other member of ICI's Group, but, for the avoidance of doubt, shall not include:

(a) the manufacture or sale of any organometallic compounds excepting that manufacture, sale or disposal of a titanium dioxide pigment which incorporates in its composition an organometallic compound shall not be considered to be the manufacture, sale or disposal of an organometallic compound as such;

(b) the manufacture (other than for subsequent sale to ACMA Ltd on agreed terms) or sale (other than for transfer to ACMA Ltd on agreed terms as aforesaid) of any form of Ultrafine Titanium Dioxide.

In this definition Ultrafine Titanium Dioxide means titanium dioxide of ultraviolet-attenuating grade having a ratio of absorbance response at 308 nm (A308) to absorbance response at 524 nm (A524) of not less than 5 as defined in U.S. Pharmacopeia, amendment published in Pharmacopeia Forum, Volume 22, Number 4, Page 2636 which is set out in Exhibit E;

Title Deeds means the originals or (where appropriate) certified copies or abstracts of such material deeds and documents relating to the title of the estate or interest of the Companies or the Business Vendors, as the case may be, to the Properties immediately prior to Closing (or, as the case may be,

Delayed Closing) which are in the possession or under the control of the Vendor;

Transaction Agreements means this Agreement, the Ancillary Agreements, the Disclosure Letters and any other agreements referred to in this Agreement and to be entered into in accordance with this Agreement on the date of this Agreement or on or prior to Closing (or, where applicable, any Delayed Closing);

Transferred Properties means the estates or interests of each Business Vendor in the Properties which are denoted as such in Part I of Schedule 17 and each and every part thereof and Transferred Property shall be construed accordingly;

Underwriters means Lenders as defined in the Senior Subordinated Credit Agreement;

US Newco has the meaning given in Schedule 18;

VAT means value added tax or any similar sales or turnover tax;

VAT legislation means any relevant enactment in relation to VAT and all notices, provisions and conditions made or issued thereunder including the terms of any agreement reached with any relevant Tax Authority and any concession made by any relevant Tax Authority in relation to VAT;

Vendors means ICI and HSCC and Vendor means either of them;

Warranted Joint Ventures means Rubicon Inc. and LPC;

Warranties means the warranties set out in Schedule 9 (and shall include, for

the avoidance of doubt, the warranty set out in paragraph 25 of Schedule 9 and the Repeated Warranties);

Warranty Claim means any claim in respect of any breach of a Warranty; and

Working Capital Range means, in the case of the ICI Business, $451,338,300 to $491,133,720 and, in the case of the PO/MTBE Business, $39.1 million to $44.1 million.

1.2 In this Agreement, unless the context otherwise requires:

(a) references to persons shall include individuals, bodies corporate (wherever incorporated), unincorporated associations and partnerships;

(b) the headings are inserted for convenience only and shall not affect the construction of this Agreement;

(c) references to one gender include all genders;

(d) any reference to an enactment or statutory provision is a reference to it as it may have been, or may from time to time be, amended, modified, consolidated or re-enacted (with or without modification) and includes all instruments or orders made under such enactment but, where any such amendment, consolidation or re-enactment would increase or reduce either Vendor's liability under the Warranties, such amendment, consolidation or re-enactment of such legislation shall not be taken to increase or reduce the liability of either Vendor under the Warranties;

(e) any reference to a document in the agreed form is to the form of the relevant document agreed between the parties and initialled by them or on their behalf for identification purposes;

(f) references to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any other legal concept shall, in respect of any jurisdiction other than England, be deemed to include the legal concept which most nearly approximates in that jurisdiction to the English legal term; and

(g) Subsidiary means, in relation to an undertaking (the holding undertaking), any other undertaking in which the holding undertaking (or persons acting on its or their behalf) for the time being directly or indirectly holds or controls either:

(a) a majority of the voting rights normally exercisable at general meetings of the members of that undertaking; or

(b) the right to appoint or remove directors having a majority of the voting rights exercisable at meetings of the board of directors or other body exercising management powers of that undertaking on all, or substantially all, matters,

and any undertaking which is a Subsidiary of another undertaking is also a Subsidiary of any further undertaking of which that other is a Subsidiary. For this purpose, undertaking means a body corporate or partnership or an unincorporated association carrying on trade or a business with or without a view to profit. In relation to an undertaking which is not a company, expressions in this Agreement appropriate to companies are to be construed as references to the corresponding

persons, officers, documents or organs (as the case may be) appropriate to undertakings of that description.

(h) In determining whether or not there has been a material adverse change in the financial position of the ICI Business or the PO/MTBE Business for the purpose of paragraph 18(b) of Schedule 9, the following shall not be taken into account:

(i) any effect resulting from industry consolidations or any adverse changes affecting capital or foreign exchange markets in general or adverse changes in general economic conditions in the economies and/or industries in which the ICI Business or the PO/MTBE Business, as the case may be, operates or by which it is affected;

(ii) the effect of any action or steps taken pursuant to and in accordance with this Agreement;

(iii) any loss, damage, cost or liability to the extent that:

(aa) ICI or, as the case may be, HSCC has, pursuant to an indemnity obligation, compensated the Purchaser in respect of it by a payment in cash which, in ICI's or, as the case may be, HSCC's bona fide opinion, satisfies in full the indemnity obligations;

(bb) the ICI Business or the PO/MTBE Business, as the case may

be, has otherwise been compensated therefor by receipt of insurance proceeds; or

(cc) it has otherwise been fully and effectively remedied on or prior to Closing.

1.3 The Schedules comprise schedules to this Agreement and form part of this Agreement. Accordingly any reference to this Agreement shall include the Schedules.

1.4 Agreed deletion

1.5 For the purposes of calculating the Final Financial Debt, Final Cash Balance and Closing Working Capital for any Company and the Closing Working Capital for any Business Vendor, any amounts which are to be included in the calculation of that Final Financial Debt, Final Cash Balance or Closing Working Capital and which are expressed in a currency other than dollars shall be converted into dollars:

(a) in the calculation of the Closing Working Capital for any Company or Business Vendor, using the Spot Rate on the Closing Date; and

(b) in the calculation of any Final Financial Debt or Final Cash Balance for any Company, using the Spot Rate on the Closing Date (save that any element of any Final Financial Debt or Final Cash Balance which is a Final Intra Group Debt (including, for the avoidance of doubt, any Prime Debt) or, as the case may be, a Final Intra Group Cash Balance shall be converted from the relevant currency into dollars at the Spot Rate on the date which is 2 Business Days before the date on which the payment for the purpose of which such Final Intra Group Debt or Final Intra Group Cash Balance is being calculated is to be made).

For the purposes of clauses 7.1, 7.2 and 7.2A, the Final Financial Debt and Final Cash Balance in relation to any Company shall be deemed to have been determined or agreed when the amounts of all relevant items have been agreed in the applicable currency. Those items which are required by this clause 1.5 to be converted into dollars using the Spot Rate on the date which is 2 Business Days before the date of the relevant payment shall then be calculated prior to the making of such payment.

1.6 Where it is necessary to determine whether a monetary amount, limit or threshold set out in this Agreement has been reached or exceeded (as the case may be) and the value of any sum to be taken into account in making that determination is expressed in a currency other than the currency in which such monetary amount, limit or threshold is expressed, such sum shall be translated into the currency in which such monetary amount, limit or threshold is expressed at the Spot Rate on the relevant date. The relevant date for the purposes of any Claim shall be the Business Day on which the party against whom the Claim is made receives written notification of that Claim or, if that day is not a Business Day, the Business Day next following.

Sale Of Sale Shares and Local Businesses

2.1 On and subject to the terms set out in this Agreement:

(a) ICI agrees with HIC that ICI shall sell the Sale Shares in TGL with all rights attaching or accruing to them at Closing and that HIC shall purchase the Sale Shares in TGL;

(b) ICI agrees with the Purchaser as trustee for Huntsman ICI Polyurethanes (UK) Limited that ICI shall sell the Sale Shares (other than those in TGL) set opposite ICI's name in column 3 of Part I of Schedule 1 with all rights attaching or accruing to them at Closing and that Huntsman ICI Polyurethanes (UK) Limited shall purchase the

relevant Sale Shares and the Purchaser undertakes to procure that Huntsman ICI Polyurethanes (UK) Limited shall purchase the relevant Sale Shares; and

(c) ICI agrees with the Purchaser that ICI shall procure that the relevant Share Selling Company shall sell the Sale Shares set opposite its name in column 3 of Part IV of Schedule 1 with all rights attaching or accruing to them at Closing and the Purchaser shall purchase the relevant Sale Shares.

Upon the transfer of any Sale Shares at Closing or, as the case may be, at Delayed Closing, ICI, or the relevant Share Selling Company, shall transfer legal and beneficial title to those Sale Shares.

2.2 The Sale Shares shall, without prejudice to and save as provided in clause 16 in relation to Joint Venture Interests, be sold or transferred free from all liens, charges and encumbrances and all other rights exercisable by third parties.

2.3 The Purchaser (or, as the case may be, the relevant Designated Purchaser) shall, save as specifically provided herein, be entitled from Closing (or, as the case may be, Delayed Closing) to exercise all rights attached or accruing to the Sale Shares including, without limitation, the right to receive all

dividends, distributions or any return of capital declared, paid or made by any of the Companies on or after Closing (or, as the case may be, Delayed Closing).

2.4 ICI (for itself and on behalf of the other members of its Group) waives all rights of pre-emption and other similar or comparable rights over any of the Sale Shares conferred upon it in any way and shall procure that no later than Closing all rights of pre-emption and other similar or comparable rights over and in respect of any Sale Shares (other than Joint Venture Interests, to which the provisions of clause 16 shall apply) conferred upon or held by any other person are waived so as to permit the sale and purchase of the Sale Shares under this Agreement.

2.5 For the avoidance of doubt, Part I of the Law of Property (Miscellaneous Provisions) Act 1994 shall not apply for the purpose of this clause 2.

2.6 On and subject to the terms set out in this Agreement, ICI agrees with the Purchaser as trustee for each Designated Purchaser that ICI shall sell or procure the sale by each Business Vendor of, and that each Designated Purchaser shall purchase or procure the purchase of, the Business Assets listed below which relate to the ICI Business and the Purchaser undertakes to

procure that each Designated Purchaser shall purchase or acquire the Business Assets listed below which relate to the ICI Business and HSCC shall sell or procure the sale of, and the Purchaser shall purchase or procure the purchase of, the Business Assets listed below which relate to the PO/MTBE Business, in each case as at and with effect from Closing, or, as the case may be, Delayed Closing but, subject to the ICI/BP Joint Venture Agreements, free from all liens, charges and encumbrances and all other rights exercisable by third parties (subject as indicated in this Agreement, including without limitation in clauses 6.11 and 6.14 and Schedules 17 and 20):

(a) the Business Goodwill;

(b) the Business Plant and Machinery;

(c) the Business Stocks;

(d) the benefit (subject to the burden) of the Business Contracts;

(e) the Receivables;

(f) subject to the provisions of Schedule 17, the Transferred Properties;

(g) subject to clause 18.5, such of the Books and Records as relate exclusively or primarily to the ICI Business (in the case of ICI) or the PO/MTBE Business (in the case of HSCC);

(h) the Business Cash Float;

(i) the Business IPR (excluding the Business Owned Software) and the Business Information including all physical embodiments of the Business Information howsoever stored or held;

(j) subject to the provisions of Schedule 20, the Business Owned Software;

(k) the benefit, subject to the burden, of the Business IP Licences and the Business IT Licences;

(l) all other property rights and all other assets of whatsoever nature to which such Business Vendor is entitled and which are used exclusively or primarily in the ICI Business (in the case of ICI) or the PO/MTBE Business (in the case of HSCC),

(together the Business Assets of the ICI Business or the PO/MTBE Business, as the case may be) but excluding the following assets:

(i) cash at bank or other cash equivalents used in the ICI Business or the PO/MTBE Business of each Business Vendor;

(ii) amounts recoverable in respect of Tax arising in respect of any period of account for Tax purposes ending on or before Closing, or in respect of any acts, events or occurrences occurring on or before Closing and, with respect to a Straddle Period, the portion of such Straddle Period deemed to end on and include the Closing Date;

(iii) the benefit of any insurance policy of any Business Vendor or any other member of the relevant Vendor's Retained Group relating to the ICI Business or the PO/MTBE Business or any of the Business Assets or Business Employees (any such policy, for the avoidance of doubt, being subject to the provisions of clause 17);

(iv) any rights of any member of the relevant Vendor's Retained Group arising under any of the Transaction Agreements;

(v) any Books and Records which comprise or contain information which

may be legally privileged to the extent they relate to the sale or proposed sale of the whole or part of any of the ICI Business or the PO/MTBE Business (including such information as relates to the negotiations of the transactions contemplated by this Agreement);

(vi) in relation to HSCC, all right, title and interest in and to the "Huntsman" name and trade mark and Huntsman Logo (except, for the avoidance of doubt, as licensed to the Purchaser under the HSCC Trade Mark Licence);

(vii) in relation to ICI, all right, title and interest in and to the "ICI" name and trade mark (excepting for the avoidance of doubt, as licensed to the Purchaser under the ICI Trade Mark Licence), the letters "I.C.I." and the ICI Roundel; and

(viii) the Excluded Assets listed in Schedule 12.

2.7 The Business IPR (other than the Registered Rights comprised in the Business IPR) shall be assigned to the Purchaser (in the case of the Business IPR relating to the PO/MTBE Business) or the relevant Designated Purchaser (in the case of the Business IPR relating to the ICI Business) at Closing (or, as the case may be, Delayed Closing) pursuant to this Agreement and the Registered Rights comprised in the Business IPR shall be assigned to the

Purchaser (in the case of the Business IPR relating to the PO/MTBE Business) or the relevant Designated Purchaser (in the case of the Business IPR relating to the ICI Business) at Closing (or, as the case may be, Delayed Closing) pursuant to assignments in the form set out in the IP Annex or such other form as the Purchaser may reasonably require to comply with any requirements of any applicable local law. The Purchaser may require that separate assignments are entered into in relation to Registered Rights in particular jurisdictions and may specify what proportion of the consideration allocated to Business IPR shall be attributed to any assignment entered into pursuant to this clause 2.7. ICI and HSCC shall, and shall procure that each relevant member of their respective Groups and each member of the Purchaser's Group shall, at the reasonable request of the Purchaser or the relevant Designated Purchaser (as the case may be), do, execute and deliver, all such further acts, deeds, documents, instruments of assignment and transfer as may be necessary to complete the sale and purchase of the Business IPR and the Business Information in accordance with the terms of this Agreement.

2.8 ICI, HSCC and the Purchaser shall enter into the Technology Transfer Agreement and HSCC and the Purchaser shall enter into the PO/MTBE Technology Transfer Agreement at Closing pursuant to the agreed forms appearing in the IP Annex.

2.9 The Purchaser shall, and shall procure that the relevant Designated Purchaser shall, assume and be responsible for the Assumed Liabilities as at and with effect from Closing (or, where such Assumed Liabilities relate to a Delayed Business or Delayed Asset, as at and with effect from Delayed Closing).

2.10 Agreed Deletion.

2.11 Nothing in this Agreement shall transfer to the Purchaser or any Designated Purchaser any of the assets set out in paragraphs 2.6(i) to (viii) above or, save as otherwise provided in Schedules 14 and/or 14A, make the Purchaser or any Designated Purchaser responsible for any of the Excluded Liabilities.

2.12 The terms of Schedule 17 shall apply in relation to the Properties and the Excluded Properties.

2.13 The parties shall comply with the provisions of Schedule 20. For the avoidance of doubt the terms of Schedule 20 shall apply in relation to all Intellectual Property Rights arising in Business Owned Software and ICI Retained Software.

Consideration

3.1 The aggregate consideration:

(a) for the ICI Business shall be the aggregate of the consideration payable for the Sale Shares and each Local Business together with the assumption of the relevant Assumed Liabilities; and

(b) for the PO/MTBE Business shall be the aggregate of the consideration payable with respect to the relevant Local Business together with the assumption of the relevant Assumed Liabilities,

in each case as more particularly determined with respect to each component thereof in accordance with the subsequent provisions of this clause 3.

3.2 Subject to adjustment in accordance with clause 3.4, the consideration in respect of the ICI Business is to be satisfied by:

(a) the payment by HIC of the sum of $343,989,155 to ICI in respect of the transfer of the entire issued share capital of TGL (excluding the Class A Shares);

(b) the payment by Huntsman ICI Polyurethanes (UK) Limited of $364,100,000 to ICI in respect of the Sale Shares in Impkemix (No 46) Ltd, the Sale Shares in ICI Europe Ltd and the Business Assets relating to the Polyurethanes Business in the United Kingdom (other than those referred to in paragraph (d) below);

(c) the payment by Huntsman ICI Petrochemicals (UK) Limited of $80,000,000 to ICI Chemicals and Polymers Limited in respect of the transfer of the Business Assets relating to the Relevant Petrochemicals Business (other than the Olefins Manufacturing Business);

(d) the payment by HIC of the sum of $200,000,000 to ICI in respect of the Business Information and Business IPR relating to the Polyurethanes Business;

(e) the issue by the Purchaser of a membership interest of 30 per cent. of the membership units in the Purchaser and the distribution by the Purchaser of $250,000,000 to ICI Americas Inc. in respect of ICI's US Business, agreed by the Vendors to have a net value of $520,000,000; and

(f) the payment by Huntsman ICI Petrochemicals (UK) Limited of $200,000,000 to ICI Chemicals and Polymers Limited in respect of the

transfer of the Business Assets relating to the Olefins Manufacturing Business.

In addition to the consideration for the ICI Business, HIC is to pay the sum of $115,474,000 (which is exclusive of any amount in respect of any applicable VAT) to ICI in respect of its covenants set out in clause 23.

3.3 The consideration in respect of the PO/MTBE Business, agreed by the Vendors to have a net value of $900,000,000, is to be satisfied by the issue to HSCC of a membership interest of 70 per cent. of the membership units in the Purchaser and the making of the distribution described in paragraph 8 of Schedule 4.

3.4 The initial consideration in respect of any Sale Shares shall be equal to the amount set out in Part I of Schedule 6 in respect of them:

(a) less the Provisional Financial Debt (other than Prime Debt) in relation to the Company whose issued share capital comprises the relevant Sale Shares and to Companies which are its Subsidiaries at Closing (other than any Schedule 18 Company); and

(b) plus the Provisional Cash Balance in relation to the Company whose issued share capital comprises the relevant Sale Shares and Companies which are its Subsidiaries at Closing (other than any Schedule 18 Company).

The amount of that initial consideration or agreed value in relation to the Sale Shares is referred to as the Initial Consideration. The consideration payable at Closing in respect of such Sale Shares under Schedule 4 shall be adjusted by the amounts of such reduction and/or increase.

The consideration payable by the transferee to the transferor in respect of the transfer of any Schedule 18 Company (where shares or membership interests are being transferred in that Schedule 18 Company and not in its holding undertaking), whether paid upon completion of the transfer of that Schedule 18 Company prior to Closing or paid at Closing pursuant to Clause 6.2, shall be:

(i) reduced by the amount of the Provisional Financial Debt (other than Prime Debt) in relation to such Schedule 18 Company and to any other Schedule 18 Company which is its Subsidiary at the time the shares in such Schedule 18 Company are transferred; and

(ii) increased by the amount of the Provisional Cash Balance in relation to such Schedule 18 Company

and to any other Schedule 18 Company which is its Subsidiary at the time the shares in such Schedule 18 Company are transferred.

3.5 The initial consideration in relation to each Local Business shall be the amount set out in Part I of Schedule 6 opposite the name of the relevant Business Vendor and shall be apportioned amongst its Business Assets as appropriate or as agreed between the relevant Vendor (on its own behalf and as agent for the Business Vendors) and the Purchaser (or, as the case may be, the relevant Designated Purchaser), who shall negotiate in good faith with a view to agreeing the allocation. The amount of that initial consideration or agreed value in relation to the Local Business of each Business Vendor is referred to as the Initial Consideration.

3.6 ICI shall, acting in good faith, estimate the Provisional Financial Debt and the Provisional Cash Balance in relation to each Company as accurately as is reasonably possible and shall notify the Purchaser in writing of such amounts

(and shall provide such other information and/or evidence in relation to such amounts as the Purchaser may reasonably request), at least four (4) Business Days prior to the Closing Date, each such amount being expressed in dollars provided that, except in relation to Prime Debt, the amounts of which shall be the estimated amounts set out in paragraph 17 of Schedule 4, amounts owed to members of ICI's Retained Group shall be deemed to be nil for the purposes of calculating Provisional Financial Debt. The Provisional Financial Debt and Provisional Cash Balance in relation to each Company which does not become a member of the Purchaser's Group at Closing shall be zero.

3.7 Following the finalisation of the Closing Statements and the agreement or determination of the Final Financial Debt and the Final Cash Balance in relation to each Company, and the Closing Working Capital in relation to each Company or Local Business, in accordance with clause 7 and Schedule 8, the Initial Consideration for the Sale Shares of a Company or for a Local Business shall be adjusted to reflect the amount in dollars of any payment made in respect of that Company and Companies which are its Subsidiaries at Closing (other than any Schedule 18 Company) or Local Business (other than any Schedule 18 Business) under clause 7.1 and/or clauses 7.4 and 7.5 or 7.6 (but not to reflect any amount of interest paid pursuant thereto). The final consideration for the sale of the Sale Shares of a Company or for a Local Business (the Final Consideration) shall comprise the Initial Consideration for such sale as so adjusted. The Final Consideration for any Joint Venture Interest (other than those in NPU and Arabian Polyol Co Ltd) shall be the same as the Initial Consideration for it. For the avoidance of doubt, in accordance with the second paragraph of Schedule 18, this clause 3.7 applies to transfers of businesses and companies

pursuant to Schedule 18 to adjust the consideration in respect of the transfer of any such company or business as if it were Initial Consideration for Sale Shares or a Local Business.

3.8 The Final Consideration for the Sale Shares or for each Local Business as so determined and as otherwise adjusted in accordance with this Agreement, shall be adopted by the relevant Vendor (on behalf of itself and each of the other Share Selling Companies and Business Vendors within its Group) and the Purchaser (on behalf of itself and each of the Designated Purchasers) for all purposes (including Tax) except: (i) as otherwise required by law; (ii) as agreed by the parties in writing; (iii) as otherwise agreed by the parties in this Agreement; or (iv) in the case of the values listed in Part II of Schedule 6 and in the application of this clause 3.8 to transactions referred to in Schedule 18 only, for the purposes of determining the quantum of liability (and whether or not any financial threshold which determine whether or not there will be a liability have been exceeded) in respect of any claim under the Transaction Agreements.

3.9 If any payment is made by ICI to the Purchaser pursuant to a claim under the Tax Covenant, the Environmental Covenant or any indemnity under this Agreement or pursuant to any Warranty Claim, the payment shall so far as possible be made by way of reduction to the Final Consideration payable with respect to the Sale Shares of the appropriate Company or the appropriate Business Assets. If any payment is made by HSCC to the Purchaser pursuant to a Warranty Claim or pursuant to any indemnity under this Agreement the payment shall so far as possible be made by way of reduction in the Final Consideration payable with respect to the PO/MTBE Business, which shall be deemed to have been reduced by the amount of such payment.

3.10 Any sum payable by the Purchaser for itself or as agent for the Designated Purchasers to either Vendor for itself or (on the basis described in clause 11.1) as agent for the Share Selling Companies or the Business Vendors within its Group under this Agreement (including the payment for ICI's covenants contained in clause 23) is exclusive of any amounts in respect of applicable VAT.

3.11 The parties to this Agreement shall use all reasonable efforts to ensure, if possible, that the transfers of the Local Businesses are treated as transfers of businesses as going concerns for the purposes of any applicable VAT legislation or fall within any other applicable exemption from VAT in accordance with any relevant provision, to ensure that such transfers are not subject to VAT in any Relevant VAT Jurisdiction. If it is not so treated, the Vendor shall notify the Purchaser and the Purchaser (for itself where it is the

Designated Purchaser and otherwise as agent for the Designated Purchaser) shall pay to the Vendor as agent for the relevant Business Vendor by way of additional consideration for the relevant Local Business a sum equal to the amount of VAT determined to be chargeable against delivery by the relevant Business Vendor of an appropriate VAT invoice. The Purchaser shall reimburse to the relevant Vendor as agent for the Business Vendor any penalties and interest arising in connection therewith except where the penalties and interest are attributable to any delay or default on the part of the Vendor or the relevant Business Vendor.

3.12 Prior to Closing (or, in the case of any Delayed Business or Delayed Assets, Delayed Closing) each Business Vendor shall apply to HM Customs & Excise in the UK or the relevant Tax Authority in any Relevant VAT Jurisdiction for a direction pursuant to section 49(1) of the Value Added Tax Act 1994 or any other applicable VAT legislation that each Business Vendor be permitted to retain all records of its Local Business for VAT purposes and shall supply a copy of such

application and the response to the Designated Purchaser.

3.13 Following Closing (or, in the case of any Delayed Business or Delayed Assets, Delayed Closing), each Business Vendor shall procure that, if appropriate, such records are preserved for period of not less than 6 years from the date of the relevant record (or for such longer period as may be required by law) and shall, if appropriate, procure that each Designated Purchaser (or its agents) is given, on the giving of not less than 3 days' notice, reasonable access to those records during normal business hours.

3.14 Prior to Closing each Business Vendor that is transferring land located in the United Kingdom as part of the transfer of the Local Businesses, shall give the Purchaser (for itself where it is the Designated Purchaser and otherwise as agent for the Designated Purchaser) details of all elections which have been made under any VAT legislation in respect of that land to waive the exemption from VAT in respect of that land.

3.15 In the event that the Purchaser (for itself where it is the Designated Purchaser and otherwise as agent for the Designated Purchaser) has paid an amount in respect of VAT to either Vendor as agent for the relevant Business Vendor in respect of the transfer of a Local Business or any asset in accordance with clause 3.11 of this Agreement and an adjustment is made to the consideration payable under this Agreement for that Local Business or asset pursuant to any provision of this Agreement, with the effect that the relevant Business Vendor has made a payment to the relevant Designated Purchaser, the relevant Business Vendor shall in addition to the payment of the adjustment amount refund an amount in respect of VAT on such

adjustment amount provided that if the Business Vendor has already accounted for such VAT to the relevant Tax Authority, no amount shall be refunded under this clause unless and to the extent that the relevant Business Vendor has received effective repayment or credit in respect of such VAT and such Business Vendor shall take all reasonable steps to obtain such repayment or credit.

3.16 For valuable consideration given, ICI for itself and otherwise as agent for the Share Selling Companies undertakes and agrees to covenant with the Purchaser for itself where it is the Designated Purchaser and otherwise as agent for the Designated Purchaser as set out in Schedule 13 and to perform the obligations set out in such Schedule 13.

3.17 For the purposes of this clause 3.17, the following terms will have the following meanings:

Available Euro Sum means the aggregate of the sums which, on or prior to Closing, the Purchaser and its Subsidiaries (i) are entitled to receive in euros under the Senior Credit Agreement and (ii) are entitled to receive in euros under the Senior Subordinated Credit Agreement or, as the case may be, are entitled to receive pursuant to the bonds constituted under the Senior Subordinated Indenture and issued by the Purchaser or one of its Subsidiaries to third party investors or are to receive pursuant to bonds to be so constituted and issued;

Euro/Dollar Rate means 1 to $1.081061; and

Total Dollar Sum means the aggregate of the sums in dollars which the Purchaser is obliged to pay (or of which the Purchaser is obliged to procure the payment by any member of the Purchaser's Group or by any Company) to any member of ICI's Retained Group under Schedule 4, being the sum resulting from the following calculation:

$ 2,025,474,000 + a - (b + c)

where:

a is the aggregate of all Provisional Cash Balances;

b is the aggregate of all Provisional Financial Debts (other than Prime Debts); and

c is the aggregate of the sums which result from making the calculations set out in clause 6.3(c)(ii) in respect of any Delayed Companies or Delayed Businesses which have been identified as

such by the notification made by ICI to the Purchaser in accordance with this clause.

Not later than 4 Business Days before Closing, (i) ICI shall notify the Purchaser of any entities or businesses which will be Delayed Companies or, as the case may be, Delayed Businesses and (ii) the parties shall calculate the Total Dollar Sum and make the calculations necessary to implement the remainder of this clause.

Notwithstanding that the payment obligations set out in Schedule 4 and the corresponding provisions of clause 3.2 refer only to payments being made of dollar amounts, the Purchaser shall in aggregate be obliged at Closing to pay, or procure the payment of, (i) the sum in Euros (the Total Euros Paid) which is

the lesser of 938,649,160 and the sum arising from the calculation in paragraph (a) below and (ii) the sum in dollars resulting from the calculation in paragraph (b) below:

(a) c + (1/2 x (d - c))

where:

c is the Available Euro Sum; and

d is one half of the Total Dollar Sum, converted into euros at the Euro/Dollar Rate;

(b) e - f

where:

e is the Total Dollar Sum; and

f is the Total Euros Paid, converted into dollars at the Euro/Dollar Rate.

The Total Euros Paid shall be allocated amongst the payments to be made pursuant to the following paragraphs of Schedule 4 in the order stated (where a paragraph of Schedule 18 is shown against a paragraph of Schedule 4, the allocation is made to the element of the payment pursuant to that paragraph of Schedule 4 which constitutes repayment of the sum outstanding under the note created under that paragraph of Schedule 18):

Schedule 4	Schedule 18
17(b)	
17(c)	

17(d)	
17(e)	
39	
47	
49	5 (only the element of the sum payable under the note which relates to the transfer of assets by ICI Belgium NV/SA)
49	5 (only the element of the sum payable under the note which relates to the transfer of assets by ICI Espana SA)
49	5 (only the element of the sum payable under the note which relates to the transfer of assets by Deutsche ICI GmbH)
41	
44	
43	4(g)
35	
11	

Those payments to which the Total Euros Paid are allocated shall be paid in euros rather than dollars and the amount of euros to be paid in each case shall be the euro equivalent of the dollar amount of the payment concerned, converted at the Euro/Dollar Rate. Where ICI makes any election under any of paragraphs 8 to 12 (inclusive) of Schedule 18, any euros which are allocated to a payment to which that election relates shall be allocated to the repayment of the relevant element of any loan made by ICI Finance plc as a result of that election. If, when all of the euros comprising the Total Euros Paid have been allocated, a particular payment can only partly be made in euros, that payment shall be made by the payment of the aggregate amount of euros outstanding from the Total Euros Paid (the Remaining Euros) and the balance shall be paid in dollars, such amount being the sum in dollars which results from the following calculation:

g - h

where:

g is the sum in dollars which would have been paid in making the relevant payment had no euros been left to allocate to it;

h is the Remaining Euros converted into dollars at the Euro/Dollar Rate.

Conditions

4.1 The obligations of the parties under clause 2 are conditional upon the following conditions being fulfilled (or waived):

(a) the passing on or before 25 June 1999 at a duly convened general meeting of ICI of a resolution (or more than one if so required by the London Stock Exchange) by the shareholders of ICI approving transactions contemplated by this Agreement;

(b) any applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act 1976 to the consummation of the transactions contemplated by this Agreement having expired or terminated;

(c) there being:

(i) no conditions set out in Schedule 15 which remain to be satisfied;

(ii) no outstanding Regulatory Action or other law or regulation which makes unlawful or otherwise prohibits or restricts completion of the transfer of any Sale Shares, Company, Local Business, Business Assets or Non-Controlled Joint Venture (as such term is read in accordance with clause 6.3(a)(i)) at Closing or the transfer of any shares or assets before Closing pursuant to Schedule 18 or the entering into or performance of any of the Ancillary Agreements which are in the agreed form; and

(iii) no consents from any third party which are required in order to transfer any Sale Shares, Company, Local Business, or Business Assets (other than Business Contracts, Business IP Licences, Business IT Licences and Transferred Properties) or Non-Controlled Joint Venture (as such term is read in accordance with clause 6.3(a)(i)) at Closing or to transfer any shares or assets before Closing pursuant to Schedule 18 which have yet to be obtained,

which will (aa) prevent the entering into, or performance of, any of the Ancillary Agreements which are in the agreed form or (bb) prevent either Vendor from being in a position to comply with its obligations under clause 6.2 and Schedule 4 (after taking account of the provisions of clause 6.3) on the last Business Day of the then current calendar

month (or at any time which is less than 3 Business Days before the end of any calendar month, on the last Business Day of the next calendar month or such earlier date as the parties agree);

(d) immediately prior to Closing:

(i) on or before 30 June 1999, the availability of financing to be provided under or pursuant to the Financing Agreements; or

(ii) thereafter, the availability of financing sufficient to allow the Purchaser to comply with its obligations at Closing, on terms that are no less favourable, taken in the aggregate, than the financing to be provided under or pursuant to the Financing Agreements;

(e) the consent of HM Treasury having been obtained to those elements of the matters referred to in this Agreement which require such consent; and

(f) no Material Adverse Change in the ICI Business or the PO/MTBE Business having occurred and continuing immediately prior to Closing.

Each party (other than HSCC and the Purchaser in relation to Condition 4.1(f) in the case of a Material Adverse Change in the ICI Business and other than ICI and the Purchaser in relation to Condition 4.1(f) in the case of a Material Adverse Change in the PO/MTBE Business) shall use all reasonable endeavours to procure (so far as it lies within its respective powers to do so) that each of the Conditions, to the extent that they are not waived, are fulfilled as soon as possible, but in any event before 31 October 1999 (the Termination Date).

4.2 In each of the jurisdictions specified in Schedule 15, the transfer of companies or businesses (as applicable) pursuant to Schedule 18 shall be subject to the conditions specified in respect of that jurisdiction in that Schedule and ICI and the Purchaser shall each use all reasonable endeavours to procure the satisfaction of those conditions as soon as practicable after the date of this Agreement.

4.3 Each of ICI and HSCC shall, so far is reasonably necessary, and as promptly as practicable, provide the other with such reasonable assistance as the other requests (a) in making or supporting the other and the members of the Purchaser's Group in making applications for environmental and operational change of control consents and (b) in providing information which is requested by any governmental or regulatory body or other person whose consents, approvals or other actions are required in order to complete the sale

and purchase of the Sale Shares and the Local Businesses (including, for the avoidance of doubt, the Federal Trade Commission (FTC) or other competition authorities).

4.4 Without prejudice to the generality of their obligations under clauses 4.1, 4.2 and 4.3:

(a) each of ICI and HSCC shall, as soon as practicable and in any event no later than 10 Business Days after the date of this Agreement, file with the FTC the notification and report form, if any, required for the transactions contemplated by this Agreement pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976; and

(b) as soon as practicable and in any event no later than 10 Business Days after the date of this Agreement (or such later date as may be jointly agreed by ICI and HSCC and permitted by the Relevant Competition Authority), HSCC (and, in the event that a separate filing is required, ICI) shall submit a merger or other competition or anti-trust filing, as applicable, to each Relevant Competition Authority, save where ICI and HSCC jointly agree otherwise.

4.5 ICI undertakes and agrees with HSCC that, on or before 8 June 1999, the directors of ICI will post a circular to shareholders of ICI (the Circular) containing (a) a notice duly convening the extraordinary general meeting of ICI referred to in clause 4.1(a) to be held as soon as practicable after the date of this Agreement and in any event on or before 25 June 1999 and including the text of the resolution (or more than one if so required by the London Stock Exchange) approving the arrangements envisaged by this Agreement and (b) (subject to the fiduciary duties of the directors) a recommendation from the directors to the shareholders of ICI to vote in favour of the resolution (or resolutions) and that neither ICI nor any member of ICI's Group nor any of their respective Related Persons will solicit or encourage any other offer for all or any part of the ICI Business from the date of this Agreement until Closing, the Termination Date or the date on which this Agreement is terminated in accordance with its terms, whichever first occurs (provided that neither ICI nor any member of its Group shall be required to contravene any Joint Venture Agreement). Without prejudice to the generality of the foregoing, HSCC shall give ICI such assistance as it shall reasonably require in connection with the preparation of the Circular and in particular shall procure that the Purchaser's Accountants shall provide such financial information as is necessary for the purpose of preparing the Circular and any supporting documentation customarily prepared in connection with such a circular.

4.6 If the Conditions are not satisfied or waived on or before the Termination Date, this Agreement shall automatically terminate.

4.7 If this Agreement terminates or is terminated in accordance with this clause 4 then the obligations of each party under this Agreement (except for obligations under clauses 12.17, 20, 22, 24, 25, 26, 28, 29, 31 and 33) shall automatically terminate, provided that the rights and liabilities of the parties which have accrued prior to termination (save for any under clause 5.1) shall subsist.

4.8 No Condition may be waived except by written agreement of the parties, save that HSCC shall be entitled to waive the Conditions set out in clause 4.1(c) and (f) in relation to the ICI Business without obtaining the consent of the other parties and ICI shall be entitled to waive the Conditions set out in clause 4.1(c) and (f) in relation to the PO/MTBE Business without obtaining the consent of the other parties. In any event no Condition may be waived without obtaining the prior consent of Bankers Trust Company and Goldman Sachs Credit Partners L.P. (as representatives for these purposes of the providers of finance under the Financing Agreements). If the parties agree that they wish to waive any Condition (or, where any party can unilaterally waive a Condition in accordance with the provisions of this clause 4.8, where it elects to do so) the parties undertake to each other to use their respective reasonable endeavours to obtain such consent of Bankers Trust Company and Goldman Sachs Credit Partners L.P. The parties shall waive the Condition set out in clause 4.1(c) in relation to the ICI Business if the ICI Transferred Value (as defined in clause 6.3) is at least (Pounds)914.47 million but less than (Pounds)933.7 million and Bankers Trust Company and Goldman Sachs Credit Partners L.P. have granted their consent to such a waiver. HSCC shall not have an obligation under clause 4.1 to use reasonable endeavours to procure such consent, but it agrees not to raise any objection to the giving by Bankers Trust Company and Goldman Sachs Credit Partners L.P. of such consent.

4.9 Each party shall notify the other parties as soon as reasonably practicable after it becomes aware that any Condition has been satisfied. If either Vendor considers at any time prior to Closing that a Material Adverse Change in the others Business has occurred, it shall promptly serve a written notice on the other Vendor (a MAC Notice) giving reasonable details thereof. If either Vendor delivers a MAC Notice and the other Vendor does not accept that a Material Adverse Change has occurred, either Vendor may instruct the Independent Firm to determine whether there is a Material Adverse Change and if so shall notify the other of such instruction. If the matter is so referred to the Independent Firm:

(a) each Vendor may make written representations to the Independent Firm in relation to the alleged Material Adverse Change (with copies to the other Vendor) within 5 Business Days of such referral. The Independent Firm shall be instructed to notify the Vendors and the Purchaser of its determination within 10 Business Days of such referral;

(b) if the Independent Firm shall for any reason be unable or unwilling to act, another independent firm of chartered accountants shall be appointed to act in its place, by agreement of the Vendors and, in default of such agreement within 5 Business Days of the Vendors becoming aware that the Independent Firm is unable or unwilling to act, at the request of either Vendor, by the President of the Institute of Chartered Accountants in England and Wales

for the time being;

(c) in making its determination, the Independent Firm shall act as expert and not as arbitrator and the determination by the Independent Firm shall, in the absence of manifest error, be final and binding on the Vendors and the Purchaser and shall be deemed to have been accepted and approved by each of them. The fees and the costs of the Independent Firm shall be shared by the Vendors equally unless otherwise directed by the Independent Firm (which shall have the authority to make such direction if it deems it equitable);

(d) each Vendor shall and shall procure that each other relevant member of its Group shall give the Independent Firm reasonable access at all reasonable times to all books and records, and all computer files relating to the business of any Company or any Local Business, in their respective possession or control and generally shall provide the Independent Firm with such other information and assistance (including without limitation access to senior operational executives) as the Independent Firm may reasonably request.

4.10 If any fact which makes any of the Conditions incapable of being satisfied on or before the Termination Date comes to the knowledge of any party at any time prior to Closing, then that party shall notify the other parties of that fact. The parties shall then first negotiate in good faith and use their reasonable endeavours to agree an alternative set of arrangements which place the Purchaser in no worse a position than it would have been in had the relevant Condition been capable of being satisfied, so far as is practicable in the time available before the Termination Date. If such endeavours and negotiations in good faith have taken place and it has not been possible to agree to such an alternative set of arrangements, then any party shall be entitled to treat this Agreement as terminated by written notice to the other

parties, provided that no party shall be entitled to treat this Agreement as terminated where that party is in breach of its obligations under clauses 4.1 to 4.9 where such breach has contributed materially to the non-satisfaction of the Condition.

4.11 Agreed deletion.

4.12 If the Olefins Manufacturing Business is a Delayed Business, then until such time as a transfer of the Olefins Manufacturing Business takes place:

(a) the definition of Business under the Technology Transfer Agreement shall be deemed modified to exclude that part of the Relevant Petrochemicals Business comprised in the Olefins Manufacturing Business; and

(b) the provisions of the Technology Transfer Agreement in respect of Collaboration Agreements, ICI Projects and ICI Technology Projects shall be disapplied insofar as they relate to the Olefins Manufacturing Business.

Conduct before Closing

5.1 Subject to:

(a) such of the consents set out in Schedule 15 having been obtained and such of the Conditions having been satisfied or waived as are (in each case) required in relation to the implementation of the relevant transaction;

(b) there being no outstanding Regulatory Action which makes unlawful or otherwise prohibits or restricts the implementation of the relevant transaction; and

(c) such consents as are required from third parties to the implementation of the relevant transaction having been obtained,

ICI shall take or procure that the necessary actions are taken in order to (or, where so provided in Schedule 18, use reasonable endeavours to) implement the transactions set out in Schedule 18 and ICI shall, and shall procure that each member of its Group shall, do, execute and deliver all such acts, deeds, documents, instruments of assignment and transfers as may be necessary to implement such transactions and give effect to them, provided that if, in ICI's reasonable opinion, the implementation of any one or more of those transactions would have a prejudicial effect on any member of ICI's Retained Group, ICI shall, subject to the prior consent of the Purchaser (such consent

not to be unreasonably withheld or delayed), be entitled to implement such other steps at its own cost as would achieve substantially the same position as between the parties as would result from the implementation of the relevant transaction and in addition ICI shall bear any incremental Tax costs arising by reference to or as a result of the implementation of such alternative steps.

5.2 ICI (in relation to its Group) and HSCC (in relation to its Group) shall ensure that neither the Purchaser nor any of the Purchaser's Subsidiaries nor any company incorporated pursuant to Schedule 18 shall carry on any business or have any assets or liabilities of any nature whatsoever before Closing, except for any business, assets or liabilities transferred to or assumed by it pursuant

to any transaction contemplated by this clause 5. Each Vendor shall indemnify the other Vendor on an after Tax basis (for itself and on behalf of each member of such other Vendor's Group) against all costs suffered or incurred as a result of a breach by it of its obligation under this clause 5.2.

5.3 Subject to clause 5.1, ICI (in relation to the ICI Business) and HSCC (in relation to the PO/MTBE Business) will ensure that, until Closing (or, in the case of Delayed Businesses, Delayed Companies or Delayed Assets, until Delayed Closing):

(a) the ICI Business and the PO/MTBE Business (as the case may be) is conducted in the ordinary and normal course of business as a going concern and without any alteration in its nature or manner (save for routine and unimportant matters), on sound commercial principles consistent with those applied by that party during the financial period ended on the Accounts Date; and

(b) all reasonable measures are taken, consistent with past practice, to protect and maintain the assets comprised in the ICI Business and the PO/MTBE Business, as the case may be.

5.4 For the purpose of this clause 5.4, the term "Company" includes any Non-Controlled Joint Venture. Subject to clause 5.1, but without prejudice to the generality of clause 5.3, until Closing (or, in the case of Delayed Assets, Delayed Businesses or Delayed Companies, until Delayed Closing) each of ICI and HSCC will ensure, in respect of the ICI Business or the PO/MTBE Business respectively (and, in relation to any Controlled Joint Venture or Non-Controlled Joint Venture, only in so far as ICI or HSCC (as the case may be) is able in accordance with the terms of any joint venture agreement or legally permitted to do so and provided that no member of ICI's Group shall be required by this clause 5.4 to conduct its relationship with the Controlled Joint Venture or Non-Controlled Joint Venture in a manner which

is inconsistent with existing budgets, business plans, delegations of authority and practices in place in relation to that Joint Venture at the date of this Agreement), that without the prior written consent of the other:

(a) no Company changes, or agrees to change, its authorised or issued share capital or issues, or agrees to issue, any shares, debentures or other securities or grants, or agrees to grant, any options over any shares, debentures or other securities;

(b) save for the redemption of its issued preference share capital by Tioxide Canada, Inc., as disclosed in the Disclosure Letter, no Company declares or pays any dividend or makes any other form of distribution to its members or reduces its share capital or purchases its own shares;

(c) no Company acquires or disposes of any shares, debentures or other securities in any other company or grants or acquires any option over any shares, debentures or other securities or makes any commitment or enters into any agreement to do so;

(d) no Company or Business Vendor (in relation to the ICI Business or the PO/MTBE Business, as the case may be) will dispose of, or agree to dispose of or grant or agree to grant any option or other right over or licence of, any business or assets comprised in the relevant Business (except in the ordinary course of business on normal arm's length terms);

(e) no Company or Business Vendor (in relation to the ICI Business or the PO/MTBE Business as the case may be) will embark on a programme, submit any bid or tender or make any contract or commitment in relation to the relevant Business which is likely to involve more than US$25 million (save for the renewal of an existing leasehold interest in any property on arm's length terms) by reference to:

(i) value; or

(ii) capital expenditure or costs; or

(iii) liabilities,

or (whatever the sum involved) is likely (aa) to result in any material change in the nature of the operations, liabilities and activities of the ICI Business or the PO/MTBE Business or (bb) to involve any abnormal or unusual commitment;

(f) no Company or Business Vendor (in relation to the ICI Business or the PO/MTBE Business) makes any contract with any other member of ICI's Group (if it is a member of ICI's Group) or with any other member of HSCC's Group (if it is a member of HSCC's Group) except for contracts on arm's length terms and in the ordinary course of business or as otherwise contemplated in this Agreement;

(g) there is no material change in the extent of the insurance cover relating to the activities of the relevant Business and no failure to maintain adequate insurance cover relating to the activities of the relevant

Business;

(h) no Company or Business Vendor shall make, terminate or materially vary any employment agreement or terms or employment-related arrangement with any director or Senior Employee or group of 20 or more Employees or hire (except in the ordinary course of business or where reasonably necessary to meet an identified business need or to replace departing employees) a material number of additional employees. This does not apply to renewing any existing agreements or arrangements and/or promotions and improvements in terms and conditions awarded in the normal course of employment;

(i) no Company or Business Vendor (in relation to the ICI Business or the PO/MTBE Business) will create, grant or issue, or agree to create, grant or issue, any mortgages, charges (other than liens arising by operation of law), debentures or other securities or redeem or agree to redeem any such securities or (other than in the ordinary course of business) give, or agree to give, any guarantees or indemnities;

(j) no Company or Business Vendor (in relation to the ICI Business or the PO/MTBE Business) will borrow (other than by bank overdraft or similar facility in the ordinary course of business and within limits subsisting at the date of this Agreement and other than anything of the nature of Intra-Group Financial Debt) any money or agree so to do;

(k) no Company shall alter the provisions of its constitutional documents or adopt or pass further regulations or resolutions inconsistent therewith or change its accounting reference date;

(l) save where the intention to do so has been disclosed in the Disclosure Letter relating to the Tioxide Business, no Company shall discontinue or cease to operate all or a material part of its business;

(m) no Company (excluding any Non-Controlled Joint Venture) shall pass any resolutions in general meeting or by way of written resolution

(save for the conduct of routine ordinary business at any annual general meeting or, in the case of any Non Controlled Joint Venture for the conduct of routine ordinary business by written resolution or at any general meeting), including, without limitation, any resolution for winding-up, or capitalise any profits or any sum standing to the credit of share premium account or capital redemption reserve fund or any other reserve;

(n) no Company or Business Vendor shall make any material change to the accounting procedures or principles by reference to which its accounts are drawn up; and

(o) no Company or Business Vendor (in relation to the ICI Business (in the case of ICI) and the PO/MTBE Business (in the case of HSCC)) will abandon, cancel or allow to lapse any Registered Rights other than in the ordinary course of business consistent with past practice.

HSCC and ICI shall each consider and provide a response to any request for such consent as promptly as reasonably practicable.

5.5 Notwithstanding clauses 5.1 to 5.4, the Retained Olefins Business may be transferred (in accordance with and subject to the terms of the Co-operation Agreement) to the Operations Company (as defined therein).

5.6 ICI and HSCC shall each use reasonable endeavours to take or ensure that the necessary actions are taken in order to procure that the A Notes (as defined in Schedule 4) are available for marketing in accordance with the A Registration Rights Agreement (as defined in Schedule 4) or at such earlier time as may be agreed upon by the parties to such A Registration Rights Agreement, but no earlier than the marketing of the most junior fixed-rate dollar-denominated high-yield notes of HIC, including by providing all necessary assistance in the preparation of the relevant registration statement or other marketing document within such timetable, and that their respective accountants provide required financial information and customary supporting documentation in connection therewith.

5.7 ICI shall use its reasonable endeavours to minimise the level of the Final Cash Balance of each Company at Closing, subject to any legal constraints on its ability to do so, by the payment of any dividends or otherwise. For the avoidance of doubt, ICI shall not be treated as being in breach of its obligations under this clause 5.7 if it requests consent to the payment of a dividend or any other step which it wishes to take in connection with its obligations under this clause 5.7 from the Purchaser pursuant to clause 5.4 and the Purchaser does not give such consent to the extent that

failure to give such consent leads to a failure to minimise the Final Cash Balance of any Company.

5.8 ICI shall as soon as reasonably practicable after the date of this Agreement and in any event at least 15 Business Days prior to Closing provide HSCC with a list of all filings and office actions required to be made in the 3 months after the Closing Date in respect of the Registered Rights.

5.9 ICI shall use all reasonable endeavours to procure the signing by Dames & Moore of the Dames & Moore Reliance Agreement in favour of such persons as are nominated by the Purchaser provided that nothing in this clause shall require ICI to take any steps to procure such signature other than such signature as is contemplated in the Environmental Consultant's Agreement.

5.10 HSCC undertakes to use its best endeavours to procure that the relevant directors of each of TGL, Holdco 1, Holdco 2, UK Polyurethanes, UK Relevant Petrochemicals and Tioxide UK (each as defined in clause 1, Schedule 4 or Schedule 18) form the opinions, and make the statutory declarations, envisaged in Sections 155 et seq of the Companies Act 1985 in relation to the financial assistance identified in the draft board resolutions and statutory declarations in the Exhibits to the Senior Credit Agreement, provided that nothing in this clause (i) shall require any such director (or shall require HSCC to procure any such director) to contravene any law or act in a manner inconsistent with his fiduciary or other legal duties in relation to any such company, or (ii) shall require HSCC to procure that any such company is capitalised or has assets or other funds available to it to an extent which would allow any such director to form such opinion or give such a statutory declaration. For the avoidance of doubt, proviso (ii) above shall not affect any obligation which HSCC may have in the absence of this clause.

5.11 The Purchaser and HSCC shall each procure that, without the prior written consent of ICI:

(a) no amendment materially adverse to ICI is made to the Subscription Agreement or to the Member's Agreement;

(b) no consent is given by or on behalf of the Purchaser to the assignment of any rights or obligations of any party to the Subscription Agreement; and

(c) save for any agreement entered into to implement any transfer of interests in the Purchaser made pursuant to and in accordance with the LLC Agreement or the Members' Agreement, neither the Purchaser nor HSCC shall enter into any agreement with any other person

(including without limitation any other member of the Purchaser) relating to the present or future transfer of interests of the Equity Investors (as defined in the LLC Agreement) in the Purchaser,

in each case at any time on or prior to the date on which there ceases to be a member of ICI's Group holding any interests (other than Class A Shares in TGL) in any member of the Purchaser's Group.

Closing

6.1 Subject to clauses 6.11 and 6.14 and Schedule 16, beneficial ownership and risk in respect of each of the Business Assets shall pass to the Designated Purchaser on Closing. Closing shall take place at such place or places outside the United Kingdom as are agreed between ICI and HSCC. Closing shall take place on the final Business Day in the first calendar month in which, at least 3 Business Days before the end of that calendar month, Conditions 4.1(a), (b) and (e) have been satisfied or waived provided that Condition 4.1(c) is satisfied or waived at that time and further provided that Conditions 4.1(c), (d) and (f) remain satisfied immediately prior to Closing, or on such other date as may be agreed between the parties.

6.2 Subject to clause 6.3:

(a) ICI agrees (i) with HIC in relation to the transfer of the Sale Shares in TGL, (ii) with the Purchaser as trustee for Huntsman ICI Polyurethanes (UK) Limited in relation to the transfer of the Sale Shares (other than those in TGL) set opposite ICI's name in column 3 of Part I of Schedule 1, (iii) with the Purchaser in relation to the transfer of the Sale Shares set opposite its name in column 3 of Part IV of Schedule 1 and (iv) with the Purchaser as trustee for each other Designated Purchaser in relation to the transfer of the Local Businesses that ICI and each Share Selling Company and Business Vendor and each Designated Purchaser shall at Closing transfer Sale Shares and Local Businesses and shall do, or procure the doing of, all those things listed in relation to them in Schedule 4; and

(b) HSCC agrees with the Purchaser that HSCC shall at Closing transfer the PO/MTBE Business and shall do, or procure the doing of, all those things listed in relation to it in Schedule 4.

The parties shall also make the adjustments referred to in clause 3.4. If any transaction is required to be implemented under Schedule 18 and has not been implemented prior to Closing, then the Purchaser shall procure that, at Closing, either it or a member of its Group or a Company shall pay to ICI or its designee any sums which would have been paid pursuant to Schedules 4

and/or 18 to a member of ICI's Group had such transaction been implemented (the amount of such payment being reduced where applicable pursuant to clause 6.3(c)(ii), being adjusted pursuant to clause 3.4 and as otherwise provided in this Agreement and being paid in dollars and/or euros as determined under clause

3.17). For the avoidance of doubt:

(i) subject to being reduced pursuant to clause 6.3(c)(ii) and being adjusted pursuant to clause 3.4 and as otherwise provided in this Agreement, any such sum which would have been paid pursuant to Schedules 4 and/or 18 shall be paid to ICI or its designee regardless of whether the business or share transfer to which it relates has been effected and of whether any loan note of which it is expressed to constitute the repayment has been issued; and

(ii) the provisions of this final paragraph of clause 6.2 shall apply in respect of the sums to be paid pursuant to Schedule 4 in relation to the transfers of the Joint Venture Interests in NPU and Arabian Polyol Co Ltd and of the preference shares in the capital of Tioxide (Malaysia) Sdn Bhd (to which neither clause 3.4 nor clause 6.3(c)(ii) apply).

If the Olefins Manufacturing Business is not transferred to a member of the Purchaser's Group at Closing, then Huntsman ICI Petrochemicals (UK) Limited shall nevertheless pay the sum of $200,000,000 to ICI Chemicals & Polymers Limited as envisaged by paragraph 22 of Schedule 4, but such payment shall be subject to a condition subsequent that Delayed Closing takes place in respect of the Olefins Manufacturing Business.

6.3(a) For the purposes of this clause 6.3 only:

(i) any reference to a Non-Controlled Joint Venture shall be read as a reference to Rubicon Inc. and LPC;

(ii) the Value of a Company, Non-Controlled Joint Venture or Local Business shall mean the book value of the fixed assets of the relevant entity or business at 31 December 1998, as identified in Exhibit F.

(b) Where insufficient of the Business Assets of any Local Business are able to be transferred at Closing for the relevant Local Business to be able to continue to operate for all practical purposes in the manner in which it operated immediately prior to Closing, then (i) none of the Business Assets comprised in such Local Business shall be transferred at Closing, (ii) the provisions of Schedule 16 shall apply in relation to

such Local Business and (iii) for the purposes of paragraph (c) below, that Local Business shall be treated as not having been transferred at Closing. Where sufficient of the Business Assets of any Local Business are able to be transferred at Closing for the relevant Local Business to be able to continue to operate for all practical purposes in the manner in which it operated immediately prior to Closing, then such Local Business shall transfer at Closing and shall be treated as having done so for the purposes of paragraph (c) below. The provisions of clause 6.3(b) shall also apply in respect of any transfer of a business which is to be effected pursuant to Schedule 18 to determine whether that business shall be treated as having been transferred at Closing for the purposes of paragraph (c) below.

(c) ICI shall be deemed to have complied with its obligations under clause 6.2 and Schedule 4 to transfer Sale Shares and Local Businesses if the aggregate of the Values of the Companies, Non-Controlled Joint Ventures and Local Businesses (excluding the Olefins Manufacturing Business) which have been transferred to a member of the Purchaser's Group (such aggregate being the ICI Transferred Value) is more than (Pounds)933.7 million (and shall be deemed not to have complied with such obligations if such aggregate is less than the ICI Transferred Value), in which event:

(i) ICI shall, on the terms of Schedule 16, remain subject to a continuing obligation to transfer any Company or Non-Controlled Joint Venture (a Delayed Company) and any Local Business (a Delayed Business) which it does not transfer at Closing (without prejudice to the remaining provisions of this clause 6 and to the provisions of Schedule 16). Any Schedule 18 Company or Schedule 18 Business the transfer of which to a member of the Purchaser's Group has not taken place on or prior to Closing shall be treated for the purposes of this Agreement as a Delayed Company or a Delayed Business, as the case may be ;

(ii) the consideration to be paid or transferred in respect of any such Delayed Company (or of its holding undertaking) or Delayed Business under Schedule 18 (in the case of any Delayed Company or Delayed Business which is a Schedule 18 Company or Schedule 18 Business) or, as the case may be, under Schedule 4 (in the case of any Delayed Company or Delayed Business which is not a Schedule 18 Company or Schedule 18 Business) shall be reduced by:

(aa) in the case of any Delayed Company or Delayed Business which is not a Systems House Entity, the sum resulting from the following calculation:

$$1/4 \times \frac{a}{\text{(Pounds)962.6 million}} \times \$2{,}426{,}550{,}000$$

where a is the Value of the relevant Delayed Company or Delayed Business; and

(bb) in the case of any Delayed Company or Delayed Business which is a Systems House Entity, the sum which is one-quarter of the value shown against that Delayed Company or Delayed Business in Part II of Schedule 6;

(iii) if Delayed Closing takes place in respect of any such Delayed Company or Delayed Business on or before the second anniversary of Closing, the Purchaser shall pay to the Vendor:

(aa) the sum resulting from the following calculation in the case of an entity which is not a Systems House Entity:

$$1/4 \times \frac{c}{\text{(Pounds)962.6 million}} \times \$2{,}426{,}550{,}000$$

where c is the Value of the relevant Delayed Company or Delayed Business; and

(bb) in the case of any entity which is a Systems House Entity, the sum which is one quarter of the value shown against that entity in Part II of Schedule 6.

Such payment shall be by way of adjustment to the consideration payable in respect of such Delayed Company or its holding undertaking or in respect of such Delayed Business under Schedule 4 (where such Delayed Company or Delayed Business is not a Schedule 18 Company or Schedule 18 Business) or Schedule 18 (where such Delayed Company or Delayed Business is a Schedule 18 Company or Schedule 18 Business).

(d) For the purpose of paragraph (c) above, Tioxide (Malaysia) Sdn Bhd (Tioxide Malaysia) shall be deemed to have been transferred at Closing if the ordinary shares in Tioxide Group Limited, have been transferred with Tioxide Malaysia being a Subsidiary of it at the time

of such transfer, regardless of whether the 24,200,000 Cumulative Redeemable Preference Shares of US$1 each in the capital of Tioxide Malaysia (the Preference Shares) have been transferred by ICI Omicron BV pursuant to Schedule 18 on or prior to Closing. If the Preference Shares have not been transferred on or prior to Closing pursuant to Schedule 18, then, from Closing, ICI shall procure that ICI Omicron BV shall act in accordance with the Purchaser's instructions in respect of such Preference Shares and account for any dividend or other distribution made or paid by Tioxide Malaysia in respect of them. Should the Preference Shares not have been transferred to a member of the Purchaser's Group or to a transferee nominated by the Purchaser on or before the second anniversary of Closing, ICI shall pay to the Purchaser the Fair Value of the Preference Shares, as determined in accordance with the process set out in paragraph 7 of Schedule 16 (for which purpose, any reference to a Delayed Company shall be read as a reference to the Preference Shares).

(e) HSCC shall be deemed to have complied with its obligations under clause 6.2 and Schedule 4 to transfer its Local Business only if the Business Assets which it is able to transfer at Closing are sufficient for its Local Business to be able to continue to operate for all practical purposes in the manner in which it operated immediately prior to Closing.

(f) Where any consent or agreement of any third party is required to the transfer of any of the Business Assets (other than a Property, Business Contract, Business IP Licence or Business IT Licence) comprised in a Local Business which has transferred and such consent or agreement has not been obtained at or before Closing, the sale of the relevant Business Asset (a Delayed Asset) shall not take effect, notwithstanding Closing, until that consent or agreement has been obtained and the provisions of Schedule 16 shall apply in respect of it.

(g) For the purposes of this clause 6.3, ICI Chemicals & Polymers Limited shall be treated as being a Business Vendor in respect of two separate Local Businesses, being (i) on the one hand, the Olefins Manufacturing Business and (ii) on the other hand, the remainder of the business which it is to sell under this Agreement. For the avoidance of doubt, C&P's being unable to transfer the Local Business comprising the Olefins Manufacturing Business at Closing shall not prevent the Conditions being satisfied and shall not prevent ICI from being deemed under this clause 6.3 to have complied with its obligations under clause 6.2 and Schedule 4. If the Olefins

Manufacturing Business is not transferred to a member of the Purchaser's Group at Closing, then:

(i) the Olefins Agreements shall be deemed to be Ancillary Agreements and shall be entered into at Closing in accordance with the applicable provisions of Schedule 4 and the Olefins Manufacturing Business will be carried on, until Delayed Closing, subject to and in accordance with the Co-operation Agreement and the Olefins Agreements;

(ii) the Olefins Manufacturing Business shall constitute a Delayed Business for the purposes of the definitions of "Delayed Closing Date" and "Delayed Closing" (save where the latter term is used in clause 7.5, which shall not apply in relation to any Delayed Closing in respect of the Olefins Manufacturing Business), clauses 2.9, 3.12, 3.13, 4.12 and this 6.3 (other than paragraphs (c)(ii) and (iii)) and paragraphs 9 and 11 of Schedule 16;

(iii) for the avoidance of doubt, notwithstanding any provision to the contrary in this Agreement, the provisions of clause 5 and of Schedule 16 (other than those set out in paragraphs 9 and 11 of that Schedule) shall not apply in respect of the Olefins Manufacturing Business.

(h) BPCL has an interest in certain assets pursuant to the ICI/BP Joint Venture Agreements, which interest (the BPCL Interest) the Purchaser, or another member of its Group, is purchasing from BPCL under an asset sale agreement (Asset Sale Agreement). It is acknowledged by the parties that the fact that ICI is, by reason of the BPCL Interest, selling less than a 100% interest in the Business Assets relating to the Olefins Manufacturing Business is not relevant to the measure of the Costs of the Purchaser (or the relevant member of the Purchaser's Group) and its ability to recover in respect thereof if there is a breach of or claim under any of the Warranties or any of the other provisions of this Agreement (and, accordingly, no discount shall be applied to the assessment of the Costs of the Purchaser (or the relevant member of the Purchaser's Group) and the amount of its claim by reason of the BPCL Interest and the fact that ICI is, by reason of the BPCL Interest, selling less than a 100% interest in the Business Assets relating to the Olefins Manufacturing Business). In reliance on this acknowledgement, the Purchaser has agreed with BPCL that the Asset Sale Agreement will not contain equivalent warranties, indemnities or other protections in respect of those matters which are covered by

warranties, indemnities and other protections given in this Agreement. For the avoidance of doubt, the parties acknowledge that ICI undertakes no obligation, makes no representation and gives no warranty in respect of or relating to BPCL's ownership of, title to or interest in any assets.

(i) The use of ICI Group Ethylene Systems agreement dated 15 November, 1994 between ICI Chemicals & Polymers Limited, ICI Wilhelmshaven GmbH, European Vinyls Corporation (International) SA/NV, European Vinyls Corporation (Deutschland) GmbH and European Vinyls Corporation (UK) Limited shall be excluded from the definition of Business Contracts save that upon and after the transfer of the Olefins Manufacturing Business pursuant to this Agreement, such agreement shall be a Business Contract to the extent that it relates to the UK System (as defined therein) and shall continue to be excluded from the definition of Business Contract to the extent that it relates to the German System (as defined therein).

6.4 If, on the Delayed Closing in respect of any Delayed Company or Delayed Business, or on the completion at any time after Closing of the transfer of the Joint Venture Interest in NPU or Arabian Polyol Co Ltd or of the preference shares in the capital of Tioxide (Malaysia) Sdn Bhd, it is necessary for the consideration for such transfer to be paid within the relevant jurisdiction in order to comply with the requirements of local law or in order for the purchasing entity to be able to benefit from a relevant investment credit, then:

(a) if payment may be made in dollars, then the Purchaser shall procure that the relevant purchasing entity shall pay to the relevant selling entity the amount in dollars which would have been paid in respect of the transfer of such shares or business pursuant to Schedule 4 or 18 had such transfer taken place at or prior to Closing and had account been taken of any adjustment made to that sum under clause 3.4 but not of the effect of clause 6.3(c)(ii) or of clause 3.17 (the Dollar Price);

(b) if it is necessary for the payment to be made in the relevant local currency, then the Purchaser shall instead procure the payment of the amount resulting from converting the Dollar Price into that local currency at the Spot Rate on the date which is three (3) Business Days prior to the date of the relevant transfer;

(c) ICI shall pay or procure the payment to the Purchaser of the amount in Dollars paid at Closing pursuant to clause 6.2 in respect of the relevant shares or business,

and, in the case of any Delayed Company or Delayed Business, the provisions of clause 6.3(c)(iii) shall not apply on the Delayed Closing.

6.5 If either ICI or HSCC fails to comply with any of its obligations under clause 6.2 (or to be deemed so to have complied pursuant to clause 6.3) then, save where the failure relates to a minor or technical matter not going to title, the other may at its option and without prejudice to any other remedies available to it:

(a) defer Closing to a date not later than the end of the calendar month after the calendar month in which Closing is required to take place under clause 6.1 (and so that the provisions of this clause 6 shall apply to Closing as deferred), provided that, if such deferred Closing Date would fall after the Termination Date, then the obligations of each party under this Agreement (except for obligations under clauses 12.17, 20, 22, 24, 25, 26, 28, 29, 31 and 33) shall automatically terminate (save that the rights and liabilities of the parties which have accrued prior to termination shall subsist); or

(b) proceed to Closing so far as practicable (without prejudice to its rights under this Agreement or any other agreement referred to herein).

All documents to be delivered by any party at Closing shall be held in escrow, on a basis to be agreed between the parties in advance of Closing, such that they will not become effective until the parties have complied with their Closing obligations to such an extent that the agreed escrow condition is satisfied.

6.6 Any cash sum to be paid by the Purchaser to ICI or any member of ICI's Group at Closing shall be paid by the Purchaser (as agent for and on behalf of itself and each of the Designated Purchasers) to ICI's Bank Account in immediately available funds and ICI shall receive such payment on its own account and as agent for each Selling Company.

6.7 The Tax Covenant and the Environmental Covenant shall each come into effect at Closing.

6.8 At Closing, each Vendor shall procure that:

(a) the members of its Retained Group expressed to be parties thereto, and the Purchaser shall procure that the members of the Purchaser's Group

expressed to be parties thereto, shall enter into the Ancillary Agreements; and

(b) those directors of each of the Companies (and Non-Controlled Joint Ventures (where such directors are appointed by any member of ICI's Group)) nominated by the Purchaser in writing no later than 5 Business Days prior to Closing shall resign and shall deliver a letter to the relevant Company waiving all rights and claims they might have against such Company and the Purchaser shall procure that each such Company shall grant to such resigning directors full discharge of any claims it might have against such resigning director (save in the case of fraud or any criminal matter).

6.9 Each party agrees with the other parties (on behalf of themselves and the members of their respective Groups) to indemnify and keep indemnified the other parties and each member of their respective Groups against any Cost which it may incur or suffer as a result of any document delivered pursuant to this clause 6 being unauthorised, invalid or for any other reason ineffective for its purpose or as a result of any document required to be delivered pursuant to clause 6.2 and Schedule 4 not being so delivered.

6.10 If the contract of employment of any Business Employee terminates or does not transfer to a member of the Purchaser's Group at Closing (or, where applicable, at the Delayed Closing Date relating to such Business Employee) by operation of law, the Purchaser shall procure that the relevant member of the Purchaser's Group shall immediately offer to employ any such person upon becoming aware that his contract of employment has not transferred, or will not transfer, or has terminated, such offer to be on terms and conditions that are not less favourable to him as a whole than the terms and conditions applicable to him immediately prior to Closing (or, as the case may be, the Delayed Closing Date relating to such Business Employee or the date of termination) and as if there was continuity of service, such employment to take effect at Closing (or, where applicable, at the Delayed Closing Date) or, if later, as soon as the relevant member of the Purchaser's Group has become so aware that the contract of employment of such Business Employee has not transferred or will not transfer and the relevant Vendor shall procure that, on the making of such an offer (or, if later, at Closing or as the case may be at the Delayed Closing Date), any such Business Employee who wishes to accept such offer is released from his employment with that Vendor's Retained Group. In determining whether an offer is on terms and conditions no less favourable as a whole for the purpose of this clause 6.10, no account shall be taken of any success bonus or incentive paid or provided to an Employee in relation to the sale of the Polyurethanes Business, the Relevant Petrochemicals Business or the Tioxide Business insofar as such bonus or

incentive is in addition to (and not in substitution for) any other bonus or incentive to which such Employee would otherwise have been eligible.

6.11 Save in relation to the Properties (to which the provisions of Schedule 17 shall apply) and Business IP Licences (to which clauses 6.12 to 6.16, 6.18 and 6.19 shall apply) and Business IT Licences (to which clauses 6.12 to 6.17 and 6.19 shall apply) insofar as the Business Assets comprise the benefit and burden of Business Contracts which cannot effectively be or are not permitted to be assigned or transferred by the relevant Business Vendor to the Purchaser or relevant Designated Purchaser except by agreements of novation or without obtaining a consent, approval or waiver from a third party (Consents) then the following provisions shall apply:

(a) this Agreement shall not constitute an assignment or an attempted assignment of the relevant Business Contract if, or to the extent that, such an assignment or attempted assignment would constitute a breach of such Business Contract;

(b) the relevant Vendor (on behalf of itself and each relevant Business Vendor) and the Purchaser shall each use reasonable endeavours to procure that such Business Contracts are novated or that the necessary Consents are obtained and this Agreement shall constitute an assignment of such Business Contract with effect from the time when all Consents required in respect of such assignment have been obtained;

(c) unless or until each such Business Contract is so novated or assigned or any necessary Consent is obtained, the relevant Business Vendor shall hold any such Business Contract and any moneys, goods or other benefits received thereunder as agent of the Purchaser (or the relevant Designated Purchaser) and shall accordingly, promptly on receipt of the same, account for and pay or deliver to the Purchaser (or the relevant Designated Purchaser) such moneys, goods and other benefits less any reasonable direct out-of-pocket costs and expenses of performance of that Business Contract incurred by that Business Vendor (to the extent clause 6.11(d) does not apply) (excluding, for the avoidance of doubt, management time) and the Vendor shall comply with all reasonable requests of the Purchaser in relation to that Business Contract or the performance thereof; and

(d) the Purchaser shall, or shall procure that the relevant Designated Purchaser shall, at its cost, assist the relevant Business Vendor to perform all its obligations (or, at the relevant Vendor's request, procure the performance of all of the obligations of the Business

Vendor) under any such Business Contract as sub-contractor of the relevant Business Vendor provided that sub-contracting is permissible under the terms of the relevant Business Contract and where sub-contracting is not permissible, the Purchaser shall, provided that this is permissible under the terms of the relevant Business Contract, perform any such Business Contract as agent for the relevant Business Vendor, and in performing such agency or sub-contracting role shall indemnify the relevant Business Vendor (save to the extent that the Costs are caused by the Business Vendor's failure to comply with its obligations under this clause or to take reasonable care in performing any obligations under the relevant Business Contract which remain to be performed by it and save in respect of the Costs of third party claims in respect of such arrangement) on an after Tax basis against all Costs suffered or reasonably incurred in connection with any such Business Contracts provided that the Purchaser or relevant Designated Purchaser shall not be obliged to indemnify the relevant Business Vendor in respect of its internal administrative costs (including costs of the time of its employees) the sub-contracting or agency or arrangements described in this sub-paragraph;

(e) no effect shall however be given to sub-paragraphs (c) or (d) above if any other party under the relevant Business Contract repudiates the contract, refuses to deal with the relevant Business Vendor or the Purchaser or relevant Designated Purchaser as contemplated by the said sub-paragraphs (but then only for as long as it persists with such refusal) or if giving effect thereto would constitute a breach of the relevant Business Contract in which case the relevant Vendor, the relevant Business Vendor, the Purchaser and any Designated Purchaser will use their respective reasonable endeavours to make such other arrangements between themselves as may be permissible to implement as far as possible the effective transfer of the benefits and burden of such Business Contract to the Purchaser, or Designated Purchaser or if such arrangements cannot be made in respect of such Business Contract, the Business Vendor and the Purchaser (or the relevant Designated Purchaser) shall use their respective reasonable endeavours to procure that such Business Contract is terminated without liability to either of them (in such a manner that the Purchaser or Designated Purchaser may, if it so requires, negotiate a new contract on its own behalf) and neither the Vendor, nor Business Vendor, the Purchaser or the Designated Purchaser shall have any further obligation to the other relating to the Business Contract after such termination.

Without prejudice to the generality of the preceding provisions of this clause 6.11 and of clause 18.2(a), ICI and the Purchaser shall each use their

respective reasonable endeavours to procure the consent of Enron Teesside Operations Limited (ETOL) and Enron Gas and Petrochemicals Trading Limited (EGPTL) as may be required to the assignment (to the extent they relate to the ICI Business) of (i) the Utilities Agreement relating to the Polyurethanes Business dated 31 December 1998 between ETOL, EGPTL and ICI; (ii) the Services Agreement relating to Services from the Teesside Utilities and Services Business to the Polyurethanes Business dated 31 December 1998 between ETOL and ICI; (iii) the Utilities Agreement relating to the ICI Hydrocarbons Business dated 31 December 1998 between ICI Chemicals and Polymers Ltd (C&P), EGPTL and ETOL; (iv) the Services Agreement relating to Services from the Teesside Utilities and Services Business to the ICI Hydrocarbons business dated 31 December 1998 between C&P and ETOL, and (v) the Services and the Utilities Agreement relating to Services to the Teesside Utilities and Services Business of Enron from the ICI Hydrocarbons Business dated 31 December 1998 between C&P and ETOL, and to use such endeavours to procure the release of ICI (and any other members of ICI's Group) from any guarantees of such agreements given by it in relation to such Agreements. If ETOL's or EGPTL's consent to any such assignment or release cannot be so obtained, or should ETOL's or EGPTL's consent to the assignment be obtained only on the basis that a member of ICI's Group will continue to act as guarantor in relation to any such Agreement(s), then ICI undertakes to continue to act as guarantor (or to procure that any other member of ICI's group as is currently such a guarantor so continues) in respect of any such Agreements until the earlier of the date on which ETOL or EGPTL agrees to the release of such guarantee or the second anniversary of Closing, provided that, with effect from Closing, the Purchaser enters into a counter indemnity in favour of ICI in respect of any liability which may arise under such guarantee.

6.12 Subject to clause 6.15, insofar as the benefit of any of the Business IP Licences and Business IT Licences can effectively be assigned in favour of the Purchaser (in the case of the PO/MTBE Business) or the relevant Designated Purchaser (in the case of the ICI Business) with effect from the Closing Date, the relevant Vendor shall at its own expense in respect of Business IP Licences and Business IT Licences procure their assignment to or novation in favour of the Purchaser (in the case of the PO/MTBE Business) or the relevant Designated Purchaser (in the case of the ICI Business) with effect from the Closing Date.

6.13 Subject to clause 6.15, in relation to any Business IP Licences and Business IT Licences referred to at clause 6.12, as part of the consideration for the assignment of the Business IPR and the Business Information, the Purchaser (in the case of the PO/MTBE Business) or the relevant Designated Purchaser (in the case of the ICI Business) shall:

(a) on the Closing Date accept assignments from the relevant Business Vendor of, or enter into a novation agreement in respect of, such Business IP Licences and Business IT Licences;

(b) from the Closing Date carry out, perform and discharge all the obligations and liabilities created by or arising under such Business IP Licences and Business IT Licences after the Closing Date (so far as the Purchaser or Designated Purchaser, as applicable, is lawfully able to do so); and

(c) from the Closing Date indemnify ICI or the relevant Business Vendor as the case may be against all costs, claims, charges, expenses, demands, liabilities or penalties on an after Tax basis in respect of any failure on the part of the Purchaser or Designated Purchaser, as applicable, to carry out, perform and discharge those obligations and liabilities, provided that this indemnity shall not apply to the extent that the obligation or liability in question has arisen out of any breach of the relevant Business IP Licence or Business IT Licence by ICI or the relevant Business Vendor prior to the Closing Date.

6.14 Subject to clause 6.15, insofar as the benefit or burden of any of the Business IP Licences or Business IT Licences cannot effectively be assigned to the Purchaser (in the case of the PO/MTBE Business) or the relevant Designated Purchaser (in the case of the ICI Business) except by an agreement or novation with or consent to the assignment from the third party:

(a) the relevant Vendor shall use all reasonable endeavours with the co-operation of the Purchaser to procure such novation or assignment either prior to Closing or (i) with respect to Business IP Licences within 90 days after Closing and (ii) with respect to Business IT Licences within 270 days after Closing (with each of the relevant Vendor, the Purchaser and any Designated Purchaser bearing its own internal administrative costs (including the cost of employee time) in connection with any action taken pursuant to this clause 6.14(a)). After a period of 90 days after Closing, the parties shall review together on a month by month basis the progress of the assignment and novation of Business IT Licences;

(b) this Agreement shall not constitute an assignment or an attempted assignment of the Business IP Licence or Business IT Licence if, or to the extent that such an assignment or attempted assignment would constitute a breach of such licence;

(c) until the relevant Business IP Licence or Business IT Licence is novated or assigned, the Purchaser shall, or shall procure that the relevant Designated Purchaser shall, at its cost as the relevant Business Vendor's

sub-contractor (if such sub-contracting is permissible under the relevant Business IP Licence or Business IT Licence), or where such sub-contracting is not permissible, as the relevant Business Vendor's agent (if such agency arrangement is permissible under the relevant Business IP Licence or Business IT Licence), perform all the obligations of the relevant Business Vendor under the relevant Business IP Licence or Business IT Licence to be discharged after the Closing Date, and shall indemnify the relevant Business Vendor against all claims, charges, expenses, demands, liabilities or penalties on an after Tax basis in respect of any failure on the part of the Purchaser (in the case of the PO/MTBE Business) or the relevant Designated Purchaser (in the case of the ICI Business) to perform those obligations, provided that the Purchaser or relevant Designated Purchaser shall not be obliged to indemnify the relevant Business Vendor in respect of its internal administrative costs (including the costs of employee time); and

(d) unless or until each such Business IP Licence or Business IT Licence is novated or assigned, the relevant Business Vendor shall (if permissible under the relevant licence) hold any such Business IP Licence or Business IT Licence and any moneys, goods or other benefits received thereunder as agent of the Purchaser (in the case of the PO/MTBE Business) or the relevant Designated Purchaser (in the case of the ICI Business) and shall accordingly, promptly on receipt of the same, account for and pay or deliver to the Purchaser (in the case of the PO/MTBE Business) or the relevant Designated Purchaser (in the case of the ICI Business) such moneys, goods and other benefits;

(e) until the relevant Business IP Licence or Business IT Licence is novated or assigned, the relevant Business Vendor shall (so far as it lawfully may) give all reasonable assistance to the Purchaser (in the case of the PO/MTBE Business) or the relevant Designated Purchaser (in the case of the ICI Business) (at the Purchaser's request) to enable the Purchaser or relevant Designated Purchaser to enforce its rights under the Business IP Licence or Business IT Licence, provided always that:

(i) if the relevant Business IP Licence or Business IT Licence prohibits the Purchaser (in the case of the PO/MTBE Business) or the relevant Designated Purchaser (in the case of the ICI Business) from acting as the relevant Business Vendor's

sub-contractor or agent (as referred to in paragraph (c) above) and/or prohibits the relevant Business Vendor from acting as the Purchaser's or relevant Designated Purchaser's agent (as referred to in paragraph (d) above) the relevant Business Vendor shall, to the extent that the relevant Business Vendor is reasonably able (and to the extent permitted by the relevant Business IP Licence or Business IT Licence), do all such acts and things at the Purchaser's or relevant Designated Purchaser's cost as the Purchaser or relevant Designated Purchaser may reasonably require to enable due performance of each such Business IP Licence or Business IT Licence and to provide the Purchaser or relevant Designated Purchaser with the benefits, subject to the burden, of such Business IP Licence or Business IT Licence (including, for the avoidance of doubt, by accounting to the Purchaser or relevant Designated Purchaser for any money received after the Closing Date by the relevant Business Vendor pursuant to any such Business IP Licence or Business IT Licence, as soon as reasonably practicable after receipt by the relevant Business Vendor);

(ii) where a third party refuses to give consent or agree to a novation of a Business IP Licence or Business IT Licence or where a Business IP Licence or Business IT Licence is used or relates in or to the ICI Business (in the case of ICI) or the PO/MTBE Business (in the case of HSCC) although not exclusively or predominantly and where partial assignment or novation is not permitted under the terms of such licence and, in each case, where sub-licensing is permitted under the relevant licence, the relevant Business Vendor shall on the request of the Purchaser grant to the Purchaser or relevant Designated Purchaser a sub-licence (with retrospective effect from Closing) of its rights under the relevant Business IP Licence or Business IT Licence on terms no less favourable to the Purchaser or relevant Designated Purchaser than the terms of the relevant Business IP Licence or Business IT Licence are to the relevant Business Vendor.

6.15 In relation to any Business IP Licences or Business IT Licences which are used or relate in or to the ICI Business (in the case of ICI) or the PO/MTBE Business (in the case of HSCC) although not exclusively or predominantly, references to assignment or novation in clauses 6.12, 6.13, and 6.14 shall be deemed to be references to partial assignment or novation where the same is permitted under the terms of the relevant Business IP Licence or Business IT Licence.

6.16 The parties acknowledge that some of the data constituting Business Information to be delivered by ICI to the Purchaser may be formatted using third party software and may contain run-time elements of such third party software.

Subject always to the express provisions of this Agreement, the Purchaser acknowledges that ICI will not be required to transfer or assign licences to the Purchaser to use such third party software elements. For the avoidance of doubt, ICI shall have no liability to the Purchaser in connection with the use of such third party software elements by the Purchaser.

6.17 Any licence fees (other than internal administrative costs (including the cost of employee time)) incurred in relation to the obtaining of new licences to replace any Business IT Licence pursuant to clause 6.14(a) which have not within 270 days after Closing been assigned to or novated in favour of the Purchaser shall be borne in equal proportions by the relevant Business Vendor and the Purchaser.

6.18 Any expenses (other than internal administrative costs (including the cost of employee time)) incurred in relation to the obtaining of third party consents pursuant to clause 6.14(a) or incurred by the Purchaser or any member of the Purchaser's Group in relation to the obtaining of new licences to replace any Business IP Licence which has not within 90 days after Closing been assigned to or novated in favour of the Purchaser or to replace any software licences referred to in clauses 6.16 shall be borne in equal proportions by the relevant Business Vendor and the Purchaser.

6.19 ICI shall indemnify the Purchaser and each member of the Purchaser's Group against any costs, claims, charges, expenses, demands, liabilities or penalties arising from the failure by ICI to comply with its obligations under clause 6.14(a).

6.20 ICI will as from Closing revoke the guarantee given by it pursuant to Section 403 paragraph 1 sub f book 2 of the Dutch Civil Code (a Section 403 Guarantee) in respect of the Companies registered in The Netherlands.

6.21 Whenever this Agreement provides for a Vendor to contribute any US asset to the Purchaser save for ICI American Holdings Inc.'s interest in Tioxide Americas Inc. or its successor, such Vendor may transfer such US asset directly to HIC and, for the purposes of calculating the Capital Accounts of any party (as defined and determined in the LLC Agreement), such transfer shall be deemed to have been made first to the Purchaser, followed by a contribution of such assets by the Purchaser to HIC.

6.22 Notwithstanding any other provision of this Agreement, ICI shall be deemed to be unable to comply with its obligations under clause 6.2

(including for the purposes of clause 4.1(c)) where it is unable to transfer any Joint Venture Interest (other than NPU or Arabian Polyol Company Ltd.) at Closing.

6.23 The parties to this Agreement agree that, as between them, the aggregate liability of each party to this Agreement and its respective Group in respect of any Business Contract which is the subject of any novation agreement entered into by any member(s) of their respective Groups shall be no greater and no less than it would have been had no such novation been effected (provided that, for the avoidance of doubt, this clause shall not be taken to deem such novation not to have taken place for the purposes of any other provision of this Agreement) and liabilities in respect of such Business Contract had, as between the parties to this Agreement, only been governed by this Agreement and that each party to this Agreement shall make, or procure that members of its Group make, such payments to the other parties or to members of their respective Groups as are necessary to ensure that is the case. The provisions of this clause 6.23 shall apply in respect of any bank account of a Business Vendor which is novated in favour of a Designated Purchaser as if such bank account were a Business Contract, provided that the parties shall procure that effect is given to the obligations of the relevant Business Vendor and Designated Purchaser in paragraphs 1(g) and (k) of any such novation agreement entered into in the agreed form.

Closing Statement

7.1 The following payments shall be made: (i) in the case of any Company which has become a member of the Purchaser's Group on or prior to the date on which the Final Financial Debt and the Final Cash Balance for that Company has been determined, within five (5) Business Days of such determination; or (ii) in the case of any Company which has not become a member of the Purchaser's Group on or prior to the date on which the Final Financial Debt and the Final Cash Balance is determined in relation to it, at the Delayed Closing (if any) in respect of that Company. If:

(a) the Final Financial Debt in relation to any Company is greater than the Provisional Financial Debt in relation to it, ICI shall pay to the Purchaser an amount in dollars equal to the difference;

(b) the Final Financial Debt in relation to any Company is less than the Provisional Financial Debt in relation to it, the Purchaser shall pay to ICI an amount in dollars equal to the difference;

(c) the Final Cash Balance in relation to any Company is greater than the Provisional Cash Balance in relation to it, the Purchaser shall pay to ICI

an amount in dollars equal to the difference; and

(d) the Final Cash Balance in relation to any Company is less than the Provisional Cash Balance in relation to it, ICI shall pay to the Purchaser an amount in dollars equal to the difference.

In the case of Companies in respect of which Sale Shares are to be transferred at Closing (or any Subsidiary of such a Company which is not a Schedule 18 Company), ICI shall make or receive any payment pursuant to paragraphs (a) to (d) above on behalf of itself or the relevant other Share Selling Company and the Purchaser shall make or receive any payment pursuant to paragraphs (a) to (d) above on behalf of itself or the relevant other Designated Purchaser. In the case of Schedule 18 Companies, ICI shall make or receive any payment pursuant to paragraphs (a) to (d) above on behalf of itself or the relevant other member of ICI's Group which is the transferor of such Schedule 18 Company or of its holding company under Schedule 18 and the Purchaser shall make or receive any payment pursuant to paragraphs (a) to (d) above on behalf of the member of the Purchaser's Group which is the transferee of such Schedule 18 Company or of its holding company under Schedule 18, save that any payment under paragraphs (a) to (d) above in relation to ICI Holland BV shall be made between Huntsman ICI Investments (Netherlands) BV and ICI Omicron BV direct and not between ICI and the Purchaser on their respective behalfs.

Any payment under paragraphs (a) to (d) above shall be made by way of adjustment (aa) in the case of any such payment relating to a Schedule 18 Company, to the consideration payable in respect of that Schedule 18 Company or its holding undertaking under Schedule 18 or (bb) in the case of any Company which is not a Schedule 18 Company, to the Initial Consideration paid for the Sale Shares in that Company or its holding undertaking.

Any payment under paragraphs (a) to (d) above shall be made together with an amount equal to interest on such payment at the Interest Rate (accrued daily) for the period from and including the relevant Closing Adjustments Date to but excluding the date of payment (save in relation to that part of any Final Financial Debt which is a Final Intra Group Debt and to which clause 7.2(a) or clause 7.2A applies, where the amount of interest to be paid shall be the aggregate amount referred to in clause 7.2(a) or as the case may be clause 7.2A, and save in relation to that part of any Final Cash Balance which is a Final Intra Group Cash Balance and to which clause 7.2(b) applies, where the amount of interest to be paid shall be the aggregate amount referred to in

clause 7.2(b)). Where any payments are to be made pursuant to paragraphs (a) to (d) of this clause 7.1 by the Purchaser (on behalf of itself or the relevant other Designated Purchasers or transferees under Schedule 18) to ICI (on behalf of itself or the relevant other Share Selling Companies or transferors under Schedule 18) (or vice versa) on the same date, such payments shall be aggregated (unless applicable local regulations require the payment concerned to be made in the relevant jurisdiction between the relevant parties) and the net amount due from the Purchaser to the Vendor (or vice versa) shall be paid. To the extent that any such payments are aggregated and netted against each other, each of ICI and the Purchaser undertakes to the other that it shall, immediately after the making of such payments, enter into such transactions with any other member of its Group as are necessary to ensure that such member of its Group receives and pays all amounts which would have been received or paid on its behalf by the Purchaser or ICI had the payments envisaged by paragraphs (a) to (d) been made individually.

Any payments which fall to be made under this clause 7.1 and clause 7.2 in respect of any sum outstanding as of the Closing Adjustments Date between ICI Holland BV and ICI Finance plc shall only be made at such time as allows Huntsman ICI Investments (Netherlands) B.V. to be in a position to make that element of the payment it is required to make under clause 7.1 in a tax efficient manner and to avoid the need for Huntsman ICI Investments (Netherlands) B.V. to incur borrowings in order to make the payment, provided that such payments shall in any event be made no later than the first anniversary of Closing and, for the avoidance of doubt, they shall be made simultaneously. The Purchaser shall consult with ICI as to the timing and structure of the transactions necessary to allow Huntsman ICI Investments (Netherlands) B.V. to make that element of the payment that it is required to make under clause 7.1 and shall have due regard to the views expressed by ICI. Further, the Purchaser shall procure that no step will be taken by any member of its Group which, in ICI's reasonable opinion, would result in ICI having to account separately in the ICI Group consolidated balance sheet for (i) any Intra Group Cash Balance owed to ICI Holland BV by ICI Finance plc and (ii) any obligation to any member of ICI's Group arising under clause 7.1 in respect of that Intra Group Cash Balance.

7.2 Within five (5) Business Days of the agreement or determination of the Final Financial Debt and the Final Cash Balance in relation to each of the Companies:

(a) in the case of any Final Intra Group Debt owed by that Company other than Prime Debt, the Purchaser shall procure that the amount of such debt, together with the aggregate of the interest on each amount owed

to ICI or any other member of ICI's Retained Group comprised in such Final

Intra Group Debt at the rate applicable to such amount owed in accordance with the terms on which it was lent for the period from and including the relevant Closing Adjustments Date to but excluding the date of payment, shall be paid by the relevant Company to ICI (on behalf of itself or the other member(s) of ICI's Retained Group to which such debt is owed); and

(b) in the case of any Final Intra Group Cash Balance, ICI shall procure that the amount of such debt, together with the aggregate of the interest on each amount owed by ICI or any other member of ICI's Retained Group comprised in such Final Intra Group Cash Balance at the rate applicable to such amount owed in accordance with terms on which it was lent for the period from and including the relevant Closing Adjustments Date to but excluding the date of payment, shall be paid by ICI or the relevant other member of ICI's Retained Group to the Purchaser (on behalf of the Company to which such debt is owed).

The parties acknowledge that, in certain jurisdictions, members of ICI's Retained Group may be prohibited by law, regulations or by instruments or agreements which are binding on them from lending money to companies which are not part of ICI's Retained Group, or Companies may be subject to exchange control restrictions which prevent them from repaying debts owed by them to members of ICI's Retained Group, and the parties agree to co-operate in good faith to procure that, in such jurisdictions, payments under this clause are made at such a time (which may be before or after the time set out in this clause) as is necessary to allow such members of ICI's Retained Group and Companies to comply with such laws, regulations, instruments or agreements binding on them. All payments referred in this clause 7.2 shall be made in immediately available funds in dollars, converted from the relevant currency at the Spot Rate on the date which is two Business Days before the date on which the relevant payment is made. In the event that the repayment of a Final Intra Group Debt or Final Intra Group Cash Balance is made for this reason at a different time to when it would otherwise be required to be made under this clause 7.2, the element of any payment which is required to be made pursuant to clause 7.1 that reflects the existence of that amount shall instead be paid at the same time as such amount is paid under this clause 7.2.

7.2A The Purchaser shall procure that the estimated amount of the Prime Debt is repaid at Closing pursuant to paragraph 17 of Schedule 4. Within five (5) Business Days of the determination of the Prime Debt in relation to any relevant Company:

(a) in the case that the Prime Debt owed by the Company to ICI or any other member of ICI's Retained Group is greater than the estimated amount of the Prime Debt of that Company repaid at Closing pursuant to paragraph 17 of Schedule 4, the Purchaser shall procure that the difference, together with the aggregate of the interest on each amount owed to ICI or any other member of ICI's Retained Group comprised in such difference at the rate applicable to such amount owed in accordance with the terms on which it was lent for the period from and including the relevant Closing Adjustments Date to but excluding the date of payment, shall be paid by the relevant Company to ICI (on behalf of itself or the other member(s) of ICI's Retained Group to which such debt is owed); and

(b) in the case that the Prime Debt owed by the Company to ICI or any other member of ICI's Retained Group is less than the estimated amount of the Prime Debt of that Company repaid at Closing pursuant to paragraph 17 of Schedule 4, ICI shall procure that the difference, together with interest on such payment at the Interest Rate (accrued daily) for the period from and including the relevant Closing Adjustments Date to but excluding the date of payment, shall be paid by ICI (on behalf of itself or the other member(s) of ICI's Retained Group to whom the payment was made) to the Purchaser (on behalf of itself or the relevant Company which made the payment).

7.3 If the aggregate Closing Working Capital (in relation to the ICI Business) for all of the Companies and Local Businesses (in relation to the ICI Business), after taking account of the aggregate of the intra-business elimination of profit on stock (in relation to each of the Polyurethanes Business and the Tioxide Business) as set out in the Closing Statement, is within the Working Capital Range (in relation to the ICI Business) then no payment shall be made in respect of Closing Working Capital (in relation to the ICI Business) in respect of any Companies and Local Businesses, whether at Closing or at the time of any Delayed Closing.

7.4 If clause 7.3 does not apply, the lower end of the Working Capital Range (in relation to the ICI Business) shall be adjusted by deducting the aggregate of the figures shown in column 4 of Schedule 7 which relate to any Companies and any Local Businesses (in relation to the ICI Business) which have not been transferred to the Purchaser at Closing. The upper end of the Working Capital Range (in relation to the ICI Business) shall be adjusted by deducting the aggregate of the figures shown in column 6 of Schedule 7 which relate to any Companies and any Local Businesses (in relation to the ICI Business) which have not been transferred to the Purchaser at Closing. If the aggregate Closing Working Capital (in relation to the ICI Business) in

respect of Companies and Local Businesses which have been transferred at

Closing, after taking account of the aggregate of the intra-business elimination of profit on stock (in relation to each of the Polyurethanes Business and the Tioxide Business) as set out in the Closing Statement:

(a) falls within such adjusted Working Capital Range, then no payment shall be made by ICI or the Purchaser in respect of the Closing Working Capital (in relation to the ICI Business) of Companies and Local Businesses which are transferred at Closing;

(b) is below such adjusted Working Capital Range (in relation to the ICI Business), then ICI shall pay an amount in dollars equal to the difference between such Closing Working Capital and the lower end of the Working Capital Range (as so adjusted) to the Purchaser (on behalf of HIC) by way of adjustment to the Initial Consideration payable with respect to the Sale Shares in TGL within 5 Business Days of finalisation of the Closing Statements for all of the Companies and Local Businesses (in relation to the ICI Business); or

(c) is above such adjusted Working Capital Range (in relation to the ICI Business), the Purchaser (on behalf of HIC) shall pay an amount in dollars equal to the difference between such Closing Working Capital and the higher end of the Working Capital Range (as adjusted) to ICI by way of adjustment to the Initial Consideration payable with respect to the Sale Shares in TGL within 5 Business Days of finalisation of the Closing Statement for all of the Companies and Local Businesses (in relation to the ICI Business).

7.5 If clause 7.3 does not apply, if the Closing Working Capital (in relation to the ICI Business) in relation to any Company or Local Business (in relation to the ICI Business) which is transferred at a Delayed Closing:

(i) is equal to or greater than the figure specified in column 4 of Schedule 7 for that Company or Local Business (in relation to the ICI Business) and less than or equal to the figure specified in column 6 of Schedule 7 for that Company or Local Business (in relation to the ICI Business), then no payment shall be made by ICI or the Purchaser in respect of the Closing Working Capital of that Company or Local Business (in relation to the ICI Business) at the time of such Delayed Closing;

(ii) is below the figure specified in column 4 of Schedule 7 for that Company or Local Business (in relation to the ICI Business), ICI (for itself or as agent for the relevant Share Selling Company or Business Vendor) shall pay at the time of such Delayed Closing to the Purchaser

(for itself or as agent for the Designated Purchaser) an amount in dollars equal to the difference by way of an adjustment to the Initial Consideration payable with respect to the Sale Shares in TGL; or

(iii) is above the figure specified in column 6 of Schedule 7 for that Company or Local Business (in relation to the ICI Business), the Purchaser (for itself or as agent for the Designated Purchaser) shall pay at the time of such Delayed Closing to ICI (for itself or as agent for the relevant Share Selling Company or Business Vendor) an amount in dollars equal to the difference by way of an adjustment to the Initial Consideration payable with respect to the Sale Shares in TGL.

7.6 If the Closing Working Capital for the PO/MTBE Business is within the Working Capital Range (in relation to the PO/MTBE Business), then no payment shall be made in respect of such Closing Working Capital in respect of the PO/MTBE Business. If such Closing Working Capital is below such Working Capital Range, then HSCC shall pay an amount in dollars equal to the amount of the difference between such Closing Working Capital and the lower end of such Working Capital Range and if such Closing Working Capital is above such Working Capital Range, the Purchaser shall pay an amount in dollars equal to the difference between such Closing Working Capital and the higher end of such Working Capital Range to HSCC. Each such payment shall be by way of adjustment to the Initial Consideration for the PO/MTBE Business and shall be made within five Business Days of the finalisation of the Closing Statement for the PO/MTBE Business.

7.7 Any payment under clauses 7.4, 7.5 or 7.6 shall be made together with an amount equal to interest on such payment at the Interest Rate (accrued daily) for the period from and including the Closing Adjustments Date to the date of payment.

7.8 The Purchaser shall deliver to ICI as soon as practicable after Closing and in any event within sixty (60) days after Closing, a draft Closing Statement in relation to all of the Companies and Local Businesses (in relation to the ICI Business) and a Draft Closing Statement in relation to the PO/MTBE Business (the Draft Closing Statements).

7.9 ICI shall have a period of sixty (60) days (the Review Period) after the date of delivery to it of the Draft Closing Statements, in conjunction with ICI's Accountants, to review such Draft Closing Statements and to present to the Purchaser in writing any objections (stating in reasonable detail, including specific amounts, the matters in dispute) it may have to such Draft Closing Statements and the Final Financial Debt, the Final Cash Balance and the

Closing Working Capital set forth therein. The only grounds upon which ICI shall be entitled to object to any Draft Closing Statement, Final Financial Debt, Final Cash Balance or Closing Working Capital are arithmetical errors in the computation of such amounts or that it has not been prepared in accordance with the provisions of Schedule 8. Any such objections must be accompanied by a recalculation of each amount in the Draft Closing Statement to which such objections relate.

7.10 For the purposes of enabling ICI and ICI's Accountants to present any such written objections referred to in clause 7.9, the Purchaser shall and shall procure that each other relevant member of its Group shall, following the presentation of the Draft Closing Statement, give ICI and ICI's Accountants reasonable access at all reasonable times (until the Closing Statement has been agreed or finally determined) to all books and records, and all computer files relating to the business of Companies and Local Businesses (in relation to the ICI Business), in their respective possession or control and generally shall provide ICI and ICI's Accountants with such other information and assistance as ICI and ICI's Accountants may reasonably request, provided that ICI and ICI's Accountants shall not be entitled to any such access and information which goes beyond that which is reasonably necessary to determine whether the Draft Closing Statement has been prepared in accordance with the provisions of Schedule 8.

7.11 If no such written objections as are referred to in clause 7.9 are properly presented to the Purchaser by the end of the Review Period, then the Draft Closing Statement and the Final Financial Debt, the Final Cash Balance and the Closing Working Capital set forth therein shall, as between ICI and the Purchaser, be deemed to have been accepted and approved by ICI and the Purchaser and the Draft Closing Statement shall be final and binding on all of the parties to this Agreement and shall constitute a Closing Statement for the purposes of this Agreement. If the Final Financial Debt or Final Cash Balance for any Company is agreed at any time prior to the agreement or determination of the Closing Statement in respect of that Company, then it shall constitute the Final Financial Debt or, as the case may be, the Final Cash Balance for that Company.

7.12 If any such written objections as are referred to in clause 7.9 are properly presented to the Purchaser by the end of the Review Period then ICI and the Purchaser shall attempt to resolve the objections in good faith negotiations. To facilitate the Purchaser's review of any such objections, ICI shall procure that each other relevant member of ICI's Group shall provide the Purchaser and the Purchaser's Accountants with such information and explanations as the Purchaser and the Purchaser's Accountants may reasonably require for the purpose of the review. If ICI and the Purchaser

resolve all matters in dispute in relation to the Draft Closing Statement, then such Draft Closing Statement (as adjusted to reflect the matters so resolved) shall, as between ICI and the Purchaser, be deemed to have been accepted and approved by ICI and the Purchaser and such Draft Closing Statement (as adjusted to reflect the matters so resolved) shall be final and binding on all of the parties to this Agreement and shall constitute the Closing Statement for the purposes of this Agreement.

7.13 If there are any such objections which have not been resolved in good faith negotiations within a period of sixty (60) days after the end of the Review Period, then the specific matters in dispute shall be referred for determination to the Independent Firm not later than ten (10) days after the end of such period. The Independent Firm shall be instructed to notify the Purchaser and ICI of its determination within thirty (30) days of such referral.

7.14 If the Independent Firm shall for any reason be unable or unwilling to act or shall then maintain, or have at any time in the preceding five year period maintained, any material business relationship (whether as auditor or otherwise) with any member of any party's Group, another independent firm of chartered accountants shall be appointed to act in its place, by agreement of ICI and the Purchaser and, in default of such agreement, at the request of either ICI or the Purchaser, by the President of the Institute of Chartered Accountants in England and Wales for the time being.

7.15 In making its determination, the Independent Firm shall act as expert and not as arbitrator and the determination by the Independent Firm and the Draft Closing Statement, as adjusted to reflect the Independent Firm's determination, shall, in the absence of manifest error, be final and binding on the parties and shall be deemed to have been accepted and approved by the parties. The fees and the costs of the Independent Firm shall be shared by the Vendor and the Purchaser equally unless otherwise directed by the Independent Firm (which shall have the authority to make such direction if it deems it equitable).

7.16 ICI shall, and shall procure that each other relevant member of ICI's Retained Group shall, and the Purchaser shall and shall procure that each Company and each other relevant member of the Purchaser's Group shall, give the Independent Firm reasonable access at all reasonable times to all books and records, and all computer files relating to the business of the relevant Company or the relevant Local Business, in their respective possession or control and generally shall provide the Independent Firm with such other information and assistance as the Independent Firm may reasonably request.

7.17 If either Vendor makes a payment to the Purchaser as contemplated by part (i) of paragraph (c) of the definition of Material Adverse Change, then that sum shall be held in escrow by the recipient on the basis that it is held to the order of the paying Vendor pending Closing and to be repaid to the paying Vendor if this Agreement is terminated or terminates, and is held to the order of the Purchaser from Closing. Any such sum shall be excluded from the Final Cash Balance of any Company which may receive it. If any loss, damage, cost or liability is excluded from the calculation of the amount of the reduction in enterprise value of the ICI Business or the PO/MTBE Business, for the purposes of determining whether there has been a Material Adverse Change, because the ICI Business or the PO/MTBE Business, as the case may be, has been compensated for it by the receipt of insurance proceeds prior to Closing, then those proceeds shall be excluded from the Final Cash Balance of the relevant Company which receives such proceeds. If such loss, damage, cost or liability is instead compensated by the payment of cash by either Vendor to a Company or Business Vendor prior to Closing in the circumstances contemplated by the definition of Material Adverse Change (or as otherwise agreed between the parties), but any member of the Purchaser's Group (including the Companies after Closing) will be entitled to recover all or any part of the relevant loss pursuant to any applicable insurance policy, then the relevant member of the Purchaser's Group shall account to the Vendor which paid the relevant sum for any such insurance proceeds when received up to the amount paid by the Vendor to the Company or Business Vendor.

Purchaser Indemnities

8.1 The Purchaser (for itself and as agent of the Designated Purchasers) undertakes with each Vendor (for itself and as agent for all members of its Retained Group) to indemnify and keep indemnified that Vendor and all members of its Retained Group on an after Tax basis from and against any Costs incurred, made or suffered by the Vendor or any member of its Retained Group to the extent they arise from:

(a) the employment by the Purchaser's Group of the Employees on or after the Closing Date and which are attributable to any breach or default by the Purchaser's Group of its obligations or duties to or in relation to any of the Employees, excluding any liability arising out of the termination or dismissal of any Employee by reason of redundancy (to the extent such liability is an obligation of ICI in accordance with clause 9.3 below) and also excluding any liability for personal injury and other liability arising from, in connection with, or as a result of any breach of any health and safety obligations arising under any applicable statute, subordinate legislation or other material, federal,

state and local law (including common law) and which is attributable to service after Closing, but including any failure by the Purchaser's Group to offer or maintain terms and conditions of employment and working conditions which are no less favourable than those which apply to the Employees up to the Closing Date which is in breach of the provisions of clause 9.1; and

(b) the Assumed Liabilities.

8.2 Clauses 12.8(e), 12.13 and 13 apply to claims under the indemnity in clauses 8.1(a), 8.1(b) and 18.13 as if references to "either Vendor" or "relevant Vendor" were references to the Purchaser, and references to "the Purchaser" were references to either Vendor or the relevant Vendor (as appropriate) and references to the "Purchaser's Group" were references to the relevant Vendor's Group or either Vendor's Group as appropriate.

Employees

9.1 The Purchaser undertakes to each Vendor (for itself and each member of its Retained Group) that it shall procure that for a period of 4 years from Closing (the Applicable Period) each Employee shall be employed on terms and conditions (taking full account of continuity of service) which are (save as agreed with any Employee, group of Employees or their representatives in accordance with due process) no less favourable as a whole than those applicable to him as at Closing. For the purposes of this clause 9.1 only, terms and conditions shall mean salary and benefits, including severance benefits but shall not include any success bonus or incentive paid or provided to an Employee in relation to the sale of the Polyurethanes Business, the Relevant Petrochemicals Business or the Tioxide Business insofar as such bonus or incentive is in addition to (and not in substitution for) any other bonus or incentive to which such Employee would otherwise have been eligible. In this clause 9.1, any obligations in relation to employees of Controlled Joint Ventures shall only arise in so far as the Purchaser or any member of the Purchaser's Group is able in light of its powers of control in relation to the relevant Controlled Joint Venture to comply with its obligations under this clause 9.1.

9.2 ICI (for itself and as agent for the ICI Business Vendors) shall indemnify and keep indemnified on an after Tax basis the Purchaser (for itself and as agent of the Designated Purchasers) from and against any Costs (i) arising from the employment of the Business Employees before Closing (or, where applicable, Delayed Closing), and which are attributable to any breach or default by the Vendor or any Business Vendor prior to Closing (or, where applicable, Delayed Closing) in respect of any of the Vendor's or

Business Vendor's obligations under their contracts of employment or duties to or in relation to any of the Business Employees (save that this indemnity shall not extend to any liability for personal injury and any other liability arising from, in connection with, or as a result of any breach of any health and safety obligations arising under any applicable statute, subordinate legislation or other material, federal, state and local law (including common law)) and which the Purchaser may incur or suffer as a result of the Purchaser succeeding to the Vendor by operation of law in relation to the contracts of employment and/or (ii) arise from the employment of any employee who is not a Business Employee by any ICI Business Vendor (save that this indemnity shall not apply to any costs, claims, charges, expenses, demands, liabilities or penalties reasonably and properly incurred in connection with the termination of the employment by reason of redundancy of any employee working in the ICI Business immediately prior to the termination of his employment where such termination takes place between 31 December 1998 and Closing (or, where applicable, Delayed Closing)). Where the Purchaser continues to employ such employee following Closing (or, where applicable, Delayed Closing), this indemnity shall not extend to any ongoing employment costs arising in respect of such employee.

9.3 If any Employee is given notice of termination of employment by reason of redundancy at any time during the two year period immediately following Closing, ICI undertakes with the Purchaser (for itself and as agent for each member of the Purchaser's Group, including the Companies) to indemnify and keep indemnified the Purchaser and each member of the Purchaser's Group, including the Companies, on an after Tax basis from and against any costs, claims, charges, expenses, demands, liabilities or penalties reasonably and properly incurred by the Purchaser or any member of the Purchaser's Group or any Company in connection with such termination (Termination Liabilities) provided that such indemnity shall be limited to the first 500 redundancy terminations (Redundancy Numbers) and further limited to a total cost of (Pounds)25 million (Redundancy Cost).

Any termination liabilities reasonably and properly incurred in the period between 31 December 1998 and Closing by any member of ICI's Retained Group or any of the Companies in relation to the redundancy of any employee working in the ICI Business immediately prior to the termination of his employment, shall count towards both the Redundancy Numbers and the Redundancy Cost, and ICI's liability under this clause 9.3 shall be reduced accordingly.

The Purchaser will provide ICI with a statement of the number of Employees terminated and the relevant Termination Liabilities on a semi-annual basis and ICI shall pay to the Purchaser (as agent of a Designated Purchaser or

Company as appropriate) the Termination Liabilities in full within 45 days of the receipt of such statement.

9.4 ICI (for itself and as agent for each member of ICI's Retained Group) shall, in addition to the indemnity in clause 9.3, indemnify and keep indemnified on an after Tax basis the Purchaser (for itself and as agent of the Designated Purchasers and the Companies) from and against any costs, claims, charges, expenses, demands, liabilities or penalties arising out of or in connection with any termination of employment on the grounds of redundancy where the redundancy arises from either (i) any sale of shares or assets by ICI or any member of ICI's Group before Closing (other than the transactions contemplated by this Agreement) or (ii) the temporary or permanent closure by Chlor-Chemicals of its chlorine and EDC plants at Wilton.

9.5 ICI and HSCC shall use their respective reasonable endeavours to procure that as at Closing sufficient key management employees shall be employed in the ICI Business to enable the ICI Business to continue to be managed to at least the level achieved immediately prior to Closing. For this purpose the parties have agreed an indicative list of key management employees and the Purchaser, HSCC and ICI undertake to use reasonable endeavours to agree individual terms and conditions with each of the key management employees. If, for any reason, the parties cannot agree terms and conditions with any number of the key management employees, ICI will use reasonable endeavours to secure the commitment of other key management employees.

9.6 Any secondee listed (whether by name or otherwise) in the Data Room or in any of the Disclosure Letters who is on secondment at Closing from ICI or any member of the ICI Retained Group to any Company or Business Vendor and who works in the Polyurethanes Business or Relevant Petrochemicals Business (and who is not an Excluded Employee) shall, for the avoidance of doubt, be treated as an Employee for the purposes of this Agreement.

9.7 The provisions of Schedule 11 (Pensions) shall apply in relation to Retirement Benefits Schemes.

9.8 The provisions of Schedule 22 shall apply in relation to national sales companies.

Warranties and Indemnities

10.1 Subject to clauses 11, 12 and 13, ICI warrants to the Purchaser (on the basis set out in clause 11) in relation to the ICI Business, the Business

Vendors of the ICI Business, the Companies, the Sale Shares, the Share Selling Companies, the Joint Venture Interests, the Warranted Joint Ventures and the Non-Controlled Joint Ventures and HSCC warrants to the Purchaser in respect of the PO/MTBE Business and the Business Vendor of that Business, that, in each case, each of the Warranties is true and accurate as at the date of this Agreement and that each of the Repeated Warranties will be true and accurate on the Closing Date as if repeated immediately before Closing by reference to the facts and circumstances subsisting at the Closing Date. For that purpose, any reference in the Warranties to the "Business" shall be construed as a reference to the ICI Business (in the case of the Warranties given by ICI) or the PO/MTBE Business (in the case of the Warranties given by HSCC), as applicable.

10.2 Each Vendor, on behalf of itself and relevant Business Vendors, undertakes with the Purchaser (for itself and as trustee for each member of the Purchaser's Group) to indemnify and keep indemnified on an after Tax basis the Purchaser and all members of the Purchaser's Group against any Costs incurred, made or suffered by the Purchaser or any member of the Purchaser's Group to the extent that they arise from the Excluded Liabilities (other than those Excluded Liabilities referred to in (e) and (g) of the definition of Excluded Liabilities) relating to the ICI Business (in the case of ICI) or the PO/MTBE Business (in the case of HSCC).

10.3 Without prejudice to the rights of the Purchaser or any member of the Purchaser's Group under any other provisions of this Agreement, ICI undertakes to indemnify and to keep indemnified on an after Tax basis the Purchaser (for itself and as trustee for each member of the Purchasers' Group (including, for the avoidance of doubt, the Companies after Closing)) against all Costs incurred, made or suffered by the Purchaser or any member of the Purchaser's Group (including, for the avoidance of doubt, the Companies after Closing) to the extent they arise from:

(a) any Company having had any interest in any dormant company prior to Closing or any Company being a dormant company;

(b) any matter or claim to the extent that it relates to any business, asset or liability (whether primary or secondary, direct or indirect, known or unknown, fixed, absolute, crystallised or contingent) which is transferred by a Company to a member of ICI's Retained Group prior to Closing and any liability reflected in the provisions reflected in the Accounts in respect of the disposal by members of ICI's Group of the Polyester and Melinex businesses, ICI's shareholding in ICI Australia plc and the Alkathene Plant and any liability reflected in the exceptional provisions reflected in the Accounts of (Pounds)0.5 million in

respect of the Polyurethanes Business and (Pounds)0.3 million in respect of the Tioxide Business, in each case as set out in Exhibit J, and any other exceptional provisions made since the Accounts Date;

(c) any product liability claim in respect of products sold or provided by any Company or Business Vendor where such product was manufactured prior to Closing;

(d) any litigation, arbitration, or criminal proceedings (other than any that relate to any of the transactions contemplated in this Agreement or the Co-operation Agreement, or to the extent it relates to the subject matter of paragraphs (a), (b), (c), (e) or (f) of this clause 10.3 or to Schedule 23, the Environmental Covenant or the Tax Covenant) in which any Company, or Business Vendor (in relation to the ICI Business) is involved in any capacity where such proceedings have commenced or are pending prior to Closing (together with such proceedings for which ICI Americas Inc., ICI American Holdings Inc. and/or ICI PLC has any liability pursuant to the Liability and Indemnity Agreement made as of the 28th day of December, 1981, by and among those parties and Rubicon Inc., Rubicon Chemicals Inc. and Uniroyal Inc., but only to the extent of such liability);

(e) any liability relating to the health and safety at work of any Employee, former employee or contractor, or for death or personal injury in relation to any Employee, former employee or contractor, in each case to the extent that such Costs relate to the period prior to Closing when such Employee, former employee or contractor was employed or engaged by any Company or any Business Vendor and are not the subject matter of the Environmental Covenant;

(f) any vicarious liability for the acts or omissions of any Employee, former employee or contractor of any Company or Business Vendor where such acts or omission were prior to Closing whilst such Employee, former employee or contractor was employed or engaged by any member of the Vendor's Group (other than to the extent that it is the subject matter of the Environmental Covenant).

10.4 If the validity, binding nature or enforceability of the Financing Agreements or this Agreement is challenged in litigation commenced by a shareholder of ICI or a creditor of a member of ICI's Group (in each case acting in their capacity as such) or another person before Closing or June 30 1999 (whichever is earlier) and, as a result of such aspects of the litigation as relate to the validity, binding nature or enforceability of the Financing

Agreements or of this Agreement, a Court orders in a final

judgment that any of the Sale Shares or Business Assets be re-transferred by the Purchaser to a member of ICI's Group or such aspects of the litigation result in damages payable by the Purchaser or its Subsidiaries in excess of (Pounds)20 million, ICI shall itself, or arrange for the relevant member of ICI's Group to, indemnify the relevant member of the Purchaser's Group (the Indemnitee) by repaying to the Indemnitee an amount equal to the Final Consideration received by the relevant member of ICI's Group in respect of the asset in question, less any amount a member of ICI's Group has already paid the Purchaser or its Subsidiaries in connection with the transfer of the asset from the Indemnitee to a member of ICI's Group (the shortfall) or the amount of such damages plus reasonable legal costs and expenses. ICI shall only be liable under this clause 10.4 to the extent the shortfall exceeds (Pounds)20 million and its liability shall not exceed amounts outstanding under or pursuant to the Financing Agreements from time to time. This clause 10.4 shall not apply in relation to any litigation arising in connection with a Joint Venture Interest or the Co-operation Agreement or the Olefins Agreements and, for the avoidance of doubt, in no circumstances shall ICI's Group be obliged to pay to an Indemnitee more than the Final Consideration attributable in accordance with this Agreement to the asset in question. This clause 10.4 shall terminate upon repayment or pre-payment in full of all amounts outstanding under or pursuant to the Financing Agreements and any refinancing thereof.

Other provisions relating to the Warranties and Indemnities

11.1 The Warranties and the indemnities given by ICI are given by ICI as principal to the Purchaser for itself and as trustee for each relevant Designated Purchaser, provided that, as between ICI and any member of its Group, but without prejudice to ICI's liability as principal to the Purchaser (for itself and as trustee for each Designated Purchaser), the Warranties and the indemnities given by ICI under this Agreement are given by ICI for itself and (i) as agent for the other Share Selling Companies in respect of the Joint Venture Interests other than those in NPU and Arabian Polyol Company Limited and (ii) as agent for each other Business Vendor in its Group in relation to the Local Business carried on by that Business Vendor. ICI's liability to the Purchaser in respect of any breach of the Warranties or under the indemnities given by ICI under this Agreement shall be no greater, and no less, than such liability would have been if such agency relationship between ICI and any member of its Group had not existed. The Warranties and the indemnities given by ICI shall only be enforceable by the Purchaser either for itself or as agent for the relevant Designated Purchaser, as the case may be, against the Vendor.

11.2 The Purchaser shall not be entitled to claim that any fact, matter or circumstance causes any of the Warranties to be breached if such fact, matter or circumstance is a Disclosed Matter.

11.3 Without prejudice to the other provisions of this clause 11 and the provisions of clauses 12 and 13:

(a) ICI shall not be liable for any Warranty Claim to the extent that any of the following employees of HSCC's Group had actual knowledge at the date of this Agreement of the facts, matters, events or circumstances which are the subject matter of the Claim in question and that such facts, matters, events or circumstances constituted a breach of Warranty:

P. Huntsman, M. Kern, K. Ninow, D. Stanutz, T. Fisher, K. Esplin, L. Tullos, R. Healy, R. Stolle, N. MacArthur, W Chapman, K. Kemper, R Monty, B. Ridd, M. Dixon, J. Huffman, R. Lence, C. Dowd, L. Grossman, L. Skidmore, D. Marley, C. Trievel, S. Scruggs,

and there shall be no implied requirement that such persons make any enquiries of any other person, party, body or authority;

(b) HSCC shall not be liable for any Warranty Claim to the extent that any of the persons set out in Part A of Schedule 10 had actual knowledge at the date of this Agreement of the facts, matters, events or circumstances which are the subject matter of the Claim in question and that such facts, matters, events or circumstances constitute a breach of warranty and there shall be no implied requirement that such persons make any enquiries of any other person, party, body or authority.

11.4 Each of the Warranties shall be separate and independent and, save as expressly provided to the contrary, shall not be limited by reference to or inference from any other Warranty or any other term of this Agreement or any Ancillary Agreement.

11.5 In the Warranties, unless the context otherwise indicates, where any statement is qualified by the expression "to the best of the Vendor's knowledge and awareness", "so far as the Vendor is aware" or similar expressions, that statement shall be deemed made on the basis of the actual knowledge, at the date of this Agreement and at Closing (in the case of the Repeated Warranties), of the persons listed in Part A of Schedule 10 (or in the case of paragraph 25.1 of the Warranties of the persons listed in Part B of Schedule 10) in relation to ICI and of the persons listed in clause 11.3(a)

above in relation to HSCC and such phrase shall carry no further or other implication nor impose any requirement on such persons to make enquiries of any other person, party, body or authority.

11.6 Neither Vendor shall have any liability in respect of any claim under clause 10.1 in respect of the Repeated Warranties to the extent that such claim arises (i) as a result of any action taken by that Vendor prior to Closing in accordance with a written request made by the Purchaser or by the other Vendor or (ii) as a result of any action omitted to be taken by that Vendor prior to Closing due to the other Vendor withholding its consent to any such action being taken pursuant to such other Vendor's rights under clause 5.4 if such other Vendor either knew or ought reasonably to have known, when withholding such consent, that doing so was likely to give rise to a breach of the Repeated Warranties.

Limitations on Claims

12.1 The provisions of this clause 12 (except for clause 12.12 which shall apply generally in its terms) shall operate to define and limit the liability of each party in respect of any Claims and to establish the circumstances within which Claims may be made, except that the provisions of this clause where they are expressed to apply to Claims shall not apply to any Tax Covenant Claim or a claim under the Environmental Covenant where it is expressly stated that the provisions shall not apply to Tax Covenant Claims or claims under the Environmental Covenant.

12.2 No Designated Purchaser shall make any Claim in any circumstances whatsoever against either Vendor other than through the agency of the Purchaser against the Vendor pursuant to the terms of this Agreement, and the Purchaser undertakes to the Vendor to indemnify each Vendor and each other Selling Company which is a member of its Group on an after Tax basis against any Claim made against it or any Selling Company which is a member of its Group contrary to this clause 12.2.

12.3 The maximum aggregate liability of ICI in respect of all Claims, except for Claims pursuant to paragraphs (a) and (b) of clause 10.3 or clause 12.17 or otherwise in respect of a breach of the Warranty contained in paragraph 25.2 of Schedule 9 or Claims under Schedule 14 which are not subject to the cap in paragraph 3.2(i) of Schedule 14, shall not exceed (Pounds)650 million and for Claims under clause 12.17 or otherwise in respect of a breach of the Warranty contained in paragraph 25.2 of Schedule 9 shall not exceed $275 million. The maximum aggregate liability of HSCC (i) in respect of all Warranty Claims shall not exceed $225m and (ii) in respect of claims under

clause 18.13 shall not exceed $650 million. The maximum aggregate liability of the Purchaser in respect of all Claims shall not exceed $650 million.

12.4 References to Claims in this clause 12.4 shall not apply to any claim under the Tax Covenant. Neither Vendor shall have any liability in respect of:

(a) any individual Warranty Claim (other than a Claim pursuant to paragraph 1, 2, 3, 4, 5.3 or 25.1 of the Warranties) unless its liability in respect of such Claim exceeds (Pounds)100,000;

(b) any individual claim in respect of a breach of the Warranty contained in paragraph 25.1 of Schedule 9 unless its liability in respect of such claims exceeds (Pounds)200,000;

(c) any individual claim pursuant to paragraph 1, 2, 3, 4, or 5.3 of the Warranties or clause 10.3(c), (e) or (f) unless its liability in respect of such claim exceeds (Pounds)50,000.

Where a series of Claims (other than a claim under the Environmental Covenant) arise out of the same act, omission, fact or circumstances, they shall be aggregated for the purposes of determining whether or not the relevant one of these thresholds has been exceeded.

For the avoidance of doubt:

(a) amounts for which either Vendor has no liability, or by which its liability is reduced, as a consequence of the operation of this clause 12 or clause 13 shall not be taken into account in determining whether the amount of such Claim exceeds the threshold specified in this clause 12.4; and

(b) for the purpose of this clause 12.4, where a Claim is caused by more than one event, circumstance, act or omission which event, circumstance, act or omission would separately constitute, on the one hand, a breach of a Warranty or, on the other hand, give rise to a claim under the Tax Covenant or the Environmental Covenant, each such Claim shall be treated as a separate claim when calculating whether the threshold referred to in this clause 12.4 has been exceeded.

12.5(a) ICI shall not have any liability in respect of any Warranty Claim (other than to the extent it arises under the Repeated Warranties or the Warranty in paragraph 25.2 of Schedule 9) unless the aggregate amount of its liability in respect of all Claims under the Warranties

(other than to the extent they arise under the Repeated Warranties or the Warranty in paragraph 25.2 of Schedule 9) exceeds (Pounds)10 million in which case it shall only be liable for the excess.

(b) ICI shall not have any liability in respect of any Warranty Claim to the extent that it arises under the Repeated Warranties and does not arise under the Warranties (other than to the extent it arises under the Repeated Warranty in paragraph 25.2 of Schedule 9) unless the aggregate amount of its liability in respect of all such Claims exceeds (Pounds)30 million, in which case it shall only be liable for the excess.

(c) HSCC shall not have any liability in respect of any Warranty Claim unless the aggregate amount of its liability in respect of all Claims under the Warranties relating to the PO/MTBE Business exceeds $3.5 million in which case, it shall only be liable for the excess.

(d) For the avoidance of doubt, amounts for which a Vendor has no liability, or by which a Vendor's liability is reduced, as a consequence of the operation of this clause 12 and/or clauses 11 or 13 shall not be capable of being aggregated as a Claim or part thereof with other Claims for the purposes of this clause 12.5.

12.6 Neither Vendor shall be liable for any Claim (other than a claim under the Environmental Covenant) unless the Vendor shall have received from the Purchaser written notice containing specific reasonable details of the Claim, including the Purchaser's estimate (on a without prejudice basis) of the amount of such Claim:

(a) in the case of a Claim in respect of any of the Warranties (other than the Tax Warranties and the Warranty in paragraph 25.2 of Schedule 9), on or before the date falling two (2) years after the Closing Date;

(b) in the case of a Tax Covenant Claim, on or before the date which is the earlier of (i) three (3) calendar months after the seventh anniversary of the Closing Date and (ii) three (3) calendar months after the expiry of the applicable limitation period (including any extensions) in the relevant country for the raising of a Tax assessment in relation to the particular liability to Tax giving rise to the Tax Covenant Claim provided that in the case of a Tax Covenant Claim relating to any jurisdiction other than the UK, sub clause (i) shall not apply;

(c) in the case of a Claim under clause 10.3, on or before the date falling (i) three (3) calendar months after the expiry of the relevant statutory

period of limitation for the relevant Claim or, if earlier, (ii) the sixth anniversary of the Closing Date;

(d) in the case of Claim under clause 12.17 (or otherwise in relation to the Warranty in paragraph 25.2 of Schedule 9) on or before the date falling three years after the Closing Date.

Other than in the case of a Tax Covenant Claim (to which paragraph 9 of Schedule 13 shall apply) or a claim under the Environmental Covenant (to which Schedule 14 and/or 14A shall apply) the Purchaser shall give notice to the Vendor of the relevant facts or matter that may give rise to a Claim as soon as practicable after it becomes aware of such facts or matter. Failure to give such notice shall not of itself prevent the Purchaser from bringing the relevant Claim, but the relevant Vendor shall not be liable to the Purchaser in respect of such Claim to the extent that the amount of it is increased, or is not reduced, as a result of such failure.

12.7 Any Claim, other than a Tax Covenant Claim or a claim under the Environmental Covenant, shall (if it has not been previously satisfied, settled or withdrawn) be deemed to have been withdrawn (and no new claim may be made in respect of the facts giving rise to such withdrawn claim) unless legal proceedings in respect of it have been commenced by both being issued and served within nine (9) months of the rejection in writing of such Claim by the relevant Vendor.

12.8 The liability of either Vendor for any Claim in respect of any fact, matter, event or circumstance shall be reduced or extinguished:

(a) (i) where such fact, matter, event or circumstance relates to bad debts, to the extent that allowance has been made for such fact, matter, event or circumstance relating to bad debts in the Accounts or the Closing Statement;

(ii) where such fact, matter, event or circumstance relates to Stocks, to the extent that allowance has been made for such fact, matter, event or circumstance relating to Stocks in the Accounts or the Closing Statement; or

(iii) in the case of the ICI Business, where such fact, matter, event or circumstance relates to non-exceptional other provisions as identified in Exhibit G, to the extent such fact, matter, event or

circumstance relates to the subject matter of such provisions;

(iv) where such fact, matter, event or circumstance relates to creditors due after more than one year, to the extent that

allowance has been made for such fact, matter, event or circumstance relating to creditors due after more than one year in the Accounts;

(b) to the extent that such Claim arises or, such Claim otherwise having arisen, is increased as a result of any change made after Closing in any accounting or taxation policies or practice, or the length of any Accounting Period of any Company, the Purchaser, the Designated Purchaser or any other member of the Purchaser's Group other than in order to comply with Statements of Standard Accounting Practice or generally accepted accounting principles in the United States or any other relevant jurisdiction or International Accounting Standards;

(c) to the extent that such Claim arises or, such Claim otherwise having arisen, is increased as a result of any legislation not in force at the date hereof or any change of law, regulation, directive, requirement or administrative practice having the force of law or the practice of any Tax Authority or any change in rates of tax made after the Closing Date;

(d) to the extent that such Claim would not have arisen but for, or is increased as a result of, a voluntary act, omission, transaction or arrangement (other than any voluntary act, omission, transaction or arrangement which is contemplated by this Agreement or any omission which is caused by ICI exercising its powers of control or other rights in relation to the Purchaser or by directors appointed to the Board of the Purchaser by ICI not voting in favour of any resolution of the Board in respect of a Reserved Board Matter (as defined in the LLC Agreement) where the resolution would have been passed but for such directors not voting in favour of it) carried out after the Closing Date by the Purchaser, any Designated Purchaser or any Company (other than any such voluntary act, omission, transaction or arrangement which is carried out or effected by a Company pursuant to a legally binding commitment created on or before Closing) or any other member of the Purchaser's Group or their respective directors, employees or agents where such person had actual knowledge that such act, omission, transaction or arrangement would or would be likely to give rise to or increase a Claim and a reasonable alternate course of action was available which would not be expected to give rise to a claim;

(e) to the extent that the amount of such Claim is recovered under any policy of insurance;

(f) if the Purchaser or any Designated Purchaser failed to comply or procure compliance with the terms of any provision of this Agreement (provided that such failure to comply is not caused by any directors appointed to the Board of the Purchaser by ICI not voting in favour of any resolution of that Board in respect of a Reserved Board Matter (as defined in LLC Agreement) where the resolution would have been passed but for such directors not voting in favour of it), to the extent that the Vendor could have avoided or mitigated the loss arising from the subject matter of the Claim if the Purchaser or Designated Purchaser had complied with such provision; or

(g) subject to paragraph 9.10 of the Environmental Covenant, to the extent that the Claim or breach would not have arisen but for an act, omission, transaction or arrangement carried out by the relevant Vendor or any member of the relevant Vendor's Group at the written request or with the written approval of the Purchaser or any other member of the Purchaser's Group or any of their respective authorised representatives except when any employee of the relevant Vendor's Group who either receives such request or seeks such approval has actual knowledge at the relevant time that the Claim will arise or increase as a result of the matter in respect of which the request, consent or approval is made or given and fails to disclose that fact to the Purchaser,

provided that:

(i) in respect of Tax Covenant Claims, only paragraph (c) applies;

(ii) paragraph (c) does not apply to claims under clause 10.3; and

(iii) paragraphs (a) and (c) do not apply to Environmental Covenant claims.

12.9 If any Claim shall arise by reason of some liability which at the time that the Claim is notified to a Vendor is contingent only, that Vendor shall be under no obligation to make any payment to the Purchaser in respect of such Claim until such time as such contingent liability ceases to be so contingent. Clause 12.7 shall be amended in relation to such Claim (other than in relation to a Tax Covenant Claim or a claim under the Environmental Covenant) so that the Claim shall not be deemed to be withdrawn unless legal proceedings have not been commenced within nine months from the later of (i) the date on which the said

liability ceases to be contingent; and (ii) the rejection in writing of such Claim by the Vendor.

12.10 Each party's Group (which shall, for the avoidance of doubt, include the relevant party), taken together, shall not be entitled to recover any Costs more than once to the extent that this could lead to double-recovery of the same Costs in relation to the claims under more than one of the Warranties, the Tax Covenant, the Environmental Covenant and/or indemnities provided by any party or otherwise under, or in connection with, this Agreement or by any party to the Co-operation Agreement or any of the Ancillary Agreements. The parties hereby agree with each other that, to the extent that a benefit or saving obtained by any member of the Purchaser's Group has been taken into account in reducing any claim or has given rise to a payment by the Purchaser's Group under this Agreement, it shall not be so taken into account again or give rise to another such payment.

12.11 Before making a Claim in respect of any breach of the Warranties (other than Warranty 25.2) which is capable of remedy, the Purchaser shall allow the relevant Vendor thirty (30) days after the date on which notice of the relevant facts or matter that may give rise to a Claim is given in accordance with clause 12.6 in order to allow the relevant Vendor to remedy the breach unless to do so would prejudice the Purchaser to any significant extent.

12.12 Each party hereby waives and relinquishes any right of set off or counterclaim, deduction or retention which it might otherwise have in respect of any Claim other than a Tax Covenant Claim or a claim under the Environmental Covenant or out of any payments which it may be obliged to make (or procure to be made) to any other party pursuant to this Agreement.

12.13 The limitations on liability set out in this clause 12 shall not apply to any liability for any Claim to the extent such Claim is attributable to, or such Claim is increased as a result of, fraud or deceit on the part of the relevant Vendor or any of its Related Persons.

12.14 The sole remedy against either Vendor for any breach by it of any of the Warranties shall be an action for damages (save in the case of the Warranty in paragraph 25.2 of Schedule 9, where the sole remedy against ICI shall be such claim as exists under clause 12.17). The Purchaser shall not be entitled to rescind this Agreement before or after Closing in any circumstances.

12.15 Nothing in this clause 12 or clauses 11 and 13 shall in any way restrict or limit the general obligation at law of the Purchaser to mitigate any loss or damage which it may suffer in consequence of any breach by either Vendor of the terms of this Agreement or any fact, matter, event or circumstance giving rise to a Warranty Claim.

12.16 Except for the Warranty set out in paragraph 10 of Schedule 9, the only Warranties which shall apply in relation to:

(a) the Properties are those set out in paragraph 16 of Schedule 9;

(b) Environmental Matters are those set out in paragraph 9 of Schedule 9;

(c) Intellectual Property Rights are those set out in paragraphs 1.1, 1.2, 1.3, 8, 10, 12, 17, 18(a) and (d), 19, 21 and 22 of Schedule 9;

(d) Computer Systems and agreements relating to Computer Systems are those set out in paragraphs 1.1, 1.2, 1.3(a) and (b), 5.3, 17, 18(a) and (d), 19, 21 and 22 of Schedule 9; and

(e) Tax matters are those set out in paragraphs 19, 20, 21 and 22 of Schedule 9.

12.17 With respect to the Warranty in paragraph 25.2 of Schedule 9, subject (save as provided in this clause 12.17) to the other provisions of this Agreement:

(a) ICI hereby undertakes to indemnify and keep indemnified from and after the date hereof (regardless of whether Closing occurs) on an after Tax basis the Indemnified Parties from and against:

(i) any and all Costs made, incurred or suffered by the Indemnified Parties as a direct or reasonably foreseeable result of any breach of that Warranty; and

(ii) all reasonable legal and other out-of-pocket costs and expenses which the Indemnified Parties have reasonably incurred in connection with a breach of the Warranty in paragraph 25.2 of Schedule 9 or in connection with any action, suit, proceeding or claim which, if adversely determined, would result in such a breach;

(b) ICI's liability under this clause 12.17 shall be reduced to the extent that the Indemnified Parties shall not use reasonable endeavours to mitigate their loss. For the avoidance of doubt, account shall be taken in calculating loss of any value received by the Purchaser's Group on the

sale or transfer by the Purchaser's Group of membership interests in the Warranted Joint Ventures;

(c) for the purposes of this clause 12.17, clause 12.8(d) shall be taken to apply to each of the Indemnified Parties;

(d) in the event of a breach of the Warranty in paragraph 25.2 of Schedule 9, the remedy shall be under this clause 12.17 and not otherwise.

In addition, ICI undertakes to pay on an after Tax basis to the Indemnified Parties any shortfall in the recovery under this clause 12.17 which would otherwise have been available but for the operation of Disclosed Matters, clause 11.3 or equivalent common law principles (including, for the avoidance of doubt, any such shortfall in recovery arising due to the actual, constructive or imputed knowledge of any Indemnified Party of a fact or circumstance which could give rise to a breach of the Warranty in paragraph 25.2 of Schedule 9).

In this clause 12.17, Indemnified Parties means, collectively, (a) the Purchaser (for itself and as trustee for each member of the Purchaser's Group, including, for the avoidance of doubt, the Companies after the Closing, and each of its and their Related Persons); and (b) HSCC (for itself and as trustee for each member of HSCC's Group and each of its and their Related Persons).

ICI's liability under clause 12.17(a)(i) shall be reduced in accordance with the following sliding scale:

<TABLE>
<CAPTION>

Year after Closing in which notice of claim is first given	Reduction in ICI's liability
<S>	<C>
1	0%
2	10%
3	20%

</TABLE>

12.18 None of the Warranties shall apply to any Protected Matters, Pre-Closing Soil and Groundwater Contamination, Pre-Closing Health and Safety Issues or North Tees Soil and Groundwater Contamination each as defined in Schedule 14 to this Agreement.

Further Limitations on Claims

13.1 Where the Purchaser or any other member of the Purchaser's Group is entitled or becomes entitled by virtue of an assignment under clause 18.11 (whether by payment, discount, credit, relief or otherwise) to recover from a third party (including any insurance company or Tax Authority) any sum in respect of any matter giving rise to a Claim or (irrespective of whether such matter gives rise to a Claim) giving rise to Texaco Environmental Losses

(other than a Tax Covenant Claim) or to obtain any relief, saving or benefit which is in respect of any matter (in each case whether before or after the relevant Vendor has made payment hereunder), the Purchaser shall (or, as appropriate, shall procure that the relevant member of the Purchaser's Group shall):

(a) as soon as reasonably practicable notify the relevant Vendor and provide such information as the relevant Vendor may reasonably require relating to such potential recovery from that third party or to obtaining such relief, saving or benefit and the steps taken or to be taken by the Purchaser or the relevant member of the Purchaser's Group in connection with it (failure to make such notification or provide such information shall not prevent the Purchaser from making the relevant Claim, but the relevant Vendor shall not be liable to the Purchaser in respect of such Claim to the extent that the amount of it is increased, or is not reduced, as a result of such failure);

(b) if so required by the relevant Vendor (subject to the Purchaser being fully indemnified to its reasonable satisfaction by the relevant Vendor against all reasonable out-of-pocket costs and expenses incurred by the Purchaser or the relevant member of the Purchaser's Group) take all steps (whether by way of a claim against its insurers or otherwise including but without limitation proceedings) as the relevant Vendor may reasonably require to enforce such recovery or obtain such relief, saving or benefit and comply with the relevant Vendor's reasonable requests as to the timing of such steps; and

(c) shall keep the Vendor informed of the progress of any action taken,

and thereafter either:

(i) any Claim (other than a Tax Covenant Claim) against the relevant Vendor shall be limited (in addition to the limitations on its liability referred to in clauses 11 and 12 and this clause 13) to the amount by which the loss or damage suffered by the Purchaser or any relevant member of the Purchaser's Group as a result of such breach shall exceed the amount so recovered from the third

party (net of Tax paid by the Purchaser or relevant member of the Purchaser's Group on such sum and the reasonable costs incurred in recovering such amount) or the value of the relief, saving or benefit obtained, calculated by reference to the amount saved (less the reasonable costs of obtaining such relief, saving or benefit); or

(ii) if the relevant Vendor has paid to the Purchaser an amount in discharge of a Claim (other than a Tax Covenant Claim) and the Purchaser or any other member of the Purchaser's Group subsequently recovers (whether by payment, discount, credit, relief or otherwise) from a third party (including any insurance company or Tax Authority) a sum which is referable to the matter giving rise to the Claim or obtains any relief, saving or benefit which is so referable, the Purchaser shall (or, as appropriate, shall procure that the relevant Designated Purchaser shall) repay to the relevant Selling Companies:

(A) an amount equal to the sum recovered from the third party (net of tax paid by the Purchaser or the Designated Purchaser on such sum and the reasonable costs incurred in recovering such sum) or the value of the relief, saving or benefit obtained, calculated by reference to the amount saved (less the reasonable costs of obtaining such relief, saving or benefit); or

(B) if the figure resulting under sub-paragraph (A) above is greater than the amount paid by the relevant Vendor to the Purchaser or other members of the Purchaser's Group in respect of the relevant Claim, such lesser amount as shall have been so paid by the relevant Vendor.

13.2 Any payment required to be made by the Purchaser, pursuant to clause 13.1 shall be made:

(a) in a case where any member of the Purchaser's Group receives a payment, within ten (10) Business Days of the receipt thereof; and

(b) in a case where any member of the Purchaser's Group obtains a relief, saving or benefit, within ten (10) Business Days of the date on which such relief, saving or benefit gives rise to an increased receipt or reduced payment by the Purchaser's Group.

13.3 If the Purchaser, or any other member of the Purchaser's Group, becomes aware of any third party claim, matter or event (a third party claim) which might reasonably be expected to lead to a Claim other than a Tax Covenant Claim or a claim under the Environmental Covenant (to which Schedule 14 and/or Schedule 14A shall apply, as applicable) being made or which might reasonably be expected to lead to a member of the Purchaser's Group being held liable in relation to an Excluded Liability, the Purchaser shall (subject to being fully indemnified by the relevant Vendor against all

reasonable out of pocket costs and expenses incurred by the Purchaser or any member of the Purchaser's Group as a result of so acting):

(a) procure that notice thereof is promptly given to the relevant Vendor as soon as is reasonably practicable;

(b) not make (or, as appropriate, shall procure that no other member of the Purchaser's Group shall make) any admission of liability, agreement or compromise with any person, body or authority in relation to any such third party claim without prior consultation with and the prior agreement of the relevant Vendor, which agreement shall not be unreasonably withheld or delayed;

(c) not take any action which reduces the amount recoverable in respect of such third party claim under any policy of insurance under which any such third party claim would be covered if such action had not been taken;

(d) take such action as the relevant Vendor may reasonably request to avoid, dispute, resist, appeal, compromise or defend such third party claim;

(e) ensure, at the request in writing of the relevant Vendor, that the relevant Vendor is placed in a position to take on or take over the conduct of all proceedings and/or negotiations of whatsoever nature arising in connection with the third party claim in question, provided that the Purchaser shall not be required to commence any legal proceedings where it or the relevant member of the Purchaser's Group has validly assigned all of its rights in relation to the relevant Claim other than a Tax Covenant Claim or a claim under the Environmental Covenant to the Vendor in a manner which entitles the Vendor to the same benefits in respect of such rights as the Purchaser or the relevant member of the Purchaser's Group had; and

(f) if the relevant Vendor does not elect to take control of the conduct of proceedings under clause 13.3(e), the Purchaser shall ensure that the relevant Vendor is kept fully informed of any actual or proposed

developments (including any meetings) and shall be provided with copies of all material correspondence and documentation relating to such third party claim or action, and such other information, assistance and access to records and personnel as it reasonably requires,

and, without prejudice to any other limitation of liability contained in this Agreement, if the Purchaser fails to comply with any of the obligations contained in this clause 13.3, the relevant Vendor shall not be liable in

respect of any such Claim other than a Tax Covenant Claim or a claim under the Environmental Covenant to the extent that the relevant Vendor's liability is increased or, as the case may be, not reduced as a result of the Purchaser's failure. Notwithstanding the foregoing, the Vendor shall not be entitled to assume the defence of any claim, action or demand of a third party (but shall continue to be entitled to exercise the remainder its rights under the above sub-paragraphs) if such claim, action or demand seeks any relief other than damages (including any order, injunction or other equitable relief) against the Purchaser or relevant member of the Purchaser's Group which the Purchaser reasonably determines cannot be separated from a related claim for damages. If such claim for other relief can be separated from the claim for damages at any stage, the Vendor shall be entitled to assume the defence of the claim for damages from that point on.

13.4 Upon any Claim other than a Tax Covenant Claim or a claim under the Environmental Covenant being made, or notification from the Purchaser to the relevant Vendor of any third party claim which might lead to such a Claim other than a Tax Covenant Claim or a claim under the Environmental Covenant, being made, the Purchaser shall, and shall co-operate to procure that each other member of the Purchaser's Group shall:

(a) make available to accountants and other professional advisers appointed by the relevant Vendor such access to relevant personnel and properties and to any relevant records and information as the relevant Vendor may reasonably request in connection with such Claim other than a Tax Covenant Claim or a claim under the Environmental Covenant or third party claim provided that neither the Purchaser nor any member of the Purchaser's Group nor any of their Related Persons shall be required to disclose any legally privileged information; and

(b) use reasonable endeavours to procure that the auditors (both past and then current) of the relevant member of the Purchaser's Group make available their audit working papers in respect of audits of that company's accounts for any relevant Accounting Period in connection with such Claim, other than a Tax Covenant Claim or a claim under the Environmental Covenant, or third party claim, subject to the relevant Vendor entering into a release in a form satisfactory to such auditors in relation to such working papers being made available and provided that such auditors shall not be required to reveal any information which is legally privileged.

This clause 13 shall not apply to the extent that recovery has been obtained pursuant to the Tax Covenant or a claim under the Environmental Covenant or any other provision of this Agreement.

Management of Pre-Closing Tax Affairs and conduct of other Tax affairs

Rights and obligations of ICI

14.1 Subject to and in accordance with the provisions of this clause 14, ICI or its duly authorised agents shall, in respect of all Accounting Periods ending on or before the Closing Date, and at its own cost:

(a) prepare and submit the Tax Returns of each of the Companies;

(b) prepare and submit on behalf of the Companies all claims, elections, surrenders, disclaimers, notices and consents for the purposes of Tax; and

(c) subject to paragraph 9 of the Tax Covenant deal with all matters relating to Tax which concern or affect any of the Companies, including the conduct of all negotiations and correspondence and the reaching of all agreements relating thereto or to any Tax Documents.

14.2 Except with the Purchaser's written consent (not to be unreasonably withheld or delayed), ICI shall not, and shall procure that its duly authorised agents do not, prepare or submit any Tax Document (or any similar document relating to the Tax affairs of ICI or any company under its control) which comprises or includes a claim, election, surrender, disclaimer, notice or consent, or withdraw any such item unless the making, giving or withdrawal of it (as the case may be) either has been taken into account in preparing the Accounts, or should not have a material adverse effect on the liability to Tax of any of the Companies in respect of any Accounting Period ending after the Closing Date.

14.3 Subject to clause 14.7, ICI or its duly authorised agent shall deliver all Tax Documents which are required to be signed by or on behalf of any Company to the Purchaser for authorisation, signing and submission to the relevant Tax Authority. If a Time Limit applies in relation to any Tax Document, ICI will

use reasonable endeavours to ensure that the Purchaser receives the Tax Document no later than 10 Business Days before the expiry of the Time Limit.

14.4 ICI shall procure that the Purchaser is kept informed of the progress of all matters relating to the Pre-Closing Tax Affairs and in the event that the Purchaser considers that the manner in which ICI is proposing to conduct the Pre-Closing Tax Affairs is likely materially adversely to affect the Purchaser's future Tax position or that of any Company in the Purchaser's Group the Purchaser shall be afforded the opportunity to comment within a

reasonable period of time on any Tax Document prior to its submission to the relevant Tax Authority and ICI will take the Purchaser's reasonable comments into account.

Obligations of the Purchaser

14.5 The Purchaser shall procure that:

(a) ICI and its duly authorised agents are afforded such access (including the taking of copies) to the books, accounts and records of the Companies and such other assistance as it or they reasonably require to enable ICI to discharge its obligations under clause 14 and to enable ICI and any member of the ICI Retained Group to comply with its own Tax obligations or facilitate the management or settlement of its own Tax affairs;

(b) ICI is promptly sent a copy of any communication from any Tax Authority insofar as it relates to the Pre-Closing Tax Affairs;

(c) no voluntary action is taken by any Company after Closing by disclaiming any relief or withdrawing any claim or consent which has or is likely to have the effect of prejudicing or reducing the availability of any relief surrendered or to be surrendered by way of group relief, or any relief otherwise made available, to any member of the Retained Group or which could in any way materially prejudice the Pre-Closing Tax Affairs other than such action as is required by law;

(d) there is given to such person or persons as may for the time being be nominated by ICI authority (including as requested by ICI, powers of attorney) to conduct Pre-Closing Tax Affairs, and that such authority is confirmed to any relevant Tax Authority.

14.6 The Purchaser shall (subject to clause 14.7) be obliged to procure that the Companies shall cause any Tax Document delivered to it under clause 14.3 to be authorised, signed and submitted to the appropriate Tax Authority without delay (and in any event within any relevant Time Limit), and without amendment.

Rights of the Purchaser

14.7 The Purchaser shall be under no obligation to procure the authorisation, signing, or submission to a Tax Authority of any Tax Document delivered to it under clause 14.3 which it considers in its reasonable opinion to be false, misleading, incomplete or inaccurate in any respect, but for the avoidance of doubt shall be under no obligation to make

any enquiry as to the completeness or accuracy thereof and shall be entitled to rely entirely on ICI and its agents.

Conduct of other tax affairs

14.8 The Purchaser or its duly authorised agents shall have sole conduct of all Tax affairs of each of the Companies which are not Pre-Closing Tax Affairs.

14.9 In respect of any Accounting Period commencing prior to the Closing Date and ending after the Closing Date (the Straddle Period) the Purchaser shall procure that the Tax Returns of the Companies shall be prepared on a basis which is consistent with the manner in which the Tax Returns of the Companies were prepared for all Accounting Periods ending prior to or on the Closing Date.

14.10 The Purchaser shall procure that the Companies provide to ICI in draft form all Tax Returns relating to the Straddle Period no later than 20 Business Days before the date on which such Tax Returns are required to be filed with the appropriate Tax Authority without incurring interest or penalties. The Purchaser shall further procure that the Companies shall take ICI's reasonable comments into account before the Tax Returns are submitted to the appropriate Tax Authority.

14.11 Notwithstanding the provisions of clauses 14.8 to 14.10 (inclusive), the Purchaser shall not, and shall procure that no Company shall, without the written consent of ICI, take any action under the provisions of any enactment or regulation relating to Tax if such action could adversely affect the liability of ICI under the Tax Covenant or the Tax Warranties.

Retention of Tax Documents

14.12 ICI and the Share Selling Companies will be entitled to retain all Tax Documents and other records relevant for Tax purposes in relation to the

Companies. ICI will procure that, if appropriate, such records are preserved for a period of not less than six (6) years from the date of the relevant record and shall, if appropriate, procure that the Purchaser is given, on the giving of not less than three (3) business days' notice, reasonable access to those records (to inspect them or make copies of them) during normal business hours.

Continuing Arrangements between the retained Group and the Business

Definitions

15.1 In this clause the following additional definitions shall apply:

Agreed Form Interface Agreements means those agreements which are in the agreed form, being:

(a) the Co-operation Agreement;

(b) the Product Supply Agreement;

(c) the contracts and side letters referred to in sub-clause 15.14(a)(i) and (ii); and

(d) the Technology Transfer Agreement, PO/MTBE Technology Transfer Agreement, HSCC Trade Mark Licence and ICI Trade Mark Licence;

Deferred Interface Agreement means (subject to clause 15.4(c)(ii)) any Interface Agreement which is not an Agreed Form Interface Agreement;

Existing Services means all products, utilities or services which are actually being supplied or provided at the date of this Agreement:

(a) to any Local Business or Company by any member of ICI's Group (or vice versa); or

(b) to the PO/MTBE Business by any member of HSCC's Group (or vice versa (HSCC/PO/MTBE Services);

Expiry Date means:

(a) in the case of an Interface Agreement relating to Major Interface Services, the date which falls 24 months after Closing (save where a valid Termination Notice has been served in accordance with sub-clause 15.7 below or where that date has been extended under sub-clause 15.6 below); and

(b) in the case of an Interface Agreement relating to Minor Interface Services, the date which falls 12 months after Closing (save where a valid Termination Notice has been served in accordance with sub-clause 15.7 below or where that date has been extended under sub-clause 15.6 below);

Interface Agreements means the agreements containing the terms on which Interface Services are to be provided and which are to be entered into in accordance with this clause;

Interface Services means (i) those Existing Services which are, in accordance with this clause, to continue to be provided after Closing and (ii) those New Services which are, in accordance with this clause, to be provided after Closing:

(a) to the Purchaser's Group by any member of ICI's Retained Group (or vice versa); or

(b) to the Purchaser's Group by any member of HSCC's Retained Group (or vice versa);

IT Services means those information technology services which are referred to in sub-clause 15.15 below;

Major Interface Services means any Interface Service the subject matter of which is the supply or provision of:

(a) any product or utility; or

(b) any service which is material to the continuing operation after Closing of the business carried on by the Purchaser's Group;

Minor Interface Services means any Interface Service other than a Major Interface Service;

New Services has the meaning given to it in sub-clause 15.4 below;

Product Supply Agreement means the agreement in the form initialled by the parties and which is to be entered into between a Subsidiary of ICI and the Purchaser (or another member of the Purchaser's Group) for the provision of feedstocks or products by members of the ICI Retained Group;

Property Services means such property services as are referred to in Schedule 17

Part VII;

Same Terms means the price and other terms on which an Existing Service was being provided or supplied at 31st December, 1998 provided that:

(a) where a price was at 31st December, 1998 not an absolute fixed price but was or was to be calculated or varied by a price formula or other price mechanism, that formula or mechanism (rather than the absolute price which would be determined on 31 December, 1998 by

application of the price formula or price mechanism on that day) shall form part of the Same Terms so that, while there shall be no change made in the price formula or price mechanism itself in the period to 31st December, 1999, the price payable under the relevant Interface Agreement shall in that period be subject to variation in accordance with the application of the price formula or price mechanism;

(b) where a Third Party Element forms part of an Interface Service (and is not otherwise within paragraph (a) above), to the extent that the cost of that Third Party Element has changed since 31st December, 1998 or changes after the date of this Agreement, the impact of that change in the cost of supplying or providing the Interface Service shall be passed through to the charge for the relevant Interface Service and the price payable under the relevant Interface Agreement shall vary accordingly;

(c) for the avoidance of doubt, references in paragraph (b) above to a Third Party Element shall include circumstances in which a member of the relevant Group acts as a buying or other agent in obtaining an Interface Service (or a part thereof) for itself or other members of its Group as well as for the party to whom the Interface Service is to be provided; and

(d) any agency, handling or similar fee payable as at 31st December, 1998 to another member of the same Group for the provision of buying or other agency services as referred to in paragraph (c) above shall remain fixed for the period from Closing to 31st December, 1999;

Termination Notice has the meaning given in sub-clause 15.7 below;

Third Party Element means that part or any Existing Service or Interface Service which is provided by or sourced from (directly or indirectly) a provider or supplier other than a member of the relevant Vendor's Group; and

Unresolved Interface Agreement means any Deferred Interface Agreement the final terms of which the parties have not agreed by Closing.

General

15.2.1 Each of ICI and HSCC shall, and shall procure that the members of their respective Groups shall, at their own expense, comply with the terms of this clause 15 and, at all times from the date of this Agreement, do all things as may be required to give effect to this clause and to all other agreements contemplated by this clause, including, without limitation, the execution of all deeds and documents, procuring the convening of all meetings, the giving of

all necessary waivers and consents and the passing of all resolutions and otherwise exercising all powers and rights available to them.

15.2.2 Notwithstanding the fact that the Product Supply Agreement envisages only supplies of products or feedstocks by members of ICI's Group to members of the Purchaser's Group, those provisions in this clause which require Interface Agreements to be agreed by reference to the Product Supply Agreement shall apply.

15.2.3 At Closing ICI and HSCC shall procure that ICI Chemicals & Polymers Limited and the Designated Purchaser of the Property at North Tees Works enter into an agreement relating to repair of leaks at the Property at North Tees Works. The body of such agreement shall be in the form approved by ICI and HSCC prior to the date of this Agreement. The Schedule to such agreement shall be agreed between ICI and HSCC in accordance with the principles set out in the attachment to the approved form of such agreement. Any dispute shall be resolved in accordance with the dispute resolution provisions of this clause.

Interface Agreements

15.3 The parties agree that the Agreed Form Interface Agreements shall continue (in relation to the Co-operation Agreement and in relation to the contracts and side letters referred to in sub-clause 15.14(a)(i) and (ii)) or (in relation to the remaining Agreed Form Interface Agreements) shall be entered into at Closing, in each case subject to and in accordance with the terms of the Co-operation Agreement and/or this Agreement where applicable.

15.4 ICI and HSCC agree that:

(a) with effect from Closing, and subject to the remaining provisions of this clause, all Existing Services shall (except as provided in sub-clause

15.3 and subject to the provisions of this clause which relate specifically to IT Services, NSC Companies and Property Services) continue as Interface Services except where the provision of an Interface Service cannot be provided after Closing by reason of law or applicable regulations and the parties will use their best endeavours to identify before Closing those Interface Services which cannot be so provided in order that replacement arrangements can be put in place with effect from Closing;

(b) from the date of this Agreement onwards, the parties will, and will procure that the members of the respective Groups will, subject to the recipient keeping that information confidential, make available to one another such personnel, books, records and information as any of them

reasonably require in order to carry out the provisions of this clause; and

(c) following signature of this Agreement they shall, and will procure that the members of their respective Groups shall:

(i) use their best endeavours to identify and agree the nature and scope of those new arrangements (not being Existing Services) to be put in place from Closing between any member of their Retained Groups on the one hand and any member of the Purchaser's Group on the other hand which are reasonably required by a member of their respective Groups as a result of the separation of the ICI Business from ICI's Group or from the separation of the PO/MTBE Business from the HSCC Group or which is otherwise a result of the transactions contemplated by this Agreement and which they cannot reasonably be expected to obtain from another source (New Services); and

(ii) in good faith negotiate, and use their best endeavours to agree before Closing, definitive documentation in respect of all Deferred Interface Agreements. To the extent that terms have already been agreed (as reflected in the Agreed Form Interface Agreements), those terms will constitute terms of the Interface Agreement for those products, utilities or services (as the case may be) and, to the extent only that terms have not been so agreed and/or remain to be completed, those terms (but only those terms) will be subject to the provisions of this clause which relate to Deferred Interface Agreements.

15.5 In relation to Unresolved Interface Agreements, ICI and HSCC agree that (subject to sub-clauses 15.6 and 15.7) the following shall apply:

(a) during the six months after Closing in relation to Major Interface Services and three months after Closing in respect of Minor Interface Services, ICI and HSCC shall continue to negotiate in good faith, and use their best endeavours to agree, definitive documentation in respect of all Unresolved Interface Agreements; and

(b) until agreement if any between the parties, the product, utility or service shall be supplied between members of the HSCC Group or members of ICI's Group (as the case may be) on the one hand and members of the Purchaser's Group on the other hand:

(i) on the terms of the Product Supply Agreement (in relation to all products) or (in relation to the provision of utilities or services)

on the terms of agreements which shall be negotiated in good faith, with both parties using their best endeavours to agree by Closing, on the basis that such agreements shall (excluding the terms particular to each individual product in their Schedules and elsewhere where they appear) be on substantially the same terms as the Product Supply Agreement save only:

(A) where those terms cannot rationally be applied in the context of an agreement for the provision of that utility or service; or

(B) where additional terms would be normal in the context of a supply of the utilities or services which are to be the subject matter of such agreements; and

(C) to incorporate provisions for the liability of the provider which do not call for replacement supplies but instead contain reasonable financial caps on the provider's liability; and

(ii) (subject to the terms contained in the applicable agreement referred to in subparagraph (i)) (x) on the Same Terms in respect of the period up to and including 31st December, 1999 and (y) after 31st December, 1999 on the terms set out in paragraph (c) below;

(c) after 31st December, 1999 the price chargeable for the supply of any product, utility or service shall cease to be on the Same Terms. If by 30th September, 1999 ICI and HSCC have not agreed the price which shall apply to the relevant Interface Agreements with immediate effect after 31st December, 1999 for a period of 12 months (or, if shorter, the residue of the term of the relevant Interface Agreement), then ICI and HSCC shall continue to negotiate in good faith, and use their best endeavours to agree, the price on the basis that such price should be an arm's length open market price having regard to:

(i) the subject matter of the relevant Interface Service; and

(ii) the volume, specification, service levels, quality, duration and other terms of the relevant Interface Service;

(d) if products, utilities or services are to continue being provided under an Interface Agreement after 31st December, 2000 or after 31st December, 2001 then if by 30th September in the year preceding each 31st December date ICI and HSCC have not agreed the price and other

terms which shall apply to the relevant Interface Agreement with immediate effect after 31st December, 2000 (or 31st December, 2001 as the case may be) for a period of 12 months (or, if shorter, the residue of the term of the relevant Interface Agreement) then ICI and HSCC shall continue to negotiate in good faith, and use their best endeavours to agree, the price and those other terms on the basis that such price should be an arm's length open market price having regard to:

(i) the subject matter of the relevant Interface Service; and

(ii) the volume, specification, service levels, quality, duration and other terms of the relevant Interface Service.

15.6 Save where a definitive Interface Agreement has been agreed or determined containing terms to the contrary:

(a) in the case of Major Interface Services the recipient of each product, utility or service shall use its best endeavours to find an alternative source of supply for the period after the date falling 24 months from Closing and if, notwithstanding its best endeavours to find an alternative source of supply, the recipient of a product, utility or service is unable to obtain (or is unable to obtain on open market price terms) that product, utility or service from another source for the period commencing on the date falling 24 months after Closing, that recipient may (by written notice served on the provider of that product, utility or service no earlier than 21 months after Closing and no later than 22 months after Closing) require an extension to the period of that supply of up to a further 12 months beyond the date which falls 24 months after Closing provided that (in the absence of express written agreement) in no circumstances shall the provider of that product, utility or service be obliged to continue providing that product, utility or service for more than 36 months from Closing; and

(b) in the case of Minor Interface Services the provisions of paragraph (a) shall apply save that:

(i) references therein to 24 months shall be read as references to 12 months;

(ii) references therein to 21 months and 22 months shall be read as references to 9 and 10 months respectively;

(iii) references therein to 12 months shall be read as references to 6 months; and

(iv) references therein to 36 months shall be read as references to 18 months.

15.7 Save where a definitive Interface Agreement has been agreed or determined containing terms to the contrary, each Major Interface Agreement shall continue for 24 months from Closing (or such longer period as may result from sub-clause 15.6) and each Minor Interface Agreement shall continue for 12 months from Closing (or such longer period as may result from sub-clause 15.6), unless terminated earlier in accordance with the remaining provisions of this sub-clause. Either HSCC or ICI may where it (or a member of its Group) is the recipient of the product, utility or service in question) at any time after Closing serve a written notice (a Termination Notice) on the other terminating, with effect from the date falling twelve months (in the case of Major Interface Services) and three months (in the case of Minor Interface Services) after service of such Termination Notice, the supply to it (or to the relevant member of its Group) of any product, utility or service which is the subject of that Unresolved Interface Agreement.

15.8 If there is a Disputed Matter (as defined below), the Disputed Matter shall be referred to the parties' respective senior management for resolution. If any such matter has not been resolved within 30 days after such referral

either ICI or HSCC may refer the Disputed Matter to such independent expert as may be nominated by the Chairman for the time being of the Institute of Arbitrators in the UK, with the Chairman being required to have regard to the nature of the Disputed Matter when deciding on the qualifications of the Independent Expert. For the purposes of this sub-clause a Disputed Matter shall mean any dispute between the parties as to:

(a) what constitutes the Same Terms (if not agreed between the parties by the date falling six months after Closing in relation to Major Interface Services or three months after Closing in relation to Minor Interface Services);

(b) whether an Interface Service is a Major Interface Service or a Minor Interface Service (if not agreed by Closing);

(c) whether a recipient is unable to obtain (or is unable to obtain on open market terms) a product, utility or service for the purposes of sub-clause 15.6 (if not agreed by the date falling 23 months after Closing in the case of a Major Interface Service or 11 months following Closing in the case of a Minor Interface Service);

(d) the price to apply to an Interface Agreement for the purposes of sub-clause 15.5(c) (if not agreed by 31st October, 1999) or for the purposes of sub-clause 15.5(d) (if not agreed by 31st October, 2000).

(e) the definitive form of any Agreed Form Interface Agreement (if not agreed between the parties by Closing); or

(f) the Terms applicable generally (meaning those terms other than details which are specific to a particular utility or service) to Interface Agreements for the provision of services or utilities (if not agreed by Closing).

15.9 If the Independent Expert delays or becomes unwilling or incapable of acting or if for any other reason the Chairman for the time being of the Institute of Arbitrators thinks fit he may discharge the Independent Expert and, in the absence of agreement between ICI and HSCC, appoint another in his or her place (and such replacement shall thereafter become the Independent Expert).

15.10 The Independent Expert shall act as an expert and not as an arbitrator and his or her decision shall (in the absence of manifest error) be final and binding on the parties. The Independent Expert shall give ICI and HSCC the opportunity of making written representations to him or her and he or she shall make a decision after taking into account such representations and the remaining provisions of this clause. The parties agree that the Independent Expert shall be given access to all such personnel, books, records and information as he or she may reasonably require.

15.11 The fees and expenses of the Independent Expert shall be borne by ICI and HSCC in equal shares unless the Independent Expert otherwise determines.

15.12 In agreeing and implementing the terms of any Interface Agreement the parties shall, and shall procure that the members of their respective Groups shall, act in such a way so that the recipient of any product, service or utility under an Interface Agreement shall be treated fairly and equitably in comparison with any other members of the provider's own Group who may receive the same product, service or utility.

Status of Schedule 5 and New Services

15.13 Without prejudice to the parties' rights in relation to Warranty 23, due to the time available and the need to preserve confidentiality to protect the ICI Business and the PO/MTBE Business, it is acknowledged that Schedule 5 has been prepared by ICI in an attempt to identify the Interface Services it

believes will be required in relation to the ICI Business and the PO/MTBE Business. It is acknowledged that it does not contain a complete list of the Interface Services that will be required. ICI and HSCC agree that following signature of this Agreement each of them, and the members of their respective Groups, shall use their best endeavours in good faith to agree by Closing a list of the Interface Agreements that will be required.

15.14 Notwithstanding any other provision of this Agreement:

(a) the following contracts and/or side letters shall be treated as Agreed Form Interface Agreements for the purpose of this clause:

(i) the contract dated 3rd July, 1997 between ICI (Paints Division) and Tioxide Group Limited for the supply of titanium dioxide (Document Q&A9.3.2) (the Paints Contract) and the first side letter between the said parties dated 29th March 1999 relating to the extension of the term of the Paints Contract (the First Amendment Letter) and the second side letter between the said parties dated 29th March 1999 relating to additional volumes (the Second Amendment Letter); and

(ii) the contract dated 22nd March, 1999 between ICI Chemicals & Polymers Ltd (C&P) and TEL relating to Greatham waste disposal via C&P's site at Cowpen Bewley, Billingham (Document TEL 3.1/70) (the Cowpen Bewley Contract);

(b) the preceding provisions of this clause shall not apply to Property Services (for which the provisions contained in Schedule 17 shall apply exclusively to the subject matter of Property Services);

(c) the preceding provisions of this clause shall not apply to the provisions relating to the NSC Companies contained in clause 9 of this Agreement; and

(d) the preceding provisions of this clause shall not apply to IT Services for which, except as expressly stated in Schedule 20, the provisions of Schedule 20 shall apply exclusively to the subject matter of IT Services.

15.15 Nothing in this clause 15 shall require any change to any of the terms of HSCC/PO/MTBE Services if any consent to such change is required from any bank or other financiers under the terms or covenants (Covenants) in any Huntsman Petrochemical Corporation financing documents which are in place at the date of this Agreement and:

(a) where such Covenants exist HSCC shall (and shall procure that the relevant members of the HSCC Retained Group shall) promptly inform ICI and shall use its best endeavours to obtain that third party consent;

(b) if (notwithstanding HSCC having complied with its obligations under paragraph (a) above) the third party consent is not obtained then HSCC undertakes to ensure that:

(i) any price increase in relation to HSCC/PO/MTBE Services shall be fair and reasonable having regard to market prices and conditions prevailing at that time;

(ii) to the extent that the Covenants do not permit paragraph (i) to operate, HSCC will use its best endeavours to mitigate the effect on the Purchaser's Group of any price increases which are not fair and reasonable; and

(iii) if the price payable by the relevant member of the Purchaser's Group is greater than that which it could obtain in the market at the relevant time, HSCC will (so far as it is able and if ICI so agrees) procure that the contract for such services is terminated at the next available opportunity in accordance with its terms;

(c) HSCC shall ensure that ICI (or to the extent that confidentiality restrictions prevent this, another person nominated by ICI to whom such information can be given) is provided promptly with evidence reasonably satisfactory to ICI of the requirement for such consent and of HSCC having complied with its obligations under paragraph (a) above;

(d) nothing in paragraph (b) shall require HSCC to do anything which would cause the Covenants to be breached.

Joint Venture Interests

16.1 Each Joint Venture Interest shall be transferred subject to and on the terms of the relevant Joint Venture Agreement.

16.2 Where any consent or agreement of any party to a Joint Venture Agreement (other than a member of ICI's Group) is required prior to the transfer of any Joint Venture Interest and such consent or agreement has not been obtained at or before Closing, the relevant Joint Venture Interest shall not be transferred to the Purchaser, notwithstanding Closing, until the consent or agreement has been obtained.

16.3 Where any party to a Joint Venture Agreement (other than a member of ICI's Group) is entitled to be offered or to elect to acquire all or any part of a Joint Venture Interest before that interest may be transferred directly or indirectly to a member of the Purchaser's Group (and has not waived that right) then, unless the procedures laid down by the relevant Joint Venture Agreement have been completed and the relevant offer period or periods have expired at or prior to Closing, such interest shall not be transferred, notwithstanding Closing, until the relevant procedures have been completed and the relevant offer periods have expired.

16.4 ICI agrees to procure that each Share Selling Company which is a party to a Joint Venture Agreement in relation to a Joint Venture Interest promptly seeks such consents from, and gives such notices to, the other parties to that agreement and complies with such other formalities as may be required under that agreement prior to any transfer of the relevant Joint Venture Interest to a member of the Purchaser's Group or to permit such transfer without giving any other person rights to acquire or to offer to acquire the Joint Venture Interest.

16.5 ICI shall, and shall procure that the relevant Share Selling Companies

shall, use their respective reasonable endeavours to obtain any necessary consents and (if so requested in writing by the Purchaser in relation to any particular Joint Venture Interest) the release or waiver of any rights of pre-emption or other rights which would, if exercised, prevent the relevant Share Selling Company from transferring any Joint Venture Interest to a member of the Purchaser's Group. The Purchaser shall, and shall procure that all members of the Purchaser's Group shall, give such assistance and co-operation as may be reasonably required by any member of ICI's Group in seeking any such consent, release or waiver (including, without limitation,

(a) providing any other party to a Joint Venture Agreement with such financial and other information as it may reasonably require to enable it to decide whether to grant any such consent or agreement; and

(b) giving any assurance, undertaking or guarantee of any nature which any other party to a Joint Venture Agreement may reasonably require in respect of the obligations of the proposed transferee of any Joint Venture Interest); and

(c) entering into, or procuring that the relevant member of its Group enters into such deeds of adherence or novation or other equivalent agreements as may be required pursuant to the terms of the relevant Joint Venture Agreement in order for the Purchaser or the relevant member of its Group to become bound by any Joint Venture

Agreement in place of the relevant Share Selling Company and to facilitate the transfer of any Joint Venture Interest,

provided that no member of ICI's Group or the Purchaser's Group shall be under any obligation to make any payment (in money or money's worth) to, or release any right against, any such party for the purpose of obtaining any such consent, release or waiver.

16.6 If, under the terms of any Joint Venture Agreement, any Share Selling Company would be obliged to offer its Joint Venture Interest (or any part thereof) to any person upon forming any intention or desire to dispose of that interest or upon entering into any agreement relating to the sale of that interest or upon giving any notice required under the terms of the Joint Venture Agreement in question, then the relevant Share Selling Company shall not be obliged to enter into any agreement, or to give any such notice or to take any other step which may be required under the terms of the relevant Joint Venture Agreement in relation to any transfer of that interest, until each of the Conditions and any relevant conditions in Schedule 15 have been satisfied or waived and, for the avoidance of doubt, for these purposes only the Vendor shall not be deemed to act as the agent of the relevant Share Selling Company in entering into this Agreement.

16.7 If:

(a) any party to a Joint Venture Agreement (other than a member of ICI's Group) exercises its rights to acquire all or any part of a Joint Venture Interest; or

(b) any consent or agreement which is required for the transfer of a Joint Venture Interest has not been obtained from another party to any Joint Venture Agreement (other than a member of ICI's Group) on or before the second anniversary of the Closing Date,

then the relevant Joint Venture Interest shall thereupon be excluded from the sale contemplated by this Agreement and ICI shall promptly (and in any event within 15 Business Days of such exclusion) pay to the Purchaser a sum equal to the higher of (i) the value of such Joint Venture Interest as set out in Schedule 6; or (ii) the Joint Venture Value of that Joint Venture Interest. The Joint Venture Value of a Joint Venture Interest shall be the sum resulting from the following calculation:

a % x b

a = the percentage which the relevant Joint Venture Interest represents of the issued share capital of the company in which it is held; and

b = the Fair Value of the company in which the relevant Joint Venture Interest is held, as agreed or determined in accordance with the provisions of paragraph 7 of Schedule 16 as if such company were a Delayed Company.

Any sum paid by ICI pursuant to this clause 16.7 shall be by way of adjustment to the consideration paid by the relevant transferee to the relevant Current Parent (as identified in column 1 of Part IV of Schedule 1) pursuant to Schedule 18 and/or clause 6.2.

16.8 The Purchaser agrees to indemnify each member of ICI's Group on demand on an after Tax basis (which may be made at any time after the transfer to the Purchaser's Group of the relevant Joint Venture Interest) in respect of any liability arising from actions taken by the relevant member of ICI's Group at the request of the Purchaser (and in accordance with the Purchaser's written instructions) in relation to any Joint Venture Interest or from liabilities

necessarily incurred by such member of ICI's Group in order to comply with the terms of the Joint Venture Agreement or as required by law at any time after Closing and prior to the transfer of such Joint Venture Interest to a member of the Purchaser's Group, but not in relation to third party claims in respect of matters contemplated by this clause, and ICI agrees to procure that any distribution, return of capital or payment received from any Joint Venture Interest (net of Tax thereon) after Closing is paid or delivered to the Purchaser, or as it may direct, within five Business Days after the receipt of the same by any member of the ICI's Group (for the avoidance of doubt:

(a) ICI's obligation to procure any such payment or delivery shall cease in respect of any Joint Venture Interest immediately that Joint Venture Interest is excluded from the sale contemplated by this Agreement pursuant to clause 16.7 above, save that ICI shall be obliged to procure the payment to the Purchaser (net of Tax) of any such distribution, return of capital or payment received by any member of ICI's Group from any Joint Venture Interest after the date of exclusion of that Joint Venture Interest from the sale if that member's right to receive it accrues on or prior to the date of such exclusion; and

(b) the Purchaser's obligations to indemnify each member of ICI's Group under this clause 16.8 shall cease in respect of any Joint Venture Interest immediately that Joint Venture Interest is excluded from the sale contemplated by this Agreement pursuant to clause 16.7 above, save that (i) the Purchaser shall continue to be obliged to indemnify each member of ICI's Group in respect of any liability which is within the scope of the Purchaser's indemnity obligations under this clause

16.8 and accrues prior to the date on which the relevant Joint Venture Interest is excluded from the sale and (ii) the Purchaser's obligation to indemnify each member of ICI's Group in respect of any liability arising from actions taken by the relevant member of ICI's Group at the request of the Purchaser shall subsist notwithstanding such exclusion).

16.9 The Purchaser shall use its reasonable endeavours to procure that each member of ICI's Group is released from all of its obligations and liabilities under each Joint Venture Agreement with effect from the time at which the relevant Joint Venture Interest is transferred to a member of the Purchaser's Group and shall perform or procure performance of all such obligations and indemnify each member of ICI's Group on an after Tax basis in respect of all such liabilities following such transfer pending such release. At such time, the Vendor shall procure that the relevant Share Selling Companies assign their rights under the relevant Joint Venture Agreements, to the extent that it is necessary to do so, to vest those rights in a member of the Purchaser's Group.

16.10 Pending completion of the acquisition of any Joint Venture Interest by any member of the Purchaser's Group, the relevant Share Selling Company or Company shall comply with all reasonable requests of the Purchaser (including reasonable requests for information) in relation to such Joint Venture Interest to the extent that it is able to do so in compliance with all applicable laws and regulations and to the extent that such information is not confidential to the relevant Share Selling Company or disclosure of such information is not prohibited by any law, applicable shareholders' agreement, by-laws or other similar document and (i) the relevant Share Selling Company shall comply in all material respects with the provisions of the relevant Joint Venture Agreement; and (ii) the relevant Share Selling Company shall enter into such arrangements as the Purchaser may reasonably request in order to give to the Purchaser the economic benefit and all rights of control which arise from the holding of the Joint Venture Interest and from being a party to the Joint Venture Agreement (including, without limitation, executing a trust in favour of the Purchaser or a person nominated by the Purchaser in relation to such Joint Venture Interest or such Joint Venture Agreement or any benefit arising thereunder).

16.11 If, with the consent of the Purchaser prior to Closing (or the relevant Delayed Closing Date), any member or members of ICI's Group shall acquire any further shares in any company in which a Share Selling Company holds a Joint Venture Interest, then the Purchaser shall be obliged to purchase all the shares in such company at the same time as that Joint Venture Interest and the price in respect of such aggregate increased shareholding shall be the

aggregate of the Initial Consideration for that Joint Venture Interest (as adjusted pursuant to clause 3) plus the amount paid by the relevant members of ICI's Group for such additional shares.

16.12 If, under any Joint Venture Agreement relating to a Joint Venture Interest, any part of the ICI Business which has been fully and effectively transferred to the Purchaser or any member of the Purchaser's Group is obliged to provide any technical assistance or other services to the company in which the relevant Joint Venture Interest is held, then the Purchaser shall provide or shall procure that such technical assistance or other services are provided to the relevant company from the Closing Date (or, as applicable, the relevant Delayed Closing Date).

16.13 On the Delayed Closing Date in respect of any transfer of any Joint Venture Interest, completion of the sale of the Joint Venture Interest shall take place in accordance with clause 6 (and the provisions of clause 6 shall

apply to such completion as if the Delayed Closing Date were the Closing Date).

16.14 To the extent that any member of ICI's Group is obliged under this Agreement to procure that any act is done by a company in which it holds a Joint Venture Interest, the relevant member of the Vendor's Group shall be obliged to take such action only to the extent that it is permitted to do so under the terms of any relevant Joint Venture Agreement.

16.15 Notwithstanding any other provision of this Agreement, where the Purchaser is obliged under this Agreement to procure that any Controlled Joint Venture or Non-Controlled Joint Venture does any thing (including where the Purchaser undertakes to procure that any Company does any thing) or that anything is done in relation to such Controlled Joint Venture or Non-Controlled Joint Venture, such undertaking shall be limited to such things as the Purchaser is able to do by exercising its powers of control over the relevant Controlled Joint Venture or Non-Controlled Joint Venture taking account of any restrictions in the Joint Venture Agreement.

Insurance

17.1 Each Vendor (on behalf of itself and each of the Share Selling Companies and Business Vendors) shall use all reasonable endeavours to procure that the interests of the Purchaser in the ICI Business and the PO/MTBE Business are, where necessary to secure the benefit of the cover and if permitted to do so by the terms of the relevant policy, noted on all policies of insurance maintained by them in respect thereof from the date of this Agreement until (and including) the Closing Date. Each Vendor shall

keep the Purchaser informed in a reasonable and timely manner about the status of any such policies and the extent to which the interests of the Purchaser have been noted.

17.2 Subject to clause 17.1, the Purchaser acknowledges and agrees (on behalf of itself and each member of the Purchaser's Group) that upon Closing all insurance cover provided in relation to the ICI Business pursuant to policies maintained by ICI's Group (whether such policies are maintained with third party insurers or with other members of that Vendor's Group) shall cease and that no further liability shall arise under such policies provided however that (subject to the terms of any relevant policy):

(a) the foregoing is without prejudice to any insurance claims which the Companies or the Business Vendors (in relation to the ICI Business or the PO/MTBE Business) may have made to insurers prior to Closing (and in relation to any claim other than third party liability and product liability claims, which shall be paid directly by the insurer to third parties, such Companies or Business Vendors shall account to the Purchaser for any proceeds to the extent that any receivables for such claims are included in the Closing Working Capital); and

(b) such insurance cover shall continue in respect of matters occurring prior to Closing in accordance with the terms of the relevant policy provided that (and the Purchaser agrees that) the deductibles for each claim in relation to such cover shall be $5 million on property damage and business interruption, $3 million on North American liability (including products liability) and zero on the rest of the world liability provided also that the relevant claim is notified to the relevant insurer within 60 days of Closing.

The Purchaser agrees to procure that each member of the Purchaser's Group shall not after Closing bring any claim under such insurance cover in respect of matters occurring prior to Closing except for claims notified to the relevant insurer within 60 days of Closing (Notified Claims).

The Purchaser shall procure insurance coverage for claims incurred but not reported to the relevant insurers prior to Closing, other than Notified Claims.

HSCC undertakes to the Purchaser that if any member of the Purchaser's Group is subject to an insurance programme to which an entity or entities in HSCC's Group (outside the Purchaser's Group) are also subject, HSCC shall reinstate the policies and their limits. If any additional premium becomes payable where any members of the Purchaser's Group or HSCC's Group exhaust the limits of such insurance programmes pursuant to such

reinstatement: (a) HSCC shall bear the additional premium in the proportion which the aggregate claims of the HSCC Group in the period in which the limits were exhausted bears to the aggregate claims of the Purchaser's Group and HSCC's Group in such period; and (b) the Purchaser shall bear the additional premium in the proportion which the aggregate claims of the Purchaser's Group in the period in which the limits were exhausted bears to the aggregate claims of the Purchaser's Group and the HSCC Group in such period.

The Purchaser undertakes to procure that the interests of the Vendor's Group shall be noted on all relevant insurance policies relating to either or both of the ICI Business and the PO/MTBE Business.

Post Closing Undertakings

18.1 ICI undertakes to the Purchaser for itself and as trustee (for each member of the Purchaser's Group) that it will:

(a) use all reasonable endeavours to obtain, as soon as reasonably practicable after Closing (or, as the case may be, Delayed Closing) and in any event within one (1) month afterwards, the release of each of the Companies and of any entity in which a Joint Venture Interest is held from any Intra Group Guarantees to which it is a party and, pending such release, to indemnify each such Company or entity on an after Tax basis against all amounts paid by it to any person pursuant to any such Intra Group Guarantee in respect of any liability of any member of ICI's Retained Group (and all Costs incurred in connection with such liability) whether arising before or after Closing; and

(b) procure the repayment in the ordinary and usual course of business by the members of its Retained Group of all Intra Group Trading Indebtedness owed as at Closing.

18.2 The Purchaser undertakes to ICI (for itself and as trustee for each other member of its Retained Group) that it will:

(a) use all reasonable endeavours to obtain, as soon as is reasonably practicable after Closing (or, as the case may be, Delayed Closing) and in any event within one (1) month afterwards, the release of each member of ICI's Retained Group from any Intra Group Guarantees to which it is a party and, pending such release, to indemnify the relevant member on an after Tax basis against all amounts paid by it to any third party pursuant to any such Intra Group Guarantee in respect of any liability of any of the Companies or of any entity in which a Joint

Venture Interest is held (and all Costs incurred in connection with such liability) whether arising before or after Closing;

(b) procure that:

(i) as soon as reasonably practicable after Closing and, in any event within 12 months afterwards, the Purchaser's Group shall cease in any manner whatsoever to use or display the ICI Roundel;

(ii) each member of the Purchaser's Group shall cease all use of the ICI name and trade mark and shall take all necessary steps to change its company name to a name not including the ICI name or any confusingly similar name after the Closing Date in accordance with the provisions of clause 9 of the ICI Trade Mark Licence; and

(iii) each member of the Purchaser's Group in any event complies with the terms of the ICI Trade Mark Licence; and

(c) procure the repayment in the ordinary and usual course of business by the Companies of all Intra Group Trading Indebtedness (except for Intra Group Trading Indebtedness owed by Louisiana Pigment Company L.P) owed as at Closing.

18.3 After Closing (or, as the case may be, the relevant Delayed Closing Date), each Vendor shall and shall procure that each relevant member of its Retained Group shall, and the Purchaser shall and shall procure that each relevant member of the Purchaser's Group shall from time to time, do, execute and deliver, (in each case at its own cost) at the reasonable request of the other party and in a form which is reasonably satisfactory to the other party, all such further acts, deeds, documents, instruments of assignment and transfer as may be necessary to complete the sale and purchase of the Sale Shares, the Local Businesses and the Business IPR in accordance with the terms of this Agreement and otherwise to give effect to the terms of this Agreement and to secure to the parties the full benefit of the rights, powers and remedies conferred upon the parties in this Agreement.

18.4 The Purchaser shall, and it shall procure that each member of its Group shall, provide ICI at ICI's cost excluding any costs of management time spent with such information and the services of such relevant employees as it reasonably requests and as is necessary for the purposes of preparing business accounts in respect of the period up to the Closing Date in accordance with ICI's reporting requirements and timetable and all other assistance as ICI shall reasonably require for those purposes.

18.5 For a period of ten (10) years after Closing, the Purchaser shall and shall procure that each member of the Purchaser's Group shall give each Vendor, the Business Vendors and ICI's Accountants reasonable access at all reasonable times, and provide copies of, all books and records delivered to the Purchaser on or after Closing relating to the ICI Business or, as the case may be, the PO/MTBE Business in their respective possession or control as are reasonably required for the purposes of drawing up the accounts of the Business Vendors and any other purposes including Tax matters, and the Purchaser shall procure that none of such books, records or files is destroyed or disposed of without the prior written consent of the relevant Vendor.

ICI shall, and shall procure that each member of the Group shall, provide the Purchaser (at the Purchaser's cost, excluding any costs of management time spent) with such information and the services of such relevant employees as it reasonably requests and as is necessary for the purposes of preparing business accounts in respect of the period of two years from the Closing Date in accordance with the Purchaser's reporting requirements and timetable and all other assistance as the Purchaser shall reasonably require for those purposes.

18.6 HSCC shall assign to HIC all of its rights under the consolidation agreement dated 21 March 1997 (the Consolidation Agreement). If HSCC's rights under the Consolidation Agreement are not assigned to HIC, or if such rights are assigned but Huntsman Petrochemical Corporation ceases at any time to credit to HIC an annual amount of $12 million as a consolidation fee credit pursuant to that agreement, HSCC shall either pay or, at its option, procure that Huntsman Petrochemical Corporation pays, the sum of $12 million to HIC annually through 15 April 2008.

18.7 Other than a claim under the Environmental Covenant (to which Schedule 14 and/or Schedule 14A shall apply), the Purchaser acknowledges and agrees that it shall, and shall procure that any member of the Purchaser's Group shall, provide each Vendor's Group, from time to time (at the cost of such Vendor's Group), with all cooperation and assistance as may be reasonably requested by the relevant Vendor or any member of its Group in connection with its Group's review, investigation or defence of any matter in relation to third party claims, proceedings or litigation (whether pending or threatened) involving that Vendor or any member of its Group. The obligations of the Purchaser shall be subject to the qualification that it shall not be required to render any co-operation or assistance which in its reasonable opinion would or would be likely to prejudice the interests of the Purchaser or any member of its Group.

18.8 Notwithstanding any other provision of this Agreement, the Vendor and other members of the Vendor's Group shall be entitled to retain originals

or copies of all files, books, personnel, and records relating to litigation existing at Closing, whether or not currently in their possession.

18.9 If in consequence of a mistake any property rights or liabilities of either Vendor or any Business Vendor are transferred contrary to the terms of this Agreement to the Purchaser or a member of the Purchaser's Group then the Purchaser and, if applicable, the relevant Vendor or Business Vendor shall execute such documents and take such other steps as may be reasonably requested by the other party to remedy the mistake.

18.10 ICI acknowledges that certain of the Business IP Licences relating to the ICI Business provide for licences of the "ICI" and ICI Roundel trade marks and agrees to grant to the Purchaser such rights in these marks as are necessary for the purposes of fulfilling the Purchaser's obligations under such licences for the term of such licences, provided always that the Purchaser agrees to use its reasonable endeavours within a reasonable period to agree amendments to such licences such that the "ICI", "ICI Roundel" and ICI Roundel trade marks cease to be the subject of such licences.

18.11 In the event that the Purchaser or any member of the Purchaser's Group incurs any Texaco Environmental Losses, HSCC shall, to the extent permitted under Section 10.4(c) of the Texaco Purchase Agreement, assign to the Purchaser or such member of the Purchaser's Group all of HSCC's rights under Part 6 of the Texaco Purchase Agreement in respect of such Texaco Environmental Losses.

18.12 Each of HSCC and the Purchaser or any such member of the Purchaser's Group agrees to co-operate with the other in connection with the pursuit by either party of any indemnity from Texaco under Part 6 of the Texaco Purchase Agreement with respect to any Texaco Environmental Losses or potential or threatened Texaco Environmental Losses; provided, however, that notwithstanding the foregoing, nothing contained herein shall require the Purchaser or any such member of the Purchaser's Group to perform or assume any of HSCC's liabilities under Section 6.3 of the Texaco Purchase Agreement.

18.13 HSCC has disclosed to ICI that HSCC is a party to a continuing agreement dated March 21, 1997 with a third party relating to the supply of propylene oxide (the POS Agreement). For reasons of confidentiality HSCC has not disclosed the terms and conditions of the POS Agreement (other than clause 25) to ICI which has not been able to assess the risks and liabilities associated with the POS Agreement and therefore without prejudice to the right of the Purchaser or any member of the Purchaser's Group under any other provisions of this Agreement, HSCC undertakes to indemnify and to

keep indemnified on an after Tax basis the Purchaser for itself and as agent for each member of the Purchaser's Group (including, after Closing, the Companies) against all Costs incurred, made or suffered by the Purchaser or any member of the Purchaser's Group (including, after Closing, the Companies) to the extent that such Costs arise from termination of the POS Agreement by this third party because of any violation of the terms of the POS Agreement, including without limitation clause 25 thereof, resulting from the assignment of the POS Agreement to the Purchaser.

18.14 If, at any time after Closing, it is necessary for the Purchaser or any Designated Purchaser to prove its entitlement to the benefit of a debt the benefit of which is assigned to it under or pursuant to this Agreement, then at the request of any party the relevant Vendor and the Purchaser shall execute, or shall procure that the relevant members of their respective Groups shall execute, a separate document to provide for the assignment of that debt on terms consistent with this Agreement.

Domain Names

19.1 ICI shall take all reasonable steps to transfer any domain name registrations in the name of any member of its Retained Group which Relate to the ICI Business into the name of the Purchaser or its nominee and agrees that the Purchaser or its nominee shall take over operation of the relevant web sites, in each case as soon as practicable after the Closing Date.

19.2 In respect of any domain name transferred pursuant to clause 19.1, the Purchaser shall as soon as reasonably practicable change the name or cancel the name as necessary so as to remove any and all references to the "ICI" name.

19.3 HSCC shall take all reasonable steps to transfer any domain name registrations in the name of any member of its Retained Group which Relate to the PO/MTBE Business into the name of the Purchaser or its nominee and agrees that Purchaser or its nominee shall take over operation of the relevant web sites, in each case as soon as practicable after the Closing Date.

Costs

20.1 Subject to clauses 20.2 and 20.3 and save as otherwise provided in this Agreement, each party shall pay (on behalf of itself and members of its Group) any costs and expenses (including without limitation, and save as otherwise provided in this Agreement, any stamp or other documentary or transaction duties and any other transfer taxes) incurred by it or by any member of its Group in connection with the negotiation, preparation,

completion and implementation of the transactions contemplated by this Agreement and each of the agreements referred to herein.

20.2 The costs incurred prior to the date of this Agreement in instructing lawyers in relevant jurisdictions (other than England and Wales, the USA, Belgium, the Netherlands and France) in connection with the transactions contemplated by this agreement shall be borne by the Purchaser. If this Agreement terminates or is terminated (save for the survival of certain specified clauses including this clause) the following costs and expenses shall be shared equally between ICI and HSCC:

(a) fees payable to the lenders under the Senior Credit Agreement or the Senior Subordinated Credit Agreement;

(b) out-of-pocket expenses and legal fees of the lenders under the Senior Credit Agreement or the Senior Subordinated Credit Agreement as agreed pursuant to the terms of such agreements;

(c) all obligations derived from currency and interest rate hedging instruments entered into in the normal course of business as agreed by ICI and HSCC.

20.3 The costs (excluding, for the avoidance of doubt, any stamp or other documentary or transaction duties and any other transfer taxes) incurred by any party in implementing the steps set out in Schedule 4 and 18 shall be borne by the parties as set out below:

(a) Schedule 4

Paragraph	Party who shall bear costs
1	HSCC
2	ICI
2A	Equity Investors
3	n/a
4	Each party shall bear its own costs
5	the Purchaser
5A & 6A	HSCC
6	the Purchaser
7-10 (inclusive)	the Purchaser
11-22 (inclusive)	Each party shall bear its own costs
23-49 (inclusive)	the Purchaser

50	ICI
51	the Purchaser
52	the Purchaser

53	the Purchaser
54	ICI

(b) Schedule 18

Paragraph	Party who shall bear costs
1(a)	ICI
1(b), (c), (d), (e), (ee), (f), (g)	the Purchaser
2(a)-(d) (inclusive)	ICI
2(e) and (f)	the Purchaser
3(a)-(m)	ICI
3(n)	the Purchaser
4	Each party shall bear its own costs
5 & 6	Each party shall bear its own costs
7	the Purchaser
8	Purchaser (save as otherwise expressly provided in paragraph 8 of Schedule 18)
9	Purchaser
10	Purchaser
11	Purchaser
12	Purchaser
13	ICI

20.4 If either Vendor or any member of its Group incurs any expenditure which is to be borne by the Purchaser under the terms of this Agreement, then the parties shall procure that, as soon as reasonably practicable after Closing, the Purchaser shall reimburse the relevant members of their respective Groups for the costs and expenses so incurred.

20.5 The Purchaser shall pay all costs and expenses (including, without limitation, any stamp or other documentary or transaction duties and other transfer taxes) resulting from the transfer to it of the Business IPR, save for any incremental costs and expenses which are incurred by the Purchaser or any other member of the Purchaser's Group as a result of any of the Registered Rights not having been registered in the name of the correct registered proprietor or applicant within the relevant Vendor's Retained Group as at Closing, which incremental costs shall promptly be reimbursed to the Purchaser by the relevant Vendor.

Performance by Group Members

21.1 Each party shall procure (in respect of any member of its Group which is not wholly-owned, only insofar as it is able) that the members of its Group perform:

(a) all obligations under this Agreement which are expressed to relate to members of its respective Group; and

(b) all obligations under any agreement entered into by any member of its Group pursuant to this Agreement (including, without limitation, all of the Transaction Agreements).

The liability of a party under this clause 21 shall not be discharged or impaired by any amendment to or variation of this Agreement, any release of or granting of time or other indulgence to any member of its Group or any third party or any other act, event or omission which but for this clause would operate to impair or discharge the liability of such party under this clause 21.

21.2 ICI Polyurethanes (Asia Pacific) Pte Ltd is party to a letter agreement dated 8 December 1998, a copy of which is contained in the Data Room at Reference FS6/30/3. The Purchaser undertakes to ICI that it shall be bound by the terms of the said letter agreement and ICI hereby agrees that it shall provide the Purchaser with all reasonable assistance in implementing such letter agreement.

Announcements

22.1 From the date of this Agreement until Closing or termination of this agreement no formal public announcement or press release in connection with the signature or subject matter of this Agreement shall (subject to clause 22.2) be made or issued by or on behalf of any party or any member of its Group upon the signing of this Agreement or at any time between the date hereof and Closing (or such other date, if any, upon which this Agreement terminates in accordance with clause 4) without the prior written approval of the other parties (such approval not to be unreasonably withheld or delayed).

22.2 If a party has an obligation to make or issue any announcement required by law or by any stock exchange or by any governmental authority, the relevant party shall give the other parties every reasonable opportunity to comment on any announcement or release before it is made or issued (provided that this shall not have the effect of preventing the party making the announcement or release from complying with its legal and/or stock exchange obligations).

22.3 No formal public announcement or press release in relation to the termination of this Agreement shall be made or issued by or on behalf of any party or any member of its Group save that ICI may make such announcement as is required by applicable law and regulations containing the minimum amount of information necessary to comply with the relevant requirements. HSCC may make an announcement in relation to such termination provided that it contains only the issues addressed in ICI's announcement to a level of detail which is consistent with that in ICI's announcement. ICI and HSCC shall each give the other every reasonable opportunity to comment on the respective announcement referred to above (provided that this could not have the effect of preventing ICI from complying with its obligations under applicable law and regulations).

Restrictions on the vendors

23.1(A) ICI undertakes to the Purchaser that it shall not, and shall procure that each other member of its Retained Group shall not, for a period of five years from the date hereof, carry on or be engaged in or control any business which competes directly or indirectly with the ICI Business and/or the PO/MTBE Business as conducted immediately prior to Closing in the countries in which either of the ICI Business or the PO/MTBE Business, respectively, is carried on at Closing.

23.1(B) If, at any time on or after the expiry of three years after Closing, there ceases to be any member of ICI's Group holding, directly or indirectly, any shareholding or other membership interest (other than Class A Shares issued by a Subsidiary of the Purchaser as referred to in paragraph 1 of Schedule 18) (membership interest) in the Purchaser or any member of the Purchaser's Group or any holding company of the Purchaser, the undertaking set out in clause 23.1(A) above shall terminate and, in replacement therefor, ICI undertakes to the Purchaser that it shall not, and shall procure that each other member of its Retained Group shall not, until the expiry of two years after it ceases to hold, directly or indirectly, such membership interest, carry on or be engaged in or control any business which competes directly or indirectly with the ICI Business and/or the PO/MTBE Business as conducted at the time there ceases to be any member of ICI's Group holding, directly or indirectly, such membership interest, in the countries in which either of the ICI Business or the PO/MTBE Business, respectively, is carried on at such time.

23.1(C) Nothing in clause 23.1(A) or (B) shall prevent any member of ICI's Group from:

(a) carrying on or being engaged in or economically interested in any business, (not being part of the ICI Business), which, in the case of clause 23.1(A), at the time of Closing or, in the case of clause 23.1(B), at the time ICI ceases to hold, directly or indirectly, a membership interest in the Purchaser or any member of the Purchaser's Group or any holding company of the Purchaser, it carries on or is engaged in or economically interested in or any reasonable extension or development thereof. For the avoidance of doubt, it is agreed that neither the manufacture nor the sale of Isocyanates is a reasonable extension or development of any business which any member of ICI's Group currently carries on or is engaged in or economically interested in; provided however that, nothing contained in this clause 23 shall operate to prevent any member of ICI's Group from continuing to purchase Isocyanates for formulation by ICI's Group into systems sold by ICI's Group within the fields of coatings, adhesives, sealants, encapsulants and paper. For the purposes of this clause 23, Isocyanates means those isocyanates described in subparagraphs (iv) to (vii) of the definition of "Polyurethanes Business" together with hexamethylenediisocyanate and isophoronediisocyanate;

(b) carrying on or being engaged in or economically interested in any business

of a like nature to the whole or any part of the Polyurethanes Business, the Relevant Petrochemicals Business, the Tioxide Business or the PO/MTBE Business after such time as the Purchaser has ceased and indicated an intention permanently to cease carrying on or being engaged or economically interested in a substantial part of the relevant one of such businesses, as the case may be, provided that this sub-clause (b) shall only apply if the part of the relevant one of such businesses, as the case may be, to be continued by the Purchaser is insignificant in the context of the relevant one of such businesses taken as a whole;

(c) being the holder of shares (conferring not more than 5 per cent. of the votes which would normally be cast at a general meeting of that company) or debentures or other securities listed, quoted or dealt in on any securities or investment exchange or quotation system of a company which is engaged in any business of a like nature to the whole or any part of the businesses referred to in clause 23.1(A) or clause 23.1(B);

(d) acquiring by acquisition or merger the whole or any part of a business that includes activities the carrying on of which would otherwise amount to a breach of the undertakings contained in clause 23.1(A)

and clause 23.1(B) if the turnover of such activities does not exceed the greater of $150 million per annum or 15 per cent. of the aggregate turnover of the business concerned;

(e) throughout the period during which ICI retains any interest in the Olefins Manufacturing Business, carrying on the Olefins Manufacturing Business in accordance with the Olefins Agreements (as defined in the Co-operation Agreement) and the Co-operation Agreement, provided that, on any disposal of its interest in the Olefins Manufacturing Business, the undertakings in clause 23.1(A) and clause 23.1(B) shall, after such disposal, apply in accordance with the entirety of this clause 23;

(f) continuing to hold interests in businesses to which clause 16 or Schedule 16 apply.

23.2(A) HSCC undertakes to the Purchaser that it shall not, and shall procure that each other member of its Retained Group shall not, for a period of five years from the Closing Date or until the date on which ICI ceases to hold, directly or indirectly, any membership interest in the Purchaser, whichever shall be the earlier, carry on or be engaged in or control any business which competes directly or indirectly with the ICI Business and/or the PO/MTBE Business as conducted immediately prior to Closing in the countries in which either of the ICI Business or the PO/MTBE Business, respectively, is carried on at Closing.

23.2(B) Nothing in sub-clause (A) shall prevent any member of the HSCC Group from:

(a) carrying on or being engaged in or economically interested in any business, (not being part of the PO/MTBE Business), which at Closing it carries on or is engaged in or economically interested in or any reasonable extension or development thereof;

(b) carrying on or being engaged in or economically interested in any business of a like nature to the whole or any party of the Polyurethanes Business, the Relevant Petrochemicals Business, the Tioxide Business or the PO/MTBE Business after such time as the Purchaser ceased and indicated an intention permanently to cease carrying on or being engaged or economically interested in a substantial part of the relevant one of such businesses, as the case may be, provided that this sub-clause (b) shall only apply if the part of the relevant one of such businesses, as the case may be, to be continued by the Purchaser is

insignificant in the context of the relevant one of such businesses taken as a whole;

(c) being the holder of shares (conferring not more than 5 per cent. of the votes which would normally be cast at a general meeting of that company) or debentures or other securities listed, quoted or dealt in on any securities or investment exchange or quotation system of a company which is engaged in any business of a like nature to the whole or any part of the businesses referred to in clause 23.2(A);

(d) acquiring by acquisition or merger the whole or any part of a business that includes activities the carrying on of which would otherwise amount to a breach of the undertaking contained in clause 23.2(A) if the turnover of such activities does not exceed the greater of $150 million per annum or 15 per cent. of the aggregate turnover of the business concerned;

(e) continuing to hold interests in businesses to which clause 16 or Schedule 16 apply.

23.3 Each Vendor undertakes that it shall not, and shall procure that each other member of its Group shall not for as long as it remains such a member, directly or indirectly, and for one year thereafter, solicit or entice away from any

member of the Purchaser's Group any Senior Employee or persuade any such Senior Employee to leave the employment of any member of the Purchaser's Group except that this shall not prevent any member of either Retained Group from offering employment to:

(a) any Senior Employee whose employment with the relevant member of the Purchaser's Group has then ceased or who has given (or received) notice terminating such employment; and

(b) any Senior Employee who responds to any public recruitment advertisement placed by or on behalf of that member.

23.4 ICI shall not and shall procure that no member of its Retained Group shall do or authorise any other person to use any trade mark, trade name or business name which Relates to the ICI Business as at the Closing Date in a manner which is likely to cause confusion.

23.5 HSCC shall not and shall procure that no member of its Retained Group shall do or authorise any other person to use any trade mark, trade name or business name which Relates to the PO/MTBE Business as at the Closing Date in a manner which is likely to cause confusion.

23.6 HSCC shall not and shall procure that no member of its Retained Group shall use or disclose (or authorise any person to use or disclose) within the period of 5 years after Closing any of the confidential customer lists, sales, marketing and promotional literature, business plans and forecasts comprised in the Business Information to the extent that the same are used exclusively in the PO/MTBE Business as at Closing.

23.7 ICI undertakes to the Purchaser that it shall not, and shall procure that no member of its Retained Group shall, use or disclose (or authorise any person to use or disclose) within the period of 5 years after Closing or, if longer, until the date which is two years after there ceases to be any member of ICI's Group holding, directly or indirectly, any shareholding or other membership interests (other than Class A Shares issued by a Subsidiary of the Purchaser, as referred to in clause 1 of Schedule 18) in the Purchaser or any member of the Purchaser's Group or any holding company of the Purchaser, any of the confidential customer lists, sales, marketing and promotional literature, business plans and forecasts comprised in the Business Information to the extent that the same are used exclusively in the ICI Business as carried on at Closing.

23.8 The obligations in clauses 23.6 and 23.7 shall not apply to any information which: (i) is already part of the public domain; or (ii) after the Closing Date becomes part of the public domain otherwise than as a result of a breach of clause 23.6 or 23.7; or (iii) is independently developed by the relevant party or lawfully acquired by the relevant party from a third party.

23.9 Each undertaking contained in this clause shall be construed as a separate undertaking and if one or more of the undertakings is held to be against the public interest or unlawful or in any way an unreasonable restraint of trade, the remaining undertakings shall continue to bind each Vendor.

Entire Agreement

24.1 This Agreement, the Ancillary Agreements, the Confidentiality Agreements, the Disclosure Letters and all other contracts, agreements and arrangements to be entered into pursuant to the terms of this Agreement (together the Relevant Agreements) together constitute the whole and only agreement between the parties relating to the sale and purchase of the ICI Business and the PO/MTBE Business and any prior drafts, agreements, undertakings, representations, warranties and arrangements of any nature whatsoever, whether or not in writing, relating thereto are superseded and extinguished.

24.2 Each party acknowledges and agrees (for itself and on behalf of each other member of its Group) with each other party (for itself and as agent for each other member of its Group and for any of its or their respective Related Persons) that:

(a) it does not rely on and has not been induced to enter into this Agreement or any other Relevant Agreement the basis of any assurance, representation or warranty (express or implied) made or given by or on behalf of any member of either of the other two parties' Groups or any of their respective Related Persons (save as may be expressly agreed with the relevant Related Person) other than those expressly set out in this Agreement or in such other Relevant Agreement or document expressly referred to herein or, to the extent that it has so relied and/or been so induced, it has (in the absence of fraud) no rights or remedies in relation thereto and shall make no claim in relation thereto against such parties;

(b) no member of either of the other two parties' Groups, or any of their respective Related Persons, owes any duty of care to any member of that party's Group other than those expressly set out in this Agreement or any other Relevant Agreement; and

(c) any warranty or other rights which may be implied by law in any jurisdiction in relation to the sale of the Sale Shares, the Local

Businesses the Business IPR in such jurisdiction shall be excluded or, if incapable of exclusion, irrevocably waived and it agrees to indemnify each member of either of the other two parties' Groups and their respective Related Persons in respect of any Costs arising or incurred as a result of claims under any such implied warranties and other rights by that party or any other member of its Group or their respective successors in title (in the case of the Purchaser, including without limitation any providers of finance to the Purchaser).

24.3 This clause shall not exclude any liability for, or remedy in respect of, fraudulent misrepresentation by a party or any of its Related Persons or where it is otherwise unlawful to do so.

24.4 The parties hereby agree that the provisions of this Agreement shall prevail over the terms of any local sale agreement in any jurisdiction and that any terms of any such local sale agreement which are adverse to the position of any party or member of its Group pursuant to this Agreement shall not be given effect as between the parties to this Agreement and shall not operate to reduce or increase in any way the Purchaser's rights or obligations hereunder

or to reduce or increase either Vendor's rights or obligations hereunder (or the rights or obligations of any member of their respective Groups).

Variation

25.1 No variation of this Agreement (or of any of the documents referred to in this Agreement) shall be valid unless it is in writing and signed by or on behalf of each of the parties to it. The expression "variation" shall include any variation, supplement, deletion or replacement however effected.

25.2 Any variation prior to Closing which would have a material adverse impact on the position of the providers of finance under the Financing Agreements (in relation to their rights and obligations thereunder) shall only be made with the prior consent of Bankers Trust Company and Goldman Sachs Credit Partners L.P.

Assignment

26.1 No party shall be entitled to assign the benefit of any provision of this Agreement without the prior written approval of the other party except that:

(a) the Purchaser may, upon giving written notice to each party, assign the benefit of this Agreement in whole or in part (subject, for the avoidance of doubt, to all limitations contained herein including, without limitation, limitations on claims under the Warranties) to one or more members of the Purchaser's Group (a Permitted Assignee) subject to the condition that if such Permitted Assignee shall subsequently cease to be a member of the Purchaser's Group, the Purchaser shall procure that prior to its ceasing to be a member of the Purchaser's Group the Permitted Assignee shall assign so much of the benefit of this Agreement as has been assigned to it to the Purchaser or (upon giving further written notice to the Vendors) to another member of the Purchaser's Group;

(b) the Purchaser may, upon giving written notice to each party, assign the benefit of this Agreement in whole or in part to a person to whom it transfers the ICI Business (or any part thereof) at the direction of the providers of finance or their representatives pursuant to the Financing Agreements and any such successor may effect assignments (including the benefit of this clause) in the same manner;

(c) the Purchaser may, upon giving written notice to each party, assign the benefit of this Agreement in whole to the providers of finance or their representative(s) pursuant to the Financing Agreements and any

such providers of Finance or representatives may effect assignments (including the benefit of this clause) in the same manner,

PROVIDED THAT:

(1) the assignee (including successors) undertakes in writing to the Vendors to be bound by and (where applicable) to perform all the relevant obligations and limitations of the Purchaser under this Agreement in relation to the benefits assigned;

(2) any such assignment (including to successors) shall for the avoidance of doubt, be subject to all limitations contained herein, including, without limitation, limitations on Claims;

(3) if there is an assignment (including to successors) of part of the benefit of this Agreement, such assignment shall only be effective if: (A) such assignee(s) and the Purchaser shall have first appointed a single person (the Agent, who may be the Purchaser or one of the assignees) to be their agent for the purpose of bringing claims against the Vendor, and informed the Vendor in writing of the identity of such Agent; and (B) all claims by the Purchaser or any of the assignees under this Agreement against the Vendor shall be made by the Agent;

Any purported assignment in contravention of this clause shall be void.

26.2 If any assignment is made pursuant to clause 26.1 above, the liability of ICI under this Agreement shall be no greater, and no less, than such liabilities would have been had such assignment not occurred.

Severability

27. If any provision of this Agreement is held to be invalid or unenforceable, then such provision shall (so far as it is invalid or unenforceable) be given no effect and shall be deemed not to be included in this Agreement but without invalidating any of the remaining provisions of this Agreement.

Counterparts

28. This Agreement may be executed in any number of counterparts and by the parties to it on separate counterparts, each of which is an original but all of which together constitute one and the same instrument.

Notices

29.1 Any notice or other communication to be given by one party to another under, or in connection with, this Agreement shall be in writing and signed by or on behalf of the party giving it. It shall be served by sending it by fax to the number set out in clause 29.2, or delivering it by hand to the address set out in clause 29.2 and in each case marked for the attention of the relevant party set out in clause 29.2 (or as otherwise notified from time to time in accordance with the provisions of this clause 29). Any notice so served by hand to or fax shall be deemed to have been duly given:

(a) in the case of delivery by hand, when delivered;

(b) in the case of fax, when received;

provided that in each case where delivery by hand or by fax occurs after 6pm on a Business Day or on a day which is not a Business Day, service shall be deemed to occur at 9am on the next following Business Day.

References to time in this clause are to local time in the country of the addressee.

29.2 The addresses and fax numbers of the parties for the purpose of clause 29.1 are as follows:

ICI

Address: Imperial Chemical House
Millbank
London SW1P 3JF
United Kingdom

Fax: 0171 798 5834

For the attention of: The Company Secretary

HSCC

Address: 500 Huntsman Way
Salt Lake City
Utah 84108
USA

Fax: 001 801 584 5781

For the attention of: President

With a copy to: General Counsel (fax: 001 801 584 5782)

HIC

Address: 500 Huntsman Way
Salt Lake City
Utah 84108
USA

Fax: 001 801 584 5781

For the attention of: President

With a copy to: General Counsel (fax: 001 801 584 5782)

Purchaser

Address: 500 Huntsman Way
Salt Lake City

Utah 84108
USA

Fax: 001 801 584 5782

For the attention of: Chief Executive Officer

With a copy to: General Counsel (fax: 001 801 584 5782)

29.3 A party may notify the other parties to this Agreement of a change to its name, relevant addressee, address or fax number for the purposes of this clause 29, provided that, such notice shall only be effective on:

(a) the date specified in the notice as the date on which the change is to take place; or

(b) if no date is specified or the date specified is less than five (5) Business Days after the date on which notice is given, the date following five (5) Business Days after notice of any change has been given.

India and Pakistan

30. The parties have agreed that the businesses conducted by ICI India and ICI Pakistan are not to be transferred to the Purchaser. ICI and HSCC nevertheless each undertake to use reasonable endeavours to ensure that as soon as reasonably practicable each of those companies separately enter into a commercial arrangement with the Purchaser or a member of the Purchaser's Group which would create a relationship between the Purchaser's Group

relating to the Polyurethanes Business and that company the economic effect of which on the Purchaser's Group on the one hand and on ICI India or, as the case may be, ICI Pakistan on the other hand is substantially the same as the economic effect which the existing arrangements between the members of ICI's Group and ICI India or, as the case may be, ICI Pakistan have at the date of this Agreement.

Governing law, jurisdiction and Service of Process

31.1 This Agreement and the relationship between the parties shall be governed by, and interpreted in accordance with, English law.

Jurisdiction

31.2 All parties agree that the Courts of England are to have exclusive jurisdiction to settle any dispute (including claims for set off and counterclaim) which may arise in connection with the creation, validity, effect, interpretation or performance of, or the legal relationships established by this Agreement or otherwise arising in connection with this Agreement and for such purposes irrevocably submit to the jurisdiction of the English Courts.

Service of process

31.3 Each of HSCC and the Purchaser shall at all times maintain an agent for service of process and any other documents in proceedings in England. The agent for each of HSCC and the Purchaser shall be Trusec Limited currently of 35 Basinghall Street London. Any writ, judgment or other notice of legal process shall be sufficiently served on HSCC or the Purchaser if delivered to its agent at its address for the time being. If, for any reason the agent for HSCC or the Purchaser ceases to act as such, HSCC or the Purchaser as the case may be shall promptly appoint another such agent with an address in England and so advise ICI. Failing such appointment and notification, ICI shall be entitled to appoint an agent on behalf of either HSCC or the Purchaser at the expense of either HSCC or the Purchaser. A copy of any document served on the agent of HSCC or the Purchaser shall also be sent to HSCC or the Purchaser (as the case may be) in accordance with the provisions of clause 29.

Exercise of Rights and Remedies

32.1 No delay or omission on the part of any party to this Agreement in exercising any right, power or remedy provided under this Agreement or any other documents referred to in it shall impair such right, power or remedy or operate as a waiver thereof.

32.2 The single or partial exercise of any right, power or remedy provided under this Agreement or any document referred to in it shall not preclude any other or further exercise thereof or the exercise of any other right, power or remedy except where expressly stated in this Agreement.

Confidentiality

33.1 Subject to clauses 33.2 and 33.3, each of the Confidentiality Agreements shall remain in full force and effect notwithstanding the execution of this Agreement, provided that:

(a) ICI or, as the case may be, HSCC shall be entitled to disclose information to any of its Representatives (as defined in the First Confidentiality

Agreement) in the period between the execution of this Agreement and Closing to enable them to familiarise themselves with the operation, management and administration of the PO/MTBE Business or, as the case may be, the ICI Business in anticipation of Closing subject to such disclosure being made on the terms of the First Confidentiality Agreement and/or the Second Confidentiality Agreement;

(b) neither ICI nor HSCC shall be entitled to require the other to procure the return or destruction of information pursuant to clause 2.3 of the First Confidentiality Agreement or clause 2.3 or 3.3 of the Second Confidentiality Agreement save in circumstances where this Agreement has been terminated in accordance with its terms;

(c) nothing in clause 2.2 of the First Confidentiality Agreement or clause 2.2 or 3.2 of the Second Confidentiality Agreement shall prevent ICI or, as the case may be, HSCC disclosing information to the extent reasonably necessary or desirable in order to comply with its respective obligations under clauses 4.3 and 4.4;

(d) nothing in clause 3 of the First Confidentiality Agreement or clause 2.5 or 3.5 of the Second Confidentiality Agreement shall in any way affect or prejudice any warranty, representation, covenant, undertaking or assurance contained in this Agreement or any agreement to be entered into pursuant to this Agreement; and

(e) the provisions of clauses 4 and 6 of the First Confidentiality Agreement and clauses 2.6, 2.8, 3.6 and 3.8 of the Second Confidentiality Agreement shall cease to have effect (but without prejudice to any antecedent breach thereof) save in circumstances where this Agreement has been terminated in accordance with its terms.

33.2 Upon Closing, each of the Confidentiality Agreements shall be terminated save to the extent that it relates to any business other than the ICI Business or the PO/MTBE Business (but without prejudice to any antecedent breach thereof).

33.3 In the event that this Agreement is terminated in accordance with its terms, each of the Confidentiality Agreements shall remain in full force and effect and the proviso to clause 33.1 shall cease to have effect.

Aniline Pipe

34. The provisions of Schedule 23 shall apply in relation to the Aniline Pipe at Wilton.

SCHEDULE 1

COMPANY AND SHARE DETAILS

Part I: Share Sales on Closing

Polyurethanes

<TABLE>
<CAPTION>

Share Selling Company	Name of Company	Number and Class of shares owned and to be sold (if applicable)	Designated Purchaser	Jurisdiction
<S>	<C>	<C>	<C>	<C>
ICI PLC	ICI Europe Limited	100 Ordinary Shares of (Pounds)1 each	Huntsman ICI Polyurethanes (UK) Ltd	England
ICI PLC	Impkemix (No 46) Ltd	2 Ordinary Shares of (Pounds)1 each	Huntsman ICI Polyurethanes (UK) Ltd	England

</TABLE>

Tioxide

<TABLE>
<CAPTION>

Share Selling Company	Name of Company	Number and Class of shares owned and to be sold (if applicable)	Designated Purchaser	Jurisdiction
<S>	<C>	<C>	<C>	<C>
ICI PLC	Tioxide Group Ltd	280,999,000 fixed rate preference shares of (Pounds)1 each 100 ordinary shares of	HIC	England

</TABLE>

<TABLE>
<S> <C>

(Pounds)1 each

</TABLE>

Part II: Wholly owned subsidiary undertakings

Part A: Subsidiary Undertakings at the date of this Agreement and on Closing

Polyurethanes

<TABLE>
<CAPTION>

Current Parent	Shareholder[s]	Subsidiary Undertakings	Jurisdiction of Incorporation of Subsidiary Undertaking
<S>	<C>	<C>	<C>
ICI Omicron BV	ICI Holland BV	ICI IOTA BV	Netherlands
ICI Theta BV	ICI Polyurethanes (China) Holdings BV	ICI Polyurethanes (China) Ltd.	China

</TABLE>

Tioxide

<TABLE>
<CAPTION>

Current Parent	Shareholder[s]	Subsidiary Undertakings	Jurisdiction of Incorporation of Subsidiary Undertaking
<S>	<C>	<C>	<C>
ICI PLC	Tioxide Group Ltd Tioxide Europe SA (France)	Tioxide Europe NV/SA	Belgium
ICI PLC	Tioxide Group Ltd	Tioxide Canada Inc	Canada
ICI PLC	Tioxide Group Ltd	Tioxide Europe Ltd	England
ICI PLC	Tioxide Group Ltd	Tioxide Overseas Holdings Ltd	England

</TABLE>

<TABLE>
<CAPTION>

Current Parent	Shareholder[s]	Subsidiary Undertakings	Jurisdiction of Incorporation of Subsidiary Undertaking
<S>	<C>	<C>	<C>
ICI PLC	Tioxide Group Ltd	Tioxide Group Services Ltd	England
ICI PLC	Tioxide Group Ltd (5 shares are held by Tioxide Group Ltd directors as nominees for Tioxide Group Ltd) Tioxide Europe Ltd	Tioxide Europe SA	France
ICI PLC	Tioxide Group Ltd	Tioxide Europe SRL	Italy
ICI PLC	Tioxide Group Ltd	British Titan Products Southern Africa (Proprietary) Ltd	Republic of South Africa
ICI PLC	Tioxide Group Ltd	Tioxide Europe AB	Sweden
ICI PLC	Tioxide Group Ltd (500 Ordinary shares are held by Mustafa Hayri Baratcru as Nominee for Tioxide Group Ltd)	Tioxide Europe Titanium Pigmentleri Ticaret Ltd Sirketi	Turkey

</TABLE>

Part B: Additional Subsidiary Undertakings on Closing

Polyurethanes

<TABLE>

<CAPTION>

Current Parent	Subsidiary Undertaking	Jurisdiction of Incorporation of Subsidiary Undertaking
<S>	<C>	<C>
Gruppo ICI Mexico SA DE CV	ICI Mex SA DE [C]V	Mexico
Atlas DE Mexico SA DE CV		
ICI Omicron BV	ICI Holland BV	Netherlands
ICI Theta BV	ICI Polyurethanes (China) Holdings BV	Netherlands
ICI Omicron BV	Chemical Blending Holland BV	Netherlands
ICI Theta BV	ICI Polyurethanes (Asia Pacific) Pte Ltd	Singapore

</TABLE>

Tioxide

<TABLE>
<CAPTION>

Current Parent	Subsidiary Undertaking	Jurisdiction of Incorporation of Subsidiary Undertaking
<S>	<C>	<C>

</TABLE>

<TABLE>

<S>	<C>	<C>
ICI American Holdings Inc.	Tioxide Americas Inc.	Delaware, USA
Deutsche ICI GmbH	Tioxide Europe GmbH	Germany
ICI Omicron BV	Tioxide (Malaysia) Sdn Bhd	Malaysia
ICI Espana SA	Tioxide Europe SA	Spain

</TABLE>

Please note that this list is not exhaustive and does not include newcos being established pursuant to Schedules 4 and 18

Part III: Controlled Joint Ventures

Tioxide

<TABLE>
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Current Parent	Name of Company	Number and Class of shares owned and to be sold (if applicable)	Jurisdiction	Immediate ICI Parent
<S>	<C>	<C>	<C>	<C>
ICI PLC	Tioxide Southern Africa (Proprietary) Ltd	-	Republic of South Africa	British Titan Products Southern Africa (Proprietary) Ltd.

</TABLE>

Part IV: Non-Controlled Joint Ventures

Polyurethanes

<TABLE>
<CAPTION>

Current Parent	Name of Company	Number and Class of shares owned and to be sold (if applicable)	Jurisdiction	Immediate Parent
<S>	<C>	<C>	<C>	<C>
ICI PLC	Nippon Polyurethane Industry Co Ltd	750,000 Ordinary Shares of (Yen)500 each	Japan	ICI PLC

ICI Omicron BV	Steamelec BV (general partner of Eurogen CV)	-	Netherlands	ICI Holland BV
ICI Omicron BV	Eurogen CV This is a limited partnership.	-	Netherlands	ICI Iota BV
ICI PLC	Arabian Polyol Co Ltd	12,800 Ordinary Shares of SAR 100 each	Saudi Arabia	ICI PLC
ICI Americas Inc.	Rubicon Inc.	400,000 Common Class B Shares of USD 1 each	Louisiana, USA	ICI Americas Inc.

Tioxide

Current Parent	Name of Company	Number and Class of shares owned and to be sold (if applicable)	Jurisdiction	Immediate ICI Parent
ICI PLC	Pacific Iron Products Sdn Bhd	-	Malaysia	Tioxide (Malaysia) Sdn Bhd ICI Omicron BV
ICI Espana SA	Oligo S.A.	-	Spain	Tioxide Europe SA
ICI American Holdings Inc.	Louisiana Pigment Company L.P. This is a limited partnership.	-	Delaware, USA	Tioxide Americas Inc.

SCHEDULE 2

LOCAL BUSINESSES

BUSINESS ASSETS

Polyurethanes

Business Vendor	Jurisdiction in which assets are located	Designated Purchaser
ICI PLC (other than in relation to Business IPR and Business Information)	UK	Huntsman ICI Polyurethanes (UK) Ltd
ICI Americas Inc.	USA (and others in respect of Business IPR)	The Purchaser
ICI PLC (in relation to Business IPR and Business Information only)	Various	HIC

Relevant Petrochemicals

Business Vendor	Jurisdiction in which assets are located	Designated Purchaser
ICI Chemicals and Polymers Limited	UK (and others in respect of Business IPR)	Huntsman ICI Petrochemicals (UK) Ltd
ICI PLC (in relation to Business IPR only)	Various	Huntsman ICI Petrochemicals (UK) Ltd

Please refer to Schedules 4, 18 and 22 for details of assets otherwise to be transferred.

SCHEDULE 3

[Agreed deletion]

SCHEDULE 4

CLOSING

PART 1

Closing Steps

The parties to the Agreement agree that this Part 1 of Schedule 4 reflects the intention of the parties as at the date of this Agreement. It is expressly agreed that the parties may agree amendments to the provisions of this Part 1 of Schedule 4 and any consequential amendments required to any other provisions of this Agreement.

At Closing, the following steps will (unless otherwise stated) occur in the order listed and in accordance with the terms of this Agreement, except that (i) the steps in paragraphs 2 and (if applicable) 2A shall occur simultaneously; and (ii) the steps in paragraphs 4 to 10 will occur simultaneously.

Words and expressions defined in Schedule 18 shall have the same meaning in this Schedule.

Funding of the Purchaser

1. HSCC will transfer the Business Assets comprised in the PO/MTBE Business (the PO/MTBE Assets) (valued at $900,000,000) to the Purchaser in exchange for the issue by the Purchaser to HSCC of such number of membership units of the Purchaser as shall result in HSCC holding in aggregate 600 membership units of the Purchaser. At the Purchaser's option, the Purchaser, HSCC and Huntsman Specialty Chemicals Holdings Corporation may enter into a novation agreement in the agreed form by which the Purchaser shall, subject to completion of the subscription described in paragraph 2A below, assume all or some part of the obligation to pay the outstanding principal and accrued interest under a promissory note in favour of Huntsman Specialty Chemicals Holdings Corporation (the Promissory Note).

2. ICI Americas Inc. (IAI) will transfer its Business Assets comprised in the Polyurethanes Business and its Joint Venture Interest in Rubicon, Inc. (the Polyurethanes US Assets) (valued at $520,000,000) and $500 to the Purchaser, in exchange for 300 membership units of the Purchaser.

2A. The subscription by each of BT Capital Investors, L.P. (BTCI) and Chase Equity Associates, L.P. (CEA) for the number of membership units

which is four ninths of one hundred membership units, in each case for an aggregate subscription price of $40,000,074.22, and the subscription by The Goldman Sachs Group, Inc. (GSG) for the number of membership units which is one ninth of one hundred units for an aggregate subscription price of $10,000,018.56 (together the Equity Investor Closing), shall take place in accordance with the terms of the Subscription Agreement (the aggregate of such sums to be subscribed by BTCI, CEA and GSG, being $90,000,167, being the Investor Subscriptions). If any or all of BTCI, CEA and GSG (each an Equity Investor) do not subscribe for the relevant number of membership units at Closing, Closing shall nevertheless take place, but on the basis that the following amendments are made to the parties' Closing obligations as set out in this Schedule 4:

(a) under paragraph 1, HSCC will, in addition to receiving such number of membership units of the Purchaser as shall result in HSCC holding in aggregate 600 membership units of the Purchaser, receive those membership units of the Purchaser which would have been subscribed for by the Equity Investor(s) who have not subscribed for membership units at Closing (the Relevant Investors);

(b) under paragraph 1, the amount (if any) of outstanding principal and accrued interest under the Promissory Note which the Purchaser assumes the obligation to pay shall not exceed the amount in dollars (the Invested Sum) which is the aggregate of the subscription prices paid by those Equity Investors who have subscribed for membership units at Closing (for the avoidance of doubt, the Purchaser shall not assume any obligations under the Promissory Note if none of the Equity Investors subscribe for membership units at Closing) and, if the Purchaser has assumed a greater obligation under paragraph 1 than is permitted by this sub-paragraph (b), the relevant entities shall enter into a novation agreement pursuant to which HSCC shall assume such part of the obligation as exceeds the amount permitted by this sub-paragraph (b);

(c) the cash sum to be transferred by the Purchaser under paragraph 5 shall be reduced by the amount in dollars (the Shortfall) which is the aggregate of the subscription prices which the Relevant Investors would have paid under the Subscription Agreement had they subscribed for membership units at Closing;

(d) under paragraph 6A, HIC will only discharge the obligations (if any) under the Promissory Note that it has assumed under sub-paragraph (b) above;

and the parties shall, prior to its execution, make such modifications to the agreed form of the LLC Agreement as are necessary to remove any reference to the rights and participation of the Relevant Investors.

3. Agreed Deletion.

Borrowing and Distribution by the Purchaser

4.(a) The Purchaser will issue Senior Discount Notes (the A Notes) to ICI Finance plc for an aggregate consideration of $242,700,000 pursuant to an indenture in substantially the same form as the agreed form Senior Discount Notes Indenture containing only such revisions as are contemplated in Section 9.7 thereof and otherwise such other changes as are necessary to provide for the form of public or private offering and depository mechanics selected by ICI in connection with the resale by ICI Finance plc of such A Notes and containing the terms set forth in the agreed form A Notes Termsheet.

(b) The Purchaser will issue the Subordinated Discount Notes due 2009 (the B Notes) to ICI Finance plc for an aggregate consideration of $265,300,000 pursuant to an indenture in substantially the same form as the agreed form Senior Discount Notes Indenture containing only such revisions as are contemplated in Section 9.7 thereof and otherwise such other changes as are necessary to provide for flexibility in the form of offering and depository mechanics to be selected by ICI in connection with the resale by ICI Finance plc of the Exchange Notes described in the agreed form B Notes Term Sheet and containing the terms set forth in the agreed form B Notes Term Sheet.

(c) The Purchaser and ICI Finance plc will execute and deliver (i) the Registration Rights Agreement (the A Registration Rights Agreement) in the form of the agreed form Registration Rights Agreement and (ii) the Registration Rights Agreement (the B Registration Rights Agreement) in the form of the agreed form Registration Rights Agreement except with such revisions as contemplated in the agreed form B Notes Term Sheet.

5. The Purchaser will transfer all of its operating assets, consisting of the PO/MTBE Assets, the Polyurethanes US Assets and $598,001,667, to HIC.

5A. Conditional on the Purchaser, HSCC, HIC and Huntsman Specialty Chemicals Holdings Corporation having entered into a novation agreement pursuant to paragraph 1, the Purchaser, HIC and Huntsman Specialty Chemicals Holdings Corporation shall enter into a novation agreement in the

agreed form by which HIC shall assume the obligations assumed by the Purchaser pursuant to paragraph 1.

6. HIC will borrow an aggregate of $1,692,000,000 pursuant to the Senior Credit Agreement entered into on the same date as this Agreement, and $800,000,000 either (i) pursuant to the Senior Subordinated Credit Agreement entered into on the same date as this Agreement; or (ii) from the sale of the Senior Subordinated Notes to be issued pursuant to the Senior Subordinated Indenture and sold to the initial purchasers pursuant to a purchase agreement.

6A. HIC will transfer an amount equal to the outstanding principal plus the aggregate amount of interest accrued and outstanding as at Closing under the Promissory Note to Huntsman Specialty Chemicals Holdings Corporation in satisfaction of the obligations (if any) assumed by it under paragraph 5A and HSCC shall thereupon procure the cancellation of the Promissory Note (or such part thereof) with immediate effect.

7. HIC will distribute to the Purchaser:

(a) the sum of $520,000,000; plus

(b) the Investor Subscriptions less the aggregate of (i) the Shortfall and (ii) the sum transferred by HIC pursuant to paragraph 6A (if any).

8. The Purchaser will distribute to HSCC $270,000,000 plus the amount of the Investor Subscriptions less the aggregate of (i) the Shortfall and (ii) the sum transferred by HIC pursuant to paragraph 6A (if any).

9. The Purchaser will distribute $250,000,000 to IAI.

10. HIC will transfer $1,473,639,501 to JV Finco.

The Purchases by HIC and Other Matters

11. HIC will transfer $343,989,155 to ICI as adjusted in accordance with the provisions of clause 3.4 in exchange for the transfer to HIC of beneficial interest (and procuring the transfer to HIC of the legal interest) in the issued ordinary shares and the issued Preference Shares of TGL (but not the issued

Class A Shares of TGL).

12. HIC will transfer $200,000,000 to ICI in exchange for the Business IPR and Business Information relating to the Polyurethanes Business.

13. Agreed deletion.

14. HIC will transfer $115,474,000 to ICI in exchange for ICI's covenants contained in clause 23 of this Agreement.

Prime Debt

15. JV Finco will transfer $161,427,181 to UK Holdings in exchange for a $161,427,181 intercompany note which constitutes a normal commercial loan as defined in Schedule 18 to the Taxes Act (the UK Holdings/JV Finco Intercompany Note).

16A. JV Finco will transfer a total of $316,241,055 to Tioxide Americas Inc (TAI), Tioxide Europe SA (France), Tioxide Europe Srl and ICI Holland BV, in exchange for the issue of intercompany notes to JV Finco in the following amounts:

(a) $111,928,656 in the case of TAI;

(b) $82,801,951 in the case of Tioxide Europe SA (France);

(c) $33,208,894 in the case of Tioxide Europe Srl; and

(d) $88,301,554 (non-interest bearing) in the case of ICI Holland BV.

The amounts to be transferred pursuant to this paragraph 16A are subject to adjustment to mirror the intercompany indebtedness outstanding and to be repaid pursuant to paragraph 17 below.

16B. UK Holdings will transfer a total of $161,427,181 to Tioxide Europe SA (Spain) and ICI Holland BV in exchange for the issue of intercompany notes to UK Holdings in the following amounts:

(a) $18,035,007 in the case of Tioxide Europe SA (Spain); and

(b) $143,392,174 in the case of ICI Holland BV.

The amounts to be transferred pursuant to this paragraph 16B are subject to adjustment to mirror the intercompany indebtedness outstanding and to be repaid pursuant to paragraph 17 below.

17. The Purchaser will procure that, on Closing, each of TAI, Tioxide Europe SA (France), Tioxide Europe Srl, Tioxide Europe SA (Spain) and ICI Holland BV will repay to ICI on behalf of itself, ICI Finance plc, ICI Omicron BV (Omicron), ICI American Holdings Inc. (IAHI) and Mortar Investments International Limited (as the case may be) the following sums, being in each case the estimated amount of its Prime Debt:

(a) $111,928,656 in the case of TAI;

(b) $82,801,951 in the case of Tioxide Europe SA (France);

(c) $33,208,894 in the case of Tioxide Europe Srl;

(d) $18,035,007 in the case of Tioxide Europe SA (Spain); and

(e) $231,693,728 in the case of ICI Holland BV.

The Prime Debt amounts shown above are indicative of the estimated inter-company indebtedness in existence as at Closing. ICI shall use all reasonable endeavours to procure that the Prime Debt amounts are no less than the figures set out in this paragraph 17.

18. Dutch Mixer will issue a $88,301,554 intercompany note (the Dutch Mixer/JV Finco Intercompany Note) to JV Finco in exchange for the $88,301,554 non-interest bearing intercompany note from ICI Holland BV.

The Holdco Transfers

19. ICI Finance plc will transfer the amount referred to in paragraph 21 to Huntsman ICI Polyurethanes (UK) Limited in exchange for an intercompany note in that amount which is capable of being conveyed without UK stamp duty (the UK Polyurethanes/ICI Finance Note).

20. ICI Finance plc will transfer the amounts referred to in paragraph 22 to Huntsman ICI Petrochemicals (UK) Limited in exchange for an intercompany note in that amount which is capable of being conveyed without UK stamp duty (the UK Petrochemicals/ICI Finance Note).

21. When the step described in paragraph 11 above has occurred, Huntsman ICI Polyurethanes (UK) Limited will transfer $364,100,000 (as adjusted to reflect

any adjustment made to such figure pursuant to clause 3.4) to ICI in exchange for the remaining U.K. Business Assets of the Polyurethanes Business and the Sale Shares in ICI Europe Ltd and Impkemix (No 46) Ltd.

22. When the step described in paragraph 11 above has occurred, Huntsman ICI Petrochemicals (UK) Limited will transfer $80,000,000 (as adjusted to reflect any adjustment made to such figure pursuant to clause 3.4) to ICI Chemicals and Polymers Ltd (C&P) in exchange for the Business Assets (other than those relating to the Olefins Manufacturing Business) held by C&P and it will also transfer $200,000,000 to C&P as consideration for the Business Assets relating to the Olefins Manufacturing Business.

23. HIC will transfer $150,371,344 to TGL for the issue of $150,371,344 of Preference Shares of TGL.

24. TGL will transfer $3,071,344 to IAHI in repayment of the TGL/IAHI Temporary Note.

25. TGL will transfer $147,300,000 to UK Holdings for the issue of $95,745,000 of additional UK Holdings Class 1 ordinary shares and $51,555,000 of additional UK Holdings Class 2 ordinary shares.

26. JV Finco will transfer $995,971,265 to UK Holdings in exchange for an increase of $995,971,265 in the UK Holdings /JV Finco Intercompany Note, for a total of $1,157,398,446 (which shall constitute a normal commercial loan as defined in Schedule 18 to the Taxes Act).

The Holdco Assignments

27. UK Holdings will transfer $364,100,000 (as may have been adjusted to reflect any adjustment made pursuant to clause 3.4) to ICI Finance plc in exchange for the assignment to UK Holdings of the benefit of the UK Polyurethanes/ICI Finance Note (which note shall for the remainder of this Schedule be referred to as the Huntsman ICI Polyurethanes (UK) Limited/UK Holdings Intercompany Note).

28. UK Holdings will transfer $200,000 to Huntsman ICI Polyurethanes (UK) Limited in exchange for an increase in the Huntsman ICI Polyurethanes (UK) Limited/UK Holdings Intercompany Note to an aggregate amount of $364,300,000.

29. UK Holdings will transfer $80,000,000 (as may have been adjusted to reflect any adjustment made pursuant to clause 3.4) as well as $200,000,000 to ICI Finance plc in exchange for the assignment to UK Holdings of the benefit of the UK Petrochemicals/ICI Finance Note (which note shall for the remainder of this Schedule be referred to as the Huntsman ICI Petrochemicals (UK) Limited/UK Holdings Intercompany Note).

30. Huntsman ICI Polyurethanes (UK) Limited will transfer $200,000 to Huntsman ICI Polyurethanes Sales Limited in exchange for an intercompany note in that amount (the Huntsman ICI Polyurethanes (UK) Limited/Huntsman ICI Polyurethanes Sales Limited Intercompany Note).

31. Huntsman ICI Polyurethanes Sales Limited will transfer a total of $200,000 to PT ICI Indonesia in satisfaction of intercompany indebtedness.

The Refinancing

32. UK Holdings will transfer $407,006,272 to Huntsman ICI (UK) Limited in exchange for additional shares in Huntsman ICI (UK) Limited save that, in the event ICI has elected to procure that the foregoing is funded and performed prior to Closing pursuant to paragraph 12 of Schedule 18, UK Holdings will instead pay to ICI Finance plc the sum of [$407,006,272] in satisfaction of the UK Holdings/ICI Finance $407,006,272 Temporary Note.

33. Huntsman ICI (UK) Limited will transfer $407,006,272 to Dutch Mixer in exchange for additional Dutch Mixer shares and/or as a capital contribution unless the foregoing has been funded and performed prior to Closing pursuant to paragraph 12 of Schedule 18 in which case no action shall be required.

34. Dutch Mixer will transfer $1,043 to Dutch Holdco in exchange for additional Dutch Holdco shares and/or as a capital contribution.

35. Dutch Mixer will transfer $188,306,272 to Omicron in satisfaction of the Dutch Mixer/Omicron Temporary Note.

36. Dutch Holdco will transfer $1,043 to Atlas DE Mexico SA DE CV in satisfaction of intercompany indebtedness.

37. Dutch Mixer will subscribe for additional shares in Huntsman ICI Espana Limitada for a subscription price of $33,000,000 save that, in the event that ICI has elected to procure that such subscription is funded prior to Closing pursuant to paragraph 10(a) of Schedule 18, Dutch Mixer will instead pay to ICI Finance plc the sum in euros which equates to $33,000,000 (on the basis of the Euro/Dollar Rate) in satisfaction of the Dutch Mixer/ICI Finance Spanish Second Temporary Note.

38. UK Holdings will transfer $81,964,993 (as adjusted to reflect any adjustment made pursuant to clause 3.4) to Huntsman ICI Espana Limitada in exchange for a $81,964,993 intercompany note secured by all of the assets of Huntsman ICI Espana Limitada (the Huntsman ICI Espana Limitada/ UK Holdings Intercompany Note) save that, in the event ICI has elected to procure that such payment is made prior to Closing pursuant to paragraph 10(b) of Schedule 18, UK Holdings will instead pay to ICI Finance plc the sum in euros which equates to $81,964,993 (on the basis of the Euro/Dollar Rate) in satisfaction of the UK Holdings/ICI Finance Spanish Temporary Note.

39. Huntsman ICI Espana Limitada will, unless it has already paid the consideration due under paragraph 4(b) of Schedule 18 pursuant to

paragraph 10(i) of Schedule 18, transfer $114,964,993 to ICI Espana SA in satisfaction of the Huntsman ICI Espana Limitada/ICI Spain Temporary Note.

40. Dutch Mixer will transfer $65,000,000 to Omicron in satisfaction of the Dutch Mixer/Omicron Malaysian Temporary Note and Dutch Mixer will transfer a further $200,000 to Omicron in satisfaction of the Dutch Mixer/Omicron Chemical Blending Temporary Note.

41. Dutch Mixer will transfer $5,000,000 to Deutsche ICI GmbH in satisfaction of intercompany indebtedness.

42. Dutch Mixer will transfer $25,998,957 to Grupo ICI Mexico SA DE CV in satisfaction of intercompany indebtedness.

43. Dutch Mixer will transfer $34,000,000 to ICI in satisfaction of intercompany indebtedness.

44. Dutch Mixer will transfer $10,700,000 to ICI Theta BV (Theta) in satisfaction of intercompany indebtedness.

45. Dutch Mixer will transfer $4,500,000 to Huntsman ICI (Italy) Srl in exchange for additional shares of Huntsman ICI (Italy) Srl save that, in the event ICI has elected to procure that such subscription is funded prior to Closing pursuant to paragraph 11(a) of Schedule 18, Dutch Mixer will instead pay to ICI Finance plc the sum in euros which equates to $4,500,000 (on the basis of the Euro/Dollar Rate) in satisfaction of the Dutch Mixer/ICI Finance Italian Temporary Note.

46. UK Holdings will transfer $10,000,000 to Huntsman ICI (Italy) Srl in exchange for a $10,000,000 intercompany note (the Huntsman ICI (Italy) Srl/UK Holdings Intercompany Note) save that, in the event ICI has elected to procure that such payment is made prior to Closing pursuant to paragraph 11(b) of Schedule 18, UK Holdings will instead pay to ICI Finance plc the sum in Euros which equates to $10,000,000 (on the basis of the Euro/Dollar Rate) in satisfaction of the UK Holdings/ICI Finance Italian Temporary Note.

47. Huntsman ICI (Italy) Srl will, unless it has already paid the consideration due under paragraph 4(l) of Schedule 18 pursuant to paragraph 11(i) of Schedule 18, transfer $14,500,000 to ICI Italia SpA in satisfaction of intercompany indebtedness.

48. Dutch Mixer will transfer a total of $40,300,000 to the Other Polyurethanes Opcos for additional shares of the Other Polyurethanes Opcos, save that:

(i) in the case of Huntsman ICI (Canada) Corporation, Dutch Mixer will transfer the relevant sum ($3,600,000) to Huntsman ICI (Canadian Investments) BV for additional shares in that company and/or as a capital contribution, and Huntsman ICI (Canadian Investments) BV will transfer the same amount to Huntsman ICI (Canada) Corporation for additional shares in that company;

(ii) in the case of Huntsman ICI (Germany) GmbH, Dutch Mixer will transfer the relevant sum ($5,500,000) by way of a contribution to the capital reserves of that company; and

(iii) in the event that ICI has elected to procure that any of the subscriptions for additional shares in any of the Other Polyurethanes Opcos is funded prior to Closing pursuant to paragraphs 8(a), 8(b), 8(c), 9(a) and/or 9(b) of Schedule 18, Dutch Mixer will instead pay to ICI Finance plc:

- where the subscription for shares in Huntsman ICI (Brazil) Limitada has been funded pursuant to paragraph 8(a) of Schedule 18, the sum of $3,200,000 in satisfaction of the Dutch Mixer/ICI Finance Brazilian Temporary Note;

- where the subscription for shares in Huntsman ICI Colombia Limitada has been funded pursuant to paragraph 8(b) of Schedule 18, the sum of $7,000,000 in satisfaction of the Dutch Mixer/ICI Finance Colombian Temporary Note;

- where the subscription for shares in Huntsman ICI (Taiwan) Limited has been funded pursuant to paragraph 8(c) of Schedule 18, the sum of

$8,000,000 in satisfaction of the Dutch Mixer/ICI Finance Taiwan Temporary Note;

. where the subscription for shares in Huntsman ICI (Belgium) SPRL has been funded pursuant to paragraph 9(a) of Schedule 18, the sum in euros which equates to $500,000 (on the basis of the Euro/Dollar Rate) in satisfaction of the Dutch Mixer/ICI Finance Belgium Temporary Note; and

. where the subscription for shares in Huntsman ICI Espana Limitada has been funded pursuant to paragraph 9(b) of Schedule 18, the sum in euros which equates to $500,000 (on

the basis of the Euro/Dollar Rate) in satisfaction of the Dutch Mixer/ICI Finance Spanish First Temporary Note.

49. The Other Polyurethanes Opcos will transfer moneys to various ICI subsidiaries, in full satisfaction of the Other Polyurethanes Temporary Notes.

Tioxide Share Transfers

50. TGL shall enter into an agreement or agreements with UK Holdings whereby TGL agrees to sell, and UK Holdings agrees to purchase, with immediate effect the entire issued share capitals of each of Tioxide Europe Limited, Tioxide Overseas Holdings Limited and Tioxide Group Services Limited.

51. TGL shall enter into an agreement or agreements with UK Holdings whereby TGL agrees to sell, and UK Holdings agrees to purchase, with immediate effect the entire issued share capitals of each of Tioxide Europe SAS (France), Tioxide Europe NV SA (Belgium), Tioxide Canada Inc (Canada), British Titan Products Southern Africa (Pty) Limited (South Africa), Tioxide Europe AB (Sweden), Tioxide Europe Srl (Italy) and Tioxide Europe Titanium Pigmente Ticaret Limited Sirketi (Turkey).

Distribution by the Purchaser

52. HIC will transfer $10,000,000 to the Purchaser as a distribution.

53. Pursuant to the LLC Agreement, the Purchaser will make the following transfers as distributions with respect to member interests:

(a) $6,000,000 to HSCC;

(b) $3,000,000 to IAI;

(c) $444,444.44 to BTCI;

(d) $444,444.44 to CEA; and

(e) $111,111.12 to GSG.

Transfer of Membership Units to US Newco

54. IAI will (following the distribution referred to in paragraph 53(b) above) transfer 300 membership units of the Purchaser to US Newco.

Agreements

The Ancillary Agreements in the agreed form and the Ancillary Agreements the form of which has been agreed in accordance with the provisions of clause 15 of this Agreement and any other agreement which pursuant to the terms of this Agreement is to be entered into on or before Closing (to the extent that such agreements have not been entered into) shall be entered into (subject to the provisions of this Agreement in relation to, inter alia, Delayed Closing).

PART 2

2. Closing Obligations

I General Provisions in relation to the Vendors and the Purchaser

(A) Vendors' obligations

At Closing, each of the Vendors shall:

(a) deliver to the Purchaser a copy of minutes of a duly held meeting of the directors of each of the Vendors (or a duly constituted committee thereof) authorising the execution by the relevant Vendor of this Agreement, the LLC Agreement, the Ancillary Agreements in the agreed form and the Ancillary Agreements the form of which has been agreed in accordance with the provisions of clause 15 of this Agreement and any other agreement which pursuant to the terms of this Agreement is to be entered into on or before Closing to which the relevant Vendor is a party and, in the case where such execution is authorised by a committee of the board of directors of the relevant Vendor, a copy of the minutes of a duly held meeting of the directors constituting such committee or the relevant extract thereof (in

each case such copy minutes being certified as correct by the secretary of the relevant Vendor);

(b) deliver to the Purchaser a copy of minutes of a duly held meeting of the directors of each of the relevant members of each Vendor's Retained Group (or a duly constituted committee thereof) authorising the execution by the relevant member of each Vendor's Retained Group of the Ancillary Agreements in the agreed form and the Ancillary Agreements the form of which has been agreed in accordance with the provisions of clause 15 of this Agreement and any other agreement which pursuant to the terms of this Agreement is to be entered into on or before Closing to which the relevant member of each Vendor's Retained Group is a party and, in the case where such

execution is authorised by a committee of the board of directors of the relevant member of each Vendor's Retained Group, a copy of the minutes of a duly held meeting of the directors constituting such committee or the relevant extract thereof (in each case such copy minutes being certified as correct by the secretary of the relevant member of each Vendor's Retained Group);

(c) deliver (or procure the delivery of) to the Purchaser, executed counterparts of the LLC Agreement, the Ancillary Agreements in the agreed form and the Ancillary Agreements the form of which has been agreed in accordance with the provisions of clause 15 of this Agreement and any other agreement which pursuant to the terms of this Agreement is to be entered into on or before Closing (subject to the provisions of this Agreement) duly executed by the Vendors and/or the relevant members of each Vendor's Retained Group;

(d) procure that all Title Deeds relating to the Transferred Properties are either delivered to the Purchaser or are held to the order of the Purchaser at the offices of the relevant Selling Company or its solicitors (to the extent that legal completion occurs in relation to such Transferred Properties at Closing in accordance with Schedule 17; and

(e) delivery to the Designated Purchaser deeds of assignment in relation to the Business Goodwill of each Local Business duly executed by the relevant Business Vendor.

(B) Purchaser's obligations

At Closing, the Purchaser shall:

(a) deliver to each of the Vendors:

(i) a copy of the minutes of a duly held meeting of the directors of the Purchaser (or a duly constituted committee thereof) authorising the execution by the Purchaser of this Agreement, the LLC Agreement, the Ancillary Agreements in the agreed form and the Ancillary Agreements, the form of which has been agreed in accordance with the provisions of clause 15 of this Agreement and any other agreement which pursuant to the terms of this Agreement is to be entered into on or before Closing to which the Purchaser is a party and, in the case where such execution is authorised by a committee of the board of directors of the Purchaser, a copy of the minutes of a duly held meeting of the directors constituting such committee or the

relevant extract thereof (in each case such copy minutes being certified as correct by the secretary of the Purchaser);

(ii) a copy of the minutes of a duly held meeting of the directors of each of the relevant members of the Purchaser's Group (or a duly constituted committee thereof) authorising the execution by the relevant member of the Purchaser's Group of the LLC Agreement, the Ancillary Agreements in the agreed form and the Ancillary Agreements the form of which has been agreed in accordance with the provisions of clause 15 of this Agreement and any other agreement which pursuant to the terms of this Agreement is to be entered into on or before Closing to which the relevant member of the Purchaser's Group is a party and, in the case where such execution is authorised by a committee of the board of directors of the relevant member of the Purchaser's Group, a copy of the minutes of a duly held meeting of the directors constituting such committee or the relevant extract thereof (in each case such copy minutes being certified as correct by the secretary of the relevant member of the Purchaser's Group);

(iii) a receipt acknowledging delivery of all documents required to be delivered by the Vendors pursuant to this Schedule 4;

(iv) deliver (or procure the delivery of) to the Vendors of executed counterparts of the Ancillary Agreements in the agreed form and the Ancillary Agreements the form of which has been agreed in accordance with the provisions of clause 15 of this Agreement and any other agreement which pursuant to the terms of this Agreement

is to be entered into on or before Closing (subject to the provisions of this Agreement); and

(b) pay the Initial Consideration to ICI in respect of the ICI Business in accordance with the provisions of clause 3.2.

II General Provisions in relation to completion of the transfer of any Business Assets

Business Vendors' Obligations

At Closing, or the relevant Delayed Closing Date, as the case may be, the Vendors shall deliver or shall procure that the relevant Business Vendor shall deliver to the Purchaser or its nominee all the assets of the ICI Business or the PO/MTBE Business (as the case may be) which are capable of transfer by

delivery with the intent that title in such assets shall pass by and upon such delivery.

Subject to the provisions of Schedule 17 which shall apply in respect of such transfers and Separation Documents and save to the extent already transferred pursuant to Schedule 18, at Closing, the relevant Delayed Closing Date, or on legal completion (referred to in Schedule 17) as the case may be, the Vendors and the Purchaser shall deliver or shall procure that the relevant Business Vendor and (as the case may be) the relevant Designated Purchaser shall deliver to each other or such nominee as each shall nominate, executed transfers, assignments or other Separation Documents for all of the Properties which are to be transferred or otherwise dealt with pursuant to Schedule 17, Part VII.

At Closing, the Vendors shall deliver, or shall procure that the relevant Business Vendor shall deliver to the Purchaser, the relevant executed IPR Assignments.

III Specific Provisions in relation to the particular Local Businesses

In the following provisions of this paragraph III any reference to Closing shall be deemed to be a reference to the Closing Date, any relevant pre-Closing Date or any Delayed Closing Date (as applicable) pursuant to the provisions of this Schedule 4 and Schedule 18 and in relation to the transfer or other disposition of any of the Properties (which shall in any event be subject to the provisions of Schedule 17) a reference to the date of legal completion pursuant to the provisions of Schedule 17.

At Closing, the Vendors shall or shall procure that, if required by local law in any of Argentina, Brazil, Canada, Colombia, Germany, Italy, Mexico, Netherlands, Spain, Taiwan, Thailand and the USA, a notarial deed of transfer of the relevant Business Assets shall be delivered to the Purchaser or its nominee.

At Closing, the Vendors and the Purchaser shall or shall procure that, if required by local law in any of Argentina, Belgium, Brazil, Canada, Colombia, Germany, Italy, Mexico, Netherlands, Spain, Taiwan, Thailand and the USA, a transfer agreement in relation to relevant Business Assets shall be executed in the presence of a public notary.

In addition to the obligations referred to above, the Vendors and the Purchaser (as applicable) shall procure that the following events occur:

Argentina

At Closing the relevant Vendor shall deliver (or shall procure the delivery of) to the relevant purchaser any required approval of the Inspection of Corporation to any asset transfer.

Belgium

At Closing, the relevant purchaser shall execute and the relevant Vendor shall execute (or procure the execution of) a confirmation agreement in the agreed form.

Brazil

As soon as practicable following Closing:

(a) the relevant purchaser shall register (or procure the registration of) the minutes of the Shareholders Meeting with the Commercial Registry and the competent Real Estate Registry; and

(b) the relevant purchaser shall notify (or procure the notification to) the Central Bank of Brazil of the transfer of investment within 30 days of Closing.

Canada

After Closing:

(a) the relevant purchaser shall register (or procure the registration of)

transfer deeds for all real or immovable property; and

(b) the relevant Vendor shall notify (or procure the notification of) the transfer to the appropriate Ministry of Labour jointly with the relevant purchaser and the relevant purchaser shall assist the relevant Vendor with the notification.

Colombia

After Closing, the relevant purchaser shall register (or procure the registration of) the notarial deed of transfer with the local Registrars Office.

Italy

Prior to Closing, the relevant Vendor undertakes to use reasonable endeavours to provide the purchaser with a copy of the tax certificate issued by the Italian Tax Authority confirming whether the relevant Vendor has any Tax debts.

After Closing the relevant Vendor and the relevant purchaser shall file (or procure the filing of) the notarised transfer agreement with the Companies Register at the applicable Chamber of Commerce.

Mexico

At Closing, the relevant Vendor shall deliver (or procure the delivery of) to the relevant purchaser any notarised shareholder minutes required.

Spain

At Closing the relevant Vendor shall deliver (or procure the delivery of) to the relevant purchaser any required approvals of the Spanish Exchange Control Authorities.

Taiwan/Thailand

At Closing, the relevant Vendor shall cause to be delivered or made available to the relevant purchaser:

(a) such documents as the relevant purchaser may reasonably require to complete the sale and purchase of the relevant Business Assets together with all deeds and documents of title relating thereto;

(b) possession of such of the relevant Business Assets as are tangible.

UK

At Closing, the relevant Vendor shall cause to be delivered or made available to the relevant purchaser:

(a) such documents as the relevant purchaser may reasonably require to complete the sale and purchase of the relevant Business Assets together with all deeds and documents of title relating thereto;

(b) possession of such of the relevant Business Assets as are tangible; and

(c) counterpart originals of deeds of assignment in relation to the assignment of any trade debtors and trade creditors, duly executed by the relevant parties.

After legal completion of the transfers and other disposition of the Properties located in England, the relevant purchaser shall duly and expeditiously at its own cost deal with all stamping and land registration formalities.

The relevant Vendor shall deliver the Pie Crust Leases duly executed by it and the Designated Purchaser shall deliver counterpart Pie Crust Leases duly executed by it.

USA

At Closing, the relevant Vendor shall cause to be delivered or made available to the relevant purchaser:

(a) such documents as the relevant purchaser may reasonably require to complete the sale and purchase of the relevant Business Assets together with all instruments and documents of title relating thereto;

(b) possession of such of the relevant Business Assets as are tangible; and

(c) counterpart originals of bills of sale and instruments of assignment in relation to the transfer or assignment of any Business Assets which are intangible, including any trade debtors and trade creditors, duly executed by the relevant parties.

IV General Provisions in relation to the Companies

In the following provisions of this paragraph IV any reference to Closing shall

be deemed to be a reference to the Closing Date, any relevant pre-Closing Date or any delayed Closing Date (as applicable) pursuant to the provisions of this Schedule 4 and Schedule 18.

(A) ICI's Obligations

At Closing, ICI shall (subject to clauses 6.8 and 16) deliver or cause to be delivered to the Purchaser:

(a) duly executed transfers in respect of the relevant shares duly completed by or on behalf of all persons required to execute such transfers in favour of the Purchaser or such nominee of the Purchaser as the Purchaser may nominate (subject to written notification to ICI not less than 10 Business Days prior to the Closing Date) together with the certificates for such shares (or an indemnity in a form reasonably satisfactory to the Purchaser to be given by ICI for itself and on behalf of relevant members of its Retained Group in lieu thereof) and any power of attorney under which any transfer is executed;

(b) the certificate of incorporation (or equivalent) and other constitutional documents of each of the Companies being transferred hereunder;

(c) such waivers or consents as the Purchaser may require to enable the Purchaser or its nominees to be registered as holders of the shares; and

(d) resignations of each of the relevant resigning directors of the Companies, such resignations to be expressed to take effect on the Closing Date.

(B) Purchaser's Obligations

At least 10 Business Days prior to Closing, the Purchaser shall deliver to ICI the names of all individuals to be elected directors of the Companies being transferred hereunder.

V Specific Provisions in relation to the Companies

In the following provisions of this paragraph V any reference to Closing shall be deemed to be a reference to the Closing Date, any relevant pre-Closing Date or any delayed Closing Date (as applicable) pursuant to the provisions of this Schedule 4 and Schedule 18.

At Closing, the Vendors shall or shall procure that, if required by local law in any of Argentina, Brazil, Canada, Colombia, Germany, Italy, Mexico, Netherlands, Spain, Taiwan, Thailand and the USA, a notarial deed of transfer of the relevant shares shall be delivered to the Purchaser or its nominee.

At Closing, the Vendors and the Purchaser shall or shall procure that, if required by local law (or as agreed by the parties) in any of Argentina, Belgium, Brazil, Canada, Colombia, Germany, Italy, Mexico, Netherlands, Spain, Taiwan, Thailand and the USA, (or as agreed by the parties) a transfer agreement in relation to relevant shares shall be executed in the presence of a public notary.

In addition to the obligations referred to above, the Vendors and the Purchaser (as applicable) shall procure that the following events shall occur at Closing.

It is agreed by the parties that the provisions marked in square brackets will not apply at Closing where a Company in the specified jurisdiction does not transfer pursuant to the provisions of Schedules 4, 18 and 22, but that they shall apply (i) in respect of the transfer of any company in the specified jurisdiction prior to Closing under Schedule 18 and (ii) in respect of the transfer of any Delayed Company in the specified jurisdiction after Closing, in each case upon the completion of the relevant transfer.

[Argentina

At Closing:

(a) the relevant purchaser shall deliver to the relevant Vendor proof of the registration of the relevant purchaser at the Argentine Inspection of Corporations;

(b) the relevant Vendor or its nominee shall notify the Company of the transfer of its Sale Shares in the Company; and

(c) the Company shall hold a board meeting to note the transfer of the Sale Shares and to register the transfer in the corporate books and share certificates.]

[Brazil

At Closing the relevant Vendor shall deliver (or procure the delivery of) to the relevant purchaser or its nominee a share transfer form and shall procure the registration of the transfer of the Sale Shares in the relevant corporate books.

Within 30 days of Closing the relevant purchaser shall register the transfer

with the Central Bank of Brazil.]

[Canada

As soon as practicable following Closing:

(a) the relevant purchaser shall register (or procure the registration of) all deeds required for the transfer of real or immovable property; and

(b) the relevant Vendor shall notify (or procure the notification of) the transfer to the appropriate Ministry of Labour jointly with the relevant purchaser and the relevant purchaser shall assist the relevant Vendor with the notification.]

[Colombia

At Closing:

(a) the relevant Vendor shall execute (or procure the execution of) and the relevant purchaser shall execute a local sale/purchase agreement;

(b) the relevant Vendor shall execute (or procure the execution of) a power of attorney appointing a representative to procure a provisional tax assessment; and

(c) the relevant Vendor shall deliver (or procure the delivery of) to the relevant purchaser duly endorsed share certificates.

As soon as practicable following Closing:

(a) The relevant purchaser shall procure that the Company registers the share transfer in the Stock Registry Book;

(b) the relevant Vendor shall procure that a provisional tax assessment is requested under Colombian law; and

(c) the relevant purchaser shall apply to the Central Bank of Colombia to list the relevant purchaser as a foreign investor.]

Germany

At Closing:

the relevant Vendor shall deliver (or procure the delivery of) to the relevant purchaser, notarial deed[s] of transfer in respect of each relevant entity duly completed by or on behalf of all persons required to execute such notarial deed of transfer in favour of the relevant purchaser and any power of attorney under which any notarial deed of transfer is executed.

[Italy

At Closing:

(a) the relevant Vendor shall deliver (or procure the delivery of) to the relevant purchaser duly endorsed share certificates; and

(b) the relevant Vendor shall deliver (or procure the delivery of) to the company of the Company Share Certificate.]

Japan

At Closing:

(a) the relevant Vendor shall deliver (or procure the delivery of) to the relevant purchaser:

(i) the relevant share certificates; and

(ii) any required approvals of the Board of Directors;

(b) the relevant purchaser shall procure that the shareholders register is amended to reflect the name of the relevant purchaser.

Malaysia

At Closing, the relevant Vendor shall deliver (or procure the delivery of) to the relevant purchaser:

(a) the consent from the Malaysian Ministry of International Trade and Industry and the Bank Negara Malaysia to the transfer of shares in the Company;

(b) the consent from the Bank Negara Malaysia to settlement of the consideration in $US through accounts located outside Malaysia;

(c) board minutes of the Company approving the transfer; and

(d) the relevant share certificates.

Mexico

At Closing:

(a) the relevant Vendor shall deliver (or procure the delivery of) to the relevant purchaser a copy of any required notification to the Mexican National Foreign Investment Registry of the transfer of the Mexican Companies; and

(b) the relevant Vendor shall:

(i) endorse the share certificates in favour of the transferee; and

(ii) procure that a notation is made in the relevant Stock Registry Book reflecting the transfer of the shares in the Company.

Netherlands

At Closing, the relevant Vendor shall deliver (or procure the delivery of) to the relevant purchaser notarial deeds of transfer in respect of all the shares of the Companies incorporated in the Netherlands being transferred hereunder duly completed by or on behalf of all persons required to execute such notarial deeds of transfer in favour of the relevant purchaser together with any power of attorney under which any notarial deed of transfer is executed.

Saudi Arabia

At Closing the relevant Vendor shall deliver (or procure the delivery of) to the relevant Purchaser:

(a) a copy of the notification to the Saudi Arabian Commercial Register of the transfer of the shares in Arabian Polyol Co. Ltd and of the changes in their boards of directors;

(b) a copy of the local agreement transferring the shares; and

(c) a notarised copy of the shareholders resolution approving the transfer.

Singapore

At Closing, the relevant Vendor shall deliver (or procure the delivery of) to the relevant purchaser:

(a) board minutes of the company approving the transfer; and

(b) the relevant share certificates.

After Closing the relevant purchaser shall deliver executed share transfer instrument and property statement to the IRAS for stamp duty assessment.

Spain

At Closing, the relevant Vendor shall deliver (or procure the delivery of) to the relevant purchaser notarial deed[s] of transfer/1/ in respect of all of the shares in the relevant Company duly completed by or on behalf of all persons required to execute such notarial deed of transfer in favour of the relevant purchaser together with the certificates for such shares in the name of the relevant transferors and any power of attorney under which any notarial deed of transfer is executed.

United Kingdom

At Closing (or as soon as reasonably practicable thereafter) the relevant Vendor shall:

(a) deliver (or procure the delivery of) to the relevant purchaser the statutory books (which shall be written up to but not including the Closing Date), the certificate of incorporation (and any certificate of incorporation on change of name) and common seal (if any) of the

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/1/ These cannot be executed until receipt of payment is confirmed.

English Companies transferred pursuant to the provisions of this Agreement; and

(b) procure that board meetings of the relevant Companies transferred pursuant to the provisions of this Agreement be held at which:

(i) it shall be resolved that the transfer of the issued shares shall be approved for registration and (subject only to the transfer being duly stamped) the relevant transferee registered as the

holder of the relevant shares in the Register of Members;

(ii) each of the persons nominated by the relevant purchaser shall be appointed directors and/or secretary, as the relevant purchaser shall direct; and

(iii) the resignations of the relevant Resigning Directors shall be tendered and accepted so as to take effect at Closing,

and the relevant Vendor shall deliver to the relevant purchaser a duly certified copy of the Minutes of such meetings.

VI Further Assurance

Each of ICI, the Purchaser and HSCC shall, and shall procure that the members of their respective Group shall, comply with the provisions of this Schedule 4 and Schedule 18 and at all times from Closing, do all things as may be required to give effect to the provisions of this Schedule 4, including, without limitation, the execution of all deeds and documents, procuring the convening of all meetings, the giving of all necessary waivers and consents and the passing of all resolutions and otherwise exercising all powers and rights available to them.

SCHEDULE 5

INTERFACE AGREEMENTS

Relevant Petrochemicals
INTERFACES

Category 1

Agreed Form Term Sheets for schedules to the Product Supply Agreement initialled on signing

<TABLE>
<CAPTION>

SELLER	BUYER	SITE	TYPE	INTERFACE	CATEGORY
ICI	Purchaser	North Tees	Product	Naphtha *2	1
ICI	Purchaser	North Tees	Product	Mixed LPG *2	1
Purchaser	ICI	North Tees	Feedstock	Naphtha *3 Sched 1	1
Purchaser	ICI	North Tees	Feedstock	Propane *3 Sched 2	1
Purchaser	ICI	North Tees	Feedstock	Butane *3 Sched 3	1
Purchaser	ICI	Wilton	Feedstock	Mixed LPG *3 Sched 4	1
Purchaser	ICI	Teesport	Feedstock	Mixed C4's *3 Sched 5	1
Purchaser	ICI	Teesport	Feedstock	Raw Pygas *3 Sched 6	1
Purchaser	ICI	Wilton	Feedstock	RPGP *3 Sched 7	1

</TABLE>

<TABLE>

ICI	Purchaser	Various	Co-Product	Propylene *1 Sched 2	1
ICI	Purchaser	Wilton	Co-Product	Mixed C4's *1 Sched 5	1
ICI	Purchaser	Various	Co-Product	Others eg. Butadiene *1 Sched 4	1
ICI	Purchaser	Wilton	Co-Product	Hydrogen *1 From JV06 Sched 3	1
ICI	Purchaser	Various	Co-Product	Raw Pygas *1	1

					Sched 10	
ICI	Purchaser	Wilton	Co-Product	C5's (HT) *1	Sched 8	1
ICI	Purchaser	North Tees	Co-Product	DPHG *1	Sched 9	1
ICI	Purchaser	Wilton	Co-Product	Cracker *1 Residue oil	Sched 11	1
ICI	Purchaser	Wilton	Co-Product	Ethane *1	Sched 12	1
ICI	Purchaser	Wilton	Co-Product	Methane *1	Sched 14	1

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ICI	Purchaser	Teesport	Co-Product (not HT)	C5's*1	Sched 7	1
ICI	Purchaser	Various	Co-Product	Ethylene *1	Sched 1	1
ICI	Purchaser	Wilton	Co-Product	Propane *1	Sched 13	1
ICI	Purchaser	Wilton	Co-Product	Raffinate (mixed butenes) *1	Sched 6	1
ICI (purchased from Blue)	Purchaser	Wilton	Product	Raw Pygas *2	Sched 3	1

*1 All in E&C Supply Agreement
*2 All in PS Agreement
*3 All in FS Agreement

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Relevant Petrochemicals

INTERFACES

Category 2/3

Not Agreed Form

SELLER	BUYER	SITE	TYPE	INTERFACE	CATEGORY
Purchaser	ICI	North Tees	Utility	Electricity	2/3
Purchaser	ICI	North Tees	Utility	Potable Water	2/3
Purchaser	ICI	North Tees	Utility	Raw Water (including HP fire water)	2/3
Purchaser	ICI	North Tees	Utility	Steam	2/3
Purchaser	ICI	North Tees	Utility	Compressed Air	2/3
Purchaser	ICI	North Tees	Utility	Nitrogen	2/3
Purchaser	ICI	North Tees	Utility	Slops & Deballast	2/3
Purchaser	ICI	North Tees	Service	Various services provided by North Tees	2/3
Purchaser	ICI	North Tees	Service	Effluent Treatment	2/3

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Purchaser	ICI	North Tees	Utility	Fuel Gas	2/3	
Purchaser	ICI	North Tees	Service	Cavity Storage Operation and Maintenance	2/3	
Purchaser	ICI (CLC)	North Tees	Service	Gas storage and Brinefields Operation and Maintenance	2/3	
Purchaser	ICI	North Tees	Service	Brine Sales	2/3	
Purchaser	ICI	North Tees	Service	Jetty Services	2/3	
ICI	Purchaser	North Tees	Service	Cavity Support	2/3	
Purchaser	ICI	North Tees	Service	Leak repair	2/3	
Purchaser	ICI	North Tees	Service	Propylene storage [cavity 74]	2	
Purchaser	ICI	NTL	Service	Storage tanks, operation and maintenance	2/3	
ICI (CLC)	Purchaser	Holford/Lostock	Service	Ethylene storage - cavities 213/215@ @ Compression/ Drying Plant, Lostock	2	

</TABLE>

<TABLE>

ICI (Methanol Plant)	Purchaser	Billingham	Product	Hydrogen	2	
Purchaser	PIP (J.V.)	North Tees	Product	Hydrogen	2	
ICI (Chlor-Chemicals)	Purchaser	Wilton	Product	Hydrogen	2	
Purchaser	ICI	Wilton	Services (SHE)	Flare stack connection/ pressure relief services via flare stack B1205	2	
ICI	Purchaser	Wilton	Service (SHE)	Flare stack connection/ pressure relief services via flare stacks B450 and B205	2	
Purchaser	ICI/PIP	North Tees	Service (warehousing)	Storage facilities in accordance with ICI/PIP warehousing agreement	2	
ICI	Purchaser	Various	Product	Catalyst supply - spot basis	2	

</TABLE>

<TABLE>

ICI	Purchaser	Various	Product/Service	ICI Chlor-Chemicals cavity sonar scanning and mapping services/products	2	

</TABLE>

<TABLE>

ICI	Purchaser	North Tees	Service	Well dipping	2/3	

				services provided by Tracerco for Brinefields	
Purchaser	ICI (Vinamul)	Warrington	Product	Ethylene	2/3
Purchaser	ICI (Chlor-Chemicals)	Runcorn and Wilton	Product	Ethylene	2
ICI	Purchaser	Various	Product	Ethylene *1	2
Purchaser	ICI (Uniquema)	Wilton	Product	Ethylene	2
Purchaser	ICI	North Tees	Service	Pump boundary containment system at North Tees	2
ICI	Purchaser		Service	High Sulphur Fuel Oil Pumping	2/3

Relevant Petrochemicals

TRANSITIONAL ARRANGEMENTS

Category 2/3

Not Agreed Form

SELLER	BUYER	SITE	TYPE	INTERFACE	CATEGORY
ICI	Purchaser	North Tees	Service	Payroll	3
ICI	Purchaser	Wilton	Service	Purchasing/stores	3
ICI	Purchaser	Various	Service	Engineering Services including engineering department services, procedures, guides	2
ICI	Purchaser	Various	Service	Process Engineering/library Licence	2
ICI	Purchaser	Various	Service	Process Safety guides	2
ICI	Purchaser	Various	Service	Group Engineering Procedures	2
ICI	Purchaser	Various	Service	Group Engineering	2

				Guides	
ICI	Purchaser	Various	Service	Aspen flowsheeting licences	2
ICI	Purchaser	Various	Service	Analytical services	2
ICI	Purchaser	Various	Service	Teesside Management Procedures	2
ICI	Purchaser	Various	Service	Eutech and ICI Technology services	2
ICI	Purchaser	Various	Service	Distribution services	3
ICI	Purchaser	Various	Service	Waste disposal	3

PROPERTY INTERFACES

<TABLE>
<CAPTION>

SELLER	BUYER	SITE	TYPE	INTERFACE	CATEGORY
ICI	Purchaser	Wilton	Accommodation - to include office and admin services	Licence to occupy Wilton Centre	2

</TABLE>

PO/MTBE

INTERFACES/TRANSITIONAL ARRANGEMENTS

<TABLE>
<CAPTION>

SELLER	BUYER	SITE	TYPE	INTERFACE	CATEGORY
HSCC	Purchaser	Port Neches, Texas (PO/MTBE)	Product	HSCC Petrochemical Corporation toll manufacture all PG sold by the PO/MTBE business.	
			Product	HSCC Corporation is an important customer of the PO/MTBE business for the products PG (propylene glycol) and PO (propylene oracle).	
			Product (raw material)	Propylene and glycol are exclusively supplied to the PO/MTBE business by other HSCC entities.	
			Product (raw material)	The oxygen and steam supplied by Air Liquide to the Port Neches plant is legally purchased by HSCC Corporation and resold to PO/MTBE.	

</TABLE>

<TABLE>

HSCC	Purchaser	Port Neches, Texas	Services Utilities	The PO/MTBE plant at Port Neches is totally dependent on HSCC for: - supply of raw materials (see above) - utilities	
				- disposal of by products - personnel:	
				- management and operation of the plant [overhead costs?] [caps on liability of HSCC.] - sales activities - technical and product research and development - Offtake of products (see above)	
			Product Services	HSCC has second PO/MTBE plant on a different site; services, personnel, supplies common to both plants need to be allocated to the JV in the best interest of the JV.	

</TABLE>

<TABLE>
<S> <C> <C> <C> <C> <C>

	HSCC	Purchaser	Port Neches Terms (PO/MTBE)	Product	Nitrogen supply agreement; covers both PO/MTBE plants of HSCC; could also apply to the Methanol supply contract (which were not in the dataroom)
			Services		
	HSCC	Purchaser		Service	Operating and Maintenance
	HSCC	Purchaser		Product	Propylene Supply
	HSCC	Purchaser		Service	Management Services
	HSCC	Purchaser		Product	Glycol Supply
	HSCC	Purchaser		Service	Process Development Area Operations and Technical Services for Propylene Oxide/MTBE
	HSCC	Purchaser		Product	Propylene Oxide Purchase
	HSCC	Purchaser		Product	Propylene Glycol Toll Conversion
	HSCC	Purchaser			Consolidation Agreement
	HSCC	Purchaser		Utility	Steam, Oxygen and Utilities
	HSCC	Purchaser		Service	Tax Sharing
	HSCC	Purchaser		Product	Purchase of Ethylene Oxide

</TABLE>

<TABLE>
<S> <C> <C> <C> <C> <C>

	HSCC	Purchaser		Product	PG Supply
	HSCC	Purchaser		Product	Propane Sales to Huntsman [PO-041]
	HSCC	Purchaser		Utility	Steam [PO-055]
	HSCC	Purchaser		Service	Co-generation [PO-050]
	HSCC	Purchaser	Port Neches, Texas (docks)		Pipeline administration
	HSCC	Purchaser			Operation of Joint Wastewater Treatment Plant
	HSCC	Purchaser		Service	Use of Pipeline Pipe Rack

</TABLE>

PO/MTBE

PROPERTY ARRANGEMENTS

<TABLE>
<CAPTION>

SELLER	BUYER	SITE	TYPE	INTERFACE	CATEGORY
<S> <C>	<C>	<C>	<C>	<C>	
HSCC	Purchaser	Port Neches, Texas (docks)		Pipeline Lease	
HSCC	Purchaser			Ownership of Joint Wastewater Treatment Plant	
HSCC	Purchaser			Lease PO/TBA Pilot Plant Facility	
HSCC	Purchaser			License Agreement for MTBE Bldg. No. 4	

HSCC	Purchaser		Sub-lease of GATX Rail Cars		

</TABLE>

Polyurethanes

INTERFACES

Category 2/3

Not Agreed Form

<TABLE>
<CAPTION>

SELLER	BUYER	SITE	TYPE	INTERFACE	CATEGORY
ICI	Purchaser	Wilton	Product	Caustic Soda (20%) ((Pounds)145K pa)	2
ICI	Purchaser	Wilton	Product	Sulphuric Acid ((Pounds)20K pa)	2
ICI (Aromatics)	Purchaser	North-East	Services	Benzene Pipeline important	2
Purchaser	ICI (Acrylics)	Rozenburg	Services	Engineering Maintenance and Site Infrastructure; Purchasing for Engineering Maintenance and Site Infrastructure including external services but not raw materials, packaging or logistics. Possible transitional service.	3 [possible interface]
ICI (Eutech)	Purchaser	Various	Services	Process Engineering Licence	3
ICI (Argentina)	Purchaser	St. Lorenzo	Service	Tolling Agreement re blending	2

</TABLE>

<TABLE>

		Argentina		operation	
Purchaser	ICI (Quest)	Rozenburg	Utilities	Water	2
Purchaser	ICI (Quest)	Rozenburg	Utilities	Electricity	2
Purchaser	ICI (Quest)	Rozenburg	Utilities	Effluent	2

</TABLE>

Polyurethanes

TRANSITIONAL ARRANGEMENTS

Category 2/3

Not Agreed Form

<TABLE>
<CAPTION>

SELLER	BUYER	SITE	TYPE	INTERFACE	CATEGORY
ICI (ICI Technology)	Purchaser	Various	Services	Project Management & Engineering Consultancy, Manufacturing Technology, R&T Management	3
ICI	Purchaser	Various	Services	R&T (unlikely to continue)	3
Purchaser	ICI	Various	Services	R&T (unlikely to continue)	3
ICI	Purchaser	Sao Paulo, Brazil	Services	Use of Paints laboratory	3
ICI (Eutech)	Purchaser	Wilton (and others?)	Services	Project Management and Engineering including Purchasing - current position but presumably not intended	3

to continue post-Completion

ICI (P&L)	Purchaser	Worldwide	Services	Management of shipping contracts and expert advice for transportation and distribution worldwide [possible interface]	3

Purchaser (Ternate)	ICI	Milan	Services	HQ/Accounts Services	3
Purchaser (Singapore)	ICI	Malaysia	Services	Cost Sharing	3
ICI (Symphony) and Purchaser	Purchaser and ICI	Various	Products	"Symphony" - products are purchased under ICI global contracts and in certain circumstances Polyurethanes is lead buyer:- -Ethylene Oxide -UV additives -Adipic Acid -BDO -drums -Propylene Glycol -PO This is current position but presumably not intended to continue post-Completion	3
ICI (Uniquema)	Purchaser	Wilton (?)	Services	Overhauls and Maintenance (terminates July 99)	3
ICI (US)	Purchaser	ICI Wilmington	Services	Corporate SHE -current position but presumably not intended to continue post-Completion	3

ICI	Purchaser	Belgium	Services	Cash Pooling Services (Cash Management) and Intra Group Bank (for loans etc), Tax Treasury and internal audit services - current position but presumably not intended to continue post-Completion	3
Purchaser (ICI Holland)	ICI (Acrylics/ Uniquema)	Everberg	Services	Everberg site services	3
ICI	Purchaser	Wilton	Services	Occupational health	3
ICI	Purchaser	Wilton	Services	Mail and Printing	3
ICI	Purchaser	Various	Services	ICI Coordination Centre NV Finance Services - expected to cease on Completion	3
ICI	Purchaser	Various	Services	SHE	3

Tioxide

INTERFACES

Category 1

Agreed Form Term Sheets - initialled on signing

SELLER	BUYER	SITE	TYPE	INTERFACE	CATEGORY

HSCC	ICI (ACMA Ltd)	Greatham to East site	Product	Titanium tetrachloride	1	

Tioxide

INTERFACES

Category 2/3

Not Agreed Form

SELLER	BUYER	SITE	TYPE	INTERFACE	CATEGORY
ICI	Purchaser	East site, Billingham	Utility	(electricity metered)	3
ICI	Purchaser	East site, Billingham	Utility	Steam/water (via 3rd party)	3
ICI	Purchaser	Various	Service	ICI Technology	2

ICI	Purchaser	Various	Service	ICI Eutech	2
ICI	Purchaser	Grimbsy, Calais, Huelva, Umbogintwini	Service	ICI Eutech Raman Analyser	2
ICI	Purchaser	Various	Service	ICI Medical Services	2
ICI	Purchaser	North East	Product	Sulphur	2
ICI	Purchaser	North East	Products	Chlorine liquid	2
ICI	Purchaser	North East	Products	Caustic soda	2
Purchaser	ICI	Billingham (Acrylics)	Products	Sulphuric acid	2
Purchaser	ICI	North East	Products	Sodium Hypochlorite	2
ICI (Eutech)	Purchaser	Various	Service	Process Engineering Licence	3

Tioxide

TRANSITIONAL ARRANGEMENTS

Category 2/3

Not Agreed Form

SELLER	BUYER	SITE	TYPE	INTERFACE	CATEGORY

ICI	Purchaser	Various	Service	EPP advice	3
ICI (Girona Centre)	Purchaser	Various	Service	Product stewardship - emergency tel no re copperas transport	3
ICI	Purchaser	East site, Billingham	Utilities	TEL pay for security and refuse costs to Synetix	3
ICI	Purchaser	Various	Service	AMEX (Travel)	3

ICI	Purchaser	Various	Service	AMEX (Corporate card) NB: ICI Contract	Terminate on completion
ICI	Purchaser	Various	Service	Engineering standards	3
ICI	Purchaser	Billingham	Service	ICI waste disposal service	3
ICI	Purchaser	Various	Service	Internal audit	3
ICI	Purchaser	Various	Service	Treasury/tax/corporate finance	3
ICI	Purchaser	Various	ICI Loan Agreement	LPC loan/EB/Midland/ Montague/Lloyds	Paid off on completion?
Purchaser	ICI	Greatham	Service	Pilot plant services for ACMA Ltd	3
ICI	Purchaser	Various	Service	ICI learning	3 Inappropriate to continue?

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Tioxide

TRANSITIONAL PROPERTY ARRANGEMENTS

Property - Not Agreed Form

SELLER	BUYER	SITE	TYPE	INTERFACE	CATEGORY
Purchaser	ICI	East site/ Billingham	Property	ACMA Ltd require 2 year lease, determinable on 3 months notice by ACMA Ltd	3
ICI	Purchaser	East site/ Billingham	Property	TEL informal access route over ICI land	3
ICI	Purchaser	Various	Service	Security advisory service	3
ICI	Purchaser	Various	Service	ICI SHE standards guidance	3

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SCHEDULE 6

ALLOCATION OF CONSIDERATION

PART I. SALE SHARES AND LOCAL BUSINESSES TO BE TRANSFERRED AT CLOSING

	$
Tioxide Group Ltd (shares)	343,989,155
ICI Europe Ltd (shares)	44,000,000
ICI PLC (Polyurethanes Business intellectual property)	200,000,000
ICI PLC (Polyurethanes Business Assets)	320,000,000
ICI Americas Inc. (Polyurethanes Business Assets plus shares in Rubicon Inc.)	520,000,000
ICI Chemicals and Polymers Ltd (Relevant Petrochemicals Business except for the Olefins Manufacturing Business)	80,000,000
Impkemix (No. 46) Ltd (shares)	100,000
ICI Chemicals and Polymers Ltd (Olefins Manufacturing Business)	200,000,000

PART II. ALLOCATIONS FOR OTHER TRANSFERS

COMPANIES/JOINT VENTURES	$
Tioxide Business	
Tioxide Americas Inc. (shares)	3,071,344

Tioxide Americas Inc. (note)	111,928,656
Tioxide Europe SA - Spain (shares)	114,964,993
Tioxide Europe SA - Spain (note)	18,035,007
Tioxide Europe GmbH (shares)	5,000,000
Tioxide (Malaysia) Sdn Bhd (shares)	65,000,000
Tioxide Group Ltd (notes)	116,010,845

Polyurethanes Business

ICI Holland BV (shares)	188,306,272
ICI Holland BV (note)	231,693,728
Nippon Polyurethane Industry Co Ltd (shares)	31,000,000
Arabian Polyol Co Ltd (shares)	3,000,000
Chemical Blending Holland BV (shares)	200,000

Systems Houses

ICI Mex SA DE DV (shares)	26,000,000
ICI PU (China) Holdings BV (shares)	10,000,000

Selling Operations

PT ICI Indonesia (assets)	200,000
ICI PU (Asia Pacific) Pte Ltd (shares)	700,000

BUSINESSES

Systems Houses

ICI Argentina S.a.i.c.	7,000,000
ICI Colombia SA	7,000,000
Deutsche ICI GmbH	5,500,000
ICI Italia Spa	14,500,000
ICI Taiwan Ltd	8,000,000
ICI 1996 (Thailand) Ltd	5,000,000

Selling Operations

ICI Belgium NV/SA	500,000
ICI Brasil Quimica Ltda	3,200,000
ICI Canada Inc	3,600,000
ICI Espana SA	500,000

PART III. NON-COMPETE COVENANT

ICI PLC	115,474,000
TOTAL	2,803,474,000

SCHEDULE 7

WORKING CAPITAL

<TABLE>
<CAPTION>

Local Business/Company	Jurisdiction Source Code	ICI Reporting Lower End of Working Capital Range (Pounds)'m	Lower End of Capital at 30 June 1998 (Pounds)'m	Net Working Capital Range (Pounds)'m	Upper End of
<S>	<C>	<C>	<C>	<C>	
Polyurethanes Companies					
ICI Europe Ltd	England	6114	7.3	7.7	8.0
PT ICI Indonesia	Indonesia	7240	-0.1	-0.1	-0.1
ICI Mex SA de CV	Mexico	7187	2.2	2.3	2.4
ICI Holland BV (including Chemical Blending Holland BV)	Netherlands	6033/ 6047	-33.0	-34.7	-35.9
ICI Polyurethanes (China) Ltd	China	7182	1.2	1.3	1.3
ICI Polyurethanes (Asia Pacific) Pte Ltd	Singapore	7235	-0.3	-0.3	-0.3
ICI PU (China) Holdings BV	Netherlands	6241	0.0	0.0	0.0
ICI Iota BV	Netherlands	6325	0.0	0.0	0.0
Impkemix (No 46) Ltd	England	3566	0.0	0.0	0.0

Local Businesses/2/					
ICI PLC	England	1055	98.1	103.3	106.8
ICI Canada Inc.	Canada	5366	0.3	0.3	0.3
ICI Americas Inc. (including Rubicon Inc)	U.S.A	5656	34.0	35.8	37.0
Deutsche ICI GmbH	Germany	6005	0.1	0.1	0.1
ICI Espana SA	Spain	6036	0.0	0.0	0.0
ICI Italia Spa	Italy	6038	0.6	0.6	0.6
ICI Belgium NV/ SA	Belgium	6053	-0.3	-0.3	-0.3
ICI Argentina Saic	Argentina	7188	1.4	1.5	1.6
ICI Brasil Quimica Ltda	Brasil	7196	1.1	1.2	1.2
ICI Taiwan Ltd	Taiwan	7366	0.3	0.3	0.3
ICI 1996 (Thailand) Ltd	Thailand	7318	0.6	0.6	0.6
Intra-business elimination of profit on stock	-	1132	-0.6	-0.6	-0.6
Polyurethanes Business Total			113.1	119.0	123.0
Tioxide Companies					
Tioxide Americas Inc.	U.S.A.	5606	12.6	13.2	13.7
Tioxide Europe GmbH	Germany	6235	-0.2	-0.3	-0.3
Tioxide (Malaysia) Sdn Bhd	Malaysia	7356	5.7	6.1	6.3
Tioxide Europe SA	Spain	6001	12.6	13.3	13.8
Tioxide Group Ltd (including Tioxide Europe Ltd)	England	3000	39.2	41.2	42.6

/2/ Identified by member of ICI's Group which conducts this business at the date of this Agreement.

</TABLE>
<TABLE>
<CAPTION>

Local Business/Company	Jurisdiction Source Code	ICI Reporting Working Capital Range	Lower End of Capital at 30 June 1998	Net Working Capital Range	Upper End of
<S>	<C>	<C>	<C>	<C>	
Tioxide Canada Inc.	Canada	5000	6.1	6.4	6.7
Tioxide Europe SA (including Tioxide Europe NV/ SA)	France	6230	24.1	25.4	26.2
Tioxide Europe Srl	Italy	6000	27.5	29.0	29.9
Tioxide Europe AB	Sweden	6234	-0.4	-0.5	-0.5
Tioxide Europe Titanium Pigmentleri Ticaret Ltd Sirketi	Turkey	6530	0.0	0.0	0.0
Tioxide Southern Africa (Proprietary) Ltd (60% share) (including British Titan Products Southern Africa (Proprietary) Ltd)	Rep. South Africa	7000	3.9	4.1	4.2
Louisiana Pigment Company L.P. (50% share)	U.S.A.	5654	8.7	9.2	9.5
Business adjustment (UK related)	-	1067	-0.8	-0.9	-0.9
Intra-business elimination of profit on stock	-	1115	-4.4	-4.6	-4.8
Tioxide Business Total			134.6	141.7	146.5
Relevant Petrochemicals Local Business/3/					
ICI Chemicals and Polymers Ltd	-		31.3	32.9	34.1

TOTAL WORKING CAPITAL BALANCES	279.0	293.7	303.6

</TABLE>

For the purposes of clause 7 of this Agreement, all of the figures expressed in sterling in this Schedule 7 shall be converted into dollars at the rate of (Pounds)1/$1.6177.

/3/ Identified by the member of ICI's Group which conducts this business as at the date of this Agreement.

SCHEDULE 8

CLOSING STATEMENT
IN RESPECT OF FINAL FINANCIAL DEBT, FINAL CASH BALANCES AND CLOSING WORKING CAPITAL

1. The Closing Statement shall be prepared and agreed in accordance with the provisions of this Schedule.

2. The Closing Statement shall:

(a) be based on the books and records of the relevant Companies and the Business Vendors;

(b) in relation to any Local Business exclude all Taxes and all Tax assets or rights to repayments of Tax, and in relation to any Company exclude all Tax Liabilities other than VAT, payroll taxes or amounts in respect thereof and all Tax assets or rights to repayments of Tax other than such Tax assets or rights to repayments of Tax relating to VAT or payroll taxes or amounts in respect thereof;

(c) include a statement of the Closing Working Capital for each Company and each Local Business:

(i) comprising the following line items in the Accounts:

In respect of the ICI Business:

(aa) stocks;

(bb) debtors, excluding loans receivable from other members of ICI's Retained Group;

(cc) creditors due within one year, excluding deferred tax, pension liabilities, short-term borrowings and current instalments of loans; and

In respect of the PO/MTBE Business:

(vv) inventories;

(ww) accounts receivable;

(xx) other current assets;

(yy) accounts payable; and

(zz) accrued liabilities excluding accrued interest on long-term debt and miscellaneous accruals in respect of unamortised original acquisition costs;

but (in relation to the Companies) excluding Final Financial Debt and Final Cash Balances and (in relation to the Local Businesses) excluding Excluded Assets and Excluded Liabilities;

(ii) as at 00.01 am (applicable local time) on the Closing Adjustments Date;

(iii) being reported in sterling (in the case of the ICI Business) or in dollars (in the case of the PO/MTBE Business);

(d) subject to sub-paragraphs (b) and (c) and paragraphs 3 to 8, be prepared on the same basis and in accordance with the same principles, policies, procedures, methods and practices of accounting as were applied for the purposes of the Accounts and on the basis that the application of principles, policies, procedures, methods and practices of accounting will be consistent with such exercise as applied in relation to the Accounts, Provided that there shall be no requirement to perpetuate an error made in preparing the Accounts and, for the avoidance of doubt, this paragraph (d) shall not prevent changes in circumstances that have taken place between the Accounts Date and the end of the Review Period (as defined in clause 7) from being taken into account in the preparation of the Closing Statement);

(e) subject to sub-paragraphs (b), (c) and (d) and paragraphs 3 to 8, be

prepared in accordance with principles, policies, procedures, methods and practices of accounting generally accepted in the United Kingdom (in the case of the ICI Business) or the United States (in the case of the PO/MTBE Business);

(f) include, in relation to each Company, a statement of the Final Financial Debt (including separate identification of the Final Intra Group Debt) and the Final Cash Balance (including separate identification of the Final Intra Group Cash Balance) for that Company;

(g) include (in relation to each of the Polyurethanes Business and the Tioxide Business) the sum representing the total intra-business elimination of profit on stock calculated on the same basis as such sum was calculated for the purposes of the Accounts.

Sub-paragraphs (d) and (e) of paragraph 2 are intended to be applied as a hierarchy, with paragraph (d) being applied first and with paragraph (e) being applied only where ambiguity remains following application of the previous paragraph.

3. The Closing Statement shall be prepared on the basis that it relates to the Companies and the Local Businesses as going concerns and exclude any effects of the change of control or ownership of any of them contemplated by this Agreement or any other effect of this Agreement.

4. All balances relevant for the calculation of the Final Intra Group Debt and the Final Intra Group Cash Balance in the Closing Statement shall be reconciled to the extent practicable between the records of the payer and those of the payee; in the event of any discrepancy the records of the payee shall, unless otherwise agreed, prevail.

5. In determining the Closing Working Capital for any Company or Local Business, no account shall be taken of any event which occurs after the end of the Review Period (as defined in clause 7), but account may be taken of events occurring before this date.

6. For the purposes of the Closing Statement, the valuation of stocks (other than engineering spares) of any Company or Local Business shall be based on a physical stock-take conducted on the Closing Date, which both Vendors and their respective Accountants will be entitled to attend.

7. The Closing Working Capital for the Local Business of ICI Americas Inc. will, for the avoidance of doubt, include, the working capital of Rubicon, Inc. on a basis consistent with the basis on which such working capital was included in the Accounts.

8. Payments due to be made by Companies to members of ICI's Retained Group for the surrender of ACT or losses are to be reflected in the Closing Statement under Creditors.

SCHEDULE 9

WARRANTIES

For the purposes of the Warranties:

(a) Share Selling Company shall mean:

(i) as at the date of this Agreement, those companies identified as "Shareholders" in column 2 of Part A of Part II of Schedule 1 and as "Current Parent" in column 1 of Part B of Part II of Schedule 1 or in column 1 of Part IV of Schedule 1;

(ii) as at Closing, those companies identified as Share Selling Companies in column 1 of Part I of Schedule 1;

(b) Sale Shares shall mean:

(i) as at the date of this Agreement, the entire issued share capital of the "Subsidiary Undertakings" listed in column 3 of Part A of Part II of Schedule 1, column 2 of Part B of Part II of Schedule 1 or the "Number and Class of shares owned and to be sold" as shown in column 3 of Part IV of Schedule 1;

(ii) as at Closing, the entire issued share capital of the company listed in column 2 of Part 1 of Schedule 1.

General

Capacity and conduct of business

1.1 Each of the Vendors and each Share Selling Company and Business Vendor and any other party to any Transaction Agreement (other than the Purchaser or any other member of the Purchaser's Group) is duly incorporated and validly existing under the laws of the jurisdiction in which it is incorporated and has (or will have at the time such agreements are entered into and performed) the necessary

corporate power and corporate authority to enter into and to perform those of the Transaction Agreements to which it is a party.

1.2 Those of the Transaction Agreements to which they are party constitute valid and binding obligations of the Vendor and each Share Selling Company, Business Vendor and any other party to any Transaction Agreement (other than the Purchaser or any other member of the Purchaser's Group).

1.3 The execution, delivery and compliance with the terms of those of the Transaction Agreements to which they are party by the Vendor, the Share Selling

Companies, the Business Vendors and any other party to any Transaction Agreement (other than the Purchaser or any other member of the Purchaser's Group) will:

(a) not constitute a breach of any Material Contract or entitle any person to terminate or avoid any such contract, where such breach, termination or avoidance (or such breaches, terminations or avoidances collectively) will cause a material adverse effect on the relevant Business;

(b) be in compliance with the memorandum and articles of association, bye-laws or other equivalent constitutional documents of the Vendor and of each Share Selling Company and Business Vendor;

(c) not contravene any order, judgement, decree, law or regulation by which the Vendor or any Company, Share Selling Company or Business Vendor (in respect of any Local Business only) is bound where any such contravention(s), individually or collectively, will cause a material adverse effect on the relevant Business; and

(d) not require any consent from any party to any Material Contract which is not a member of the Vendor's Group.

The Companies

2.1 The information relating to the Companies and Subsidiaries contained in Schedule 1 and Exhibit G is true and accurate in all respects.

2.2 Compliance has been made with all legal requirements in connection with the formation of each of the Companies and all issues and grants of shares, debentures or other securities of any of them, in each case other than de minimis or technical requirements.

Ownership of Shares

3.1 Each Share Selling Company is the sole legal and beneficial owner of the Sale Shares set out next to its name in Schedule 1.

3.2 Each Share Selling Company is entitled to sell and procure the transfer of the full legal and beneficial ownership in the Sale Shares set out next to its name in Schedule 1 free from any encumbrance, equity or third party right of any nature.

3.3 The Sale Shares are fully paid up or credited as fully paid up and, in the case of the companies listed in Parts I and II of Schedule 1, represent the whole of the issued share capital of the relevant company and, in the case of companies listed in Parts III and IV of Schedule 1, the entire issued Share capital of each such company is as set out in Exhibit G and the relevant Sale Shares represent all of the share capital of those companies held by any member of the Vendor's Group.

3.4 No agreement or contract has been entered into which requires or may require any Company to allot or issue any share or loan capital and no Company has allotted or issued any securities which are convertible into share or loan capital.

3.5 There is no option, right to acquire, mortgage, charge, pledge, lien or other form of security or encumbrance or equity on, over or affecting any of the Sale Shares and there is no agreement or commitment to give or create any of the foregoing and there are no rights of pre-emption or restrictions on transfer in relation to the Sale Shares.

Subsidiaries

4.1 Except as set out in Parts II, III and IV of Schedule 1, no Company is the holder or beneficial owner of (nor has agreed to acquire) any class of any shares or loan capital or other securities of any other corporation.

4.2 Except in relation to the Joint Venture Interests, no Company and, in relation to the Business, no Business Vendor is or has agreed to become a member of any partnership, unincorporated association, joint venture or consortium (other than recognised trade associations).

Assets and Insurance

5.1 Except for the Excluded Assets and those assets that are leased, each Company and each Business Vendor has full legal and beneficial title to the

fixed and current assets of the Business reflected in the Accounts (save for fixed and current assets worth less than $100,000, as defined for the purposes of the Accounts, and save for fixed and current assets disposed of by the Company or Business Vendor in the ordinary course of its business since the Accounts Date) and to all fixed and current assets acquired by that Company or Business Vendor since the Accounts Date (save for fixed assets and current assets worth less than $100,000, as defined for the purposes of the Accounts and save for any such fixed or current assets disposed of by the Company or Business Vendor in the ordinary course of business). Except for the Excluded Assets and those assets that are leased, the fixed and current assets individually worth less than $100,000 to which the Companies and Business Vendors do not have full legal and beneficial title have an aggregate value of $6,000,000 or less. A Company or a Business Vendor either has in its possession, or is entitled (subject to any Permitted Encumbrance) to take possession of, each of the assets of the Business capable of possession other than those which are leased.

5.2 None of the assets of any Company or, in respect of the Business, of any Business Vendor, is subject to any encumbrance (including without limitation any debenture, mortgage, charge, lien, deposit by way of security, bill of sale, option or right of pre-emption) other than any Permitted Encumbrances and there is no agreement or commitment to give or create any.

5.3 Save for Intellectual Property Rights (which for the avoidance of doubt are dealt with in paragraph 17 below), the Business Assets together with the property rights, assets and facilities owned by the Companies comprise all the property rights, assets and facilities now used exclusively or primarily in the Business, and such properties, rights, assets and facilities together with those to be provided under the arrangements which are the subject matter of clause 15 and/or Schedules 17, 20 or 22 comprise all the assets which are necessary as at Closing for the carrying on of the Business at Closing in the manner in which it is presently conducted.

5.4 So far as the Vendor is aware, all key items of Plant and Equipment are in reasonable working order (subject to fair wear and tear, having regard to their age and use, taken as a whole) so as to be capable of operating on a comparable basis as they have been operated by the Business during the last 12 months.

5.5 Save for fluctuations and variations in Stock due to normal business factors including, without limitation, production schedules and market demand (including seasonal factors affecting the same) and save for, in the case of Tioxide, excess Stock arising out of the settlement arrangements between QIT and TGL following the arbitration proceedings disclosed in the Disclosure Letter, the Stock taken as a whole comprises broadly the same mix of types and grades of products as are required for the trading requirements of the Business and the Stock has been maintained at levels which in the ordinary course of business have been appropriate to meet the current level of sales in the Business.

5.6 The statutory books (including registers and minute books) of each Company have been properly kept and contain in all material respects bona fide and accurate records of all matters customarily or required to be dealt with therein.

5.7 The Data Room contains details of the current insurance arrangements applicable to each Company and the Business. All premiums in relation to those arrangements have been duly paid and, so far as the Vendor is aware all such policies are in full force and effect and are not void or voidable. There is no claim for an amount in excess of $150,000 outstanding under any such arrangement and, so far as the Vendor is aware, no event has occurred which is likely to give rise to any claim for an amount in excess of $150,000.

Compliance with law

6. No Company or, in respect of the Business, any Business Vendor is in contravention of any law, statute, order or regulation of any relevant jurisdiction (other than any anti-trust or similar legislation), where such contravention when taken together with contraventions arising out of the same or related acts, omissions, facts or circumstances will cause a material adverse effect on the relevant Business.

Licences and consents

7.1 The Companies and, in respect of the Business, the Business Vendors together have all governmental authorisations, licences, consents, permissions, approvals and qualifications (being qualifications which the Company or Business Vendor concerned is required to have for such purpose by applicable law) necessary to carry on the Business in all material respects in the manner in which such Business is now carried on and such authorisations, licences, consents, permissions, approvals or qualifications as are so necessary are in full force and effect and, so far as the Vendor is aware, there are no circumstances which are likely to cause any such authorisation, licence, consent, permission or approval not to be renewed or revoked, where its revocation or non-renewal (or such revocations or non-renewals collectively) will cause a material adverse effect on the relevant Business.

7.2 All the authorisations, licences and consents referred to in paragraph 7.1 are valid and subsisting and have been complied with in all material respects.

Litigation, insolvency and product liability

8.1 No Company and, in respect of the Business, no Business Vendor is engaged in any litigation, arbitration, administrative or criminal proceedings likely to involve that Company or Business Vendor paying any sum in excess of $150,000 or which otherwise will, individually or collectively, cause a material adverse effect on the relevant Business and, so far as the Vendor is aware, there are no such proceedings pending or threatened in writing.

8.2 There are no orders, decrees, judgments or agreements with any Court or governmental authority or agency to which any Company or Business Vendor or the Vendor is a party or by which any Company, Business Vendor or the Vendor is bound and which will, individually or collectively, cause a material adverse effect on the relevant Business.

8.3 No member of the Vendor's Group is engaged in any litigation or arbitration proceedings which are likely, individually or collectively, to have a material effect on the capacity of the Vendor or any Share Selling Company or Business Vendor to perform its obligations under this Agreement and, so far as the Vendor is aware, no such legal or arbitration proceedings have been threatened in writing.

8.4 No administrator, receiver or administrative receiver or any other equivalent officer has been appointed in respect of any Company or Business Vendor or in respect of any part of the assets or undertakings of any such company.

8.5 No petition has been presented, no order has been made, no resolution has been passed and no meeting has been convened for the winding-up of any Company or Business Vendor or for an administration order or the equivalent in the relevant

jurisdiction of incorporation to be made in relation to any Company or Business Vendor.

8.6 No Company or Business Vendor is unable to pay its debts as they fall due.

8.7 No distress, distraint, charging order, garnishee order, execution or other equivalent process in the jurisdiction of incorporation has been levied or, so far as the Vendor is aware, applied for in respect of the whole or any material part of the property, assets and/or undertaking of any Company or Business Vendor and remains outstanding.

Environmental matters

9. For the purposes of the warranties in this paragraph 9, where applicable the definitions in Schedule 14 and/or Schedule 14A (as applicable) shall apply.

9.1 So far as the Vendor is aware, during the period of three years expiring on the date of this Agreement, each Company or, in respect of its Local Business, each Business Vendor has complied with all material Environmental Permits and Environmental Laws except where failure to comply would not have a material adverse effect on the relevant Business.

9.2 All material Environmental Permits have been obtained and are in full force and effect and, so far as the Vendor is aware, no circumstances exist which are likely to result in (a) the variation, limitation or revocation of any such Environmental Permit; or (b) any such Environmental Permit not being extended, renewed or granted (provided that the transactions provided for in this Agreement do not constitute a "circumstance" for the purpose of this Agreement) except where such circumstances, or the matters referred to in (a) or (b) would not have a material adverse effect on the relevant Business.

9.3 No Company or, in respect of its Local Business, no Business Vendor is involved in any litigation, proceedings or claim by any relevant authority or other person under Environmental Laws or in relation to Environmental Matters and, so far as the Vendor is aware, none is threatened except, in each case, where such actual or threatened litigation, proceedings or claim would not have a material adverse effect on the relevant Business.

9.4 So far as the Vendor is aware, there are no audits or other assessments, reviews, or reports in its possession or the release of which is in its control relating to Environmental Matters which have not been disclosed to the Purchaser the contents of which would reveal facts or circumstances likely to give rise to a material adverse effect on the relevant Business.

Accounts

10. In respect of the ICI Business, the Accounts were, save as specified therein, prepared in all material respects in accordance with accounting principles generally accepted in the United Kingdom. On that basis, and subject as described in the Accounts, such Accounts present fairly, in all material respects, in accordance with the basis of preparation set out in Note 1 to the Accounts, the aggregate financial position of the ICI Business as at the Accounts Date and the aggregate results of its operations for the year ended on

the Accounts Date. Without prejudice to the generality of the foregoing, there are no material fixed assets and investments included in the Accounts which are not part of the ICI Business. In respect of the PO/MTBE Business, the Accounts were prepared in all material respects in accordance with accounting principles generally accepted in the United States. On that basis, subject as described in such Accounts, such Accounts present fairly, in all material respects, the financial position of the PO/MTBE Business at the Accounts Date and the results of its operations for the year ended on the Accounts Date. Without prejudice to the generality of the foregoing, there are no material fixed assets and investments included in the Accounts which are not part of the PO/MTBE Business.

Grants

11. No Company has received any grant, subsidy, payment or allowance from any governmental authority, body or agency (whether supranational, national, regional or local) (but always excluding any relating to Taxation) during the last six years of $500,000 or more (or $2,000,000 or more in aggregate for all Companies) which would be repayable as a result of the sale of the Sale Shares and Local Businesses under this Agreement.

Anti Competitive Arrangements

12.1 So far as the Vendor is aware, the Vendor is not and has not been in the last three years, and no Company or Business Vendor is or has been in the last three years, a party to any agreement, arrangement, concerted practice or course of conduct which infringes any anti-trust or similar legislation in any jurisdiction in which the Company or Business Vendor carries on the Business, where the consequences of such infringement(s), individually or collectively, will cause a material adverse effect on the relevant Business.

12.2 The Vendor has not and no Company or Business Vendor (in relation to its Local Business) has received in the last three years any process, notice or written communication from any local, national or supranational authority having jurisdiction in competition matters in relation to any aspect of the Business or any agreement, arrangement, concerted practice or course of conduct to which they are alleged to be a party in relation to the Business the nature or subject matter of which is, individually or collectively, likely to cause a material adverse effect on the

relevant Business. So far as the Vendor is aware, no such process, notice or communication is likely to be received.

Material Contracts and Guarantees

13.1 No Company or Business Vendor, in relation to its Local Business, is party to any Material Contract.

13.2 Other than in the ordinary course of business, no Business Contract, or contract to which any Company is a party (or the benefit of which is held in trust for or has been assigned to any of the Companies), restricts the freedom to carry on the whole or any part of the Business in any part of the world where the consequences of such restriction when taken together with any related restrictions applying to the Business, will cause a material adverse effect on the relevant Business.

13.3 No Company or, in respect of the Business, any Business Vendor has received written notice of any breach of, or default under, any Material Contract and, so far as the Vendor is aware, no other party to a Material Contract is in breach of, or in default under, any Material Contract, the consequence of which in each case (when taken together with any similar or related breach or default) will cause a material adverse effect on the relevant Business.

13.4 No Company and no Business Vendor (in relation to the Business) is a party to or has any liability (present or future) under any guarantee by it of the obligations of any third party which is not a Company or a member of the Retained Group, being a guarantee under which it has a liability of more than (Pounds)500,000 or, other than in the ordinary course of business, any letter of credit, hire purchase, credit sale, conditional sale agreement, leasing or hiring agreement.

13.5 Neither in the financial period ending on the Accounts Date nor in the period since the Accounts Date has any person (together with other persons connected with him so far as the Vendor is aware) purchased from or sold to each of the Polyurethanes, Relevant Petrochemicals, PO/MTBE or Tioxide Business more than 5 per cent. of the aggregate amount of all sales or purchases made by each such Business during such period.

13.6 In respect of the PO/MTBE Business, the POS Agreement (as defined in clause 18.13) is a Material Contract which is expected to continue to be profitable for the foreseeable future and its terms and conditions will not be changed as a result of its assignment to the Purchaser. No consent is required from the counterparty for the assignment of the POS Agreement to the Purchaser and others.

13.7 Each Material Contract is valid and enforceable in accordance with its terms.

Employees

14.1 For the purposes of this section:

(a) Site means any one of the Companies' or Business Vendors' sites at which there are more than 30 Employees together with all manufacturing facilities (including systems houses and finishing plants); and

(b) Warranted Employees means Employees or Business Employees who are employed at a Site and all Senior Employees.

14.2 Particulars of the material terms of employment applicable to the Warranted Employees (other than senior management team members) of the Companies or Business Vendors (other than those terms and conditions imposed by any national collective agreements, industry-wide collective agreements or by any applicable national law or custom and practice) are disclosed in the Data Room. Particulars of the material terms of employment applicable to the senior management team members will be provided to the Purchaser not later than 10 business days after the date of this Agreement.

14.3 Other than national collective agreements and industry-wide collective agreements, the collective agreements (details of which will be provided to the Purchaser prior to Closing) and union recognition agreements disclosed in the Data Room are all the material current written or other material agreements between each Company or Business Vendor and trade unions or representative bodies relating to the Warranted Employees or any of them.

14.4 There is and has been within the last 12 months no material industrial action involving the Warranted Employees in relation to the Companies or the Business Vendors.

14.5 So far as the Vendor is aware, no Senior Employee employed by a Company or Business Vendor has given or been given notice of termination of his employment by the Company or Business Vendor.

14.6 No more than 15 Employees at any one Site have within the last 12 months been given notice of termination of their employment by the Company or Business Vendor.

14.7 Particulars of any individual loan other than travel advances made in the ordinary course of business, relocation packaging or advances in accordance with the terms of any employee benefit plan made by any Company or Business Vendor to a Warranted Employee which is in excess of $100,000 and which shall remain outstanding at Closing, together with particulars of any individual sum owed by a Company or Business Vendor to any Warranted Employee (other than in relation to remuneration and other contractual or customary benefits) which is in excess of $100,000, are set out in the Data Room.

14.8 An up to date list of all Employees employed by a Company or Business Vendor and seconded to the Vendor from any Company or any Business Vendor or from the Vendor to any Company or any Business Vendor is disclosed in the Data Room.

14.9 The Data Room contains lists of all Employees at each Site as at the date that such list was compiled and the number of Employees on each such list has not changed by more than 2% since the date that such list was compiled (excluding changes due to resignations and terminations for cause). To the extent contained in each list, information relating to salary, date of birth (or age) and date of commencement of continuous employment (or length of service) with a Company or Business Vendor is accurate in all material respects. To the extent that the Data Room contains additional information in relation to all Senior Employees, including name and job title, it is accurate in all material respects. The Data Room also contains approximate numbers of Employees of each Company or Business Vendor who are employed at locations which are not Sites.

14.10 Since the Accounts Date no change has been made in the emoluments or other terms of engagement to any group of 20 or more Employees except for increases made in accordance with normal industry and company practice, and no such change and, except as aforesaid, no negotiation or request for such change is due or expected within 6 months from the date of this agreement.

14.11 A list containing each consultancy agreement of an equivalent annual value of US$150,000 between any individual and a Company or Business Vendor (where relevant to the Business or any part of it) with an annual cost to the Business of $150,000 or more is disclosed in the Data Room.

Pensions

15.1 In this paragraph 15:

Pension Schemes means the following arrangements for the provision of Retirement Benefits to and in respect of Employees employed by a Company or Business Vendor:

. ICI Pension Fund (including the ICI Supplementary Pension Fund)

. ICI International Pension Plan

. Avalon Pension Scheme

. Deutsche ICI Pension Plan

. ICI Holland Pension Scheme

. ICI Holland Pre-pension Scheme

. Supplementary Pre-pension Plan

. PET/Melinar VUT Scheme

. ICI Pension Fund VZW

. The Plan de Prevision de ICI Espana SA

. East Europe Regional Pension Plan (insured under an Insurance Policy with Cigna)

. ICI China Ltd Retirement Benefit Scheme

. ICI Singapore Group Retirement Scheme

. ICI Malaysia Retirement Benefits Scheme

. ICI Taiwan Polyurethanes Employment Retirement Scheme

. ICI Thailand Provident Fund

. PT ICI Indonesia Pension Plan

. ICI Japan Ltd Pension Plan

. ICI Americas Pension Plan (will not cover Polyurethanes employees after 31 March 1999)

. Polyurethanes Pension Plan (spin-off from ICI Americas Pension Fund)

. ICI Excess Benefit Plan

. Executive Pension Plan

. Executive Retirement Plan for Key Employees of ICI's Group

. Retiree Medical and Dental Coverage under the ICI Americas Health and Dental Care Plan

. Executive Supplemental Benefits Plan

. Executive Split Dollar Insurance Plan

. Executive Supplemental Death Benefit Arrangement

. Bonus Conversion Plan of ICI American Holdings Inc.

. Unfunded Pension Arrangements of Robert Reen and Ron Wyatt

. Trust for the Unfunded Deferred Compensation Plan of ICI American Holdings, Inc.

. The Trust Deed for the Defined Benefit Plans of ICI American Holdings Inc., dated May 1993.

. The Trust Deed for Certain Defined Contribution Plans of ICI American Holdings, Inc., dated May 1993.

. The Trust Deed for the Unfunded Deferred Compensation Plans of ICI American Holdings Ltd Inc., dated June 1993.

. ICI Canada Pension Plan

. ICI Canada Senior Managers Pension Plan

Relevant Petrochemicals

. ICI Pension Fund (including the ICI Supplementary Pension Fund)

. ICI International Pension Plan

Tioxide

. Tioxide Pension Fund

. Tioxide Offshore Pension Fund

. The Progefond - fondo pensione

. The FONCHIM Associazone fonde Pensione Complemetare a Capitalizzazione per i Lavoratori dell'Industra Chimica e Farmaceucitica e del Settorie Affini

. Plan de Prevision Social

. Convenio Colectivo de Centro

. AECI Pension Fund

. Tioxide Southern Africa Provident Fund

. Tioxide Southern Africa Pension Fund

. Tioxide Malaysia and Group Companies Expatriate Retirement Fund

. Tioxide Malaysia Retirement Fund

. Tioxide America Inc. (TAI) Retirement Plan

. TAI Savings Plan

. TAI Supplemental Employees Retirement Plan

. Tioxide Canada Inc. (TCI) Staff Employees' Pension Plan

. TCI Hourly Employees Pension Plan

. TCI Supplemental Employees Retirement Plan

Retirement Benefits means any benefits payable in respect of retirement, death, invalidity or long service, including:

(a) pensions, lump sums and gratuities provided on retirement or death; and

(b) post-retirement dental or medical benefits;

Transferring Pension Schemes means those of the Pension Schemes which will transfer to the Purchaser by operation of law on the Closing Date.

15.2 The Pension Schemes are the only arrangements (other than those under any public law, statute or regulation) under which any Company or Business Vendor provides or is liable to provide any Retirement Benefits in respect of any Employee employed by a Company or Business Vendor or former employee of a Company.

15.3 The Data Room contains:

(a) all material documents containing the provisions currently governing the Pension Schemes;

(b) the latest actuarial valuation of each Transferring Pension Scheme.

(c) the latest audited accounts of each Pension Scheme where such accounts exist.

15.4 Each Pension Scheme has been approved by the appropriate taxation, social security and supervisory authorities in the relevant country or state.

15.5 Except in relation to contributions due to any Pension Scheme in respect of the last month, all amounts due to be paid by the Companies or Business Vendor to the Pension Schemes have been paid and those which fall due for Closing will have been paid by that date.

15.6 So far as the Vendor is aware, the Companies and Business Vendor[s] and the trustees, managers and administrators of the Pension Schemes have complied in all material respects at all material times with their respective obligations under the Pension Schemes and all applicable laws and regulations in respect of the Pension Schemes in relation to the Employees employed by a Company or Business Vendor.

15.7 There is no liability to make any payment to any occupational pension scheme established in the United Kingdom (UK Plan) in respect of any Employee under Section 75 of the Pensions Act 1995.

15.8 The appropriate Company or Business Vendor in respect of each UK Plan which is contracted-out holds or is named in and will until Closing continue to hold or be named in an appropriate contracting-out certificate (within the meaning of the Pension Schemes Act 1993) in respect of those of the Employees who are members of any UK Plan. All age-related payments which are due and payable to any UK Plan in respect of any Employee or former employee of any Company or Business Vendor under the Occupational Pension Schemes (Contracting-

out) Regulations 1996 (the Contracting Out Regulations) have been received and properly allocated in respect of such Employee or former employee and no age-related payments have been received in breach of the Occupational Pension Schemes (Age-related Payment) Regulations 1997 or Regulation 37 of the Contracting-out Regulations.

15.9 There are not in respect of any of the Transferring Pension Schemes, or the benefits under any of the Pension Schemes in respect of any of the Employees, any material actions, suits or claims pending or threatened.

15.10 No surplus payment within the meaning of the Pension Scheme Surpluses (Administration) Regulations 1987 has been or will be before Closing be made out of any UK Plan. No such payment is proposed to be made out of any such UK Plan to any employer participating in such UK Plan.

15.11 The representations and warranties in 15.2 through 15.10 shall not apply to any Pension Scheme that is a U.S. Benefit Plan. Anything fairly disclosed in the Data Room or the Disclosure Letter is an exception to the representations and warranties applicable to the US Benefit Plans. For the avoidance of doubt, no representations or warranties are being made with respect to the US Benefit Plans of Louisiana Pigment Company or Rubicon Inc.

15.11.1 For purposes of the representation and warranties applicable to US Benefit Plans, the following definitions shall apply

Assumed US Benefit Plans means the US Benefit Plan of a Company and the US Benefit Plan of a Business Vendor transferred to the Purchaser by means of this Agreement.

Code means Internal Revenue Code of 1986, as amended.

ERISA means the Employee Retirement Income Security Act of 1974, as amended.

ERISA Affiliate means any person with respect to whom the Vendor, Business Vendor or Company is treated as "single employer" under section 4001(b) of ERISA on the date hereof.

Title IV Plan means a US Benefit Plan subject to Title IV of ERISA.

PBGC means the Pension Benefit Guaranty Corporation

US Benefit Plan means (i) each employee pension benefit plan, as defined in section 3(2) of ERISA that is subject to ERISA; and

(ii) each material employee welfare benefit plan, as defined in section 3(1) of ERISA that is subject to ERISA;

that in each case, is sponsored, maintained or contributed to or required to be contributed to by a Vendor, Business Vendor, Company or ERISA Affiliate for the benefit of the US Employees. For the avoidance of doubt, any plan excluded from ERISA by means of section 4(b)(4) is not a US Benefit Plan.

US Employee means an Employee of a Company or Business Vendor incorporated in the United States.

15.11.2 The Disclosure Letter contains a true and complete list of each US Benefit Plan.

15.11.3 With respect to each US Benefit Plan (other than the Polyurethanes Pension Plan), Vendor has delivered or made available to Purchaser through the Data Room, the Disclosure Letter or otherwise, true and complete copies of:

(i) the most recent plan document and amendments thereto;

(ii) any trust or other funding medium document; and

(iii) the most recently disseminated summary plan description and/or summary of material modification.

15.11.4 With respect to each Assumed US Benefit Plan (other than the Polyurethanes Pension Plan), Vendor has delivered or made available to Purchaser

through the Data Room, the Disclosure Letter or otherwise, true and complete copies of:

(i) the most recently filed Form 5500, required by ERISA or the

Code, to include any required accountant's report;

(ii) the most recently prepared actuarial valuation required by ERISA or the Code; and

(iii) the most recent determination letter received from the Internal Revenue Service (the IRS) with respect to each such plan intended to qualify under Code section 401(a).

15.11.5 With respect to the Polyurethanes Pension Plan, Vendor has delivered or made available to Purchaser through the Data Room, the Disclosure Letter or otherwise, true and complete copies of:

(i) the 1997 Form 5500 of the ICI Americas Pension Plan;

(ii) the January 1, 1998 actuarial valuation of the ICI Americas Pension Plan; and

(iii) the most recent IRS determination letter of the ICI Americas Pension Plan.

15.11.6 With respect to any Assumed US Benefit Plan that is a Title IV Plan, no liability under Title IV of ERISA has been incurred by the Company or the applicable Business Vendor that has not been satisfied in full, other than liability for PBGC premiums provided that any failure to pay such premium does not constitute a breach of 15.11.12.

15.11.7 With respect to the Title IV Plans (other than the Assumed US Benefit Plans), neither the Vendor nor any of its ERISA Affiliates have failed to comply with Title IV of ERISA in such a manner that would reasonably be expected to impose liability on Purchaser under Title IV of ERISA). Insofar as the representation made in this 15.11.7 applies to sections 4064, 4069 or 4204 of Title IV of ERISA, it is made with respect to any employee pension benefit plan (other than an Assumed US Benefit Plan) subject to Title IV of ERISA to which the Relevant Companies, the Vendor, the Business Vendor, or any ERISA Affiliate made, or were required to make, contributions during the five (5) year period ending on the last day of the most recent plan year ended prior to the Closing Date.

15.11.8 With respect to any Title IV Plan that is an Assumed US Benefit Plan:

(i) there is no accumulated funding deficiency (as defined in section 302 of ERISA and section 412 of the Code), whether or not waived, on

the last day of the most recent plan year ending prior to the date hereof;

(ii) as of the Closing Date no proceedings have been initiated by the PBGC to terminate such Title IV Plan; and

(iii) all contributions required to be made prior to the date hereof have been made or are reflected in the Accounts.

15.11.9 With respect to each Assumed US Benefit Plan that is a Title IV Plan, the present value of accrued benefits under such plan, based upon the actuarial assumptions used for funding purposes in the most recent actuarial report prepared by such plan's actuary with respect to such plan, did not exceed, as of its latest valuation date, the then current value of the assets of such plan allocable to such accrued benefits.

15.11.10 No Assumed US Benefit Plan is a multiemployer pension plan within the meaning of section 3(37) of ERISA or a plan described in section 4063(a) of ERISA. Neither Vendor nor its ERISA Affiliates have suffered prior to Closing a "complete withdrawal" or a "partial withdrawal" as such terms are respectively defined in sections 4203 and 4205 of ERISA, that could reasonably be expected to impose a liability on Purchaser or a Company.

15.11.11 No fiduciary of an Assumed US Benefit Plan has committed a breach of fiduciary duty that could reasonably be expected to impose a liability upon Purchaser or a Company under ERISA for breach of fiduciary duty. Prior to Closing no party in interest has engaged in a prohibited transaction with respect to an Assumed US Benefit Plan that could reasonably be expected to impose a liability upon Purchaser or a Company for a tax, penalty or fine under ERISA section 4975 or ERISA section 502(i). No tax, fine or penalty is pending or to Vendor's knowledge, threatened with respect to an Assumed US Benefit Plan under Code section 4976 or 4980B.

15.11.12 Each Assumed US Benefit Plan has been operated and administered in all material respects in accordance with its terms and ERISA, the Code and other applicable law.

15.11.13 Each Assumed US Benefit Plan (other than the Polyurethanes Pension Plan) intended to be "qualified" within the meaning of (S) 401(a) of the Code has received a favourable IRS determination letter with respect to such qualification. As of the date hereof the remedial amendment period for the Polyurethanes Pension Plan has not expired.

15.11.14 No US Benefit Plan provides to US Employees medical, surgical, hospitalisation, death or similar benefits (whether or not insured) for periods extending beyond their retirement or other termination of service, other than (i)

coverage mandated by applicable law, (ii) death benefits under any "pension plan," or (iii) benefits the full cost of which (based on COBRA rates for medical benefits) is borne by the US Employee or his or her dependants or beneficiaries.

15.11.15 There are no pending, or to the best of the Vendor's knowledge, threatened claims by or on behalf of any Assumed US Benefit Plan by any US Employees or beneficiary or alternate payee thereof covered under any such Assumed US Benefit Plan (other than routine claims for benefits) against Vendor, the Relevant Companies or the Business Vendor. With respect to a U.S. Benefit Plan (other than an Assumed Benefit Plan) no claims are pending or to Vendors knowledge threatened (other than routine claims for benefits) which would reasonably be expected to impose a material liability on the Purchaser or a Company after the Closing.

15.11.16 The consummation or announcement of any transaction contemplated by this Agreement will not (either alone or in conjunction with additional or further acts in events) result in any (A) additional material payments (whether of severance pay or otherwise) becoming due from a Company, Vendor or Business Vendor, or the Purchaser to any officer, Employee, former employee, retiree, partner, director or former director thereof or to the trustee under any "rabbi trust" or similar arrangement or to any dependent beneficiary or alternate payee thereof or, (B) material benefits under any Assumed US Benefit Plan being established or becoming accelerated, vested or payable. For the avoidance of doubt there is no breach of this 15.11.16 with respect to any payments made or benefits provided that would have been made or provided if the consummation or announcement had not occurred.

Properties

16.1 The Properties and the Excluded Properties constitute the only land or buildings owned, leased, used or occupied by the relevant Companies or (as the case may be) used or occupied for the purposes of the ICI Business and/or the PO/MTBE Business as at the date of this Agreement.

16.2:

(A) A Company or a Business Vendor (as the case may be) is or will at Closing be legally and (where appropriate) beneficially entitled to each of the Properties and has or will at Closing have good title to the estate or interest denoted in respect of each Property in Part I of Schedule 17 subject to Permitted Encumbrances.

(B) A Company or a Business Vendor (as the case may be) has in its possession or under its control all material deeds and documents or (where appropriate) certified, examined, notarised or similar copies relating to [the title the interest] of the relevant Company or (as the case may be) Business Vendor to the Properties.

(C) Each of the Properties is free from any leases, underleases, tenancies or licences in favour of third parties which have a material adverse effect on the relevant Business.

16.3:

(A) Except for Permitted Encumbrances there are no mortgages or charges, legal or equitable, fixed or floating, affecting any of the Properties and there is no agreement or binding commitment on the part of the relevant Company or Business Vendor to give or create any;

(B) There are no agreements for sale, estate contracts, enforceable options or rights of pre-emption affecting any of the Properties which if exercised would have a material adverse affect on the relevant Business.

(C) The Properties are not subject to any covenants, restrictions or other encumbrances which have a material adverse effect on the relevant Business and there is no outstanding written notice of a breach of any covenants, restrictions or other encumbrances which will have a material adverse effect on the relevant Business.

16.4 The existing principal use of each Property at the date of this Agreement is in all material respects a permitted or lawful use under applicable planning legislation or is otherwise immune from enforcement action thereunder and there is no outstanding written notice of a material breach of applicable planning legislation which will have a material adverse affect on the relevant Business.

16.5 No relevant Company or (as the case may be) Business Vendor has received any written notice of a subsisting material breach of any statutes, orders or regulations (other than environmental statutes, orders or regulations) relating to any of the Properties from any competent or statutory authority which will have a material adverse effect on the relevant Business.

16.6 There are no material outstanding and current disputes, actions, claims, demands or complaints in respect of any Properties which have a material adverse effect on the relevant Business.

16.7 No relevant Company or (as the case may be) Business Vendor has received any subsisting written notice alleging absence of any material rights, easements and services which are necessary for the use of the Properties for their actual use at the date on which this warranty is given and none is anticipated by the relevant Company or (as the case may be) Business Vendor.

16.8 In relation to each of the Properties which is leasehold there are no material arrears of rent or other sums payable under the lease under which such Property is held and no Business Vendor or (as the case may be) relevant Company has received

a subsisting written notice of a material breach of any covenants and conditions contained in such lease.

16.9 No Relevant Company has received a subsisting written notice of a material breach of any covenants and conditions contained in any material leases, tenancies, licences or agreements to which the Properties are subject.

16.10 No relevant Company has within the 5 years preceding the date of this Agreement entered into (as an original contracting party or a guarantor thereof) a lease, licence or other similar interest in land and buildings (other than in respect of the Properties and the Excluded Properties) in respect of which it has (actual or contingent) liability other than in respect of Environmental Matters.

16.11 Reference to the Properties in warranties 16.2 to 16.9 (inclusive) shall be deemed to exclude any Properties which are or will at Closing be owned leased occupied or used by a Non-Controlled Joint Venture. The provisions of paragraph 25 of this Schedule shall apply in respect of the application of warranties 16.2 to 16.10 (inclusive) to the Properties owned leased occupied or used at Closing by a Warranted Joint Venture.

16.12 Reference in warranty 16.1 to land and buildings used or occupied for the purposes of the ICI Business shall be deemed to exclude any used or occupied by any Non-Controlled Joint Venture.

Intellectual Property & Information Technology

17.1 In this clause 17:

material means:

(a) in relation to Intellectual Property Rights, Intellectual Property Rights or related agreements the absence of which would have a significant adverse impact on the conduct of the Business;

(b) in relation to Computer Systems, Computer Systems or related agreements the absence of which would have a materially detrimental effect on the conduct of the Business and does not include a Computer System which can be replaced (for example, by the purchase of a new software package or new hardware):

(i) at a cost in respect of that Computer System being replaced not exceeding (Pounds)25,000 (including out-of-pocket expenses and the cost of internal management time); and

(ii) without the need for any material disruption to the relevant Business and without the need for material development or configuration; and

Business means the ICI Business (in the case of ICI) and the PO/MTBE Business (in the case of HSCC). For the avoidance of doubt, "significant adverse impact" shall mean a lesser effect than material adverse effect on the relevant Business as defined in this Agreement.

17.2 Brief details of all Registered Rights are set out in the IP Annex. The relevant Company or Business Vendor as set forth opposite the Registered Rights in question in the IP Annex is the sole registered proprietor of, or applicant in respect of, such Registered Rights unless otherwise indicated therein.

17.2A All renewal fees required for the maintenance of the Registered Rights have been paid or instructions given for payment to be made in the ordinary course of business and no Registered Rights have been abandoned or allowed to lapse except in the ordinary course of business.

17.3 The Group IPR, the Business IPR, Business Information and Group Information are owned both legally and beneficially by the relevant Company or Business Vendor free from all liens, charges, encumbrances and other security interests and are not subject to any assignment or agreement to assign by any relevant Company or Business Vendor (other than to the Purchaser).

17.4 Neither the Selling Companies nor any Company have received written notification within the 12 months prior to the date of this Agreement that any

of the rights comprised in the Group IPR or the Business IPR are the subject of any opposition or revocation proceedings (or other similar or equivalent proceedings in any other jurisdiction) and no Company or Business Vendor is currently a party to such proceedings in relation to any Intellectual Property Rights owned by any third party (insofar as such proceedings relate to the Business).

17.5 Brief details of all material agreements entered into by any Company or Business Vendor in relation to any Business IPR, Business Information, Group IPR or Group Information or in relation to any Intellectual Property Rights or Information which, or the rights in which, are owned by any third party and which Relate to the Business are set out in the IP Annex and, in the case of all of such agreements as are written, true copies are disclosed in the Data Room.

17.6 No Company or Business Vendor or, so far as the Vendor is aware, any other party thereto is in material breach of any agreement required to be disclosed pursuant to paragraph 17.5.

17.7 So far as the Vendor is aware, the carrying on of the Business does not infringe or make unauthorised use of any Intellectual Property Rights or confidential Information of any third party and no written communications have been received within the 24 months preceding the date of this Agreement by any relevant Company or Business Vendor from any third party asserting the same.

17.8 So far as the Vendor is aware, no third party is infringing or making unauthorised use of the Group IPR, the Business IPR, the Business Information or the Group Information.

17.9 Each member of the Purchaser's Group will immediately following Closing either solely legally and beneficially own or (subject to the need to obtain third party consents pursuant to clause 6.14 of this Agreement) have a valid licence to use all Intellectual Property Rights necessary to carry on the Business in the manner carried on prior to Closing.

17.10 There are no current claims or, so far as the Vendor is aware, any threatened claims by any current or former employee of the relevant Business for compensation pursuant to section 40 Patents Act 1977 (or any similar or equivalent provision in any other jurisdiction) and no claim has been made for such compensation which has resulted in any award of compensation which remains unpaid as at the date of this Agreement.

17.11 Details of all material written agreements to which a Company or a Business Vendor is a party relating to the use, development, maintenance, support and disaster recovery of material Computer Systems are disclosed in the Data Room.

17.12 No member of the Retained Group nor any Company is in material dispute with any supplier of material Computer Systems or related services in connection with the Business which could have a materially detrimental effect on the Business.

17.13 No member of the Retained Group nor any Company nor, so far as the Vendors are aware, any other party thereto is in material breach of any agreement required to be disclosed pursuant to paragraph 17.11 which could have a materially detrimental effect on the Business.

17.14 For the purposes of this paragraph 17.14, a Computer System is Year 2000 Compliant if neither its performance nor functionality is or will be affected by dates prior to, during or after the year 2000 and in particular (but without limitation):

(a) no value for current date causes or will cause any interruption in operation;

(b) date-based functionality behaves and will behave consistently for dates prior to, during and after the year 2000;

(c) in all interfaces and data storage, the century in any date is and will be specified either explicitly or by unambiguous algorithms or inferencing rules; and

(d) the year 2000 is and will be recognised as a leap year,

and Year 2000 Compliance shall be construed accordingly.

17.14.1 As part of the Retained Group's Year 2000 Project, the Business has developed and established a written plan concerning the Year 2000 Compliance of the material Computer Systems (the Year 2000 Plan). The Business has developed its Year 2000 Plan with reasonable skill and care, to address the particular circumstances of, and the risks to the Business and to identify the material Computer Systems critical to the Business (in this paragraph 17.14 the Critical Computer Systems).

17.14.2 To date, the Business has implemented its Year 2000 Plan with reasonable skill and care including:

17.14.2.1 identifying those Critical Computer Systems that may be Year 2000 non-Compliant;

17.14.2.2 carrying out appropriate testing of such Critical Computer Systems as are referred to in paragraph 17.14.2.1. above, to determine whether such Computer Systems are Year 2000 Compliant;

17.14.2.3 reasonably determining the appropriate method of remediation to the Business in respect of such Critical Computer Systems as are referred to in paragraph 17.14.2.1 above and which the Business reasonably determines as a result of any testing under paragraph 17.14.2.2 above, require remediation and has used or is using reasonable endeavours to complete such remediation prior to 31 August 1999;

17.14.2.4 if the Business reasonably determined under paragraph 17.14.2.3 above that any Critical Computer Systems require remediation to be undertaken by or on behalf of the Business, then the Business has undertaken or is undertaking such acts of remediation to date with reasonable skill and care or has procured a third party to undertake such remediation on its behalf;

17.14.2.5 has used reasonable endeavours or is using reasonable endeavours to obtain confirmation from the third party suppliers of such Critical Computer Systems as are referred to in paragraph 17.14.2.1 above that such Critical Computer Systems are Year 2000 Compliant or (where such confirmation has not been forthcoming) has used or is using reasonable endeavours to obtain assurances from such third party suppliers regarding appropriate remediation of such Critical Computer Systems prior to 30 June 1999; and

17.14.2.6 has used reasonable endeavours to obtain confirmation about the impact that Year 2000 non-Compliance may have upon third party critical utilities providers and material sole-source suppliers to the Business (each a Critical Supplier for the remainder of this paragraph 17.14).

17.14.3 Details of the Business's Year 2000 Plan together with an up-to-date report of the status of its implementation and an estimate of the Business's planned external costs to complete its Year 2000 Plan are disclosed in the Data Room.

17.14.4 Details of those Critical Computer Systems referred to in paragraph 17.14.2.1 above which either:

17.14.4.1 having exercised its reasonable skill and care, the Business has identified as being Year 2000 non-Compliant; or

17.14.4.2 as a result of using its reasonable endeavours to obtain confirmation from third party suppliers of the Year 2000 Compliance of such Critical Computer Systems under paragraph 17.14.2.5 above, the Business has been informed by such third party suppliers that such Critical Computer Systems are not Year 2000 Compliant

are contained in the Data Room.

17.14.5 As a result of using its reasonable endeavours to obtain information about the impact of Year 2000 non-Compliance from Critical Suppliers to the Business under paragraph 17.14.2.6 above, the Business has not been informed by any Critical Supplier that such Critical Supplier will not be able to continue to supply the Business without interruption as a result of the internal Year 2000 non-Compliance of that Critical Supplier.

17.14.6 To Closing the Business will employ reasonable adequate resources in its continuing implementation of its Year 2000 Plan.

17.14.7 To Closing the Vendor will continue to implement its Year 2000 programme and procure that the other members of the Retained Group shall continue to implement their respective Year 2000 plans with reasonable skill and care.

17.15 Details of any domain name registered by any Company or any member of the Retained Group in connection with the Business are disclosed in the Disclosure Letter.

17.16 So far as Steve Roberts in respect of the Relevant Petrochemicals Business, Ian Machin in respect of the Tioxide Business, Paul Hulme in respect of the

Polyurethanes Business and Mark Beard in respect of the PO/MTBE Business are aware at the date of this Agreement and without any additional investigation or enquiry by them, there are no material defects in the material Computer Systems which if the Relevant Petrochemicals Business, the Tioxide Business, the

Polyurethanes Business or the PO/MTBE Business (as the case may be) is carried on in all material respects in the manner in which it is carried on at the date of this Agreement, would have a material adverse effect on the relevant Business.

Events since the Accounts Date

18. Since the Accounts Date and except for the purpose of giving effect to the transactions contemplated by this Agreement, the ICI Business or the PO/MTBE Business (as the case may be):

(a) has been conducted in all material respects in the ordinary course consistent with its past practices;

(b) there has been no material adverse change in the financial position of the ICI Business or the PO/MTBE Business (as the case may be);

(c) no asset of a value in excess of (Pounds)5 million has (and assets with an aggregate value in excess of (Pounds)20 million have not) been disposed of, or been agreed to be disposed of, on capital account and no contract involving expenditure by it on capital account in excess of (Pounds)5 million has been entered into, and no contracts which collectively involve expenditure on capital account in excess of (Pounds)20 million has been entered into by any Company or any Business Vendor in relation to the Business, in each of the above cases, otherwise than in the ordinary course of business;

(d) no debts or other receivables of any Company or any Business Vendor in relation to the ICI Business or the PO/MTBE Business (as the case may be) have been factored or sold or agreed to be sold;

(e) no resolution of any Company in general meeting has been passed; and

(f) no change in the accounting reference period of any Company has been made.

Taxation

19.1(a) Each Company has duly made all proper returns required to be made for any Tax purpose and has supplied or caused to be supplied all notices and other information required by law to be supplied to any Tax Authority.

(b) There is no dispute or disagreement (not including routine queries relating to the Tax returns of a Company) outstanding at the date of this Agreement with any Tax Authority regarding the proper method of computing the profits of

the Company (or any part of it) for Tax purposes or the proper treatment for VAT purposes of any supplies of goods or services made (or treated as made) by the Company or in respect of any other Tax matter and there are no circumstances of which the Share Selling Companies are aware which make it likely that any such dispute or disagreement will commence.

(c) The amount of Tax chargeable on any Company in respect of any accounting period ending on or within 6 years before the Accounts Date has not to any material extent depended on any concession, agreement, dispensation or other formal or informal arrangement with any Tax Authority in circumstances where either:

(i) the availability of any such arrangement will be prejudiced as a result of the change of control of the Company resulting from this Agreement; or

(ii) the Company has not acted in accordance with the terms of the arrangement in question.

Duties etc.

19.2 All customs duties and VAT payable to any Tax Authority upon the importation of any of the Company's assets and all excise duties payable to any Tax Authority in respect of any of these assets have (to the extent that they are due and payable) been paid in full, and no asset is liable to confiscation or forfeiture by virtue of non-payment or underpayment of any Tax or duty.

Stamp Duty and Stamp Duty Reserve Tax

19.3 All documents which are in the possession or control of the Company and which are subject to stamp duty or similar duty or charges and which establish or are necessary to establish the title of any Company to any material asset or by virtue of which any Company has any right have been duly stamped and all stamp duty or similar duty or charges properly paid thereon. Since the last Accounts Date no Company has incurred any liability to stamp duty reserve tax or any other similar duty or Tax.

Contracts

19.4 No contracts to which a Company is a party involve any future liabilities of a revenue nature which when incurred will not be deductible in computing profits for the purposes of corporation tax (or any corresponding Tax on profits

in any relevant jurisdiction) otherwise than as a result of any future changes in the law or as a result of any voluntary act after Closing.

Distributions and payments

19.5 Each Company has deducted and (insofar as they are due and payable) properly accounted to the appropriate Tax Authority for all amounts which it has been obliged to deduct in respect of or on account of Tax.

Employee benefits

19.6(a) All amounts payable to any Tax Authority or other appropriate authority in respect of any employee (including any Tax deductible from any amounts paid to an employee, and any national insurance, social fund or similar contributions required to be made in respect of employees) due and payable by any Company up to the date hereof have been duly paid and each Company has made all such deductions and retentions as should have been made under applicable laws or regulations.

(b) The Disclosure Letter contains details of all share incentive schemes, profit sharing schemes and profit related pay schemes established by any Company.

Close companies

19.7 No Company is, or has within the last 6 years been, a close company as defined in section 414 of the Taxes Act.

Group transactions

19.8 No Company has in the last 6 years acquired any asset (other than trading stock) from any company which at the time of the acquisition was a member of the same group of companies in circumstances such that section 171 of the Taxation of Chargeable Gains Act 1992 was applicable.

VAT

19.9 Each Company:

(a) has complied in all material respects with all VAT legislation, has made, given, obtained and kept full, complete, correct and up-to-date returns, records, invoices and other documents appropriate or required for those purposes and is not liable to any abnormal or non-routine payment of VAT, or any forfeiture or penalty, or to the operation of any penal provision in relation to VAT;

(b) has not been required by the Commissioners of Customs and Excise or other relevant Tax Authority to give security under paragraph 4 Schedule 11 of the Value Added Tax Act 1994 or any other VAT legislation as a condition of making supplies for the purposes of VAT;

(c) is not and has not been treated as a member of a group for the purposes of VAT legislation and has not applied for such treatment, and no transaction has been effected in consequence of which a Company is or may be held liable for any VAT arising from supplies made by another company;

(d) has not and nor has any relevant associate made any election under any VAT legislation in respect of any land in, over or in respect of which the Company has any interest, right or licence to occupy.

19.10 [Agreed deletion]

Residence and offshore interests

19.11 Each Company is and has at all times been resident for Tax purposes in its place of incorporation and is not and has not been treated as resident in any other jurisdiction for any Tax purpose (including any double taxation arrangement).

Additional U.S. Tax Warranties

20. Except as set forth in the Disclosure Letter:

(a) there are no liens for Taxes upon the assets or properties of ICI's US Business or upon ICI's US Assets or upon the PO/MTBE Business (as appropriate) except for statutory liens for Taxes not yet due and payable or Taxes being contested in good faith in appropriate proceedings;

(b) no US federal, state, local or non-US audits, claims, assessments, examinations, investigations, actions, suits or other administrative proceedings or court proceedings (Audit) exist or have been initiated with regard to any Taxes or Tax Returns in respect of ICI's US Business and ICI's US Assets or upon the PO/MTBE Business (as appropriate), and none of ICI or any of its Subsidiaries or HSCC or its Subsidiaries (as appropriate) has received any written notice that such an Audit is pending, proposed, or threatened with respect to any Taxes due in respect

of ICI's US Business and ICI's US Assets or upon the PO/MTBE Business (as appropriate) or any Tax Return filed by or with respect to ICI or any of its Subsidiaries or HSCC or its Subsidiaries (as appropriate);

(c) none of ICI or any of its Subsidiaries or HSCC or its Subsidiaries (as appropriate) has requested or received an adverse ruling from any Tax Authority in respect of ICI's US Business or ICI's US Assets or in respect of the PO/MTBE Business (as appropriate), or signed a closing or other agreement with any Tax Authority, in respect of ICI's US Business or ICI's US Assets or in respect of the PO/MTBE Business (as appropriate), which could have an adverse effect on ICI's US Business or ICI's US Assets or upon the PO/MTBE Business (as appropriate) after the Closing Date;

(d) none of ICI's US Business or ICI's US Assets or the PO/MTBE Business (as appropriate) is subject to any obligation under any Tax sharing agreement, Tax indemnification agreement or similar contract or arrangement. None of ICI or any of its Subsidiaries or HSCC or its Subsidiaries (as appropriate) is aware of any potential liability or obligation in respect of ICI's US Business or ICI's US Assets or in respect of the PO/MTBE Business (as appropriate), to any person as a result of, or pursuant to, any such agreement, contract or arrangement;

(e) no claim has been made in writing, or to the knowledge of ICI or any of its Subsidiaries or HSCC or its Subsidiaries (as appropriate) within the past 2 years, by a Tax Authority in a jurisdiction where ICI or any of its Subsidiaries or HSCC or its Subsidiaries (as appropriate) does not file Tax Returns in respect of ICI's US Business or ICI's US Assets or in respect of the PO/MTBE Business (as appropriate), to the effect that ICI or any of its Subsidiaries or HSCC or its Subsidiaries (as appropriate) is or may be subject to Tax in respect of ICI's US Business or ICI's US Assets or in respect of the PO/MTBE Business (as appropriate);

(f) no transferor of any of ICI's US Assets or of the PO/MTBE Business (as appropriate) is a non-US person within the meaning of Section 1445 of the Code.

Dutch Tax Warranties

21.1 All Companies that are incorporated in the Netherlands form part of a fiscal unity as meant in Article 15 of the Netherlands Corporate Income Tax Act, 1969 (Wet op de vennootschapsbelasting 1969) or as meant in Article 7(4) of the Netherlands Value Added Tax Act, 1968 (Wet op de amzetbelasting 1968). The Companies that form part of the fiscal unity comprise ICI Holland BV, Chemical Blending Holland BV, ICI Iota BV, ICI Polyurethanes (China) Holding BV with the parent company being ICI Theta BV.

21.2 Within the fiscal unity of which the Companies have formed part until the Closing Date no transactions as meant in the so-called "16 standard condition of Resolution of September 30, 1991 no DB91-230 (as amended)" have taken place.

21.3 As of the Closing Date there are no tax liabilities for which the Companies can be held liable pursuant to Article 39 of the Tax Collection Act.

Tax Events since The Accounts Date

22.1 Since the Accounts Date:

(A) no Company has declared, made or paid any distribution;

(B) no accounting period by reference to which Income, Profits or Gains are measured or determined of any Company has ended;

(C) there has been no disposal of any asset (including trading stock) or supply of any service or business facility of any kind (including a loan of money or the letting, hiring or licensing of any property whether tangible or intangible) for a consideration in excess of (Pounds)10 million in circumstances where the consideration actually received or receivable for such disposal or supply was less than the consideration which is deemed to have been received for Tax purposes;

(D) no Company has been a party to any transaction for which any Tax clearance provided for by statute could have been obtained but was refused;

(E) no Company has paid or become liable to pay any interest or penalty in connection with any Tax, has otherwise paid any Tax after its due date for payment or owes any Tax the due date for payment of which has passed.

22.2 Each Company has or has reasonable access to sufficient records relating to past events, including any elections made, to calculate the Tax liability or relief which would arise on any disposal or on the realisation of any asset owned at the Accounts Date by that Company or acquired by that Company since that date but before Closing.

22.3 No Company has received any notice from any Tax Authority which required or will require such member to withhold Tax from any payment made since the Accounts Date or which will be made after the date of this Agreement.

Other Interests of Vendor's Group

23. Save in relation to the arrangements which are the subject matter of clause 15 and/or Schedules 17, 20 or 22 there is no agreement or contract to which any Company or any Business Vendor (in relation to any Local Business) is a party and to which any member of the Vendor's Group (as constituted following Closing) is a party or in which any such member is otherwise interested in any way whatsoever which shall continue beyond the Closing Date and which is not on arm's length commercial terms.

Borrowings

24. The Disclosure Letter sets out for each Company details of all outstanding loan capital and all borrowings and indebtedness of that company owed to a Financial Institution which it had not repaid or satisfied as at 31 March, 1999 which are of a long term nature (long term for this purpose meaning that their maturity date is more than one year after that date).

Joint Ventures

25.1 So far as the Vendor is aware, paragraphs 1 (other than paragraph 1.3(a)), 2, 3, 4, 5, 6, 7, 8, 10, 11, 17 and 18 (with references therein to the Companies being replaced by references to the Warranted Joint Ventures are true and accurate, or (other than in relation to paragraph 3.3, in the case of LPC, or paragraph 3.1, in the case of Rubicon) to the extent that the matters referred to therein are not true and accurate, they will not cause a material adverse effect on the Tioxide Business in relation to Louisiana Pigment Company L.C. or on the Polyurethanes Business in relation to Rubicon, Inc.

25.2 Paragraph 1.3(a) (in relation to Warranted Joint Ventures and with the deletion of "will cause a material adverse effect on the relevant business") is true and correct.

25.3 Other than in relation to Warranted Joint Ventures:

(a) Each of the Share Selling Companies specified in Part IV of Schedule 1 is the sole legal and beneficial owner of the Joint Venture Interests set alongside its name in column 3 of such Part IV of Schedule 1 free from any encumbrance, equity or third party rights, other than (and subject to) the terms of the Joint Venture Agreements and the constitution of the Non-Controlled Joint Ventures.

(b) So far as the Vendor is aware, no Share Selling Company is in breach of, or default under, any Joint Venture Agreement, the consequence of which will cause a material adverse effect on the relevant Business.

(c) There are no outstanding (or anticipated during the next 183 days) cash calls, capital calls or other material liabilities affecting the Share Selling Companies in relation to their shareholdings in any Non-Controlled Joint Ventures.

US Embargoes

26.1 So far as the Vendor is aware each Company and Business Vendor which is a US subsidiary of ICI or other form of US entity has been in compliance in all material respects for at least the last three years with applicable US laws regarding (1) export licensing, and (2) embargoes or similar restrictions relating to Iran, Iraq, Libya, Sudan, Cuba and North Korea save to the extent, if any, that any such non-Compliance would not have a material adverse effect on the relevant Business.

26.2 So far as the Vendor is aware no Relevant Company or Business Vendor derives 20 per cent. or more, or in the case of Cuba and North Korea, any of its profits from sales of goods, services and/or technology to countries, or to nationals or "Specially Designated nationals" of countries, individually or collectively, that

are subject to commercial embargoes or similar restrictions by the United States in respect of Iran, Iraq, Libya, Sudan, Cuba and North Korea.

SCHEDULE 10

LIST OF INDIVIDUALS - VENDOR'S AWARENESS

PART A:

Patrick Thomas, Chief Executive Officer

Martin Casey, Planning Director

David Payne, Business Director EAME

Gordon Ross, President Polyurethanes Americas

Tony Hankins, Business Director APAC

Arun Watts, Technical Director

John O'Neill, HR & Operations Director

Graham Thompson, International Business Controller

David Carter, Chief Financial Officer

David Anderson, HR

John Dawson, Pensions

Martin Bell, Environment (for non-US only)

Sam Malovhr, Environment (for US only)

Bob Walker, Business Development Manager

Peter Cornes, Hydrocarbons Director

Duncan Emerson, Finance Manager

Guido Steinbach, Commercial Manager

David Flett, Technical Manager

Dave Wilkins, Manufacturing Manager

Richard Westlake, Business Manager

Rob Cooper, Commercial Manager

Hugh Brown, Pensions

Phil Roberts, Environment

Doug Coombs, Chief Executive Officer

David Croft, Chief Financial Officer

Brian Thomas, Planning & YK2 Manager

John Russell, Commercial & Technical Director

Steve Ward, Regional Director, Europe, Middle East and Africa

John Collingwood, Regional Director, Americas

Mahomed Maiter, General Manager, Materials

Rob Louw, Group Supply Manager

David Porter, Environment

Ian Machin, Information Technology

David Allen, HR Tioxide

Peter Gill, Estates Manager

Arie Plaisier, Business SHE Manager

Michael Herlihy

Andy Ransom

Dr Henk Lans - only SHE and only Rozenburg

John Billington, Site Manager Umbogintwini

Rojano Saad, General Manager, Telkk Kalag

A G Spall - CFO.

Wayne Damacal, Site Manager Greatham

Colin Deas, Site Manager- Grimsby

Eric Barents, Rozenburg

Dominique Vannents, Site Manager - Calais

Luigi Cutrane, Site Manager - Scarlino

Gerardo Rojas, Site Manager - Huelva

Rob Margetts

Peter Shaw

David Gee

Michael Maughan - Tioxide only

Rick Carter - Relevant Petrochemicals only

Peter Whittle - Tioxide only

Mike Smith

Paul Hulme

Charles Miller Smith

John Nevard

Max White, HR Relevant Petrochemicals

Michael Gardner, CCO Relevant Petrochemicals

Steve Roberts, IT Relevant Petrochemicals

Rachel Draper

PART B

Gordon L Ross, President Polyurethanes Americas

Steve Hostetter, Americas Director Finance & IT

William Hutchinson, Vice President Law

James McCarty, Director, Business Resource Group Americas

John Collingwood, President and CEO Tioxide Americas

Rene Lachance, VP Finance and Admin Tioxide Americas

Guy Gauthier, VP Operations Tioxide Americas

John Gush, Director of Marketing and Supply Chain Tioxide Americas

SCHEDULE 11

PENSIONS

Part 1: Global Pensions Provisions

PART A: GENERAL PENSIONS PRINCIPLES

Interpretation

1.1 In this Schedule the following expressions shall have the following meanings unless otherwise provided in any other Part of this Schedule:

Actuarial Method and Assumptions has the meaning given to that expression in paragraph 6.3 of the Valuation Principles;

General Principles means the provisions of Part 1A of this Schedule;

Interim Period Adjustment has the meaning given to that expression in paragraph 5 of the General Principles;

Local Interest Rate means the rate determined by the Vendor as equivalent to the cost to the Vendor of borrowing in the currency in question for the period in question and agreed by the Purchaser or the cost to the Purchaser as agreed by the Vendor (as the case may be) and, in default of agreement, as may be determined under paragraph 8;

Local Timing Adjustment means:

(a) in the case of a Retirement Benefit Scheme to which Part 2, 3 or 4 of this Schedule relates the adjustment or interest rate (if any) specified in the relevant Part (Relevant Part)

(b) if (a) does not apply, in the case of a Retirement Benefit Scheme where a timing adjustment in respect of the period from the Closing Date until the date of payment of assets, based on a portfolio or notional portfolio of investments, is made to a transfer amount calculated as at the Closing Date

transferred to a Purchaser's Scheme, the inverse of the timing adjustment in the case concerned, provided that the timing adjustment:

(i) is identified in the Relevant Part; or

(ii) is otherwise agreed in writing by the Vendor and the Purchaser;

(c) if (a) or (b) do not apply, the Local Interest Rate;

Market Adjustment Factor means:

(a) in respect of a Retirement Benefit Scheme identified in the Relevant Part as being one to which a market value adjustment is to apply, the market adjustment factor stated in that Relevant Part or, if none is stated, a market adjustment factor agreed by the Vendor and the Purchaser (or, in default of agreement, determined in accordance with paragraph 8) which is consistent with the Actuarial Method and Assumptions used under the Valuation Principles for valuing liabilities in respect of the Retirement Benefit Scheme to which the defined benefit Retirement Benefit Rights in question relate;

(b) if (a) does not apply, one;

Pensions Principles means Parts 1A and 1B of this Schedule;

Purchaser's Actuary means such actuary or firm of actuaries as the Purchaser may determine for the purposes of these Pension Principles;

Purchaser's Scheme means any scheme, plan, fund or arrangement of any member of the Purchaser's Group relating to the provision of Retirement Benefit Rights;

Regular Pension Cost has the meaning given to that expression in paragraph 6.4;

Retirement Benefit Rights means any pension, lump sum, gratuity, or a like benefit other than benefits provided under 401K plans in the USA provided or to be provided on retirement or on death in respect of an employee's employment. Post-retirement medical or dental benefits are deemed to be Retirement Benefit Rights but benefits provided under an arrangement the sole purpose of which is to provide benefits on injury or death by accident occurring while an Employee are not Retirement Benefit Rights;

Retirement Benefit Scheme means each scheme, plan, fund or arrangement (other than 401K plans in the USA) of any member of the Vendor's Group for the provision of Retirement Benefit Rights to or in respect of Employees (or former employees of any of the Relevant Companies) and, for the avoidance of doubt, includes any such scheme, plan, fund or arrangement which has not been disclosed in the Data Room. Retirement Benefit Scheme shall in addition include, for the purposes of Parts 1B and 1C of this Schedule 11 only, each scheme, plan, fund or arrangement (other than 401K plans in the USA) in which the Employees or former employees of a company in which there is a Joint Venture Interest participate;

Transferring Employee means an Employee with Retirement Benefit Rights;

Valuation Principles means the provisions set out in Part 1B of this Schedule;

Vendor's Actuary means such actuary or firm of actuaries as the Vendor may determine for the purposes of these Pension Principles;

1.2 Unless the context requires otherwise, references to paragraphs are to paragraphs of the same part of these Pension Principles.

1.3 These Pension Principles shall apply separately to each Relevant Part.

Retirement Benefit Rights to be provided by the Purchaser

2.1 In relation to each Transferring Employee, the Purchaser will continue to provide or procure to be provided:

(a) equivalent Retirement Benefit Rights in respect of service prior to Closing, and

(b) equivalent Retirement Benefit Rights in respect of service for the period of four years on and after the Closing Date,

to the Retirement Benefit Rights of that Transferring Employee immediately before the Closing Date. The obligation under (a) shall not apply to Retirement Benefit Rights of a Transferring Employee which remain to be provided by a member of the Vendor's Group.

2.2 For the purpose of paragraph 2.1:

(a) equivalent means equivalent in value and will be determined, in the case of defined benefit Retirement Benefit Rights, using the Valuation Principles, and

(b) the Purchaser will prior to Closing or, if later, the end of any

participation period (as appropriate) consult with the Vendor with regard to the provisions of equivalent Retirement Benefit Rights.

Accrued Retirement Benefit Rights to transfer to the Purchaser

3.1 The Vendor and the Purchaser shall co-operate fully with each other in the transfer mechanics with the aim of ensuring that, subject to legal requirements and paragraph 3.3, the Retirement Benefit Rights of all Transferring Employees transfer to the Purchaser's Group.

3.2 Where following Closing or, where applicable, the Delayed Closing Date, no active members of a Retirement Benefit Scheme will be retained as employees of a member of the Vendor's Group , the transaction shall be structured, subject to the agreement of the Purchaser and legal requirements, so as to transfer that Retirement Benefit Scheme to the Purchaser's Group.

3.3 The mechanics of achieving paragraphs 2, 3.1 and 3.2 will be determined by the applicable laws of the jurisdiction in question and the legal provisions conferring and governing the Retirement Benefit Rights.

3.4 Where any transfer of Retirement Benefit Rights or assets in respect of those Retirement Benefit Rights requires the approval or consent of any regulatory body or any third party (including the Transferring Employees), the Vendor and the Purchaser shall use their respective reasonable endeavours to obtain such approvals and consents.

References to Transferring Employees to include former employees in certain circumstances

4. Where the Purchaser's Group assumes, or the Purchaser's Scheme assumes, responsibility not only for the accrued Retirement Benefit Rights for Transferring Employees but also for accrued Retirement Benefit Rights of former employees and those whose Retirement Benefit Rights arise or have arisen on death, references to Transferring Employees in these Pension Principles shall be construed as including references to former employees and those whose benefits arise on death of employees or former employees.

Transfer Payment from Funded Retirement Benefit Scheme

5.1 Subject to paragraph 5.2, in relation to the transfer of Retirement Benefit Rights provided under a funded Retirement Benefit Scheme:

(a) the Vendor shall use its reasonable endeavours to procure that, subject to paragraph 3.3, a transfer of assets equal to the aggregate of:

(i) the value of those Retirement Benefit Rights calculated in accordance with the Valuation Principles (Unadjusted Transfer Amount), adjusted for the period from and including the Closing Date to the date of transfer by the Local Timing Adjustment (Transfer Amount), and

(ii) the Interim Period Adjustment (if any) applicable to those Retirement Benefit Rights,

is made from that Retirement Benefit Scheme to a Purchaser's Scheme;

(b) the Purchaser shall use its reasonable endeavours to procure, subject to paragraph 3.3, that the Purchaser's Scheme has all necessary powers, approvals and consents to accept that transfer, and accepts that transfer; and

(c) subject to paragraph 3.3, the Vendor and the Purchaser shall use reasonable endeavours to procure that the transfer takes place promptly after the valuation required for the purposes of the Valuation Principles has been completed. The date of transfer shall be agreed by the Vendor and the Purchaser (or, in default of agreement, determined under paragraph 8).

5.2 Where on the Closing Date or, where applicable, the Delayed Closing Date a Retirement Benefit Scheme transfers to the Purchaser's Group (whether by operation

of law or pursuant to paragraph 3.2) and, accordingly, the Retirement Benefit Rights of the Transferring Employees transfer to the Purchaser's Group then paragraph 5.1 does not apply in respect of the Retirement Benefit Rights provided under that Retirement Benefit Scheme.

5.3 Where, in accordance with paragraph 5.1, a transfer of assets is being made from a Retirement Benefit Scheme in relation to any Transferring Employee, and paragraph 6 applies to that Retirement Benefit Scheme, the Interim Period Adjustment referred to in paragraph 5.1 will be an amount equal to:

(a) those payments in respect of that Transferring Employee which have been paid under paragraph 6 and which relate to the period from the day after the Closing Date to the date on which the pensionable service of the Transferring Employee ceases to accrue in that Retirement Benefit Scheme, less

(b) a reasonable adjustment to reflect the cost of insuring or self-insuring any risk benefits after the Closing Date and a reasonable deduction in respect of administration expenses after the Closing Date, in each case, as specified in the Relevant Part or if none is specified, as agreed between the Vendor and Purchaser (or in default of agreement, as determined under paragraph 8),

such net contributions being adjusted in accordance with the Local Timing Adjustment from and including the respective actual date of payment of the same to and excluding the date of actual payment under paragraph 5.1.

Funded Retirement Benefit Scheme: Interim Participation

6.1 The member of the Purchaser's Group (the Participating Employer) which employs a Transferring Employee immediately after Closing or where the appropriate Delayed Closing Date may participate in a funded Retirement Benefit Scheme to which paragraph 5.1 applies in respect of that Transferring Employee if:

(a) the Vendor and the Purchaser agree in writing and to the extent permitted by law and the relevant Retirement Benefit Scheme, or

(b) such participation is required by law,

for a period agreed between them in writing (or such lesser period as may be required by law or the relevant Retirement Benefit Scheme) and on such terms as the Vendor may reasonably require. The remainder of this paragraph 6 shall apply if any period of participation is agreed.

6.2 The Purchaser undertakes to procure that the Participating Employer shall cease to participate in the applicable Retirement Benefit Scheme on or before the end of the period agreed under paragraph 6.1.

6.3 Unless the Vendor and the Purchaser otherwise agree there shall be paid to the Retirement Benefit Scheme contributions equal to the Regular Pension Cost of the Transferring Employees of that member of the Purchaser's Group in respect of the period from and including the day after the Closing Date to and including the date pensionable service in the Retirement Benefit Scheme ends.

6.4 The Regular Pension Cost is the regular cost of the Retirement Benefit Rights accruing from time to time determined by reference to the Valuation Principles before any reduction to take account of any surplus and before any increase to take account of any deficit. For the avoidance of doubt, such regular cost shall include an amount in respect of the insurance or self insurance of risk benefits and administration expenses.

6.5 The contributions in respect of the Regular Pension Cost shall be payable on the same dates as they would otherwise normally have been paid but for the sale (and but for any surplus).

6.6 In respect of any contributions which are paid after the due date, an amount calculated as if it were interest on those contributions at the Local Interest Rate for the period from and including the due date to and excluding the date of actual payment shall be payable.

6.7 The Purchaser shall procure that with effect from the Closing Date the Participating Employer shall pay promptly the amounts under paragraphs 6.3 to 6.5 to the Retirement Benefit Scheme in question in respect of periods after the Closing Date together with any amount calculated as if it were interest which may be payable in accordance with paragraph 6.6.

Voluntary Fund

7.1 In this paragraph 7 the expression Voluntary Fund means a fund comprising those voluntary contributions, or the investment or moneys representing them and any income derived from them, in respect of which the entitlements of the members who have paid them are not related to earnings (however defined) but are based on the respective parts of such Voluntary Fund which are attributable to them.

7.2 Notwithstanding the other provisions of these Pension Principles, if within any Retirement Benefit Scheme there is a Voluntary Fund, the Voluntary Fund and the benefits payable from it and the contributions payable to it and any transfer payment made from it shall be disregarded for all the other provisions of the Valuation Principles.

7.3 Where the Retirement Benefit Rights of Transferring Employees are provided under a Retirement Benefit Scheme which does not transfer to the Purchaser's Group on or after the Closing Date, the Vendor shall use its reasonable endeavours to procure that the part of the Voluntary Fund attributable to the Transferring

Employees in question in accordance with the provisions of the Retirement Benefit Scheme is transferred to the Purchaser's Scheme at the same time as the transfer amount in respect of the Retirement Benefit Rights of those

Transferring Employees in the Retirement Benefit Scheme is transferred to the Purchaser's Scheme.

Disputes

8.1 Any dispute between the Vendor and the Purchaser or between the Vendor's Actuary and the Purchaser's Actuary concerning the determination or valuation or agreement of any matter to be specifically determined, valued or agreed under these Pension Principles shall, in the absence of agreement between them within three months from when the dispute first arose, be referred to an independent actuary agreed by the Vendor and the Purchaser or, failing such agreement, appointed by the President for the time being of the Institute of Actuaries in England at the request of the party first applying.

8.2 Such independent actuary shall act as an expert and not as an arbitrator. His decision shall be final and binding on the parties and his expenses shall be borne between the Vendor of the one part and the Purchaser of the other part as the independent actuary may direct.

No third party rights

9. Nothing contained in these Pension Principles confers or is intended to confer any rights or remedies upon any person other than the parties to this Agreement.

Purchaser not to cause increase in transfers of assets

10. The Purchaser undertakes to the Vendor to take no action and to give no assistance whether directly or indirectly to any person in any manner which would or might result in a Retirement Benefit Scheme from which a transfer of assets is made to a Purchaser's Scheme having to pay a larger amount to the Purchaser's Scheme than the amount which is such that the assets transferred in respect of those Retirement Benefit Rights which transfer to the Purchaser's Scheme are equal in value as at the Closing Date, adjusted in accordance with the remaining provisions of these Pension Principles. The Purchaser agrees that this undertaking extends to the Purchaser and the members of the Purchaser's Group and applies both before and after the time when the pensionable service of the Transferring Employees concerned ceases to accrue in that Retirement Benefit Scheme.

Vendor and Purchaser to undertake not to increase the regular pension cost or pension liabilities

11.1 The Vendor undertakes to the Purchaser that, except to the extent required by law, insofar as it is within its power or under its control, it will procure that no change will be made to the Retirement Benefit Rights of any Transferring Employee

in respect of the period from the date of signing of this Agreement to the Closing Date (or, where paragraph 6 applies, the date on which that Transferring Employee's pensionable service ends in the Retirement Benefit Scheme of which he is a member, if later) without the consent of the Purchaser (such consent not to be unreasonably withheld or delayed). Where a change is required by law the Vendor shall, insofar as it is within its power or under its control, notify the Purchaser of that change prior to its implementation and, if the Purchaser so requests, consult with the Purchaser if there is an alternative to the proposed change.

11.2 If the Vendor is in breach of the undertaking in paragraph 11.1, the cost to the Purchaser shall be agreed between the Vendor and the Purchaser by applying the Valuation Principles with necessary changes (and, in default of agreement, paragraph 8 shall apply).

11.3 With effect from Closing Date, the Purchaser undertakes that, except to the extent required by law, insofar as it is within its power or under its control, neither the Purchaser nor any member of the Purchaser's Group nor any company acquired by any member of the Purchaser's Group from any member of the Vendor's Group will, without the consent of the Vendor (such consent not to be unreasonably withheld or delayed), take any action or exercise or permit the exercise of any right, power or discretion which would have the consequence of increasing the cost to a member of the Vendor's Group or to any Retirement Benefit Scheme in respect of the Retirement Benefit Rights of any Employee (or former employee or any one claiming through or by reference to any Employee or former employee) whether as a result of creating new liabilities or increasing existing liabilities in a Retirement Benefit Scheme or otherwise, save that the remuneration of Transferring Employees may be increased by the percentage assumed for salary increases under the Valuation Principles or such greater percentage as may be agreed by the Vendor and the Purchaser. Where a change is required by law the Purchaser shall, insofar as it is within its power or under its control, notify the Vendor of that change prior to its implementation and, if the Vendor so requests, consult with the Vendor if there is an alternative to the proposed change.

11.4 If the Purchaser is in breach of the undertaking in paragraph 11.3, the cost to any member of the Vendor's Group or to any Retirement Benefit Scheme shall be agreed between the Vendor and the Purchaser by applying the Valuation Principles with necessary changes (and, in default of agreement, paragraph 8 shall apply).

Reverse Transfers

12.1 Where a funded Retirement Benefit Scheme transfers to the Purchaser's Group but there are employees to be retained in the Vendor's Group who are members of that Retirement Benefit Scheme (Retained Employees), these Pension Principles (with such necessary changes as may be agreed between the Vendor and the Purchaser or, in default of agreement, as determined under paragraph 8) shall

apply in relation to the transfer of the Retirement Benefit Rights of the Retained Employees back to a Retirement Benefit Scheme, or to any other plan of any member of the Vendor's Group (the Receiving Scheme).

12.2 For the avoidance of doubt the provisions of:

(a) paragraph 6 will apply with the necessary changes to any period of continued participation requested by a member of the Vendor's Group in the transferred Retirement Benefit Scheme in respect of any Retained Employee; and

(b) paragraph 5 shall, in particular, apply in respect of any transfer of funded Retirement Benefit Rights of Retained Employees so that the value (calculated as at the Closing Date in accordance with the Valuation Principles) of those Retirement Benefit Rights shall be transferred to the Receiving Scheme with appropriate adjustments being calculated, with any necessary changes, in accordance with paragraph 5(a) in respect of the period from the Closing Date.

Position where Retirement Benefit Rights are split

13.1 Where the Retirement Benefit Rights of a Transferring Employee are in part transferred to a Purchaser's Scheme or a member of the Purchaser's Group and in part retained by a member of the Vendor's Group or a Retirement Benefit Scheme which does not transfer to the Purchaser's Group, these Pension Provisions shall apply separately to the Retirement Benefit Rights which transfer and to the Retirement Benefit Rights which do not transfer. This is to the intent that it is only the Retirement Benefit Rights which transfer to which paragraph 5.1 is applicable and to which the Valuation Principles apply.

13.2 Where paragraph 13.1 applies, the remaining provisions of these Pension Provisions shall be modified accordingly.

Expatriate Arrangements

14.1 The Purchaser and the Vendor agree that, where the Retirement Benefit Rights of a Transferring Employee working in a jurisdiction other than his home jurisdiction include a Home Country Guarantee, any transfer of assets from the Home Retirement Benefit Scheme will, unless it is not permitted by local law or by the relevant regulatory authority and subject to paragraphs 3.3 and 3.4, and to the extent necessary include a transfer of assets in respect of any additional benefit required to meet the Home Country Guarantee.

14.2 The Purchaser and the Vendor agree that, if a transfer in accordance with paragraph 14.1 is not permitted by local law or by the relevant regulatory authority, they will use all reasonable endeavours to reach agreement on an alternative method of transferring the whole of the Transferring Employee's Retirement Benefit Rights

in accordance with these Pension Principles with such changes as may be necessary to give effect to that agreement.

14.3 For the purposes of this paragraph 14:

Home Country Guarantee means a promise that the Transferring Employee will receive the better of:

(a) Retirement Benefit Rights calculated as if the Transferring Employee had always worked in his home jurisdiction; and

(b) actual Retirement Benefit Rights in respect of his periods of membership of Retirement Benefit Schemes;

Home Retirement Benefit Scheme means the Retirement Benefit Scheme in the Transferring Employee's home jurisdiction from which the Home Country Guarantee is intended to be provided.

Industry-wide Retirement Benefit Schemes

15.1 Nothing in these Pension Principles or Part 1C shall apply to any Industry-wide Scheme in which any member of the Vendor's Group participates in respect of Transferring Employees.

15.2 For the purposes of this paragraph 15:

Industry-wide Scheme means any multi-employer scheme, plan, fund or arrangement

for the provision of Retirement Benefit Rights in which employers which are not Subsidiaries of the same holding undertaking (unassociated employers) may participate (other than a scheme, plan, fund or arrangement in which unassociated employers may participate only for a limited period following a financial transaction).

Purchaser's general covenant

16.1 For the purposes of this paragraph 16:

Relevant Claim means a claim brought by a Relevant Person which relates to Retirement Benefit Rights which are attributable to any period of employment prior to the Closing Date (or, if later, the date pensionable service in a Retirement Benefit Scheme ends), and which have transferred to the Purchaser's Group, save that no claim in respect of Retirement Benefit Rights shall constitute a Relevant Claim on the grounds that a Relevant Person was denied access to a Retirement Benefit Scheme prior to the Closing Date or where the claim arises out of any default of the Vendor prior to the Closing Date in circumstances where and in relation to a Retirement Benefit Scheme which does not transfer to the Purchaser's Group.

Relevant Person means any person:

(a) who is a Transferring Employee (or any person whose benefits arise on the death of such a Transferring Employee or, where paragraph 4 of the General Principles applies, former employees and those whose benefits arise on the death of employees or former employees), and

(b) whose Retirement Benefit Rights in respect of any period of service prior to Closing Date, or, if later, the date pensionable service in a Retirement Benefit Scheme ends, transfer from a funded Retirement Benefit Scheme to a Purchaser's Scheme.

Liability means any liability, loss, damage, cost, claim or reasonable expense arising out of or in connection with any Relevant Claim.

16.2 The Purchaser covenants with the Vendor to pay to the Vendor forthwith upon demand an amount equal to any Liability which is incurred or sustained by the Vendor or a Retirement Benefit Scheme arising out of or in connection with any Relevant Claim brought by a Relevant Person.

16.3 Insofar as any Liability relates to the value of any Retirement Benefit Rights, the amount of such Liability shall be calculated using such reasonable actuarial method and assumptions as may be agreed between the Vendor and Purchaser or, in default of agreement, as may be determined in accordance with paragraph 8.

16.4 Where any Liability is determined in a currency other than dollars it shall be converted into dollars at the date of payment by the Purchaser in accordance with clause 1.4 of this Agreement.

16.5 The time value of the amount payable under paragraph 16.2 shall be maintained by increasing it by an amount calculated as if it were interest at the Local Interest Rate on the amount under paragraph 16.2 for the period from the date as at which the amount of the Liability has been quantified to the date of payment of the amount in question to the Vendor.

16.6 Where the Vendor becomes aware of any claim or proceeding or any threat thereof (Proceedings) the Vendor shall give notice to the Purchaser as soon as reasonably practicable together with all information in the Vendor's possession and which is, in its reasonable opinion, relevant to the Proceedings.

16.7 The Vendor shall not respond in any way (save as reasonably directed or allowed by the Purchaser or by way of acknowledgement) to the Proceedings and in particular (without prejudice to the generality of this condition) make any admission of any kind. This is subject to the Purchaser giving the appropriate direction within a reasonable time (and in any event in good time for the Vendor to meet any applicable time limits).

16.8 The Purchaser shall be allowed the sole conduct of any matter to which the indemnity under paragraph 16.2 relates (including all communication and negotiation with the person or persons concerned in the Proceedings or their representatives), having due regard to any continuing relationship the Vendor may have with the said person or persons. The Vendor shall render to the Purchaser all such assistance in relation thereto as the Purchaser reasonably requires and as lies within the Vendor's power to provide (provided the Purchaser reimburses the Vendor the costs and expenses of doing so).

16.9 The Purchaser shall, in the conduct of any matter to which this indemnity relates, keep the Vendor fully informed and act in a prompt and proper manner.

16.10 The Vendor may take such action as is necessary to prevent it losing the right to defend any claim if the Purchaser, having received notification under paragraph 16.6, has not provided the Vendor with evidence of the Purchaser having taken action necessary to defend or settle the claim or confirmation that such action is being duly taken.

PART B: VALUATION PRINCIPLES

Transferring Retirement Benefit Rights to be valued

1. The provision of this Part B shall apply only:

(a) for the purpose of valuing Retirement Benefit Rights and assets where there is a transfer of such rights provided under a funded Retirement Benefits Scheme; and

(b) if the Purchaser makes an election under paragraph 10.1 of Part C.

2. Unless the Vendor and the Purchaser otherwise agree, the valuations required for the purpose of paragraph 1 will be undertaken by the Vendor's Actuary and agreed by the Purchaser's Actuary or, in default of agreement, determined in accordance with paragraph 8 of the General Principles.

3. The Vendor and the Purchaser shall each:

(a) use all reasonable endeavours to procure that any information which may reasonably be required by the Vendor's Actuary or the Purchaser's Actuary for the purpose of undertaking and agreeing such valuation shall, to the extent that it is within the power or control of the Vendor or the Purchaser, as the case may be, be supplied to such actuary and that any such information so supplied shall be true, complete and accurate in all material respects, and

(b) use all reasonable endeavours to procure that its actuary acts promptly and that such valuations are completed promptly.

Valuation basis

4. The following provisions of these Valuation Principles will be applied for the purposes of valuing Retirement Benefit Rights and assets.

Defined contribution Retirement Benefit Rights

5.1 Subject to paragraph 5.2, in relation to defined contribution Retirement Benefit Rights, the value of those Retirement Benefit Rights shall be calculated on the basis that those rights are fully vested.

5.2 Where an Employee is able to elect for a return of moneys to him in respect of funded defined contribution Retirement Benefit Rights, paragraph 5.1 does not apply to any Employee in relation to those Retirement Benefit Rights where he elects for a return of moneys.

Defined benefit Retirement Benefit Rights

6.1 In relation to defined benefit Retirement Benefit Rights, the Transfer Value equals the value of the defined benefit Retirement Benefit Rights calculated on the basis of the Actuarial Method and Assumptions.

6.2 For the purpose of paragraph 6.1, the valuation of all funded defined benefit Retirement Benefit Rights and the value of all assets referred to in paragraph 6.1 will be determined as at the Closing Date. No value shall be attributed to such rights in respect of post-Closing Date service or to contributions in respect of post-Closing Date service.

6.3 For the purpose of paragraph 6.1, the Actuarial Method and Assumptions for valuing defined benefit Retirement Benefit Rights will be:

(a) those specified in the Actuary's Letter specified in the Relevant Part in respect of the particular Retirement Benefit Scheme;

(b) to the extent that (a) does not apply, subject to paragraph 6.4, the same as those most recently disclosed to the Purchaser prior to 27 March 1999 in relation to the Retirement Benefit Scheme to which the Retirement Benefit Rights relate;

(c) to the extent that (a) and (b) do not apply, subject to paragraph 6.4, the same as those used in the most recent actuarial valuation of the Retirement Benefit Scheme published on or before the date of this Agreement to which the Retirement Benefit Rights relate or disclosed in draft form in the Data Room and, in the case of a funded plan, also used for actually funding those benefits;

(d) to the extent that (a), (b) and (c) do not apply, subject to paragraph 6.4, the same as those used to determine the pension costs in relation to those Retirement Benefit Rights for the purposes of the Accounts;

(e) to the extent that (a), (b), (c) and (d) do not apply, subject to paragraph 6.4 such reasonable actuarial method and assumptions as may be agreed between the Vendor and the Purchaser or, in default of agreement, as determined under paragraph 8 of the General Principles.

6.4 As regards any established practice referred to in paragraph 2.2 of the General Principles, where explicit allowance is made for such established practice in the Relevant Part or in relation to the Retirement Benefit Rights in question, that allowance (and no further or other allowance) shall be made in determining the value of those Retirement Benefit Rights. Where no explicit allowance is made, then no allowance shall be made in determining their value.

6.5 References to defined benefit Retirement Benefit Rights in these Valuation Principles include unfunded defined contribution Retirement Benefit Rights and post-retirement medical and dental benefits which are Retirement Benefit Rights.

Valuation of assets

7.1(a) Subject to (b) below and paragraph 7.2, for the purpose of paragraph 6.1 the value of assets shall be taken as the market value of those assets multiplied by the Market Adjustment Factor.

(b) Insurance policies shall be valued in accordance with the method specified in paragraph 6.3, or if there is no method specified, by such method as may be agreed between the Vendor and the Purchaser or in default of agreement, determined under paragraph 8 of the General Principles.

7.2 Where there is a transfer of assets from a Retirement Benefit Scheme to a Purchaser's Scheme, before applying paragraph 7.1, the value in local currency of the assets transferred, subject to paragraph 7.3, as at the date of transfer will be adjusted in respect of the period from date of transfer to the Closing Date by reference to the Local Timing Adjustment to give the value of those assets as at the Closing Date.

7.3 Where the assets transferred include an amount in respect of the Regular Pension Cost, that amount shall, to the extent it has been paid as required under paragraph 6 of the General Principles, be deducted for the purpose of paragraph 7.3.

General

8. If the valuation method referred to in paragraph 6.3 would otherwise value the accrual of Retirement Benefit Rights by reference to service after the Closing Date, it shall instead be based on service up to the Closing Date and any contributions in respect of post-Closing Date service shall be disregarded.

9. The preceding provisions of these Valuation Principles are subject, where applicable, to paragraph 13 of the General Principles.

PART C: NETTING

Interpretation

1.1 In this Part of this Schedule, the following expressions shall have the following meanings:

Excess means the Gross Excess multiplied by the Tax Adjustment Factor;

Gross Excess has the meaning given to that expression in paragraph 3.1 or 4.1, as appropriate;

Gross Shortfall has the meaning given to that expression in paragraph 3.2 or 4.3, as appropriate;

Shortfall means the Gross Shortfall multiplied by the Tax Adjustment Factor;

Tax Adjustment Factor means 0.65;

1.2 Except where the context requires otherwise references to paragraphs are to paragraphs of this Part of this Schedule.

Calculation of a shortfall and excess

2.1 This paragraph 2 shall apply separately in relation to the Retirement Benefit Rights of Transferring Employees under each Retirement Benefit Scheme.

2.2 For the purpose of determining any values under paragraphs 3.1, 3.2, 4.1, 4.2, or 4.3, the provisions of paragraphs 5 to 9 of the Valuation Principles and paragraph 5 will apply.

Retirement Benefit Scheme transfers to the Purchaser's Group and Joint Venture Interests

3.1 In relation to the defined benefit Retirement Benefit Rights of Transferring Employees of a company or business where a Retirement Benefit Scheme transfers to the Purchaser's Group or in relation to a Retirement Benefit Scheme containing Retirement Benefit Rights of Transferring Employees of a company in which there is a Joint Venture Interest, where:

(a) the aggregate of:

(i) the value as determined in accordance with paragraph 7 of the Valuation Principles as at the Closing Date of the assets of that Retirement Benefit Scheme, plus

(ii) (subject to paragraph 10.7) the amount of any provision, as adjusted in accordance with paragraph 5, in respect of those defined benefit

Retirement Benefit Rights under that Retirement Benefit Scheme made in the Accounts,

exceeds

(b) the aggregate of:

(i) the value of those defined benefit Retirement Benefit Rights as determined in accordance with the Valuation Principles, plus

(ii) the amount of any prepayment, as adjusted on a basis consistent with paragraph 5, in respect of those defined benefit Retirement Benefit Rights under that Retirement Benefit Scheme in the Accounts,

(iii) to the extent not already included in (i) or (ii) above, the amount (if any) determined under paragraph 12.2 of the General Principles,

the amount by which (a) exceeds (b) is referred to as the Gross Excess.

3.2 Where the aggregate of paragraph 3.1(a) is less than the aggregate of paragraph 3.1(b), the amount by which paragraph 3.1(a) is less than paragraph 3.1(b) is referred to as the Gross Shortfall.

3.3. In calculating the Gross Excess or Gross Shortfall in relation to a Retirement Benefit Scheme in which a company in which there is a Joint Venture Interest participates:

(a) the Retirement Benefit Rights, assets, provisions and prepayments relating to employees who are not Employees or former employees of a company in which there is a Joint Venture Interest shall be disregarded; and

(b) only the appropriate JV Percentage of the Gross Shortfall or Gross Excess shall apply for the purposes of paragraph 10.

Retirement Benefit Scheme does not transfer to the Purchaser's Group

4.1 In relation to the defined benefit Retirement Benefit Rights of Transferring Employees of a company or business where a Retirement Benefit Scheme does not transfer to the Purchaser's Group, where:

(a) the aggregate of:

(i) the value as determined in paragraph 7 of the Valuation Principles and paragraph 4.2 as at the Closing Date of the assets transferred to a Purchaser's Scheme in respect of those defined benefit Retirement Benefit Rights, plus

(ii) (subject to paragraph 10.7) the amount of any provision, as adjusted in accordance with paragraph 5, in respect of those defined benefit Retirement Benefit Rights under that Retirement Benefit Scheme made in the Accounts,

exceeds

(b) the aggregate of:

(i) the value of those defined benefit Retirement Benefit Rights as determined in accordance with the Valuation Principles, plus

(ii) the amount of any prepayment, as adjusted on a basis consistent with paragraph 5, in respect of those defined benefit Retirement Benefit Rights under that Retirement Benefit Scheme in the Accounts,

(iii) to the extent not already included in (i) or (ii) above, the amount (if any) determined under paragraph 12.2 of the General Principles,

the amount by which (a) exceeds (b) is referred to as the Gross Excess.

4.2 The value of the assets for the purposes of paragraph 4.1(a)(i) shall be adjusted in accordance with the following principle:

the value in local currency of the assets transferred as at the date of

transfer will be adjusted by reference to the Local Timing Adjustment to give its value as at the Closing Date.

4.3 Where the aggregate of paragraph 4.1(a) is less than the aggregate of paragraph 4.1(b), the amount by which paragraph 4.1(a) is less than paragraph 4.1(b) is referred to as the Gross Shortfall.

Adjustment of Accounts provisions and prepayments

5. A provision or prepayment made in the Accounts must be adjusted in respect of the period from the Accounts Date to the Closing Date by reference to:

(a) the rate of interest specified in the Relevant Part for the relevant Retirement Benefit Scheme,

(b) if (a) does not apply, the rate of interest determined under paragraph 6.3(b) of the Valuation Principles, or

(c) if (a) and (b) do not apply, the Local Interest Rate.

General

6. Where a Shortfall or Excess has been determined in a currency other than dollars, it shall be translated into dollars as at the Closing Date in accordance with clause 1.4 of this Agreement.

7. Where:

(a) a transfer of assets is being made from a Retirement Benefit Scheme to a Purchaser's Scheme, and that transfer of assets is made by instalments, or

(b) assets are being transferred from a Retirement Benefit Scheme to a Retirement Benefit Scheme which transfers to the Purchaser's Group and such transfer has not been completed by the Closing Date,

the preceding provisions of this paragraph 2 shall be applied with such changes as the parties may agree to be fair to preserve the time value of the transferred assets as at the Closing Date or, in default of agreement, as may be determined under paragraph 8 of the General Principles.

8. The preceding provisions of paragraphs 2 to 7 are subject, where applicable, to paragraph 13 of the General Principles.

9. References to a provision or prepayment in the Accounts in paragraphs 2 to 8 shall not include a provision or prepayment arising due to a contribution to a funded Retirement Benefit Scheme being paid after or before the due date for payment of that contribution.

Global Netting Arrangements

10.1 If the Purchaser elects by the giving of written notice to the Vendor within three (3) months after the receipt of such relevant information as the Purchase may reasonably request, the provisions of this paragraph will apply.

10.2 Paragraphs 2 to 9 of this Part shall apply in relation to each of the Retirement Benefit Schemes.

10.3 An account shall then be taken of the Shortfalls and Excesses arising under paragraph 2 to 9 in respect of the Retirement Benefit Schemes as at such date as may be agreed between the Vendor and the Purchaser, or in default of agreement, as at the last day of the calendar month following the calendar month in which the last of such Excesses or Shortfalls (whichever is the later) has been determined in relation to the Retirement Benefit Schemes (the Calculation Date).

10.4 To preserve the time value of each such Shortfall and each such Excess in respect of the period from the Closing Date to the Calculation Date, there shall be added to each such Shortfall and each such Excess an amount calculated as if it were

interest at the Interest Rate (accrued daily) in respect of the period from and including the Closing Date to but excluding the Calculation Date.

10.5 Where the aggregate Shortfalls are greater than the aggregate Excesses a sum equal to the net difference between the Shortfalls and the Excesses shall be paid promptly by the Vendor to the Purchaser with an additional amount calculated as if it were interest on the net difference at the Interest Rate (accrued daily) in respect of the period from and including the Calculation Date to and excluding the date of actual payment.

10.6 The payment under paragraph 10.5 shall constitute an adjustment to the Final Consideration.

10.7 The aggregate of the all the provisions which shall be taken into account in accordance with paragraphs 3.1(a)(ii) and 4.1(a)(ii) shall be limited to a maximum of (Pounds)26,000,000.

Position where Retirement Benefit Rights are split

11.1 For the purposes of paragraphs 2 to 9, where the Retirement Benefit Rights of a Transferring Employee are in part transferred to a Purchaser's Scheme or a member of the Purchaser's Group and in part retained by a member of the Vendor's Group or a Retirement Benefit Scheme which does not transfer to the Purchaser's Group, a deduction will be made from the entire Retirement Benefit Rights of the Transferring Employee in respect of those which do not transfer.

11.2 The deduction in respect of those which do not transfer will be calculated on the basis set out in the Valuation Principles.

Purchaser's covenant in respect of breach of obligation not to increase costs

12.1 If the Purchaser is in breach of the undertaking in paragraph 11.3 of the General Principles, the Purchaser shall pay promptly to the Vendor or otherwise as the Vendor may direct any amount determined under paragraph 11.4 of the General Principles, together with an amount calculated as if it were interest by applying the Local Timing Adjustment from the date as at which the amount under paragraph 11.4 of the General Principles has been calculated to the date of payment of that amount.

12.2 The amount under paragraph 12.1 shall be calculated in the currency in which the cost would ordinarily be paid and shall be converted into dollars (unless otherwise calculated in dollars) on the date of actual payment in accordance with clause 1.4 of this Agreement.

Part 2: United Kingdom

The Pension Principles shall apply to all Retirement Benefit Schemes established in the United Kingdom but in the case of the Vendor's Scheme the Pension Principles shall apply subject to the modifications in this Part 2.

1. Interpretation

In this Part 2 of Schedule 11 the following further expressions shall have the following meanings:

Actuary's Letter means the letter from the Vendor's Actuary to the Purchaser's Actuary dated 30 March 1999, relating to the Vendor's Scheme established in the United Kingdom a copy of which is annexed in the Annex to this Part 2 of Schedule 11 .

Consenting Member means a person:

(a) who is an Employee and a Member at Closing;

(b) who begins to accrue retirement benefits as stated in paragraph 2 under the Purchaser's Scheme as of Closing and who continues to accrue those benefits at the Due Payment Date; and

(c) in respect of whom the Vendor's Scheme receives within one month of the distribution of election forms to Members, a signed election that a transfer payment be made from the Vendor's Scheme to the Purchaser's Scheme and who does not withdraw his election.

Due Payment Date means a date notified by the Vendor to the Purchaser which is not later than one month after all the Transfer Conditions have been satisfied provided they then remain satisfied.

Exempt Approved Scheme has the same meaning as in section 592 of the Income and Corporation Taxes Act 1988 and Exempt Approved is construed accordingly.

Member means, at any time or during any period specified in this schedule, an active member of the Vendor's Scheme (including a member who is temporarily absent under the Rules on maternity leave).

Purchaser's Scheme means the occupational pension scheme or schemes described in paragraph 2 and, where the context requires, includes its or their trustees.

Rules means, in relation to the Vendor's Scheme, the trust deeds, rules and other documents governing the Vendor's Scheme as identified in the Disclosure Letter.

Transfer Conditions means all of the following:

(a) The Board of the Inland Revenue has given written approval to the transfer of assets from the Vendor's Scheme and to the Purchaser's Scheme in respect of the Consenting Members and any condition to which that approval is subject is satisfied.

(b) The Purchaser has complied with its obligations under paragraph 2.

(c) The Vendor's Scheme has received the written elections that a transfer payment be made from the Vendor's Scheme to the Purchaser's Scheme

completed and signed by the Consenting Members.

(d) The calculation referred to in paragraph 3.5 has become final and binding as mentioned in that paragraph.

Vendor's Scheme means the retirement benefit scheme established by deed dated 22 July 1927 and governed by a deed dated 5 March 1996 (as amended) known as the ICI Pension Fund. Where the context requires, the Vendors Scheme includes its trustees.

2. Purchaser's Scheme

2.1 In complying with its obligations under paragraph 2 of the General Principles the Purchaser shall procure that as from Closing the Purchaser's Scheme:

(a) is an Exempt Approved Scheme at Closing (or is designed so as to be capable of being Exempt Approved with effect from Closing) and at the Due Payment Date is a scheme to which the Vendor's Scheme can by law, and in accordance with Inland Revenue practice relating to Exempt Approved Schemes, make a transfer payment in respect of the Consenting Members' entire rights under the Vendor's Scheme (including rights to guaranteed minimum pensions);

(b) is contracted-out by virtue of section 9(2B) of the Pension Schemes Act 1993 with effect from Closing;

(c) contains the same terms and provides a benefit structure which are the same as those in the Rules; and

(d) shall on receipt of the transfer payment envisaged by paragraph 4, grant to each Consenting Member benefits (in the form of additional service credits equal to his pensionable service in or credited in the Vendor's Scheme) calculated in accordance with the rules of the Purchaser's Scheme.

2.2 The Purchaser will before Closing offer to each person who is an Employee and a Member or eligible to be a Member at Closing, in relation to employment

from and after Closing, membership of the Purchaser's Scheme on the terms in paragraph 2.1(c). The Purchaser will also offer to each such person the ability to transfer past service rights from the Vendor's Scheme to the Purchaser's Scheme on terms complying with paragraph 2.1(d).

2.3 The Purchaser shall assume full responsibility for the provision of pension and death benefits for or in respect of each person who is an Employee and a Member at Closing in respect of service from Closing and shall ensure that it or the Purchaser's Scheme or the trustees of the Purchaser's Scheme (as appropriate):-

(a) shall with effect from Closing (and until such time as the Purchaser receives formal confirmation from each such person that he does not wish to accept membership of the Purchaser's Scheme) arrange for each such person to be covered for lump sum death in service benefit of an amount equal to four year's salary;

(b) shall forthwith upon the written request of Vendor reimburse Vendor in respect of the cost (as agreed between Vendor's Actuary and the Purchaser's Actuary) of augmenting the deferred pension entitlement under the Vendor's Scheme of any such person who dies after Closing but before he has made a decision to transfer his accrued rights under the Vendor's Scheme to the Purchaser's Scheme so that the amount of the widow's or widower's and any dependants' pensions which are payable in those circumstances from the Vendor Scheme shall be increased to the level of the pensions which would have been payable had that person died in the service of Vendor.

2.4 The Purchaser will offer arrangements for additional voluntary contributions of a similar type to those available under the Vendor's Scheme at Closing. The Purchaser will procure that the Purchaser's Scheme will provide under those arrangements, in respect of any Consenting Member's AVCs transferred to the Purchaser's Scheme, benefits which are at least equal in value at the date of transfer to the value so transferred.

2.5 The Purchaser shall consult with the Vendor regarding the contents of notice which are to be issued to employees and contains the options available to them in respect of pensions.

3. Calculation of Transfer Amount

This paragraph shall apply as regards the calculations of the Unadjusted Transfer Amount and the Transfer Amount referred to in paragraph 5.1(a) of Part 1B of this Schedule.

3.1 The Vendor will procure that the Vendor's Actuary will calculate the Transfer Amount within 6 weeks of receipt by the Vendor's Actuary of all

information reasonably requested of the Purchaser to enable the calculations to be completed.

3.2 The Unadjusted Transfer Amount shall be calculated in accordance with the Actuary's Letter, that calculation will assume that article 119 does not apply to guaranteed minimum pensions.

3.3 In calculating the Transfer Amount any benefits under the Vendor's Scheme which are attributable to AVCs paid by the Consenting Members and in respect of which the Consenting Members are not entitled to benefits based on their final pensionable earnings, and the AVCs themselves, are disregarded.

3.4 As soon as reasonably practicable (within 14 days) after the Vendor's Actuary has calculated the unadjusted Transfer Amount the Vendor (or the Vendor's Actuary) will notify the Purchaser (or the Purchaser's Actuary) in writing of the result of that calculation and to supply to him the particulars of the calculation and sufficient data on which it is based to enable the Purchaser's Actuary to check that the calculation is mathematically correct and in accordance with this Schedule. The Vendor's Actuary will provide such further particulars or data which the Purchaser's Actuary reasonably requests within 21 days of receipt of the result of the calculation from the Vendor's Actuary. The Purchaser's Actuary has one month from the date on which those particulars and data have been supplied to him to raise any objection in writing that the calculation is incorrect or not in accordance with this Schedule.

3.5 The calculation referred to above is final and binding on the Vendor and the Purchaser on the later of (i) if the Purchaser's Actuary raises no objection within the terms of paragraph 3.4 above, the expiry of the period mentioned above in which he may raise any objection, and (ii) if the Purchaser's Actuary raises an objection within the terms of paragraph 3.4 above, the date of a subsequent written agreement between the Vendor's Actuary and the Purchaser's Actuary that the calculation (or revised calculation) is mathematically correct or not in accordance with this Schedule.

4. Transfer of Transfer Amount

4.1 In complying with the obligations contained in paragraph 5.1(b) and (c) of the General Principles the following provisions shall apply.

4.2 The obligation of the Vendor under paragraph 5.1 of the General Principal shall only apply after the Transfer Conditions have been satisfied and for the purposes of paragraph 5.1(c) the date of transfer shall be the Due Payment Date.

4.3 The Vendor and the Purchaser will use all reasonable endeavours to secure agreement between the Vendor's Scheme and the Purchaser's Scheme respectively as to the particular equities to be transferred representing the Transfer Amount. If agreement is not reached by the Due Payment Date, the transfer will be in the form

of equities of the Vendor's Scheme selected by the Vendor's Scheme and agreed by the Purchaser's Scheme as being a representative sample of the equities held by the Vendor's Scheme. Any equities to be transferred will be valued at the mid-market price at the close of business on the London Stock Exchange on the day before the date of transfer.

4.4 The Purchaser will seek promptly from the Board of the Inland Revenue approval to the transfer of assets from the Vendor's Scheme to the Purchaser's Scheme in respect of the Consenting Members and, at the Vendor's request, will supply promptly to the Vendor the documents and information which the Vendor reasonably requires to enable the Vendor's Scheme to obtain a corresponding approval.

5. Shortfall payments

5.1 In the event that the amount actually transferred on the Due Payment Date from the Vendor's Scheme to the Purchaser's Scheme is less than the Transfer Amount (the Shortfall), the Vendor shall subject to the proviso below forthwith following a written demand from the Purchaser, pay within 7 days to the Purchaser (for onward transmission to the Purchaser's Scheme) by way of adjustment to the consideration hereunder, a cash sum equal to 100 per cent. of the Shortfall together with interest from and including the date upon which the aforesaid transfer to the Purchaser's Scheme is made, to but excluding the date upon which payment is made in full in accordance with this paragraph, at the Interest Rate compounded monthly, provided that this paragraph shall not apply if the reason for the Transfer Amount (or part thereof) not having been transferred to the Purchaser's Scheme in accordance with paragraph 4 above is the failure of the Purchaser's Scheme to accept the Transfer Amount (or part thereof) or failure by the Purchaser to comply with the Transfer Conditions.

5.2 If, after the payment of the Shortfall under paragraph 5.1, any member of the Purchaser's Group achieves a reduction in liabilities to corporation tax as a result of being able to treat a payment of an amount equal to the Shortfall as deductible for corporation tax purposes, then the Purchaser shall pay to the Vendor within 7 days after the relevant member of the Purchaser's Group achieves such a reduction, a sum equal to that corporation tax saving.

6.1 If the aggregate of the amounts paid to the Purchaser's Scheme by the Vendor's Scheme in respect of the Consenting Employees (excluding the AVC Fund), as adjusted, is an amount which exceeds the Transfer Amount at the Due Payment Date (the amount of such difference being referred to in this paragraph as the

Excess), then the Purchaser shall, by way of an adjustment to the consideration paid under this Agreement pay to the Vendor within 14 days of the Due Payment Date a sum in cash equal to the Excess together with interest thereon at the Interest

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Rate in respect of the period from the Due Payment Date to the date of final payment under this paragraph.

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ANNEX TO PART 2: UK ACTUARY'S LETTER

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Part 3: USA

The Pension Principles shall apply to the Retirement Benefit Schemes providing Retirement Benefit Rights of Polyurethanes Employees subject to the modifications contained in this Part 3 of this Schedule 11.

1. Interpretation

In this Schedule the following expressions shall have the following meanings:

Actuarial Annex means Annex 1 to this Part containing the Actuarial Methods and Assumptions to be used for purposes of applying the Pension Principles (to include the Valuation Principles) with respect to the Retirement Benefit Schemes providing Retirement Benefit Rights to the Transferring Polyurethanes Employees.

APBO means the Financial Accounting Standards Board Statement 106 accumulated post retirement benefit obligation.

Code means the Internal Revenue Code of 1986, as amended.

ERISA means the Employee Retirement Income Security Act of 1974, as amended.

Polyurethanes Employees means the Business Employees of the Polyurethanes business of ICI Americas Inc. and the former employees identified in Annex 2 to this Part 3. For the avoidance of doubt Polyurethanes Employees do not include the Employees of Rubicon Inc or any other joint venture.

Polyurethanes Nonqualified DB Plan means the unfunded employee pension benefit plan, as defined in Section 3(2) of ERISA, established by Vendor for Polyurethane Employees to include the following:

(i) Polyurethanes Excess Benefit Plan which will assume the liability of Polyurethanes Employees under the ICI Excess Benefit Plan prior to Closing;

(ii) Polyurethanes Employee Pension Plan which will assume the liability of the Polyurethanes Employees under the Employee Pension Plan prior to Closing;

(iii) Polyurethanes Executive Supplemental Benefits Plan which will assume the liability of the Polyurethanes Employees under the ICI Executive Supplemental Benefits Plan prior to Closing;

(iv) Unfunded pension of Robert Reen; and

(v) Unfunded pension of Ron Wyatt.

In addition, the term Polyurethanes Nonqualified DB Plan includes the unfunded arrangements of, Gordon Ross, to include, without limitation, the Supplemental

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Death Benefit Arrangement, Supplemental Disability Arrangement and the Split Dollar Insurance Plan.

Polyurethanes UDC Plan means a plan identical to the Executive Retirement Plan for Key Employees of ICI's Group established by Vendor prior to Closing for the Polyurethanes Employees.

Polyurethanes UDC Trust means the grantor trust established by Vendor prior to Closing to hold the assets of the Polyurethanes UDC Plan.

Purchaser DB Trust means a trust exempt from federal income taxation under Code sections 401(a) and 501(a) which was established or maintained by Purchaser to hold the assets of the Vendor DB Plan.

Purchaser DC Plan means a defined contribution plan established or maintained by Purchaser which is qualified under Code section 401(a) and contains a qualified cash or deferred arrangement meeting the requirements of Code section 401(k).

Purchaser PRB Plan means the plan established or maintained by the Purchaser to provide post retirement medical, dental and other welfare benefits to the Transferring Employees equivalent to those provided to Transferring Polyurethanes Employees under Vendor's PRB Plan.

Vendor means for purposes of this Part 3 A. ICI Americas Inc

Vendor's Group means any member of ICI's Group to include their officers, directors, employees, agents, successors and assigns.

Vendor DB Trust means the Trust for Defined Benefit Plans of ICI American Holdings Inc.

Vendor DB Plan means the Polyurethanes Pension Plan.

Vendor DC Plan means the ICI Deferred Compensation Plan.

Vendor PRB Plan means the retiree medical and dental coverage provide under the ICI Americas Health and Dental Care Plan.

2. Tax Qualified Defined Benefit Plans

A. Transfer of Liability and Plan Sponsorship

In complying with its obligations under paragraphs 2 and 3 of the General Principles, the Purchaser, effective the Closing Date, shall take all appropriate action to become the plan sponsor of the Vendor DB Plan so that the liability for providing Retirement Benefit Rights to the Polyurethanes Employees under the Vendor DB Plan transfers to the Purchaser. Effective the Closing Date the Vendor

shall take all appropriate action so that neither the Vendor nor any member of Vendor's Group is acting as a plan sponsor, plan administrator, named fiduciary, or other fiduciary with respect to the Vendor DB Plan.

B. Transfer of Pension Trust Assets

On or before Closing, the Purchaser shall establish the Purchaser DB Trust. With respect to the Vendor DB Plan, the Vendor shall cause to be transferred from the Vendor DB Trust to the Purchaser DB Trust by the end of the calendar month following the calendar month in which the Closing Date occurs an amount equal to the fair market value of the assets of the Vendor DB Plan determined by the trustee of the Vendor DB Trust as of the valuation date of the Vendor DB Trust coincident with or next following the Closing Date along with interest from but not including said valuation date through the date of transfer at a rate equal to Closing Date rate for thirty day U.S. Treasury Bills. The Purchaser covenants that the Purchaser DB Trust will be qualified under Code section 401(a) and exempt from taxation under Code section 501(a) when the assets of the Vendor DB Plan are transferred to the Purchaser DB Trust from the Vendor DB Trust.

3. Post Retirement Welfare Benefits

A. In complying with its obligations under paragraphs 2 and 3 of the General Principles, the Purchaser shall establish effective as of the Closing Date the Purchaser PRB Plan which shall provide eligibility and coverage for retiree medical and dental benefits that is comparable to the Vendor's PRB Plan on the Closing Date and otherwise equivalent in value for the period prescribed by the General Principles.

B. Effective the Closing Date, the Purchaser assumes all liabilities and obligations of the Vendor and the Vendor's Group relating to the provision of retiree medical and dental benefits to the Polyurethanes Employees and their dependents (to include a person who is granted benefits under a medical support court order by reason of his or her relationship to a Polyurethanes Employee). Notwithstanding the preceding sentence, neither the Purchaser nor the Purchaser PRB Plan will be liable for any claims of Polyurethanes Employees or their dependents for reimbursement of expenses for medical or dental services or procedures covered under the terms of the Vendor PRB Plan which were performed prior to the Closing Date but billed on or after the Closing Date.

C. The Purchaser shall give full past service credit to the Polyurethanes Employees for their pre-closing service to the same extent such service was credited by the Vendor's PRB Plan.

4. Nonqualified DB Plans

Effective the Closing, the Purchaser shall become the sponsor of the Polyurethanes Nonqualified DB Plans and assume all liabilities and obligations of the Vendor and Vendor's Group with respect thereto.

5. Defined Contribution Plans

A. 401(k) Plan

(i) The Purchaser shall establish on or before the Closing Date the Purchaser DC Plan and extend coverage to the Polyurethanes Employees on the Closing Date.

(ii) The Vendor shall cause the trustee of the Vendor DC Plan to transfer

assets equal to the account balances that are to be transferred, including outstanding loan balances, of the Polyurethane Employees (to include any alternate payee of a Polyurethanes Employee) under the Vendor DC Plan to the trustee designated by the Purchaser under the trust agreement forming a part of the Purchaser DC Plan. Such account balances will have been credited with appropriate earnings or losses attributable to the period from the Closing Date to a valuation date of the Purchaser DC Plan's trust preceding the date of transfer, reduced by any necessary benefit or withdrawal payments to or in respect of the Polyurethanes Employees occurring during the period from the Closing Date to the date of transfer. The transfer of assets from the Vendor DC Plan to the Purchaser DC Plan shall be made solely in cash and notes evidencing plan loans to Transferring Employees. The valuation date used to calculate the transfer amount shall not be more than 30 business days prior to the date of transfer. The Purchaser covenants that the Purchaser DC Plan will be qualified under Code section 401(a) and that is attendant trust will be exempt from taxation under Code section 501(a) on the date(s) the account balances of any Polyurethanes Employees are transferred from the Vendor DC Plan to the Purchaser DC Plan. No loans or withdrawals requested by Polyurethanes Employee on or after the Closing Date will be permitted or processed by the Vendor DC Plan.

(iii) In consideration for the transfer of assets from the Vendor DC Plan to the Purchaser DC Plan, the Purchaser shall, effective as of the date of transfer, assume all of the obligations of the Vendor in respect of the account balances accumulated by the Polyurethanes Employees under the Vendor DC Plan (exclusive of any portion of such account balances which are paid or otherwise withdrawn prior to the date of transfer).

(iv) In the event that the Vendor DC Plan fails the actual deferral percentage test of Code section 401(k) or the actual contribution percentage test of Code section 401(m) for the plan year in which Closing occurs, so as to require an

excess or excess aggregate distribution, as the case may be, from the account balance of a Polyurethanes Employee whose account balance was transferred to the Purchaser DC Plan, the Purchaser shall cause the Purchaser DC Plan to make such distribution.

B. UDC Plan

Effective the Closing, the Purchaser shall become the sponsor of the UDC Plan and shall assume all obligations and liabilities of Vendor and Vendor's Group with respect thereto. The Vendor shall cause ownership of the Polyurethanes UDC Trust to transfer to Purchaser so that the Purchaser shall become the grantor of said trust. Effective the transfer of ownership of the Polyurethanes UDC Trust to the Purchaser, the Purchaser shall assume all liabilities and obligations of the Vendor and Vendor's Group with respect thereto.

C. For the avoidance of doubt, the Vendor DC Plan, the Purchaser DC Plan, Polyurethanes UDC Plan, are not Retirement Benefit Schemes

6. Valuation Principle

A. For purposes of applying the Valuation Principles, the value of the Retirement Benefit Rights under the Vendor DB Plan and the Vendor Nonqualified DB Plans shall be determined using the Actuarial Methods and Assumptions set out in Part I of the Actuarial Annex.

B. For purpose of applying the Valuation Principles, the value of Retirement Benefit Rights under the Vendor PRB Plan will be the APBO determined as of the Closing Date using the Actuarial Methods and Assumption set out in Part II of the Actuarial Annex.

ANNEX I TO PART 3 OF THE PENSIONS SCHEDULE

U.S. ACTUARIAL ANNEX

PART I

I. PENSION ASSUMPTIONS & METHODS

1. Discount Rate	Ten percent (10%)
2. Salary Increases	Five percent (5%)
3. Mortality	For healthy lives: 1983 Group Annuity Mortality Table for males and females
	For disabled lives:

Sample rates (per 100) of recovery or mortality from disability:

Age	All Disableds
25	2.60
35	2.60
45	2.70
55	4.90
65	7.30
75	10.60
85	23.60

4. Termination — Rates varying by age normally used by Watson Wyatt for the ICI Americas Pension Plan

Sample rates (per 100):		
Age	Males	All Females
20	12.50	17.50
25	10.0	11.5

30	7.5	8.0
35	4.0	5.0
40	3.0	2.5
45	2.0	2.0
50	1.0	1.5
55	0.5	1.0
60+	0	0

5. Disability — Rates varying by age normally used by Watson Wyatt for the ICI Americas Pension Plan

Age	Salaried Male	All Females
25	0.12	0.18
30	0.12	0.18
35	0.13	0.19
40	0.15	0.22
45	0.20	0.30
50	0.36	0.54
55	0.68	1.02
60	1.38	2.07

6. Retirement Age — Rates varying by age:

Age	Rate Per 100
50	4
51	2
52	2

53	2
54	2
55	4
56	4

57	4
58	4
59	4
60	10
61	15
62	40
63	30
64	30
65	50
66	50
67	100

7. Form of Payment — Minimum Lump Sum Benefit With Residual Single Life Annuity using the conversion rate used by Watson Wyatt and Co for the 1/1/98 valuation of the ICI Americas Pension Plan.

8. Proportion of Married Participants — 80% of participants are assumed to be married with wives assumed to be three years younger than husbands. Actual data for retirees.

9. Maximum Benefit — Code (S)415 limit for 1999 for the normal form of benefit, payable at Social Security Retirement Age, reduced/(increased) as appropriate for earlier/(later) ages.

10. Maximum Pensionable — $160,000

11. Limit on Compensation and Benefits — Fixed at 1999 level

12. Social Security Wage Base — Four percent (4%)

13. Cost-of-Living Increase for — Three percent (3%)

PIA offered calculation under

14. Future plan amendments — Not assumed (to include ad hoc cost of living amendments to retiree benefits)

15. Layoff Benefits — Not valued

16. Data — Compensation, adjusted hire date, birth date and similar data submitted to Watson Wyatt for the January 1, 1998, valuation of the ICI Americas Pension Plan will be the primary source of data for calculations.

17. Date of Calculation — Liability is to be calculated with respect to the service accrued under the Polyurethanes Pension Plan at the Closing Date.

18. Actuarial Cost Method — Projected Unit Credit

19. Other Methods and Assumptions — Such other methods, practices and assumptions that Watson Wyatt and Co

used in the January 1, 1998 funding actuarial valuation of the ICI American Pension.

PART II

II. APBO ASSUMPTIONS

1. Discount Rate 7% per year

2. Mortality: 1983 Group Annuity Mortality Table for males and females

3. Termination: Annual Rate of Withdrawal (Per 100)

Age	Male	Female
20	12.50	17.50
25	10.00	11.50
30	7.50	8.00
35	4.00	5.00
40	3.00	2.50
45	2.00	2.50
50	1.00	1.50
55	0.50	1.00
60	0.00	0.00

4. Medical Cost Trend Rate:

Year	Rate
1998	9.0%
1999	8.5%
2000	8.0%
2001	7.5%
2002	7.0%
2003	6.5%
2004	6.0%
2005	5.5%
2006	5.0%
2007 +	4.5%

5. Dental Cost Trend Rates

Year	Rate
1998	6.4%
1999	6.2%
2000	6.0%
2001	5.8%
2002	5.6%
2003	5.4%
2004	5.2%
2005	5.0%
2006	4.8%
2007 +	4.5%

6. Per Capita Claims Medical: Prior to eligibility for medicare: $3,539 After eligibility for

medicare: $535

7. Per Capita Claims Dental: Pre age 65: $373
Post age 65: $211

8. Retirement: Rates varying by age:

Age	Rate Per 100
50	4
51	2
52	2
53	2
54	2
55	4
56	4
57	4
58	4
59	4

60	10
61	15
62	40
63	30
64	30
65	50
66	50
67	100

9. Spouse coverage: 70% for current actives; actual data for election current retirees

10. Spouses ages: Wives 3 years younger than husbands

11. Participation rates: At retirement: 95% for medical and dental. Retirees who reach 65: 25% opt out for reimbursement plan.

12. Actuarial Cost Method Projected unit credit

13. Other Methods and Assumptions: Such other methods, practices, and assumptions used by Watson Wyatt in the calculations of the FAS 106 APBO of the ICI American health and Dental Care Plan.

ANNEX II TO PART 3 OF PENSIONS SCHEDULE

1. Terminated Vested Transferring Polyurethanes Employees; [To be completed by Closing]

2. Retired Polyurethanes Employees. [To be completed by Closing].

Part 4: Belgium

The Pension Principles shall apply to all Retirement Benefit Schemes established in Belgium subject to the modifications in this Part 4.

PART A :GENERAL PENSION PRINCIPLES

1. Interpretation

In this Part 4 of Schedule 11 the following expressions shall have the following

meanings:

Employee means any employee of the Transferred Business, who is bound under the terms of an employment contract with a company in the Vendor's Group as well as any directors active in the Transferred Business, provided they continue to work in the Transferred Business with effect on the Closing Date for the Purchaser's Group and on the condition that they are active participants in the Retirement Benefit Schemes on the Closing Date.

Retirement Benefit Rights means any pension, lump sum, gratuity, or a like benefit provided or to be provided on retirement, on early retirement, invalidity or on death in respect of an Employee's employment

Retirement Benefit Schemes means each scheme, plan, fund, arrangement or contractual undertaking of any member of the Vendor's Group for the provision of Retirement Benefit Rights to or in respect of one or more Employees or one or more former employees of any of the Companies and, for the avoidance of doubt, includes any such scheme, plan, fund or arrangement which has not been disclosed in the Data Room;

2. Paragraph 2.1 of the Pension Principles shall not apply but in relation to each Transferring Employee, the Purchaser will continue to provide or procure to be provided :

   (i) same Retirement Benefit Rights in respect of service prior to Closing, and

   (ii) equivalent Retirement Benefit Rights in respect of service for the period of four years on and after the Closing date, to the Retirement Benefit Rights of the Transferring Employee, unless the Retirement Benefit Scheme is based on a collective bargaining agreement, in which event the Purchaser will continue to provide or procure to be provided the same Retirement Benefit Rights in respect of service after the Closing until the expiry or cessation of the applicable collective bargaining agreement(s).

3. Paragraph 2.2 of the Pensions Principles shall not apply but for the purposes of paragraph 2.1 "equivalent" means equivalent in value and will be determined, in the case of defined benefit Retirement Benefit Rights, using the Valuations Principles.

4. Paragraph 4 of the Pensions Principles shall not apply.

5. Paragraph 5.1 (a) (i) of the Pension Principles shall be modified as follows:

   " (i) the value of those Retirement Benefit Rights calculated in accordance with the Valuation Principles, adjusted for the period from and including the Closing Date to the date of transfer by the Local Timing Adjustment, and increased by that part of the surplus relating to the Transferring Employees whose Retirement Benefit Rights will be or have been transferred, and which are available in the Vendor's Retirement Benefit Scheme as calculated in accordance with the Valuation Principles, and

   (ii)..."

6. Paragraph 6.1(a) of the Pensions Principles shall be modified as follows:

   "(a) the Vendor and the purchaser agree in writing and to the extent permitted by law, the relevant Retirement Benefit Scheme and the bylaws of the relevant retirement benefit institutions/vehicles"

7. Paragraph 12 of the Pensions Principles shall not apply.

8. Paragraph 14.1 of the Pensions Principles shall be modified as follows:

   "The Purchaser and the Vendor agree that, where the Retirement Benefit Rights of a Transferring Employee working in a jurisdiction other than his home jurisdiction include a Home Country Guarantee and/or are based on one or more Retirement Benefit Schemes, it is intended that the transfer of assets from one or more relevant Retirement Benefit Schemes, including the Home Retirement Benefit Scheme will, subject to paragraphs 3.3 and 3.4. include a transfer of assets in respect of the Home Country Guarantee and, where applicable and agreed, a transfer of assets from one or more relevant Retirement Benefit Schemes."

PART B: VALUATION PRINCIPLES

9. Paragraph 6.3 (a) of the Pension Principles shall be modified as follows:

   " (a) those specified in the Annex I (Actuary Assumptions and Methodology) and Annex II (Actuary Assumptions, Methodology and Transfer Value for Surplus Funding) attached to the present Part 4 in respect of the particular Retirement Benefit Scheme;

ANNEX I TO PART 4: BELGIUM

Actuarial Assumptions and Methodology - Transferred Members in Active Service

Cost method

The pension liabilities are equal to the Projected Benefit Obligation (PBO) using a Unit Credit valuation method in application of FAS-87. Valuation date is equal to Closing date.

Economic assumptions

Discount rate	7.00 %
Salary increases	4.00 % + LION salary scale (see annex A)
Social security increases	3.00 %
Pension increase rate	3.00 %

Demographic assumptions

Mortality	MR (males) / FR (females) without age adjustment. However, in application of the pension rules, for the conversion of lump sums into pensions, the mortality table to be used is MR for males and females.
Withdrawal	Age-related scale with as representative values (see annex B for full age-related scale):
Retirement	Age 60
Disability	None
Proportion married	100%
Number of children	2 children of age 11
Age spouse	Females are two years younger than males

Some general remarks on the assumptions

Retirement

It is assumed that 50% of the retirees convert their lump sum at age 60 entirely into a lifetime pension and 50% of the retirees convert 2/3 of their lump sum at age 60 into a lifetime pension. It is assumed that all retirees that convert their lump sum (partly) into a pension opt for a reversibility of 0%. Those pensions are assumed to increase annually at the above-mentioned pension increase rate of 3.0%.

Withdrawal

It is assumed that in case of withdrawal, the employee leaves the deferred entitlement with the ICI pension fund, i.e. the rights are not transferred nor cashed in. Between date of withdrawal and age 60, the deferred entitlement will be indexed. It is assumed that at age 60 50% of the retirees convert their lump sum at age 60 entirely into a lifetime pension and 50% of the retirees convert 2/3 of their lump sum at age 60 into a lifetime pension.

The death coverage to the spouse between date of leaving and age 60 will be included in the present value calculations.

Death in service

Survivor capital

It is assumed that there is a survivor capital to all employees of which 100% convert their survivor capital entirely into a lifetime pension. The lifetime survivor pension will be indexed at 3.0%.

Orphan pension

Orphan pensions are assumed to be paid until age 25.

Death lump sum

Other remarks

(1) The PBO for each individual is at least equal to the present value of the vested benefits under the Colla legislation.

(2) The PBO amount for each individual includes the PBO for the death in service benefits.

(3) In addition to the PBO mentioned above, the accrued insurance reserves under the group insurance contract with De Vaderlandsche will be transferred, subject to obtaining the consent of the employees concerned.

Enclosures

. Annex A to Annex I :
Salary scale for white-collar employees

. Annex B to Annex I :
Age related withdrawal
Decrements scale

Annex A to Annex I
Salary Scale for White-Collar Employees

leeftijd	Man	Vrouw	IPP
20	0.3	0.462	0.07
21	0.334	0.5	0.105
22	0.367	0.538	0.14
23	0.4	0.572	0.172
24	0.433	0.606	0.205
25	0.467	0.64	0.237
26	0.5	0.674	0.27
27	0.533	0.708	0.302
28	0.56	0.733	0.333
29	0.587	0.757	0.363
30	0.613	0.782	0.394
31	0.64	0.806	0.424
32	0.667	0.831	0.455
33	0.69	0.849	0.499
34	0.713	0.868	0.543
35	0.737	0.886	0.586
36	0.76	0.905	0.63
37	0.783	0.923	0.674
38	0.8	0.932	0.676
39	0.817	0.941	0.705
40	0.833	0.951	0.733
41	0.85	0.96	0.762
42	0.867	0.969	0.791
43	0.884	0.975	0.819
44	0.9	0.981	0.847
45	0.917	0.988	0.874
46	0.933	0.994	0.902
47	0.95	1	0.93
48	0.96	1	0.944
49	0.97	1	0.958
50	0.98	1	0.972
51	0.99	1	0.986
52	1	1	1
53	1	1	1
54	1	1	1
55	1	1	1
56	1	1	1
57	1	1	1
58	1	1	1
59	1	1	1
60	1	1	1
61	1	1	1
62	1	1	1
63	1	1	1
64	1	1	1
65	1	1	1

Remark: IPP means International Pension Plan.

Annex B to Annex I
Age related withdrawal decrements scale

The table below states for each given age the assumed number of people leaving service per hundred : for example 6% of the 20 year olds.

<TABLE>
<CAPTION>

Age	Decrement	Age	Decrement	Age	Decrement

<S>	<C>	<C>	<C>	<C>	<C>
20	0.06	35	0.022	50	0.003
21	0.057	36	0.020	51	0.0024
22	0.054	37	0.018	52	0.002
23	0.051	38	0.017	53	0.001
24	0.048	39	0.015	54	0.0005
25	0.045	40	0.014	55	0
26	0.042	41	0.013	56	0
27	0.040	42	0.012	57	0
28	0.037	43	0.011	58	0
29	0.034	44	0.009	59	0
30	0.032	45	0.008	60	0
31	0.03	46	0.007	61	0
32	0.028	47	0.006	62	0
33	0.026	48	0.005	63	0
34	0.024	49	0.004	64	0

</TABLE>

ANNEX II TO PART 4: BELGIUM

Actuarial Assumptions and Methodology - Transfer Value for Surplus Funding - (Members in active service only)

Overfunding

Overfunding is the situation were the total Market Value of Assets (MVA) of the LION Belgium Pension Fund as at the Closing Date is higher than the Projected Benefit Obligation (PBO) calculated with the above-mentioned actuarial assumptions on the total population of members in the LION Belgium Pension Fund.

Transfer value for Surplus Funding

When there is Overfunding as at the Closing Date, the Transfer Value for Surplus Funding will be a proportional part of the Overfunding. The Transfer Value for Surplus Funding will be determined as at completion date as follows:

Overfunding x (PBO Transferred Members / PBO All Members)

With Overfunding = MVA - PBO All Members

PBO All Members is the total liability as at Closing Date for all members of the LION Belgium Pension Fund, determined using the assumptions and methodology described in annex I, excluding the reserves accrued with De Vaderlandsche.

PBO Transferred Members is the total liability as at Closing Date for all Transferred Members (in active service), determined using the assumptions and methodology described in annex I, excluding the reserves accrued with De Vaderlandsche.

MVA is the market value of assets as at Closing Date of the LION Belgium Pension Fund, excluding the reserves accrued with De Vaderlandsche.

SCHEDULE 12

EXCLUDED ASSETS

I. General

(a) Any assets of ICI's Group other than (i) the Business Assets of the Business Vendors; and (ii) the assets of the Companies (insofar as they are not excluded pursuant to the terms of this Agreement); and (b) the assets set out in the remaining paragraphs of this Schedule 12.

II. Assets to be removed prior to Closing

Any shares or assets which are to be transferred by a Company to any member of ICI's Retained Group prior to Closing in accordance with paragraph 3 of Schedule 18, including, without limitation:

(a) assets of ICI Europe Ltd other than assets of the Polyurethanes Business conducted by ICI Europe Ltd;

(b) assets of ICI Mex SA DE CV other than assets of the Polyurethanes Business conducted by ICI Mex SA DE CV;

(c) assets of ICI Holland BV other than assets of the Polyurethanes Business conducted by ICI Holland BV;

(d) shares in, the business of and any assets of Australian Titanium Products Proprietary Ltd;

(e) shares in, the business of and any assets of BTP Tioxide Ltd;

(f) shares in, the business of and any assets of TIL Ltd;

(g) shares in, the business of and any assets of Technical and Analytical Services Ltd;

(h) shares in, the business of and any assets of Tioxide Investment Holdings Ltd;

(i) shares in, the business of and any assets of Tioxide Overseas Investments Ltd; and

(j) the outstanding preferred shares in Tioxide Canada Inc.

III. Non transferring assets

Without prejudice to the provisions of Schedule 22 the following assets shall not transfer:

(a) shares in, the business of and any assets of the Boripol Joint Venture, Yugoslavia;

(b) shares in, the business of and any assets of ICI India Ltd;

(c) shares in, the business of and any assets of ICI Pakistan Ltd;

(d) shares in, the business of and any assets of AO ICI, Russia;

(e) shares in, the business of and any assets of ICI International Ltd;

(f) shares in, the business of and any assets of ICI Polska Sp.zo.o;

(g) shares in, the business of and any assets of ICI Slovakia sro;

(h) shares in, the business of and any assets of ICI Cz sro;

(i) shares in, the business of and any assets of ICI Hungary Kft;

(j) shares in, the business of and any assets of ICI Korea Ltd;

(k) shares in, the business of and any assets of ICI Japan Ltd;

(l) shares in, the business of and any assets of ICI (Malaysia) Holdings Sdn Bhd;

(m) shares in, the business of and any assets of ICI China Ltd;

(n) shares in, the business of and any assets of ICI France SA;

(o) shares in, the business of and any assets of ICI Norden;

(p) shares in, the business of and any assets of ICI Co-ordination Centre excluding the Business Employees;

(r) shares in, the business of and any assets of ICI (Singapore) Private Ltd; and

(s) shares in, the business of and any assets of ICI Bahia S.A.

For the avoidance of doubt, if any of the above companies holds Stock at Closing which it does not beneficially own and which it holds in the capacity of agent for a Company or Business Vendor or in connection with a service it provides to a Company or Business Vendor, then that Stock is not an Excluded Asset.

IV. Specific assets

A. General

Excluded Properties

Excluded Employees

ICI Retained Software

B. Polyurethanes

<TABLE>
<CAPTION>

Business Vendor	Excluded Asset
<S>	<C>
ICI PLC	Disused plant and site at Hillhouse, UK
ICI Americas Inc.	Any assets located at Wilmington, USA other than Business Information, Business IPR, Business IP Licences and Business IT Licences

- ----------
</TABLE>

Assets excluded from Transfer of the Relevant Petrochemicals Business

NB: The following list of excluded assets in this Schedule is not necessarily complete.

1. NORTH TEES WORKS

<TABLE>
<CAPTION>
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Assets | Comments
- ----------
<S> | <C>
Ethylene Liquefaction Unit number 4 | This shall transfer to BPCL.
- ----------
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2. TRANS-PENNINE ETHYLENE PIPELINE

<TABLE>
<CAPTION>
- ----------
Assets | Comments
- ----------
<S> | <C>
Hillhouse section and LDS/metering at Hillhouse
- ----------
Ethylene Cavities at Holford (2) (H213, H215) | See Key Principles.
- ----------
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3. WILHELMSHAVEN

<TABLE>
<CAPTION>
- ----------
Assets | Comments
- ----------
<S> | <C>
Ethylene storage tanks and all associated equipment on site (and on the jetty owned by the State) for import of ethylene and delivery of EVC plant | Assets owned by ICI Wilhelmshaven GmbH who provide service to ICI Olefins. ICI Olefins currently pays costs thereof.
- ----------
</TABLE>

ASSETS AT NORTH TEES EXCLUDED FROM TRANSFER OF RELEVANT PETROCHEMICAL BUSINESS

NB: The following list of excluded assets in this Schedule is not necessarily complete.

<TABLE>
<CAPTION>
- ----------
EXCLUDED
- ----------
<S> | <C> | <C>
REFERENCE | DUTY INFORMATION | COMMENTS
- ----------
</TABLE>

<TABLE>
- ----------
<S> | <C> | <C>
PIP refinery
- ----------
PIP Road/rail loading
- ----------
Ammonia storage
- ----------
Ammonia loading facilities are owned by Terra. | Contracts will be required to allow use by others.
- ----------
| Contracts will be required to allow use by others.
- ----------
Jetty 4 with loading facilities is owned by PIP. | See Services Schedule relating to Jetty services (HICI to ICI (PIP))
- ----------
P-157F | Sour Crude Oil
- ----------
P-158F | Sour Crude Oil
- ----------
P-159F | Sour Crude Oil
- ----------
</TABLE>

N-3100F	Sweet Crude Oil
2101FA	Sweet Crude Oil
2101FB	Sweet Crude Oil
P-154F	LSAR
P-155F	LSAR
P-160F	LSAR
P-167F	LSAR
P-168F	LSAR
P-150F	Derv
P-153F	Derv
P-161F	Derv
P-162F	Derv
2102FA	Gasoil
2102FB	Gasoil
2101FC	Unmarked Kerosene
2103FA	Marked Kerosene
2103FB	Marked Kerosene
2012FA	LDD
2012FB	LDD
175F	Naphtha . PIP run down
176F	Naphtha . PIP run down
ROAD & RAIL TERMINAL	
P-850F	Marked Kerosene
P-851F	Marked Kerosene

</TABLE>

<TABLE>

<S>	<C>	<C>
P-852F	Marked Kerosene	
P-853F	Middle Dist.	
P-854F	Middle Dist.	
P-855F	Middle Dist.	
P-856F	Middle Dist.	
P-857F	Middle Dist.	
P-858F	Dirty Slops	
P-859F	Fire Water	
P-862F	Derv	
P-863F	Derv	
All tubing and surface equipment on cav 47		Contract required with PIP
All tubing and surface equipment on cav 48.		Contract required with PIP
All tubing and surface equipment on cav 49.		Contract required with PIP
53	Leased to British Gas	Contract required for access & operation.

89	Leased to British Gas Contract required for access & operation.
90	Leased to British Gas Contract required for access & operation.
132	Leased to British Gas Contract required for access & operation.
All water abstraction and brine winning equipment including associated buildings.	Contract required for access & operation by others, or for HICI to operate on other's behalf. Requires contract for water supply and brine disposal.
That part of the reservoirs owned by PIP	Will require contract.
Brine main from reservoirs 1 & 2 to cavities	Owned by PIP. Will need contract for use.
3	LSAR
4	LSAR
All pipelines listed on the attached table	System 36 is owned by Chlor Chem: maintenance contract required.

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<S>	<C>
All pipeline supports in link corridors owned by ETOL	The HSFO system used by Aromatics includes plant within PIP's land which is owned and operated by PIP. A separate agreement will be needed. One of the site main drains runs beneath PIP land.
Railway to road/rail loading	

The Flowmetering Workshop which is owned by SGS (adjacent to the Paraxylene plant) and all material items of obsolete or decommissioned assets or plant (to include, without limitation, Olefins 5 and Butadiene 2) shall be excluded.

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EXCLUDED LINKLINES

NB: The following list of excluded assets in this Schedule is not necessarily complete.

System No.	Conveyed Product	Owning Business	Plant/Area - Start of System	Site - Start of System	Plant/Area - End of System	Site - End of Mgr	GEP	SRP	Budget Operating	RME Owner	RME's nominee
36	Brine	Chlor Chem	Brine reservoirs	North Tees	Bain S	Works S	Wilton C S	Chatha C C	Chatha C I D	Chatha	Tyrie J Cruickshank
63	Crude Oil	PIP	Phillips Petroleum Seal Sands	Seal Sands	Crude Storage Tanks	North Tees	Tideswell S J	Walgate A	M J H Smith	J C Tyrie	Cruickshank I D
64	Brine	PIP	Brine Reservoir (Cavities)	Brinefiel ds	Brinefields S	Cavities S	Chatha C Smith	Chatha C Tyrie	M J H I D	J C	Cruickshank
65	Contaminated Brine	PIP	Brine Reservoir (Cavities)	Brinefiel ds	Brinefields S	Cavities S	Chatha C Smith	Chatha C Tyrie	M J H I D	J C	Cruickshank
72	Derv	PIP	COU Site Tank Farm	North Tees	Road/Rail Tank Farm	Road/Rail S J	Tideswell A	Walgate Smith	M J H Tyrie	J C I D	Cruickshank
73	Gas Oil	PIP	COU Site Tank Farm	North Tees	Road/Rail Tank Farm	Road/Rail S J	Tideswell A	Walgate Smith	M J H Tyrie	J C I D	Cruickshank
74	Kerosene	PIP	No 2 Pump Bay Filling	North Tees	Road Rail	Road/Rail S J	Tideswell A	Walgate Smith	M J H Tyrie	J C I D	Cruickshank
75	Crude Oil	PIP	COU Site Tank Farm	North Tees	Brinefields Cavities	Cavities S J	Tideswell A	Walgate Smith	M J H Tyrie	J C I D	Cruickshank

87	Redundant PIP (was Crude Oil)	Crude Unit, Spine Road	North Tees	Cavity 56 Brinefields	Cavities S J	Tideswell A	Walgate Smith	M J H Tyrie	J C I D	Cruickshank	

</TABLE>

EXCLUDED NORTH TEES VEINLINES

<TABLE>
<CAPTION>

System No.	Conveyed Product	Owning Business System	Plant/Area - Start of System	Plant/Area - End of System	Ref Dwgs Operating Mgr	GEP	SRP Owner	Budget	RME nominee	RME's
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
SD952	170 psig Steam	PIP			Tideswell S J	Walgate A	M J H Smith	Tyrie J C	Smith D J	
SD958	PIP Treated Water	PIP			Tideswell S J	Walgate A	M J H Smith	Tyrie J C	Smith D J	
SD972	150 psig Steam	PIP			Tideswell S J	Walgate A	M J H Smith	Tyrie J C	Smith D J	
V874	Kerosene	PIP		82	Tideswell S J	Walgate A	M J H Smith	J C Tyrie	Smith D J	
V875	Kerosene	PIP		00083,84	Tideswell S J	Walgate A	M J H Smith	J C Tyrie	Smith D J	
V876	Kerosene	PIP		85	Tideswell S J	Walgate A	M J H Smith	J C Tyrie	Smith D J	
V878	Crude Oil	PIP			Tideswell S J	Walgate A	M J H Smith	J C Tyrie	Smith D J	
V879	Crude Oil	PIP		00108,10 9,111	Tideswell S J	Walgate A	M J H Smith	J C Tyrie	Smith D J	
V880	Crude Oil	PIP			Tideswell S J	Walgate A	M J H Smith	J C Tyrie	Smith D J	
V881	Crude Oil	PIP		00129,130	Tideswell S J	Walgate A	M J H Smith	J C Tyrie	Smith D J	
V882	Crude Oil	PIP		00123,124	Tideswell S J	Walgate A	M J H Smith	J C Tyrie	Smith D J	

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<TABLE>

System No.	Conveyed Product	Owning Business System	Plant/Area - Start of System	Plant/Area - End of System	Ref Dwgs Operating Mgr	GEP	SRP Owner	Budget	RME nominee	RME's
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
V883	Crude Oil	PIP		00198,19 9,200	Tideswell S J	Walgate A	M J H Smith	J C Tyrie	Smith D J	
V897	Naphtha	PIP		57	Tideswell S J	Walgate A	M J H Smith	J C Tyrie	Smith D J	
V898	Naphtha	PIP		00058.59. 60	Tideswell S J	Walgate A	M J H Smith	J C Tyrie	Smith D J	
V899	Crude Oil	PIP			Tideswell S J	Walgate A	M J H Smith	J C Tyrie	Smith D J	
V900	Crude Oil	PIP			Tideswell S J	Walgate A	M J H Smith	J C Tyrie	Smith D J	
V901	Fuel Oil	PIP		00157,15 8,159	Tideswell S J	Walgate A	M J H Smith	J C Tyrie	Smith D J	
V902	Fuel Oil	PIP			Tideswell S J	Walgate A	M J H Smith	J C Tyrie	Smith D J	
V903	Fuel Oil	PIP		00161,16 2	Tideswell S J	Walgate A	M J H Smith	J C Tyrie	Smith D J	
V904	Fuel Oil	PIP		00163,16 4,165,166	Tideswell S J	Walgate A	M J H Smith	J C Tyrie	Smith D J	

V907	Fuel Oil	PIP		00183,184	J	Tideswell S	Walgate A	M J H	J C Tyrie	Smith D J
V908	Fuel Oil	PIP			J	Tideswell S	Walgate A	M J H	J C Tyrie	Smith D J
V910	Fuel Oil	PIP		00173,174,175,176	J	Tideswell S	Walgate A	M J H	J C Tyrie	Smith D J

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<TABLE>

System No.	Conveyed Product	Owning Business System	Plant/Area - Start of System	Plant/Area - End of System	Ref Dwgs Operating Mgr	GEP	SRP Owner	Budget nominee	RME	RME's
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
V911	Gas Oil	PIP		00001,2,3,4,5,6,7,8,9,10,00206,207,208,209,00144	J	Tideswell S	Walgate A	M J H	J C Tyrie	Smith D J
V912	Gas Oil	PIP		00150,151,152	J	Tideswell S	Walgate A	M J H	J C Tyrie	Smith D J
V913	Gas Oil	PIP		00177,178,179	J	Tideswell S	Walgate A	M J H	J C Tyrie	Smith D J
V914	Gas Oil	PIP		215	J	Tideswell S	Walgate A	M J H	J C Tyrie	Smith D J
V925	Crude Oil	PIP		00141,142	J	Tideswell S	Walgate A	M J H	J C Tyrie	Smith D J

</TABLE>

SCHEDULE 13

TAX COVENANT

Interpretation

1.1. Persons shall be treated as connected for the purposes of this Schedule if they are connected within the meaning of section 839 of the Taxes Act.

1.2 The headings in this Schedule shall not affect its interpretation.

1.3 The provisions of paragraphs 3, 4, 9 and 11 of this Schedule shall apply to all claims made by the Purchaser under the Tax Warranties contained in paragraphs 19 to 22 (inclusive) of Schedule 9 as they apply to all claims made under this Schedule.

Covenant to Pay

2.1 ICI hereby covenants for itself and otherwise as agent for the Share Selling Companies with the Purchaser to pay to the Purchaser for itself where it is the Designated Purchaser and otherwise as agent for the Designated Purchaser, by way (to the extent that it is possible to do so) of adjustment to the Final Consideration for the sale of the Sale Shares, an amount equal to any Tax Liability arising in respect of, by reference to or in consequence of:

(a) any Income, Profits or Gains earned, accrued or received on or before Closing or in respect of a period ending on or before Closing;

(b) any Event which occurred on or before Closing or was deemed to occur on or before Closing for the purposes of any Tax; and

(c) ICI's US Business and ICI's US Assets, (to the extent that it is not covered by (a) or (b) above) for any taxable year or period that ends on or before the Closing Date and with respect to a Straddle Period, the portion of such Straddle Period deemed to end on and including the Closing Date;

but excluding any Tax Liability, other than the Tax Liability described in paragraphs 2.2(b) and (c) below, arising in TGL in respect of the transfer of subsidiaries of TGL in respect of the transfer of subsidiaries of TGL out of TGL to UK Holdings as described in paragraphs 50 and 51 of Part 1 of Schedule 4;

together with any costs and expenses referred to in paragraph 5 and so that, in the case of any Tax Liability arising in respect of a Controlled Joint Venture, the Purchaser shall be paid that proportion of the Tax Liability and

related costs and expenses of that Controlled Joint Venture as corresponds to the JV Percentage and in relation to the Purchaser's costs and expenses those costs and expenses referred to in paragraph 5.

2.2 ICI hereby covenants for itself and otherwise as agent for the Share Selling Companies with the Purchaser to pay to the Purchaser for itself where it is the Designated Purchaser and otherwise as agent for the Designated Purchaser, by way (to the extent that it is possible to do so) of adjustment to the Final Consideration for the sale of the Sale Shares, an amount equal to:

(a) any stamp duty payable on the transfer of the Sale Shares of TGL to HIC as described in paragraph 11 of Part 1 of Schedule 4;

(b) any stamp duty arising in respect of the transfer of the Subsidiaries of TGL out of TGL as described in paragraph 50 of Part 1 of Schedule 4; and

(c) 50 per cent. of the liability to corporation tax on chargeable gains arising in TGL in respect of the transfer of the Subsidiaries of TGL out of TGL as described in paragraph 50 of Part 1 of Schedule 4,

together with any costs and expenses referred to in paragraph 5.

2.3 For the purposes of paragraph 2.1(c) above, where it is necessary to apportion any Tax Liability relating to any Straddle Period, such liability shall be apportioned between the period deemed to end at the close of the Closing Date and the period deemed to begin at the beginning of the day following the Closing Date on the basis of an interim closing of the books, except that (i) exemptions allowances or deductions that are calculated on a time basis, such as the deductions for depreciation, shall be apportioned on a time basis and (ii) Taxes (such as real property Taxes) imposed on a periodic basis shall be allocated on a daily basis.

2.4 For the purposes of this Schedule, other than paragraph 2.1(c), any relief or Tax Liability arising in respect of an accounting period falling partly before and partly after the Closing Date shall be apportioned on a time basis, unless some other basis is more reasonable

Exclusions

3. The covenant contained in paragraph 2 shall not cover any Tax Liability to the extent that:

(a) provision or reserve in respect of that Tax Liability has been made or appears in the Closing Statement; or

(b) the Tax Liability was paid or discharged before the Closing Date; or

(c) the Tax Liability arises in respect of Income, Profits or Gains actually earned or received by or actually accrued to any Company before Closing but which were not reflected in the Closing Statement; or

(d) the Tax Liability arises as a result of any change in rates of Tax made after Closing with retrospective effect or of any change in law, regulation or directive applicable in the corresponding country of residence of each Company or the country where a branch is established, or the practice of any Tax Authority in the corresponding country of residence of each Company or the country where a branch is established, occurring after the Closing Date with retrospective effect; or

(e) the Tax Liability would not have arisen but for a voluntary transaction, action or omission carried out or effected by any of the Purchaser, the Company or any other person connected with any of them other than ICI and members of ICI's Group, at any time after the Closing Date, except that this exclusion shall not apply where any such transaction, action or omission:

(i) is carried out or effected by the Company concerned pursuant to a legally binding commitment created on or before the Closing Date; or

(ii) is carried out or effected by the Purchaser or the Company concerned in the ordinary course of business of the Company as carried on at the Closing Date; or

(f) the Tax Liability arises as a result of a change after the Closing Date in any accounting policy or the length of any Accounting Period of the Company other than a change required by law or in order to comply with generally accepted accounting practice of the country in which the Company is incorporated or resident for Tax purposes; or

(g) the Tax Liability comprises interest or penalties arising by virtue of an underpayment of Tax prior to the Closing Date, insofar as such underpayment would not have been an underpayment but for any Event or Events occurring after the Closing Date; or

(h) such Tax Liability arises as a result of the Company failing to submit the returns and computations required to be made by it or not submitting such

returns and computations within the appropriate Time Limits or submitting such returns and computations otherwise than on

a proper basis, in each case after the Closing Date and otherwise than as a result of any default or failure of ICI in carrying out, or in failing to carry out, ICI's obligations under clause 14 of the Agreement; or

(i) the Tax Liability is increased as a result of the failure of the Purchaser to comply with its obligations contained in paragraph 9 hereof or clauses 14.5 and 14.6 of the Agreement; or

(j) any relief other than a Purchaser's Relief is available, or is for no consideration made available by ICI, to the Company to set against or otherwise mitigate the Tax Liability (including but not limited to any such relief available under any of sections 393, 393A, 402 to 413, or section 240 of the Taxes Act or section 102 of the Finance Act 1989); or

(k) the Tax Liability would not have arisen but for:

(i) the making of a voluntary claim, election, surrender or disclaimer, or the giving of a notice or consent under the provisions of any enactment or regulation relating to Tax, in each case after the Closing Date and by the Purchaser, the Company or any person connected with any of them other than ICI and members of ICI's Group and otherwise than at the direction of ICI pursuant to clause 14 of the Agreement; or

(ii) the failure or omission on the part of the Company otherwise than at the direction of ICI pursuant to clause 14 of the Agreement to make any valid claim, election, surrender or disclaimer, or to give any such notice or consent as ICI may require in respect of periods or matters for which ICI has conduct under clause 14 of the Agreement; or

(l) recovery is made in respect of the Tax Liability pursuant to any Warranty; or

(m) the Tax Liability would not have arisen but for the winding up of, or the cessation of any trade or business by the Company after the Closing Date, or any change in the nature or conduct of such trade or business after the Closing Date; or

(n) the Tax Liability arises in any company which becomes a Company as a result of the transactions contemplated by Schedule 18 in respect of any transactions or steps implemented in accordance with the restructuring steps set out in Schedules 4 and 18 of the Agreement or the different or substituting steps that may be agreed upon between the

parties where so provided in Schedule 4 or 18 (as the case may be) provided that this exclusion shall not apply to any Tax arising as a result of (or which would not have arisen but for) the implementation or carrying out of any of the steps referred to in paragraph 3 of Schedule 18 and provided further, that this exclusion shall not apply to a Tax Liability falling within paragraph 2.2; or

(o) the Tax Liability is increased as a result of the wilful or negligent delay or default of any Company after the Closing Date.

3.2 None of the Share Selling Companies as principal or ICI as agent shall have a liability to the Purchaser for itself where it is the Designated Purchaser and otherwise as agent for the Designated Purchaser under any part of this Agreement in respect of any non-availability, inability to use, or loss or restriction of any relief (failure of relief) where such failure of relief does not give rise to a Tax Liability to which paragraph 2 applies.

Overprovisions

4.1 ICI may require the auditors for the time being of the Company to certify, at its request and expense, the existence and amount of any overprovision for Tax in the Closing Statement (excluding any provision for deferred Tax but including receipts for group relief and advance corporation tax surrenders) (an Overprovision) and the Purchaser shall provide, or procure that the Company provides, any information or assistance required for the purpose of production by the auditors of a certificate to that effect.

4.2 Subject to paragraph 4.4 below:

(a) any Overprovision shall first be set against any payment then due from ICI (whether for itself or as an agent for the Share Selling Companies) under any Tax Covenant Claim;

(b) to the extent there is an excess, a refund shall be made to ICI (as agent for the Share Selling Companies) of any previous payment or payments made by ICI (whether for itself or as an agent for the Share Selling Companies) under any Tax Covenant Claim (and not previously refunded pursuant to another provisions of this Agreement or this Schedule) up to the amount of

the excess; and

(c) to the extent that the excess referred to in sub-paragraph (b) is not exhausted under that sub-paragraph, the remainder of that excess shall be carried forward and set against any future payment or payments which become due from ICI (whether for itself or as an agent for the Share Selling Companies) under any Tax Covenant Claim.

4.3 Either ICI or the Purchaser may, at its expense, require any certificate produced in accordance with paragraph 4.1 above to be reviewed by the auditors for the time being of the Company in the event that there are relevant circumstances or facts of which it was not aware, and which were not taken into account, at the time when such certificate was produced, and to certify whether the certificate remains correct or whether it should be amended.

4.4 If following a request under paragraph 4.1 the certificate is amended, the revised amount of Overprovision shall be substituted for the purposes of paragraph 4.2, and any adjusting payment that is required shall be made forthwith.

Costs and Expenses

5. The covenant contained in this Schedule shall extend to all reasonable costs and expenses properly incurred by the Purchaser or the Company in connection with a valid claim made under this Schedule, or in satisfying or settling any Tax Liability in accordance with paragraph 9.

Double Recovery

6. The Purchaser shall not be entitled to recover any amount pursuant to this Schedule in respect of any claim to the extent that the Purchaser, any Designated Purchaser or any Company has already recovered any amount in respect of such claim under the Warranties or pursuant to any other agreement with ICI or any company connected with ICI, or to the extent that recovery has already been made under this Schedule in respect of the same subject matter. No Tax relief, saving or benefit is to be taken into account more than once in reducing a Purchaser's claim or in increasing or giving rise to a payment by the Purchaser to the Vendor under this Agreement.

Tax Refunds

7.1 The Purchaser shall promptly notify ICI of any right to repayment or actual repayment of Tax to which any Company is or becomes entitled or receives in respect of an Event occurring or period (or part period) prior to the Closing Date (including any repayment attributable to the surrender of group relief or advance corporation tax in respect of a period ending on or before the Closing Date whenever such surrender is effected) (a tax refund), where or to the extent that such right or repayment was not a Purchaser's relief and is not a payment or relief to which paragraph 11 or 12 below applies.

7.2 Any tax refund actually obtained (less any reasonable costs of obtaining it but including any interest or repayment supplement net of Tax thereon) shall be dealt with as follows:

(a) the amount of the tax refund shall be set against any payment then due from ICI (whether for itself or as an agent for the Share Selling Companies) under any Tax Covenant Claim; and

(b) to the extent that there is an excess, a payment shall promptly be made to ICI (as agent for the Share Selling Companies) equal to the aggregate of any previous payment or payments previously made by ICI (whether for itself or as an agent for the Share Selling Companies) under any Tax Covenant Claim (and not previously refunded pursuant to another provision of the Agreement or this Schedule) up to the amount of the excess (any remaining excess being carried forward to offset any further payment that may become due from ICI (whether for itself or as an agent for the Share Selling Companies) under any Tax Covenant Claim.

7.3 Notwithstanding anything to the contrary stated in this paragraph 7 or in the Agreement, the Purchaser shall pay or cause to be paid to ICI by way of adjustment to the Initial Consideration payable with respect to the Sale Shares in TGL the refund of Tax which is due to TAI and which is attributable to periods (or portions thereof) ending on or before the Closing Date (and which is in an amount of approximately $8.0 million). The provisions of paragraph 7.2(a) shall apply to this refund but, to the extent that there is an excess (after setting the refund against payments due from ICI under the Tax Covenant), a payment shall promptly be made to ICI of the excess.

Secondary Liabilities

8.1 The Purchaser hereby covenants for itself where it is the Designated Purchaser or as agent for the Designated Purchaser with ICI for itself or as agent for the Share Selling Companies to pay to ICI, by way of adjustment to the Final Consideration for the sale of the Sale Shares, an amount equal to:

(a) any Tax for which ICI or any other member of the Retained Share Selling

Company Group falling within section 767A(2) of the Taxes Act becomes liable by virtue of the operation of section 767A and 767B of the Taxes Act in circumstances where the taxpayer company (as referred to in section 767A(1)) is any Company;

(b) any Tax for which ICI or any other member of the Retained Share Selling Company Group falling within section 767AA(4) of the Taxes

Act becomes liable by virtue of the operation of section 767AA of the Taxes Act in circumstances where the transferred company (as referred to in section 767AA(1)(a)) is any Company; and

(c) any other Tax for which ICI or any other member of the Retained Share Selling Company Group becomes liable as a result of a failure by the Company, or any person connected with or associated in any way with the Company after the Closing Date, to discharge it.

8.2 The covenant contained in paragraph 8.1 shall:

(a) extend to any costs reasonably incurred by ICI, or any member of the Retained Share Selling Company Group in connection with such Tax or a claim under paragraph 8.1;

(b) not apply to Tax to the extent that the Purchaser could claim payment in respect of it under paragraph 2, except to the extent a payment has been made pursuant to paragraph 2 and the Tax to which it relates was not paid by the Company; and

(c) not apply to Tax which has been recovered under section 767B(2) of the Taxes Act or any other relevant statutory provision (and ICI shall procure that no such recovery is sought to the extent that payment is made hereunder).

8.3 Paragraphs 9.1, 9.2 and 10 (conduct of disputes and due date for payment) shall apply to the covenant contained in paragraph 8.1 as they apply to the covenants contained in paragraph 2, replacing references to ICI by the Purchaser (and vice versa) and making any other necessary modifications.

Notification of claims and conduct of disputes

9.1 If the Purchaser or any Company becomes aware of any Tax Claim which could give rise solely to a Tax Covenant Claim, the Purchaser shall give notice to ICI of that Tax Claim (including reasonably sufficient details of such Tax Claim, the due date for any payment and the time limits for any appeal, and so far as practicable the amount of the claim under this Schedule in respect thereof) as soon as possible (and in any event not more than 10 days after the Purchaser or the Company concerned becomes aware of such claim) and shall take (or procure that the Company concerned shall take) such action as ICI may reasonably request to avoid, dispute, resist, appeal, compromise or defend the Tax Claim and any adjudication in respect thereof. ICI shall have the right (if it wishes) to control any proceedings taken in connection with such action, and shall in any event be kept fully informed of any actual or proposed developments (including any meetings) and shall be

provided with copies of all correspondence and documentation relating to such Tax Claim or action, and such other information, assistance and access to records and personnel as it reasonably requires provided that the Purchaser shall not be obliged to procure that the Company concerned takes any action under this clause which involves contesting any Tax assessment before any court or other appellate body (excluding the authority or body demanding the Tax in question) unless ICI furnishes the Company concerned with the written opinion of leading Tax counsel to the effect that an appeal against the Tax assessment in question will, on a balance of probabilities, be won.

9.2 ICI shall reimburse to the Purchaser and the Company concerned the reasonable costs and expenses properly incurred in connection with any such action or proceedings as are referred to in paragraph 9.1 including but not limited to the cost of the guarantees that the Companies or the Purchaser should have to file before the relevant Tax Authority in the event that a suspension of the Tax Claim is requested.

9.3 Subject to paragraph 9.4, the Purchaser shall procure that no Tax Claim, action or issue in respect of which ICI could be required to make a payment under this Schedule is settled or otherwise compromised without ICI's prior written consent, such consent not to be unreasonably withheld, and the Purchaser shall, and shall procure that the Company and its advisers shall, not submit any correspondence or return or send any other document to any Tax Authority where the Purchaser or any such person is aware or could reasonably be expected to be aware that the effect of submitting such correspondence or return or sending such document would or could be to put such Tax Authority on notice of any matter which could give rise to, or could increase, a claim under this Schedule, without first affording ICI a reasonable opportunity to comment thereon and without taking account of such comments so far as it is reasonable to do so.

9.4 If ICI does not request the Purchaser to take any appropriate action within 15 days of notice to ICI, the Purchaser shall be free to satisfy or

settle the relevant Tax Liability on such terms as it may reasonably think fit.

Due date of payment and interest

10.1 Subject to paragraph 5 and 10.2 ICI shall pay to the Purchaser any amount payable under this Schedule on or before the date which is the later of the date ten Business Days after demand is made therefor by the Purchaser and five Business Days before the first date on which the Tax in question becomes recoverable by the Tax Authority demanding the same,

Provided that

(a) if the date on which the Tax can be recovered is deferred following application to the relevant Tax Authority, the date for payment by ICI shall be five Business Days before such later date when the amount of Tax is finally and conclusively determined (and for this purpose, an amount of Tax shall be deemed to be finally determined when, in respect of such amount, an agreement under section 54 of the Taxes Management Act 1970 or any legislative provision corresponding to that section is made or a decision of a court or tribunal is given from which either no appeal lies or in respect of which no appeal is made within the prescribed time limit); and

(b) if a payment or payments to the relevant Tax Authority prior to the date otherwise specified by this paragraph would avoid or minimise interest or penalties, ICI may at its option pay the whole or part of the amount due to the Purchaser on an earlier date or dates, and the Purchaser shall procure that to the extent that it has received such amount the Tax in question (or the appropriate part of it) is promptly paid to the relevant Tax Authority.

ICI may, with the Purchaser's consent, not to be unreasonably withheld or delayed, make a direct payment in respect of the Tax Liability in question to the relevant Tax Authority (including through use of certificates of tax deposit or the equivalent) and ICI's liability to the Purchaser shall be treated as reduced or eliminated accordingly.

10.2 Where a claim under this Schedule relates to the use or set off of a Purchaser's Relief, ICI shall pay to the Purchaser the amount due under this Schedule in respect thereof on the later of the date which is five Business Days before the first date on which Tax which would have been payable but for such use or set off would have become recoverable by the Tax Authority demanding the same, and ten Business Days after demand is made therefor by the Purchaser, such demand to be accompanied by a copy of a certificate from the auditors of the Purchaser or the Company concerned (obtained or procured to be obtained by and at the expense of the Purchaser) that ICI has a liability of a stated amount in respect of such claim and that Tax has, or will on a specified date, become payable as aforesaid, and by reasonably sufficient evidence of such use or set off and of such Tax Liability.

10.3 Any sum not paid by ICI on the due date for payment specified in paragraph 10.1 or 10.2 shall bear interest (which shall accrue from day to day after as well as before any judgment for the same) at the Interest Rate from the due date to and including the day of actual payment of such sum, provided that such interest shall not accrue to the extent that ICI's liability under paragraph 2 or paragraph 5 extends to interest or penalties arising after

the due date. Any interest due under this paragraph shall be paid forthwith on the demand of the Purchaser.

Recovery from third parties

11.1 If any payment is made by ICI under this Schedule or the Tax Warranties in respect of a Tax Liability and the Purchaser or the Company (or any person connected with any of them other than any member of ICI's Retained Group) either receives, or is entitled or may be entitled either immediately or at some future date to recover or obtain, from any person (other than the Purchaser, the Company or any such connected person) a payment or relief in respect of the Tax Liability in question, then:

(a) the Purchaser shall notify ICI of that fact as soon as possible and if so required by ICI shall take (or shall procure that the Company or other person concerned shall take) at ICI's expense such action as ICI may reasonably request to enforce such recovery or to obtain such payment or relief (keeping ICI fully informed of the progress of any action taken and providing it with copies of all relevant correspondence and documentation); and

(b) if the Purchaser, the Company or other person concerned receives or obtains a payment or relief in respect of the Tax Liability in question, the Purchaser shall pay to ICI the amount received or the amount that the Purchaser, the Company or other person concerned saves by virtue of the payment or the relief (less any reasonable costs of recovering or obtaining such payment or relief and any Tax suffered thereon) (the Benefit) to the extent that the amount of the Benefit does not exceed the aggregate payments previously made by ICI in respect of any Tax Covenant

Claims which have not previously been refunded pursuant to another provision of this Agreement or this Schedule and except where any amount so saved would otherwise have given rise to a claim under this Schedule (in which event no such claim shall be made). Any amount of the Benefit not so paid to ICI shall to the extent that it has not previously been refunded pursuant to another provision of this Agreement or this Schedule be carried forward and set off against any future Tax Covenant Claims. For the avoidance of doubt, nothing in this paragraph shall require the Purchaser to pay a Benefit to ICI if such Benefit has already reduced a Claim.

11.2 Any payment required to be made by the Purchaser pursuant to paragraph 11.1 shall be made:

(a) in a case where the Purchaser, the Company or other person concerned receives a payment, within five Business Days of the receipt thereof; and

(b) in a case where the Purchaser, the Company or other person concerned obtains a relief, within five Business Days of the date on which Tax would have become recoverable by the appropriate Tax Authority but for the use of such relief.

11.3 Any sum not paid by the Purchaser on the due date of payment specified in paragraph 11.2 shall bear interest (which shall accrue from day to day after as well as before any judgment for the same) at the Interest Rate from the due date to and including the day of actual payment of such sum. Such interest shall be paid on the demand of ICI.

Surrenders between the Retained Share selling company Group and the Company

12.1 Subject to the following provisions of this paragraph 12, and without prejudice to the generality of clause 14 of the Agreement, the Purchaser shall procure that each Company resident in the United Kingdom for Tax purposes shall, in respect of any Accounting Period for United Kingdom corporation tax purposes ended on or before the Closing Date (which for the purposes of this paragraph 12 shall include any overlapping period pursuant to section 403A of the Taxes Act), make, give or enter into such claims, elections, surrenders, notices or consents (whether unconditional or conditional, whether or not forming part of any other return or Tax Document, whether provisional or final, and including amendments to or withdrawals of earlier claims, elections, surrenders, notices or consents) as ICI shall direct in writing in connection with the surrender (in accordance with Chapter IV of Part X of the Taxes Act or section 240 of that Act, as appropriate) of:

(a) losses or other amounts eligible for group relief (within the meaning of that Chapter); and/or

(b) the benefit of any amount of advance corporation tax,

by or to any member of the Retained Share Selling Company Group to or by (as the case may be) any of the Companies. Where surrenders are made by any of the Companies to any member of the Retained Share Selling Company Group, then ICI shall procure that a payment shall be made by the member of the Retained Share Selling Company Group to the Company making the surrender in an amount equal to the amount of Tax that the member of the Retained Share Selling Company Group actually saves (ignoring for this purpose the availability of any credit for advance corporation tax) as a result

of the surrender. Payment shall be made to the Company making the surrender on the date on which the Tax which the member of the Retained Share Selling Company Group would have had to pay were it not for the surrender, would have been due. No payment shall be made in respect of any such surrender to any of the Companies by any member of the Retained Share Selling Company Group except to the extent set out in the following provisions of this paragraph 12.

12.2 If, in respect of any Accounting Period of the Company ended on or before Closing the Company has paid corporation tax (otherwise than in circumstances where a claim has been or could be made under paragraph 2 of this Schedule in respect thereof), and a surrender effected pursuant to paragraph 12.1 has the effect of causing a repayment of some or all of that corporation tax (with or without any repayment supplement within the meaning of section 825 of the Taxes Act or interest under section 826 of that Act) the Purchaser shall procure that, in respect of any such surrender as is made to the relevant Company pursuant to paragraph 12.1, a payment for group relief (within the meaning of section 402(6) of the Taxes Act) or a payment within section 240(8) of the Taxes Act (as the case may be) shall be made to the member of the Retained Share Selling Company Group making the surrender.

12.3 The amount of any such payment as is referred to in paragraph 12.2 shall be equal to the amount of corporation tax so repaid (together with any repayment supplement or interest net of Tax thereon).

12.4 Any payment under paragraph 12.3 shall be made on the date two Business Days after the date on which such repayment is received, or would be received but for some event or action within paragraph 12.5 and interest shall be charged on any amount not paid on the due date as provided in paragraph 11.3.

12.5 In ascertaining the amount of any payment under paragraph 12.3, and the time of such payment, no account shall be taken of any event or action occurring after the Closing Date (including any loss arising in a period commencing after the Closing Date or in respect of the portion of any Straddle Period commencing after the Closing Date) which has or could have the effect of deferring, reducing or eliminating any repayment to the Company (or the receipt of any repayment supplement or interest), and in such a case paragraph 12.2 shall apply as if such event or action had not occurred.

12.6 Where in respect of a relevant accounting period (within the meaning of section 102 of the Finance Act 1989) ended on or before the Closing Date

section 102(4) applies in relation to a surrendering company in the Retained Share Selling Company Group and a recipient company which is a Company, then to the extent that an amount corresponding to Tax which the recipient company is deemed to have paid by virtue of section 102(4)(a) has previously been paid by the recipient company (otherwise than in circumstances where a claim has been or could be made under paragraph 2 of this Schedule in respect thereof) (the amount saved), the Purchaser shall procure that a payment for a transferred tax refund (within the meaning of section 102(7)) shall be made to the relevant member of the Retained Share Selling Company Group of an amount equal to the amount saved.

12.7 Any payment for a transferred tax refund pursuant to paragraph 12.6 above shall be made on the later of the day following the day on which the amount saved is repaid by the Inland Revenue (or if such date is not a Business Day the next following Business Day) and five Business Days after demand is made therefor by the relevant member of the Retained Share Selling Company Group and interest shall be charged on any amount not paid on the due date as provided in paragraph 11.3.

12.8 If a payment is made under paragraph 12.2 or 12.6 and the surrender to which it relates is subsequently determined to have been invalid or ineffective to any extent or excessive, then the payment so made (or so much of it as relates to such part of the surrender found to be invalid or ineffective or excessive) shall be refunded as soon as practicable thereafter, together with interest from the date of payment until the date of the refund at the Interest Rate.

Illegality

13. If at any time any provision of this Schedule is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

Assignment

14. The provisions of clause 26 of the Agreement shall apply to this Schedule as well.

Withholding and Grossing up

15.1 All the sums payable by ICI under this Schedule shall be paid free and clear of all deductions or withholdings unless the deduction or withholding is

required by law, in which event (and except in respect of interest) ICI shall pay such additional amount as shall be required to ensure that the net amount received by the Purchaser (for itself or as agent for the relevant Designated Purchaser) under this Schedule shall equal the full amount which would have been received by it had no such deduction or withholding been required to be made.

15.1 If a payment under this Agreement for breach of a Warranty or a payment under this Schedule is subject to Tax in the hands of the Purchaser or a Designated Purchaser (except in the case of interest payable under this Agreement) ICI for itself (where it is the Share Selling Company) and otherwise as agent for the Selling Company shall within 7 days of notice in writing being served on it by the Purchaser pay to the Purchaser (for itself as agent for the relevant Designated Purchaser) such amount as will ensure that the net amount received in respect of any payment due from ICI under this Agreement after the payment of such Tax (and after taking account of any reliefs available to the Purchaser or the Company in respect of the matter giving rise to the payment) is the same as it would have been were the payment not so subject to Tax in the hands of the Purchaser or the Designated Purchaser and were the Purchaser or the Company not so entitled to any relief in respect of the matter giving rise to the payment.

15.3 To the extent that the Purchaser or the Designated Purchaser subsequently receives any Tax credit, allowance, repayment or relief (the Purchaser or the Designated Purchaser having used all reasonable endeavours to obtain such Tax credit, allowance, repayment or relief) as a result of ICI paying to the Purchaser an amount under paragraphs 15.1, or 15.2 the Purchaser (for itself or as agent for the relevant Designated Purchaser) shall, as and when the Purchaser or Designated Purchaser obtains the Tax repayment or a reduction in its actual Tax payments as a result of such Tax credit, allowance or relief pay to ICI for

itself (where it is the Share Selling Company) and otherwise as agent of the Selling Company so much of that Tax repayment or Tax saving which the Purchaser or the Designated Purchaser has received as does not exceed the sum payable under paragraph 15.1 or 15.2 provided that nothing in this paragraph 15 shall require the Purchaser or any member of the Purchaser's Group to disclose any of its confidential Tax affairs.

SCHEDULE 14

ENVIRONMENTAL INDEMNITIES

PART A

Interpretation

1.1 In this Schedule 14:

Criteria means:

(i) the nature of the legal obligation which has been or which may be breached or the legal liability which has or may have arisen or may arise;

(ii) the legal powers and remedies available to the Governmental Authority or third party to bring Environmental Proceedings (including any limitations on those powers);

(iii) the likelihood of Environmental Proceedings being commenced and successfully completed by a Governmental Authority or third party acting under Environmental Law in the jurisdiction in question having regard to applicable enforcement practice therein;

(iv) the likelihood of a notice, order or requirement to carry out Remedial Action falling on any Protected Person, JV Business, ICI and/or any member of ICI's Group as the case may be;

(v) in relation to soil or groundwater contamination, the nature and extent of the impact or risk of impact to the Environment; and

(vi) the costs and benefits of carrying out the proposed Remedial Action (where applicable) (including the consequences of not carrying out the proposed Remedial Action at that time);

Closed Site Liabilities means any Losses arising from soil or groundwater contamination only under Future Environmental Law in respect of any property owned, or occupied by any of the Companies or the Tioxide Business, the Relevant Petrochemicals Business or the Polyurethanes Business at Closing at which business operations, industrial processes or other uses carried on at any time prior to Closing have as at Closing permanently ceased including for the avoidance of doubt, Burnie (Closed Sites);

Conduct Party means the party having the conduct of Environmental Proceedings, Remedial Action and any other matter the subject of a notice given pursuant to paragraph 9.1 only;

Disclosed Pre-Closing Compliance Issues means Pre-Closing Compliance Issues fairly disclosed in the Data Rooms or otherwise disclosed by and in accordance with the Disclosure Letters in either case pursuant to this Agreement (provided that, for the purposes of this definition, any such disclosure against any particular warranty shall be deemed to be disclosure for the purposes of determining whether a Pre-Closing Compliance Issue is a Disclosed Pre-Closing Compliance Issue).

Disposal to Off-Site Landfills means the presence of Hazardous Materials or Waste prior to Closing in, at or under and (if present prior to Closing) at any time before or thereafter, migrating, escaping, leaking or emanating from:

(i) any off-site facility or property which prior to Closing but not thereafter was used in whole or in part as a landfill site for the disposal of Hazardous Materials or Waste from any Relevant Property or Relevant Shared Property or any other site at any time occupied, owned or used by the Relevant Petrochemicals Business, the Tioxide Business or the Polyurethanes Business (including such businesses as they may have been carried on at any time prior to Closing and any predecessor of any such business) (Closed Off-Site Landfills); and

(ii) any off-site facility or property which prior to Closing and thereafter was used in whole or in part as a landfill site for the disposal of Hazardous Materials or Waste from any Relevant Property or Relevant Shared Property or any other site at any time occupied, owned or used by the Relevant Petrochemicals Business, the Tioxide Business or the Polyurethanes Business (including such businesses as they may have been carried on at any time prior to Closing and any predecessor of any such business) provided that this sub-paragraph (ii) applies in relation to such use prior to Closing only (On-going Disposal Sites);

Emergency means in respect of Pre-Closing Soil or Groundwater Contamination

only, a fire, explosion, act of God or flood or other sudden and catastrophic event where such an event would result in significant Environmental Losses or would significantly increase Environmental Losses;

Environment means all or any of the following media, namely air (excluding media within buildings or other natural or man made structures above or below ground), water or land and any living organisms or systems supported by those media;

Environmental Law means any applicable statutes, subordinate legislation and other national, federal, state and local laws (including common law and any contractual obligations), rules, regulations, orders, ordinances, judgments or injunctions and codes of practice, guidance notes and judicial and administrative interpretation of each of the foregoing each as is valid and enforceable on the relevant Protected Person or JV Business at Closing in the relevant jurisdiction (or, in relation to contractual obligations or liabilities, after Closing as a direct consequence of the completion of the transactions provided for in this Agreement) and the New Contaminated Land Power each as relate to Pre-Closing Environmental Conditions. For the avoidance of doubt, any enactment or statutory provision being an Environmental Law is as it may have been, or may from time to time be, amended, modified, consolidated or re-enacted (with or without modification) and includes all instruments or orders made under such enactment, but only insofar as such amendment, consolidation or re-enactment of such legislation does not increase the liability of ICI under this Schedule 14;

Environmental Losses means all fines, penalties, damages, losses, liabilities, costs and expenses (including reasonable professional and consultants' fees) (Losses) incurred under or to the extent necessary to comply with Environmental Proceedings or a settlement or agreement as referred to in paragraph 4.2(ii) or an emergency as provided for in paragraph 10(ii) (but excluding indirect, consequential or incidental Losses (including any loss of anticipated profits or revenue and costs attributable to the loss of use or business interruption or disruption (Indirect Losses) provided that Losses shall not be Indirect Losses merely because they arise or are imposed under contract law);

Environmental Permit means any Permit under Environmental Law;

Environmental Proceedings means any criminal, civil, judicial, regulatory or administrative proceeding, suit or claim of any Governmental Authority or third party or Final notice, order or requirement of any Governmental Authority or third party in each case under Environmental Law (or Future Environmental Law in the case of Protected Matters, North Tees Soil or Groundwater Contamination and the Post-Closing Counter-Indemnity only);

Final means, in relation to a notice, order or requirement that it is binding and is either not capable of appeal, review or challenge, or there is no reasonable prospect of a successful appeal, review or challenge;

Former Sites means any property not owned, occupied or used in connection with any of the Companies or the Polyurethanes Business, Tioxide Business or Relevant Petrochemicals Business at Closing, but formerly so owned,

occupied or used (including in connection with such businesses as they may have been carried on at any time prior to Closing and any predecessor of any such business);

Former Sites Liabilities means any Losses under Future Environmental Law arising from the occupation, ownership or use by any of the Companies and/or any of the Relevant Petrochemicals Business, Tioxide Business or the Polyurethanes Business (including in connection with such businesses as they may have been carried on at any time prior to Closing and any predecessor of any such business) of any Former Sites;

Future Environmental Law means all applicable statutes, subordinate legislation and other national, federal, state and local laws (including the common law and any contractual obligations), rules, regulations, orders, ordinances, judgments or injunctions and codes of practice, guidance notes and judicial and administrative interpretation of each of the foregoing each as is valid and enforceable on the relevant Protected Person, ICI and/or any member of ICI's Group as the case may be from time to time and each as relate to Protected Matters, North Tees Soil and Groundwater Contamination or the Post-Closing Counter-Indemnity;

Governmental Authority means any governmental agency, regulatory body, court of law or tribunal with jurisdiction under Environmental Law or, in the case of Protected Matters, North Tees Soil and Groundwater Contamination or the Post-Closing Counter-Indemnity only and in relation to paragraphs 8.1(ii) and 11(a), Future Environmental Law;

Hazardous Materials means a substance which alone or in combination with other things is or are capable of causing significant harm or damage to property or to man or to the Environment or which are specified to be hazardous under Environmental Law or Future Environmental Law, as applicable in the relevant jurisdiction;

High Likelihood has the meaning given in paragraph 8.1(iv);

Investigative Works means inspections, investigations, assessments, audits, sampling or monitoring;

JV Business means any company or business in respect of which a Protected Person is subject to the terms of a Joint Venture Agreement;

JV Environmental Losses means (i) only that proportion of Environmental Losses in respect of which the relevant Protected Person is under a contractual obligation to pay to any JV Business in respect of that Protected Person's Joint Venture Interest and (ii) Environmental Losses for which the

relevant Protected Person is directly liable under Environmental Law or Future Environmental Law (as applicable);

Leak Repair Programme means the programme identified in Schedule 1 to the agreed form leak repair services agreement between ICI and the Purchaser for the carrying out of certain drainage and pipe repairs in respect of the North Tees Site (the Leak Repair Services Agreement);

New Contaminated Land Powers means the powers introduced by Section 57 and paragraphs 161 and 162 of Schedule 22 of the Environment Act 1995 and the Draft Statutory Guidance on Contaminated Land (dated October 1998) (the Draft Guidance) or the first set of guidance and regulations adopted under those powers but only to the extent that the latter are enacted in a form no more onerous to ICI in relation to the matters to which this Schedule 14 applies than as set out in the Draft Guidance;

North Tees Site means the property edged in red on Agreed Plan 3, Agreed Plan 6 and Agreed Plan OM2;

North Tees Soil or Groundwater Contamination means in relation only to soil or groundwater contamination at or from the North Tees Site any soil or groundwater contamination existing at or migrating, leaching or escaping (a) at or prior to Closing (b) arising after Closing from any structure or item to which the Leak Repair Programme applies, on or before completion of the Leak Repair Programme in relation to that structure or item (by certification or as otherwise provided for in the Leak Repair Services Agreement) as the case may be or, if sooner, the third anniversary of Closing; including any subsequent migration, leaking or escape of any such contamination, other than any soil or groundwater contamination attributable in whole or in part to, arising from or increased by the negligent acts or omissions after Closing of the relevant Protected Person (its employees, contractors, agents, sub-tenants or licensees) or third parties (except, in the case of third parties only, to the extent such acts or omissions occur off site and are attributable to Pre-Closing Soil or Groundwater Contamination the presence of which was caused by any acts or omissions of ICI or a member of ICI's Group and not (for the avoidance of doubt) any third party ("Off Site Third Party Negligence")) or any spillages after Closing by the relevant Protected Person (its employees, contractors, agents, sub-tenants or licensees) or third parties (except Off Site Third Party Negligence);

Off Site Third Party Negligence has the meaning given in the definition of North Tees Soil or Groundwater Contamination;

Permit means any authorisation, licence, permission, consent or approval issued by a Governmental Authority acting lawfully;

Post-Closing Counter Indemnity means the indemnity contained in paragraph 14 below;

Post-Closing Environmental Conditions means:

(a) any soil or groundwater contamination first in, at, on or under any Relevant Property or Relevant Shared Property (not being North Tees Soil or Groundwater Contamination) after Closing; or

(b) the exposure of employees, contractors, agents or licensees to any Hazardous Materials first in existence at, on, over or under any Relevant Property or Relevant Shared Property after Closing; or

(c) any post-Closing breach of or non-compliance with Future Environmental Law or Environmental Permits except to the extent resulting from Pre-Closing Environmental Conditions,

which is in any case increased, exacerbated, enhanced, caused or permitted as a result of circumstances occurring after Closing as the result of any act or omission of the relevant Protected Person or JV Business (its employees, contractors, agents, sub-tenants or licensees of the same); or

(d) any post-Closing migrating, leaching or escaping of any Pre-Closing Soil or Groundwater Contamination to the extent attributable in whole or in part to, arising from or increased by the negligent acts or omissions or any spillages after Closing of or by the relevant Protected Person or JV Business (its employees, contractors, agents, sub-tenants or licensees) or third parties (except Off Site Third Party Negligence) or the carrying out or failure to carry out routine maintenance by the relevant Protected

Person or JV Business (its employees, contractors, agents, sub-tenants or licensees) or third parties (except Off Site Third Party Negligence);

Pre-Closing Environmental Conditions means the following:

(i) in relation to the Relevant Properties or Relevant Shared Properties soil or groundwater contamination existing at or migrating, leaching or escaping from any such Relevant Property or Relevant Shared Property at or prior to Closing including any subsequent migration leaking or escape of any such pre-Closing contamination (Pre-Closing Soil or Groundwater Contamination);

(ii) any pre-Closing breach of or non-compliance with Environmental Law or Environmental Permits (excluding, for the avoidance of doubt, any Pre-Closing Soil or Groundwater Contamination or Pre-Closing Health and Safety Issues) by any of the Companies or the JV Businesses or, in relation to the Tioxide Business, the Polyurethanes Business or the Relevant Petrochemicals Business, by ICI or any other member of ICI's Group within the period of three years prior to Closing (except Disclosed Pre-Closing Compliance Issues) (Pre-Closing Compliance Issues);

(iii) the exposure of employees, contractors, agents or licensees to any Hazardous Materials prior to Closing as the result of their work for the Tioxide Business, the Relevant Petrochemicals Business or the Polyurethanes Business or their presence on any property at any time used, occupied or owned in connection with any of those businesses including in connection with such businesses as they may have been carried on at any time prior to Closing and any predecessor of any such business (Pre-Closing Health and Safety Issues);

excluding in each case any Post-Closing Environmental Conditions;

Plant Closure Sites means those sites listed in Part B of this Schedule 14;

Protected Matters means the following:

(i) the matters referred to in Part C of this Schedule 14;

(ii) Former Sites Liabilities;

(iii) Closed Sites Liabilities;

(iv) Disposal to Off-Site Landfills;

or any of them;

Protected Person means the Companies and any member of the Purchaser's Group from time to time excluding, for the avoidance of doubt, any JV Business;

Reasonable and Prudent Operator means a person exercising that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator in substantial compliance with all applicable laws engaged in the same type of undertaking in the same locality and under the same or similar circumstances and conditions, and any reference to the standard of a Reasonable and Prudent

Operator herein shall be a reference to such degree of skill, diligence, prudence and foresight as aforesaid;

Relevant Property means Properties listed in Part D(i) of this Schedule 14;

Relevant Shared Property means those Shared Properties listed in Part D (ii) of this Schedule 14;

Remedial Action means works for preventing, removing, remedying, cleaning-up, containing or ameliorating soil or groundwater contamination including Investigative Works and in relation to any Pre-Closing Compliance Issue means works to remedy or recover from such non-compliance (a) which works are required by a Governmental Authority acting lawfully under Environmental Law to have been carried out at or prior to Closing only or, (b) which non-compliances were prior to Closing an existing breach of Environmental Law;

Significant Environmental Impact means any Pre-Closing Soil or Groundwater Contamination only (i) which represents a significant existing impact on the Environment; or (ii) in respect of which there is a very high probability that it will give rise to a significant impact on the Environment and in either case would be likely to result in a Governmental Authority acting lawfully under Environmental Law issuing or making a notice, order or requirement for Remedial Action to be taken in respect of the same matter;

Tracy Site means the Tioxide Business site at 1690 and 1694 Marie-Victorin Boulevard, Tracy, Quebec, Canada;

Umbogintwini Site means the Tioxide business site at 33, Umlazi Native Location, No. 4676, Umbogintwini, South Africa;

Waste means any waste including anything which is abandoned, unwanted or

surplus:

(i) including any such thing which is capable of any beneficial use or of being recovered or recycled or has any value (Re-use Material); but

(ii) excluding any Re-use Material which has, in fact been put to beneficial use or recovered or recycled.

Indemnities

2.1 Subject to the limitations set out in paragraphs 3 to 16 insofar as applicable below ICI for itself and otherwise as agent for the Share Selling Companies shall indemnify, defend and hold the Purchaser harmless for itself

(and as agent for and for the benefit of the Protected Persons) on an after Tax basis from and against:

(A) Protected Matters

all Environmental Losses incurred, suffered or sustained by any Protected Person at any time after Closing in respect of Protected Matters;

(B) Pre-Closing Environmental Conditions

all Environmental Losses incurred, suffered or sustained by any Protected Person at any time after Closing in respect of Pre-Closing Environmental Conditions;

(C) North Tees Soil or Groundwater Contamination

all Environmental Losses incurred, suffered or sustained by any Protected Person at any time after Closing in respect of North Tees Soil or Groundwater Contamination.

Limitations on liability

3.1 The limitations on liability set out in Clauses 11.1, 12.2 , 12.8(b) (as if in each case the reference therein to Designated Purchaser was to Protected Person) 12.8(e), 12.8(g), 12.10, 12.13, 13.1 and 13.2 of the Agreement inclusive shall apply to any claim made in respect of paragraph 2.1 above.

3.2 Subject always to the limitations in paragraph 3.3 below, the maximum aggregate liability of ICI in respect of claims made under paragraph 2.1(B) (Pre-Closing Environmental Conditions) above after paragraph 3.4 has been applied shall not in any event exceed:

(i) an amount equal to (Pounds)312,500,000 which cap is included in the overall cap in Clause 12.3 of this Agreement; and

(ii) the following percentage of Environmental Losses in relation to claims made in the identified year:

<TABLE>
<CAPTION>

Relevant Year	ICI's Share
<S>	<C>
Each year on or after Closing up to the tenth anniversary of Closing Date	100%
Year commencing on the tenth anniversary of Closing Date	67%
Year commencing on the eleventh anniversary of Closing Date	33%
On or after the twelfth anniversary of Closing Date	0%

</TABLE>

such annual percentage in each case being applied in respect of all claimable Environmental Losses in respect of each valid claim made in the relevant year.

3.3 The maximum aggregate liability of ICI in respect of any Environmental Losses in respect of any JV Business shall not exceed the relevant JV Environmental Losses.

3.4 ICI shall have no liability unless and until:

(i) in the case of any individual claim under paragraph 2.1(B) (Pre-Closing Environmental Conditions) or 2.1(A) (Protected Matters) in relation to the Tracy Site and the Umbogintwini Site the Environmental Losses arising from such claim exceed (Pounds)100,000 in which event ICI shall only be liable for the excess of the Environmental Losses over and above (Pounds)100,000;

(ii) in the case of any claims under paragraph 2.1(B) (Pre-Closing Environmental Conditions), the aggregate of all Environmental Losses in respect of all valid claims made in a Relevant Year (in accordance with the table in paragraph 3.2(ii)) and, for the purpose of this sub-paragraph only, disregarding sub-paragraph 3.4(i) exceeds (Pounds)3,000,000 in which event ICI shall only be liable in relation to those claims for the excess of the relevant Environmental Losses over and above (Pounds)3,000,000.

3.5 For the avoidance of doubt:

(i) any amount for which ICI has no liability under paragraph 3.1 or by which ICI's liability is reduced as a consequence of the operation of paragraphs 3.6 to 15 below shall not be capable of constituting a claim or increasing the amount thereof for the purpose of this paragraph 3;

(ii) for the purpose of this paragraph 3 where a claim is caused by more than one event, circumstance, act or omission (not being one sequence or set (where the members of the set are substantially similar in nature to each other and have a common cause) of like events, acts or omissions at a single site) which event, circumstance, act or omission would separately give rise to a right to claim under paragraph 2.1 each such claim shall be treated as a separate claim when calculating whether the thresholds in paragraph 3.4 have been exceeded.

3.6 ICI shall not be liable for any claim under paragraph 2.1(A) (Protected Matters), (B) (Pre-Closing Environmental Conditions) or (C) (North Tees Soil or Groundwater Contamination) unless the Purchaser shall have given ICI written notice containing (so far as reasonably available) specific details of the claim, including the Purchaser's estimate (on a without prejudice basis and so far as it can reasonably be made at the date of the notice) of the amount of such claim. The Purchaser shall not be disentitled from claiming under this Schedule 14 as a result of any reasonable delay in providing such notice or reasonable failure to provide information in such notice, where such delay or failure has not prejudiced ICI.

3.7 Subject to paragraph 3.8, ICI shall not be liable unless:

(i) in the case of Pre-Closing Soil or Groundwater Contamination and Pre-Closing Health and Safety Issues such written notice has been given before the twelfth anniversary of Closing;

(ii) in the case of Pre-Closing Compliance Issues such written notice has been given before the third anniversary of Closing.

3.8 The liability of ICI in respect of such claim under paragraph 2.1(A) (Protected Matters) 2.1(B) (Pre-Closing Environmental Conditions) and (C) (North Tees Soil or Groundwater Contamination) under this Schedule 14 shall absolutely determine (if such claim has not been satisfied, settled, or withdrawn) if, after the relevant Final notice, order or requirement referred to in paragraph 4.1 exists, legal proceedings in respect of such claim shall not have been commenced by the Purchaser against ICI within 12 months of the service of notice by ICI requiring commencement of proceedings (a Claim Commencement Notice) and for this purpose proceedings shall not be deemed

to have been commenced unless they shall have been properly issued and validly served upon ICI.

Trigger conditions

4.1 Subject to paragraphs 4.2 and 4.3 below, the Purchaser shall not be entitled to make a claim under paragraph 2.1(A) (Protected Matters), (B) (Pre-Closing Environmental Conditions) or (C) (North Tees Soil and Groundwater Contamination) unless and to the extent that:

(i) in the case of any Protected Matters or North Tees Soil or Groundwater Contamination, Environmental Proceedings have been commenced or issued under Future Environmental Law by a Governmental Authority or any other person in respect of the same subject matter and such Environmental Proceedings would (even if contested) result in a notice, order or requirement which is Final;

(ii) in the case of any Pre-Closing Soil or Groundwater Contamination or any Pre-Closing Health and Safety Issue, Environmental Proceedings have been commenced or issued under Environmental Law by a Governmental Authority or any other person in respect of the same subject matter and such Environmental Proceedings would (even if contested) result in a notice, order or requirement which is Final;

(iii) in the case of any Pre-Closing Compliance Issues the subject matter of the

claim constitutes an actual breach of or non-compliance with Environmental Law and any Environmental Proceedings have been commenced or issued under Environmental Law by a Governmental Authority or any other person in respect of the same subject matter and such Environmental Proceedings would (even if contested) result in a notice, order or requirement which is Final;

4.2 Sub-paragraphs 4.1(i) to (iii) (as applicable) shall be deemed to have been satisfied if:

(i) notice has been given to ICI as required under paragraphs 3.6 and 9.1;

(ii) Environmental Proceedings would have been commenced or issued, and would (even if contested) have resulted in a notice, order or requirement which is Final, but for a settlement or agreement reached with the relevant Governmental Authority or other person in accordance with paragraphs 7 and 9, to the extent such settlement or agreement results in Environmental

Losses no greater than would have been the case were any such Final notice, order or requirement to have been imposed.

4.3 Where ICI has assumed conduct under paragraph 9 and sub-paragraph 4.2(ii) is satisfied in relation to the relevant matter at any subsequent time, any right of the Purchaser to claim under this Schedule 14 shall not be adversely affected or reduced as a result of any unreasonable delay or failure by ICI thereafter in reaching the relevant settlement or agreement, the assessment of reasonableness to take account of the effect of any such delay or failure both on the terms of any settlement or agreement which may be reached and on the Purchaser's claim under this Schedule 14.

4.4 The requirements of paragraph 4.1 are deemed to be satisfied by an Emergency unless the final determination by an expert under paragraph 13 is that the matter which is the subject of the claim is not an Emergency.

Post-completion conduct

5. ICI shall not be liable under paragraph 2.1(A) (Protected Matters), (B) (Pre-Closing Environmental Conditions) or (C) (North Tees Soil or Groundwater Contamination) in respect of any matter to the extent that such claim would not have arisen but for, results from or is increased by:

(i) the cessation after Closing (or, in the case of Plant Closure Sites only, after the third anniversary of Closing) of any operations at any of the Relevant Properties or Relevant Shared Properties; or

(ii) any new or different mode or form of industrial process outside the current production methods of the business as at Closing (Changed Industrial Process) at any Relevant Property or Relevant Shared Property after Closing except to the extent that a valid claim under this Schedule 14 could have arisen irrespective of the Changed Industrial Process, had the existence of the relevant matter been known; or

(iii) demolition or de-commissioning of plant and equipment by or on behalf of a Protected Person or JV Business; or

(iv) any development, extension, expansion, construction or intensification or any change of use (Development), except to the extent that (a) such Development amounts (in aggregate from Closing) to no more than 20 per cent of the built footprint at any Relevant Property or Relevant Shared Property after Closing (Permitted Development) or (b) if the information revealed by the Development had become known through some other means, (not involving any Development) it would have given rise to a valid claim under this Schedule 14 provided that, in

relation to any Development which could affect, disturb or reveal Pre-Closing Soil or Groundwater Contamination:

(a) the Purchaser shall give prior written notice to ICI;

(b) the Purchaser shall consult in good faith with ICI and shall take account of any reasonable requests of ICI made in relation to the process of obtaining permission for and carrying out the Development; and

(c) the Protected Person or JV Business (its employees, contractors, agents, sub-tenants and licensees) shall in relation to such Development act at all times non-negligently and in accordance with the standards of a Reasonable and Prudent Operator; or

(v) any Remedial Action required by any Governmental Authority under or as a condition of any Permit issued by or informal or formal agreement with a Authority in connection with Development except to the extent that if the information revealed by the Development had become known through some other means, (not involving any Development) it would

have given rise to a valid claim under this Schedule 14; or

(vi) any Remedial Action required by a Governmental Authority at any Relevant Property or Relevant Shared Property under or as a condition of any Permit or informal or formal agreement issued by or made with a Governmental Authority in connection with any Development after Closing at any property other than any Relevant Property or Relevant Shared Property; or

(vii) subject to paragraph 16, any sale or change of occupier or grant of any right of interest in relation to all or part of any Relevant Property or Relevant Shared Property after Closing ;or

(viii) any voluntary modification, renewal, termination, surrender or variation by a Protected Person or JV Business (its employees, contractors, agents, sub-tenants and licensees) after Closing of any lease or other agreement or arrangement under which any Designated Purchaser occupies or uses all or any part of any Relevant Property or Relevant Shared Property; or

(ix) ownership or occupation by any Protected Person or JV Business (in the case of the Companies or JV Business, after Closing) of any adjacent or affected property (except for the Relevant Properties or Relevant Shared Properties); or

(x) any direct or indirect interest of any Protected Person or JV Business (in the case of the Companies or JV Business, not existing at Closing) in any present or former owner of any adjacent or affected property (except for the Relevant Properties or the Relevant Shared Properties); or

(xi) the instigation or initiation by any Protected Person or JV Business of any Environmental Proceedings, actions or claims by a Governmental Authority, without prejudice in all cases (a) to any permitted act or right of a Protected Person or JV Business under this Schedule 14; (b) to a Protected Person or JV Business acting as a Reasonable and Prudent Operator balancing the potential Environmental Losses which may be sustained as a result of its conduct against the potential benefits of such conduct (such balance to be assessed on the hypothetical assumption that any such Environmental Losses would not be recoverable under this Schedule 14 or otherwise);

(xii) the deliberate taking by a Protected Person or JV Business of any action or step which is calculated or designed to give rise to Environmental Proceedings in order to trigger a claim under this Schedule 14; or

(xiii) any intrusive Investigative Works by a Protected Person or JV Business (its employees, contractors, sub-tenants and licensees) which either:

(a) do not satisfy the requirements of paragraph 11; or

(b) do not fall within (a) and are undertaken otherwise than for the purpose of Development as referred to in paragraph 5(iv) or, though carried out for that purpose, are not carried out in accordance with paragraph 5(iv); or

(xiv) any admission of liability (in whole or part) or settlement of any claim by any Protected Person or JV Business other than in accordance with paragraph 9; or

(xv) any contractual obligation entered into, varied, amended or otherwise modified after Closing other than pursuant to this Agreement so as to establish or increase the Environmental Losses of any Protected Person or JV Business.

Specific exclusions

6.1 The Purchaser shall not be entitled to claim for any Environmental Losses under paragraph 2.1(A) (Protected Matters), (B) (Pre-Closing Environmental Conditions) or (C) (North Tees Soil or Groundwater Contamination) to the extent that the relevant claim would not have arisen but for, results from or is increased by matters which relate to:

(a) except in relation to soil or groundwater contamination, the carrying out of or the failure to carry out works which are routine or recurring as a result of the normal and lawful operation of the business of the Protected Person or JV Business in a negligent manner or other than in accordance with the standards of a Reasonable and Prudent Operator;

(b) use and recovery of packaging or packaging waste;

(c) town and country planning (in the United Kingdom) or comparable land use planning or zoning systems in other jurisdictions except to the extent relating to Hazardous Materials or Waste;

(d) any tax, duty or levy imposed or calculated in relation to claims under

paragraph 2.1(B);

(e) to the extent that any allowance, provision or reserve made for such fact, matter, event, circumstance or Tax Liability in the Accounts or the Closing Statements or the Tax Liability which has been noted in or was taken into account in the preparation of the Accounts or the Closing Statements, or to the extent that payment or discharge of the relevant matter has been taken into account therein.

6.2 In respect of any claim under paragraph 2.1(B) (Pre-Closing Environmental Conditions) and except in relation to paragraphs 8.1(ii) and 11(a), ICI shall not be liable to the extent that the relevant claim would not have arisen but for, results from or is increased by Future Environmental Laws, provided that ICI shall not be entitled to exclude, avoid or reduce its liability under this Schedule 14 as a result of Future Environmental Laws which are no more onerous than Environmental Laws and references to Environmental Laws shall be interpreted accordingly.

6.3 Any reference to liability under Environmental Laws or Future Environmental Laws (as applicable) shall be deemed to include any contractual obligation by which a Protected Person is responsible for or to contribute to that liability, to the extent such obligation is in force and binding on the relevant Protected Person at or prior to Closing or as the direct result of the transactions provided for in this Agreement.

Mitigation

7.1 The Purchaser and any relevant Protected Person or JV Business shall mitigate any Environmental Losses under this Schedule 14 including, without limitation, using all reasonable endeavours to (i) avoid Off Site Third Party Negligence and (ii) pursue claims against third parties (including insurers) who may have some liability to the Purchaser in respect of Off Site Third Party Negligence.

7.2 The Purchaser shall not be entitled to claim under paragraph 2.1(A) (Protected Matters), (B) (Pre-Closing Environmental Conditions) or (C) (North Tees Soil and Groundwater Contamination) in respect of Environmental Losses incurred in obtaining professional services in relation to the subject matter, conduct or validity of the claim during the period prior to making that claim in accordance with paragraph 3.6 above.

Disclosure to governmental authorities

8.1 Subject to paragraph 8.2 and 9 neither the Purchaser nor any member of the Purchaser's Group or JV Business shall disclose any information in relation to any matter which could reasonably be expected to be the subject of a claim under paragraph 2.1 to any Governmental Authority without the prior written consent of ICI except following prior written notice to and consultation with ICI in relation to sub-paragraphs (ii), (iii) and (iv) below:

(i) in an Emergency where, because of the circumstances it is impracticable to obtain the prior written consent of ICI; or

(ii) as required by law;

(iii) following the final determination by the expert under paragraph 13 (or earlier agreement between the parties) that there is a Significant Environmental Impact; or

(iv) in relation to Pre-Closing Compliance Issues but only insofar as these are issues of discharges to controlled waters or sewers or emissions to air following the final determination by the expert under paragraph 13 (or earlier agreement between the parties) that there is a high likelihood that a Governmental Authority would require the relevant Protected Person or JV Business to carry out Remedial Action at a cost in excess of (Pounds)100,000 (excluding for these purposes the cost of Investigative Works (High Likelihood).

8.2 The notice referred to in paragraph 8.1 shall contain specific reasonable details of the matter proposed to be disclosed, the identity of the

Governmental Authority and individual officers to whom the disclosure is to be made and the proposed manner and timetable for disclosure (including any documents or presentations or drafts of the same). ICI shall be given 30 days (or such lesser period which allows compliance with the relevant law where paragraph 8.1(ii) applies) in which to review and comment on the proposals for disclosure and the Purchaser shall have regard to and incorporate the reasonable requests of ICI in relation to the proposed disclosure.

8.3 In the event that ICI withholds its consent to a disclosure in circumstances where the Purchaser notifies ICI in writing that it is of the opinion that there is a Significant Environmental Impact or High Likelihood (as applicable) then the provisions of paragraph 13.1 shall apply.

8.4 In the event that such disclosure is made, the provisions of paragraph 9.4 and 9.6 below shall apply mutatis mutandis.

Claims procedure

9.1 Upon the Purchaser becoming aware of a matter which could reasonably be expected to give rise to a claim for Environmental Losses under this Schedule 14 the Purchaser shall as soon as reasonably practicable thereafter notify ICI by written notice. Without limiting the obligation of the Purchaser to comply with this paragraph 9.1, the purpose of such notice shall be to alert ICI to the existence of the relevant matter in order that ICI may decide to exercise its rights in relation to conduct and such notice shall (if the Purchaser wishes to proceed with a claim under this Schedule 14) be accompanied by or followed by a notice under clause 3.6.

9.2 ICI shall have the right to conduct Environmental Proceedings and Remedial Action in respect of any matter which could reasonably be expected to become a claim under paragraph 2.1(A) (Protected Matters) or (C) (North Tees Soil or Groundwater Contamination), unless ICI (i) notifies the Purchaser in writing within a reasonable time thereafter, that it declines the right to conduct under this paragraph; or (ii) is in breach of paragraph 9.10 in circumstances which would result in any material Environmental Losses being incurred by the relevant Protected Person which are not covered by a valid claim under this Schedule 14 and/or would materially adversely affect the value of the Relevant Property or Relevant Shared Property or the goodwill or good name of such Protected Person , in which event the Purchaser shall have conduct. For the avoidance of doubt the provisions of paragraph 9.6 shall not apply to such conduct by ICI of Environmental Proceedings or Remedial Action under this paragraph.

9.3 Subject to paragraph 9.10 below ICI shall have the right at any time to assume by written notice to the Purchaser conduct of all or any part of any Environmental Proceedings or the carrying out of any Remedial Action relating to or affecting any Pre-Closing Environmental Conditions provided that if ICI has assumed any such conduct and ICI is in breach of paragraph 9.10 in the circumstances described in paragraph 9.2 above the Purchaser shall be entitled to have conduct.

9.4 The Purchaser shall promptly provide ICI with such reports, documents, correspondence, information, assistance and facilities relating to any Environmental Proceedings or Remedial Action or other matter for which written notice has been given under paragraph 3.6 or 9.1 as ICI may reasonably require the Purchaser to provide (including if required by ICI reasonable access to any Relevant Property or Relevant Shared Property or so far as practicable adjacent or affected property) except that nothing in this paragraph shall require any waiver of legal privilege or breach of any duty of confidentiality excluding any duty of confidentiality between the Purchaser (or the relevant Protected Person) and any consultant in respect of or relating to Environmental Proceedings or Remedial Action or other matter the subject of written notice under paragraph 9.1. Each party shall use its reasonable endeavours to avoid assuming any duty of confidentiality which would impede the efficient operation of this paragraph 9.

9.5 The Conduct Party shall be entitled to avoid, dispute, deny, defend, resist, appeal, compromise or contest any Environmental Proceedings, or any matter the subject of the relevant written notice (including, without limitation, making counterclaims or other claims against third parties in its own name) and to have the conduct of any Environmental Proceedings, and any related Remedial Action or appeals or other matter the subject of the relevant written notice but no admission of liability shall be made by or on behalf of the Conduct Party and the Environmental Proceedings or other matter the subject of written notice under paragraph 9.1 shall not be compromised, disposed of or settled without, in each case, the consent of the other party (such consent not to be unreasonably withheld or delayed and provided that such consent shall not be withheld where the relevant settlement or agreement satisfies the criteria in paragraph 4.2(ii) (including as to quantum of Environmental Losses) and has been reached in accordance with this paragraph 9).

9.6 The Conduct Party (where the Purchaser is the Conduct Party) shall use its reasonable endeavours to ensure that:

(i) the other party shall be informed promptly of any information which comes to the knowledge of the Conduct Party other than information which the Conduct Party reasonably considers to be immaterial to the

Environmental Proceedings or any other matter the subject of the relevant written notice;

(ii) the other party shall be allowed a reasonable opportunity to review and to comment upon any material reports documents and correspondence to be prepared and provided by the Conduct Party to the other parties to, or to any Governmental Authority hearing, administering or involved in such Environmental Proceedings or matter the subject of the relevant written notice and the Conduct Party shall have regard to the views of the other party on such reports, documents or correspondence;

(iii) the other party shall be provided with advance notice of and be allowed to attend and participate in any material site visit meeting or

negotiation involving the Conduct Party (or any subsidiary of the Conduct Party) and any other parties to, or the Governmental Authority hearing, administering or involved in, any Environmental Proceeding or matter the subject of the relevant written notice under paragraph 9.1 and if it so requests and undertakes to pay for the reasonable cost of taking and providing such notes the other party shall be provided promptly with reasonably full and accurate but not verbatim notes of such visit meetings negotiations which it does not attend and participate in;

(iv) if the other party so requests, copies of all material correspondence and documents passing between the Conduct Party and other parties to the Environmental Proceedings or matter the subject of the relevant written notice under paragraph 9.1 or provided by the Conduct Party to the Governmental Authority hearing, administering or involved in the Environmental Proceedings or matter the subject of the relevant written notice under paragraph 9.1 shall be provided promptly to the other party;

(v) subject to the other party undertaking to pay the reasonable cost thereof detailed written reports shall be provided to the other party regarding the status and progress of any Environmental Proceedings or any other matter the subject of the relevant written notice under paragraph 9.1 as frequently and in such form and detail as the other party shall reasonably require;

(vi) the other party shall be provided with reasonable notice of any proposal by the Conduct Party or any third party (to the extent the Conduct Party is aware of such proposal) to undertake Remedial

Action Provided that this obligation shall not apply in case of an Emergency;

(vii) any Remedial Action carried out by the Conduct Party or any contractor or subcontractor of the Conduct Party shall be carried out using all reasonable skill and care;

(viii) the other party shall be allowed to send such representatives as the other party may reasonably require to attend and inspect the carrying out of Remedial Action whilst they are being carried out Provided that such representatives shall not interfere with the proper undertaking of the Remedial Action or the operation of the relevant business or the activities of any third party;

(ix) where an environmental expert is to be appointed the Conduct Party shall consult with the other party and have regard to the other party's views on whom to appoint, the scope of the appointment and the terms and conditions of appointment.

9.7 Each party shall comply with the reasonable requests of the other for arrangements or procedures to maintain confidentiality or legal privilege in relation to any matters arising out of or relating to any Environmental Proceedings, Remedial Action or other matter the subject of written notice under paragraph 9.1.

9.8 The other party shall give the Conduct Party or its agents or contractors access to personnel, premises, chattels, documents and records as the Conduct Party may reasonably request and allow without limitation entry to premises to make such examination and investigations as the Conduct Party may consider necessary, the taking of samples, measurements, photographs and recordings of soil, air, water or substances and combinations of substances at any Relevant Property or Relevant Shared Property, with the full co-operation of the other party, the interviewing of any person the Conduct Party has reasonable cause to believe to be able to give relevant information and the production of extracts, papers and records in relation to any matter which is or is likely to be the subject of a claim under paragraph 2.1.

9.9 The other party shall in a timely fashion:

(i) provide the Conduct Party with such information as it may reasonably require to enable it to assist in the conduct of Environmental Proceedings;

(ii) consult in good faith with the Conduct Party in relation to Environmental Proceedings; and

(iii) provide the Conduct Party with such material information as comes to the knowledge of the other party and which relates to the Environmental Proceedings.

9.10 Where ICI has conduct of all or any part of Environmental Proceedings pursuant to paragraph 9.2 above, or assumes conduct of all or any part of Environmental Proceedings pursuant to paragraph 9.3 above, ICI shall (subject to appropriate arrangements to maintain confidentiality and privilege):

(i) provide reasonably frequent and reasonably detailed reports to the other party regarding the progress of Environmental Proceedings or Remedial Action;

(ii) allow the other party a reasonable opportunity to review and comment in advance on proposals for Remedial Action;

(iii) develop in consultation with the other party, proposals for Remedial Action, having regard to ICI's obligation at sub-paragraph (vi) below;

(iv) have regard to and incorporate the reasonable requests of the other party in relation to such Environmental Proceedings or Remedial Action (unless any such request of the other party would in excess of the cost of complying with (v) and (vi) increase the amount of Purchaser's claim or the cost of the Remedial Action in excess of the cost of complying with (v) and (vi) in which case the Purchaser shall be liable to ICI for any such increase in relation to such request which is accepted by ICI);

(v) carry out Remedial Action in a proper and workmanlike manner and proceed with the same in a timely manner and with due diligence;

(vi) so far as reasonably practicable avoid or minimise interruption or disruption to the business carried on at any of the Relevant Properties or Relevant Shared Properties;

(vii) if so requested by the Purchaser (a) carry out any intrusive Investigative Works where and to the extent that the criteria in paragraph 11 are satisfied; and (b) make any disclosure where

and to the extent that the criteria in paragraph 8 are satisfied. Any right of the Purchaser to claim under this Schedule 14 which would have arisen had the Purchaser retained conduct and carried out such work or made such disclosure shall not be adversely affected or reduced as a result of any unreasonable delay in complying with any such request (the assessment of reasonableness to take account of all relevant matters including the effect of any such delay on the Purchaser's claim under this Schedule 14, or the claim which the Purchaser would have had, but for such delay having regard to when the Purchaser might reasonably have been expected to have carried out such work or made such disclosure had the Purchaser retained conduct.

9.11 In relation to JV Environmental Losses, all obligations and rights in this paragraph 9 are subject to the extent and exercise of such rights as the relevant Protected Person may have in relation to the operation of the relevant JV Business.

Standard of works

10. The Purchaser shall not be entitled to claim under paragraph 2.1 in respect of the cost of carrying out Remedial Action except for the reasonable costs of such Remedial Action which are the minimum necessary:

(i) to comply with the Final notice, order or requirement of a Governmental Authority acting under Environmental Law or (in relation to Protected Matters or North Tees Soil or Groundwater Contamination) Future Environmental Law or a settlement or agreement under paragraph 4.2; or

(ii) to address the Emergency (which for the avoidance of doubt excludes anything other than such works as are necessary at the time of the Emergency to (a) remove the direct cause of and (b) control the immediate effects of the Emergency).

Investigative works

11. The Purchaser shall not be entitled to claim under paragraph 2.1 for any Investigative Works in relation to any Protected Matters, Pre-Closing Environmental Conditions or North Tees Soil or Groundwater Contamination except where and to the extent that such Investigative Works:

(a) are specifically and lawfully ordered or required by the relevant Governmental Authority under law; or

(b) are carried out in accordance with paragraph 7 and 9 in relation to a matter where:

(i) a notice has been served under paragraph 3.6;

(ii) ICI has not assumed conduct under paragraph 9;

(iii) on the basis of the available information (prior to the relevant Investigative Works) there are reasonable grounds to believe that Significant Environmental Impact or High Likelihood may exist.

Statements

12. In the event of any circumstances arising which do or could reasonably be

expected to give rise to a claim for Environmental Losses neither the Purchaser, Protected Persons or JV Businesses nor ICI or any member of ICI's Group shall make any public statements (including, for the avoidance of doubt, any statement to any Governmental Authority, unless required by law or in an Emergency) regarding such circumstances without first discussing with the other party and reaching written agreement on the text of any such public statement before it is made, such agreement not to be unreasonably withheld or delayed by either party and without prejudice to paragraph 8.1.

Disputes

13.1 If any dispute arises between ICI and the Purchaser as to:

(i) whether or not an Emergency arose; or

(ii) whether or not High Likelihood exists; or

(iii) whether or not a Significant Environmental Impact has occurred,

the matter shall be referred for final determination in accordance with the Criteria, at the request of either of ICI or the Purchaser to an independent environmental consultant having experience relevant to the matter in dispute as agreed between ICI and the Purchaser or in default of any such agreement within seven days of such request by ICI or the Purchaser, nominated in accordance with the criteria set out below at the request of either ICI or the Purchaser by or on behalf of the Chief Executive of the Environmental Auditors Registration Association or their equivalent in the relevant jurisdiction or, if he or she is unable to make a nomination within 28 days of the request made to him or her, by the President for the time being of the Chartered Institute of Arbitrators. Such independent environmental

consultant shall act as an expert and not as an arbitrator and his fees and expenses shall be borne as he shall direct.

13.2 The criteria referred to and to be applied in the nomination of the independent environmental consultant shall be that he shall not have less than 10 years experience relevant to the matter in issue and he shall be a member of a company or firm which has been established for at least three years preceding the date of the nomination.

13.3 The said environmental consultant shall be offered the appointment within seven business days of the parties reaching agreement on the appointment or upon nomination by the Chief Executive of the Environmental Auditors Registration Association or President of the Chartered Institute of Arbitrators as the case may be, he can only be dismissed by the mutual agreement of ICI and the Purchaser. The said environmental consultant shall present his written determination within four weeks of his appointment or nomination or such longer period as ICI and the Purchaser may mutually agree.

13.4 The terms of appointment of the environmental consultant will include a provision that neither ICI nor the Purchaser will engage the environmental consultant or any consultancy firm with which he is associated after his nomination in relation to the relevant matter without the written consent of the other party.

13.5 The decision of the said environmental consultant in relation to the matters referred to in Clause 13.13 shall in the absence of manifest error be final and binding on the parties hereto.

Post-Closing Counter Indemnity

14.1 The Purchaser, for itself and as agent for the Designated Purchasers shall indemnify, defend and hold ICI for itself and for the Share Selling Companies harmless on an after Tax basis (Post-Closing Counter Indemnity) from and against:

(i) Environmental Losses incurred, suffered or sustained by ICI after Closing in respect of Post-Closing Environmental Conditions; and

(ii) the Purchaser's percentage share of Environmental Losses (not being ICI's share) as calculated under paragraph 3.2(ii) above.

14.2 The Post-Closing Counter Indemnity in paragraph 14.1 shall be subject to the provisions of Part E and, for the avoidance of doubt, shall not include

or be subject to the provisions contained in paragraphs 2, 3.1, 3.2 (i), 3.3 to 3.8 and 4 to 13 inclusive of this Part A of this Schedule 14.

Payment

15. Any sums for which either party is liable under this Schedule 14 shall be due and payable 30 days from the day following service of a proper invoice in accordance with this Agreement.

Further Protected Persons

16.1 In this paragraph 16.1:-

Asset Transaction means the sale or other disposal of all or any part of the Tioxide Business, the Relevant Petrochemicals Business or the Polyurethanes Business after Closing or the sale or other disposal of all or any part of any Relevant Property or Relevant Shared Property after Closing;

Further Protected Person means:

(i) in the context of an Asset Transaction, the new owner of the Tioxide Business, the Relevant Petrochemicals Business the Polyurethanes Business or the relevant part of such business or of any Relevant Property or Relevant Shared Property or part of it following the Asset Transaction; and

(ii) in the context of a Share Transaction, the entity which was the subject of the Share Transaction and also the person who has acquired the relevant shares interest in such entity;

in either case not being a member of the HSCC Group;

Share Transaction means the sale or disposal of all or a controlling interest in the shares in any entity forming part of the Tioxide Business, the Relevant Petrochemicals Business or the Polyurethanes Business after Closing;

Transaction means an Asset Transaction or a Share Transaction, as applicable.

16.2 The Vendor agrees that, in the event of a Transaction, the Purchaser shall be entitled in its sole discretion to claim under this Schedule 14 in respect of Environmental Losses of Further Protected Persons, as if such Further Protected Persons were Protected Persons, provided that this 16.2 shall cease to apply in relation to any Further Protected Person upon the occurrence of any subsequent Transaction, to the extent such subsequent Transaction relates to a Further Protected Person or to any Relevant Property

or Relevant Shared Property or part of it which was subject to the first Transaction.

16.3 It is a condition of any claim by the Purchaser in relation to Environmental Losses of a Further Protected Person that the Purchaser shall comply with and shall procure that each Further Protected Person shall comply with and in all respects be bound by paragraphs 3 to 15 of this Schedule 14.

16.4 For the avoidance of doubt, no Further Protected Person shall acquire any right against the Vendor by virtue of this paragraph 16 and this paragraph 16 shall not extend or increase the Vendor's liabilities under this Schedule 14.

PART B

Plant Closure Sites

North Tees Site

Tracy

PART C

Protected Matters

Property	Issues
1. Rozenburg	Remedial Actions in relation to Pre-Closing Soil or Groundwater Contamination at leasehold reserved property on Britannia Harbour
2. Umbogintwini	The pre-Closing soil or groundwater contamination (irrespective of whether it is Pre-Closing Soil or Groundwater Contamination) associated with the slimes dams treatment areas and other pre-Closing activities on or affecting the site including the unlicensed waste dump and on-site coal gasification plant
3. Grimsby	Remedial Actions in relation to Pre-Closing Soil or Groundwater Contamination at the West Field Site shown for identification purposes only edged black on agreed plan 7

4. Tracy	Remedial Actions in relation to Pre-Closing Soil or Groundwater Contamination
5. Greatham	Any fine, penalty or damages or other liabilities which are paid to a regulatory authority or third party resulting from the acid leak on 17 February 1999 into Greenabella Marsh, not including the cost of Remedial Actions.

PART D

Part I: Relevant Properties

Property Address
POLYURETHANES BUSINESS
Polyurethanes Shepton facility Hitchin Lane Shepton Mallett Somerset England
Betriebsstatte der Deutsche ICI Land Au 30 94469 Deggendorf Germany
Polyurethanes Ternate facility Ternate Italy
286 Mantua Grove Road West Deptford New Jersey 08066 USA
6555 15 Mile Road Sterling Heights Michigan USA
Auburn Hills USA
Polyurethanes Cartegna facility Cartegna Columbia
No. 19 Industrial 3rd Road Kuan Yin County Taoyuan 328 Taiwan
RELEVANT PETROCHEMICALS BUSINESS
No. 4 and No. 6 Brinefields at Seal Sands Stockton-on-Tees England
Saltholme Brine Reservoirs, Saltholme, Stockton-on-Tees.
TIOXIDE BUSINESS
Factory at Tees Road Greatham England
Factory at Sub L of 33 Umlazi Native Location No 4676 Umbogintwini South Africa
East and West Sites Billingham England
Factory at Pyewipe Road Grimsby (excluding Westfield) England
Nettleton Bottom Quarry Caistor England
Land at North Killingholme England
Factory at 1 Rue des Garennes 62102 Calais France
Factory at Kawasan Industri Teluk Kalong 24000 Chukai Kemaman Terengganu Malaysia
Factory at Loc Casome Scarlino Grosseto Italy
Factory at Poligano Industrial Nuevo Porto Palos de la Frontera Huelva Spain
Factory 1690 & 1694 Marie-Victorin Boulevard Tracy Quebec Canada
Plant Site (known as Farquhar Heirs Property) Northwest quarter of the Northeast Quarter of Section 17, Township 10 South, Range 9 West, Calcasleu Parish Louisiana USA
Landfill Site (known as Relly-Pujo "Rose-Bluff" property) Tract of land in Section 17, Township 10 South, Range 9 West, Calcasleu Parish Louisiana USA
Northwest quarter of the North East quarter of Section 17 Cadcasley Parish Louisiana

Property Address
Mitigation Property Site. Hieman Property

Landfill/Parking Lot, Sulphur City
- ----------
Orr Storage Facility, Lake Chartes
- ----------
Brinston Rentals Lease
- ----------

Part II: Relevant Shared Properties

- ----------
Property Address
- ----------
POLYURETHANES BUSINESS
- ----------
Everslaan 45 B 3078 Everberg Belgium
- ----------
Polyurethanes Wilton facility PO Box 90 Middlesborough Cleveland England
- ----------
Polyurethanes Rozenburg facility Rotterdam Holland
- ----------
9156 Highway 75 PO Box 517 Geismar Louisiana USA
- ----------
2795 Slough Street Peel County Missisauga Canada
- ----------
Reconquista 2780 1617 El Talar de Pacheo Buenos Aires Argentina
- ----------
452 Wenjing Road Minhang Economic & Technical Development Zone Shanghai China
- ----------
303 moo 3 Bangpoo Industrial Estate Sukhumvit Road Sumutprakam 10280 Thailand
- ----------
RELEVANT PETROCHEMICALS BUSINESS
- ----------
Paraxylene V Plant at Wilton Works Wilton Redcar and Cleveland England
- ----------
Aromatics Plant and North Tees Logistics Site at North Tees Works Stockton-on Tees England
- ----------
Salt Mines at Salholme, Stockton on Tees
- ----------
Boat Jettings and Jetties No 1, 2 and 3, North Tees Works, Stockton on Tees
- ----------
Olefins 6 Plant at Wilton Works, Wilton, Redcar and Cleveland, England (in the agreed form transfer)
- ----------
Butadiene Storage, Ethylene Control and Olefins 5 Plant at Wilton Works, Wilton, Redcar and Cleveland, England (in the agreed form transfer)
- ----------
Central Control Area, Wilton Works, Wilton, Redcar and Cleveland, England (in the agreed form transfer)
- ----------
Brine Reservoirs to the south of Wilton Works, Wilton, Redcar and Cleveland, England (in the agreed form transfer)
- ----------
Part of Teesport Works, Redcar and Cleveland, England (shown edged and cross-hatched red on agreed plan OM1)
- ----------
Part of North Tees Works, Stockton on Tees, England (shown edged and cross-hatched
- ----------

- ----------
Property Address
- ----------
red on agreed plan OM2)
- ----------
Jetty A, North Tees Works, Stockton on Tees, `England
- ----------
Easement rights in relation to Trans Pennine Ethylene Pipeline (excludes Hill House spur)
- ----------
Easement rights in relation to Wilton - Grangemouth Ethylene Pipeline
- ----------
Lima Compound 8 (in the agreed form transfer)
- ----------
Compound 38, Wilton Works, Wilton
- ----------
Ethylene Pipeline Garage, Wilton
- ----------
Offices and Store at Castner-Kelner, Cheshire
- ----------
Ethylene Conditioning Compound, Lostock, Cheshire (shown on agreed plan OM3)
- ----------
Easement rights in relation to Trans Pennine Ethylene Pipeline (Runcorn to Holford Spur and Shell Interchange)
- ----------

PART E

Post-Closing Indemnity

Limitations on liability

1.1 The limitations on liability set out in Clauses 11.1, 12.2, 12.8(b), 12.8(e), 12.8(g), 12.10, 12.13, 13.1 and 13.2 of the Agreement inclusive shall apply to any claim made in respect of the Post-Closing Counter Indemnity.

1.2 The Purchaser shall not be liable for any claim under this Post-Closing Counter Indemnity unless ICI shall have given the Purchaser written notice containing (so far as reasonably available) specific details of the claim, including ICI's estimate (on a without prejudice basis and so far as it can reasonably be made at the date of the notice) of the amount of such claim. ICI shall not be disentitled from claiming under this Post-Closing Counter Indemnity as a result of any reasonable delay in providing such notice or reasonable failure to provide information in such short notice, where such delay or failure has not prejudiced the Purchaser.

Trigger conditions

2.1 Subject to paragraph 2.2 below, ICI shall not be entitled to make a claim under sub-paragraph 14.1(i) of Part A of Schedule 14 of the Post-Closing Counter Indemnity unless and to the extent that Environmental Proceedings have been commenced or issued under Environmental Law or

Future Environmental Law by a Governmental Authority or any other person in respect of the same subject matter and such Environmental Proceedings would (even if contested) result in a notice, order or requirement which is Final.

2.2 Paragraph 2.1 shall be deemed to have been satisfied if:

(i) notice has been given to the Purchaser as required under paragraphs 1.2 and 6.1;

(ii) Environmental Proceedings would have been commenced or issued, and would (even if contested) have resulted in a notice, order or requirement which is Final, but for a settlement or agreement reached with the relevant Governmental Authority or other person in accordance with paragraphs 4 and 6, to the extent such settlement or agreement results in Environmental Losses no greater than would have been the case were any such Final notice, order or requirement to have been imposed.

2.3 Where the Purchaser has conduct under paragraph 6.2 and sub-paragraph 2.2(ii) is satisfied in relation to the relevant matter at any subsequent time, any right of ICI to claim under this Post-Closing Counter Indemnity shall not be adversely affected or reduced as a result of any unreasonable delay or failure by the Purchaser thereafter in reaching the relevant settlement or agreement, the assessment of reasonableness to take account of the effect of any such delay or failure both on the terms of any settlement or agreement which may be reached and on the ICI's claim under this Post-Closing Counter Indemnity.

2.4 The requirements of paragraph 2.1 are deemed to be satisfied by an Emergency unless the final determination by an expert under paragraph 10 is that the matter which is the subject of the claim is not an Emergency.

Post-completion conduct

3. The Purchaser shall not be liable under this Post-Closing Counter Indemnity in respect of any matter to the extent that such claim would not have arisen but for, results from or is increased by:

(i) ownership or occupation by ICI of any adjacent or affected property (except for the Relevant Properties, the Relevant Shared Properties and the North Tees Works as defined in the Pie Crust Leases as defined in this Agreement); or

(ii) any direct or indirect interest of ICI in any present or former owner of any adjacent or affected property (except for the Relevant Properties, the Relevant Shared Properties and the North Tees Works as defined in the Pie Crust Leases as defined in this Agreement);

(iii) any Remedial Action required by any Governmental Authority at any properties owned or occupied by ICI or any member of ICI's Group at any time and adjacent to any Relevant Property or Relevant Shared Property under or as a condition of any Permit or informal or formal agreement issued by or made with a Governmental Authority in connection with any development, extension, expansion, construction or intensification or any change of use (Development) after Closing at any property other than any Relevant Property or Relevant Shared Property or North Tees Works; or

(iv) the deliberate taking by ICI or any member of ICI's Group of any action or step which is calculated or designed to give rise to Environmental Proceedings in order to trigger a claim under this Post-Closing Counter Indemnity; or

(v) any intrusive Investigative Works by ICI or any member of ICI's Group (their employees, contractors, sub-tenants and licensees) which either do not (a) satisfy the requirements of paragraph 8, or (b) are undertaken otherwise than for Development; or

(vi) any admission of liability (in whole or part) or settlement of any claim by ICI or any member of ICI's Group other than in accordance with paragraph 6; or

(vii) any tax, duty or levy imposed or calculated in relation to claims under paragraph 14 of Part A of Schedule 14; or

(viii) town and country planning (in the United Kingdom) or comparable land use planning or zoning systems in other jurisdictions except to the extent relating to Hazardous Materials or Waste.

Mitigation

4.1 ICI and any relevant Protected Person shall mitigate any Environmental Losses under this Post-Closing Counter Indemnity.

4.2 ICI shall not be entitled to claim under this Post-Closing Counter Indemnity in respect of Environmental Losses incurred in obtaining professional services in relation to the subject matter, conduct or validity of

the claim during the period prior to making that claim in accordance with paragraph 1.2 above.

Disclosure to Governmental Authorities

5.1 Subject to paragraph 5.2, neither ICI nor any member of ICI's Group shall disclose any information in relation to any matter which could reasonably be expected to be the subject of a claim under this Post-Closing Counter Indemnity to any Governmental Authority without the prior written consent of the Purchaser except (following prior written notice to and consultation with the Purchaser in relation to sub-paragraphs (ii), (iii) and (iv)) as provided for below:

(i) in an Emergency where, because of the circumstances it is impracticable to obtain the prior written consent of the Purchaser; or

(ii) as required by law;

(iii) following the final determination by the expert under paragraph 10 (or earlier agreement between the parties) that there is a Significant Environmental Impact; or

(iv) in relation to Post-Closing Environmental Conditions but only insofar as these are issues of discharges to controlled waters or sewers or emissions to air following the final determination by the expert under paragraph 10 (or earlier agreement between the parties) that there is a high likelihood that a Governmental Authority would require ICI or any member of ICI's Group to carry out Remedial Action at a cost in excess of (Pounds)100,000 (excluding for these purposes the cost of Investigative Works (High Likelihood).

5.2 The notice referred to in paragraph 5.1 shall contain specific reasonable details of the matter proposed to be disclosed, the identity of the Governmental Authority and individual officers to whom the disclosure is to be made and the proposed manner and timetable for disclosure (including any documents or presentations or drafts of the same). The Purchaser shall be given 30 days in which to review and comment on the proposals for disclosure and the Vendor shall have regard to and incorporate the reasonable requests of the Purchaser in relation to the proposed disclosure.

5.3 In the event that the Purchaser withholds its consent to a disclosure in circumstances where ICI notifies the Purchaser in writing that it is of the opinion that there is a Significant Environmental Impact or High Likelihood (as applicable) then the provisions of paragraph 10 shall apply.

Claims Procedure

6.1 Upon ICI becoming aware of a matter which could reasonably be expected to give rise to a claim for Environmental Losses under this Post-Closing Counter Indemnity ICI shall as soon as reasonably practicable thereafter notify the Purchaser by written notice.

6.2 The Purchaser shall have conduct of any Environmental Proceedings or Remedial Action in respect of any matter which could reasonably be expected to become a claim under this Post-Closing Counter Indemnity unless the Purchaser is in breach of paragraph 6.3 in circumstances which would result in any material Environmental Losses being incurred by ICI which are not covered by a valid claim under this Schedule and/or would materially adversely affect the value of the Relevant Property or Relevant Shared Property or the goodwill or good name of ICI, in which event ICI shall be entitled to have conduct.

6.3 The Purchaser shall (subject to appropriate arrangements to maintain confidentiality and privilege):

(i) provide reasonably frequent and reasonably detailed reports to ICI regarding the progress of any Environmental Proceedings or Remedial Action;

(ii) allow ICI a reasonable opportunity to review and comment in advance on proposals for Remedial Action;

(iii) develop in consultation with ICI, proposals for Remedial Action, having regard to the Purchaser's obligation at sub-paragraph (vi) below;

(iv) have regard to and incorporate the reasonable requests of ICI in relation to such Environmental Proceedings or Remedial Action (unless any such request of ICI would in excess of the cost of complying with (v) and (vi) increase the amount of ICI's claim or the cost of the Remedial Action in excess of the cost of complying with (v) and (vi) in which case ICI shall be liable to the Purchaser for any such increase in relation to such request which is accepted by the Purchaser);

(v) carry out Remedial Action in a proper and workmanlike manner and proceed with the same in a timely manner and with due diligence;

(vi) so far as reasonably practicable avoid or minimise interruption or disruption to the business carried on at any of the affected properties adjacent to the Relevant Properties or Relevant Shared Properties.

6.4 In the event that ICI shall be entitled to have conduct of any Environmental Proceedings or Remedial Action on the grounds as provided for in paragraph 6.2 ICI shall have the right at any time to assume by written notice to the Purchaser conduct of all or any part of any Environmental Proceedings or the carrying out of any Remedial Action relating to or affecting any Post-Closing Environmental Conditions provided that if ICI has assumed any such conduct the provisions of paragraph 6.3 shall apply mutatis mutandis.

Standard of Works

7. ICI shall not be entitled to claim under the Post-Closing Counter Indemnity in respect of the cost of carrying out Remedial Action except for the reasonable costs of such Remedial Action which are the minimum necessary:

(i) to comply with the Final notice, order or requirement of a Governmental Authority acting under Environmental Law or Future Environmental Law or a settlement or agreement under paragraph 2.2; or

(ii) to address the Emergency (which for the avoidance of doubt excludes anything other than such works as are necessary at the time of the Emergency to (a) remove the direct cause of, and (b) control the immediate effects of the Emergency).

Investigative Works

8. ICI shall not be entitled to claim under this Post-Closing Counter Indemnity for any Investigative Works except where such Investigative Works:

(a) are specifically and lawfully ordered or required by the relevant Governmental Authority under law;

(b) are carried out in accordance with paragraph 6 in relation to a matter where:

(i) a notice has been served under paragraph 1.2; and

(ii) ICI has assumed conduct under paragraph 6.4;

(iii) on the basis of the available information (prior to the relevant Investigative Works) there are reasonable grounds to believe that Significant Environmental Impact or High Likelihood may exist.

Statements

9. In the event of any circumstances arising which do or could reasonably be expected to give rise to a claim for Environmental Losses under this Post-Closing Counter Indemnity neither the Purchaser nor ICI nor any member of ICI's Group shall make any public statements (including, for the avoidance of doubt, any statement to any Governmental Authority, unless required by law or in an Emergency) regarding such circumstances without first discussing with the other party and reaching written agreement on the text of any such public statement before it is made, such agreement not to be unreasonably withheld or delayed by either party and without prejudice to paragraph 5.1.

Disputes

10.1 If any dispute arises between ICI and the Purchaser as to:

(i) whether or not an Emergency arose; or

(ii) whether or not High Likelihood exists; or

(iii) whether or not a Significant Environmental Impact has occurred,

the matter shall be referred for final determination in accordance with the Criteria, at the request of either of ICI or the Purchaser to an independent environmental consultant having experience relevant to the matter in dispute as agreed between ICI and the Purchaser or in default of any such agreement within seven days of such request by ICI or the Purchaser, nominated in accordance with the criteria set out below at the request of either ICI or the Purchaser by or on behalf of the Chief Executive of the Environmental Auditors Registration Association or their equivalent in the relevant jurisdiction or, if he or she is unable to make a nomination within 28 days of the request made to him or her, by the President for the time being of the Chartered Institute of Arbitrators. Such independent environmental consultant shall act as an expert and not as an arbitrator and his fees and expenses shall be borne as he shall direct.

10.2 The criteria referred to and to be applied in the nomination of the independent environmental consultant shall be that he shall not have less than 10 years experience relevant to the matter in issue and he shall be a member

of a company or firm which has been established for at least three years preceding the date of the nomination.

10.3 The said environmental consultant shall be offered the appointment within seven business days of the parties reaching agreement on the appointment or upon nomination by the Chief Executive of the Environmental Auditors Registration Association or President of the Chartered Institute of Arbitrators as the case may be, he can only be dismissed by the mutual agreement of ICI and the Purchaser. The said environmental consultant shall present his written determination within four weeks of his appointment or nomination or such longer period as ICI and the Purchaser may mutually agree.

10.4 The terms of appointment of the environmental consultant will include a provision that neither ICI nor the Purchaser will engage the environmental consultant or any Consultancy firm with which he is associated after his nomination in relation to the relevant matter without the written consent of the other party.

10.5 The decision of the said environmental consultant in relation to the matters referred to in Clause 10.1 shall in the absence of manifest error be final and binding on the parties hereto.

Payment

11. Any sums for which either party is liable under this Post-Closing Counter Indemnity shall be due and payable 30 days from the day following service of a proper invoice in accordance with this Agreement.

SCHEDULE 14A

HSCC Environmental Indemnity

PART A

Interpretation

1.1 In this Schedule 14A:

Closed Site Liabilities means any liabilities arising from soil and groundwater contamination only under Future Environmental Law in respect of any property owned, or occupied by the PO/MTBE Business at Closing at which business operations, industrial processes or other uses carried on at any time prior to Closing have as at Closing permanently ceased (Closed Sites);

Conduct Party means the party having the conduct of Environmental Proceedings, Remedial Action and any other matter the subject of a notice given pursuant to paragraph 9.1 only;

Criteria means:

(i) the nature of the legal obligation which has been or which may be breached or the legal liability which has or may have arisen or may arise;

(ii) the legal powers and remedies available to the Governmental Authority or third party to bring Environmental Proceedings (including any limitations on those powers);

(iii) the likelihood of Environmental Proceedings being commenced and successfully completed by a Governmental Authority or third party acting under Environmental Law in the jurisdiction in question having regard to applicable enforcement practice therein;

(iv) the likelihood of any notice order or requirement to carry out Remedial Action falling on the Purchaser;

(v) in relation to soil or groundwater contamination, the nature and extent of the impact or risk of impact to the Environment; and

(vi) the costs and benefits of carrying out the proposed Remedial Action (where applicable) (including the consequences of not carrying out the proposed Remedial Action at that time);

Disclosed Pre-Closing Compliance Issues means Pre-Closing Compliance Issues fairly disclosed in the Data Room or otherwise disclosed by and in accordance with the Disclosure Letters in either case pursuant to this Agreement (provided that for the purposes of this definition, any such disclosure against any particular warranty shall be deemed to be disclosure for the purposes of determining whether a Pre-Closing Compliance Issue is a Disclosed Pre-Closing Compliance Issue);

Disposal to Off-Site Landfills means the presence of Hazardous Materials or Waste prior to Closing in, at or under and (if present prior to Closing) at any time before or thereafter, migrating, escaping, leaking or emanating from:

(i) any off-site facility or property which prior to Closing but not thereafter was used in whole or in part as a landfill site for the disposal of Hazardous Materials or Waste from the PO/MTBE Properties or any other site at any time occupied, owned or used by the PO/MTBE Business (including such businesses as they may have been carried on at any time prior to Closing and any predecessor of any such business) (Closed Off-Site Landfills); and

(ii) any off-site facility or property which prior to Closing and thereafter was used in whole or in part as a landfill site for the disposal of Hazardous Materials or Waste from the PO/MTBE Properties or any other site at any time occupied, owned or used by the PO/MTBE Business (including such businesses as they may have been carried on at any time prior to Closing and any predecessor of any such business) provided that this sub-paragraph (ii) applies in relation to such use prior to Closing only (On-going Disposal Sites);

Emergency means in respect of Pre-Closing Soil or Groundwater Contamination only, a fire, explosion, act of God or flood or other sudden and catastrophic event where such an event would result in significant Environmental Losses or would significantly increase Environmental Losses;

Environment means all or any of the following media, namely air (excluding media within buildings or other natural or man made structures above or below ground), water or land and any living organisms or systems supported by those media;

Environmental Law means any applicable statutes, subordinate legislation and other national, federal, state and local laws (including common law and any contractual obligations), rules, regulations, orders, ordinances, judgments or injunctions and codes of practice, guidance notes and judicial and administrative interpretation of each of the foregoing each as is valid and

enforceable on the Purchaser at Closing (or, in relation to contractual obligations or liabilities, after Closing as a direct consequence of the completion of the transactions provided for in this Agreement) each as relate to Pre-Closing Environmental Conditions. For the avoidance of doubt, any enactment or statutory provision being an Environmental Law is as it may have been, or may from time to time be, amended, modified, consolidated or re-enacted (with or without modification) and includes all instruments or orders made under such enactment, but only insofar as such amendment, consolidation or re-enactment of such legislation does not increase the liability of HSCC under this Schedule 14A;

Environmental Losses means all fines, penalties, damages, losses, liabilities, costs and expenses (including reasonable professional and consultants' fees) (Losses) incurred under or to the extent necessary to comply with Environmental Proceedings or a settlement or agreement as referred to in paragraph 4.2(ii) or an emergency as provided for in paragraph 10(ii) (but excluding indirect, consequential or incidental Losses (including any loss of anticipated profits or revenue and costs attributable to the loss of use or business interruption or disruption (Indirect Losses)) provided that Losses shall not be Indirect Losses merely because they arise or are imposed under contract law);

Environmental Permit means any Permit under Environmental Law;

Environmental Proceedings means any criminal, civil, judicial, regulatory or administrative proceeding, suit or claim of any Governmental Authority or third party or Final notice, order or requirement of any Governmental Authority or third party in each case under Environmental Law (or Future Environmental Law in the case of Protected Matters only);

Final means, in relation to a notice, order or requirement that it is binding and is either not capable of appeal, review or challenge, or there is no reasonable prospect of a successful appeal, review or challenge;

Former Sites means any property not owned, occupied or used in connection with the PO/MTBE Business at Closing, but formerly so owned, occupied or used (including such businesses as they may have been carried on at any time prior to Closing and any predecessor of any such business);

Former Sites Liabilities means any losses under Future Environmental Law arising from the occupation, ownership or use by the PO/MTBE Business (including such businesses as they may have been carried on at any time prior to Closing and any predecessor of any such business) of any Former Sites;

Future Environmental Law means all applicable statutes, subordinate legislation and other national, federal, state and local laws (including the common law and any contractual obligations), rules, regulations, orders, ordinances, judgments or injunctions and codes of practice, guidance notes and judicial and administrative interpretation of each of the foregoing each as is valid and enforceable on the Purchaser from time to time and each as relate to Protected Matters;

Governmental Authority means any governmental agency, regulatory body, court of law or tribunal with jurisdiction under Environmental Law or, in the case of Protected Matters only and in relation to paragraphs 8.1(ii) and 11(a), Future Environmental Law;

Hazardous Materials means a substance which alone or in combination with other things is or are capable of causing significant harm or damage to property or to man or to the Environment or which are specified to be hazardous under Environmental Law or Future Environmental Law;

High Likelihood has the meaning given in paragraph 8.1(iv);

Investigative Works means inspections, investigations, assessments, audits, sampling or monitoring;

Permit means any authorisation, licence, permission, consent or approval issued by a Governmental Authority acting lawfully;

PO/MTBE Properties means the two properties listed in Part I of Schedule 17 of the Agreement under the heading PO/MTBE Business;

Post-Closing Environmental Conditions means:

(a) any soil or groundwater contamination first in existence, at, in, on, over or under the PO/MTBE Properties after Closing; or

(b) the exposure of employees, contractors, agents or licensees to any Hazardous Materials first in existence at, in, on, over or under the PO/MTBE Properties after Closing; and

(c) any post-Closing breach of or non-compliance with Future Environmental Law or Environmental Permits except to the extent resulting from Pre-Closing Environmental Conditions:

which is in any case increased, exacerbated, enhanced, caused or permitted as a result of circumstances occurring after Closing as the result of any act or omission of the Purchaser (its employees, contractors, agents, sub-tenants or licensees of the same); or

(d) any post-Closing migrating, leaching or escaping of any Pre-Closing Soil or Groundwater Contamination to the extent attributable in whole or in part to, arising from or increased by the negligent acts or omissions or any spillages after Closing of or by the Purchaser (its employees, contractors, agents, sub-tenants or licensees) or third parties, or the carrying out or failure to carry out any routine maintenance by the Purchaser (its employees, contractors, agents, sub-tenants or licensees) or third parties;

Pre-Closing Environmental Conditions means the following:

(i) in relation to the PO/MTBE Properties soil or groundwater contamination existing at or migrating, leaching or escaping from any such property at or prior to Closing including any subsequent migration leaking or escape of any such pre-Closing contamination (Pre-Closing Soil or Groundwater Contamination);

(ii) any pre-Closing breach of or non-compliance with Environmental Law or Environmental Permits (excluding, for the avoidance of doubt, any Pre-Closing Soil or Groundwater Contamination or Pre-Closing Health and Safety Issues) in relation to the PO/MTBE Business by HSCC within the period of three years prior to Closing (Pre-Closing Compliance Issues) excluding, for the avoidance of doubt, any Disclosed Pre-Closing Compliance Issues;

(iii) the exposure of employees, contractors, agents or licensees to any Hazardous Materials prior to Closing as the result of their work for the PO/MTBE Business or their presence on any property at any time used,

occupied or owned in connection with such business (including such businesses as they may have been carried on at any time prior to Closing and any predecessor of any such business) (Pre-Closing Health and Safety Issues);

excluding in each case any Post-Closing Environmental Conditions;

Protected Matters means the following:

(i) Former Sites Liabilities;

(ii) Closed Sites Liabilities;

(iii) Disposal to Off-Site Landfills;

or any of them;

Reasonable and Prudent Operator means a person exercising that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator in substantial compliance with all applicable laws engaged in the same type of undertaking in the same locality and under the same or similar circumstances and conditions, and any reference to the standard of a Reasonable and Prudent Operator herein shall be a reference to such degree of skill, diligence, prudence and foresight as aforesaid;

Remedial Action means works for preventing, removing, remedying, cleaning-up, containing or ameliorating soil or groundwater contamination including Investigative Works and in relation to any Pre-Closing Compliance Issue means works to remedy or recover from such non-compliance (a) which works are required by a Governmental Authority acting lawfully under Environmental Law to have been carried out at or prior to Closing only or, (b) which non-compliances were prior to Closing an existing breach of Environmental Law;

Significant Environmental Impact means any Pre-Closing Soil or Groundwater Contamination only (i) which represents a significant existing impact on the Environment; or (ii) in respect of which there is a very high probability that it will give rise to a significant impact on the Environment and in either case would be likely to result in a Governmental Authority acting lawfully under Environmental Law issuing or making a notice, order or requirement for Remedial Action to be taken in respect of the same matter;

Waste means any waste including anything which is abandoned, unwanted or surplus:-

(i) (including any such thing which is capable of any beneficial use or of being recovered or recycled or has any value (Re-use Material)); but

(ii) excluding any Re-use Material which has in fact been put to beneficial use or recovered or recycled.

Indemnities

2.1 Subject to the limitations set out in paragraphs 3 to 15 insofar as applicable below HSCC shall indemnify, defend and hold the Purchaser harmless on an after Tax basis from and against:

(A) Protected Matters

all Environmental Losses incurred, suffered or sustained by the Purchaser at any time after Closing in respect of Protected Matters;

(B) Pre-Closing Environmental Conditions

all Environmental Losses incurred, suffered or sustained by the Purchaser at any time after Closing in respect of Pre-Closing Environmental Conditions.

2.2 For the avoidance of doubt, nothing in this Schedule 14A and in particular any limitations set out hereunder shall effect, impact or otherwise prejudice any other rights or entitlements of ICI (whether for itself or on behalf of the Purchaser) under this Agreement and, in particular, Clause 8.2 thereto.

Limitations on Liability

3.1 The limitations on liability set out in Clauses 11.1, 12.2, 12.8(b) (as if in each case the reference therein to Designated Purchaser was to the Purchaser), 12.8(e), 12.8(g), 12.10, 12.13, 13.1 and 13.2 of the Agreement inclusive shall apply mutatis mutandis to any claim made in respect of paragraph 2.1 above.

3.2 Subject always to the limitations in paragraph 3.3 below the maximum aggregate liability of HSCC in respect of claims made under paragraph 2.1(B) (Pre-Closing Environmental Conditions) above after paragraph 3.4 has been applied shall not in any event exceed:

(i) an amount equal to (Pounds)100,000,000; and

(ii) the following percentage of Environmental Losses in relation to claims made in the identified year:

Relevant Year	Vendor's Share
Each year on or after Closing up to the tenth anniversary of Closing Date	100%
Year commencing on the tenth anniversary of Closing Date	67%
Year commencing on the eleventh anniversary of Closing Date	33%
On or after the twelfth anniversary of Closing	0%

Date

such annual percentage in each case being applied in respect of all claimable Environmental Losses in respect of each valid claim made in the relevant year.

3.3 HSCC shall have no liability unless and until:

(i) in the case of any individual claim under paragraph 2.1(A) (Protected Matters) or 2.1(B) (Pre-Closing Environmental Conditions) the Environmental Losses arising from such claim exceed (Pounds)100,000 in which event HSCC shall only be liable for the excess of the Environmental Losses over and above (Pounds)100,000;

(ii) in the case of any claims under paragraph 2.1(B) (Pre-Closing Environmental Conditions), the aggregate of all Environmental Losses in respect of all valid claims made in a Relevant Year (in accordance with the table in paragraph 3.2(ii) and for the purpose of this sub-paragraph only disregarding sub-paragraph 3.3(i) exceeds (Pounds)1,000,000 in which event HSCC shall only be liable in relation to those claims for the excess of the relevant Environmental Losses over and above (Pounds)1,000,000.

3.4 For the avoidance of doubt:

(i) any amount for which HSCC has no liability under paragraph 3.1 or by which HSCC's liability is reduced as a consequence of the operation of paragraphs 3.5 to 14 below shall not be capable of constituting a claim or increasing the amount thereof for the purpose of this paragraph 3;

(ii) for the purpose of this paragraph 3 where a claim is caused by more than one event, circumstance, act or omission (not being one sequence or set (where the members of the set are substantially similar in nature to each other and have a common cause) of like events, acts or omissions at a single site) which event, circumstance, act or omission would separately give rise to a right to claim under paragraph 2.1 each such claim shall be treated as a separate claim when calculating whether the thresholds in paragraph 3.3 have been exceeded.

3.5 HSCC shall not be liable for any claim under paragraph 2.1(A) (Protected Matters) or 2.1 (B) (Pre-Closing Environmental Conditions) unless ICI shall have given HSCC written notice containing (so far as reasonably

available) specific details of the claim, including the Purchaser's estimate (on a without prejudice basis and so far as it can reasonably be made at the date of the notice) of the amount of such claim. The Purchaser shall not be disentitled from claiming under this Schedule 14A as a result of any reasonable delay in providing such notice or reasonable failure to provide information in such notice, where such delay or failure has not prejudiced HSCC.

3.6 Subject to paragraph 3.7 HSCC shall not be liable unless:

(i) in the case of Pre-Closing Soil or Groundwater Contamination and Pre-Closing Health and Safety Issues each written notice has been given before the twelfth anniversary of Closing;

(ii) in the case of Pre-Closing Compliance Issues such written notice has been given before the third anniversary of Closing.

3.7 The liability of HSCC in respect of such claim under paragraph 2.1(A) (Protected Matters) or 2.1(B) (Pre-Closing Environmental Conditions) under this Schedule 14A shall absolutely determine (if such claim has not been satisfied, settled, or withdrawn) if, after the relevant Final notice, order or requirement referred to in paragraph 4.1 exists, legal proceedings in respect of such claim shall not have been commenced by the Purchaser against HSCC within 12 months of the service of notice by HSCC requiring commencement of proceedings (a Claim Commencement Notice) and for this purpose proceedings shall not be deemed to have been commenced unless they shall have been properly issued and validly served upon HSCC.

Trigger Conditions

4.1 Subject to paragraphs 4.2 and 4.3 below, the Purchaser shall not be entitled to make a claim under paragraph 2.1(A) (Protected Matters) or 2.1 (B) (Pre-Closing Environmental Conditions) unless and to the extent that:

(i) in the case of any Protected Matters, Environmental Proceedings have been commenced or issued under Future Environmental Law by a Governmental Authority or any other person in respect of the same subject matter and such Environmental Proceedings would (even if contested) result in a notice, order or requirement which is Final;

(ii) in the case of any Pre-Closing Soil or Groundwater Contamination or any Pre-Closing Health and Safety Issue, Environmental Proceedings have been commenced or issued under Environmental Law by a Governmental Authority or any other person in respect of the same

subject matter and such Environmental Proceedings would (even if contested) result in a notice, order or requirement which is Final;

(iii) in the case of any Pre-Closing Compliance Issues, the subject matter of the claim constitutes an actual breach of or non-compliance with Environmental Law and any Environmental Proceedings have been commenced or issued under Environmental Law by a Governmental Authority or any other person in respect of the same subject matter and such Environmental Proceedings would (even if contested) result in a notice, order or requirement which is Final;

4.2 Sub-paragraphs 4.1(i) to (iii) (as applicable) shall be deemed to have been satisfied if:

(i) notice has been given to HSCC as required under paragraphs 3.5 and 9.1;

(ii) Environmental Proceedings would have been commenced or issued, and would (even if contested) have resulted in a notice, order or requirement which is Final, but for a settlement or agreement reached with the relevant Governmental Authority or other person in accordance with paragraphs 7 and 9, to the extent such settlement or agreement results in Environmental Losses no greater than would have been the case were any such Final notice, order or requirement to have been imposed.

4.3 Where HSCC has assumed conduct under paragraph 9 and sub-paragraph 4.2(ii) is satisfied in relation to the relevant matter at any subsequent time, any right of the Purchaser to claim under this Schedule 14A shall not be adversely affected or reduced as a result of any unreasonable delay or failure by HSCC thereafter in reaching the relevant settlement or agreement, the assessment of reasonableness to take account of the effect of any such delay or failure both on the terms of any settlement or agreement which may be reached and on the Purchaser's claim under this Schedule 14A.

4.4 The requirements of paragraph 4.1 are deemed to be satisfied by an Emergency unless the final determination by an expert under paragraph 13 is that the matter which is the subject of the claim is not an Emergency.

Post-Completion Conduct

5. HSCC shall not be liable under paragraph 2.1(A) (Protected Matters) or 2.1(B) (Pre-Closing Environmental Conditions) in respect of any matter to the extent that such claim would not have arisen but for, results from or is increased by:

(i) the cessation after Closing of any operations at any of the PO/MTBE Properties; or

(ii) any new or different mode or form of industrial process outside the current production methods of the business as at Closing (Changed Industrial Process) at any of the PO/MTBE Properties after Closing except to the extent that a valid claim under this Schedule 14A could have arisen irrespective of the Changed Industrial Process, had the existence of the relevant matter been known; or

(iii) demolition or de-commissioning of plant and equipment by or on behalf of

the Purchaser; or

(iv) any development, extension, expansion, construction or intensification or any change of use (Development), except to the extent that (a) such Development amounts (in aggregate from Closing) to no more than 20 per cent of the built footprint at any PO/MTBE Property after Closing (Permitted Development) or (b) if the information revealed by the Development had become known through some other means, (not involving any Development) it would have given rise to a valid claim under this Schedule 14A provided that, in relation to any Development which could affect, disturb or reveal Pre-Closing Soil or Groundwater Contamination:

(a) the Purchaser shall give prior written notice to HSCC;

(b) the Purchaser shall consult in good faith with HSCC and shall take account of any reasonable requests of HSCC made in relation to the process of obtaining permission for and carrying out the Development; and

(c) the Purchaser (its employees, contractors, agents, sub-tenants and licensees) shall in relation to such Development act at all times non-negligently and in accordance with the standards of a Reasonable and Prudent Operator; or

(v) any Remedial Action required by any Governmental Authority under or as a condition of any Permit issued by or informal or formal agreement with a Governmental Authority in connection with Development except to the extent that if the information revealed by the Development had become known through some other means, (not involving any Development) it would have given rise to a valid claim under this Schedule 14A; or

(vi) any Remedial Action required by any Governmental Authority at any PO/MTBE Property under or as a condition of any Permit or informal or formal agreement issued by or made with a Governmental Authority in connection with any Development after Closing at any property other than any PO/MTBE Property; or

(vii) subject to paragraph 16, any sale or change of occupier or grant of any right of interest in relation to all or part of any of the PO/MTBE Properties after Closing; or

(viii) any voluntary modification, renewal, termination, surrender or variation by the Purchaser (its employees, contractors, agents, sub-tenants and licensees) after Closing of any lease or other agreement or arrangement under which the Purchaser occupies or uses all or any part of any PO/MTBE Property; or

(ix) ownership or occupation by the Purchaser of any adjacent or affected property (except for the PO/MTBE Properties); or

(x) any direct or indirect interest of the Purchaser in any present or former owner of any adjacent or affected property (except for the PO/MTBE Properties); or

(xi) the instigation or initiation by the Purchaser of any Environmental Proceedings, actions or claims by a Governmental Authority, without prejudice in all cases (a) to any permitted act or right of the Purchaser under this Schedule 14A; (b) to the Purchaser acting as a Reasonable and Prudent Operator balancing the potential Environmental Losses which may be sustained as a result of its conduct against the potential benefits of such conduct (such balance to be assessed on the hypothetical assumption that any such Environmental Losses would not be recoverable under this Schedule 14A or otherwise); or

(xii) the deliberate taking by the Purchaser of any action or step which is calculated or designed to give rise to Environmental Proceedings in order to trigger a claim under this Schedule 14A; or

(xiii) any intrusive Investigative Works by the Purchaser (its employees, contractors, sub-tenants and licensees) which either:

(a) do not satisfy the requirements of paragraph 11; or

(b) do not fall within (a) and are undertaken otherwise than for the purpose of Development as referred to in paragraph 5(iv) or,

though carried out for that purpose, are not carried out in accordance with paragraph 5(iv); or

(xiv) any admission of liability (in whole or part) or settlement of any claim by the Purchaser other than in accordance with paragraph 9; or

(xv) any contractual obligation entered into, varied, amended or otherwise modified after Closing other than pursuant to this Agreement so as to establish or increase the Environmental Losses of the Purchaser.

Specific Exclusions

6.1 The Purchaser shall not be entitled to claim for any Environmental Losses under paragraph 2.1(A) (Protected Matters) or 2.1 (B) (Pre-Closing Environmental Conditions) to the extent that the relevant claim would not have arisen but for, results from or is increased by matters which relate to:

(a) except in relation to soil or groundwater contamination the carrying out of or the failure to carry out works which are routine or recurring as a result of the normal and lawful operation of the business of the Purchaser in a negligent manner or other than in accordance with the standards of a Reasonable and Prudent Operator;

(b) use and recovery of packaging or packaging waste;

(c) land use planning or zoning systems except to the extent relating to Hazardous Materials or Waste;

(d) any tax, duty or levy imposed or calculated in relation to claims under paragraph 2.1(B);

(e) to the extent that any allowance, provision or reserve made for such fact, matter, event, circumstance or Tax Liability in the Accounts or the Closing Statements or the Tax Liability which has been noted in or was taken into account in the preparation of the Accounts or the Closing Statements, or to the extent that payment or discharge of the relevant matter has been taken into account therein.

6.2 In respect of any claim under paragraph 2.1(B) (Pre-Closing Environmental Conditions) and except in relation to paragraphs 8.1(ii) and 11(a), HSCC shall not be liable to the extent that the relevant claim would not have arisen but for, results from or is increased by Future Environmental Laws, provided that HSCC shall not be entitled to exclude, avoid or reduce its liability under this Schedule 14A as a result of Future Environmental Laws

which are no more onerous than Environmental Laws and references to Environmental Laws shall be interpreted accordingly.

6.3 Any reference to liability under Environmental Laws or Future Environmental Laws (as applicable) shall be deemed to include any contractual obligation by which the Purchaser is responsible for or to contribute to that liability, to the extent such obligation is in force and binding on the Purchaser at or prior to Closing or as the direct result of the transactions provided for in this Agreement.

Mitigation

7.1 The Purchaser shall mitigate any Environmental Losses under this Schedule 14A.

7.2 The Purchaser shall not be entitled to claim under paragraph 2.1(A) (Protected Matters) or 2.1(B) (Pre-Closing Environmental Conditions) in respect of Environmental Losses incurred in obtaining professional services in relation to the subject matter, conduct or validity of the claim during the period prior to making that claim in accordance with paragraph 3.5 above.

Disclosure To Governmental Authorities

8.1 Subject to paragraph 8.2 and 9, neither ICI, any member of ICI's Group nor the Purchaser shall disclose any information in relation to any matter which could reasonably be expected to be the subject of a claim under paragraph 2.1 to any Governmental Authority without the prior written consent of HSCC except following prior written notice to and consultation with HSCC in relation to sub-paragraphs (ii), (iii) and (iv) below:

(i) in an Emergency where, because of the circumstances it is impracticable to obtain the prior written consent of HSCC; or

(ii) as required by law;

(iii) following the final determination by the expert under paragraph 13 (or earlier agreement between the parties) that there is a Significant Environmental Impact; or

(iv) in relation to Pre-Closing Compliance Issues but only insofar as these are issues of discharges to controlled waters or sewers or emissions to air following the final determination by the expert under paragraph 13 (or earlier agreement between the parties) that there is a high likelihood that a Governmental Authority would require the Purchaser to carry out Remedial Action at a cost in excess of (Pounds)100,000

(excluding for these purposes the cost of Investigative Works (High Likelihood).

8.2 The notice referred to in paragraph 8.1 shall contain specific reasonable details of the matter proposed to be disclosed, the identity of the Governmental

Authority and individual officers to whom the disclosure is to be made and the proposed manner and timetable for disclosure (including any documents or presentations or drafts of the same). HSCC shall be given 30 days (or such lesser period which allows compliance with the relevant law where paragraph 8.1(ii) applies) in which to review and comment on the proposals for disclosure and the Purchaser shall have regard to and incorporate the reasonable requests of HSCC in relation to the proposed disclosure.

8.3 In the event that HSCC withholds its consent to a disclosure in circumstances where the Purchaser notifies HSCC in writing that it is of the opinion that there is a Significant Environmental Impact or High Likelihood (as applicable) then the provisions of paragraph 13.1 shall apply.

8.4 In the event that such disclosure is made, the provisions of paragraph 9.4 and 9.6 below shall apply mutatis mutandis.

Claims Procedure

9.1 Upon the Purchaser becoming aware of a matter which could reasonably be expected to give rise to a claim for Environmental Losses under this Schedule 14A the Purchaser shall as soon as reasonably practicable thereafter notify HSCC by written notice. Without limiting the obligation of the Purchaser to comply with this paragraph 9.1, the purpose of such notice shall be to alert HSCC to the existence of the relevant matter in order that HSCC may decide to exercise its rights in relation to conduct and such notice shall (if the Purchaser wishes to proceed with a claim under this Schedule 14A) be accompanied by or followed by a notice under clause 3.5.

9.2 HSCC shall conduct any Environmental Proceedings or Remedial Action in respect of any matter which could reasonably be expected to become a claim under paragraph 2.1(A) (Protected Matters), unless the Purchaser (i) notifies HSCC in writing within a reasonable time thereafter, that it is in breach of paragraph 9.10 in circumstances which would result in any material Environmental Losses being incurred by the Purchaser which are not covered by a valid claim under this Schedule 14A and/or would materially adversely affect the value of the PO/MTBE Property or the goodwill or good name of the Purchaser in which event the Purchaser shall be entitled to have conduct but in any event such right of conduct shall

immediately cease upon ICI disposing of its interest in the Purchaser at which time conduct shall immediately revert to HSCC. For the avoidance of doubt the provisions of paragraph 9.6 shall not apply to such conduct by HSCC of Environmental Proceedings or Remedial Action under this paragraph.

9.3 Subject to paragraph 9.10 below HSCC shall have conduct of all or any part of any Environmental Proceedings or the carrying out of any Remedial Action relating to or affecting any Pre-Closing Environmental Conditions as set out in paragraph 9.2 above.

9.4 The Purchaser shall promptly provide HSCC with such reports, documents, correspondence, information, assistance and facilities relating to any Environmental Proceedings or Remedial Action or other matter for which written notice has been given under paragraph 3.6 or 9.1 as HSCC may reasonably require the Purchaser to provide (including if required by HSCC reasonable access to any PO/MTBE Property or so far as practicable adjacent or affected property) except that nothing in this paragraph shall require any waiver of legal privilege or breach of any duty of confidentiality excluding any duty of confidentiality between the Purchaser and any consultant in respect of or relating to Environmental Proceedings or Remedial Action or other matter the subject of written notice under paragraph 9.1. Each party shall use its reasonable endeavours to avoid assuming any duty of confidentiality which would impede the efficient operation of this paragraph 9.

9.5 The Conduct Party shall be entitled to avoid, dispute, deny, defend, resist, appeal, compromise or contest any Environmental Proceedings, or any matter the subject of the relevant written notice (including, without limitation, making counterclaims or other claims against third parties in its own name) and to have the conduct of any Environmental Proceedings, and any related Remedial Action or appeals or other matter the subject of the relevant written notice but no admission of liability shall be made by or on behalf of the Conduct Party and the Environmental Proceedings or other matter the subject of written notice under paragraph 9.1 shall not be compromised, disposed of or settled without, in each case, the consent of the other party (such consent not to be unreasonably withheld or delayed and provided that such consent shall not be withheld where the relevant settlement or agreement satisfies the criteria in paragraph 4.2(ii) (including as to quantum of Environmental Losses) and has been reached in accordance with this paragraph 9);

9.6 The Conduct Party (where the Purchaser is the Conduct Party) shall use its reasonable endeavours to ensure that:

(i) the other party shall be informed promptly of any information which comes to the knowledge of the Conduct Party other than information which the Conduct Party reasonably considers to be immaterial to the Environmental Proceedings or any other matter the subject of the relevant written notice;

(ii) the other party shall be allowed a reasonable opportunity to review and to comment upon any material reports documents and correspondence to be prepared and provided by the Conduct Party to the other parties, or to any Governmental Authority hearing administering or involved in, any Environmental Proceedings or matter the subject of the relevant written notice under paragraph 9.1 and the Conduct Party shall have regard to the views of the other party on such reports, documents or correspondence;

(iii) the other party shall be provided with advance notice of and be allowed to attend and participate in any material site visit meeting or negotiation involving the Conduct Party (or any subsidiary of the Conduct Party) and any other parties to, or the Governmental Authority hearing, administering or involved in, any Environmental Proceeding or matter the subject of the relevant written notice under paragraph 9.1 and if it so requests and undertakes to pay for the reasonable cost of taking and providing such notes the other party shall be provided promptly with reasonably full and accurate but not verbatim notes of such visit meetings negotiations which it does not attend and participate in;

(iv) if the other party so requests, copies of all material correspondence and documents passing between the Conduct Party and other parties to the Environmental Proceedings or matter the subject of the relevant written notice under paragraph 9.1 or provided by the Conduct Party to the Governmental Authority hearing, administering or involved in the Environmental Proceedings or matter the subject of the relevant written notice under paragraph 9.1 shall be provided promptly to the other party;

(v) subject to the other party undertaking to pay the reasonable cost thereof detailed written reports shall be provided to the other party regarding the status and progress of any Environmental Proceedings or any other matter the subject of the relevant written notice under paragraph 9.1 as frequently and in such form and detail as the other party shall reasonably require;

(vi) the other party shall be provided with reasonable notice of any proposal by the Conduct Party or any third party (to the extent the Conduct Party is aware of such proposal) to undertake Remedial Action Provided that this obligation shall not apply in case of an Emergency;

(vii) any Remedial Action carried out by the Conduct Party or any contractor or subcontractor of the Conduct Party shall be carried out using all reasonable skill and care;

(viii) the other party shall be allowed to send such representatives as the other party may reasonably require to attend and inspect the carrying out of Remedial Action whilst they are being carried out Provided that such representatives shall not interfere with the proper undertaking of the Remedial Action or the operation of the relevant business or the activities of any third party;

(ix) where an environmental expert is to be appointed the Conduct Party shall consult with the other party and have regard to the other party's views on whom to appoint, the scope of the appointment and the terms and conditions of appointment.

9.7 Each party shall comply with the reasonable requests of the other for arrangements or procedures to maintain confidentiality or legal privilege in relation to any matters arising out of or relating to any Environmental Proceedings, Remedial Action or other matter the subject of written notice under paragraph 9.1.

9.8 The other party shall give the Conduct Party or its agents or contractors access to personnel, premises, chattels, documents and records as the Conduct Party may reasonably request and allow without limitation entry to premises to make such examination and investigations as the Conduct Party may consider necessary, the taking of samples, measurements, photographs and recordings of soil, air, water or substances and combinations of substances at any PO/MTBE Property, with the full co-operation of the other party, the interviewing of any person the Conduct Party has reasonable cause to believe to be able to give relevant information and the production of extracts, papers and records in relation to any matter which is or is likely to be the subject of a claim under paragraph 2.1.

9.9 The other party shall in a timely fashion:

(i) provide the Conduct Party with such information as it may reasonably require to enable it to assist in the conduct of Environmental Proceedings;

(ii) consult in good faith with the Conduct Party in relation to Environmental Proceedings; and

(iii) provide the Conduct Party with such material information as comes to the knowledge of the other party and which relates to the Environmental Proceedings.

9.10 Where HSCC has conduct of all or any part of Environmental Proceedings pursuant to paragraph 9.2 above, HSCC shall (subject to appropriate arrangements to maintain confidentiality and privilege):

(i) provide reasonably frequent and reasonably detailed reports to the other party regarding the progress of Environmental Proceedings or Remedial Action;

(ii) allow the other party a reasonable opportunity to review and comment in advance on proposals for Remedial Action;

(iii) develop in consultation with the other party, proposals for Remedial Action, having regard to HSCC's obligation at sub-paragraph (vi) below;

(iv) have regard to and incorporate the reasonable requests of the other party in relation to such Environmental Proceedings or Remedial Action (unless any such request of the other party would in excess of the cost of complying with (v) and (vi) increase the amount of the Purchaser's claim or the cost of the Remedial Action in excess of the cost of complying with (v) and (vi) in which case the Purchaser shall be liable to HSCC for any such increase in relation to such request which is accepted by HSCC);

(v) carry out Remedial Action in a proper and workmanlike manner and proceed with the same in a timely manner and with due diligence;

(vi) so far as reasonably practicable avoid or minimise interruption or disruption to the business carried on at any of the PO/MTBE Properties.

(vii) if so requested by the Purchaser (a) carry out any intrusive Investigative Works where and to the extent that the criteria in paragraph 11 are satisfied; and (b) make any disclosure where and to the extent that the criteria in paragraph 8 are satisfied. Any right of the Purchaser to claim under this Schedule 14A which would have arisen had the Purchaser retained conduct and carried out such work or made such disclosure shall not be adversely affected or reduced as a

result of any unreasonable delay in complying with any such request (the assessment of reasonableness to take account of all relevant matters including the effect of any such delay on the Purchaser's claim under this Schedule 14A or the claim which the Purchaser would have had, but for such delay having regard to when the Purchaser might reasonably have been expected to have carried out such work or made such disclosure had the Purchaser retained conduct.

Standard of Works

10. The Purchaser shall not be entitled to claim under paragraph 2.1 in respect of the cost of carrying out Remedial Action except for the reasonable costs of such Remedial Action which are the minimum necessary:

(i) to comply with the Final notice, order or requirement of a Governmental Authority acting under Environmental Law or (in relation to Protected Matters) Future Environmental Law or a settlement or agreement under paragraph 4.2; or

(ii) to address the Emergency (which for the avoidance of doubt excludes anything other than such works as are necessary at the time of the Emergency to (a) remove the direct cause of, and (b) control the immediate effects of the Emergency).

Investigative Works

11. The Purchaser shall not be entitled to claim under paragraph 2.1 for any Investigative Works in relation to any Protected Matters or Pre-Closing Environmental Conditions except and to the extent that such Investigative Works:

(a) are specifically and lawfully ordered or required by the relevant Governmental Authority under law; or

(b) are carried out in accordance with paragraph 7 and 9 in relation to a matter where:

(i) a notice has been served under paragraph 3.6;

(ii) HSCC has not assumed conduct under paragraph 9;

(iii) on the basis of the available information (prior to the relevant Investigative Works) there are reasonable grounds to believe that Significant Environmental Impact or High Likelihood may exist.

Statements

12. In the event of any circumstances arising which do or could reasonably be expected to give rise to a claim for Environmental Losses neither HSCC, the Purchaser, ICI nor any member of ICI's Group shall make any public statements

(including, for the avoidance of doubt, any statement to any Governmental Authority, unless required by law or in an Emergency) regarding such circumstances without first discussing with the other party and reaching written agreement on the text of any such public statement before it is made, such agreement not to be unreasonably withheld or delayed by either party and without prejudice to paragraph 8.1.

Disputes

13.1 If any dispute arises between HSCC and the Purchaser as to:

(i) whether or not an Emergency arose; or

(ii) whether or not High Likelihood exists; or

(iii) whether or not a Significant Environmental Impact has occurred,

the matter shall be referred for final determination in accordance with the Criteria, at the request of either the Purchaser or HSCC to an independent environmental consultant having experience relevant to the matter in dispute as agreed between the Purchaser and HSCC or in default of any such agreement within seven days of such request by the Purchaser or HSCC, nominated in accordance with the criteria set out below at the request of either the Purchaser or HSCC by or on behalf of the Chief Executive of the Environmental Auditors Registration Association or their equivalent in the relevant jurisdiction or, if he or she is unable to make a nomination within 28 days of the request made to him or her, by the President for the time being of the Chartered Institute of Arbitrators. Such independent environmental consultant shall act as an expert and not as an arbitrator and his fees and expenses shall be borne as he shall direct.

13.2 The criteria referred to and to be applied in the nomination of the independent environmental consultant shall be that he shall not have less than 10 years experience relevant to the matter in issue and he shall be a member of a company or firm which has been established for at least three years preceding the date of the nomination.

13.3 The said environmental consultant shall be offered the appointment within seven business days of the parties reaching agreement on the appointment or upon nomination by the Chief Executive of the Environmental

Auditors Registration Association or President of the Chartered Institute of Arbitrators as the case may be and he can only be dismissed by the mutual agreement of the Purchaser and HSCC. The said environmental consultant shall present his written determination within four weeks of his appointment or nomination or such longer period as the Purchaser and HSCC may mutually agree.

13.4 The terms of appointment of the environmental consultant will include a provision that neither the Purchaser nor HSCC will engage the environmental consultant or any consultancy firm with which he is associated after his nomination in relation to the relevant matter without the written consent of the other party.

13.5 The decision of the said environmental consultant in relation to the matters referred to in Clause 13.1 shall in the absence of manifest error be final and binding on the parties hereto.

Payment

14. Any sums for which either party is liable under this Schedule 14A shall be due and payable 30 days from the day following service of a proper invoice in accordance with this Agreement.

Further Protected Person

15.1 In this paragraph 15.1:-

Asset Transaction means the sale or other disposal of all or any part of the PO/MTBE Business after Closing or the sale or other disposal of all or any part of any PO/MTBE Property after Closing;

Further Protected Person means:

(i) in the context of an Asset Transaction, the new owner of the PO/MTBE Business or the relevant part of such business or of any PO/MTBE Property or part of it following the Asset Transaction; and

(ii) in the context of a Share Transaction, the entity which was the subject of the Share Transaction and also the person who has acquired the relevant shares interest in such entity;

in either case not being a member of the HSCC Group;

Share Transaction means the sale or disposal of all or a controlling interest in the shares in an entity forming part of the PO/MTBE Business after Closing;

Transaction means an Asset Transaction or a Share Transaction, as applicable.

15.2 HSCC agrees that, in the event of a Transaction, the Purchaser shall be entitled in its sole discretion to claim under this Schedule 14A in respect of Environmental Losses of Further Protected Persons, as if such Further Protected Persons were Protected Persons, provided that this 15.2 shall cease to apply in relation to any Further Protected Person upon the occurrence of any subsequent Transaction, to the extent such subsequent Transaction relates to a Further Protected Person or to any PO/MTBE Property or part of it which was subject to the first Transaction.

15.3 It is a condition of any claim by the Purchaser in relation to Environmental Losses of a Further Protected Person that the Purchaser shall comply with and shall procure that each Further Protected Person shall comply with and in all respects be bound by paragraphs 3 to 14 of this Schedule 14A.

15.4 For the avoidance of doubt, no Further Protected Person shall acquire any right against HSCC by virtue of this paragraph 15 and this paragraph 15 shall not extend or increase HSCC's liabilities under this Schedule 14A.

SCHEDULE 15

LOCAL CONDITIONS

The transfers referred to below shall be subject to the condition identified in respect of them or it and ICI, HSCC and the Purchaser shall use reasonable endeavours to procure the satisfaction of each such condition. Reference in this Schedule 15 to any transfer shall be deemed to include all proposed steps (as set out in Schedules 4 and 18) required or proposed to effect such transfer and shall, in the case of a transfer of shares or assets include (without limitation) where relevant the establishment of a new legal entity in the relevant jurisdiction:

(a) the transfer of the assets of ICI Argentina S.a.i.c. is subject to the approval of the General Inspection of Justice to the formation of a new company in Argentina and the approval of the Inspection of Corporations to the required asset transfer as a "going concern" or through a "spin-off" of the assets of ICI Argentina S.a.i.c. to an Argentine newco;

(b) the transfer of the shares in PT. ICI Indonesia is subject to the approval of the following authorities in Indonesia: the Badan Koordinasi Penanaman Modal, the Ministry of Justice, and the Ministry of Industry and Trade;

(c) the transfer of the shares in PT. ICI Indonesia is subject to all publications required to be made by Indonesian law having been duly made, no objections having been made by PT. ICI Indonesia's creditors and to the approval of the transfer by the shareholders of PT. ICI Indonesia;

(d) the transfer of the shares in ICI Mex SA de DV is subject to all required notifications to the National Foreign Investment Registry in Mexico having been made;

(e) the transfer of the shares in Arabian Polyol Company Ltd is subject to the approval of the shareholders and all relevant governmental authorities in Saudi Arabia, including (without limitation):

(i) the Foreign Investment Committee at the Ministry of Industry and Electricity; and

(ii) the Ministry of Commerce; and

the making of all necessary filings with the relevant Saudi authorities;

(f) the transfer of the shares in Tioxide Malaysia is subject to the approval of the Bank Negara Malaysia and the Ministry of International Trade and Industry in Malaysia and to the approval of the transfer by the shareholders of Tioxide Malaysia;

(g) the transfer of the assets of ICI Espana S.A. is subject to the prior approval of the Exchange Control Authorities in Spain;

(h) the transfer of the shares of Tioxide Europe S.A. is subject to the prior approval of the Exchange Control Authorities in Spain;

(i) the transfer of the assets of ICI Taiwan Ltd is subject to the prior approval of the Investment Commission of the Ministry of Foreign Affairs in Taiwan and all other necessary governmental or regulatory approvals;

(j) the transfer of the assets of ICI 1996 (Thailand) Ltd is subject to the prior approval of the Board of Investment and/or the Department of Commercial Registration (as appropriate) and the Industrial Estates Authority in Thailand (if required);

(k) the transfer of the shares in ICI Holland BV, ICI Polyurethanes (China) Holdings BV and Chemical Blending BV is subject to the relevant works council (ondernemingsraad) of ICI in The Netherlands having rendered its

advice pursuant to section 25 of the Works Council Act (Wet op de Ondernemingsraden) and, if such advice is negative, no appeal having been lodged by the relevant works council with the Companies Chamber of the Amsterdam Court within one month after the date of such advice; and

(l) the transfer of the Olefins Manufacturing Business of ICI Chemicals and Polymers Limited is subject to the condition(s) precedent set out in clause 3.1 of the Tripartite Agreement dated 30 June 1999 made between BP Chemicals Limited, ICI, HSCC, the Purchaser and HIC and others (other than the element of such condition(s) which requires Closing to have taken place or the closing meetings for Closing to have commenced and there being no reasonable prospect that Closing will not take place in order to be satisfied) having been fulfilled or waived.

SCHEDULE 16

DELAYED CLOSINGS

1. Where any Delayed Company, Delayed Business or Delayed Assets have not been acquired by the relevant Designated Purchaser at Closing, the following provisions shall apply until they are acquired. The provisions of this Schedule 16 shall not apply to those of the Joint Venture Interests to which clause 16 applies which shall, in the event of a Delayed Closing in respect thereof, be dealt with in accordance with the provisions of that clause. The provisions of this Schedule 16 shall apply to those pre-Closing steps which are set out in Schedule 18 and which are intended to be effected prior to Closing but which are not effected prior to Closing. In such circumstances, the parties to the pre-Closing step shall use all reasonable endeavours to effect the transfer and/or acquisition of the shares or assets by the same parties that were initially envisaged and companies to which such shares relate shall be treated as Delayed Companies (and the Current Parent of any such company (as identified in column 1 of Part II of Schedule 1) shall constitute a Share Selling Company) and such assets shall be treated as Delayed Assets (unless they comprise all of the assets of a Business Vendor which are required for a Local Business to continue to operate for all practical purposes in the manner in which it operated prior to Closing, in which case all the assets of that Business Vendor will not be transferred and such assets shall be treated as a Delayed Business for the purposes of this Schedule 16).

2. The relevant Share Selling Company or Business Vendor and the Purchaser shall continue to use all reasonable endeavours to effect the acquisition of any Delayed Shares, Delayed Business or Delayed Assets by the Designated Purchaser as soon as reasonably practicable including, without limitation, using all reasonable endeavours to obtain the consent or agreement of any third party which is required to the transfer of any Business Asset. For the avoidance of doubt, no Share Selling Company or Business Vendor shall be obliged to effect the transfer of any Delayed Shares, Delayed Business or Delayed Assets all the while such transfer would be in breach of any Regulatory Action.

3. The risk in any such Delayed Company, Delayed Business or Delayed Asset shall pass to the Designated Purchaser with effect from Closing. The relevant Share Selling Company or Business Vendor shall, if so requested by the Designated Purchaser, execute a declaration of trust pursuant to which it will hold the benefit of such Delayed Companies, Delayed Businesses or Delayed Assets on trust for the Designated Purchaser. The relevant Business Vendor or Share Selling Company shall account to that member of the

Purchaser's Group for all sums received, less any direct costs (not including management time) which relate to any Delayed Company, Delayed Business or Delayed Asset. If the benefit of it cannot be held on trust for the relevant member of the Purchaser's Group, the parties will use their respective reasonable endeavours to make such other arrangements between themselves to implement the transfer of the benefit of it as far as possible. During that period, the relevant Business Vendor or Share Selling Company shall comply with all reasonable requests of the relevant member of the Purchaser's Group in relation to such Delayed Company, Business or Asset. The Purchaser on behalf of the Designated Purchaser shall indemnify the relevant Business Vendor or Share Selling Company on an after Tax basis against all Costs (including Tax Liabilities) suffered or reasonably incurred by it in connection with such Delayed Company, Business or Asset, provided that the Purchaser shall not be obliged to indemnify the relevant Business Vendor or Share Selling Company in respect of its internal administrative costs, nor to indemnify it to the extent that the Costs are caused by the Business Vendor's or Share Selling Company's failure to comply with its obligations under this Schedule.

In the case of any Delayed Company or Delayed Business which is shown in Schedule 6 as containing a systems house for the purposes of the Polyurethanes Business, without prejudice to its general obligation under clause 5 in relation to the operation of the business, the relevant Business Vendor or Company shall not purchase from any other supplier raw materials which are within the product range of the Purchaser's Group, save where the Purchaser's Group is unable to supply and, in the reasonable opinion of the relevant member(s) of ICI's Group, it is commercially sensible for it to purchase those raw materials from other sources in order for it to maintain its product range.

4. If the Designated Purchaser has not acquired any Delayed Company or Delayed

Business, and the Purchaser has not been able to nominate a person who is able to acquire it, on or before the second anniversary of Closing, then the Purchaser shall be entitled to elect either:

(a) to require ICI to continue the arrangement then existing in relation to it on the same basis, in which case, in the case of an entity which is not a Systems House Entity, the Purchaser as agent for the relevant Designated Purchaser shall pay to ICI the sum resulting from the following calculation:

1/4 of (X)x$2,426,550,000
---
pounds962.6 million

where x is the Value (as defined in clause 6.3) of the relevant Delayed Company or Delayed Business and, in the case of an entity which is a Systems House Entity, the sum which is one quarter of the value shown against that entity in Schedule 6. Any sum paid by the Purchaser pursuant to this paragraph 4(a) shall be by way of adjustment to the consideration that has been paid or transferred in respect of the relevant Delayed Company (or of its holding undertaking) or Delayed Business under Schedule 18 (in the case of any Delayed Company or Delayed Business which is a Schedule 18 Company or Schedule 18 Business) or, as the case may be, by way of adjustment to the Final Consideration payable in respect of the Sale Shares of the appropriate Delayed Company or the appropriate Business Assets (in the case of any Delayed Company or Delayed Business which is not a Schedule 18 Company or Schedule 18 Business);

(b) to terminate the existing arrangement then existing in relation to it, in which case:

(i) such Delayed Company or Delayed Business shall from that time be excluded from the transaction contemplated by this Agreement and ICI shall pay the sum resulting from the following calculation to the Purchaser as agent for the relevant Designated Purchaser:

y - (1/4 X z
---
pounds962.9 million X $2,426,550,000)

where y is the Fair Value of the relevant Delayed Company or Delayed Business and z is, in the case of an entity which is not a Systems House Entity, the Value of the relevant Delayed Company or Delayed Business and, in the case of an entity which is a Systems House Entity, the value shown against the entity in Schedule 6. Any sum paid by ICI pursuant to this paragraph 4(b)(i) shall be by way of adjustment to the consideration to be paid or transferred in respect of the relevant Delayed Company (or of its holding undertaking) or Delayed Business under Schedule 18 (in the case of any Delayed Company or Delayed Business which is a Schedule 18 Company or Schedule 18 Business) or, as the case may be, by way of adjustment to the Final Consideration payable in respect of the Sale Shares of the appropriate Delayed Company or the appropriate Business Assets (in the case of any Delayed

Company or Delayed Business which is not a Schedule 18 Company or Schedule 18 Business);

(ii) in the case of any Delayed Company, the Final Cash Balance and Final Financial Debt for that Company on the second anniversary of Closing shall be calculated (for which purpose references to the Closing Adjustments Date in the definitions of those terms shall be read as references to the second anniversary of Closing) and if: (aa) the Final Cash Balance as at the Closing Adjustments Date less the Final Financial Debt as at the Closing Adjustments Date (the Original Cash/Debt) is greater than the Final Cash Balance on the second anniversary of Closing less the Final Financial Debt on the second anniversary of Closing (the Return Cash/Debt) then the Purchaser as agent for the relevant Designated Purchaser shall pay the amount of the difference in dollars to ICI on behalf of the relevant Selling Company; or (bb) if the Return Cash/Debt is greater than the Original Cash/Debt, then ICI on behalf of the relevant Selling Company shall pay the amount of the difference in dollars to the Purchaser as agent for the relevant Designated Purchaser the difference; and

(iii) in the case of any Delayed Company or Delayed Business, the Closing Working Capital in respect of it shall be calculated (again, treating any reference to the Closing Adjustments Date in the definition of that term as a reference to the second anniversary of Closing) and, if the resulting sum exceeds the Closing Working Capital for that Delayed Company or Delayed Business as at the Closing Adjustments Date, then ICI on behalf of the relevant Selling Company shall pay the amount of the difference in dollars to the Purchaser as agent for the relevant Designated Purchaser and, if the resulting sum is less than the Closing Working Capital

for that Delayed Company or Delayed Business as at the Closing Adjustments Date, then the Purchaser as agent for the relevant Designated Purchaser shall pay the amount of the difference in dollars to ICI on behalf of the relevant Selling Company.

ICI will then be entitled to retain such Delayed Company or Business and to conduct the relevant business, or to transfer it to any person selected by it in its absolute discretion.

5. If a Delayed Asset has not been transferred to a member of the Purchaser's Group within 3 months of Closing and the Purchaser considers in

good faith that such Delayed Asset has a Fair Value of (Pounds)2.5 million or more, then it shall be entitled to serve a notice on the relevant Vendor with a view to requiring a rebate under this paragraph. If the relevant Vendor agrees that the Delayed Asset in question has a Fair Value of (Pounds)2.5 million or more, or if the Independent Firm determines the Fair Value to be (Pounds)2.5 million or more, then the Purchaser shall be entitled to require the relevant Vendor to pay the sum representing one quarter of that Fair Value to the Purchaser. If the relevant Delayed Asset is subsequently transferred to a member of the Purchaser's Group, then the Purchaser shall repay that sum to the relevant Vendor.

6. If any Delayed Asset has not been transferred to a member of the Purchaser's Group by the second anniversary of Closing, then the Purchaser shall be entitled to elect either:

(a) to require the relevant Vendor to continue the arrangement then existing in relation to that Delayed Asset on the same basis, in which case the Purchaser shall account to the relevant Vendor for the amount of any payment previously made in respect of such Delayed Asset pursuant to paragraph 5 above; or

(b) to terminate the arrangement then existing in relation to that Delayed Asset, in which case the relevant Vendor shall pay to the Purchaser the Fair Value of that Delayed Asset (or, if the Purchaser has previously required a payment to be made in respect of that Delayed Asset pursuant to paragraph 5 above, the Fair Value of that Delayed Asset less the amount of the payment pursuant to paragraph 5).

7. For the purposes of paragraphs 4(b), 5 and 6 above and clause 6.3(d), the Fair Value of a Delayed Company, Delayed Business or Delayed Asset shall be what would have been the open market value of the relevant Delayed Company, Delayed Business or Delayed Asset between a willing seller and a willing third party buyer (in the context of a disposal of the ICI Business or the PO/MTBE Business, as applicable) as at the Closing Date. Each of ICI and the Purchaser shall notify each other of what it considers in good faith to be the Fair Value of such Delayed Company, Delayed Business or Delayed Asset and they shall use reasonable endeavours to agree upon the Fair Value. If they have been unable to agree it within 10 Business Days, then either of them may refer the question of the valuation to the Independent Firm to certify the Fair Value. The Independent Firm shall determine the Fair Value within 15 Business Days of being so instructed. In doing so, it shall assume that the relevant Delayed Company, Delayed Business or Delayed Asset is capable of transfer. The parties shall provide the Independent Firm with all the information it reasonably requires in order to determine the Fair Value.

The Independent Firm shall act as an expert and not an arbitrator and its decision shall be final and binding on the parties. The relevant Vendor and the Purchaser shall bear the cost of obtaining the Independent Firm's valuation equally.

8. Pending completion of the acquisition of any Delayed Companies, Businesses or Assets by the Purchaser as agent for the Designated Purchaser, the relevant Share Selling Company or Business Vendor shall comply with all reasonable requests for information in relation to such Delayed Companies, Businesses or Assets to the extent that it is able to do so in compliance with all applicable laws and regulations.

9. On the Delayed Closing Date in respect of any Delayed Shares or Delayed Business, completion of the sale of such Delayed Shares or Delayed Business shall take place in accordance with clause 6 (and the provisions of clause 6 shall apply to such completion as if the Delayed Closing Date were the Closing Date).

10. The Purchaser and the relevant Share Vendor or Business Vendor shall keep each other reasonably informed of matters within their knowledge which are reasonably likely to affect the other in relation to Companies and Local Businesses to which this Schedule applies. In particular, the Purchaser and the relevant Share Selling Company or Business Vendor shall inform the other of significant events known to them in relation to health and safety and environmental matters of such Companies and Local Businesses.

11. Where in respect of any Delayed Company, Delayed Business or Delayed Asset it is proposed that completion of its sale and purchase should take place after the Closing Date, the Purchaser and the relevant Share Selling Company or

Business Vendor shall be entitled to amend any notifications given by them and to serve any notifications not previously given by them in relation to the sale and purchase which are, in each case, notifications required to be given a certain number of days or Business Days prior to the Closing Date, at any time prior to the date falling such number of days or Business Days prior to the date for which such completion is scheduled to take place as such notification is required to be given prior to the Closing Date.

12. Where all or a substantial part of the Business Assets in a particular jurisdiction owned by a Business Vendor have not been acquired at Closing, the relevant Vendor shall procure that the relevant Business Vendor holding such Business Assets shall from the Closing Date until the Delayed Closing Date in relation to those Business Assets establish (if not already established) and maintain separate books of account:

(i) corresponding to such part of the ICI Business or PO/MTBE Business, as the case may be, as is conducted by or on behalf of that Business Vendor using those Business Assets (the Acquired Business); and

(ii) corresponding to the other businesses of that Business Vendor,

and the books of account referred to in paragraph (i) are referred to in this Agreement as Purchaser Local Accounts and shall be maintained at the expense of the Acquired Business and the books of account referred to in paragraph (ii) are referred to in this Agreement as Business Vendor Local Accounts.

13. The Business Assets referred to in paragraph 12 above and the associated Assumed Liabilities shall be reflected in the Purchaser Local Accounts and all other assets and liabilities of such Business Vendor shall be reflected in the Business Vendor Local Accounts.

14. From the Closing Date until the Delayed Closing Date all such assets and liabilities (which shall include Tax assets and all Tax liabilities) and all such profits and losses of the Business Vendor to the extent they relate to the Acquired Business shall be reflected in the Purchaser Local Accounts. All other assets and liabilities and profits and losses of such Business Vendor shall be reflected in the Business Vendor Local Accounts. Without prejudice to clause 2.11, at Closing of the sale and purchase of the Delayed Business, the assets and liabilities and profits and losses reflected in the Purchaser Local Accounts shall be transferred to the Purchaser or as it may direct, for no additional consideration. From the Closing Date to the Delayed Closing Date and unless otherwise agreed by the relevant Vendor and the Purchaser, the Purchaser and the relevant Vendor shall procure that the assets, liabilities, profits and losses reflected in the Purchaser Local Accounts shall be used only for the purposes of the Acquired Business and assets, liabilities, profits and losses reflected in the Business Vendor Local Accounts shall be used only for purposes of the other businesses of the Business Vendor.

15. From the Closing Date until the Delayed Closing Date, any dividend or distribution declared, made or paid or any return of capital or repurchase or redemption of share capital of the Business Vendor made or any equivalent transactions in other jurisdictions and any other transaction in respect of the share capital of the Business Vendor shall be reflected in the Business Vendor Local Accounts.

16. If at any time after the Closing Date but before the Delayed Closing Date:

(i) any asset is acquired or disposed of by the Business Vendor then, in either case, to the extent that such asset relates to the Acquired Business the acquisition or disposal shall be reflected in the Purchaser Local Accounts and to the extent that such asset does not so relate the acquisition or disposal shall be reflected in the Business Vendor Local Accounts; and

(ii) any liability (contingent or otherwise) is incurred by the Business Vendor or where any liability (contingent or otherwise) of the Business Vendor is satisfied, compromised or released then, in either case, to the extent that such liability relates to the Acquired Business the incurrence, satisfaction, compromise or release shall be reflected in the Purchaser Local Accounts and to the extent that such liability does not so relate the incurrence, satisfaction or release shall be reflected in the Business Vendor Local Accounts.

17. If at any time it appears to the Purchaser or the Vendors that there has been a misapplication of income, expenses, assets, credits or liabilities as between the relevant Purchaser Local Accounts and the relevant Business Vendor Local Accounts, the allocation to such accounts may be varied with the agreement of both the Purchaser and the relevant Vendor.

18. If the Purchaser and the relevant Vendor are unable to reach agreement as to the variation of the Purchaser Local Accounts or the Business Vendor Local Accounts in respect of any apparent misallocation, then either of the Purchaser or the relevant Vendor may by notice in writing to the other and the relevant Business Vendor require that any such allocation be varied so as to accord with a certificate (which shall be provided to the other at the same time as notice in writing is given) prepared by its auditors setting out the size and nature of the variation that is required to place the Purchaser Local Accounts and the

Business Vendor Local Accounts in the position they would have been in if all allocations had been properly reflected in those accounts.

19. Within 10 Business Days of a certificate being provided to the relevant Vendor or the Purchaser in accordance with paragraph 18, such party may serve a notice on the other disputing the certificate, stating the reasons for such dispute and endorsed by its auditors, whereupon the matter shall be referred for determination to the Independent Firm who shall be instructed to notify both the relevant Vendor and the Purchaser of its determination and of the reasons for it within 10 Business Days of such referral. In making its determination the Independent Firm shall act as expert and not arbitrator and his determination shall, in the absence of manifest error, be final and binding and deemed to have been accepted and approved by the relevant Vendor and

the Purchaser. The fees and costs of the Expert incurred under this paragraph shall be paid as to one-half by the relevant Vendor and one-half by the Purchaser unless otherwise directed by the Independent Firm (who shall have the authority to make such direction if it deems it equitable).

20. The Purchaser Local Accounts and the Business Vendor Local Accounts shall be prepared on the basis and in accordance with the principles, policies, procedures, methods and practices of accounting set out in the relevant Vendor's accounting manual and using month ends and reporting timetables of the relevant Vendor's Group and no member of the relevant Vendor's Group (except for employees of the relevant Business Vendor engaged in the Acquired Business) shall be responsible for preparing accounts in relation to the Acquired Business to meet the requests of the Purchaser's Group other than such Purchaser Local Accounts. The cost of preparing the Purchaser Local Accounts shall be for the account of the Acquired Business.

21. The Purchaser shall not be entitled to access to the Business Vendor Local Accounts. The Purchaser's auditor shall be entitled to reasonable access to the Business Vendor Local Accounts for the purposes only of determining whether or not there has been any misallocation of income, expenses, assets, credits or liabilities as between the Purchaser Local Accounts and Business Vendor Local Accounts in accordance with paragraph 16 or for preparing accounts in relation to the Acquired Business required by the Purchaser subject to such auditor executing a confidentiality undertaking to the reasonable satisfaction of the relevant Vendor.

22. The Vendors shall take reasonable steps, insofar as they are able, to keep confidential all confidential information in relation to any Delayed Company or Business including, without limitation, from other members of the relevant Vendor's Group and, in the case of Delayed Businesses, from employees of the Business Vendor who are not employed in relation to the ICI Business or the PO/MTBE Business, as the case may be, except where it is reasonably necessary for such employees to have access to such information. For the purposes of this paragraph, actions or omissions of employees of any such Company or Business Vendor (where such employees are engaged in relation to the Delayed Business) shall not constitute actions or omissions of the relevant Vendor. This paragraph shall not operate to restrict or prevent information being made available where this is required by any law, regulatory authority or securities exchange in any jurisdiction or by the relevant Vendor's auditors in connection with the preparation of accounts for any member of the relevant Vendor's Group and, in such circumstances, the Purchaser shall take all steps reasonably requested by the relevant Vendor to ensure that information is made available provided that, in any such case,

such information is made available (to the extent practicable) subject to an obligation to use it only for the purposes of such requirements and subject to a duty of confidentiality.

23. Subject to clause 5.3, between the Closing Date and the relevant Delayed Closing Date, the Vendors shall take no steps which would result in any Delayed Companies and Delayed Businesses carrying on business otherwise than in the ordinary course. Subject to clause 5.3 in particular (but without prejudice to the generality of the foregoing), the Vendors shall take no steps between the Closing Date and the relevant Delayed Closing Date which would result in the acts or matters specified in clause 5.4 occurring in relation to the relevant Delayed Company or Delayed Business without the prior written consent of the Purchaser (such consent not to be unreasonably withheld or delayed). For the purposes of this paragraph, steps taken by employees of either the ICI Business or the PO/MTBE Business, as the case may be, shall not constitute steps taken by the Vendors.

SCHEDULE 17

Part I

The Properties

<TABLE>
<CAPTION>
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Property Address	Interest	Legal Owner of relevant Interest	Transferred Property Yes/No
<S>	<C>	<C>	<C>
POLYURETHANES BUSINESS			
Everslaan 45 B 3078 Everberg Belgium	Freehold	ICI Europe Ltd	No
Polyurethanes Wilton facility PO Box 90 Middlesborough Cleveland England - shown on agreed Plan 1	Freehold	ICI C&P Limited	Yes
Polyurethanes Wilton facility PO Box 90 Middlesborough Cleveland England - shown on agreed Plan 1	Leasehold	ICI Plc	Yes
Polyurethanes Shepton facility Hitchin Lane Shepton Mallet Somerset England	Freehold	ICI Plc	Yes
Polyurethanes Rozenburg facility Rotterdam Holland	Leasehold	ICI Holland BV	No
Betriebsstatte der Deutsche ICI Land Au 30 94469 Deggendorf Germany	Freehold	Deutche ICI GmbH	Yes
Polyurethanes Ternate facility Ternate Italy	Freehold	ICI Italia SpA	Yes
9156 Highway 75 PO Box 517 Geismar Louisiana USA	Freehold	Rubicon Inc	No
9156 Highway 75 PO Box 517 Geismar Louisiana USA	Freehold	ICI Americas Inc	Yes
Undeveloped land in vicinity of Polyurethanes Geismar facility Geismar Louisiana USA	Freehold	ICI Americas Inc	Yes
286 Mantua Grove Road West Deptford New Jersey 08066 USA	Freehold	ICI Americas Inc	Yes
6555 15 Mile Road Sterling Heights Michigan USA	Leasehold	ICI Americas Inc	Yes
Auburn Hills USA	Leasehold/ Agreement for lease	ICI Americas Inc	Yes
Suite 1037 8201 Greensboro Drive McClean Virginia USA	Leasehold	ICI Americas Inc	Yes

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Property Address	Interest	Legal Owner of relevant Interest	Transferred Property Yes/No
<S>	<C>	<C>	<C>
2795 Slough Street Peel County Missisauga Canada	Leasehold	ICI Canada Inc	Yes
Polyurethanes Cartegna facility and adjoining vacant land Cartegna Columbia	Freehold	ICI Columbia SA	Yes
Rio Lerma 32 Fraccionamiento Industrial Tlazcolpan CP 54030 Edo. de Mexico	Freehold	ICI Mex Sa de DV	No
Reconquista 2780 1617 El Talar de Pacheco Buenos Aires Argentina	Leasehold	ICI Argentia Saic	Yes
Laboratory at Av. dos Estatos 4826 parte Santo Andre Brazil	Leasehold	ICI Brasil Quimca Ltda	Yes
Unused RDC premises Singapore	Leasehold	ICI Polyurethanes (Asia Pacific) Pte Ltd	No
452 Wenjing Road Minhang Economic & Technical Development Zone Shanghai China	Leasehold	ICI Polyurethanes (China) Ltd	No

G/F Zhong Sui An Tai Building Bao Shi Road Guanzhou Economic & Development District Guanzhou 51030 China	Leasehold	ICI Polyurethanes (China) Ltd	No
Man Po offices, Shanghai, China	Leasehold	ICI Polyurethanes (Asia Pacific) Ltd	No
303 moo 3 Bangpoo Industrial Estate Sukhumvit Road Sumutprakam 10280 Thailand	Leasehold	ICI 1996 Thailand Limited	No
No. 19 Industrial 3rd Road Kuan Yin County Taoyuan 328 Taiwan	Paid up lease/licence with option to call for freehold transfer, subject to local law requirements	ICI Taiwan Ltd	Yes
Avda. de la Granvia 179, 08908 L'Hospitalet Barcelona Spain	Leasehold	ICI Espana	Yes
RELEVANT PETROCHEMICALS BUSINESS			
Paraxylene V Plant at Wilton Works	Freehold	ICI C&P Limited	Yes

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Property Address	Interest	Legal Owner of relevant Interest	Transferred Property Yes/No
<S>	<C>	<C>	<C>
Wilton Redcar and Cleveland England (shown on Agreed Plan 2)			
Aromatics Plant at North Tees Works Stockton-on Tees England (shown on Agreed Plan 3)	Leasehold	ICI C&P Limited	Yes (grant of pie crust lease)
Saltholme Brine Reservoirs at Saltholme Stockton-on-Tees England (shown on Agreed Plan 4)	Freehold	ICI C&P Limited	Yes
No. 4 and No. 6 Brinefields at Seal Sands Stockton-on-Tees England (shown on Agreed Plan 5)	Freehold	ICI C&P Limited	Yes
Parts of the Salt Mines at Billingham England	Leasehold	ICI C&P Limited	Yes
North Tees Works Stockton-on-Tees England (shown on Agreed Plan 6)	Leasehold	ICI C&P Limited	Yes (grant of pie crust lease)
Boat Jetty and Jetties Nos. 1, 2 & 3 North Tees Works Stockton-on-Tees England	Leasehold	ICI C&P Limited	Yes
OLEFINS MANUFACTURING BUSINESS			
1. Olefins 6 Plant at Wilton Works, Wilton, Redcar and Cleveland, England	Freehold	Lion C&P Limited	Yes
2. Butadiene Storage, Ethylene Control and Olefins 5 Plant at Wilton Works, Wilton, Redcar and Cleveland, England	Freehold	Lion C&P Limited	Yes
3. Central Control Area, Wilton Works, Wilton, Redcar and Cleveland, England	Freehold	Lion C&P Limited	Yes
4. Brine Reservoirs to the south of Wilton Works, Wilton, Redcar and Cleveland, England	Freehold	Lion C&P Limited	Yes
5 Lima Compound 8	Freehold	Lion C&P Limited	Yes
Note: Properties 1-5 are comprised in a transfer in agreed form			

Part of Teesport Works, Redcar and Cleveland, England (shown edged and cross-hatched red on agreed plan OM1)	Leasehold	Lion C&P Limited	Yes (grant of underlease of part)
Part of North Tees Works, Stockton on Tees, England (shown edged and	Leasehold	Lion C&P Limited	Yes (grant of piecrust lease)

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Property Address	Interest	Legal Owner of relevant Interest	Transferred Property Yes/No
<S>	<C>	<C>	<C>
shown cross-hatched red on agreed plan OM2)			
Jetty A, North Tees Works, Stockton on Tees, England	Leasehold	Lion C&P Limited	Yes
Easement rights in relation to Trans Pennine Ethylene Pipeline (excludes Hill House Spur)	Freehold/ Leasehold	Lion C&P Limited	Yes
Easement rights in relation to Wilton - Grangemouth Ethylene Pipeline	Freehold/ Leasehold	Lion C&P Limited	Yes
Ethylene Conditioning Compound, Lostock, Cheshire (shown on agreed plan OM3)	Freehold	[ICI C&P Limited]	Yes
Compound 38, Wilton Works, Wilton	Freehold	ICI C&P Limited	Yes
No. 2 Process Office, Wilton Works	Leasehold	ICI C&P Limited	Yes (underlease of part)
Ethylene Pipeline Garage, Wilton	Leasehold	ICI C&P Limited	Yes
Offices and Store at Castner-Kelner, Cheshire	Leasehold	ICI C&P Limited	New lease
Wilton Centre Offices	Licence	ICI C&P Limited	Assignment or sub-licence
Easement rights in relation to Trans Pennine Ethylene Pipeline (Runcorn to Holford Spur and Shell Interchange)	Freehold/ Leasehold	ICI C&P Limited	Yes
TIOXIDE BUSINESS			
Factory at Tees Road Greatham England	Freehold	Tioxide Europe Limited	No
East and West Sites Billingham England	Freehold	Tioxide Europe Limited	No
Factory at Pyewipe Road Grimsby England	Freehold	Tioxide Europe Limited	No
Healing Cress Beds Grimsby England	Freehold	Tioxide Europe Limited	No
Nettleton Bottom Quarry Caistor England	Freehold	Tioxide Europe Limited	No
Land at North Killingholme England	Freehold	Tioxide Europe Limited	No

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Property Address	Interest	Legal Owner of relevant Interest	Transferred Property Yes/No
<S>	<C>	<C>	<C>
Strip of land on banks of the River Humber England	Leasehold	Tioxide Europe Limited	No

Gypsum Store at Ownby England	Leasehold	Tioxide Europe Limited	No
Lincoln House 137-143 Hammersmith Road London England	Leasehold	Tioxide Group Limited	No
No 3 & 4 of first floor 748/754 Wilmslow Road Didsbury England	Leasehold	Tioxide Europe Limited	No
Land at Yarm Back Lane Carlton England	Freehold	Tioxide Europe Limited	No
49 Bargate Grimsby England	Freehold	Tioxide Europe Limited	No
Factory at 1 Rue des Garennes 62102 Calais France	Freehold	Tioxide Europe SA	No
Land in the North East of Calais France	Freehold	Tioxide Europe SA	No
Depot in Calais France	Leasehold	Tioxide Europe SA	No
Office at C van Kerckhovenstraat 110 BUS 203 2880 Bornem Belgium	Leasehold	TESA/ NV	No
Office at s-402 23 Gothenburg Sweden	Leasehold	TEAB	No
Factory at Kawasan Industri Teluk Kalong 24000 Chukai Kemaman Terengganu Malaysia	State concession lease	Tioxide Malaysia	No
5th floor Wisma Avon 13A Jalan 219 46100 Selangor Darul Ehsan Petaling Jaya Malaysia	Leasehold	Tioxide Malaysia	No
Office at Kultur Sitesi Camlik Yolu Sokak E1 Daire 2 Etiler 80600 Istanbul Turkey	Leasehold	TET	No
Factory at Loc Casome Scarlino Grosseto Italy	Part Freehold/ Part State concession	TESRL	No
Sales office in Milan Italy	Leasehold	TESRL	No
Factory at Sub L of 33 Umlazi Native Location No 4676	Freehold	TSA	No

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Property Address	Interest relevant Interest	Legal Owner of Property	Transferred Yes/No
<S>	<C>	<C>	<C>
Umbogintwini South Africa			
69 Plots of vacant land in Kwamakhuta Township South Africa	Leasehold	TSA	No
Office at Am Brull 17 D-40878 Ratingen Germany	Leasehold	TEG	No
Factory at Poligano Industrial Nuevo Porto Palos de la Frontera Huelva Spain	Freehold	TES	No
Part of factory at Poligano Industrial Nuevo Porto Palos de la Frontera Huelva Spain	Leasehold	OL	No
Warehouse at Docks Levante Carni Real de Madrid Km234 46469 Beniparrel Valencia Spain	Leasehold	TES	No
Warehouse at Transportes Francisco Bermejo C/Plomo No.3 28045 Madrid Spain	Leasehold	TES	No
Warehouse at Credito & Docks Poligano Industrial Manso Mateu 08820 El Prat do Llobregat Barcelona Spain	Leasehold	TES	No

Warehouse at Doman Barrio Juncal S/N Aparcavisa 48510 Valle de Trapaga Bilbao Spain	Leasehold	TES	No
Sales office at Renta Inmobiliaria SA c/Orense 34-7a 28020 Madrid Spain	Leasehold	TES	No
Warehouse at Palos de la Frontera Spain	Leasehold	OL	No
Factory 1690 & 1694 Marie-Victorin Boulevard Tracy Quebec Canada	Freehold	Tioxide Canada Inc	No
Land at Lot 708-102 of the official cadastre of the Parish of Notre-Dame-de-la-Nativite-de Becancour and Lot 879-10 of the Official Cadastre of the Parish of Saint-Edouard-de-Gentilly Canada	Freehold	Tioxide Canada Inc	No
9999 Cavendish Boulevard Ville St. Laurent Canada	Leasehold	Tioxide Canada Inc	No

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Property Address	Interest relevant	Legal Owner of Interest	Transferred Property Yes/No
<S>	<C>	<C>	<C>
350 Burnhamthorpe Road West Suite 210 Mississagua Canada	Leasehold	Tioxide Canada Inc	No
2001 Butterfield Road Suite 601 Downers Grove Illinois 1660515 USA	Leasehold	Tioxide Americas Inc	No
Plant Site (known as Farquhar Heirs Property) Northwest quarter of the Northeast Quarter of Section 17, Township 10 South, Range 9 West, Calcasleu Parish Louisiana USA	Freehold	Louisiana Pigment Corporation	No
Landfill Site (known as Relly-Pujo "Rose-Bluff" property) Tract of land in Section 17, Township 10 South, Range 9 West, Calcasleu Parish Louisiana USA	Freehold	Louisiana Pigment Corporation	No
Administrative Building and parking lot site (known as Pelly-Pujo 20 acres) East 20 Acres of the Northwest quarter of the Northeast Quarter of Section 17, Township 10 South, Range 9 West, Calcasleu Parish Louisiana USA	Freehold	Louisiana Pigment Corporation	No
Mitigation property site (known as Heinen Property) the East half of the Northeast Quarter of Section 25, Township 9 South, Range 13 West, lying south of the Sabine River Diversion Canal less a tract containing approximately 3 acres Louisiana USA	Freehold	Louisiana Pigment Corporation	No
Landfill/Parking lot (City of Sulphur Lease USA	Leasehold	Louisiana Pigment Corporation	No
Ore Storage facility (Lake Charles Harbour Lease) USA	Leasehold	Louisiana Pigment Corporation	No
Brimstone Rentals Lease USA	Leasehold	Louisiana Pigment Corporation	No
PO/MTBE BUSINESS			
PO/TBA Pilot Plant Facility Travis Texas USA	Leasehold	HSCC	Yes

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Property Address	Interest	Legal Owner of relevant Interest	Transferred Property Yes/No
<S>	<C>	<C>	<C>
PO/MTBE Plant Port Neches Jefferson County Texas USA	Freehold/cotenancies in cogeneration wastewater treatment plants and SK substation	HSCC	Yes

</TABLE>

Part II
Excluded Properties

<TABLE>
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Property Address	Tenure	Legal Owner
<S>	<C>	<C>
POLYURETHANES BUSINESS		
Disused plant and site at Hillhouse England	Not available	ICI PLC
Wilton Centre Wilton England	Not available	ICI C&P Limited
Sales office Bogata Columbia	Freehold	ICI Colombia SA
Office rented by ICI Colombia SA in Venezuela	Not available	ICI Colombia SA
Sales office Sao Paulo Brazil	Leasehold	ICI Brasil Quimica Ltda
San Lorenzo blending facility Argentina	Not available	ICI Argentina Saic/Du Real
ICI plant at Moterrey Mexico	Leasehold	ICI Mex SA de CV
Wakaguri 1372-1 Ami-machi Inashiki-gun Ibaraki Oref 300-0333 Tokyo Japan	Not available	ICI Japan Ltd
Land at Vilvoorde, Belgium	Not available	Not available
RELEVANT PETROCHEMICALS BUSINESS		
Wilton Centre Wilton England	Not available	ICI C&P Limited
Reversionary interest in Pie Crust Leases	Freehold	ICI C&P Limited
Olefins Land Wilton England	Freehold	ICI C&P Ltd
TIOXIDE BUSINESS		
Former EA West Site Derby England	Freehold	Tioxide Europe Limited
West Field Grimsby (shown for identification edged black on agreed plan 7) England	Freehold	Tioxide Europe Limited

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Property Address	Tenure	Legal Owner
<S>	<C>	<C>
GENERALLY		
The Sales Offices	Various	Various

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Part III
The Sales Offices

Such of the national selling offices as are used by the following companies in the following jurisdictions as agent, support or other service provider for the Polyurethanes, Relevant Petrochemicals and (as the case may be) Tioxide Businesses:

<TABLE>

<S>	<C>
ICI International Limited	Russia (Moscow/St. Petersburg) Ukraine (Kiev) Rumania (Bucharest) Bulgaria (Sofia)

	Yugoslavia (Belgrade) Slovenia (Ljubnia) Croatia (Zargreb)
ICI Polska Sp.Z00	Poland
ICI Czechoslovakia Sro	Czech Republic
ICI Slovakia Sro	Slovakia
ICI Hungary Kft	Hungary
ICI Korea Ltd	Korea
ICI Singapore Private Ltd	Singapore
ICI Japan Ltd	Japan
ICI (Malaysia) Holdings Sdn Bhd	Malaysia
ICI China Ltd	Hong Kong
ICI France SA	France
ICI Norden	Sweden Finland Norway
ICI Switzerland AG	Switzerland
ICI Israel	Israel

<S>	<C>
ICI National Starch	Thailand
ICI Vietnam	Vietnam

Part IV
Provisions for the transfer of Transferred Properties

Definitions

1.1 In this Schedule the following expressions shall bear the following meanings:

agreed plan means any one plan forming part of the agreed volume of plans.

agreed volume of plans means the bundle of plans initialled for identification purposes by the parties hereto.

Excluded Properties means the interests and/or estates of the relevant Companies or Business Vendors in the properties referred to in Part II of this Schedule and Excluded Property shall be construed accordingly.

Material US Properties means the ICI Americas Inc. owned Properties at Geismar Louisiana and West Deptford New Jersey, the HSCC leased Property at Travis Texas and the HSCC owned Property at Port Neches Jefferson County Texas.

Retained Business means the Business of the Retained Group.

Sales Offices means the properties referred to in Part III of this Schedule.

Transferred Property Approval means, in relation to any Transferred Property, the consent, waiver, approval or acquiescence of any landlord or other third party required for the underlease of the Transferred Property to the Designated Purchaser;

Transferred Property Consent means, in relation to any Transferred Property, the consent, waiver, approval or acquiescence of any landlord or other third party required for the transfer of the whole or any part of the Transferred Property to the Designated Purchaser;

1.2 In Part VII of this Schedule a reference to the property shall be a reference to the Property to which the relevant paragraph refers.

Matters to which the sale is subject

2. The Transferred Properties are sold subject to and (where appropriate) with

the benefit of the following matters (other than liens and encumbrances securing financial charges):

(A) all local land charges and all matters capable of registration as local land charges;

(B) all notices served and orders, demands, proposals or requirements made by any local or other competent authority;

(C) all exceptions and reservations, all rights of way, water, light, air or other rights, easements, quasi-easements, servitudes, wayleaves and other encumbrances (whether constituted in the title deeds or otherwise) and third party rights of possession or occupation;

(D) in the case of a Transferred Property which is leasehold, the covenants, obligations and conditions on the part of the lessee contained in the lease;

(E) in the case of a Transferred Property which is affected by any lettings in favour of third parties (Transferred Property Lettings), the covenants, obligations and conditions on the part of the relevant Business Vendor in the Transferred Property Lettings and the other terms and conditions therein;

(F) the liens encumbrances and other matters described in the Disclosure Letter; and

(G) the Permitted Encumbrances.

Vacant possession

3. Each Transferred Property is sold subject to the Transferred Property Lettings and the other matters set out in paragraph 2 above but otherwise with vacant possession of the whole at Closing.

Title

4.1 Subject to obtaining Transferred Property Consents or Transferred Property Approvals the relevant Business Vendor shall transfer the Transferred Properties to the relevant Designated Purchaser in accordance with clause 2 and the remaining terms of this Schedule on the Closing Date.

4.2 Each Designated Purchaser shall accept the title of the Business Vendor to each of the relevant Transferred Properties at Closing and shall raise no objection or requisition thereto.

Property consents

5.1 This paragraph and paragraph 6 applies to those Transferred Properties in relation to which a Transferred Property Consent is required for the sale, transfer or (as the case may be) assignment to the Designated Purchaser and if such Transferred Property Consent remains to be obtained as at Closing this paragraph shall continue to apply until the relevant Transferred Property Consent shall have been obtained or until this Agreement shall cease to apply to such Transferred Properties in accordance with the terms of this Agreement.

5.2 The relevant Business Vendor shall use all reasonable endeavours at its own expense to obtain the Transferred Property Consents. The Designated Purchaser shall provide to any landlord or other third party lawfully requiring the same a direct covenant by the Designated Purchaser with the landlord or other third party to observe and perform the terms of the relevant lease or other applicable agreement, together with (if lawfully required by the relevant landlord or third party) a guarantee or other surety provided by the Designated Purchaser.

5.3 The relevant Business Vendor shall pay the professional and other fees of any landlord incurred in connection with all applications for the Transferred Property Consents.

5.4 The Designated Purchaser shall supply all references and other evidence and information reasonably required by any landlord or any other third party in order to obtain the Property Consents.

5.5 If any Transferred Property Consent shall not have been obtained by 18 months following the Closing the relevant Business Vendor shall (or shall procure) in relation to each Transferred Property so affected:

(A) at the parties' joint expense make and pursue an application to a Court for a declaration that the Transferred Property Consent is being withheld unreasonably (where the relevant landlord is not entitled to withhold consent in such a manner) unless either the Business Vendor and the Purchaser agree that such an application has no reasonable prospect of success or the Business Vendor obtains advice from leading counsel to the same effect; and

(B) if paragraph 7 of this Part IV applies at its own expense apply to the relevant landlord for a Transferred Property Approval to an underlease to

the Designated Purchaser for a term equal to the residue of the term of the relevant lease (less 3 days) and otherwise on the same terms of such lease.

Delayed legal completion

6.1 If a Transferred Property Consent has not been obtained by the Closing Date in relation to a Transferred Property then the date for legal completion of the transfer or assignment (as the case may be) of the relevant Transferred Property shall be postponed to the day 10 Business Days after the earlier of:

(A) the date on which the Transferred Property Consent is obtained;

(B) the expiration of the period for the lodging of an appeal against a decision of a court of competent jurisdiction that the Transferred Property Consent is being unreasonably withheld without such appeal being lodged; and

(C) the Designated Purchaser (if it so elects) giving notice that it wishes to complete the transfer or assignment (as the case may be) of the Transferred Property notwithstanding the non-issue of the Transferred Property Consent in which case the transfer or assignment to the Designated Purchaser shall contain an indemnity in favour of the relevant Business Vendor in respect of any Costs arising as the result of the transfer or assignment (as the case may be) taking place without consent.

6.2 Pending legal completion and with effect from the Closing Date the relevant Business Vendor will or will procure that in relation to any relevant Business Property:

(A) the Transferred Property is held on trust for the Designated Purchaser;

(B) the Designated Purchaser shall (with all persons authorised by it) have the use and occupation of either the whole of the Transferred Property or such parts of the Transferred Property as are not subject to any Transferred Property Lettings or other third party rights;

(C) the relevant Business Vendor does not enter into any arrangement, contract or other dealing (other than as contemplated by this Agreement), effect or accept any variation or surrender or other termination of any leases nor serve any notices upon a landlord or

tenant thereunder nor (in respect of any lease where the rent is now or prior to assignment becomes subject to review) agree to take any steps in relation to any review of the rent without the prior written consent of the Designated Purchaser (such consent not to be unreasonably withheld or delayed). Each relevant Business Vendor shall with all due expedition take such action as the Designated Purchaser (at the expense of the Designated Purchaser) may reasonably require in connection with any such rent review;

(D) if the relevant Transferred Property is leasehold and subject to being put in funds by the Designated Purchaser, the rents, service charges and other sums reserved by the relevant lease are paid; and

(E) the Designated Purchaser is accounted to forthwith for any income received from the Transferred Property.

6.3 Pending legal completion and with effect from the Closing Date in relation to any relevant Transferred Property, the Designated Purchaser will:

(A) pay on demand to the relevant Business Vendor a licence fee equivalent to all rents, service charges and other outgoings properly paid by the relevant Business Vendor in respect of the Transferred Property;

(B) by way of indemnity only observe and perform the covenants and conditions contained in the title deeds and documentation relating to the relevant Transferred Property including without limitation those on the part of the lessee in the relevant lease (other than payment of rents);

(C) indemnify the relevant Business Vendor against the acts or omissions of the employees, servants, agents, licensees and invitees of the Designated Purchaser in or about the relevant Transferred Property.

6.4 The Designated Purchaser acknowledges that:

(A) as against any person from whom a Transferred Property Consent is to be obtained in accordance with this Agreement it has no right to possession or occupation of the relevant Transferred Property;

(B) in the event of legal proceedings in respect of inter alia a breach caused by the occupation of such Designated Purchaser being issued by any such person it will vacate the relevant Transferred Property on demand.

6.5 If paragraph 6.4(B) of this Part IV of this Schedule applies and the Designated Purchaser vacates the Transferred Property in accordance therewith then the Designated Purchaser may by written notice at any time thereafter unless and until a relevant Transferred Property Consent or Transferred Property

Approval is in fact obtained elect by written notice or notices to treat any such Transferred Property so affected as withdrawn from the sale and purchase set out in this agreement so that the parties' obligations in respect of the relevant Transferred Property shall end immediately after the relevant notice is served without limiting any accrued rights of action. If the value (as referred to in paragraph 11 (Value)) of the relevant Transferred Property is other than a nil amount the relevant Business Vendor will forthwith pay the Designated Purchaser an amount equivalent to that value and the Designated Purchaser shall surrender its interest in such Transferred Property to the relevant Business Vendor.

Underlease

7.1 This clause shall apply to any Transferred Property (an Unconsented Property) in relation to which a Transferred Property Consent is required where:

(A) the parties agree that the Transferred Property Consent has been reasonably withheld; or

(B) the Transferred Property Consent has been refused and the landlord has no obligation to act reasonably in deciding whether or not to grant a Transferred Property Consent; or

(C) the relevant Business Vendor having complied with its obligations under sub-paragraph 5.5(A) the Court has refused to grant a declaration; or

(D) the Transferred Property Consent has not been issued by the date 18 months after the date of this Agreement unless an application has been made to the Court for a declaration that the Transferred Property Consent has been unreasonably withheld and such application has not been determined.

7.2 The relevant Business Vendor and the Designated Purchaser will at the election of either such party enter into an agreement for grant and the taking up of, an underlease of each Unconsented Property.

7.3 The provisions of paragraphs 5.2, 5.3, 5.4 and 5.5 (except sub-paragraph 5.5 (B)) shall apply to Transferred Property Approvals (mutatis mutandis).

7.4 Such agreement for underlease shall specify that the underlease shall be completed on the tenth Business Day after the earlier of:

(A) the Transferred Property Approval being obtained; and

(B) the expiry of the period for the lodging of an appeal against a decision made by a Court of competent jurisdiction that the Transferred Property Approval has been unreasonably withheld without such appeal being lodged.

7.5 Such agreement for underlease should specify that the underlease of each Unconsented Property will be for a term equal to the unexpired term of the lease of the relevant Transferred Property less three days and will be otherwise on the same terms as, and otherwise in compliance with, the relevant lease with provisions for the rent to be the same as the rent agreed or determined from time to time under the lease, a covenant by the underlessee to observe and perform the terms of the lease other than those relating to the payment of rent and a covenant by the underlessor to pay the rent reserved by the lease.

7.6 Where the Transferred Property Consent is obtained or a declaration is obtained that such Transferred Property Consent has been unreasonably withheld after completion of such underlease this Agreement shall continue to take effect for the purpose of assigning or transferring the lease of the relevant Transferred Property to the Designated Purchaser subject to and with the benefit of the underlease.

Deposits

8. Insofar as it is able to do so, on legal completion the relevant Business Vendor will transfer to the Designated Purchaser the benefit of all Transferred Property Lettings or any documents entered into pursuant to them.

The Property Transfer

9.1 On legal completion the relevant Business Vendor will deliver a duly executed transfer or (as the case may be) assignment of the Transferred Properties to the Designated Purchaser.

9.2 The relevant Business Vendor will not by reason of the covenants implied by law or statute or otherwise expressed in any transfer/assignment of a Transferred Property which is leasehold be deemed to covenant expressly or impliedly that the obligations contained in any lease of the Transferred

Property relating to its state and condition have been complied with and the transfer/assignment shall contain a declaration to that effect.

9.3 The Designated Purchaser shall (where appropriate) covenant (by way of indemnity only) to observe and perform all covenants, conditions and obligations

on the part of the owner of the relevant Transferred Property and to indemnify and keep indemnified the owner of the relevant Transferred Property against any future failure to observe and perform the same.

9.4 The transfer/assignment shall (where appropriate) contain such rights and reservations as may be necessary or otherwise required pursuant to the provisions of Part VII of this Schedule.

General

10.1 The Business Vendors and the Designated Purchaser will co-operate in any reasonable arrangements proposed by either of them designed to provide for the Designated Purchaser to receive the benefits and assume the burdens of the Transferred Properties with effect from Closing, including (without limitation):

(A) enforcement (at the cost and for the account of the Designated Purchaser) of all rights of the relevant Business Vendors against any third party;

(B) taking or, as the case may be, joining in such action as the Designated Purchaser may reasonably request (in either case at the expense of the Designated Purchaser) in relation to the Transferred Properties; and

(C) noting the Designated Purchaser's interest in the Transferred Properties on any insurance.

10.2 To the extent that there shall be disagreement in respect of any matters to be agreed or settled between the parties pursuant to this Part IV of this Schedule, the provisions of paragraph 2.6 of Part VII of this Schedule shall apply (mutatis mutandis).

Value

11. Subject to the remaining provisions of this Agreement in respect of such matters, as soon as practicable following the date of this Agreement the relevant Business Vendor and the relevant Designated Purchaser will discuss in good faith and use all reasonable endeavours to agree a realistic value having regard to any other agreement relating to apportionment to be

attributed to any of the Transferred Properties where a value is required to be attributed for the purposes of payment of stamp duty or any equivalent duty.

HM Land Registry

12. On Closing ICI will provide to the Relevant Purchaser of the Land at Wilton, Saltholme and North Tees a certified copy of a letter dated 22 February 1988 from HM Land Registry together with the written confirmation referred to therein.

Non-Merger

13. The provisions of this Schedule 17 shall remain in full force and effect notwithstanding Closing insofar as they remain to be implemented after Closing.

Section 2 Law of Property (Miscellaneous Provisions) Act 1989

14. The parties hereby declare that this Agreement and any other agreement to be entered into pursuant hereto contain all material terms and conditions of the agreement between the parties and (to the extent required for the purpose of section 2 of the Law of Property (Miscellaneous Provisions) Act 1989) the provisions of such other agreements are incorporated in this Agreement.

Evidence of Title of Material US Properties

15.1 Title Commitment: Within 20 days after the date hereof, each Business Vendor:

(i) shall obtain a commitment (a Title Commitment) at such Business Vendor's sole cost and expense for the Title Commitment from a title insurance company of national recognition to issue a title insurance policy (a Title Policy) insuring fee title to the owned Material US Properties and leasehold title to the leased Material US Properties in the name of the Designated Purchaser in an amount to be reasonably determined by the Designated Purchaser therefor at the sole cost and expense of the Designated Purchaser for the Title Policy; and

(ii) shall deliver copies of the Title Commitments to each of ICI and HSCC for their review.

15.2 Review: Each of ICI and HSCC shall have 20 days following the date of its receipt of the Title Commitment and the documents referred to therein, but in no event later than 20 days prior to Closing (the Title Review Period)

during which to review the Title Commitments. The Designated Purchaser shall accept title to the Material US Properties subject to:

(i) the Permitted Encumbrances and other matters described in paragraph 2 of

this Part IV of this Schedule; and

(ii) any other matters disclosed in the Title Commitment to which:

(a) HSCC does not object in the case of the ICI Material US Properties; and

(b) ICI does not object in the case of the HSCC Material US Properties

in each case prior to the expiration of the Title Review Period (items (i) and (ii) above being herein the Permitted Title Encumbrances). If prior to the expiration of the Title Review Period:

(i) HSCC discovers an exception to the title to any ICI US Material Property which is not a Permitted Encumbrance, another matter described in paragraph 2 of this Part IV of this Schedule or is not otherwise acceptable to HSCC; or

(ii) ICI discovers an exception to the title to any HSCC Material US Property which is not a Permitted Encumbrance, another matter described in paragraph 2 of this Part IV of this Schedule or is not otherwise acceptable to ICI

(in each case a Disapproved Title Exception), the party identifying such Disapproved Title Exception shall give written notice of its objection thereto to the relevant Business Vendor. If such Business Vendor fails to cause such Disapproved Title Exception to be removed from, or insured over by, the Title Policy, ICI, HSCC, the relevant Business Vendor and the Designated Purchaser shall nevertheless proceed to Closing, but if such Disapproved Title Exception constitutes a breach by ICI or HSCC, as the case may be, of a Warranty given by it under paragraph 16.2(A) of Schedule 9 to this Agreement, then ICI and HSCC shall have such rights and obligations with respect to such breach as are provided in clauses 10, 11, 12 and 13 of this Agreement.

15.3 Owner's Policy: At the time of the transfer of the Material US Properties to the Designated Purchaser, the Designated Purchaser shall purchase a Title Policy with respect to each Material US Property in the name of the Designated Purchaser, in an amount to be reasonably determined by the Designated Purchaser at the sole cost and expense of the Designated

Purchaser for the Title Policy, insuring the Designated Purchaser upon recordation of the deed with respect to each owned Material US Property and the assignment of the lease for the leased Material US Property, title to such owned Material US Property or the leasehold estate in such leased Material US Property shall be vested in the Designated Purchaser, subject only to the Permitted Encumbrances.

15.4 Condemnation: If before Closing, all or any part of any Property located in the United States of America is taken by eminent domain (or is the subject of a pending or contemplated taking by eminent domain known to the relevant Business Vendor which has not been consummated), the applicable Business Vendor shall promptly notify ICI and HSCC of such taking and, in the event, ICI, HSCC, the relevant Business Vendor and the Designated Purchaser shall proceed to the Closing in accordance with this Agreement, without modification of the terms of this Agreement, except that:

(i) such Property will not include the part thereof so taken; and

(ii) the applicable Business Vendor will assign and turn over to the Designated Purchaser, all awards for such taking, less:

(a) any amounts that the Business Vendor has incurred to collect such awards;

(b) any amounts that the Business Vendor has incurred to protect or restore such Property; and

(c) any awards that are compensation for interruption of the Business Vendor's business prior to Closing.

16. The transfer or other disposition of property to be made pursuant to Schedule 18 shall be made pursuant to the terms of this Schedule 17 which shall apply mutatis mutandis.

Part V
Excluded Properties

Excluded Properties

1. ICI will procure that the Excluded Properties at Derby, West Field Grimsby and Vilvoorde Belgium are transferred from the current legal owner(s) of such Excluded Properties to a member of the ICI Retained Group or some other third party.

2. Without prejudice to paragraph 1 of this Part V, the provisions of Part IV of this Schedule shall apply to the Excluded Properties (mutatis

mutandis) where appropriate so that the Excluded Properties shall be transferred to a member of the ICI Retained Group.

Part VI
Existing Intra-Group Provisions

Release

1. In relation to the Property at Haverton Hill Road, Billingham, ICI will prior to the Closing Date procure the release of the benefit of the registered option right of pre-emption in favour of members of the ICI Retained Group.

2. In relation to the Polyurethanes plant at Wilton, ICI will procure that before Closing ICI C&P Limited shall agree to sell its interest therein to ICI.

Part VII
Site Separation

Steps to be taken

1. At Closing or as soon as practicable thereafter ICI and HSCC will or will procure that the following steps are taken and appropriate documentation entered into:

A. Polyurethanes business

1. PU Plant, Wilton, Redcar and Cleveland:

(a) deeds of grant of easements for access to and to maintain existing pipes and cables in a form consistent with the existing regime for the grant of easements at Wilton over the transferred land and the adjoining ICI retained land;

(b) a deed of grant of easements for access to and to lay and maintain new and existing service conduits in a form consistent with the existing regime for the grant of easements in the relevant service corridors relating to the service corridors at Teesport;

(c) a deed of grant of easements for access to and to lay and maintain new and existing service conduits in a form consistent with the existing regime for the grant of easements in the relevant service corridors relating to the service corridors at North Tees and Bran Sands;

(d) the grant of a licence permitting the occupation of such part of the Wilton Centre, Wilton as is used at the date of this agreement by relevant employees of the Polyurethanes Business, on prevailing terms for occupation of the Wilton Centre

2. Everberg, Belgium

The grant of lease(s) to relevant members of the ICI Retained Group of such part(s) of the property as is at the date of this Agreement occupied by such Retained Business as currently occupy the property.

3. Rozenburg, Holland

(a) The grant of lease(s) to relevant members of the ICI Retained Group of such parts of the property as are at the date of this Agreement occupied by the Retained Business for a term of years equal to the residue of the term of the headlease at a rent equal to a fair and reasonable proportion of the rent payable under the headlease and a fair and reasonable proportion of the outgoings payable in respect of the property. The entry into an infrastructure agreement by members of the ICI Retained Group, ICI Holland BV and the landlord;

(b) Either:

(i) the acceptance by the communal port authorities of Rotterdam (the Port) of a surrender by the relevant Company of its current lease of the part of the Rosenberg site shown edged red on Agreed Plan 8 (the Acroleine Site) and the contemporaneous grant by the Port of a lease of the Acroleine Site to such member of the ICI Retained Group as ICI may direct for the purpose of ICI's Quest business on the same terms (including as to rent) as those which apply under the relevant Company's current lease (with such amendments as ICI reasonably requires) or

(ii) the grant by the relevant Company of a sublease of the Acroleine Site to such member of the ICI Retained Group as ICI may direct for the purpose of ICI's Quest business on the terms required by the Port, but, subject thereto, on the same terms (including as to rent) as those which apply under the relevant Company's current lease (with such amendments as ICI or HSCC reasonably requires) and subject to the payment of a fair and reasonable proportion of the outgoings payable in respect of the Rosenberg site

both ICI and HSCC acknowledging that:

(A) the current rent paid by the Company in relation to the Acroleine Site is 3.23 Dutch guilders per square metre (exclusive of VAT)

(B) the Acroleine Site measures approximately 70 metres by 286 metres and that, whilst its position on the southern boundary of the Rosenberg site may be moved along such boundary by agreement, the position of the Acroleine Site must remain adjacent to the railway so that access to and from the railway is protected

(C) the Acroleine Site is required by the Quest Business for the purpose of development of an acroleine processing plant. Accordingly, the following provisions of this Schedule which relate to the continued use of a part of a Property or Excluded Property shall be read (in relation to the Acroleine Site) as if they referred to the intended use and development by the Quest business

(D) any lease or sublease of the Acroleine Site should be for a term equivalent to the residue of the term of the relevant Company's current lease and that any sublease shall contain an obligation on the landlord to consult with the tenant before terminating, renewing or extending its headlease with a view to enabling the tenant to continue to use the Acroleine Site

(E) these provisions override any existing agreements or arrangements (contractual or otherwise) between any members of ICI's Group in relation to the Acroleine Site

4. Auburn Hills Michigan USA

Clause 18.2 shall apply to all liabilities of a tenant assigning a lease, guarantees, indemnities, counter- indemnities, assurances, commitments and letters of comfort of any nature whatsoever in connection with the development of the Property at Auburn Hills, as if such matters were Inter Group Guarantees and if appropriate release(s) are not obtained by Closing then, at ICI's election, the Business Vendor shall instead grant an underlease (in accordance with paragraph 7.5 of Part IV of this Schedule) to the relevant Designated Purchaser provided that in the event of any future full and complete release of such obligations, HSCC shall be entitled to require a transfer of the lease to the Designated Purchaser.

5. Pacheco Argentina
Peel, Canada
Tialanpantia Whs Mexico

The grant of short term lease(s) of such part(s) of the properties occupied by the Retained Business at the date of this Agreement to relevant members of the Retained Group.

5A. Tenarte Italy

The grant of a comodato in respect of occupation of employee(s) of ICI Italia Srl of the part of the property occupied by the ICI Retained Business at 15 April.

6. Sales Offices

(a) To the extent that a Sales Office will be owned at Closing by a Company if no steps are taken in relation to it, the relevant Company shall at Closing assign/transfer such Sales Office to a member of the ICI Retained Group in accordance with the provisions of Part IV of this Schedule (mutatis mutandis).

(b) At the expiry of any agreement to be implemented pursuant to Schedule 5 in relation to sales agency, if the option to be contained therein is validly exercised, ICI shall at that time procure the grant of a tenancy/licence agreement (on terms determined in accordance with this Schedule) relating to that part(s) of such Sales Office as the employees so transferred, then occupy provided that the relevant member of the ICI Retained Group shall be under no obligation to HSCC or any Designated Purchaser to renew any lease under which it holds a Sale Office.

7. Sales Office Sao Paulo Brazil

ICI Representative Office Jakarta Indonesia

The grant of short term lease(s) of such parts of such properties occupied by the Polyurethanes Business at the date of this Agreement to relevant members of the Polyurethanes Business.

8. Bangpoo Industrial Estate, Sumutprakam, Thailand

The surrender by ICI 1996 (Thailand) Limited of its lease of the property and the grant by the landlord of a new lease of the property to the Designated Purchaser.

9. Monterrey Mexico

The surrender of any right, title and interest held by ICI Mex SA de CV in the property and the grant of a new lease to the ICI Retained Group by the landlord.

10. Vilvoorde Belgium

ICI shall indemnify ICI Europe Limited in respect of all claims, demands, liabilities and costs incurred by ICI Europe Limited arising from any breach of the terms of the lease under which the Property at Vilvoorde (the Vilvoorde Property) is held or otherwise in relation to the Vilvoorde Property save for all rent or other outgoings payable in respect of the Vilvoorde Property proportionate to the extent of the occupation or use of the Vilvoorde Property by or on behalf of any member of the Purchaser's Group and/or where such claim demand liability of cost arises out of a breach of the provisions of such lease or other action or inaction by any member of the Purchaser's Group, its servants agents or employees after the date hereof. ICI shall be given full conduct of all actions, negotiations, discussions, proceedings and settlements in respect of the Vilvoorde Property and the Purchaser shall and shall procure that all relevant members of its Group shall, take all reasonable steps to mitigate its or their respective losses. This indemnity shall not apply if ICI Europe or any member of the Purchaser's Group shall withdraw or purport to withdraw the notice of termination served on the landlord prior to the date hereof, or if such lease is renewed or extended by ICI Europe Limited or any member of the Purchaser's Group.

To the extent that the lease of the Vilvoorde Property as not terminated on 31.12.1999 the Purchaser shall procure that the Vilvoorde Property is transferred to any ICI Retained Group company in accordance with the provisions of Part IV of this schedule.

B. Relevant Petrochemicals business

1. Paraxylene Plant, Wilton, Redcar and Cleveland England:

(a) deeds of grant of easements for access to and to maintain existing pipes and cables in a form consistent with the existing regime for the grant of easements at Wilton over the transferred land and the adjoining ICI retained land;

(b) a deed of grant of easements for access to and to lay and maintain new and existing service conduits in a form consistent with the existing regime for the grant of easements in the relevant service corridors relating to the service corridors at Teesport;

(c) a deed of grant of easements for access to and to lay and maintain new and existing service conduits in a form consistent with the existing

regime for the grant of easements in the relevant service corridors relating to the service corridors at North Tees and Bran Sands;

(d) The grant (at the option of HSCC) of an underlease or licence to retain assets in respect of the 3 storage tanks at Teesport and at the date of this Agreement by the Relevant Petrochemicals Business.

2. Aromatics Plant and North Tees Logistics Plant, North Tees Works, Stockton-on-Tees England

(a) deeds of grant of easements for access to and to maintain existing pipes and cables in a form consistent with the existing regime for the grant of easements at Wilton over the transferred land and the adjoining ICI retained land;

(b) a deed of grant of easements for access to and to lay and maintain new and existing service conduits in a form consistent with the existing regime for the grant of easements in the relevant service corridors relating to the service corridors at Teesport;

(c) a deed of grant of easements for access to and to lay and maintain new and existing service conduits in a form consistent with the existing regime for the grant of easements in the relevant service corridors relating to the service corridors at North Tees and Bran Sands;

3. Cavity Storage No.4 (Part) and No.6 Brinefields, Stockton-on-Tees England. Note: the areas shown hatched red on agreed plan 7 are excluded.

(a) deeds of grant of easements for access to and to maintain existing pipes and cables in a form consistent with the existing regime for the grant of easements at Wilton over the transferred land and the adjoining ICI retained land;

(b) a deed of grant of easements for access to and to lay and maintain new and existing service conduits in a form consistent with the existing regime for the grant of easements in the relevant service corridors relating to the service corridors at Teesport;

(c) a deed of grant of easements for access to and to lay and maintain new and existing service conduits in a form consistent with the existing regime for the grant of easements in the relevant service corridors relating to the service corridors at North Tees and Bran Sands;

(d) a deed of grant of easements for access to and to lay and maintain new and existing service conduits in a form consistent with the deeds referred to at sub-paragraphs (b) and (c) above for the benefit of the retained areas hatched red on agreed plan 7;

4. Brine Reservoirs Stockton-on-Tees England

(a) deeds of grant of easements for access to and to maintain existing pipes and cables in a form consistent with the existing regime for the grant of easements at Wilton over the transferred land and the adjoining ICI retained land;

(b) a deed of grant of easements for access to and to lay and maintain new and existing service conduits in a form consistent with the existing regime for the grant of easements in the relevant service corridors relating to the service corridors at Teesport;

(c) a deed of grant of easements for access to and to lay and maintain new and existing service conduits in a form consistent with the existing regime for the grant of easements in the relevant service corridors relating to the service corridors at North Tees and Bran Sands;

(d) the grant of a deed of grant in favour of the relevant Business Vendor and BP in respect of that part of the Wilton-Grangemouth Ethylene pipeline which crosses part of the property, such grant to be in a form consistent with that usually used by the relevant Business Vendor in connection with the formal grant of existing easements granted in relation to such pipeline.

5. Cavities - Part No. 4 Brinefield Stockton-on-Tees England

The assignment of part of the relevant Business Vendor's lease of the premises to contain provisions for a fair and reasonable apportionment of the rent and other outgoings payable and other liabilities under the headlease. Cavities owned and operated by ICI's retained Chlor-Chems business to be excluded.

6. No.2 Jetty Wilton Redcar and Cleveland England

Terra Nitrogon UK Limited (TNUK) has required ICI Chemicals & Polymers Ltd to grant to TNUK rights in respect of apparatus on No 2 Jetty and rights to use the Jetty. The rights of user will apply only when the owner from time to time of No 2 Jetty fails to provide to TNUK or its successors in title jetty services as provided at the date of this Agreement on reasonable commercial terms. HSCC will permit

such grant by ICI Chemicals & Polymers prior to Closing in the form approved prior to the date of this Agreement (subject to such further amendments as may be approved by HSCC acting reasonably or as may be lawfully required) or, if such grant has not been completed prior to Closing, HSCC will procure that such right is granted by the Relevant Purchaser within one year following closing. The Grant will be by way of sub-licence and will provide for TNUK to comply with all reasonable regulations and to pay a fair contribution to the cost of maintaining the Jetty when the rights of user are exercised (as aforesaid).

7. Wilton Centre Wilton Redcar and Cleveland England

The grant of a licence permitting the occupation of such part of the Wilton Centre, Wilton (used at the date of this agreement by relevant employees of the Relevant Petrochemicals Business, on terms prevailing for the occupation of the Wilton Centre.

8. Olefins Plant at Wilton

(a) Deeds of Grant of Easement for access to and to maintain existing pipes and cables in a form consistent with the existing regime for the grant of easements at Wilton over the transferred land and the adjoining Lion retained land.

(b) A Deed of Grant of Easement for access to and to lay and maintain new and existing service conduits in a form consistent with the existing regime for the grant of easements in the relevant service corridors relating to the service corridors at Teesport and North Tees.

(c) Deed of Grant of Easement for access to and to lay and maintain new and existing service conduits in a form consistent with the existing regime for the grant of easements in the relevant service corridors relating to the service corridors at Bran Sands.

9. Olefins Plants at North Tees and Teesport

(a) Deeds of Grant of Easement for access to and to maintain existing pipes and cables in a form consistent with the existing regime for the grant of easements at Wilton over the transferred land and the adjoining Lion retained land.

(b) A Deed of Grant of Easement for access to and to lay and maintain new and existing service conduits in a form consistent with the existing regime for the grant of easements in the relevant service corridors relating to the service corridors at Teesport and North Tees.

(c) A Deed of Grant of Easement for access to and to lay and maintain new and existing service conduits in a form consistent with the existing regime for the grant of easements in the relevant service corridors relating to the service corridors at Bran Sands.

(d) A Deed of Grant of Easement in a form consistent with the existing regime relating to the Wilton to Grangemouth Ethylene Pipeline over ICI's retained land.

(e) A Deed of Grant of Easement in a form consistent with the existing regime relating to the Trans Pennine Ethylene Pipeline at ICI's retained land.

10. Compound 38, Saltholme, Stockton on Tees

(a) Deeds of Grant of Easement for access to and to maintain existing pipes and cables in a form consistent with the existing regime for the grant of easements at Wilton over the transferred land and the adjoining Lion retained land.

(b) A Deed of Grant of Easement for access to and to lay and maintain new and existing service conduits in a form consistent with the existing regime for the grant of easements in the relevant service corridors relating to the service corridors at Teesport and North Tees.

(c) A Deed of Grant of Easement for access to and to lay and maintain new and existing service conduits in a form consistent with the existing regime for the grant of easements in the relevant service corridors relating to the service corridors at Bran Sands.

11. Wilton Centre, Wilton

Grant or assignment of a Licence to Occupy space at Wilton Centre in a form consistent with the existing licences for the Wilton Centre.

12. Castner-Kelner, Runcorn

The grant of a lease of first floor offices and store plus 5 parking spaces at Castner-Kelner for a term of 5 years at an annual rent of (Pounds)14,874 per annum (inclusive of outgoings) with a tenant's right to break on 6 months' notice.

13. No. 2 Process Office, Wilton

The grant of an underlease of the part of the property occupied by the Olefins Manufacturing Business.

C. Tioxide Business

1. East Billingham England

A lease to ACMA Limited in respect of the part of the office building at East Billingham occupied by ACMA Limited at the date of this agreement, for a term of 2 years (subject to a tenant's break right on 3 months notice).

2. Nettleton Bottom Quarry Caistor England
Land at North Killingholme England

The current owners (Broadcount Properties Limited and WT Scales Limited respectively) shall transfer the properties to Tioxide Europe Limited in accordance with the provisions of Part IV of this Schedule (mutatis mutandis).

2.1 Following the date of this Agreement, the parties will agree the form of appropriate deeds, memoranda, transfers, leases or other agreements (Separation Documents) to reflect the arrangements described in this Part VII of this Schedule. Each Separation Document is to be in a form appropriate to the jurisdiction in which the relevant property is situate and will comply with all formalities and other requirements in the relevant jurisdiction. Nothing in this Part VII of this Schedule 17 shall give either party the right to require that any lease to be granted pursuant hereto shall be a pie crust lease save where provision to that effect is specifically made.

2.2 The Separation Documents which are underleases will follow the form of the relevant headlease (other than in respect of the amount of rent and the length

of term) insofar as is reasonably appropriate.

2.3 Each Separation Document will grant and reserve rights to continue to use all roads, accesses and conduits used and enjoyed by the relevant parts of the properties at the date of this Agreement on terms reflecting as closely as possible their use at the date of this Agreement.

2.4 Without prejudice to the principles (as to the preservation of arrangements existing at the date hereof) set out in the remainder of this paragraph, all Separation Documents are to be negotiated between the parties in good faith and on an arms length basis and on reasonable commercial terms. The Separation Documents will enable the Designated Purchaser and/or (as the case may be) the relevant member of the ICI Retained Group to continue to use the relevant Properties and/or Excluded Properties in the same manner (including as to terms and costs) as they are used at the date of this Agreement and will incorporate such other provisions as are fair and reasonable in all the circumstances.

2.5 The provisions of Part IV of this Schedule will apply to this Part VII (mutatis mutandis) save that paragraph 5 thereof shall not apply to any arrangement with a term of 1 year or less. In the case of any inconsistency between the terms of this Part VII and Part IV, the terms of this Part VII will prevail.

2.6 In the event of disagreement, the matter may be referred by either party to nominated senior management of ICI and HSCC and (in the event of continuing disagreement) for determination by an independent lawyer in the relevant jurisdiction with not less than ten years experience in dealing with commercial property transactions. Such independent lawyer is to be appointed in the absence of agreement by the President of the Law Society or other body responsible for regulation of the legal profession in the relevant jurisdiction on the application of either party. The independent lawyer will act as an expert and not as an arbitrator and may obtain any additional professional advice in relation thereto as he may deem necessary or desirable. The cost of the determination must be met by the parties in equal shares.

Preservation of Rights/Listed Apparatus

3.1 All facilities (meaning access rights, services, utilities and conducting media) which are currently enjoyed by the relevant Business Vendor and (as the case may be) the relevant Designated Purchaser will be maintained in respect of each Transferred Property and any part of a Property where such Property is the subject of a Separation Document pursuant to this Schedule and where appropriate either general or specific rights will be granted within the transfer or otherwise where the relevant Transferred Property adjoins or is adjacent to land to be retained by a business of the Retained Group which either provides or shares such facilities.

3.2 If following Closing the Designated Purchaser or the relevant Business Vendor shall be of the view that transfer or lease of a Transferred Property, Excluded Property or part of a Property which is the subject of a Separation

Document omits the grant or reservation of any rights (whether of access or with regard to any item of apparatus or equipment) which is required for the purposes of the business carried out at the Transferred Properties or the property of the Retained Group (Omitted Rights or Easements) it shall give the notice referred to in paragraph 3.3 of this part of this Schedule and the parties (acting reasonably and in the utmost good faith) will meet and attempt to reach agreement with regard thereto and to any amendments needed to the transfer or lease of the relevant Transferred Property or Excluded Property or (as the case may be) the relevant Separation Document to remedy the deficiency.

3.3 If any party identifies any Omitted Rights or Easements that party shall give written notice thereof to the other party as soon as reasonably practicable and in any event within two years of the Closing Date (time to be of the essence).

3.4 As soon as reasonably practicable following the date of this Agreement the parties shall procure that their representatives shall meet in order to agree and sign by way of identification for future record lists of the items of apparatus belonging to each party at each of the Transferred Properties at Teesside England (Listed Apparatus). Such representatives will act reasonably and in good faith.

3.5 Any dispute or difference as to Omitted Rights or Easements or any amendments required to the transfer of the Transferred Property or Listed Apparatus shall be resolved by means of a reference to an independent person (Independent Person) appointed in accordance with this clause.

3.6 The Independent Person will be appointed by agreement between ICI and HSCC or if within 5 working days they are unable to agree then on the application of any of the parties by the President for the time being of the Royal Institution of Chartered Surveyors or its equivalent in the jurisdiction in which the Transferred Property is situated.

3.7 The Independent Person will act as an expert and not an arbitrator and his decision shall be final and binding upon the parties. The Independent Person

shall consider any representations made by or on behalf of ICI or HSCC but shall not be bound thereby and the parties shall use all reasonable endeavours to procure that the Independent Person shall give his decision as speedily as possible. The cost of appointing the Independent Person shall be shared between the parties in such proportions as the Independent Person shall determine.

3.8 As soon as practicable following agreement or determination as to any Omitted Rights or Easements or Listed Apparatus and in any case within 2 months of such agreement or determination ICI and HSCC will procure to be executed any deeds or other documents requisite for the purpose.

Part VIII
General

The parties acknowledge and undertake to each other that:

(A) notwithstanding that certain of the arrangements provided for or envisaged by this Schedule (including without limitation the form of property transfer required by paragraph 9 of Part IV of this Schedule) may not be capable of being directly or appropriately applied in jurisdictions other than England and Wales (Other Jurisdictions) under the laws, established law practices and procedures of those jurisdictions (Foreign Laws), the commercial principles underlying the provisions and intentions of this Schedule shall be applied as closely as possible in the Other Jurisdictions to produce as nearly as possible the same commercial results;

(B) to the extent that the arrangements provided for or envisaged by this Schedule including without limitation the form of the property transfer cannot readily or appropriately and with reasonable practicality be wholly applied in Other Jurisdictions under Foreign Law, they will apply subject to such alteration and amendment as may be necessary or desirable in order to achieve in reasonably practical terms the same commercial results (or as nearly as possible the same commercial results, taking into account the relevant Foreign Law) as would be achieved in England and Wales on the application of those arrangements;

(C) to the extent necessary in order to achieve in Other Jurisdictions the commercial results intended by this Schedule, clause 18.3 (further assurance) will apply.

(D) to the extent required to give effect to these provisions each party agrees to ensure that any relevant local registration, filing or other requirement is complied with as soon as possible hereafter.

SCHEDULE 18

PRE-CLOSING STEPS

The parties to this Agreement agree that this Schedule 18 reflects the intention of the parties as at the date of this Agreement. It is expressly agreed that the parties may agree amendments to the provisions of this Schedule 18 and any consequential amendments required to any other provision of this Agreement.

Where, pursuant to paragraph 1 of this Schedule, one company (the Forming Company) is required to form another company (the Formed Company), the Formed Company may be incorporated under another company or companies in the relevant group and then transferred to the Forming Company.

Words or expressions defined in Schedule 4 shall have the same meaning in this Schedule.

The parties agree that the following provisions of this Agreement shall apply with any necessary modifications to the transactions referred to in paragraphs 1(h), 2(c), 3(n), 4, 5 and 6 of this Schedule: clauses 2, 3.5, 3.7, 3.8, 3.10 to 3.15 (inclusive), 4.2, 4.3, 5.1, the first two sentences of 6.1, 6.2, 6.3(b), 6.10 to 6.19 (inclusive), 7.1 (to the extent provided), 9.2, 16, 18.3 and 18.9 and Schedules 4, 12, 15, 16, 17 and 19. Such provisions shall apply as if:

(i) the shares referred to in this Schedule 18 as being transferred (other than shares being transferred to a member of ICI's Retained Group) were Sale Shares;

(ii) the assets referred to in this Schedule 18 as being transferred (other than assets being transferred to a member of ICI's Retained Group) were Business Assets of a Local Business;

(iii) the transferor of shares referred to in this Schedule 18 (other than where the shares are being transferred to a member of ICI's Retained Group) were a Share Selling Company;

(iv) the transferor of assets referred to in this Schedule 18 (other than where the assets are being transferred to a member of ICI's Retained Group) were a Business Vendor;

(v) the transferee of shares or assets referred to in this Schedule 18 (other than where the transferee is a member of ICI's Retained Group) were a

Designated Purchaser;

(vi) the time of transfer of shares or assets under this Schedule 18 were immediately prior to Closing.

Formation of holding companies and other entities

1. As soon as reasonably practicable after the date of this Agreement:

(a) ICI shall effect a conversion of the share capital (the Conversion) of TGL. The share capital shall be converted into:

(i) 280,999,000 fixed rate preference shares (Preference Shares). The Preference Shares will have a nominal value of (Pounds)1 per share and carry the right to a cumulative dividend of 7% (when declared);

(ii) 900 Class A ordinary shares (Class A Shares) which will not have any voting rights and which will have liquidation rights limited to the par value of the shares - the Class A Shares will rank pari passu in dividend and liquidation rights to the ordinary shares, but junior in right to the Preference Shares. The Class A Shares will have a nominal value of (Pounds)1 per share; and

(iii) 100 ordinary shares which will have dividend rights, on a per share basis, of nine hundred (900) times the dividend rights on the Class A Shares. The ordinary shares will have a nominal value of (Pounds)1 per share.

(b) TGL will form a wholly-owned Subsidiary in England and Wales registered as an unlimited liability company, Huntsman ICI (Holdings) UK (UK Holdings). TGL (and, in respect of one share only, a nominee of TGL) will subscribe for 2 classes of ordinary shares in UK Holdings, being 1,950 UK Holdings Class 1 ordinary shares having a nominal value of (Pounds)100 per share and for an aggregate subscription price of (Pounds)195,000 and 1,050 UK Holdings Class 2 ordinary shares having a nominal value of (Pounds)100 per share and for an aggregate subscription price of (Pounds)105,000. The UK Holdings Class 1 ordinary shares will have, as a class, 65% of the total voting rights of UK Holdings and the UK Holdings Class 2 ordinary shares will have no right to vote. Otherwise the two classes of ordinary share shall rank pari passu. Huntsman International Investments Corporation shall subscribe for 50 UK Holdings fixed rate preferred shares (which have a nominal value of (Pounds)100 per share) for an aggregate subscription price of (Pounds)5,000. The UK Holdings fixed rate preferred shares will have, as a class, 35% of the total voting rights of UK Holdings and will be

limited and preferred as to dividends and liquidation. The UK Holdings fixed rate preferred shares will be entitled to a cumulative 7% dividend when declared, and will have liquidation rights limited to their initial subscription price.

(c) UK Holdings will form:

(i) a wholly-owned limited liability Subsidiary registered in England and Wales, Huntsman ICI Polyurethanes (UK) Limited and subscribe for 2 ordinary shares of Huntsman ICI Polyurethanes (UK) Limited at (Pounds)1 each. Huntsman ICI Polyurethanes (UK) Limited will be authorised to issue 1,000 ordinary shares;

(ii) a wholly-owned limited liability Subsidiary registered in England and Wales, Huntsman ICI Petrochemicals (UK) Limited and subscribe for 2 ordinary shares of Huntsman ICI Petrochemicals (UK) Limited at (Pounds)1 each. Huntsman ICI Petrochemicals (UK) Limited will be authorised to issue 1,000 ordinary shares; and

(iii) a wholly-owned limited liability Subsidiary registered in England and Wales, Huntsman ICI (UK) Limited and subscribe for 26,438 ordinary shares for an aggregate consideration of (Pounds)26,438. Huntsman ICI (UK) Limited will be authorised to issue 26,438 ordinary shares.

(d) Huntsman ICI (UK) Limited will form a wholly-owned Subsidiary registered in the Netherlands, Huntsman ICI Investments (Netherlands) BV (Dutch Mixer), and subscribe for all of the outstanding shares of Dutch Mixer for an aggregate subscription price of EUR 40,000. Dutch Mixer will be authorised to issue an appropriate further number of shares;

(e) Huntsman ICI Polyurethanes (UK) Limited will form a wholly-owned limited liability Subsidiary registered in England and Wales, Huntsman ICI Polyurethanes Sales Limited and subscribe for 2 ordinary shares at (Pounds)1 each. Huntsman ICI Polyurethanes Sales Limited will be authorised to issue 1,000 ordinary shares.

(ee) Dutch Mixer will form, as wholly-owned Subsidiaries and for the minimum subscription required by law, the following entities in the following

jurisdictions:

Jurisdiction	Type of Company	Name
Netherlands	BV	Huntsman ICI (Netherlands) BV (Dutch Holdco)
Netherlands	BV	Huntsman ICI (Canadian Investments) BV

(f) Dutch Mixer will (or, in the case of Huntsman ICI (Canada) Corporation, Huntsman ICI (Canadian Investments) BV will) form entities as wholly-owned Subsidiaries (collectively referred to as the Other Polyurethanes Opcos) of the following types in the following jurisdictions and transfer the following subscription amounts (each such entity to be referred to in the remainder of this Schedule 18 and in Schedule 4 by the name indicated against the relevant jurisdiction below):

Jurisdiction	Type of Company (if known)	Subscription price	Name
Argentina	Limitada	minimum required by law	Huntsman ICI (Argentina) SRL
Belgium	SPRL	minimum required by law	Huntsman ICI (Belgium) SRL
Brazil	Limitada	minimum required by law	Huntsman ICI (Brazil) Limitada
Canada	Corporation (unlimited liability)	minimum required by law	Huntsman ICI (Canada) Corporation
Colombia	Limitada	minimum required by law	Huntsman ICI Colombia Limitada
Germany	GmbH	minimum required by law	Huntsman ICI (Germany) GmbH
Italy	S.r.l.	minimum	Huntsman ICI

		required by law	(Italy) S.r.l
Spain	Sociedad Limitada	minimum required by law	Huntsman ICI Espana Limitada
Taiwan	Limited company	minimum required by law	Huntsman ICI (Taiwan) Limited
Thailand	private limited company	minimum required by law	Huntsman ICI (Thailand) Limited

(g) ICI Italia SpA will form a wholly-owned limited liability subsidiary in Italy, Huntsman ICI (Italian Operations) Srl with an appropriate authorised share capital.

All the companies established pursuant to this paragraph 1 shall be Companies for the purposes of this Agreement.

Reorganisation of ICI Subsidiaries

2. Before Closing:

(a) TAI will distribute a $40,000,000 intercompany note to IAHI;

(b) ICI will cause IAHI and TAI to take all steps necessary or desirable under Section 390 of the General Corporation Law of the State of Delaware (Section 390) to effectuate the transfer of TAI to the Cayman Islands, or such other jurisdiction as ICI and HSCC reasonably agree (the New Jurisdiction) including without limitation, obtaining all requisite approvals of the board of directors and stockholders of TAI and filing with the Delaware Secretary of State the certificate of transfer to the New Jurisdiction in accordance with Section 390. ICI will also cause TAI to take all steps necessary or desirable to cause such transfer to be effective in the New Jurisdiction, including the compliance with provisions

to continue TAI under the laws of the New Jurisdiction. Within 75 days after the date on which TAI becomes a New Jurisdiction company, ICI will cause TAI to elect to be treated as a disregarded entity within the meaning of Treasury Regulations Section 301.7701-3(c), as of the date of the transfer;

(c) TGL will issue a $3,071,344 intercompany note to IAHI in exchange for IAHI's entire shareholding in TAI (the TGL/IAHI Temporary Note);

(d) The TGL Class A Shares will be transferred to GI Services Limited in exchange for cash in the amount of (Pounds)3,000;

(e) ICI shall apply to the Registrar of Companies to reregister TGL as an unlimited company pursuant to the provisions of section 49 Companies Act 1985, save that ICI may first transfer to a nominee(s) the legal title to the shares in TGL held by ICI in which case ICI shall procure that such nominee(s) make such application; and

(f) ICI will cause TGL to elect to be treated as a disregarded entity within the meaning of Treasury Regulations Section 301. 7701-3(c).

Removal/Insertion of Assets

3. Before Closing:

(a) ICI Holland BV will transfer all of its assets other than assets of the Polyurethanes Business conducted by ICI Holland BV to a member of ICI's Retained Group;

(b) TGL will transfer all of its interest in Australian Titanium Products Proprietary Ltd. to a member of ICI's Retained Group;

(c) TGL will transfer all of its interest in BTP Tioxide Ltd. to a member of ICI's Retained Group;

(d) TGL will transfer all of its interest in TIL Ltd. to a member of ICI's Retained Group;

(e) TGL will transfer all of its interest in Technical and Analytical Services Ltd to a member of ICI's Retained Group;

(f) TGL will transfer all of its interest in Tioxide Investment Holdings Ltd. to a member of ICI's Retained Group;

(g) TGL and Tioxide Group Services Ltd. will each transfer all of their interest in Tioxide Overseas Investments Ltd. to a member of ICI's Retained Group;

(h) ICI Europe Ltd will transfer all of its assets other than assets of the Polyurethanes Business conducted by ICI Europe Ltd to ICI Belgium NV or to another member of ICI's Retained Group;

(i) ICI Mex SA DE CV will transfer all of its assets other than assets of the Polyurethanes Business conducted by ICI Mex SA DE CV to a member of ICI's Retained Group;

(j) ICI shall procure the transfer by Broadcount Properties Limited to Tioxide Europe Ltd of the freehold land situated at Nettleton Bottom Quarry Caistor, England and North Killingholme, England as referred to in Schedule 17;

(k) Tioxide Canada, Inc. will redeem its entire issued preference share capital;

(l) Tioxide Europe Limited shall transfer land at Derby to a member of ICI's Retained Group;

(m) Tioxide Europe Limited shall transfer land at West Fields, Grimsby to a member of ICI's Retained Group;

(n) The other property which it has been agreed will not be acquired will be transferred out; and

(o) ICI Italia SpA will transfer its Polyurethanes Business to Huntsman ICI (Italian Operations) Srl in exchange for shares in that company.

Transfers to Huntsman ICI Holdings' Subsidiaries

4. Before Closing:

(a) Dutch Mixer will issue a $188,306,272 intercompany note to Omicron (the Dutch Mixer/Omicron Temporary Note) in exchange for all of the outstanding shares of ICI Holland BV;

(b) Huntsman ICI Espana Limitada will issue an intercompany note to ICI Espana SA for the amount in euros which equates to $114,964,993 (on the basis of

the Euro/Dollar Rate) (the Huntsman ICI Espana Limitada/ICI Spain Temporary Note) in exchange for all of the outstanding shares of Tioxide Europe SA (Spain);

(c) Dutch Mixer will issue a $5,000,000 intercompany note to Deutsche ICI GmbH in exchange for all of the outstanding shares of Tioxide Europe GmbH (Tioxide Germany);

(d) Dutch Mixer will issue a $65,000,000 intercompany note to Omicron (the Dutch Mixer/Omicron Malaysian Temporary Note)in exchange for 23,050,000 preferred shares of Tioxide (Malaysia) Sdn Bhd (or such other number of preferred shares of Tioxide (Malaysia) Sdn Bhd

as shall be held by Omicron following any pre-Closing redemption of preferred shares by Tioxide (Malaysia) Sdn Bhd);

(e) Dutch Mixer will issue a $700,000 intercompany note to Theta in exchange for all of the outstanding shares of ICI Polyurethanes (Asia Pacific) Pte. Ltd.;

(f) Dutch Mixer will issue a $10,000,000 intercompany note to Theta in exchange for all of the outstanding shares of ICI PU (China) Holdings BV;

(g) Dutch Mixer will issue a $31,000,000 intercompany note to ICI in exchange for ICI's entire shareholding (750,000 ordinary shares) in Nippon Polyurethane Industry Co. Ltd.;

(h) Dutch Mixer will issue a $3,000,000 intercompany note to ICI in exchange for ICI's entire shareholding (12,800 ordinary shares) in Arabian Polyol Company Limited, save that ICI may transfer such entire shareholding in Arabian Polyol Company Limited to a wholly owned subsidiary of ICI (proposed to be called Huntsman ICI (Arabian Investments) BV) formed for the purpose in which case the $3,000,000 intercompany note shall be issued by Dutch Mixer to ICI in exchange for ICI's entire shareholding in such wholly owned subsidiary of ICI;

(i) Dutch Mixer will issue a $200,000 intercompany note to Omicron (the Dutch Mixer/Omicron Chemical Blending Temporary Note) in exchange for all of the outstanding shares of Chemical Blending Holland BV;

(j) Dutch Mixer will issue a $25,998,957 intercompany note to Grupo ICI Mexico SA DE CV in exchange for 24,924 shares of ICI Mex SA DE CV;

(k) Dutch Holdco will issue a $1,043 intercompany note to Atlas DE Mexico SA DE CV in exchange for 1 share of ICI Mex SA DE CV; and

(l) Huntsman ICI (Italy) Srl will issue an intercompany note to ICI Italia SpA for the amount in euros which equates to $14,500,000 (on the basis of the Euro/Dollar Rate) in exchange for the outstanding shares of Huntsman ICI (Italian Operations) Srl.

5. Before Closing, the following Other Polyurethanes Opcos shall acquire the assets relating to the Polyurethanes Business in each of the following jurisdictions from the Company identified in respect of the relevant

jurisdiction, in consideration of the issue by the company making the acquisition of intercompany notes (the Other Polyurethanes Temporary Notes) in an aggregate amount of $40,300,000.

Jurisdiction	Purchaser	Seller	Value of intercompany note issued as consideration ($)
Argentina	Huntsman ICI (Argentina) S.R.L.	ICI Argentina S.a.i.c.	7,000,000
Belgium	Huntsman ICI (Belgium) SPRL	ICI Belgium NV/SA	500,000
Brazil	Huntsman ICI (Brazil) Limitada	ICI Brasil Quimica Ltda	3,200,000
Canada	Huntsman ICI (Canada) Corporation	ICI Canada Inc.	3,600,000
Colombia	Huntsman ICI Colombia Limitada	ICI Colombia SA	7,000,000
Germany	Huntsman ICI (Germany) GmbH	Deutsche ICI GmbH	5,500,000
Spain	Huntsman ICI Espana Limitada	ICI Espana SA	500,000

Taiwan	Huntsman ICI (Taiwan) Limited	ICI Taiwan Limited	8,000,000
Thailand	Huntsman ICI (Thailand) Limited	ICI 1996 (Thailand) Ltd.	5,000,000

6. Huntsman ICI Polyurethanes Sales Limited (HIPS), a company having temporary approval for a representative office in Indonesia, will issue a $200,000 intercompany note to PT ICI Indonesia in exchange for its Polyurethanes Business assets.

7. ICI will use its reasonable endeavours to identify the steps necessary to elect to treat certain of its subsidiaries as a disregarded entity within the meaning of Treasury Regulations Section 301. 7701-3(c) and shall consult

with HSCC with respect to the same, including, without limitation, the timing of any elections.

Local Currency Transfers

8. Notwithstanding paragraph 5 of this Schedule, ICI may at its sole discretion elect, provided it makes that election no later than 4 Business Days before Closing, to do any or all of the following at any time prior to Closing:

(a) procure that ICI Finance plc transfers to Dutch Mixer the sum of $3,200,000 in exchange for an intercompany note in that amount (the Dutch Mixer/ICI Finance Brazilian Temporary Note), and then procure that Dutch Mixer transfers to Huntsman ICI (Brazil) Limitada the sum of $3,200,000 (converted into Brazilian Reals) in exchange for shares in Huntsman ICI (Brazil) Limitada, in which case the consideration for the acquisition of the assets relating to the Polyurethanes Business in respect of Brazil pursuant to paragraph 5 of this Schedule shall be the payment of the sum of $3,200,000 (as converted into Brazilian Reals) and not the issue of an intercompany note in that amount; and/or

(b) procure that ICI Finance plc transfers to Dutch Mixer the sum of $7,000,000 in exchange for an intercompany note in that amount (the Dutch Mixer/ICI Finance Colombian Temporary Note), and then procure that Dutch Mixer transfers to Huntsman ICI Colombia Limitada the sum of $7,000,000 (converted into Colombian Pesos) in exchange for shares in Huntsman ICI Colombia Limitada, in which case the consideration for the acquisition of the assets relating to the Polyurethanes Business in respect of Colombia pursuant to paragraph 5 of this Schedule shall be the payment of the sum of $7,000,000 (as converted into Colombian Pesos) and not the issue of an intercompany note in that amount; and/or

(c) procure that ICI Finance plc transfers to Dutch Mixer the sum of $8,000,000 in exchange for an intercompany note in that amount (the Dutch Mixer/ICI Finance Taiwanese Temporary Note), and then procure that Dutch Mixer transfers to Huntsman ICI (Taiwan) Limited the sum of $8,000,000 (converted into Taiwanese Dollars) in exchange for shares in Huntsman ICI (Taiwan) Limited, in which case the consideration for the acquisition of the assets relating to the Polyurethanes Business in respect of Taiwan pursuant to paragraph 5 of this Schedule shall be the payment of the sum of $8,000,000 (as converted into Taiwanese Dollars) and not the issue of an intercompany note in that amount.

The parties agree that the costs involved in converting the amounts being paid for shares in Huntsman ICI (Brazil) Limitada, Huntsman ICI Colombia Limitada and Huntsman ICI (Taiwan) Limited into local currency pursuant to this paragraph 8 or in connection with paragraph 48 of Part 1 of Schedule 4 (as the case may be), together with the costs of converting such local currency back into dollars immediately prior to or shortly following Closing, shall be borne equally by HSCC and ICI.

Notarised Share Issues

9. Notwithstanding paragraph 5 of this Schedule, ICI may at its sole discretion elect, provided it makes that election no later than 4 Business Days before Closing, to do any or all of the following at any time prior to Closing:

(a) procure that ICI Finance plc transfers to Dutch Mixer the sum in euros which equates to $500,000 (on the basis of the Euro/Dollar Rate) in exchange for an intercompany note in that amount (the Dutch Mixer/ICI Finance Belgium Temporary Note), and then procure that Dutch Mixer transfers to Huntsman ICI (Belgium) SPRL the said sum in euros in exchange for shares in Huntsman ICI (Belgium) SPRL, in which event the consideration for the acquisition of the assets relating to the Polyurethanes Business in respect of Belgium pursuant to paragraph 5 of this Schedule shall be the payment of the sum in euros which equates to $500,000 (on the basis of the Euro/Dollar Rate) and not the issue of an intercompany note; and/or

(b) procure that ICI Finance plc transfers to Dutch Mixer the sum in euros which equates to $500,000 (on the basis of the Euro/Dollar Rate) in exchange for an intercompany note in that amount (the Dutch Mixer/ICI Finance Spanish First Temporary Note), and then procure that Dutch Mixer

transfers to Huntsman ICI Espana Limitada the said sum in euros in exchange for shares in Huntsman ICI Espana Limitada, in which event the consideration for the acquisition of the assets relating to the Polyurethanes Business in respect of Spain pursuant to paragraph 5 of this Schedule shall be the payment of the sum in euros which equates to $500,000 (on the basis of the Euro/Dollar Rate) and not the issue of an intercompany note.

10. Notwithstanding paragraph 4(b) of this Schedule, ICI may at its sole discretion elect, provided it makes that election no later than 4 Business Days before Closing, to do any or all of the following at any time prior to Closing:

(a) ICI Finance plc transfers to Dutch Mixer the sum in euros which equates to $33,000,000 (on the basis of the Euro/Dollar Rate) in exchange for an intercompany note in that amount (the Dutch Mixer/ICI Finance Spanish Second Temporary Note) and then that Dutch Mixer transfers to Huntsman ICI Espana Limitada such sum in euros in exchange for shares in Huntsman ICI Espana Limitada;

(b) ICI Finance plc transfers to UK Holdings the sum in euros which equates (on the basis of the Euro/Dollar Rate) to $81,964,993 (as adjusted to reflect any adjustment made pursuant to clause 3.4) in exchange for an intercompany note in that amount (the UK Holdings/ICI Finance Spanish Temporary Note) and then that UK Holdings transfers to Huntsman ICI Espana Limitada the said sum in euros in exchange for a note in that amount secured by all of the assets of Huntsman ICI Espana Limitada (the Huntsman ICI Espana Limitada/UK Holdings Intercompany Note);

in which event:

(i) the consideration for the acquisition by Huntsman ICI Espana Limitada of all of the outstanding shares of Tioxide Europe SA (Spain) pursuant to paragraph 4(b) of this Schedule shall be the payment of the sum in euros which equates to $114,964,993 (on the basis of the Euro/Dollar Rate) and not the issue of an intercompany note;

(ii) in accordance with paragraph 37 of Part 1 of Schedule 4, Dutch Mixer shall, instead of being required to subscribe for additional shares in Huntsman ICI Espana Limitada, be required instead to pay to ICI Finance plc the sum in euros which equates to $33,000,000 (on the basis of the Euro/Dollar Rate) in satisfaction of the Dutch Mixer/ICI Finance Spanish Second Temporary Note;

(iii) in accordance with paragraph 38 of Part 1 of Schedule 4, UK Holdings shall, instead of being required to transfer $81,964,993 (as adjusted to reflect any adjustment made pursuant to clause 3.4), be required instead to pay to ICI Finance plc the sum in euros which equates to $81,964,993 (on the basis of the Euro/Dollar Rate) in satisfaction of the UK Holdings/ICI Finance Spanish Second Temporary Note; and

(iv) Huntsman ICI Espana Limitada shall not be required to transfer $114,964,993 to ICI Espana SA in accordance with paragraph 39 of Part 1 of Schedule 4.

11. Notwithstanding paragraph 4(l) of this Schedule, ICI may at its sole discretion elect, provided it makes that election no later than 4 Business Days before Closing, to do any or all of the following at any time prior to Closing:

(a) ICI Finance plc transfers to Dutch Mixer the sum in euros which equates to $4,500,000 (on the basis of the Euro/Dollar Rate) in exchange for an intercompany note in that amount (the Dutch Mixer/ICI Finance Italian Temporary Note) and then that Dutch Mixer transfers to Huntsman ICI (Italy) Srl such sum in euros in exchange for shares in Huntsman ICI (Italy) Srl;

(b) ICI Finance plc transfers to UK Holdings the sum in euros which equates to $10,000,000 (on the basis of the Euro/Dollar Rate) in exchange for an intercompany note in that amount (the UK Holdings/ICI Finance Italian Temporary Note) and then that UK Holdings transfers to Huntsman ICI (Italy) Srl the said sum in euros in exchange for a note in that amount (the Huntsman ICI (Italy) Srl/UK Holdings Intercompany Note)

in which event:

(i) the consideration for the acquisition by Huntsman ICI (Italy) Srl of all of the outstanding shares of Huntsman ICI (Italian Operations) pursuant to paragraph 4(l) of this Schedule shall be payment of the sum in euros which equates to $14,500,000 (on the basis of the Euro/Dollar Rate) and not the issue of an intercompany note;

(ii) in accordance with paragraph 45 of Part 1 of Schedule 4, Dutch Mixer shall, instead of being required to subscribe for additional shares in Huntsman ICI (Italy) Srl, be required instead to pay to ICI Finance plc the sum in euros which equates to $4,500,000 (on the basis of the Euro/Dollar Rate) in satisfaction of the Dutch Mixer/ICI Finance Italian Temporary Note;

(iii) in accordance with paragraph 46 of Part 1 of Schedule 4, UK Holdings shall, instead of being required to transfer $10,000,000, be required instead to pay to ICI Finance plc the sum in euros which equates to $10,000,000 (on the basis of the

Euro/Dollar Rate) in satisfaction of the UK Holdings/ICI Finance Italian Temporary Note; and

(iv) Huntsman ICI (Italy) Srl shall not be required to transfer $14,500,000 to ICI Italia SpA in accordance with paragraph 47 of Part 1 of Schedule 4.

12. Notwithstanding paragraphs 32 and 33 of Schedule 4, ICI may at its sole discretion elect, provided that it makes the election no later than 4 Business Days before Closing, to procure that ICI Finance plc transfers to UK Holdings a sum in dollars and euros which equates to $407,006,272 (on the basis of the Euro/Dollar Rate) in exchange for an intercompany note in that amount (the UK Holdings/ICI Finance $407,006,272 Temporary Note), and then procure that UK Holdings transfers to Huntsman ICI (UK) Limited the sum in dollars and euros which equates to $407,006,272 (on the basis of the Euro/Dollar Rate) in exchange for shares in Huntsman ICI (UK) Limited, and then procure that Huntsman ICI (UK) Limited transfers to Dutch Mixer the sum in dollars and euros which equates to $407,006,272 (on the basis of the Euro/Dollar Rate) in exchange for shares in and/or as a capital contribution to Dutch Mixer, in which event:

(a) in accordance with paragraph 32 of Part 1 of Schedule 4, UK Holdings shall, instead of being required to transfer [$407,006,272] to Huntsman ICI (UK) Limited in exchange for shares in Huntsman ICI (UK) Limited, be required instead either (i) to pay to ICI Finance plc the sum of [$407,006,272] in satisfaction of the UK Holdings/ICI Finance $407,006,272 Temporary Note or (ii) to pay to Dutch Mixer the sum of [$407,006,272] (UK Holdings will enter into a Set-Off Agreement with ICI Finance plc and Dutch Mixer in this regard);

(b) Huntsman ICI (UK) Limited shall not be required to transfer $407,006,272 to Dutch Mixer in exchange for shares in Dutch Mixer and/or as a capital contribution in accordance with paragraph 33 of Part 1 of Schedule 4;

(c) ICI may elect to procure that part of the funds made available to Dutch Mixer pursuant to this paragraph 12 are used by Dutch Mixer for the purposes of funding prior to Closing any or all of the share subscriptions referred to in paragraph 8, 9, 10(a) and/or 11(a) of this Schedule 18 which ICI elects to fund prior to Closing, in which case the amounts due to be loaned by ICI

Finance plc to Dutch Mixer in accordance with the said paragraph(s) of this Schedule 18 and the amounts to be repaid to ICI Finance plc pursuant to paragraphs 37 and/or 45 and/or 48(iii) of Part 1 of Schedule 4 (as the case may be) shall be reduced accordingly;

Formation of Newco

13. Before Closing, a Delaware corporation (US Newco) will be incorporated by IAI.

SCHEDULE 19

ADDITIONAL/EXCLUDED EMPLOYEES

Unless otherwise agreed to the contrary between the Vendor and the Purchaser, the Employees named at (1) below shall be Additional Employees and the Employees named at (2) below shall be Excluded Employees.

1. The Additional Employees

The Relevant Petrochemicals Business will need the following 28 employees who have responsibility for commercial and other "overarching" functional and management resources, including members of the management team, either to run a commercial Olefins operation or to manage the Aromatics and North Tees Logistics businesses. The parties agree that Schedule 9 (Warranties) will only apply in relation to the Additional Employees at Closing (and not at the date of this Agreement). The Purchaser acknowledges that disclosures against Schedule 9 in relation to such employees may be made at any time prior to Closing.

<TABLE>
<CAPTION>

Prefix	Surname	Initials	Dept Nm 3	Dept Nm 4	Dept Nm 5	Local Job	Grade
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Ms	Gotledge	A	Petroc & Ferts Busns			Systems Development Acc	U
Mr	Hoey	MD	Petroc & Ferts Busns	Accounts	It	Industrial Trainee	U
Mrs	May	CA	Petroc & Ferts Busns	Accounts	Business Admin	Accts Receiv Admin (Role 2)	U
Mrs	Styles	S	Petroc & Ferts Busns	Accounts	It	Industrial Trainee	U
	Vacancy		Petroc & Ferts Busns	Accounts	It	Industrial Trainee	U
Mr	Emerson	D	Petroc & Ferts Busns	Pip		Pip Limited Finance Mgr	39
Mr	Galbraith	JW	Petroc & Ferts Busns	Management		Teesside Sites She Mgr	39
Mr	Hughes	DL	Petroc & Ferts Busns	Accounts	It	Hydrocarbons IT Manager	37
Dr	Scott	WJ	P&F North Tees	Pip	Refinery	Pip Operations Mgr	37
Mr	Tonge	M	Petroc & Ferts Busns	Accounts	Business Admin	Fin Control	37
Mr	Leach	SJ	Information Systems	It Services		Teesside Site IT Infrastr Mgr	36
Dr	Taylor	JA	Petroc & Ferts Busns	Planning & Quality		Pchems Models Grp Leader	36
Mr	Wright	BL	Petroc & Ferts Busns	Industrial Products	Project Diamond	Bus Pro Des Pro Diamond	35
Mr	Mitchell	J	Petroc & Ferts Busns	Accounts	It	Business Analyst	34
Mrs	Short	S	Petroc & Ferts Busns	Accounts	It	Business Analyst	34
Mr	Lofthouse	M	Petroc & Ferts Busns	Accounts	It	Systems Analyst	33
Mr	Allday	M	Petroc & Ferts Busns	Accounts	It	Man applic Developer	32
Mr	Brown	TK	Petroc & Ferts Busns	Industrial Products	Project Diamond	Business Proc Mgr Reporting	32
Mrs	Jones	JS	Petroc & Ferts Busns	Industrial Products	Project Diamond	Asst Prod Mgr	32
Mrs	Read	P	Petroc & Ferts Busns	Accounts	It	Man applic Developer	32
Mr	Smith	A	Petroc & Ferts Busns	Industrial Products	Project Diamond	Business Process Mgr SD/MM	32
Mrs	Neate		Petroc & Ferts Busns	Secretarial		Personal Assistant	31
Mr	Johnstone	T	Petroc & Ferts Busns	Accounts	Business Admin	C&P Fincl Acctg Assist	31
Mrs	Raine	SL	Petroc & Ferts Busns	Industrial Products	Project Diamond	Proj Spprt Admin P Diano	30
Mrs	Bergdahl	PF	Tops Safety	Management		Audit Administrator	29
Mrs	Riordan	S	Petroc & Ferts Busns	Accounts	Business Admin	Accts Receiv Admin (Role 1)	29
Mrs	Smith	BE	Petroc & Ferts Busns	Accounts	Business Admin	Banking & Paying Administration	29
Mrs	Smith	L	Petroc & Ferts Busns	Olefins	Cfst	Senior Secretary/Supervisor	29

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Prefix	Surname	Initials	Dept Nm 3	Dept Nm 4	Dept Nm 5	Local Job	Grade
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Mr	Upton	CW	Petroc & Ferts Busns	Accounts	It	Small Sys Control	29
	29						

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2. The Excluded Employees

(a) Employees largely engaged in Sales Office activities.

POLYURETHANES:

EMPLOYEES OF NATIONAL SELLING COMPANIES

*Please note that numbers given below are approximate

France - ICI France SA - 7 employees

Hong Kong - ICI China Ltd. - 5 employees in Hong Kong.

Czech Republic - ICI Cz sro)
ICI International Limited - a number of branches in East Europe)
Slovakia - ICI Slovakia sro)12 employees
Poland - ICI Polska Sp.zo.o)
Hungary - ICI Hungary Kft)

Japan - ICI Japan Ltd. - 3 employees

Korea - ICI Korea Ltd - 4 employees

Malaysia - ICI (Malaysia) Holdings Sdn Bhd - 2 employees

Scandinavia - ICI Norden - 7 employees

Singapore - ICI (Singapore) Private Ltd. - 3 employees

TIOXIDE:

Employees of National Selling Companies

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COUNTRY	PRESENTATION	NOTES
<S>	<C>	<C>
ASIA		
Japan	ICI Japan (100% ICI owned)	2 X individuals wholly employed on matters Tioxide formally Tioxide Japan employees before that company was folded into ICI Japan Tioxide pick-up all costs. No contract.
South Korea	ICI Korea - Exclusive for Fibres grades	1 X individual 20% of his time. No contract.
Taiwan	ICI Dulux (100% ICI owned)	1 X individual wholly employed on matters Tioxide. Tioxide pick up all costs.
Hong Kong	ICI China (100% ICI owned)	2 X individuals wholly employed on matters Tioxide. Tioxide picks up all costs.
Thailand	National Starch (100% ICI owned)	3 X individuals wholly employed on matters Tioxide. Tioxide pick up all costs. 2 year termination. No existing contract but the parties continue to act on the basis of the contract with ICI 1996 (Thailand) Ltd.

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COUNTRY	PRESENTATION	NOTES
<S>	<C>	<C>
Vietnam	ICI Vietnam (100% ICI owned)	No contract.
India	IC India (51% ICI owned)	3 individuals wholly employed on matters Tioxide individuals wholly employed on matters Tioxide. Unsigned 10 year contract which, nonetheless, may have legitimacy under Indian law. Sole and exclusive. 41% overriding commission. Termination with 12 months notice from 4/2002 at the earliest.
Pakistan	ICI Pakistan (61% ICI owned)	No contract.
Sri Lanka	ICI Sri Lanka (40% ICI owned)	No contract.
MIDDLE EAST		
Saudia Arabia	ICI Saudi Arabia (40% ICI owned)	One year termination. Contract not available.
Israel	ICI Israel (100% ICI owned)	Individual 50% employee on matters Tioxide. 3 months termination. Contract not available.

</TABLE>

COUNTRY	PRESENTATION	NOTES
EASTERN EUROPE		
CIS	ICI (100% ICI owned)	1 X individual wholly employed and 1 x individual partly employed on matters Tioxide. 1 year termination. Managed through ICI Polyurethanes.
Czech Republic	ICI (100% ICI owned)	1 X individual wholly employed on matters Tioxide. 1 year termination. Managed through ICI Polyurethanes..
Hungary	ICI (100% ICI owned)	2 X individuals partly employed on matters Tioxide. 1 year termination. Managed through ICI Polyurethanes..
Poland	ICI (100% ICI owned)	2 X individuals partly employed on matters Tioxide. 1 year termination. Managed through ICI Polyurethanes..
Bulgaria	ICI (100% ICI owned)	2 X individuals partly employed on matters Tioxide. 1 year termination. Managed through ICI Polyurethanes
EUROPE		
Switzerland	ICI (Switzerland) AG (99.2% ICI owned)	Individual less than 50% employed on matters Tioxide. Contract due to end 6/99. Tioxide is considering extending for 3 months until it puts in place a German distributor.

(b) Relevant Petrochemicals Business Excluded Employees

ID	Prefix	Surname	Initials	Local Job	Grade	Cont. Type	Term Date
001187828	Mr	Baker	RA	Planner/modeller	34	M&P	
001176776	Mr	Bell	I	ICI Petrochemicals HR Dev Mngr	37	SNR	
001177497	Mr	Blackhall	NW	Business Engineering Mngr	38	SNR	
001186948	Mr	Booth	P	Olefines Production Mgr	40	SNR	Note: to be seconded to Huntsman ICI Petrochemicals (UK) Limited for 18 months
001241035	Mrs	Brettle	EH	Personal Assit/Snr Secretary	29	BAS	
001250153	Mr	Buenting	H	Aromatics Marketing Manager	36	OSC	
001177169	Mr	Butler	RM	Materials Manager	35	M&P	2000-03-31
000247714	Mr	Clayton	HD	Aromatics Outside Op	6	SA	1999-07-31
001187363	Dr	Comes	PL	Olefines Business Director	42	SNR	
001176615	Mrs	Cotterill	MT	Cashier Supervisor	30	BAS	
001250513	Mr	Cusworth	PM	Industrial Trainee	U	SSU	
001252020	Miss	De Jong	N	Industrial Trainee	U	SSU	1999-06-30

ID	Prefix	Surname	Initials	Local Job	Grade	Cont. Type	Term Date
001228441	Mrs	Denye	M	Mktg Prod Mgr	36	M&P	
000045574	Mr	Donaghue	CP	JVO6 Cold End Princ Tech	7	SA	
001119627	Mr	Gale	DT	P&f Business Process Mgr	37	SNR	1999-11-30

001210176	Miss	Gardner	DC	Busn Excellence Co-ordinator	30	BAS		
001156355	Mr	Gardner	M	CEO Petrochemicals	C8	EXEC		
000043548	Mr	Goodchild	RE	C/rm Senr Outside Op	6	SA	1999-07-31	
001227083	Mr	Harrison	SJ	Accountant	36	M&P		
001140696	Mrs	Jones	EV	Sales & Mktg Mgr Tsl	34	M&P	2000-03-31	
001119464	Dr	Lake	IJS	Senior Research Chemist	34	M&P		
001128398	Mr	Lawes	PJ	P&f Busn Technology Mngr	41	SNR	1999-09-30	
001217011	MS	Leonard	K	Financial Services Account	33	M&P		
001235790	Mrs	Maxfield	G	Personal Assistant	29	BAS		
001223061	Mrs	McMahon	S	Training Manager	33	M&P		
001096286	Dr	Moore	CA	Commercial Manager	38	SNR		
001156642	Mr	Otterbum	EW	P&f Tech Planning Mgr	35	M&P	2000-03-31	
001220003	Mr	Paton	NA	Diamond Project Manager	37	SNR		

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Cont.

ID	Prefix	Surname	Initials	Local Job	Grade	Type	Term Date
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
000255711	Mr	Paul	R	Area Contracts Coord	31	BAS	1999-07-09
001187764	Mrs	Pearson-Pratt	AM	Secretary	28	BAS	
001160341	Mr	Reynolds	JK	Busn Mngr Indust Chems	41	SNR	1999-07-31
001228636	Mr	Richardson	CA	JVO6 Allocation Sprt Mgr	31	BAS	
001144780	Mr	Shovlin	TA	Petrochems CFO	42	SNR	
001239234	Mrs	Smith	L	Senior Secretary/Supervisor	29	BAS	
000257467	Mr	Smith	J	Pipe Cover/lag	5	SA	1999-07-11
001218426	Mr	Smith	DN	Olefines Area Task Mgr	35	M&P	
001239522	Mr	Steinbach	GPW	Comm Mgr - Aromatics	39	OSC	Note: to be seconded to Huntsman ICI Petrochemicals (UK) Limited for 6 months
001125678	Mr	Stoney	JR	Methanol Business Director	41	SNR	
001157146	Mr	Taylor	GR	Joint Venture/develt Mgr	38	SNR	
001160902	Mr	Trotter	PM	HR Mgr Petroc&ferts Busn	39	SNR	
001160317	Miss	Watson	A	Financial Accountant	34	M&P	
001177172	Mr	Westlake	RP	Op Srvs Snr Prod Mgr	39	SNR	

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Cont.

ID	Prefix	Surnames	Initials	Local Job	Grade	Type	Term Date
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
001179109	Mr	White	JM	HR Director Petrochems	41	SNR	
001228219	Miss	Wigmore	AS	Accounting Support	29	BAS	
001157159	Mr	Williams	G	Measurement Tech	29	BAS	1999-07-31
001250514	Mr	Wood	EC	Industrial Trainee	U	SSU	

Total Employees 46

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SCHEDULE 20

I.T. SCHEDULE

1. INTERPRETATION

1.1 In this Schedule, and subject to paragraph 1.2 below, defined terms shall have the same meaning as those terms in clause 1 of this Agreement.

1.2 The following terms shall have the following meanings:

Business Owned Software means all software owned by ICI or its Retained Group and which is used exclusively or predominantly in the ICI Business in the 12 months prior to Closing including without limitation the Diamond Software (subject to paragraph 3.5 of this Schedule 20) but excluding:

(a) the Excluded Software;

(b) the Retained Software;

(c) the Functional Services Software; and

(d) for the avoidance of doubt, the Lotus Notes Database Rights;

Copied/Cloned System means any I.T. systems used by the ICI Business or any member of ICI's Retained Group which the parties agree require copying/cloning under paragraph 9.1.2 and Copy/Clone and Copying/Cloning shall be construed accordingly;

Diamond Software means so much of the Intellectual Property Rights as are owned by ICI or its Retained Group in the software comprised in the Petrochemicals SAP/R3 System known as Diamond;

Excluded Services means the I.T. transition services which the Purchaser agrees shall not be made available by ICI as set out in attachment 4;

Excluded Software means all software owned by ICI or its Retained Group as referred to in attachment 1 to this Schedule;

Functional Services Software means software owned by ICI or its Retained Group used by ICI staff to provide functional services to the ICI Business or software accessed by staff of the ICI Business to receive functional services to the ICI Business;

Licensed Back Software means Business Owned Software which is:

(a) used by ICI or its Retained Group during the 12 months prior to Closing; and

(b) reasonably required for the ongoing conduct of ICI or its Retained Group in substantially the manner operated during the 12 months prior to Closing;

ICI Network means the wide area and local area networks (including the ICI Lotus Notes Backbone service and the Shiva and Compuserve dial in services) of ICI and ICI's Retained Group;

Licensed ICI Owned Software means the Permanently Licensed ICI Owned Software together with the Temporarily Licensed ICI Owned Software;

ICI Retained Software means Licensed ICI Owned Software; the Excluded Software; the Retained Software; the Functional Services Software, the Lotus Notes Database Rights and the Diamond Software;

Lotus Notes Database Rights means all Intellectual Property Rights (if any) in the Lotus Notes Databases which are owned by ICI or members of ICI's Retained Group and which include data relating to the ICI Business but which are not used exclusively or predominantly by the ICI Business;

Permanently Licensed ICI Owned Software means the software owned by ICI or members of ICI's Retained Group which is used by the ICI Business in the 12 months prior to Closing and reasonably required for the ongoing conduct of the ICI Business in substantially the manner operated in the 12 months prior to Closing

but excluding:

(i) the Excluded Software;

(ii) the Retained Software;

(iii) the Functional Services Software;

Relevant Term Sheet means the term sheets which the parties shall agree shall apply to the provision of a Transitional Service in accordance with the provisions of paragraph 13;

Relevant Transitional Period means the duration for which each Transitional Service is provided in accordance with paragraph 15;

Retained Software means the following software owned by ICI or its Retained Group:

(a) Process Engineering Library;

(b) Engineering standards; and

(c) SHE standards;

(which, for the avoidance of doubt, may be licensed to the Purchaser by ICI on an arms' length commercial basis separate from and not the subject of this Schedule);

Temporarily Licensed ICI Owned Software means the software owned by ICI or members of ICI's Retained Group which is licensed to the Purchaser under the terms of paragraph 4.2 below;

Transitional Services means the I.T. transition services agreed to be made available by ICI to the Purchaser under paragraph 13.1 as set out in attachment 3 as may be amended by the parties pursuant to paragraph 13.3, or such Transitional Services as may be agreed to be made available by the Purchaser under paragraph 20;

TSA means the transitional I.T. services agreement to be agreed by the parties in accordance with paragraph 13 of this Schedule;

Zeneca means Zeneca Limited or any of its successors or assigns.

1.3 Except as expressly provided, all references to paragraphs and attachments in this Schedule shall refer to the paragraphs of and attachments to this Schedule.

1.4 In the event of any conflict in relation to the subject matter of this Schedule and other terms appearing in the remainder of this Agreement and the Ancillary Agreements, the terms of this Schedule shall prevail.

2. INTRODUCTION

2.1 This document defines:

2.1.1 the general principles both parties will adhere to in relation to separation and transition arrangements;

2.1.2 the principles agreed by the parties concerning the transfer of Intellectual Property Rights in Business Owned Software and the license to the ICI Business of Intellectual Property Rights in certain Licensed ICI Owned Software; and

2.1.3 the general conditions which will be incorporated into the TSA to be agreed by the parties by the date of Closing.

2.2 In defining and carrying out their obligations under paragraphs 3 to 20 of this Schedule, the objectives of the parties are:

2.2.1 to achieve a satisfactory and prompt separation of I.T. systems and services used by the ICI Business from the I.T. systems and services used by ICI and its Retained Group;

2.2.2 to ensure the continuity of the I.T. services supplied to the ICI Business during a limited period; and

2.2.3 to ensure that there is no adverse impact on the I.T. operations of ICI and its Retained Group due to separation.

3. Assignment of Rights in Business Owned Software

3.1 Subject always to Zeneca's consents where necessary, the Intellectual Property Rights in all Business Owned Software shall be assigned from ICI to the Purchaser in accordance with this Agreement.

3.2 In the event that it is discovered at any time after Closing that ICI or any member of its Retained Group owns any Business Owned Software which was owned by such member as at Closing and which is exclusively or predominantly used in the ICI Business, ICI hereby undertakes to assign or procure the assignment of such software as soon as reasonably practicable to the Purchaser or its nominee.

3.3 In the event that it is discovered at any time after Closing that any member of the Purchaser's Group owns any Intellectual Property Rights in ICI

Retained Software which are owned by such member immediately after Closing and which were assigned to it pursuant to this Agreement and which either:

(a) were not exclusively or predominantly used by the ICI Business; or

(b) are not licensed to the Purchaser pursuant to this Schedule,

the Purchaser hereby undertakes to assign or procure the assignment of such rights as soon as reasonably practicable to ICI or its nominee.

3.4 For the purposes of this clause 3 the determination of whether Business Owned Software or Intellectual Property Rights in ICI Retained Software are exclusively or predominantly used in the ICI Business is to be made in

accordance with the state of the ICI Business in the 12 months prior to Closing.

3.5 In the event that the Olefins Manufacturing Business is a Delayed Business, the Diamond Software shall be deemed to constitute Permanently Licensed ICI Owned Software and shall be excluded from the definition of Business Owned Software, but only until the Delayed Closing of the Olefins Manufacturing Business whereupon the Diamond Software will become part of the Business Owned Software and shall be assigned from ICI to the Purchaser in accordance with this Agreement.

4. LICENCES OF LION OWNED SOFTWARE

4.1 Subject always to Zeneca's consents where necessary, ICI hereby grants, and shall procure that such relevant member of its Retained Group shall grant, to the Purchaser and the Purchaser's Group a perpetual, royalty free, worldwide, non-exclusive licence to use the Permanently Licensed ICI Owned Software in the business of the Purchaser and the Purchaser's Group.

4.2 In relation to the Temporarily Licensed ICI Owned Software where Transitional Services are agreed to be supplied under paragraphs 13 to 19 below, then, subject always to Zeneca's consents where necessary, ICI shall grant and shall procure that each relevant member of its Retained Group shall grant, to the Purchaser a licence of such software as shall be owned by ICI or its Retained Group which is necessary for the Purchaser to receive the benefit of a Transitional Service for the duration of that Transitional Service.

5. LICENSED BACK SOFTWARE

5.1 The Purchaser hereby grants to ICI and its Retained Group a perpetual, royalty free, worldwide, non-exclusive licence of the Licensed Back Software for use in the business of ICI and ICI's Retained Group.

6. LOTUS NOTES DATABASE RIGHTS

6.1 ICI hereby grants and shall procure that each relevant member of its Retained Group shall grant, so far as they are able, a perpetual, royalty free, world-wide, non-exclusive licence to use the Lotus Notes Database Rights in the ICI Business.

6.2 ICI reserves the right to delete or remove any data held on such databases which it considers sensitive and does not relate to the ICI Business.

7. LION EXCLUDED SOFTWARE

7.1 The parties agree that, save for any Temporarily Licensed ICI Owned Software licensed to the Purchaser under paragraph 4.2 above, nothing in this Agreement or any of the Ancillary Agreements shall require ICI or any member of its Retained Group to assign, license or otherwise transfer to the Purchaser any rights in the Excluded Software.

8. LICENCE OF PURCHASER SOFTWARE

8.1 Where Transitional Services are agreed to be supplied by the Purchaser under paragraph 20 below, the Purchaser shall grant, and shall procure the grant by each relevant member of its Group, to the service recipient of a licence of such software as shall be owned by the Purchaser or any member of the Purchaser's Group which is necessary for the service recipient to receive the benefit of each such Transitional Service for the duration of that Transitional Service.

9. SEPARATION PROJECT MANAGEMENT

9.1 Immediately on signing this Agreement the parties shall work together to establish an appropriate separation project team and process to achieve timely separation of I.T. systems, networks and services. In particular the parties shall immediately effect:

9.1.1 a joint investigation of the network infrastructure presently used by the ICI Business and any possible alternatives; and

9.1.2 a joint investigation of the I.T. systems used by the ICI Business and/or members of ICI's Retained Group which may require Copying/Cloning;

9.1.3 in conducting the above investigation, close liaison will be maintained with the other teams working on separation issues, in particular, but without limitation, those working on national selling companies, HR and payroll services, financial management and research and technology to ensure that any I.T. separation issues arising from the separation decisions made in other functional areas are addressed; and

9.1.4 the parties shall in accordance with paragraphs 10.1 and 10.2 and in good faith mutually agree (such agreement not to be unreasonably withheld or delayed) and implement a separation plan and timetable for the migration off of the ICI Networks and the shared local I.T. systems and equipment.

9.2 During the separation the parties shall liaise in relation to Year 2000 testing and remediation work and share Year 2000 status reports in so far as they relate to the ICI Business.

10. SEPARATION FROM LION NETWORKS

10.1 The Purchaser will use its reasonable endeavours to migrate off the ICI Networks by 60 days after Closing.

10.2 If the parties agree that the Purchaser shall remain on the ICI Networks beyond the date referred to in paragraph 10.1 then both parties will use their reasonable endeavours to achieve separation as quickly as practicable and, in any event, within 3 months of Closing save where this would require separation to occur during a period determined by ICI as being millennium sensitive in which such case the parties agree that such separation shall to await the end of such period.

10.3 ICI shall ensure all transferring Lotus Notes accounts are moved to dedicated servers where such accounts do not reside on servers which are transferring to the Purchaser.

10.4 During any period in which the Purchaser remains connected to the ICI Networks:

10.4.1 current network services shall continue to be made available;

10.4.2 ICI, HSCC and the Purchaser shall work together to establish mutually beneficial and secure communication links as appropriate to their evolving business relationships;

10.4.3 the Purchaser shall not establish any connection to any other company except via a ICI approved firewall; and

10.4.4 the Purchaser shall comply with ICI I.T. Security standards (see attachment 2 to this Schedule).

10.5 Once network separation is completed, ICI shall ensure provision of necessary firewalls and gateways to enable temporary access to any ICI systems provided under the TSA. The Purchaser shall pay the associated costs as a Transitional Service charge.

11. SHARED LOCAL EQUIPMENT

11.1 Subject to necessary consents, Copied/Cloned Systems shall be provided by ICI to the Purchaser on Closing.

11.2 If a Copied/Cloned System cannot be made available to the Purchaser by Closing then ICI shall use its reasonable endeavours to ensure a Copied/Cloned System is made available to the Purchaser as quickly as possible after Closing.

11.3 If within 3 months after Closing the Purchaser can demonstrate to the reasonable satisfaction of ICI that a Copied/Cloned System was used during the 3 months before Closing and is required by the Purchaser to continue the operations of the Business as operated by ICI immediately prior to Closing then ICI will, subject to obtaining necessary consents, use its reasonable endeavours to provide such Copied/Cloned System.

11.4 The Purchaser shall be responsible for the use of, the support and the ongoing development of any Copied/Cloned System.

12. SEPARATION COSTS

12.1 ICI shall pay all of the following costs associated with the separation:

12.1.1 making ready/suitable for transfer any I.T. systems/services which are not so and for which it is agreed this is a practical solution e.g. Copying/Cloning; and

12.1.2 achieving separation tasks e.g. separation from ICI's Network, managing exit from non-transferring I.T. systems, and managing impact on ICI's Retained Group.

12.2 The Purchaser shall pay all of the following costs associated with the

separation:

12.2.1 taking and modifying I.T. systems/services transferred from ICI so that they meet the Purchaser's requirements;

12.2.2 changing the Purchaser's I.T. systems/services to assimilate new business, or creating any new I.T. systems/services needed e.g. network services;

12.2.3 where the ICI Business is continuing to benefit from and is currently paying or has agreed to pay an agreed share of millennium project costs associated with a transferred system, costs on the same basis until the millennium project is completed; and

12.2.4 the charges for using ICI's Networks between Closing and separation at the same charging rates as charged to other members of ICI's Retained Group.

12.3 The parties shall bear their own costs of discharging their respective obligations under paragraphs 9 and 10 above.

13. TRANSITIONAL SERVICES

13.1 So far as ICI is able and subject to any third party consents which may be required, ICI shall make available to Purchaser the Transitional Services and to that end the parties shall use their reasonable endeavours to agree (such agreement not to be unreasonably withheld or delayed) before Closing a TSA and Relevant Term Sheets to be attached to the TSA on the basis set out below.

13.2 Unless provided under paragraph 13.5 below, the Excluded Services shall not be made available to the Purchaser.

13.3 If the Purchaser can demonstrate that the ICI Business requires:

13.3.1 an I.T. service not currently included as a Transitional Service which was provided by ICI or a member of ICI's Retained Group to the ICI Business immediately before Closing; and

13.3.2 that service is reasonably required by the Purchaser to continue the operation of the Business as operated by ICI prior to Closing; then

the parties shall in good faith use their reasonable endeavours to agree term sheets for the provision of such service (such agreement not to be unreasonably withheld or delayed) in which case such service will be deemed to be a Transitional Service. For the avoidance of doubt this paragraph 13.3 shall not apply to Excluded Services.

13.4 ICI shall provide and the Purchaser shall purchase the agreed Transitional Services for the Relevant Transitional Period.

13.5 If at Closing, the Purchaser, despite having used its reasonable endeavours to do so, is unable to put in place alternatives to the Excluded Services and such Excluded Services are required to avoid substantial disruption to the ICI Business then ICI will use its reasonable endeavours to continue to provide such Excluded Services to the Purchaser for a maximum of 3 months after Closing.

13.6 The parties have agreed that the Polyurethanes Business should not continue with its previous planned implementation of the standard support environment service from IBM negotiated under Project Quantum pending further discussions between the parties after signing and before Closing. It has also been agreed that the Polyurethanes Business should continue its

planned implementation of its standard operating environment under Project Quantum. Subject to agreeing a Relevant Term Sheet for the provision of such a Transitional Service, ICI is prepared to provide the standard support environment service to the Purchaser on a transitional basis.

14. CHARGES AND PAYMENT FOR TRANSITIONAL SERVICES

14.1 The charge made by ICI for each Transitional Service will be set out in the Relevant Term Sheet and shall be calculated in accordance with the following principles:

14.1.1 on the same basis as those made by ICI or a member of ICI's Retained Group to the ICI Business for that service; or, where explicit charges are not being made at the time of Closing, the actual cost to ICI of providing the service (or procuring a third party to provide all or part of that service) together with a reasonable and proportionate amount of its overheads in so doing; plus

14.1.2 where the ICI Business is currently paying or has agreed to pay an agreed share of millennium project costs associated with that service, those costs on the same basis until the millennium project is completed; and

14.1.3 termination costs incurred by ICI for early exit as set out in the relevant term sheets.

14.2 Charges shall be subject to increase or decrease as the case may be if:

14.2.1 associated costs change (including third party supplier costs); or

14.2.2 for any quarter, the volume usage of a Transitional Service by the ICI Business increases or decreases by 10% or more over the volume usage of that Transitional Service by the ICI Business in the previous quarter.

15. DURATION OF TRANSITIONAL SERVICES

15.1 The Relevant Transitional Period will be set out in the Relevant Term Sheet. The parties agree that:

15.1.1 subject always to paragraph 15.1.2 below, no Relevant Term Sheet shall have a duration in excess of 18 months beyond Closing unless and to the extent that a Transitional Service is necessary to deliver to the Purchaser a service for a greater period and that Transitional Service is a service which the Purchaser cannot reasonably be expected to obtain from another source; and

15.1.2 no term sheet shall require ICI to supply any Transitional Services which are dependent upon a third party supplier contract or third party licences beyond the expiry date of such third party supplier contract or third party licences; and

15.1.3 the parties will use reasonable endeavours to minimise the agreed duration of Transitional Services.

15.2 Three months written notice of early termination is required unless stated otherwise in Relevant Term Sheets.

15.3 Upon the expiry of a Transitional Service, ICI will provide reasonable assistance to the Purchaser in liaising with current third party suppliers with a view to establishing an ongoing direct service, but otherwise shall have no obligation to provide or broker such on-going I.T. services.

15.4 In agreeing a Relevant Term Sheet, ICI may include an indication of whether or not ICI would (so far as it is then able and subject to any third party consents which may be required) be prepared to either renew the Relevant Term Sheet for that Transitional Service or grant to the Purchaser a licence of the I.T. systems used to deliver that Transitional Service, in both cases on terms to be agreed by the parties before the expiry of the Relevant Term Sheet.

16. LIMITATIONS TO TRANSITIONAL SERVICES

16.1 Information/I.T. security is paramount and must not be compromised by or for either party. Where security of ICI data cannot be adequately protected if the Purchaser has direct access to a given I.T. system, then that I.T. system will only be used indirectly through ICI staff or in accordance with other arrangements agreed by ICI.

16.2 ICI will not be required to (a) modify or (b) extend the system life of existing I.T. shared systems to meet the Purchaser's needs, other than in circumstances in which Purchaser's business is at risk. The Purchaser would bear the full cost for such modified/extended service.

16.3 To the extent that the Purchaser receives ICI site-based I.T. services, it will comply with I.T. site infrastructure 'rules', and appoint a contact responsible for compliance with these rules.

17. THIRD PARTY CONSENTS

17.1 ICI shall be responsible for obtaining any third party consents necessary for the provision of the Transitional Services which it may agree to

provide to the Purchaser in accordance with the provisions of the TSA. The reasonable costs associated with obtaining such consents shall be deemed included in the charges made by ICI to the Purchaser for the Transitional Services.

17.2 ICI shall use its reasonable endeavours to obtain any consents necessary from Zeneca to give effect to the provisions of this Schedule.

18. CHANGE CONTROL

Unless mutually agreed, no modifications will be made to ICI I.T. systems or services on behalf of the Purchaser during the Relevant Transition Period. ICI reserves the right to modify the systems for its own purposes during this time, provided always that such modifications shall not adversely affect the Transitional Services provided.

19. END OF TRANSITIONAL SERVICES

19.1. Subject to any exit charges specified in the Relevant Term Sheet, if, during the Relevant Transition Period, the Purchaser (at its discretion) contracts directly for a Transitional Service with any sub-contractor ICI uses to supply that service, the Transitional Service shall cease on written notice of such circumstances.

19.2. Where requested by the Purchaser, and subject to agreement by ICI (not to be unreasonably withheld or delayed), ICI will provide assistance to the Purchaser with its migration away from ICI systems and services at the end of the Relevant Transition Period. The Purchaser shall be responsible for project managing such work. This work will be covered by a migration support service term sheet and will be charged on a time and materials basis.

20. TRANSITIONAL SERVICES FROM THE PURCHASER

20.1 Paragraphs 13 to 19 above relate to Transitional Services to be provided by ICI to the Purchaser for a transitional period after Closing. The parties agree that transitional I.T. services required from the Purchaser to ICI will be provided on the same basis.

21. WARRANTY AND THE YEAR 2000

21.1 ICI will warrant in the TSA to be agreed that it will provide the Transitional Services with reasonable skill and care, to the same standard as it provides comparable services to other members of the ICI group from time to time, using suitably qualified staff.

21.2 ICI does not and will not warrant that the Transitional Services will be accurate, uninterrupted, operable, or not adversely affected by any date occurring before, after or during the Year 2000.

21.3 Subject to paragraph 21.1 above, ICI shall have no liability for any inaccuracies, interruptions, inoperation or other affect caused by any date occurring before, during or after the year 2000.

21.4 The Purchaser shall acknowledge when entering into the TSA that it has not relied on any warranty, representation or undertaking given by ICI other than those expressly set out in the TSA and in this Agreement.

22. FURTHER TERMS FOR TRANSITIONAL SERVICES

22. The parties agree that the terms of the TSA shall expressly include terms substantially in the same form mutatis mutandis, as the clauses included in attachment 5 to this Schedule save where:

(a) those terms cannot rationally be applied in the context of an agreement for the provision of service; and

(b) additional terms or amended terms would be normal in the context of the supply of such Transitional Services; or

(c) the parties expressly agree otherwise.

23. DISPUTES

23.1 In agreeing and implementing the terms of the TSA and any Relevant Term Sheet the parties shall, and shall procure that the members of their respective Retained Groups shall, act in such a way so that the recipient of any Transitional Service shall be treated fairly and equitably in comparison with any other members of the providers own Group who may receive the same service.

23.2 If, having used their reasonable endeavours and in good faith the parties fail to agree:

23.2.1 the separation plan and timetable referred to in paragraph 9.1.4;

23.2.2 the terms of the TSA in accordance with paragraph 13.1;

23.2.3 the terms of any Relevant Term Sheet in accordance with paragraphs 13, 14, 15 and 16; or

23.2.4 whether under paragraph 13.3 a service is required to be provided as a Transitional Service

then the parties agree that such dispute shall constitute a Disputed Matter for the purposes of clauses 15.9 to 15.12 of this Agreement and such dispute shall be resolved having regard to the principles set out in this Schedule.

ATTACHMENT I

EXCLUDED SOFTWARE

EXCLUDED SOFTWARE

1. CAS/AU - Financial Management and Accounting Systems
2. Creditors Analysis - Creditor Analysis System
3. C&P Accounts - C&P Accounts System
4. Tax Reporting - Tax Reporting System
5. Merlin - Engineering Maintenance
6. NEWPS - Engineering Purchasing
7. PCMS - Project Cost Monitoring
8. Premium - Trip/Alarm Test Scheduling
9. IDSS (aka IQF) - Management Reporting from mainframe systems
10. CABS - Cash and Bank System
11. ICARUS - IT Supplier Charging System
12. SAP - Rozenburg - Rozenburg Engineering Purchasing System
13. Checkov - Annual Assurance System

LION'S I.T. SECURITY STANDARDS

TRANSITIONAL SERVICES

TRANSITIONAL SERVICES

Part A : Services from ICI to the Purchaser
- ----------

Polyurethanes
Quantum - IBM Global Desktop Service
Ibiza - IBM Local Infrastructure Services
Merlin - Engineering Maintenance System
NEWPS - Engineering Purchasing System
SAP/R2 - Rozenburg - Rozenburg Engineering Purchasing System

Relevant Petrochemicals
IDSS (aka as IQF) - Management Reporting System
Merlin - Engineering Maintenance System
NEWPS - Engineering Purchasing System
PCMS - Project Cost Monitoring
Premium - Trip/Alarm Test Scheduling System
RSS - Remote VAX System Support Service
Peoplesoft - HR System
Ibiza - IBM Local Infrastructure Services

Tioxide

None

Together with all such other I.T. Transitional Services which the parties shall agree are to be supplied as Transitional Services from time to time under paragraph 13.3

Part B :Services from the Purchaser to ICI
- ----------

To be agreed.

PROJECT ALTA

I.T. SCHEDULE 20

ATTACHMENT 4

EXCLUDED SERVICES

EXCLUDED SERVICES

CAS/AU	- Financial Management and Accounting Systems *
C&P Accounts	- C&P Accounts System
Tax Reporting	- Tax reporting System
CABS	- Cash and Bank System
ICARUS	- IT Supplier Charging System
Networks	- ICI's WANs and LANs
OMNI	- ICI's Lotus Notes Backbone service
Compuserve	- Dial-in service
Shiva	- Dial-in service
Checkov	- Annual Assurance System
European VAT Reporting	- European VAT Reporting System
VAT registrations	- Creation and management of VAT registrations
Bank Interfaces	- Creation and management of bank interfaces
ICI Business Systems	- Transitional services will not be offered in respect of IT systems transferred to the Purchaser because such systems are used exclusively or predominantly by a ICI Business

*These systems are not available to be accessed and used by ICI Business staff as a Transitional Service. They will however be used to route data between SAP R/3 and Merlin, NEWPS or PeopleSoft for as long as these latter three systems are being provided as a Transitional Service to the Relevant Petrochemicals Business by ICI.

PROJECT ALTA

I.T. SCHEDULE 20

ATTACHMENT 5

1. SUB-CONTRACTING

(1) For the avoidance of doubt, the Supplier may appoint sub-contractors to supply the Services provided that:

(a) the Services shall be supplied in accordance with the provisions of this agreement (including the relevant attachments hereto);

(b) the Supplier shall remain primarily liable for the provision of such Services (to the extent that it is so liable under the terms and conditions of this agreement); and

(c) no new sub-contractors who are required to work on or use assets belonging to Service Recipient shall be appointed by the Supplier without the prior written consent of Service Recipient (not to be unreasonably withheld or delayed).

2. TERMINATION

(1) If either party shall have a receiver or administrator appointed, or shall pass a resolution for winding-up (other than a winding-up for the purpose of, or in connection with, any solvent amalgamation or reconstruction) or a court shall make an order to that effect, or if a party shall enter into any composition or arrangement with its creditors (other than relating to a solvent restructuring) or shall cease to carry on business, then the other party may, without prejudice to its other rights, terminate this agreement forthwith by written notice unless it is reasonably satisfied that the party affected is able to continue and will continue to perform its obligations under this agreement in full.

(2) If either party (the Breaching Party) is in wilful breach of this agreement, the other party (the Non-Breaching Party) shall be entitled to serve written notice on the Breaching Party notifying the Breaching Party that it

intends to terminate this agreement. If the Breaching Party remains in the wilful breach of this agreement 30 days or more after the service of that notice, then the Non-Breaching Party may serve a further notice immediately terminating this agreement.

(3) Any waiver by either party of a breach of any provision of this agreement shall not be considered to be a waiver of any subsequent breach of the same or any other provision hereof.

(4) The right to terminate this agreement contained in this clause 2 shall not prejudice any other right or remedy of either party in respect of any breaches of this agreement.

3. VAT AND SALES TAXES

(1) Unless otherwise provided, the price of each Service as set forth in the relevant Schedule, shall not include any Value Added Tax (VAT) or other applicable sales tax or duty, which (if applicable) shall be added to such price in question (or any adjustment to that price) and shall be paid by Service Recipient to the Supplier and in the case of VAT the Supplier shall issue to the Service Recipient a proper VAT invoice in respect thereof.

4. LIABILITY

(1) Nothing in this agreement shall exclude or limit the liability of the Supplier or Service Recipient or their affiliates or representatives for:

(a) death or personal injury resulting from the negligence as defined in the Unfair Contract Terms Act 1977; or

(b) fraud or any other matter if and to the extent that, under English law, liability for it cannot be excluded, restricted or limited as against Service Recipient or the Supplier or their affiliates or representatives in the context of this agreement.

(2) Except in the case of wilful breach of this agreement, in no event shall a party be liable for loss of profits, loss of margin, loss of use, loss of contract, loss of goodwill or any indirect or consequential losses of any nature whatsoever, whether or not caused by or resulting from the negligence of such party or a breach of its statutory duties or a breach of its obligations howsoever caused.

(3) Except in the case of wilful breach of this agreement, the aggregate amount of any claims of any kind, whether as to a Service provided or for the non-provision of any Service, and whether or not based on negligence or other tortious act or omission for a Relevant Transitional Period shall not be greater in amount than the price of the relevant Service for that Relevant Transitional Period (or 12 months if shorter) and failure to give notice of claim within 90 days from the date on which the Service was provided, or should have been provided shall constitute a waiver by the Service Recipient of all claims in respect of such Services.

(4) Service Recipient and Supplier (as the case may be) shall use all reasonable endeavours to mitigate the loss and damage (if any) incurred by it as a result of any breach by the other party of that other party's obligations under this Agreement.

(5) Neither party shall owe or incur any liability whatsoever to the other party under this agreement (howsoever arising, whether in contract or in tort, including negligence or otherwise), except in respect of breach of any obligation, warranty or covenant contained in this agreement, subject to the limitations expressly provided for in this agreement.

(6) Service Recipient acknowledges that this clause is fair and reasonable and is reflected in the price for each Service. Service Recipient shall insure and/or accept risk accordingly.

(7) Each of the restrictions in each paragraph or subclause above shall be enforceable independently of each of the others and its validity shall not be affected if any of the others is invalid. If any of those restrictions is void but would be valid if some part of the restrictions were deleted, the restriction in question shall apply with such modification as may be necessary to make it valid.

5. FORCE MAJEURE

(1) The party affected shall be excused performance of its obligations under or pursuant to this agreement if, and to the extent that, performance of such obligations is delayed, hindered or prevented by Force Majeure.

(2) In the event of Force Majeure affecting the ability of the Supplier to provide a Service hereunder, for the period of such Force Majeure the Supplier shall be relieved of its obligations to provide such Service and Service Recipient shall be relieved of its obligations to purchase such Service and Service Recipient shall accordingly be reimbursed (where payment has already been made) for the period during which the Service was not provided. To the

extent permitted by its legal obligations, Service Recipient shall, upon prior written notice to the Supplier of such intention, have the right to purchase the Service elsewhere at its own risk and cost, as may be necessary to cover its requirements during the Force Majeure. The Supplier shall co-operate with Service Recipient's efforts to obtain such substitute third party supply of Services, including allowing a responsible third party reasonable access to that Supplier's facilities for provision of such Service.

(3) If a party is prevented in whole or in part from performing its obligations by reason of Force Majeure or is aware of the likelihood of being so prevented, it shall notify the other party in writing immediately of the cause and extent of such non-performance or likely non-performance, the date or likely date of commencement thereof and the means proposed to be adopted to remedy or abate the Force Majeure; and the parties shall without prejudice to the other provisions of this clause 5 consult with a view to taking

such steps as may be appropriate to mitigate the effects of such Force Majeure on both parties.

(4) The party prevented from performing its obligations under this agreement by reason of Force Majeure shall:

(a) use all reasonable endeavours to remedy or abate the Force Majeure as expeditiously as possible; however, for the avoidance of doubt, nothing in this clause 5 shall require the Supplier to purchase any Service from third parties for resale to Service Recipient or shall require either party to make good any shortfall in supply of Services due to the period of Force Majeure after the end of the Force Majeure period or shall require either party to settle or compromise any strike or labour dispute;

(b) keep the other party regularly informed during the period of Force Majeure as to when resumption of performance shall, or is likely to, occur;

(c) notify the other party when the Force Majeure has ceased or the circumstances have changed to an extent which permits resumption of performance to occur; and

(d) resume performance as expeditiously as possible after the end of the period of Force Majeure or the circumstances have changed to an extent which permits resumption of such performance.

(5) Subject to any practical, logistical or physical limitation and without prejudice to Service Recipient's rights under this agreement, if for any reason, the resources available to the Supplier to provide any Service shall be insufficient to satisfy the Supplier's requirements and those of its affiliates and the Supplier's arrangements for the provision of that Service to third parties (including Service Recipient) existing prior to the cause of the insufficiency, then for so long as such insufficiency shall continue, the Supplier shall apportion a fair and equitable manner the actual resources available for the provision of the Service.

SCHEDULE 21

DEFINITION OF POLYURETHANES BUSINESS

In this Agreement, Polyurethanes Business means:

(A) Development, manufacture (including for the avoidance of doubt manufacture through toll manufacturing arrangements), distribution, marketing and sale of (and the provision of related technical support services in respect of):

(i) nitrobenzene

(ii) aniline and its derivatives cyclohexylamine and dicyclohexylamine

(iii) nitric acid, dinitrotoluene and toluene diamine

(iv) diphenyl methane diisocyanate (MDI), its oligomers and isomers

(v) prepolymers of MDI and of its oligomers and isomers

(vi) toluenediisocyanate (TDI), its isomers and prepolymers

(vii) mixtures of any combination of (iv) to (vi) above

(viii) thermoplastic polyurethanes

(ix) Polyurethanes Polyols as defined below

(x) co-products and by-products in so far as they are made in the course of manufacturing the above

and

(B) Blending of systems comprising any combination of (A)(iv) to (ix) and, optionally, together with other ingredients such as polyols (other than

Polyurethanes Polyols) and additives as carried out at the following sites: Shepton Mallet, Rozenburg, Deggendorf, Ternate, Everberg, Sumuttrakarn Bangpu, Yin County Taoyuan, Shanghai Minhang, Guanzhou, West Deptford, Sterling Heights, Geismar, Peel Mississauga and Cartagena, and such other of the Properties as are described in Schedule 17 under the heading Polyurethanes Business at which such blending of systems may be carried out, but not at any other of ICI's operating sites. For the avoidance of doubt, blending activities carried out by or on behalf of ICI's retained Paints or

Uniqema businesses at Everberg, Sumuttrakarn Bangpu and Guanzhou are not included in this definition

and

(C) Development, distribution, marketing and sale of (and the provision of related technical support services in respect of) such blended systems referred to in (B) above

and

(D) Licensing of technology associated with the manufacture of (A)(i) to (x) above and the blending referred to in (B) above

and

(E) Rendering of brokerage and intermediary trading and purchase for resale of the products listed in A(i) to (x) above

all in each case as presently conducted by the Companies and Business Vendors.

Polyurethanes Polyols means:

(i) flexible polyether polyols which are hydroxyl-terminated polyethers made by the addition of propylene oxide or propylene oxide and ethylene oxide on one or more initiators selected from glycerol, trimethylolpropane, diethylene glycol, dipropylene glycol and poly propylene glycols having equivalent molecular weights in excess of 2000

(ii) rigid polyether polyols which are hydroxyl-terminated polyethers made by the addition of propylene oxide or propylene oxide and ethylene oxide on one or more initiators selected from water, maleic anhydride, bisphenol A, ethylene glycol, diethylene glycol, glycerol, trimethylolpropane, pentaerythritol, sorbitol, sucrose, triethanolamine, toluene diamine, ethylene diamine, diaminodiphenylmethane and diethylene triamine

(iii)polyester polyols which are saturated polyesters with terminal hydroxyl groups selected from poly (ethylene tetramethylene adipate) and polyesters formed by the condensation reaction between one or more glycols selected from glycerol, diethylene glycol, butane diol, trimethylolpropane, caprolactone monomer, castor oil and monoethylene glycol and one or more carboxylic acids selected from

adipic acid, glutaric acid, succinic acid, dimethyl terephthalate and phthalic acid.

Polyurethanes Polyols presently sold or under development includes

<TABLE>
<S> <C> <C>
DALTOCEL AH 00500 DALTOLAC 80 DALTOREZ 1220
DALTOCEL B 110 DALTOLAC C 4 DALTOREZ 1320
DALTOCEL F 1606 DALTOLAC C 5 DALTOREZ 1520
DALTOCEL F 416 DALTOLAC D 40 DALTOREZ 1620
DALTOCEL F 417 DALTOLAC D 90 DALTOREZ 2360 A
DALTOCEL F 422 DALTOLAC DP531 DALTOREZ EA-20
DALTOCEL F 426 DALTOLAC P 120 DALTOREZ P 708
DALTOCEL F 428 DALTOLAC P 130 DALTOREZ P 716
DALTOCEL F 430 DALTOLAC P 140 DALTOREZ P 720
DALTOCEL F 432 DALTOLAC P 160 DALTOREZ P 723
DALTOCEL F 435 DALTOLAC P 170 DALTOREZ P 725
DALTOCEL F 436 DALTOLAC P 180 DALTOREZ P 726
DALTOCEL F 438 DALTOLAC P 190 DALTOREZ P 727
DALTOCEL F 442 DALTOLAC P 200 DALTOREZ P 732
DALTOCEL F 443 DALTOLAC P 210 DALTOREZ P 751
DALTOCEL F 448 DALTOLAC P 220 DALTOREZ P 765
DALTOCEL F 452 DALTOLAC P 230 DALTOREZ P 774
DALTOCEL F 455 DALTOLAC P 240 DALTOREZ P 775
DALTOCEL F 456 DALTOLAC P 260 DALTOREZ P 776
DALTOCEL F 457 DALTOLAC R 005 DALTOREZ P 778
DALTOCEL F 459 DALTOLAC R 018 DALTOREZ P 779
DALTOCEL F 460 DALTOLAC R 040 DALTOREZ P 875
DALTOCEL F 463 DALTOLAC R 090 DALTOREZ SF
DALTOCEL F 4801 DALTOLAC R 104 DALTOREZ TA-20
DALTOCEL F 481 DALTOLAC R 105 DALTOREZ TF
DALTOCEL F 488 DALTOLAC R 124 PBA 5075 A

DALTOCEL F 489 DALTOLAC R 130 PBA 5127
DALTOCEL F 516 DALTOLAC R 140 PBA 5408
DALTOCEL F 517 DALTOLAC R 144 SORANE P 125
DALTOCEL F 525 DALTOLAC R 145 SORANE P 132
DALTOCEL F 526 DALTOLAC R 151 SORANE P 176
DALTOCEL F 532 DALTOLAC R 159 SORANE P 179 S
DALTOCEL F 540 DALTOLAC R 160 SORANE PD 65
DALTOCEL F 548 DALTOLAC R 170 DALTOLAC P 710
DALTOCEL F 634 DALTOLAC R 180 DALTOLAC P 744
DALTOCEL F 660 DALTOLAC R 190 DALTOLAC P 767
DALTOCEL F 681 DALTOLAC R 200 H 76798
DALTOCEL T 112 DALTOLAC R 210 PBA 5044A
DALTOCEL T 160 DALTOLAC R 230 PBA 5513
DALTOCEL T 48 35 DALTOLAC R 240 DALTOLAC P 510
DALTOCEL T 56 DALTOLAC R 260 RUBINOL R 744
PBA 7516 DALTOLAC R 304 RUBINOL R 805
PBA 7517 DALTOLAC R 352
DALTOCEL F 2805 DALTOLAC SW
DALTOCEL F 3001 H 88025
DALTOCEL T 32/75 PBA 3040
</TABLE>

<TABLE>
<S> <C>
DALTOCEL F 3507 PBA 5051-1
DALTOCEL F 3601 PBA 5059
DALTOCEL PA 38 PBA 5059-1
DALTOCEL F 4803 PBA 5144
DALTOCEL F 5204 PBA 5786
DALTOCEL F 5502 UROPOL G 1652
DALTOCEL B 56 UROPOL G 790
PBA 1657 UROPOL TG 542
PBA 5159 RUBINOL R 015
PBA 5160 RUBINOL R 128
PBA 5181 RUBINOL R 140
PBA 5160 RUBINOL R 146
DALTOCEL T 32/75S RUBINOL R 162
PBA 5151 RUBINOL R 180
LUBROL FSA RUBINOL R 241
PBA 5130 RUBINOL R 242
RUBINOL F 428 RUBINOL R 243
RUBINOL F 436 RUBINOL R 244
RUBINOL F 443 RUBINOL R 245
RUBINOL F 455 RUBINOL R 246
RUBINOL F 456 RUBINOL R 247
RUBINOL F 460 RUBINOL R 260
RUBINOL F 517 RUBINOL XR 005
RUBINOL F 995 RUBINOL XR 102
RUBINOL XF 417 RUBINOL XR 118
RUBINOL XF 999 RUBINOL XR 119
RUBINOL XR 124
RUBINOL XR 135
</TABLE>

and such other polyols as are manufactured at the Properties listed in Schedule 17 under the heading Polyurethanes Business but excluding any other polyols manufactured by ICI at any other of ICI's operating sites.

SCHEDULE 22

National Selling Companies

1. In this Schedule, and in relation to NSC Companies in Schedule 12, the following expressions shall have the following meanings:

NSC Companies means the companies listed in this schedule (and any other companies agreed between the parties) and which provide agency, support and other services to the Companies and/or Business Vendors or any of them.

NSC Employees means those employees (and secondees) who are employed by (or who are seconded to) the NSC Companies and who, on average, spend 50% or more of their time providing services to the ICI Business.

2.1 Each NSC Company will continue to provide services to Tioxide, Polyurethanes and Relevant Petrochemicals (the NSC Services) on the same basis that those NSC Services are provided immediately prior to the date of this Agreement for a maximum period of two years after Closing (the Transitional Period).

2.2 The Purchaser will pay or procure the payment of all costs and charges (including, without limitation, employee costs and contributions to business accommodation costs) arising in connection with the provision of the NSC Services during the Transitional Period on the same basis as such costs and charges are payable immediately prior to the date of this Agreement.

2.3 If the Purchaser wishes to terminate the provision of any of the NSC

Services before the end of the Transitional Period it may do so by giving ICI not less than 12 months written notice of termination of such NSC Services, such notice to be served not later than 12 months from the date of Closing. Notwithstanding the foregoing, where there is a written agreement evidencing the basis on which an NSC Service is provided and which specifies a notice period of shorter than 12 months, that shorter notice period shall prevail.

2.4 With effect from termination of the provision of an NSC Service (the Termination Date), the Purchaser will offer employment to any NSC Employee engaged in the provision of that NSC Service and who is required by the Purchaser or a relevant member of the Purchaser's Group. Any such offer (and where relevant the transfer of any employment contract by operation of law) shall be subject to applicable legislation or other laws.

2.5 Each such NSC Employee shall be treated as if he were a Business Employee and the provisions of clauses 6.10, 8.1(a), 9, 10(3)(e) and the provisions of Schedules 9 and 11 of the Agreement, shall apply in relation to

such NSC Employee mutatis mutandis, and subject in particular to the following:

(i) the indemnity in clause 8.1(a) shall apply from Closing;

(ii) in clause 9.1, the Applicable Period shall commence at Closing, but the Purchaser shall only be obliged to procure the employment of the NSC Employee from the Termination Date and on terms and conditions no less favourable as a whole than those applicable to him at the Termination Date;

(iii) in clauses 6.10, 9.2 and 9.6, reference to the Termination Date shall be substituted for reference to Closing; and

(iv) in Schedule 11, Part 1 A, paragraph 2.1, reference to the Termination Date shall be substituted for reference to Closing in sub paragraph (a), and Part 1 C shall not apply.

So far as possible the assets used and/or owned by the NSC Company for the purpose of providing the NSC Service will be transferred to the Purchaser at cost or net book value. All liabilities relating to moveable property (including, but not limited to, vehicles, office and computer equipment) used by such NSC Employees in providing the NSC Service will be assumed by the Purchaser at the end of the Transitional Period unless the parties agree otherwise.

2.6 The Purchaser will further indemnify ICI and each member of the ICI Retained Group against all Costs which relate to or arise out of the termination of the employment of any NSC Employee who is offered employment by the Purchaser or a member of the Purchaser's Group in accordance with clause 2.4 above and of any NSC Employee who is not offered employment by the Purchaser and whose contract of employment terminates or is terminated by ICI or a member of the ICI Retained Group. For the avoidance of doubt, this indemnity will apply where an NSC Employee refuses to transfer, notwithstanding an offer of employment by the Purchaser.

2.7 The parties shall co-operate in good faith to minimise any costs associated with the termination of each NSC Service.

2.8 The parties acknowledge that it may, subject to agreement between the parties, be appropriate to transfer the shares of particular NSC Companies to the Purchaser after Closing (becoming a Transferred NSC Company) but before the end of the Transitional Period. Any such transfer will be subject to the terms provided mutatis mutandis in the Agreement. Where a

Transferred NSC Company provides a sales agency service to ICI or any member of the Retained ICI's Group (the Excluded Service) immediately prior to such transfer, such Excluded Service will continue to be provided mutatis mutandis on the terms specified in clauses 2.1 (but only for the period from the date of such transfer to the end of the Transitional Period) - 2.4 and the provisions of clauses 2.6 and 2.7 shall apply in relation to the employees of the Transferred NSC Company engaged in the provision of the Excluded Service on termination of the provision of that Excluded Service.

NSC COMPANIES

POLYURETHANES

*Please note that the list below may not be exhaustive

France - ICI France SA

Hong Kong - ICI China Ltd.

Czech Republic - ICI Cz sro

ICI International Limited - a number of branches in East Europe

Slovakia - ICI Slovakia sro

Poland - ICI Polska Sp.zo.o

Hungary - ICI Hungary Kft

Japan - ICI Japan Ltd.

Korea - ICI Korea Ltd

Malaysia - ICI (Malaysia) Holdings Sdn Bhd

Scandanavia - ICI Norden

Singapore - ICI (Singapore) Private Ltd.

<TABLE>
<CAPTION>

COUNTRY	COMPANY
<S>	<C>
ASIA	
Japan	ICI Japan (100% ICI owned)
South Korea	ICI Korea - Exclusive for Fibres grades
Taiwan	ICI Dulux (100% ICI owned)
Hong Kong	ICI China (100% ICI owned)
Thailand	National Starch (100% ICI owned)
Vietnam	ICI Vietnam (100% ICI owned)
India	IC India (51% ICI owned)
Pakistan	ICI Pakistan (61% ICI owned)
Sri Lanka	ICI Sri Lanka (40% ICI owned)
MIDDLE EAST	
Saudia Arabia	ICI Saudi Arabia (40% ICI owned)
Israel	ICI Israel (100% ICI owned)
EASTERN EUROPE	
CIS	ICI (100% ICI owned)
Czech Republic	ICI (100% ICI owned)
Hungary	ICI (100% ICI owned)
Poland	ICI (100% ICI owned)
Bulgaria	ICI (100% ICI owned)
EUROPE	
Switzerland	ICI (Switzerland) AG (99.2% ICI owned)

</TABLE>

Wilton aniline pipe indemnity

1 In this Schedule the following terms shall have the following meanings:

Aniline Pipe means the pipeline (in part running through the No. 2 Tees Tunnel and known as System 98) existing at the date of this Agreement which is used by the Polyurethanes Business for the transfer of aniline from the Wilton Plant to the Tees Storage Tanks;

BP means BP International Limited and its successors in title

Tees Storage Tanks means the storage tanks used at the date of this Agreement by the Polyurethanes Business at Seal Sands Teesside England;

Wilton Plant means the Polyurethanes Plant at Wilton, England.

2. If:

(a) at any time during the period of ten years following Closing, BP serve notice in consequence of which the Designated Purchaser's right to use the Aniline Pipe will be lost or

(b) ICI so elects (at its discretion) or

(c) the period of ten years following Closing expires without either of the events mentioned in (a) or (b) above having occurred

the provisions of the following paragraphs of this Schedule shall apply.

3. ICI shall provide or procure the provision to the Designated Purchaser at the cost of ICI of such facilities as shall be reasonably required to enable the Purchaser to continue to convey aniline produced by the Polyurethanes Business (in quantities no greater than those capable of being conveyed by the Aniline Pipe at the date the right is lost or (as the case may be) the relevant event mentioned in paragraph 2 occurs) to the Tees Storage Tanks or to some other reasonably convenient location for export via the River Tees (the Export Alternative).

4. The nature of the Export Alternative shall be subject to the prior written approval of the Purchaser which shall not be unreasonably withheld or delayed in the case of an Export Alternative which is reasonably

convenient practicable and commercially sensible commensurate with the requirements of both parties to use all reasonable endeavours to ensure that:

(a) any costs associated with operating the Export Alternative are not materially greater than the then current costs of operating the Aniline Pipe (as increased by RPI and any reasonable operating requirements);

(b) the operational risks associated with implementation of the Export Alternative are not materially greater than the operational risks of operating the Aniline Pipe; and

(c) any costs associated with providing and implementing the Export Alternative are minimised in so far as reasonably practicable.

5. Without prejudice to the generality of the foregoing ICI and the Purchaser agree that acceptable Export Alternatives under paragraph 4 above would include any, or any combination, of the following:

(a) the construction of a new Aniline Pipe (or of a new part or parts thereof) to a functional specification reasonably equivalent in all material respects to that of the Aniline Pipe;

(b) the provision by ICI to the Designated Purchaser of the whole or some part or parts of an existing pipeline or pipelines in substitution of the Aniline Pipe or parts of it to a functional specification reasonably equivalent in all material respects to that of the Aniline Pipe;

(c) procuring that BP relinquishes any right or entitlement to use (and any use of) the Affected Pipe (whether by providing to BP a pipeline for use by BP in replacement for the Affected Pipe or otherwise);

(d) the provision of new storage tanks and ancillary apparatus adjoining the River Tees with access to and use of loading and berthing facilities at least equivalent in all material respects to those enjoyed at the date of this Agreement such that cargo sizes need to be no smaller and access to berthing facilities no less frequent than at the date of this Agreement (whether or not in conjunction with any or all of terms (a) (b) and/or(c) above);

but not so as to limit in any way the generality of paragraph 4 above.

6. ICI will bear and be responsible for any costs which may be incurred in:

(a) obtaining from third parties; and/or

(b) providing over ICI's retained land

any easement wayleaves or other rights which may be needed for the routing and/or location of any pipes cables tankage or other apparatus needed to render viable and implementable the Export Alternative (Export Apparatus) Provided That the Purchaser will afford to ICI (at ICI's reasonable cost) any assistance which may be reasonably required in negotiating with third parties in regard to the acquisition of any rights required.

7. ICI will bear and be responsible for the cost of constructing any Export Apparatus (or where the Export Apparatus includes any pipes or other apparatus made available by ICI for the cost of any refurbishment reasonably required by the Designated Purchaser to implement the Export Alternative).

8. The provisions of clauses 12.2, 12.8 - 12.11 (inclusive), 12.15 and 13.1 of

the Agreement shall apply (mutatis mutandis) to the matters set out in this Appendix as if a claim made by the Purchaser pursuant to this Schedule were a Claim.

9. ICI will bear any difference between the increased cost of operating the Export Alternative and the cost that would have been incurred in operating the Aniline Pipe for a period of ten years from Closing. In the event of any dispute as to such difference in costs the provisions of paragraph 2.6 of Part VII of Schedule 17 shall apply.

10. If ICI has not procured that the Export Alternative is made available for use prior to the date on which the use by the Designated Purchaser of the Aniline Pipe is terminated, ICI will arrange at its cost to the reasonable satisfaction of the Designated Purchaser transport for the transfer of aniline from the Wilton Plant to the Tees Storage Tanks until the Export Alternative is made available for use (subject to the quantities of aniline being no greater than those capable of being conveyed by the Aniline Pipe at the date its use by the Designated Purchaser is terminated).

11. Once ICI has made the Export Alternative available for use in accordance with this Schedule 23 ICI's obligations under this Schedule shall cease and determine.

SCHEDULE 24

Assets Included In the Relevant Petrochemicals Business

1. WILTON SITE

1.1 No. 6 Cracker and ancillary plants

Plot/Assets	Comments	Asset Ownership
JV06 + land "footprint"	See map/plot	ICI 80% BPCL 20%
incl. JVB3	Wilton. 1.1	ICI 80% BPCL 20%
incl. GTU		ICI 80% BPCL 20%

1.2 Olefins Storages including cavities, Butadiene storage, Olefins 5 and Ethylene Control

Plot/Assets	Comments	Asset Ownership
Wilton Ethylene Control (compressors, driers, lines, gas distribution etc.)	Within Cracker No.5 area	ICI
Wilton Ethylene cavities (2, 3, 6, 7, 8 & 5 decomm'd)	Total Capacity as ethylene is 51,750 mt	ICI

All other associated Ethylene System Equip.		ICI
Naphtha storage F 1962 A/B		ICI
All other associated Naphtha System Equip.	Includes link line to North Tees	ICI
Refined Butadiene Storage (F1940 A/B & F1946)	Capacity is 10 kt	ICI
Raffinate - 1 storage NF 1364/1365	2 spheres each 2000 mt	ICI
Mixed C4's cavity (W4)	Capacity approx. 12 kt.	ICI
All other associated Gasoline System Equip. South of River Tees outside Teesport		ICI
Certain associated olefin equipment (e.g. flare, WEC, etc)		ICI/4/
Olefins South offices		ICI
Workshops/No. 4 depot		ICI

Raw pygas storage F1961		ICI

</TABLE>

/4/ The ownership of land at this site shall be included in the transfer but the Olefins 5 Site (and Butadiene 2) shall be excluded. See Schedule 12.

WILTON SITE

1.3 Central Control Area

<TABLE>
<CAPTION>

Plot/Assets	Comments	Asset Ownership
<S>	<C>	<C>
Central Control Area including propylene system (NF 38 a/b) and pumps	Propylene system, Propane system, B'd & Raff-1 system, pygas & C5 systems, naphtha system all run by Central Control.	ICI
	Road loading terminal - Propylene Butadiene Propane	
	But also CHX, Benzene, where an operating agreement for various third party (incl. UCI) needs would be required. Includes flare stack on adjacent plot.	

</TABLE>

WILTON SITE

1.4 Brine reservoirs

<TABLE>
<CAPTION>

Plot/Assets	Comments	Asset Ownership
<S>	<C>	<C>
Brine Reservoirs (4)	Reservoirs 1, 2, 3, 4	ICI

</TABLE>

2. NORTH TEES WORKS

2.1 Ethylene liquefaction and Export Terminal, Propylene Export Terminal - (To be operated by NTL)

<TABLE>
<CAPTION>

Assets	Comments	Asset Ownership
<S>	<C>	<C>
NTL area and equipment	Essentially the Riverside area, tank storage areas, and the cavity storage areas	ICI
Ethylene Liquefaction Units & associated equipment	Includes storage tanks (2) Units 2A, 2B, 3.	ICI
Ethylene export/import equipment (loading arms, etc.)		ICI
Propylene export/import sphere N 920F		ICI

</TABLE>

<TABLE>

<S>	<C>	<C>
Associated Propylene equipment & export kit		ICI
Tanks N900F, N901F, N902F, N903F	Formerly used for gasoline components	ICI

</TABLE>

2.2 Naphtha Import/Export Terminal

Assets	Comments	Asset Ownership
Naphtha Storage N904/905/906F	Includes import/export system at NTL and System 30 to Wilton	ICI

NORTH TEES WORKS

2.3 Others

Assets	Comments	Asset Ownership
Certain Other North Tees Cavities and Brine Winning system		ICI
Link lines - systems 28 and 29 - Wilton to North Tees	Not used for several years and re-used by ICI (Polyurethanes Business)	ICI
System 31 (part) Propylene to BASF	Capacity up to 800 tpd	ICI
Propane and butane link lines from Phillips UK at Seal Sands to JV06 at Wilton via No. 2 tunnel	System 35 and that part of System 34 from Phillips Petroleum to Wilton	ICI
North Tees Jetties including Jetty 1A		ICI
NTL/CDC Riverfront footprint/associated assets not mentioned above		ICI

3. TEESPORT

Assets	Comments	Asset Ownership
Teesport equipment to be allocated		ICI (leased)
Pygas/C5's Storage and associated pumps for loading/export/import		ICI
Arthur Taylor Jetty - One loading arm	Used for butadiene, mixed C4s or Raffinate-1	ICI (leased jetty)
West Byng, Jetty - loading arms	1 x C4's butadiene, raffinate - 1 arm 1 x C4/pygas arm	ICI (leased jetty)
Flare stack	Used for C4s	ICI
QE2 Jetty	Not in use currently	ICI (leased jetty)

4. OLEFINS OFFSITES

4.1 Easements to retain existing off-plot pipelines, apparatus, equipment infrastructure (if any) dedicated to Olefins Operations.

5. WILTON GRANGEMOUTH ETHYLENE PIPELINE

Assets	Comments	Asset Ownership
ICI share of WGEP		ICI 50%, BPCL 50%

Assignment of Deed of Grant of Easement	Shown in red on Plan	
Deed of Grant of Easements for sections on ICI retained land, no. 2 tunnel, etc,		

6. TRANS-PENNINE ETHYLENE PIPELINE

Assets	Comments	Asset Ownership
TPEP including LDS/metering at Runcorn		ICI
Associated Ethylene compress/conditioning plant at Lostock		ICI
Assignment of deed of Grant of Easement of TPEP	Shown in red on Plan	
Deed of Grant of Easement for TPEP sections on ICI retained land at Wilton.		

Schedule 24 (CONTINUED)

ASSET LISTING FOR NORTH TEES

Assets at North Tees included in Relevant Petrochemicals Business

The assets included are generally those within the "Aromatics" and "Logistics" boundaries on the maps of the North Tees site and the Saltholme brinefields and include assets forming part of the Olefines Manufacturing Business.

DESCRIPTION	REFERENCE INFORMATION	INCLUDED DUTY	OUT OF SERVICE?
Plants: Aromatics I			
Aromatics II			
Cumene			
Ethylene Liquifaction plants	Plants 2A, 2B, 3		
Effluent treatment			
Jetties 1, 1A, 2, 3, including loading facilities:	Jetty 1	Berth only available	y
Jetty 1A with Ethylene propylene loading	Some loading facilities only on jetty 1A.		
Jetty 2	Loading facilities for multiple products.		
Jetty 3	Loading facilities for multiple products.		
	Some loading facilities only on jetty 4.		
Tanks (including associated lines and pump systems):	F8/001	Reformer Naphtha	
	F8/002	Reformer Naphtha	
	F8/003	Reformer Naphtha/BPN	
	N-3018F	Reformer Naphtha	
	N-3000F	Reformer Naphtha	

N-5003F	Ethyle Benzene. (ship)

</TABLE>

<TABLE>

<S>	<C>	<C>
N-5004F	Ethyle Benzene. (ship)	
N-5005F	Ethyle Benzene. (Run Down)	
N-5006F	Ethyle Benzene. (Run Down)	
N-5007F	Ethyle Benzene. (Run Down)	
N-3019F	Cyclohexane	
N-3020F	Cyclohexane	
N-3021F	Cyclohexane	
N-5000F	Cyclohexane	
N-5001F	Cyclohexane	
N-5002F	Cyclohexane. (Off spec.)	
N-5014F	C9's	
N-5015F	C9's	
N-3007F	C9's	
N-3008F	C9's Column Bottoms(petrinex T9)	
N-3009F	Cumene Col Bottoms (aromasol 12)	
N-3010F	Benzene	
N-3011F	Benzene	
N-904F	Cracking Naphtha (BPN)	
N-5008F	Benzene	
N-5009F	Benzene	
N-2800F	Cumene	
N-2801F	Cumene	
N-2802F	Cumene (off spec.)	
2401F	Oil rundown tank PIP's (redundant)	
N-2750F	De-Ballast. (floating roof)	
N-2402FA	De-Ballast. (open tank)	

</TABLE>

<TABLE>

<S>	<C>	<C>
N-2402FB	De-Ballast. (open tank)	
N-2402FC	De-Ballast. (fixed roof)	
N-3002F	Toluene	
N-5010F	Toluene	

	N-5011F	Toluene	
	P-902F	Propylene Sphere.	
	675F	Ethylene	
	602F	Ethylene	
	P-900F	C6? empty	
	P-901F	C8's	
	P-902F	Toluene	
	P-903F	C7's/ Toluene	
	N-905F	Cracking Naphtha. (BPN)	
	N-906F	Cracking Naphtha. (BPN)	
	F8/004	Toluene	
	N-5012F	Xylene	
	N-5013F	Xylene	
	N-5026F	Xylene	
	N-5018F	Pentane	
	N-5019F	Iso Raffinate	y
	N-3029F	HSFO	
	N-5017F	Gasoil - Washoil Aro II	
	N-3027F	Redundant Methanol	
	N-3006F	Crude Aromatics (Aro I)	
	N-3001F	Platfinate. (Aro I)	
	N-1009F	Crude Aromatics (Aro II)	
	N-1008F	Reformate. (Aro II)	
	N-2780F	Premium Motor Spirit. (PMS)	

</TABLE>

<TABLE>

<S>	<C>	<C>	<C>
	N-2781F	Unleaded Motor Spirt. (PUMS)	
	N-2782F	Premium Motor Spirit. (PMS)	y
	N-2783F	Unleaded Motor Spirt. (PUMS)	y
	N-2205F	Firewater	
	2206F	Water Tank	
	N-3701F	Methanol Tank (Propane Ship Exp)	
cavities (incl wellhead and associated equipment):	47	Crude oil	
	48	Crude oil	
	49	Crude oil	
	51	Light rejects	
	52	Gas oil	y
	54	Gas oil	y

	56	Crude oil	y
	57	LPG	
	64	CO	y
	68	Naphtha	
	69	Naphtha	
	72	Nitrogen	
	73	Nitrogen	
	74	Propylene	
	75	hydrogen	
	76	hydrogen	
	77	hydrogen	
	85	BASF propylene	
	82	propane	
	97	propane	
	98	propane	
	99	propane	

</TABLE>

<TABLE>

<S>	<C>	<C>	<C>
		43 ex-brine winning cavities in the bounded area.	y
		4 ex-storage cavities, no longer usable.	y
		4 new cavities part developed on No.6 field.	
Brine reservoirs, incl. associated equipment	Nos. 1 & 2	That part of the brine reservoirs owned by ICI.	
	No. 3	Brine reservoir.	
Road tanker gantries:	1	C9's	
		pentane	
		toluene	y
		benzene	y
	2	toluene	y
		aromosal 12	
		cumene	
		EB's	
Link and vein lines (incl. service distribution lines):		All pipelines listed on the attached table except for system 36	
Land:		as per land maps in A1, A2, A3, A4	
Others:		Site drains.	
		Other site infrastructure e.g. roads, lights.	
		All buildings within the Aromatics and Logistics	
		boundaries on the	

North Tees main site.

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INCLUDED LINKLINES

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System No.	Conveyed	Product	Owning Business	Plant/Area - Start of System	Site - Start of System	Plant/Area - End of System	Site - End of System	GEP Operating Mgr	SRP
8	Paraxylene	Aromatics	Central Control	Wilton	Storage Tanks AF3, AF3A, AF12	Teesport	Ogden T	Ogden T	
16	Mixed Xylenes (Xylole)	Aromatics	Xylenes Storage Tanks	North Tees	Paraxylene V	Wilton	Farrar R G	Maddren C	
18	Paraxylene Light Ends (Aramasol L)	Aromatics	Paraxylene V	Wilton	Aromatics	North Tees	Ogden T	Ogden T	
22	Cyclohexane	Aromatics		Teesport	Nylon Solvents	Wilton	Farrar R G	Maddren C	
45	Cyclohexane	Aromatics	Aromatics	North Tees		Teesport	Farrar R G	Maddren C	
52	Spare	Aromatics	Aromatics	North Tees	Oil Works	Billingham	Farrar R G	Maddren C	
55	Spare (was MTBE)	Aromatics	Tees Storage Seal Sands	North Tees	MTBE Metering Skid	TSC	Farrar R G	-	
62	HP Nitrogen	Aromatics	Compound 38 corridor	Link	Cavities 72 and 73	Cavities	Chatha C S	Chatha C S	
68	Brine	Aromatics	Brine Reservoirs Brine Tank	Brinefields	No4 Site Weak	Cavities	Chatha C S	Chatha C S	
78	Compressed Air	Aromatics		North Tees Filling	Road/Rail	Road/Rail	Farrar R G	Maddren C	

<CAPTION>

System No.	Budget Owner	RME	RME's nominee
8	Tyrie J C	Tyrie J C	Crowther P
16	Tyrie J C	Tyrie J C	Crowther P
18	Tyrie J C	Tyrie J C	Crowther P
22	Tyrie J C	Tyrie J C	Crowther P
45	Tyrie J C	Tyrie J C	Cruickshank I D
52	Tyrie J C	Tyrie J C	Cruickshank I D
55	Tyrie J C	Tyrie J C	Cruickshank I D
62	Tyrie J C	Tyrie J C	Cruickshank I D
68	Tyrie J C	Tyrie J C	Cruickshank I D
78	Tyrie J C	Tyrie J C	Cruickshank I D

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System No.	Conveyed	Product	Owning Business	Plant/Area - Start of System	Site - Start of System	Plant/Area - End of System	Site - End of System	GEP Operating Mgr	SRP
80	Light Reject/Naphtha	Aromatics	Aromatics II	North Tees	Cavity 51, Brinefields	North Tees	Farrar R G	Maddren C	
81	Light Rejects	Aromatics	Aromatics II	North Tees	Central Control	Wilton	Farrar R G	Maddren C	
86	Naphtha	Aromatics	Storage Compound	North Tees	Cavity 69, Brinefields	Cavities	Farrar R G	Maddren C	

90	LPG	Aromatics	Cavity 57, Brinefields	Cavities	Aromatics	North Tees	Farrar R G	Maddren C	
97	Benzene	Aromatics	Benzene Metering Bay	North Tees	Nitrobenzene	Wilton	Farrar R G	Maddren C	
5	Hydrogen	Hydrogen Services	Production	Billingham	Site Main	Wilton	Farrar R G	Brown C H	
2	Spare (was C4's Butane)	Olefines	Central Control	Wilton	BASF Cage A	North Tees M A	Harrison M A	Harrison	
3	Dependantised Hydrotreated Gasoline	Olefines	Central Control	Wilton	Aromatics A	North Tees M A	Harrison M A	Harrison	
6	Butenes	Olefines	Central Control	Wilton	Teesport A	Harrison M M A	Harrison		
10	Mono Ethylene Glycol	Olefines	EO2	Wilton	Teesport A	Harrison M M A	Harrison		
11	LPG	Olefines	Aromatics/Crude Oil Unit	North Tees	Olefines 6	Wilton	Farrar R G	Maddren C	
12	Butane/Mixed C4's	Olefines	Teesport	Central Control A	Wilton M A	Harrison M	Harrison		

<CAPTION>

System No.	Budget Owner	RME	RME's nominee
<S>	<C>	<C>	<C>
80	Tyrie J C	Tyrie J C	Cruickshank I D
81	Tyrie J C	Tyrie J C	Cruickshank I D
86	Tyrie J C	Tyrie J C	Cruickshank I D
90	Tyrie J C	Tyrie J C	Cruickshank I D
97	Tyrie J C	Tyrie J C	Crowther P
5	Brown C H	Tyrie J C	Cruickshank I D
2	Harrison M A	Tyrie J C	Crowther P
3	Harrison M A	Tyrie J C	Crowther P
6	Harrison M A	McQuillan K W	Walker AP
10	Harrison M A	McQuillan K W	Walker AP
11	Harrison M A	Tyrie J C	Crowther P
12	Harrison M A	McQuillan K W	Walker AP

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System No.	Conveyed Product	Owning Business	Plant/Area - Start of System	Site - Start of System	Plant/Area - End of System	Site - End of System	GEP Operating Mgr	SRP
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
13	Gasoline	Olefines	Central Control	Wilton	Teesport A	Harrison M M A	Harrison	
14	C5 Liquid	Olefines	Central Control (cut back to TP)	Wilton	Compound 38 A	Teesport M A	Harrison M	Harrison
15	Methane	Olefines	JV06	Wilton	North Tees A	Harrison M M A	Harrison	
24	Butadiene	Olefines	Ethylene Control	Wilton	Teesport A	Harrison M M A	Harrison	

29	Spare	Olefines	JV06	Wilton	P Compound A	P Compound M A	Harrison M A	Harrison	
30	Naphtha	Olefines	North Tees	JV06	Wilton	Farrar R G	Maddren C		
31	Propylene	Olefines	Central Control Brinefields	Wilton	Cavity 74, A	North Tees M A	Harrison M A	Harrison	
32	Ethylene	Olefines	Ethylene Control	Wilton	Compound 38 A	North Tees M A	Harrison M A	Harrison	
34	Propane	Olefines	Cavities 82, 97, 98 and 99 via North Tees and also from Phillips Petroleum	Cavities	JV06 A	Wilton M A	Harrison M A	Harrison	
35	Butane	Olefines	Phillips Petroleum Seal Sands	PIP	JV06 A	Wilton M A	Harrison M A	Harrison	

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System No.	Budget Owner	RME	RME's nominee
<S>	<C>	<C>	<C>
13	Harrison M A	McQuillan K W	Walker A P
14	Harrison M A	McQuillan K W	Walker A P
15	Harrison M A	Tyrie J C	Crowther P
24	Harrison M A	McQuillan K W	Walker A P
29	Harrison M A	Tyrie J C	Crowther P
30	Harrison M A	Tyrie J C	Cruickshank I D
31	Harrison M A	Tyrie J C	Cruickshank I D
32	Harrison M A	Tyrie J C	Cruickshank I D
34	Harrison M A	Tyrie J C	Cruickshank I D
35	Harrison M A	Tyrie J C	Crowther P

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System No.	Conveyed Business	Product	Owning Start of System	Plant/Area - Start of System	Site - End of System	Plant/Area - End of System	Site - Mgr	GEP	SRP Operating
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
53	Propylene	Olefines	ICI/BASF Easement Area	Cav 85	Cavity 85, Brinefields	BASF	Chatha C S	Chatha C	
54	Spare	Olefines	Simon Storage Storage	Simon	Cumene Plant	North Tees	Farrar R G	Maddren C	
69	Brine	Olefines	Brine Reservoir Pumps	Brinefields	Cavities De-Gassing Pots	H2 Cav	Chatha C S	Chatha C	
79	Brine	Olefines	Brine Reservoir Saltholme	Brinefields	Cavities	Cavities	Chatha C S	Chatha C	
85	Propane	Olefines	Cavities 82, 97, 98, 99	Cavities	Propane Vaporiser 701C	Billingham	Chatha C S	Maddren C	
88	Spare (was	Olefines	Petrol Blending	North Tees	Simon Storage	Simon	Farrar R G		

	Petrol PMS)		& Storage		Co, Seal Sands	Storage		
89	Spare (was Petrol ULMS)	Olefines	Petrol Blending & Storage	North Tees	Simon Storage Co. Seal Sands	Simon Storage	Farrar R G	
91	Brine	Olefines	No3 Brine Reservoir Saltholme	Brinefields Compound	Brine Heater	North Tees	Chatha C S	Chatha C
94	Pentanes Plus	Olefines	Amoco/Cats Terminal	Amoco		North Tees	Farrar R G	Maddren C
100	Spare (was C5's)	Olefines	Central Control	Wilton	Bravo A	Teesport M A	Harrison M	Harrison

System No.	Budget Owner	RME	RME's nominee
53	Harrison M A	Tyrie J C	Cruickshank I D
54	Harrison M A	Tyrie J C	Cruickshank I D
69	Harrison M A	Tyrie J C	Cruickshank I D
79	Harrison M A	Tyrie J C	Cruickshank I D
85	Harrison M A	Tyrie J C	Cruickshank I D
88	Harrison M A	Tyrie J C	Cruickshank I D
89	Harrison M A	Tyrie J C	Cruickshank I D
91	Harrison M A	Tyrie J C	Cruickshank I D
94	Harrison M A	Tyrie J C	Cruickshank I D
100	Harrison M A	McQuillan K W	Walker A P

The following system is not part of the Petrochemicals business but is operated by NTL on the owners' behalf, under a SLA:

System No.	Conveyed Product Business	Owning Start of System	Plant/Area - Start of System	Site - End of System	Plant/Area - End of System	Site - Mgr	GEP Operating	SRP
36	Brine	Chlor Chem	Brine reservoirs	North Tees	Bain Works	Wilton	Chatha C S	Chatha C S

System No.	Budget Owner	RME	RME's nominee
36	Chatha C S	Tyrie J C	Cruickshank I D

INCLUDED WILTON VEINLINES

System No.	Conveyed Product	Owning Business	Plant/Area - Start of System	Plant/Area - End of System	Ref Dwgs	GEP Operating Mgr	SRP
V15	Light Rejects	Aromatics	Central Control	JV06	SW/8917	Farrar RG	Maddren C
V39	Paraxylene	Aromatics	Para 5	TA-T7	SW/8941	Ogden T	Ogden T
V40	Paraxylene	Aromatics	Para 4	TA-T8	SW/8942/1,2	Ogden T	Ogden T
V41	Paraxylene	Aromatics	Para5 Control	Para4/Central	SW/8943	Ogden T	Ogden T
V42	Paraxylene	Aromatics	Para5 Control	Para4/Central	SW/8944	Ogden T	Ogden T
V48	Aromasol	Aromatics	Para4/5	Central Control	SW/8949/1,2	Ogden T	Ogden T
V55	Xylene	Aromatics	Para Storage	Para 5	SW/12600	Ogden T	Ogden T
V56	Xylene	Aromatics	Para 5	Para Storage	SW/12599	Ogden T	Ogden T
V02	Hydrogen	Hydrogen (Distribution)	Various	Various (Distribution)	SW/8904	Farrar R G	Brown C H
V04	HP Steam	Olefines	JV06	T7/T8	SW/8906/1,2	Bence H W	Jones S
V06	Ethylene	Olefines	WEC 2/Poly5/Para5/EO2	Ethox	SW/8908	Harrison M A	Harrison MA

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System No.	Budget Owner	RME nominee	RME's
V15	Tyrie J C	Tyrie J C	Crowther P
V39	Ogden T	Tyrie J C	Crowther P
V40	Ogden T	Tyrie J C	Crowther P
V41	Ogden T	Tyrie J C	Crowther P
V42	Ogden T	Tyrie J C	Crowther P
V48	Ogden T	Tyrie J C	Crowther P
V55	Ogden T	Tyrie J C	Crowther P
V56	Ogden T	Tyrie J C	Crowther P
V02	Brown C H	Tyrie J C	Crowther P
V04	Harrison M A	McQuillan K W	Sanderson K J
V06	Harrison M A	McQuillan K W	Walker A P

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System No.	Conveyed Product	Owning Business	Plant/Area - Start of System	Plant/Area - End of System	Ref Dwgs	GEP Operating Mgr	SRP
V07	Polypurge	Olefines	Poly 5/6	JV06	SW/8909/1,2	Harrison M A	Harrison M A
V08	Redundant (was LPG)	Olefines	LPG Storage Tank Nf31	North & South Vaporisers	SW/8910	Harrison M A	Harrison M A
V09	Methane	Olefines	JV06 control(LinkLine 15)	Central	SW/8911/1,2	Harrison M A	Williams M
V10	Raw Gasoline	Olefines	B7	Central Control	SW/8910/1,2	Bence H W	Jones S

V11	Propylene	Olefines	JV06	Central Control	SW/8911/1,2,3 SW/8913	Harrison M A	Harrison M A
V12	Off Spec Propylene	Olefines	JV06/WEC	Central Control	SW/8914	Harrison M A	Harrison M A
V13	Butenes	Olefines	JV06/WEC	Central Control	SW/8915	Harrison M A	Harrison M A
V14	Flare Share	Olefines	JV06/WEC	Central Control	SW/8916	Bence H W	Williams M
V16	Ethylene	Olefines	Ethylene Storage Cavities	Ethylene Driers	SW/8918	Harrison M A	Harrison M A
V17	Ethylene	Olefines	WEC	TPEP	SW/8919	Harrison M A	Harrison M A
V18	Ethylene	Olefines	WEC	Central Control	SW/8920	Harrison M A	Harrison M A

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System No.	Budget Owner	RME	RME's nominee
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V07	Harrison M A	McQuillan K W	Walker A P
V08	Harrison M A	McQuillan K W	Walker A P
V09	Harrison M A	McQuillan K W	Walker A P
V10	Harrison M A	McQuillan K W	Sanderson K J
V11	Harrison M A	McQuillan K W	Walker A P
V12	Harrison M A	McQuillan K W	Walker A P
V13	Harrison M A	McQuillan K W	Walker A P
V14	Harrison M A	McQuillan K W	Sanderson K J
V16	Harrison M A	McQuillan K W	Walker A P
V17	Harrison M A	McQuillan K W	Walker A P
V18	Harrison M A	McQuillan K W	Walker A P

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System No.	Conveyed Product Business	Owning Start of System	Plant/Area - End of System	Plant/Area - Mgr	Ref Dwgs Operating	GEP	SRP
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
V19	Butadiene	Olefines	Butadiene2	Central Control	SW/8921/1	Harrison M A	Harrison M A
V20	Mixed C4's	Olefines	JV06	Butadiene3/Well 4/Ole5/Central Control	SW/8922/1,2,3	Harrison M A	Harrison M A
V21	C5 Redundant	Olefines	Central Control	MPS		Harrison M A	Harrison M A
V22	Raw Gasoline	Olefines	JV06	B7/Central Control	SW/8924/1,2	Bence H W	Williams M
V23	C5s	Olefines	JV06	Central Control	SW/8925	Harrison M A	Williams M

V24	Butane	Olefines	Central Control	EDC	SW/8926	Harrison M A	Harrison M A
V25	Ethylene	Olefines	JV06	WEC/EDCVCM/EO2	SW/8927/1,2	Harrison M A	Harrison M A
V26	Ethylene	Olefines	Ethylene Storage Cavities	WEC	SW/8928	Harrison M A	Harrison M A
V27	Ethylene	Olefines	JV06	EO2	SW/8929	Bence H W	Williams M
V28	Raw Butene (C4 Raffinate)	Olefines	WEC/CC/LinkLine 6	JV06	SW/8930/1,2	Harrison M A	Williams M
V29	Butadiene	Olefines	Butadiene 3	WEC	SW/8931	Harrison M A	Williams M
V44	Ethylene REDUNDANT	Olefines	JV06	BASF	SW/8946	Bence H W	Williams M

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System No.	Budget Owner	RME nominee	RME's
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V19	Harrison M A	McQuillan K W	Walker A P
V20	Harrison M A	McQuillan K W	Walker A P
V21	Harrison M A	McQuillan K W	Walker A P
V22	Harrison M A	McQuillan K W	Sanderson K J
V23	Harrison M A	McQuillan K W	Walker A P
V24	Harrison M A	McQuillan K W	Walker A P
V25	Harrison M A	McQuillan K W	Walker A P
V26	Harrison M A	McQuillan K W	Walker A P
V27	Harrison M A	McQuillan K W	Sanderson K J
V28	Harrison M A	McQuillan K W	Walker A P
V29	Harrison M A	McQuillan K W	Walker A P
V44	Harrison M A	McQuillan K W	Sanderson K J

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System No.	Conveyed Product Business	Owning Start of System	Plant/Area - End of System	Plant/Area - Operating Mgr	Ref Dwgs	GEP	SRP
V45	Mixed C4's OUT OF USE	Olefines	WEC	Well4 A	SW/8947	Harrison M	Harrison M A
V50	H2 REDUNDANT	Olefines				Harrison M A	Harrison M A
V51	ATG REDUNDANT	Olefines				Harrison M A	Harrison M A
V52	H.P.Ethylene	Olefines	JV06	R&T Semi Tech	SW/10740	Bence H W	Williams M
V54	Butane	Olefines	Linkline 35	JV06	SW/11145/1,2	Bence H W	Harrison M A

(Lima 8)

V57	Boiler Feed Water	Olefines	TA-T8	JV06	SW/13349	Bence H W	Jones S
V58	Naphtha	Olefines	B7	JV06	SW/12563	Bence H W	Jones S
V59	Recovered Oil	Olefines	B7	JV06	SW/12564	Bence H W	Jones S
V60	Wet Flare REDUNDANT	Olefines	JV06 EBL	JV06 NE corner	SW/12565	Bence H W	Williams M
V62	ATG Spare	Olefines	New First Avenue	Central Control		Bence H W	Jones S
V63	Naphtha	Olefines	LinkLine System 30	WEC	SW/13353	Farrar R G	Maddren C
V66	Naphtha	Olefines	B7	JV06	SW/14484	Bence H W	Jones S

<CAPTION>

System No.	Budget Owner	RME	RME's nominee
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V45	Harrison M A	McQuillan K W	Walker A P
V50	Harrison M A	McQuillan K W	Walker A P
V51	Harrison M A	McQuillan K W	Walker A P
V52	Harrison M A	McQuillan K W	Sanderson K J
V54	Harrison M A	McQuillan K W	Sanderson K J GONE ???
V57	Harrison M A	McQuillan K W	Sanderson K J
V58	Harrison M A	McQuillan K W	Sanderson K J
V59	Harrison M A	McQuillan K W	Sanderson K J
V60	Harrison M A	McQuillan K W	Sanderson K J
V62	Harrison M A	McQuillan K W	Sanderson K J
V63	Harrison M A	Tyrie J C	Crowther P
V66	Harrison M A	McQuillan K W	Sanderson K J

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System No.	Conveyed Product	Owning Business	Plant/Area - Start of System	Plant/Area - End of System	Ref Dwgs	GEP Operating Mgr	SRP
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V67	Ethylene	Olefines	MV/O-19500	E02		Harrison MA	Harrison MA

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System No.	Budget Owner	RME	RME's nominee
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V67	Harrison M A	McQuillan K W	Walker A P

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INCLUDED NORTH TEES VEINLINES

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System No.	Conveyed Product	Owning Business	Plant/Area - Start of System	Plant/Area - End of System	Ref Dwgs	GEP Operating Mgr	SRP
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
V800	Benzene	Aromatics		19	Farrar R G	Maddren C	
V801	Benzene	Aromatics		00153,154, 155, 156,180	Farrar R G	Maddren C	
V802	Benzene	Aromatics		132	Farrar R G	Maddren C	
V803	Benzene	Aromatics		131	Farrar R G	Maddren C	
V804	Benzene	Aromatics		00185,186,187	Farrar R G	Maddren C	
V805	Benzene	Aromatics		182	Farrar R G	Maddren C	
V806	Benzene	Aromatics		00188,189	Farrar R G	Maddren C	
V807	Benzene	Aromatics		00201,202	Farrar R G	Maddren C	
V808	Ethyl Benzene	Aromatics		20	Farrar R G	Maddren C	
V809	Ethyl Benzene	Aromatics		21	Farrar R G	Maddren C	
V811	Ethyl Benzene	Aromatics		00037,38,39	Farrar R G	Maddren C	

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System No.	Budget Owner	RME	RME's nominee
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V800	Heath S H	Tyrie J C	Cruickshank I D
V801	Heath S H	Tyrie J C	Cruickshank I D
V802	Heath S H	Tyrie J C	Cruickshank I D
V803	Heath S H	Tyrie J C	Cruickshank I D
V804	Heath S H	Tyrie J C	Cruickshank I D
V805	Heath S H	Tyrie J C	Cruickshank I D
V806	Heath S H	Tyrie J C	Cruickshank I D
V807	Heath S H	Tyrie J C	Cruickshank I D
V808	Heath S H	Tyrie J C	Cruickshank I D
V809	Heath S H	Tyrie J C	Cruickshank I D
V811	Heath S H	Tyrie J C	Cruickshank I D

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System No.	Conveyed Product	Owning Business System	Plant/Area - Start of	Plant/Area - End of System	Ref Dwgs	GEP Operating Mgr	SRP
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V812	Ethyl Benzene	Aromatics		30	Farrar R G	Maddren C	
V813	Ethyl Benzene	Aromatics		31	Farrar R G	Maddren C	
V814	Cumene	Aromatics		00026,27	Farrar R G	Maddren C	
V815	Cumene	Aromatics		00028,29	Farrar R G	Maddren C	
V816	Cumene	Aromatics		196	Farrar R G	Maddren C	
V817	Cumene	Aromatics		00024,25	Farrar R G	Maddren C	
V818	Cumene	Aromatics		23	Farrar R G	Maddren C	
V819	Cumene	Aromatics		22	Farrar R G	Maddren C	
V820	Xylenes	Aromatics		14	Farrar R G	Maddren C	
V821	Xylenes	Aromatics		17	Farrar R G	Maddren C	
V822	Xylenes	Aromatics		18	Farrar R G	Maddren C	
V823	Xylenes	Aromatics		00091,92,93	Farrar R G	Maddren C	
V824	Xylenes	Aromatics		00094, 00148	Farrar R G	Maddren C	

<CAPTION>

System No.	Budget Owner	RME nominee	RME's
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V812	Heath S H	Tyrie J C	Cruickshank I D
V813	Heath S H	Tyrie J C	Cruickshank I D
V814	Heath S H	Tyrie J C	Cruickshank I D
V815	Heath S H	Tyrie J C	Cruickshank I D
V816	Heath S H	Tyrie J C	Cruickshank I D
V817	Heath S H	Tyrie J C	Cruickshank I D
V818	Heath S H	Tyrie J C	Cruickshank I D
V819	Heath S H	Tyrie J C	Cruickshank I D
V820	Heath S H	Tyrie J C	Cruickshank I D
V821	Heath S H	Tyrie J C	Cruickshank I D
V822	Heath S H	Tyrie J C	Cruickshank I D
V823	Heath S H	Tyrie J C	Cruickshank I D
V824	Heath S H	Tyrie J C	Cruickshank I D

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System No.	Conveyed Product	Owning Business System	Plant/Area - Start of	Plant/Area - End of System	Ref Dwgs	GEP Operating Mgr	SRP
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
V825	Toluene	Aromatics		00067,68	Farrar R G	Maddren C	
V826	Toluene	Aromatics		69	Farrar R G	Maddren C	
V827	Toluene	Aromatics		70	Farrar R G	Maddren C	

V828	Toluene	Aromatics	00071,72	Farrar R G	Maddren C
V829	Toluene	Aromatics	73	Farrar R G	Maddren C
V830	Toluene	Aromatics	74	Farrar R G	Maddren C
V831	Toluene	Aromatics	75	Farrar R G	Maddren C
V832	Toluene	Aromatics	00076,77	Farrar R G	Maddren C
V833	Toluene	Aromatics	78	Farrar R G	Maddren C
V834	Toluene	Aromatics	79	Farrar R G	Maddren C
V835	Aromasol	Aromatics	99	Farrar R G	Maddren C
V836	Cyclohexane	Aromatics	63	Farrar R G	Maddren C
V838	Cyclohexane	Aromatics	66	Farrar R G	Maddren C

<CAPTION>

System No.	Budget Owner	RME	RME's nominee
<S>	<C>	<C>	<C>
V825	Heath S H	Tyrie J C	Cruickshank I D
V826	Heath S H	Tyrie J C	Cruickshank I D
V827	Heath S H	Tyrie J C	Cruickshank I D
V828	Heath S H	Tyrie J C	Cruickshank I D
V829	Heath S H	Tyrie J C	Cruickshank I D
V830	Heath S H	Tyrie J C	Cruickshank I D
V831	Heath S H	Tyrie J C	Cruickshank I D
V832	Heath S H	Tyrie J C	Cruickshank I D
V833	Heath S H	Tyrie J C	Cruickshank I D
V834	Heath S H	Tyrie J C	Cruickshank I D
V835	Heath S H	Tyrie J C	Cruickshank I D
V836	Heath S H	Tyrie J C	Cruickshank I D
V838	Heath S H	Tyrie J C	Cruickshank I D

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System No.	Conveyed Product	Owning Business	Plant/Area - Start of System	Plant/Area - End of System	Ref Dwgs Mgr	GEP Operating	SRP
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
V839	Cyclohexane	Aromatics		00134,135	Farrar R G	Maddren C	
V840	Cyclohexane	Aromatics		136	Farrar R G	Maddren C	
V841	Cyclohexane	Aromatics		137	Farrar R G	Maddren C	
V842	Crude Arom	Aromatics		32	Farrar R G	Maddren C	
V843	Crude Arom	Aromatics		33	Farrar R G	Maddren C	
V844	Crude Arom	Aromatics		34.00	Farrar R G	Maddren C	
V845	Reformate	Aromatics		95.00	Farrar R G	Maddren C	
V846	Reformate	Aromatics		80.00	Farrar R G	Maddren C	
V847	Reformate	Aromatics		81.00	Farrar R G	Maddren C	
V848	Reformate	Aromatics		113.00	Farrar R G	Maddren C	
V849	Raffinate	Aromatics		100.00	Farrar R G	Maddren C	
V850	Raffinate	Aromatics		112.00	Farrar R G	Maddren C	

V851	Raffinate	Aromatics	110.00	Farrar R G	Maddren C

<CAPTION>

System No.	Budget Owner	RME	RME's nominee
<S>	<C>	<C>	<C>
V839	Heath S H	Tyrie J C	Cruickshank I D
V840	Heath S H	Tyrie J C	Cruickshank I D
V841	Heath S H	Tyrie J C	Cruickshank I D
V842	Heath S H	Tyrie J C	Cruickshank I D
V843	Heath S H	Tyrie J C	Cruickshank I D
V844	Heath S H	Tyrie J C	Cruickshank I D
V845	Heath S H	Tyrie J C	Cruickshank I D
V846	Heath S H	Tyrie J C	Cruickshank I D
V847	Heath S H	Tyrie J C	Cruickshank I D
V848	Heath S H	Tyrie J C	Cruickshank I D
V849	Heath S H	Tyrie J C	Cruickshank I D
V850	Heath S H	Tyrie J C	Cruickshank I D
V851	Heath S H	Tyrie J C	Cruickshank I D

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System No.	Conveyed Product	Owning Business	Plant/Area - Start of System	Plant/Area - End of System	Ref Dwgs Mgr	GEP	SRP Operating
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
V853	C9	Aromatics		35.00	Farrar R G	Maddren C	
V855	C9	Aromatics		62.00	Farrar R G	Maddren C	
V856	C9	Aromatics		36.00	Farrar R G	Maddren C	
V857	C9	Aromatics		00040,43	Farrar R G	Maddren C	
V858	C9	Aromatics		61.00	Farrar R G	Maddren C	
V859	Light Rejects	Aromatics		00127,128	Farrar R G	Maddren C	
V871	Pentane	Aromatics		115.00	Farrar R G	Maddren C	
V891	Naphtha	Aromatics		00042,43,44	Farrar R G	Maddren C	
V893	Naphtha	Aromatics		00048,49,50	Farrar R G	Maddren C	
V894	Naphtha	Aromatics		00051,52,53,54	Farrar R G	Maddren C	
V896	Naphtha	Aromatics		56.00	Farrar R G	Maddren C	
V905	Fuel Oil	Aromatics		167.00	Farrar R G	Maddren C	
V906	Fuel Oil	Aromatics		00168,169	Farrar R G	Maddren C	

<CAPTION>

System No.	Budget Owner	RME	RME's nominee
<S>	<C>	<C>	<C>
V853	Heath S H	Tyrie J C	Cruickshank I D
V855	Heath S H	Tyrie J C	Cruickshank I D
V856	Heath S H	Tyrie J C	Cruickshank I D
V857	Heath S H	Tyrie J C	Cruickshank I D

V858	Heath S H	Tyrie J C	Cruickshank I D
V859	Heath S H	Tyrie J C	Cruickshank I D
V871	Heath S H	Tyrie J C	Cruickshank I D
V891	Heath S H	Tyrie J C	Cruickshank I D
V893	Heath S H	Tyrie J C	Cruickshank I D
V894	Heath S H	Tyrie J C	Cruickshank I D
V896	Heath S H	Tyrie J C	Cruickshank I D
V905	Heath S H	Tyrie J C	Cruickshank I D
V906	Heath S H	Tyrie J C	Cruickshank I D

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System No.	Conveyed Product	Owning Business	Plant/Area - Start of System	Plant/Area - End of System	Ref Dwgs	GEP Operating Mgr	SRP
V909	Fuel Oil	Aromatics		00170,171,172	Farrar R G	Maddren C	
V921	Xylenes	Aromatics		133.00	Farrar R G	Maddren C	
V922	Benzene	Aromatics		210.00	Farrar R G	Maddren C	
V927	Benzene	Aromatics		221.00	Farrar R G	Maddren C	
V862	Hydrogen	Hydrogen		00096,97,98	Farrar R G	Maddren C	
V877	Deballast	NTL		00015,16	Farrar R G	Maddren C	
V884	Rec Oil	NTL		00005,6	Farrar R G	Maddren C	
V885	Rec Oil	NTL		00007,8	Farrar R G	Maddren C	
V886	Rec Oil	NTL		9.00	Farrar R G	Maddren C	
V887	Effluent Water	NTL		10.00	Farrar R G	Maddren C	
V888	Effluent Water	NTL		11.00	Farrar R G	Maddren C	
V889	Effluent Water	NTL		12.00	Farrar R G	Maddren C	
V890	Effluent Water	NTL		13.00	Farrar R G	Maddren C	

<CAPTION>

System No.	Budget Owner	RME	RME's nominee
V909	Heath S H	Tyrie J C	Cruickshank I D
V921	Heath S H	Tyrie J C	Cruickshank I D
V922	Heath S H	Tyrie J C	Cruickshank I D
V927	Heath S H	Tyrie J C	Cruickshank I D
V862	Heath S H	Tyrie J C	Cruickshank I D
V877	Heath S H	Tyrie J C	Cruickshank I D
V884	Heath S H	Tyrie J C	Cruickshank I D
V885	Heath S H	Tyrie J C	Cruickshank I D
V886	Heath S H	Tyrie J C	Cruickshank I D
V887	Heath S H	Tyrie J C	Cruickshank I D
V888	Heath S H	Tyrie J C	Cruickshank I D
V889	Heath S H	Tyrie J C	Cruickshank I D
V890	Heath S H	Tyrie J C	Cruickshank I D

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System No.	Conveyed Product	Owning Business System	Plant/Area - Start of	Plant/Area - End of System	Ref Dwgs	GEP Operating Mgr	SRP
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
V863	Methane	Olefines		00145,146	Farrar R G	Maddren C	
V864	Ethylene	Olefines		00190,191	Farrar R G	Maddren C	
V865	Ethylene	Olefines		192.00	Farrar R G	Maddren C	
V867	Propylene	Olefines		143.00	Farrar R G	Maddren C	
V868	Propylene	Olefines		149.00	Farrar R G	Maddren C	
V869	Propylene	Olefines		00216,217,218, 219,220	Farrar R G	Maddren C	
V870	Propane	Olefines		00138,139,140	Farrar R G	Maddren C	
V892	Naphtha	Olefines		00045,46,47	Farrar R G	Maddren C	
V895	Naphtha	Olefines		55.00	Farrar R G	Maddren C	
V915	Propylene	Olefines		204.00	Farrar R G	Maddren C	
V916	Petrol	Olefines		00088,89,90	Farrar R G	Maddren C	
V917	Petrol	Olefines		00101,102,103, 104,105	Farrar R G	Maddren C	

<CAPTION>

System No.	Budget Owner	RME	RME's nominee
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V863	Heath S H	Tyrie J C	Cruickshank I D
V864	Heath S H	Tyrie J C	Cruickshank I D
V865	Heath S H	Tyrie J C	Cruickshank I D
V867	Heath S H	Tyrie J C	Cruickshank I D
V868	Heath S H	Tyrie J C	Cruickshank I D
V869	Heath S H	Tyrie J C	Cruickshank I D
V870	Heath S H	Tyrie J C	Cruickshank I D
V892	Heath S H	Tyrie J C	Cruickshank I D
V895	Heath S H	Tyrie J C	Cruickshank I D
V915	Heath S H	Tyrie J C	Cruickshank I D
V916	Heath S H	Tyrie J C	Cruickshank I D
V917	Heath S H	Tyrie J C	Cruickshank I D

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System No.	Conveyed Product	Owning Business System	Plant/Area - Start of	Plant/Area - End of System	Ref Dwgs	GEP Operating Mgr	SRP
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
V918	Petrol	Olefines		00117,118,119	Farrar R G	Maddren C	
V919	Petrol	Olefines		00120,121,122	Farrar R G	Maddren C	
V924	Propylene	Olefines		211.00	Farrar R G	Maddren C	
SD950	60 psig Steam	Aromatics			Farrar R G	Maddren C	

SD951	120 psig Steam	Aromatics	Farrar R G Maddren C
SD953	235 psig Steam	Aromatics	Farrar R G Maddren C
SD954	600 psig Steam	Aromatics	Roe P M Owen-Hughes J
SD955	Potable (TV) Water	Aromatics	Farrar R G Maddren C
SD956	Treated Water	Aromatics	Wilson M Eales R D
SD957	Gately Water	Aromatics	Farrar R G Maddren C
SD960	De-min Water	Aromatics	Roe P M Owen-Hughes J

<CAPTION>

System No.	Budget Owner	RME	RME's nominee
<S>	<C>	<C>	<C>
V918	Heath S H	Tyrie J C	Cruickshank I D
V919	Heath S H	Tyrie J C	Cruickshank I D
V924	Heath S H	Tyrie J C	Cruickshank I D
SD950	Heath S H	Tyrie J C	Cruickshank I D
SD951	Heath S H	Tyrie J C	Cruickshank I D
SD953	Heath S H	Tyrie J C	Cruickshank I D
SD954	Roe P M	Tyrie J C	Stewart N
SD955	Heath S H	Tyrie J C	Cruickshank I D
SD956	Wasson A	Tyrie J C	Stewart N
SD957	Heath S H	Tyrie J C	Cruickshank I D
SD960	Roe P M	Tyrie J C	Stewart N

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System No.	Conveyed Product	Owning Business	Plant/Area - Start of System	Plant/Area - End of System	Ref Dwgs	GEP Operating Mgr	SRP
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
SD962	Fire foam/ Fire Water	Aromatics			Farrar R G	Maddren C	
SD963	LP Nitrogen	Aromatics			Farrar R G	Maddren C	
SD964	HP Nitrogen	Aromatics			Farrar R G	Maddren C	
SD965	Plant Air	Aromatics			Farrar R G	Maddren C	
SD966	Spare	Aromatics			Farrar R G	Maddren C	
SD967	Instrument Air	Aromatics			Farrar R G	Maddren C	
SD968	150 psig Fuel Gas	Aromatics			Farrar R G	Maddren C	
SD969	LP Fuel Gas (pilot)	Aromatics			Farrar R G	Maddren C	
SD970	50psig Steam	Aromatics			Farrar R G	Maddren C	
SD971	140 psig Steam	Aromatics			Farrar R G	Maddren C	

<CAPTION>

System No.	Budget	RME	RME's

	Owner	nominee	
<S>	<C>	<C>	<C>
SD962	Heath S H	Tyrie J C	Cruickshank I D
SD963	Heath S H	Tyrie J C	Cruickshank I D
SD964	Heath S H	Tyrie J C	Cruickshank I D
SD965	Heath S H	Tyrie J C	Cruickshank I D
SD966	Heath S H	Tyrie J C	Cruickshank I D
SD967	Heath S H	Tyrie J C	Cruickshank I D
SD968	Heath S H	Tyrie J C	Cruickshank I D
SD969	Heath S H	Tyrie J C	Cruickshank I D
SD970	Heath S H	Tyrie J C	Cruickshank I D
SD971	Heath S H	Tyrie J C	Cruickshank I D

</TABLE>

SIGNED by)
for and on behalf of)
IMPERIAL CHEMICAL)
INDUSTRIES PLC)

SIGNED by)
for and on behalf of)
HUNTSMAN SPECIALTY)
CHEMICALS CORPORATION)

SIGNED by)
for and on behalf of)
HUNTSMAN ICI HOLDINGS, LLC)

SIGNED by)
for and on behalf of)
HUNTSMAN ICI CHEMICALS, LLC)

EXHIBIT 10.2

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PURCHASE AND SALE AGREEMENT
(PO/MTBE BUSINESS)

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PURCHASE AND SALE AGREEMENT
(PO/MTBE BUSINESS)

THE AGREEMENT, dated as of March 21 1997, entered into among Texaco Inc., a Delaware corporation, having an office at 2000 Westchester Avenue, white Plains, New York 10650 ("Seller"), Texaco Chemical Inc., a Delaware corporation, having an office at 3040 Post Oak Boulevard, Houston, Texas 77056 ("Company") and Huntsman Specialty Chemicals Corporation, a Delaware corporation having an office at 500 Huntsman Way, Salt Lake City, Utah 84108 ("Buyer").

PART ONE

SUBJECT MATTER OF THE AGREEMENT: DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1 Subject Matter. The subject matter of the Agreement is: (i) the sale to Buyer by Seller, the Company and TDC, as the case may be, of the Assets; (ii) the purchase by Buyer of the Assets; (iii) the assumption of the Assumed Liabilities by Buyer; and (iv) the terms and conditions upon which the foregoing transactions shall take place.

Section 1.2 Definitions. For purposes of the Agreement, except as otherwise expressly provided herein, the terms defined in this Section 1.2 have the meanings herein assigned to them, and the capitalized terms defined elsewhere in the Agreement by inclusion in quotation marks and parentheses have the meanings so ,ascribed to them.

"Adjusted Interim Cash Flow" means a positive or negative amount, as the case may be, equal to the sum of:

(a) The sum (expressed as a positive amount) of:

(i) collections received on notes and accounts receivable of the PO/MTBE Business after the Effective Date and ending with the Closing Date, whether collected by the Company or by Seller or its Affiliates, excluding intercompany accounts other than Included Intercompany Accounts;

(ii) current liabilities of the PO/MTBE Business, other than Excluded Liabilities and excluding intercompany accounts other than Included Intercompany Accounts, which existed at the Effective Date but were not included on the Final Statement,

(iii) the value of any claims or rights under Contracts relating to the PO/MTBE Business which Seller or any Affiliate has disposed of, waived or permitted to lapse on or after the Effective Date,

(iv) the value of any debts owed to the PO/MTBE Business which were cancelled after the Effective Date and prior to the Closing Date excluding intercompany accounts other than Included Intercompany Accounts, and

(v) to the extent not included in clause (a) (i) above the value of the proceeds from the transfer or other disposition of any Asset, other than Excluded Assets, disposed of by Seller or any Affiliate on or after the Effective Date, and

(b) the sum (expressed as a negative amount) of:

(i) the sum of payments made by the Company or by any Affiliate after the Effective Date and ending with the Closing Date with respect to:

(x) Assumed Liabilities; and

(Y) Other current liabilities of the PO/MTBE Business excluding: the Citibank lease and the termination thereof; Taxes relating to periods prior to and ending with the Effective Date and Income Taxes after the Effective Date; all fees and expenses relative to the Agreement and related transactions; and intercompany accounts other than Included Intercompany Accounts;

(ii) current Assets of the PO/MTBE Business other than Excluded Assets, cash, cash equivalents, deferred Income Taxes, and excluding intercompany accounts other than Included Intercompany Accounts which existed at

the Effective Date but were not included on the Final Statement; and

(iii) to the extent not included in either (b)(i)above or in the Final Statement, the prorated (by calendar days) expenses of the PO/MTBE Business for the period after the Effective Date and ending on the Closing Date for Employees' salaries and wages, employee plans and benefits, payroll Taxes and redistributed expenses charged for service department activity, but excluding salaries and wages expenses for bonus payments, in all cases in the ordinary course of business.

"Affiliate" means, with respect to any specified Person, any other
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Person, directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" (including, with correlative meanings, "controlling", "controlled by", and "under common control with") means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise and, it being understood and agreed that with respect to a corporation or partnership, control shall mean direct or indirect ownership of more than fifty percent (%50 of the voting stock or general partnership interest or voting interest in any such corporation or partnership.

"Agreement" means this Purchase and Sale Agreement (PO/MTBE Business),
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including the Schedules and Exhibits hereto.

"Assets" means the PO/MTBE Assets and the Intellectual Property.

"Assumed Liabilities" means (i) current liabilities of the Company as
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of the Effective Date relating to the PO/MTBE Business which were both incurred in the ordinary course of business and set forth on the Final Statement, it being understood that, except for Included Intercompany Accounts, all other intercompany accounts (representing amounts due from or payable to Seller or Seller's Affiliates by the Company) for activity occurring prior to and

including the Effective Date, shall be excluded, (ii) obligations of the Company arising and relating to periods after the Effective Date under the Contracts relating to the PO/MTBE Business made prior to the Closing Date, in the ordinary course of business consistent with past practices (other than (x) the Contracts set forth on Schedule 3.2(g), (y) the Contracts set forth on Schedule 2.3(c) and (z) any such other ordinary course Contracts with Seller or any of its Affiliates), (iii) obligations of the Company arising and relating to periods after the Effective Date under Contracts as set forth on Schedule 3.2 (g) (other than the Contracts set forth on 2.3(c)) and (iv) capital expenditure obligations arising after the Effective Date under contracts made prior to the Effective Date by or on behalf of the Company pursuant to the asterisked Huntsman Agreements as set forth on Schedule 4.1(b)in the ordinary course of business consistent with past practice.

"Business Day" means a day on which banks are open for business in New
---
York City.

"Capital Charge" means the product of Five Hundred Seventy Six Million
---
Five Hundred Thousand Dollars ($576,500,000) multiplied by the one month LIBOR rate as posted on Page 3750 of the Telerate as of the Effective Date plus 3/8% for the number of days, if any, from but not including the Effective Date to and including the Closing Date divided by Three Hundred Sixty (360) days.

"Closing" means the closing of the transactions contemplated by the
---

Agreement at 10:00 a.m. New York time, at Skadden, Arps, Slate, Meagher & Flom LLP, 919 Third Avenue, New York, NY 10022 on the Closing Date, or at such other time or place as the Parties may mutually agree upon in writing.

"Closing Date" means the third Business Day after the date on which all of the conditions to all Parties', obligations hereunder have been satisfied, unless waived by the appropriate Party, or such later date as shall be agreed upon in writing by the Parties, but in no event later than March 31, 1997; provided, however, that such date shall be reasonably extended by Seller if requested by Buyer, due to delay in receiving material governmental reviews and

approvals; and provided, further, that unless Buyer shall have consented thereto in writing, such date shall not be prior to March 31, 1997.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Confidentiality Agreements" means the agreements set forth in Schedule 1.2.

"Consolidated Return" means a return with respect to any Taxes that is filed on a consolidated, combined or unitary basis.

"Contractor" means a contract employee who primarily works in the Huntsman chemical operations and the PO/MTBE Business.

"Contracts" means contracts, commitments, understandings, binding arrangements and other agreements of any kind or nature, written or oral, including leases of real and personal property.

"Corporate Documents" means the Certificate of Incorporation and By-Laws of a Delaware corporation or the equivalent documents of a corporation organized under the Laws of another Governmental Body.

"Effective Date" means the (i) Closing Date, if the Closing occurs on the last day of any calendar month, or (ii) if the Closing does not occur on the last day of a calendar month, the last day of the calendar month immediately preceding the calendar month in which the Closing occurs.

"Employees" means the individuals who were employed by the Company, Seller or its Affiliates as set forth on Schedule 3.2(k)and engaged in the PO/MTBE Business as of the date of the Agreement and as updated as of the Closing Date to eliminate individuals whose employment terminated prior to the Closing Date and to add individuals who were employed after the date of the Agreement and remained employed to the Closing Date.

"Encumbrances" means liens, charges, mortgages, pledges, security interests, claims, defects of title, restrictions and any other rights of third

parties, including rights of set-off, voting trusts, transfers or receipt of income or other exercise of any attributes of ownership.

"Excluded Assets" means the assets and intangible assets owned, leased or otherwise controlled by the Company, as set forth on Schedule 2.3(c).

"Excluded Liabilities" means current liabilities as of the respective balance sheet date for: repairs and maintenance, all liabilities under the Citibank Lease, including, without limitation, liabilities for excess cash drawn but not used for construction expenditures, and accruals for Taxes.

"Financial Statements" means the balance sheets of the Company as at December 31, 1994, 1995 and 1996, the related statements of income and retained earnings and statements of cash flows for the years then ended, audited by Arthur Andersen LLP, as indicated in its report.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession of the United States of America, which are in effect as of the Closing Date and when used in connection with all or part of the PO/MTBE Business means as consistently applied by the Seller and the Company, as the case may be.

"Governmental Body" means any domestic or foreign national, state, provincial, municipal or other local government, any subdivision, agency, commission or authority thereof, or any quasi-governmental or private body exercising any regulatory or taxing authority thereunder.

"Huntsman" means Huntsman Petrochemical Corporation, a Delaware corporation having an office at 3040 Post Oak Boulevard, Houston, Texas 77056.

"Huntsman Agreements" means the agreements as

set forth on Schedule 4.1(b).

"Huntsman's Interim Knowledge Matter" means any fact, circumstance or condition arising or occurring after the time at which the Agreement is executed and delivered by Buyer but on or before the Closing Date with respect to the existing operations and condition of the PO/MTBE Business of which, during such period any director, officer, employee or Contractor of Huntsman or any of its Affiliates had actual knowledge in connection with Huntsman's performance of the Huntsman Agreements; provided however, that no such fact, circumstance or condition shall constitute a Huntsman's Interim Knowledge Matter unless, during such period, such Person knew or reasonably should have known the effect of such fact, circumstance or condition on the PO/MTBE Business.

"Huntsman's Knowledge Matter" means any fact, circumstance or condition with respect to the existing operations and condition of the PO/MTBE Business of which, prior to or as of the time at which the Agreement is executed and delivered by Buyer, any director, officer, employee or Contractor of Huntsman or any of its Affiliates had actual knowledge in connection with Huntsman's performance of the Huntsman Agreements; provided however, that no such fact, circumstance or condition shall constitute a Huntsman's Knowledge Matter unless, prior to or as of such time, such Person knew or reasonably should have known the effect of such fact, circumstance or condition on the PO/MTBE Business.

"Included Intercompany Accounts" means amounts due from or payable to Seller or Seller's Affiliates to or by the Company pursuant to the Contracts

set forth in Schedule 2.4(b) during the calendar month of the respective balance sheet date.

"Income Tax" means any federal, alternative minimum, state, local or foreign income, franchise or similar Tax and in each instance any interest, penalties or additions to Tax attributable to such Tax.

"Indefeasible" means, with respect to any real property owned or any other real property interest owned, that such real property or interest in real property cannot be revoked, defeated or voided with

the exception of minor imperfections such as shortages in areas or gaps in parcels which, individually or in the aggregate, do not materially impair the use of such real property or real property interest.

"Insurance Policy" means any commercial policies of insurance covering, prior to the Closing Date,(i) property damage to the PO/MTBE Assets (including business interruption), and (ii) liability of the Seller or the Company including any of their respective employees, directors, officers or agents.

"Intellectual Property" means intellectual and similar property of every kind and nature, primarily relating to or presently used in the operation of the PO/MTBE Business including, without limitation, (i) Patents set forth on Schedule 3.1(k)(ii), (ii) trademarks associated solely with the PO/MTBE Business excluding all marks containing "Texaco" or "Tex" as a prefix or suffix or those marks containing the Star T design logo (but including all Governmental Body trademarks, service marks, logos and designs, all registrations and recordings thereof, and all applications in connection therewith, including registrations, recordings and applications in the United States Patent and Trademark office, any state of the United States or any other Governmental Body, all goodwill symbolized thereby or associated therewith and all extensions or renewals thereof which are set forth on Schedule 3.1(k)(ii)), (iii) copyrights associated solely with the PO/MTBE Business (including all copyrights, United States and foreign copyright registrations, and applications to register copyrights which are set forth on Schedule 3.1(k)(ii)), (iv) inventions, formulae, processes, engineering data, designs, know-how, show-how, confidential or proprietary technical and business information and trade secrets or other data or information, (v) Computer Software,(vi) technical manuals and documentation made or used in connection with any of the foregoing, (vii) except for Computer Software, licenses and similar agreements granting to any Person rights with respect to any of the foregoing, and (viii) except for Computer Software, all licenses and similar agreements with any Person granting to Seller, TDC or the Company or its predecessors in interest any rights relating to the design, development,

construction and utilization (including operation and maintenance) of the PO/MTBE Assets.

"IRS" means the Internal Revenue Service of the United States.

"Laws" means all applicable statutes, laws, rules, regulations, orders, ordinances, judgments and decrees of any Governmental Body, including, without limitation, the common or civil law of any Governmental Body, and guidelines that are given the force of law pursuant to any statutes, laws, rules, regulations, orders, ordinances, judgments and decrees of any Governmental Body.

"Marketable" means, with respect to any real property owned or other real property interest owned, that such real property or other real property interest is free from all Encumbrances, except Permitted Encumbrances.

"MTBE" means methyl tertiary butyl ether and other lower alkyl tertiary butyl ethers.

"MTBE Supply Agreement" means the MTBE Supply Agreement, substantially in the form of Exhibit A to be entered into between Seller and Buyer or their respective Affiliates as of the Closing Date.

"Party" means any of Buyer or Seller.

"Patents" means all United States and foreign patents, patent applications and patent disclosures, including all reissues, divisions, continuations, continuations-in-part, substitutions, extensions or renewals of any of the foregoing.

"Patent Assignment Agreements" means the agreements conveying to the Buyer the Patents related to the PO/MTBE Business, substantially in the forms attached hereto as Exhibit B.

"Permitted Encumbrances" means (i) Encumbrances for Taxes, governmental charges or levies on property not yet due and delinquent and (ii) oil and gas leases, mineral rights, royalty interests in minerals, easements, rights of way, licenses, real property leases, encroachments and other minor imperfections of title, which do not, individually or

in the aggregate, materially impair the use of any real property or any property interest or materially impair the use of any other PO/MTBE Asset, or (iii) the Encumbrances set forth in Schedule 2.1. Permitted Encumbrances shall not include any Encumbrance which evidences or secures payment for a sum of borrowed money.

"Person" means any individual, partnership, firm, trust, association, corporation, joint venture, unincorporated organization, other business entity or Governmental Body.

"PG" means propylene glycol.

"PO" means propylene oxide.

"PO/MTBE" means PO and MTBE individually or collectively, as the case may be, from time to time.

"PO/MTBE Assets" means, collectively, tangible and intangible assets and property, real, personal and mixed, owned, leased or otherwise controlled by the Company or, if any, by Seller or any of Seller's other Affiliates in the operation of the PO/MTBE Business, including, but not limited to: (i) fixed assets, including land, land improvements, buildings, fixtures, machinery and equipment, tools, furniture, furnishings, plant and office equipment, process development area equipment at Austin, Texas, leasehold improvements and vehicles; (ii) inventories, including supplies, raw materials, work-in-process, finished goods and goods-in-transit from suppliers or manufacturers; (iii) sales and sales promotional data, advertising materials, customer lists, supplier lists and business plans and other books and records; (iv) Contracts to the extent set forth in Clauses (ii) and (iii) of the definition of Assumed Liabilities; (v) accounts and notes receivable; (vi) prepaid Taxes (other than prepaid Income Taxes), prepaid rent, prepaid supplies, advances and other prepaid expenses and deposits; (vii) goodwill; and (viii) Supporting Assets; but specifically excluding the Intellectual Property, the Excluded Assets and current assets excluded from Closing Working Capital as set forth in Section 2.4(b).

"PO/MTBE Business" means the business and
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operations conducted by or on behalf of the Company with respect to (i) the manufacturing of PO or MTBE at the Company's Port Neches, Texas plant and the marketing, sale and distribution of MTBE from the Company's Port Neches, Texas plant or of PO and (ii) the rights of the Company to have PG manufactured by Huntsman at Huntsman's Port Neches, Texas plant, and the marketing, sale and distribution of such PG.

"Regulations" means the Income Tax regulations issued with respect to
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the Code.

"Supporting Assets" means all of the Company's right, title and
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interest in the cogeneration plant and related land at Port Neches, Texas and related Contracts and in the waste water treatment plant and related land at Port Neches, Texas and related Contracts.

"Tax" means taxes of any kind, levies or other like assessments,
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customs, duties, imposts, charges, or fees, including, without limitation, income, minimum, gross receipts, ad valorem, value added, excise, real or personal property, asset, sales, use, license, payroll, transaction, capital, net worth and franchise taxes, withholding, employment, social security, workers compensation, utility, severance, production, unemployment compensation, occupation, premium, windfall profits, transfer and gains taxes or other governmental taxes imposed by or payable to the United States or any state, county, local or foreign government or subdivision or agency thereof, and in each instance such term shall include any interest, penalties or additions attributable thereto.

"TDC" means Texaco Development Corporation, a Delaware Corporation
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having an office at 2000 Westchester Avenue, White Plains, New York 10650.

"Termination Date" means May 1, 1997; provided, however, that if any
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Governmental Body approval required for the consummation of the transactions contemplated hereby is not received then the Termination Date shall be extended for each day that such Governmental Body approval has not occurred after May 1, 1997, but in no event shall the Termination Date be extended beyond June 1, 1997.

"Third Party Action" means any claim, demand, action, suit or
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investigation made or instituted by a Person other than a member of the Buyer Group or Seller Group for which an Indemnified Party may be entitled to indemnification pursuant to the Agreement.

"Transfer Date" means (i) the Closing Date, if the Closing occurs on
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the first day of any calendar month, or (ii) if the Closing does not occur on the first day of a calendar month, the first day of the calendar month immediately following the calendar month in which the Closing occurs.

"Working Capital" means current assets less current liabilities
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determined in accordance with GAAP consistently applied, as adjusted in accordance with Section 2.4(b).

"Other Definitions" The following terms have the meanings ascribed to
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them in the Sections noted:

"Acquisition"..... 4.1(e)
"Additional Indemnity Taxes"..... 7.4

"Adjustment Date"..... 2.4(c)
"Allocation Statement"..... 8.4
"Assumption Agreement"..... 2.3(b)
"Auditors"..... 2.3(c)
"Audits"..... 3.1(m) (iv)
"BSRP"..... 5.1(f)
"Buyer Benefit Plans"..... 5.1(e)
"Buyer Group"..... 7.1
"Buyer's Pre-Closing Indemnity"..... 6.3(a)(ii)
"CAD"..... 6.2(b) (ix)
"Cash Flow Statement"..... 2.3(c)
"Cash Portion"..... 2.2
"Change"..... 6.3(c)
"Citibank Lease"..... 4.1(g)
"Claim"..... 10.10
"Claim Termination Date"..... 10.10
"Closing Statement"..... 2.4(b)
"Closing Working Capital"..... 2.4(b)
"Common Stock"..... 3.3(i)
"Computer Software"..... 2.3(a)
"DCA Plume"..... 6.1
"Defined Benefit Plans..... 5.1(f)
"Defined Contribution Plans"..... 5.1(i)
"Delivering Party"..... 10.14
"Disclosing Party"..... 4.4(a)

"Easements"..... 3.2(h)(iii)
"Engineering Service Agreement"..... 9.1(h)
"Enhancements"..... 6.5(b)
"Environmental Claims"..... 6.1
"Environmental Condition"..... 6.1
"Environmental Law"..... 6.1
"Environmental Losses"..... 6.1
"ERISA"..... 3.2(o)
"Estimated Working Capital"..... 2.4(a)
"Excluded Marks"..... 4.2(b)
"Final Statement"..... 2.4(b)
"Financing Person"..... 10.4(d)
"$40 Million Cap"..... 6.2(a)
"HSR"..... 4.3(c)
"Huntsman Group"..... 12.4
"Indemnified Member"..... 7.4
"Indemnified Party"..... 7.3
"Indemnifying Party"..... 7.3
"Individual Deductible"..... 6.1
"Information"..... 4.4(a)
"Intellectual Property Licenses"..... 3.1(k) (iii)
"Intersecurity Documents"..... 2.2
"Leased Properties"..... 3.2(h) (v)
"Liabilities"..... 7.1
"New Defined Benefit Plans"..... 5.1(f)
"New Defined Contribution Plans"..... 5.1(i)
"New Welfare Benefit Plans"..... 5.1(k)
"Non-Assumed Liabilities"..... 2.3(d)
"Normal Retirement Benefits"..... 5.1(f)
"Offset"..... 4.2(g)
"Off-Site Waste Disposal"..... 6.2(b)(ii)
"Other Party"..... 10.14
"Phase I Environmental Assessment"..... 6.1
"PPI"..... 6.3(b)(iii)
"Preferred Stock"..... 2.2
"Property"..... 3.2(h)(i)
"Purchase Price"..... 2.2
"Real and Personal Property Taxes"..... 8.3(a)
"Receiving Party"..... 4.4(a)
"Remediation"..... 6.1
"Remediation Plan..... 6.1
"Representatives"..... 4.4(a)
"Seller Group"..... 7.2
"Seller's Indemnity Period"..... 6.3(b)(i)
"Structured Sale"..... 10.4

"Tank Waste Disposal"..... 6.2(b)(ii)
"Tax Benefit"..... 7.4
"Transaction Deductible"..... 6.1
"Transferred Employees"..... 5.1(a)

"Uncollected Receivables"..... 2.4(d)
"Welfare Benefit Plans"..... 5.1(k)

Section 1.3 Rules of Construction. For purposes of the Agreement:

(a) General. Unless the context otherwise requires: (i) "or" is not
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exclusive; (ii) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP; (iii) words in the singular include the plural, and words in the plural include the singular; (iv) words in the masculine include the feminine and words in the feminine include the masculine; (v) any date specified for any action that is not a Business Day shall be deemed to mean the first Business Day after such date; and (vi) reference to a corporation, a limited liability company or a partnership includes such corporation's, limited liability company's or partnership's successors and assigns.

(b) Parts and Sections. References to Parts and Sections are, unless
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otherwise specified, to Parts and Sections of the Agreement. Neither the captions to Parts or Sections thereof nor the Table of Contents shall be deemed to be a part of the Agreement.

(c) Other Agreements. References herein to any agreement or other
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instrument shall, unless the context otherwise requires (or the definition thereof otherwise specifies), be deemed references to the same as it may from time to time be changed, amended or extended. There is no incorporation by reference herein unless expressly so stated. All Schedules and Exhibits are deemed to be incorporated herein by reference.

PART TWO:

PURCHASE OF PO/MTBE BUSINESS, PURCHASE PRICE AND TRANSFER OF PO/MTBE BUSINESS

Section 2.1 Purchase and Sale of PO/MTBE Business. At the Closing, Seller
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shall sell, transfer, assign and deliver or cause to be sold, transferred, assigned and delivered to Buyer the Assets, free and clear of all Encumbrances except Permitted Encumbrances, and Buyer shall purchase, receive and accept the Assets and assume the Assumed Liabilities.

Section 2.2 Purchase Price. The purchase price of the Assets shall be
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Five Hundred Seventy-Seven Million Five Hundred Thousand Dollars ($577,500,000) as adjusted in accordance with Section 2.4 (the "Purchase Price") . The Purchase Price shall be payable as follows: (a) on December 24, 1996, One Million Dollars ($1, 000, 000) was paid by or on behalf of Buyer to Seller, (b) at the Closing Buyer shall deliver (i) to Seller, Five Hundred Eleven Million Five Hundred Thousand Dollars ($511,500,000) ("Cash Portion") and (ii) to the Company, Sixty Five Thousand (65, 000) shares of nonvoting, cumulative preferred stock, par value $1 per share, of Buyer, with an aggregate stated value of Sixty-Five Million Dollars ($65,000,000) and with the rights and preferences set forth on Schedule 2.2 (ii) (b) (ii) (the "Preferred Stock") and (c) after the Closing, the adjustments contemplated by Sections 2.3 (c) and 2.4 shall be made. On or prior to the Closing, the agreements, and documents and letters with lenders, third party junior subordinated debt holders, Seller, the Company or other Persons with terms and restrictions as set forth in Schedule 2.2(ii)(b) (collectively "Intersecurity Documents") shall be executed and delivered. The Cash Portion of the Purchase Price shall be payable by Buyer to Seller at the Closing. The Preferred Stock and Intersecurity Documents shall be dated as of

the Closing Date. The Preferred Stock shall be delivered by the Buyer to the Company at the Closing. The Purchase Price allocation is agreed to by the Parties as set forth in Schedule 2.2.

Section 2.3 Transfer of the Assets, Etc. The transfer of the Assets and assumption of Assumed Liabilities shall be effected as follows:

(a) Transfer of Assets. At the Closing, Seller shall execute and deliver or cause to be executed and delivered such certificates, deeds of trust, bills of sale, assignments or other deeds or documents, if any, as are reasonably required to effect the transfer of the Assets, including without limitation, the documents set forth on Schedule 2.3(a)(i). The Assets to be transferred shall include computer software presently used in the PO/MTBE Business and all licenses therefor, but excluding (i) Seller's or its Affiliates, proprietary computer software presently used both in Seller's or its Affiliates, business and in the PO/MTBE Business as set forth on Schedule 2.3 (a) (ii) (provided that at Buyer's request, Seller shall grant Buyer a royalty-free, irrevocable, nonexclusive license to use any of such proprietary software in the PO/MTBE Business, excluding Seller's or its Affiliates main frame software), (ii) the copyright in, but not licenses to use, third party computer software licensed to the Company, Seller, or Huntsman and presently used, or provided by Huntsman pursuant to service agreements, in the PO/MTBE

Business, excluding Seller's or its Affiliates main frame software), (ii) the copyright in, but not licenses to use, third party computer software licensed to the Company, Seller, or Huntsman and presently used, or provided by Huntsman pursuant to service agreements, in the PO/MTBE Business and (iii) Huntsman's or its Affiliates' proprietary computer software used for the benefit of the PO/MTBE Business (such software which is included in the Assets is referred to herein as "Computer Software").

(b) Assumed Liabilities. At the Closing, Buyer and the Company shall enter into an assumption agreement to assume the Assumed Liabilities substantially in the form of Exhibit C ("Assumption Agreement").

(c) Adjusted Interim Cash Flow. The following is applicable only if the Closing Date does not occur on the last day of the calendar month. Seller shall cause the Company to keep accurate records of the Adjusted Interim Cash Flow as if the cash flow had been held separate as set forth in this Section 2.3(c) and Buyer and its Affiliates shall reasonably cooperate with the Company in keeping accurate records. Seller shall calculate the amount of the Adjusted Interim Cash Flow (the "Cash Flow Statement") as promptly as possible after the Closing Date, but in no event later than thirty (30) days after the final determination of Closing Working Capital. Buyer shall have forty-five (45) days after receipt to review the Cash Flow Statement. Buyer and its representatives shall be entitled to review the work papers, schedules, memoranda and other documents used by Seller in preparation of the Cash Flow Statement. If Seller and Buyer agree on the resolution of all matters relating to the Cash Flow Statement within such forty-five (45) day period, the Cash Flow Statement shall be final and binding. If Seller and Buyer shall fail to reach an agreement within such forty-five (45) day period, then all disagreements shall be submitted for resolution to Arthur Andersen LLP and Deloitte & Touche (the "Auditors"). The Auditors shall have up to thirty (30) days after such submission to resolve the dispute submitted to the Auditors which resolution shall be final and binding on the Parties. In the event that the final determination of the Adjusted Interim Cash Flow is a positive amount, Seller shall pay to Buyer any remaining positive amount, after the deduction from such original positive amount of the Capital Charge, within ten (10) Business Days. In the

event that the final determination of the Adjusted Interim Cash Flow is a negative amount, Buyer shall pay such amount to Seller within ten (10) Business Days. The fees and expenses of Arthur Andersen LLP shall be paid by Seller and the fees and expenses of Deloitte & Touche shall be paid by

Buyer.

(d) Non-Assumed Liabilities. Except as otherwise expressly provided for in the Agreement and the transactions contemplated herein, the Parties agree that Buyer has not agreed to pay, assume or be liable for any liabilities or obligations of the PO/MTBE Business or of Seller or its Affiliates related to the PO/MTBE Business ("Non-Assumed Liabilities").

Section 2.4 Working Capital. Buyer and Seller agree as follows:

(a) Estimated Working Capital. The estimated amount of the Closing Working Capital ("Estimated Working Capital") shall be Forty Four Million Three Hundred Three Thousand Nine Hundred Fifty Two Dollars ($44,303,952) and Seller has provided to Buyer the basis for the calculation.

(b) Determination of Closing Working Capital. As promptly as practicable after the Closing Date (but in no event later than ninety (90) days after the Closing Date), Buyer shall prepare a statement of the Closing Working Capital (the "Closing Statement"). The Closing Statement shall be prepared on the same basis as the Estimated Working Capital, which in both cases exclude all intercompany accounts other than Included Intercompany Accounts, Excluded Assets, cash and cash equivalents, Excluded Liabilities and deferred Income Taxes. Seller shall have forty five (45) days after receipt to review the Closing Statement and to discuss resolution of the Closing Statement. Seller and its representatives shall be entitled to review the work papers, schedules, memoranda and other documents used by Buyer in preparation of the Closing Statement. If Seller and Buyer agree on the resolution of all matters relating to the Closing Statement within such forty five (45) day period, the Closing Statement shall be final and binding ("Final Statement"), and shall set forth the Working Capital included in the PO/MTBE Assets as of the Effective Date ("Closing Working Capital"). If Seller and Buyer shall fail to reach an agreement with respect to all matters relating to the Closing Statement within

such forty five (45) day period, then all disagreements shall be submitted for resolution to the Auditors. The Auditors shall have up to thirty (30) days after such submission to resolve the disputes submitted to the Auditors and shall determine the Closing working Capital which determination shall be final and binding on the Parties. The fees and expenses of Arthur Andersen LLP shall be paid by Seller and the fees and expenses of Deloitte & Touche shall be paid by Buyer and the Final Statement shall be adjusted accordingly.

(c) Adjustment Payment. Within ten (10) Business Days after the final determination of the Closing Working Capital ("Adjustment Date"): (i) in the event that the Closing Working Capital exceeds the Estimated Working Capital, the Buyer shall pay to Seller the amount of the excess; or (ii) in the event that the Closing Working Capital is less than the Estimated Working Capital, Seller shall pay to Buyer the amount of the shortfall. In the event the amounts set forth in Section 5.1(o) as payable by Buyer to Seller have not been paid, the adjustment payment shall include reimbursement for amounts set forth in Section 5.1(o).

(d) Uncollected Accounts Receivable. The Seller shall promptly purchase all notes and accounts receivable of the PO/MTBE Business included in the Closing Working Capital, which have not been collected by the Ninetieth (90th) Day following the Closing Date and the Two Hundred Tenth (210/th/) day for non-U.S. shipments which have payment terms more than Ninety (90) days ("Uncollected Receivables"). The purchase price for the Uncollected Receivables shall be the aggregate face amount thereof (net of the aggregate reserves for bad debts relating to such receivables shown on the Final Statement); provided however, that if Buyer shall have collected notes and accounts receivable included in the Closing Working Capital which, when added to the amount of the Uncollected Receivables, is greater than the amount of the notes and accounts receivable included in the Closing Working

Capital (after deducting therefrom the reserve for bad debts relating to such receivables shown on the Final Statement), the difference shall be credited against the amount of the Uncollected Receivables to be purchased. In the event that Buyer shall collect any Uncollected Receivables subsequent to Seller's purchase of such Uncollected Receivables, Buyer shall pay all amounts so collected to Seller no later than five (5) Business Days after collection.

Section 2.5 Payment. Unless otherwise expressly provided herein, any amount payable under the Agreement shall be payable in immediately available funds, by means of a wire transfer, if to Seller, to Seller's account number 910-112877-6 at The Chase Manhattan Bank, N.A., New York, New York (with immediate telephone notice to Peter Wissel at (914) 253-7705 or to such other account and depository designated by Seller prior to the Closing by notice to Buyer) or if to Buyer, to Buyer's account number 00358475 at Bankers Trust Company, New York, New York (ABA #021001033) (with immediate telephone notice to Sean Douglas at (801) 584-5864 or to such other account and depository designated by Buyer prior to the Closing by notice to Seller).

PART THREE:

REPRESENTATIONS AND WARRANTIES

Section 3.1 Seller. Seller represents and warrants to Buyer that:

(a) Organization and Standing of Seller. Seller has been duly organized and is validly existing in good standing under the Laws of Delaware.

(b) Authority. Seller has the corporate power and authority to enter into and perform the Agreement and all agreements and transactions contemplated hereby. The execution, delivery and performance by Seller of the Agreement have been duly authorized by all requisite corporate action and the Agreement has been duly executed and delivered by Seller.

(c) Validity of Agreement. The Agreement is a legal, valid and binding obligation of Seller and is enforceable against Seller in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency or other similar Laws affecting the enforcement of creditors' rights in general. The enforceability of Seller's obligations under the Agreement is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at Law).

(d) No Violation. The execution and delivery of the Agreement by Seller, and the performance by Seller of the terms of the Agreement do not (i) conflict with or result in a violation of the Corporate Documents of Seller or TDC, (ii) conflict with, result in a violation

of or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the termination of, or accelerate the performance required by, or cause the acceleration of the maturity of any debt or obligation pursuant to the express terms of any Contract to which Seller or TDC is a party or is subject, except for such violations, conflicts, defaults, terminations or accelerations which, either individually or in the aggregate, would not have a material adverse effect on the PO/MTBE Business, or (iii) violate any Law, except for such violations which, either individually or in the aggregate, would not have a material adverse effect on the PO/MTBE Business.

(e) No Consent Required. Except as set forth on Schedule 3.1(e), (i) no consent, waiver, approval, authorization or other action by, or filing

with, any Governmental Body, is required in connection with the execution, delivery and performance by Seller of the Agreement or the agreements and transactions contemplated hereby, and (ii) no consent, waiver, approval, authorization or other action by any Person (other than Governmental Bodies) is required in connection with the execution, delivery and performance by Seller of the Agreement or the agreements and transactions contemplated hereby, except for consents, waivers, approvals, authorizations or actions which, if not obtained, made or taken, would not have a material adverse effect on the PO/MTBE Business.

(f) Financial Statements. The Financial Statements are true and
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complete in all material respects and have been prepared in accordance with GAAP and fairly present in all material respects, as of the dates thereof, the financial position of the Company, and for the periods therein referred to, the results of operations and cash flows of the Company.

(g) Changes. Except as set forth on Schedule 3. 1 (g), since December
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31, 1995: (i) or except for Huntsman's Knowledge Matters there has been no material adverse change in the financial condition (not in the ordinary course of business) of the PO/MTBE Business; (ii) or except for Huntsman's Knowledge Matters neither Seller, TDC nor the Company has permitted or allowed any of the PO/MTBE Assets to be subjected to any Encumbrances, except for Permitted Encumbrances; (iii) neither Seller, TDC nor the Company has disposed of,

waived or permitted to lapse claims and rights under Contracts, excluding indebtedness, relating to the PO/MTBE Business with an aggregate value in excess of Five Hundred Thousand Dollars ($500,000), other than in the ordinary course of business consistent with past practice given the state of the PO/MTBE Business; (iv) or except for Huntsman's Knowledge Matters neither Seller nor any of Seller's Affiliates has transferred or otherwise disposed of any PO/MTBE Asset except in the ordinary course of business and except for the Excluded Assets; (v) neither Seller nor the Company has made any announcement or proposal concerning or is under any legal obligation to grant any general increase in the compensation of officers of the Company or Employees (including, without limitation, any such increase pursuant to any bonus, pension, profit sharing or other plan or commitment) or any contractual changes to the benefits other than in the ordinary course of business; (vi) neither Seller, TDC nor the Company has paid, discharged or satisfied any claims, liabilities or obligations (absolute, accrued, contingent or otherwise) relating to the PO/MTBE Business other than the payment, discharge or satisfaction in the ordinary course of business of liabilities and obligations reflected or reserved against in the 1995 Financial Statements or incurred in the ordinary course of business, since the date of the 1995 Financial Statements; (vii) neither Seller, TDC nor the Company has canceled any debts owed to the PO/MTBE Business in excess of One Hundred Thousand Dollars ($100,000) individually, or Two Hundred Fifty Thousand Dollars ($250,000) in the aggregate other than intercompany accounts; (viii) neither Seller, TDC nor the Company had any single capital expenditure or other commitment which had been contracted to but not incurred relating to the PO/MTBE Business in excess of Two Million Dollars ($2,000,000) for additions to property, plant, equipment or intangible capital assets or made aggregate capital expenditures and commitments relating to the PO/MTBE Business in excess of Ten Million Dollars ($10,000,000) for additions to property, plant, equipment or intangible capital assets; (ix) neither Seller, TDC nor the Company has made, in connection with the PO/MTBE Business, (a) any material change in any accounting methods, principles or practices (including, without limitation, changes in depreciation or amortization policies or rates or relating to the establishment or accrual of reserves) or (b) any material election with respect to Taxes; (x) neither Seller, TDC nor the Company has disposed of or

permitted to terminate or lapse any rights to the use of any Intellectual Property other than in the ordinary course of business, or disclosed to any Person other than representatives of Buyer any trade secret, formula, process or know-how not theretofore a matter of public knowledge, other than in the ordinary course of business or pursuant to secrecy, confidentiality,

nondisclosure or similar agreements; and (xi) neither Seller, TDC nor the Company has agreed, whether in writing or otherwise, to take any action described in clauses (i) to (x) of this Section 3.1(g).

(h) Conduct of Business. Except as set forth on Schedule 3.1(h) or for Huntsman's Knowledge Matters, since December 31, 1995, the PO/MTBE Business has not been conducted other than in the ordinary course.

(i) Litigation. Except as set forth on Schedule 3.1(i), there are no actions, suits, investigations or proceedings pending or, to the actual knowledge of Seller, threatened against Seller or any of its Affiliates before any court or arbitration tribunal or before or by any Governmental Body relating to the execution, delivery or performance of the Agreement or the agreements and transactions contemplated hereby.

(j) No Undisclosed Liabilities. Except as set forth in Schedule 3.1(j), neither Seller nor any of its Affiliates (other than the Company) has any liabilities or obligations of any nature (absolute, accrued, contingent or otherwise) related to the PO/MTBE Business which (x) would be required by GAAP to be reflected on a theoretical balance sheet of the PO/MTBE Business and (y) were not fully reflected or reserved against in the December 31, 1996 balance sheet in the Financial Statements, except for liabilities and obligations incurred since December 31, 1996 in the ordinary course of business and consistent with past practice given the state of the PO/MTBE Business. Except as set forth in Schedule 3.1(j), the Company does not have any liabilities or obligations of any nature (absolute, accrued, contingent or otherwise) related to the PO/MTBE Business which would be required by GAAP to be reflected on a balance sheet of the Company and which were not fully reflected or reserved against in the December 31, 1996 balance sheet in the Financial Statements, except for liabilities and obligations incurred since December 31, 1996 in the ordinary course of business and consistent with past practice given the state of the

PO/MTBE Business.

(k) Intellectual Property Rights. With respect to Intellectual Property: (i) the Company, Seller or TDC is the owner of or has rights to use or has rights for Huntsman to use on the Company's behalf, all Intellectual Property; (ii) based on Seller's, TDC's and the Company's actual knowledge, Schedule 3.1(k) (ii) sets forth a complete and accurate list of all registered copyrights, Patents and trademarks owned by or under obligation of assignment to Seller, TDC or the Company, primarily related to or used in the conduct of the PO/MTBE Business excluding those marks containing "Texaco", "Tex" as a prefix or suffix, or the Star T design logo; (iii) each owner listed on Schedule 3.1(k) (ii) is listed on the records of the appropriate Governmental Body as the sole owner of record except as otherwise indicated in such Schedule 3.1 (k)(ii), and based on Seller, TDC, and the Company's actual knowledge, Schedule 3.1(k)(iii) sets forth a complete and accurate list of all agreements between Seller, TDC or the Company or its predecessors in interest, on the one hand, and any Person, on the other hand, granting any right to use or practice any rights under any Intellectual Property (collectively "Intellectual Property Licenses"); (iv) except as set forth on Schedule 3.1(k)(iv), there is no Encumbrance on the right of the Seller or any of Seller's Affiliates including without limitation the Company to transfer to Buyer any of the Intellectual Property, as herein contemplated; (v) based on Seller's, TDC's and the Company's actual knowledge, no trade secret, formula, process, invention, design, know-how or other information considered material, proprietary and confidential has been disclosed or authorized to be disclosed to any Person who is not an Affiliate of Seller or the Company, except Buyer and Buyer's Affiliates or except in the ordinary course of business or pursuant to an obligation of confidentiality binding upon said Person; (vi) based on Seller's, TDC's and the Company's actual knowledge or except as set forth on Schedule 3.1(k)(vi), there are no pending proceedings by or before Governmental Bodies, including oppositions, interferences, proceedings or suits, relating to such Intellectual Property and based on Seller's, TDC's and the Company's actual knowledge, no such proceedings are threatened;

(vii) based on Seller's, TDC's and the Company's actual knowledge, the conduct of the PO/MTBE Business and the exercise of rights relating to

Intellectual Property does not infringe upon or otherwise violate, intellectual property rights of any Person; (viii) based on Seller's, TDC's and the Company's actual knowledge, no Person is infringing upon or otherwise violating any Patents contained within Intellectual Property; (ix) based on Seller's, TDC's and the Company's actual knowledge, none of Seller or any of its Affiliates has received notice of any claims, and there are no pending claims, of any Persons relating to the scope, ownership or use of any of the Intellectual Property or alleging that the conduct of the PO/MTBE Business infringes upon or otherwise violates the intellectual property rights of any Person except as set forth in Schedule 3. 1 (k)(ix) ; and (x) based on Seller's, TDC's and the Company's actual knowledge, each copyright registration, Patent and registered trademark and application therefor listed on Schedule 3.1(k) (ii) is in proper form, not disclaimed and has been duly maintained, including the submission of all necessary filings in accordance with the legal and administrative requirements of the appropriate jurisdictions.

(l) Working Capital. Since September 30, 1996, (i) the Working Capital
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(including each component thereof) of the PO/MTBE Business has been managed in the ordinary course of business in a manner consistent with past practice given the state of the PO/MTBE Business, (ii) except for Huntsman's Knowledge Matters, receivables of the PO/MTBE Business have been collected in the ordinary course of business consistent with past practice given the state of the PO/MTBE Business, (iii) inventory levels of the PO/MTBE Business have been maintained in the ordinary course of business consistent with past practice given the state of the PO/MTBE Business and (iv) accounts payable of the PO/MTBE Business have been paid in the ordinary course of business consistent with past practice given the state of the PO/MTBE Business.

(m) Taxes. With respect to Taxes:

(i) Except in the case of United States federal Tax Returns and United States federal Taxes, as applicable, the Company has (x) duly and timely filed with the appropriate taxing authorities all Tax Returns required to be filed by it, and all such Tax Returns are true, correct and complete in all material respects, and (y) timely paid all material Taxes due or claimed to be due from it by any taxing authority.

(ii) Except in the case of United States federal Tax Returns and United States federal Taxes, as applicable, the Company has, within the time and manner prescribed by Law, withheld and paid over to the proper Governmental Authorities all amounts required to be withheld and paid over under all applicable Laws.

(iii) Except as set forth in Schedule 3.1(m)(iii) and except in the case of United States federal Tax Returns and United States federal Taxes, as applicable, the Company has not requested any extension of time within which to file any Tax Return in respect of any fiscal year which has not since been filed and no outstanding waivers or comparable consents regarding the application of the statute of limitations with respect to any Taxes or Tax Returns have been given by the Company.

(iv) Except as set forth in Schedule 3.1 (m) (iv), no state or local audits or other administrative proceedings or court proceedings ("Audits") exist or have been initiated or are presently pending with regard to any Taxes or Tax Returns of the Company, and none of the Company or any Affiliate has received any notice that such an Audit is pending or threatened with respect to any Taxes due from or with respect to the Company or with respect to any Tax Return filed by or with respect to the Company.

(v) Except in the case of United States federal Taxes, all tax deficiencies which have been finally determined against the Company have been fully paid or finally settled.

(n) Disclosure. No representations or warranties by Seller in the Agreement contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the representations or warranties of Seller herein, in light of the circumstances under which they were made, not misleading.

(o) Revenues, Costs of Goods Sold and Expenses. The revenues, costs of goods sold and expenses of the Company for the year 1996 as set forth in the Financial Statements fairly present, in all material respects, those amounts for the PO/MTBE Business on the basis operated by the Company subject to the Citibank Lease and subject to the Huntsman Agreements; provided

however, no representation is made by the Seller or the Company regarding the pro forma effects had the PO/MTBE Business been owned by Huntsman or the Buyer during the year 1996, including, but not limited to, the pro forma effects of elimination of the Citibank Lease, the effects of changes in or elimination of the Huntsman Agreements, and the effects of elimination of interest income on intercompany accounts not to be acquired by the Buyer under the Agreement.

Section 3.2 Company. Seller represents and warrants to Buyer that:

(a) Organization and Standing of Company. The Company has been duly organized and is validly existing in good standing under the Laws of Delaware and is in good standing as a foreign corporation in all jurisdictions where the nature of its properties or business requires it.

(b) Authority. The Company has the corporate power and authority to own, lease or otherwise control the PO/MTBE Assets and to conduct its business as presently conducted. The Company has the corporate power and authority to enter into and perform the Agreement and the agreements and transactions contemplated hereby. The execution, delivery and performance by the Company of the Agreement and the agreements and transactions contemplated hereby have been duly authorized by all requisite corporate and shareholder action on the part of the Company, and the Agreement has been duly executed and delivered by the Company.

(c) Validity of Agreement. The Agreement is a legal, valid and binding obligation of the Company and is enforceable against the Company in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency or other similar Laws affecting the enforcement of creditors' rights in general. The enforceability of the Company's obligations under the Agreement is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at Law).

(d) No Violation. The execution and delivery of the Agreement, the performance by the Company of the terms of the Agreement and the sale and delivery of the Assets do not (i) conflict with or result in a violation of the Corporate Documents of the Company, (ii) conflict with,

result in a violation of or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the termination of, or accelerate the performance required by, or cause the acceleration of the maturity of any debt or obligation pursuant to the express terms of any Contract to which the Company is a party or is subject, except for such violations, conflicts, defaults, terminations or accelerations which, either individually or in the aggregate, would not have a material adverse effect on the PO/MTBE Business, or (iii) violate any Law, except for such violations which, either individually or in the aggregate, would not have a material adverse effect on the PO/MTBE Business.

(e) No Consent Required. Except as set forth on Schedule 3.2(e), (i) no consent, waiver, approval, authorization or other action by, or filing with, any Governmental Body, is required in connection with the execution, delivery and performance by the Company of the Agreement or the agreements and transactions contemplated hereby, and (ii) no consent, waiver, approval, authorization or other action by any Person (other than Governmental Bodies) is required in connection with the execution, delivery and performance by the Company of the Agreement or the agreements and transactions contemplated hereby except for consents, waivers, approvals, authorizations or actions which, if not obtained, made or taken, would not have a material adverse effect on the PO/MTBE Business.

(f) Litigation. Except as set forth in Schedule 3.2(f), there are no actions, suits, investigations or proceedings pending or, to the actual knowledge of Seller or the Company, threatened against the Company or any of its Affiliates before any court or arbitration tribunal or before or by any Governmental Body relating to the PO/MTBE Business excluding Intellectual Property. Neither Seller, the Company nor TDC is subject to any judgment, order or decree entered in any lawsuit, or other proceeding before or by any Governmental Body which, individually or in the aggregate, would have a material adverse effect on the conduct of the PO/MTBE Business excluding Intellectual Property.

(g) Contracts. Except as set forth on Schedule 3.2(g), neither Seller, the Company nor TDC is, in connection with the PO/MTBE Business, a party to or subject to (i) any employment or consulting Contract

with any Employee or officer or director of the Company, (ii) any plan, arrangement or Contract providing for bonuses, pensions, options, deferred compensation, retirement payments or profit sharing for or with any Employee, the Company's officers or directors, (iii) any collective bargaining agreement with any labor union, (v) any instrument evidencing or related to indebtedness for borrowed money, whether directly or indirectly, not set forth on the December 31, 1996 balance sheet in the Financial Statements, (v) any Contract limiting the freedom to conduct PO/MTBE Business in any geographic area or to compete in any line of business or with any Person, (vi) any partnership or 3oint venture contract, (vii) any material Contract between the Company and with Seller or any of its Affiliates, or (viii) any other Contract which is material to the operations of the PO/MTBE Business. There exists no default or event of default by Seller, the Company or TDC, or to Seller's, the Company's or TDC's actual knowledge, by any other party, under any of the Contracts set forth on Schedule 3.2(g) which, individually or in the aggregate, would have a material adverse effect on the PO/MTBE Business.

(h) Title to the Assets. With respect to the Assets: (i) Schedule 3.2(h)(i) sets forth a comprehensive description of all PO/MTBE Assets constituting real property owned in fee, including land, buildings, improvements and structures thereon and appurtenances thereto ("Property"), and sets forth the names of the record title owners of the Property; (ii) subject to the Citibank Lease, the Company has Marketable and Indefeasible title to the Property; (iii) Schedule 3.2(h)(iii) sets forth a comprehensive listing of all easements, real property licenses and rights-of-way where the Company, or its predecessors, is the grantee ("Easements"); (iv) subject to the Citibank Lease, the Company has Marketable and Indefeasible title to the Easements subject to their terms and with respect to such Easements: (x) the easements comprising the Easements are in full force and effect and constitute the legal, valid and binding obligations of each party thereto, (y) there exists no default or event of default under any such easements which in the aggregate would have a material adverse effect on the PO/MTBE Business, and (z) except as set forth on Schedule 3.2 (h)(iv)(z), no term easement comprising an Easement which benefits any real property, any real property interest or any PO/MTBE Asset requires the payment of a sum of money, excluding rentals, to prevent such term easement from

terminating or to renew such term easement, and Schedule 3.2 (h)(iv)(z) sets forth the term and the amount payable necessary to renew each easement or prevent the termination of each easement; (v) Schedule 3.2(h)(v) sets forth a comprehensive description of all PO/MTBE Assets constituting leasehold interests in real property where Company is lessee, including buildings, improvements and structures located thereon and appurtenances thereto ("Leased Properties") and with respect to such Leased Properties: (x) the leases comprising the Leased Properties are in full force and effect and constitute the legal, valid and binding obligations of each party thereto, and (y) there exists no default or event of default under any of such leases which in the aggregate would have a material adverse effect on the PO/MTBE Business; (vi) the Company has good title to all other PO/MTBE Assets, subject to the Permitted Encumbrances and the Citibank Lease, and other than those that are leased, to which the Company has valid and enforceable leases; (vii) with the exception of the rights arising under service or supply agreements in effect between the Company, Seller or Seller's other Affiliates and Huntsman, except as set forth on Schedule 3.2(h)(vii) and except for the Supporting Assets, (x) the Intellectual Property and PO/MTBE Assets constitute all of the material rights and assets which are used in the conduct of the PO/MTBE Business as the PO/MTBE Business was conducted on December 31, 1995 and is presently being conducted and (y) no other material properties or rights whether or not owned by the Company, are required for the operation of the PO/MTBE Business as the PO/MTBE Business was operated on December 31, 1995 or is presently being operated.

(i) Condition and Repair. Except as set forth on Schedule 3.2(i) or
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for Huntsman's Knowledge Matters, the plant, structures and equipment of the PO/MTBE Assets, excluding Supporting Assets, taken as a whole have been operated, maintained and repaired in a reasonably prudent manner, in accordance with industry standards and past practices and contain no known undisclosed structural defects which in the aggregate would have a material adverse effect on the PO/MTBE Business.

(j) Compliance with Applicable Law. Except as set forth on Schedule
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3.2(j) or for Huntsman's Knowledge Matters, the PO/MTBE Business, excluding the Supporting Assets, has been and is being conducted in compliance with all Laws the failure to comply with which would

have a material adverse effect on the PO/MTBE Business, excluding the Supporting Assets.

(k) Employees. Schedule 3.2(k) sets forth a list of the Employees,
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including and specifically identifying as such those Employees, if any, who may go on long term disability.

(l) Bank Accounts. Schedule 3.2(l) sets forth a complete and accurate
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list of all bank accounts of the Company and the signatories thereunder.

(m) Inventories. The inventories of the PO/MTBE Business (i) consist
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of a quality and quantity usable in the ordinary course of business consistent with past practice given the state of the PO/MTBE Business, (ii) with respect to finished inventory, are of a quality to be salable in the ordinary course of business consistent with past practice given the state of the PO/MTBE Business, and (iii) are owned by the Company. Inventories of feedstock, work in process, unfinished products and finished products of the Company are valued in the December 31, 1996 balance sheet in the Financial Statements at the lower of cost or market (determined on the average cost basis except for MTBE valued at market when produced). With respect to materials and supplies inventories, which are carried on an average cost basis, the excess of cost over market after any reserves for obsolete or below standard inventory, does not exceed Two Hundred Thousand Dollars ($200,000).

(n) Manufacture of PO/MTBE. Neither PO nor MTBE were manufactured on
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the Property prior to August 1, 1994. Except as otherwise set forth on Schedule 3.2(n) or for Huntsman's Knowledge Matters, there have been no spills or releases of PO or MTBE, including chemical substances or catalysts used in the manufacture of PO or MTBE on or from the Property that were reportable to a Governmental Body.

(o) ERISA Plan Administration. Each Defined Contribution Plan has been operated and administered in substantial compliance with its terms and with Law, including but not limited to the Employee Retirement Security Act of 1974, as amended, and the rules and regulations promulgated thereunder ("ERISA") and the Code.

(p) ERISA; Qualified Plans. Each Defined Contribution Plan that is intended to be "qualified" within the meaning of Section 401(a) of the Code (or other Law) is so qualified.

(q) Supporting Assets. With respect to the Supporting Assets, except for Section 3.2(h), THERE ARE NO EXPRESS OR IMPLIED WARRANTIES THAT APPLY TO THE SUPPORTING ASSETS AND THE SELLER AND THE COMPANY SPECIFICALLY DISCLAIM ANY IMPLIED WARRANTY OF MERCHANTIBILITY AND ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE.

Section 3.3 Buyer. Buyer represents and warrants to Seller as follows:

(a) Organization and Standing of Buyer. Buyer has been duly organized and is validly existing in good standing under the Laws of Delaware.

(b) Authority. Buyer has the corporate power and authority to enter into and perform the Agreement and all agreements and transactions contemplated hereby and to purchase the Assets and assume the Assumed Liabilities. The execution, delivery and performance by Buyer of the Agreement and the agreements and transactions contemplated hereby and the purchase of the Assets have been duly authorized by all requisite corporate action, and the Agreement has been duly executed and delivered by Buyer.

(c) Validity of Agreement. The Agreement is a legal, valid and binding obligation of Buyer and is enforceable against Buyer in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency or other similar Laws affecting the enforcement of creditors' rights in general. The enforceability of Buyer's obligations under the Agreement is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at Law).

(d) No Violation. The execution and delivery of the Agreement by Buyer, the performance by Buyer of the terms of the Agreement and the purchase of the Assets do not (i) conflict with or result in a violation of the Corporate Documents of Buyer, (ii) conflict with, result in a violation of or constitute a default (or an event which, with notice or lapse of time or both, would

constitute a default) under, or result in the termination of, or accelerate the performance required by, or cause the acceleration of the maturity of any debt or obligation pursuant to the express terms of any Contract to which the Buyer is a party or is subject, except for such violations, conflicts, defaults, terminations or accelerations which, either individually or in the aggregate, would not have a material adverse effect on the PO/MTBE Business, or (iii) violate any Law, except for such violations which, either individually or in the aggregate, would not have a material adverse effect on the PO/MTBE Business.

(e) No Consent Required. Except as set forth in Schedule 3.3(e), (i)

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no consent, waiver, approval, authorization or other action by, or filing with, any Governmental Body, is required in connection with the execution, delivery and performance by Buyer of the Agreement or the agreements and transactions contemplated hereby, and (ii) no consent, waiver, approval, authorization or other action by any Person (other than Governmental Bodies) is required in connection with the execution, delivery and performance by the Buyer of the Agreement or the agreements and transactions contemplated hereby except for consents, waivers, approvals, authorizations or actions which, if not obtained, made or taken, would not have a material adverse effect on the PO/MTBE Business.

(f) Litigation. Except as set forth in Schedule 3.3(f), there are no
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actions, suits, investigations or proceedings pending or to the actual knowledge of Buyer, threatened against Buyer or any of its Affiliates before any court or arbitration tribunal or before or by any Governmental Body relating to the execution, delivery or performance of the Agreement or the agreements and transactions contemplated hereby.

(g) Corporate Documents. Copies of the Corporate Documents of the
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Buyer, which have been made available by the Buyer to Company, constitute true, correct and complete copies of such Corporate Documents and reflect all amendments thereto through and including the date of the Agreement.

(h) Subsidiaries. The Buyer has no subsidiaries and holds no interest
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in any partnership or other equity interest in any corporation, joint venture, trust or other entity.

(i) Ownership of Common Stock. The Huntsman Corporation, directly or
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through one or more Affiliates, and members of the Huntsman Group, has good and marketable title to, and record and beneficial ownership of, all of the outstanding shares of Common Stock, free and clear of any and all proxies or proxy agreements, covenants, conditions, options and Encumbrances, other than (i) Encumbrances associated with Buyer's financing arrangements in connection with the transactions contemplated hereby, and (ii) agreements and arrangements involving only Buyer's Affiliates or members of the Huntsman Group.

(j) Buyer Capitalization. The Buyer's authorized capital stock
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consists of one thousand 1,000 shares of common stock, $0.01 par value, and Sixty Five Thousand (65,000) shares of preferred stock, $1 par value. There are One Thousand (1,000) shares of common stock of Buyer issued and outstanding ("Common Stock"). The Common Stock has been duly authorized and validly issued, is fully paid and nonassessable. The Common Stock and the Preferred Stock constitute all of the issued and outstanding capital stock of Buyer. The Common Stock was not issued in violation of the terms of any Contract binding upon Buyer and was issued in compliance with all Corporate Documents of Buyer and all applicable Laws. The Preferred Stock has been duly authorized and validly issued and, at the Closing, the Preferred Stock is fully paid, nonassessable and free of preemptive rights. The Preferred Stock was not issued in violation of the terms of any Contract binding upon Buyer and was issued in compliance with all Corporate Documents of Buyer and all applicable Law.

(k) Options or Warrants. Except (i) for options, warrants or
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subscription rights to purchase Common Stock held by any of Buyer's Affiliates or any member of the Huntsman Group, (ii) Encumbrances associated with Buyer's financing arrangements in connection with the transactions contemplated hereby and (iii) the agreements and transactions contemplated hereby, there are no outstanding options, warrants or other rights to purchase or subscribe for shares of capital stock of the Buyer, including, without limitation, the Preferred Stock or Common Stock, or securities convertible into or exchangeable for shares of the capital stock of the Buyer nor are there outstanding any rights, privileges,

preemptive or contractual, to acquire the shares of capital stock of the Buyer including without limitation the Common Stock or the Preferred Stock.

(l) ERISA; Prohibited Transaction. The consummation by Buyer of the transactions contemplated by the Agreement does not, to Buyer's actual knowledge, result in any prohibited transaction described in Section 406 of ERISA or Section 4975 of the Code for which an exemption is not available.

(m) Employment Offers. To Buyer's actual knowledge, the offers of employment and failure to offer employment with respect to employees or former employees of Seller, Seller's Affiliates and Company made pursuant to Section 5.1(a) have been made in accordance with all Laws including but not limited to Title VII of the Civil Rights Act of 1964, as amended, Americans with Disabilities Act, the Age Discrimination in Employment Act and the Texas Commission of Human Rights.

(n) Disclosure. No representations or warranties by Buyer in the Agreement contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the representations or warranties of Buyer herein, in light of the circumstances under which they were made, not misleading.

Section 3.4 No Other Warranties. Except as otherwise provided herein, there are no express or implied warranties that apply to the transactions contemplated herein.

PART FOUR:

COVENANTS REGARDING PO/MTBE BUSINESS

Section 4.1 Covenants of Seller. Seller covenants with Buyer that:

(a) Conduct of Business. Unless otherwise expressly provided in the Agreement or expressly consented to by Buyer, or as set forth in Schedule 4.1(a), from the date of the Agreement up to and including the Closing Date, Seller shall not, and shall not permit any of its Affiliates with respect to the PO/MTBE Business, to (i) pledge or subject to any Encumbrance any of the PO/MTBE Assets other than Permitted Encumbrances; (ii) amend or terminate any material Contract which are within the definition of Assumed Liabilities; (iii) increase the salaries or other compensation or benefits of or make a loan to Employees other than in the ordinary course of business consistent with past practices given the state of the PO/MTBE Business or as required by Law; (iv) make any general change in the credit policies or warranty terms extended to new or existing customers other than in the ordinary course of business consistent with past practices given the state of the PO/MTBE Business; (v) sell or dispose of any PO/MTBE Assets other than in the ordinary course of business consistent with past practices given the state of the PO/MTBE Business; (vi) enter into any lease of real or personal property (whether as lessee or lessor) having a term in excess of one year or involving annual rental payments of One Hundred Thousand Dollars ($100,000) or more, other than contracts with a term of one year or less entered into in the ordinary course of business consistent with past practices given the state of the PO/MTBE Business; (vii) enter into any fixed price Contract for the purchase or sale of inventories other than Contracts with a term of one year or less entered into in the ordinary course of business consistent with past practices given the state of the PO/MTBE Business; (viii) enter into any Contract for the purchase or sale, or for the exchange or storage of inventory or supplies or for the lease (as lessor) of any storage facilities owned by or under lease, as the case may be, other than in the ordinary course of business consistent with past practices given the state of the PO/MTBE Business or having a term of one year or less; (ix) enter into any contract for capital expenditures involving future payments in excess of Five

Hundred Thousand Dollars ($500,000); (x) pay, discharge or satisfy any claim, liability or obligation (absolute, accrued, contingent or otherwise) related to the PO/MTBE Business, other than the payment, discharge or satisfaction of current liabilities in the ordinary course of business consistent with past practices given the state of the PO/MTBE Business; (xi) prepay any obligation related to the PO/MTBE Business other than in the ordinary course of business consistent with past practices given the state of the PO/MTBE Business; (xii) cancel any debts which are related to the PO/MTBE Business, or waive any claims or rights which are related to the PO/MTBE Business other than in the ordinary course of business consistent with past practices given the state of the PO/MTBE Business; (xiii) in connection with the PO/MTBE Business, incur or agree to incur any long-term indebtedness or, other than in the ordinary course of business consistent with past practices given the state of the PO/MTBE Business, incur, or assume or become subject to, whether directly or by way of a guarantee or otherwise, any obligation or liability (absolute or contingent); (xiv) declare, set aside or pay any dividend or other distribution in respect of the capital stock of the Company; (xv) redeem or otherwise acquire any shares of the capital stock of the Company; (xvi) dispose of or permit to terminate or lapse, other than through expiration by operation of Law, any Intellectual Property or dispose of or disclose to any Person other than Buyer any trade secret, formula, process or know-how owned or used by or applicable to the PO/MTBE Business except in the ordinary course of business consistent with past practices or pursuant to an obligation of confidentiality binding on said Person and not theretofore a matter of public knowledge; (xvii) permit to lapse any license or permit related to the PO/MTBE Business; (xviii) dispose of any material records related to the PO/MTBE Business; or (xix) agree, whether in writing or otherwise, to do any of the acts prohibited by the foregoing provisions of this sentence. From the date of the Agreement up to and including the Closing Date, Seller shall cause the PO/MTBE Business to be conducted in the ordinary and normal course of the PO/MTBE Business, consistent with past practices given the state of the PO/MTBE Business and shall cause the Company to use reasonable endeavors to retain the services of the Transferred Employees and preserve business relationships of the PO/MTBE Business with labor unions, customers, suppliers and others; provided

that Seller shall not be in breach of the covenant in this sentence to the extent that such breach is caused by Huntsman's breach of the Huntsman Agreements.

(b) Access to Properties and Information. Except as set forth in Section 6.6(a) and Part Eight, and subject to the Confidentiality Agreements, from the date hereof to the Closing Date, Seller shall afford or shall cause to be afforded to the officers, employees, accountants and other representatives of Buyer full and reasonable access to the properties, management and records pertaining to the PO/MTBE Business, wherever situated (including Tax records and Tax reports and Tax litigation files as they relate directly to the PO/MTBE Business), during normal working hours in order that Buyer may have full opportunity to make such investigations as it shall desire of the affairs and financial status of the PO/MTBE Business and all aspects thereof.

(c) Intercompany Accounts. On or prior to the Closing Date, effective as of the Effective Date, Seller shall cause all intercompany accounts existing and due to or from Seller or Seller's Affiliates related to the PO/MTBE Business to be excluded from the Closing Working Capital except Included Intercompany Accounts.

(d) Seller's Non-Compete. For a period of five (5) years after the Closing Date, Seller shall not and shall not permit any of Seller's Affiliates to engage, directly or indirectly, in competition with Buyer or any of Buyer's Affiliates in (i) the manufacture of PO or PG or (ii) the sale of PO or PG to third parties except nothing herein shall preclude Seller or Seller's Affiliates from selling PG or products containing PG as,

or as a component of, anti-freeze, de-icers, coolants or heat transfer fluids.

(e) No Solicitation. Prior to the earlier of the Closing and termination of the Agreement in accordance with its terms, Seller shall not, shall cause its Affiliates not to, and shall cause Seller's and Seller's Affiliates' respective directors, officers, Employees, representatives, financial and legal advisors and agents not to (i) solicit, initiate, encourage the initiation of or participate in, discussions or negotiations with, or solicit or encourage inquiries or proposals from, any Person (other than Buyer and Buyer's Affiliates and representatives) concerning any merger, consolidation,

liquidation, sale of assets (other than in the ordinary course of business consistent with past practice), sale of capital stock, change of control, business combination or similar transaction principally involving the Company or the PO/MTBE Business (any of the foregoing, an "Acquisition"), (ii) enter into any Contract with respect to any Acquisition (other than with Buyer and Buyer's Affiliates and representatives), or (iii) except as required by Law (including the federal securities Laws), directly or indirectly disclose to any Person (other than Buyer and Buyer's Affiliates and representatives) any information not customarily disclosed concerning the Company or the PO/MTBE Business. In the event that Seller, any of Seller's Affiliates or any of their respective representatives receives an offer or proposal relating to an Acquisition, Seller shall immediately provide Buyer with notice thereof (such notice to include all material terms of any such offer or proposal, including, in the case of a written offer or proposal, a copy thereof, and to identify the party making such offer or proposal); provided, that this restriction shall not apply to the Excluded Assets or as set forth in Section 4.1(h)

(f) Title to the Properties. Seller binds itself and its successors and assigns to warrant and forever defend against all and singular the Property and Easements to Buyer and Buyer's successors and assigns against any Person whomsoever lawfully claiming or to claim the same or any part thereof, except as to the Permitted Encumbrances and subject to the terms of the Easements.

(g) Citibank Lease. Simultaneously with the Closing, Seller shall (i) enter into a written agreement providing for the termination of the participation agreement and (ii) cause the termination of that certain lease dated as of August 14, 1992 and all related agreements with Citibank, N.A., State Street Bank and Trust Company of Connecticut, National Association as trustee under that certain unrecorded Declaration of Trust dated as of August 14, 1992 and other financial institutions ("Citibank Lease") and deliver releases which upon recordation in the proper office for recording will release all Encumbrances related thereto.

(h) Delivery of Additional Data. At Buyer's request and expense, Seller and Buyer shall reasonably cooperate

to provide financial or other data relating to the PO/MTBE Business that is (i) reasonably required by Buyer's financing sources (including underwriters) for the transactions contemplated by the Agreement or (ii) required for Buyer to comply with applicable securities laws.

(i) Merox. On or prior to the Closing, Seller shall cause to be provided to Buyer a fully paid up license for practice of the UOP Merox process used in the PO/MTBE Business and limited to the maximum demonstrated capacity of the Merox unit as of the Closing Date at Seventeen Thousand Five Hundred (17,500) barrels of fresh stock charge per stream day or Five Million Seven Hundred Seventy Five Thousand (5,775,000) barrels per calendar year.

Section 4.2 Covenants of Buyer. Buyer covenants with Seller that:

(a) Performance Bonds, Guaranties, Etc. With respect to any surety bonds, performance bonds, guaranties or financial assurances set forth on Schedule 4.2(a) relating to the PO/MTBE Business on which Seller or Seller's Affiliates, including without limitation the Company, is a principal or guarantor, Buyer shall use its reasonable endeavors to cause such surety bonds, performance bonds, guaranties or financial assurances to be replaced or Seller, or its Affiliates to be otherwise released within ninety (90) days after the Closing Date. Buyer shall reimburse Seller for any amounts paid by Seller or its Affiliates with respect to such surety bonds, performance bonds, guaranties or financial assurances to the extent that such amounts paid by Seller or its Affiliates are related to activities of the PO/MTBE Business on or after the Closing Date.

(b) Use of Texaco Mark. At the Closing, Buyer shall cease and shall cause Buyer's Affiliates to cease using any trademarks, symbols or trade names containing "Texaco", "Tex" as a prefix or suffix, or similar words, as well as the Star T Design logo associated with Seller or Seller's Affiliates ("Excluded Marks"). Notwithstanding the preceding sentence, Buyer and Buyer's Affiliates shall have the right for a reasonable period of time based on quantity of containers or packages existing in inventory at Closing, to use or dispose of any inventory in containers or packages bearing any of the Excluded Marks, and to use or dispose

of previously prepared advertising and promotional materials and brochures, shipping, packaging and similar materials bearing any of the Excluded Marks, and to remove or replace identifications and signs; provided, that as soon as practicable after the Closing Date, Buyer shall cause such containers, packages or materials to identify Buyer or Buyer's Affiliates as the distributor of the products bearing the Excluded Marks. Notwithstanding any provision of this Section 4.2 (b), Buyer shall have the right to use trademarks, symbols or trade names containing "Tex" or "Texas" (except as used in the Company names "The Texas Company" and "Texas Chemical Company") as a prefix, suffix, or individual or base word to the extent that such use is not confusingly similar to any Texaco trade name or any of the Excluded Marks such as would constitute a violation of trademark, unfair competition or false advertising Laws.

(c) Accounts Receivable. Buyer shall use its reasonable endeavors to (i) collect or cause to be collected the accounts and notes receivable included in the Closing Working Capital and (ii) after the repurchase of the unpaid accounts and notes receivable pursuant to Section 2.4(d) assist Seller in the collection of the Uncollected Receivables.

(d) Insurance Claims. Buyer shall not and shall cause Buyer's Affiliates not to assert, by way of claim, action, litigation or otherwise, any right to any Insurance Policy or benefit thereunder. Seller shall retain all right, title and interest under the Insurance Policies.

(e) Buyer's Release of Insurance Policies. At the Closing, Buyer shall release or cause to be released all rights to all Insurance Policies or similar insurance which covered the Company prior to the Closing Date. All Insurance Policies issued in the name of or to the Company, prior to the Closing Date, shall remain with the Seller or Seller's Affiliates.

(f) Non-Assertion of Claims. Buyer shall not assert, and shall not permit Buyer's Affiliates to assert, any claims for damages against Seller's Affiliates in any way arising out of the sale and transfer of the PO/MTBE Assets and assumption of Assumed Liabilities. Buyer shall assert any such claims for damages only against Seller.

(g) Offset Rights. Buyer grants and will cause its subsidiaries, if any, to grant Seller and Seller's Affiliates and Seller grants and will cause its Affiliates to grant Buyer and its subsidiaries, if any, the right of offset and equitable recoupment ("Offset") for amounts due under any trade accounts or trade agreements between Buyer or its subsidiaries, if any, on the one hand, and Seller or any of its Affiliates, on the other hand. Such right shall only be exercisable by any such party upon the material default by the other party, under the terms of such accounts or agreements (and only for so long as such material default is continuing) and without regard to the mutuality of the obligation between the party asserting the Offset and the other party. Upon the exercise of the Offset the offsetting party shall provide the other party prompt notice thereof and reflect the Offset taken in any revised statement of account.

(h) Capital Structure. Prior to or simultaneously with Closing, Buyer shall issue the Common Stock for no less than Twenty Five Million Dollars ($25,000,000), (Twenty Four Million Dollars ($24,000,000) in cash to Huntsman Corporation or its Affiliates and One Million Dollars ($1,000,000) in respect of the portion of the Purchase Price previously paid by or on behalf of Buyer), and shall issue for cash at least Seventy Five Million Dollars ($75,000,000) of junior subordinated debt to third parties, as set forth in the Intersecurity Documents.

(i) Intellectual Property License. On the Closing Date, Buyer shall grant to Seller and its Affiliates, and Star Enterprise, Caltex Corporation and its Affiliates a paid up, irrevocable, nonexclusive, nontransferable license, without the right to sublicense, to practice the Intellectual Property identified on Schedule A of Exhibit D which license shall be in a form substantially as set forth on Exhibit D.

(j) PO Sales. For so long as the Preferred Stock is outstanding, to the extent Buyer and Buyer's Affiliate sell PO to PO customers that individually consume no more than twelve million (12,000,000) pounds of PO per year for nonurethane polyol applications, Buyer agrees that the first twenty million (20,000,000) pounds per year of such sales shall be made by or for the account of Buyer.

Section 4.3 Covenants of Seller and Buyer. Seller and Buyer covenant to each other as follows:

(a) Compliance with Conditions Precedent. Seller and Buyer shall each use its reasonable endeavors to cause the conditions precedent set forth in Part Nine, which are for the benefit of the other, to be fulfilled and satisfied as soon as practicable.

(b) Brokers. The Parties represent to each other, that no broker, finder, financial advisor or similar person has been retained by a Party except as set forth below. Seller represents that Seller has retained C.S. First Boston as financial advisor in connection with the transactions contemplated by the Agreement. Buyer represents that Buyer has not retained any financial advisors in connection with the transactions contemplated by the Agreement. Seller shall have sole responsibility for the fees and expenses of C.S.First Boston and therefore Buyer and Buyer's Affiliates shall have no responsibility for the fees and expenses of C.S.First Boston. Buyer shall have sole responsibility for the fees and expenses of any financial advisor retained by Buyer or its Affiliates and therefore Seller and Seller's Affiliates shall have no responsibility for the fees and expenses of any financial advisor of Buyer or its Affiliates.

(c) Certain Filings and Consents. The waiting periods under the Hart Scott Rodino Antitrust Improvements Act of 1976 as amended ("HSR") and rules promulgated thereunder have been satisfied. With respect to any other filings and consents, the Parties agree that (i) Buyer and Seller shall

cooperate with one another in (x) determining whether any filings are required to be made or consents, approvals, permits or authorizations are required to be obtained under any Laws of the United States or any other country in which a PO/MTBE Asset is located, and (y) making any such filings, furnishing information required in connection therewith and seeking timely to obtain any such consents, permits, authorizations, approvals or waivers, (ii) Buyer shall promptly endeavor to obtain, and Seller shall reasonably cooperate in connection with such endeavors, each consent set forth on Schedules 3.3(e) and 4.2(a), and (iii) Seller shall promptly endeavor to obtain, and Buyer shall reasonably cooperate in connection with such endeavors, each consent set forth on Schedules 3.1(e) and 3.2(e).

(d) Press Release. Prior to or on the Closing Date, no Party shall
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make any press release or other announcement respecting the subject matter of the Agreement without the consent of the other Party which consent shall not be unreasonably withheld, unless a Party refuses to consent and the Party desiring to make the release or other announcement is advised by its counsel that the release or other announcement is required to comply with any Law.

(e) Post-Closing Access. Except as otherwise expressly provided
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herein, from and after the Closing Date, Buyer and Seller shall reasonably cooperate and afford each other or cause to be afforded to their respective Affiliates and their officers, employees, accountants and other representatives access, upon reasonable notice, during business hours with respect to the facility to which access has been requested, to review and copy the books, documents, databases, records or other information systems of or relating to the PO/MTBE Business, including records preserved as set forth in Section 8.8 (which books, documents, databases, records, employees files or other information systems the Parties shall cooperate and assist one another in identifying and locating), interview, depose or seek testimony of employees, provide assistance in proceedings with employees as witnesses or advisors, investigate the physical premises, take photographs or videotapes, identify employees and contractors with knowledge of any matter which is the subject of a claim for which a Party has responsibility and make such employees available to such Party and provide reasonable office space to do any of the foregoing in connection with any matter affecting or alleged to affect the Party requesting such access. Access to Tax records shall be governed by Part Eight.

(f) Further Assurances. Each Party shall, from time to time at the
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request of the other, and without further consideration, execute and deliver such other instruments of sale, transfer, conveyance, assignment, clarification and termination and take such other action as the Party making the request may require to effectuate the intentions of the Parties, including to transfer, convey and assign to and vest in Buyer, and to place Buyer in possession of the PO/MTBE Assets and the Intellectual Property and to the extent transferable, the permits and licenses related to the PO/MTBE Business and to transfer, assign or convey to and vest in Seller

or its Affiliates the Excluded Assets. Seller intends to convey or cause the conveyance of the PO/MTBE Assets and the Intellectual Property at Closing and continue to hold or retain the Excluded Assets on or before Closing, however, in the event it is determined after Closing that: (i) any part of the PO/MTBE Assets or the Intellectual Property was not in fact conveyed to Buyer, and that the title to any part of the PO/MTBE Assets or the Intellectual Property is incorrectly in the name of any of Seller or Seller's Affiliates; or (ii) any Excluded Asset is conveyed to Buyer and that the title to such Excluded Asset is incorrectly in the name of Buyer, then, after the Closing Date, with respect to each Section 4.3(f)(i) through (ii), each Party shall take all such action necessary to correctly convey any part of the PO/MTBE Business, the PO/MTBE Assets or the Intellectual Property to Buyer or convey any of Excluded Assets to Seller. Without limiting the rights of Buyer under the Agreement, to the extent Seller, TDC or the Company cannot transfer or cause to be transferred any Contracts required to be transferred to Buyer pursuant to the Agreement, Seller, TDC

and the Company shall enter into arrangements reasonably sufficient to provide equivalent benefits and burdens to Buyer.

(g) Transfer of Permits. Seller and Buyer agree that the transfer and operational control of all environmental permits relating to the PO/MTBE Business, including, but not limited to, hazardous waste permits, air permits, wastewater permits and wastewater discharge permits, shall take place on the Closing Date.

Section 4.4. Confidentiality. From and after the Closing Date, the Parties agree as follows:

(a) Information. In connection with each Parties' consideration of a possible transaction and the negotiation, execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, each Party possesses and may hereafter obtain from the other Party information that is either non-public, confidential or proprietary in nature, including without limitation, business, commercial, financial, operational, environmental and Intellectual Property information, in written form, visually (such as by inspection) or orally. All information furnished by or obtained from one Party, its Affiliates, directors, officers, employees, agents, advisors or representatives ("Representatives" and from time to time, individually

and collectively referred to as "Disclosing Party") to the other Party, its Affiliates and Representatives (individually and collectively, "Receiving Party"), and all analyses, compilations, data studies or other documents prepared by a Receiving Party containing or based upon, in whole or in part, any such furnished information, is hereinafter referred to as "Information". After the Closing, Information relating to the PO/MTBE Business shall be deemed to be Information of Buyer, as Disclosing Party, and Seller and its Affiliates shall be deemed Receiving Parties with respect to such Information.

(b) Confidentiality. From and after the Closing Date, without the prior written consent of Disclosing Party, the Receiving Party shall not and shall cause its Affiliates and their Representatives not to disclose Disclosing Party Information to any Person or use Disclosing Party Information, directly or indirectly, for any purpose, provided that, the Receiving Party and its Affiliates and their Representatives may use Disclosing Party Information to the extent required in order to perform and comply with the Agreement and the agreements and transactions contemplated hereby. Receiving Party shall transmit and shall permit its Affiliates and their Representatives to transmit the Disclosing Party Information only to those of Receiving Party's Affiliates and their Representatives who need to know the Disclosing Party Information for the purposes set forth in this Section 4.4. Receiving Party shall be responsible for any breach of this Section 4.4 by its Affiliates and their Representatives. Receiving Party shall make all reasonable, necessary and appropriate efforts to safeguard the Disclosing Party Information from disclosure to anyone other than as permitted by this Section 4.4. Notwithstanding anything to the contrary contained herein, neither Receiving Party, its Affiliates nor their Representatives shall be entitled to use any Disclosing Party Information if the use thereof could reasonably be expected to result in a violation of any Laws.

(c) Exceptions. This Section 4.4 shall be inoperative as to such portions of the Disclosing Party Information that: (i) are in the public domain; (ii) are published or otherwise become part of the public domain through no fault of Receiving Party, its Affiliates or their Representatives; (iii) Receiving Party can demonstrate was in the possession of Receiving Party,

its Affiliates or their Representatives; (iii) Receiving Party can

demonstrate was in the possession of Receiving Party, its Affiliates or their Representatives at the time of such disclosure and to the actual knowledge of such Person was not acquired by any such Person directly or indirectly from the Disclosing Party, its Affiliates or their Representatives on a confidential basis (provided that this Section 4.4(c)(iii) shall not apply to Seller or any of its Affiliates or their Representatives with respect to any Information relating to the PO/MTBE Business) or; (iv) become available to Receiving Party, its Affiliates or their Representatives on a non-confidential basis (whether directly or indirectly) from a source that to the best of any such Person's knowledge did not acquire the Disclosing Party Information on a confidential basis; or (v) are independently developed by Receiving Party's Affiliates or such Affiliates' Representatives who have not had access to the Disclosing Party Information.

(d) Legally Compelled. The Receiving Party, its Affiliates or their Representatives may disclose Disclosing Party Information to the extent required by Law, stock exchange rules or by any applicable judgment, order or decree of any court or Governmental Body having jurisdiction in the proceeding, or in connection with the preparation of Tax returns, communications with Governmental Bodies with respect thereto or proceedings relating to Taxes; provided that Receiving Party, to the extent practicable, shall provide Disclosing Party with prompt notice thereof so that Disclosing Party may seek a protective order or other appropriate remedy or waive compliance with the provisions of this Section 4.4. In the event that such protective order or other remedy is not obtained or Disclosing Party waives compliance with the provisions of this Section 4.4, Receiving Party shall or shall cause the Person required to disclose such Disclosing Party Information to furnish only that portion of the Disclosing Party Information that such Person is advised by an opinion of Receiving Party's counsel is legally required, and, to the extent practicable, Receiving Party shall exercise its reasonable best efforts to obtain reliable assurance that confidential treatment is accorded the Disclosing Party Information so furnished.

(e) Specific Information. Specific Information shall not be deemed to be within the exceptions of Section 4.4 (c) merely because it is embraced by more general information within such exceptions, nor shall a combination of features be deemed to be within these

exceptions merely because the individual features, but not the combination itself, are within these exceptions.

(f) Expiration. With respect to unintentional use or disclosure, Section 4.4 shall expire Fifteen (15) years after the Closing Date.

Section 4.5 Huntsman Agreements, New Service Agreements, Etc. With respect to agreements among Buyer and its Affiliates, the Parties agree as follows:

(a) Huntsman Agreements. On the Closing, the Parties agree the Huntsman Agreements appearing with an asterisk on Schedule 4.1(b) shall terminate and Buyer shall cause Huntsman to terminate the asterisked Huntsman Agreements. Upon termination the Parties and Huntsman shall have no further obligations under the asterisked Huntsman Agreements, including without limitation, any obligation caused by the termination of any of these asterisked Huntsman Agreements, provided however, (i) the rights and obligations relating to services performed or products supplied prior to the Closing Date shall survive this termination and (ii) Buyer shall assume any capital expenditure obligations arising after the Effective Date under the contracts made prior to the Effective Date by or on behalf of the Company pursuant to the asterisked Huntsman Agreements in the ordinary course of business consistent with past practice.

(b) New Service Agreements. On the Closing Date, Buyer shall enter

into service agreements with Huntsman, in the form reasonably satisfactory to Buyer and Seller ("New Service Agreements") under the following terms and conditions: (i) products and services provided to the Buyer and the terms and fees of the New Service Agreements and nonasterisked Huntsman Agreements with respect to the PO/MTBE Business shall be substantially similar to the services and products, terms and fees under the Huntsman Agreements as of the date of the Agreement; (ii) for each year that the Preferred Stock is outstanding, Huntsman shall reduce the fees charged, and Buyer shall receive a reduction against such fees under the New Service Agreements and non-asterisked Huntsman Agreements in an aggregate amount of at least Twelve Million Dollars ($12,000,000) per year (or a pro-rata portion of Twelve Million Dollars ($12,000,000) for any partial year); (iii) for so long as the Preferred Stock is outstanding, without the prior written consent

of Seller, which consent shall not be unreasonably withheld, Buyer shall not agree to any amendment to New Service Agreements and nonasterisked Huntsman Agreements or enter into any additional products and service agreements with Buyer's Affiliates which would increase the total net cost to Buyer of the products and services to an amount greater than the cost of services provided under New Service Agreements and non-asterisked Huntsman Agreements; (iv) for so long as the Preferred Stock is outstanding, Buyer shall not request any additional products and services under the New Service Agreements and non-asterisked Huntsman Agreements unless the prices to be paid by Buyer for such additional products and services are commercially reasonable and (A) such additional products and services are required by Law, (B) such additional products and services are consistent with good industry practice, (C) such additional products and services are reasonably necessitated by changes in general economic conditions, (D) such additional products and services are reasonably required in connection with changes in plant operations or (E) such additional products and services are economically justifiable; and (v) for so long as the Preferred Stock is outstanding, Buyer shall have a right to seek a refund from Huntsman and Huntsman shall pay such refund to Buyer for fees related to a violation of the terms and conditions of the New Service Agreements and non-asterisked Huntsman Agreements as set forth in Section 4.5(b)(ii), (iii) or (iv), provided that such right is exercised within one year of the violation. Seller acknowledges and agrees that any Employees hired by Huntsman pursuant to Part Five shall provide services to Buyer pursuant to one or more of the New Service Agreements and that such services shall not constitute "additional services" for purpose of the preceding sentences.

(c) Quarterly Report. For so long as the Preferred Stock is
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outstanding, promptly following the end of each calendar quarter, Buyer shall provide Seller with a report explaining in reasonable detail (i) any material increases or decreases from Buyer's actual costs from budget costs under the New Service Agreements for such quarter, (ii) any material increase or decrease from the 1996 budget expense under certain Huntsman Agreements in the amounts set forth on Schedule 4.5(c) for such quarter and (iii) other terms and conditions as set forth in Schedule 4.5(c). Buyer shall provide Seller with additional documents and information related to the

quarterly report, as reasonably requested by Seller. within thirty (30) days after receipt of the quarterly report, Seller shall have the right to object to any violation of Section 4.5(b)(ii), (iii) or (iv) and Buyer shall seek a refund from Huntsman and Huntsman shall promptly pay such refund under the New Service Agreements, unless Buyer and Huntsman deliver to Seller evidence of reasonable compliance with Section 4.5(b)(ii), (iii) or (iv). In the event the Parties and Huntsman are unable to resolve the dispute, the disagreement shall be submitted to arbitration, which shall be binding on the Parties and Huntsman.

(d) Audit Rights. For so long as the Preferred Stock is outstanding,
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Seller may, within ninety (90) days of receipt of the final quarterly report for each calendar year give notice to Buyer of its election to have an audit performed, at Seller's sole expense, of the accounts and records of Buyer and its Affiliates related to the performance of the obligations of this

Section 4.5 of such calendar year. Any audit conducted pursuant to this Section 4.5(d) shall be conducted by Seller's independent public accountants or with Buyer's consent, in its sole discretion, Seller's internal auditors during Buyer's ordinary business hours as promptly as possible and shall be subject to appropriate provisions protecting confidentiality. In connection with any such audit, Buyer shall reimburse Seller for Seller's independent public accountants' reasonable out of-pocket expenses in an amount not to exceed the amount of any refund from Huntsman to Buyer for fees related to a violation of the terms and conditions of the New Service Agreement and non-asterisked Huntsman Agreements as set forth in section 4.5 (b) (ii) (iii) and (iv). In addition, Seller shall coordinate, to the extent practicable, such audit with any other third party audit of such matters, if requested by Buyer, to minimize the disruption of Buyer's business. If, in the reasonable written opinion of the auditors, Buyer has not complied with its obligations, Buyer and Seller shall meet to resolve the matter within thirty (30) days after both Parties have received the final written audit report from the auditors.

PART FIVE

COVENANTS REGARDING THE COMPANY

Section 5.1 Covenants of Seller and Buyer. Seller and Buyer covenant to each other regarding the Company as follows:

(a) Employees. Seller has delivered, or caused to be delivered, relevant information on Employees and Buyer or an Affiliate of Buyer has provided written offers of continued employment with the PO/MTBE Business to those Employees Buyer or such Affiliate desires to continue to employ from and after the Closing Date. Those Employees who have accepted such offer of employment and remain employees of the PO/MTBE Business up to the Closing and continue employment with Buyer on and after the Closing shall be "Transferred Employees".

(b) No Solicitation. Without the prior written consent of Seller, which consent shall not be unreasonably withheld, for one (1) year after the Transfer Date, Buyer agrees not to employ or otherwise secure the services of, offer to or solicit to employ, any Employee who received a written offer of employment from Buyer or an Affiliate of Buyer but elects to retire or separate from the Company, Seller or its Affiliates on or before the Transfer Date.

(c) Compensation. For a period of at least Twelve (12) months from the Closing Date all Transferred Employees shall be paid a base salary, straight time hourly rate or other compensation as set forth on Schedule 5.1(c) no less than what such Transferred Employee received from the Company, Seller or its Affiliates immediately prior to the Closing Date.

(d) No Termination. No Employee shall be treated as having terminated employment with the Company or any other Affiliate of Seller by reason of the sale of the PO/MTBE Business to Buyer and the transactions contemplated hereby, for the purpose of determining entitlement to severance or separation pay or any similar payment.

(e) Buyer Benefit Plans. Buyer or an Affiliate of Buyer shall provide the nonrepresented Transferred Employees with benefit plans that, in the aggregate, are no less favorable than the benefit plans provided as of

the Closing Date to employees of Buyer or such Affiliate, as set forth on Schedule 5.1(e) ("Buyer Benefit Plans"). Except as otherwise provided in Schedule 5.1(e), Buyer Benefit Plans shall credit all service of the Transferred Employees with the Seller, the Company, Seller's Affiliates and Star Enterprise and Caltex as of the Transfer Date, for all purposes under

the Buyer Benefit Plans.

(f) Defined Benefit Plans. As of the Transfer Date, any Transferred
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Employee who is a participant in the retirement plan of Seller ("Defined Benefit Plans"), shall cease to accrue benefits under the Defined Benefit Plans. As soon as practicable after the Closing Date and effective as of the Transfer Date, the Buyer or an Affiliate of Buyer shall establish new defined benefit plans and related trusts or amend existing plans and, if applicable, related trusts ("New Defined Benefit Plans") to cover the Transferred Employees. The New Defined Benefit Plans shall provide each Transferred Employee, on the Transfer Date, with service for all purposes and, but only to the extent described below, benefit accrual equal to the service credited to such Transferred Employee as of the Transfer Date under the Defined Benefit Plans and any defined benefit plan of Seller's Affiliates, Star Enterprise and Caltex. The New Defined Benefit Plans shall provide a pension benefit at Normal Retirement Date, as defined in the New Defined Benefit Plans that will equal the greater of (i) or (ii), as follows: (i) the "Normal Retirement Benefits" based on the formula defined
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in, and accrued under, the New Defined Benefit Plans including any applicable Social Security offset and early retirement reductions, recognizing all benefit service recognized by the Seller, Seller's Affiliates, Star Enterprise and Caltex as of the Transfer Date and within two (2) years after the Transfer Date in accordance with the terms of the Benefit Service Restoration Program ("BSRP") under the Defined Benefit Plans and all recognized benefit service with Buyer or such Buyer's Affiliate on or after the Transfer Date, less the Transferred Employee's employer provided normal retirement benefit accrued under the Defined Benefit Plans and any defined benefit plans of, or maintained for, Star Enterprise and Caltex as of the Transfer Date and within two (2) years after the Transfer Date in accordance with the terms of the BSRP, or (ii) the Normal Retirement Benefit accrued under the New Defined Benefit Plans including any applicable Social Security offset and early retirement reductions,

recognizing only benefit service with Buyer or such Buyer's Affiliate on and after the Transfer Date. If a Transferred Employee commences the payment of the Transferred Employee's benefits before Normal Retirement Date, as defined in the New Defined Benefits Plan, and the amount of the Transferred Employee's retirement benefit is determined under Section 5. 1 (f) (i) , the early commencement discount factors under the New Defined Benefit Plans shall be applied to the net amount of the early retirement benefit after the offset of the normal retirement benefits accrued under the Defined Benefit Plans. The benefits determined under the Defined Benefit Plans shall be based on the base salary received while participating under the Defined Benefit Plans prior to the Transfer Date. Benefits accrued under the Defined Benefit Plans by Transferred Employees with respect to (x) benefit service as of the Transfer Date and (y) benefit service restored within two (2) years after the Transfer Date, in accordance with the terms of the BSRP, shall be the sole responsibility of Seller; however, Buyer and Seller shall cooperate in arranging for the collection of employee contributions, and the transfer of those contributions to Seller, as required by the BSRP for a period of two (2) years after the Transfer Date. A Transferred Employee's service with Buyer or Buyer's Affiliate after the Transfer Date shall be recognized as vesting service for vesting and eligibility to retire under the Defined Benefit Plans in accordance with the terms of such plans.

(g) Separation. If a Transferred Employee separates from Buyer or
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Buyer's Affiliate after the Transfer Date and meets the age and service requirements under the Defined Benefit Plans, Seller shall thereafter pay or cause to be paid to the Transferred Employees the benefits accrued under the Defined Benefit Plans when the same shall be payable pursuant to the terms of such Defined Benefit Plans. The transfer of employment of a Transferred Employee from Seller to Buyer or Buyer's Affiliate shall not be considered to be a termination of employment for the purposes of the Defined Benefit Plans. A Transferred Employee' who separates from Buyer or Buyer's Affiliate after the Transfer Date shall not be eligible for nonpension retirement benefits from the Seller's benefits plans. A Transferred Employee's benefits under the Defined Benefit Plans shall not commence until the Transferred Employee separates from Buyer's or Buyer's Affiliate's employment, unless

otherwise required by Section 401 (a) (9) of the Code.

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(h) Participant List, Etc. At the Closing, Seller shall deliver to the Buyer a list of the Transferred Employees who were participants in the Defined Benefit Plans as of the Closing Date, setting forth all employee benefit plan information necessary for Buyer or Buyer's Affiliate to administer the Buyer Benefit Plans in accordance with the Agreement. Buyer agrees to provide Seller, when requested, any employee benefit information necessary for Seller to administer Defined Benefit Plans in accordance with the Agreement. Seller agrees to provide Buyer with any additional information, when requested, necessary for Buyer or Buyer's Affiliate, to administer the New Defined Benefit Plans.

(i) Defined Contribution Plans. As of the Transfer Date, any Transferred Employee who is a participant in the employees thrift plan of Seller ("Defined Contribution Plans") shall cease to be eligible to make employee contributions or receive employer contributions in each such plan as of the Transfer Date and shall be entitled to participate in defined contribution plans of Buyer or an Affiliate of Buyer ("New Defined Contribution Plans"). The New Defined Contribution Plans shall provide each Transferred Employee with (i) service for all purposes equal to the service credited to such Transferred Employee as of the Transfer Date under the Defined Contribution Plans and (ii) a rollover account that accepts direct rollovers of taxable distributions from the Defined Contribution Plans.

(j) Account Balances. The account balances of the Transferred Employees held under the Defined Contribution Plans on the Effective Date shall remain in the Defined Contribution Plans, except in the case of those Transferred Employees who elect to make a complete withdrawal (both employee stock ownership account and employee account) and have the funds paid directly to such Transferred Employee or elect to directly roll over the taxable portion of their account balance into the New Defined Contribution Plans or into an Individual Retirement Account. Buyer shall arrange for the collection of loan payments from the Transferred Employees to the Defined Contribution Plans and the transfer of those payments to Seller for a period of up to two (2) years from the Transfer Date. The Parties agree that Buyer or an Affiliate of Buyer shall function as a collection agent of such loan payments due to Seller or Seller's employee benefit plan and neither Buyer nor any of its Affiliates shall have any liability for nonpayment of such amount.

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(k) Welfare Benefit Plans. As of the Transfer Date, any Transferred Employee who is a participant in the welfare benefit plans set forth on Schedule 5.1(k) (i) ("Welfare Benefit Plans") shall cease to be a participant in each such plan as of the Transfer Date, and shall be entitled to participate in the welfare benefit plans of Buyer or an Affiliate of Buyer as set forth on Schedule 5.1(k) (ii) ("New Welfare Benefit Plans"). The New Welfare Benefit Plans shall provide each Transferred Employee with service for all purposes equal to the service credited to such Transferred Employee as of the Transfer Date under Welfare Benefit Plans. No waiting period or exclusion from coverage of any preexisting medical condition shall apply to the Transferred Employee's participation in the New Welfare Benefit Plans and benefit accruals, on or after the Transfer Date. The Seller shall pay or shall cause the applicable Welfare Benefit Plan to pay any benefits or expenses covered by the Welfare Benefit Plans that (i) in the case of any such medical or dental plans, are incurred with respect to services performed for the Transferred Employees (or other employees) or their dependents on or prior to the Transfer Date or (ii) in the case of any life insurance plans, are payable to the beneficiaries of any Transferred Employee (or other employee) who dies on or prior to the Transfer Date. The Seller shall assume and retain all liabilities and obligations arising under the continuation coverage requirements of Section 4980B of the Code and Part Six of Title I of ERISA with respect to all Transferred Employees (or any beneficiaries or dependents thereof) who on or before the Transfer Date have exercised or are eligible to exercise their rights to such continuation coverage.

(l) Disability. Payments received by a Transferred Employee from the short term disability plan of Seller shall cease on the Transfer Date and such Transferred Employee shall be eligible for benefits under any similar plan provided by Buyer or an Affiliate of Buyer. Any long term disability plan benefits, permanent and total disability type benefits, or any similar benefits provided by Buyer or an Affiliate of Buyer for which such Transferred Employee may qualify on or after the Transfer Date shall be Buyer's or such Affiliate's responsibility.

(m) Vacation. All vacation accrued by Transferred Employees under the Company's vacation plan, but not

taken by the Closing Date, shall be the Buyer's responsibility, and shall be credited to the Transferred Employee's account under the Buyer's or an Affiliate's vacation plan; provided, however, that the Final Statement shall reflect, as a current liability determined in accordance with GAAP, an accrual for all vacation accrued by any Transferred Employee (or any other employee) prior to the Closing Date.

(n) Retirees. Seller shall be responsible for all non-pension retirement obligations related to any Employee who retires on or before the Transfer Date. Neither Buyer nor any of its Affiliates shall have any responsibility for any non-pension retirement obligations payable to any employees of the Seller and Seller's Affiliates other than Transferred Employees who retire after the Transfer Date. Buyer shall be responsible for non-pension retirement obligations of any Transferred Employee who retires after the Transfer Date. In no event shall Seller be responsible for any non-pension retirement obligations under the Buyer Benefit Plans of any Transferred Employee who separates from Buyer's and its Affiliate's employment after the Transfer Date.

(o) Reimbursement, Etc. From the Effective Date through the Closing Date, Seller shall pay wage expenses of the Transferred Employees from the funds generated by the PO/MTBE Business. After the Closing Date, Transferred Employees shall continue to participate in the Company Benefit Plans up to but not including Transfer Date. Buyer shall arrange for the collection of required employee contributions from the Transferred Employees for participation in the Seller's benefit plans after the Closing Date and up to but not including Transfer Date, and for the transfer of those employee contributions to Seller within thirty (30) days after the Closing Date. Employee contributions, collected by Seller in the month in which the Closing occurs with respect to which benefits are provided in the month immediately following, shall be promptly transferred to Buyer or an Affiliate of Buyer to purchase similar benefits for such employees in the month after Closing. Buyer shall pay to Seller as of the Closing Date an amount representing the Seller's expense to provide the benefits under the Company Benefit Plans to the Transferred Employees from the Closing Date to the Transfer Date.

(p) Employment Claims. Buyer shall be responsible for all employment-type claims of Transferred Employees and the costs and expenses related thereto (not previously provided for in Section 5.1(o)) relating to events that occur on or after the Closing Date.

PART SIX

ENVIRONMENTAL

Section 6.1 Definitions. For the purposes of the Agreement, the terms defined in Section 6.1 have the following meanings:

"DCA Plume" means the plume consisting of 1,2 Dichloroethane (DCA) and

related constituents located in the shallow sand stratum beneath the southeastern part of the Property, as set forth in Schedule 6.1.

"Environmental Claims" means legal actions, claims, or proceedings by third parties related to the Property regarding Environmental Conditions.

"Environmental Condition" means an action, omission, event or condition, including the disposal of wastes from the Property at a site other than the Property, related to the Property or the operation of the PO/MTBE Business, but not including the manufacture, handling, or marketing of PG, that exists with respect to the air, land, soil, surface, subsurface strata, or ground water which is not in compliance with Environmental Law or which is subject to cleanup under Environmental Law.

"Environmental Law" means any Law relating to pollution, the protection of the environment, or the release or disposal of waste materials.

"Environmental Losses" means the actual costs incurred related to an Environmental Claim or Remediation of an Environmental Condition.

"Individual Deductible" means, with respect to Environmental Losses related to Environmental Conditions that were caused or arose prior to the Closing Date, a deductible of Fifty Thousand Dollars ($50,000), provided however, this

deductible shall not apply (i) to Environmental Losses related to the DCA Plume or (ii) until the Transaction Deductible has been satisfied.

"Phase I Environmental Assessment" means an investigation and assessment of environmental status based upon available information and data, including, but not limited to, interviews of Seller's personnel and review of records maintained by Seller, but does not include sampling and analysis of the air, land, soil, surface, subsurface strata, or ground water.

"Remediation" means actions to bring an Environmental Condition into compliance with Environmental Law (i) required to be taken pursuant to Environmental Law or (ii) required by a Governmental Body. All Remediation shall be performed pursuant to the terms of a Remediation Plan.

"Remediation Plan" means a written plan that sets forth the actions, formulated pursuant to Section 6.4, required to implement a Remediation.

"Transaction Deductible" means, with respect to Environmental Losses related to Environmental Conditions that were caused or arose prior to the Closing Date, a deductible in the amount of Three Million Dollars ($3,000,000), provided however, this deductible shall not apply to Environmental Losses related to the DCA Plume or Tank Waste Disposal.

Section 6.2 Seller's Responsibilities. With respect to Seller's responsibilities:

(a) Seller's Indemnity. Except as otherwise set forth in this Part Six, Seller shall indemnify, defend, and hold harmless Buyer and Buyer's

Affiliates, and respective directors, officers, and employees, from any and all Environmental Losses in excess of the Transaction Deductible and Individual Deductible, as applicable, up to Forty Million Dollars ($40,000,000) ("$40 Million Cap") related to Environmental Conditions to the extent that such Environmental Conditions were caused or arose prior to the Closing Date.

(b) Limitations. Notwithstanding anything to the
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contrary herein, Seller and Buyer covenant to each other that Part Six shall be subject to the following limitations:

(i) Buyer shall pay the Transaction Deductible and the Individual Deductible and shall provide Seller with the information outlined in the Environmental Processing and Reimbursement Protocol, set forth in Schedule 6.7, to evidence Buyer's satisfaction of the Transaction Deductible and the Individual Deductible.

(ii) Seller shall be responsible only for Environmental Losses incurred for a period of Eleven (11) Years following the Closing Date and about which Seller has received notice as set forth in Section 6.4(i), except that Seller shall be responsible for Environmental Losses, regardless of when incurred, related solely to (x) the DCA Plume or (y) the disposal, prior to the Closing Date, of soil and other materials removed from the earthen crude oil storage tanks, located on the Property, during closure of the tanks, in landfills adjacent to the Property ("Tank Waste Disposal"). Seller's responsibility for Tank Waste Disposal shall include any Environmental Losses resulting from (z) the leaching of contaminants from the adjacent landfills to the Property or (aa) any portion, if any, of the landfills that overlaps onto the Property. Environmental Losses related to Tank Waste Disposal shall not be subject to the $40 Million Cap.

(iii) Seller's responsibility under this Part Six shall be limited to Environmental Law as it exists, is in effect, and is enforceable as of the Closing Date.

(iv) If Environmental Losses relating to Environmental Conditions that were caused prior to the Closing Date are increased due to any act or omission by a Person other than Seller or Seller's agents after the Closing Date, Seller shall not be responsible for any such increase in Environmental Losses incurred.

(v) Seller shall not be responsible after the Closing Date for any capital improvements, repairs, or modifications to the structures or equipment of

the PO/MTBE Assets to correct any noncompliance or potential noncompliance with Environmental Law which is a Huntsman's Knowledge Matter.

(vi) Seller shall not be responsible for any capital improvements and repairs and modifications to capital improvements associated with the Property or the PO/MTBE Assets as a consequence of any Remediation, except to the extent provided in this Section 6.2(b)(vi). If as a direct consequence of a Remediation for which Seller is responsible pursuant to Section 6.2 structure or equipment of the PO/MTBE Assets must be repaired, replaced, or rebuilt, Buyer and Seller shall agree upon the value of such items in their condition prior to the commencement of Remediation, but without considering any diminution in value relating solely to such Remediation. In the event that Buyer and Seller cannot agree, a mutually acceptable independent appraiser shall determine such value and the fees and expenses of such appraiser shall be shared equally by Buyer and Seller. In either case, Seller's responsibility to Buyer for Environmental Losses associated with such items shall be limited to the value of any such item as so determined in an amount which is proportional to Seller's contribution

to such Environmental Losses. This Section 6.2(b)(vi) shall not be construed to make Seller responsible for capital improvements, repairs, or modifications addressed in Section 6.2(b)(v).

(vii) If Seller is undertaking the performance of its obligations pursuant to Sections 6.5 or 7.3 of this Agreement, Seller shall not be responsible under this Part Six for costs associated with Buyer's oversight of Seller's performance, including the cost of Buyer's legal counsel, consultants, or employees.

(viii) Seller shall not be responsible under this Part Six for any Environmental Losses related to land, soil, surface, subsurface strata, or groundwater contamination caused by or relating to releases at the Property after April 1, 1994 of propylene oxide or methyl tertiary butyl ether or any chemical substances or catalysts used by the Company, Buyer, or any subsequent owner or operator in the manufacture of propylene oxide or methyl

tertiary butyl ether at the Port Neches, Texas plant, or degradation products of propylene oxide or methyl tertiary butyl ether or any chemical substances or catalysts released at the Property after April 1, 1994 by the Company, Buyer, or any subsequent owner or operator in the manufacture of propylene oxide or methyl tertiary butyl ether at the Port Neches, Texas plant. If there is a dispute as to whether a release occurred before or after April 1, 1994, it shall be Seller's burden to prove that releases of crude oil or its degradation products occurred after April 1, 1994, and it will be Buyer's burden to prove that releases of all other substances described in Section 6.2(b)(viii) occurred prior to April 1, 1994.

(ix) Buyer shall cooperate and not in any way interfere with efforts to comply with the Corrective Action Directive, issued by the Texas Natural Resources and Conservation Commission on November 13, 1995 ("CAD"), or any Remediation Plan or remedy entered into by Seller or any other Person regarding the DCA Plume. To the extent that obligations under the CAD or any Remediation Plan or remedy entered into by Seller or any other Person regarding the DCA Plume are performed, Seller shall be deemed to have fulfilled its obligations to Buyer under this Part Six with respect to Environmental Claims or Environmental Conditions related to the DCA Plume. If Environmental Losses relating to the (x) CAD, (y) any Remediation Plan or remedy related to the DCA Plume or (z) any order entered by a court or other Governmental Body are increased as a result of any act or omission of Buyer occurring after the Closing Date, Buyer shall reimburse Seller any and all amounts up to the amount of the increase for costs Seller has actually incurred. Buyer agrees to use its reasonable best efforts to ensure that the DCA Plume shall continue to be treated in the joint waste water treatment plant at Port Neches, unless otherwise prohibited by Environmental Law or the Governmental Body issuing the permit, and that such treatment of the DCA Plume shall not be considered an Environmental Loss. Future modifications or amendments to the joint waste water treatment plant permit shall allow for the treatment of the DCA Plume unless otherwise prohibited by Environmental Law or the Governmental Body issuing the permit.

(x) Seller shall not be responsible under this Part Six for Environmental Losses related to Supporting Assets, except that Seller shall be responsible under this Part Six for Environmental Losses relating to discharges from the PO/MTBE Business to the joint waste water treatment plant into the Star Lake Outfall Canal prior to the Closing Date.

(xi) Notwithstanding anything contrary herein, in the event that the air quality permit for the PO/MTBE Unit, submitted to the Texas Natural Resources and Conservation Commission on March 13, 1997 (permit number 20160), is not approved by the Commission prior to the Closing Date, Buyer shall be solely responsible for any Environmental Losses or costs relating to such permit application incurred after the Closing Date, including all costs relating to the preparation and resubmission

of a permit application; provided that, after the Closing Date, Seller shall reasonably cooperate with Buyer in attempting to obtain the permit based on the March 13, 1997 application.

Section 6.3 Buyer's Responsibilities. With respect to Buyer's responsibilities:

(a) Buyer's Indemnity.

(i) Buyer shall indemnify, defend, and hold harmless Seller and Seller's Affiliates, and their respective directors, officers, and employees, from any and all Environmental Losses related to Environmental Conditions to the extent that the Environmental Conditions were caused or arose after the Closing Date.

(ii) Except to the extent as set forth in Section 6.2, Buyer shall indemnify and hold harmless Seller and Seller's Affiliates and their respective directors, officers, and employees, from any and all Environmental Losses related to Environmental Conditions to the extent that the Environmental Conditions were caused or arose prior to the Closing Date ("Buyer's Pre-Closing Indemnity").

(b) Limitations. Notwithstanding anything to the contrary herein, Seller and Buyer covenant to each other

that Buyer's Pre-Closing Indemnity shall be subject to the following limitations (except that such limitations shall not apply to (x) any capital improvements, repairs or modifications described in Section 6.2(b)(v), (y) any Environmental Condition described in Section 6.2(b)(viii) or (z) any Environmental Losses related to the Supporting Assets, other than Environmental Losses arising from or relating to discharges from the PO/MTBE Business to the joint waste water treatment plant into the Star Lake Outfall Canal prior to the Closing Date):

(i) Buyer's Pre-Closing Indemnity for Environmental Losses incurred after the period of Eleven (11) years following the Closing Date or after the $40 Million Cap is achieved, whichever is earlier ("Seller's Indemnity Period"), shall not exceed Two Hundred Fifty Thousand Dollars ($250,000) for each Environmental Condition that causes an Environmental Loss.

(ii) Buyer's Pre-Closing Indemnity for Environmental Losses incurred after the Seller's Indemnity Period shall not exceed Four Million Dollars ($4,000,000) in the aggregate for all Environmental Conditions that cause Environmental Losses.

(iii) on January 1, 1998, and effective January 1 each year thereafter, the Two Hundred Fifty Thousand Dollar ($250,000) limit described in Section 6.3(b)(i) shall be adjusted based on the percentage change in the Producer Price Index , All Commodities (1982=100), as published by the Bureau of Labor Statistics, U.S. Department of Labor ("PPI") during each year from the PPI for the prior year. On January 1, 1998, and effective January 1 each year thereafter, the amount remaining under the Four Million Dollar ($4 million) cap described in Section 6.3(b)(ii) shall be adjusted based on the percentage change in the PPI during each year from the PPI for the prior year.

(iv) Buyer's Pre-Closing Indemnity shall expire on the 30th anniversary of the Closing Date.

(c) Changes in Condition. In the event that additional Environmental Losses are incurred in

fulfilling Seller's responsibilities under Section 6.2(a) due to any Change

related to the Property or the PO/MTBE Business after the Closing Date caused by Buyer or a subsequent owner, operator, or tenant of the Property, Buyer shall be responsible for such additional Environmental Losses. "Change" shall mean the construction of new structures or equipment, a modification to existing structures or equipment, the excavation or movement of soil, the sale or closure of all or a portion the Property or the PO/MTBE Business, or a change in use from the manufacture of PO/MTBE to some other use.

Section 6.4 Covenant of Cooperation. Buyer and Seller shall cooperate fully with each other and act in good faith in implementing this Part Six. Buyer and Seller agree that the performance required by the covenant set forth in the preceding sentence shall include, but not be limited to:

(i) providing the other Party with timely written notice of any potential Environmental Claim, Environmental Condition, or Remediation that a Party believes is covered under this Part Six about which that Party has notice;

(ii) sharing with the other Party in a timely manner all material non-privileged correspondence received from any third party that is relevant to such potential Environmental Claim, Environmental Condition, or Remediation;

(iii) affording the other Party with timely access to and an opportunity to comment on both draft and final versions of any material non-privileged correspondence to third parties, study protocols and results, drawings, charts, Remediation Plans or reports, or other documentation relating to such potential Environmental Claim, Environmental Condition, or Remediation;

(iv) providing the other Party with timely notice of and an opportunity to attend and participate in any meetings or hearings with Governmental Bodies or courts relating to any Environmental Claim, Environmental Condition, or Remediation that a Party believes is covered under this Part Six;

(v) preparing all material strategies and plans in consultation with the other Party, employing cost-effective technology and clean-up criteria appropriate for use of property for industrial purposes and using risk-based clean-up standards whenever permitted by applicable Laws or any involved or potentially involved Governmental Body;

(vi) consulting with each other in selecting the most costeffective Remediation Plan or methodology for resolving an Environmental Condition or Environmental Claim and performing any work under this Part Six in a prompt, efficient, workmanlike and cost-effective manner and in compliance with all applicable Laws (including, but not limited to, applicable Environmental Laws and safety and health Laws);

(vii) selecting contractors and consultants in consultation with the other Party;

(viii) taking all reasonable steps in scheduling and performing all work so as to minimize any costs, disruptions, interference, and inconvenience to each other. Seller shall make a good faith effort to agree with Buyer on such measures in advance of any work.

(ix) permitting the other Party upon reasonable advance notice (at the expense of the inspecting Party and on reasonable terms that are mutually agreed upon by the Parties) to inspect and test all equipment, monitoring devices, transportation vehicles and facilities used or to be used or samples taken, and to observe activities, related to any work under this Part Six; and

(x) following the procedures for "Defense of Action" in Section 7.3 and "Payments" in Section 7.4 regarding any potential Environmental Claim, Environmental Condition, or Remediation that a Party believes is covered under this Part Six.

Section 6.5 Performance of Remedies. Buyer and Seller agree that:

(a) Performance of Work. Seller, at Seller's sole option, may elect

to supervise and perform any Remediation or other work for which Seller is responsible as set forth in Section 6.2. Buyer shall supervise and perform any Remediation on any property of Buyer or on any property contiguous to a property of Buyer, except such Remediation as Seller may elect to perform in accordance with the previous sentence. If Seller elects that Seller shall perform such Remediation or other work, Seller shall notify Buyer in a timely manner in writing. If Seller elects to supervise and perform such Remediation or other work, Seller shall select the means and methods of effecting such Remediation or other work, so long as the means and

methods selected conform with applicable Environmental Law and Sections 6.4, 6.5(a) and (b), and 7.3, and, if appropriate, shall seek reimbursement from Buyer in the manner set forth in Section 6.7. Buyer or Seller's preparation and performance of a Remediation Plan shall conform with applicable Environmental Law and Section 6.4 and 6.5. Each Party shall seek reimbursement from the other as set forth in Section 6.7.

(b) Performance of Remediation. Seller's supervision and performance
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of Remediation pursuant to Section 6.5(a) shall be subject to the following: (i) Buyer shall approve and, at Buyer's option, oversee, supervise and perform any portion of a Remediation which would be impracticable to perform separately from other work already supervised and performed by Buyer; (ii) Buyer shall approve and, at Buyer's option, oversee, supervise and perform any repair, modification, replacement or rebuilding of any operations, equipment, fixtures, or facilities of Buyer; (iii) Buyer, may request such additions, alterations, changes or improvements to the work ("Enhancements"), and, except to the extent prohibited by a Governmental Body, Seller shall accept and perform such Enhancements, provided that all costs attributable to any Enhancements, including any additional costs associated with any delays caused by such Enhancements, shall be paid for by Buyer; (iv) Seller shall be responsible for any Environmental Losses arising in connection with Seller's supervision or performance of any Remediation, except to the extent attributed to negligence, willful misconduct or failure to comply with Laws by Buyer or a third party (other than Seller's employees, agents, contractors, subcontractors, representatives and invitees); (v) during any Remediation on the Property or contiguous to the Property, Seller shall be solely responsible for compliance by Seller's employees, agents, contractors, subcontractors, representatives and invitees with all Laws and professional standards applicable to its work; (vi) Seller shall require all Seller's employees, agents, contractors, subcontractors, representatives and invitees entering upon the Property to be bound by Buyer's reasonable terms and conditions for such persons entering such properties, notice of which shall be given by Buyer to Seller prior to the commencement of the Remediation or Enhancements to be performed by Seller; (vii) Seller shall protect Buyer from any claims for labor or materials furnished to or for the Property for work to be performed by Seller under Section 6.5(a),

which claims may be secured by any mechanic's or materialman's lien against such property or an interest therein; (viii) except for the use of the joint waste water treatment facility, as set forth in Section 6.2(b) (viii), Seller, with the approval of Buyer (which shall not be unreasonably withheld), may have access to and use of the storage facilities, loading facilities, docks, rail sidings and other plant equipment or facilities and waste water treatment plants and similar waste treatment and disposal systems on the properties of the PO/MTBE Business (but only to the extent permitted by Buyer's agreements with any co-owners or co-operators with Buyer of such facilities and systems which agreements Buyer shall make a good-faith effort to maintain as in effect as of the Closing Date) in conjunction with any work performed by Seller under Section 6.5(a) for purposes such as the disposal of well development water and treated ground water, provided that (x) Seller shall reimburse Buyer for all incremental out-of-pocket costs of Seller's use of such facilities and systems, (y) Seller's use of such facilities and systems shall not interfere with or disrupt Buyer's operation of the PO/MTBE Business or Buyer's use of such facilities and systems (including by reducing the capacity needed for Buyer's use) or use of the Property, (z) Seller's use of such facilities and systems shall not violate any Environmental Laws by Buyer, (aa) Seller shall

be responsible for, and Buyer shall fully cooperate in, obtaining all incremental approvals required by any Governmental Bodies for such use, except that Buyer shall be responsible for obtaining all permits or approvals related to Enhancements, and (bb) Seller shall promptly perform any cleanup of spills or repair any malfunction or impairment of performance of such facilities and systems to the extent caused by Seller's use of such facilities and systems during work performed under this Section.

(c) Seller's Satisfaction of Responsibilities. Seller shall be responsible under this Part Six only if Buyer asserts a claim pursuant to Section 6.7. To the extent that Seller performs the activities, incurs the costs, or makes the reimbursement requested by Buyer and required under this Part Six, Seller shall be deemed to be relieved of its responsibilities to Buyer or to any other Person under this Part Six to perform such activities, incur such costs, or make such reimbursement.

(d) Access. After the Closing Date, with the prior written consent of Buyer (which consent shall not be unreasonably withheld), Seller and Seller's agents and representatives shall have the right to enter onto the Property during normal business hours for the purpose of conducting any environmental inspection or testing in connection with any Remediation or for any other purpose necessary for Seller to implement this Part Six.

Section 6.6 Environmental Assessments. With respect to environmental assessment:

(a) Phase I Environmental Assessment. Prior to the Closing Date, subject to advance notice by Buyer to Seller, Buyer may conduct a Phase I Environmental Assessment of the Property, provided that Buyer promptly delivers to Seller a copy of all final reports of all Phase I Environmental Assessments. From and after the Closing Date, Buyer may conduct additional Phase I Environmental Assessments of the Property provided that Buyer shall not conduct an assessment or investigation involving sampling of the Property to determine the existence or scope of pollution, except as required by Environmental Law, in which case Buyer shall notify Seller and provide Seller a reasonable opportunity to observe such assessments or investigations fully and to take split samples, when applicable, and shall promptly deliver to Seller a copy of all final reports of all such assessments.

(b) Industry Practice. Notwithstanding any provision in Section 6.6(a), Buyer shall have the right to (i) take such emergency response action with respect to the Property as is consistent with prudent chemical industry practices, and in compliance with applicable Laws; or (ii) move or disturb soil in the ordinary course of construction or modification on the Property provided that prior to commencing such construction or modification, Buyer has given prior written notice to Seller and has considered Seller's written comments (which Seller shall promptly submit to Buyer) regarding the location of placement of the construction or modification.

Section 6.7 Procedure for Claiming Reimbursement. In the event that a Party believes that such Party should receive reimbursement from the other Party pursuant to this Part Six, such Party shall promptly submit to the other Party a notice of reimbursement claim, describing and documenting

the nature and basis of such claim and containing the types of information outlined in the Environmental Processing and Reimbursement Protocol set forth in Schedule 6.7. Buyer and Seller agree to follow the process for evaluation and approval or denial and appeal of reimbursement claims set forth in the Environmental Processing and Reimbursement Protocol.

Section 6.8 Exclusive Remedies. Except for the procedures in Section 7.3,

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7.4, and Part Ten, which shall apply to matters under this Part Six, the rights and remedies granted each Party in this Part Six are exclusive rights and remedies against the other Party related to any matters contained herein relating to pollution, the protection of the environment, or the release or disposal of waste materials.

PART SEVEN

INDEMNIFICATION

Section 7.1 Seller's Indemnification. On and after the Closing Date, Seller shall fully and promptly defend, indemnify and hold harmless Buyer and Buyer's Affiliates, and their respective directors, officers and employees (collectively, "Buyer Group") from all liabilities, claims, demands, actions or suits, losses, costs or damages and expenses (including reasonable attorney's fees) (collectively "Liabilities") made against or incurred by any member of the Buyer Group arising out of or with respect to (i) any breach of any representation or warranty made herein by Seller or the Company; (ii) the breach or nonfulfillment of any covenant, agreement, obligation or undertaking of Seller or the Company herein; or (iii) the Non-Assumed Liabilities which arise from or by a Third Party Action (which term for purposes of Section 7.1(iii) shall not include any claim made by a member of the Buyer Group or Huntsman Group) provided that Seller shall not be obligated to indemnify Buyer Group for any Liability relating to breaches of representations and warranties herein (except breaches of representations and warranties herein contained in Section 3.2(h)) unless the aggregate Liabilities relating to breaches of representations and warranties herein exceeds One Million Five Hundred Thousand Dollars ($1,500,000), which shall be a deductible.

Section 7.2 Buyer's Indemnification. On and after the Closing Date, Buyer shall fully and promptly defend, indemnify and hold harmless Seller and Seller's Affiliates and their respective directors, officers and employees (collectively, "Seller Group") from all Liabilities made

against or incurred by any member of the Seller Group arising out of or with respect to (i) any breach of any representation or warranty made herein by Buyer; (ii) the breach or non-fulfillment of any covenant, agreement, obligation, or undertaking of Buyer herein; or (iii) any liability or obligation of Buyer or its Affiliates to the extent arising out of the operation of Buyer's PO/MTBE Business after the Closing Date, provided that Buyer shall not be obligated to indemnify Seller Group for any Liability relating to breaches of Buyer's representations and warranties unless the aggregate Liabilities relating to breaches of Buyer's representations and warranties exceeds One Million Five Hundred Thousand Dollars ($1,500,000), which shall be a deductible.

Section 7.3 Defense of Action. Promptly after receipt by a Party entitled to indemnification pursuant to the Agreement ("Indemnified Party") of notice of any pending or threatened Third Party Action, such Indemnified Party shall, if a claim in respect thereof is to be made against a Party providing indemnification pursuant to the Agreement ("Indemnifying Party") , give notice thereof to the Indemnifying Party. The Indemnifying Party, at its own expense, may elect to assume the defense of any such Third Party Action through its own counsel on behalf of the Indemnified Party (with full right of subrogation to the Indemnified Party's rights and defenses). The Indemnified Party may employ separate counsel at its expense in any such Third Party Action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Indemnified Party and the Indemnifying Party shall at all times control such defense. All fees and expenses shall be paid periodically as incurred. The Indemnifying Party shall not be liable for any settlement of any such Third Party Action effected without its consent unless the Indemnifying Party shall elect in writing not to assume the defense thereof or fails to prosecute diligently such defense and fails after written notice from the Indemnified Party to promptly remedy the same, in which case, the Indemnified Party without waiving any rights to indemnification hereunder may defend such Third Party Action and enter into any good faith settlement thereof without the prior written consent from the Indemnifying Party. The Indemnifying Party shall

not without the prior written consent of the Indemnified Party, effect any settlement of any such Third Party Action unless such settlement (i)includes an unconditional release of the Indemnified Party from all liabilities that are the subject of such Third Party Action and (ii) does not impose any future obligations on the

Indemnified Party. The Parties agree to cooperate in any defense or settlement of any such Third Party Action and to give each other reasonable access to all information relevant thereto. The Parties will similarly cooperate in the prosecution of any claim or lawsuit against any third party. If, after the Indemnifying Party elects to assume the defense of a Third Party Action, it is determined by arbitration in accordance with Schedule 10.13 that the Indemnified Party is not entitled to indemnification with respect thereto, the Indemnifying Party shall discontinue the defense thereof. Seller hereby elects to assume the defense of all Third Party Actions pending as of the Closing Date, against the Company or the PO/MTBE Business, which defense shall be governed by the terms of this Section.

Section 7.4 Payments. With respect to payments, Buyer and Seller agree as follows:

(a) Indemnity Payments. All indemnity payments made by Buyer or Seller under this Part Seven will be treated as adjustments to the Purchase Price of the Assets. Neither Buyer nor Seller shall at any time file any Tax Return or other document with any taxing or other regulatory authority or take any other action (or refrain from taking any action) in a manner that is inconsistent with the treatment of such payments as Purchase Price adjustments.

(b) Tax Benefit. If any member of the Buyer Group or Seller Group entitled to an indemnity payment in accordance with this Part Seven ("Indemnified Member") receives the benefit of a Tax deduction, Tax credit or other Tax attribute ("Tax Benefit") by virtue of having paid or accrued an amount for which an indemnity payment is provided, the amount of such Tax Benefit will be refunded to the Party making such indemnity payment when, as and if such Indemnified member realizes a cash Tax savings from such Tax Benefit.

(c) Additional Indemnity Tax. If, notwithstanding Section 7.4(a), it is finally determined (through a settlement or closing or similar agreement with the IRS or other taxing authority or a final, non-appealable judgment of a court of competent jurisdiction) that the Indemnified Member receiving a payment from the Indemnifying Party pursuant to this Part Seven will be required to include an amount in gross income other than as a Purchase Price adjustment, then the Indemnifying Party shall pay to the Indemnified Member an additional

amount ("Additional Indemnity Taxes") equal to (x) the Taxes imposed on such Indemnified Member as a result of the receipt of such payment plus (y) any Taxes imposed on the Indemnified Member as a result of amounts paid pursuant to Section 7.4(c)(x) or (y).

PART EIGHT

TAXES

Section 8.1 Sales and Transfer Taxes. The Purchase Price shall not include any sales taxes or other transfer taxes imposed in connection with the sale of the Assets. Buyer shall pay any sales tax or other transfer taxes, as well as any applicable conveyance, transfer and recording fees, and real estate transfer stamps or taxes imposed on the transfer of the Assets pursuant to the Agreement. Notwithstanding the foregoing, it is the mutual intent and understanding of Seller and Buyer that the sale of the Assets comprises, in part, a sale of all

of the operating assets of an identifiable business of the Company and that such sale is exempt from Texas state and local sales taxes pursuant to section 151.304(b) of the Texas Tax Code. Further, in connection with that part of the sale of the Assets concerning inventory, Buyer shall provide Seller a completed Texas Resale Certificate in lieu of the payment of Texas state and local taxes and Seller shall in good faith accept such certificate.

Section 8.2 Tax Proceedings. In the event Buyer or any of Buyer's
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Affiliates receives notice of any examination, claim, adjustment or other proceeding relating to the liability for Taxes of or with respect to Seller for any period Seller or its Affiliates is or may be liable, Buyer shall notify Seller in writing within twenty (20) days of receiving notice thereof. As to any such Taxes for which Seller or its Affiliates is or may be liable, Seller shall at Seller's expense control or settle the contest of such examination, claim, adjustment or other proceeding, and shall indemnify Buyer against all losses in connection therewith, provided, however, that if any such examination, claim, adjustment or other proceeding could affect Buyer's liability for Taxes, Seller shall consult with Buyer, and shall not enter into any settlement without Buyer's consent, which shall not be unreasonably withheld. The Parties shall cooperate with each other and with their respective Affiliates in the negotiations and settlement of any proceeding described in this Section 8.2. Buyer shall provide, or cause to be provided, to Seller necessary

authorizations, including powers of attorney, to control any proceeding which Seller is entitled to control.

Section 8.3 Payment and Apportionment of Real and Personal Property Taxes.

With respect to the payment and apportionment of Real and Personal Property Taxes:

(a) Real and Personal Property Taxes. All ad valorem taxes, real
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property taxes and personal property taxes ("Real and Personal Property Taxes") for the year in which the Effective Date occurs shall be apportioned as of the Effective Date between Seller and Buyer. Seller shall be liable for the portion of such Real and Personal Property Taxes based upon the number of days in the year occurring prior to the Effective Date, and Buyer shall be liable for the portion of the Real and Personal Property Taxes based upon the number of days in the year occurring on and after the Effective Date. For any year in which an apportionment is required, Seller shall file all required reports and returns incident to the Real and Personal Property Taxes and shall remit to the appropriate taxing authorities all such Taxes assessed for the year in which the Effective Date occurs. Subject to Section 8.5(a), Buyer shall pay to Seller, at the time of Seller's remittance, Buyer's share of the Real and Personal Property Taxes.

(b) Liability and Right to Pursue Claims. Seller shall retain
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liability for all adjustments, examinations or claims relating to Real and Personal Property Taxes that are paid by Seller and that are allocated to Seller as set forth in Section 8.3. Seller shall also administer and defend any examination, claim or adjustments arising in connection with Real and Personal Property Taxes that are to be paid by Buyer and which are allocated to Buyer as set forth in Section 8.3, provided, however, that if any such examination, claim, adjustment or other proceeding could affect Buyer's liability for Real and Personal Property Taxes, Seller shall consult with Buyer, and shall not enter into any settlement without Buyer's consent, which shall not be unreasonably withheld. If and to the extent that any refund is obtained for any taxable period that includes the Effective Date, Buyer shall be entitled to its allocable share of such refund, determined in accordance with the principles of Section 8.3(b).

Section 8.4 Allocation of the Purchase Price. As soon as practicable,
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Buyer shall deliver to Seller an

allocation statement (the "Allocation Statement") setting forth the allocation

of the Purchase Price payable by Buyer to Seller pursuant to Section 2.2 hereof, plus any Assumed Liabilities, to the Assets in accordance with their relative fair market value and in accordance with the requirements of Section 1060 of the Code; provided, however, that the Parties hereby acknowledge and agree that (i) One Hundred Fifty Million Dollars ($150,000,000) of the Purchase Price shall be allocated to technology, (ii) Forty Million Dollars ($40,000,000) shall be allocated to other intangible assets, (iii) the Closing Working Capital shall be allocated at book value and the remainder of the Purchase Price shall be allocated to plant, property and equipment and other tangible personal property estimated to be Three Hundred Forty Three Million One Hundred Ninety Six Thousand Forty Eight Dollars ($343,196,048) as at the Closing Date. Each of Buyer and Seller shall report for federal and state income and all other Tax purposes (including, without limitation, for purposes of Section 1060 of the Code) the purchase of the Assets in a manner consistent with the Allocation Statement and in a manner consistent with all applicable rules and regulations. Each of Buyer and Seller shall timely file a Form 8594, prepared jointly, in accordance with the requirements of Section 1060 of the Code and this Section 8.4. Each Party agrees not to assert, in connection with any Return, Tax audit or similar proceedings, any allocation of the Purchase Price that differs from that agreed to herein. Each Party shall notify the other Party in the event such Party believes that any taxing authority is taking or proposing to take a position inconsistent with such allocation.

Section 8.5 Cooperation. Buyer and Seller agree:

(a) Real Property Tax Assessment. Seller shall permit Buyer to participate with Seller in the real property tax assessment proceedings in respect of the valuation of the Property for 1997, as well as to ensure that existing real estate tax abatements in respect of the Property remain in place. Seller shall consult with Buyer in connection therewith and shall not agree to any valuation or diminution of real estate tax abatements without the consent of Buyer, which consent shall not be unreasonably withheld.

(b) Access to Tax Documents. Each of Buyer and Seller shall provide the other with such assistance and documents, without charge, as may be reasonably requested by either of them in connection with the preparation of

any Tax return, the conduct of any audit, and any other Tax related matter that is a subject of the Agreement. Such cooperation and assistance shall be provided to the requesting Party promptly upon its request.

Section 8.6 Equity. In conformance with the principles of Section 385 (c) and Section 1504 (a) (4) of the Code, each Party acknowledges and agrees that the Preferred Stock is (i) stock and not indebtedness as interpreted by the Code and (ii) "Certain Preferred Stock" as defined in Section 1504 (a) (4) of the Code. Each Party agrees not to assert, in connection with any Return, Tax audit, or similar proceedings, any different treatment of the Preferred Stock.

Section 8.7 FIRPTA Certificate. At the Closing, Seller shall deliver to the Buyer an affidavit of Seller, signed by an officer of Seller, in the form attached hereto as Exhibit E. Notwithstanding anything to the contrary set forth in the Agreement, Buyer shall be entitled to withhold the requisite amounts from the Purchase Price if Seller fails to fulfill all of its obligations under this Section 8.7.

Section 8.8 Preservation of Tax and Other Records. For a period of ten (10) years after the Closing Date, the party holding such records on the Closing Date shall (i) preserve and retain the corporate accounting, legal, auditing, Tax, environmental, operating, maintenance and inspection and other books and records that relate to the conduct of the PO/MTBE Business prior to the Effective Date and (ii) make such books and records available (at the then current administrative headquarters of the PO/MTBE Business or at any other place as reasonably agreed to by Buyer and Seller) to the other party upon reasonable notice and at reasonable times it being understood that the other party shall be entitled to make and retain copies of any such books and records as it shall

deem necessary at the other party's expense. In the event the other party desires to extend the period referred to in the first sentence of this Section 8.8 beyond ten (10) years, it may do so if (x) the applicable statute of limitations for the years with respect to which the books and records relate has not expired and (y) such extension is requested in writing and with a statement that the statute of limitations has not yet expired. Each such extension shall not be for more than twelve (12) months. In the event the holding party fails to maintain such records and as a result of such failure the other party's Tax liabilities are increased, then such holding party shall indemnify and hold harmless the other party for any such increase in Taxes or other liabilities. This Section 8.8

shall apply to Buyer and its Affiliates with respect to records transferred to or held by Buyer or its Affiliates hereunder and to Seller and the Company with respect to records retained by Seller or the Company prior to or after the Closing Date.

Section 8.9 Conflict. In the event of a conflict relating to Taxes between the provisions of Part Eight and any other provisions of the Agreement, the provisions of Part Eight shall control.

PART NINE

CONDITIONS PRECEDENT

Section 9.1 Conditions Precedent of Buyer. The obligations of Buyer to consummate the transactions contemplated by the Agreement are subject to the following conditions:

(a) Representations and Warranties True at Closing. The representations and warranties of Seller contained in the Agreement or in any certificate or document delivered pursuant to the provisions hereof, or in connection with the transactions contemplated hereby were true and complete when made, and shall be true and complete on and as of the Closing Date as though such representations and warranties were made at and as of such date except as otherwise expressly provided herein.

(b) Compliance with Agreement. On and as of the Closing Date, Seller shall have performed and complied with all, and shall have caused the Company to perform and comply with all, agreements and conditions required by the Agreement to be performed and complied with prior to or on the Closing Date.

(c) Certified Resolutions and Officers' Certificate. Seller shall have delivered to Buyer (i) a certificate dated the Closing Date signed by the Secretary or an Assistant secretary of Seller with respect to the action of the Seller's Board of Directors authorizing the transactions contemplated by the Agreement, and (ii) a certificate, dated the Closing Date and signed by the Chairman, Vice Chairman or a Vice President of Seller certifying in such detail as Buyer may reasonably request to the fulfillment of the conditions specified in subparagraphs (a) and (b) of this Section 9.1; provided

however, that the certificate required by Section 9.1(c)(ii) shall contain the following qualification: except for Huntsman's Interim Knowledge Matters with respect to the representations and warranties of Seller contained in Sections 3.1 (g)(i), (ii) and (iv), (h) and (1)(ii), Sections 3.2(i) and (j) and the second sentence of Section 3.2(n).

(d) Approval of Proceedings. All actions, proceedings, instruments and documents required of Seller and the Company to carry out the Agreement, or incidental thereto, and all other related legal matters shall have been

approved by Skadden, Arps, Slate, Meagher & Flom LLP, which approval shall not be unreasonably withheld.

(e) Opinion of Counsel. There shall have been delivered to Buyer the opinion of Amy R. Etherington, Esq. or such other counsel designated by Seller as Buyer may approve, which approval shall not be unreasonably withheld, all dated the Closing Date as set forth on Exhibit F, which shall be to substantially the same effect as the opinion of such counsel delivered to Buyer's financing sources.

(f) Injunction. On the Closing Date, there shall be no injunction, writ, or preliminary restraining order or any order of any nature issued by a court or other Governmental Body of competent jurisdiction directing that the transactions provided for herein or any of them not be consummated as herein provided or imposing any conditions on the consummation of the transactions contemplated hereby and no material proceeding or lawsuit shall have been commenced or threatened by any Governmental Body or other Person with respect to any of the transactions contemplated by the Agreement.

(g) Consents. All consents, approvals, clearances and authorizations referred to in or contemplated by Section 4.3(c) (excluding any consents contemplated by Section 4.2(a)) or in Schedules 3.1(e) and 3.2(e) shall have been obtained.

(h) Engineering Service Agreements. Seller and Buyer shall have entered into the engineering service agreement substantially in the form of Exhibit H ("Engineering Service Agreement").

(i) MTBE Supply Agreement. Seller or TRMI (or any other Affiliate of Seller acceptable to Buyer) and Buyer

or any of its Affiliates shall have entered into the MTBE Supply Agreement.

Section 9.2 Conditions Precedent of Seller. The obligations of Seller to consummate the transactions contemplated by the Agreement are subject to the following conditions:

(a) Representations and Warranties True at Closing. The representations and warranties of Buyer contained in the Agreement or in any certificate or document delivered pursuant to the provisions hereof, or in connection with the transactions contemplated hereby, were true and complete when made, and shall be true and complete on and as of the Closing Date as though such representations and warranties were made at and as of such date except as otherwise expressly provided herein.

(b) Compliance with Agreement. On and as of the Closing Date, Buyer shall have performed and complied with, and shall have caused Buyer's Affiliates to perform and comply with, all agreements and conditions required by the Agreement to be performed and complied with prior to or on the Closing Date.

(c) Certified Resolutions and Officers' Certificate. Buyer shall have delivered to Seller (i) a certificate dated the Closing Date signed by the Secretary or an Assistant Secretary of Buyer with respect to the action of Buyer's Board of Directors authorizing the transactions contemplated by the Agreement, and (ii) a certificate dated the Closing Date and signed by the President or a Vice President of Buyer certifying in such detail as Seller and the Company may reasonably request to the fulfillment of the conditions specified in subparagraphs (a) and (b) of this Section 9.2.

(d) Approval of Proceedings. All actions, proceedings, instruments and

documents required for Buyer to carry out the Agreement, or incidental thereto, and all other related legal matters shall have been approved by Amy R. Etherington, Esq. as counsel for Seller and the Company or such other counsel designated by Seller which approval shall not be unreasonably withheld.

(e) Opinion of Counsel of Buyer. There shall have been delivered to Seller an opinion of Skadden, Arps, Slate, Meagher & Flom LLP, or such other counsel designated by Buyer as Seller may approve, which approval

shall not be unreasonably withheld, dated the Closing Date, as set forth on Exhibit G.

(f) Injunction. On the Closing Date, there shall be no injunction, writ, or preliminary restraining order or any order of any nature issued by a court or other Governmental Body of competent jurisdiction directing that the transactions provided for herein or any of them not be consummated as herein provided, or imposing any conditions on the consummation of the transactions contemplated hereby and no material proceeding or lawsuit shall have been commenced or threatened by any Governmental Body or other Person with respect to any of the transactions contemplated by the Agreement.

(g) Consents. All consents, approvals, clearances and authorizations referred to in or contemplated by Section 4.3(c) (excluding any consents contemplated by Section 4.2(a)) or in Schedule 3.3(e) shall have been obtained.

(h) Engineering Service Agreement. Buyer and Seller shall have entered into the Engineering Service Agreement.

(i) MTBE Supply Agreement. Seller and Buyer or their respective Affiliates shall have entered into the MTBE Supply Agreement.

PART TEN:

MISCELLANEOUS

Section 10.1 Notices. All notices, consents, requests, demands, and other communications hereunder shall be in writing and shall be deemed to have been duly given or delivered if W delivered by hand, (ii) delivered by a recognized overnight commercial courier (receipt requested), or (iii) sent by telecopier (with receipt confirmed), provided that a copy is promptly thereafter mailed in the United States by first-class postage prepaid mail, to the party as follows (or to such other address as any party shall have last designated by fifteen (15) days, notice to the other Parties).

If to Seller:

Texaco Inc.
2000 Westchester Avenue

White Plains, New York 10650
Fax: (914) 253-6342
Phone: (914) 253-6150
Attention: Corporate Secretary

If to Buyer:

Huntsman Specialty Chemicals Corporation
500 Huntsman Way
Salt Lake City, Utah 84108
Fax: (801) 584-5781

Phone: (801) 584-5700
Attention: General Counsel

With a copy to:

C. Kevin Barnette, Esq.
Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Avenue N.W.
Washington, D.C. 20005
Fax: (202) 393-5760
Phone: (202) 371-7000

Section 10.2 Modification. The Agreement, including this Section 10.2 and the Schedules, shall not be modified except by an instrument in writing signed by or on behalf of all of the Parties.

Section 10.2 Governing Law. The Agreement shall be governed by and construed and enforced in accordance with the internal Laws of the State of New York without regard to the conflict of laws principles thereof, except that for purposes of determining whether there has been a breach of any obligation hereunder as a result of a non-compliance with Laws involving matters of real property or employment (including employee benefit matters) , reference shall be made to the relevant local, state, provincial or national Law.

Section 10.4 Assignment. Seller and Buyer covenant with each other with respect to assignment as follows:

(a) No Assignment. The Agreement shall not be assigned by any Party directly or indirectly to any other Person (whether by the sale of stock or other transfer of ownership interest in a Party, or the sale or transfer by a Person that has an indirect stock or ownership interest in a Party or otherwise).

(b) Assignment Rights. Notwithstanding anything to the contrary herein, Buyer (and, in the case of Section 10.4(b)(i), the holder or holders, directly or indirectly, of Buyer's capital stock) shall have the right, subject to Seller's consent which shall not be unreasonably withheld, (i) to sell the PO/MTBE Business as a whole by means of a sale of the Buyer's capital stock or its direct or indirect parent corporation's capital stock, to a Person; or (ii) to sell the PO/MTBE Business as a whole by means of a sale of all or substantially all of the assets of the Buyer to a Person, and in connection with such sale to assign to such Person all of Buyer's rights under the Agreement and to cause such Person to assume all of Buyer's obligations under the Agreement; or (iii) to sell all or any of the Assets constituting a facility or a parcel of land no less than Fifty (50) acres to one or more Persons, and in connection with such sale to assign to such Person or Persons, Buyer's rights under the Agreement that relate to the Assets so sold and to cause such Person or Persons to assume Buyer's obligations under the Agreement that relate to the Assets so sold; provided, however, that if Buyer assigns any or all of its rights and obligations under the Agreement in accordance with Section 10.4(b)(i),(ii) or (iii), then there shall be no right of assignment of the rights and obligations under the Agreement so assigned thereafter (it being understood and agreed that if, with the consent of Seller, any of Buyer's rights under the Agreement are assigned in accordance with any of the foregoing Section 10.4(b)(i),(ii) or (iii), Seller shall continue to perform Seller's obligations under the Agreement that relate to the rights so assigned).

(c) Related Party Assignment. Notwithstanding anything to the contrary herein, each Party shall have the right to assign all or any part of its rights and obligations hereunder to one or more wholly owned subsidiaries of such Party, or in the case of Buyer, to any other entity controlled directly or indirectly by the Huntsman Group, provided that such assignment shall not relieve such Party from its obligations under the Agreement. Notwithstanding anything to the contrary herein, neither the

pledge of all or any part of the capital stock of any Person that has a direct or indirect stock or ownership interest in Buyer to any lender providing financing to Huntsman Corporation or any member of the Huntsman Group nor the transfer of such capital stock by any such Person or any assignee of such Person shall

constitute an assignment under the Agreement for any purpose.

(d) Financing. Notwithstanding anything to the contrary herein, without the prior consent of Seller, Buyer shall have the right to (x) grant a security interest in or collaterally assign the Agreement, (y) create a lien, pledge or mortgage on all or any part of the PO/MTBE Business and (z) pledge all or any part of the capital stock of Buyer in favor of, in each case, to any Person, providing financing to Buyer for use in the purchase of the PO/MTBE Business which financing is secured by, or entered into in connection with, such purchase ("Financing Person"). In the event a Financing Person sells or transfers, directly or indirectly, all or any part of the capital stock of Buyer or the PO/MTBE Business, such Financing Person shall have the assignment rights as set forth in Section 10.4(a), (b) and (c), provided however, that if a Financing Person assigns any or all of its rights and obligations under the Agreement in accordance with Section 10.4 (b) (i) , (ii) or (iii) , then there shall be no right of assignment thereafter unless the PO/MTBE Business as a whole is transferred or sold, and in such case, there shall be a one time right of assignment by the owner of the entire PO/MTBE Business without Seller's consent. Assignments by a Financing Person as set forth in Section 10.4(b)(i) and (ii) and any grants, pledges or assignments as set forth in Section 10.4(d) shall not be subject to Seller's consent but, so long as the Preferred Stock is outstanding, shall be subject to the Intersecurity Agreements and the Series A Preferred Stockholder Agreement, as applicable. So long as the Preferred Stock is outstanding, a Financing Person, as a permitted assignee shall enter into, assume and be made a party to the Intersecurity Agreement by and among BASF Capital Corporation, the Company, Bankers Trust Co., in its capacity as agent for the Lenders under Buyer's Senior Credit Agreement and the Agent for the Lenders under Buyer's Ten Year Term Loan Agreement and any other similar or related documents.

(e) Structured Sale. Notwithstanding anything in the Agreement to the contrary, (i) a public offering or other disposition of the capital stock of Buyer or any direct or indirect parent corporation of Buyer effected pursuant to the Securities Act of 1933 (including, without limitation, broker's transactions as defined under Rule 144 promulgated thereunder) (any such offering or other disposition, a "Structured Sale") shall under no circumstances be deemed an assignment of Buyer's rights

or obligations under the Agreement, provided, however, that immediately following any such Structured Sale, the Huntsman Group collectively owns or controls, directly or indirectly, capital stock of Buyer representing at least thirty (30%) percent of the voting power of all outstanding shares of capital stock of Buyer; and (ii) subject to the Series A Preferred Stockholder Agreement between Buyer and the Company, a transfer of direct or indirect ownership of Buyer's capital stock (other than pursuant to a Structured Sale) shall not be deemed an assignment of Buyer's rights or obligations under the Agreement provided that immediately following any such transfer, the Huntsman Group collectively owns or controls, directly or indirectly, capital stock of Buyer representing at least a majority of the voting power of all outstanding shares of capital stock of Buyer. In the event of a Structured Sale or transfer as contemplated by the immediately preceding sentence, Seller shall continue to perform Seller's obligations under the Agreement. The "Huntsman Group" shall mean, collectively, Jon M. Huntsman, his spouse, sibling and direct descendents, and their respective spouses so long as they remain spouses and any trust for the benefit of any of the foregoing.

Section 10.5 Counterparts. The Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which

together shall constitute one and the same instrument.

Section 10.6 Invalidity. If any of the provisions of the Agreement
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including the Schedules is held invalid or unenforceable, such invalidity or unenforceability shall not affect in any way the validity or enforceability of any other provision of the Agreement. In the event any provision is held invalid or unenforceable, the Parties shall attempt to agree on a valid or enforceable provision which shall be a reasonable substitute for such invalid or unenforceable provision in light of the tenor of the Agreement and, on so agreeing, shall incorporate such substitute provision in the Agreement.

Section 10.7 Entire Agreement and Construction. Except for the
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Confidentiality Agreements, the Agreement contains the entire agreement between the Parties hereto with respect to the agreements and transactions contemplated herein and all prior understandings and agreements shall merge herein. There are no additional terms, whether consistent or inconsistent, oral or written, which are intended to be part of the Parties, understandings which have

not been incorporated into the Agreement and the Schedules. The Parties agree that they have jointly participated in the drafting and preparation of the Agreement and that the language of the Agreement shall be construed as a whole according to its fair meaning and not strictly for or against any of the Parties hereto.

Section 10.8 Expenses. Except as otherwise expressly provided herein, each
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Party shall bear its fees, costs and expenses in connection with the transactions contemplated herein, including, without limitation, all legal and accounting fees and disbursements and fees and expenses of other advisors retained by such Party.

Section 10.9 Waivers and Amendments. All amendments and other modifications
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hereof shall be in writing and signed by each of the Parties. Any Party may by written instrument (i) waive any inaccuracies in any of the representations or warranties made to it by any other Party contained in the Agreement or in any instruments and documents delivered to it pursuant to the Agreement, or (ii) waive compliance or performance by any other Party with or of any of the covenants or agreements made to it by any other Party contained in the Agreement. The delay or failure on the part of any Party hereto to insist, in any one instance or more, upon strict performance of any of the terms or conditions of the Agreement, or to exercise any right or privilege herein conferred shall not be construed as a waiver of any such terms, conditions, rights or privileges but the same shall continue and remain in full force and effect. All rights and remedies are cumulative.

Section 10.10 Survival of Representations and Covenants. All representations
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and warranties contained in the Agreement shall survive the Closing and continue for a period of Fifteen (15) months following the Closing Date; provided, that (i) the representations and warranties of Seller contained in Section 3.2(h) shall continue indefinitely and in Section 3.2(m) shall survive for Sixty (60) days after the expiration of the applicable statute of limitations and (ii) the representations and warranties of Buyer contained in Sections 3.3 (h) , (i) and (j) shall survive for the period of time the Preferred Stock remains outstanding. The covenants and agreements contained in the Agreement shall survive the Closing and continue in accordance with their respective terms. In the event Buyer or Buyer's Affiliates transfer, sell, assign or use all or any part of the PO/MTBE Business for any purpose other than industrial, manufacturing, chemical or laboratory use, all of

Seller's representations, warranties, covenants, agreements, indemnities and obligations under Part Six of the Agreement shall expire and terminate with respect to such part of the PO/MTBE Business. Any right of indemnification pursuant to Part Seven with respect to a claimed breach of a representation or warranty shall expire at the date of termination of the representation or warranty claimed to be breached ("Claim Termination Date"), unless on or prior

to the Claim Termination Date a Claim has been made to an Indemnifying Party. If a Claim is timely made, it may continue to be asserted beyond the Claim Termination Date of the representation and warranty to which such Claim relates. A "Claim" means a written notice asserting a breach of a representation or warranty specified in the Agreement, which shall reasonably set forth, in light of the information then known to the Party giving such notice, a description of and estimate (if then reasonable to make) of the amount involved in such breach.

Section 10.11 Section Headings. The section headings in the Agreement are for convenience of reference only and shall not be deemed to alter or affect the interpretation of any provision thereof.

Section 10.12 Termination. The Agreement may be terminated (i) by mutual written consent of the Parties at any time prior to the Closing; (ii) by Buyer by notice to Seller given on or before the Closing Date, if Buyer shall discover any material fact or condition existing on the date of such termination which is at variance with any of the representations and warranties of Seller contained in the Agreement; (iii) by and at the option of the Seller if the Closing shall not have occurred on or before the Termination Date; or (iv) by and at the option of the Buyer if the Closing shall not have occurred on or before the Termination Date. Upon any termination the Parties shall have no further obligations under the Agreement; provided, however, Buyer shall hold all information which it has obtained during the transaction contemplated hereby, subject to the Confidentiality Agreement, and the provisions of Sections 1.2, 4.3(b), 10.3, 10.8, 10.12 and 10.13 shall remain in full force and effect. The Parties understand and agree that, from and after the Closing Date, the Confidentiality Agreements shall be of no further force or effect.

Section 10.13 Dispute Resolution. Seller and Buyer covenant with each other as follows:

(a) Generally. Any claim, controversy or dispute

arising out of, relating to, or in connection with the Agreement or the agreements and transactions contemplated hereby, by Buyer, Buyer's Affiliates, Seller or Seller's Affiliates, including the interpretation, validity, termination or breach thereof, shall be resolved solely in accordance with the dispute resolution procedures set forth in Schedule 10.13. The Parties covenant that they shall not resort to court remedies except as provided for in Schedule 10.13, or for preliminary relief in aid of arbitration.

(b) Violations. A Party who violates the covenants in Section 10.13 (a) shall pay all the legal costs incurred by the other Parties in connection with the enforcement thereof. Suits, actions or proceedings in connection with violations of the covenants in Section 10.13(a) and Schedule 10.13 shall be instituted in the United States District Court for the Southern District of New York, and pursuant to Title IX of the United States Code. Each Party waives any option or objection which it may now or thereafter have to the laying of the venue in any such suit, action or proceeding and irrevocably submits to the jurisdiction of such court in any such suit, action or proceeding.

IN WITNESS WHEREOF, the Parties hereto have entered into the Agreement as of the date first herein above written.

TEXACO INC.

By: /S/ Allen J. Krowe

TEXACO CHEMICAL INC.

By: /s/ Richard L. Masica

HUNTSMAN SPECIALTY CHEMICALS
CORPORATION

By: John M. Huntsman

IN WITNESS WHEREOF, the Parties hereto have entered into the Agreement as of the date first herein above written.

TEXACO INC.

By:_____

TEXACO CHEMICAL INC.

By:_____

HUNTSMAN SPECIALTY CHEMICALS
CORPORATION

By:_____

EXHIBIT 10.3

OPERATING & MAINTENANCE AGREEMENT

by and between

HUNTSMAN SPECIALTY CHEMICALS CORPORATION,

and

HUNTSMAN PETROCHEMICAL CORPORATION

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OPERATING & MAINTENANCE AGREEMENT

OPERATING & MAINTENANCE AGREEMENT (this "Agreement"), dated as of March 21, 1997, by and between HUNTSMAN PETROCHEMICAL CORPORATION, a Delaware corporation with offices at 3040 Post Oak Boulevard, Suite 2200, Houston, Texas 77056 ("Operator"), and HUNTSMAN SPECIALTY CHEMICALS CORPORATION, a Delaware corporation with offices at 500 Huntsman Way, Salt Lake City, Utah 84108 ("Owner"):

WHEREAS, Owner owns a facility to manufacture propylene oxide ("PO") and methyl tertiary butyl ether ("MTBE") located in Port Neches, Texas (the "PO/MTBE Facility"); and

WHEREAS, Owner desires that Operator provide the services and supplies required for the operation and maintenance of the PO/MTBE Facility and Operator desires to provide such services and supplies pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I

Term

1.1 Initial Term. The initial term (the "Initial Term") of this Agreement shall commence upon the "Closing Date" (as such term is defined in the Purchase and Sale Agreement dated March 21, 1997, by and among Texaco Inc. ("Texaco"), Texaco Chemical Inc., and Owner(the "Purchase and Sale Agreement")) (the "Effective Date") and shall extend for a period of fifteen (15) years therefrom and shall continue for successive one-year terms thereafter unless terminated by either party written notice of at least two (2) years prior to the end of the Initial Term or the applicable succeeding two-year term.

ARTICLE II

The Operator

2.1 Appointment and Agreements of Operator. (a) Owner hereby appoints Operator as the operator of the PO/MTBE Facility (the "Operator") and Operator accepts such appointment in accordance with the terms set forth herein.

(b) As the Operator, Operator shall operate the PO/MTBE Facility consistent with (i) the good management practices and prudent operating techniques Operator employs in the operations of Operator's Oxides and Olefins and C4 chemical operations located adjacent to the PO/MTBE Facility (the "Plant"), (ii) the scope and level of Services (as hereinafter defined) as agreed from time to time and (iii) applicable industry standards.

(c) In the performance of its obligations hereunder, Operator shall be an independent contractor and nothing in this Agreement shall be construed or interpreted to imply that Operator, while acting in such capacity, is a partner or joint venturer with, Owner, and therefore, among other things:

(i) All employees, agents or representatives employed or used by Operator in the performance of its obligations hereunder shall be the employees, agents and representatives of Operator and not employees, agents and representatives of Owner; and

(ii) Neither Operator nor Owner shall represent to third parties, nor shall Operator or Owner take any action from which third parties could reasonably infer that Operator, while acting as the Operator, is a partner or joint venturer with Owner.

2.2 Agreements of Owner. (a) Owner hereby grants Operator all appropriate ingress and egress to the PO/MTBE Facility for the purpose of acting as Operator hereunder.

(b) Owner shall provide a PO/MTBE Facility that, as of the date of this Agreement is capable of being operated from time to time in accordance with all

applicable Federal, state and local permits, laws, rules, regulations and ordinances and in accordance with all health, safety and environmental programs and procedures of both Owner and Operator.

(c) Owner represents that the PO/MTBE Facility is in compliance with all current applicable federal, state or local laws, ordinances, rules and regulations relating to toxic and hazardous substances, and hazardous wastes, as such materials are defined in any current applicable federal, state or local law, ordinance, rule or regulation.

(d) Owner shall procure all permits and licenses, and state and Federal Environmental Protection Agency ("EPA") identification numbers, necessary to operate and maintain the PO/MTBE Facility. Owner shall promptly notify Operator of any changes in, or communications with respect to, such permits, licenses or EPA numbers received by Owner or any other material communications with a governmental agency or third party related to such permits, licenses, numbers or related matters.

(e) Owner shall provide written production, shipping, maintenance and other operating policies to be followed by Operator hereunder (the "Operating Policies"), which Operating Policies shall be reasonably acceptable to Operator.

(f) Owner shall separately arrange for the procurement and delivery of all natural gas, electricity and feedstocks to be utilized at the PO/MTBE Facility and shall make all arrangements for the transportation of such natural gas, electricity and feedstocks to the PO/MTBE Facility.

(g) Owner, or its agent which is designated in writing to Operator if such person or entity is other than the Contract Coordinator (as hereinafter defined) hereunder, shall furnish all information as may from time to time be reasonably requested by Operator, including but not be limited to, information with respect to:

(i) Owner's PO and MTBE inventory requirements;

(ii) Owner's PO and MTBE production requirements;

(iii) PO and MTBE shipping schedules and detailed information and instruction for each shipment made on behalf of Owner;

(iv) PO and MTBE forecasting and planning parameters; and

(v) PO and MTBE unusable inventory instructions.

(h) Owner shall advise Operator promptly of regulatory and legislative changes affecting the PO/MTBE Facility as Owner becomes aware of such changes.

(i) Owner shall prepare any accounting and reporting documents that may be required by governmental authorities outside the ordinary course of business. Operator shall use all reasonable efforts to provide such assistance to Owner in connection with the preparation of such documents in order to comply with such requirements in a timely manner.

(j) Subject to Section 5.5, Owner shall make payment for all municipal taxes and fees, property, business, sales, use, excise and value-added taxes, and all other taxes applicable to the operation and maintenance of the PO/MTBE Facility.

2.3 Duties of Operator. (a) Subject to the terms of this Agreement and all other agreements of the parties, Operator shall operate and maintain the PO/MTBE Facility.

(b) Operator shall supervise, manage, direct and control all aspects of the day-to-day operations and maintenance of the PO/MTBE Facility, including the processing, disposal and/or loading of waste materials and by-products generated by the PO/MTBE Facility.

(c) Operator shall utilize standard operating procedures with respect to the operation of the PO/MTBE Facility consistent with the Operating Policies and reasonably acceptable to Owner (the "Operating Procedures"). Operator shall consult with Owner with respect

to any material non-emergency deviations and, if time permits, material emergency deviations from the Operating Procedures that Operator desires to make.

(d) Operator shall carry out such periodic performance tests of the PO/MTBE Facility as Operator deems necessary or as Owner may otherwise reasonably request, and recommend to Owner any remedial action that Operator considers necessary to correct any operational deficiencies arising from the analysis of the test results or otherwise revealed during operation of the PO/MTBE Facility.

(e) Operator shall maintain sufficient numbers of trained and qualified (and, if required, licensed) personnel to perform the services required under this Agreement.

(f) Operator shall prepare and maintain daily operating logs and records regarding the operation and maintenance of the PO/MTBE Facility.

(g) Operator shall provide such information for technical evaluation of the PO/MTBE Facility as may be reasonably requested by Owner and as Operator deems reasonably necessary.

(h) Operator shall perform or cause to be performed, or contract for and oversee the performance of all maintenance, repair and testing services as shall be required to carry out scheduled inspections, periodic overhauls, unscheduled maintenance and any major breakdown repairs.

(i) Operator shall cause to be maintained:

(i) all roads, yards, walkways, environmental compliance equipment and utilities of the PO/MTBE Facility;

(ii) the PO/MTBE Facility's tool room equipment and instruments pertaining to the PO/MTBE Facility; and

(iii) the PO/MTBE Facility's fire protection, health equipment and safety equipment.

(j) Operator shall carry out the reading, testing and any calibration of meters owned by Owner, as Operator deems reasonably necessary or as requested by Owner, and attend and witness the reading, testing and calibration of the meters carried out by Owner's customers.

(k) Operator shall cause security to be provided for the PO/MTBE Facility and cause Emergency situations to be responded to promptly.

(l) Operator shall schedule deliveries of fuel and feedstocks, monitor the sufficiency of fuel, electricity and feedstocks delivered to the PO/MTBE Facility in terms of quantity and quality and provide forecasts of fuel and feedstock requirements.

(m) Operator shall implement and supervise a preventive maintenance program in accordance with the Operating Policies.

(n) In no event shall Operator be obligated to operate the PO/MTBE Facility in any manner which, in Operator's reasonable judgment, presents a safety or environmental hazard, nor shall Operator operate the PO/MTBE Facility in a manner over the objection of Owner, when, in Owner's reasonable judgment, such manner of operation presents a safety or environmental hazard.

(o) Operator shall comply with all applicable governmental laws, regulations and rules of any federal, state or local governmental authority having jurisdiction with respect to the PO/MTBE Facility. Without limiting the generality of the foregoing, Operator shall be responsible for the preparation of all applications with respect to, and shall use its best efforts to maintain, all permits and licenses that are required to be maintained for the operation and maintenance of the PO/MTBE Facility.

(p) Operator shall cooperate with Owner to identify and implement process and operational changes which are to correct operational deficiencies in the

PO/MTBE Facility, and to design and execute maintenance and capital improvement projects for the PO/MTBE Facility.

(q) Operator shall perform engineering activities with respect to the management, operation and maintenance of the PO/MTBE Facility; provided, however, Owner may contract for such engineering services as it deems appropriate from time to time and Operator shall cooperate in using such services.

(r) Operator shall confer with and obtain the consent of Owner with respect to all proposed material agreements that Operator may enter into in connection with Operator's duties as Operator.

(s) Operator shall keep Owner fully advised with respect to the negotiation of collective bargaining agreements relating to Operator employees engaged in the operation, maintenance and support of the PO/MTBE Facility hereunder; provided, however, the terms and conditions of such collective bargaining agreements shall not be subject to the approval of Owner.

(t) Operator shall use all reasonable efforts to maintain ISO 9002 registration for the PO/MTBE Facility.

(u) Operator shall use all reasonable efforts to continue the operation of the PO/MTBE Facility using supervisory personnel in the case of a work stoppage due to a strike or other labor difficulty.

(v) Operator shall, consistent with the provisions of Article XIV hereof, maintain accurate books and records with respect to its operation of the PO/MTBE Facility hereunder and shall maintain and make available to Owner all such books and records which demonstrate that all fees and charges paid or payable by Owner hereunder have been computed in accordance with the terms of this Agreement.

(w) Notwithstanding any provisions contained herein to the contrary, in the case of any emergency endangering life, property or the environment ("Emergency"), Operator shall have the right to take all such steps,

including spending such sums which shall be

reasonably necessary in the sole judgment of Operator, to protect such life, property or the environment; provided, however, that Operator shall use all reasonable efforts to consult with Owner before taking such steps unless the nature of such emergency, in the reasonable judgment of Operator, does not permit sufficient time to consult with Owner, in which case, Operator shall promptly following such event of emergency notify Owner of the steps taken in any such event of emergency.

(x) Operator shall handle di-sulfide oil ("DSO") and spent caustic within the confines of the PO/MTBE Facility and the Plant.

(i) Operator will load Owner's DSO and spent caustic in tank wagons. If requested by Owner, Operator will (A) arrange for the delivery on behalf of Owner of such DSO to Operator's unloading facility at Port Arthur, Texas and (B) unload such DSO at such facility for delivery to a third party;

(ii) Operator shall not be obligated (A) to deliver Owner's DSO to any third party under any contract Operator has entered into or may enter into for the sale of Operator's DSO or (B) to enter into a contract with any third party for the sale of Owner's DSO; and

(iii) Owner shall indemnify Operator for any loss, claim, damage or liability arising out of or relating to Operator's handling or loading of Owner's DSO, except for losses, claims, damages or liabilities in connection therewith resulting from Operator's (a) gross negligence, (b) willful misconduct, (c) fraud or (d) intentional breach of this Agreement.

(y) Operator shall advise Owner promptly of regulatory and legislative changes affecting the PO/MTBE Facility of which Operator may become aware.

(z) Operator shall cause its employees to meet with representatives of Owner as may be reasonably

requested by Owner at such times and under such circumstances as will not unduly interrupt the operation of the PO/MTBE Facility or the Plant.

(aa) Operator shall use all reasonable efforts to screen all persons admitted to the premises of the PO/MTBE Facility for trade secret conflicts.

(ab) Operator shall promptly notify Owner of any changes in, or communications with respect to, any permits, licenses or EPA identification numbers related to the PO/MTBE Facility received by Operator or any other material communications of Operator with a governmental agency or third party related to such permits, licenses, numbers or related matters.

(ac) Operator shall perform any other tasks reasonably requested by Owner in connection with the operation and maintenance of the PO/MTBE Facility.

ARTICLE III

Operator Services

3.1 General. In connection with Operator's appointment as the Operator, Operator shall provide certain services as follows:

(a) Management services as set forth in Section 3.4 hereof (the "Management Services");

(b) Reporting services as set forth in Section 3.5 hereof (the "Reporting Services");

(c) Miscellaneous Services as set forth in Exhibit B hereto (the

"Miscellaneous Services");

(d) Utility services as set forth in Exhibit C hereto (the "Utility Services");

(e) Infrastructure services relative to the fixed assets owned by Operator described in Exhibits D-1 and D-2 hereto (the "Infrastructure Services");

(f) Methanol system services as set forth in Exhibit E hereto (the "Methanol Services");

(g) Butane services as set forth in Exhibit F hereto (the "Butane Services");

(h) PO dock services as set forth in Exhibit G hereto (the "PO Dock Services"); and

(i) Additional Services as set forth in Section 3.6 hereof.

All work and services performed in connection with this Agreement, including but not limited to Management Services, Reporting Services, Miscellaneous Services, Utility Services, Infrastructure Services, Methanol Services, Butane Services, PO Dock Services and Additional Services (as hereinafter defined) are sometimes hereinafter collectively referred to as the "Services."

3.2 Personnel. Services shall be provided by the following persons or entities:

(a) Those dedicated personnel who are employees of Operator and spend substantially all of their working time providing services to the PO/MTBE Facility ("Dedicated Personnel").

(b) Employees of Operator who spend a portion of their working time providing services to the PO/MTBE Facility on an "as needed" basis, whose working hours and the costs associated therewith are accumulated and accounted for on a regular basis in the ordinary course of business ("Shared Personnel").

(c) Employees of Operator who spend a portion of their working time providing services to the PO/MTBE Facility and whose working hours and the costs associated therewith are accumulated in the cost centers set forth in Exhibit A hereto ("Support Personnel").

(d) Employees of contractors and consultants engaged by Operator to provide services to the PO/MTBE Facility ("Contract Personnel").

3.3 Level of Services. (a) Operator shall provide Services at the levels required for rated capacity operation of the PO/MTBE Facility consistent with the Annual Budget (as hereinafter defined) as it may be

adjusted by mutual agreement from time to time and, if required, for periods the PO/MTBE Facility is shut down.

(b) If Services are required during periods other than that which the PO/MTBE Facility is operating at normal rated capacity or is shut down, including, but not limited to periods of Emergency, Operator shall use all reasonable efforts to provide such increased Service requirements.

(c) During any period when Operator's ability to provide Services is restricted by any Emergency or other non-routine operation of the Plant, Operator shall have the right temporarily to curtail the supply of any affected Service consistent with the pre-established Plant shut down and start-up priorities.

(i) Factors to be considered in establishing such shutdown and start-up priorities shall include (A) safety, (B) the economic impact of a shutdown or start-up, (C) the difficulty of shutdown or start-up with respect to the affected units, (D) inventory levels and requirements and

(E) the immediacy of the impact of any such shutdown or start-up.

(ii) Operator shall reasonably consider Owner's interests on the same basis as Operator's interests and shall not use Operator's status as Operator to gain long-term economic advantage in the establishment of such shutdown and start-up priorities.

(iii) Operator will make all reasonable efforts to cause PO and MTBE production levels to remain consistent with the PO/MTBE Facility's agreed level of production consistent with sales and supply arrangements with respect to PO and MTBE and with the other shutdown and start-up priorities during any service curtailment set forth in this Section 3.3(c).

3.4 Management Services. Operator shall provide all Management Services necessary for the support of the operation and maintenance of the PO/MTBE Facility in accordance with the terms of this Agreement, the

Operating Policies and the Annual Budget as it may be adjusted from time to time, including, but not limited to the following:

(a) The services of Dedicated Personnel, Shared Personnel and Support Personnel to staff, operate and maintain the PO/MTBE Facility including, but not limited to, the following:

(i) Plant operators and supervisors, utilities operators and supervisors, laboratory staff and supervisors and tank farm operators and supervisors;

(ii) Operations support personnel, including order processing and traffic personnel;

(iii) Receiving and shipping personnel for handling raw materials and products;

(iv) Maintenance personnel, including labor, supervision and planning personnel;

(v) Instrument and electrical personnel, including maintenance, labor, supervision, engineering and communications personnel;

(vi) Purchasing personnel, including purchasing, contracts and warehousing personnel to perform the functions set forth in paragraph B.1.1 of Exhibit B hereto;

(vii) Engineering and construction personnel, including project engineering, drafting, estimating, cost control, inspection and construction personnel;

(viii) Environmental personnel, including personnel for emission monitoring, permitting, reporting, communicating and interpreting (including the retention of legal counsel or the consultation with Owner legal counsel, as appropriate) laws and regulations,

planning and implementing plans for compliance, compliance-assurance auditing and providing technical support for governmental, administrative or adverse actions, including support at governmental agency meetings or hearings;

(ix) Health and safety personnel, including personnel for industrial hygiene, emergency response, fire brigade, internal and external inspection and audit, process safety management, incident review and investigation, security and reporting, communicating and interpreting (including the retention of legal counsel or the consultation with Owner legal counsel, as appropriate) laws and regulations, planning and implementing plans for compliance;

(x) Technical services personnel, including process engineering, process control, operations planning, quality services,

custody meter proving and computer service personnel;

(xi) Human resources personnel, including medical, training, mailroom, labor relations, payroll, office services, telephone, copier and community program personnel;

(xii) Accounting personnel, including accounts payable and financial reporting personnel; and

(xiii) Plant management personnel, including personnel responsible for prioritization of resources and operation policy making.

(b) The services of qualified contractors and consultants as required from time to time in order to perform the Management Services required hereunder.

(c) The services of Dedicated Personnel, Shared Personnel and Support Personnel necessary to provide the Miscellaneous Services, Utility Services, Infrastructure Services, Methanol Services, Butane Services and PO Dock Services.

3.5 Reporting Services. Operator shall prepare the same operating, financial and environmental, health and safety ("EH&S") reports that it prepares with respect to other Plant operations, unless the Parties mutually agree to the contrary, which are hereinafter referred to as the "Reporting Services." The Reporting Services to be provided by Operator to Owner are as follows:

(a) Each day, Operator shall provide a report or reports indicating:

(i) Preliminary production, shipments and closing inventory for each product; and

(ii) Shipping weights and times and such other information as is necessary to invoice each shipment of product produced at the PO/MTBE Facility.

(b) Each month, on or about the seventh business day, Operator shall provide a product inventory report for the previous month indicating the opening inventory quantity, production, shipments and closing inventory quantity for each in-process and finished product.

(c) Each month, on or about the fifteenth business day, Operator shall provide:

(i) A report for the previous month of all of the transactions and the end-of-month balances of the PO/MTBE Facility's property, plant and equipment, if Owner re quests such a report and provides Operator information that is necessary to prepare such a report;

(ii) A forecast of costs for the current month, current calendar quarter and current year, if Owner gives Operator the information that is necessary to prepare such a forecast; and

(iii) A capital spending report for the previous month indicating spending to

date and the end-of-month status of capital projects in progress.

(d) Operator shall promptly provide Owner a copy of any EH&S report that may be filed by Operator regarding the PO/MTBE Facility with a governmental agency.

3.6 Additional Services. (a) During the term of this Agreement, Owner may request services in addition to those set forth in this Article III ("Additional Services").

(b) Operator shall use all reasonable efforts to provide any Additional Services requested pursuant to Section 3.6(a) hereof.

(c) Except with respect to the provisions of Article V hereof, any Additional Service hereunder shall not affect the remaining Services or the other terms or conditions of this Agreement.

3.7 Deletion of Services. (a) Upon written notice, Owner shall have the option to delete from the scope of this Agreement any of the Services provided hereunder.

(b) Except with respect to the provisions of Article V hereof, any deletion of a Service hereunder shall not affect the remaining Services, terms or conditions of this Agreement.

(c) In the event any Service provided under this Agreement is deleted by Owner and, following such deletion, Owner continues to operate the PO/MTBE Facility, Owner shall offer to employ, or cause any contractor employed by Owner to provide the deleted service to employ, all affected Dedicated Personnel and the number of Shared Personnel and Support Personnel (the Support Personnel positions subject to the provisions of this Section 3.7(c) are set forth in Exhibit J hereto) equal to the equivalent of the cumulative time that Shared Personnel and Support Personnel provided such deleted service to the PO/MTBE Facility hereunder for the calendar year prior to the calendar year in which such termination occurs. In the event Owner shall not comply with the provisions of this Section 3.7(c), Owner shall

reimburse Operator for all costs resulting from the lay-off or retraining of Operator personnel in connection with the deletion of any Service in accordance with established personnel policies. Operator shall use all reasonable efforts to minimize such costs.

ARTICLE IV

Annual Budget

4.1 Cooperation of the Parties. Owner and Operator shall cooperate and assist in the annual budgeting activities that have an effect on the services provided under this Agreement and in the preparation of an annual budget (the "Annual Budget"). Such budgeting shall be timely and consistent with the needs of the budgeting cycles of both parties and any lenders to the PO/MTBE Facility.

4.2 Budget Procedures. (a) Not later than September 1 of such calendar year, Owner will advise Operator of the parameters under which, and the level of, Services covered by this Agreement which are to be provided for the following calendar year.

(b) Not later than November 1 of such calendar year, Operator shall prepare a proposed Annual Budget for the following calendar year consisting of an estimate of the direct charges and the manufacturing indirect charges (i.e. including: assigned direct full time employees, direct hourly charges from the plant work order system, direct charges for plant engineering personnel, materials on a cost basis and manufacturing indirect expenses related to the above direct charges).

(c) Not later than November 15 of each calendar year, Owner and Operator shall meet to discuss the proposed Annual Budget to the extent and in sufficient detail necessary to reach an agreement and shall use all reasonable efforts to reach an agreement on the Annual Budget no later than December 15 of the applicable preceding calendar year.

(d) In the event no agreement is reached with respect to the Annual Budget on or prior to December 15 of the applicable preceding calendar year, the Annual

Budget for the previous year as adjusted for inflation (as set forth below) shall apply until such time as agreement can be reached with respect to such Annual Budget. The adjustment for inflation shall be accomplished by multiplying any dollar amounts included in such previous Annual Budget by the PPI Index for the previous calendar year. Nonrecurring items, however, shall be excluded from such budget. "PPI Index" means, with respect to any calendar year, an amount equal to (i) one (1) plus (if the percentage change referred to in clause (ii) is an increase) or minus (if the percentage change referred to in clause (ii) is a decrease) (ii) the percentage change occurring during the previous year in the Producer Price Index, as published by the United States Department of Labor, Bureau of Labor Statistics, or any successor index published by such agency.

ARTICLE V

Fees

5.1 General. Operator shall be entitled to a fee for providing Services hereunder equal to Operator's "Costs" (as defined in Section 5.2 hereof) (the "Fee"). Operator shall provide the Services hereunder at full cost and, therefore, shall be entitled to receive from Owner all costs and expenses, whether direct or indirect and howsoever incurred, in providing the Services hereunder. Notwithstanding any other provisions in this Agreement, it is the intent of the parties that:

(a) Neither party shall make a profit on the provision of Services hereunder nor be required to subsidize the other party's operation.

(b) Owner shall not be required to pay for any costs or expenses hereunder to the extent such costs or expenses relate to services provided under the Management Services Agreement, dated as of the date hereof, by and between Owner and Operator.

(c) Operator's full cost shall be exclusive of all interest, depreciation or amortization with respect to the Owner Percents (as hereinafter defined) of the Plant Infrastructure.

(d) Except as set forth in Section 5.2(b) hereof, in paying Operator's full cost hereunder, Owner shall not be required to pay for any (i) overhead or allocation of costs and expenses from the Operator's corporate offices in Houston, Salt Lake City or other locations, (ii) non-plant expenses of any of Operator's Affiliates (as hereinafter defined), or (iii) interest expense incurred by Operator, except as provided in Section 6.2 and Section 7.3 hereof.

5.2 Definition of Costs. For purposes of this Agreement, "Costs" shall mean all costs and expenses incurred by Operator in providing the Services hereunder, including, but not limited to, the aggregate of the following:

(a) In the case of Dedicated Personnel, the aggregate of, and, in the case of Shared Personnel, the pro rata portion of (each being determined on the basis of time sheets and expense reports):

(i) all salaries, wages, employee benefit expenses and employment taxes paid to, or on behalf of, such Dedicated Personnel or Shared Personnel, as the case may be, (such salaries, wages, expenses and taxes to be consistent with amounts paid to, or on behalf of, like employees of the Plant), and

(ii) all travel and related expenses incurred in the ordinary course of business;

(b) In the case of the costs of Operator accumulated in the cost centers set forth in Exhibit A attached hereto (the "Allocated Cost Centers"), which includes the costs associated with the employment of Support Personnel and

any insurance obtained pursuant to Article IX hereof, the sum of the amounts which represents the amount accumulated in each such cost center, allocable to Owner in accordance with this Section 5.2(b) and Exhibit A (the "Management Fee"); provided, however, Owner and Operator agree that until the date the
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Preferred Stock (as defined in the Purchase and Sale Agreement) is redeemed (the "Redemption Date"), the Management Fee shall be $555,444.00 per month for calendar year 1997, and for calendar year 1998 and beyond, Owner and Operator agree that the annual Management Fee shall be determined by multiplying the annual Management Fee for

the immediately preceding year by an escalation factor, such escalation factor to be determined as follows:

a = good faith budget % increase for exempt personnel salaries;
b = budget % increase for hourly personnel salaries - supportable by documented labor contract agreements;
c = budget % increase for employee benefits consistent with a and b;
d = the final annual % GDP deflator published by the U. S. Department of Labor for the most recent twelve-month period.

Then the escalation factor shall be

$$1 + 0.7 \frac{(a+b+c+d)}{(4x100)}$$

An example of the escalation factor determination follows:

if a = 4.0%; and b = 1.4%; and c = 2.3%; and d = 3.0%; then the escalation factor would be

$$1 + 0.7 \frac{(4.0+1.4+2.3+3.0)}{(4x100)}$$

or 1.0187;

(c) In the case of Contract Personnel, the amount the contractor or consultant engaged by Operator invoices Operator for the services of such Contract Personnel, including all incidental expenses and the cost of all materials and supplies, less any amount, if any, paid against such invoices by Owner directly;

(d) In the case of any materials or supplies used by Operator hereunder, the amount the vendor of such materials or supplies invoices Operator for such materials or supplies, including all freight, taxes (except as otherwise set forth in this Agreement) or other charges in connection therewith, less any amount, if any, paid by Owner directly;

(e) In the case of transportation services provided under this Agreement, all amounts the third party provider of transportation services invoices Operator for such services, less any amount, if any, paid against such invoices by Owner directly;

(f) In the case of equipment rentals required to be made by Operator, the amount invoiced to Operator for such equipment rental;

(g) In the case of Utilities Services, the amounts allocable to Owner pursuant to Exhibit C hereto;

(h) In the case of Methanol Services, the amounts allocable to Owner pursuant to Exhibit E hereto;

(i) In the case of Butane Services, the amounts allocable to Owner pursuant to Exhibit F hereto; and

(j) In the case of PO Dock Services, the amounts allocable to

Owner pursuant to Exhibit G hereto.

5.3 Changed Conditions, Operator to Receive Costs. (a) The parties recognize and agree that it is not practical to predict and provide for all future changes, circumstances or contingencies affecting this Agreement and the supply or performance of Services, during the term hereof. Accordingly, subject to the provisions of Section 5.1 hereof, it is understood and agreed by the parties that if either (x) Costs as defined, used or applied herein or (y) the application of generally accepted accounting principles, subject to Section 5.4 hereof, to determine Costs are, at any time or times, incomplete, inaccurate or insufficient to enable Operator to recover all of its costs and expenses in providing the Services hereunder, whether direct or indirect and howsoever incurred, Operator shall nevertheless be entitled to recover from Owner all of such costs and expenses, notwithstanding such definition, use or application, so that Operator shall not be subjected to or be required to suffer any economic loss or penalty at any time.

(i) It is understood and agreed, however, that the foregoing use of the

phrase "economic loss or penalty" shall not, in any event, be construed to cover absence or loss of profits or profit opportunity.

(ii) For the purposes of this Agreement, in the case of the costs described in Section 5.2(b) hereof for all periods prior to the Redemption Date, no "economic loss or penalty" shall be deemed to have resulted solely from the establishment of the Management Fee.

(b) If because of changes in or the adoption of new laws, regulations or accounting principles, or their application, Operator is not, or will not be, able to recover all of its Costs under this Agreement, Owner agrees to compensate Operator in some other mutually agreeable manner in order to make Operator whole for such unrecovered Costs.

(c) The costs of steam as set forth in Exhibit C hereto and as may be adjusted pursuant to Schedule C.5 thereto, shall be calculated so that the PO/MTBE Facility is charged at the same rate per unit as the other Oxides and Olefins facility operations located at the Plant.

5.4 Accounting Practices. All accounting practices employed to determine the Fee hereunder shall be in accordance with generally accepted accounting principles ("GAAP") applied on a basis consistent with the accounting principles, practices and procedures employed related to the Plant, except as otherwise provided in this Agreement. In the event Operator should make any change to accounting practices in effect as of the Effective Date for the determination of Costs, Operator and Owner shall negotiate in good faith to mutually agree on new procedures to administer this Agreement; provided, however, Owner shall pay the same Fee as would have occurred under this Agreement prior to such change in accounting practice in the event any such change in accounting practice does not improve the accuracy of identifying Services or determining or measuring Costs.

5.5 Taxes and Other Charges to be Paid by Owner. (a) Owner shall reimburse Operator for all taxes (excluding net income, franchise, excess profits, and

other taxes based upon or measured by capital or net income), excises (including environmental taxes), fees, penalties which Operator may be required to pay to any government (federal, state or local) directly attributable to the Services provided by Operator to Owner in this Agreement; provided, however, that Operator shall make all reasonable efforts to purchase all services, materials, supplies and equipment to be used or incorporated into the PO/MTBE Facility tax free by use of a Texas Sales Tax Resale Certificate. Owner will accrue and pay Texas sales tax on all such services, materials, supplies and equipment under its Texas sales tax direct payment permit. Operator and Owner shall cooperate to minimize any applicable state and local sales tax burdens.

(b) Owner shall be responsible for the PO/MTBE Facility real and personal property tax functions including the rendition, negotiation and payment of property taxes, and Operator shall cooperate with Owner in minimizing such taxes. This responsibility shall include all inventories including storehouse stock held in the name of or for the account of Owner. Owner's personnel and designated representatives shall have access to the PO/MTBE Facility and warehouse areas containing Owner materials for property tax inspection purposes.

(c) Owner shall have access to all tax records for taxes Operator seeks reimbursement from Owner under this Agreement. Operator and Owner agree to cooperate and provide all information necessary to one another to enable each party to properly file their respective tax returns and return claims and to conduct any tax audit, litigation or other tax controversies with any taxing authority.

(d) Subject to the other provisions of this Section 5.5, Owner shall pay and shall indemnify and hold Operator harmless from any taxes (including, without limitation, any gross receipt taxes), levies, imposts, duties, charges or withholdings of any nature whatsoever imposed upon the PO/MTBE Facility, the real property or leasehold interest upon which the PO/MTBE Facility of any part thereof is located, by any Federal, state or local government or taxing authority.

5.6 Depreciation and Amortization. In addition to depreciation for capital improvements described in Section 6.2 hereof, and subject to the other provisions of this Section 5.6, Operator shall include in the Fee billed to Owner direct and indirect depreciation related to the Plant Infrastructure assets according to accounting methods in use as of the Effective Date of the Agreement.

(a) Beginning as of the Effective Date of the Agreement an amount (the "Depreciation Credit") shall be deducted from the fees payable by Owner to Operator equal to the sum of (i) $29,095 per month related to Owner's entitlement to Plant Infrastructure assets, plus (ii) 0.4167% of assets value related to Owner's portion of assets that Operator has started to account for depreciation and which Owner provided capital under the provisions of Section 6.2, minus (iii) depreciation attributed to Owner's portion of assets retired from service after March 31, 1994 and, accordingly, removed from the depreciation account.

(b) Depreciation of all assets associated with Cost Center 5304 (Cogeneration-Steam), and Cost Center 5300 (Boiler House-Fired) shall be charged as provided in the STEAM STUDY TEAM Final Report dated July 11, 1994.

(c) Owner agrees to pay direct and indirect depreciation for other Operator assets located at the Plant utilized by Owner that are not Plant Infra structure assets.

(d) During any period of time when the Management Fee is fixed, a Depreciation Credit will be fixed contemporaneously with the Management Fee. The Depreciation Credit calculation, as shown in Exhibit N, will be maintained by Operator for use during any period of time when a variable Management Fee which includes depreciation of Operator assets is applicable.

5.7 Exclusions From Costs. (a) Costs as defined herein shall not include any interest expense incurred by Operator, except as provided in Section 6.2 and Section 7.3 hereof.

(b) Costs as defined herein shall not include any Obligations (as hereinafter defined) that Operator pays pursuant to Section 18.1.

ARTICLE VI

Capital Improvements

6.1 Owner Right to Use Plant Infrastructure. (a) For the purposes of documenting Owner's right to utilize those certain fixed assets owned by Operator as listed in Exhibits D-1 and D-2 attached hereto (the "Plant Infrastructure"), and specifically not to provide a basis for determining Depreciation Credit or Capital Charges (as defined below) for Capital Improvements (as defined below) pursuant to Articles VI and VII, Operator and Owner agree that Owner shall have the right to utilize the capabilities of Plant Infrastructure assets represented by the Owner Percents of capability as such Plant Infrastructure exists as of August 22, 1996, as set forth in Exhibit D-1. The parties specifically agree that Owner's rights to use is to absolute units of Plant Infrastructure output capability and that such rights to output capability shall not be changed if the capacity of any component of Plant Infrastructure is increased or reduced in the future except for Capital Improvement projects to expand Plant Infrastructure in which Owner provides its portion of the expansion project capital.

(b) The Owner Percents shall be adjusted from time to time by mutual agreement of the parties to accommodate any change to Plant Infrastructure requirement by Owner, such as by expansion of the PO/MTBE Facility.

6.2 Plant Infrastructure Capital Improvements. (a) For all additions to, or improvements in the Plant Infrastructure, Owner shall reimburse Operator in full for the product of the costs of additions to, or improvements in, the Plant Infrastructure, multiplied by the percentage applicable to such addition or improvement as set forth in Exhibit D-2 ("Capital Charges").

(b) Capital improvements to the Plant Infrastructure which the parties mutually agree are

solely for the benefit of only one of the parties shall be paid by the party receiving such benefit.

6.3 PO/MTBE Facility Capital Improvements. For all additions to or improvements in the PO/MTBE Facility ("Capital Improvements") installed at Operator's expense at Owner's direction, Owner shall reimburse Operator for Operator's full cost of such Capital Improvements.

ARTICLE VII

Payment

7.1 Fees. (a) Operator shall in good faith invoice Owner (substantially in the form of Exhibit H hereto unless otherwise agreed by the parties from time to time) no later than the eighth (8th) business day of each month for the estimated Fee, Capital Charges and Capital Improvements for such month.

(b) Operator shall reconcile the estimated Fee, Capital Charges and Capital Improvements from the previous month with the actual Fee, Capital Charges and Capital Improvements for such month and either credit Owner for the amount overpaid or invoice Owner for the underpaid Fee, Capital Charges and Capital Improvements in the invoice described in Section 5.1(a).

(c) Owner shall make payment of the monthly estimated Fee, Capital Charges and Capital Improvements, less any credit due pursuant to Section 5.1(b), plus any underpaid Fees, Capital Charges and Capital Improvements pursuant to Section 5.1(b), via wire transfer of immediately available funds or other mutually agreeable means such that Operator receives payment by the fifteenth day of the month.

7.2 Payment Dispute. Making payment for any Fees, Capital Charges or Capital Improvements hereunder shall not constitute a waiver of either party's

right to adjust or dispute any charge after such payment for the balance of the current calendar year and the succeeding year. Owner shall pay Operator the full amount of any invoice submitted by Operator in good faith.

7.3 Interest. (a) Interest on any (i) late payments or (ii) disputed Fees, Capital Charges or Capital Improvements which are reimbursed hereunder, shall be payable at a rate equal to the lesser of (A) the Interest Rate or (B) the maximum rate allowed for this purpose pursuant to the laws of the State of Texas, computed on a daily basis. "Interest Rate" means the prime rate per annum announced from time to time by Bankers Trust, plus two percent (2%).

(b) All disputed Fees, Capital Charges or Capital Improvements and audit adjustments made pursuant to Section 15.2 hereof shall be refunded within five business days of a final determination of any such amount.

ARTICLE VIII

Health, Safety, and Environmental Audits

8.1 Conduct of Audits. (a) Owner, at its own and sole expense, may conduct, or contract for the conduct of, EH&S audits of the PO/MTBE Facility at any time upon reasonable notice to Operator.

(b) Owner shall use all reasonable efforts to cause any audit undertaken pursuant to paragraph 8.1(a) hereof to be conducted jointly with any scheduled Operator assessment of the PO/MTBE Facility.

(c) In the event any audit undertaken pursuant to paragraph 8.1(a) hereof cannot reasonably be conducted with a scheduled Operator assessment of the PO/MTBE Facility, Owner shall coordinate the conduct of any such audit with Operator so as to cause the least amount of disruption with respect to Operator's operations.

(d) Owner shall be entitled and Operator shall invite Owner to participate in the investigation of any incident at the PO/MTBE Facility affecting EH&S matters.

8.2 Audit Recommendations. Operator shall give due consideration to Owner recommendations resulting from any audit conducted pursuant to paragraph 8.1 here-

of; provided, however, that Operator shall not unreasonably refuse to implement any such recommendation.

ARTICLE IX

Insurance

9.1 Insurance Provided by Operator. (a) Operator shall maintain at all times while performing Services under this Agreement, the insurance coverage set forth below with companies satisfactory to Owner with full policy limits applying, but not less than as follows:

(i) Workers' compensation insurance as required by laws and regulations applicable to and covering employees of Operator engaged in the performance of the Services hereunder;

(ii) Employers' liability insurance protecting Operator against common law liability in the absence of statutory liability, for employee bodily injury arising out of the master-servant relationship with limits not less than those in effect for similar insurance maintained by Operator

from time to time with respect to the Plant; and

(iii) Automobile liability insurance including owned, non-owned and hired vehicle coverage with limits not less than those in effect for similar insurance maintained by Operator from time to time with respect to the Plant.

(b) Prior to the commencement of the Services hereunder, a certificate evidencing the required insurance coverages shall be delivered to Owner. Such certificate shall provide that any change restricting or reducing coverage or the cancellation of any policies under which certificates are issued shall not be valid as respects Owner's interest therein until Owner has received 30 days written notice of such change or cancellation. Further, the certificate shall state that the insurance is primary coverage and not concurrent or

excess over other valid insurance which may be available to Owner. The workers compensation and employers' liability policies shall be endorsed to provide waiver of subrogation rights in favor of the Owner Parties (as hereinafter defined).

(c) In the event Operator fails to keep the required insurance policies in full force and effect during the term of this Agreement and during any extensions hereof, Owner shall have the right to procure such insurance policies if such insurance is available to Owner. Nothing contained in the provisions of this Article IX relating to insurance coverage and policy amounts set forth herein shall operate as a limitation of Operator's liability in tort or contract for claims made under the terms of this Agreement.

(d) Owner will reimburse Operator for the cost of insurance as specified in this Section 9.1 as it relates to this Agreement at the actual cost of such insurance or self-insurance (including losses); provided, however that (i) under no circumstance shall such costs exceed manual rates and (ii) in the event that the insurance required to be maintained by Operator pursuant to this Section 9.1 is obtained by Operator as part of an insurance policy covering activities or property at Operator facilities and the PO/MTBE Facility, the actual cost of such insurance policy shall be allocated to Owner on a basis mutually agreed by the parties.

(e) Operator, at its sole discretion, may self-insure all of the insurance requirements set forth in this Section 9.1 as long as such self-insurance provides essentially the same protection as would be afforded under a third-party policy of insurance.

9.2 Insurance to be Provided by Subcontractors. (a) Operator shall
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use reasonable efforts to require any subcontractor that it may engage, directly or indirectly, in the performance of Services under this Agreement to maintain, at its sole cost, the insurance coverage set forth below with companies satisfactory to Operator with full policy limits applying, but not less than as stated:

(i) Workers' compensation insurance as required by laws and regulations

applicable to and covering employees of contractor engaged in the performance of the Services;

(ii) Employers' liability insurance protecting against common law liability in the absence of statutory liability, for employee bodily injury arising out of the master-servant relationship with a limit of not less than $1,000,000;

(iii) Commercial general liability insurance including products liability and completed operations insurance with limits of not less than $1,000,000 per occurrence and in the aggregate, unless otherwise agreed;

(iv) Automobile liability insurance including owned, non-owned and hired vehicle coverage with limits of liability of not less than

$1,000,000; and

(v) Excess liability insurance over Automobile Liability, Commercial General Liability and Employers' Liability coverages afforded by the primary policies described above with limits as established by Operator.

(b) The commercial general liability insurance and excess liability insurance in Section 9.2(a) shall cover the contractual liability assumed under the provisions set forth in this Agreement.

(c) Prior to commencement of the services, a certificate evidencing the required coverages shall be delivered by the contractor to Operator, naming Operator and Owner and their Affiliates (as hereinafter defined) as additional insureds. Such certificate shall provide that any change restricting or reducing coverage or the cancellation of any policies under which certifi cates are issued shall not be valid as respects Operator's or Owner's interest therein until Operator or Owner has received 30 days written notice of such change or cancellation. Further, the certificate shall state that the insurance is primary coverage and not concurrent or excess over other valid insurance which may be available to Operator or Owner. Each contractor's Workers

Compensation policy shall be endorsed to provide waiver of subrogation rights in favor of Operator, Owner and all their subsidiaries and Affiliates.

(d) Operator shall provide copies of any subcontractor's certificates of insurance to Owner upon request.

9.3 Insurance Provided by Owner. (a) Owner shall maintain, at its sole cost, at all times while this Agreement is in effect commercial general liability insurance including products liability and completed operations insurance with limits of not less than $10,000,000 per occurrence and in the aggregate. Any insurance policy which Owner shall procure pursuant to this Section 9.3 shall be endorsed to provide a waiver of subrogation rights in favor of the Operator Parties, except to the extent any claim is made pursuant to any such policy with respect to Operator's gross negligence, willful misconduct, fraud or intentional breach of this Agreement. Such insurance shall cover the contractual liability assumed under the provisions set forth in this Agreement.

(b) Prior to commencement of the Services, a certificate evidencing the required coverages and specifically quoting the indemnity provisions of this Agreement shall be delivered by Owner to Operator, naming Operator as additional insured. Such certificate shall provide that any change restricting or reducing coverage or the cancellation of any policies under which certificates are issued shall not be valid as respects Operator's interest therein until Operator has received 30 days written notice of such change or cancellation. Further, the certificate shall state that the insurance is primary coverage and not concurrent or excess over other valid insurance which may be available to Operator.

(c) Nothing contained in these provisions relating to coverage and amounts set forth herein shall operate as a limitation of Owner's liability in tort or contract for claims made under the terms of this Agreement.

ARTICLE X

Facility Shutdown

10.1 Owner Right to Shut Down. (a) Owner, at its sole discretion and upon ninety (90) days written notice shall have the right to shut down permanently the PO/MTBE Facility at any time.

(i) Operator shall use its best efforts to reduce all costs subsequent to such notice and continuing after such shutdown consistent with the terms of applicable collective bargaining agreements.

(ii) Within nine months of a permanent cessation of operations (a "PCO") in connection with any notice received by Operator pursuant to this Section 10.1(a), Operator shall cease to charge Owner any Fee hereunder, except as provided in the following clause (iii).

(iii) For any Services that Owner wishes to continue to receive from Operator subsequent to a PCO, the provisions of Article V hereof shall apply.

(b) In the event a permanent shutdown of the PO/MTBE Facility results directly or indirectly in the layoff or retraining of personnel, costs attributable to any such layoff or retraining shall be paid by Owner.

10.2 Operator's Right to Shut Down. In the event of (a) the failure of Owner to perform any material obligation hereunder in accordance with the terms of this Agreement which Owner has not cured or commenced to cure within thirty (30) days of notice thereof, (b) any circumstance which, in the judgment of Operator, constitutes an Emergency which makes the operation of the PO/MTBE Facility unsafe or (c) the issuance or adoption of any statute, regulation, ordinance, order, decree or judgment by any court or governmental authority having jurisdiction over Operator, Owner or the PO/MTBE Facility, which, in the reasonable judgment of Operator (based on advice of counsel or written opinion or directive from a governmental agency) prohibits the operation of the PO/MTBE

Facility, Operator shall have the right to shut down the PO/MTBE Facility until the conclusion or resolution of the applicable condition entitling Operator to shut down the PO/MTBE Facility.

ARTICLE XI

Suspension Of Production

11.1 Option to Suspend. Owner, upon reasonable notice to Operator, shall have the option to suspend or resume the operation of any part of the PO/MTBE Facility for so long as Owner may elect.

11.2 Payment of Costs. (a) During any period in which any production is suspended pursuant to Section 11.1 hereunder Owner shall continue to pay the Fee to the extent Operator continues to incur Costs hereunder.

(b) During any such period of suspended production, Operator shall use its best efforts to minimize, and to eliminate where practicable, costs and charges related to operating and maintaining the PO/MTBE Facility.

11.3 Standby Condition. At the written request of Owner, Operator will place any part of the PO/MTBE Facility for which production has been suspended in a standby condition and take all reasonable precautions to protect any such part of the PO/MTBE Facility against damage and deterioration until such time as Owner advises Operator to resume production and Owner shall continue to pay all of Operator's Costs hereunder.

ARTICLE XII

Access To PO/MTBE Facility Information

12.1 Examination at the Plant. Operator will make available at the Plant for examination by Owner at reasonable times and upon reasonable notice, information concerning the operation and maintenance of the PO/MTBE Facility.

12.2 Available Information. Information referred to in Section 12.1

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shall be:

(a) Operating log sheets and production and shipping records pertaining to the operation of the PO/MTBE Facility;

(b) All information relating to production materials, spare parts, maintenance materials and supplies for use in the PO/MTBE Facility;

(c) Records involving inventories of production materials, spare parts, maintenance materials and supplies maintained for use in the PO/MTBE Facility;

(d) Time reports for personnel whose services are charged to the operation or maintenance of the PO/MTBE Facility or the handling of products produced at the PO/MTBE Facility;

(e) Laboratory analysis reports incident to the production of products at the PO/MTBE Facility;

(f) Hazardous waste training records and manifests; and

(g) Other existing information and records relating to this Agreement or the PO/MTBE Facility.

12.3 Records Retention. Operator shall maintain all information
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referred to in Section 12.2 consistent with Operator's records retention policies in effect from time to time; provided, however, Operator shall maintain
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all such information for a period consistent with the audit rights of Texaco pursuant to Section 4.5(d) of the Purchase and Sale Agreement.

ARTICLE XIII

Access To Facilities

13.1 No Access to Plant Facilities. (a) This Agreement shall not be
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construed or interpreted to give Owner any rights of access to or operation of Plant facilities.

(b) Owner shall have access to the Plant facilities only as controlled by the permit, pass or other access procedures implemented at the Plant by Operator.

13.2 Access to PO/MTBE Facility. Owner shall have unrestricted access
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to the PO/MTBE Facility, provided that all Owner employees and representatives comply with Operator's and Owner's site safety and security policies.

ARTICLE XIV

Accounting Records

14.1 Principles and Procedures. (a) All books and records to be
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maintained as required by this Agreement shall be maintained at the PO/MTBE Facility, the Plant or related administrative facilities or other locations agreeable to Owner in accordance with GAAP and shall be available at all reasonable times during normal business hours and upon reasonable notice for inspection by Owner's representatives or agents.

(b) Operator shall perform a year-end closing of all books and records maintained hereunder at the end of each calendar year. Owner's representatives, internal auditors and independent public accountants shall have the right to confer with Operator's accounting personnel concerning each such

closing of the books and records.

14.2 Audits. (a) For each calendar year, Owner may, upon 60 days
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notice to Operator to be given within the twelve months following such calendar year, elect to have an audit performed, at Owner's sole expense, of the accounts and records relating to the Services performed and the Fees invoiced hereunder for such year.

(b) Any audit conducted pursuant to this Section 15.2 shall be conducted during Operator's ordinary business hours and shall be subject to appropriate provisions protecting confidentiality.

(c) If, in the reasonable written opinion of Owner's independent auditors, Operator has not properly invoiced Owner for Services provided hereunder, Operator and Owner shall meet to resolve the matter within thirty (30) days after both parties have received a final written audit report from Owner's independent auditors.

ARTICLE XV

Early Termination

15.1 Insolvency. Without waiver of any other rights or remedies which
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may be available for default under this Agreement, either party may terminate this Agreement upon sixty (60) days written notice if:

(a) The other party makes an assignment for the benefit of creditors;

(b) A receiver shall be appointed to take over all or a substantial part of the other party's business or property and such receivership shall not have been vacated or stayed within thirty days; or

(c) Either party is adjudicated insolvent or an order for relief is entered against such party under applicable bankruptcy law.

ARTICLE XVI

Intellectual Property

16.1 Definition of Field. For the purposes of this Agreement, "Field"
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shall mean the manufacture of PO and/or lower alkyl t-butyl ethers solely or conjointly, including the separation and refining of all products, coproducts or byproducts; the preparation and recovery of catalysts useful in such manufacture; and the processes, reactants, reagents and analytical methods in such manufacture, specifically excluding, however, the manufacture of lower alkyl t-butyl ethers by reacting an isoalkene feed with a lower alkanol feed other than t-butanol.

16.2 Title to Inventions and Patents. (a) If any Dedicated

Personnel, Shared Personnel, or Support

Personnel is an inventor (or co-inventor with a Owner employee), during the term of this Agreement, of any Invention (as hereinafter defined) useful within the Field, all patent rights with respect to such Invention (as hereinafter defined) shall be the property of Owner. As used in this Article XVII, "Invention" shall mean any subject matter within the scope of 35 U.S.C. Section 101.

(b) If any Dedicated Personnel, Shared Personnel, or Support Personnel is an inventor (or co-inventor with a Owner employee), during the term of this Agreement, of any Invention useful outside the Field, all patent rights

with respect to such Invention shall be the property of Operator.

(c) Notwithstanding the provisions of Sections 16.2(a) and (b) above, if any Dedicated Personnel, Shared Personnel, or Support Personnel is an inventor (or co-inventor with a Owner employee), during the term of this Agreement, of any Invention useful both within the Field and outside the Field, such Invention shall (i) if first actually reduced to practice in the Field, be the property of Owner, or (ii) if first actually reduced to practice in a context other than the Field, be the property of Operator. The parties shall have until termination of this Agreement to determine if an Invention is useful both within and without the Field and therefore qualifies for licensing rights under Sections 16.4(a) and (b) below.

(d) Owner, at its own expense, shall be responsible for preparing, filing, prosecuting, maintaining, and enforcing any and all patent applications and patents claiming Inventions for which Owner owns all patent rights under Sections 16.2 (a) or (c) above. Operator shall direct its employees to cooperate with Owner in executing any papers necessary in connection with the preparation, filing and prosecution of such patent applications on such Inventions. Owner shall pay Operator for services rendered by Operator employees in connection with reviewing and executing such patent applications and upon execution of each such patent application shall compensate each Operator employee that is listed as an inventor on such applications according to the inventor compensation policy then in effect for Operator employees. As used herein, the term "original application" means any patent application that is not a

continuation application, divisional application, reissue, or later filed foreign application corresponding to an earlier filed application under the International Convention for the Protection of Industrial Property (Paris Convention).

(e) Operator, at its own expense, shall be responsible for preparing, filing, prosecuting, maintaining, and enforcing any and all patent applications and patents claiming Inventions for which Operator owns all patent rights under paragraph (b) or (c) above. Owner shall direct its employees to cooperate with Operator in executing any papers necessary in connection with the preparation, filing, and prosecution of said patent application on such Inventions. Upon execution of each such patent application, Owner shall compensate each Owner employee that is listed as an inventor on such applications according to the inventor compensation policy then in effect for Owner employees.

16.3 Paid Up Licenses For Invention and Patents. (a) Owner grants
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and agrees to grant to Operator irrevocable, transferable, royalty-free, world-wide licenses, including the right to grant sub-licenses, under all rights to which Owner obtains title under Section 16.2(c), to make, have made, use, and sell any processes, machines, articles of manufacture, or compositions of matter; provided, however, such licenses do not include the right to use within the Field any processes, machines, articles of manufacture, or compositions of matter, and do not include the right to knowingly sell any processes, machines, articles of manufacture, or compositions of matter for use within the Field. Owner agrees, and will require such agreement from any assignee of any rights to which Owner obtains title under Section 16.2(c), that it will not grant to any third party that is not an Affiliate (as hereinafter defined) of Owner any license under any rights to which Owner obtains title under Section 16.2(c), unless such license is expressly limited to the use within the Field, or the manufacture and sale for use within the Field, of any processes, machines, articles of manufacture, or compositions of matter.

(b) Operator grants and agrees to grant to Owner irrevocable, transferable, royalty-free, world-wide licenses, including the right to grant sub-licenses,

under all rights to which Operator obtains title under Section 16.2(c), to use within the Field, and to make, have made, and sell for use within the Field, any processes, machines, articles of manufacture, or compositions of matter; however, such licenses and sub-licenses do not include the right to use in any

context other than within the Field any processes, machines, articles of manufacture, or compositions of matter, and do not include the right to make, have made, or knowingly sell any processes, machines, articles of manufacture, or compositions of matter for use in any context other than within the Field. Operator agrees, and will require such agreement from any assignee of any rights to which Operator obtains title under Section 16.2(c), that it will not grant to any third party that is not an Affiliate of Operator any license under any rights to which Operator obtains title under Section 16.2(c), unless such license is expressly limited to the use in a context other than within the Field, of any processes, machines, articles of manufacture, or composition of matter.

16.4 Title of Technical Information. (a) Any technical information generated by any Dedicated Personnel, Shared Personnel, or Support Personnel during the term of this Agreement, or by any employee of Owner in connection with this Agreement, that is useful within the Field, shall be the property of Owner.

(b) Any technical information generated by any Dedicated Personnel, Shared Personnel, or Support Personnel during the term of this Agreement, or by any employee of Owner in connection with this Agreement, that is useful outside the Field, shall be the property of Operator.

(c) Notwithstanding the provisions of Sections 16.4(a) and (b), any technical information generated by any Dedicated Personnel, Shared Personnel, or Support Personnel during the term of this Agreement, or by any employee of Owner in connection with this Agreement, that is useful both within the Field and outside the Field, shall (i) if first recorded in a context within the Field, be the property of Owner, or (ii) if first recorded in a context other than within the Field, be the property of Operator. The parties shall have until termination of this Agreement to determine if technical information is useful both within and without

the Field and therefore qualifies for licensing rights under Section 16.5(a) and (b) below.

16.5 Paid Up Licenses For Technical Information. (a) Owner grants and agrees to grant to Operator and Operator's Affiliates non-transferable, irrevocable, royalty-free, world-wide licenses to use (i) in any context other than within the Field for a period of seventeen (17) years from the date of this Agreement and (ii) in any context whatsoever (including within the Field) thereafter, all technical information to which Owner obtains title under Section 16.4(a) or (c) above; such licenses include the right to grant sub-licenses to use such technical information in any context other than within the Field, which sub-licenses shall contain restrictions at least as stringent as those contained in a confidentiality clause which binds Owner and Operator. Upon the expiration of seventeen (17) years from the date of this Agreement, such licenses shall become fully transferable.

(b) Operator grants and agrees to grant to Owner a transferable, irrevocable, royalty-free, world-wide license, including the right to grant sub-licenses, to use within the Field all technical information to which Operator obtains title under Section 16.4(c) above; however, such license and sub-licenses do not include the right to use such technical information in any context other than within the Field, and which sub-licenses shall contain restrictions at least as stringent as those contained in a confidentiality clause which binds Owner and Operator.

16.6 Confidentiality. Owner and Operator agree to comply with the terms of the Non-Disclosure Agreement among certain of their Affiliates with respect to technical information and data of a confidential and proprietary nature related in any way to the subject matter of this Agreement ("Technical Information") owned by the other party as of the Effective Date or thereafter;

provided, however, that nothing contained in such agreement shall prohibit a party from disclosing such Technical Information to any sublicensees or transferees to the extent permitted by Section 16.5 of this Agreement, or from

using such Technical Information to the extent permitted by Section 16.5 of this Agreement.

ARTICLE XVII

Release, Indemnification and Risk of Loss

17.1 Release and Indemnification. Operator shall only be liable to Owner for any loss, liability, damage, claim, expense, fine, penalty, interest cost, or other obligation of any nature ("Obligation") to the extent caused by Operator's, its Affiliates', and their respective directors', officers', employees', and agents' (the "Operator Parties"), gross negligence, willful misconduct, fraud, or intentional breach of Operator's obligations under this Agreement in performing the Services hereunder. The Operator Parties hereby release Owner, its Affiliates, and their respective directors, officers, employees and agents (the "Owner Parties") from, and shall indemnify the Owner Parties against, Obligations claimed or asserted in connection with the Services under this Agreement by the Operator Parties, the Owner Parties, or any third party, to the extent caused by the Operator Parties' gross negligence, willful misconduct, fraud, or intentional breach of Operator's obligations under this Agreement in performing the Services. The Owner Parties hereby release the Operator Parties from, and shall indemnify the Operator Parties against, Obligations claimed or asserted in connection with the Services under this Agreement by the Owner Parties, the Operator Parties, or any third party attributable to causes other than the Operator Parties' gross negligence, willful misconduct, fraud, or intentional breach of Operator's obligations under this Agreement in performing the Services hereunder. IT IS THE INTENTION OF THE PARTIES HERETO THAT THE RELEASE BY, AND INDEMNITY OBLIGATIONS OF, OWNER UNDER THIS PROVISION HOLD THE OPERATOR PARTIES HARMLESS FROM AND AGAINST THE CONSEAQUENCES OF THEIR OWN ORDINARY NEGLIGENCE TO THE EXTENT SUCH ORDINARY NEGLIGENCE IS THE SOLE, CONCURRENT, OR JOINT CAUSE OF THE OBLIGATIONS.

17.2 Defense of Claims. Upon the request of any person or party covered and protected by the release and indemnification provided for in Section 17.1, the indemnifying party shall, at its expense, cause any such Obligations to be defended by counsel reasonably satis-

factory to the indemnified party, and the indemnified party shall have the right, at the indemnified party's expense, to participate in the investigation, defense, settlement and/or compromise thereof; it being understood that the indemnifying party shall have the sole authority to settle and/or compromise any claim in consultation with the indemnifying party. In the event the indemnifying party fails to cause such Obligations to be defended by counsel reasonably satisfactory to the indemnified party, the indemnified party and any other person or party covered and protected by such indemnification, shall have the right at the indemnifying party's expense, to retain and be defended by counsel reasonably satisfactory to the indemnified party. The indemnified party shall cooperate with and use all reasonable efforts to assist the indemnifying party in the preparation or defense of a claim.

17.3 Non-Liability for Defective Performance Caused by Supplier. Operator shall not be liable in any way to the Owner Parties for any failure or defect in the supply or character of any Services furnished hereunder to the extent that such failure or defect is caused by any requirement, act or omission of any public utility or other supplier to Operator. Operator will, however, cooperate with and assist Owner in pursuing any rights or remedies which Owner or Operator may have against any such utility or supplier to Operator.

17.4 Title and Risk of Loss. Title to and risk of loss of or damage to (i) all raw materials and supplies provided hereunder or otherwise by Owner to Operator, or for raw materials or supplies contributing part of the Services provided by Operator to Owner hereunder (following the supply thereof); (ii) all work in progress and all goods resulting from the performance of Services hereunder; and (iii) any packaging containers and other materials provided

hereunder by Owner to Operator shall be in Owner at all times; provided, however, that title and risk of loss of or damages to materials or goods sold to, or produced for, Operator shall pass to Operator at the time specified in the contract between Operator and Owner for the sale or production of such materials or goods.

ARTICLE XVIII

Limitation Of Liability

18.1 Limitation of Liability. Operator's total liability to Owner for any calendar year on all claims of any kind whatsoever whether based on contract, indemnity, warranty, tort, strict liability or otherwise, for all losses or damages arising out of, connected with, or resulting from this Agreement or from the performance or breach thereof during such calendar year, or from any Services covered by or furnished during such calendar year, shall in no case exceed $10 (ten) million.

18.2 Disclaimers of Warranties. All of the warranties and guarantees made in this Agreement by Operator are in lieu of all other warranties and guarantees, whether written or oral or implied in fact or in law, and whether or not based on statute.

18.3 Consequential Damages. Excluding third party claims alleging such damages, in no event shall Operator or Owner be liable for any consequential, incidental or special damages or any other liabilities not expressly set forth herein, regardless of legal theory or negligence.

ARTICLE XIX

Assignment

19.1 General. Subject to the provisions of Sections 19.2 and 19.3, no right or interest in this Agreement shall be assigned by either party without prior written consent of the other party, which consent shall not be unreasonably withheld, except that either party shall have the right to assign this Agreement without obtaining the prior written consent of the other party to (a) an Affiliate or (b) a lender, financing source or indenture trustee or their designated successors in connection with any financing arrangements entered into by either party or its Affiliates. For the purposes of this Agreement "Affiliate" shall mean, with respect to any specified person or entity, any other person or entity, directly or indirectly controlling, controlled by or under direct or indirect common control with such

specified person or entity. For the purposes of this definition, "control" (including, with correlative meanings, "controlling", "controlled by", and "under common control with") means the power to direct or cause the direction of the management and policies of such person or entity, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise and, it being understood and agreed that, with respect to a corporation or partnership, control shall mean direct or indirect ownership of fifty percent (50%) or more of the voting stock or general partnership interest or voting interest in any such corporation or partnership.

19.2 Successors to Facilities. (a) Owner shall have the right to assign this Agreement to a successor of all or substantially all of the PO/MTBE Facility, and (b) Operator shall have the right to assign this Agreement to a successor of all or substantially all of the Plant; provided, however, in either instance, such successor shall expressly assume by an instrument in writing all of the obligations and liabilities of the assignor under this Agreement.

19.3 Obligations. No assignment of this Agreement shall relieve the assigning party of its obligations hereunder unless such obligations are expressly relieved by the non-assigning party.

ARTICLE XX

Force Majeure

20.1 Defined. No failure or omission to carry out or observe any of the terms, provisions or conditions of this Agreement shall give rise to any claim by any party her

eto against any other party hereto, or be deemed to be a default or breach of this Agreement if the same shall be caused by or arise out of any event of Force Majeure (as defined below). For the purposes of this Agreement "Force Majeure" shall include any war, declared or not, hostilities, any act of belligerence, blockade, revolution, insurrection, riot, public disorder; expropriation, requisition, confiscation or nationalization, export or import restrictions by any governmental authorities; closing of harbors, docks, canals, or other ship ping or navigation facilities; rationing or allocation, whether imposed by law, decree or regulation by, or by compliance of industry at the insistence of any governmental authority; or restraint by court order or order of public authority; or action or non-action by or inability to obtain the necessary authorizations or approvals from any governmental authority (provided any such action, non-action or inability was not caused by the party invoking the provisions of this Article XX); or fire, flood, earthquake, storm, lightening, tide (other than normal tides), tidal wave, perils of the sea, accidents of navigation or breakdown or injury of vessels; accidents to harbor, docks, canals, or other shipping or navigation facilities; epidemic, quarantine, strikes or combination of workmen, lockouts or other labor disturbances; or the failure or breakdown of facilities and/or equipment (whether or not resulting from any cause listed above) or any other event, matter or thing, wherever occurring, which shall not be within the reasonable control of the party affected thereby.

20.2 Obligation to Diligently Cure Force Majeure. If either party shall rely on the occurrence of an event of Force Majeure as a basis for being excused from performance of its obligations under this Agreement, then the party relying on the event or condition shall:

(a) provide prompt notice to the other party of the occurrence of the event or condition giving an estimation of its expected duration and the probable impact on the performance of its obligations hereunder;

(b) exercise all reasonable efforts to continue to perform its obligations hereunder;

(c) expeditiously take action to correct or cure the event or condition excusing performance;

(d) exercise all reasonable efforts to mitigate or limit damages consistent with the shutdown and start-up priorities established pursuant to Section 3.3(c) hereof; and

(e) provide prompt notice to the other party of the cessation of the event or condition giving rise to its excusal from performance.

20.3 Effect of Continued Event of Force Majeure. Notwithstanding anything herein to the contrary, if an event of Force Majeure continues for a period of more than five (5) days, Operator shall take all reasonable measures to mitigate or limit Operator's costs incurred hereunder (including reducing its work force within permitted statutory time periods) for the duration of the Force Majeure event. Operator shall consult with Owner with respect to its

plans to mitigate or limit such Costs and shall take such actions as are reasonably directed by Owner. Owner shall pay Operator the Costs incurred to provide the Services during the entire period of Force Majeure.

ARTICLE XXI

Contract Coordinators

21.1 Appointment. As soon as practicable after the Effective Date, Operator and Owner each shall designate a contract coordinator under this Agreement (each, a "Contract Coordinator").

21.2 Responsibilities. The Contract Coordinators shall be responsible for:

(a) the documentation of all communications and notices required by this Agreement;

(b) the communication of Service needs;

(c) the administration of the terms and conditions of this Agreement; and

(d) the resolution of issues arising out of the terms and conditions of this Agreement in accordance with the terms hereof and the initiation, if necessary, of the procedures set forth in Article XXII hereof.

21.3 Continuity. The parties shall use all reasonable efforts to maintain continuity in the persons appointed to be Contract Coordinators.

ARTICLE XXII

Governing Law

22.1. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES THEREOF, EXCEPT SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

ARTICLE XXIII

Miscellaneous

23.1. Notices. All notices provided herein shall be in writing and shall be considered as properly given if sent by facsimile and confirmed, or by delivery by a nationally recognized overnight courier duly addressed to the parties shown below:

HUNTSMAN SPECIALTY CHEMICALS CORPORATION
500 Huntsman Way
Salt Lake City, Utah 84108
Attn: Vice President
Facsimile: (801) 584-5782

HUNTSMAN PETROCHEMICAL CORPORATION
3040 Post Oak Blvd.
Suite 2200
Houston, TX 77056
Attn: Vice President-
General Counsel
Facsimile: (713) 235-6900

23.2 Waiver. No claim or right arising out of a breach of this Agreement may be discharged in whole or in part by a waiver or renunciation of such claim or right unless the waiver or renunciation is in writing, signed by

the party waiving or renouncing such claim or right. No such waiver or renunciation shall be deemed to be a waiver of any subsequent breach or renunciation of any subsequent claim or right. Further, the failure of either party hereto to enforce any claim or right to seek any remedy arising out of a breach of this Agreement shall not prejudice or affect the rights or remedies of either party hereto in the event of any such subsequent breach of this Agreement.

23.3 Interpretation. The headings contained in this Agreement are solely for the purpose of refer-

ence, are not part of this Agreement and shall not affect the meaning or interpretation of the terms or provisions hereof.

23.4 Severability. If for any reason any provision contained in this Agreement is held to be invalid, illegal, or otherwise void by a court of competent jurisdiction, the remaining provisions of this Agreement shall not be affected and shall continue in full force and effect.

23.5 Entire Agreement; Amendments. This Agreement, including the Exhibits hereto, embodies the entire agreement and understanding of the parties hereto with respect to the transactions contemplated hereby. This Agreement may be altered, amended, or changed in any way only by a written instrument executed by both parties.

23.6 Counterparts. This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which shall be deemed one and the same Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Operating & Maintenance Agreement the day and year first above written.

HUNTSMAN SPECIALTY CHEMICALS CORPORATION

By: /s/ J. Kimo Esplin

Title: Vice President

HUNTSMAN PETROCHEMICAL CORPORATION

By: /s/ Jon M. Huntsman

Title: Chairman of the Board and Chief Executive Officer

EXHIBIT 10.4

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- ---

CREDIT AGREEMENT

among

HUNTSMAN ICI CHEMICALS LLC,

as the Borrower

HUNTSMAN ICI HOLDINGS LLC,

as a Guarantor

BANKERS TRUST COMPANY,

as Lead Arranger, Administrative Agent and Sole Book Manager,

GOLDMAN SACHS CREDIT PARTNERS L.P.,

as Syndication Agent and Co-Arranger,

THE CHASE MANHATTAN BANK AND WARBURG DILLON READ,

as Co-Arrangers and Co-Documentation Agents

and

VARIOUS LENDING INSTITUTIONS

Dated as of June 30, 1999

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INDEX OF EXHIBITS AND SCHEDULES

Exhibits

Schedules

CREDIT AGREEMENT

THIS CREDIT AGREEMENT is dated as of June 30, 1999 and is made by and among Huntsman ICI Chemicals LLC, a Delaware limited liability company (the "Borrower"), Huntsman ICI Holdings LLC, a Delaware limited liability company
- ---------
("Holdings"), the undersigned financial institutions, including Bankers Trust
- ----------
Company, in their capacities as lenders hereunder (collectively, the "Lenders,"
----
and each individually, a "Lender"), Bankers Trust Company, as Lead Arranger,

Administrative Agent ("Administrative Agent") for the Lenders and Sole Book Manager, Goldman Sachs Credit Partners L.P., as Syndication Agent and Co-Arranger and The Chase Manhattan Bank and Warburg Dillon Read (a division of UBS AG), as Co-Arrangers and as Co-Documentation Agents (collectively, the "Agents" and each individually, an "Agent").

W I T N E S S E T H:

WHEREAS, the Borrower has requested that the Lenders (i) make term loans to the Borrower in the aggregate principal amount of $1,670,000,000 and (ii) provide revolving credit facilities to the Borrower in an aggregate amount not to exceed $400,000,000 at any time outstanding;

WHEREAS, the proceeds of the term loans described above will be used by the Borrower to finance the Transactions (as defined below);

WHEREAS, the proceeds of the revolving credit facility described above will be used by the Borrower to finance, in part, the Transactions and for ongoing working capital and general corporate purposes; and

WHEREAS, the Lenders are willing to extend commitments to make the term loans and revolving credit loans to the Borrower for the purposes specified above and only on the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

1.1 Definitions

As used herein, and unless the context requires a different meaning, the following terms have the meanings indicated:

"Accounts Receivable" means presently existing and hereafter arising or acquired accounts receivable, notes, drafts, acceptances, general intangibles, choses in action and other forms of obligations and receivables relating in any way to Inventory or arising from the sale of Inventory or the rendering of services by the Borrower or its Subsidiaries or howsoever otherwise arising, including the right to payment of any interest or finance charges with respect thereto and all proceeds of insurance with respect thereto, together with all of the Borrower's or its Subsidiaries' rights as an unpaid vendor, all pledged assets, guaranty claims, liens and security interests held by or granted to the Borrower or its Subsidiaries to secure payment of any Accounts Receivable and all books, customer lists, ledgers, records and files (whether written or stored electronically) relating to any of the foregoing.

"Acquisition" has the meaning assigned to that term in Section 8.7(p).

"Additional Security Documents" means all mortgages, pledge agreements, security agreements and other security documents entered into pursuant to Section 7.12 with respect to additional Collateral.

"Adjusted Total Domestic Revolving Loan Commitment" shall mean at any time the Total Domestic Revolving Commitment less the aggregate Domestic Revolving Commitments of all Defaulting Lenders.

"Administrative Agent" has the meaning assigned to that term in the introduction to this Agreement and any successor Administrative Agent in such

capacity.

"Affiliate" means, with respect to any Person, any Person or group
----
acting in concert in respect of the Person in question that, directly or indirectly, controls (including but not limited to all directors and officers of such Person) or is controlled by or is under common control with such Person provided that no Agent nor any Affiliate of an Agent shall be deemed to be an Affiliate of the Borrower. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with

respect to any Person or group of Persons, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise. A Person shall be deemed to control a corporation if such Person possesses, directly or indirectly, the power to vote 10% or more of the securities having ordinary voting power for the election of directors of such corporation.

"Agreement" means this Credit Agreement, as the same may at any time
----
be amended, supplemented or otherwise modified in accordance with the terms hereof and in effect.

"Alternative Currency" means, with respect to (i) Multicurrency
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Revolving Loans, Euros and Sterling, and (ii) any Domestic Supported Foreign LC, Multicurrency Letter of Credit or Swing Line Loans, Euros, Sterling and any currency which is freely transferable and convertible into Dollars.

"Applicable Base Rate Margin" means at any date, (i) with respect to
----
Domestic Revolving Loans, Multicurrency Revolving Loans denominated in Dollars and Term A Dollar Loans, the applicable percentage set forth in the following table under the column Applicable Base Rate Margin for Domestic Revolving Loans, Multicurrency Revolving Loans and Term A Dollar Loans opposite the Most Recent Leverage Ratio as of such date, (ii) with respect to Term B Loans, the applicable percentage set forth under the column Applicable Base Rate Margin for Term B Loans opposite the Most Recent Leverage Ratio as of such date and (iii) with respect to Term C Loans, the applicable percentage set forth under the column Applicable Base Rate Margin for Term C Loans opposite the Most Recent Leverage Ratio as of such date:

<TABLE>
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Most Recent Leverage Ratio	Applicable Base Rate Margin for Domestic Revolving Loans, Multicurrency Revolving Loans and Term A Dollar Loans	Applicable Base Rate Margin For Term B Loans	Applicable Base Rate Margin For Term C Loans
<S>	<C>	<C>	<C>
Less than 2.50 to 1	0%	1.25%	1.50%
Equal to or greater than 2.50 to 1 but less than 3.00 to 1	.25%	1.50%	1.75%
Equal to or greater than 3.00 to 1 but less than 3.50 to 1	.50%	1.50%	1.75%
Equal to or greater than 3.50 to 1 but less than 4.00 to 1	.75%	1.75%	2.00%
Equal to or greater than 4.00 to	1.00%	1.75%	2.00%

1 but less than 4.50 to 1

Equal to or greater than 4.50 to 1 but less than 5.00 to 1	1.25%	1.75%	2.00%
Equal to or greater than 5.00 to 1	1.50%	2.00%	2.25%

</TABLE>

"Applicable Commitment Fee Percentage" means at any date, the applicable percentage set forth in the following table opposite the Most Recent Leverage Ratio as of such date:

<TABLE>
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Most Recent Leverage Ratio	Applicable Commitment Fee Percentage
<S>	<C>
Less than 2.50 to 1	.250%
Equal to or greater than 2.50 to 1 but less than 3.00 to 1	.300%
Equal to or greater than 3.00 to 1 but less than 3.50 to 1	.375%
Equal to or greater than 3.50 to 1 but less than 4.00 to 1	.500%
Equal to or greater than 4.00 to 1 but less than 4.50 to 1	.500%
Equal to or greater than 4.50 to 1 but less than 5.00 to 1	.500%
Equal to or greater than 5.00 to 1	.500%

</TABLE>

"Applicable Eurocurrency Margin" means at any date, (i) with respect to Domestic Revolving Loans, Multicurrency Revolving Loans denominated in Dollars and Term A Dollar Loans, the applicable percentage set forth in the following table under the column Applicable Eurocurrency Margin for Domestic Revolving Loans, Multicurrency Revolving Loans and Term A Dollar Loans opposite the Most Recent Leverage Ratio on such date, (ii) with respect to Term A Euro Loans and non-Dollar denominated Multicurrency Revolving Loans, the applicable percentage set forth in the following table under the column Applicable Eurocurrency Margin for Term A Euro Loans and non-Dollar Multicurrency Revolving Loans opposite the Most Recent Leverage Ratio on such date, (iii) with respect to Term B Loans, the applicable percentage set forth in the following table under the column Applicable Eurocurrency Margin for Term B Loans opposite the Most Recent Leverage Ratio on such date and (iv) with respect to Term C Loans, the applicable percentage set forth in the following table under the column Applicable Eurocurrency Margin for Term C Loans opposite the Most Recent Leverage Ratio on such date:

<TABLE>
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Most Recent Leverage Ratio	Applicable Eurocurrency Margin for Domestic Revolving Loans, Multicurrency	Applicable Eurocurrency Margin for Term A Euro Loans and non-Dollar	Applicable Eurocurrency Margin For Term B Loans	Applicable Eurocurrency Margin For Term C Loans

	Revolving Loans (in Dollars) and Term A Dollar Loans	Multicurrency Revolving Loans		
<S>	<C>	<C>	<C>	<C>
Less than 2.50 to 1	1.25%	1.25%	2.50%	2.75%
Equal to or greater than 2.50 to 1 but less than 3.00 to 1	1.50%	1.50%	2.75%	3.00%
Equal to or greater than 3.00 to 1 but less than 3.50 to 1	1.75%	1.75%	2.75%	3.00%
Equal to or greater than 3.50 to 1 but less than 4.00 to 1	2.00%	2.00%	3.00%	3.25%
Equal to or greater than 4.00 to 1 but less than 4.50 to 1	2.25%	2.25%	3.00%	3.25%
Equal to or greater than 4.50 to 1 but less than 5.00 to 1	2.50%	2.50%	3.00%	3.25%
Equal to or greater than 5.00 to 1	2.75%	2.75%	3.25%	3.50%

</TABLE>

"Asset Disposition" means any sale, lease, transfer or other disposition (or series of related sales, leases, transfers or dispositions) of all or any part of an interest in shares of Capital Stock of a Subsidiary of the Borrower (other than directors' qualifying shares and similar arrangements required by Requirements of Law), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Borrower or any of its Subsidiaries (other than in connection with a Recovery Event); provided that a disposition permitted by Section 8.3(a) through 8.3(i) (other than a Sale and Leaseback Transaction involving non-operating assets which occurs more than 120 days after the acquisition of such assets) shall not constitute an Asset Disposition for purposes of this definition.

"Assigned Dollar Value" shall mean (i) in respect of any Borrowing denominated in Dollars, the amount thereof, (ii) in respect of the undrawn amount of any Foreign Letter of Credit denominated in an Alternative Currency, the Dollar Equivalent thereof based upon the applicable Exchange Rate as of (i) the date of issuance of such Letter of Credit, and (ii) thereafter as of the first Business Day of each month, (iii) in respect of any Letter of Credit reimbursement obligations denominated in an Alternative Currency, the Dollar Equivalent thereof determined based upon the applicable Exchange Rate as of the date such reimbursement obligation was incurred and (iv) in respect of a Borrowing denominated in Sterling, Euros or another Alternative Currency, the Dollar Equivalent thereof based upon the applicable Exchange Rate as of the last Exchange Rate Determination Date; provided, however, in the case of Borrowings in Sterling, Euros or another Alternative Currency, if, as of the end of any Interest Period in respect of such Borrowing, the Dollar Equivalent thereof determined based upon the applicable Exchange Rate as of the date that is three Business Days before the end of such Interest Period would be at least 5% more, or 5% less, than the "Assigned Dollar Value" thereof, then on and after the end of such Interest Period the "Assigned Dollar Value" of such Borrowing shall be adjusted to be the Dollar Equivalent thereof determined based upon the Exchange Rate that gave rise to such adjustment (subject to further adjustment in accordance with this proviso thereafter), and the Administrative Agent shall give the Borrower notice of such adjustment; provided, however, that failure to

give such notice shall not affect the Borrower's Obligations hereunder or result in any liability to the Administrative Agent. The Assigned Dollar Value of a Loan included in any Borrowing shall equal the pro rata portion of the Assigned Dollar Value of such Borrowing represented by such Loan.

"Assignee" has the meaning assigned to that term in Section 12.8(c).

"Assignment and Assumption Agreement" means an Assignment and Assumption Agreement substantially in the form of Exhibit 12.8(c) annexed hereto and made a part hereof by any applicable Lender, as assignor, and such Lender's assignee in accordance with Section 12.8.

"Attorney Costs" means all reasonable fees and disbursements of any law firm or other external counsel and the reasonable allocated cost of internal legal services, including all reasonable disbursements of internal counsel.

"Attributable Debt" means as of the date of determination thereof with respect to an Operating Financing Lease, the net present value (discounted according to GAAP at the cost of debt implied in the lease) of the obligations of the lessee for rental payments during the then remaining term of such Operating Financing Lease.

"Available Multicurrency Revolving Commitment" means, as to any Lender at any time an amount equal to the excess, if any, of (i) such Lender's Multicurrency Revolving Commitment over (ii) the sum of (x) the aggregate Dollar Equivalent of the principal amount then outstanding of Multicurrency Revolving Loans made by such Lender and (y) such Lender's Multicurrency Revolver Pro Rata Share of the Assigned Dollar Value of Multicurrency LC Obligations.

"Available Domestic Revolving Commitment" means, as to any Lender at any time an amount equal to the excess, if any, of (i) such Lender's Domestic Revolving Commitment over (ii) the sum of (w) the aggregate principal amount then outstanding of Domestic Revolving Loans made by such Lender, (x) such Lender's Domestic Revolver Pro Rata Share of the Assigned Dollar Value of Domestic LC Obligations and the Assigned Dollar Value of Swing Line Loans then outstanding, (y) such Lender's Domestic Revolver Pro Rata Share of the Overdraft Reserve, if any, at such time and (z) such Lender's Domestic Revolver Pro Rata Share of the BPCL Acquisition Reserve, if any.

"Available Unrestricted Subsidiary Investment Basket" means an amount equal to the Unrestricted Subsidiary Investment Basket less the sum of the aggregate outstanding amount of Investments made in Permitted Unconsolidated Ventures or Unrestricted Subsidiaries pursuant to Section 8.7(l).

"Bankruptcy Code" means Title I of the Bankruptcy Reform Act of 1978, as amended, as set forth in Title 11 of the United States Code, as hereafter amended.

"Base Rate" means the greater of (i) the rate most recently announced by BT at its principal office as its "prime rate", which is not necessarily the lowest rate made available by BT or (ii) the Federal Funds Rate plus 1/2 of 1% per annum. The "prime rate" announced by BT is evidenced by the recording thereof after its announcement in such internal publication or publications as BT may designate. Any change in the interest rate resulting from a change in such "prime rate" announced by BT shall become effective without prior notice to the Borrower as of 12:01 a.m. (New York City time) on the Business Day on which each change in such "prime rate" is announced by BT. BT may make commercial or other loans to others at rates of interest at, above or below its "prime rate".

"Base Rate Loan" means any Loan which bears interest at a rate
determined with reference to the Base Rate.

"Benefited Lender" has the meaning assigned to that term in Section 12.6(a).

"Board" means the Board of Governors of the Federal Reserve System.

"Borrower" has the meaning assigned to that term in the introduction to this Agreement.

"Borrowing" means a group of Loans of a single Type made by the Lenders or the Swing Line Lender, as appropriate, on a single date and in the case of Eurocurrency Loans, as to which a single Interest Period is in effect, provided that Base Rate Loans or Eurocurrency Loans incurred pursuant to Section 3.7 shall be considered part of any related Borrowing of Eurocurrency Loans.

"BPCL" means BP Chemicals Limited, a company incorporated under the laws of England and Wales.

"BPCL Acquisition" means the acquisition by the Borrower or a Foreign Subsidiary of the Borrower of certain of the assets and rights of BPCL in an olefin facility and related infrastructure located in Northeast England substantially as provided in the BPCL Memorandum of Understanding or on such terms as are reasonably satisfactory to the Administrative Agent.

"BPCL Acquisition Reserve" means an amount equal to (i) at any time prior to the date on which the BPCL Acquisition is consummated or abandoned by the Borrower, the sum of (x) $118,000,000 minus (y) the amount deposited into the BPCL Cash Collateral Account on the Initial Borrowing Date and (ii) on and after the date on which the BPCL Acquisition is consummated or abandoned by the Borrower, Zero.

"BPCL Agreement" means that certain Agreement dated as of April 22, 1977 between BPCL, ICI and Engineering Services (Wilton) Limited together with that certain Agreement dated May 11, 1978 between BP and ICI, together with any amendments, modifications, or supplements thereto and any other agreements relating thereto.

"BPCL Cash Collateral Account" has the meaning provided to such term in the BPCL Cash Collateral Agreement.

"BPCL Cash Collateral Agreement" has the meaning assigned to that term in Section 5.1(w).

"BPCL Documents" means, collectively, the BPCL Sales Agreement, the BPCL Tripartite Agreement and the BPCL Infrastructure Agreement.

"BPCL Infrastructure Agreement" means the agreement between BPCL and a Foreign Subsidiary of the Borrower with respect to the Teesside Ethylene Infrastructure (as defined in the BPCL Memorandum of Understanding) as more particularly described in Annex 2

to the BPCL Memorandum of Understanding, in form and substance and on terms and conditions satisfactory to the Administrative Agent.

"BPCL Memorandum of Understanding" means the Memorandum of
Understanding, dated June 1, 1999, among BPCL, ICI, HSCC and Holdings.

"BPCL Sales Agreement" shall mean the Sales Agreement to be entered into between BPCL and a Foreign Subsidiary of the Borrower relating to the BPCL Acquisition, in form and substance and on terms and conditions satisfactory to the Administrative Agent.

"BPCL Transaction Notice" has the meaning assigned to that term in
Section 5.1(w).
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"BCPL Tripartite Agreement" means the Tripartite Agreement dated as of June 30, 1999, among Holdings, the Borrower, ICI, an Affiliate of ICI, BPCL and HSCC.

"BT" means Bankers Trust Company, a New York banking corporation, and its successors.

"Business Day" (i) as it relates to any payment, determination, funding or notice to be made or given in connection with any Dollar-denominated Loan, or otherwise to be made or given to or from the Administrative Agent, a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close; provided, however, that when used in connection with a Eurocurrency Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market; and (ii) as it relates to any payment, determination, funding or notice to be made or given in connection with the Term A Euro Loan or non-Dollar denominated Multicurrency Revolving Loans, any day (x) on which dealings in deposits in the relevant Alternative Currency are carried out in the London interbank market, and (y) on which commercial banks and foreign exchange markets are open for business in London and New York City. For purposes of this Agreement (other than for purposes of determining the end of any applicable Interest Period and other than for purposes of any Loan, Letter of Credit or action required to be taken outside of the United States), "Business Day" shall not include Pioneer Day as recognized in the State of Utah in any year.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations, rights in or other equivalents (however designated) of such Person's capital stock, partnership interests, membership interests or other equivalent interests and any rights (other than debt securities convertible into or exchangeable for capital stock), warrants or options exchangeable for or convertible into such capital stock or other interests.

"Capitalized Lease" means, at the time any determination thereof is to be made, any lease of property, real or personal, in respect of which the present value of the minimum rental commitment is capitalized on the balance sheet of the lessee in accordance with GAAP.

"Capitalized Lease Obligation" means, at the time any determination thereof is to be made, the amount of the liability in respect of a Capitalized Lease which would at such time be required to be capitalized on the balance sheet of the lessee in accordance with GAAP.

"Cash" means money, currency or the available credit balance in a
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Deposit Account.

"Cash Equivalents" means any Investment in (i) a marketable
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obligation, maturing within two years after issuance thereof, issued by the United States of America or any instrumentality or agency thereof, (ii) a certificate of deposit or banker's acceptance, maturing within one year after issuance thereof, issued by any Lender, or a national or state bank or trust company or a European, Canadian or Japanese bank, in each case having capital, surplus and undivided profits of at least $100 million and whose long-term unsecured debt has a rating of "A" or better by S&P or "A2" or better by Moody's or the equivalent rating by any other nationally recognized rating agency (provided that the aggregate face amount of all Investments in certificates of deposit or bankers' acceptances issued by the principal offices of or branches of European or Japanese banks located outside the United States shall not at any time exceed 33-1/3% of all Investments described in this definition), (iii) open market commercial paper, maturing within 270 days after issuance thereof, which has a rating of "A1" or better by S&P or "P1" or better by Moody's, or the equivalent rating by any other nationally recognized rating agency, (iv) repurchase agreements and reverse repurchase agreements with a term not in excess of one year with any financial institution which has been elected a primary government securities dealer by the Federal Reserve Board or whose securities are rated "AA-" or better by S&P or "Aa3" or better by Moody's or the equivalent rating by any other nationally recognized rating agency relating to marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency or instrumentality thereof and backed by the full faith and credit of the United States of America, (v) "Money Market" preferred stock maturing within six months after issuance thereof or municipal bonds issued by a corporation organized under the laws of any state of the United States, which has a rating of "A" or better by S&P or Moody's or the equivalent rating by any other nationally recognized rating agency, (vi) tax exempt floating rate option tender bonds backed by letters of credit issued by a national or state bank whose long-term unsecured debt has a rating of "AA" or better by S&P or "Aa2" or better by Moody's or the equivalent rating by any other nationally recognized rating agency, and (vii) shares of any money market mutual fund rated at least AAA or the equivalent thereof by S&P or at least Aaa or the equivalent thereof by Moody's or any other mutual fund holding assets consisting (except for de minimis amounts) of the type specified in clauses of (i) through (vi) above.

"Change of Control" means (i) prior to an Initial Public Offering, Mr.

Jon M. Huntsman, his spouse, direct descendants, an entity controlled by any of the foregoing and/or by a trust of the type described hereafter, and/or a trust for the benefit of any of the foregoing (the "Huntsman Group") shall cease to
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have the power, directly or indirectly, to vote or direct the voting of securities having at least a majority of the ordinary voting power for the election of the directors of the Borrower or Huntsman Corporation; and (ii) after an Initial Public Offering, the occurrence of one or more of the following events: (x) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more members of the Huntsman Group, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person shall be deemed to have "beneficial ownership" of all securities that such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of 35% or more of the then outstanding Voting Securities of Huntsman Corporation or any Parent Company; (y) the replacement of a majority of the Board of Directors of Huntsman Corporation or any Parent Company over a two-year period from the directors who constituted the Board of Directors of Huntsman Corporation or any Parent Company, as the case may be, at the beginning of such period, and such replacement shall not (A) have been approved by a vote of at least a majority of the Board of Directors of Huntsman Corporation or any Parent Company, as the case may be, then still in office who either were members of such Board of Directors at the beginning of such period or whose election as a member of such Board of Directors was previously so approved or (B) have been elected or nominated for election by one or more members of the Huntsman Group or (z) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), is or becomes the "beneficial owner" (as defined in

Rules 13d-3 and 13d-5 under the Exchange Act), except that a person shall be deemed to have "beneficial ownership" of all securities that such Person has the right to acquire, whether such right is exercisable immediately or only after the passing of time), directly or indirectly, of a greater percentage of the then outstanding Voting Securities of Holdings than that percentage held, collectively, by one or more members of the Huntsman Group.

"Code" means the Internal Revenue Code of 1986, as from time to time amended, including the regulations proposed or promulgated thereunder, or any successor statute and the regulations proposed or promulgated thereunder.

"Collateral" means all "Collateral" as defined in each of the Security Documents.

"Collateral Security Agreement" has the meaning assigned to that term in Section 5.1(b).

"Collateral Agent" means Bankers Trust Company in its capacity as Collateral Agent under the Collateral Security Agreement or any successor Collateral Agent.

"Commercial Letter of Credit" means any letter of credit or similar instrument issued for the account of the Borrower pursuant to this Agreement for the purpose of supporting trade obligations of the Borrower or any of its Subsidiaries in the ordinary course of business.

"Commitment" means, with respect to each Lender, the aggregate of the Domestic Revolving Commitment, the Multicurrency Revolving Commitment, the Term A Dollar Commitment, the Term A Euro Commitment, the Term B Commitment and the Term C Commitment of such Lender and "Commitments" means such commitments of all of the Lenders collectively.

"Commitment Fee" has the meaning assigned to that term in Section 3.2.

"Commitment Period" means, the period from and including the date hereof to but not including the Revolver Termination Date or, in the case of the Swing Line Commitment, five (5) Business Days prior to the Revolver Termination Date.

"Consolidated Capital Expenditures" shall mean, for the Borrower and its Subsidiaries, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities and including in all events all Capitalized Lease Obligations) by the Borrower and its Subsidiaries during that period that, in conformity with GAAP, are or are required to be included in the property, plant or equipment reflected in the consolidated balance sheet of the Borrower, and Investments in LPC and Rubicon pursuant to Section 8.7(o).

"Consolidated Cash Interest Expense" means, for any period, (i) Consolidated Interest Expense, but excluding, however, interest expense not payable in cash, amortization of discount and deferred financing costs, plus or minus, as the case may be (ii) net amounts paid or received under Interest Rate Agreements (with cap payments amortized over the life of the cap) and minus interest income received in Cash or Cash Equivalents in respect of Investments permitted hereunder.

"Consolidated Debt" means, at any time, all Indebtedness for borrowed

money of the Borrower and its Subsidiaries determined on a consolidated basis in accordance with GAAP and other Indebtedness under Operating Financing Leases incurred pursuant to Section 8.2(d), less cash, Cash Equivalents and Foreign
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Cash Equivalents freely available and not subject to any Lien (other than a Lien in favor of the Administrative Agent and/or the Collateral Agent) or transfer restriction.

"Consolidated EBITDA" means, for any applicable period, the

Consolidated Net Income or Consolidated Net Loss of the Borrower and its Subsidiaries for such period, plus, to the extent deducted in determining the foregoing (i) Consolidated Interest Expense for such period, (ii) the provision for taxes based on income and foreign withholding taxes for such period

(including, without limitation, Tax Distributions) and (iii) depreciation and amortization expense and non-cash expenses related to the Supply Arrangement to the extent a cash reserve is not required to be created in accordance with GAAP, for such period and without giving effect to any extraordinary gains or losses (in accordance with GAAP) for such period or gains or losses from the disposition of assets other than in the ordinary course of business.

"Consolidated Interest Expense" means, for any period, the sum of
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total interest expense (including that attributable to Capitalized Leases in accordance with GAAP) of the Borrower and its Subsidiaries on a consolidated basis with respect to all outstanding Indebtedness of the Borrower and its Subsidiaries, including, without limitation, all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing, all as determined on a consolidated basis for the Borrower and its Subsidiaries in accordance with GAAP.

"Consolidated Net Income" and "Consolidated Net Loss" mean,
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respectively, with respect to any period, the aggregate of the net income (loss) of the Person in question for such period, determined in accordance with GAAP on a consolidated basis, provided that (i) there shall be excluded the income (or loss) of a Person that is not a consolidated Subsidiary, except to the extent of the amount of dividends or other distributions actually paid to the Borrower or any of its Wholly-Owned Subsidiaries by such Person during such period, (ii) the net income (loss) of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded, (iii) to the extent not otherwise included in net income of such Person, the amount of any cash distribution in excess of net income of LPC received from LPC derived from operating cash flow of LPC (without giving effect to gains on asset dispositions, extraordinary items or liquidation) shall be added to net income, and (iv) notwithstanding anything to the contrary, there shall be included the income (or loss) of Tioxide Southern Africa (Proprietary) Ltd. attributable to minority interests therein such that, for purposes of this definition, Tioxide Southern Africa (Proprietary) Ltd. shall be treated as if it were a consolidated Subsidiary which is a Wholly-Owned Subsidiary.

"Consolidated Net Worth" of a Person means total equityholders' equity
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(including, without limitation, preferred stock and other preferred equity interests) of such Person and its Subsidiaries on a consolidated basis in accordance with GAAP, plus an amount equal to the aggregate amount of Tax
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Distributions made by the Borrower to Holdings after the Initial Borrowing Date.

"Consolidated Total Assets" means, with respect to any Person, the
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book value, determined on a consolidated basis in accordance with GAAP, of all assets of such Persons and its Subsidiaries.

"Contaminant" means any material with respect to which any

Environmental Law imposes a duty, obligation or standard of conduct, including without limitation any pollutant contaminant (as those terms are defined in 42

U.S.C. (S)9601(33)), toxic pollutant (as that term is defined in 33 U.S.C. (S)1362(13)), hazardous substance (as that term is defined in 42 U.S.C. (S)9601(14)), hazardous chemical (as that term is defined by 29 CFR (S)1910.1200(c)), hazardous waste (as that term is defined in 42 U.S.C. (S)6903(5)), or any state or local equivalent of such laws and regulations, including, without limitation, radioactive material, special waste, polychlorinated biphenyls, asbestos, petroleum, including crude oil or any petroleum-derived substance, (or any fraction thereof), waste, or breakdown or decomposition product thereof, or any constituent of any such substance or waste, including but not limited to polychlorinated biphenyls and asbestos.

"Contractual Obligation" means, as to any Person, any provision of any
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Securities issued by such Person or of any indenture or credit agreement or any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound or to which such property may be subject.

"Contribution Agreement" means the Contribution Agreement, dated April
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15, 1999 and as amended and restated as of June 4, 1999, among ICI, Holdings, the Borrower and HSCC, as the same may be amended, supplemented or otherwise modified from time in accordance with the terms hereof and thereof.

"Contribution Documents" means the Contribution Agreement, the
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Ancillary Agreements (as defined in the Contribution Agreement), the Limited Liability Company Agreement of Holdings, the Supply Arrangement Agreements, the Disclosure Letter (as defined in the Contribution Agreement), any material joint venture agreement relating to a joint venture interest subject to the Contribution Agreement and any material agreement, document, instrument and certificate executed and/or delivered on or after the date hereof pursuant to the terms thereof.

"Credit Exposure" has the meaning assigned to that term in Section
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12.8(b).
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"Credit Event" means the making of any Loan or the issuance of any
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Letter of Credit.

"Credit Party" means the Borrower, Holdings and any guarantor which
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may hereafter enter into a Guaranty with respect to the Obligations.

"Customary Permitted Liens" means:

(i) Liens for taxes not yet due and payable or which are being contested in good faith by appropriate proceedings diligently pursued, provided that (x) any proceedings commenced for the enforcement of such Liens shall have been stayed or suspended within 30 days of the commencement thereof and (y) provision for the payment of all such taxes known to such Person has been made on the books of such Person to the extent required by GAAP;

(ii) mechanics', processor's, materialmen's, carriers', warehouse-men's, landlord's and similar Liens arising by operation of law and arising in the ordinary course of business and securing obligations of such Person that are not overdue for a period of more than 30 days or are being contested in good faith by appropriate proceedings diligently pursued, provided that (x) any proceedings commenced for the enforcement of such Liens shall have been stayed or suspended within 30 days of the commencement thereof and (y) provision for the payment of such Liens has been made on the books of such Person to the extent required by GAAP;

(iii) Liens arising in connection with worker's compensation, unemployment insurance, old age pensions and social security benefits which are not overdue or are being contested in good faith by appropriate proceedings diligently pursued, provided that (A) any proceedings commenced for the

enforcement of such Liens shall have been stayed or suspended within 30 days of the commencement thereof and (B) provision for the payment of such Liens has been made on the books of such Person to the extent required by GAAP;

(iv) (x) Liens incurred or deposits made in the ordinary course of business to secure the performance of bids, tenders, statutory obligations, fee and expense arrangements with trustees and fiscal agents (exclusive of obligations incurred in connection with the borrowing of money or the payment of the deferred purchase price of property) and customary deposits granted in the ordinary course of business under Operating Leases and (y) Liens securing surety, indemnity, performance, appeal and release bonds, provided that full provision for the payment of all such obligations has been made on the books of such Person to the extent required by GAAP;

(v) Permitted Real Property Encumbrances;

(vi) attachment, judgment or other similar Liens arising in connection with court or arbitration proceedings involving individually and in the aggregate liability of $10,000,000 or less at any one time, provided the same are discharged, or that execution or enforcement thereof is stayed pending appeal, within 60 days or, in the case of any stay of

execution or enforcement pending appeal, within such lesser time during which such appeal may be taken;

(vii) leases or subleases granted to others not interfering in any material respect with the business of the Borrower or any of its Subsidiaries and any interest or title of a lessor under any lease permitted by this Agreement or the Security Documents;

(viii) customary rights of set off, revocation, refund or chargeback under deposit agreements or under the UCC of banks or other financial institutions where Holdings or any of its Subsidiaries maintains deposits in the ordinary course of business permitted by this Agreement; and

(ix) Environmental Liens, to the extent that (x) any proceedings commenced for the enforcement of such Liens shall have been suspended or are being contested in good faith, (y) provision for all liability and damages that are the subject of said Environmental Liens has been made on the books of such Person to the extent required by GAAP and (z) such Liens do not relate to obligations exceeding $5,000,000 in the aggregate at any one time.

"Default Rate" means a variable rate per annum which shall be two
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percent (2%) per annum plus either (i) the then applicable interest rate
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hereunder in respect of the amount on which the Default Rate is being assessed or (ii) if there is no such applicable interest rate, the Base Rate plus the Applicable Base Rate Margin, but in no event in excess of that permitted by applicable law.

"Defaulting Lender" means any Lender with respect to which a Lender
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Default is in effect.

"Deposit Account" means a demand, time, savings, passbook or like
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account with a bank, savings and loan association, credit union or like organization, other than an account evidenced by a negotiable certificate of deposit.

"Documents" means the Loan Documents and the Transaction Documents.

"Dollar" and "$" means the lawful currency of the United States of
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America.

"Dollar Equivalent" means, at any time, (i) as to any amount
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denominated in Dollars, the amount thereof at such time, and (ii) as to any amount denominated in any Alternative Currency, the equivalent amount in Dollars as determined by the Administrative Agent at such time on the basis of the Spot Rate.

"Domestic Collateral Account" has the meaning assigned to that term in Section 4.4(a).

"Domestic LC Obligations" means, at any time, an amount equal to the sum of (a) the sum of the aggregate Stated Amount of the then outstanding Domestic Letters of Credit plus the aggregate Stated Amount of the then outstanding Domestic Supported Foreign LCs and (b) the sum of the Assigned Dollar Value of the aggregate amount of drawings under Domestic Letters of Credit plus the Assigned Dollar Value of the aggregate amount of drawings under Domestic Supported Foreign LCs, in each case, which have not then been reimbursed pursuant to Section 2.10(c). The Domestic LC Obligations of any Domestic Revolving Lender at any time shall mean its Domestic Revolver Pro Rata Share of the aggregate Domestic LC Obligations outstanding at such time.

"Domestic Letter of Credit" means any Letter of Credit issued pursuant to Section 2.10(a)(i).

"Domestic Revolver Pro Rata Share" means, when used with reference to any Domestic Revolving Lender and any described aggregate or total amount, an amount equal to the result obtained by multiplying such described aggregate or total amount by a fraction the numerator of which shall be such Domestic Revolving Lender's Domestic Revolving Commitment or, if the Revolver Termination Date has occurred, such Domestic Revolving Lender's then outstanding Domestic Revolving Loans and the denominator of which shall be the Domestic Revolving Commitments or, if the Revolver Termination Date has occurred, all then outstanding Domestic Revolving Loans.

"Domestic Revolving Commitment" means, with respect to any Domestic Revolving Lender, the obligation of such Domestic Revolving Lender to make Domestic Revolving Loans and to participate in Domestic Letters of Credit, Domestic Supported Foreign LCs and Swing Line Loans, as such commitment may be adjusted from time to time pursuant to this Agreement, which commitment as of the date hereof is the amount set forth opposite such lender's name on Schedule 1.1(a) hereto under the caption "Amount of Domestic Revolving Commitment" as the same may be adjusted from time to time pursuant to the terms hereof and "Domestic Revolving Commitments" means such commitments collectively, which commitments equal $325,000,000 in the aggregate as of the date hereof.

"Domestic Revolving Facility" means the credit facility under this Agreement evidenced by the Domestic Revolving Commitments and the Domestic Revolving Loans.

"Domestic Revolving Lender" means any Lender which has a Domestic Revolving Commitment or is owed a Domestic Revolving Loan (or a portion thereof).

"Domestic Revolving Loan" and "Domestic Revolving Loans" have the meanings given in Section 2.1(d)(i).

"Domestic Supported Foreign LC" has the meaning assigned to that term in Section 2.10(j).

"Domestic Subsidiary" means any Subsidiary other than a Foreign Subsidiary not a party to the Subsidiary Guaranty or a guaranty delivered pursuant to Section 7.15(c).

"Dutch Mixer" means Huntsman ICI Investments (Netherlands) B.V., a direct Wholly-Owned Subsidiary of UK Holdco 2 organized under the laws of the Netherlands.

"Effective Date" has the meaning assigned to that term in Section 12.16.

"Eligible Assignee" means a commercial bank, investment company, financial institution, financial company, fund (whether a corporation, partnership, trust or other entity) or insurance company in each case, together with its Affiliates or funds with the same investment advisor or that have an Affiliate of such investment advisor as their investment advisor, which extends credit or buys loans in the ordinary course of its business or any other Person approved by the Administrative Agent and the Borrower, such approval not to be unreasonably withheld.

"Employee Benefit Plan" means an "employee benefit plan" as defined in Section 3(3) of ERISA, which is or has been established or maintained, or to which contributions are or have been made, by the Borrower or any of its ERISA Affiliates, any Subsidiary of the Borrower or ERISA Affiliates of such Subsidiary.

"Environmental Claim" means any notice of violation, claim, suit, demand, abatement order, or other order or direction (conditional or otherwise) by any Governmental Authority or any Person for any damage, personal injury (including sickness, disease or death), tangible or intangible property damage, contribution, cost recovery, or any other common law claims, indemnity, indirect or consequential damages, damage to the environment, nuisance, cost recovery, or any other common law claims, pollution, contamination or other adverse effects on the environment, human health, or natural resources, or for fines, penalties, restrictions or injunctive relief, resulting from or based upon (i) the occurrence or existence of a Release or substantial threat of a material Release (whether sudden or non-sudden or accidental or non-accidental) of, or exposure to, any Contaminant in, into or onto the environment at, in, by, from or related to any real estate owned, leased or operated at any time by the Borrower or any of its Subsidiaries (the "Premises"), (ii) the use, handling, generation, transportation, storage, treatment or disposal of Contaminants in connection with the operation of any Premises, or (iii) the violation, or alleged violation, of any Environmental Laws relating to environmental matters connected with the Borrower's operations or any Premises.

"Environmental Laws" means any and all applicable foreign, federal, state or local laws, statutes, ordinances, codes, rules, regulations, orders, decrees, judgments, directives, or Environmental Permits and cleanup or action standards, levels or objectives imposing liability or standards of conduct for or relating to the protection of health, safety or the environment, including, but not limited to, the following statutes as now written and hereafter amended: the Water Pollution Control Act, as codified in 33 U.S.C. (S)1251 et seq., the Clean Air Act, as codified in 42 U.S.C. (S)7401 et seq., the Toxic Substances Control Act, as codified in 15 U.S.C. (S)2601 et seq., the Solid Waste Disposal

Act, as codified in 42 U.S.C. (S)6901 et seq., the Comprehensive Environmental Response, Compensation and Liability Act, as codified in 42 U.S.C. (S)9601 et seq., the Emergency Planning and Community Right-to-Know Act of 1986, as codified in 42 U.S.C. (S)11001 et seq., and the Safe Drinking Water Act, as codified in 42 U.S.C. (S)300f et seq., and any related regulations, as well as all state and local equivalents.

"Environmental Lien" means a Lien in favor of any Governmental Authority for (i) any liability under Environmental Laws, or licenses, authorizations, or directions of any Government Authority or court, or (ii) damages relating to, or costs incurred by such Governmental Authority in response to, a Release or threatened Release of a Contaminant into the environment.

"Environmental Permits" means any and all permits, licenses, certificates, authorizations or approvals of any Governmental Authority required by Environmental Laws or necessary or reasonably required for the business of the Borrower or any Subsidiary of the Borrower.

"ERISA" means the Employee Retirement Income Security Act of 1974, as from time to time amended.

"ERISA Affiliate" means, with respect to any Person, any trade or business (whether or not incorporated) which, together with such Person, is under common control as described in Section 414(c) of the Code, is a member of a "controlled group", as defined in Section 414(b) of the Code, or is a member of an "affiliated service group", as defined in Section 414(m) of the Code which includes such Person. Unless otherwise qualified, all references to an "ERISA Affiliate" in this Agreement shall refer to an ERISA Affiliate of the Borrower or any Subsidiary.

"Euro" means the single currency of participating member states of the European Monetary Union.

"Euro Equivalent" means, at any time, (i) as to any amount denominated in Euros, the amount thereof at such time, and (ii) as to any amount denominated in Dollars or any other

currency, the equivalent in Euros as determined by the Administrative Agent at such time on the basis of the Spot Rate.

"Eurocurrency Loan" means any Loan bearing interest at a rate determined by reference to the Eurocurrency Rate.

"Eurocurrency Rate" means (i) in the case of Dollar-denominated Loans, the arithmetic average (rounded upwards, if necessary, to the nearest 1/16 of 1%) of the offered quotation, if any, to first class banks in the New York interbank market by the Administrative Agent for non-U.S. deposits in Dollars of amounts in immediately available funds comparable to the principal amount of the applicable Eurocurrency Loan of the Administrative Agent for which the Eurocurrency Rate is being determined with maturities comparable to the Interest Period for which such Eurocurrency Rate will apply as of approximately 10:00 a.m. (New York City time) on the applicable Interest Rate Determination Date and (ii) in the case of Euro and Sterling denominated Loans, the arithmetic average (rounded upwards, if necessary, to the nearest 1/16 of 1%) of the offered quotation, if any, to first class banks in the London interbank market by the Administrative Agent for non-U.S. deposits in Euro or Sterling, as the case may be, of amounts in immediately available funds comparable to the principal amount

of the applicable Eurocurrency Loan of the Administrative Agent for which the Eurocurrency Rate is being determined with maturities comparable to the Interest Period for which such Eurocurrency Rate will apply as of approximately 11:00 A.M. (London time) on the applicable Interest Rate Determination Date. In the case of Eurocurrency Loans and Swing Line Loans maintained at the Quoted Rate, the cost of the Lenders of complying with any Mandatory Costs will be added to the interest rate computed in the manner set forth in Schedule 1(b).

"Eurocurrency Reserve Rate" means, with respect to each day during each Interest Period pertaining to a Eurocurrency Loan, a rate per annum determined for such day in accordance with the following formula (rounded upwards, if necessary, to the nearest 1/100th of 1%):

Eurocurrency Rate

1.00 - Eurocurrency Reserve Requirements

"Eurocurrency Reserve Requirements" means, for any day as applied to a Eurocurrency Loan, the aggregate (without duplication) of the maximum rates (expressed as a decimal fraction) of reserve requirements in effect on such day (including, without limitation, basic, supplemental, marginal and emergency reserves under any regulations of the Board or other Governmental Authority having jurisdiction with respect thereto) dealing with reserve requirements prescribed for Eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D of the Board).

"Event of Default" has the meaning assigned to that term in Section 10.1.

"Excess Cash Flow" means, for any Fiscal Year (commencing with the Fiscal Year ending December 31, 2000), an amount not less than zero calculated as of the close of business on November 30 of each year, equal to (i) the sum of (x) the average daily aggregate Total Available Domestic Revolving Commitment and Total Available Multicurrency Revolving Commitment during the period of October 1 through and including November 30 of such year plus (y) the average daily balance of cash, Cash Equivalents and the Dollar Equivalent as of November 30 of Foreign Cash Equivalents, held during the period October 1 through and including November 30 of such year, less (ii) the sum of (w) the Dollar Equivalent of the then Scheduled Term A Repayment, if any, due in December of such year plus (x) the aggregate amount of Net Sale Proceeds from Asset Dispositions during such Fiscal Year to the extent not reinvested prior to November 30 of such Fiscal Year, plus (y) the aggregate amount of cash proceeds from Recovery Events received by the Borrower or any of its Subsidiaries during such Fiscal Year to the extent not reinvested prior to November 30 of such Fiscal Year, plus (z) $450,000,000.

"Exchange Act" means the Securities Exchange Act of 1934, as amended and as codified in 15 U.S.C. (S)78a et seq. and as hereafter amended.

"Exchange Rate" shall mean, on any day, (i) with respect to any Alternative Currency, the Spot Rate at which Dollars are offered on such day by the Administrative Agent in London or New York (as selected by the Administrative Agent) for such Alternative Currency at approximately 11:00 A.M. (London time or New York time, as applicable), and (ii) with respect to Dollars in relation to any specified Alternative Currency, the Spot Rate at which such specified Alternative Currency is offered on such day by the Administrative

Agent in London or New York for Dollars at approximately 11:00 A.M. (London time or New York time, as applicable). The Administrative Agent shall provided the Borrower with the then current Exchange Rate from time to time upon the Borrower's request therefor.

"Exchange Rate Determination Date" means (i) for purposes of the determination of the Exchange Rate of any stated amount on any Business Day in relation to any Borrowing of Multicurrency Revolving Loans or Swing Line Loans in an Alternative Currency, the date which is three Business Days prior to such Borrowing, (ii) for purposes of the determination of the Exchange Rate of any Stated Amount in relation to any issuance of any Letter of Credit, on the date of such issuance and (iii) for the purpose of determining the Exchange Rate to make determinations pursuant to Section 4.4(a), the last Business Day of each calendar month.

"Facility" means any of the credit facilities established under this Agreement, i.e., the Term A Dollar Facility, the Term A Euro Facility, the Term B Facility, the Term C Facility, the Domestic Revolving Facility or the Multicurrency Revolving Facility.

"Facing Agent" means each of BT and any other Lender agreed to by such Lender, the Borrower and the Administrative Agent.

"Federal Funds Rate" means on any one day, the rate per annum equal to the weighted average (rounded upwards, if necessary, to the nearest 1/100th of 1%) of the rate on overnight federal funds transactions with members of the Federal Reserve System only arranged by federal funds brokers, as published as of such day by the Federal Reserve Bank of New York, or, if such rate is not so published, the average of the quotations for such day on such transactions received by BT from three federal funds brokers of recognized standing selected by BT.

"Fiscal Quarter" has the meaning assigned to that term in Section 7.13.

"Fiscal Year" has the meaning assigned to that term in Section 7.13.

"Foreign Cash Equivalents" means (i) debt securities with a maturity of 365 days or less issued by any member nation of the European Union, Switzerland or any other country whose debt securities are rated by S&P and Moody's A-1 or P-1, or the equivalent thereof (if a short-term debt rating is provided by either) or at least AA or Aa2, or the equivalent thereof (if a long-term unsecured debt rating is provided by either)(each such jurisdiction, an "Approved Jurisdiction"), or any agency or instrumentality of an Approved Jurisdiction, provided that the full faith and credit of the Approved Jurisdiction is pledged in support of such debt securities or such debt securities constitute a general obligation of the Approved Jurisdiction and (ii) debt securities in an aggregate principal amount not to exceed the Dollar Equivalent of $20,000,000 with a maturity of 365 days or less issued by any nation in which the Borrower or its Subsidiaries has cash which is the subject of restrictions on export or any agency or instrumentality of such nation, provided that the full faith and credit of such nation is pledged in support of such debt securities or such debt securities constitute a general obligation of such nation.

"Foreign Intercompany Loan Documents" means the Foreign Intercompany Notes and the Foreign Intercompany Loan Security Documents.

"Foreign Intercompany Loan Security Documents" means each security

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agreement, mortgage, agreement, assignment, security agreement, instrument, document, guarantee, pledge agreement, collateral assignment, subordination agreement and other collateral documents in the nature of any of the foregoing, each in form and substance reasonably satisfactory to the Administrative Agent, entered into by a Foreign Subsidiary of the Borrower in favor of UK Holdco 1.

"Foreign Intercompany Note" means a demand promissory note (or a promissory note payable on a date reasonably satisfactory to the Administrative Agent) issued by a Foreign

Subsidiary directly to UK Holdco 1 substantially in the form of Exhibit 1.1(b) or such other form or payee that is satisfactory to the Administrative Agent.

"Foreign Pension Plan" means any plan, fund (including, without limitation, any super-annuation fund) or other similar program established or maintained outside of the United States of America by Holdings or one or more of its Subsidiaries or its Affiliates primarily for the benefit of employees of Holdings or such Subsidiaries or its Affiliates residing outside the United States of America, which plan, fund, or similar program provides or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment, and which is not subject to ERISA or the Code.

"Foreign Subsidiary" means any Subsidiary that is organized under the laws of a jurisdiction other than the United States of America or any state thereof or the District of Columbia and that is not a Subsidiary Guarantor.

"GAAP" means generally accepted accounting principles in the U.S. as in effect from time to time.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"Guarantee Obligations" means, as to any Person, without duplication, any direct or indirect obligation of such Person guaranteeing or intended to guarantee any Indebtedness, Capitalized Lease or Operating Financing Lease, dividend or other obligation ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent: (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor; (ii) to advance or supply funds (x) for the purchase or payment of any such primary obligation, or (y) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation; or (iv) otherwise to assure or hold harmless the owner of such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligations shall not include any endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation at any time shall be deemed to be an amount equal to the lesser at such time of (x) the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made or (y) the maximum amount for which such Person may be liable pursuant to the terms of the instrument embodying such Guarantee

Obligation; or, if not stated or determinable, the maximum reasonably anticipated liability (assuming full performance) in respect thereof.

"Guaranteed Creditors" means and includes (i) the Administrative Agent and the Lenders and (ii) each Person (other than any Credit Party) which is a party to an Interest Rate Agreement or Other Hedging Agreement or an Overdraft Facility, in each case to the extent such Person constitutes a Secured Party.

"Guaranteed Obligations" means (i) the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of the principal and interest (whether such interest is allowed as a claim in a bankruptcy proceeding with respect to the Borrower or otherwise) on each Note issued by the Borrower to each Lender, and Loans made under this Agreement and all reimbursement obligations and Unpaid Drawings with respect to Letters of Credit, together with all other obligations (including obligations which, but for the automatic stay under Section 362(a) of the Bankruptcy Code, would become due) and liabilities (including, without limitation, indemnities, fees and interest thereon) of the Borrower to such Lender now existing or hereafter incurred under, arising out of or in connection with this Agreement or any other Loan Documents and the due performance and compliance with all terms, conditions and agreements contained in the Loan Documents by the Borrower and (ii) the full and prompt payment when due (whether by acceleration or otherwise) of all obligations (including obligations which, but for the automatic stay under Section 362(a) of the Bankruptcy Code, would become due) of the Borrower (or, if permitted by Section 8.2, its Subsidiaries)owing under any Interest Rate Agreement or Other Hedging Agreement or any Overdraft Facility entered into by the Borrower or any of its Subsidiaries with any Lender or any Affiliate thereof (even if such Lender subsequently ceases to be a Lender under this Agreement for any reason) so long as such Lender or Affiliate participates in such Interest Rate Agreement or Other Hedging Agreement or Overdraft Facility, as the case may be, and their subsequent assigns, if any, whether or not in existence or hereafter arising, and the due performance and compliance with all terms, conditions and agreements contained therein.

"Guaranty" means, collectively, (i) the Subsidiary Guaranty, (ii) the guaranty of Holdings contained in Article XIII and (iii) each guaranty delivered by a Foreign Subsidiary pursuant to Section 7.15, in each case as the same may be amended, supplemented or otherwise modified from time to time.

"Hazardous Materials" means (i) any petrochemical or petroleum products, radioactive materials, asbestos in any form that is or could become friable, urea formaldehyde foam insulation, transformers or other equipment that contain dielectric fluid containing levels of polychlorinated biphenyls and radon gas; (ii) any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "restricted hazardous materials," "extremely hazardous wastes," "restrictive hazardous

wastes," "toxic substances," "toxic pollutants," "contaminants" or "pollutants," or words of similar meaning and regulatory effect; or (iii) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any Governmental Authority.

"Holdings" has the meaning assigned to that term in the introduction to this Agreement.

"Holdings Zero Coupon Note Documents" means, collectively, the indenture and/or promissory note under which the Holdings Zero Coupon Notes are issued and all other documents evidencing or otherwise governing the terms of the Holdings Zero Coupon Notes.

"Holdings Zero Coupon Notes" means, collectively, the Senior Discount Notes due 2009 and the Subordinated Discount Notes due 2009 to be issued by Holdings pursuant to the Holdings Coupon Zero Note Documents and any notes into

which any such Holdings Zero Coupon Notes may be exchanged or replaced pursuant to the terms of the indenture pursuant to which such Holdings Zero Coupon Notes are issued.

"HSCC" means Huntsman Specialty Chemicals Corporation, a Utah corporation.

"Huntsman Agreements" means, collectively, (i) each agreement listed on Exhibit 1.1(c) and (ii) each other agreement, subject to Section 7.18, entered into between Holdings and/or the Borrower and any of their respective Subsidiaries on the one hand and any Huntsman Affiliate on the other hand and contemplated by Schedule 5 of the Contribution Agreement so long as (x) the costs associated with such agreement have been reflected in the Projections, (y) such agreements are consistent with the past practices of each such Person and (z) such agreements are not material to the business of the Borrower.

"Huntsman Affiliate" means Huntsman Corporation or any of its Affiliates (other than Holdings and its Subsidiaries).

"Huntsman Corporation" means Huntsman Corporation, a Utah corporation.

"Huntsman ICI Finco" means Huntsman ICI Financial LLC, a direct Wholly-Owned Subsidiary of the Borrower that is a limited liability company formed under the laws of Delaware.

"ICI" means Imperial Chemical Industries PLC, a company incorporated under the laws of England and Wales.

"ICI Affiliate" means ICI or any of its Affiliates (other than Holdings and its Subsidiaries).

"ICI Agreements" means, collectively, (i) each agreement listed on Exhibit 1.1(d) and (ii) each other agreement, subject to Section 7.18, entered into between Holdings or the Borrower and any of their respective Subsidiaries on the one hand and any Affiliate of ICI on the other hand and contemplated by Schedule 5 of the Contribution Agreement, so long as (x) the costs associated with such agreement have been reflected in the Projections, (y) such agreements are consistent with the past practices of each such Person and (z) such agreements are not material to the business of the Borrower.

"ICI Contributed Business" means the business as described in Schedule 1.1(c).

"ICI Holland" means ICI Holland B.V., a company organized under the laws of The Netherlands.

"Indebtedness" means, as applied to any Person (without duplication):

(i) all obligations of such Person for borrowed money;

(ii) the deferred and unpaid balance of the purchase price of assets or services (other than trade payables and other accrued liabilities incurred in the ordinary course of business that are not overdue by more than 90 days unless being contested in good faith) which purchase price is (x) due more than six months from the date of incurrence of the obligation in respect thereof or (y) evidenced by a note or a similar written instrument;

(iii) all Capitalized Lease Obligations;

(iv) all indebtedness secured by any Lien (other than Customary Permitted Liens) on any property owned by such Person, whether or not such indebtedness has been assumed by such Person or is nonrecourse to such Person;

(v) notes payable and drafts accepted representing extensions of credit whether or not representing obligations for borrowed money (other than such notes or drafts for the deferred purchase price of assets or services which does not constitute Indebtedness pursuant to clause (ii) above);

(vi) indebtedness or obligations of such Person, in each case, evidenced by bonds, notes or similar written instruments;

(vii) the face amount of all letters of credit and bankers' acceptances issued for the account of such Person, and without duplication, all drafts drawn thereunder other than, in each case, commercial or standby letters of credit or the

functional equivalent thereof issued in connection with performance, bid or advance payment obligations incurred in the ordinary course of business, including, without limitation, performance requirements under workers compensation or similar laws;

(viii) all obligations of such Person under Interest Rate Agreements or Other Hedging Agreements;

(ix) Guarantee Obligations of such Person;

(x) the aggregate outstanding amount of Receivables Facility Attributed Indebtedness or the gross proceeds from any similar transaction, regardless of whether such transaction is effected without recourse to such Person or in a manner that would not otherwise be reflected as a liability on a balance sheet of such Person in accordance with GAAP; and

(xi) the Attributable Debt of any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product to which such Person is a party, where such transaction is considered borrowed money indebtedness for tax purposes but is classified as an operating lease in accordance with GAAP;

provided, however, notwithstanding the foregoing, "Indebtedness" shall not include deferred taxes or unsecured indebtedness of the Borrower and/or its Subsidiaries incurred to finance insurance premiums in a principal amount not in excess of the casualty and other insurance premiums to be paid by the Borrower and/or its Subsidiaries for a three-year period beginning on the date of any incurrence of such indebtedness.

"Indebtedness to Remain Outstanding" shall have the meaning assigned to that term in Section 6.5(d).

"Indemnified Party" has the meaning assigned to that term in Section 12.4(a).

"Independent Financial Advisor" means an accounting, appraisal, investment banking or consulting firm of nationally recognized standing that is, in the reasonable and good faith judgment of the board of directors of the Borrower, qualified to perform the task for which such firm has been engaged and disinterested and independent with respect to the Borrower and its Affiliates.

"Initial Borrowing" means the first Borrowing by the Borrower under

this Agreement.

"Initial Borrowing Date" means the date of the Initial Borrowing.

"Initial Loan" means the first Loan made by the Lenders under this
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Agreement.

"Initial Public Offering" means an initial public offering of Huntsman
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Corporation or Holdings.

"Intellectual Property" has the meaning assigned to that term in
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Section 6.19.
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"Intercompany Loan" has the meaning assigned to that term in Section
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8.7(i);
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"Intercompany Note" means either (i) the UK Holdco Note or (ii) a
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Foreign Intercompany Note.

"Interest Coverage Ratio" means, for any period, the ratio of
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Consolidated EBITDA to Consolidated Cash Interest Expense for such period.

"Interest Payment Date" means (i) as to any Base Rate Loan, each
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Quarterly Payment Date to occur while such Loan is outstanding, (ii) as to any Eurocurrency Loan, the last day of the Interest Period applicable thereto and (iii) as to any Eurocurrency Loan having an Interest Period longer than three months, each three (3) month anniversary of the first day of the Interest Period applicable thereto and the last day of the Interest Period applicable thereto; provided, however, that, in addition to the foregoing, each of (A) the date upon
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which both the Domestic Revolving Commitments and the Multicurrency Revolving Commitments have been terminated and the Domestic Revolving Loans and the Multicurrency Revolving Loans have been paid in full and (B) the Term A Loan Maturity Date, the Term B Loan Maturity Date and the Term C Loan Maturity Date shall be deemed to be an "Interest Payment Date" with respect to any interest which is then accrued hereunder for such Loan.

"Interest Period" has the meaning assigned to that term in Section
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3.4.
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"Interest Rate Agreement" means any interest rate swap agreement,
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interest rate cap agreement, interest rate collar agreement, interest rate futures contract, interest rate option contract or other similar agreement or arrangement to which the Borrower or any Subsidiary is a party.

"Interest Rate Determination Date" means the date for calculating the
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Eurocurrency Rate for an Interest Period, which date shall be (i) in the case of any Eurocurrency Loan in Dollars, the second Business Day prior to the first day of the related Interest Period for such Loan or (ii) in the case of any Eurocurrency Loan in Euros, the date on which quotations would ordinarily be given by prime banks in the London interbank market for deposits in Euro for value on the first day of the related Interest Period for such Eurocurrency Loan.

"Interim Maturity Date" means the last day of any Interest Period.

"Inventory" means, inclusively, all inventory as defined in the
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Uniform Commercial Code in effect in the State of New York from time to time and all goods, merchandise and other personal property wherever located, now owned or hereafter acquired by the Borrower or any of its Subsidiaries of every kind or description which are held for sale or lease or are furnished or to be furnished under a contract of service or are raw materials, work-in-process or materials used or consumed or to be used or consumed in the Borrower's or any of its Subsidiaries' business.

"Investment" means, as applied to any Person, (i) any direct or
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indirect purchase or other acquisition by that Person of, or a beneficial interest in, Securities of any other Person, or a capital contribution by that Person to any other Person, (ii) any direct or indirect loan or advance to any other Person (other than prepaid expenses or Accounts Receivable created or acquired in the ordinary course of business), including all Indebtedness to such Person arising from a sale of property by such person other than in the ordinary course of its business or (iii) any purchase by that Person of all or a significant part of the assets of a business conducted by another Person. The amount of any Investment by any Person on any date of determination shall be the sum of the acquisition price of the gross assets acquired by such Person (including the amount of any liability assumed in connection with the acquisition by such Person to the extent such liability would be reflected on a balance sheet prepared in accordance with GAAP) plus all additional capital
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contributions or purchase price paid in respect thereof, without any adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect to such Investment minus the amount of all cash returns of
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principal or capital thereon, cash dividends thereon and other cash returns on investment thereon or liabilities expressly assumed by another Person (other than the Borrower or another Subsidiary of the Borrower) in connection with the sale of such Investment. Whenever the term "outstanding" is used in this Agreement with reference to an Investment, it shall take into account the matters referred to in the preceding sentence.

"Investment Agreement" means the Subscription Agreement, dated as of June 3, 1999, among Holdings, BT Capital Investors, L.P., Chase Equity Associates, L.P. and Goldman Sachs Group, Inc.

"IRS" means the United States Internal Revenue Service, or any
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successor or analogous organization.

"Issuer" means the issuer under, and as defined in, the relevant
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Receivables Documents.

"Joint Venture" means any corporation, partnership, limited liability
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company, joint venture or other similar legal arrangement (whether created by contract or conducted through a separate legal entity) now or hereafter formed by the Borrower or any of its Subsidiaries with another Person in order to conduct a common venture or enterprise with such Person.

"LC Commission" has the meaning assigned to that term in Section
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2.10(e)(ii).
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"LC Obligations" means, collectively, the Domestic LC Obligations and
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the Multicurrency LC Obligations.

"Lender" and "Lenders" have the respective meanings assigned to those
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terms in the introduction to this Agreement and shall include any Person that becomes a "Lender" as contemplated by Section 12.8.

"Lender Default" means (i) the refusal (which has not been retracted) of a Lender to make available its portion of any Borrowing when the conditions precedent thereto, in the determination of the Administrative Agent, have been met or to fund its portion of any unreimbursed payment under Section 2.10(d) or (ii) a Lender having notified in writing the Borrower and/or the Administrative Agent that it does not intend to comply with its obligations under Section 2.1 or Section 2.10(d), as a result of any takeover of such Lender by any regulatory authority or agency.

"Letters of Credit" means, collectively, all Commercial Letters of Credit, Standby Letters of Credit and, in the case of a Letter of Credit to be designated as a Multicurrency Letter of Credit, bank guarantees, in each case as issued pursuant to this Agreement, and "Letter of Credit" means any one of such Letters of Credit.

"Letter of Credit Amendment Request" has the meaning assigned to that term in Section 2.10(b).

"Letter of Credit Payment" means, as applicable (i) all payments made by Facing Agent pursuant to either a draft or demand for payment under a Letter of Credit or (ii) all payments by Domestic Revolving Lenders or Multicurrency Revolving Lenders, as the case may be, to a Facing Agent in respect thereof (whether or not in accordance with their Domestic Revolver Pro Rata Share or Multicurrency Revolver Pro Rata Share, as the case may be).

"Letter of Credit Request" has the meaning assigned to that term in Section 2.10(b).

"Leverage Ratio" means, for any Test Period, the ratio of Consolidated Debt as of the last day of such Test Period to Consolidated EBITDA for such Test Period; provided, that for the purpose of determining the Applicable Base Rate Margin, the Applicable Commitment Fee Percentage, the Applicable Eurocurrency Margin and compliance with Section 9.4, Consolidated EBITDA for any Test Period containing the Fiscal Quarters ended (i) March 31, 1999 shall be deemed to be $117,600,000 with respect to such Fiscal Quarter and (ii) June 30, 1999 shall be deemed to be the higher of (x) $120,000,000 and (y) actual Consolidated EBITDA, with respect to such Fiscal Quarter.

"Lien" means (i) any judgment lien or execution, attachment, levy, distraint or similar legal process and (ii) any mortgages , pledge, hypothecation, collateral assignment, security interest, encumbrance, lien, charge or deposit arrangement (other than a deposit to a Deposit Account in the ordinary course of business and not intended as security) of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof, any agreement to give any of the foregoing, any filing or agreement to file a financing statement as debtor under the UCC or any similar statute (other than filings for which an agreement to release such statement has been obtained and delivered to the Administrative Agent) other than to reflect ownership by a third party of property leased or consigned to the Borrower or any of its Subsidiaries under a lease or consignment agreement which is not in the nature of a conditional sale or title retention agreement, any subordination arrangement in favor of another Person or any sale of receivables with recourse against the seller or any Affiliate of the seller).

"Loan" means any Term A Dollar Loan, Term A Euro Loan, Term B Loan, Term C Loan, Domestic Revolving Loan, Swing Line Loan or Multicurrency Revolving Loan and "Loans" means all such Loans collectively.

"Loan Documents" means, collectively, this Agreement, the Notes, each Letter of Credit, each Security Document and all other agreements, instruments and documents executed in connection (other than the Foreign Intercompany Loan Documents), in each case as the same may at any time be amended, supplemented, restated or otherwise modified and in effect.

"LPC" mean Louisiana Pigment Company, and its successors and assigns.

"Majority Lenders" of any Facility means those Non-Defaulting Lenders which would constitute the Required Lenders under, and as defined in, this Agreement if all outstanding Obligations of other Facilities under this Agreement were repaid in full and all Commitments with respect thereto were terminated.

"Mandatory Cost" means the cost imputed to the Lender(s) of compliance with:

(a) the Mandatory Liquid Assets requirements of the Bank of England and/or the banking supervision or other costs of the Financial Services Authority as determined in accordance with Schedule 1(b); and

(b) any other applicable regulatory or central bank requirement relating to any Loan made through a branch in the jurisdiction of the currency of that Loan.

"Material Adverse Effect" means a material adverse effect on (i) the business, condition (financial or otherwise), assets, liabilities, property, operations or prospects of the Borrower and its Subsidiaries taken as a whole, (ii) the ability of Holdings or any Subsidiary of Holdings to perform its respective obligations under any Loan Document to which it is a party, or (iii) the validity or enforceability of this Agreement or any of the Security Documents or the rights or remedies of the Administrative Agent and the Lenders hereunder or thereunder.

"Material Agreement" means (i) any Contractual Obligation of Holdings or any of its Subsidiaries, the breach of which or the failure to maintain would be reasonably likely to result in a Material Adverse Effect, (ii) the Senior Subordinated Notes, (iii) the UK Holdco Note, (iv) the Foreign Intercompany Loan Documents, (v) the Huntsman Agreements listed on Exhibit 1.1(c) and the ICI Agreements listed on Exhibit 1.1(d), (vi) the agreements identified in Schedule 6.23 and (vii) any material Contractual Obligation entered into in connection with an Acquisition.

"Material Subsidiary" means any Subsidiary of the Borrower, the Consolidated Total Assets of which were more than 2% of the Borrower's Consolidated Total Assets as of the end of the most recently completed Fiscal Year of the Borrower for which audited financial statements are available;

provided that, in the event the aggregate of the Consolidated Total Assets of all Subsidiaries that do not constitute Material Subsidiaries exceeds 5% of the Borrower's Consolidated Total Assets as of such date, the Borrower (or the Administrative Agent, in the event the Borrower has failed to do so within 10 days of request therefor by The Administrative Agent) shall, to the extent

necessary, designate sufficient Subsidiaries to be deemed to be "Material Subsidiaries" to eliminate such excess, and such designated Subsidiaries shall thereafter constitute Material Subsidiaries. Assets of Foreign Subsidiaries shall be converted into Dollars at the rates used for purposes of preparing the consolidated balance sheet of the Borrower included in such audited financial statements.

"Maximum Commitment" means, when used with reference to any Lender, the aggregate of such Lender's Term A Dollar Commitment, the Dollar Equivalent (calculated as of the Initial Borrowing Date) of the Term A Euro Commitment, its Term B Commitment, its Term C Commitment, its Domestic Revolving Commitment and its Multicurrency Revolving Commitment in the amounts not to exceed those set forth opposite the name of such Lender on

Schedule 1.1(a) hereto, subject toreduction from time to time in accordance with the terms of this Agreement.

"Minimum Borrowing Amount" means, with respect to (i) Base Rate Loans, $3,000,000, (ii) with respect to Eurocurrency Loans, $5,000,000, in the case of a Borrowing in Dollars, (Pounds)2,000,000, in the case of a Borrowing in Sterling, and 3,000,000 Euros, in the case of a Borrowing in Euros and (iii) with respect to Swing Line Loans, $500,000 (or such other amount as the Swing Line Lender may agree.)

"Moody's" means Moody's Investors Service, Inc. or any successor to the rating agency business thereof.

"Mortgage" has the meaning assigned to that term in Section 5.1(c) and shall also include any mortgage or similar documents executed pursuant to Section 7.12.

"Mortgage Policies" has the meaning assigned to that term in Section 5.1(c)

"Mortgaged Property" means the owned or leased real property subject to a US Mortgage as indicated on Schedule 6.21(c) and shall also include any owned or leased real property subject to a Mortgage pursuant to Section 7.12.

"Most Recent Leverage Ratio" means, at any date, the Leverage Ratio for the Test Period ending as of the most recently ended Fiscal Quarter for which financial statements have been delivered to the Lenders pursuant to Section 7.1; provided, however, that if the Borrower fails to deliver such financial statements as required by Section 7.1 and further fails to remedy such default within five days of notice thereof from the Administrative Agent, then, without prejudice to any other rights of any Lender hereunder, the Most Recent Leverage Ratio shall be deemed to be the highest level as of the date such financial statements were required to be delivered under Section 7.1. Notwithstanding the foregoing or the provisions of the last sentence of Section 3.3, from the date hereof to and including the date upon which the financial statements with respect to the Fiscal Year of the Borrower ended December 31, 1999 are (or should have been) delivered under Section 7.1, the Most Recent

Leverage Ratio shall be deemed to be 4.50 to 1.0.

"Multicurrency LC Obligations" means, at any time, an amount equal to the sum of (i) the Assigned Dollar Value of the aggregate Stated Amount of the then outstanding Multicurrency Letters of Credit and (ii) the Assigned Dollar Value of the aggregate amount of drawings under Multicurrency Letters of Credit which have not then been reimbursed pursuant to Section 2.10(c). The Multicurrency LC Obligation of any Multicurrency Revolving Lender at any time shall mean the Dollar Equivalent of its Multicurrency Revolver Pro Rata Share of the Assigned Dollar Value of the aggregate Multicurrency LC Obligations outstanding at such time.

"Multicurrency Letter of Credit" means any Letter of Credit issued pursuant to Section 2.10(a)(ii).

"Multicurrency Revolver Pro Rata Share" means, when used with reference to any Multicurrency Revolving Lender and any described aggregate or total amount, an amount equal to the result obtained by multiplying such described aggregate or total amount by a fraction the numerator of which shall be such Multicurrency Revolving Lender's Multicurrency Revolving Commitment or, if the Revolver Termination Date has occurred, such Multicurrency Revolving Lender's then outstanding Multicurrency Revolving Loans and the denominator of which shall be the Multicurrency Revolving Commitments or, if the Revolver Termination Date has occurred, all then outstanding Multicurrency Revolving Loans.

"Multicurrency Revolving Commitment" means, with respect to any Multicurrency Revolving Lender, the obligation of such Multicurrency Revolving Lender to make Multicurrency Revolving Loans and participate in Multicurrency Letters of Credit, as such commitment may be adjusted from time to time pursuant to this Agreement, which commitment as of the date hereof is the amount set forth opposite such Lender's name on Schedule 1.1(a) hereto under the caption "Amount of Multicurrency Revolving Commitment" as the same may be adjusted from time to time pursuant to the terms hereof and "Multicurrency Revolving Commitments" means such commitments collectively, which commitments equal $75,000,000 in the aggregate as of the date hereof.

"Multicurrency Revolving Facility" means the credit facility under this Agreement evidenced by the Multicurrency Revolving Commitments and the Multicurrency Revolving Loans.

"Multicurrency Revolving Lender" means any Lender which has a Multicurrency Revolving Commitment or is owed a Multicurrency Revolving Loan (or a portion thereof).

"Multicurrency Revolving Loan" and "Multicurrency Revolving Loans" have the meanings given in Section 2.1(d)(ii).

"Multicurrency Revolving Note" has the meaning assigned to that term in Section 2.2(a).

"Multiemployer Plan" means any plan described in Section 4001(a)(3) of ERISA to which contributions are or have, within the preceding six years, been made, or are or were, within the preceding six years, required to be made, by the Borrower or any of its ERISA Affiliates or any Subsidiary of the Borrower or

ERISA Affiliates of such Subsidiary.

"Net Offering Proceeds" means the proceeds received from the issuance of any Capital Stock net of the actual liabilities for reasonably anticipated cash taxes in connection with such issuance or incurrence, if any, any underwriting, brokerage and other customary selling commissions incurred in connection with such issuance or incurrence, and reasonable legal, advisory and other fees and expenses, incurred in connection with such issuance or incurrence.

"Net Sale Proceeds" means, with respect to any Asset Disposition, the sum of the aggregate cash payments received by the Borrower or any Subsidiary of the Borrower from such Asset Disposition (including, without limitation, cash received by way of deferred payment pursuant to a note receivable, conversion of non-cash consideration, cash payments in respect of purchase price adjustments or otherwise, but only as and when such cash is received) minus the direct costs and expenses incurred in connection therewith (including in the case of any Asset Disposition, the payment of the outstanding principal amount of, premium, if any, and interest on any Indebtedness (other than hereunder) required to be repaid as a result of such Asset Disposition) and minus any provision for taxes in respect thereof made in accordance with GAAP. Any proceeds received in a currency other than Dollars shall, for purposes of the calculation of the amount of Net Sale Proceeds, be in an amount equal to the Dollar equivalent thereof as of the date of receipt thereof by the Borrower or any Subsidiary of the Borrower.

"Non-Defaulting Lender" means each Lender which is not a Defaulting Lender.

"Note" means any of the Revolving Notes, the Swing Line Note, the Multicurrency Revolving Notes or the Term Notes and "Notes" means all of such Notes collectively.

"Notice of Borrowing" has the meaning assigned to that term in Section 2.5.

"Notice of Conversion or Continuation" has the meaning assigned to that term in Section 2.6.

"Notice Office" means the office of the Administrative Agent located at One Bankers Trust Plaza, New York, New York 10006, or such other office as the Administrative Agent may designate to Holdings, the Borrower and the Lenders from time to time.

"Obligations" means all liabilities and obligations of Holdings and its Subsidiaries now or hereafter arising under this Agreement and all of the other Loan Documents, whether for principal, interest, fees, expenses, indemnities or otherwise, and whether primary, secondary, direct, indirect, contingent, fixed or otherwise (including obligations of performance).

"Operating Financing Lease" means a lease of the type described in clause (xi) of the definition of "Indebtedness".

"Organizational Documents" means, with respect to any Person, such

Person's memorandum, articles or certificate of incorporation, bylaws, partnership agreement, limited liability company agreement, joint venture agreement or other similar governing documents and any document setting forth the designation, amount and/or relative rights, limitations and preferences of any class or series of such Person's Capital Stock.

"Overdraft Facility" has the meaning assigned to that term in Section 8.2(o).

"Other Hedging Agreement" means any foreign exchange contract, currency swap agreement, futures contract, commodity agreements, option contract, synthetic cap or other similar agreement other than an Interest Rate Agreement to which the Borrower or any Subsidiary is a party.

"Overdraft Reserve" shall mean an amount, if any, equal to the amount by which Indebtedness incurred by the Borrower or any of its Subsidiaries pursuant to Section 8.2(o) exceeds $50,000,000 (or the Dollar Equivalent thereof).

"Parent Company" means each Person which owns, directly or indirectly, at least a majority of the voting interest under ordinary circumstances of Huntsman Corporation.

"Participants" has the meaning assigned to that term in Section 12.8(b).

"Participating Subsidiary" means any Subsidiary of the Borrower that is a participant in a Permitted Accounts Receivable Securitization.

"Payment Office" means (i) with respect to the Administrative Agent or Swing Line Lender, for payments with respect to Dollar-denominated Loans, One Bankers Trust Plaza, 130 Liberty Street, New York, New York, 10006, or such other address as the Administrative Agent or Swing Line Lender, as the case may be, may from time to time specify in accordance with Section 12.3 or (ii) with respect to the Administrative Agent or Swing Line Lender, for payments in an Alternative Currency or with respect to a Domestic Supported Foreign LC and a Multicurrency Letter of Credit, such account at such bank or office in London (or such other location) as the Administrative Agent or Swing Line Lender, as the case may be, shall designate by notice to the Person required to make the relevant payment.

"PBGC" means the Pension Benefit Guaranty Corporation created by Section 4002(a) of ERISA.

"Permitted Accounts Receivable Securitization" means any receivables financing program providing for the sale of Receivables Facility Assets by the Borrower and its Participating Subsidiaries to the Receivables Subsidiary in transactions purporting to be sales

(and treated as sales for GAAP purposes), which Receivables Subsidiary shall finance the purchase of such Receivables Facility Assets by the sale, transfer, conveyance, lien or pledge of such Receivables Facility Assets to one or more limited purpose financing companies, special purpose entities and/or other financial institutions, in each case, on a limited recourse basis as to the Borrower and the Participating Subsidiaries; provided that any such transaction shall be consummated pursuant to documentation in form and substance reasonably

satisfactory to the Administrative Agent, as evidenced by its written approval thereof.

"Permitted Foreign Technology Licenses" has the meaning assigned to that term in Section 8.3(g).

"Permitted Liens" has the meaning assigned to that term in Section 8.1.

"Permitted Real Property Encumbrances" means (i) those liens, encumbrances and other matters affecting title to any Mortgaged Property listed in the applicable title policy in respect thereof (or any update thereto) and found, on the date of delivery of such title policy to the Administrative Agent in accordance with the terms hereof, reasonably acceptable by the Administrative Agent, (ii) as to any particular real property at any time, such easements, encroachments, covenants, restrictions, rights of way, minor defects, irregularities or encumbrances on title which do not, in the reasonable opinion of the Administrative Agent, materially impair such real property for the purpose for which it is held by the mortgagor or owner, as the case may be, thereof, or the Lien held by the Administrative Agent, (iii) municipal and zoning laws, regulations, codes and ordinances, which are not violated in any material respect by the existing improvements and the present use made by the mortgagor or owner, as the case may be, of such real property, (iv) general real estate taxes and assessments not yet delinquent, and (v) such other items as the Administrative Agent may consent to.

"Permitted Unconsolidated Ventures" means an Investment in a Person not constituting a Subsidiary of the Borrower which Person is not engaged in any business other than that permitted under Section 8.9 for the Borrower and its Subsidiaries.

"Person" means an individual or a corporation, partnership, limited liability company, trust, incorporated or unincorporated association, joint venture, joint stock company, government (or an agency or political subdivision thereof) or other entity of any kind.

"Plan" means any plan described in Section 4021(a) of ERISA and not excluded pursuant to Section 4021(b) thereof, which is or has, within the preceding six years, been established or maintained, or to which contributions are or have, within the preceding six years, been made, by the Borrower or any of its ERISA Affiliates or any Subsidiary of the Borrower or any ERISA Affiliates of such Subsidiary, but not including any Multiemployer Plan.

"Plan Administrator" has the meaning assigned to the term "administrator" in Section 3(16)(A) of ERISA.

"Plan Sponsor" has the meaning assigned to the term "plan sponsor" in Section 3(16)(B) of ERISA.

"Pledged Receivables Subsidiary Notes" means the subordinated notes of the Receivables Subsidiary, if any, issued to the Borrower or any Participating Subsidiary in connection with a Permitted Accounts Receivable Securitization, which subordinated notes are pledged pursuant to the Receivables Subsidiary Pledge Agreement.

"Pledged Receivables Subsidiary Stock" means all the issued and outstanding shares of capital stock of the Receivables Subsidiary, which shares are pledged pursuant to the Receivables Subsidiary Pledge Agreement.

"Pledged Securities" means, collectively, "Pledged Securities" as defined in the Collateral Security Agreement or any other pledged securities under any Security Document

"Pro Forma Balance Sheet" has the meaning assigned to that term in Section 6.5(a).

"Projections" has the meaning assigned to that term in Section 6.5(e).

"Quarterly Payment Date" means each March 31, June 30, September 30 and December 31 of each year.

"Quoted Rate" means the rate of interest per annum with respect to a Swing Line Loan denominated in an Alternative Currency as determined by the Swing Line Lender at the time such Swing Line Loan is made to the Borrower.

"Receivables Documents" shall mean all documentation relating to any Permitted Accounts Receivable Securitization.

"Receivables Facility Assets" shall mean all Accounts Receivable (whether now existing or arising in the future) of the Borrower or any of its Subsidiaries which are transferred to the Receivables Subsidiary pursuant to a Permitted Accounts Receivable Securitization, and any assets related thereto, including without limitation (i) all collateral given by the respective account debtor or on its behalf (but not by the Borrower or any of its Subsidiaries) securing such Accounts Receivable, (ii) all contracts and all guarantees (but not by the Borrower or any of its Subsidiaries) or other obligations directly related to such Accounts Receivable, (iii) other related

assets including those set forth in the Receivables Documents, and (iv) proceeds of all of the foregoing.

"Receivables Facility Attributed Indebtedness" at any time shall mean the aggregate net outstanding amount theretofore paid to the Receivables Subsidiary in respect of the Receivables Facilities Assets sold or transferred by it in connection with a Permitted Accounts Receivable Securitization (it being the intent of the parties that the amount of Receivables Facility Attributed Indebtedness at any time outstanding approximate as closely as possible the principal amount of Indebtedness which would be outstanding at such time under the Permitted Accounts Receivable Securitization if the same were structured as a secured lending agreement rather than a purchase agreement).

"Receivables Subsidiary Pledge Agreement" means the Collateral Security Agreement or such other pledge or security agreement in form satisfactory to the Administrative Agent pursuant to which the Borrower or a Participating Subsidiary pledges the Pledged Receivables Subsidiary Stock and the Pledged Receivables Subsidiary Notes to the Collateral Agent for the benefit of the Lenders to secure the "Secured Obligations" described in the Collateral Security Agreement, as such agreement may at any time be amended or modified in accordance with the terms thereof and in effect.

"Receivables Subsidiary" means a special purpose, bankruptcy remote Wholly-Owned Subsidiary of the Borrower which may be formed for the sole and exclusive purpose of engaging in activities in connection with the purchase, sale and financing of Accounts Receivable in connection with and pursuant to a Permitted Accounts Receivable Securitization.

"Recovery Event" means the receipt by the Borrower or any of its

Subsidiaries of any insurance or condemnation proceeds payable (i) by reason of any theft, physical destruction or damage or any other similar event with respect to any properties or assets of the Borrower or any of its Subsidiaries, (ii) by reason of any condemnation, taking, seizing or similar event with respect to any properties or assets of the Borrower or any of its Subsidiaries and (iii) under any policy of insurance required to be maintained under Section 7.8 provided, however, that in no event shall payments made under business interruption insurance constitute a Recovery Event.

"Refunded Swing Line Loans" has the meaning assigned to that term in Section 2.1(e)(ii).

"Regulation D" means Regulation D of the Board as from time to time in effect and any successor to all or a portion thereof establishing reserve requirements.

"Release" means any release, spill, emission, leaking, pumping, pouring, emptying, dumping, injection, deposit, disposal, discharge, dispersal, escape, leaching or

migration into the indoor or outdoor environment or into or out of any property of the Borrower or its Subsidiaries, or at any other location, including any location to which the Borrower or any Subsidiary has transported or arranged for the transportation of any Contaminant, including the movement of Contaminants through or in the air, soil, surface water, groundwater or property of the Borrower or its Subsidiaries or at any other location, including any location to which the Borrower or any Subsidiary has transported or arranged for the transportation of any Contaminant.

"Remedial Action" means actions required to (i) clean up, remove, treat or in any other way address Contaminants in the indoor or outdoor environment; (ii) prevent, minimize or otherwise address the Release or substantial threat of a material Release of Contaminants so they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; or (iii) perform pre-response or post-response studies and investigations and post-response monitoring and care or any other studies, reports or investigations relating to Contaminants.

"Replaced Lender" has the meaning assigned to that term in Section 3.7.

"Replacement Lender" has the meaning assigned to that term in Section 3.7.

"Reportable Event" means a "reportable event" described in Section 4043(c) of ERISA or in the regulations thereunder with respect to a Plan other than a reportable event for which the 30 day notice requirement to the PBGC has been waived, any event requiring disclosure under Section 4063(a) or 4062(e) of ERISA, receipt of a notice of withdrawal liability with respect to a Multiemployer Plan pursuant to Section 4202 of ERISA or receipt of a notice of reorganization or insolvency with respect to a Multiemployer Plan pursuant to Section 4242 or 4245 of ERISA.

"Required Lenders" means Non-Defaulting Lenders the sum of whose outstanding Term Loans (with any portion of such Term Loans denominated in Euros calculated on a Dollar Equivalent basis), Domestic Revolving Commitments (or, after the Total Domestic Revolving Commitment has been terminated, outstanding Domestic Revolving Loans and Domestic Revolver Pro Rata Share of the Assigned Dollar Value of outstanding Swing Line Loans and the Assigned Dollar Value of

Domestic LC Obligations) and Multicurrency Revolving Commitments (or, after the Total Multicurrency Revolving Commitment has been terminated, the Assigned Dollar Value of outstanding Multicurrency Revolving Loans and the Assigned Dollar Value of Multicurrency LC Obligations) constitute greater than 50% of the sum of (i) the total outstanding Dollar Equivalent amount of Term Loans of Non-Defaulting Lenders, (ii) the Total Domestic Revolving Commitment less the aggregate Domestic Revolving Commitments of Defaulting Lenders (or, after the Total Domestic Revolving Commitment has been terminated, the total outstanding Domestic Revolving Loans of Non-Defaulting Lenders and the aggregate

Domestic Revolver Pro Rata Share of all Non-Defaulting Lenders of the total Assigned Dollar Value of outstanding Swing Line Loans and the Assigned Dollar Value of Domestic LC Obligations at such time) and (iii) the Total Multicurrency Revolving Commitment less the aggregate Multicurrency Revolving Commitments of Defaulting Lenders (or, after the Total Multicurrency Commitment has been terminated, the total Assigned Dollar Value of outstanding Multicurrency Revolving Loans of Non-Defaulting Lenders and the aggregate Multicurrency Revolver Pro Rata Share of all Non-Defaulting Lenders of the total Assigned Dollar Value of outstanding Multicurrency LC Obligations at such time).

"Requirement of Law" means, as to any Person, any law (including
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common law), treaty, rule or regulation or judgment, decree, determination or award of an arbitrator or a court or other Governmental Authority, including without limitation, any Environmental Law, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Responsible Financial Officer" means, as to any Person, the chief
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financial officer, principal accounting officer, a financial vice president, controller, manager (in the case of a limited liability company) having responsibility for financial matters, treasurer or assistant treasurer of such Person.

"Responsible Officer" means, as to any Person, any of the chairman or
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vice chairman of the board of directors, the president, any executive vice president, the vice president-controller, any vice president, manager (in the case of a limited liability company) or any Responsible Financial Officer of such Person.

"Returns" has the meaning assigned to that term in Section 6.9.

"Revolver Termination Date" means June 30, 2005 or such earlier date
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as the Domestic Revolving Commitments and the Multicurrency Revolving Commitments shall have been terminated or otherwise reduced to $0 pursuant to this Agreement.

"Revolving Note" has the meaning assigned to that term in Section
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2.2(a).
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"Rubicon" means Rubicon Inc., and its successors and assigns.

"Sale and Leaseback Transaction" means any arrangement, directly or
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indirectly, whereby a seller or transferor shall sell or otherwise transfer any real or personal property and then or thereafter lease, or repurchase under an extended purchase contract, conditional sales or other title retention agreement, the same or similar property.

"Scheduled Repayments" means a Scheduled Term A Repayment, Scheduled
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Term B Repayment or a Scheduled Term C Repayment.

"Scheduled Term A Dollar Repayments" means, with respect to the principal payments on the Term A Dollar Loans for each date set forth below, the Dollar amount set forth opposite thereto, as reduced from time to time pursuant to Sections 4.3 and 4.4:

<TABLE>
<CAPTION>
Scheduled Term A Dollar Repayments

Date	Repayment
<S>	<C>
December 31, 2000	$11,112,000
June 30, 2001	$11,112,000
December 31, 2001	$22,224,000
June 30, 2002	$22,224,000
December 31, 2002	$26,664,000
June 30, 2003	$26,664,000
December 31, 2003	$28,896,000
June 30, 2004	$28,896,000
December 31, 2004	$31,104,000
June 30, 2005	$31,104,000

</TABLE>

"Scheduled Term A Euro Repayments" means, with respect to the principal payments on the Term A Euro Loans for each date set forth below, the amount equal to the percentage of Term A Euro Loans made on the Initial Borrowing Date set forth opposite thereto, as reduced from time to time pursuant to Sections 4.3 and 4.4:

Scheduled Term A Euro Repayments

Date	Repayment
December 31, 2000	13,397,000 Euros
June 30, 2001	13,397,000 Euros
December 31, 2001	26,794,000 Euros

June 30, 2002	26,794,000 Euros
December 31, 2002	32,147,000 Euros
June 30, 2003	32,147,000 Euros
December 31, 2003	34,838,000 Euros
June 30, 2004	34,838,000 Euros
December 31, 2004	37,500,000 Euros
June 30, 2005	37,499,851.85 Euros

"Scheduled Term A Repayments" means, collectively, the Scheduled Term
A Dollar Repayments and the Scheduled Term A Euro Repayments.

"Scheduled Term B Repayments" means, with respect to the principal payments on the Term B Loans for each date set forth below, the Dollar amount set forth opposite thereto, as reduced from time to time pursuant to Sections 4.3 and 4.4:

Scheduled Term B Repayments

Date	Repayment
June 30, 2000	$ 5,650,000
June 30, 2001	$ 5,650,000
June 30, 2002	$ 5,650,000
June 30, 2003	$ 5,650,000
June 30, 2004	$ 5,650,000
June 30, 2005	$ 5,650,000
June 30, 2006	$ 5,650,000
June 30, 2007	$525,450,000

"Scheduled Term C Repayments" means, with respect to the principal payments on the Term C Loans for each date set forth below, the Dollar amount set forth opposite thereto, as reduced from time to time pursuant to Sections 4.3 and 4.4:

Scheduled Term C Repayments

Date	Repayment
June 30, 2000	$ 5,650,000
June 30, 2001	$ 5,650,000
June 30, 2002	$ 5,650,000
June 30, 2003	$ 5,650,000
June 30, 2004	$ 5,650,000
June 30, 2005	$ 5,650,000
June 30, 2006	$ 5,650,000
June 30, 2007	$ 5,650,000
June 30, 2008	$519,800,000

"SEC" means the Securities and Exchange Commission or any successor thereto.

"Secured Parties" has the meaning provided in the respective Security
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Documents to the extent defined therein and shall include any Person who is granted a security interest pursuant to any Loan Document.

"Securities" means any stock, shares, voting trust certificates,
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bonds, debentures, options, warrants, notes, or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities" or any certificates of interest, shares or participations in temporary or interim certificates for the purchase or acquisition of, or any right to subscribe to, purchase or acquire, any of the foregoing.

"Securities Act" means the Securities Act of 1933, as amended.

"Security Documents" means, collectively the Collateral Security
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Agreement, the Mortgages and all other agreements, assignments, security agreements, instruments and documents executed in connection therewith, in each case as the same may at any time be amended, supplemented, restated or otherwise modified and in effect. For purposes of this Agreement, "Security Documents" shall also include all guaranties, mortgagees, pledge agreements, collateral assignments, subordination agreements and other collateral documents in the nature thereof entered into by Holdings or any Subsidiary of Holdings on and after the date of this Agreement in favor of the Collateral Agent for the benefit of the Secured Parties in

satisfaction of the requirements of this Agreement, but shall exclude any Foreign Intercompany Loan Security Documents.

"Senior Subordinated Note Documents" means the Senior Subordinated
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Notes, the indenture under which the Senior Subordinated Notes are issued and all other documents evidencing, guaranteeing or otherwise governing the terms of the Senior Subordinated Notes.

"Senior Subordinated Notes" means the 10% Senior Subordinated Notes
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due 2009 in an aggregate principal amount of $600,000,000 and 200,000,000 Euros issued by the Borrower in a Rule 144A offering (the "Initial Notes") and any
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senior subordinated notes with substantially identical terms to the Initial Notes which are issued in exchange for the Initial Notes following the issuance of the Initial Notes as contemplated by the Senior Subordinated Note Documents.

"Solvency Opinion" means the opinion, and documents upon which such
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opinion is based, that the Borrower is Solvent, prepared by Valuation Research, Inc. or such other firm as the Administrative Agent shall select.

"Solvent" means, when used with respect to (i) any Person (other than
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subject to clause (ii)), that (x) the fair saleable value of its assets is in excess of the total amount of its liabilities (including for purposes of this definition all liabilities, whether or not reflected on a balance sheet prepared in accordance with GAAP, and whether direct or indirect, fixed or contingent, disputed or undisputed), (y) it is able to pay its debts or obligations in the ordinary course as they mature and (z) it has capital sufficient to carry on its business and all business in which it is about to engage and (ii) for any Person other than a Domestic Subsidiary, such Person has the ability to pay its debts as and when they fall due and could not be deemed to be insolvent for the purposes of the law of such Person's jurisdiction of formation. For purposes of

Section 6.5(b) "debt" means any liability on a claim, and "claim" means (A) any
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right to payment, whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured (including all obligations, if any, under any Plan or the equivalent for unfunded past service liability,

and any other unfunded medical and death benefits) or (B) any right to an equitable remedy for breach of performance if such breach gives rise to a payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured. In computing the amount of contingent or unliquidated liabilities at any time, such liabilities will be computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Spanish Opco" means Huntsman ICI Espana, S.L., a company is organized under the laws of Spain.

"Spot Rate" means, for any currency at any date, the rate quoted by BT as the spot rate for the purchase by BT of such currency with another currency through its foreign exchange trading office or such other rate which the Administrative Agent may select based on reasonable commercial practices.

"S&P" means Standard & Poor's Ratings Service, a division of the McGraw-Hill Companies, Inc., or any successor to the rating agency business thereof.

"Standby Letters of Credit" means any of the irrevocable standby letters of credit issued for the account of the Borrower pursuant to this Agreement, in form acceptable to the Facing Bank, together with any increases or decreases in the Stated Amount thereof and any renewals, amendments and/or extensions thereof.

"Stated Amount" or "Stated Amounts" means, (i) with respect to any Letter of Credit issued in Dollars, the stated or face amount of such Letter of Credit to the extent available at the time for drawing (subject to presentment of all requisite documents), and (ii) with respect to any Letter of Credit issued in any currency other than Dollars, the Assigned Dollar Value of the stated or face amount of such Letter of Credit to the extent available at the time for drawing (subject to presentment of all requisite documents), in either case, as the same may be increased or decreased from time to time in accordance with the terms of such Letter of Credit. For purposes of calculating the Stated Amount of any Letter of Credit at any time:

(A) any increase in the Stated Amount of any Letter of Credit by reason of any amendment to any Letter of Credit shall be deemed effective under this Agreement as of the date Facing Agent actually issues an amendment purporting to increase the Stated Amount of such Letter of Credit, whether or not Facing Agent receives the consent of the Letter of Credit beneficiary or beneficiaries to the amendment, except that if the Borrower has required that the increase in Stated Amount be given effect as of an earlier date and Facing Agent issues an amendment to that effect, then such increase in Stated Amount shall be deemed effective under this Agreement as of such earlier date requested by the Borrower; and

(B) any reduction in the Stated Amount of any Letter of Credit by reason of any amendment to any Letter of Credit shall be deemed effective under this Agreement as of the later of (x) the date Facing Agent actually issues an amendment purporting to reduce the Stated Amount of such Letter of Credit, whether or not the amendment provides that the reduction be given effect as of an earlier date, or (y) the date Facing Agent receives the written consent (including by authenticated telex, cable, SWIFT messages or facsimile transmission (with, in the case of a facsimile transmission, a follow-up original hard copy)) of the Letter

of Credit beneficiary or beneficiaries to such reduction, whether written consent must be dated on or after the date of the amendment issued by Facing Agent purporting to effect such reduction.

"Sterling" means the lawful currency of the United Kingdom.

"Subsidiary" of any Person means any corporation, partnership (limited
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or general), limited liability company, trust or other entity of which a majority of the stock (or equivalent ownership or controlling interest) having voting power to elect a majority of the board of directors (if a corporation) or to select the trustee or equivalent controlling interest, shall, at the time such reference becomes operative, be directly or indirectly owned or controlled by such Person or one or more of the other subsidiaries of such Person or any combination thereof. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower. Unless otherwise expressly provided, an Unrestricted Subsidiary shall not be considered a "Subsidiary" for purposes of this Agreement.

"Subsidiary Guaranty" means a guaranty executed by the Subsidiary
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Guarantors, in form and substance satisfactory to the Administrative Agent, as the same may be amended, supplemented or otherwise modified from time to time.

"Subsidiary Guarantor" means each Domestic Subsidiary of the Borrower
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(other than the Thai Holding Companies), TG, TAI and any Subsidiary of the Borrower that becomes a party to the Subsidiary Guaranty or delivers a guaranty pursuant to Section 7.12 or 7.15.
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"Supply Arrangement" means the contractual arrangements evidenced by
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(i) the Supply Arrangement Agreements entered into between the Borrower or its Affiliates and ICI or its Affiliates pursuant to which the Borrower is provided the economic equivalent of ownership of the olefin plant and a butadiene plant at Wilton Works jointly owned by BPCL and ICI and (ii) the BP Agreement.

"Supply Arrangement Agreements" means, collectively, (i) the Co-
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Operation Agreement to be entered into between the Borrower and ICI, (ii) the Utilities Agreement to be entered into between the Borrower or an Affiliate of the Borrower and ICI or an Affiliate of ICI, (iii) the Product Supply Agreement to be entered into between the Borrower or an Affiliate of the Borrower and ICI or an Affiliate of ICI, (iv) the Ethylene and Co-Products Supply Agreement to be entered into between the Borrower or an Affiliate of the Borrower and ICI or an Affiliate of ICI and (v) the Feedstock Supply Agreement to be entered into between the Borrower or an Affiliate of the Borrower and ICI or an Affiliate of ICI, in each case substantially in accordance with the principles agreed in respect thereof in the Contribution Agreement.

"Swing Line Commitment" means, with respect to the Swing Line Lender
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at any date, the obligation of the Swing Line Lender to make Swing Line Loans pursuant to Section 2.1(e) in the amount referred to therein.

"Swing Line Lender" means BT in such capacity.

"Swing Line Loans" has the meaning assigned to that term in Section
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2.1(e).
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"Swing Line Loan Participation Certificate" means a certificate,
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substantially in the form of Exhibit 2.1(e).

"Swing Line Note" has the meaning assigned to that term in Section
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2.2(a).

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"TAI" means Tioxide Americas Inc., a direct Wholly-Owned Subsidiary of
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TG that is a Cayman Island corporation.

"Tax Distributions" has the meaning provided in Section 8.4.
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"Taxes" has the meaning assigned to that term in Section 4.7(a).
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"Term A Dollar Commitment" means, with respect to any Term A Lender,
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the principal amount set forth opposite such Lender's name on Schedule 1.1(a)
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hereto or in any Assignment and Assumption Agreement under the caption "Amount of Term A Dollar Commitment", as such commitment may be adjusted from time to time pursuant to this Agreement, and "Term A Dollar Commitments" means such
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commitments collectively, which commitments equal $240,000,000 the aggregate as of the date hereof.

"Term A Dollar Facility" means the credit facility under this
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Agreement evidenced by the Term A Dollar Commitments and the Term A Dollar Loans.

"Term A Dollar Lender" means any Lender which has a Term A Dollar
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Commitment or is owed a Term A Dollar Loan (or a portion thereof).

"Term A Dollar Loan" and "Term A Dollar Loans" have the meanings
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assigned to those terms in Section 2.1(a).

"Term A Dollar Note" and "Term A Dollar Notes" have the meanings
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assigned to those terms in Section 2.2(a).

"Term A Dollar Percentage" means, at any time, a fraction (expressed
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as a percentage) the numerator of which is equal to the aggregate principal amount of all Term A

Dollar Loans outstanding at such time and the denominator of which is equal to the aggregate principal amount of all Term Loans outstanding at such time.

"Term A Dollar Pro Rata Share" means, when used with reference to any
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Term A Dollar Lender and any described aggregate or total amount, an amount equal to the result obtained by multiplying such described aggregate or total amount by a fraction the numerator of which shall be such Term A Dollar Lender's then outstanding Term A Dollar Loan and the denominator of which shall be all then outstanding Term A Dollar Loans.

"Term A Euro Commitment" means, with respect to any Term A Lender, the
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principal amount set forth opposite such Lender's name on Schedule 1.1(a) hereto
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or in any Assignment and Assumption Agreement under the caption "Amount of Term A Euro Commitment", as such commitment may be adjusted from time to time pursuant to this Agreement, and "Term A Euro Commitments" means such commitments
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collectively, which commitments equal 289,351,851.85 Euros in the aggregate as of the date hereof.

"Term A Euro Facility" means the credit facility under this Agreement
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evidenced by the Term A Euro Commitments and the Term A Euro Loans.

"Term A Euro Lender" means any Lender which has a Term A Euro Commitment or is owed a Term A Euro Loan (or a portion thereof).

"Term A Euro Loan" and "Term A Euro Loans" have the meanings assigned to those terms in Section 2.1(a).

"Term A Euro Note" and "Term A Euro Notes" have the meanings assigned to those terms in Section 2.2(a).

"Term A Euro Percentage" means, at any time, a fraction (expressed as a percentage) the numerator of which is equal to the aggregate principal amount of all Term A Euro Loans outstanding at such time and the denominator of which is equal to the aggregate principal amount of all Term Loans outstanding at such time.

"Term A Euro Pro Rata Share" means, when used with reference to any Term A Euro Lender and any described aggregate or total amount, an amount equal to the result obtained by multiplying such described aggregate or total amount by a fraction the numerator of which shall be such Term A Euro Lender's then outstanding Term A Euro Loan and the denominator of which shall be all then outstanding Term A Euro Loans.

"Term A Loan Maturity Date" means June 30, 2005.

"Term A Loans" means the Term A Dollar Loans and the Term A Euro Loans.

"Term A Lenders" means the Term A Dollar Lenders and the Term A Euro Lenders.

"Term B Commitment" means, with respect to any Lender, the principal amount set forth opposite such Lender's name on Schedule 1.1(a) hereto or in any Assignment and Assumption Agreement under the caption "Amount of Term B Commitment", as such commitment may be adjusted from time to time pursuant to this Agreement, and "Term B Commitments" means such commitments collectively, which commitments equal $565,000,000 in the aggregate as of the date hereof.

"Term B Facility" means the credit facility under this Agreement evidenced by the Term B Commitments and the Term B Loans.

"Term B Lender" means any Lender which has a Term B Commitment or is owed a Term B Loan (or a portion thereof).

"Term B Loan" and "Term B Loans" have the meanings assigned to those terms in Section 2.1(b).

"Term B Loan Maturity Date" means June 30, 2007.

"Term B Note" and "Term B Notes" have the meanings assigned to those terms in Section 2.2(a).

"Term B Percentage" means, at any time, a fraction (expressed as a
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percentage) the numerator of which is equal to the aggregate principal amount of all Term B Loans outstanding at such time and the denominator of which is equal to the aggregate principal amount of all Term Loans outstanding at such time.

"Term B Pro Rata Share" means, when used with reference to any Term B

Lender and any described aggregate or total amount, an amount equal to the result obtained by multiplying such described aggregate or total amount by a fraction the numerator of which shall be such Term B Lender's then outstanding Term B Loan and the denominator of which shall be all then outstanding Term B Loans.

"Term C Commitment" means, with respect to any Lender, the principal
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amount set forth opposite such Lender's name on Schedule 1.1(a) hereto under the
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caption "Amount of Term C Commitment", as such commitment may be adjusted from time to time pursuant to this in

Agreement, and "Term C Commitments" means such commitments collectively, which
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commitments equal $565,000,000 in the aggregate as of the date hereof.

"Term C Facility" means the credit facility under this Agreement
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evidenced by the Term C Commitments and the Term C Loans.

"Term C Lender" means any Lender which has a Term C Commitment or is
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owed a Term C Loan (or a portion thereof).

"Term C Loan" and "Term C Loans" have the meanings assigned to those
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terms in Section 2.1(c).

"Term C Loan Maturity Date" means June 30, 2008.

"Term C Note" and "Term C Notes" have the meanings assigned to those
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terms in Section 2.2(a).

"Term C Percentage" means, at any time, a fraction (expressed as a
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percentage) the numerator of which is equal to the aggregate principal amount of all Term C Loans outstanding at such time and the denominator of which is equal to the aggregate principal amount of all Term Loans outstanding at such time.

"Term C Pro Rata Share" means, when used with reference to any Term C

Lender and any described aggregate or total amount, an amount equal to the result obtained by multiplying such described aggregate or total amount by a fraction the numerator of which shall be such Term C Lender's then outstanding Term C Loan and the denominator of which shall be all then outstanding Term C Loans.

"Term Loans" means the Term A Loans, Term B Loans and the Term C

Loans, collectively.

"Test Period" means, at any time the four Fiscal Quarters of the
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Borrower then last ended; provided, that for the purpose of Section 9.3 Test
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Period means (i) for any determination made on December 31, 1999, the period

from the Initial Borrowing Date to December 31, 1999, (ii) for any determination made on March 31, 2000, the period from the Initial Borrowing Date to March 31, 2000 and (iii) for any determination made thereafter, the four Fiscal Quarters of the Borrower last ended for which financial statements described in Section 7.01(a) and (b) are, or should have been, available.

"TG" means Tioxide Group, a direct Subsidiary of the Borrower that is a private unlimited company incorporated under the laws of England and Wales.

"Thai Holding Companies" means the Domestic Subsidiaries of the Borrower whose sole asset is an ownership interest in Huntsman ICI (Thailand) Ltd., a corporation organized under the laws of Thailand, and identified as such on Schedule 6.13.

"Tioxide UK" means Tioxide Europe Ltd., a direct Wholly-Owned Subsidiary of UK Holdco 1 that is a private limited company incorporated under the laws of England and Wales.

"Total Available Domestic Revolving Commitment" means, at the time of any determination thereof is made, the sum of the respective Available Domestic Revolving Commitments of the Lenders at such time.

"Total Available Multicurrency Revolving Commitment" means, at the time of any determination thereof is made, the sum of the respective Available Multicurrency Revolving Commitments of the Lenders at such time.

"Total Commitment" means, at the time any determination thereof is made, the sum of the Term A Commitments, Term B Commitments, Term C Commitments, the Domestic Revolving Commitments and the Multicurrency Revolving Commitments at such time.

"Total Consolidated Indebtedness" means the total of all Indebtedness of the Borrower and its Subsidiaries.

"Total Domestic Revolving Commitment" means, at any time, the sum of the Domestic Revolving Commitments of each of the Lenders at such time.

"Total Multicurrency Revolving Commitment" means, at any time, the sum of the Multicurrency Revolving Commitments of each of the Lenders at such time.

"Transaction" means and includes (i) each of the Credit Events occurring on the Initial Borrowing Date, (ii) the consummation of the Contribution Agreement, (iii) the consummation of the BPCL Sales Agreement and/or the Supply Arrangement, (iv) the issuance of the Senior Subordinated Notes, (v) the issuance of the Holding Zero Coupon Notes, (vi) the cash equity contribution to Holdings by BT Capital Investors, L.P., Chase Equity Associates, L.P. and Goldman Sachs Group, Inc., pursuant to the Investment Agreement, (vii) such other transactions as are contemplated by and in accordance with the Documents and (viii) the payment of fees and expenses in connection with the foregoing.

"Transaction Documents" means, collectively, the Contribution Documents, the BPCL Documents, and/or the Supply Arrangement Agreements, the Loan Documents, the Senior Subordinated Note Documents the Holdings Zero Coupon Notes, the Investment Agreement, the Foreign Intercompany Loan Documents, and including any agreement, document, instrument and

certificate executed and/or delivered on or after the date hereof pursuant to the terms of, or in connection with, any of the foregoing.

"Transferee" has the meaning assigned to that term in Section 12.8(d).

"Type" means any type of Loan, namely, a Base Rate Loan or a Eurocurrency Loan.

"UCC" means the Uniform Commercial Code as in effect from time to time in the relevant jurisdiction.

"UK GAAP" means generally accepted accounting principles in the UK as in effect from time to time.

"UK Holdco Note" means that certain unsecured promissory note issued by UK Holdco 1 in favor of Huntsman ICI Finco in the form attached hereto as Exhibit 1.1(a) pursuant to which on the Initial Borrowing Date, Huntsman ICI Finco will loan not less than $950,000,000 (or $1,065,000,000 in the event that the BPCL Transaction is consummated) to UK Holdco 1.

"UK Holdco 1" means Huntsman ICI (Holdings) UK, a direct Wholly-Owned Subsidiary of TG that is a private unlimited company incorporated under the laws of England and Wales.

"UK Holdco 2" means Huntsman ICI (UK) Limited, a direct Wholly-owned Subsidiary of UK Holdco 1 that is a private limited company incorporated under the laws of England and Wales.

"UK PU" means Huntsman ICI Polyurethanes (UK) Limited, a direct Wholly-Owned Subsidiary of UK Holdco 1 that is a private limited company incorporated under the laws of England and Wales.

"UK Petrochem" means Huntsman ICI Petrochemicals (UK) Limited, a direct Wholly-Owned Subsidiary of UK Holdco 1 that is a private limited company incorporated under the laws of England and Wales.

"Unmatured Event of Default" means an event, act or occurrence which with the giving of notice or the lapse of time (or both) would become an Event of Default.

"Unpaid Drawing" has the meaning set forth in Section 2.9(d).

"Unrestricted Subsidiary" means (i) any Subsidiary of the Borrower that at or prior to the time of formation or acquisition thereof shall be designated an Unrestricted Subsidiary in an officers' certificate signed by two Responsible Financial Officers of the Borrower and (ii) any Subsidiary of an Unrestricted Subsidiary created at or after the designation of its parent company as an Unrestricted Subsidiary pursuant to clause (i) above; provided, however, that no Receivables Subsidiary may be an Unrestricted Subsidiary.

"Unrestricted Subsidiary Investment Basket" means, as of any date of

determination, an amount equal to the sum of (i) $75 million plus (ii) the aggregate amount of Excess Cash Flow for each Fiscal Year ending on or after December 31, 2000 not required to be applied to prepay Term Loans pursuant to Section 4.4(f) plus (iii) after-tax amount of any cash returns of principal or capital on Investments made pursuant to Section 8.7(l), cash dividends thereon and other cash returns on investment thereon, as the case may be.

"Voting Securities" means any class of Capital Stock of a Person pursuant to which the holders thereof have, at the time of determination, the general voting power under ordinary circumstances to vote for the election of directors, managers, trustees or general partners of such Person (irrespective of whether or not at the time any other class or classes will have or might have voting power by reason of the happening of any contingency).

"Waivable Prepayment" has the meaning assigned to that term in Section 4.5(c).

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing (i) the then outstanding principal amount of such Indebtedness into (ii) the total of the product obtained by multiplying (x) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof by (y) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment.

"Whitewash Companies" shall mean, collectively, each of TG, UK Holdco 1, UK Holdco 2, UK PU, UK Petrochem and Tioxide UK.

"Wholly-Owned Subsidiary" means, with respect to any Person, any Subsidiary of such Person, all of the outstanding shares of capital stock of which (other than qualifying shares required to be owned by directors, or similar de minimis issuances of capital stock to comply with Requirements of Law) are at the time owned directly or indirectly by such Person and/or one or more Wholly-Owned Subsidiaries of such Person; provided, that each of UK Holdco 1, TG and Tioxide Southern Africa (Proprietary) Ltd. shall be deemed to be a Wholly-Owned Subsidiary.

"written" or "in writing" means any form of written communication or a communication by means of telecopier device or authenticated telex, telegraph or cable.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms. The words "herein," "hereof" and words of similar import as used in this Agreement shall refer to this Agreement as a whole and not to any particular provision in this Agreement. References to "Articles", "Sections", "paragraphs", "Exhibits" and "Schedules" in this Agreement shall refer to Articles, Sections, paragraphs, Exhibits and Schedules of this Agreement unless otherwise expressly provided; references to Persons include their respective permitted successors and assigns or, in the case of governmental Persons, Persons succeeding to the relevant functions of such persons; and all references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations.

1.2 Accounting Terms; Financial Statements

All accounting terms used herein but not expressly defined in this Agreement shall have respective meanings given to them in accordance with GAAP in effect on the date hereof in the United States of America. Except as otherwise expressly provided herein (including without limitation, any modification to the terms hereof pursuant to Section 8.12), all computations and determinations for
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purposes of determining compliance with the financial requirements of this Agreement shall be made in accordance with GAAP in effect in the United States of America on the date hereof and on a basis consistent with the presentation of the financial statements and projections delivered pursuant to, or otherwise referred to in, Sections 6.5(a) and 6.5(e). Notwithstanding the foregoing
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sentence, the financial statements required to be delivered pursuant to Section
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7.1 shall be prepared in accordance with GAAP in the United States of America as
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in effect on the respective dates of their preparation. Unless otherwise provided for herein (including, without limitation, the definition of Wholly-Owned Subsidiary), wherever any computation is to be made with respect to any Person and its Subsidiaries, such computation shall be made so as to exclude all items of income, assets and liabilities attributable to any Person which is not a Subsidiary of such Person. For purposes of the financial terms set forth herein, whenever a reference is made to a determination which is required to be made on a consolidated basis (whether in accordance with GAAP or otherwise) for the Borrower and its Subsidiaries, such determination shall be made as if each Unrestricted Subsidiary were wholly-owned by a Person not an Affiliate of the Borrower.

ARTICLE II

AMOUNT AND TERMS OF CREDIT

2.1 The Commitments

(a) Term A Loans

(i) Term A Dollar Loans. Each Term A Dollar Lender, severally
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and for itself alone, hereby agrees, on the terms and subject to the conditions hereinafter set forth and in reliance upon the representations and warranties set forth herein and in the other Loan Documents, to make a loan (each such loan, a "Term A Dollar Loan" and collectively, the "Term A Dollar Loans") to the
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Borrower on the Initial Borrowing Date in an aggregate principal amount equal to the Term A Dollar Commitment of such Term A Dollar Lender. The Term A Dollar Loans (1) shall be incurred by the Borrower pursuant to a single drawing, which shall be on the Initial Borrowing Date, (2) shall be denominated in Dollars, (3) shall be made as Base Rate Loans and, except as hereinafter provided, may, at the option of the Borrower, be maintained as and/or converted into Base Rate Loans or Eurocurrency Loans, provided, that all Term A Dollar Loans made by the
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Term A Dollar Lenders pursuant to the same Borrowing shall, unless otherwise specifically provided herein, consist entirely of Term A Dollar Loans of the same Type and (4) shall not exceed for any Lender at the time of incurrence thereof on the Initial Borrowing Date the Term A Dollar Commitment, if any, of such Lender at such time. Each Term A Dollar Lender's Term A Dollar Commitment shall expire immediately and without further action on the Initial Borrowing Date if the Term A Dollar Loans are not made on the Initial Borrowing Date. No amount of a Term A Dollar Loan which is repaid or prepaid by the Borrower may be reborrowed hereunder.

(ii) Term A Euro Loans. Each Term A Euro Lender, severally and
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for itself alone, hereby agrees, on the terms and subject to the conditions hereinafter set forth and in reliance upon the representations and warranties set forth herein and in the other Loan Documents, to make a loan (each such loan, a "Term A Euro Loan" and collectively, the "Term A Euro Loans") to the

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Borrower on the Initial Borrowing Date in an aggregate principal amount equal to the Term A Euro Commitment of such Term A Euro Lender. The Term A Euro Loans (1) shall be incurred by the Borrower pursuant to a single drawing, which shall be on the Initial Borrowing Date, (2) shall be denominated in Euro , (3) shall be made as Eurocurrency Loans, provided, that all Term A Euro Loans made by the
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Term A Euro Lenders pursuant to the same Borrowing shall, unless otherwise specifically provided herein, consist entirely of Term A Euro Loans of the same Type and (4) shall not exceed for any Lender at the time of incurrence thereof on the Initial Borrowing Date the Term A Euro Commitment, if any, of such Lender at such time. Each Term A Euro Lender's Term A Euro Commitment shall expire immediately and without further action on the Initial Borrowing Date if the Term A Euro Loans are not made on

the Initial Borrowing Date. No amount of a Term A Euro Loan which is repaid or prepaid by the Borrower may be reborrowed hereunder.

(b) Term B Loans. Each Term B Lender, severally and for itself alone,
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hereby agrees, on the terms and subject to the conditions hereinafter set forth and in reliance upon the representations and warranties set forth herein and in the other Loan Documents, to make a loan (each such loan, a "Term B Loan" and
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collectively, the "Term B Loans") to the Borrower on the Initial Borrowing Date
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in an aggregate principal amount equal to the Term B Commitment of such Term B Lender. The Term B Loans (i) shall be incurred by the Borrower pursuant to a single drawing, which shall be on the Initial Borrowing Date, (ii) shall be denominated in Dollars, (iii) shall be made as Base Rate Loans and, except as hereinafter provided, may, at the option of the Borrower, be maintained as and/or converted into Base Rate Loans or Eurocurrency Loans, provided, that all
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Term B Loans made by the Term B Lenders pursuant to the same Borrowing shall, unless otherwise specifically provided herein, consist entirely of Term B Loans of the same Type and (iv) shall not exceed for any Lender at the time of incurrence thereof on the Initial Borrowing Date the Term B Commitment, if any, of such Lender at such time. Each Term B Lender's Term B Commitment shall expire immediately and without further action on the Initial Borrowing Date if the Term B Loans are not made on the Initial Borrowing Date. No amount of a Term B Loan which is repaid or prepaid by the Borrower may be reborrowed hereunder.

(c) Term C Loans. Each Term C Lender, severally and for itself alone,
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hereby agrees, on the terms and subject to the conditions hereinafter set forth and in reliance upon the representations and warranties set forth herein and in the other Loan Documents, to make a loan (each such loan, a "Term C Loan" and
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collectively, the "Term C Loans") to the Borrower on the Initial Borrowing Date
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in an aggregate principal amount equal to the Term C Commitment of such Term C Lender. The Term C Loans (i) shall be incurred by the Borrower pursuant to a single drawing, which shall be on the Initial Borrowing Date, (ii) shall be denominated in Dollars, (iii) shall be made as Base Rate Loans and, except as hereinafter provided, may, at the option of the Borrower, be maintained as and/or converted into Base Rate Loans or Eurocurrency Loans, provided, that all
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Term C Loans made by the Term C Lenders pursuant to the same Borrowing shall, unless otherwise specifically provided herein, consist entirely of Term C Loans of the same Type and (iv) shall not exceed for any Lender at the time of incurrence thereof on the Initial Borrowing Date the Term C Commitment, if any, of such Lender at such time. Each Term C Lender's Term C Commitment shall expire immediately and without further action on the Initial Borrowing Date if the Term C Loans are not made on the Initial Borrowing Date. No amount of a Term C Loan which is repaid or prepaid by the Borrower may be reborrowed hereunder.

(d) Domestic Revolving Loans; Multicurrency Revolving Loans. (i)

Domestic Revolving Loans. Each Domestic Revolving Lender, severally and for

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itself alone, hereby

agrees, on the terms and subject to the conditions hereinafter set forth and in reliance upon the representations and warranties set forth herein and in the other Loan Documents, to make loans to the Borrower denominated in Dollars on a revolving basis from time to time during the Commitment Period, in an amount not to exceed its Domestic Revolver Pro Rata Share of the Total Available Domestic Revolving Commitment (each such loan by any Lender, a "Domestic Revolving Loan" and collectively, the "Domestic Revolving Loans"). All Domestic Revolving Loans comprising the same Borrowing hereunder shall be made by the Domestic Revolving Lenders simultaneously and in proportion to their respective Domestic Revolving Commitments. Prior to the Revolver Termination Date, Domestic Revolving Loans may be repaid and reborrowed by the Borrower in accordance with the provisions hereof and, except as otherwise specifically provided in Section 3.6, all Domestic Revolving Loans comprising the same Borrowing shall at all times be of the same Type.

(ii) Multicurrency Revolving Loans. Each Multicurrency Revolving Lender, severally and for itself alone, hereby agrees, on the terms and subject to the conditions hereinafter set forth and in reliance upon the representations and warranties set forth herein and in the other Loan Documents, to make loans to the Borrower denominated in Dollars, Sterling or Euros on a revolving basis from time to time during the Commitment Period, in an amount not to exceed its Multicurrency Revolver Pro Rata Share of the Total Available Multicurrency Revolving Commitment (each such loan by any Multicurrency Lender, a "Multicurrency Revolving Loan" and collectively, the "Multicurrency Revolving Loans"). All Multicurrency Revolving Loans comprising the same Borrowing hereunder shall be made by the Multicurrency Revolving Lenders simultaneously and in proportion to their respective Multicurrency Revolving Commitments. Prior to the Multicurrency Revolver Termination Date, Multicurrency Revolving Loans may be repaid and reborrowed by the Borrower in accordance with the provisions hereof and, except as otherwise specifically provided in Section 3.6, all Multicurrency Revolving Loans comprising the same Borrowing shall at all times be of the same Type.

(e) Swing Line Loans

(i) Swing Line Commitment. Subject to the terms and conditions hereof, the Swing Line Lender in its individual capacity agrees to make swing line loans in Dollars, Euros or Sterling (or, at the option of the Swing Line Lender, any other Alternative Currency) ("Swing Line Loans") to the Borrower on any Business Day from time to time during the Commitment Period in an aggregate principal amount at any one time outstanding not to exceed the Dollar Equivalent of $25,000,000; provided, however, that in no event may the amount of any Borrowing of Swing Line Loans (A) exceed the Total Available Domestic Revolving Commitment immediately prior to such Borrowing (after giving effect to the use of proceeds thereof) or (B) cause the outstanding Domestic Revolving Loans of any Lender, when added to such Lender's Domestic Revolver Pro Rata Share of the then outstanding Swing Line Loans and Domestic Revolver Pro Rata Share of the aggregate LC Obligations (exclusive of

Unpaid Drawings relating to LC Obligations which are repaid with the proceeds of, and simultaneously with the incurrence of, Domestic Revolving Loans or Swing Line Loans) to exceed such Lender's Domestic Revolving Commitment. Amounts borrowed by the Borrower under this Section 2.1(e)(i) may be repaid and, to but

excluding the Revolver Termination Date, reborrowed. Swing Line Loans (x) made in Dollars shall be maintained as Base Rate Loans and (y) made in an Alternative Currency shall be maintained at the applicable Quoted Rate, and, notwithstanding Section 2.6, in each case shall not be entitled to be converted into any other Type of Loan.

(ii) Refunding of Swing Line Loans. The Swing Line Lender, at any time in its sole and absolute discretion, may on behalf of the Borrower (which hereby irrevocably directs the Swing Line Lender to so act on its behalf) notify each Domestic Revolving Lender (including the Swing Line Lender) to make a Domestic Revolving Loan in an amount equal to such Lender's Domestic Revolver Pro Rata Share of the Dollar Equivalent of the principal amount of the Swing Line Loans (the "Refunded Swing Line Loans") outstanding on the date such notice is given, provided, however, that such notice shall be deemed to have automatically been given upon the occurrence of an Event of Default under Sections 10.1(e) or 10.1(f) or upon the occurrence of a Change of Control. Unless any of the events described in Sections 10.1(e) or 10.1(f) shall have occurred (in which event the procedures of Section 2.1(e)(iii) shall apply) and regardless of whether the conditions precedent set forth in this Agreement to the making of a Domestic Revolving Loan are then satisfied, each Lender shall make the proceeds of its Domestic Revolving Loan available to the Swing Line Lender at the Payment Office prior to 11:00 a.m., New York City time, in funds immediately available on the Business Day next succeeding the date such notice is given. The proceeds of such Domestic Revolving Loans shall be immediately applied to repay the Refunded Swing Line Loans.

(iii) Participation in Swing Line Loans. If, prior to refunding a Swing Line Loan with a Domestic Revolving Loan pursuant to Section 2.1(e)(ii), one of the events described in Sections 10.1(e) or 10.1(f) shall have occurred, or if for any other reason a Domestic Revolving Loan cannot be made pursuant to Section 2.1(e)(ii), then, subject to the provisions of Section 2.1(e)(iv) below, each Lender will, on the date such Domestic Revolving Loan was to have been made, purchase (without recourse or warranty) from the Swing Line Lender an undivided participation interest in the Swing Line Loan in an amount equal to its Domestic Revolver Pro Rata Share of the Dollar Equivalent of such Swing Line Loan. Upon request, each Lender will immediately transfer to the Swing Line Lender, in immediately available funds, the amount of its participation and upon receipt thereof the Swing Line Lender will deliver to such Lender a Swing Line Loan Participation Certificate dated the date of receipt of such funds and in such amount.

(iv) Lenders' Obligations Unconditional. Each Lender's obligation to make Domestic Revolving Loans in accordance with Section 2.1(e)(ii) and to purchase

participating interests in accordance with Section 2.1(e)(iii) above shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (A) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the Swing Line Lender, the Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of any Event of Default or Unmatured Event of Default; (C) any adverse change in the condition (financial or otherwise) of the Borrower or any other Person; (D) any breach of this Agreement by the Borrower or any other Person; (E) any inability of the Borrower to satisfy the conditions precedent to

borrowing set forth in this Agreement on the date upon which such participating interest is to be purchased or (F) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing. If any Lender does not make available to the Swing Line Lender the amount required pursuant to Section 2.1(e)(ii) or (iii) above, as the case may be, the Swing Line Lender shall be entitled to recover such amount on demand from such Lender, together with interest thereon for each day from the date of non-payment until such amount is paid in full at the Federal Funds Rate for the first two Business Days and at the Base Rate thereafter. Notwithstanding the foregoing provisions of this Section 2.1(e)(iv), no Lender shall be required to make a Domestic Revolving Loan to the Borrower for the purpose of refunding a Swing Line Loan pursuant to Section 2.1(e)(ii) above or to purchase a participating interest in a Swing Line Loan pursuant to Section 2.1(e)(iii) if an Event of Default or Unmatured Event of Default has occurred and is continuing and, prior to the making by the Swing Line Lender of such Swing Line Loan, the Swing Line Lender has received written notice from such Lender specifying that such Event of Default or Unmatured Event of Default has occurred and is continuing, describing the nature thereof and stating that, as a result thereof, such Lender shall cease to make such Refunded Swing Line Loans and purchase such participating interests, as the case may be; provided, however, that the obligation of such Lender to make such Refunded Swing Line Loans and to purchase such participating interests shall be reinstated upon the earlier to occur of (y) the date upon which such Lender notifies the Swing Line Lender that its prior notice has been withdrawn and (z) the date upon which the Event of Default or Unmatured Event of Default specified in such notice no longer is continuing.

2.2 Notes

(a) Evidence of Indebtedness. The Borrower's obligation to pay the principal of and interest on all the Loans made to it by each Lender shall, if requested by a Lender, be evidenced, (1) if Term A Dollar Loans, by a promissory note (each, a "Term A Dollar Note" and, collectively, the "Term A Dollar Notes") duly executed and delivered by the Borrower substantially in the form of Exhibit 2.2(a)(1) hereto, with blanks appropriately completed in conformity herewith, (2) if Term A Euro Loans, by a promissory note (each, a "Term A Euro Note" and, collectively, the "Term A Euro Notes") duly executed and delivered by the Borrower substantially in the form of Exhibit 2.2(a)(2) hereto, with blanks appropriately completed in conformity herewith, (3) if Term B Loans, by a promissory note (each, a "Term B Note" and, collectively, the "Term B Notes") duly executed and delivered by the Borrower substantially in

the form of Exhibit 2.2(a)(3) hereto, with blanks appropriately completed in conformity herewith, (4) if Term C Loans, by a promissory note (each, a "Term C Note" and,collectively, the "Term C Notes") duly executed and delivered by the Borrower substantially in the form of Exhibit 2.2(a)(4) hereto, with blanks appropriately completed in conformity herewith, (5) if Domestic Revolving Loans, by a promissory note (each, a "Revolving Note" and, collectively, the "Revolving Notes") duly executed and delivered by the Borrower substantially in the form of Exhibit 2.2(a)(5) hereto, with blanks appropriately completed in conformity herewith (6) if Multicurrency Revolving Loans, by a promissory note (each, a

"Multicurrency Revolving Note" and, collectively, the "Multicurrency Revolving Notes") duly executed and delivered by the Borrower substantially in the form of Exhibit 2.2(a)(6) hereto, with blanks appropriately completed in conformity herewith and (7) if Swing Line Loans, by a promissory note (each, a "Swing Line Note" and, collectively, the "Swing Line Notes") duly executed and delivered by the Borrower substantially in the form of Exhibit 2.2(a)(7) hereto, with blanks appropriately completed in conformity herewith.

(b) Notation of Payments. Each Lender will note on its internal records the amount of each Loan made by it, and each payment in respect thereof and will, prior to any transfer of any of its Notes, endorse on the reverse side thereof the outstanding principal amount of Loans evidenced thereby. Failure to make any such notation, or any error in any such notation, shall not affect the Borrower's or any guarantor's obligations hereunder or under the other applicable Loan Documents in respect of such Loans.

2.3 Minimum Amount of Each Borrowing; Maximum Number of Borrowings

The aggregate principal amount of each Borrowing (other than with respect to Swing Line Loans) by the Borrower hereunder shall be not less than the Minimum Borrowing Amount and, if greater, shall be in integral multiples of (i) in the case of a Borrowing in Dollars, $1,000,000, (ii) in the case of a Borrowing in Sterling, (Pounds)750,000, or (iii) in the case of a Borrowing in Euros, 1,000,000 Euros, above such minimum (or, if less, the then Total Available Domestic Revolving Commitment or the Total Available Multicurrency Revolving Commitment, as the case may be). More than one Borrowing may be incurred on any date; provided that at no time shall there be outstanding more than six Borrowings of Eurocurrency Loans for any Facility.

2.4 Borrowing Options

The Term Loans, the Domestic Revolving Loans and the Multicurrency Revolving Loans shall, at the option of the Borrower except as otherwise provided in this Agreement, be (i) Base Rate Loans, (ii) Eurocurrency Loans, or (iii) part Base Rate Loans and part Eurocurrency Loans; provided, that Term A Euro Loans and non-Dollar denominated Multicurrency Revolving Loans may only be made as Eurocurrency Loans. As to any Eurocurrency Loan, any Lender may, if it so elects, fulfill its commitment by causing a foreign branch or affiliate to make or continue such

Loan, provided that in such event that Lender's Loan shall, for the purposes of this Agreement, be considered to have been made by that Lender and the obligation of the Borrower to repay that Lender's Loan shall nevertheless be to that Lender and shall be deemed held by that Lender, for the account of such branch or affiliate.

2.5 Notice of Borrowing

Whenever the Borrower desires to make a Borrowing of any Loan hereunder, it shall give the Administrative Agent at its office located at One Bankers Trust Plaza, 130 Liberty Street, New York, New York 10006 (or such other address as the Administrative Agent may hereafter designate in writing to the parties hereto) (the "Notice Address") at least one Business Day's prior written notice (or telephonic notice promptly confirmed in writing), given not later than 12:00 p.m. (New York City time) of each Base Rate Loan, and at least three Business Days' prior written notice (or telephonic notice promptly confirmed in writing), given not later than 12:00 p.m. (New York City time), of each Dollar denominated Eurocurrency Loan to be made hereunder and at least four Business Days prior

written notice (or telephone notice promptly confirmed in writing) given not later than 12:00 p.m. (New York time), of each Loan denominated in an Alternative Currency; provided, however, that a Notice of Borrowing with respect
to Borrowings to be made on the date hereof may, at the discretion of the Administrative Agent, be delivered later than the time specified above. Whenever the Borrower desires that Swing Line Lender make a Swing Line Loan under Section 2.1(e), it shall deliver to Swing Line Lender prior to 12:00 p.m. (New York City time) on the date of Borrowing written notice (or telephonic notice promptly confirmed in writing). Each such notice (each a "Notice of Borrowing"), which shall be in the form of Exhibit 2.5 hereto, shall be irrevocable, shall be deemed a representation by the Borrower that all conditions precedent to such Borrowing have been satisfied and shall specify (i) the aggregate principal amount of the Loans to be made pursuant to such Borrowing, (ii) the date of Borrowing (which shall be a Business Day), (iii) whether the Loans being made pursuant to such Borrowing are to be Base Rate Loans or Eurocurrency Loans and, with respect to Eurocurrency Loans, the Interest Period to be applicable thereto and (iv) with respect to a Borrowing of Domestic Revolving Loans, the amount of the Overdraft Reserve at such time. The Administrative Agent shall as promptly as practicable give each Lender written or telephonic notice (promptly confirmed in writing) of each proposed Borrowing, of such Lender's Domestic Revolver Pro Rata Share thereof or Multicurrency Revolver Pro Rata Share, as the case may be, thereof and of the other matters covered by the Notice of Borrowing. Without in any way limiting the Borrower's obligation to confirm in writing any telephonic notice, the Administrative Agent or the Swing Line Lender (in the case of Swing Line Loans) or the respective Facing Agent (in the case of Letters of Credit) may act without liability upon the basis of telephonic notice believed by the Administrative Agent in good faith to be from a Responsible Officer of the Borrower prior to receipt of written confirmation. The Administrative Agent's records shall, absent manifest error, be final,

conclusive and binding on the Borrower with respect to evidence of the terms of such telephonic Notice of Borrowing.

2.6 Conversion or Continuation

With respect to Dollar denominated Loans, the Borrower may elect (i) on any Business Day at any time after the seventh Business Day following the Initial Borrowing Date to convert Base Rate Loans or any portion thereof to Eurocurrency Loans and (ii) at the end of any Interest Period with respect thereto, to convert Eurocurrency Loans or any portion thereof into Base Rate Loans or to continue such Eurocurrency Loans or any portion thereof for an additional Interest Period; provided, however, that the aggregate principal amount of the
Eurocurrency Loans for each Interest Period therefor must be in an aggregate principal amount equal to the Minimum Borrowing Amount for Eurocurrency Loans or an integral multiple of (i) in the case of a Borrowing in Dollars, $1,000,000, (ii) in the case of a Borrowing in Sterling, (Pounds)750,000, or (iii) in the case of a Borrowing in Euros, 1,000,000 Euros, in each case in excess thereof. With respect to Euro or Sterling denominated Loans, the Borrower may elect to continue such Eurocurrency Loans or any portion thereof for an additional Interest Period. Each conversion or continuation of Term A Dollar Loans shall be allocated among the Term A Dollar Loans of the Term A Dollar Lenders in accordance with their respective Term A Dollar Pro Rata Shares. Each conversion or continuation of Term B Loans shall be allocated among the Term B Loans of the Term B Lenders in accordance with their respective Term B Pro Rata Shares. Each conversion or continuation of Term C Loans shall be allocated among the Term C Loans of the Term C Lenders in accordance with their respective Term C Pro Rata Shares. Each conversion or continuation of Domestic Revolving Loans shall be allocated among the Domestic Revolving Loans of the Lenders in accordance with their respective Domestic Revolver Pro Rata Shares. Each conversion or continuation of Multicurrency Revolving Loans shall be allocated among the Multicurrency Revolving Loans of the Lenders in accordance with their respective Multicurrency Revolver Pro Rata Shares. Each such election shall be in substantially the form of Exhibit 2.6 hereto (a "Notice of Conversion or

Continuation") and shall be made by giving the Administrative Agent at least
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three Business Days' (or one Business Day in the case of a conversion into Base Rate Loans or four Business Days' in the case of continuation of a Term A Euro Loan or non-Dollar denominated Multicurrency Revolving Loan) prior written notice thereof to the Notice Address given not later than 12:00 p.m. (New York City time) specifying (i) the amount and type of conversion or continuation, (ii) in the case of a conversion to or a continuation of Eurocurrency Loans, the Interest Period therefor, and (iii) in the case of a conversion, the date of conversion (which date shall be a Business Day and, if a conversion from Eurocurrency Loans, shall also be the last day of the Interest Period therefor). Notwithstanding the foregoing, no conversion in whole or in part of Base Rate Loans to Eurocurrency Loans, and no continuation in whole or in part of Dollar denominated Eurocurrency Loans upon the expiration of any Interest Period therefor, shall be permitted at any time at which an Unmatured Event of Default or an Event of Default shall have occurred and be continuing. The Borrower

shall not be entitled to specify an Interest Period in excess of 30 days for any Term A Euro Loan or non-Dollar denominated Multicurrency Revolving Loan, as the case may be, if an Unmatured Event of Default or an Event of Default has occurred and is continuing. If, within the time period required under the terms of this Section 2.6, the Administrative Agent does not receive a Notice of
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Conversion or Continuation from the Borrower containing a permitted election to continue any Eurocurrency Loans for an additional Interest Period or to convert any such Loans, then, upon the expiration of the Interest Period therefor, such Loans will be automatically converted to Base Rate Loans or, in the case of Term A Euro Loans and non-Dollar denominated Multicurrency Revolving Loans, Eurocurrency Loans with an Interest Period of one month. Each Notice of Conversion or Continuation shall be irrevocable.

2.7 Disbursement of Funds

No later than 1:00 p.m. (local time at the place of funding) on the date specified in each Notice of Borrowing, each Lender will make available its Term A Dollar Pro Rata Share of Term A Dollar Loans, Term A Euro Pro Rata Share of Term A Euro Loans, Term B Pro Rata Share of Term B Loans, Term C Pro Rata Share of Term C Loans, Domestic Revolver Pro Rata Share of Domestic Revolving Loans and Multicurrency Revolver Pro Rata Share of Multicurrency Revolving Loans, as the case may be, of the Borrowing requested to be made on such date in Dollars, Euro or Sterling, as the case may be, and in immediately available funds, at the Payment Office (for the account of such non-U.S. office of the Administrative Agent as the Administrative Agent may direct in the case of Eurocurrency Loans) and the Administrative Agent will make available to the Borrower at its Payment Office the aggregate of the amounts so made available by the Lenders not later than 2:00 p.m. (local time in the place of payment). Unless the Administrative Agent shall have been notified by any Lender at least one Business Day prior to the date of Borrowing that such Lender does not intend to make available to the Administrative Agent such Lender's portion of the Borrowing to be made on such date, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such date of Borrowing and the Administrative Agent may, but shall not be required to, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Lender on the date of Borrowing, the Administrative Agent shall be entitled to recover such corresponding amount on demand from such Lender. If such Lender does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall promptly notify the Borrower and, if so notified, the Borrower shall immediately pay such corresponding amount to the Administrative Agent. The Administrative Agent shall also be entitled to recover from the Borrower interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to the Borrower to the date such corresponding amount is recovered by the Administrative Agent, at a rate per annum equal to the rate for Base Rate Loans or Eurocurrency Loans, as the case may be, applicable during the period in question, provided, however,
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that any

interest paid to the Administrative Agent in respect of such corresponding amount shall be credited against interest payable by the Borrower to such lender under Section 3.1 in respect of such corresponding amount. Any amount due
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hereunder to the Administrative Agent from any Lender which is not paid when due shall bear interest payable by such Lender, from the date due until the date paid, at the Federal Funds Rate for amounts in Dollars (and at the Administrative Agent's cost of funds for amounts in Euros or Sterling or any other Alternative Currency) for the first three days after the date such amount is due and thereafter at the Federal Funds Rate (or such cost of funds rate) plus 1%, together with the Administrative Agent's standard interbank processing fee. Further, such Lender shall be deemed to have assigned any and all payments made of principal and interest on its Loans, amounts due with respect to its Letters of Credit (or its participations therein) and any other amounts due to it hereunder first to the Administrative Agent to fund any outstanding Loans made available on behalf of such Lender by the Administrative Agent pursuant to this Section 2.7 until such Loans have been funded (as a result of such
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assignment or otherwise) and then to fund Loans of all Lenders other than such Lender until each Lender has outstanding Loans equal to its Term A Dollar Pro Rata Share of all Term A Dollar Loans, its Term A Euro Pro Rata Share of all Term A Euro Loans, its Term B Pro Rata Share of all Term B Loans, its Term C Pro Rata Share of all Term C Loans, its Domestic Revolver Pro Rata Share of all Domestic Revolving Loans and its Multicurrency Revolver Pro Rata Share of all Multicurrency Revolving Loans (as a result of such assignment or otherwise). Such Lender shall not have recourse against the Borrower with respect to any amounts paid to the Administrative Agent or any Lender with respect to the preceding sentence; provided, that such Lender shall have full recourse against the Borrower to the extent of the amount of such loans it has so been deemed to have made. Nothing herein shall be deemed to relieve any Lender from its obligation to fulfill its Commitment hereunder or to prejudice any rights which the Borrower may have against the Lender as a result of any default by such Lender hereunder.

2.8 [INTENTIONALLY DELETED.]

2.9 Pro Rata Borrowings

All Borrowings of Term A Dollar Loans, Term A Euro Loans, Term B Loans, Term C Loans, Domestic Revolving Loans and Multicurrency Revolving Loans under this Agreement shall be loaned by the Lenders pro rata on the basis of their Term A Dollar Commitments, Term A Euro Commitments, Term B Commitments, Term C Commitments, Domestic Revolving Commitments or Multicurrency Revolving Commitments, as the case may be. No Lender shall be responsible for any default by any other Lender in its obligation to make Loans hereunder and each Lender shall be obligated to make the Loans provided to be made by it hereunder, regardless of the failure of any other Lender to fulfill its Commitments hereunder.

2.10 Amount and Terms of Letters of Credit

(a) Letter of Credit Commitments, Terms of Letters of Credit.

(i) Subject to and upon the terms and conditions herein set forth, at any time and from time to time on or after the Initial Borrowing Date and to but not including a date which is thirty (30) days prior to the Revolver Termination Date, each Facing Agent agrees, severally not jointly, to issue each in its own name, but for the ratable account of all Domestic Revolving Lenders (including the applicable Facing Agent), one or more Domestic Letters of Credit, each having a Stated Amount in Dollars, for the account of the Borrower in a Stated Amount which together with the aggregate Stated Amount of other Domestic Letters of Credit then outstanding does not exceed Fifty Million Dollars ($50,000,000); provided, however, that a Facing Agent shall not issue or extend
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the expiration of any Domestic Letter of Credit if, immediately after giving effect to such issuance or extension, (A) the aggregate LC Obligations at such time would exceed One Hundred Million Dollars ($100,000,000), or (B) the sum of

the Domestic Revolving Loans, the Assigned Dollar Value of Swing Line Loans and the Domestic LC Obligations would exceed the Total Domestic Revolving Commitment. Each Domestic Revolving Lender, severally, but not jointly, agrees to participate in each such Domestic Letter of Credit issued by the applicable Facing Agent in an amount equal to its Domestic Revolver Pro Rata Share, and to make available to the applicable Facing Agent such Lender's Domestic Revolver Pro Rata Share of any payment made to the beneficiary of such Domestic Letter of Credit to the extent not reimbursed by the Borrower; provided, however, that no
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Domestic Revolving Lender shall be required to participate in any Domestic Letter of Credit to the extent that such participation therein would exceed such Domestic Revolving Lender's Available Domestic Revolving Commitment then in effect. No Domestic Revolving Lender's obligation to participate in any Domestic Letter of Credit or to make available to the applicable Facing Agent such Domestic Revolving Lender's Domestic Revolver Pro Rata Share of any Letter of Credit Payment made by the applicable Facing Agent shall be affected by any other Domestic Revolving Lender's failure to participate in the same or any other Domestic Revolving Letter of Credit or by any other Domestic Lender's failure to make available to the applicable Facing Agent such other Domestic Revolving Lender's Domestic Revolver Pro Rata Share of any Letter of Credit Payment.

(ii) Subject to and upon the terms and conditions herein set forth, at any time and from time to time on or after the Initial Borrowing Date and to but not including a date which is thirty (30) days prior to the Revolver Termination Date, each Facing Agent agrees, severally not jointly, to issue each in its own name, but for the ratable account of all Multicurrency Revolving Lenders (including the applicable Facing Agent), one or more Letters of Credit, denominated in Dollars or an Alternative Currency, for the account of the Borrower in a Stated Amount which together with the aggregate Stated Amount of all other Multicurrency Letters of Credit then outstanding does not exceed Fifty Million Dollars ($50,000,000); provided,
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however, that a Facing Agent shall notissue or extend the expiration of any
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Multicurrency Letter of Credit if, immediately after giving effect to such issuance or extension, (A) the aggregate LC Obligations at such time would exceed the Dollar Equivalent of One Hundred Million Dollars ($100,000,000) or (B) the sum of the Assigned Dollar Value of the Multicurrency Loans and the Multicurrency LC Obligations would exceed the Total Multicurrency Revolving Commitment. Each Multicurrency Revolving Lender severally, but not jointly, agrees to participate in each such Multicurrency Letter of Credit issued by the applicable Facing Agent in an amount equal to its Multicurrency Revolver Pro Rata Share and to make available to the applicable Facing Agent such Lender's Multicurrency Revolver Pro Rata Share of any payment made to the beneficiary of such Multicurrency Letter of Credit to the extent not reimbursed by the Borrower; provided, however, that no Multicurrency Revolving Lender shall be
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required to participate in any Multicurrency Letter of Credit to the extent that such participation therein would exceed such Multicurrency Revolving Lender's Available Multicurrency Revolving Commitment then in effect. No Lender's obligation to participate in any Multicurrency Letter of Credit or to make available to the applicable Facing Agent such Multicurrency Revolving Lender's Multicurrency Revolver Pro Rata Share of any Letter of Credit Payment made by the applicable Facing Agent shall be affected by any other Multicurrency Revolving Lender's failure to participate in the same or any other Multicurrency Letter of Credit or by any other Multicurrency Revolving Lender's failure to make available to the applicable Facing Agent such other Multicurrency Lender's Multicurrency Revolver Pro Rata Share of any Letter of Credit Payment.

(iii) Each Letter of Credit issued or to be issued hereunder shall be issued on a sight basis, and shall have an expiration date of one (1) year or less from the issuance date thereof; provided, however, that each Standby Letter
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of Credit may provide by its terms that it will be automatically extended for additional successive periods of up to one (1) year unless the applicable Facing Agent shall have given notice to the applicable beneficiary (with a copy to the Borrower) of the election by the applicable Facing Agent (such election to be in the sole and absolute discretion of the applicable Facing Agent) not to extend such Letter of Credit, such notice to be given prior to the then current

expiration date of such Letter of Credit; provided, further, that no Standby
Letter of Credit or extension thereof shall be stated to expire later than the Revolver Termination Date and no Commercial Letter of Credit or extension thereof shall be stated to expire later than the day thirty (30) days prior to the Revolver Termination Date.

(b) Procedure for Issuance and Amendment of Letters of Credit. Whenever the Borrower desires the issuance of a Letter of Credit hereunder, it shall give the Administrative Agent and the applicable Facing Agent at least three (3) Business Days' prior written notice (or such shorter period as may be agreed to by the Borrower, the Administrative Agent and the applicable Facing Agent) specifying the day of issuance thereof (which day shall be a Business Day), such notice to be given prior to 12:00 p.m. (London time, in the case of Multicurrency Letters of Credit, and New York time in the case of Domestic Supported Foreign LCs and Domestic Letters of Credit) on the date specified for the giving of such notice. Each such notice

(each, a "Letter of Credit Request") shall be in the form of Exhibit 2.10(b)-1 hereto and shall specify (A) the proposed issuance date and expiration date, (B) the name(s) of each obligor with respect to such Letter of Credit, (C) the Borrower as the account party, (D) the name and address of the beneficiary, (E) the Stated Amount of such proposed Letter of Credit, (F) the currency in which such proposed Letter of Credit is to be issued and whether such proposed Letter of Credit will be designated a Domestic Letter of Credit, a Domestic Supported Foreign LC or a Multicurrency Letter of Credit and (G) such other information as Facing Agent may reasonably request. In addition, each Letter of Credit Request shall contain a description of the terms and conditions to be included in such proposed Letter of Credit (all of which terms and conditions shall be acceptable in form to the applicable Facing Agent). Promptly after issuance or extension of any Letter of Credit, the applicable Facing Agent shall notify the Administrative Agent of such issuance or extension and such notice of a Standby Letter of Credit shall be accompanied by a copy of the Standby Letter of Credit. Unless otherwise specified, all Letters of Credit will be governed by the "Uniform Customs and Practice for Documentary Credits" or, in the case of a Multicurrency Letter of Credit that is a bank guarantee, the "Uniform Rules for Demand Guarantees" or applicable English law, in each case as in effect on the date of issuance of such Letter of Credit. On the Business Day specified by the Borrower and upon confirmation from the Administrative Agent that the applicable conditions set forth in Article V have been fulfilled or waived, the applicable Facing Agent will issue the requested Letter of Credit to the applicable beneficiary. From time to time while a Letter of Credit is outstanding and prior to the Revolver Termination Date, the applicable Facing Agent will, upon the written request of the Borrower received by the Facing Agent (with a copy sent by the Borrower to the Administrative Agent) at least three days (or such shorter time as the Facing Agent and the Administrative Agent may agree in a particular instance in their sole discretion) prior to the proposed date of amendment, amend any Letter of Credit issued by it. Each such request for amendment of a Letter of Credit shall be made by facsimile, confirmed immediately in an original writing, made in the form of Exhibit 2.10(b)-2 hereto (each a "Letter of Credit Amendment Request") and shall specify in form and detail satisfactory to the Facing Agent: (i) the Letter of Credit to be amended; (ii) the proposed date of amendment of the Letter of Credit (which shall be a Business Day); (iii) the nature of the proposed amendment; and (iv) such other matters as the Facing Agent may require. The Facing Agent shall be under no obligation to amend any Letter of Credit if: (A) the Facing Agent would have no obligation at such time to issue such Letter of Credit in its amended form under the terms of this Agreement, or (B) the beneficiary of any such Letter of Credit does not accept the proposed amendment to the Letter of Credit. The Facing Agent will provide a copy of any amendment to the Administrative Agent and the Administrative Agent will promptly notify the Lenders of the receipt by it of any amendment to a Letter of Credit. In the event that the Facing Agent is other than the Administrative Agent, such Facing Agent will send by facsimile transmission to the Administrative Agent, promptly on the first Business Day of each week its daily maximum Dollar Equivalent amount available to be drawn under the Commercial Letters of Credit issued by such Facing Agent for the previous

week. The Administrative Agent shall deliver to each Lender upon such calendar month end, and upon each commercial letter of credit

fee payment, a report setting forth the daily maximum Dollar Equivalent amount available to be drawn for all Facing Agents during such Period.

(c) Draws upon Letters of Credit; Reimbursement Obligation. In the event of any drawing under any Letter of Credit by the beneficiary thereof, the applicable Facing Agent shall give telephonic notice to the Borrower and the Administrative Agent (x) confirming such drawing and (y) of the date on or before which such Facing Agent intends to honor such drawing, and the Borrower shall reimburse the applicable Facing Agent on the day on which such drawing is honored in an amount in same day funds equal to the amount of such drawing;

provided, however, that, anything contained in this Agreement to the contrary notwithstanding, (i) unless the Borrower shall have notified the Administrative Agent and the applicable Facing Agent prior to 10:00 a.m. (New York City time) on the Business Day the applicable Facing Agent intends to honor such drawing that the Borrower intends to reimburse the applicable Facing Agent for the amount of such drawing with funds other than the proceeds of Domestic Revolving Loans (in the case of a Domestic LC Obligation) or Multicurrency Revolving Loans (in the case of a Multicurrency LC Obligation), the Borrower shall be deemed to have timely given a Notice of Borrowing to the Administrative Agent requesting each Domestic Revolving Lender or Multicurrency Revolving Lender, as the case may be, to make Domestic Revolving Loans or Multicurrency Revolving Loans, as the case may be, which are Base Rate Loans on the date on which such drawing is honored in an amount equal to the Dollar Equivalent of the amount of such drawing and the Administrative Agent shall, if such Notice of Borrowing is deemed given, promptly notify the Lenders thereof and (ii) unless any of the events described in Section 10.1(e) or 10.1(f) shall have occurred (in which event the procedures of Section 2.10(d) shall apply), each such Lender shall, on the date such drawing is honored, make Domestic Revolving Loans or Multicurrency Revolving Loans, as the case may be, which are Base Rate Loans in the amount of its Domestic Revolver Pro Rata Share or Multicurrency Revolving Loans in the amount of its Multicurrency Revolver Pro Rata Share, as the case may be, of the Dollar Equivalent of such drawing, the proceeds of which shall be applied directly by the Administrative Agent to reimburse the applicable Facing Agent for the amount of such drawing; and provided, further, that, if for any reason, proceeds of Domestic Revolving Loans or Multicurrency Revolving Loans, as the case may be, are not received by the applicable Facing Agent on such date in an amount equal to the amount of the Dollar Equivalent of such drawing, the Borrower shall reimburse the applicable Facing Agent, on the Business Day immediately following the date such drawing is honored, in an amount in same day funds equal to the excess of the amount of the Dollar Equivalent of such drawing over the Dollar Equivalent of the amount of such Domestic Revolving Loans, if any, which are so received, plus accrued interest on such amount at the rate set forth in Section 3.1(a).

(d) Lenders' Participation in Letters of Credit. In the event that the Borrower shall fail to reimburse the applicable Facing Agent as provided in Section 2.10(c) in an amount equal to the amount of any drawing honored by the applicable Facing Agent under a Letter of

Credit issued by it in accordance with the terms hereof, the applicable Facing Agent shall promptly notify the Administrative Agent and the Administrative Agent shall promptly notify each Domestic Revolving Lender (in the case of a Domestic LC Obligation) or each Multicurrency Revolving Lender (in the case of a Multicurrency LC Obligation), of the unreimbursed amount of such drawing and of such Lender's respective participation therein. Each such (x) Domestic Revolving Lender shall purchase a participation interest in such Domestic LC Obligation

and shall make available to the applicable Facing Agent an amount equal to its Domestic Revolver Pro Rata Share of the Dollar Equivalent of such drawing in same day funds, at the office of the applicable Facing Agent specified in such notice, and (y) Multicurrency Revolving Lender shall purchase a participation interest in such Multicurrency LC Obligation and shall make available to the applicable Facing Agent the Dollar Equivalent of an amount equal to its Multicurrency Revolver Pro Rata Share of such drawing in same day funds, at the office of the applicable Facing Agent specified in such notice, in each case not later than 1:00 p.m. (New York City time) on the Business Day after the date such Lender is notified by the Administrative Agent. In the event that any such Lender fails to make available to the applicable Facing Agent the amount of such Lender's participation in such Letter of Credit as provided in this Section 2.10(d), the applicable Facing Agent shall be entitled to recover such amount on demand from such Lender together with interest at the Federal Funds Rate for two Business Days and thereafter at the Base Rate. Nothing in this Section 2.10(d) shall be deemed to prejudice the right of any Lender to recover from the applicable Facing Agent any amounts made available by such Lender to the applicable Facing Agent pursuant to this Section 2.10(d) in the event that it is determined by a court of competent jurisdiction that the payment with respect to a Letter of Credit by the applicable Facing Agent in respect of which payment was made by such Lender constituted gross negligence or willful misconduct on the part of the applicable Facing Agent. The applicable Facing Agent shall distribute to each other Lender which has paid all amounts payable by it under this Section 2.10(d) with respect to any Letter of Credit issued by the applicable Facing Agent such other Domestic Revolving Lender's Domestic Revolver Pro Rata Share (in the case of a Domestic LC Obligation) or Multicurrency Revolving Lender's Multicurrency Revolver Pro Rata Share (in the case of a Multicurrency LC Obligation) of all payments received by the applicable Facing Agent from the Borrower in reimbursement of drawings honored by the applicable Facing Agent under such Letter of Credit when such payments are received. Each Lender's obligation to make Domestic Revolving Loans or Multicurrency Revolving Loans, as the case may be, pursuant to Section 2.10(c) or to purchase participations pursuant to this Section 2.10(d) as a result of a drawing under a Letter of Credit shall be absolute and unconditional and without recourse to the applicable Facing Agent and shall not be affected by any circumstance, including (i) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the Facing Agent, the Borrower or any other Person for any reason whatsoever; (ii) the occurrence or continuance of an Event of Default or a Material Adverse Effect; or (iii) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing; provided, however, that each

Lender's obligation to make Domestic Revolving Loans or Multicurrency Revolving Loans, as the case may be, under Section 2.10(c) is subject to the conditions set forth in Section 5.2.

(e) Fees for Letters of Credit.

(i) Facing Agent Fees. The Borrower agrees to pay the following amount to the applicable Facing Agent with respect to the Letters of Credit issued by it for the account of the Borrower:

(A) with respect to drawings made under any Letter of Credit, interest, payable on demand, on the amount paid by Facing Agent in respect of each such drawing from the date a drawing is honored up to (but not including) the date such amount is reimbursed by the Borrower (including any such reimbursement out of the proceeds of Domestic Revolving Loans or Multicurrency

Revolving Loans, as the case may be, pursuant to Section 2.10(c))
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at a rate which is at all times equal to 2% per annum in excess of the Base Rate;

(B) with respect to the issuance or amendment of each Letter of Credit and each payment made thereunder, documentary and processing charges in accordance with the applicable Facing Agent's standard schedule for such charges in effect at the time of such issuance, amendment, transfer or payment, as the case may be; and

(C) a facing fee as agreed from time to time by the Borrower and the applicable Facing Agent for the applicable Letter of Credit or, with respect to BT as Facing Agent, a facing fee equal to 1/8th of 1% per annum of outstanding LC Obligations and unless otherwise agreed, shall be payable with respect to the maximum Stated Amount under such outstanding Letters of Credit payable in arrears on each Quarterly Payment Date, on the Revolver Termination Date and thereafter, on demand together with customary issuance and payment charges payable pursuant to clause (B) above; provided, however, if calculation of the facing fee in
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the manner set forth above would result in a facing fee of less than $500 per year per Letter of Credit issued by BT, the Borrower shall be obligated to pay such additional amount to BT so as to provide for a minimum facing fee of $500 per year per Letter of Credit.

(ii) Participating Lender Fees. The Borrower agrees to pay to the
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Administrative Agent for distribution to each participating Domestic Revolving Lender (with respect to Domestic Letters of Credit and Domestic Supported Foreign LCs) and

Multicurrency Revolving Lender (with respect to Multicurrency Letters of Credit) in respect of all Letters of Credit outstanding such Domestic Revolving Lender's Domestic Revolver Pro Rata Share or Multicurrency Revolving Lender's Multicurrency Revolving Pro Rata Share of a commission equal to the then Applicable Eurocurrency Margin for Term A Loans per annum with respect to the maximum Stated Amount under such outstanding Letters of Credit (the "LC Commission"), payable in arrears on each Quarterly Payment
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Date, on the Revolver Termination Date and thereafter, on demand. The LC Commission shall be computed from the first day of issuance of each Letter of Credit and on the basis of the actual number of days elapsed over a year of 360 days.

Promptly upon receipt by a Facing Agent or the Administrative Agent of any amount described in clause (i)(A) or (ii) of this Section 2.10(e), the
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applicable Facing Agent or the Administrative Agent shall distribute to each Domestic Revolving Lender or Multicurrency Revolving Lender, as the case may be, its Domestic Revolver Pro Rata Share or Multicurrency Revolver Pro Rata Share, as the case may be, of such amount as long as, in the case of amounts described in clause (i)(A), such Lender has reimbursed the applicable Facing Agent in accordance with Section 2.10(c). Amounts payable under clause (i)(B) and (C) of
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this Section 2.10(c) shall be paid directly to the applicable Facing Agent.

(f) LC Obligations Unconditional. The obligation of the Borrower to
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reimburse a Facing Agent (or any Lender that has purchased a participation from or made a Loan to enable the Borrower to reimburse the applicable Facing Agent) for drawings made under any Letter of Credit issued by it and the obligations of each Lender under Section 2.10(d) with respect thereto shall be unconditional
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and irrevocable and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including, without limitation, any of the following circumstances:

(i) any lack of validity or enforceability of such Letter of Credit;

(ii) the existence of any claim, setoff, defense or other right which the Borrower or any of its Affiliates may have at any time against a beneficiary or any transferee of such Letter of Credit (or any persons or entities for which any such beneficiary or transferee may be acting), the applicable Facing Agent, any Lender or any other Person, whether in connection with this Agreement, the transactions contemplated herein or any unrelated transaction (including any underlying transaction between the Borrower or one of its Subsidiaries and the beneficiary of such Letter of Credit);

(iii) any draft, demand, certificate or any other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(iv) payment by the applicable Facing Agent under such Letter of Credit against presentation of a demand, draft or certificate or other document which does not comply with the terms of such Letter of Credit;

(v) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing; or

(vi) the fact that an Event of Default or an Unmatured Event of Default shall have occurred and be continuing.

Notwithstanding the foregoing, neither the Borrower nor the Lenders (other than the applicable Facing Agent in its capacity as such) shall be liable for any obligation resulting from the gross negligence or willful misconduct of the applicable Facing Agent, as determined by a court of competent jurisdiction, with respect to any Letter of Credit.

(g) Indemnification. In addition to amounts payable as elsewhere
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provided in this Agreement, the Borrower hereby agrees to protect, indemnify, pay and save the applicable Facing Agent and the Lenders harmless from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including Attorney Costs) (other than for Taxes, which shall be covered by Section 4.7) which the applicable Facing Agent and the
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Lenders may incur or be subject to as a consequence, direct or indirect, of (i) the issuance of the Letters of Credit, other than as a result of the gross negligence or willful misconduct of the applicable Facing Agent, as determined by a court of competent jurisdiction, or (ii) the failure of the applicable Facing Agent to honor a drawing under any Letter of Credit as a result of any act or omissions, whether rightful or wrongful, of any present or future de jure or de facto Governmental Authority (all such acts or omissions herein called "Government Acts") other than arising out of the gross negligence or willful
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misconduct, as determined by a court of competent jurisdiction, of the applicable Facing Agent. As between the Borrower on the one hand, and the applicable Facing Agent and the Lenders, on the other hand, the Borrower assumes all risks of the acts and omissions of, or misuse of the Letters of Credit issued by the applicable Facing Agent by, the respective beneficiaries of such Letters of Credit. In furtherance and not in limitation of the foregoing, neither the applicable Facing Agent nor any of the Lenders shall be responsible: (i) for the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for and issuance of or any drawing under such Letters of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (ii) for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any such Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (iii) for failure of the beneficiary of any such Letter of Credit to comply fully with conditions required in order to draw upon such Letter of Credit; (iv) for errors, omissions, interruptions or delays in transmission or delivery of any messages, by

mail, cable, telegraph, telex, or otherwise, whether or not they be in cipher; (v) for errors in interpretation of technical terms; (vi) for any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any such Letter of Credit or of the proceeds thereof; (vii) for the misapplication by the beneficiary of any such Letter of Credit of the proceeds of any drawing under such Letter of Credit; and (viii) for any consequences arising from causes beyond the control of the applicable Facing Agent, including, without limitation, any Government Acts. None of the above shall effect, impair, or prevent the vesting of any of the applicable Facing Agent's or any Lender's rights or powers hereunder.

In furtherance and extension and not in limitation of the specific provisions hereinabove set forth, any action taken or omitted by the applicable Facing Agent under or in connection with the Letters of Credit issued by it or the related certificates, if taken or omitted in good faith, shall not put the applicable Facing Agent under any resulting liability to the Borrower. Notwithstanding anything to the contrary contained in this Agreement, the Borrower shall have no obligation to indemnify or hold harmless the applicable Facing Agent in respect of any claims, demands, liabilities, damages, losses, costs, charges or expenses (including Attorney Costs) incurred by the applicable Facing Agent to the extent arising out of the gross negligence or willful misconduct of the applicable Facing Agent, as determined by a court of competent jurisdiction. The right of indemnification in the first paragraph of this Section 2.10(g) shall not prejudice any rights that the Borrower may
---------- otherwise have against the applicable Facing Agent with respect to a Letter of Credit issued hereunder.

(h) Stated Amount. The Stated Amount of each Letter of Credit shall
---------- not be less than the Dollar Equivalent of One Hundred Thousand Dollars ($100,000) or such lesser amount as the applicable Facing Agent has agreed to.

(i) Increased Costs. Subject to Section 4.7, if any time after the
---------- ---------- date hereof any Facing Agent or any Lender determines that the introduction of or any change in any applicable law, rule, regulation, order, guideline or request or in the interpretation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof, or compliance by the applicable Facing Agent or such Lender with any request or directive by any such authority (whether or not having the force of law), shall either (i) impose, modify or make applicable any reserve, deposit, capital adequacy or similar requirement against letters of credit issued by the applicable Facing Agent or participated in by any Lender, or (ii) impose on the applicable Facing Agent or any Lender any other conditions relating, directly or indirectly, to the provisions of this Agreement relating to Letters of Credit or any Letter of Credit; and the result of any of the foregoing is to increase the cost to the applicable Facing Agent or any Lender of issuing, maintaining or participating in any Letter of Credit, or reduce the amount of any sum received or receivable by the applicable Facing Agent or any Lender hereunder or reduce the rate of return on its capital with respect to Letters of Credit, then, upon demand to the Borrower by the applicable Facing Agent or any Lender (a copy of which

demand shall be sent by the applicable Facing Agent or such Lender to the Administrative Agent), the Borrower shall pay to the applicable Facing Agent or such Lender, as the case may be, such additional amount or amounts as will compensate the applicable Facing Agent or such Lender for such increased cost or reduction in the amount receivable or reduction on the rate of return on its capital. In determining such additional amounts pursuant to the preceding sentence, the applicable Facing Agent or such Lender will act reasonably and in good faith and will, to the extent the increased costs or reductions in amounts receivable or reductions in rates of return relate to Facing Agent's or such Lender's letters of credit in general and are not specifically attributable to the Letters of Credit hereunder, use averaging and attribution methods which are reasonable and which cover all letters of credit similar to the Letters of Credit issued by or participated in by the applicable Facing Agent or such Lender whether or not the documentation for such other Letters of Credit permit the applicable Facing Agent or such Lender to receive amounts of the type

described in this Section 2.10(i). The applicable Facing Agent or any Lender, upon determining that any additional amounts will be payable pursuant to this Section 2.10(i), will give prompt written notice thereof to the Borrower, which notice shall include a certificate submitted to the Borrower by the applicable Facing Agent or such Lender (a copy of which certificate shall be sent by the applicable Facing Agent or such Lender to the Administrative Agent), setting forth in reasonable detail the basis for the calculation of such additional amount or amounts necessary to compensate the applicable Facing Agent or such Lender, although failure to give any such notice shall not release or diminish the Borrower's obligations to pay additional amounts pursuant to this Section 2.10(i); provided, however, if the applicable Facing Agent or such Lender, as applicable, has intentionally withheld or delayed such notice, the applicable Facing Agent or such Lender, as the case may be, shall not be entitled to receive additional amounts pursuant to this Section 2.10(i) for periods occurring prior to the 180th day before the giving of such notice. The certificate required to be delivered pursuant to this Section 2.10(i) shall, absent manifest error, be final, conclusive and binding on the Borrower.

(j) Domestic Supported Foreign LCs. At the request of the Borrower, any Facing Agent having a Domestic Revolving Commitment may in its sole discretion agree to issue for the ratable benefit of all Domestic Revolving Lenders (including the applicable Facing Agent) one or more Letters of Credit denominated in an Alternative Currency (each a "Domestic Supported Foreign LC") otherwise on terms and subject to the provisions of this Agreement; provided, however, that in the event of any notification of a drawing under any Domestic Support Foreign LC, the Borrower shall reimburse the applicable Facing Agent in the applicable Alternative Currency on the applicable date such drawing is honored relating to such payment (which shall be determined by the applicable Facing Agent in accordance with standard practices for transactions in such currency), whereupon such reimbursement shall be due on the date such drawing is honored. In the event that the Borrower shall fail to so reimburse the applicable Facing Agent, then the applicable Facing Agent shall be entitled to be reimbursed hereunder in

an amount equal to the Assigned Dollar Value for such Letter of Credit Payment on the date such drawing is honored, and:

(i) the Borrower shall be deemed to have timely given a Notice of Borrowing to the Administrative Agent requesting the Domestic Revolving Lenders to make Domestic Revolving Loans which are Base Rate Loans on the date on which such Domestic Support Foreign LC drawing is honored in an amount equal to the Dollar Equivalent of the amount drawn on such Domestic Supported Foreign LC; and

(ii) unless any of the events described in Sections 10.1(e) or 10.1(f) shall have occurred (in which event the procedures of Section 2.8(d) shall apply), the Domestic Revolving Lenders shall, on the date such drawing is honored, make Domestic Revolving Loans which are Base Rate Loans in the Dollar Equivalent amount of the amount drawn on such Domestic Support Foreign LC, the proceeds of which shall be applied directly by the Administrative Agent to reimburse the applicable Facing Agent for the amount of such drawing; provided, however, that if for any reason, proceeds of Domestic Revolving Loans are not received by the applicable Facing Agent on such date in an amount equal to such Dollar Equivalent amount, the Borrower shall reimburse the applicable Facing Agent, on the Business Day immediately following the date of such drawing, in an amount in same day funds equal to the excess of the Dollar Equivalent amount of such Domestic Supported Foreign LC drawing over the amount of such Domestic Revolving

Loans, if any, which are so received, plus accrued interest on such amount at the rate set forth in Section 3.1(a).

(k) Outstanding Letters of Credit. The letters of credit set forth under the caption "Letters of Credit outstanding on the Effective Date" on Schedule 2.10(k) were issued prior to the Effective Date and which will remain outstanding as of the Initial Borrowing Date (the "Outstanding Letters of Credit"). The Borrower, each Facing Agent and each of the Lenders hereby agree with respect to the Outstanding Letters of Credit that each such Outstanding Letters of Credit, for all purposes under this Agreement, shall be deemed to be Letters of Credit governed by the terms and conditions of this Agreement (provided, that the Borrower shall use its commercially reasonable efforts to conform each such Outstanding Letter of Credit to the terms of this Agreement). Each Domestic Revolving Lender (with respect to Outstanding Letters of Credit denominated in Dollars) and Multicurrency Revolving Lender (with respect to Outstanding Lenders of Credit denominated in an Alternative Currency) further agrees to participate in each such Outstanding Letter of Credit issued by any Facing Agent in an amount equal to its Domestic Revolver Pro Rata Share or Multicurrency Revolver Pro Rata Share, as the case may be, of the Stated Amount of such Outstanding Letter of Credit.

ARTICLE III

INTEREST AND FEES

3.1 Interest

(a) Base Rate Loans. The Borrower agrees to pay interest in respect of the unpaid principal amount of each Base Rate Loan at a rate per annum equal to the Base Rate plus the Applicable Base Rate Margin from the date the proceeds thereof are made available to the Borrower (or, if such Base Rate Loan was converted from a Eurocurrency Loan, the date of such conversion) until the earlier of (i) the maturity (whether by acceleration or otherwise) of such Base Rate Loan or (ii) the conversion of such Base Rate Loan to a Eurocurrency Loan pursuant to Section 2.6; provided, however, that from the Initial Borrowing Date to and including the seventh Business Day following the Initial Borrowing Date, interest in respect of the unpaid principal amount of (x) Revolving Loans, Multicurrency Revolving Loans, Swing Line Loans and Term A Dollar Loans shall be 7.8125% per annum, (y) Term B Loans shall be 8.3125% per annum and (z) Term C Loans shall be 8.5625% per annum.

(b) Eurocurrency Loans. The Borrower agrees to pay interest in respect of the unpaid principal amount of each Eurocurrency Loan from the date the proceeds thereof are made available to the Borrower (or, if such Eurocurrency Loan was converted from a Base Rate Loan, the date of such conversion) until the earlier of (i) the maturity (whether by acceleration or otherwise) of such Eurocurrency Loan or (ii) the conversion of such Eurocurrency Loan to a Base Rate Loan pursuant to Section 2.6 at a rate per annum equal to the relevant Eurocurrency Rate plus the Applicable Eurocurrency Margin.

(c) Payment of Interest. Interest on each Loan shall be payable in arrears on each Interest Payment Date; provided, however, that interest accruing pursuant to Section 3.1(e) and as otherwise set forth in the last sentence of this Section 3.1(c) shall be payable from time to time on demand. Interest shall also be payable on all then outstanding Domestic Revolving Loans on the Revolver Termination Date and on all Loans and Multicurrency Revolving Loans on

the date of repayment (including prepayment) thereof (except that voluntary prepayments of Swingline Loans, Domestic Revolving Loans and Multicurrency Revolving Loans that are Base Rate Loans made pursuant to Section 4.3 on any day
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other than a Quarterly Payment Date or the Revolver Termination Date need not be made with accrued interest from the most recent Quarterly Payment Date, provided such accrued interest is paid on the next Quarterly Payment Date) and on the date of maturity (by acceleration or otherwise) of such Loans. During the existence of any Event of Default, interest on any Loan shall be payable on demand. Interest to be paid with respect to Loans denominated in (x) Dollars shall be paid in Dollars and (y) in an Alternative Currency shall be in such Alternative Currency.

(d) Notification of Rate. The Administrative Agent, upon determining
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the interest rate for any Borrowing of Eurocurrency Loans for any Interest Period, shall promptly notify the Borrower and the Lenders thereof. Such determination shall, absent manifest error and subject to Section 3.6, be final,
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conclusive and binding upon all parties hereto.

(e) Default Interest. Notwithstanding the rates of interest specified
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herein, effective on the date of the occurrence of any Event of Default and for so long thereafter as any such Event of Default shall be continuing, and effective immediately upon any failure to pay any Obligations or any other amounts due under any of the Loan Documents when due, whether by acceleration or otherwise, the principal balance of each Loan then outstanding and, to the extent permitted by applicable law, any interest payment on each Loan not paid when due or other amounts then due and payable shall bear interest payable on demand, after as well as before judgment, at a rate per annum equal to the Default Rate.

(f) Maximum Interest. If any interest payment or other charge or fee
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payable hereunder exceeds the maximum amount then permitted by applicable law, the Borrower shall be obligated to pay the maximum amount then permitted by applicable law and the Borrower shall continue to pay the maximum amount from time to time permitted by applicable law until all such interest payments and other charges and fees otherwise due hereunder (in the absence of such restraint imposed by applicable law) have been paid in full.

3.2 Fees

(a) Commitment Fees. The Borrower shall pay to the Administrative
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Agent for pro rata distribution to each Non-Defaulting Lender having a Domestic Revolving Commitment (based on its Domestic Revolver Pro Rata Share) and/or a Multicurrency Revolving Commitment (based on its Multicurrency Revolver Pro Rata Share) a commitment fee (the "Commitment Fee") for the period commencing on the
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Effective Date to and including the Revolver Termination Date or the earlier termination of the Domestic Revolving Commitments and the Multicurrency Revolving Commitments (and, in either case, repayment in full of the Domestic Revolving Loans and/or the Multicurrency Revolving Loans and payment in full, or cash collateralization by the deposit of cash into the Domestic Collateral Account in amounts and pursuant to arrangements reasonably satisfactory to the Administrative Agent, of the LC Obligations), computed at a rate equal to the Applicable Commitment Fee Percentage per annum on the average daily Total Available Domestic Revolving Commitment (with the Available Domestic Revolving Commitment of each Lender determined without reduction for such Lender's Domestic Revolver Pro Rata Share of the Overdraft Reserve, the BPCL Acquisition Reserve and the Assigned Dollar Value of Swing Line Loans outstanding) and the daily Total Available Multicurrency Revolving Commitment, as the case may be. Unless otherwise specified, accrued Commitment Fees shall be due and payable (i) on each Quarterly Payment Date occurring after the Initial Borrowing Date, (ii) on the Revolver Termination Date and (iii)

upon any reduction or termination in whole or in part of the Domestic Revolving Commitments and/or the Multicurrency Revolving Commitments, as the case may be (but only, in the case of a reduction, on the portion of the Domestic Revolving Commitments and/or the Multicurrency Revolving Commitments, as the case may be, then being reduced).

(b) Agency Fees. The Borrower shall pay to the Administrative Agent for its own account, agency and other Loan fees in the amount and at the times set forth in the letter agreement between the Borrower and the Administrative Agent.

3.3 Computation of Interest and Fees

Interest on all Loans and fees payable hereunder shall be computed on the basis of the actual number of days elapsed over a year of 360 days; provided that interest on all Base Rate Loans shall be computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be. Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error. The Administrative Agent shall, at any time and from time to time upon request of the Borrower, deliver to the Borrower a statement showing the quotations used by the Administrative Agent in determining any interest rate applicable to Domestic Revolving Loans pursuant to this Agreement. Each change in the Applicable Base Rate Margin or Applicable Eurodollar Margin or the Applicable Commitment Fee Percentage or any change in the LC Commission as a result of a change in the Borrower's Most Recent Leverage Ratio shall become effective on the date upon which such change in such ratio occurs.

3.4 Interest Periods

At the time it gives any Notice of Borrowing or a Notice of Conversion or Continuation with respect to Eurocurrency Loans, the Borrower shall elect, by giving the Administrative Agent written notice, the interest period (each an "Interest Period") which Interest Period shall, at the option of the Borrower, be one, two, three or six months or, if available or otherwise satisfactory to each of the applicable Lenders (as determined by each such applicable Lender in its sole discretion) a nine or twelve month period, provided that:

(i) all Eurocurrency Loans comprising a Borrowing shall at all times have the same Interest Period;

(ii) the initial Interest Period for any Eurocurrency Loan shall commence on the date of such Borrowing of such Eurocurrency Loan (including the date of any conversion thereto from a Loan of a different Type) and each Interest Period occurring thereafter in respect of such Eurocurrency Loan shall commence on the last day of the immediately preceding Interest Period;

(iii) if any Interest Period relating to a Eurocurrency Loan begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, such Interest Period shall end on the last Business Day of such calendar month;

(iv) if any Interest Period would otherwise expire on a day which is not a Business Day, such Interest Period shall expire on the next succeeding Business Day; provided, however, that if any Interest Period for a Eurocurrency Loan would otherwise expire on a day which is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the next preceding Business Day;

(v) no Interest Period (a) with respect to any Loan (other than a Term A Euro Loan and non-Dollar denominated Multicurrency Revolving Loans) may be selected at any time when an Unmatured Event of Default or Event of Default is then in existence and (b) with respect to any Term A Euro Loan and non-Dollar denominated Multicurrency Revolving Loan in excess of one month may be selected

at any time when an Unmatured Event of Default or Event of Default is then in existence;

(vi) no Interest Period shall extend beyond the Term A Loan Maturity Date for any Term A Loan, the Term B Loan Maturity Date for any Term B Loan, the Term C Loan Maturity Date for any Term C Loan or the Revolver Termination Date for any Domestic Revolving Loan or any Multicurrency Revolving Loan; and

(vii) no Interest Period in respect to any Borrowing of Term A Loans, Term B Loans or Term C Loans, as the case may be, shall be selected which extends beyond any date upon which a mandatory repayment of such Term Loans will be required to be made under Section 4.4(b), (c) or (d) as the case may be, if the aggregate principal amount of Term A Loans, Term B Loans or Term C Loans, as the case may be, which have Interest Periods which will expire after such date will be in excess of the aggregate principal amount of Term A Loans, Term B Loans or Term C Loans, as the case may be, then outstanding less the aggregate amount of such required prepayment.

Notwithstanding anything to the contrary herein, the Borrower may only have Base Rate Loans and Eurocurrency Loans with a one month Interest Period for the first 90 days after the Initial Borrowing Date or, if earlier, the date on which the Administrative Agent informs the Borrower of the completion of the syndication of the Commitments and Loans.

3.5 Compensation for Funding Losses

The Borrower shall compensate each Lender, upon its written request (which request shall set forth the basis for requesting such amounts, showing the calculation thereof in reasonable detail), for all losses, expenses and liabilities (including, without limitation, any interest paid by such

Lender to lenders of funds borrowed by it to make or carry its Eurocurrency Loans to the extent not recovered by the Lender in connection with the liquidation or re-employment of such funds and including the compensation payable by such Lender to a Participant) and any loss sustained by such Lender in connection with the liquidation or re-employment of such funds (including, without limitation, a return on such liquidation or re-employment that would result in such Lender receiving less than it would have received had such Eurocurrency Loan remained outstanding until the last day of the Interest Period applicable to such Eurocurrency Loans) which such Lender may sustain as a result of: (i) for any reason (other than a default by such Lender or the Administrative Agent) a continuation or Borrowing of, or conversion from or into, Eurocurrency Loans does not occur on a date specified therefor in a Notice of Borrowing or Notice of Conversion or Continuation (whether or not withdrawn); (ii) any payment, prepayment or conversion or continuation of any of its Eurocurrency Loans occurring for any reason whatsoever on a date which is not the last day of an Interest Period applicable thereto; (iii) any repayment of any of its Eurocurrency Loans not being made on the date specified in a notice of payment given by the Borrower; or (iv) (A) any other failure by the Borrower to repay its Eurocurrency Loans when required by the terms of this Agreement or (B) an election made by the Borrower pursuant to Section 3.7. A written notice as to additional amounts owed such Lender under this Section 3.5 and delivered to the Borrower and the Administrative Agent by such Lender shall be delivered within 30 days of such event and shall, absent manifest error, be final, conclusive and binding for all purposes. Calculation of all amounts payable to a Lender under this Section 3.5 shall be made as though that Lender had actually funded its relevant Eurocurrency Loan through the purchase of a Eurocurrency deposit bearing interest at the Eurocurrency Rate in an amount equal to the amount of that Loan, having a maturity comparable to the relevant Interest Period and through the transfer of such Eurocurrency deposit from an offshore office of that Lender to a domestic office of that Lender in the United States of America; provided, however, that each Lender may fund each of its Eurocurrency Loans in any manner it sees fit and the foregoing assumption shall be utilized only for the calculation of amounts payable under this Section 3.5.

3.6 Increased Costs, Illegality, Etc.

(a) Generally. Except as provided in Section 4.7, in the event that
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any Lender shall have determined (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto but, with respect to clause (i) below, may be made only by the Administrative Agent):

(i) on any Interest Rate Determination Date that, by reason of any changes arising after the date of this Agreement affecting the interbank Eurocurrency market, adequate and fair means do not exist for ascertaining the applicable interest rate on the basis provided for in the definition of Eurocurrency Rate; or

(ii) at any time that any Lender shall incur increased costs or reduction in the amounts received or receivable hereunder with respect to any Eurocurrency Loan because of (x) any change since the date of this Agreement in any applicable law or governmental rule, regulation, order, guideline or request (whether or not having the force of law) or in the interpretation or administration thereof and including the introduction of any new law or governmental rule, regulation, order, guideline or request, such as, for example, but not limited to: (A) a change in the basis of taxation of payments to any Lender of the principal of or interest on the Notes or any other amounts payable hereunder (except for taxes described in Sections 4.7(a)(i) through (iv)) or (B) a change in official reserve
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requirements (but, in all events, excluding reserves required under Regulation D to the extent included in the computation of the Eurocurrency Rate) and/or (y) other circumstances since the date of this Agreement affecting such Lender or the interbank Eurocurrency market or the position of such Lender in such market (excluding, however, differences in a Lender's cost of funds from those of the Administrative Agent which are solely the result of credit differences between such Lender and the Administrative Agent); or

(iii) at any time that the making or continuance of any Eurocurrency Loan has been made (x) unlawful by any law or governmental rule, regulation or order, (y) impossible by compliance by any Lender in good faith with any governmental request (whether or not having force of law) or (z) impracticable as a result of a contingency occurring after the date of this Agreement which materially and adversely affects the interbank Eurocurrency market;

then, and in any such event, such Lender (or the Administrative Agent, in the case of clause (i) above) shall promptly give notice (by telephone confirmed in writing) to the Borrower and, except in the case of clause (i) above, to the Administrative Agent of such determination (which notice the Administrative Agent shall promptly transmit to each of the other Lenders). Thereafter (x) in the case of clause (i) above, Eurocurrency Loans shall no longer be available until such time as the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice by the Administrative Agent no longer exist, and any Notice of Borrowing or Notice of Conversion or Continuation given by the Borrower with respect to Eurocurrency Loans (other than with respect to conversions to Base Rate Loans) which have not yet been incurred (including by way of conversion) shall be deemed rescinded by the Borrower, (y) in the case of clause (ii) above, the Borrower shall pay to such Lender, upon written demand therefor, such additional amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as such Lender in its sole discretion shall determine) as shall be required to compensate such Lender for such increased costs or reductions in amounts received or receivable hereunder (a written notice as to the additional amounts owed to such Lender, showing the basis for the calculation thereof, submitted to the Borrower by such Lender shall, absent manifest error, be final and conclusive and binding on all the parties hereto;

however the failure to give any such notice (unless the respective Lender has intentionally withheld or delayed such notice, in which case the respective

Lender shall not be entitled to receive additional amounts pursuant to this Section 3.6 (a)(y) for periods occurring prior to the 180th day before the giving of such notice) shall not release or diminish the Borrower's obligations to pay additional amounts pursuant to this Section 3.6 (a)(y) and (z) in the case of clause (iii) above, the Borrower shall take one of the actions specified in Section 3.6(b) as promptly as possible and, in any event, within the time period required by law. In determining such additional amounts pursuant to clause (y) of the immediately preceding sentence, each Lender shall act reasonably and in good faith and will, to the extent the increased costs or reductions in amounts receivable relate to such Lender's loans in general and are not specifically attributable to a Loan hereunder, use averaging and attribution methods which are reasonable and which cover all loans similar to the Loans made by such Lender whether or not the loan documentation for such other loans permits the Lender to receive increased costs of the type described in this Section 3.6(a).

(b) Eurocurrency Loans. At any time that any Eurocurrency Loan is affected by the circumstances described in Section 3.6(a)(ii) or (iii), the Borrower may (and, in the case of a Eurocurrency Loan affected by the circumstances described in Section 3.6(a)(iii), shall) either (i) if the affected Eurocurrency Loan is then being made initially or pursuant to a conversion, by giving the Administrative Agent telephonic notice (confirmed in writing) on the same date that the Borrower was notified by the affected Lender or the Administrative Agent pursuant to Section 3.6(a)(ii) or (iii), cancel the respective Borrowing, or (ii) if the affected Eurocurrency Loan is then outstanding, upon at least three Business Days' written notice to Administrative Agent, require the affected Lender to convert such Eurocurrency Loan into a Base Rate Loan, provided, that if more than one Lender is affected at any time, then all affected Lenders must be treated the same pursuant to this Section 3.6(b).

(c) Capital Requirements. If any Lender determines that the introduction of or any change in any applicable law or governmental rule, regulation, order, guideline or request (whether or not having the force of law) concerning capital adequacy, or any change in (after the date of this Agreement) interpretation or administration thereof by any Governmental Authority, central bank or comparable agency, will have the effect of increasing the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender based on the existence of such Lender's Commitments hereunder or its obligations hereunder, then the Borrower shall pay to such Lender, upon its written notice as hereafter described, such additional amounts as shall be required to compensate such Lender or such other corporation for the increased cost to such Lender or such other corporation or the reduction in the rate of return to such Lender or such other corporation as a result of such increase of capital. In determining such additional amounts, each Lender will act reasonably and in good faith and will use averaging and attribution methods which are reasonable and which will, to the extent the increased costs or reduction in the rate of return relates to such Lender's commitments or

obligations in general and are not specifically attributable to the Commitments and obligations hereunder, cover all commitments and obligations similar to the Commitments and obligations of such Lender hereunder whether or not the loan documentation for such other commitments or obligations permits the Lender to make the determination specified in this Section 3.6(c), and such Lender's determination of compensation owing under this Section 3.6(c) shall, absent manifest error, be final and conclusive and binding on all the parties hereto. Each Lender, upon determining that any additional amounts will be payable pursuant to this Section 3.6(c), will give prompt written notice thereof to the

Borrower, which notice shall show the basis for calculation of such additional amounts, although the failure to give any such notice (unless the respective Lender has intentionally withheld or delayed such notice, in which case the respective Lender shall not be entitled to receive additional amounts pursuant to this Section 3.6(c) for periods occurring prior to the 180th day before the giving of such notice) shall not release or diminish any of the Borrower's obligations to pay additional amounts pursuant to this Section 3.6(c).

(d) Change of Lending Office. Each Lender which is or will be owed compensation pursuant to Section 3.6(a) or (c) or 4.7 will, if requested by the Borrower, use reasonable efforts (subject to overall policy considerations of such Lender) to cause a different branch or Affiliate to make or continue a Loan or Letter of Credit if such designation will avoid the need for, or materially reduce the amount of, such compensation to such Lender and will not, in the judgment of such Lender, be otherwise disadvantageous to such Lender. Nothing in this Section 3.6(d) shall affect or postpone any of the obligations of the Borrower or the right of any Lender provided for herein.

3.7 Replacement of Affected Lenders

(x) If any Domestic Revolving Lender or Multicurrency Revolving Lender becomes a Defaulting Lender or otherwise defaults in its Obligations to make Loans or fund Unpaid Drawings, (y) if any Lender (or in the case of Section 2.10(i), Facing Agent) is owed increased costs under Section 2.10(i), Section 3.6(a)(ii) or (iii), or Section 3.6(c), or the Borrower is required to make any payments under Section 4.7(c) to any Lender materially in excess of those to the other Lenders or (z) as provided in Section 12.1(b) in the case of certain refusals by a Lender to consent to certain proposed amendments, changes, supplements, waivers, discharges or terminations with respect to this Agreement which have been approved by the Required Lenders, the Borrower shall have the right, if no Event of Default or Unmatured Event of Default then exists, to replace such Lender (the "Replaced Lender") with one or more other Eligible Assignees, none of whom shall constitute a Defaulting Lender at the time of such replacement (collectively, the "Replacement Lender") acceptable to the Administrative Agent, provided that (i) at the time of any replacement pursuant to this Section 3.7, the Replaced Lender and Replacement Lender shall enter into one or more assignment agreements, in form and substance satisfactory to such parties and the Administrative Agent, pursuant to which the Replacement Lender shall acquire all of the Commitments and outstanding Loans of, and participation in

Letters of Credit by, the Replaced Lender and (ii) all obligations of the Borrower owing to the Replaced Lender (including, without limitation, such increased costs and excluding those specifically described in clause (i) above in respect of which the assignment purchase price has been, or is concurrently being paid) shall be paid in full to such Replaced Lender concurrently with such replacement. Upon the execution of the respective assignment documentation, the payment of amounts referred to in clauses (i) and (ii) above and, if so requested by the Replacement Lender, delivery to the Replacement Lender of the appropriate Note or Notes executed by the Borrower, the Replacement Lender shall become a Lender hereunder and, unless the Replaced Lender continues to have outstanding Loans hereunder, the Replaced Lender shall cease to constitute a Lender hereunder, except with respect to indemnification provisions under this Agreement, which shall survive as to such Replaced Lender. Notwithstanding anything to the contrary contained above, no Lender that acts as a Facing Agent may be replaced hereunder at any time during which it has Letters of Credit outstanding hereunder unless arrangements satisfactory to, such Facing Agent

(including the furnishing of a standby letter of credit in form and substance, and issued by an issuer satisfactory to such Facing Agent or the depositing of cash collateral into the Domestic Collateral Account in amounts and pursuant to arrangements satisfactory to such Facing Agent) have been made with respect to such outstanding Letters of Credit. The Replaced Lender shall be required to deliver for cancellation its applicable Notes to be canceled on the date of replacement, or if any such Note is lost or unavailable, such other assurances or indemnification therefor as the Borrower may reasonably request.

ARTICLE IV

REDUCTION OF COMMITMENTS; PAYMENTS AND PREPAYMENTS

4.1 Voluntary Reduction of Commitments

(a) Upon at least three Business Days' prior written notice (or telephonic notice confirmed in writing) to the Administrative Agent at the Notice Office (which notice the Administrative Agent shall promptly transmit to each Lender), the Borrower shall have the right, without premium or penalty, to terminate the unutilized portion of the Domestic Revolving Commitments, the Multicurrency Revolving Commitments and/or, the Swing Line Commitment, as the case may be, in part or in whole; provided that (w) any such voluntary termination of the Domestic Revolving Commitments and/or Multicurrency Revolving Commitments, as the case may be, shall apply to proportionately and permanently reduce the Domestic Revolving Commitment and/or Multicurrency Revolving Commitments, as the case may be, of each Domestic Revolving Lender or Multicurrency Revolving Lender, as the case may be, (x) any partial voluntary reduction pursuant to this Section 4.1 shall be in the amount of at least $10,000,000 and integral multiples of $5,000,000 in excess of that amount (y) any such voluntary termination of the Domestic Revolving Commitments shall occur simultaneously with a voluntary prepayment, pursuant to Section 4.3 such that the total of the Domestic Revolving

Commitments shall not be reduced below the aggregate principal amount of outstanding Domestic Revolving Loans plus the Assigned Dollar Value of the aggregate Domestic LC Obligations and the Assigned Dollar Value of the Swing Line Loans and (z) any such voluntary termination of the Multicurrency Revolving Commitment shall occur simultaneously with a voluntary prepayment, pursuant to Section 4.3 such that the total of the Multicurrency Revolving Commitments shall not be reduced below the Assigned Dollar Value of the aggregate principal amount of outstanding Multicurrency Revolving Loans plus the aggregate Assigned Dollar Value of the Multicurrency LC Obligations.

(b) In the event of certain refusals by a Lender to consent to certain proposed changes, waivers, discharges or terminations with respect to this Agreement which have been approved by the Required Lenders as provided in Section 12.1(b), the Borrower shall have the right, upon five (5) Business Days' prior written notice to the Administrative Agent (which notice the Administrative Agent shall promptly transmit to each of the Lenders), to terminate the entire Domestic Revolving Commitment and/or Multicurrency Revolving Commitment of such Lender, so long as all Loans, together with accrued and unpaid interest, fees and all other amounts, due and owing to such Lender are repaid concurrently with the effectiveness of such termination at which time

Schedule 1.1 shall be deemed modified to reflect such changed amounts pursuant to Section 4.3(b) and the Borrower cash collateralizes such Lender's Domestic Revolver Pro Rata Share of the Domestic LC Obligations and such Lender's Multicurrency Revolver Pro Rata Share of the Multicurrency LC Obligations (in the manner set forth in Section 4.4(a)) then outstanding. At such time, such Lender shall no longer constitute a "Lender" for purposes of this Agreement, except with respect to indemnifications in favor of such Lender under this Agreement which shall survive as to such repaid Lender.

4.2 Mandatory Reductions of Commitments

(a) Reduction of Domestic Revolving Commitment and Multicurrency Revolving Commitments. The Domestic Revolving Commitments and Multicurrency Revolving Commitments shall be reduced at the time and in the amounts required to be reduced pursuant to Section 4.4(e).

(b) Reduction of Term A Commitments, Term B Commitments and Term C Commitments. The Term A Commitments, Term B Commitments and Term C Commitments shall terminate on the Initial Borrowing Date, after giving effect to the Borrowing of the Term A Loans, Term B Loans and Term C Loans on such date.

(c) Reduction of Purchase Price. If, prior to the Initial Borrowing Date, as a result of the operation of the provisions of the Contribution Agreement, the cash purchase price for any of the stock and/or assets is reduced below the aggregate consideration described in Section 3 of the Contribution Agreement, the Term A Dollar Commitments and the Term A Euro

Commitments shall be reduced on a ratable basis by the Dollar Equivalent or Euro Equivalent, as the case may be, of the amount of such purchase price reduction. Any such reduction shall be applied to the Scheduled Term A Dollar Repayments and the Scheduled Term A Euro Repayments on a pro-rata basis with Dollar Equivalent or Euro Equivalent, as the case may be, of the amount of such reduction.

(d) Proportionate Reductions. Except as provided in Section 4.2(c), each reduction or adjustment to the Term Commitments or the Domestic Revolving Commitments pursuant to this Section 4.2 shall apply proportionately to the Term A Dollar Commitment, the Term B Euro Commitment, the Term B Commitment, the Term C Commitment, the Domestic Revolving Commitment or the Multicurrency Revolving Commitment, as the case may be, of each Lender.

(e) Reduction of Commitments. The Commitments will terminate in their entirety on October 31, 1999 unless the Initial Borrowing Date has occurred on or before such date.

4.3 Voluntary Prepayments

(a) The Borrower shall have the right to prepay the Loans in whole or in part, from time to time, without premium or penalty, on the following terms and conditions: (i) the Borrower shall give the Administrative Agent irrevocable written notice at its Notice Office (or telephonic notice promptly confirmed in writing) of its intent to prepay the Loans, whether such Loans are Term Loans, Domestic Revolving Loans, Multicurrency Revolving Loans or Swing Line Loans, the amount of such prepayment and the specific Borrowings to which such prepayment is to be applied, which notice shall be given by the Borrower to the Administrative Agent by 12:00 p.m. (New York City time) at least three Business Days prior in the case of Eurocurrency Loans and at least one Business Day prior in the case of Base Rate Loans to the date of such prepayment and which notice shall (except in the case of Swing Line Loans) promptly be transmitted by the Administrative Agent to each of the applicable Lenders; (ii) each partial prepayment of any Borrowing (other than a Borrowing of Swing Line Loans) shall be in an aggregate Dollar Equivalent principal amount of at least $5,000,000 and each partial prepayment of a Swing Line Loan shall be in an aggregate principal amount of at least $500,000; provided, that no partial prepayment of Eurocurrency Loans made pursuant to a single Borrowing shall reduce the aggregate principal amount of the outstanding Loans made pursuant to such Borrowing to an amount less than the Minimum Borrowing Amount applicable thereto; (iii) Eurocurrency Loans may only be prepaid pursuant to this Section 4.3 on the last day of an Interest Period applicable thereto or on any other day

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subject to Section 3.5; (iv) each prepayment in respect of any Borrowing shall
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be applied pro rata among the Loans comprising such Borrowing; provided, that
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such prepayment shall not be applied to (I) any Domestic Revolving Loans of a Defaulting Lender at any time when the aggregate amount of Domestic

Revolving Loans of any Non-Defaulting Lender exceeds such Non-Defaulting Lender's Domestic Revolver Pro Rata Share of all Domestic Revolving Loans then outstanding and (II) any Multicurrency Revolving Loans of a Defaulting Lender at any time when the aggregate amount of Multicurrency Loans of any Non-Defaulting Lender exceeds such Non-Defaulting Lender's Multicurrency Revolver Pro Rata Share of all Multicurrency Loans then outstanding; (v) subject to Section 4.5(c), each voluntary prepayment of Term Loans shall be applied first to the Scheduled Term A Dollar Repayments, the Euro Equivalent amount of the Scheduled Term A Euro Repayments, the Scheduled Term B Repayments and the Scheduled Term C Repayments due within the 12 month period following the date of such prepayment in direct order of maturity and, thereafter, subject to Section 4.5(c) shall be applied in proportional amounts equal to the Term A Dollar Percentage, the Term A Euro Percentage, Term B Percentage and Term C Percentage (in each case, after giving effect to the prepayments made to the Scheduled Term A Dollar Repayments, the Scheduled Term A Euro Repayments, Scheduled Term B Repayments and Scheduled Term C Repayments due within such twelve month period as specified above), as the case may be, of such remaining prepayment, if any, and within each Term Loan, shall be applied to reduce the remaining Scheduled Term A Repayments, Scheduled Term B Repayments and Scheduled Term C Repayments on a pro rata basis (based upon the then remaining principal amount of such Scheduled Term A Dollar Repayments, Scheduled Term A Euro Repayments, Scheduled Term B Repayments and Scheduled Term C Repayments, respectively). Unless otherwise specified by the Borrower, such prepayment shall be applied first to the payment of Base Rate Loans and second to the payment of such Eurocurrency Loans as the Borrower shall request (and in the absence of such request, as the Administrative Agent shall determine). In the event that any Term B Lender or Term C Lender waives all or part of its right to receive its portion of a voluntary prepayment pursuant to Section 4.5(c), the Administrative Agent shall apply one hundred percent (100%)
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of the amount so waived, if any, by such Term B Lender or Term C Lender pro-rata to the Term A Dollar Loans and Term A Euro Loans in accordance with this Section
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4.3(a). The notice provisions, the provisions with respect to the minimum amount
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of any prepayment, and the provisions requiring prepayments in integral multiples above such minimum amount of this Section 4.3 are for the benefit of
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the Administrative Agent and may be waived unilaterally by the Administrative Agent.

(b) In the event of certain refusals by a Lender to consent to certain proposed changes, waivers, discharges or terminations with respect to this Agreement which have been approved by the Required Lenders as provided in Section 12.1(b), the Borrower shall have the right, upon five (5) Business Days'
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prior written notice to the Administrative Agent (which notice the Administrative Agent shall promptly transmit to each of the Lenders), to repay all Loans, together with accrued and unpaid interest, fees and all other amounts due and owing to such Lender in accordance with said Section 12.1(b), so
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long as (A) in the case of the repayment of Domestic Revolving Loans of any Domestic Revolving Lender pursuant to this clause (b), the Domestic Revolving Commitment of such Domestic Revolving Lender is terminated concurrently with such repayment pursuant to Section 4.1(b), (B) in the case of the repayment of
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Multicurrency Revolving Loans of any Multicurrency Revolving Lender pursuant to this clause (b), the Multicurrency Revolving Commitment of such Multicurrency Revolving Lender is terminated concurrently with such repayment pursuant to Section 4.1(b) and (c) and (C) in the case of the repayment of Loans of any
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Lender, the consents required by Section 12.1(b) in connection with the repayment pursuant to this clause (b) shall have been obtained.

4.4 Mandatory Prepayments

(a) Prepayment Upon Overadvance. (i) Prepayment of Domestic Revolving Loans Upon Overadvance. The Borrower shall prepay the outstanding principal amount of the Domestic Revolving Loans and Swing Line Loans on any date on which the aggregate outstanding principal amount of such Loans together with the aggregate Domestic LC Obligations (after giving effect to any other repayments or prepayments on such day) exceeds the Total Domestic Revolving Commitments in the amount of such excess. If, after giving effect to the prepayment of all outstanding Domestic Revolving Loans and Swing Line Loans, the aggregate Domestic LC Obligations exceeds the Total Domestic Revolving Commitment then in effect, the Borrower shall cash collateralize Domestic LC Obligations by depositing, pursuant to a cash collateral agreement to be entered into in form and substance reasonably satisfactory to the Administrative Agent, cash with Administrative Agent in an amount equal to the difference between the Assigned Dollar Value of such Domestic LC Obligations and the Total Domestic Revolving Commitment then in effect. The Administrative Agent shall establish in its name for the benefit of the Domestic Revolving Lenders a cash collateral account (the "Domestic Collateral Account") into which it shall deposit such cash to hold as collateral security for the Domestic LC Obligations.

(ii) Prepayment of Multicurrency Revolving Loans Upon Overadvance. The Borrower shall prepay the outstanding principal amount of Multicurrency Revolving Loans on any date on which the Assigned Dollar Value of all Multicurrency Loans outstanding together with the aggregate Assigned Dollar Value of the aggregate Multicurrency LC Obligations (after giving effect to any other repayments or prepayments on such day) exceeds the Total Multicurrency Revolving Commitment then in effect (including, without limitation, solely as a result of fluctuation in Exchange Rates), in the amount of such excess and in the applicable currency; provided, however, that if such excess is solely as a result of fluctuation in Exchange Rates, such repayment shall not be required to be made until four Business Days after notice from the Administrative Agent and the Borrower shall not be obligated to pay such amount unless such excess is greater than the Dollar Equivalent of an amount equal to 2% of the Total Multicurrency Revolving Commitment. If, after giving effect to the prepayment of all outstanding Multicurrency Revolving Loans, the aggregate Assigned Dollar Value of Multicurrency LC Obligations exceeds the Total Multicurrency Revolving Commitment then in effect, the Borrower shall cash collateralize such Multicurrency LC Obligations by depositing, pursuant to a cash collateral agreement to be entered into in form and substance reasonably

satisfactory to the Administrative Agent, cash with the Administrative Agent in an amount equal to the difference between the Assigned Dollar Value of such Multicurrency LC Obligations and the Total Multicurrency Revolving Commitment then in effect. The Administrative Agent shall establish in its name for the benefit of the Multicurrency Revolving Lenders a collateral account into which it shall deposit such cash to hold as collateral security for the Multicurrency LC Obligations.

(b) Scheduled Term A Repayments. The Borrower shall cause to be paid Scheduled Term A Repayments on the Term A Loans until the Term A Loans are paid in full in the amounts and currencies and at the times specified in the definition of Scheduled Term A Repayments to the extent that prepayments have not previously been applied to such Scheduled Term A Repayments (and such Scheduled Term A Repayments have not otherwise been reduced) pursuant to the terms hereof. Payments to be made pursuant to this Section 4.4(a) with respect to (i) Term A Dollar Loans shall be paid in Dollars and (ii) Term A Euro Loans shall be paid in Euros.

(c) Scheduled Term B Repayments. The Borrower shall cause to be paid

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Scheduled Term B Repayments on the Term B Loans until the Term B Loans are paid in full in the amounts and at the times specified in the definition of Scheduled Term B Repayments to the extent that prepayments have not previously been applied to such Scheduled Term B Repayments (and such Scheduled Term B Repayments have not otherwise been reduced) pursuant to the terms hereof.

(d) Scheduled Term C Repayments. The Borrower shall cause to be paid
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Scheduled Term C Repayments on the Term C Loans until the Term C Loans are paid in full in the amounts and at the times specified in the definition of Scheduled Term C Repayments to the extent that prepayments have not previously been applied to such Scheduled Term C Repayments (and such Scheduled Term C Repayments have not otherwise been reduced) pursuant to the terms hereof.

(e) Mandatory Prepayment Upon Asset Disposition. On the first
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Business Day (or, in the case of an Asset Disposition by a Foreign Subsidiary of the Borrower, such later date (but in any event not later than the 180th day) in the event that such mandatory repayment would result in the provisions of Sections 151 et seq. of the Companies Act 1985 of England being breached or in any Foreign Subsidiary breaching any similar applicable law in its country of incorporation) after the date of receipt thereof by Holdings, the Borrower and/or any of their Subsidiaries of Net Sale Proceeds from any Asset Disposition (other than in connection with a Sale and Leaseback Transaction), an amount equal to 100% of the Net Sale Proceeds from such Asset Disposition shall be applied as a mandatory repayment of principal of the Term Loans pursuant to the terms of Section 4.5(a) (in each case subject to modification of such
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application as set forth in Section 4.5(c)), provided, that with respect to no
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more than $30,000,000 in the

aggregate of such Net Sale Proceeds in any Fiscal Year of the Borrower, the Net Sale Proceeds therefrom shall not be required to be so applied on such date to the extent that no Event of Default or Unmatured Event of Default then exists and the Borrower delivers a certificate to the Administrative Agent on or prior to such date stating that such Net Sale Proceeds are expected to be used to purchase assets used or to be used in the businesses referred to in Section 8.9
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within 180 days following the date of such Asset Disposition (which certificate shall set forth the estimates of the proceeds to be so expended), provided,
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further, that (1) if all or any portion of such Net Sale Proceeds not so applied
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to the repayment of Term Loans are not so used (or contractually committed to be used) within such 180 day period as provided above, such remaining portion shall be applied on the last day of the period as a mandatory repayment of principal of outstanding Term Loans as provided above in this Section 4.4(e) and (2) if
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all or any portion of such Net Sale Proceeds are a result of an Asset Disposition involving the sale of Collateral owned by the Borrower or a Domestic Subsidiary (other than the Capital Stock of a Foreign Subsidiary), then such Net Sale Proceeds shall be required to be reinvested in assets located in the United States constituting Collateral. After the prepayment in full of all Term Loans, the Borrower shall repay Domestic Revolving Loans and/or Multicurrency Revolving Loans, pro rata, and thereafter, cash collateralize LC Obligations on the date of receipt of such proceeds by an amount equal to the lesser of (y) the amount of Domestic Revolving Loans and LC Obligations then outstanding or (z) the remaining portion of such Net Sale Proceeds not used to repay Term Loans, and the Domestic Revolving Commitments and Multicurrency Revolving Commitments shall be permanently reduced, pro rata, by that portion of Net Sale Proceeds not used to repay Term Loans.

(f) Mandatory Prepayment With Excess Cash Flow. On December 31st of
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each year, an amount equal to 75% of Excess Cash Flow of the Borrower and its Subsidiaries for the Fiscal Year ended on such date shall be applied as a mandatory repayment of principal of the Term Loans pursuant to the terms of

Section 4.5(a) (in each case subject to modification of such application as set

forth in Section 4.5(c)); provided, that so long as no Event of Default or Unmatured Event of Default then exists, if the Most Recent Leverage Ratio is less than 4.0 to 1.0, then, instead of 75%, an amount equal to 50% of Excess Cash Flow of the Borrower and its Subsidiaries for such Fiscal Year shall be applied as a mandatory repayment of Term Loans as provided above in this Section 4.4(f).

(g) Mandatory Payment With Proceeds of Capital Stock. On the first Business Day after receipt thereof by Holdings, the Borrower and/or any of their Subsidiaries, an amount equal to 50% of the Net Offering Proceeds of the sale or issuance of Capital Stock of (or cash capital contributions to) Holdings, the Borrower or any of their Subsidiaries (other than (i) equity contributions to (x) Holdings by a Huntsman Affiliate, an ICI Affiliate or any member of Holdings that is a member of Holdings on the Initial Borrowing Date (or any assignee Affiliate of such member) or (y) the Borrower or any of its Subsidiaries made by Holdings or any of its Subsidiaries and (ii) dividends paid in kind), shall be applied as a mandatory repayment of

principal of the Term Loans pursuant to the terms of Section 4.5(a) (in each case subject to modification of such application as set forth in Section 4.5(c)); provided, that so long as no Event of Default or Unmatured Event of Default then exists, if the Most Recent Leverage Ratio is less than 3.0:1.0, then, no mandatory repayment of Term Loans as provided above shall be required.

(h) Mandatory Payment With Proceeds of Sale and Leaseback Transaction. On the Business Day of receipt thereof by Holdings, the Borrower and/or any of their Subsidiaries, an amount equal to 100% of net cash proceeds from a Sale and Leaseback Transaction by Holdings, the Borrower or any of their Subsidiaries shall be applied as a mandatory repayment of principal of the Term Loans pursuant to the terms of Section 4.5(a) (in each case subject to modification of such application as set forth in Section 4.5(c)).

(i) Mandatory Prepayment Upon Additional Issuance of Senior Subordinated Debt and other Indebtedness. On the Business Day of receipt thereof by the Borrower, an amount equal to 100% of the Net Offering Proceeds of any subordinated Indebtedness permitted by Section 8.2(u) hereof shall be applied as a mandatory repayment of principal of the Term Loans pursuant to the terms of Section 4.5(a).

(j) Mandatory Prepayment Upon Subsequent Purchase Price Adjustment. On the Business Day following receipt of the net cash proceeds of any payment by ICI to the Borrower pursuant to any Contribution Document with respect to any Delayed Asset, Delayed Business or Delayed Company (as each such term is defined in the Contribution Agreement), an amount equal to 100% of such payment shall be applied as a mandatory repayment of principal of the Loans pursuant to the terms of Section 4.5(a), subject to modification of such application as set forth in Section 4.5(c)).

(k) Mandatory Payment With Proceeds of a Permitted Accounts Receivable Securitization. On the first Business Day after receipt thereof by the Borrower and/or any of its Subsidiaries, an amount equal to 100% of the initial net cash

proceeds of any Permitted Accounts Receivable Securitization, and the initial net cash proceeds thereafter resulting from any additional receivable pools, by the Borrower or any of its Subsidiaries shall be applied as a mandatory repayment of principal of the Loans pursuant to terms of Section 4.5(a) (in each case subject to modification of such application as set forth in Section 4.5(c)).

(l) BPCL Acquisition. In the event that the BPCL Acquisition is not consummated on or prior to the 365th day following the Initial Borrowing Date or the Borrower notifies the Administrative Agent that if does not intend to consummate the BPCL Acquisition, the Borrower, on either such date, shall repay Term A Dollar Loans, Term A Euro Loans, Term B Loans and Term C Loans in an aggregate principal amount of $118,000,000 to be applied pursuant to the terms of Section 4.5(a) (in each case subject to modification of such application as set forth in Section 4.5(c)).

4.5 Application of Prepayments; Waiver of Certain Prepayments.

(a) Prepayments. Except as expressly provided in this Agreement, all prepayments of principal made by the Borrower pursuant to Section 4.4 shall be applied (i) first, to the payment of the unpaid principal amount of the Term Loans (with, except as provided in the next succeeding sentence, the Term A Dollar Percentage of such repayment to be applied as a repayment of Term A Dollar Loans, the Term A Euro Percentage of such repayment applied as a repayment of Term A Euro Loans, the Term B Percentage of such repayment to be applied as a repayment of Term B Loans, the Term C Percentage of such repayment to be applied as a repayment of Term C Loans), second, to the prepayment of the then outstanding balance of Swing Line Loans, third, to the payment, pro rata, of the then outstanding balance of the Domestic Revolving Loans and Multicurrency Revolving Loans, and fourth, to the cash collateralization of LC Obligations; (ii) within each of the foregoing Loans, first to the payment of Base Rate Loans and second to the payment of Eurocurrency Loans; and (iii) with respect to Eurocurrency Loans, in such order as the Borrower shall request (and in the absence of such request, as the Administrative Agent shall determine). Each prepayment of Term Loans made pursuant to Section 4.4(e), (f), (g), (h) and (k) shall be allocated first to the Term Loans based on the aggregate principal amount of the Scheduled Term A Dollar Repayments, the Dollar Equivalent amount of the Scheduled Term A Euro Repayments, Scheduled Term B Repayments and Scheduled Term C Repayments due within the twelve month period following the date of such prepayment in direct order of maturity, and, thereafter, shall be allocated second to the Term Loans in proportional amounts equal to the Term A Dollar Percentage, the Term A Euro Percentage, Term B Percentage and Term C Percentage (in each case, after giving effect to the prepayments made to the Scheduled Term A Dollar Repayments, the Scheduled Term A Euro Repayments, Scheduled Term B Repayments and Scheduled Term C Repayments due within such twelve month period as specified above), as the case may be, of such remaining prepayment, if any, and, within each Term Loan, shall be applied to reduce the remaining Scheduled Term A Dollar Repayments, Schedule Term A Euro Repayments, Scheduled Term B Repayments and Scheduled Term C Repayments on a pro rata basis (based upon the then remaining principal amount of such Scheduled Term A Dollar Repayments, Scheduled Term A Euro Repayments, Scheduled Term B Repayments and Scheduled Term C Repayments, respectively). Any prepayment of Term Loans pursuant to Section 4.4(i), (j) and (l) shall be applied pro rata to each of the Scheduled Repayments. If any prepayment of Eurocurrency Loans made pursuant to

a single Borrowing shall reduce the outstanding Loans made pursuant to such Borrowing to an amount less than the Minimum Borrowing Amount, such Borrowing shall immediately be converted into Base Rate Loans, in the case of Loans denominated in Dollars, or into Loans with one month Interest Periods, in the case of Loans denominated in an Alternative Currency. All prepayments shall include payment of accrued interest on the principal amount so prepaid, shall be applied to the payment of interest before application to principal and shall include amounts payable, if any, under Section 3.5. All payments received in Dollars which are

required to be applied in Euros and/or Sterling shall be converted to Euros or Sterling, as the case may be, at the Spot Rate on the date of such prepayment.

(b) Payments. All Scheduled Repayments shall be applied (i) first to the payment of Base Rate Loans, if any, and second to the payment of Eurocurrency Loans and (ii) with respect to Eurocurrency Loans, in such order as the Borrower shall request (and in the absence of such request, as the Administrative Agent shall determine). All payments shall include payment of accrued interest on the principal amount so paid, shall be applied to the payment of interest before application to principal and shall include amounts payable, if any, under Section 3.5.

(c) Waiver of Certain Prepayments by Term B Lenders and Term C Lenders. Notwithstanding anything to the contrary contained in this Section 4.5 or elsewhere in this Agreement (including, without limitation, in Section 12.1), the Borrower shall have the option, in its sole discretion, to give the Term B Lenders with outstanding Term B Loans and the Term C Lenders with outstanding Term C Loans the option to waive a voluntary prepayment or mandatory prepayment of such Term B Loans or Term C Loans pursuant to Section 4.3, 4.4(e), (f), (g), (h), (i), (j), (k), and (l) (each such repayment, a "Waivable Prepayment") upon the terms and provisions set forth in this Section 4.5(c). If the Borrower elects to exercise the option referred to in the preceding sentence, the Borrower shall give to the Administrative Agent written notice of its intention to give the Term B Lenders or the Term C Lenders the right to waive a Waivable Prepayment at least five (5) Business Days prior to such repayment, which notice the Administrative Agent shall promptly forward to all Term B Lenders or Term C Lenders (indicating in such notice the amount of such repayment to be applied to each such Term B Lender's or Term C Lender's outstanding Term Loans under such Term B Facility or Term C Facility, as the case may be). The Borrower's offer to permit the Term B Lenders and or Term C Lenders to waive any such Waivable Prepayment may apply to all or part of such repayment; provided, that any offer to waive part of such repayment must be made ratably to the Term B Lenders on the basis of their Term B Pro Rata Share of outstanding Term B Loans and/or ratably to the Term C Lenders on the basis of their Term C Pro Rata Share of outstanding Term C Loans. In the event any such Term B Lender or Term C Lender desires to waive such Lender's right to receive any such Waivable Prepayment in whole or in part, such Lender shall so advise the Administrative Agent no later than the close of business two (2) Business Days after the date of such notice from the Administrative Agent, which notice shall also include the amount such Lender desires to receive in respect of such prepayment. If any Term B Lender or Term C Lender does not reply to the Administrative Agent within the two (2) Business Days after the date of such notice from the Administrative Agent, it will be deemed not to have waived any part of such prepayment. If any Term B Lender or Term C Lender does not specify an amount it wishes to receive, it will be deemed to have accepted one hundred percent (100%) of the total payment. In the event that any such Term B Lender or Term C Lender waives all or part of such right to receive any such Waivable Prepayment, the Administrative Agent shall apply one

hundred percent (100%) of the amount so waived, if any, by such Term B Lender or Term C Lender to the Term A Loans in accordance with Section 4.3(a)(v) or this Section 4.5, as the case may be.

4.6 Method and Place of Payment

(a) Except as otherwise specifically provided herein, all payments under this Agreement shall be made to the Administrative Agent, for the ratable account of the Lenders entitled thereto, not later than 1:00 p.m. (New York City time) on the date when due and shall be made in immediately available funds and in each case to the account specified therefor for the Administrative Agent or if no account has been so specified at the Payment Office. The Administrative Agent will thereafter cause to be distributed on the same day (if payment was actually received by the Administrative Agent prior to 1:00 p.m. (New York City time) on such day) like funds relating to the payment of principal or interest or fees ratably to the Lenders entitled to receive any such payment in accordance with the terms of this Agreement. If and to the extent that any such distribution shall not be so made by the Administrative Agent in full on the same day (if payment was actually received by the Administrative Agent prior to 1:00 p.m. (New York City time) on such day), the Administrative Agent shall pay to each Lender its ratable amount thereof and each such Lender shall be entitled to receive from the Administrative Agent, upon demand, interest on such amount at the overnight Federal Funds Rate (or the applicable cost of funds with respect to amounts denominated in Euros or Sterling) for each day from the date such amount is paid to the Administrative Agent until the date the Administrative Agent pays such amount to such Lender.

(b) Any payments under this Agreement which are made by the Borrower later than 1:00 p.m. (New York City time) shall, for the purpose of calculation of interest, be deemed to have been made on the next succeeding Business Day. Whenever any payment to be made hereunder shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable during such extension at the applicable rate in effect immediately prior to such extension, except that with respect to Eurocurrency Loans, if such next succeeding applicable Business Day is not in the same month as the date on which such payment would otherwise be due hereunder or under any Note, the due date with respect thereto shall be the next preceding Business Day.

4.7 Net Payments

(a) All payments made by the Borrower hereunder or under any Loan Document will be made without setoff, counterclaim or other defense. Except as provided in Section 4.7(d), all payments hereunder and under any of the Loan Documents (including, without limitation, payments on account of principal and interest and fees) shall be made by the Borrower

free and clear of and without deduction or withholding for or on account of any present or future tax, duty, levy, impost, assessment or other charge of whatever nature now or hereafter imposed by any Governmental Authority, but excluding therefrom (i) a tax imposed on or measured by the overall net income (including a franchise tax based on net income) of the lending office of the Lender in respect of which the payment is made by the jurisdiction in which the Lender is incorporated or the jurisdiction (or political subdivision or taxing authority thereof) in which its lending office is located, (ii) in the case of any Lender organized under the laws of any jurisdiction other than the United States or any state thereof (including the District of Columbia), any taxes imposed by the United States by means of withholding at the source unless such withholding results from a change in applicable law, treaty or regulations or the interpretation or administration thereof (including, without limitation, any guideline or policy not having the force of law) by any authority charged with the administration thereof subsequent to the date such Lender becomes a Lender with respect to the Loan or portion thereof affected by such change, (iii) any taxes to which the Lender is subject (to the extent of the tax rate then in effect) on the date this Agreement is executed or to which such Lender would be

subject on such date if a payment hereunder had been received by the Lender on such date and with respect to any Lender that becomes a party hereto after the date hereof, any taxes to which such Lender is subject on the date it becomes a party hereto (other than taxes which each of the other Lenders is entitled to reimbursements for pursuant to the terms of this Agreement) and (iv) taxes to which the Lender becomes subject subsequent to the date referred to in clause (iii) above as a result of a change in the residence, place of incorporation, or principal place of business of the Lender, a change in the branch or lending office of the Lender participating in the transactions set forth herein or other similar circumstances or as a result of the recognition by the Lender of gain on the sale, assignment or participation by the Lender of the participating interests in its creditor positions hereunder (such tax or taxes, other than the tax or taxes described in Sections 4.7(a)(i) through (iv), being herein referred
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to as "Tax" or "Taxes"). If the Borrower is required by law to make any
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deduction or withholding of any Taxes from any payment due hereunder or under any of the Loan Documents, then the amount payable will be increased to such amount which, after deduction from such increased amount of all such Taxes required to be withheld or deducted therefrom, will not be less than the amount due and payable hereunder had no such deduction or withholding been required. A certificate as to any additional amounts payable to a Lender under this Section
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4.7 submitted to the Borrower by such Lender shall show in reasonable detail the
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amount payable and the calculations used to determine in good faith such amount and shall, absent manifest error, be final, conclusive and binding upon all parties hereto.

(b) If the Borrower makes any payment hereunder or under any of the Loan Documents in respect of which it is required by law to make any deduction or withholding of any Taxes, it shall pay the full amount to be deducted or withheld to the relevant taxation or other authority within the time allowed for such payment under applicable law and shall deliver to the Lenders within 30 days after it has made such payment to the applicable authority a receipt

issued by such authority evidencing the payment to such authority of all amounts so required to be deducted or withheld from such payment.

(c) Without prejudice to the other provisions of Section 4.7, if any
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Lender, or the Administrative Agent on its behalf, is required by law to make any payment on account of Taxes on or in relation to any amount received or receivable hereunder or under any of the Loan Documents by such Lender, or the Administrative Agent on its behalf, or any liability for Tax in respect of any such payment is imposed, levied or assessed against any Lender or the Administrative Agent on its behalf, the Borrower will promptly, following receipt of the certificate described in the immediately following sentence, indemnify such person against such Tax payment or liability, together with any interest, penalties and expenses (including reasonable counsel fees and expenses) payable or incurred in connection therewith, including any tax of any Lender arising by virtue of payments under this Section 4.7(c), computed in a
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manner consistent with this Section 4.7(c). A certificate as to the amount of
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such payment by such Lender, or the Administrative Agent on its behalf, showing calculations thereof in reasonable detail, absent manifest error, shall be final, conclusive and binding upon all parties hereto for all purposes.

(d) Each Lender that is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) agrees to deliver to the Borrower and the Administrative Agent on or prior to the Initial Borrowing Date, or in the case of a Lender that is an Assignee of an interest under this Agreement pursuant to Section 3.7 or 12.8 (unless the respective Lender was already a
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Lender hereunder immediately prior to such assignment), on the date of such assignment to such Lender, (i) two accurate and complete original signed copies of IRS Form 4224 or 1001 (or successor forms) certifying to such Lender's entitlement to a complete exemption from or reduced rate of United States withholding tax on interest payments to be made under this Agreement and under any Note, or (ii) if the Lender is not a "bank" within the meaning of Section

881(c)(3)(A) of the Code and cannot deliver either IRS Form 1001 or 4224 pursuant to clause (i) above, (x) a certificate substantially in the form of Exhibit 4.7(d) (any such certificate, a "Section 4.7(d)(ii) Certificate") and (y) two accurate and complete original signed copies of IRS Form W-8 (or successor form) certifying to such Lender's entitlement to a complete exemption from United States withholding tax on payments of interest to be made under this Agreement and under any Note; provided, however, that no Lender shall be required to deliver a Form 4224, 1001 or W-8 under this Section 4.7(d) to the extent that the delivery of such form is not authorized by law. In addition, each Lender agrees that from time to time after the Initial Borrowing Date, when a lapse in time or change in circumstances renders the previous certification obsolete or inaccurate in any material respect, such Lender will deliver to the Borrower and the Administrative Agent two new accurate and complete original signed copies of IRS Form 4224 or 1001, or Form W-8 and a Section 4.7(d)(ii) Certificate, as the case may be, and such other forms as may be required in order to confirm or establish the entitlement of such Lender to a continued exemption from or reduction in United States withholding tax on interest payments under this Agreement and any Note, or it shall immediately notify the Borrower and

the Administrative Agent of its inability to deliver any such form or certificate; provided, however, that no Lender shall be required to deliver a Form 4224, 1001 or W-8 under this Section 4.7(d) to the extent that the delivery of such form is not authorized by law. Notwithstanding anything to the contrary contained in Section 4.7(a), but subject to Section 12.8(c) any Lender that has not provided to the Borrower the IRS Forms required to be provided to the Borrower pursuant to this Section 4.7(d) shall not be entitled to indemnification under this Section 4.7 or otherwise with respect to any deduction or withholding which would not have been required if such Lender had provided such forms.

(e) Each Lender agrees that, as promptly as practicable after it becomes aware of the occurrence of any event or the existence of any condition that would cause the Borrower to make a payment in respect of any Taxes to such Lender pursuant to Section 4.7(a) or a payment in indemnification for any Taxes pursuant to Section 4.7(c), it will use reasonable efforts to make, fund or maintain the Loan (or portion thereof) of such Lender with respect to which the aforementioned payment is or would be made through another lending office of such Lender if as a result thereof the additional amounts which would otherwise be required to be paid by such the Borrower in respect of such Loans (or portions thereof) or participation in Letters of Credit pursuant to Section 4.7(a) or Section 4.7(c) would be materially reduced, and if, as determined by such Lender, in its reasonable discretion, the making, funding or maintaining of such Loans or participation in Letters of Credit (or portions thereof) through such other lending office would not otherwise materially adversely affect such Loans or such Lender. The Borrower agrees to pay all reasonable expenses incurred by any Lender in utilizing another lending office of such Lender pursuant to this Section 4.7(e).

ARTICLE V

CONDITIONS OF CREDIT

5.1 Conditions Precedent to the Initial Borrowing

The obligation of the Lenders to make the Initial Loan and the obligation of the Facing Agent to issue and the Lenders to participate in Letters of Credit under this Agreement shall be subject to the fulfillment, on or prior to the Initial

Borrowing Date, of each of the following conditions:

(a) Credit Agreement and Notes. Holdings and the Borrower shall have
duly executed and delivered to the Administrative Agent, with a signed counterpart for each Lender, this Agreement (including all schedules and exhibits), and the Borrower shall have duly executed and delivered to the Administrative Agent the Notes payable to the order of each applicable Lender which has requested a Note in the amount of their respective Commitments and all other Loan Documents shall have been duly executed and delivered by the appropriate Credit Party to Agent, all of which shall be in full force and effect;

(b) Collateral Security Agreement. The Borrower, Holdings and each
Subsidiary Guarantor shall have duly authorised, executed and delivered a Collateral Security Agreement in form and substance satisfactory to the Administrative Agent (as modified, supplemented or amended from time to time, the "Collateral Security Agreement") and shall have delivered to Collateral
Agent all the Pledged Securities referred to therein then owned, if any, by such Credit Party, (y) endorsed in blank in the case of promissory notes constituting Pledged Securities referred to therein then owned, if any, by such Credit Party, and (z) together with executed and undated stock powers, in the case of capital stock constituting Pledged Securities and the other documents and instruments required to be delivered under the Collateral Security Agreement together with:

(i) proper financing statements (Form UCC-1 or such other financing statements or similar notices as shall be required by local law) fully executed for filing under the UCC or other appropriate filing offices of each jurisdiction as may be necessary or, in the opinion of Agent, desirable to perfect the security interests purported to be created by the Collateral Security Agreement;

(ii) certified copies of Requests for Information or Copies (Form UCC-7), or equivalent reports, listing all effective financing statements or similar notices that name the Borrower or its Subsidiaries (by its actual name or any trade name, fictitious name or similar name), or any division or other operating unit thereof, as debtor and that are filed in the jurisdiction referred to in said clause (i), together with copies of such other financing statements (none of which shall cover the Collateral except to the extent evidencing Permitted Liens or for which the Administrative Agent shall have received termination statements (Form UCC-3 or such other termination statements as shall be required by local law) fully executed for filing);

(iii) evidence of the completion of all other recordings and filings of, or with respect to, the Collateral Security Agreement and all other actions as may be necessary or, in the opinion of the Administrative Agent, desirable to perfect the security interests intended to be created by the Collateral Security Agreement or any other Security Document; and

(iv) evidence that all other actions necessary, or in the reasonable opinion of Agent, desirable to perfect the security interests purported to be taken by the Collateral Security Agreement have been taken;

(c) Mortgages; Mortgage Policies; Surveys. The Administrative Agent
shall have received:

(i) fully executed counterparts of a deed of trust, all in form and substance satisfactory to the Administrative Agent (the "Mortgage"), which
Mortgage shall cover the Real Property of the Borrower or a Domestic Subsidiary listed on Schedule 6.21(c) and identified as a mortgaged
property (each, a "Mortgaged Property"), together with a recording
instruction letter from Skadden, Arps, Slate, Meagher & Flom LLP, addressed

to and accepted by the relevant title insurance company under which such title insurance company accepts delivery of executed counterparts of the applicable Mortgage to be promptly delivered to the appropriate recorder's office for recording in all places to the extent necessary or desirable, in the judgment of the Administrative Agent, to create a valid and enforceable first priority lien on the applicable Mortgaged Property, subject only to Permitted Liens, in favor of Collateral Agent (or such other trustee as may be required or desired under local law) for the benefit of the Secured Parties;

(ii) mortgagee title insurance policies issued by title insurance companies satisfactory to the Administrative Agent (the "Mortgage Policies") with respect to the Mortgaged Properties in amounts satisfactory to the Administrative Agent assuring the Administrative Agent that the Mortgages with respect to such Mortgaged Properties are valid and enforceable first priority mortgage liens on the respective Mortgaged Properties, free and clear of all defects, encumbrances and other Liens except Permitted Liens, and the Mortgage Policies shall be in form and substance satisfactory to the Administrative Agent and shall include, as appropriate, an endorsement for future advances under this Agreement and the Notes and for any other matter that the Administrative Agent in its discretion may request, shall not include an exception for mechanics' liens, and shall provide for affirmative insurance and such reinsurance as the Administrative Agent in its discretion may request; and

(iii) a survey, in form and substance satisfactory to the Administrative Agent, of each Mortgaged Property located in Jefferson County, Texas, dated a date acceptable to the Administrative Agent, certified by a licensed professional surveyor in a manner satisfactory to the Administrative Agent;

(d) Contribution Documents. Each of the Contribution Agreement and the Disclosure Letter (as defined in the Contribution Agreement) shall have been executed by each party thereto, and each such agreement or letter shall be in full force and effect;

(e) Documents. Each of the following shall have been executed by each Person party thereto, and each such document shall be in full force and effect:

(i) the UK Holdco Note, substantially in the form of Exhibit 1.1(a), executed by UK Holdco 1 payable to Huntsman ICI Finco;

(ii) Foreign Intercompany Notes, substantially in the form of Exhibit 1.1(b), executed by each Foreign Subsidiary receiving an Intercompany Loan from UK Holdco 1 on the Initial Borrowing Date;

(iii) Foreign Intercompany Loan Security Documents, in form and substance acceptable to the Administrative Agent, executed by each Foreign Subsidiary listed on Schedule 5.1(e)(iii);

(iv) Collateral Assignment of Representations, Warranties and Indemnities in Contribution Agreement, in form and substance acceptable to the Administrative Agent, executed by the Borrower, and the Administrative Agent;

(v) the agreements listed on Schedule 5 of the Contribution Agreement scheduled to be executed and delivered on the Initial Borrowing Date, each in form and substance reasonably acceptable to the Administrative Agent as provided in Section 7.18;

(vi) Charge Over Shares, dated the Initial Borrowing Date, executed by G.I. Services, Ltd. with respect to shares of TGL owned by G.I.

Services, Ltd.;

(f) Corporate Proceedings. (i) The Administrative Agent shall have received from each Credit Party a certificate, dated the Initial Borrowing Date, signed by a Responsible Officer of such Person, and attested to by the secretary or any assistant secretary, or equivalent officer, or any manager (in the case of a limited liability company) of such Person with appropriate insertions, together with copies of such Person's Organizational Documents and the consents of the members of such Person referred to in such certificate and all of the foregoing (including each such Organizational Document and consent) shall be satisfactory to the Administrative Agent; and

(ii) All corporate and/or limited liability company and legal proceedings and all instruments and agreements to be executed by each Credit Party in connection with the transactions contemplated by this Agreement and the Loan Documents shall be reasonably satisfactory in form and substance to the Administrative Agent, and the Administrative Agent shall have received all information and copies of all certificates, documents and papers, including good standing certificates, bring-down certificates and any other records of corporate and/or limited liability company proceedings and governmental approvals, if any, which the Administrative Agent reasonably may have requested in connection therewith, such documents and papers, where appropriate, to be certified by proper corporate or governmental authorities;

(iii) The ownership and capital structure (including without limitation, the terms of any capital stock, options, warrants or other securities issued by Holdings or

any of its Subsidiaries) of the Borrower and its Subsidiaries shall be in form and substance reasonably satisfactory to the Administrative Agent and the Lenders;

(g) Foreign Intercompany Loan Corporate Proceedings. The Administrative Agent shall have received from each Foreign Subsidiary of the Borrower party to a Foreign Intercompany Loan Security Document, a copy (certified as being a true, complete and up to date copy by the secretary of such Person) of such Person's Organizational Documents.

(h) Incumbency. The Administrative Agent shall have received a certificate of the secretary or assistant secretary, or equivalent officer, or any manager (in the case of a limited liability company) of each Credit Party, dated the Initial Borrowing Date, as to the incumbency and signature of the officers of each such Person executing any document (in form and substance satisfactory to the Administrative Agent) and any certificate or other document or instrument to be delivered pursuant hereto or thereto by or on behalf of such Person, together with evidence of the incumbency of such secretary, assistant secretary, or equivalent officer or any manager (in the case of a limited liability company);

(i) Tax and Accounting Aspects of Transactions. The Borrower shall have delivered to the Administrative Agent and each Lender the financial statements as provided in Section 6.5(a)(i), (ii), (iii) and (iv) in form and substance satisfactory to the Administrative Agent and the Required Lenders;

(j) Sufficient Funds. The Borrower shall have demonstrated to the satisfaction of the Administrative Agent and the Lenders that a cash equity contribution has been made by Holdings (which amount shall include 100% of the gross proceeds received by Holdings pursuant to the Investment Agreement) and that such equity contribution together with the sum of (i) the maximum principal amount of Loans that the Borrower may incur hereunder on the Initial Borrowing Date to finance its obligations under the Contribution Agreement and the BPCL Sales Agreement and to pay fees and expenses in connection therewith (whether paid on or after the Initial Borrowing Date) and (ii) the net cash proceeds received by the Borrower from the Senior Subordinated Notes, is sufficient to

effect in full its obligations under the Contribution Agreement and the BPCL Sales Agreement and to pay all fees and expenses in connection with the Transaction (whether paid on or after the Initial Borrowing Date);

(k) Approvals. All necessary governmental (domestic and foreign) and third party approvals in connection with the Transaction and otherwise referred to herein shall have been obtained and remain in effect, and all applicable waiting periods shall have expired without any action being taken by any competent authority which restrains, prevents or imposes materially adverse conditions upon the consummation of all or any part of the Transaction and otherwise referred to herein except for those approvals of non-Governmental Authorities under contracts which are not material and which are not required to be delivered at the closing thereof.

Additionally, there shall not exist any judgment, order, injunction or other restraint issued or filed or a hearing seeking injunctive relief or other restraint pending or notified prohibiting or imposing material adverse conditions upon all or any part of the Transaction, or the making of the Loans or the issuance of Letters of Credit;

(l) Litigation. No litigation by any entity (private or governmental) shall be pending or, to the best knowledge of the Borrower, threatened with respect to this Agreement, any other Loan Document or any documentation executed in connection herewith, or with respect to any of the Indebtedness to Remain Outstanding, or any other pending or threatened litigation which the Administrative Agent or the Required Lenders shall determine could reasonably be expected to have a Material Adverse Effect;

(m) Pro Forma Balance Sheet. The Administrative Agent shall have received the Pro Forma Balance Sheet in form and substance satisfactory to the Administrative Agent and the Required Lenders;

(n) Opinions of Counsel. The Administrative Agent shall have received from (i) Skadden, Arps, Slate, Meagher & Flom LLP, special counsel to the Borrower, an opinion addressed to the Administrative Agent and each of the Lenders and dated the Initial Borrowing Date, which shall be in substantially the form of Exhibit 5.1(n) and (ii) local counsel (in the United States and in England) an opinion addressed to the Administrative Agent and each of the Lenders and dated the Initial Borrowing Date, in form and substance satisfactory to the Administrative Agent, covering the perfection of the security interests granted pursuant to the Security Documents;

(o) Fees. The Borrower shall have paid to the Agents and the Lenders all costs, fees and expenses (including, without limitation, legal fees and expenses) payable to the Agents and the Lenders to the extent then due;

(p) Solvency. The Administrative Agent shall have received a solvency opinion from Valuation Research, addressed to the Administrative Agent and each of the Lenders and dated the Initial Borrowing Date and supporting the conclusions, that, after giving effect to the Transaction and the incurrence of all financing contemplated herein, the Borrower is not insolvent and will not be rendered insolvent by the indebtedness incurred in connection herewith, will not be left with unreasonably small capital with which to engage in its respective businesses and will not have incurred debts beyond its ability to pay such debts in the ordinary course as they mature and become due;

(q) Officer's Certificate. The Administrative Agent shall have received a certificate executed by a Responsible Officer on behalf of the Borrower, dated the Initial Borrowing Date and in the form and substance satisfactory to the Administrative Agent;

(r) Whitewash Procedures. The Administrative Agent shall be satisfied
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that each element of the whitewash procedures with respect to the Whitewash Companies have been completed;

(s) Environmental Reports. The Administrative Agent shall have
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received Phase 1 environmental assessments for each plant listed on Schedule
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5.1(s) to be operated by the Borrower or any of its Subsidiaries on and after
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the Initial Borrowing Date;

(t) ICI Letter. The Administrative Agent shall have received a letter
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executed by an officer of ICI, dated the Initial Borrowing Date, in the form of Exhibit 5.1(t), delivered to the Administrative Agent, the Lenders and their
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respective successors and assigns as to the matters contained in Section 1.1 and 1.2 of Schedule 9 to the Contribution Agreement as they relate to ICI and its Subsidiaries;

(u) Existing Indebtedness. (i) After giving effect to the Transaction
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and the other transactions contemplated hereby, Holdings and its Subsidiaries shall not have any Indebtedness outstanding except for the Loans, the Senior Subordinated Notes, the Holdings Zero Coupon Notes and the Indebtedness to Remain Outstanding, and the Indebtedness to Remain Outstanding shall not be incurred in connection with, or in contemplation of, the Transaction and the terms and conditions of the Indebtedness to Remain Outstanding shall be satisfactory to the Administrative Agent; and

(ii) the Administrative Agent shall be satisfied that the creditors under any financing arrangement to be repaid in connection with the Transaction have terminated and released all security interests and Liens on the assets owned by the Borrower and its Subsidiaries, and shall have received such releases of security interest in and Liens on the assets owned by the Borrower and its Subsidiaries or agreements to release the foregoing and /or proper termination statements (Form UCC-3 or the appropriate equivalent) as may have been requested by the Administrative Agent, which releases shall be in form and substance satisfactory to the Administrative Agent;

(v) Consummation of Contribution Agreement, Etc. The transactions
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contemplated by the Contribution Agreement shall have been consummated without the waiver of any conditions precedent thereto required to be performed on or prior to the consummation of the transactions contemplated thereby which are for the benefit of the Borrower and the waiver of which, in the reasonable judgment of the Administrative Agent, could reasonably be expected to have a Material Adverse Effect, and the Administrative Agent shall have received such evidence of the consummation of such transactions as it may request; all representations and warranties of the Borrower and the other parties thereto contained in the Transaction Documents shall be true and correct in all material respects; and all notifications, consents and approvals required pursuant to the Transaction Documents shall have been given or obtained, as the case may be;

(w) BPCL Transaction, Etc.

(i) The Administrative Agent shall have received a notice executed by a Responsible Officer of the Borrower and dated the Initial Borrowing Date informing the Lenders of the Borrower's intention to either (x) consummate the BPCL Acquisition or (y) enter into the Supply Arrangement (the "BPCL Transaction Notice").

(ii) In the event that the BPCL Transaction Notice provides for the consummation of the BPCL Acquisition, then:

(x) each of the BPCL Documents (in each case together with all

exhibits, annexes and schedules thereto) shall have been executed by each party thereto, and each such agreement shall be in full force and effect; and

(y) the transactions contemplated by the BPCL Sales Agreement shall have been consummated without the waiver of any conditions precedent thereto required to be performed on or prior to the consummation of the transactions contemplated thereby which are for the benefit of the Borrower and the waiver of which in the reasonable judgment of the Administrative Agent, could reasonably be expected to have a Material Adverse Effect, and the Administrative Agent shall have received such evidence of the consummation of such transactions as it may request; all representations and warranties of the Borrower and the other parties thereto contained in the BPCL Documents shall be true and correct in all material respects; and all notifications, consents and approvals required pursuant to the BPCL Documents shall have been given or obtained, as the case may be.

(iii) In the event that the BPCL Transaction Notice provides for the entering into of the Supply Arrangement, then:

(w) each Supply Arrangement Agreement (together with all exhibits, annexes and schedules thereto) shall have been executed by each party thereto, and each such agreement shall be in full force and effect;

(x) the Borrower and the Collateral Agent shall have entered into a cash collateral agreement (the "BPCL Cash Collateral Agreement"), in form and substance satisfactory to the Administrative Agent, and the Borrower shall have deposited not less than $88,000,000 into the BPCL Cash Collateral Account;

(y) the BPCL Transaction Notice shall state the amount of the BPCL Reserve (which shall be an amount which, when added to the amount deposited into BPCL Cash Collateral Account, shall be equal to $118,000,000); and

(z) the Borrower shall have delivered to the Administrative Agent a certified copy of the BPCL Memorandum of Understanding.

(x) Post-Closing Agreement. The Administrative Agent shall have received a post-closing agreement executed by the Borrower and in form and substance satisfactory to the Administrative Agent; and

(y) Other Matters. All corporate and other proceedings taken in connection with the Transaction at or prior to the date of this Agreement, and all documents incident thereto will be reasonably satisfactory in form and substance to the Administrative Agent; and the Administrative Agent shall have received such other instruments and documents as the Administrative Agent shall reasonably request in connection with the execution of this Agreement, and all such instruments and documents shall be reasonably satisfactory in form and substance to the Administrative Agent.

5.2 Conditions Precedent to All Credit Events

The obligation of each Lender to make Loans (including Loans made on the Initial Borrowing Date) and the obligation of any Facing Agent to issue or any Lender to participate in any Letter of Credit hereunder in each case shall be subject to the fulfillment at or prior to the time of each such Credit Event of each of the following conditions:

(a) Representations and Warranties. The representations and warranties contained in this Agreement and the other Loan Documents shall each be true and correct in all material respects at and as of such time, as though made on and as of such time, except to the extent such representations and

warranties are expressly made as of a specified date in which event such representation and warranties shall be true and correct as of such specified date;

(b) No Default. No Event of Default or Unmatured Event of Default shall have occurred and shall then be continuing on such date or will occur after giving effect to such Credit Event;

(c) Notice of Borrowing; Letter of Credit Request.

(i) Prior to the making of each Loan, the Administrative Agent shall have received a Notice of Borrowing meeting the requirements of Section 2.5.

(ii) Prior to the issuance of each Letter of Credit, the Administrative Agent and the respective Facing Agent shall have received a Letter of Credit Request meeting the requirements of Section 2.10(b);

(d) Adverse Change. At the time of each such Credit Event and after giving effect thereto, since the Effective Date, nothing shall have occurred (and the Lender shall not have become aware of any facts or conditions previously unknown) which has, or is reasonably likely to have, a Material Adverse Effect;

(e) Other Information. The Administrative Agent shall have received such other instruments, documents and opinions as it may reasonably request in connection with such Credit Event, and all such instruments and documents shall be reasonably satisfactory in form and substance to the Administrative Agent.

The acceptance of the benefits of each such Credit Event by the Borrower shall be deemed to constitute a representation and warranty by it to the effect of paragraphs (a), (b), (c) and (d) of this Section 5.2 (except that no opinion need be expressed as to any Agent's or Required Lenders' satisfaction with any document, instrument or other matter).

Each Lender hereby agrees that by its execution and delivery of its signature page hereto and by the funding of its Loan to be made on the Initial Borrowing Date, such Lender approves of and consents to each of the matters set forth in Section 5.1, and Section 5.2 which must be approved by, or which must be satisfactory to, the Agents or the Required Lenders or Lenders, as the case may be; provided that, in the case of any agreement or document which must be approved by, or which must be satisfactory to, the Required Lenders, the Administrative Agent or the Borrower shall have delivered a copy of such agreement or document to such Lender on or prior to the Initial Borrowing Date if requested.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

In order to induce the Lenders to enter into this Agreement and to make the Loans, and issue (or participate in) the Letters of Credit as provided herein, Holdings and the Borrower make the following representations and warranties as of the Initial Borrowing Date (after giving effect to the consummation of the Transaction) and as of the date of each subsequent Credit Event, all of which shall survive the execution and delivery of this Agreement and the Notes and the making of the Loans and issuance of the Letters of Credit:

6.1 Corporate Status

Holdings and each of its Subsidiaries (i) is a duly organized and validly existing corporation, partnership or limited liability company or other entity

in good standing (if applicable under applicable law) under the laws of the jurisdiction of its organization, (ii) has the requisite power and authority to own its property and assets and to transact the business in which it is engaged

and presently proposed to engage in and (iii) is duly qualified and is authorized to do business and is in good standing ((where relevant) in (y) its jurisdiction of organization and (z) in each other jurisdiction where the ownership, leasing or operation of property or the conduct of its business requires such qualification, except for such failure to be so qualified which, in the aggregate, would not have a Material Adverse Effect.

6.2 Corporate Power and Authority

Holdings and each of its Subsidiaries has the applicable power and authority to execute, deliver and perform the terms and provisions of each of the Documents to which it is a party and has taken all necessary corporate action to authorize the execution, delivery and performance by it of each of such Documents. As of the Initial Borrowing Date (or such later date as a Document is to be executed and delivered in accordance with the terms hereof) Holdings and each of its Subsidiaries has duly executed and delivered each of the Documents to which it is a party, and each of such Documents constitutes its legal, valid and binding obligation enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or at law).

6.3 No Violation

Neither the execution, delivery or performance by the Borrower and each of its Subsidiaries of the Documents to which it is a party (including, without limitation, the granting of Liens pursuant to the Security Documents or the Foreign Intercompany Loan Security Documents), nor compliance by it with the terms and provisions thereof, nor the consummation of the transactions contemplated therein (i) will contravene any provision of any Requirement of Law applicable to Holdings and each of its Subsidiaries, (ii) will conflict with or result in any breach of or constitute a tortious interference with any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien (except pursuant to the Security Documents) upon any of the property or assets of Holdings and each of its Subsidiaries pursuant to the terms of any material Contractual Obligation to which Holdings and each of its Subsidiaries is a party or by which it or any of its property or assets is bound or to which it may be subject, (iii) will violate any provision of any Organizational Document of Holdings and each of its Subsidiaries or (iv) require any approval of stockholders or any approval or consent of any Person (other than a Governmental Authority) except as have been obtained on or prior to the Initial Borrowing Date or as set forth on Schedule 6.3.

6.4 Governmental and Other Approvals

Except as set forth on Schedule 6.4 hereto and except for the recording of the Mortgages and filings (in respect of certain Security Documents) and actions with appropriate Governmental Authorities which shall be recorded and filed, respectively, on, or as soon as practicable after, the Initial Borrowing Date, no order, consent, approval, license, authorization or validation of, or filing, recording or registration with (except as have been obtained or made on or prior to the Initial Borrowing Date), or exemption by, any Governmental Authority, is required to authorize, or is required in connection with, (i) the execution, delivery and performance of any Document or (ii) the legality, validity, binding effect or enforceability of any such Document.

6.5 Financial Statements; Financial Condition; Undisclosed Liabilities

Projections; etc.

(a) Financial Statements

(i) The balance sheet of HSCC at December 31, 1996, December 31, 1997 and December 31, 1998 and the related statements of operations, cash flows and shareholders' equity of HSCC for the fiscal year ended on such dates (with respect to the period ended December 31, 1996 and December 31, 1998 and for the ten month period with respect to the period ended December 31, 1997) fairly present in all material respects the financial condition and results of operations and cash flows of HSCC and its consolidated subsidiaries as of such dates and for such periods in accordance with GAAP. Copies of such statements have been furnished to the Lenders prior to the Effective Date and such statements have been examined by Deloitte & Touche, independent certified public accountants with respect to the periods ended December 31, 1997 and December 31, 1998 and Arthur Andersen, independent public accountants, with respect to the period ended December 31, 1996, each of whom delivered unqualified opinions in respect thereto. As of the Effective Date, there has been no material adverse change in such consolidated financial condition since December 31, 1998.

(ii) The non-statutory combined special purpose accounts prepared with respect to the ICI Contributed Businesses for each of the three years ended December 31, 1996, 1997 and 1998, respectively prepared by KPMG present fairly, in all material respects, in accordance with the basis of preparation set out therein, the financial position of the ICI Contributed Businesses as at December 31, 1996, 1997 and 1998 and the results of its operations for each such year then ended in accordance with UK GAAP, save as disclosed therein. Copies of such statements have been furnished to the Lenders prior to the Effective Date. As of the Effective Date, there has been no material adverse change in such financial condition since December 31, 1998.

(iii) The unaudited combined income statements of HSCC and the ICI Contributed Business for the years ended December 31, 1996, December 31, 1997 and December 31, 1998 present fairly in all material respects the results thereof for such periods.

(iv) The pro forma (after giving effect to the Transaction and the related financing thereof) unaudited balance sheet of the Borrower attached hereto as Schedule 6.5(a) (the "Pro Forma Balance Sheet") presents a good faith estimate of the pro forma financial condition of the Borrower (after giving effect to the Transaction and the related financing thereof at the date thereof). The Pro Forma Balance Sheet has been prepared in accordance with Regulation S-X (except as may be indicated in the notes thereto).

(b) Solvency. On and as of the Initial Borrowing Date, after giving effect to the Transaction and to all Indebtedness (including the Loans) being incurred, and to be incurred (and the use of proceeds thereof), and Liens created, and to be created, by Holdings and its Subsidiaries in connection with the transactions contemplated hereby, Holdings and each of its Material Subsidiaries are Solvent.

(c) No Undisclosed Liabilities. Except as fully reflected in the financial statements and the notes related thereto delivered pursuant to Section 6.5(a) and set forth on Schedule 6.5(c) there were as of the Initial Borrowing Date (and after giving effect to the Transaction and the other transactions contemplated hereby) no liabilities or obligations other than in the ordinary course of business consistent with past practices (with respect to the Borrower and its Subsidiaries of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether or not due) which, either individually or in

aggregate, would be material to Holdings and its Subsidiaries, taken as a whole. As of the Initial Borrowing Date (and after giving effect to the Transaction and the other transactions contemplated hereby), neither Holdings nor the Borrower knows of any basis for the assertion against Holdings or any of its Subsidiaries of any such liability or obligation of any nature whatsoever that is not fully reflected in the financial statements or the notes related thereto delivered pursuant to Section 6.5(a) or set forth on Schedule 6.5(c) (other than, as to

Holdings, the Holdings Zero Coupon Notes) which, either individually or in the aggregate, could be material to Holdings and its Subsidiaries, taken as a whole.

(d) Indebtedness. Schedule 8.2(b) sets forth a true and complete list of all Indebtedness (other than the Loans, the Letters of Credit, the Senior Subordinated Notes and the Holdings Zero Coupon Notes) of Holdings, the Borrower and its Subsidiaries as of the Initial Borrowing Date and which is to remain outstanding after giving effect to the Transaction, to the extent that, in each case, such Indebtedness is in excess of $250,000 (provided, that the aggregate principal amount of Indebtedness not so listed does not exceed the Dollar Equivalent (as determined on the Initial Borrowing Date) of $2,500,000) (the "Indebtedness to Remain

Outstanding"), in each case showing the aggregate principal amount thereof (and the aggregate amount of any undrawn commitments with respect thereto) and the name of the respective obligor and any other entity which directly or indirectly guaranteed such debt. No Indebtedness to Remain Outstanding has been incurred in connection with, or in contemplation of, the Transaction or the other transactions contemplated hereby. The Borrower has delivered or caused to be delivered to the Administrative Agent a true and complete copy of the form of each instrument evidencing Indebtedness for money borrowed listed on Schedule 8.2(b) and of each instrument pursuant to which such Indebtedness for money borrowed was issued, in each case, other than Indebtedness of the type described in Section 8.2(o) or (s).

(e) Projections. On and as of the Initial Borrowing Date, the financial projections, attached hereto as Schedule 6.5(e) (the "Projections") and each of the Projections delivered after the Initial Borrowing Date pursuant to Section 7.2(e) are, or will be at the time made, based on good faith estimates and assumptions made by the management of the Borrower, and there are no statements or conclusions in any of the Projections which, at the time made, are based upon or include information known to the Borrower to be misleading or which fail to take into account material information regarding the matters reported therein. On and as of the Initial Borrowing Date, the Borrower believes that the Projections are reasonable and attainable, it being understood that uncertainty is inherent in any forecasts or projections and that no assurance can be given that the results set forth in the Projections will actually be obtained.

(f) No Material Adverse Change. As of the Initial Borrowing Date and at any time thereafter, there has been no material adverse change in the business, condition (financial or otherwise), assets, liabilities, property, operations or prospects of Holdings and its Subsidiaries (taken as a whole) since December 31, 1998 based on the financial statements delivered pursuant to Section 6.5(a)(iii).

6.6 Litigation

There are no actions, suits or proceedings pending or, to the best knowledge of Holdings or any of its Subsidiaries, threatened in writing against Holdings or any of its Subsidiaries (i) with respect to any Loan Document or (ii) that are

reasonably likely to have a Material Adverse Effect.

6.7 Disclosure

All factual information (taken as a whole) heretofore or contemporaneously furnished by or on behalf of Holdings, the Borrower or any of their Subsidiaries in writing to any Lender (including, without limitation, all information contained in the Documents) (other than the Projections as to which Section 6.5(e) applies and the Disclosure Letter (as defined in the Contribution Agreement) which fairly discloses the matters therein in good faith in accordance with applicable

law)) for purposes of or in connection with this Agreement or any transaction contemplated herein is, and all other such factual information (taken as a whole) hereafter furnished by or on behalf of Holdings, the Borrower or any of their Subsidiaries in writing to any Lender for purposes of or in connection with this Agreement or any transaction contemplated herein are and will be true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not misleading in any material respect at such time in light of the circumstances under which such information was provided. As of the Initial Borrowing Date, the Borrower has disclosed to the Lenders on or before the Initial Borrowing Date, all agreements, instruments and corporate or other restrictions to which Holdings or any of its Subsidiaries is or will be subject as of the or the Initial Borrowing Date, and all other matters known to any of them, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect.

6.8 Use of Proceeds; Margin Regulations

(a) Term Loan Proceeds. All proceeds of the Term Loans incurred on the Initial Borrowing Date shall be used by the Borrower (x) to finance, in part, the Transaction and (y) to pay fees and expenses in connection with the Transaction.

(b) Domestic Revolving Loan Proceeds. All proceeds of the Domestic Revolving Loans incurred hereunder shall be used by the Borrower for ongoing working capital needs and general corporate purposes (other than to voluntarily prepay Term Loans); provided, however, that (x) in the event that the BPCL Acquisition is not consummated on the Initial Borrowing Date, no Domestic Revolving Loans may be requested by the Borrower on the Initial Borrowing Date and (y) in the event that the BPCL Acquisition is consummated on the Initial Borrowing Date, no more than $40,000,000 of Domestic Revolving Loans may be requested by the Borrower on the Initial Borrowing Date.

(c) Multicurrency Revolving Loan Proceeds. All proceeds of the Multicurrency Revolving Loans incurred hereunder shall be used by the Borrower for ongoing working capital needs and general corporate purposes (other than to voluntarily prepay Term Loans); provided, however, that no Multicurrency Revolving Loans may be requested by the Borrower on the Initial Borrowing Date.

(d) Swing Line Loans. All proceeds of the Swing Line Loans incurred hereunder shall be used by the Borrower for ongoing working capital needs and general corporate purposes (other than to voluntarily prepay Term Loans); provided, however, that no Swing Line Loans may be requested by the Borrower on the Initial Borrowing Date.

(e) Margin Regulations. No part of the proceeds of any Loan will be

used to purchase or carry any margin stock (as defined in Regulation U of the Board), directly or indirectly, or to extend credit for the purpose of purchasing or carrying any such margin stock for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase or carry any margin security or for any other purpose which might cause any of the loans or extensions of credit under this Agreement to be considered a "purpose credit" within the meaning of Regulation T, U or X of the Board.

6.9 Tax Returns and Payments

Holdings and each of the its Subsidiaries have timely filed or caused to be filed all tax returns which are required to be filed, except where failure to file any such returns would not reasonably be expected to have a Material Adverse Effect, and have paid or caused to be paid all taxes shown to be due and payable on said returns or on any assessments made against them or any of their respective material properties and all other material taxes, fees or other charges imposed on them or any of their respective properties by any Governmental Authority (other than those the amount or validity of which is contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of Holdings or any such Subsidiary, as the case may be), except where failure to take any such action could not reasonably be expected to have a Material Adverse Effect; and no tax liens have been filed and no claims are being asserted with respect to any such taxes, fees or other charges (other than such liens or claims, the amount or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP (or prior to the Initial Borrowing Date, applicable accounting practice) have been provided) which could be reasonably expected to have a Material Adverse Effect.

6.10 Compliance With ERISA

Each Plan has been operated and administered in a manner so as not to result in any material liability of Holdings or any of its Subsidiaries for failure to comply with the applicable provisions of ERISA and the Code; no Reportable Event which could reasonably be expected to result in the termination of any Plan has occurred with respect to a Plan; to the best knowledge of Holdings and the Borrower, no Multiemployer Plan is insolvent or in reorganization; the aggregate fair market value of the assets of each Plan equals or exceeds the aggregate present value of the accrued benefits under such Plan (using the actuarial funding assumptions then in effect for such Plan); no Plan has an accumulated or waived funding deficiency, has permitted decreases in its funding standard account or has applied for an extension of any amortization period within the meaning of Section 412 of the Code; neither Holdings nor any of its Subsidiaries nor any ERISA Affiliate has incurred any material liability to or on account of a Plan pursuant to Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201 or 4204 of ERISA or Section 4971 or 4975 of the Code; no proceedings have been instituted to terminate

any Plan; using actuarial assumptions and computation methods consistent with subpart 1 of Subtitle E of Title IV of ERISA, and its Subsidiaries and its ERISA Affiliates would not have any material liability to all Plans which are Multiemployer Plans in the event of a complete withdrawal therefrom, as of the close of the most recent Fiscal Year of each such Plan ending prior to the date of any Credit Event; no Lien imposed under the Code or ERISA on the assets of Holdings or any of its Subsidiaries or any ERISA Affiliate exists or is likely to arise on account of any Plan; and Holdings and its Subsidiaries do not maintain or contribute to any employee welfare benefit plan (as defined in Section 3(1) of ERISA) which provides benefits to retired employees (other than as required by Section 601 of ERISA) or any employee pension benefit plan (as defined in Section 3(2) of ERISA), the ongoing annual obligations with respect to either of which could reasonably be expected to have a Material Adverse Effect.

6.11 Ownership of Property

Holdings and each of its Subsidiaries has good and marketable title or, with respect to real property, valid fee simple title (or in each case, the relevant

foreign equivalent, if any) to, or a subsisting leasehold interest in, or a valid contractual agreement or other valid right to use, all such Person's material real property, and good title (or relevant foreign equivalent) to, a valid leasehold interest in, or valid contractual rights or other valid right to (or an agreement for the acquisition of same) use all such Person's other material property (but excluding Intellectual Property), and, in each case, none of such property is subject to any Lien except for Permitted Liens. The items of real and personal property (but excluding Intellectual Property) owned by, leased to or used by Holdings and each of its Subsidiaries constitute all of the assets used in the conduct of such Person's business as presently conducted, and neither this Agreement nor any other Documents, nor any transaction contemplated under any such agreement, will affect any right, title or interest of Holdings or any of its Subsidiaries in and to any of such assets in a manner that would have or is reasonably likely to have a Material Adverse Effect. As of the Initial Borrowing Date, the Borrower and its Domestic Subsidiaries have granted Mortgages to secure the Obligations on all parcels of real estate identified on

Schedule 6.21(c) as Mortgaged Properties.
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6.12 Capitalization of Holdings and the Borrower

On the Initial Borrowing Date after giving effect to the Transaction, the capitalization of Holdings and the Borrower will be as set forth on Schedule
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6.12(a) hereto. The Capital Stock of Holdings and the Borrower have been duly
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authorized and validly issued. Except as set forth on Schedule 6.12(a), no
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authorized but unissued or treasury shares of Capital Stock of Holdings and the Borrower are subject to any option, warrant, right to call or commitment of any kind or character. A complete and correct copy of each of the operating agreements of Holdings and the Borrower in effect on the Initial Borrowing Date has been delivered to the Administrative Agent. Except pursuant to the Transaction Documents, neither Holdings nor the Borrower has any

outstanding stock or securities convertible into or exchangeable for any shares of its Capital Stock, or any rights issued to any Person (either preemptive or other) to subscribe for or to purchase, or any options for the purchase of, or any agreements providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims or any character relating to any of its Capital Stock or any stock or securities convertible into or exchangeable for any of its Capital Stock (other than as set forth in the certificate of incorporation of the Borrower). Neither Holdings, the Borrower nor any of their Subsidiaries is subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any shares of its Capital Stock or any convertible securities, rights or options of the type described in the preceding sentence. As of the Initial Borrowing Date, all of the issued and outstanding shares of Capital Stock of Holdings and the Borrower are owned of record by the stockholders as set forth on Schedule 6.12(a) hereto.

6.13 Subsidiaries

(a) Organization. Schedule 6.13 sets forth as of the Initial Borrowing
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Date a true, complete and correct list of each Subsidiary of the Borrower (after giving effect to the Transaction) and indicates for each such Subsidiary (i) its jurisdiction of organization and (ii) its ownership (by holder and percentage interest). Holdings has no Subsidiaries except for Subsidiaries permitted to be created pursuant to this Agreement, the Borrower and those Subsidiaries listed as on Schedule 6.13.

(b) Capitalization. All of the issued and outstanding Capital Stock
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of each Subsidiary of the Borrower is owned as set forth on Schedule 6.13. All
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of the Capital Stock of each Subsidiary of the Borrower has been duly authorized

and validly issued, is fully paid and non-assessable and is owned as set forth on Schedule 6.13, free and clear of all Liens except for Permitted Liens. No
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authorized but unissued or treasury shares of Capital Stock of any Subsidiary of the Borrower are subject to any option, warrant, right to call or commitment of any kind or character except pursuant to the Transaction Documents. On and after the relevant date of formation, the Borrower directly owns 100% of the Capital Stock of each Receivables Subsidiary owned directly by the Borrower, and the Borrower has pledged (and delivered for pledge) the Capital Stock of each such Receivables Subsidiary (and any promissory notes received by the Borrower or any other Credit Party from such Receivables Subsidiary) to the Collateral Agent pursuant to the Collateral Security Agreement.

(c) Restrictions on or Relating to Subsidiaries. There does not exist
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any consensual encumbrance or restriction on the ability of (i) any Subsidiary of the Borrower to pay dividends or make any other distributions on its capital stock or any other interest or participation in its profits owned by the Borrower or any Subsidiary of the Borrower, , or to pay any Indebtedness owed to the Borrower or a Subsidiary of the Borrower, (ii) any Subsidiary of the Borrower to make loans or advances to the Borrower or any of the Borrower's Subsidiaries or (iii) the Borrower or any of its Subsidiaries to transfer any of its properties or assets to the

Borrower or any of its Subsidiaries, except, in each case, for such encumbrances or restrictions permitted under Section 8.5.

6.14 Compliance With Law, Etc.

Neither Holdings, the Borrower nor any of their Subsidiaries is in default under or in violation of any Requirement of Law or material Contractual Obligation or under its Organizational Documents, as the case may be, in each case the consequences of which default or violation, either in any one case or in the aggregate, would have a Material Adverse Effect.

6.15 Investment Company Act

Neither Holdings, the Borrower nor any of their Subsidiaries is an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

6.16 Public Utility Holding Company Act

Neither Holdings, the Borrower nor any of their Subsidiaries is a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

6.17 Environmental Matters

(i) The operations of and the real property owned or operated by Holdings and each of its Subsidiaries are in compliance with all applicable Environmental Laws except where the failure to be in compliance, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect; (ii) Holdings and each of its Subsidiaries has obtained and will continue to maintain all Environmental Permits, and all such Environmental Permits are in good standing and Holdings and its Subsidiaries are in compliance with all terms and conditions of such Environmental Permits, except where failure to so obtain, maintain or comply, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect; (iii) neither Holdings nor any of its Subsidiaries nor any of their present or past properties or operations (whether owned or leased) is subject to: (A) any Environmental Claim or other written claim, request for information, judgment, order, decree or agreement from or with any Governmental Authority or private party related to any material violation of or material non-compliance with Environmental Laws or Environmental Permits to the extent any of the foregoing

could reasonably be expected to have a Material Adverse Effect, (B) any pending or, to the knowledge of the Holdings or the Borrower, threatened judicial or administrative proceeding, action, suit or investigation related to any Environmental Laws or Environmental Permits which

could reasonably be expected to have a Material Adverse Effect, (C) any Remedial Action which if not taken could reasonably be expected to have a Material Adverse Effect or (D) any liabilities, obligations or costs arising from the Release or substantial threat of a material Release of a Contaminant into the environment regardless of whether the Release or substantial threat of a material Release is occurring on Holdings' or any of its Subsidiaries' present or past properties or at any other location, in each case where such Release or substantial threat of a material Release could reasonably be expected to have a Material Adverse Effect; (iv) neither Holdings nor any of its Subsidiaries has received any written notice or claim to the effect that Holdings or any of its Subsidiaries is or may be liable to any Person as a result of the Release or substantial threat of a material Release of a Contaminant into the environment, which notice or claim could reasonably be expected to result in a Material Adverse Effect, and (v) no Environmental Lien has attached to any property (whether owned or leased) of the Borrower or of any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect, nor are there any facts or circumstances currently known to Holdings or any of its Subsidiaries that may reasonably be expected to give rise to such an Environmental Lien.

6.18 Labor Relations

Neither Holdings, the Borrower nor any of their Material Subsidiaries is engaged in any unfair labor practice that could reasonably be expected to have a Material Adverse Effect. There is (i) no significant unfair labor practice complaint pending against Holdings or any of its Subsidiaries or, to the best knowledge of Holdings and the Borrower, threatened against any of them before the National Labor Relations Board or appropriate national court or other forum, and no significant grievance or significant arbitration proceeding arising out of or under any collective bargaining agreement is so pending against Holdings or any of its Subsidiaries or, to the best knowledge of Holdings and the Borrower, threatened against any of them and (ii) no significant strike, labor dispute, slowdown or stoppage is pending against Holdings or any of its Subsidiaries or, to the best knowledge of Holdings and the Borrower, threatened against Holdings or any of its Subsidiaries (with respect to any matter specified in clause (i) or (ii) above, either individually or in the aggregate) such as could reasonably be expected to have a Material Adverse Effect.

6.19 Intellectual Property, Licenses, Franchises and Formulas
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Each of Holdings and its Subsidiaries owns or holds licenses or other rights to or under all of the patents, patent applications, trademarks, service marks, trademark and service mark registrations and applications therefor, trade names, copyrights, copyright registrations and applications therefor, trade secrets, proprietary information, computer programs or data bases (collectively, "Intellectual Property") except where the failure to own or hold such
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Intellectual Property could not reasonably be expected to result in a Material Adverse Effect, and has obtained assignments of all franchises, licenses and other rights of whatever nature, regarding Intellectual Property necessary for the present conduct of its business, without any known conflict with the rights of

others, except such conflicts which could not reasonably be expected to have a Material Adverse Effect. Neither Holdings nor any of its Subsidiaries has knowledge of any existing or threatened claim by any Person contesting the validity, enforceability, use or ownership of the Intellectual Property which could reasonably be expected to have a Material Adverse Effect, or of any existing state of facts that would support a claim that use by Holdings or any of its Subsidiaries of any such Intellectual Property has infringed or otherwise violated any proprietary rights of any other Person which could reasonably be expected to have a Material Adverse Effect.

6.20 Certain Fees

Except as disclosed to the Agents prior to the Effective Date, no broker's or finder's fees or commissions or any similar fees or commissions will be payable by Holdings, the Borrower or any of their Subsidiaries with respect to the incurrence and maintenance of the Obligations, any other transaction contemplated by the Documents or any services rendered in connection with such transactions.

6.21 Security Documents

(a) Security Agreement Collateral. The provisions of the Security Documents upon execution and delivery thereof are effective to create in favor of the Collateral Agent for the benefit of the Secured Parties pursuant to the Collateral Security Agreement, a legal, valid and enforceable security interest in all right, title and interest of the applicable Credit Party in the Collateral (other than the Collateral described in the Mortgages) owned by such Credit Party, and the Collateral Security Agreement, together with the filings of Form UCC-1 (or other similar filing, if any) in all relevant jurisdictions and delivery of all possessory collateral creates a first lien on, and security interest in (or similar interest in respect of), all right, title and interest of Holdings and such Credit Parties in all of the Collateral described therein, subject to no other Liens other than Permitted Liens. Except for titled vehicles, vessels and other collateral which may not be perfected through the filing of financing statements under the Uniform Commercial Code (or similar applicable law) of the appropriate jurisdiction (or similar filings in each relevant jurisdiction) and which have an aggregate fair market value of less than $5,000,000, and except for patents, trademarks, trade names and copyrights to the extent perfection would require filing in any foreign jurisdiction, all such Liens have been or, upon the filing of the financing statements delivered on the Initial Borrowing Date, will be fully perfected Liens (or similar legal status). The recordation in the United States Patent and Trademark Office and in the United States Copyright Office of assignments for security made pursuant to the Collateral Security Agreement will be effective, under Federal law, to perfect the security interest granted to the Collateral Agent for the benefit of the Secured Parties in the trademarks, patents and copyrights covered by such the Collateral Security Agreement.

(b) Pledged Securities. The security interests created in favor of Collateral Agent, as pledgee for the benefit of the Secured Parties under the Collateral Security Agreement, constitute perfected security interests in the Pledged Securities, if any, subject to no security interests of any other Person except for the Liens granted under or pursuant to the Collateral Security Agreement. No filings or recordings are required in order to perfect the security interests created in the Pledged Securities under the Collateral Security Agreement other than with respect to filings required by applicable foreign law and UCC financing statements with respect to uncertificated Pledged Securities.

(c) Real Estate Collateral. The Mortgages create, as security for the obligations purported to be secured thereby, a valid and enforceable (and upon the due recording thereof under applicable law) perfected security interest in and Lien on all of the Mortgaged Property (including, without limitation, all fixtures and improvements relating to such Mortgaged Property and affixed or added thereto on or after the Initial Borrowing Date) in favor of the Collateral Agent (or such other agent or trustee as may be named therein) for the benefit of the Secured Parties, superior to and prior to the rights of all third Persons (except that the security interest created in the Mortgaged Property may be subject to the Permitted Liens related thereto). Schedule 6.21(c) contains a true and complete list of each parcel of real property owned or leased by the Borrower and its Subsidiaries in the United States, the United Kingdom or other jurisdiction in which a material plant is located and the type of interest therein held by the Borrower or such Subsidiary. The Borrower or a Subsidiary of the Borrower has good and marketable title to all Mortgaged Property free and

clear of all Liens except those described in the first sentence of this Section 6.21(c).
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6.22 Documents

(a) The Borrower has on or prior to the Initial Borrowing Date delivered to the Administrative Agent true, correct and complete copies of the material Transaction Documents entered into by Holdings, the Borrower or any Subsidiary on or before the Initial Borrowing Date in connection with the Transaction and, with respect to any such Transaction Document entered into after the Effective Date, the terms thereof shall be reasonably satisfactory to the Administrative Agent. Holdings and each of its Subsidiaries have, concurrently with the execution and delivery of this Agreement or will have by the Initial Borrowing Date, consummated the transactions contemplated by the Documents pursuant thereto, and the Documents set forth the entire agreement among the parties thereto with respect to the subject matter thereof. No party to the Transaction Documents has waived the fulfillment of any material condition precedent set forth therein to the consummation of the transactions contemplated thereby, no party is in default or has failed to perform any of its material obligations thereunder or under any material instrument or document executed and delivered in connection therewith.

(b) All representations and warranties of Holdings and the Borrower set forth in the Documents were true and correct in all material respects (taken as a whole) at the time as of which such representations and warranties were made or deemed made and as of the Initial Borrowing Date.

6.23 Purchase and Supply Contracts

Attached hereto as Schedule 6.23 is a true and complete list of each purchase
---------- contract and supply contract that will be material to the operations of the Borrower on the Initial Borrowing Date, and a true, correct and complete copy of each of which have been delivered to the Administrative Agent, subject to pre-existing confidentiality provisions with third parties.

6.24 Millennium

On the basis of an investigation made by Holdings for itself and each of its Subsidiaries, Holdings and the Borrower, to the best of their knowledge, reasonably believe that the "Y2K problem" (that is, the risk that computer applications used by the Holdings and its Subsidiaries may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any date after December 31, 1999) will not result in a Material Adverse Effect.

6.25 Subordination Provisions

The subordination provisions contained in the Senior Subordinated Note Documents, when executed, are enforceable against the issuer of the respective security and the holders thereof, and the Loans and all other Obligations entitled to the benefits of any Loan Document and any related guaranty are within the definitions of "Senior Indebtedness" included in such provisions.

6.26 Foreign Intercompany Loan Documents

Upon execution and delivery thereof, the Foreign Intercompany Loan Documents and the Foreign Intercompany Loan Security Documents constitute legal, valid and binding obligations of the Persons party thereto (except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or at law)) and are in full force and effect and the Foreign Intercompany Loan Security Documents are effective to create the security interests purported to be created thereby).

6.27 Supply Arrangement

In the event that the Supply Arrangement is entered into on the Initial Borrowing Date, Holdings and the Borrower reasonably believe that the Supply Arrangement delivers to the Borrower and

its Subsidiaries the same net economic benefit and cash flows (net of the (Pounds) 1,500,000 annual fee payable to ICI) as would have been the case had the Retained Olefins Business (as defined in the Supply Arrangement Agreement defined in clause (l) of the definition "Supply Arrangement Agreements") been transferred to the Borrower and its Subsidiaries on the Initial Borrowing Date.

ARTICLE VII

AFFIRMATIVE COVENANTS

The Borrower and Holdings hereby agree that, so long as any of the Commitments remain in effect, or any Loan or LC Obligation remains outstanding and unpaid or any other amount is owing to any Lender or the Administrative Agent hereunder, the Borrower and Holdings shall:

7.1 Financial Statements Furnish, or cause to be furnished, to each Lender:

(a) Quarterly Financial Statements. As soon as available, but in any event not later than 45 days after the end of each of the first full three Fiscal Quarters of each Fiscal Year of the Borrower, (i) the unaudited consolidated balance sheet of the Borrower and its consolidated subsidiaries as at the end of such quarter and the related unaudited consolidated statements of income and of cash flows of the Borrower and its consolidated Subsidiaries for such quarter and the portion of the Fiscal Year through the end of such quarter and in each case commencing with the fiscal quarter ending September 30, 2000 setting forth comparative figures for the related periods in the prior Fiscal Year, and, if the Borrower has established any Unrestricted Subsidiaries, such consolidated statements shall be accompanied by a balance sheet as of such date, and a statement of income and cash flows for such period, reflecting on a combined basis, for Subsidiaries and on a combined basis for Unrestricted Subsidiaries, the consolidating entries for such types of Subsidiaries, (ii) the unaudited consolidating balance sheets of the Borrower as at the end of such Fiscal Quarter and the related unaudited consolidating statements of income and of cash flows of the Borrower and its Subsidiaries for such quarter and in each case commencing with the Fiscal Quarter ending September 30, 2000 setting forth comparative figures for the related periods in the prior Fiscal Year and (iii) the unaudited business segment footnote information, consistent with the requirements of GAAP, of the Borrower and its consolidated subsidiaries for such quarter and the position of the Fiscal Year through the end of such quarter, and in each case commencing with the Fiscal Quarter ending September 30, 2000 setting forth comparative figures for the related periods in the prior Fiscal Year. Each of the above items shall be in a form satisfactory to the Administrative Agent and certified by the Responsible Financial Officer of the Borrower, subject to normal year-end audit adjustments; and

(b) Annual Financial Statements. As soon as available, but in any event not later than 90 days after the end of each Fiscal Year of the Borrower, a copy of (i) the consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such year and consolidated statements of income and of cash flows for such year, setting forth in each case, commencing for the year ending December 31, 2000, in comparative form the figures for the previous year (which, in case of the year ending December 31, 2000, shall be compared against the figures for the period from June 30, 1999 to December 31, 1999) and, if the Borrower has established any Unrestricted Subsidiaries, such consolidated statements shall be accompanied by a balance sheet as of such date, and a statement of income and cash flows for such period,

reflecting on a combined basis, for Subsidiaries and on a combined basis for Unrestricted Subsidiaries, the consolidating entries for each of such types of Subsidiaries; all such financial statements shall be complete and correct in all material respects and shall be prepared in accordance with GAAP applied consistently throughout the periods reflected therein and with prior periods (except as approved by the accountants preparing such statements or the Responsible Financial Officer, as the case may be, and disclosed therein) and, in the case of the consolidated financial statements referred to in Section 7.1(b), accompanied by a report thereon of Deloitte & Touche or such other independent certified public accountants of recognized national standing, which report shall contain no qualifications with respect to the continuance of the Borrower and its Subsidiaries as a going concern and shall state that such financial statements present fairly the financial position of the Borrower and its Subsidiaries as at the dates indicated and the results of their operations and cash flow for the periods indicated in conformity with GAAP, (ii) the related consolidating balance sheets of the Borrower as at the end of such Fiscal Year and the related consolidating statements of income and of cash flows of the Borrower and its Subsidiaries for such Fiscal Year through the end of such quarter, setting forth in each case commencing with the Fiscal Year ending December 31, 2000 in comparative form the figures for the previous year, all of which shall be in a form satisfactory to the Administrative Agent and (iii) the related business segment footnote information, consistent with the requirements of GAAP, of the Borrower and its consolidated subsidiaries for such Fiscal Year, setting forth in each case commencing with the Fiscal Year ending December 31, 2000 incomparative form the figures for the prior Fiscal Year. Each of the above items shall be in a form satisfactory to the Administrative Agent and certified by a Responsible Financial Officer of the Borrower;

(c) Annual Schedule of Foreign Intercompany Notes. As soon as available, but in any event within 90 days after the end of each Fiscal Year of the Borrower an unaudited schedule of Foreign Intercompany Notes as at the end of such year, separately presenting the Foreign Intercompany Notes, indebtedness permitted under Section 8.2 (including overdraft facilities) and cash balances, for each consolidated Subsidiary with total assets in excess of $25,000,000 as at the end of such period.

7.2 Certificates; Other Information

Furnish to each Lender (or, if speified below, to the Administrative Agent):

(a) Accountant's Certificates. Concurrently with the delivery of the financial statements referred to in Section 7.1(b), to the extent not contrary to the then current recommendations of the American Institute of Certified Public Accountants, a certificate from Deloitte & Touche or other independent certified public accountants of nationally recognized standing, stating that, in the course of their annual audit of the books and records of the Borrower, no Event of Default or Unmatured Event of Default, insofar as they relate to accounting and financial matters, has come to their attention which was continuing at the end of such Fiscal Year or on the date of their certificate, or if such an Event of Default or Unmatured Event of Default has come to their attention, the certificate shall indicate the nature of such Event of Default or Unmatured Event of Default;

(b) Officer's Certificates. Concurrently with the delivery of the financial statements referred to in Sections 7.1(a) and 7.1(b), a certificate of a Responsible Financial Officer (I) substantially in the form of Exhibit 7.2(b) stating that, to the best of such officer's knowledge, (i) such financial statements present fairly, in accordance with GAAP, the financial condition and results of operations of the Borrower and its Subsidiaries for the period referred to therein (subject, in the case of interim statements, to normal

recurring adjustments) and (ii) no Event of Default or Unmatured Event of Default has occurred, except as specified in such certificate and, if so specified, the action which the Borrower proposes to take with respect thereto, which certificate shall set forth detailed computations to the extent necessary to establish the Borrower's compliance with the covenants set forth in Article IX of this Agreement and (II) setting forth the then current outstanding amount - -- of each Intercompany Loan;

(c) Audit Reports and Statements. Promptly following the Borrower's receipt thereof, copies of all consolidated financial or other consolidated reports or statements, if any, submitted to the Borrower or any of its Subsidiaries by independent public accountants relating to any annual or interim audit of the books of the Borrower or any of its Subsidiaries;

(d) Management Letters. Promptly after receipt thereof, a copy of any "management letter" received by the Borrower or any of its Subsidiaries from its certified public accountants;

(e) Projections. As soon as available and in any event within sixty (60) days following the first day of each Fiscal Year of the Borrower, projections (prepared on a business segment basis) in form satisfactory to the Administrative Agent and the Required Lenders covering the period from such Fiscal Year through the next two Fiscal Years prepared in reasonable detail, with appropriate presentation and discussion of the principal assumptions upon

which such projections are based, which shall be accompanied by the statement of the chief executive officer or Responsible Financial Officer of the Borrower to the effect that, to the best of his knowledge, such projections are a reasonable estimate for the periods respectively covered thereby;

(f) Public Filings. Within 10 days after the same become public, copies of all financial statements and reports which the Borrower may make to, or file with the SEC or any successor or analogous Governmental Authority;

(g) Quarterly Service Agreement Report. For so long as any Huntsman Agreement or ICI Agreement is in full force and effect, promptly following the end of each Fiscal Quarter, the Borrower shall deliver to the Administrative Agent a report explaining in reasonable detail (i) any material change in the scope of the services provided to the Borrower under the Huntsman Agreements (taken as a whole) or ICI Agreements (taken as a whole) from that contemplated on the Initial Borrowing Date and (ii) any material change in the basis for allocation of costs and expenses under the Huntsman Agreements or the ICI Agreements together with a description of how such change was determined. the Borrower shall provide the Administrative Agent with additional documents and information related to the quarterly report, as reasonably requested by the Administrative Agent;

(h) Insurance. Prior to the Initial Borrowing Date, the Borrower shall have delivered to the Administrative Agent evidence of insurance complying with the requirements of Section 7.8 for the business and properties of the Borrower and its Subsidiaries, in form reasonably satisfactory to the Administrative Agent and the Required Lenders and naming the Administrative Agent as an additional insured, mortgagee and/or loss payee, and stating that such insurance shall not be canceled or revised without 30 days' prior written notice by the insurer to the Administrative Agent;

(i) Insurance Information. The Borrower shall deliver to the Administrative Agent information concerning insurance at the times and in the manner specified in Section 7.8; and

(j) Other Requested Information. Such other information respecting
the respective properties, business affairs, financial condition and/or operations of the Borrower or any of its Subsidiaries as the Administrative Agent or any Lender (through the Administrative Agent) may from time to time reasonably request.

7.3 Notices

Promptly and in any event within three Business Days in the case of clauses (a), (d) and (e) below, 30 days in the case of clauses (b) and (c) below, or one Business Day in the case of clause

(f) below after an officer of the Borrower or of any of its Subsidiaries obtains knowledge thereof, give written notice to the Administrative Agent (which shall promptly provide a copy of such notice to each Lender) of:

(a) Event of Default or Unmatured Event of Default. The occurrence of any Event of Default or Unmatured Event of Default, accompanied by a statement of a Responsible Financial Officer setting forth details of the occurrence referred to therein and stating what action the Borrower proposes to take with respect thereto.

(b) Litigation and Related Matters. The commencement of, or any material development in, any action, suit, proceeding or investigation affecting the Borrower or any of its Subsidiaries or any of their respective properties before any arbitrator or Governmental Authority, (i) in which the amount involved that the Borrower reasonably determines is not covered by insurance or other indemnity arrangement is $10,000,000 or more, (ii) with respect to any Document or any material Indebtedness of the Borrower or any of its Subsidiaries or (iii) which, if determined adversely to the Borrower or any of its Subsidiaries, could reasonably be expected to have a Material Adverse Effect.

(c) Environmental.

(i) The occurrence of one or more of the following, to the extent that any of the following, if adversely determined, would have a Material Adverse Effect or, in any event, could reasonably be expected to result in liability to the Borrower or any of its Subsidiaries in excess of $3,000,000 or a fine or penalty in excess of $1,000,000: (A) written notice, claim or request for information to the effect that the Borrower or any of its Subsidiaries is or may be liable in any material respect to any Person as a result of the presence of or the Release or substantial threat of a material Release of any Contaminant into the environment; (B) written notice that the Borrower or any of its Subsidiaries is subject to investigation by any Governmental Authority evaluating whether any Remedial Action is needed to respond to the presence or to the Release or substantial threat of a material Release of any Contaminant into the environment; (C) written notice that any property, whether owned or leased by, or operated on behalf of, the Borrower or its Subsidiaries is subject to a material Environmental Lien; (D) written notice of violation to the Borrower or any of its Subsidiaries of any Environmental Laws or Environmental Permits, or (E) commencement or written threat of any judicial or administrative proceeding alleging a violation of any Environmental Laws or Environmental Permits; provided, however, that the provisions of this clause (i) shall not require the Borrower to violate or breach any confidentiality covenants to which it is bound.

(ii) Upon written request by the Administrative Agent, the Borrower shall promptly submit to the Administrative Agent and the Lenders a report providing an update of the status of each environmental, health or safety compliance, hazard or liability issue identified in

any notice or report required pursuant to clause (i) above and any other environmental, health and safety compliance obligation, remedial obligation or liability that could reasonably be expected to have a Material Adverse Effect. All such notices shall describe in reasonable detail the nature of the claim, investigation, condition, occurrence or removal or Remedial Action and the Borrower's or such Subsidiary's response thereto.

(d) Notice of Change of Control. Each occasion that any Change of Control shall occur and such notice shall set forth in reasonable detail the particulars of each such occasion.

(e) Notices under Transaction Documents. Promptly following the receipt or delivery thereof, copies of any material demands, notices or documents received or delivered by the Borrower or any Subsidiary of the Borrower outside of the ordinary course of business under or pursuant to the Contribution Agreement, the BPCL Sales Agreement and/or the Supply Arrangement Agreements, the Senior Subordinated Note Documents, the Holdings Zero Coupon Notes, the Limited Liability Company Agreement of Holdings and of the Borrower, any material joint venture agreement and any other material agreement from time to time identified by the Administrative Agent (provided, that the foregoing shall apply to material demands, notices or documents under the Limited Liability Company Agreement of Holdings and of the Borrower, only to the extent required under applicable law to be delivered to the members of Holdings and of the Borrower, as the case may be, in their capacity as members).

(f) UK Insolvency Proceedings. A meaningful threat of or notice in respect of any insolvency proceeding involving any Foreign Subsidiary incorporated under the laws of England and Wales.

7.4 Conduct of Business and Maintenance of Existence

Continue to engage in business of the same general type as now conducted by it and preserve, renew and keep in full force and effect its and each Subsidiary's corporate existence and take all reasonable action to maintain all rights, privileges and franchises material to its and those of each of its Subsidiaries' businesses except to the extent that failure to take any such action could not in the aggregate reasonably be expected to have a Material Adverse Effect or as otherwise permitted pursuant to Sections 8.3 and comply and cause each of its Subsidiaries to comply with all Requirements of Law except to the extent that failure to comply therewith would not in the aggregate reasonably be expected to have a Material Adverse Effect.

7.5 Payment of Obligations

Pay or discharge or otherwise satisfy at maturity or, to the extent permitted hereby, prior to maturity or before they become delinquent, as the case may be, and cause each of its Subsidiaries

to pay or discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be:

(i) all material taxes, assessments and governmental charges or levies imposed upon any of them or upon any of their income or profits or any of their respective properties or assets prior to the date on which penalties attach thereto; and

(ii) all lawful claims prior to the time they become a Lien (other than Permitted Liens) upon any of their respective properties or assets; provided, however, that neither the Borrower nor any of its Subsidiaries shall be required to pay or discharge any such material tax, assessment, charge, levy or claim while the same is being contested by it in good faith and by

appropriate proceedings diligently pursued so long as the Borrower or such Subsidiary, as the case may be, shall have set aside on its books adequate reserves in accordance with GAAP (segregated to the extent required by GAAP) with respect thereto and title to any material properties or assets is not jeopardized in any material respect.

7.6 Inspection of Property, Books and Records

Keep, or cause to be kept, and cause each of its Subsidiaries to keep or cause to be kept, adequate records and books of account, in which complete entries are to be made reflecting its and their business and financial transactions, such entries to be made in accordance with sound accounting principles consistently applied and permit, and cause each of its Subsidiaries to permit, any Lender or its respective representatives, at any reasonable time, and from time to time at the reasonable request of such Lender made to the Borrower and upon reasonable notice, to visit and inspect its and their respective properties, to examine and make copies of and take abstracts from its and their respective records and books of account, and to discuss its and their respective affairs, finances and accounts with its and their respective principal officers, directors and with the written consent of the Borrower (which consent shall not be required if any Event of Default has occurred and is continuing), independent public accountants, provided that the Borrower may attend any such meetings (and by this provision the Borrower authorizes such accountants to discuss with the Lenders and such representatives the affairs, finances and accounts of the Borrower and its Subsidiaries).

7.7 ERISA

(i) As soon as practicable and in any event within ten (10) days after the Borrower or any of its Subsidiaries or ERISA Affiliates knows or has reason to know that a Reportable Event has occurred with respect to any Plan, deliver, or cause such Subsidiary or ERISA Affiliate to deliver, to the Administrative Agent a certificate of a responsible officer of the Borrower or such Subsidiary or ERISA Affiliate, as the case may be, setting forth the details of such Reportable Event and the action, if any, which the Borrower or such Subsidiary or ERISA Affiliate is

required or proposes to take, together with any notices required or proposed to be given; (ii) upon the request of any Lender made from time to time, deliver, or cause each Subsidiary or ERISA Affiliate to deliver, to each Lender a copy of the most recent actuarial report and annual report completed with respect to any Plan; (iii) as soon as possible and in any event within ten (10) days after the Borrower or any of its Subsidiaries or ERISA Affiliates knows or has reason to know that any of the following have occurred or is reasonably likely to occur with respect to any Plan: (A) such Plan has been terminated, reorganized, petitioned or declared insolvent under Title IV of ERISA, (B) the Plan Sponsor intends to terminate such Plan, (C) the PBGC has instituted or will institute proceedings under Section 515 of ERISA to collect a delinquent contribution to such Plan or under Section 4042 of ERISA to terminate such Plan, (D) that an accumulated funding deficiency has been incurred or that an application has been made to the Secretary of the Treasury for a waiver or modification of the minimum funding standard (including any required installment payments) or an extension of any amortization period under Section 412 of the Code, or (E) that Holdings, or any Subsidiary of Holdings (including, but not limited to, the Borrower) or any ERISA Affiliate will incur any material liability (including, but not limited to, contingent or secondary liability) to or on account of the termination of or withdrawal from a Plan under Section 401(a)(29), 4971 or 4975 of the Code or Section 409 or 502(1) of ERISA, deliver, or cause such Subsidiary or ERISA Affiliate to deliver, to the Administrative Agent a written notice thereof; and (iv) as soon as possible and in any event within thirty days after the Borrower or any of its Subsidiaries or ERISA Affiliates knows or has reason to know that any of them has caused a complete withdrawal or partial withdrawal (within the meaning of Sections 4203 and 4205, respectively, of ERISA) from any Multiemployer Plan, deliver, or cause such Subsidiary or ERISA Affiliate to deliver, to the Administrative Agent a written notice thereof. For purposes of this Section 7.7, the Borrower shall be deemed

to have knowledge of all facts known by the Plan Administrator of any Plan of which the Borrower is the Plan Sponsor, and each Subsidiary and ERISA Affiliate

of the Borrower shall be deemed to have knowledge of all facts known by the Plan Administrator of any Plan of which such Subsidiary or ERISA Affiliate, respectively, is a Plan Sponsor. In addition to its other obligations set forth in this Article VII, the Borrower shall, and shall cause each of its
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Subsidiaries and ERISA Affiliates to:

(A) provide the Administrative Agent with prompt written notice, with respect to any Plan, of any failure to satisfy the minimum funding standard requirements of Section 412 of the Code,

(B) furnish to the Administrative Agent, promptly after delivery of the same to the PBGC, a copy of any delinquency notice pursuant to Section 412(n)(4) of the Code,

(C) correct any such failure to satisfy funding requirements or delinquency referred to in the foregoing clauses (A) and (B) within ninety (90)

days after the occurrence thereof, except where the failure to so satisfy would not reasonably be expected to have a Material Adverse Effect;

(D) comply in good faith in all material respects with the requirements set forth in Section 4980B of the Code and with Sections 601(a) and 606 of ERISA;

(E) at the request of any Lender, deliver to such Lender (and a copy to the Administrative Agent) a complete copy of the most recent annual report (Form 5500) of each Plan required to be filed with the Internal Revenue Service; and

(F) at the request of any Lender, deliver to such Lender (and a copy to the Administrative Agent) copies of the most recent annual reports received by Holdings or any Subsidiary of Holdings or any ERISA Affiliate with respect to any Plan or Foreign Pension Plan no later than ten (10) days after the date of such request.

7.8 Maintenance of Property, Insurance

(i) Keep, and cause each of its Subsidiaries to keep, all property (including, but not limited to, equipment) useful and necessary for its business in good working order and condition, normal wear and tear and damage by casualty excepted, subject to Section 8.3(b), (ii) maintain, and shall cause each of its
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Subsidiaries to maintain, with financially sound and reputable insurers, insurance with respect to its material properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons. Such insurance shall be maintained with financially sound and reputable insurers, except that a portion of such insurance program (not to exceed that which is customary in the case of companies engaged in the same or similar business or having similar properties similarly situated) may be effected through self-insurance, provided adequate reserves therefor, in accordance with GAAP, are maintained. All insurance policies or certificates (or certified copies thereof) with respect to such insurance (A) shall be endorsed to the Administrative Agent's reasonable satisfaction for the benefit of the Lenders (including, without limitation, by naming the Administrative Agent as loss payee or additional insured, as appropriate); and (B) shall state that such insurance policy shall not be canceled or revised without thirty days' prior written notice thereof by the insurer to the Administrative Agent and (iii) furnish to the Administrative Agent, on the Initial Borrowing Date and on the date of delivery of each annual financial statement, full information as to the insurance carried. At any time that insurance at levels described in Schedule 7.8 is not being maintained by or
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on behalf of the Borrower or any of its Subsidiaries, the Borrower will notify the Lenders in writing within two Business Days thereof and, if thereafter notified by the Administrative Agent or the Required Lenders to do so, the

Borrower or any such Subsidiary, as the case may be, shall obtain insurance at such levels at least equal to those set forth on Schedule 7.8.

7.9 Environmental Laws

(a) The Borrower shall, and shall cause each of its Subsidiaries, in the exercise of its reasonable business judgment, to take prompt and appropriate action to respond to any material non-compliance with all applicable Environmental Laws or Environmental Permits or to any material Release or a substantial threat of a material Release of a Contaminant, and upon request from the Administrative Agent, shall regularly report to the Administrative Agent on such response. Without limiting the generality of the foregoing, whenever the Administrative Agent or any Lender has a reasonable basis to believe that the Borrower is not in material compliance with applicable Environmental Laws or Environmental Permits or that any property of the Borrower or its Subsidiaries, or any property to which Contaminants generated by the Borrower or its Subsidiaries have come to be located ("Offsite Property") has or may become

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contaminated or subject to an order or decree such that any non-compliance, contamination or order or decree could reasonably be anticipated to have a Material Adverse Effect, then, to the extent the Borrower has the legal right to do so, the Borrower agrees to, at the Administrative Agent's request and the Borrower's expense: (i) cause an independent environmental engineer reasonably acceptable to the Administrative Agent to conduct such tests of the site where the alleged or actual non-compliance or contamination has occurred and prepare and deliver to the Administrative Agent, the Lenders and the Borrower a report(s) reasonably acceptable to the Administrative Agent setting forth the results of such tests, the Borrower's proposed plan and schedule for responding to any environmental problems described therein, and the Borrower's estimate of the costs thereof, and (ii) provide the Administrative Agent, the Lenders and the Borrower a supplemental report(s) of such engineer whenever the scope of the environmental problems or the Borrower's response thereto or the estimated costs thereof, shall materially change. Notwithstanding the above, the Borrower shall not be obligated (other than as required by applicable law) to undertake any tests or remediation at any Offsite Property that (a) is not owned or operated by the Borrower or any of its Subsidiaries and (b) where Contaminants generated by persons other than the Borrower or any of its Subsidiaries have also come to be located.

(b) Defend, indemnify and hold harmless the Administrative Agent and the Lenders, and their respective employees, the Administrative Agents, officers and directors, from and against any and all claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature known or unknown, contingent or otherwise, arising out of, or in any way relating to the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of the Borrower, any of its Subsidiaries or their respective properties, or any orders, requirements or demands of Governmental Authorities related thereto, including, without limitation, reasonable attorneys' and consultants' fees,

investigation and laboratory fees, costs arising from any Remedial Actions, court costs and litigation expenses, except to the extent that any of the foregoing arise out of the gross negligence or willful misconduct of the party seeking indemnification therefor. The agreements in this Section 7.9(b) shall

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survive repayment of the Notes and all other Obligations.

7.10 Use of Proceeds

Use all proceeds of the Loans as provided in Section 6.8.

7.11 Interest Rate Protection

The Borrower shall (x) no later than thirty (30) days following the Initial

Borrowing Date, enter into and maintain arrangements which have the effect of establishing a fixed or maximum interest rate reasonably acceptable to the Administrative Agent for an aggregate notional principal amount of Indebtedness equal to at least $150,000,000 for a period of at least five years from the Initial Borrowing Date, (y) no later than sixty (60) days following the Initial Borrowing Date, enter into and maintain arrangements which have the effect of establishing a fixed or maximum interest rate reasonably acceptable to the Administrative Agent such that the aggregate notional principal amount of Indebtedness covered thereby is equal to at least $300,000,000 for a period of at least five years from the Initial Borrowing Date and (z) no later than ninety (90) days following the Initial Borrowing Date, enter into and maintain additional arrangements which have the effect of establishing a fixed or maximum interest rate reasonably acceptable to the Administrative Agent such that the aggregate notional principal amount of Indebtedness equal to at least (a) $250,000,000 for a period of at least three years from the Initial Borrowing Date and (b) $300,000,000 for a period of at least five years from the Initial Borrowing Date.

7.12 Additional Security; Further Assurances

(a) Agreement to Grant Additional Security. Promptly, and in any event within 30 days after the acquisition by the Borrower or any Domestic Subsidiary of assets or real or personal property or leasehold interests of the type that would have constituted Collateral on the date hereof, in each case in which the Collateral Agent or the Administrative Agent does not have a perfected security interest under the Security Documents (other than (u) Capital Stock subject to Section 7.12(c), (v) all assets owned by any Receivables Subsidiary, (w) Copyrights, Patents and Trademarks to the extent perfection would require filing in any foreign jurisdiction, (x) assets or real or personal property subject to Liens permitted under Section 8.1(c) under agreements which prohibit the creation of additional Liens on such assets, (y) any parcel of real estate or leasehold interest acquired after the Effective Date with a fair market value of less than $10,000,000 or (z) any other asset with a fair market value of less than $100,000 individually (provided that all such other assets collectively have a fair market value of less than $10,000,000)) and within 30 days after request by the Administrative Agent with respect to any

other after acquired collateral deemed material by the Administrative Agent or Required Lenders (the "Additional Collateral"), the Borrower and Holdings will, and will cause each of their respective Domestic Subsidiaries (including the Borrower) to, take all necessary action, including (i) the filing of appropriate financing statements under the provisions of the UCC, applicable foreign, domestic or local laws, rules or regulations in each of the offices where such filing is necessary or appropriate to grant the Collateral Agent or the Administrative Agent for the benefit of the Secured Parties pursuant to the Collateral Security Agreement a perfected Lien (subject only to Permitted Liens) in such Collateral pursuant to and to the full extent required by the Security Documents and this Agreement and (ii) with respect to real estate, the execution of a Mortgage, the obtaining of title insurance policies or indemnification agreements satisfactory to the Administrative Agent, title surveys and real estate appraisals satisfying the Requirements of Law.

(b) Subsidiary Guarantees. The Borrower agrees to cause each Domestic Subsidiary (other than a Receivables Subsidiary) to execute and deliver the Subsidiary Guarantee Agreement (or a supplement thereto) promptly, and in any event, within 30 days of such Person's having become a Domestic Subsidiary.

(c) Pledge of New Subsidiary Stock. The Borrower agrees to pledge (or cause its Subsidiaries to pledge) all of the Capital Stock of each new Domestic Subsidiary and, to the extent such pledge would not result in adverse tax consequences to the Borrower, 65% of the Capital Stock of each new first-tier Foreign Subsidiary established, acquired or created after the Initial Borrowing Date to the Collateral Agent for the benefit of the Secured Parties pursuant to the Collateral Security Agreement promptly, and in any event, within

30 days of the creation of such new Subsidiary.

(d) Grant of Security by New Subsidiaries. Subject to the provisions of Sections 7.12(a) and 7.12(c), the Borrower will promptly and, in any event, within 30 days of the establishment, acquisition or creation of a Domestic Subsidiary, cause each Domestic Subsidiary established or created in accordance with Section 8.7 to grant to the Collateral Agent for the benefit of the Secured Parties pursuant to the Collateral Security Agreement a first priority Lien (subject to Permitted Liens) on all property (tangible and intangible) of such Domestic Subsidiary by executing and delivering an agreement substantially in the form of Exhibit A to the Collateral Security Agreement, or such other security agreement on other terms satisfactory in form and substance to the Administrative Agent. The Borrower shall cause each Domestic Subsidiary, at its own expense, to execute, acknowledge and deliver, or cause the execution, acknowledgment and delivery of, and thereafter register, file or record in any appropriate governmental office, any document or instrument reasonably deemed by the Administrative Agent to be necessary or desirable for the creation and perfection of the foregoing Liens. The Borrower will cause each of its Domestic Subsidiaries to take all action requested by the

Administrative Agent or the Required Lenders (including, without limitation, the filing of UCC-1's) in connection with the granting of such security interests.

(e) Pledge of Equity in Unrestricted Subsidiaries. The Borrower agrees to pledge (or cause its Domestic Subsidiaries to pledge) all of the Capital Stock owned by the Borrower or a Domestic Subsidiary of each domestic Unrestricted Subsidiary (or 65% in the case of first-tier Foreign Subsidiaries) to the Collateral Agent for the benefit of the Secured Parties pursuant to the Collateral Security Agreement. The Borrower agrees to pledge or cause its Subsidiaries to pledge, to the Collateral Agent for the benefit of the Secured Parties pursuant to the Collateral Security Agreement all instruments evidencing indebtedness owed by any Unrestricted Subsidiary to the Borrower or any Domestic Subsidiary.

(f) Receivables Financing Security. No later than the time that any Receivables Documents are entered into, and no later than the time any capital is contributed or funds are advanced by the Borrower to the Receivables Subsidiary, the Borrower and each Participating Subsidiary shall execute and deliver to Collateral Agent for the benefit of the Secured Parties, the Receivables Subsidiary Pledge Agreement, accompanied by certificates representing the Pledged Securities.

(g) Documentation for Additional Security. The security interests required to be granted pursuant to this Section 7.12 shall be granted pursuant to the Annexes to the Security Documents or such other security documentation satisfactory in form and substance to the Administrative Agent and the Required Lenders and shall constitute valid and enforceable perfected security interests prior to the rights of all third Persons and subject to no other Liens except Permitted Liens. The Additional Security Documents and other instruments related thereto shall be duly recorded or filed in such manner and in such places and at such times as are required by law to establish, perfect, preserve and protect the Liens, in favor of the Administrative Agent for the benefit of the Lenders, required to be granted pursuant to the Additional Security Document and, all taxes, fees and other charges payable in connection therewith shall be paid in full by the Borrower or its Subsidiaries. At the time of the execution and delivery of the Additional Security Documents, the Borrower shall cause to be delivered to the Administrative Agent such agreements, opinions of counsel, title surveys, real estate appraisals satisfying any Requirements of Law, and other related documents as may be reasonably requested by the Administrative Agent or the Required Lenders to assure themselves that this Section 7.12 has been complied with.

7.13 End of Fiscal Years; Fiscal Quarters

Cause each of its and its Subsidiaries' annual accounting periods to end on December 31 of each year (each a "Fiscal Year", with quarterly accounting periods ending on March 31, June 30,

September 30, December 31 of each Fiscal Year (each a "Fiscal Quarter"), unless otherwise required by applicable law.

7.14 Maintenance of Corporation Separateness

Holdings will, and will cause each of its Subsidiaries to, satisfy customary corporate (or other similar) formalities, including the maintenance of corporate (or other similar) records. Neither Holdings, the Borrower nor any Subsidiary of the Borrower shall make any payment to a creditor of any Huntsman Affiliate in respect of any liability of any of the foregoing, and no bank account of Holdings or the Borrower shall be commingled with any bank account of any Huntsman Affiliate. Any financial statements distributed to any creditors of Holdings or the Borrower shall, to the extent permitted by GAAP, clearly establish the corporate separateness of the Huntsman Affiliates from Holdings and each of Holdings' Subsidiaries. Finally, neither the Borrower nor any of its Subsidiaries shall take any action, or conduct its affairs in a manner, which is likely to result in the corporate existence of any Huntsman Affiliate on the one hand and of Holdings, the Borrower or any Subsidiary of the Borrower on the other hand being ignored, or in the assets and liabilities of the Borrower or any Subsidiary of the Borrower being substantively consolidated with those of any Huntsman Affiliate in a bankruptcy, reorganization or other insolvency proceeding.

7.15 Foreign Subsidiaries Security

(a) The Borrower will cause each of its Subsidiaries that is a party to a Foreign Intercompany Loan Document to comply at all times with all of its obligations under that Foreign Intercompany Loan Document, and will not permit any such Subsidiary to amend the terms of or assign or transfer (except, other than in the case of UK Holdco 1, to the extent such Indebtedness would remain permitted Indebtedness pursuant to, any of its rights and/or Section 8.2 hereof) obligations under, or grant any waiver or release in respect of, indebtedness the obligations of any Person under, that Foreign Intercompany Loan Document or agree to terminate that Foreign Intercompany Loan Document except (other than in the case of UK Holdco 1) as permitted pursuant to Section 8.7(j) or in connection with the sale or other transfer of the assets of a Foreign Subsidiary permitted pursuant to Section 8.3.

(b) The Borrower will cause any Foreign Subsidiary created or acquired after the Initial Borrowing Date to take all necessary action in order to grant a Lien on its assets (including, without limitation, Capital Stock) to secure its obligations under Foreign Intercompany Loan Documents in such form, if any, as the Administrative Agent (subject to compliance with Foreign Requirements of Law) shall require; provided, however, that the Administrative Agent shall not require a Foreign Subsidiary organized under the laws of the United Kingdom, France, Italy, Spain or The Netherlands (each, an "Initial Borrowing Date Country") to execute any Foreign Intercompany Loan Document other than with respect to the

type of collateral that was provided for by a Foreign Subsidiary in an Initial Borrowing Date Country on the Initial Borrowing Date; and provided further, that the Administrative Agent shall not require a Foreign Subsidiary

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organized under the laws of a jurisdiction other than an Initial Borrowing Date Country to execute any Foreign Intercompany Loan Document with respect to its assets (other than Capital Stock) if (1) (x) the principal balance of Indebtedness under the Foreign Intercompany Note issued by such Foreign Subsidiary is equal to or less than the Dollar Equivalent of $50,000,000 and (y) the assets of such Foreign Subsidiary constitute less than 2% of the Consolidated Total Assets of the Borrower at such time, or (2) any Requirement of Law (including any exchange control, financial assistance, minimum capitalization, fraudulent conveyance or similar rules or regulations, "Foreign
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Requirements of Law") would be violated thereby, provided that all relevant
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Persons have taken all commercially reasonable steps to avoid or cure such violation (collectively, the "Foreign Document Criteria").

(c) If, following a change in the relevant sections of the Code, the regulations and rules promulgated thereunder and any rulings issued thereunder and at the request of the Administrative Agent or the Required Lenders, counsel for the Borrower acceptable to the Administrative Agent and the Required Lenders does not within 30 days after such request deliver evidence reasonably satisfactory to the Administrative Agent with respect to any Foreign Subsidiary that meets the Foreign Document Criteria and is a Wholly-Owned Subsidiary of the Borrower that any of (i) a pledge of 66-2/3% or more of the total combined voting power of all classes of Capital Stock of such Foreign Subsidiary entitled to vote, (ii) the entering into by such Foreign Subsidiary of a guaranty in substantially the form of the Subsidiary Guaranty or (iii) the entering into by such Foreign Subsidiary of a security agreement in substantially the form of the Security Agreement, in any case could cause all or a portion of the earnings of such Foreign Subsidiary to be treated as a deemed dividend to such Foreign Subsidiary's United States parent or would otherwise violate applicable law or result in adverse tax consequences to the Borrower or its Subsidiaries (including, without limitation, in the form of distributions payable to Holdings pursuant to the Limited Liability Company Agreement of the Borrower or to the members of Holdings pursuant to the Limited Liability Company Agreement of Holdings), then in the case of a failure to deliver the evidence described in clause (i) above, that portion of such Foreign Subsidiary's outstanding Capital Stock not theretofore pledged pursuant to the Security Documents shall be pledged to the Administrative Agent for the benefit of the Lenders pursuant to the Security Documents (or another pledge agreement in substantially similar form, if needed), (ii) in the case of a failure to deliver the evidence described in clause (ii) above, such Foreign Subsidiary shall execute and deliver a guaranty of the Obligations of the Borrower under the Loan Documents (subject to compliance with financial assistance laws or similar laws applicable to such Foreign Subsidiary), and (iii) in the case of a failure to deliver the evidence described in clause (iii) above, such Foreign Subsidiary (subject to compliance with financial assistance laws or similar laws applicable to such Foreign Subsidiary) shall execute and deliver a security agreement granting the Administrative Agent for the benefit of the Lenders a security interest in all of such Foreign Subsidiary's assets, in each case with all documents delivered pursuant to this

Section 7.15 to be in form and substance reasonably satisfactory to the
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Administrative Agent and the Required Lenders, but in each case, only to the extent permitted without violating applicable law or resulting in adverse tax consequences.

7.16 Y2K

The Borrower will take, and will cause each of its Subsidiaries to take, all such actions as are reasonably necessary to successfully implement a program to assure that the "Year 2000 problem" will not have a Material Adverse Effect. At the request of the Administrative Agent or any Lender, the Borrower will provide a description of such program, together with any updates or progress reports with respect thereto.

7.17 Certain Fees Indemnity

The Borrower covenants that it will indemnify the Administrative Agent and each Lender against and hold the Administrative Agent and each Lender harmless from any claim, demand or liability for broker's or finder's fees or similar fees or commissions alleged to have been incurred in connection with any of the transactions contemplated hereby.

7.18 Contribution Documents

The Borrower will, and will cause its Subsidiaries to, use good faith diligent efforts to promptly provide to the Administrative Agent (i) drafts of any proposed amendment, modification or supplement to the Contribution Agreement or schedules thereto, (ii) drafts of any document to be executed pursuant to, or in connection with, the Contribution Agreement, the form of which is not attached to, or deviates in any material respect from the form attached to, the Contribution Agreement and (iii) any change in the structure of the transactions contemplated by the Contribution Documents (including, without limitation, corporate and organizational structure, intercompany debt and equity structure, asset and operations structure, and the process to achieve such structures) to be effected on or prior to the Initial Borrowing Date. The rights of the Agents to approve any of the foregoing matters shall be governed by the express terms of this Agreement, including, without limitation, Section 8.11.

ARTICLE VIII

NEGATIVE COVENANTS

Holdings and the Borrower hereby covenant and agree that, so long as any of the Commitments remain in effect or any Loan or LC Obligation remains outstanding and unpaid or any other amount is owing to any Lender or the Administrative Agent hereunder:

8.1 Liens

Holdings and the Borrower will not, and will not permit any of their Subsidiaries to create, incur, assume or suffer to exist or agree to create, incur or assume any Lien in, upon or with respect to any of its properties or assets (including, without limitation, any securities or debt instruments of any of its Subsidiaries), whether now owned or hereafter acquired, or assign or otherwise convey any right to receive income to secure any obligation, except for the following Liens (herein referred to as "Permitted Liens"):

(a) Liens created under the Security Documents;

(b) Customary Permitted Liens;

(c) Liens on any property securing Indebtedness incurred or assumed for the purpose of financing all or any part of the acquisition, construction, repair or improvement cost of such property (or financing of the purchase price within 120 days after the respective purchase of assets), and any Lien arising out of the refinancing, extension, renewal or refunding of any Indebtedness secured by any Lien permitted by this clause (c); provided, that (A) any such Lien does not extend to any other property (other than accessions and additions to the property covered thereby), (B) such Lien either exists on the date hereof or is created in connection with the acquisition, construction, repair or improvement of such property as permitted by this Agreement, (C) the indebtedness secured by any such Lien (or the Capitalized Lease Obligation with respect to any Capitalized Lease) when incurred, (x) does not exceed 100% of the fair market value of such assets and (y) is not less than 70% of the fair market value of such assets (unless the Administrative Agent has a perfected second lien on such asset); and (D) the Indebtedness secured thereby is permitted to be incurred pursuant to Section 8.2(d), provided that such Indebtedness is not increased and is not secured by any additional assets;

(d) additional Liens incurred by the Borrower and its Subsidiaries which do not secure Indebtedness for money borrowed so long as the value of the property subject to such Liens, and the obligations secured thereby, do not exceed $5,000,000 in the aggregate at any one time outstanding;

(e) Liens consisting of an agreement to sell, transfer or dispose of any asset (to the extent such sale, transfer or disposition is permitted hereby);

(f) Liens created under the Foreign Intercompany Loan Security Documents to secure Indebtedness incurred pursuant to the Foreign Intercompany Loan Documents;

(g) Liens securing Indebtedness of Foreign Subsidiaries; provided, --------
that the amount of such Indebtedness shall not exceed $7,500,000 in the aggregate at any one time outstanding;

(h) Liens existing on the date hereof listed on Schedule 8.1(h) ----------
hereto and any extension, renewal or replacement thereof but only if the principal amount of the Indebtedness (including, for purposes of this Section 8.1(h), any additional Indebtedness incurred pursuant to revolving - ----------
commitments in an amount not in excess of the available commitment as set forth on Schedule 8.2(b) secured thereby) is not increased and such Liens do not ----------
extend to or cover any other property or assets;

(i) Liens on Receivables Facility Assets transferred (a) to a Receivables Subsidiary or (b) by a Receivables Subsidiary to the purchasers of such receivables (and the filing of financing statements in connection therewith) created by, and as set forth in, the Receivables Documents pursuant to a Permitted Accounts Receivable Securitization; and

(j) Liens securing Indebtedness permitted pursuant to Section 8.2(n), ----------
provided, that such any such Lien does not extend to any other property (other - --------
than accessions and additions to the property secured thereby).

In connection with the granting of Liens of the type described in clause (c) of this Section 8.1 by the Borrower or any of its Subsidiaries, at ----------
the reasonable request of the Borrower, and at the Borrower's expense, the Administrative Agent or the Collateral Agent shall take (and is hereby authorized to take) any actions reasonably requested by the Borrower in connection therewith (including, without limitation, by executing appropriate lien releases in favor of the holder or holders of such Liens, in either case solely with respect to the item or items of equipment or other assets subject to such Liens).

8.2 Indebtedness ------------

Holdings and the Borrower will not, and will not permit any of their Subsidiaries to, incur, create, assume directly or indirectly, or suffer to exist any Indebtedness except:

(a) Indebtedness incurred pursuant to this Agreement and the other Loan Documents;

(b) Indebtedness to Remain Outstanding on the Initial Borrowing Date (which, to the extent required by Section 6.5(d), is to be listed on Schedule ---------- --------
8.2(b)), without giving effect to any subsequent extension, renewal or - -------
refinancing thereof;

(c) Indebtedness of the Borrower under Interest Rate Agreements entered into to protect the Borrower or any of its Subsidiaries against fluctuations in interest rates;

(d) Indebtedness of the Borrower and its Subsidiaries secured by purchase money Liens permitted under Section 8.1(c) or constituting Capitalized Lease Obligations or an Operating Financing Lease; provided, that (x) all such Capitalized Lease Obligations are permitted under Section 9.1 and (y) the sum of (i) the aggregate outstanding Capitalized Lease Obligations plus (ii) the aggregate outstanding Attributable Debt with respect to Operating Financing Leases plus (iii) the aggregate outstanding principal amount of such purchase money Indebtedness plus (iv) the aggregate outstanding amount of Indebtedness permitted by Section 8.2(n) at any time shall not exceed $25,000,000;

(e) Indebtedness of (x) the Borrower under Other Hedging Agreements providing protection against fluctuations in currency or commodity values (in the case of commodity values, for a period not to exceed 36 months) in connection with the Borrower's or any of its Subsidiaries' operations so long as management of the Borrower or such Subsidiary, as the case may be, has determined that the entering into of such Other Hedging Agreements are bona fide hedging activities, (y) UK Petrochem under Other Hedging Agreements providing protection against fluctuations in commodity values for a period not to exceed 36 months in connection with UK Petrochem's operations so long as the management of UK Petrochem has determined that the entering into of such Other Hedging Agreements are bona fide hedging activities and (z) a Subsidiary of the Borrower under Other Hedging Agreements constituting currency forward contracts specifically related to a transaction requiring the exchange of currencies in the conduct of such Subsidiary's ordinary course of business;

(f) Indebtedness of the Borrower in respect of the Senior Subordinated Notes;

(g) Indebtedness of the Borrower and its Subsidiaries consisting of take-or-pay obligations contained in supply agreements entered into in the ordinary course of business;

(h) Indebtedness of the Borrower and its Subsidiaries resulting from the refinancing of Indebtedness permitted by clauses (b) and (d) above and clause (n) below; provided, however, that (i) the principal amount of any such refinancing Indebtedness (as determined as of the date of the incurrence of such refinancing Indebtedness in accordance with GAAP), does not exceed the principal amount of the Indebtedness refinanced thereby on such date (ii) the Weighted Average Life to Maturity of such Indebtedness is not decreased and (iii) in the case of any such refinancing Indebtedness which is in excess of $5,000,000, such refinancing Indebtedness is upon terms and subject to documentation which is in form and substance reasonably satisfactory to the Administrative Agent;

(i) Indebtedness of Holdings or the Borrower to a Huntsman Affiliate or a ICI Affiliate (in each case other than Holdings) that is subordinated to the Obligations in a manner reasonably satisfactory to the Administrative Agent;

(j) Indebtedness of the Borrower to Holdings that is subordinated to the Obligations in a manner satisfactory to the Administrative Agent and that is either not evidenced by a promissory note or, if evidenced by a promissory note,

such note has been delivered to and effectively pledged by Holdings to the Collateral Agent pursuant to the Collateral Security Agreement;

(k) Indebtedness incurred by a Foreign Subsidiary pursuant to an Intercompany Note or the Foreign Intercompany Loan Documents provided that with respect to any such Indebtedness each Foreign Subsidiary shall comply with the provisions of Section 7.15;

(l) Indebtedness consisting of (i) Guarantee Obligations of any Subsidiary of the Borrower of the Obligations under any Loan Document or any Foreign Intercompany Loan Document, (ii) a guarantee by the Borrower of obligations of a Subsidiary or by any Foreign Subsidiary of obligations of its Subsidiary under any lease or other agreement otherwise permitted hereunder or entered into in the ordinary course of business and not constituting Indebtedness, and (iii) a guarantee by the Borrower of the obligations of its Foreign Subsidiaries incorporated under the laws of The Netherlands or by any such Person of the obligations of its Subsidiaries as required by Section 2.403 of the Civil Code of The Netherlands;

(m) Indebtedness of Domestic Subsidiaries of the Borrower consisting of subordinated guarantees of the Senior Subordinated Notes which are subordinated to the Subsidiary Guaranty in the same fashion as the Senior Subordinated Notes are subordinated to the Obligations;

(n) Indebtedness of a Subsidiary of the Borrower issued and outstanding on or prior to the date on which such Subsidiary was acquired by the Borrower or a Subsidiary of the Borrower in a transaction constituting an Acquisition (other than Indebtedness issued as consideration in, or to provide all or any portion of the funds utilized to consummate such Acquisition) and any extension, renewal or replacement thereof; provided, that the aggregate amount of such Indebtedness outstanding at any time, together with Indebtedness outstanding and permitted by Section 8.2(d) (without double counting and without giving effect to Section 8.1(c)(C)(x)) does not exceed $25,000,000;

(o) Indebtedness of the Borrower and of its Subsidiaries (other than UK Holdco 1) and Guarantee Obligations with respect thereto by the Borrower and/or its Subsidiaries pursuant to over-draft or similar lines of credit (including unsecured back-to-back lines of credit relating thereto among Foreign Subsidiaries, an "Overdraft Facility") such that the

aggregate amount of such Indebtedness permitted thereunder or outstanding under this clause (o) at anyone time does not exceed (without duplication) (x) $60,000,000 (or the Dollar Equivalent thereof), with respect to such Indebtedness incurred by a Foreign Subsidiary and (y) $20,000,000, with respect to such Indebtedness incurred by the Borrower and its Domestic Subsidiaries, provided, however, that the aggregate principal amount of Indebtedness shall be reduced to the Dollar Equivalent of $10,000,000 during at least one day during each calendar month;

(p) so long as no Event of Default or Unmatured Event of Default has occurred and is continuing at the time of the incurrence thereof, Indebtedness of the Borrower to BASF or its Affiliates in an aggregate outstanding amount not in excess of $50,000,000 incurred for the purpose of financing up to 50% of the cost of installation, construction or improvement of property relating to the manufacture of PO/MTBE; provided such Indebtedness shall be on terms identical to that set forth in the promissory note attached hereto as Exhibit 8.2(p), with such changes and modifications thereto as are reasonably acceptable to the Administrative Agent, and subordinated to the Obligations on terms satisfactory to the Administrative Agent;

(q) Indebtedness of Holdings pursuant to the Holdings Zero Coupon Notes;

(r) Indebtedness of Holdings to the Borrower to the extent permitted by Section 8.7(m);

(s) (i) Indebtedness of the Borrower consisting of unsecured Guarantee Obligations incurred to (x) satisfy bonding obligations not in excess of $20,000,000 at any one time which arise in the ordinary course of business and (y) to support obligations of Subsidiaries in connection with a transaction otherwise permitted pursuant to this Agreement; provided, that such Guarantee Obligations under this clause (y) shall not at any time exceed $20,000,000, and (ii) obligations (whether in respect of letters of credit, bank guarantees, Guarantee Obligations or otherwise) of Foreign Subsidiaries (including, without duplication, unsecured Guarantee Obligations of Foreign Subsidiaries and of the Borrower in respect thereof) in an aggregate amount not to exceed the Dollar Equivalent of $30,000,000 at any time outstanding in respect of customs bonding, regulatory (including, without limitation, environmental agency) requirements or arrangements and other operational obligations or bonding arrangements arising in the ordinary course of business other than in respect of borrowed money;

(t) (i) Receivables Facility Attributed Indebtedness as long as the provisions of Section 4.4(k) are complied with in connection with the incurrence of such Receivables Facility Attributed Indebtedness and (ii) Intercompany Indebtedness of a Receivables Subsidiary owed to the Borrower and its Participating Subsidiaries to the extent it constitutes a permitted Investment pursuant to Section 8.7(q); and

(u) unsecured Indebtedness of the Borrower on terms and conditions not more restrictive to the Borrower and its Subsidiaries than those set forth in this Agreement (and at or below a market interest rate for comparable instruments) which Indebtedness is subordinated to the Obligations on terms and conditions reasonably satisfactory to the Administrative Agent and, with respect to which, no principal payments may be made prior to June 30, 2009, so long as at the time of incurrence thereof (x) no Unmatured Event of Default or Event of Default exists, (y) the Borrower would remain in compliance with Section 9.3 and 9.4 after giving pro forma effect to the incurrence of any such Indebtedness for the twelve month period following the incurrence of any such Indebtedness and (z) the Borrower shall comply with the mandatory pre payment provisions of Section 4.4(i).

8.3 Consolidation, Merger, Purchase or Sale of Assets, etc.

Holdings and the Borrower will not, and will not permit any of their Subsidiaries to, wind up, liquidate or dissolve any of their affairs or enter into any transaction of merger or consolidation, or convey, sell, lease or otherwise dispose of any of its properties or assets (or, with respect to a transaction involving all or substantially all of the assets of Holdings or the Borrower, agree to do any of the foregoing at any future time without the Administrative Agent's prior written consent unless the effectiveness of such agreement is conditional upon the consent of the Administrative Agent) or convey, sell or otherwise dispose of any part of its property or assets, or enter into any Sale and Leaseback Transaction, except that:

(a) Holdings, the Borrower and its Subsidiaries may consummate the Transaction;

(b) each of the Borrower and its Subsidiaries may (x) in the ordinary course of business, sell, lease or otherwise dispose of any assets which, in the reasonable judgment of such Person, are obsolete, worn out or otherwise no longer useful in the conduct of such Person's business and (y) sell, lease or otherwise dispose of any other assets, provided that the aggregate Net Sale Proceeds of all assets subject to sales or other dispositions pursuant to this clause (y) which are not reinvested to acquire assets to be used in such

Person's business in the manner described in Section 4.4(e) shall not exceed
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$2,500,000 in any Fiscal Year of the Borrower;

(c) Investments may be made to the extent permitted by Section 8.7;

(d) each of the Borrower and its Subsidiaries may lease (as lessee) real or personal property in the ordinary course of business other than to a Receivables Subsidiary;

(e) each of the Borrower and its Subsidiaries may make sales or transfers of inventory, Cash Equivalents and Foreign Cash Equivalents in the ordinary course of business other than to a Receivables Subsidiary;

(f) the Borrower and its Subsidiaries may sell or discount, in each case without recourse and in the ordinary course of business, Accounts Receivable arising in the ordinary course of business (x) which are overdue, or (y) which the Borrower or such Subsidiary may reasonably determine are difficult to collect but only in connection with the compromise or collection thereof consistent with customary industry practice (and not as part of any bulk sale or financing of receivables);

(g) the Borrower and its Subsidiaries may license its patents, trade secrets, know-how and other intellectual property relating to the manufacture of chemical products and by-products (the "Technology") provided that such license
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shall be assignable to the Administrative Agent or any assignee of the Administrative Agent without the consent of the licensee and no such license shall (i) transfer ownership of such Technology to any other Person or (ii) require the Borrower to pay any fees for any such use (such licenses permitted by this Section 8.3(g), hereafter "Permitted Foreign Technology Licenses");

(h) any Subsidiary of the Borrower (other than a Receivables Subsidiary) may be merged or consolidated (x) with or into the Borrower so long as the Borrower is the surviving entity, (y) with or into any one or more Wholly-Owned Subsidiaries of the Borrower; provided, however, that the Wholly-
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Owned Subsidiary or Subsidiaries shall be the surviving entity or (z) with or into any Person in connection with the consummation of an Acquisition; provided, however, that after giving effect to such merger or consolidation the surviving Subsidiary shall be a Wholly-Owned Subsidiary;

(i) the Borrower and its Subsidiaries may sell, transfer or otherwise dispose of any asset in connection with any Sale and Leaseback Transaction involving Indebtedness, Capitalized Lease Obligations or an Operating Financing Lease otherwise permitted hereunder so long as, in the case of a transaction involving operating assets, such transaction occurs within 120 days of the acquisition by the Borrower or any Subsidiary of the asset sold, transferred or otherwise disposed of;

(j) the Borrower or any Subsidiary may dispose of any of its assets if the aggregate book value (at the time of disposition thereof) of all assets disposed of by the Borrower and its Subsidiaries subsequent to the Initial Borrowing Date pursuant to this clause (j) plus the aggregate book value of all
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the assets then proposed to be disposed of does not exceed 5% of the net property, plant and equipment of the Borrower and its Subsidiaries (on a consolidated basis) as of the end of the immediately preceding Fiscal Quarter for which the Borrower has delivered financial statements as required by Section
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7.1; provided, however, that if concurrently with any disposition of assets or
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within 180 days thereof, substantially all of the net proceeds of such disposition are used by the Borrower or a Subsidiary to acquire other property and if the Borrower or such Subsidiary has complied with the provisions of Section 7.12 with respect to such property, such dispositions shall be
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disregarded for purposes of calculations pursuant to this

Section 8.3 (j)) (and shall otherwise be deemed to be permitted under this Section 8.3) from and after the time of compliance with Section 7.12 with respect to the acquisition of such other property;

(k) any Subsidiary of the Borrower may sell, lease, transfer or otherwise dispose of any or all of its assets to the Borrower or any other Wholly-Owned Subsidiary of the Borrower (other than (I) from (x) a Domestic Subsidiary to a Foreign Subsidiary or (y) a Foreign Subsidiary party to Foreign Intercompany Loan Documents to a Foreign Subsidiary which is not a party to Foreign Intercompany Loan Documents or (II) to a Receivables Subsidiary);

(l) any Subsidiary of the Borrower (other than UK Holdco 1 and a Receivables Subsidiary) may voluntarily liquidate, wind-up or dissolve; and

(m) the Borrower and its Subsidiaries may sell, contribute and make other transfers of Receivables Facility Assets to a Receivables Subsidiary and such Receivables Subsidiary may sell and make other transfers of Receivables Facility Assets to the Issuer, in each case pursuant to the Receivables Documents under a Permitted Accounts Receivable Securitization.

8.4 Dividends or Other Distributions

Neither Holdings, the Borrower nor any of its Subsidiaries will: (i) declare or pay any dividend or make any distribution on or in respect of its Capital Stock or to the direct or indirect holders of its Capital Stock (other than (w) dividends or distributions payable solely in such Capital Stock or in options, warrants or other rights to purchase such Capital Stock, (x) dividends and distributions payable to the Borrower or a Wholly-Owned Subsidiary of the Borrower or payable to holders of minority interests in any Subsidiary so long as the Borrower or any other Subsidiary having an interest in such Subsidiary shall receive its proportionate share of such dividend or distribution; provided, however, that (i) dividends and distributions made after the Effective Date to holders of B shares of UK Holdco 1 shall not exceed (Pounds)500 per annum (or the Dollar Equivalent thereof) and (ii) dividends and distributions effected by TG shall be permitted only to the extent that there are at such time, no amounts outstanding under the UK Holdco Note, the dividend with respect to its preferred stock has been declared and paid and that such dividends are limited to 1% of total dividends paid to the Borrower with respect to ordinary shares, (y) cash distributions to Holdings for distribution to the members of Holdings from time to time to the extent that the amounts of such distributions do not exceed the amounts to be made pursuant to Section 3.1(d) and 6.4(b) of the Limited Liability Company Agreement of Holdings and/or Article 5 of the Limited Liability Company Agreement of the Borrower; provided that in no event shall such distribution exceed forty (40%) percent of the hypothetical taxable income of Holdings if it was a (Corporation under the Code ("Tax Distributions") and (z) distributions to effect the Transactions on the Initial Borrowing Date, (ii) purchase, redeem or otherwise acquire

or retire for value any Capital Stock of the Borrower, (iii) make any interest or principal payment on or purchase, defease, redeem, prepay, or otherwise acquire or retire for value, prior to any scheduled final maturity or applicable redemption date, the Senior Subordinated Notes, the Holdings Zero Coupon Notes or any other Indebtedness that is subordinate or junior in right of payment to the Obligations.

8.5 Limitation on Certain Restrictions on Subsidiaries

The Borrower will not, and will not permit any of its Subsidiaries to create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction (other than pursuant to the Loan Documents) on the ability of any Subsidiary of the Borrower to (i) pay dividends or make any other

distributions on its Capital Stock or pay any Indebtedness or other obligation owed to the Borrower or any of its other Subsidiaries, (ii) make any loans or advances to the Borrower or any of its other Subsidiaries, or (iii) transfer any of its property or assets to the Borrower or any of its other Subsidiaries, except:

(a) any encumbrance or restriction pursuant to an agreement in effect at or entered into on the Effective Date and reflected on Schedule 8.5(a) hereto
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or any extension, replacement or refinancing thereof not prohibited herein;

(b) any such encumbrance or restriction consisting of customary non-assignment provisions in Contractual Obligations entered into in the ordinary course of business to the extent such provisions restrict the transfer or assignment of such agreement;

(c) in the case of clause (iii) above, Permitted Liens or other restrictions contained in security agreements securing Indebtedness permitted hereby to the extent such restrictions restrict the transfer of the property subject to such security agreements;

(d) any restrictions on transfer of an asset pursuant to an agreement to sell such asset to the extent such sale would be permitted hereby; and

(e) any encumbrance or restriction on a Receivables Subsidiary as set forth in the Receivables Documents, or any encumbrance or restriction on a Participating Subsidiary with respect to Receivables Facility Assets as set forth in Receivables Documents.

8.6 Issuance of Stock

(a) The Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, issue, sell, assign, pledge or otherwise encumber or dispose of any shares of Capital Stock of any Subsidiary of the Borrower, except (i) to the Borrower, (ii) to another Wholly-Owned Subsidiary of the Borrower, (iii) to qualifying directors or to satisfy other similar

requirements, in each case, pursuant to Requirements of Law or (iv) pursuant to the Loan Documents or the Foreign Intercompany Loan Security Documents.

(b) The Borrower shall not issue any Capital Stock, except as permitted by Section 8.4(i) and except for such issuances of Capital Stock
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(including private placements) (x) where after giving effect to such issuance, no Event of Default will exist under Sections 10.1(l) and (y) where the
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Administrative Agent and the Required Lenders have consented (such consent not to be unreasonably withheld) to the terms and conditions of such offering. In the event any Capital Stock of the Borrower is issued pursuant to this Section 8.6(b), the Borrower shall apply the Net Offering Proceeds received in
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connection with such disposition in accordance with Section 4.4(g).

8.7 Loans and Investments

Holdings and the Borrower will not, and will not permit any Subsidiary to make or own any Investments except:

(a) The Borrower and its Domestic Subsidiaries may acquire and hold Cash and Cash Equivalents;

(b) the Borrower and its Subsidiaries may hold the Investments identified on Schedule 8.7(b) in an amount not greater than the amount indicated
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thereon which shall not exceed the amount thereof on the Initial Borrowing Date (after giving effect to the Transaction) in each case as such Investments may be adjusted due to appreciation, repayment of principal, payment of interest,

return of capital or similar circumstances;

(c) the Borrower and its Subsidiaries may make or maintain advances (i) for relocation and related expenses and other advances to their employees in the ordinary course of business and (ii) for any other advances to their employees in the ordinary course of business in an aggregate principal amount not exceeding $2,000,000 (or the Dollar Equivalent thereof) at any one time outstanding;

(d) the Borrower and its Subsidiaries may acquire and hold Investments (including debt obligations) received in connection with the bankruptcy or reorganization of suppliers and customers and other Persons and in settlement of delinquent obligations of, and other disputes with, customers and suppliers and other Persons arising in the ordinary course of business;

(e) the Borrower and its Subsidiaries may make deposits in a customary fashion in the ordinary course of business;

(f) subject to Section 8.2(j) if applicable, Holdings may make Investments in the Borrower;

(g) the Borrower and its Subsidiaries may acquire and hold debt securities as partial consideration for a sale of assets pursuant to Section 8.3 or 4.4(e) to the extent permitted by any such Section;

(h) Huntsman ICI Finco may make an intercompany loan to UK Holdco 1 pursuant to the terms of the UK Holdco Note as long as the Administrative Agent has a perfected first priority security interest in such UK Holdco Note and UK Holdco 1 may make intercompany loans and advances to other Foreign Subsidiaries pursuant to the terms of the Foreign Intercompany Loan Documents so long as the representation and warranty set forth in Section 6.26 is true and correct at the time of such advance and the Borrower has complied with the provisions of Section 7.15;

(i) the Borrower may make intercompany loans and advances to any of its Wholly-Owned Subsidiaries, any Subsidiary of the Borrower may make intercompany loans and advances to the Borrower, and any Subsidiary of the Borrower may make intercompany loans and advances to any other Wholly-Owned Subsidiary of the Borrower (collectively, "Intercompany Loans"), provided, that (x) each Intercompany Loan made by a Foreign Subsidiary or a non-Wholly-Owned Domestic Subsidiary to the Borrower or a Wholly-Owned Domestic Subsidiary of the Borrower shall contain the subordination provisions set forth on Exhibit 8.7(i), and (y) each Intercompany Loan (other than pursuant to an Overdraft Facility) made to a Foreign Subsidiary shall be evidenced by an Intercompany Note.

(j) the Borrower and its Subsidiaries may make capital contributions to existing Foreign Subsidiaries of the Borrower, and may capitalize or forgive any Indebtedness owed to them by a Foreign Subsidiary of the Borrower, provided, that the aggregate amount of such contributions, capitalizations and forgiveness, without duplication as to amounts contributed from one Subsidiary to its Subsidiary (determined without regard to any write-downs or write-offs thereof), shall not exceed an amount equal to $200,000,000 (or $250,000,000 in the event that the BPCL Transaction is consummated);

(k) Foreign Subsidiaries of the Borrower may invest in cash, Cash Equivalents and Foreign Cash Equivalents;

(l) so long as no Unmatured Event of Default or Event of Default exists, the Borrower and its Subsidiaries make any Investment in any Permitted Unconsolidated Venture or in any Unrestricted Subsidiary consisting of an amount not in excess of the Available Unrestricted Subsidiary Investment Basket; provided, that, the Borrower shall have complied with Section 7.12(e) in

connection with such Investment;

(m) the Borrower may make intercompany loans to Holdings, the proceeds of which shall be utilized by Holdings to pay legal, franchise tax, audit, and other expenses directly relating to the administration or legal existence of Holdings (including fees and expenses relating to the resale of Holdings Zero Coupon Notes other than underwriting discounts and commissions); provided, that the aggregate outstanding principal amount of such intercompany loan shall not exceed $750,000 in any Fiscal Year (without giving effect to any write-downs or write-offs thereof) and which amount shall not include any intercompany loans or advances made or deemed to have been made for any reason in respect of accrued but unpaid interest on any intercompany loans previously made to Holdings, including the capitalization thereof);

(n) in addition to Investments permitted by clauses (a) through (m) above and clauses (o) through (s) below, the Borrower may make additional Investments, so long as the aggregate outstanding amount of such Investments does not exceed $10,000,000 provided further, that the Borrower may not make or own any investment in Margin Stock;

(o) the Borrower may make Investments in Rubicon and LPC, so long as: (i) the Administrative Agent possesses a valid, perfected Lien on the applicable Credit Party's interests in such Joint Venture, (ii) such Joint Venture does not have any Indebtedness for borrowed money at any time on or after the date of such Investment other than to the partners in such Joint Venture, (iii) the documentation governing such Joint Venture does not contain a restriction on distributions or loan repayments as applicable, to the Borrower or to the applicable Subsidiary holding the interest in such Joint Venture, and (iv) such Investment shall be treated as Capital Expenditures for purposes of Section 9.1 of this Agreement;

(p) the Borrower or any Domestic Subsidiary may purchase all or a significant part of the assets of a business conducted by another Person, make any Investment in any Person which, after the Initial Borrowing Date as a result of such Investment becomes a Wholly-Owned Domestic Subsidiary of the Borrower which is not an Unrestricted Subsidiary or, to the extent permitted under Section 8.3, enter into any merger, consolidation or amalgamation with any other Person (any such purchase, Investment or merger, an "Acquisition"); provided, however, that such Acquisition shall not be permitted unless, (i) after giving effect thereto on a pro forma basis for the period (the "Pro Forma Period") of four Fiscal Quarters ending with the Fiscal Quarter for which financial statements have most recently been delivered (or were required to be delivered) under Section 7.1 (on the basis that (A) any Indebtedness incurred or assumed in connection with such Acquisition was incurred or assumed at the beginning of the Pro Forma Period, (B) such Indebtedness was repaid from operating cash flow over the Pro Forma Period at the intervals and in the amounts reasonably projected to be paid in respect of such Indebtedness over the 12-month period immediately following the Acquisition, (C) if such Indebtedness bears a floating interest rate, such interest shall be paid over the Pro Forma Period at the rate in effect on the date of such Acquisition, and (D) all income and expense associated with the assets or entity acquired in connection with such Acquisition for the most recently ended four Fiscal

Quarter period for which such income and expense amounts are available (with good faith estimates thereof being permitted if financial statements indicating such amounts are not available) shall be treated as being earned or incurred by the Borrower over the Pro Forma Period on a pro forma basis), no Event of Default or Unmatured Event of Default would exist hereunder; (ii) if the total

consideration given and Indebtedness assumed in connection with such Acquisition exceeds $20,000,000, after giving effect to such Acquisition, the Borrower's Total Available Domestic Revolving Commitment and Total Available Multicurrency Revolving Commitment, plus cash, Cash Equivalents and the Dollar Equivalent of Foreign Cash Equivalents, minus the aggregate amount of utilized Overdraft Facilities of the Borrower and its Subsidiaries, shall equal or exceed $275,000,000; (iii) the Borrower and its Subsidiaries have complied with the requirements of Section 7.12 hereof with respect to any required additional Security Documents; and (iv) such acquisition has been approved by the board of directors of the Person to be acquired;

(q) make Investments in the Receivables Subsidiary prior to the occurrence and continuance of an Event of Default under Section 10.1(e) which in the judgment of the Borrower are reasonably necessary in connection with any Permitted Accounts Receivable Securitization;

(r) a Foreign Subsidiary of the Borrower may purchase all or a significant portion of the polyurethane business of Orica Pty; provided, that (x) the total consideration given and Indebtedness assumed in connection therewith shall not exceed 50,000,000 Australian Dollars and (ii) the Administrative Agent shall have received, and shall be satisfied with, the terms and conditions of the documentation executed in connection therewith; and

(s) in the event that the BPCL Acquisition is not consummated on the Initial Borrowing Date, a Foreign Subsidiary of the Borrower organized under the laws of England and Wales may consummate the BPCL Acquisition in accordance with the terms of the BPCL Memorandum of Understanding, provided, that (i) the total consideration given (and Indebtedness assumed) by the Borrower and its Subsidiaries in connection with the BPCL Acquisition shall not exceed (Pounds)75,000,000 and (ii) the Administrative Agent shall have received and be satisfied with the terms and conditions of the BPCL Documents and any Foreign Intercompany Loan Security Documents executed and delivered by any such Foreign Subsidiary in connection with the BPCL Acquisition.

8.8 Transactions with Affiliates

The Borrower will not, and the Borrower will not cause or permit any of its Subsidiaries to, directly or indirectly, enter into or permit to exist any transaction or series of related transactions (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with or for the benefit of any of the Borrower's Affiliates or any

Affiliate of a Subsidiary of Holdings (other than the Borrower) (an "Affiliate Transaction"), other than (x) the entry by the Borrower and its Subsidiaries into the transactions contemplated by a Permitted Accounts Receivable Securitization, (y) transactions that are on terms that are fair and reasonable to the Borrower or to any such Subsidiary and that are on terms that are no less favorable to the Borrower or to such Subsidiary than those that might reasonably have been obtained in a comparable transaction on an arm's-length basis from a Person that is not an Affiliate, and (z) any transaction arising in the ordinary course of business of the Borrower or of such Subsidiary; provided, however, that with respect to transactions between the Borrower or any of its Subsidiaries and any of their respective Affiliates arising in the ordinary course of business (including, without limitation, purchase or supply contracts relating to products or raw materials) a Responsible Officer of the Borrower shall, not later than the date of delivery of the annual Financial Statements, have reviewed the aggregate of such transactions and determined that, in the aggregate, such transactions are on terms that are fair and reasonable to the Borrower or to such Subsidiary and are no less favorable to the Borrower or to such Subsidiary than those that might reasonably have been obtained in a comparable transactions on an arm's-length basis from a Person that is not an

Affiliate. The foregoing restrictions will not apply to (1) reasonable and customary directors' fees, indemnification and similar arrangements and payments thereunder; (2) any transaction between the Borrower and any Wholly-Owned Subsidiary (other than an Unrestricted Subsidiary) of the Borrower or between Wholly-Owned Subsidiaries (other than an Unrestricted Subsidiary) to the extent that any such transaction is otherwise in compliance with the terms of this Agreement and (3) loans or advances to officers of the Borrower and of its Subsidiaries for bona fide business purposes of the Borrower or of such
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Subsidiary not to exceed $1,000,000 in the aggregate at any one time outstanding for the Borrower and its Subsidiaries. The restriction set forth in the first proviso to this Section 8.8 will not apply to the execution and delivery of or
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payments made under the Limited Liability Company Agreement of Holdings, the Limited Liability Company Agreement of the Borrower, the Huntsman Agreements, the ICI Agreements or to loans to Holding permitted by Section 8.7(m).

8.9 Lines of Business

Holdings and the Borrower will not, and will not permit any Subsidiary (other than a Receivables Subsidiary) to enter into or acquire any line of business which is not reasonably related to the chemical or petrochemical business, provided, that none of Huntsman ICI Finco, TG, UK Holdco 1, UK Holdco 2, Dutch
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Mixer or any Thai Holding Company will engage in any business other than (a) holding Capital Stock of its Subsidiaries, (b) in the case of UK Holdco 1 and Huntsman ICI Finco, the borrowing and lending funds pursuant to the Intercompany Notes and entering into the Foreign Intercompany Loan Documents and (c) in the case of UK Holdco 2, cash management and related treasury activities.

8.10 Fiscal Year

Neither Holdings nor the Borrower will change its Fiscal Year.

8.11 Limitation on Voluntary Payments and Modifications of Indebtedness;

Modifications of Certificate of Incorporation, By-Laws and Certain Other
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Agreements; Etc.

Holdings and the Borrower will not, and will not permit any of their Subsidiaries to:

(i) make (or give any notice in respect of) any voluntary or optional payment or prepayment on or redemption or acquisition for value of (including, without limitation, by way of depositing with the trustee with respect thereto or any other Person money or securities before due for the purpose of paying when due) any Obligations under the Holdings Zero Coupon Notes or the Senior Subordinated Notes;

(ii) amend, modify or terminate, or permit the amendment, modification, or termination of any provision of any Senior Subordinated Notes Document or the Holdings Zero Coupon Note Documents; or amend, modify or permit the amendment, termination or modification in any way adverse to the interests of the Lenders (as determined by the Administrative Agent in its sole reasonable discretion after reasonable advance notice of such proposed change) any provision of the Contribution Documents, the BPCL Documents, UK Holdco Note, any Foreign Intercompany Loan Document, the Huntsman Agreements listed on Exhibit 1.1(c), the ICI Agreements listed on
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Exhibit 1.1(d);

(iii) amend, modify or change in any way adverse to the interests of the Lenders (as determined by the Administrative Agent in its sole reasonable discretion after reasonable advance notice of such proposed change), its Organizational Documents (including, without limitation, by filing or modification of any certificate of

designation) or by-laws, or any agreement entered into by it, with respect to its Capital Stock, or enter into any new agreement with respect to its Capital Stock or any new tax sharing agreement which in any way could reasonably be expected to be adverse to the interests of the Lenders; or

(iv) issue any class of its Capital Stock other than (y) in the case of the Borrower and its Subsidiaries, non-redeemable Capital Stock (including by private placements) and (z) in the case of Holdings, issuances of Capital Stock (including by private placements) where, after giving effect to such issuance, no

Event of Default will exist under Section 10.1(m) and to the extent the proceeds thereof are applied in accordance with this Agreement.

The Administrative Agent agrees that, with respect to any matters required to be reasonably satisfactory or acceptable to it, it shall exercise its reasonable judgment in making, and shall not unreasonably withhold or delay, such determination.

8.12 Accounting Changes

The Borrower shall not, nor shall it permit any of its Subsidiaries to make or permit to be made any change in accounting policies affecting the presentation of financial statements or reporting practices from those employed by it on the date hereof, unless (i) such change is required by GAAP, (ii) such change is disclosed to the Lenders through the Administrative Agent or otherwise and (iii) relevant prior financial statements that are affected by such change are restated (in form and detail satisfactory to the Administrative Agent) as may be required by GAAP to show comparative results. If any changes in GAAP or the application thereof from that used in the preparation of the financial statements referred to in Section 6.5(a) hereof occur after the Effective Date and such changes result in, in the sole judgment of the Administrative Agent, a meaningful change in the calculation of any financial covenants or restrictions set forth in this Agreement, then the parties hereto agree to enter into and diligently pursue negotiations in order to amend such financial covenants and restrictions so as to equitably reflect such changes, with the desired result that the criteria for evaluating the financial condition and results of operations of the Borrower and its Subsidiaries shall be the same after such changes as if such changes had not been made.

8.13 Permitted Accounts Receivable Securitization.

The Borrower shall not, nor shall it permit any of its Subsidiaries to, enter into any Receivables Documents other than in connection with a Permitted Accounts Receivable Securitization (unless such Receivables Documents have been approved by the Administrative Agent or are non-material documentation entered into pursuant to such approved Receivables Documents) or amend or modify in any material respect which is adverse to the Lenders any of such Receivables Documents unless such amendment or modification has been approved by the Administrative Agent; provided, however, that if the Receivables Documents, after giving effect to such amendment or modification, would constitute a Permitted Accounts Receivable Securitization, then such approval of the Administrative Agent shall not be required. No Unrestricted Subsidiary may be a Participating Subsidiary in a Permitted Accounts Receivable Securitization.

ARTICLE IX

FINANCIAL COVENANTS

Holdings and the Borrower hereby agree that, so long as the Commitments remain in effect or any Loan or LC Obligation remains outstanding and unpaid or any other amount is owing to any Lender or the Administrative Agent hereunder:

9.1 Capital Expenditures

(a) Holdings and the Borrower will not, and will not permit any of their Subsidiaries to, make any Consolidated Capital Expenditures, except that during any Fiscal Year the Borrower and its Subsidiaries may make Consolidated Capital Expenditures so long as the aggregate amount so made by the Borrower and its Subsidiaries (on a consolidated basis) does not exceed during (i) the 1999 Fiscal Year, an amount equal to $200,000,000 and (ii) each Fiscal Year thereafter an amount equal to (x) $300,000,000 plus (y) an amount equal to the amount of Consolidated Capital Expenditures permitted pursuant to the preceding clause (x) for the immediately preceding Fiscal Year and not utilized during such Fiscal Year, provided, that the aggregate amount attributable to this clause (y) shall not at any time exceed $100,000,000.

(b) Notwithstanding the foregoing, the Borrower and its Subsidiaries may make Consolidated Capital Expenditures on any date with (i) proceeds of Indebtedness incurred pursuant to Section 8.2(i) and (p) and (ii) Net Offering Proceeds which are not required to be applied as a mandatory prepayment under Section 4.4(g).

(c) Notwithstanding the foregoing, the Borrower and its Subsidiaries may make Consolidated Capital Expenditures with (i) the insurance proceeds received by Holdings or any of its Subsidiaries from any Recovery Event and (ii) the Net Sale Proceeds received by Holdings or any of its Subsidiaries from any Asset Disposition, so long as such insurance proceeds and/or Net Sale Proceeds are used or contractually committed to be used within 365 days to make Consolidated Capital Expenditures in accordance with Section 4.4(e).

9.2 Maintenance of Consolidated Net Worth

The Borrower will not permit its Consolidated Net Worth on the last day of any Fiscal Quarter ending after the Initial Borrowing Date to be less than the sum of (i) $965,000,000 plus (ii) an amount equal to 50% of the aggregate Consolidated Net Income of the Borrower since the Initial Borrowing Date plus (iii) an amount equal to 75% or the Net Offering Proceeds from primary issuances of capital stock of Holdings of any of its Subsidiaries; provided, however, that in the event that the Borrower has Consolidated Net Income of less than zero for any Fiscal Quarter,

Consolidated Net Income for purposes only of this Section 9.1 shall be deemed to be zero for such Fiscal Quarter.

9.3 Interest Coverage Ratio

Neither Holdings nor the Borrower will permit the Interest Coverage Ratio calculated for any Test Period ending at the following dates or during the follow periods to be less than the ratio set forth opposite such period:

<TABLE>
<CAPTION>

Period	Ratio
<S>	<C>
December 31, 1999 to March 31, 2000	1.75 to 1.0
June 30, 2000 to March 31, 2001	2.00 to 1.0
June 30, 2001 to March 31, 2002	2.25 to 1.0

June 30, 2002 to March 31, 2003 2.50 to 1.0

June 30, 2003 and thereafter 2.75 to 1.0
</TABLE>

9.4 Leverage Ratio

The Borrower will not permit for any Test Period ending on a date set forth during any period described below, the Leverage Ratio to exceed the ratio set forth opposite such period:

<TABLE>
<CAPTION>

Period	Ratio
<S>	<C>
December 31, 1999 to June 30, 2000	5.75 to 1.0
September 30, 2000 to June 30, 2001	5.50 to 1.0
September 30, 2001 to June 30, 2002	4.75 to 1.0
September 30, 2002 to June 30, 2003	4.0 to 1.0
September 30, 2003 and thereafter	3.75 to 1.0

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ARTICLE X

EVENTS OF DEFAULT

10.1 Events of Default

Any of the following events, acts, occurrences or states of facts shall constitute an "Event of Default" for purposes of this Agreement:

(a) Failure to Make Payments When Due. The Borrower (i) shall default
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in the payment of principal on any of the Loans or any reimbursement obligation with respect to any Letter of Credit; or (ii) shall default in the payment of interest on any of the Loans or default in the payment of any fee or any other amount owing hereunder or under any other Loan Document when due and such default in payment shall continue for five (5) Business Days; or

(b) Representations and Warranties. Any representation or warranty
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made by or on the part of the Borrower or any Credit Party, as the case may be, contained in any Loan Document or any document, instrument or certificate delivered pursuant hereto or thereto shall have been incorrect or misleading in any material respect when made or deemed made; or

(c) Covenants. The Borrower shall (i) default in the performance or
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observance of any term, covenant, condition or agreement on its part to be performed or observed under Article VIII and Article IX hereof or Sections
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7.3(a), 7.9, 7.10, 7.11, 7.12 or 7.15 or (ii) default in the due performance or
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observance by it of any other term, covenant or agreement contained in this Agreement and such default shall continue unremedied for a period of thirty (30) days after written notice to the Borrower by the Administrative Agent or any Lender; or

(d) Default Under Other Loan Documents. Any Credit Party shall
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default in the performance or observance of any term, covenant, condition or agreement on its part to be performed or observed hereunder or under any Loan

Document (and not constituting an Event of Default under any other clause of this Section 10.1) and such default shall continue unremedied for a period of
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thirty (30) days after written or telephonic (immediately confirmed in writing) notice thereof has been given to the Borrower by the Administrative Agent; or

(e) Voluntary Insolvency, Etc. Holdings, the Borrower or any of its
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Material Subsidiaries shall become insolvent or generally fail to pay, or admit in writing its inability to pay, its debts as they become due, or shall voluntarily commence any proceeding or file any petition under any bankruptcy, insolvency or similar law or seeking dissolution or reorganization or the appointment of a receiver, trustee, administrator, custodian or liquidator for it or a substantial portion of its property, assets or business or to effect a plan or other arrangement with its creditors, or shall file any answer admitting the jurisdiction of the court and the material

allegations of an involuntary petition filed against it in any bankruptcy, insolvency or similar proceeding, or shall be adjudicated bankrupt, or shall make a general assignment for the benefit of creditors, or shall consent to, or acquiesce in the appointment of, a receiver, trustee, custodian, administrator or liquidator for a substantial portion of its property, assets or business, shall call a meeting of its creditors with a view to arranging a composition or adjustment of its debts or shall take any corporate action authorizing any of the foregoing; or

(f) Involuntary Insolvency, Etc. Involuntary proceedings or an
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involuntary petition shall be commenced or filed against Holdings, the Borrower or any of its Material Subsidiaries under any bankruptcy, insolvency or similar law or seeking the dissolution or reorganization of it or the appointment of a receiver, trustee, custodian, administrator or liquidator for it or of a substantial part of its property, assets or business, or any similar writ, judgment, warrant of attachment, execution or process shall be issued or levied against a substantial part of its property, assets or business, and (other than a petition for administration) such proceedings or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded, within thirty (30) (or, in the case of a petition for administration, five (5)) days after commencement, filing or levy, as the case may be, or any order for relief shall be entered in any such proceeding; or

(g) Default Under Other Agreements. (i) Holdings, the Borrower or any
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of its Subsidiaries shall default in the payment when due, whether at stated maturity or otherwise, of any Indebtedness (other than Indebtedness owed to the Lenders under the Loan Documents) in excess of $5,000,000 in the aggregate beyond the period of grace if any, provided in the instrument or agreement under which such Indebtedness was created, or (ii) a default shall occur in the performance or observance of any agreement under any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice of acceleration or similar notice is required), any such Indebtedness to become due or be repaid prior to its stated maturity or (iii) any such Indebtedness of the Borrower or any of its Subsidiaries shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment (other than with proceeds of the event giving rise to such prepayment), prior to the stated maturity thereof; or

(h) Invalidity of Subordination Provisions. The subordination
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provisions of any agreement or instrument governing the Holding Zero Coupon Notes or the Senior Subordinated Note Documents is for any reason revoked or invalidated, or otherwise cease to be in full force and effect, any Person contests in any manner the validity or enforceability thereof or denies that it has any further liability or obligation thereunder, or the Loans and the other

Obligations hereunder entitled to receive the benefits of any Loan Document is for any reason subordinated or does not have the priority contemplated by this Agreement or such subordination provisions; or

(i) Judgments. One or more judgments or decrees shall be entered against Holdings, the Borrower or any of its Subsidiaries involving, individually or in the aggregate, a liability (to the extent not paid or covered by a reputable insurance company or indemnitor as to which coverage or indemnification, as the case may be, has not been disclaimed) of $5,000,000 or more and all such judgments or decrees shall not have been vacated, discharged, satisfied, stayed or bonded pending appeal within thirty (30) days from the entry thereof; or

(j) Security Documents. At any time after the execution and delivery thereof, any of the Security Documents shall cease to be in full force and (other than as a result of the actions taken by the Collateral Agent or the Lenders to release such Security Document) effect or shall cease to give the Collateral Agent the Liens, rights, powers and privileges purported to be created thereby (including, without limitation, a first priority perfected security interest in, and Lien on, all of the Collateral), in favor of the Collateral Agent, for the benefit of the Secured Parties, superior to and prior to the rights of all third Persons and subject to no other Liens (except to the extent expressly permitted herein or therein); or

(k) Guaranties. Any Guaranty or any provision thereof shall (other than as a result of the actions taken by the Administrative Agent or the Lenders to release such Guaranty) cease to be in full force and effect in accordance with its terms, or any Credit Party or any Person acting by or on behalf of such Guarantor shall deny or disaffirm such Credit Party's obligations under any Guaranty; or

(l) ERISA. Either (i) any Reportable Event which the Required Lenders determine constitutes reasonable grounds for the termination of any Plan by the PBGC or of any Multiemployer Plan or for the appointment by the appropriate United States District Court of a trustee to administer or liquidate any Plan or Multiemployer Plan shall have occurred, (ii) a trustee shall be appointed by a United States District Court to administer any Plan or Multiemployer Plan, (iii) the PBGC shall institute proceedings to terminate any Plan or Multiemployer Plan or to appoint a trustee to administer any Plan; (iv) the Borrower or any of its Subsidiaries or any of their ERISA Affiliates shall become liable to the PBGC or any other party under Section 4062, 4063 or 4064 of ERISA with respect to any Plan; or (v) the Borrower or any of its Subsidiaries or any of their ERISA Affiliates shall become liable to make a current payment with respect to any Multiemployer Plan under Section 4201 et seq. of ERISA; if as of the date thereof or any subsequent date, the sum of each of the Borrower's and its Subsidiaries' and their ERISA Affiliates' various liabilities (such liabilities to include, without limitation, any liability to the PBGC or to any other party under Section 4062, 4063 or 4064 of ERISA with

respect to any Plan, or to any Multiemployer Plan under Section 4201 et seq. of ERISA) as a result of such events listed in subclauses (i) through (v) above exceeds $7,500,000; or

(m) Change of Control. A Change of Control shall occur; or

(n) Receivables Facility. Any event (after the expiration of any applicable grace periods) as specified in the Receivables Documents for any Permitted Accounts Receivable Securitization shall entitle the Persons (other than a Receivable Subsidiary) financing Accounts Receivables pursuant to a Permitted Accounts Receivable Securitization to terminate or permanently cease funding the financing of Accounts Receivable pursuant to such Permitted Accounts Receivable Securitization.

If any of the foregoing Events of Default shall have occurred and be continuing, the Administrative Agent, at the written direction of the Required Lenders, shall take one or more of the following actions: (i) by written or oral or telephonic notice (in the case of oral or telephonic notice confirmed in writing immediately thereafter) to the Borrower declare the Total Commitments to be terminated whereupon the Total Commitments shall forthwith terminate, (ii) by written or oral or telephonic notice (in the case of oral or telephonic notice confirmed in writing immediately thereafter) to the Borrower declare all sums then owing by the Borrower hereunder and under the Loan Documents to be forthwith due and payable, whereupon all such sums shall become and be immediately due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Borrower, (iii) terminate any Letter of Credit in accordance with its terms, (iv) direct the Borrower to pay (and the Borrower agrees that upon receipt of such notice, or upon the occurrence of any Event of Default specified in Section 10.1(e) or
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Section 10.1(f) with respect to the Borrower it will pay) to the Administrative
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Agent at the Payment Office such additional amount of cash, to be held as security by the Administrative Agent, as is equal to the Assigned Dollar Value of the aggregate Stated Amount of all Letters of Credit issued for the account of the Borrower and its Subsidiaries and then outstanding, and (v) enforce, as the Administrative Agent (to the extent permitted under the applicable Security Documents), or direct the Collateral Agent to enforce pursuant to the Security Documents, as the case may be, all of the Liens and security interests created pursuant to the Security Documents. In cases of any occurrence of any Event of Default described in Section 10.1(e) or Section 10.1(f) with respect to the
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Borrower, the Loans, together with accrued interest thereon, shall become due and payable forthwith without the requirement of any such acceleration or request, and without presentment, demand, protest or other notice of any kind, all of which are expressly waived by the Borrower, any provision of this Agreement or any other Loan Document to the contrary notwithstanding, and other amounts payable by the Borrower hereunder shall also become immediately due and payable all without notice of any kind.

Anything in this Section 10.1 to the contrary notwithstanding, the
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Administrative Agent shall, at the request of the Required Lenders, rescind and annul any acceleration of the

Loans by written instrument filed with the Borrower; provided that at the time such acceleration is so rescinded and annulled: (A) all past due interest and principal (other than principal due solely as a result of such acceleration), if any, on the Loans and all other sums payable under this Agreement and the other Loan Documents shall have been duly paid, and (B) no other Event of Default shall have occurred and be continuing which shall not have been waived in accordance with the provisions of Section 12.1 hereof. Upon any such rescission
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and annulment, the Administrative Agent shall return to the Borrower any cash collateral delivered pursuant to the preceding paragraph.

10.2 Rights Not Exclusive

The rights provided for in this Agreement and the other Loan Documents are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity, or under any other instrument, document or agreement now existing or hereafter arising.

ARTICLE XI

THE ADMINISTRATIVE AGENT

In this Article XI, the Lenders agree among themselves as follows:

11.1 Appointment

The Lenders hereby appoint BT as the Administrative Agent (for purposes of this

Article XI, the term "Administrative Agent" shall, except for purposes of
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Section 11.9, include BT in its capacity as the Administrative Agent pursuant to
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the Security Documents) to act as specified herein and in the other Loan Documents. Each Lender hereby irrevocably authorizes and each holder of any Note by the acceptance of such Note shall be deemed to irrevocably authorize the Administrative Agent to take such action on its behalf under the provisions hereof, the other Loan Documents (including, without limitation, to give notices and take such actions on behalf of the Required Lenders as are consented to in writing by the Required Lenders or all Lenders, as the case may be) and any other instruments, documents and agreements referred to herein or therein and to exercise such powers hereunder and thereunder as are specifically delegated to the Administrative Agent by the terms hereof and thereof and such other powers as are reasonably incidental thereto. The Administrative Agent may perform any of its duties hereunder and under the other Loan Documents, by or through its officers, directors, Administrative Agents employees or affiliates.

11.2 Nature of Duties

(a) The Administrative Agent shall not have any duties or responsibilities except those expressly set forth in this Agreement. The duties of the Administrative Agent shall be mechanical and administrative in nature. EACH LENDER HEREBY ACKNOWLEDGES AND AGREES THAT, SUBJECT TO SECTION 11.2(b), THE

ADMINISTRATIVE AGENT SHALL NOT HAVE, BY REASON OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, A FIDUCIARY RELATIONSHIP TO OR IN RESPECT OF ANY LENDER. Nothing in any of the Loan Documents, expressed or implied, is intended to or shall be so construed as to impose upon the Administrative Agent any obligations in respect of any of the Loan Documents except as expressly set forth herein or therein. Each Lender shall make its own independent investigation of the financial condition and affairs of the Borrower in connection with the making and the continuance of the Loans hereunder and shall make its own appraisal of the credit worthiness of the Borrower, and the Administrative Agent shall not have any duty or responsibility, either initially or on a continuing basis, to provide any Lender with any credit or other information with respect thereto, whether coming into its possession before making of the Loans or at any time or times thereafter. The Administrative Agent will promptly notify each Lender at any time that the Required Lenders have instructed it to act or refrain from acting pursuant to Article X.

(b) The Administrative Agent hereby declares that it, including in its capacity as Collateral Agent, holds and shall hold:

(i) all rights, title and interest that may now or hereafter be mortgaged, charged or assigned or otherwise secured in favor of the Administrative Agent and/or the Collateral Agent by or pursuant to the Loan Documents governed by English law and all proceeds of enforcement of such security; and

(ii) the benefit of all representations, covenants, guarantees, indemnities and other contractual provisions governed by English law given in favor of the Administrative Agent and/or the Collateral Agent (other than any such benefits given to the Administrative Agent and/or the Collateral Agent solely for its own benefit), on trust (for which the perpetuity period shall be 80 years) for itself and the other Lenders from time to time.

11.3 Exculpation, Rights Etc.

Neither the Administrative Agent nor any of its officers, directors, agents, employees or affiliates shall be liable to any Lender for any action taken or omitted by them hereunder or under any of the other Loan Documents, or in connection herewith or therewith, unless caused by its or their gross negligence or willful misconduct. The Administrative Agent shall not be responsible to

any Lender for any recitals, statements, representations or warranties herein or for the execution, effectiveness, genuineness, validity, enforceability, collectibility, or sufficiency of any of the Loan Documents or any other document or the financial condition of the Borrower. The Administrative Agent shall not be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement or any of the Loan Documents or any other document or the financial condition of the Borrower, or the existence or possible existence of any Unmatured Event of Default or Event of Default unless requested to do so by the Required Lenders. The Administrative Agent may at any time request instructions from the Lenders with respect to any actions or approvals (including the failure to act or approve) which by the terms of any of the Loan Documents, the Administrative Agent is permitted or required to take or to grant, and if such instructions are requested, the Administrative Agent shall be absolutely entitled to refrain from taking any action or to withhold any approval and shall not be under any liability whatsoever to any Person for refraining from any action or withholding any approval under any of the Loan Documents until it shall have received such instructions from the Required Lenders. Without limiting the foregoing, no Lender shall have any right of action whatsoever against the Administrative Agent as a result of the Administrative Agent acting, approving or refraining from acting or approving under any of the Loan Documents in accordance with the instructions of the Required Lenders or, to the extent required by Section 12.1,
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all of the Lenders.

11.4 Reliance

The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any notice, writing, resolution notice, statement, certificate, order or other document or any telephone, telex, teletype or telecopier message believed by it to be genuine and correct and to have been signed, sent or made by the proper Person, and, with respect to all matters pertaining herein or to any of the other Loan Documents and its duties hereunder or thereunder, upon advice of counsel selected by the Administrative Agent.

11.5 Indemnification

To the extent the Administrative Agent is not reimbursed and indemnified by the Borrower, the Lenders will reimburse and indemnify the Administrative Agent for and against any and all liabilities, obligations, losses, damages, claims, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Administrative Agent, acting pursuant hereto in such capacity, in any way relating to or arising out of this Agreement or any of the other Loan Documents or any action taken or omitted by the Administrative Agent under this Agreement or any of the other Loan Documents, in proportion to each Lender's Aggregate Pro Rata Share of the Total Commitment; provided, however, that no
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Lender shall be liable for any portion of such liabilities, obligations, losses, damages, claims, penalties, actions, judgments, suits, costs,

expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct. The obligations of the Lenders under this Section 11.5 shall survive the payment in full of the Notes and the termination
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of this Agreement.

For purposes of this Section 11.5, "Aggregate Pro Rata Share" means,
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when used with reference to any Lender and any described aggregate or total amount, an amount equal to the result obtained by multiplying such desired aggregate or total amount by a fraction the numerator of which shall be the aggregate principal amount of such Lender's Domestic Revolving Loan, Multicurrency Revolving Loan, Term A Dollar Loan, Term A Euro Loan, and Term B Loan, and Term C Loan and the denominator of which shall be aggregate of all of the Loans outstanding hereunder.

11.6 The Administrative Agent In Its Individual Capacity

With respect to its Loans and Commitments (and its Domestic Revolver Pro Rata Share, Multicurrency Revolver Pro Rata Share, Term A Dollar Pro Rata Share, Term A Euro Pro Rata Share, Term B Pro Rata Share and Term C Pro Rata Share, as applicable, thereof), the Administrative Agent shall have and may exercise the same rights and powers hereunder and is subject to the same obligations and liabilities as and to the extent set forth herein for any other Lender or holder of Obligations. The terms "Lenders", "holder of Obligations" or "Required Lenders" or any similar terms shall, unless the context clearly otherwise indicates, include the Administrative Agent in its individual capacity as a Lender, one of the Required Lenders or a holder of Obligations. The Administrative Agent may accept deposits from, lend money to, and generally engage in any kind of banking, trust or other business with the Borrower or any Subsidiary or affiliate of the Borrower as if it were not acting as the Administrative Agent hereunder or under any other Loan Document, including, without limitation, the acceptance of fees or other consideration for services without having to account for the same to any of the Lenders.

11.7 Notice of Default

The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Event of Default or Unmatured Event of Default hereunder unless the Administrative Agent has received written notice from a Lender or the Borrower referring to this Agreement describing such Event of Default or Unmatured Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice thereof to the Lenders.

11.8 Holders of Obligations

The Administrative Agent may deem and treat the payee of any Obligation as reflected on the books and records of the Administrative Agent as the owner thereof for all purposes hereof unless and until a written notice of the assignment or transfer thereof shall have been filed with the Administrative Agent pursuant to Section 12.8(c). Any request, authority or consent of any
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Person who, at the time of making such request or giving such authority or consent, is the holder of any Obligation shall be conclusive and binding on any subsequent holder, transferee or assignee of such Obligation or of any Obligation or Obligations granted in exchange therefor.

11.9 Resignation by the Administrative Agent

(a) The Administrative Agent may resign from the performance of all its functions and duties hereunder at any time by giving fifteen (15) Business Days' prior written notice to the Borrower and the Lenders. Such resignation shall take effect upon the acceptance by a successor Administrative Agent of appointment pursuant to clauses (b) and (c) below or as otherwise provided below.

(b) Upon any such notice of resignation, the Required Lenders shall appoint a successor the Administrative Agent who shall be satisfactory to the Borrower and shall be an incorporated bank or trust company.

(c) If a successor the Administrative Agent shall not have been so appointed within said fifteen (15) Business Day period, the Administrative Agent, with the consent of the Borrower, shall then appoint a successor who shall serve as the Administrative Agent until such time, if any, as the Required Lenders, with the consent of the Borrower, appoint a successor the Administrative Agent as provided above.

(d) If no successor the Administrative Agent has been appointed pursuant to clause (b) or (c) by the twentieth (20th) Business Day after the date such notice of resignation was given by the Administrative Agent, the Administrative Agent's resignation shall become effective and the Required Lenders shall thereafter perform all the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders, with the consent of

the Borrower, appoint a successor Administrative Agent as provided above.

11.10 The Administrative Agent as English Trustee

(a) The Administrative Agent in its capacity as trustee or otherwise under a Loan Document governed by English law

(i) is not liable for any failure, omission, or defect in perfecting or registering the security constituted or created by any Loan Document;

(ii) may accept without inquiry such title as any the Borrower or any of its Subsidiaries may have to any asset secured by any Loan Document; and

(iii) is not under any obligation to hold any Loan Document or any other document in connection with such Loan Document or the assets secured by such Loan Document (including title deeds) in its own possession or take any steps to protect or preserve the same. The Administrative Agent may permit any the Borrower or any of its Subsidiaries to retain any Loan Document or other document in its possession.

(b) Except as otherwise provided in the Loan Documents governed by English law, all moneys which under the trusts contained in the Loan Documents are received by the Administrative Agent in its capacity as trustee or otherwise may be invested in the name of or under the control of the Administrative Agent in any investment authorized by English law for the investment by a trustee of trust money or in any other investments which may be selected by the Administrative Agent. Additionally, the same may be placed on deposit in the name or under the control of the Administrative Agent with such Lender or institution (including the Administrative Agent itself) and upon such terms as the Administrative Agent may think fit.

ARTICLE XII

MISCELLANEOUS

12.1 No Waiver; Modifications in Writing

(a) No failure or delay on the part of the Administrative Agent or any Lender in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to the Administrative Agent or any Lender at law or in equity or otherwise. Neither this Agreement nor any terms hereof may be amended, modified, supplemented, waived, discharged, terminated or

otherwise changed unless such amendment, modification, supplement, waiver, discharge, termination or other change is in writing signed by Holdings, the Borrower and the Required Lenders, provided that no such amendment, modification, supplement waiver, discharge, termination or other change shall, without the consent of each Lender (other than a Defaulting Lender) with Obligations directly affected thereby in the case of the following clause (i), (i) extend the final scheduled maturity of any Loan or Note, or extend the stated maturity of any Letter of Credit beyond the Revolver Termination Date, or reduce the rate or extend the time of payment of interest or fees thereon, or reduce the principal amount thereof, (ii) release all or substantially all of the Collateral (except as expressly provided in the Security Documents) or Guarantor (other than a Guarantor that is not a Material Subsidiary or in connection with a transaction permitted by Section 8.3), (iii) amend, modify or waive any provision of this Section 12.1, (iv) reduce the percentage specified in the definition of Required Lenders (it being understood that, with the

consent of the Required Lenders, the definition of "Required Lenders" shall include lenders with respect to additional revolving loans or term loans pursuant to this Agreement so long as such additional revolving loans or term loans are on substantially the same basis as the extensions of Revolving Loans, Multicurrency Revolving Loans or Term Loans, as the case may be, are included on the date hereof) or (v) consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement; provided, further, that
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no such amendment, modification, supplement, waiver, discharge, termination or other change shall (1) increase the Commitments of any Lender over the amount thereof then in effect without the consent of such Lender (it being understood that waivers or modifications of conditions precedent, covenants, Events of Default or Unmatured Events of Default shall not constitute an increase of the Commitment of any Lender, and that an increase in the available portion of any Commitment of any Lender shall not constitute an increase in the Commitment of such Lender), (2) without the consent of Facing Agent, amend, modify or waive any provision of Section 2.10 or alter its rights or obligations with respect to
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Letters of Credit, (3) without the consent of the Administrative Agent, amend, modify or waive any provision of Article XI as same applies to the
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Administrative Agent or any other provisions as same relates to the rights or obligations of the Administrative Agent, (4) without the consent of the Administrative Agent, amend, modify or waive any provisions relating to the rights or obligations of the Administrative Agent under the other Loan Documents, (5) without the consent of the Majority Lenders of each Facility which is being allocated a lesser prepayment, repayment or commitment reduction, alter the required application of any prepayments or repayments (or commitment reduction), as between the various Facilities pursuant to clause (i) of the first sentence of Section 4.5(a) and the second and third sentence of Section
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4.5(a) (although the Required Lenders may waive in whole or in part, any such
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prepayment, repayment or commitment reduction so long as the application, as amongst the various Facilities, of any such prepayment, repayment or commitment reduction which is still required to be made is not altered), (6) without the consent of the Majority Lenders of each Facility, amend the definition of Majority Lenders, (7) without the consent of the Majority Lenders of the Term A Dollar Facility, amend the

definition of Term A Dollar Pro Rata Share; without the consent of the Majority Lenders of the Term A Euro Facility, amend the definition of Term A Euro Pro Rata Share, without the consent of the Majority Lenders of the Term B Facility, amend the definition of Term B Pro Rata Share; without the consent of the Majority Lenders of the Term C Facility, amend the definition of Term C Pro Rata Share; without the consent of the Majority Lenders of the Domestic Revolving Facility, amend the definition of Domestic Revolver Pro Rata Share; and without the consent of the Majority Lenders of the Multicurrency Revolving Facility, amend the definition of Multicurrency Revolver Pro Rata Share or (8) without the consent of the Majority Lenders of the Term A Dollar Facility, amend the definition of Scheduled Term A Dollar Repayments; without the consent of the Majority Lenders of the Term A Euro Facility, amend the definition of Scheduled Term A Euro Repayments; without the consent of the Majority Lenders of the Term B Facility, amend the definition of Scheduled Term B Repayments, and without the consent of the Majority Lenders of the Term C Facility, amend the definition of Scheduled Term C Repayments.

(b) If, in connection with any proposed change, waiver, discharge or termination to any of the provisions of this Agreement as contemplated by clauses (i) through (v), inclusive, of the first proviso to the third sentence of Section 12.1(a), the consent of the Required Lenders is obtained but the
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consent of one or more of such other Lenders whose consent is required is not obtained, then the Borrower shall have the right, so long as all non-consenting Lenders whose individual consent is required are treated as described in either clause (A) or (B) below, to either (A) replace each such non-consenting Lender or Lenders (or, at the option of the Borrower if the respective Lender's consent is required with respect to less than all Loans, to replace only the respective Loans of the respective non-consenting Lender which gave rise to the need to obtain such Lender's individual consent) with one or more Replacement Lenders pursuant to Section 3.7 so long as at the time of such replacement, each such

Replacement Lender consents to the proposed amendment, modification, supplement. waiver, discharge, termination or other change or (B) terminate such non-consenting Lender's Domestic Revolving Commitment and/or Multicurrency Revolving Commitment, as the case may be, and repay all outstanding Loans of such Lender which gave rise to the need to obtain such Lender's consent, in accordance with

Section 4.l(b) and/or 4.3; provided that, unless the Domestic Revolving Commitment and/or the Multicurrency Revolving Commitment, as the case may be, terminated and Loans repaid pursuant to the preceding clause (B) are immediately replaced in full at such time through the addition of new Lenders or the increase of the Commitments and/or outstanding Loans of existing Lenders (who in each case must specifically consent thereto), then in the case of any action pursuant to preceding clause (B) the Required Lenders (determined before giving effect to the proposed action) shall specifically consent thereto, provided, further, that in any event the Borrower shall not have the right to replace a Lender, terminate its Domestic Revolving Commitment and/or the Multicurrency Revolving Commitment, as the case may be, or repay its Loans solely as a result of the exercise of such Lender's rights (and the withholding of any required consent by such Lender) contemplated by the second proviso to the third sentence of Section 12.1(a).

12.2 Further Assurances

The Borrower agrees to do such further acts and things and to execute and deliver to the Administrative Agent such additional assignments, agreements, powers and instruments, as the Administrative Agent may reasonably require or deem advisable to carry into effect the purposes of this Agreement or any of the Loan Documents or to better assure and confirm unto the Administrative Agent its rights, powers and remedies hereunder.

12.3 Notices, Etc

Except where oral or telephonic instructions or notices are authorized herein to be given, all notices, demands, instructions and other communications required or permitted to be given to or made upon any party hereto or any other Person shall be in writing and shall be personally delivered or sent by registered or certified mail, postage prepaid, return receipt requested, or by a reputable overnight or courier delivery service, or by telecopier, and shall be deemed to be given for purposes of this Agreement on the third day after deposit in registered or certified mail, postage prepaid, and otherwise on the date that such writing is delivered or sent to the intended recipient thereof, or in the case of notice delivered by telecopy, upon completion of transmission with a copy of such notice also being delivered under any of the other methods provided above, all in accordance with the provisions of this Section 12.3. Unless otherwise specified in a notice sent or delivered in accordance with the foregoing provisions of this Section 12.3, notices, demands, instructions and other communications in writing shall be given to or made upon the respective parties hereto at their respective addresses (or to their respective telecopier numbers) indicated on Schedule 12.3 or, in the case of any Assignee, in the applicable Assignment and Assumption Agreement and, in the case of telephonic instructions or notices, by calling the telephone number or numbers indicated for such party on its signature page to this Agreement or such Assignment and Assumption Agreement, as the case may be.

12.4 Costs, Expenses and Taxes

(a) Generally. The Borrower agrees (without duplication) to pay all reasonable costs and expenses of the Agents in connection with the negotiation, preparation, printing, typing, reproduction, execution and delivery of this

Agreement and the other Loan Documents and the documents and instruments referred to herein and therein and any amendment, waiver, consent relating hereto or thereto or other modifications of (or supplements to) any of the foregoing and any and all other documents and instruments furnished pursuant hereto or thereto or in connection herewith or therewith, including without limitation, the reasonable fees and out-of-pocket expenses of Winston & Strawn, special counsel to the Administrative Agent, and any local counsel retained by the Administrative Agent relative thereto or the reasonable allocated costs of staff counsel as well as the fees and out-of-pocket expenses of counsel, independent public accountants and other outside experts retained by the

Administrative Agent in connection with the administration of this Agreement and the other Loan Documents, and all search fees, appraisal fees and expenses, title insurance policy fees, costs and expenses and filing and recording fees and all costs and expenses (including, without limitation, Attorney Costs), if any, of the Agents and the Lenders in connection with the enforcement of this Agreement, any of the Loan Documents or any other agreement furnished pursuant hereto or thereto or in connection herewith or therewith. In addition, the Borrower shall pay any and all present and future stamp, transfer, excise and other similar taxes payable or determined to be payable in connection with the execution and delivery of this Agreement, any Loan Document, or the making of any Loan (other than taxes based on the net income of the Lenders), and agrees to save and hold the Administrative Agent and each Lender harmless from and against any and all liabilities with respect to or resulting from any delay by the Borrower in paying, or omission by the Borrower to pay, such taxes. Any portion of the foregoing fees, costs and expenses which remains unpaid more than thirty (30) days following the Administrative Agent's, any Agents' or any Lender's statement and request for payment thereof shall bear interest from the date of such statement and request to the date of payment at the Default Rate. Subject to Section 4.7, the Borrower will indemnify and hold harmless the
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Administrative Agent, each Agent and each Lender and each director, officer, employee, partner, agent, attorney, trustee and Affiliate of the Administrative Agent, each Agent and each Lender (each such Person an "Indemnified Party") from
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and against all losses, claims, damages, penalties, obligations (including removal or remedial actions), expenses or liabilities which arise out of, in any way relate to, or result from the transactions contemplated by this Agreement or any of the other Loan Documents and to reimburse each Indemnified Party upon their demand, for any Attorney Costs incurred in connection with investigating, preparing to defend or defending any such loss, claim, damage, liability, action or claim; provided, however, (a) that no Indemnified Party shall have the right
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to be so indemnified hereunder for any loss, claim, damage, penalties, obligations, expense or liability to the extent it arises or results from the gross negligence or willful misconduct or bad faith of such Indemnified Party as finally determined by a court of competent jurisdiction and (b) that nothing contained herein shall affect the obligations and liabilities of the Lenders to the Borrower contained herein. If any action, suit or proceeding arising from any of the foregoing is brought against the Administrative Agent, any Agent, any Lender or any other Indemnified Party, the Borrower will, if requested by the Administrative Agent, any Agent, any Lender or any such Indemnified Party, resist and defend such action, suit or proceeding or cause the same to be resisted and defended by counsel reasonably satisfactory to the Person or Persons indemnified or intended to be indemnified. Each Indemnified Party shall, unless the Administrative Agent, an Agent, a Lender or other Indemnified Party has made the request described in the preceding sentence and such request has been complied with, have the right to employ its own counsel (or (but not as well as) staff counsel) to investigate and control the defense of any matter covered by such indemnity and the reasonable fees and expenses of such counsel shall be at the expense of the indemnifying party. Excluding any liability arising out of the gross negligence or willful misconduct of any Indemnified Party, the Borrower further agrees to indemnify and hold each Indemnified Party harmless from all loss, cost (including Attorney

Costs), liability and damage whatsoever incurred by any Indemnified Party by reason of any violation of any Environmental Laws or Environmental Permits or for the Release or threatened Release of any Contaminants into the environment for which the Borrower or any of its Subsidiaries has any liability or which

occurs upon the Mortgaged Property or which is related to any property currently or formerly owned, leased or operated by or on behalf of the Borrower or any of its Subsidiaries, or by reason of the imposition of any Environmental Lien in respect of the Borrower or its Subsidiaries or which occurs by a breach of any of the representations, warranties or covenants relating to environmental matters contained herein, including, without limitation, by reason of any matters disclosed in Schedule 6.17, provided that, with respect to any
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liabilities arising from acts or failure to act for which the Borrower or any of its Subsidiaries is strictly liable under any Environmental Law or Environmental Permit, the Borrower's obligation to each Indemnified Party under this indemnity shall likewise be without regard to fault on the part of the Borrower or any such Subsidiary. If the Borrower shall fail to do any act or thing which it has covenanted to do hereunder or any representation or warranty on the part of the Borrower or any Subsidiary contained herein or in any other Loan Document shall be breached, the Administrative Agent may (but shall not be obligated to) do the same or cause it to be done or remedy any such breach, and may expend its funds for such purpose, and will use its best efforts to give prompt written notice to the Borrower that it proposes to take such action. Any and all amounts so expended by the Administrative Agent shall be repaid to it by the Borrower promptly upon the Administrative Agent's demand therefor, with interest at the Default Rate in effect from time to time during the period including the date so expended by the Administrative Agent to the date of repayment. To the extent that the undertaking to indemnify, pay or hold harmless the Administrative Agent or any Lender as set forth in this Section 12.4 may be unenforceable because it
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is violative of any law or public policy, the Borrower shall make the maximum contribution to the payment and satisfaction of each of the indemnified liabilities which is permissible under applicable law. The obligations of the Borrower under this Section 12.4 shall survive the termination of this
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Agreement, the assignment by any Lender of all or any part of its Credit Exposure hereunder and the discharge of the Borrower's other Obligations hereunder.

(b) Foreign Exchange Indemnity. If any sum due from the Borrower
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under this Agreement or any order or judgment given or made in relation hereto has to be converted from the currency (the "first currency") in which the same
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is payable hereunder or under such order or judgment into another currency (the "second currency") for the purpose of (i) making or filing a claim or proof
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against the Borrower with any Governmental Authority or in any court or tribunal, or (ii) enforcing any order or judgment given or made in relation hereto, the Borrower shall indemnify and hold harmless each of the Persons to whom such sum is due from and against any loss actually suffered as a result of any discrepancy between (a) the rate of exchange used to convert the amount in question from the first currency into the second currency, and (b) the rate or rates of exchange at which such Person, acting in good faith in a commercially reasonable manner, purchased the first currency with the second currency after receipt of a sum

paid to it in the second currency in satisfaction, in whole or in part, of any such order, judgment, claim or proof. The foregoing indemnity shall constitute a separate obligation of the Borrower distinct from its other obligations hereunder and shall survive the giving or making of any judgment or order in relation to all or any of such other obligations. Notwithstanding the foregoing, payments of principal and interest on Loans denominated in Euros, Sterling or an Alternative Currency, as the case may be, shall be made in Euros, Sterling or such Alternative Currency, as the case may be.

12.5 Confirmations

Each of the Borrower and each holder of any portion of the Obligations agrees from time to time, upon written request received by it from the other, to confirm to the other in writing (with a copy of each such confirmation to the Administrative Agent) the aggregate unpaid principal amount of the Loan or Loans and other Obligations then outstanding.

12.6 Adjustment; Setoff

(a) If any lender (a "Benefited Lender") shall at any time receive any payment of all or part of its Loans, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by setoff, pursuant to events or proceedings of the nature referred to in Section 10.1(e) or Section 10.1(f) hereof, or otherwise) in a greater proportion than any such payment to and collateral received by any other Lender in respect of such other Lender's Loans or interest thereon, such Benefited Lender shall purchase for cash from the other Lenders such portion of each such other Lender's Loans, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such collateral or proceeds ratably with each Lender; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest unless the Benefited Lender from which such excess payment is recovered is required by court order to pay interest thereon, in which case each Lender returning funds to such Benefited Lender shall pay its pro rata share of such interest. The Borrower agrees that each Lender so purchasing a portion of another Lender's Loans may exercise all rights of payment (including, without limitation, rights of setoff) with respect to such portion as fully as if such Lender were the direct holder of such portion.

(b) In addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower, upon the occurrence and during the continuance of an Event of Default, to setoff and apply against any Obligations, whether matured or unmatured, of the Borrower to such Lender, any amount owing from such Lender to the Borrower, at or at any time

after, the happening of any of the above-mentioned events, and the aforesaid right of setoff may be exercised by such Lender against the Borrower or against any trustee in bankruptcy, debtor in possession, assignee for the benefit of creditors, receivers, or execution, judgment or attachment creditor of the Borrower, or against anyone else claiming through or against, the Borrower or such trustee in bankruptcy, debtor in possession, assignee for the benefit of creditors, receivers, or execution, judgment or attachment creditor, notwithstanding the fact that such right of setoff shall not have been exercised by such Lender prior to the making, filing or issuance, or service upon such Lender of, or of notice of, any such petition, assignment for the benefit of creditors, appointment or application for the appointment of a receiver, or issuance of execution, subpoena, order or warrant. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such setoff and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such setoff and application.

(c) The Borrower expressly agrees that to the extent the Borrower makes a payment or payments and such payment or payments, or any part thereof, are subsequently invalidated, declared to be fraudulent or preferential, set aside or are required to be repaid to a trustee, receiver, or any other party under any bankruptcy act, state or federal law, common law or equitable cause, then to the extent of such payment or repayment, the Indebtedness to the Lenders or part thereof intended to be satisfied shall be revived and continued in full force and effect as if said payment or payments had not been made.

12.7 Execution in Counterparts

This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement.

12.8 Binding Effect; Assignment; Addition and Substitution of Lenders

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(a) This Agreement shall be binding upon, and inure to the benefit of, the Borrower, the Administrative Agent, the Lenders, all future holders of the Notes and their respective successors and assigns; provided, however, that the
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Borrower may not assign its rights or obligations hereunder or in connection herewith or any interest herein (voluntarily, by operation of law or otherwise) without the prior written consent of the Administrative Agent and all of the Lenders.

(b) Each Lender may at any time sell to one or more banks or other entities ("Participants") participating interests in all or any portion of its
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Commitment and Loans or participation in Letters of Credit or any other interest of such Lender hereunder (in respect of any Lender, its "Credit Exposure"). In
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the event of any such sale by a Lender of participating

interests to a Participant, such Lender's obligations under this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, and the Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Each Lender shall from time to time upon request of the Borrower notify the Borrower of the identity of any Participants with respect to its Credit Exposure hereunder, provided, however, that failure to provide such notice will not affect the validity of such participation. The Borrower agrees that if amounts outstanding under this Agreement or any of the Loan Documents are due or unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement and the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement or any other Loan Document, provided, however, that such right of setoff shall be subject to the
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obligation of such Participant to share with the Lenders, and the Lenders agree to share with such Participant, as provided in Section 12.6. The Borrower also
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agrees that each Participant shall be entitled to the benefits of Section 3.5,
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3.6 and 4.7 with respect to its participation in the Loans outstanding from time
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to time, provided that such Participant's benefits under Sections 3.5, 3.6 and
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4.7 shall be limited to the benefits that the primary Lender would be entitled
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to thereunder. Each Lender agrees that any agreement between such Lender and any such Participant in respect of such participating interest shall not restrict such Lender's right to approve or agree to any amendment, restatement, supplement or other modification to, waiver of, or consent under, this Agreement or any of the Loan Documents except to the extent that any of the foregoing would (i) extend the final scheduled maturity of any Loan or Note in which such Participant is participating (it being understood that amending the definitions of Scheduled Term A Euro Repayments (other than the Term A Loan Maturity Date), Schedule Term A Dollar Repayment (other than the Term Loan A Maturity Date), Scheduled Term A Repayments (other than the Term A Loan Maturity Date), Scheduled Term B Repayments (other than the Term B Loan Maturity Date) and Scheduled Term C Repayments (other than the Term C Loan Maturity Date) shall not constitute an extension of the final scheduled maturity of any Loan or Note) or extend the stated maturity of any Letter of Credit in which such Participant is participating beyond the Revolver Termination Date, or reduce the rate or extend the time of payment of interest or fees on any such Loan, Note or Letter of Credit (except in connection with a waiver of applicability of any post-default increase in interest rates) or reduce the principal amount thereof, or increase the amount of the Participant's participation over the amount thereof then in effect (it being understood that waivers or modifications of conditions precedent, covenants, Events of Default or Unmatured Events of Default or of a mandatory reduction in Commitments shall not constitute a change in the terms of such participation, and that an increase in any Commitment or Loan shall be permitted without the consent of any Participant if the Participant's

participation is not increased as a result thereof), (ii) consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement or (iii) release all or substantially all of the Collateral under all of the Security Documents (except as expressly provided in the Loan

Documents) supporting the Loans and/or Letters of Credit hereunder in which such Participant is participating.

(c) Any Lender may at any time assign to one or more Eligible Assignees, including an Affiliate thereof (treating any fund that invests in bank loans, any other fund that invests in bank loans and is managed by the same investment advisor of such Lender or by an affiliate of such investment manager as a single Eligible Assignee) (each an "Assignee"), all or any part of its Credit Exposure pursuant to an Assignment and Assumption Agreement, provided that (i) it assigns its Credit Exposure in an amount not less than the Dollar Equivalent of $5 million (or if less the entire amount of Lender's Credit Exposure) and (ii) any assignment of all or any portion of any Lender's Credit Exposure to an Assignee other than an Affiliate of such Lender or another Lender, or in the case of a Lender that is a fund that invests in senior loans, any other fund that invests in senior loans and is managed by the same investment advisor of such Lender or by an Affiliate of such investment advisor, shall require the prior written consent of the Administrative Agent and the Borrower (the consent of the Borrower and the Administrative Agent not to be unreasonably withheld or delayed, provided, however, that for the first ten Business Days following the Initial Borrowing Date, assignments by the Agents shall not require the consent of the Borrower) and provided further, that notwithstanding the foregoing limitations, any Lender may at any time assign all or any part of its Credit Exposure to any Affiliate of such Lender or to any other Lender (treating any fund that invests in bank loans, any other fund that invests in bank loans and is managed by the same investment advisor of such Lender or by any Affiliate of such investment manager as a single Lender). Upon execution of an Assignment and Assumption Agreement and the payment of a nonrefundable assignment fee of $3,500 in immediately available funds to the Administrative Agent at its Payment Office in connection with each such assignment, written notice thereof by such transferor Lender to the Administrative Agent and the recording by the Administrative Agent in the Register of such assignment and the resulting effect upon the Loans, Domestic Revolving Commitment and Multicurrency Revolving Commitment of the assigning Lender and the Assignee, the Assignee shall have, to the extent of such assignment, the same rights and benefits as it would have if it were a Lender hereunder and the holder of the Obligations (provided that the Borrower and the Administrative Agent shall be entitled to continue to deal solely and directly with the assignor Lender in connection with the interests so assigned to the Assignee until written notice of such assignment, together with payment instructions, addresses and related information with respect to the Assignee, shall have been given to the Borrower and the Administrative Agent by the assignor Lender and the Assignee) and, if the Assignee has expressly assumed, for the benefit of the Borrower, some or all of the transferor Lender's obligations hereunder, such transferor Lender shall be relieved of its obligations hereunder to the extent of such assignment and assumption, and except as described above, no further consent or action by the Borrower, the Lenders or the Administrative Agent shall be required. At the time of each assignment pursuant to this Section 12.8(c) to a Person which is not already a Lender hereunder and which is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) United States Federal income

tax purposes, the respective Assignee shall provide to the Borrower and the Administrative Agent the appropriate IRS Forms (and, if applicable a Section 4.7(d)(ii) Certificate) described in Section 4.7(d). Each Assignee shall take such Credit Exposure subject to the provisions of this Agreement and to any request made, waiver or consent given or other action taken hereunder, prior to the receipt by the Administrative Agent and the Borrower of written notice of such transfer, by each previous holder of such Credit Exposure. Such Assignment

and Assumption Agreement shall be deemed to amend this Agreement and Schedule 1.1(a) hereto, to the extent, and only to the extent, necessary to reflect the addition of such Assignee as a Lender and the resulting adjustment of all or a portion of the rights and obligations of such transferor Lender under this Agreement, the Maximum Commitment, the determination of its Term A Pro Rata Share, Term B Pro Rata Share, Term C Pro Rata Share, Domestic Revolver Pro Rata Share or Multicurrency Revolver Pro Rata Share, as the case may be (in each case, rounded to twelve decimal places), the Loans, any outstanding Letters of Credit and any new Notes to be issued, at the Borrower's expense, to such Assignee, and no further consent or action by the Borrower or the Lenders shall be required to effect such amendments.

(d) The Borrower authorizes each Lender to disclose to any Participant or Assignee (or its investment advisor) (each, a "Transferee") and any prospective Transferee any and all financial information in such Lender's possession concerning the Borrower and any Subsidiary of the Borrower which has been delivered to such Lender by the Borrower pursuant to this Agreement or which has been delivered to such Lender by the Borrower in connection with such Lender's credit evaluation of the Borrower prior to entering into this Agreement. Any Transferee or any prospective Transferee to whom such financial information is disclosed shall be required to maintain the confidentiality of such information pursuant to Section 12.14 as if they were parties to this Agreement.

(e) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time pledge or assign all or any portion of its rights under this Agreement and the other Loan Documents (including, without limitation, the Notes held by it) to any Federal Reserve Bank in accordance with Regulation A of the Federal Reserve Board without notice to, or the consent of, the Borrower or the Administrative Agent and without the consent of, or notice to, the Borrower or the Administrative Agent, any Lender which is a fund may pledge all or any portion of its Notes or Loans to its trustee in support of its obligations to its trustee. No such pledge or assignment shall release the transferor lender from its obligations hereunder. No such pledge or assignment shall release the transferor Lender from its obligations hereunder.

12.9 CONSENT TO JURISDICTION; MUTUAL WAIVER OF JURY TRIAL

(A) THE BORROWER, THE ADMINISTRATIVE AGENT, HOLDINGS, AND EACH LENDER HEREBY IRREVOCABLY SUBMIT TO THE NONEXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR NEW

YORK STATE COURT SITTING IN THE CITY OF NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, AND HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT TO SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH UNITED STATES FEDERAL OR NEW YORK STATE COURT AND THE BORROWER, THE ADMINISTRATIVE AGENT, HOLDINGS AND EACH LENDER IRREVOCABLY WAIVE ANY OBJECTION, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS WHICH ANY OF THEM MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING IN SUCH RESPECTIVE JURISDICTIONS.

(B) AS A METHOD OF SERVICE, THE BORROWER, THE ADMINISTRATIVE AGENT, HOLDINGS, AND EACH LENDER IRREVOCABLY CONSENT TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDING, BROUGHT IN ANY SUCH UNITED STATES FEDERAL OR NEW YORK STATE COURT BY THE DELIVERY OF COPIES OF SUCH PROCESS TO THE BORROWER, THE ADMINISTRATIVE AGENT, HOLDINGS OR EACH RESPECTIVE LENDER, AS THE CASE MAY BE, AT THE ADDRESSES SPECIFIED ON THEIR RESPECTIVE SIGNATURE PAGES TO THIS AGREEMENT OR BY CERTIFIED MAIL DIRECT TO SUCH RESPECTIVE ADDRESSES.

(C) THE BORROWER, THE ADMINISTRATIVE AGENT AND EACH LENDER HEREBY EXPRESSLY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHT, POWER OR REMEDY UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT. THE TERMS AND THE PROVISIONS OF THIS SECTION CONSTITUTE A MATERIAL INDUCEMENT TO LENDERS ENTERING INTO THIS AGREEMENT.

12.10 GOVERNING LAW

THIS AGREEMENT AND EACH NOTE SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF NEW YORK, AND FOR ALL PURPOSES SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS AND DECISIONS OF SAID STATE, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

12.11 Severability of Provisions

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

12.12 Headings

The Table of Contents and Article and Section headings used in this Agreement are for convenience of reference only and shall not affect the construction of this Agreement.

12.13 Termination of Agreement

This Agreement shall terminate when the Commitment of each Lender has terminated and all outstanding Obligations and Loans have been paid in full and all Letters of Credit have expired or been terminated; provided, however, that the rights
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and remedies of the Administrative Agent and each Lender with respect to any representation and warranty made by the Borrower pursuant to this Agreement or any other Loan Document, and the indemnification provisions contained in this Agreement and any other Loan Document, shall be continuing and shall survive any termination of this Agreement or any other Loan Document.

12.14 Confidentiality

Each of the Lenders severally agrees to keep confidential all non-public information pertaining to the Borrower and its Subsidiaries and their respective predecessors in interest which is provided to it by any such parties in accordance with such Lender's customary procedures for handling confidential information of this nature and in a prudent fashion, and shall not disclose such information to any Person except (i) to the extent such information is public when received by such Lender or becomes public thereafter due to the act or omission of any party other than a Lender, (ii) to the extent such information is independently obtained from a source other than the Borrower or its Subsidiaries and such information from such source is not, to such Lender's knowledge, subject to an obligation of confidentiality or, if such information is subject to an obligation of confidentiality, that disclosure of such information is permitted, (iii) to an Affiliate of such Lender (or its investment advisor), counsel, auditors, ratings agencies, examiners of any regulatory authority having or asserting jurisdiction over such Lender, accountants and other consultants retained by the Administrative Agent or any Lender, (iv) in connection with any litigation or the enforcement of the rights of any Lender or the Administrative Agent under this Agreement or any other Loan Document, (v) to the extent required by any applicable statute, rule or regulation or court order (including, without limitation, by way of subpoena) or pursuant to the request of any Governmental Authority having or asserting jurisdiction over any Lender or

the Administrative Agent; provided, however, that in such event, if the Lender(s) are able to do so, the Lender shall provide the Borrower with prompt notice of such requested disclosure so that the Borrower may seek a protective order or other appropriate remedy, and, in any event, the Lenders will endeavor in good faith to provide only that portion of such information which, in the reasonable judgment of the Lender(s), is relevant and legally required to be

provided, (vi) to any direct or indirect contractual counterparty in swap agreements or such contractual counterparty's professional advisors (so long as such contractual counterparty and its professional advisors agree to be bound by the provisions of this Section 12.14), or (vii) to the extent disclosure to other entities is appropriate in connection with any proposed or actual assignment or grant of a participation by any of the Lenders of interests in this Agreement and/or any of the other Loan Documents to such other entities (who will in turn be required to maintain confidentiality as if they were Lenders parties to this Agreement). In no event shall the Administrative Agent or any Lender be obligated or required to return any such information or other materials furnished by the Borrower.

12.15 Concerning the Collateral and the Loan Documents

(a) Authority. Each Lender authorizes and directs BT to act as Collateral Agent under the Collateral Security Agreement and to enter into the Loan Documents relating to the Collateral (including, without limitation, the Collateral Security Agreement) for the benefit of the Lenders and the other Secured Parties. Each Lender agrees that any action taken by the Administrative Agent or the Required Lenders (or, where required by the express terms hereof, a different proportion of the Lenders) in accordance with the provisions hereof or of the other Loan Documents, and the exercise by the Administrative Agent, the Collateral Agent or the Required Lenders (or, where so required, such different proportion) of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of the Lenders. Without limiting the generality of the foregoing, the Administrative Agent or the Collateral Agent, as the case may be, shall have the sole and exclusive right and authority to (i) act as the disbursing and collecting agent for the Lenders with respect to all payments and collections arising in connection herewith and with the Loan Documents relating to the Collateral; (ii) execute and deliver each Loan Document relating to the Collateral and accept delivery of each such agreement delivered by the Borrower or any of its Subsidiaries, (iii) act as Collateral Agent for the Lenders and certain other Secured Parties for purposes stated in the Security Documents to the extent such perfection is required under the Loan Documents, provided, however, the Collateral Agent hereby appoints, authorizes and directs each Lender to act as collateral sub-agent for the Collateral Agent and the Lenders for purposes of the perfection of all security interests and Liens with respect to the Borrower's and its Subsidiaries' respective deposit accounts maintained with, and cash and Cash Equivalents held by, such Lender; (iv) manage, supervise and otherwise deal with the Collateral; (v) take such action as is necessary or desirable to maintain the perfection and priority of the security interests and liens created or purported to be created by the Loan Documents, and (vi) except as may be

otherwise specifically restricted by the terms hereof or of any other Loan Document, exercise all remedies given to the Administrative Agent or the Lenders with respect to the Collateral under the Loan Documents relating thereto, applicable law or otherwise.

(b) Release of Collateral.

(i) The Administrative Agent and the Lenders hereby direct the Administrative Agent or the Collateral Agent, as the case may be, to release, in accordance with the terms hereof, any Lien held by the Administrative Agent or the Collateral Agent, as the case may be, for the benefit of the Secured Parties:

(A) against all of the Collateral, upon final and indefeasible payment in full of the Loans and Obligations and termination hereof;

(B) against any part of the Collateral sold or disposed of by the Borrower or any of its Subsidiaries to the extent such sale or disposition is permitted hereby (or permitted pursuant to a waiver or consent of a transaction otherwise prohibited hereby);

(C) against any Collateral acquired by the Borrower or any of its Subsidiaries after the Effective Date and at least 70% of the purchase price therefor is within 120 days of the acquisition thereof financed with Indebtedness secured by a Lien permitted by Section 8.1(c);

(D) so long as no Default or Event of Default has occurred and is continuing, in the sole discretion of the Administrative Agent upon the request of the Borrower, against any part of the Collateral with a fair market value of less than $10,000,000 in the aggregate during the term of this Agreement as such fair market value may be certified to the Administrative Agent and the Collateral Agent by the Borrower in an officer's certificate acceptable in form and substance to the Administrative Agent and the Collateral Agent;

(E) against a part of the Collateral which release does not require the consent of all of the Lenders as set forth in Section 12.1(a)(ii), if such release is consented to by the Required Lenders; and

(F) against the Collateral consisting of Receivables Facility Assets upon the entry by the Borrower and/or its Subsidiaries into a Permitted Account Receivable Securitization and compliance by the Borrower with the provisions of Section 4.4(k) hereof; provided, however, that (y) the Administrative Agent shall not be required to execute any such document on terms which, in its opinion, would expose it to liability or create any obligation or entail any consequence other than the release of such Liens

without recourse or warranty, and (z) such release shall not in any manner discharge, affect or impair the Obligations or any Liens upon (or obligations of the Borrower or any of its Subsidiaries in respect of) all interests retained by the Borrower and/or any of its Subsidiaries, including (without limitation) the proceeds of any sale, all of which shall continue to constitute part of the Collateral.

(ii) Each of the Lenders hereby directs the Administrative Agent to (or to cause the Administrative Agent to) execute and deliver or file such termination and partial release statements and such other things as are necessary to release Liens to be released pursuant to this Section 12.15 promptly upon the effectiveness of any such release or enter into intercreditor agreements contemplated or permitted herein.

(c) No Obligation. Neither the Administrative Agent nor the Collateral Agent shall have any obligation whatsoever to any Lender or to any other Person to assure that the Collateral exists or is owned by the Borrower or any of its Subsidiaries or is cared for, protected or insured or has been encumbered or that the Liens granted to the Administrative Agent or the Collateral Agent herein or pursuant to the Loan Documents have been properly or sufficiently or lawfully created, perfected, protected or enforced or are entitled to any particular priority, or to exercise at all or in any particular manner or under any duty of care, disclosure or fidelity, or to continue exercising, any of the rights, authorities and powers granted or available to the Administrative Agent or the Collateral Agent in any of the Loan Documents, it being understood and agreed that in respect of the Collateral, or any act, omission or event related thereto, the Administrative Agent and the Collateral Agent may act in any manner it may deem appropriate, in its sole discretion, given the Administrative Agent's and the Collateral Agent's own interests in the Collateral as one of the Lenders and that neither the Administrative Agent nor the Collateral Agent shall have any duty or liability whatsoever to any Lender, provided, that, notwithstanding the foregoing, the Administrative Agent and the Collateral Agent shall be responsible for their respective grossly negligent actions or actions constituting intentional misconduct

12.16 Effectiveness

This Agreement shall become effective on the date (the "Effective Date") on

which the Borrower, Holdings and each of the Lenders shall have signed a counterpart of this Agreement (whether the same or different counterparts) and shall have delivered the same to the Administrative Agent at the Notice Office (or to the Administrative Agent's counsel as directed by such counsel) or, in the case of the Lenders, shall have given to the Administrative Agent telephonic (confirmed in writing), written, telex or facsimile notice (actually received) at such office or the office of the Administrative Agent's counsel that the same has been signed and mailed to it. The Administrative Agent will give the Borrower, Holdings and each Lender prompt written notice of the occurrence of the Effective Date

12.17 Registry

The Borrower hereby designates the Administrative Agent to serve as the Borrower's agent, solely for purposes of this Section 12.17 to maintain a register (the "Register") on which it will record the Commitments from time to time of each of the Lenders, the Loans made by each of the Lenders and each repayment in respect of the principal amount of the Loans of each Lender. Failure to make any such recordation, or any error in such recordation shall not affect the Borrower's obligations in respect of such Loans. With respect to any Lender, the transfer of the Commitments of such Lender and the rights to the principal of, and interest on, any Loan made pursuant to such Commitments shall not be effective until such transfer is recorded on the Register maintained by the Administrative Agent with respect to ownership of such Commitments and Loans and prior to such recordation all amounts owing to the transferor with respect to such Commitments and Loans shall remain owing to the transferor. The registration of assignment or transfer of all or part of any Commitments and Loans shall be recorded by the Administrative Agent on the Register only upon the acceptance by the Administrative Agent of a properly executed and delivered Assignment and Assumption Agreement pursuant to Section 12.8(c). Coincident with the delivery of such an Assignment and Assumption Agreement to the Administrative Agent for acceptance and registration of assignment or transfer of all or part of a Loan, or as soon thereafter as practicable, the assigning or transferor Lender shall surrender the Note evidencing such Loan, and thereupon one or more new Notes in the same aggregate principal amount then owing to such assignor or transferor Lender shall be issued to the assigning or transferor Lender and/or the new Lender. The Borrower agrees to indemnify the Administrative Agent from and against any and all losses, claims, damages and liabilities of whatsoever nature which may be imposed on, asserted against or incurred by the Administrative Agent in performing its duties under this Section 12.17.

12.18 Limited Recourse

The Lenders, the Facing Agents and the Administrative Agent agree that notwithstanding anything to the contrary contained herein or in the other Loan Documents, neither HSCC nor ICI, nor any directors, employee or agent of HSCC or ICI, nor any Affiliate of HSCC or ICI (other than Holdings, the Borrower and its Subsidiaries) in each case in such capacity, shall have any liability to the Lenders or the Administrative Agent for, and neither the Lenders nor the Administrative Agent shall have recourse against any such Person in such capacity in respect of, the Obligations or this Agreement, provided, that nothing contained in this Section 12.18 shall be construed so as to prevent the Lenders from commencing any action, suit or proceeding in respect of or causing legal papers to be served upon any Person solely for the purpose of obtaining jurisdiction over Holdings or the Borrower.

12.19 Accounts Receivable Securitization

By its execution of this Agreement, each Lender agrees, for the benefit of the holders from time to time of interests in trade receivables under the Permitted Accounts Receivables Securitization not to:

(a) challenge the "true sale" characterization of the sales and transfers of Accounts Receivables by the Borrower or any Participating Subsidiary to a Receivables Subsidiary pursuant to a Permitted Accounts Receivable Securitization;

(b) join in any proceeding in whole or in part to commence or consent to the commencement of a case against a Receivables Subsidiary under the Federal Bankruptcy Code or any other applicable bankruptcy, insolvency or similar federal or state law or file a petition seeking or consenting to reorganization or relief under any applicable federal or state law relating to bankruptcy, or seek or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of a Receivables Subsidiary or any substantial part of its assets; or

(c) assert or consent to any attempt by any person to assert that a Receivables Subsidiary should be substantively consolidated with the Borrower or any other Subsidiary.

By its execution of this Agreement, each Lender further authorises the Collateral Agent and the Collateral Agent, with the approval of the Administrative Agent, to enter into an intercreditor agreement with the Persons providing a Permitted Accounts Receivables Securitization as long as the provisions of any such agreement are not more burdensome to the Lenders.

ARTICLE XIII

HOLDINGS GUARANTY

13.1 The Guaranty

In order to induce the Lenders to enter into this Agreement and to extend credit hereunder and in recognition of the direct benefits to be received by Holdings from the proceeds of the Loans and the issuance of the Letters of Credit, Holdings hereby agrees with the Lenders as follows: Holdings hereby unconditionally and irrevocably guarantees as primary obligor and not merely as surety the full and prompt payment when due, whether upon maturity, acceleration or otherwise, of any and all of the Guaranteed Obligations of the Borrower and its Subsidiaries to the Guaranteed Creditors. If any or all of the Guaranteed Obligations of the Borrower or its Subsidiaries to the Guaranteed Creditors becomes due and payable hereunder, Holdings unconditionally promises to pay such indebtedness to the Administrative Agent and/or the Lenders, or order, on demand, together with any and all expenses which may be incurred by the

Administrative Agent or the Lenders in collecting any of the Guaranteed Obligations. If claim is ever made upon any Guaranteed Creditor for repayment or recovery of any amount or amounts received in payment or on account of any of the Guaranteed Obligations and any of the aforesaid payees repays all or part of said amount by reason of (i) any judgment, decree or order of any court or administrative body having jurisdiction over such payee or any of its property or (ii) any settlement or compromise of any such claim effected by such payee with any such claimant (including the Borrower or any of its Subsidiaries), then and in such event Holdings agrees that any such judgment, decree, order, settlement or compromise shall be binding upon Holdings, notwithstanding any revocation of this Guaranty or other instrument evidencing any liability of the Borrower or any of its Subsidiaries, and Holdings shall be and remain liable to the aforesaid payees hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by any such payee.

13.2 Insolvency

Additionally, Holdings unconditionally and irrevocably guarantees the payment of any and all of the Guaranteed Obligations of the Borrower and its Subsidiaries to the Guaranteed Creditors whether or not due or payable by the Borrower or such Subsidiary upon the occurrence of any of the events specified in Sections

10.1(e) or (f), and unconditionally promises to pay such indebtedness to the
- ------- ---
Guaranteed Creditors, or order, on demand, in lawful money of the United States.

13.3 Nature of Liability

The liability of Holdings hereunder is exclusive and independent of any security for or other guaranty of the Guaranteed Obligations of the Borrower or any of its Subsidiaries whether executed by Holdings, any other guarantor or by any other party, and the liability of Holdings hereunder is not affected or impaired by (a) any direction as to application of payment by the Borrower or any of its Subsidiaries or by any other party; or (b) any other continuing or other guaranty, undertaking or maximum liability of a guarantor or of any other party as to the Guaranteed Obligations of the Borrower or any of its Subsidiaries; or (c) any payment on or in reduction of any such other guaranty or undertaking; or (d) any dissolution, termination or increase, decrease or change in personnel by the Borrower; or (e) any payment made to any Guaranteed Creditor on the Guaranteed Obligations which any such Guaranteed Creditor repays to the Borrower or any of its Subsidiaries pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and Holdings waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding.

13.4 Independent Obligation

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The obligations of Holdings hereunder are independent of the obligations of any other guarantor, any other party, the Borrower or any of its Subsidiaries, and a separate action or actions may be brought and prosecuted against Holdings whether or not action is brought against any other guarantor, any other party or the Borrower or any of its Subsidiaries and whether or not any other guarantor, any other party or the Borrower or any of its Subsidiaries be joined in any such action or actions. Holdings waives, to the full extent permitted by law, the benefit of any statute of limitations affecting its liability hereunder or the enforcement thereof. Any payment by the Borrower or any of its Subsidiaries or other circumstance which operates to toll any statute of limitations as to the Borrower or any of its Subsidiaries shall operate to toll the statute of limitations as to any Guarantor.

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13.5 Authorization

Holdings authorizes the Guaranteed Creditors without notice or demand (except as shall be required by applicable statute and cannot be waived), and without affecting or impairing its liability hereunder, from time to time to:

(a) change the manner, place or terms of payment of, and/or change or extend the time of payment of, renew, increase, accelerate or alter, any of the Guaranteed Obligations (including any increase or decrease in the rate of interest thereon), any security therefor, or any liability incurred directly or indirectly in respect thereof, and the Guaranty herein made shall apply to the Guaranteed Obligations as so changed, extended, renewed or altered;

(b) take and hold security for the payment of the Guaranteed Obligations and sell, exchange, release, surrender, realize upon or otherwise deal with in any manner and in any order any property by whomsoever at any time pledged or US Mortgaged to secure, or howsoever securing, the Guaranteed Obligations or any liabilities (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and/or any offset there against;

(c) exercise or refrain from exercising any rights against the Borrower, any of its Subsidiaries or others or otherwise act or refrain from acting;

(d) release or substitute any one or more endorsers, guarantors, the Borrower, any of its Subsidiaries or other obligors;

(e) settle or compromise any of the Guaranteed Obligations, any security therefor or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and may subordinate the payment of all or any part thereof to the payment of any liability (whether due or not) of the Borrower or any of its Subsidiaries to its creditors other than the Guaranteed Creditors;

(f) apply any sums by whomsoever paid or howsoever realized to any liability or liabilities of the Borrower or any of its Subsidiaries to the Guaranteed Creditors regardless of what liability or liabilities of Holdings, the Borrower or any of its Subsidiaries remain unpaid;

(g) consent to or waive any breach of, or any act, omission or default under, this Agreement or any of the instruments or agreements referred to herein, or otherwise amend, modify or supplement this Agreement or any of such other instruments or agreements; and/or

(h) take any other action which would, under otherwise applicable principles of common law, give rise to a legal or equitable discharge of Holdings from its liabilities under this Guaranty.

13.6 Reliance

It is not necessary for any Guaranteed Creditor to inquire into the capacity or powers of the Borrower or any of its Subsidiaries or the officers, directors, partners or agents acting or purporting to act on their behalf, and any Guaranteed Obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

13.7 Subordination

Any of the indebtedness of the Borrower and its Subsidiaries relating to the Guaranteed Obligations now or hereafter owing to Holdings is hereby subordinated to the Guaranteed Obligations of the Borrower and its Subsidiaries owing to the Guaranteed Creditors; and if the Administrative Agent so requests at a time when an Event of Default shall have occurred and is continuing, all such indebtedness relating to the Guaranteed Obligations of the Borrower and its Subsidiaries to Holdings shall be collected, enforced and received by Holdings for the benefit of the Guaranteed Creditors and be paid over to the Administrative Agent on behalf of the Guaranteed Creditors on account of the Guaranteed Obligations of the Borrower to the Guaranteed Creditors, but without affecting or impairing in any manner the liability of Holdings under the other provisions of this Guaranty. Prior to the transfer by Holdings of any note or negotiable instrument evidencing any of the indebtedness relating to the Guaranteed Obligations of the Borrower and its Subsidiaries to Holdings, Holdings shall mark such note or negotiable instrument with a legend that the same is subject to this subordination. Without limiting the generality of the foregoing, Holdings hereby agrees with the Guaranteed Creditors that it will not exercise any right of subrogation which it may at any time otherwise have as a result of this Guaranty (whether contractual, under Section 509 of the Bankruptcy Code or otherwise) until all Guaranteed Obligations have been irrevocably paid in full in cash.

13.8 Waiver

(a) Holdings waives any right (except as shall be required by applicable statute and cannot be waived) to require any Guaranteed Creditor to (i) proceed against the Borrower, any other guarantor or any other party, (ii) proceed against or exhaust any security held from the Borrower, any other guarantor or any other party or (iii) pursue any other remedy in any Guaranteed Creditor's power whatsoever. Holdings waives any defense based on or arising out of any defense of the Borrower, any other guarantor or any other party, other than payment in full of the Guaranteed Obligations, based on or arising out of the disability of the Borrower, any other guarantor or any other party, or the validity, legality or unenforceability of the Guaranteed

Obligations or any part thereof from any cause, or the cessation from any cause of the liability of the Borrower other than payment in full of the Guaranteed Obligations. The Guaranteed Creditors may, at their election, foreclose on any security held by the Administrative Agent, or any other Guaranteed Creditor by one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable (to the extent such sale is permitted by applicable law), or exercise any other right or remedy the Guaranteed Creditors may have against the Borrower or any other party, or any security, without affecting or impairing in any way the liability of Holdings hereunder except to the extent the Guaranteed Obligations have been paid. Holdings waives any defense arising out of any such election by the Guaranteed Creditors, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of Holdings against the Borrower or any other party or any security.

(b) Holdings waives all presentments, demands for performance, protests and notices, including without limitation notices of nonperformance, notices of protest, notices of dishonor, notices of acceptance of this Guaranty, and notices of the existence, creation or incurring of new or additional Guaranteed Obligations. Holdings assumes all responsibility for being and keeping itself informed of the Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of non-payment of the Guaranteed Obligations and the nature, scope and extent of the risks which Holdings assumes and incurs hereunder, and agrees that the Administrative Agent and the Lenders shall have no duty to advise Holdings of information known to them regarding such circumstances or risks.

13.9 Nature of Liability

It is the desire and intent of Holdings and the Lenders that this Guaranty shall be enforced against Holdings to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. If, however, and to the extent that, the obligations of Holdings under this Guaranty shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers), then the amount of the Guaranteed Obligations of Holdings shall be deemed to be reduced and Holdings shall pay the maximum amount of the Guaranteed Obligations which would be permissible under applicable law.

[signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized, as of the date first above written.

HUNTSMAN ICI HOLDINGS LLC

By: /s/ Curtis C. Dowd

Name: Curtis C. Dowd

Title: Vice President, Corporate Development

HUNTSMAN ICI CHEMICALS LLC

By: /s/ Curtis C. Dowd

Name: Curtis C. Dowd

Title: Vice President, Corporate Development

BANKERS TRUST COMPANY, Individually
as a Lender and as Administrative Agent

By: /s/ Robert R. Telesca

Name: Robert R. Telesca

Title: Assistant Vice President

THE CHASE MANHATTAN BANK,
Individually as a Lender and as a Co-
Documentation Agent

By: /s/ Peter Dedousis

Name: Peter Dedousis

Title: Managing Director

GOLDMAN SACHS CREDIT PARTNERS L.P.,
Individually as a Lender and as Syndication
Agent

By: /s/ Gary E. Moross

Name: Gary E. Moross

Title: Authorized Signatory

UBS AG, STAMFORD BRANCH,
Individually as a Lender and as a Co-Documentation
Agent

By: /s/ Michael R. Grayer

Name: Micheal R. Grayer

Title: Managing Director, Leveraged Finan

By: /s/ David Barth

Name: David Barth

Title: Director

THE SUMITOMO TRUST & BANKING CO, LTD.
NEW YORK BRANCH

By: /s/ Suraj P. Bhatia

Name: Suraj P. Bhatia

Title: Senior Vice President

NATIONAL CITY BANK

By: /s/ Joseph D. Robison

Name: Joseph D. Robison

Title: Vice President

THE BANK OF NEW YORK

By: /s/ Mehrasa Raygani

Name: Mehrasa Raygani

Title: Assistant Vice President

LLOYDS TSB BANK PLC

By: /s/ Ian Dimmock

Name: Ian Dimmock

Title: Vice President, Acquisition Finance

LLOYDS TSB BANK PLC

By: /s/ David C. Rodway

Name: David C. Rodway

Title: Assistant Vice President R156

NATIONAL WESTMINSTER BANK Plc

By: /s/ Douglas Iain Kerr

Name: Douglas Iain Kerr

Title: Corporate Manager

NATIONAL WEST MINISTER BANK Plc.
NASSAU BRANCH

By: /s/ Douglas Iain Kerr

Name: Douglas Iain Kerr

Title: Corporate Manager

BANK OF TOKYO - MITSUBISHI TRUST
COMPANY

By: /s/ Peter Stearn

Name: Peter Stearn

Title: Vice President

TORONTO DOMINION (TEXAS), INC.

By: /s/ Mark A. Baird

Name: Mark A. Baird

Title: Vice President

THE ROYAL BANK OF SCOTLAND Plc

By: /s/ Scott Barton

Name: Scott Barton

Title: Vice President

THE ROYAL BANK OF SCOTLAND Plc

By: /s/ Scott Barton

Name: Scott Barton

Title: Vice President

FLEET NATIONAL BANK

By: /s/ David M. Harnisch

Name: David M. Harnisch

Title: Vice President

THE FUJI BANK, LIMITED

By: /s/ Masahito Fukuda

Name: Masahito Fukuda

Title: SVP & Group Head

BANK OF AMERICA NATIONAL
NATIONAL TRUST & SAVINGS ASSOCIATION

By: /s/ Donald J. Chin

Name: Donald J. Chin

Title: Managing Director

CREDIT SUISSE FIRST BOSTON

By: /s/ Douglas e. Maher

Name: Douglas C. Maher

Title: Vice President

CREDIT SUISSE FIRST BOSTON

By: /s/ Thomas G. Mudid

Name: Thomas G. Mudid

Title: Vice President

SINGER & FRIEDLANDER LIMITED

By: /s/ A. J. Milicox

Name: A J. Milicox

Title: Assistant Director

By: /s/ K. A. Bradford

Name: K. A. Bradford

Title: Assistant Manager

MELLON BANK NA

By: /s/ William M. Feathers

Name: William F. Feathers

Title: Lending Officer

SOUTHERN PACIFIC BANK

By: /s/ Cheryl A. Wasllewsid

Name: Cheryl A. Wasllewsid

Title: Senior Vice President

BAYERESCHE HYPO-UND VEREINSBANK AG
NEW YORK BRANCH

By: /s/ Sylvia K. Cheng

Name: Sylvia K. Cheng

Title: Director

By: /s/ Carlo Lamberti

Name: Carlo Lamberti

Title: Associate Director

THE MITSUBISHI TRUST AND BANKING
CORPORATION

By: /s/ Beatrice E. Kossodo

Name: Beatrice E. Kossodo

Title: Senior Vice President

ABN AMRO BANK N.V.

By: /s/ Dianna D. Barkley

Name: Dianna D. Barkley

Title: Group Vice-President

By: /s/ Maria Vickroy-Peralta

Name: Maria Vickroy-Peralta

Title: Vice President

DRESDNER BANK AG, NEW YORK AND GRAND CAYMAN BRANCHES

By: /s/ Beverly G. Cason

Name: Beverly G. Cason

Title: Vice President

By: /s/ John W. Sweeney

Name: John W. Sweeney

Title: Vice President

THE BANK OF NOVA SCOTIA

By: /s/ F.C.H. Ashby

Name: F.C.H. Ashby

Title: Senior Manager Loan Operations

SOLOMON BROTHERS HOLDING COMPANY INC

By: /s/ Timothy L. Freeman

Name: Timothy L. Freeman

Title: Attorney-in-Fact

THE CIT GROUP/EQUIPMENT FINANCING, INC.

By: /s/ Benjamin W. Boesch

Name: Benjamin W. Boesch

Title: Assistant Vice President

EXHIBIT 10.5

Dated 30th June 1999

BP CHEMICALS LIMITED

-and-

HUNTSMAN ICI CHEMICALS LLC

==========

Asset Sale Agreement

==========

Confidential treatment requested. Exhibit omitted and filed separately with the SEC.

Exhibit 10.6

JOINT VENTURE AGREEMENT

DATED AS OF

OCTOBER 18, 1993

BETWEEN

TIOXIDE AMERICAS INC.

AND

KRONOS LOUISIANA, INC.

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JOINT VENTURE AGREEMENT

AGREEMENT dated as of October 18, 1993 between TIOXIDE AMERICAS INC., a Delaware corporation (the "TIOXIDE PARTNER"), and KRONOS LOUISIANA, INC., a

Delaware corporation (the "KRONOS PARTNER").

W I T N E S S E T H:

WHEREAS, the Kronos Partner conducts a business which manufactures titanium dioxide pigment using a chloride process at its plant located in Lake Charles, Louisiana (the "PLANT");

WHEREAS, the Tioxide Partner and the Kronos Partner have entered into a Formation Agreement (as hereinafter defined) pursuant to which they have agreed to form a joint venture, organized as a limited partnership under the laws of Delaware; and

WHEREAS, the Joint Venture will own and operate the Plant for the benefit of the Partners.

NOW, THEREFORE, the parties hereto agree to enter into an agreement of limited partnership as follows:

ARTICLE I

DEFINITIONS

1.01. Definitions. (a) As used herein, the following terms have the following meanings:

"AAA" means the American Arbitration Association.

"AFFILIATE" means, with respect to any Person at any time, any other Person directly or indirectly through one or more intermediaries controlling, controlled by, or under common control with, that Person at such time. For the purposes of this definition, "control" (including, with correlative meanings, "controlling", "controlled by" and "under common control with"), with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities, by contract or otherwise. The Joint Venture shall not be deemed an Affiliate of either Partner.

"ASSUMPTION AGREEMENT" means each Assumption Agreement executed pursuant to Section 3.04(f) between the Non-Defaulting Partner and the Defaulting Partner, each such agreement to be substantially in the form of Exhibit 1 hereto.

"BANK DEFAULT" means with (i) with respect to the Tioxide Partner, a Tioxide Bank Default, and (ii) with respect to the Kronos Partner, a Kronos Bank Default.

"CLASS I DEFAULT" means (i) with respect to the Tioxide Partner, a Tioxide Class I Default, and (ii) with respect to the Kronos Partner, a Kronos Class I Default.

"CLOSING" means the Closing under the Formation Agreement.

"CLOSING DATE" means the date of the Closing.

"CODE" means the Internal Revenue Code of 1986, as amended, and any reference to a section of the Code shall include any successor section or provision of the Code.

"CONVERTIBLE LOAN" means a loan to the Joint Venture made by a Non-Defaulting Partner pursuant to Section 3.03 to cure a Default, which loan shall (A) accrue interest quarterly on the unpaid principal amount of such Convertible Loan and on any previously accrued interest at a floating rate per annum equal to the highest rate of interest then applicable to loans (whether Tranche A or Tranche B Loans) outstanding during such quarter under the Credit Agreement, or, in the event that no such loans are outstanding, the rate announced from time to time by Citibank, N.A. as its base rate, (B) have a maturity of not less than one year from the date of issue (the specific maturity date to be established by the Non-Defaulting Partner); provided, however, that such maturity shall be

extended automatically for successive 180-day periods if such extension is necessary to avoid a default under any Debt of the Joint Venture, (C) be subordinated to all Obligations under the Credit Agreement and (D) solely as to principal (and not accrued interest) be convertible into an increased Percentage Interest in the Joint Venture in accordance with Section 3.04 (with all interest thereon waived upon such conversion) upon 21 days' prior written notice by the Non-Defaulting Partner to the Joint Venture and the Defaulting Partner. At the option of the Joint Venture, subject to the Credit Agreement, the Joint Venture may pay all or any portion of any interest payment in cash rather than permit it to continue to accrue.

"CREDIT AGREEMENT" means the Credit Agreement dated as of the date hereof among the Joint Venture, the lenders listed therein and Citibank, N.A., as Agent, as the same may be amended, modified, supplemented or refinanced from time to time.

"DEBT" of any Person means at any date, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes, or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (iv) all obligations of such Person as lessee which are capitalized in accordance with GAAP, (v) all Debt of others secured by a Lien on any asset of such Person, whether or not such Debt is assumed by such Person and (vi) all Debt of others guaranteed by such Person.

"DEFAULT" means (i) with respect to the Tioxide Partner, a Tioxide Class I Default, a Tioxide Bank Default or a Tioxide Class II Default, and (ii) with respect to the Kronos Partner, a Kronos Class I Default, a Kronos Bank Default or a Kronos Class II Default.

"FAIR MARKET VALUE" means, as of any determination time, (i) with respect to the Joint Venture as a whole, the cash price at which a willing seller under no compulsion to sell would sell, and a willing buyer under no compulsion to purchase would purchase, 100% of the Percentage Interests in the Joint Venture (subject to all Debt, liabilities and other obligations of the Joint Venture outstanding at such time), and (ii) with respect to the Percent age Interest of either Partner in the Joint Venture, the product of (x) the Fair Market Value of the Joint Venture at such time determined in accordance with clause (i) above and (y) the Percentage Interest in the Joint Venture represented by the Percentage Interest being valued. In the event that as of the date of any determination of Fair Market Value, a Permitted Expansion has begun but there has been no adjustment of the Percentage Interests pursuant to Section 3.04(c), Fair Market Value shall include assets added by the Permitted Expansion only to the extent that the Partners shall have agreed to value them according to procedures established at the time of the initiation of the Permitted Expansion.

"FIXED OPERATING COSTS" has the meaning ascribed to such term in the Offtake Agreements.

"FORMATION AGREEMENT" means the Formation Agreement dated October 18, 1993 among the Kronos Partner, the Tioxide Partner and the Joint Venture.

"GAAP" means accounting principles generally accepted in the United States.

"HSR ACT" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules promulgated thereunder.

"HSR AUTHORITIES" means the Federal Trade Commission and the Anti trust Division of the Department of Justice.

"HSR FILING DATE" means, with respect to (i) Defaulting Partner under Section 3.03, (ii) the Selling Partner under Section 4.02, (iii) the Electing Partner under Section 4.03 or (iv) the Minority Partner under Section 4.04, the date such Partner files with the HSR Authorities an HSR Report with respect to the transaction contemplated by such Section, which HSR Report complies in all material respects with the requirements of the HSR Act.

"HSR REPORT" means a Notification and Report Form (or any successor form) required under the HSR Act to be filed with the HSR Authorities to report an acquisition of the Percentage Interest of either Partner in the Joint Venture.

"KRONOS" means Kronos, Inc., a Delaware corporation.

"KRONOS BANK DEFAULT" means a "Tranche B Single Tranche Event of Default" as defined in the Credit Agreement.

"KRONOS CLASS I DEFAULT" means any failure by the Kronos Partner (i) to pay within ten (10) days after the due date amounts aggregating in excess of $100,000 in respect of the Tranche A Debt or the Tranche B Debt (including, without limitation, any interest, deferred financing cost or principal payment) required to be paid by the Kronos Partner pursuant to the Kronos Offtake Agreement or any Assumption Agreement under which it is an obligor or (ii) to pay within ten (10) days after the due date specified in an invoice or other written notice from the Joint Venture received by the Kronos Partner prior to such due date, any other amount in excess of $100,000 required to be paid by the Kronos Partner pursuant to the Kronos Offtake Agreement (including, without

limitation, any payment in respect of Fixed Operating Costs or Variable Costs).

"KRONOS CLASS II DEFAULT" means (i) any Kronos Class I Default or (ii) any material breach by the Kronos Partner of any of its obligations to the Joint Venture under this Agreement or Section 7.02(a) of the Formation Agreement, in each case, which breach involves or can be cured by the payment of money to the Joint Venture and which breach remains uncured by the Kronos Partner 10 days after the earlier of (A) agreement by the Partners with respect to the existence and amount of such breach or (B) final and non-appealable judicial or arbitrative determination of the existence and amount of such breach.

"KRONOS GROUP" means, at any time, Kronos and each Person that is a Subsidiary of Kronos at such time.

"KRONOS GROUP MEMBER" means, at any time, any Person included in the Kronos Group at such time.

"KRONOS OFFTAKE AGREEMENT" means the Offtake Agreement dated as of the date hereof between the Kronos Partner and the Joint Venture.

"LICENSE AGREEMENTS" means the License Agreements attached as Exhibits A through [X] to the Master Technology Exchange Agreement.

"LIEN" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset.

"MASTER TECHNOLOGY EXCHANGE AGREEMENT" means the Master Technology Exchange Agreement dated as of the date hereof between Kronos and Tioxide.

"OFFTAKE AGREEMENTS" means, collectively, the Tioxide Offtake Agreement and the Kronos Offtake Agreement.

"ORIGINAL CAPITAL CONTRIBUTION" means, with respect to either Partner, the capital contribution it is required to make to the Joint Venture at the Closing pursuant to Article II of the Formation Agreement.

"OUTPUT SHARE" has the meaning ascribed to such term in the Offtake Agreements.

"PARTNER" means the Tioxide Partner or the Kronos Partner, as the context may require, and "PARTNERS" means, collectively, the Tioxide Partner and the Kronos Partner.

Unless otherwise specifically provided in this Agreement, each and every reference in this Agreement to either Partner means such Partner in its capacities as both a limited partner and a general partner in the Joint Venture.

"PERCENTAGE INTEREST" means, at any time with respect to either Partner, the interest (both general and limited) of such Partner in the Joint Venture at

such time expressed as a percentage. The initial Percentage Interests of the Partners are set forth in Section 3.01(a) and are subject to adjustment only as provided in Sections 3.04(c) and 3.04(e) of this Agreement. The dollar amount of a Partner's capital account in the Joint Venture shall not affect its Percentage Interest.

"PERSON" means an individual, corporation, partnership, association, trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"PROPERTY" means all real and personal property (whether tangible or intangible) owned by the Joint Venture and any improvements thereto (including any property contributed by the Partners).

"REGULATIONS" means the Income Tax Regulations promulgated under the Code, as such regulations are in effect from time to time. Any reference to any provision of the Regulations shall be interpreted to refer to any succes sor provision of the Regulations.

"SEASONING PERIOD" means the three-year period beginning on the Closing Date and ending on October 18, 1996.

"SUBSIDIARY" means, with respect to any Person, any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by such Person.

"TIO2" means titanium dioxide pigments.

"TIOXIDE" means Tioxide Group Limited, a corporation organized and existing under the laws of England.

"TIOXIDE BANK DEFAULT" means a "Tranche A Single Tranche Event of Default" as defined in the Credit Agreement.

"TIOXIDE CLASS I DEFAULT" means any failure by the Tioxide Partner (i) to pay within ten (10) days after the due date amounts aggregating in excess of a $100,000 in respect of the Tranche A Debt or the Tranche B Debt (including, without limitation, any interest, deferred financing cost or principal payment) required to be paid by the Tioxide Partner pursuant to the Tioxide Offtake Agreement or any Assumption Agreement under which it is an obligor or (ii) to pay within ten (10) days after the due date specified in an invoice or other written notice from the Joint Venture received by the Tioxide Partner prior to such due date, any other amount in excess of $100,000 required to be paid by the Tioxide Partner pursuant to the Tioxide Offtake Agreement (including, without limitation, any payment in respect of Fixed Operating Costs or Variable Costs).

"TIOXIDE CLASS II DEFAULT" means (i) any Tioxide Class I Default or (ii) any material breach by the Tioxide Partner of any of its obligations to the Joint Venture under this Agreement or Section 7.02(c) of the Formation Agreement, in each case, which breach involves or can be cured by the payment of money to the Joint Venture and which breach remains uncured by the Tioxide Partner 10 days after the earlier of (A) agreement by the Partners with respect to the existence and amount of such breach or (B) final and non-appealable judicial or arbitrative determination of the existence and amount of such breach.

"TIOXIDE GROUP" means, at any time, Tioxide, the Tioxide Partner and each Person that is a Subsidiary of Tioxide at such time.

"TIOXIDE GROUP MEMBER" means, at any time, any Person included in the Tioxide Group at such time.

"TIOXIDE OFFTAKE AGREEMENT" means the Offtake Agreement dated as of the date hereof between the Tioxide Partner and the Joint Venture.

"TRANCHE A DEBT" means Debt of the Joint Venture outstanding as Tranche A Loans under the Credit Agreement, provided, however, that, for the purposes of Sections 3.03(c), 3.03(d), 3.03(e), 3.04(e), 3.04(f), 4.03 and 12.03 only all amounts due with respect to Tranche A Debt shall be calculated as if all payments in respect of such Tranche A Debt made by the Tioxide Partner or any of

its Affiliates under any guaranty of the Tioxide Partner's obligations were so applied, without regard to whether so applied.

"TRANCHE B DEBT" means Debt of the Joint Venture outstanding as Tranche B Loans under the Credit Agreement, provided, however, that, for the purposes of Sections 3.03(c), 3.03(d), 3.03(e), 3.04(e), 3.04(f), 4.03 and 12.03 only all amounts due with respect to Tranche B Debt shall be calculated as if all payments in respect of such Tranche B Debt made by the Kronos Partner or any of its Affiliates under any guaranty of the Kronos Partner's obligations were so applied, without regard to whether so applied.

"TRANSACTION AGREEMENTS" means this Agreement, the Offtake Agree ments, each Assumption Agreement, the Formation Agreement and the Transitional Services Agreement.

"TRANSFERRED ASSETS" has the meaning set forth in the Formation Agreement.

"TRANSITIONAL SERVICES AGREEMENT" means the Transitional Services Agreement dated as of the date hereof between Kronos and the Joint Venture.

"VALUATION FIRM" means an independent valuation firm of nationally recognized standing which, unless otherwise agreed to by the Partners, shall not have had any material business relationship with either Tioxide or Kronos or any of their respective Affiliates during the two-year period preceding its engagement.

"VARIABLE COSTS" has the meaning ascribed to such term in the Offtake Agreements.

(b) Each of the following terms is defined in the Section set forth opposite such term:

Term	Section
Answering Partner	14.01(b)
Arbitrated Price	4.02(f)
Assumed Amount	3.04(f)
Bank Default Call	3.03(e)
Bank Default Call Closing	3.03(e)
Bank Default Call Notice	3.03(e)
Bank Default Call Price	3.03(e)
Borrowing Base	12.03(a)
Borrowing Partner	12.03(b)
Business Plan	8.02(b)
Call Notice	4.04(a)
Capacity Test Date	3.04(b)
CEO Committee	7.02(e)
Contributed Transferred Assets	5.02(c)
Default Call	3.03(c)
Default Call Closing	3.03(c)
Default Call Notice	3.03(c)
Default Call Price	3.03(c)
Defaulting Partner	3.03(a)
Electing Partner	4.03
Exiting Partner	4.06
Expansion Plan	3.02(a)
Financial Statements	5.02(c)
Fiscal Year	10.02
Free Return Employee	9.08(a)
General Managers	8.01(a)
IC	3.04(c)
Incur	12.03(b)
Initial Business Plan	8.02(a)

Term	Section

Invoking Partner	14.01(b)
Joint Venture	2.01
Joint Venture Accounting Principles	10.01(b)
Kronos Partner	Recitals
Kronos Partner Stock	4.01(v)
Liquidator	13.05
Majority Partner	4.04(a)
Material Adverse Development	4.03
Minority Call Closing	4.04(c)
Minority Partner	4.04(a)
Non-Borrowing Partner	12.03(b)
Non-Defaulting Partner	3.03(a)
OC	3.04(c)
Offeree Partner	4.02(a)
Offeree Partner Response Date	4.02(a)
Offeree Partner's Notice	4.02(a)
Offeree Partner's Price	4.02(a)
Parent Committee	7.02(e)
Partnership Act	2.01
Permitted Amount	12.03(b)
Permitted Expansion	3.02(a)
Plant	Recitals
Production Factors	7.02(d)
Providing Partner	12.02(a)
Purchased Transferred Assets	5.02(c)
Purchasing Partner	4.03
Put Closing	4.03
Put Notice	4.03
Put Price	4.03
Receiving Partner	12.02(a)
Requesting Partner	3.02(a)
Responding Partner	3.02(a)
Selling Partner	4.02(a)
Selling Partner's First Notice	4.02(a)
Selling Partner's Price	4.02(a)
Selling Partner's Second Notice	4.02(a)
Supervisory Committee	7.01(a)
Supervisory Committee Members	7.01(a)
Third Party	4.02(d)
Third Party Sale Materials	4.02(e)
Tioxide Partner	Recitals
Tioxide Partner Stock	4.01(iv)

ARTICLE II

FORMATION AND PURPOSES OF THE JOINT VENTURE

2.01. Formation of the Joint Venture. Effective as of the filing for record of a Certificate of Limited Partnership in the office of the Secretary of State of the State of Delaware, the Partners hereby form and establish a limited partnership (the "JOINT VENTURE") under the terms and provisions of this Agreement and the provisions of the Delaware Revised Uniform Limited Partnership Act (the "PARTNERSHIP ACT"), and the rights and liabilities of the Partners shall be as provided in this Agreement and, except as herein otherwise expressly provided, in the Partnership Act. The making of the Original Capital Contributions as described in Section 3.01 shall occur as of the Closing Date in accordance with the Formation Agreement.

2.02. Name of the Joint Venture. The name of the Joint Venture shall be "Louisiana Pigment Company, L.P.". The business of the Joint Venture shall be conducted solely under such name (or such trade names as the Joint Venture may adopt in conformity with applicable law) and all assets (other than as expressly provided in the Formation Agreement) of the Joint Venture shall be held under such name.

2.03. Purpose of the Joint Venture. The purpose of the Joint Venture is to operate the Plant to achieve the highest output of TiO2 consis tent with meeting the respective product specifications of the Partners, such output to be

produced in the most efficient and cost-effective manner deemed reasonable in the circumstances by the Supervisory Committee. The Joint Venture shall operate the Plant in accordance with prudent operating, safety, health and environmental standards and in compliance with all federal, state and local laws and regulations. The Joint Venture shall be operated for the exclusive benefit of the Partners. In furtherance of its purpose, the Joint Venture shall have and may exercise all the powers now or hereafter conferred by Delaware law on, or permitted by Delaware law to be exercised by, limited partnerships formed under the laws of such State.

2.04. Place of Business of the Joint Venture. The principal place of business of the Joint Venture shall be located at the Plant.

2.05. Duration of the Joint Venture. The Joint Venture shall commence on the date of filing of the Certificate of Limited Partnership in the Office of the Secretary of State of the State of Delaware and shall continue until its termination in accordance with the provisions of Article XIII.

2.06. Title to Joint Venture Property. As to all property that is owned by the Joint Venture, such property shall be deemed to be owned by the Joint Venture as an entity for the exclusive benefit of its Partners and neither Partner, individually, shall have any direct ownership interest in such property.

2.07. Filing of Certificates. The Partners shall file and publish all such certificates, notices, statements or other instruments required by law for the formation, qualification and operation of a limited partnership in all jurisdictions where the Joint Venture may elect to do business.

2.08. Registered Office; Registered Agent. The address of the registered office of the Joint Venture shall be Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801. The name of the registered agent of the Joint Venture at such address shall be The Corporation Trust Company.

2.09. Reliance by Third Parties. Persons dealing with the Joint Venture are entitled to rely conclusively upon the power and authority of the general partners or the Supervisory Committee as herein set forth.

ARTICLE III

PARTNERS; CAPITAL CONTRIBUTIONS; DEFAULTS

3.01. Partners. (a) Each of the Partners shall make its Original Capital Contribution to the Joint Venture on the terms and subject to the conditions set forth in the Formation Agreement. After giving effect to the transactions contemplated by the Formation Agreement, the names, addresses, the Original Capital Contribution and initial Percentage Interests of the Partners shall be as follows:

<TABLE>
<CAPTION>

Name and Address	Original Capital Contributions	Initial Percentage Interest
<S>	<C>	<C>
TIOXIDE AMERICAS INC. Suite 115 901 Warrenville Road	$175,000,000 less the original principal amount of the Tranche A Facility, paid to the Joint Venture pursuant to Section 2.01 of the	50% (consisting of a 25% general partnership interest and a

</TABLE>

<TABLE>

<S> <C> <C>

Lisle, IL 60532 Formation Agreement 25% limited
partnership interest)

KRONOS LOUISIANA, A one-half undivided 50% (consisting
INC. interest in the of a 25% general
3000 North Sam Transferred Assets, partnership interest
Houston Parkway East contributed to the and a 25% limited
Houston, TX 77032 Joint Venture partnership interest)
pursuant to Section
2.02(a) of the
Formation Agreement
</TABLE>

(b) No additional partner shall at any time be admitted to the Joint Venture without the consent of each Person that is a partner in the Joint Venture at such time and, except as otherwise provided in this Agreement, no partner shall demand or receive a return of its capital contributions to or withdraw from the Joint Venture (with respect to all or any part of its Percentage Interest in the Joint Venture whether general or limited), in each of the foregoing cases, without the consent of each other partner.

(c) Except as otherwise specifically provided in this Agreement or the Transitional Services Agreement, neither Partner shall receive any interest, salary or drawing with respect to its capital contributions for services rendered on behalf of the Joint Venture or otherwise in its capacity as a Partner.

(d) Notwithstanding any other provision of this Agreement, the general partnership interest of each Partner shall at all times equal its limited partnership interest and any adjustments to or change in the Percent age Interest of either Partner shall result in equal adjustments to or changes in both the general partnership interest and the limited partnership interest of such Partner.

(e) Unless otherwise specifically provided in this Agreement, all rights, obligations and agreements of either Partner hereunder shall be deemed to be rights, obligations and agreements of such Partner in respect of both its general partnership interest and its limited partnership interest.

3.02. Additional Capital Contributions. (a) At any time after the Seasoning Period, either Partner shall have the right to cause a Permitted Expansion (as defined below) to be made. The Partner desiring the expansion (the "REQUESTING PARTNER") shall submit a written appropriation request (the "EXPANSION PLAN") to the Supervisory Committee

and the other Partner (the "RESPONDING PARTNER"), which request shall (x) describe in reasonable detail the nature of the proposed Permitted Expansion, (y) include a proposed capital budget and timetable therefor and (z) unless waived by the Responding Partner, shall be accompanied by a report from an independent engineering firm confirming that in the opinion of such firm the Permitted Expansion can be completed at a total cost and with an output capacity which are, in each case, within 10% of the estimates contained in the Expansion Plan. The Requesting Partner and its employees and agents shall be permitted reasonable access to the Plant and its personnel for the purpose of developing an Expansion Plan. Notwithstanding anything to the contrary in this Section 3.02, any Permitted Expansion must be carried out in a manner that does not materially interrupt production of TiO2 or materially adversely affect the Joint Venture. The Responding Partner shall have 180 days from the date it receives the Expansion Plan to notify the Requesting Partner of its decision as to whether it wishes to participate in the Permitted Expansion described in such Expansion Plan. "PERMITTED EXPANSION" means (i) the construction of one or more chloride process lines or pigment finishing lines (which pursuant to its design specifications is intended to increase the total output of the Plant by at least 10%), either within the existing Plant (but separate from and in addition to the chloride process lines and pigment finishing lines forming part of the Plant on the Closing Date) or on property of the Joint Venture located adjacent to the Plant, or (ii) the achievement of "debottlenecking" through an individual project for the modification of certain equipment or other facilities of the Plant which pursuant to its design specifications is intended to increase the

total output of the Plant by at least 10% by permitting other equipment or facilities of the Plant to perform at greater capacity or efficiency.

(b) If within 180 days after its receipt of an Expansion Plan, the Responding Partner either (i) fails to deliver a written notice to the Requesting Partner setting forth a binding commitment on the part of the Responding Partner to participate in and fund its share of the Permitted Expansion described in such Expansion Plan or (ii) delivers a written notice to the Requesting Partner stating that the decision of the Responding Partner is not to participate in such Permitted Expansion, the Requesting Partner shall be entitled to implement the Permitted Expansion unilaterally in accordance with such Expansion Plan and fund it in accordance with Section 3.02(d). In connection with any Permitted Expansion in which the Responding Partner is not participating, the Responding Partner shall cooperate, and cause its representatives on

the Supervisory Committee to cooperate, with the Requesting Partner in implementing the Permitted Expansion in accordance with the Expansion Plan relating thereto and the Requesting Partner shall indemnify and hold harmless the Joint Venture and the Responding Partner for any losses, claims or damages (including, without limitation, consequential and incidental damages) arising from such Permitted Expansion.

(c) If the Responding Partner delivers the participation notice described in clause (i) of Section 3.02(b) within the time period specified therein, the Permitted Expansion described therein shall be implemented promptly by the Joint Venture and the cost thereof shall be funded by one or more capital contributions to the Joint Venture as set forth in the Expansion Plan or as otherwise agreed by the Partners, such capital contributions to be made by the Partners in proportion to their respective Percentage Interests on the date the Responding Partner delivers its participation notice in accor dance with this Section 3.02(c).

(d) The Requesting Partner shall have the option of funding any Permitted Expansion in which the Responding Partner is not participating by (i) making one or more additional capital contributions to the Joint Venture in an aggregate amount equal to the total cost of such Permitted Expansion (including, without limitation, additional start-up and operating costs to the extent such costs are not already included in the Requesting Partner's share of Fixed Operating Costs or Variable Costs pursuant to its Offtake Agreement) in return for an increased Percentage Interest in the Joint Venture to be calculated in accordance with Section 3.04(c); (ii) except in the case of a Permitted Expansion described in Section 3.02(a)(ii), making the required funds available to an Affiliate of the Requesting Partner which would con struct and own the assets comprising the Permitted Expansion on property leased from the Joint Venture and enter into a management and support services agreement with the Joint Venture, both of which arrangements shall be on an arm's length basis (which lease and agreement shall be subject to the prior written approval of the Responding Partner, such approval not to be unreason ably withheld); or (iii) providing the required funds on such other terms as the Partners may mutually agree at such time. All payments required to fund any Permitted Expansion shall be made on or prior to the date on which expenses relating to such Permitted Expansion are due and payable. The Partners agree to review the provisions of Section 3.03(e) hereof in connection with any proposed Permitted Expansion and to use their best efforts to agree upon any

modifications thereto that may be equitable in light of the proposed funding of such Permitted Expansion.

3.03. Defaults. (a) Within 24 hours of the due date of any payment required to be made by either Partner to the Joint Venture pursuant to any Transaction Agreement, the Joint Venture shall provide each Partner with notice by verified facsimile of (i) all amounts actually received by the Joint Venture, (ii) the failure by either Partner to make any payment and (iii) the amount of any underpayment or non-payment. If a Default shall occur with respect to either Partner (the "DEFAULTING PARTNER"), the other Partner (the "NON-DEFAULTING PARTNER") shall, in addition to any rights it may have under the other Transaction Agreements, have the rights set forth in this Section 3.03. From and after the occurrence of any Default and for so long as such Default

shall continue, the Defaulting Partner shall not take any action that materially and adversely affects the operation of the Plant in the ordinary course of its business consistent with past practice.

(b) Within 10 days after the occurrence of any Default or, if later, written notice referred to in Section 3.03(a) to the Non-Defaulting Partner, the Non-Defaulting Partner shall have the right at its option to either make a capital contribution or a Convertible Loan to the Joint Venture in an amount (as reasonably determined by the Non-Defaulting Partner) sufficient to cure such Default. At any time prior to the later of (i) 21 days after the making of a capital contribution by the Non-Defaulting Partner pursuant to this Section 3.03(b) or (ii) the conversion pursuant to Section 3.04(e) of this Agreement of a Convertible Loan made by the Non-Defaulting Partner pursuant to this Section 3.03(b), the Defaulting Partner shall have the right to cure the Default giving rise to such capital contribution or Convertible Loan and prevent the adjustment of the Percentage Interests of the Partners pursuant to Section 3.04(e) resulting therefrom, by making a capital contribution to the Joint Venture in cash in an amount equal to (1) the aggregate amount of all capital contributions made by the Non-Defaulting Partner to the Joint Venture in respect of such Default, together with an amount equal to interest thereon from the respective date or dates of contribution through the date of repay ment at the rate per annum then applicable, or that would then be applicable, to Convertible Loans and (2) the aggregate amount of all Convertible Loans (including all interest accrued thereon) made by the Non-Defaulting Partner to the Joint Venture in respect of such Default. Immediately upon receipt of a capital contribution from a Defaulting Partner pursuant to the immediately preceding sentence, the Joint Venture shall

make a special cash distribution, or shall repay the Convertible Loan (including all accrued interest thereon), to the Non- Defaulting Partner in an amount equal to such capital contribution by the Defaulting Partner. No partial cure of any Default attempted by the Defaulting Partner shall prevent the full adjustment of Percentage Interests of the Partners pursuant to Section 3.04(e) resulting from the aggregate amount of capital contributions and Convertible Loans made by the Non-Defaulting Partner in respect of such Default.

(c) Within 30 days after the occurrence of any Class I Default or, if later, written notice referred to in Section 3.03(a) to the Non-Defaulting Partner of such Class I Default, the Non-Defaulting Partner shall, in addition to its rights under Section 3.03(b), have the right to purchase the Percentage Interest of the Defaulting Partner in the Joint Venture (the "DEFAULT CALL") at an aggregate purchase price (the "DEFAULT CALL PRICE") equal to $125 million plus the Defaulting Partner's Percentage Interest of the Joint Venture's net working capital (excluding work-in-process inventory) all as determined in accordance with GAAP as of the date the applicable Default Call Notice (as defined below) is issued (the amount of such net working capital being evidenced by a certificate of the Joint Venture's chief accounting officer) less the sum of all outstanding Convertible Loans to the Joint Venture in respect of Fixed Operating Costs and Variable Costs owed but not paid by the Defaulting Partner from the date of written notice to the Defaulting Partner of the exercise of the Default Call to the date of the Default Call Closing, which shall be paid by the Non-Defaulting Partner in the following order: first: to the lenders under the Credit Agreement in an amount equal to all amounts payable in respect of the Tranche A Debt (in case the Tioxide Partner is the Defaulting Partner) or the Tranche B Debt (in case the Kronos Partner is the Defaulting Partner) outstanding under the Credit Agreement immediately prior to the closing of such purchase (the "DEFAULT CALL CLOSING"); second: to the relevant obligees under all other Debt of the Joint Venture (other than Convertible Loans) in an amount equal to the product of (x) the aggregate principal amount of such Debt outstanding immediately prior to the Default Call Closing and (y) the Percentage Interest of the Defaulting Partner immediately prior to the Default Call Closing; and third: to the Defaulting Partner in an amount equal to the remaining balance, if any. To exercise the foregoing option, the Non-Defaulting Partner shall deliver a written notice (the "DEFAULT CALL NOTICE") to the Defaulting Partner setting forth its election and a proposed date for the Default Call Closing, which date shall in no event be set earlier than 15 days or later than 60 days

after delivery of the Default Call Notice (except as otherwise provided in the

last paragraph of Section 3.03(e). Promptly after delivery of the Default Call Notice each Partner shall file an HSR Report to report the proposed acquisition by the Non-Defaulting Partner of the Percentage Interest of the Defaulting Partner (unless that acquisition does not require a filing under the HSR Act). Delivery of a Default Call Notice shall constitute an irrevocable agreement by the Non-Defaulting Partner to purchase the Percentage Interest of the Defaulting Partner, and shall irrevocably obligate the Defaulting Partner to sell such Percentage Interest, at the Default Call Price and on the other terms and conditions set forth in Section 4.05. The Default Call Closing shall be postponed for up to 208 days after the HSR Filing Date if, as of the proposed Default Call Closing date set forth in the Default Call Notice, the condition set forth in Section 4.05(a)(i) remains unsatisfied. If at the end of such 208-day period, such condition still remains unsatisfied, neither Partner shall have any further obligation under this Section 3.03(c) to consummate such Default Call Closing; provided, however, that (i) the Non-Defaulting Partner shall retain all of its rights under this Section 3.03(c) in respect of any subsequent Class I Default by the Defaulting Partner and (ii) such 208-day period shall be extended indefinitely after the authorization of any general assignment by the Defaulting Partner for the benefit of creditors or of the institution by any Person (including the Defaulting Partner) of any proceeding to adjudicate the Defaulting Partner as bankrupt or insolvent, or seeking the liquidation, winding up, reorganization, arrangement, adjustment, dissolution, protection, relief or composition of the Defaulting Partner or its debts under any existing or future law of any jurisdiction relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for the Defaulting Partner or for any substantial part of its assets. Notwithstanding anything to the contrary in this Section 3.03(c), the exercise of the Default Call shall be unavailable (A) during any period in which the closing of the purchase of the Percentage Interest of the Defaulting Partner pursuant to Section 4.02 or 4.04 has been extended beyond the period initially provided for closing to satisfy the condition set forth in Section 4.05(a)(i) and (B) until the later of (i) the expiration of the ten (10) day grace period provided in the definition of Class I Default and (ii) three (3) days after the Defaulting Partner has received notice of its failure to make a payment required under its Offtake Agreement or any Assumption Agreement, either from the Joint Venture pursuant to the first sentence of Section 3.03(a) or

from the Non-Defaulting Partner, and during such three-day period the Defaulting Partner has failed to cure such Class I Default by making payment in full to the Joint Venture.

(d) From and after written notice to the Defaulting Partner of the exercise by the Non-Defaulting Partner of the Default Call pursuant to Section 3.03(c), the Defaulting Partner shall be obligated to pay, prospectively, pursuant to the provisions of its Offtake Agreement, Fixed Operating Costs and Variable Costs in order to receive its Output Share of TiO2 from the Joint Venture from and after the date upon which, but only so long as, the sum of (i) the aggregate principal amount then outstanding under the Tranche A Debt (if the Tioxide Partner is the Defaulting Partner) or the Tranche B Debt (if the Kronos Partner is the Defaulting Partner), (less the aggregate principal amount thereof assumed by the Non-Defaulting Partner pursuant to Assumption Agreements), (ii) the product of the Percentage Interest of the Defaulting Partner and the aggregate principal amount of all Debt of the Joint Venture (except for any Convertible Loans and Tranche A and Tranche B Loans) and (iii) the total outstanding aggregate principal amount of Convertible Loans made after the Default Call Notice by the Non-Defaulting Partner the proceeds of which were used to pay Fixed Operating Costs and Variable Costs that the Defaulting Partner has failed to pay pursuant to its Offtake Agreement, exceeds $125,000,000. The making of any capital contribution or Convertible Loan by the Non-Defaulting Partner in respect of any Default by the Defaulting Partner does not entitle the Non-Defaulting Partner to any additional output of TiO2 from the Plant, except to the extent specifically provided in Section 3.04 as a result of the adjustment of the Percentage Interests of the Partners.

(e) Within 60 days after the occurrence of any Bank Default, the Non-Defaulting Partner shall, in addition to its rights under Section 3.03(b) (if any), have the option to purchase the Percentage Interest of the Defaulting Partner in the Joint Venture (the "BANK DEFAULT CALL") at an aggregate purchase price (the "BANK DEFAULT CALL PRICE") equal to the greater of

(i) the aggregate principal amount outstanding at the time of Bank Default Call Closing (as defined below) of the Tranche A Debt in the case of a Tioxide Bank Default or the Tranche B Debt in the case of a Kronos Bank Default or

(ii) the Bank Default Price on the date of the closing of such purchase (the "BANK DEFAULT CALL CLOSING") pursuant to the formula:

BDP = (FMV + AD) X PI

Where:

BDP = Bank Default Price

FMV = Fair Market Value of the Joint Venture as of the date of the Bank Default Call Notice (as defined below)

AD = the total aggregate principal amount of the Debt of the Joint Venture outstanding as of the date of the Bank Default Call Notice

PI = the Percentage Interest of the Defaulting Partner as of the date of the Bank Default Call Notice

The Bank Default Call Price shall be paid by the Non-Defaulting Partner and applied in the following order:

first: to the lenders under the Credit Agreement in an amount equal to the aggregate amount of (a) all amounts payable in respect of the Tranche A Debt (in case the Tioxide Partner is the Defaulting Partner) or the Tranche B Debt (in case the Kronos Partner is the Defaulting Partner) outstanding under the Credit Agreement immediately prior to the Bank Default Call Closing plus (b) all other obligations for Debt assumed by the Defaulting Partner pursuant to any Assumption Agreement;

second: to the Non-Defaulting Partner in an amount equal to the aggregate outstanding amount of the Convertible Loans made by the Non-Defaulting Partner less the aggregate outstanding amount of the Convertible Loans made by the Defaulting Partner;

third: to the relevant obligees under all other Debt of the Joint Venture (other than Convertible Loans) in an amount equal to the product of (x) the aggregate principal amount of such Debt outstanding immediately prior to the Bank Default Call Closing and (y) the Percentage Interest of the Defaulting Partner immediately prior to the Bank Default Call Closing; and

fourth: to the Defaulting Partner in an amount equal to the remaining balance, if any.

To exercise the Bank Default Call option, the Non-Defaulting Partner shall deliver written notice (the "BANK DEFAULT CALL NOTICE") to the Defaulting Partner setting forth its election to exercise the Bank Default Call and two proposed Valuation Firms. If the Partners fail to agree on the selection of two Valuation Firms within the 15-day period after the date of the Bank Default Call Notice, the Partners shall request that two Valuation Firms shall be appointed by the AAA as soon as practicable but no later than 30 days thereafter. The decisions of the AAA and the Valuation Firms, respectively, shall be final and binding upon the Partners. As soon as practicable after their appointment and using their best efforts to complete the task no later than 30 days thereafter, both Valuation Firms shall estimate the Fair Market Value of the Joint Venture as of the date of the delivery of the Bank Default Call Notice and deliver reports setting forth their respective estimates to each Partner and the Joint Venture. The average of the estimates of the Fair Market Value by each of the Valuation Firms shall be deemed to be the final and conclusive determination of

the Fair Market Value. Within 10 days after the earlier of (i) delivery of the report of the Valuation Firm or (ii) agreement by the Partners concerning the Fair Market Value of the Joint Venture, the Non-Defaulting Partner shall set a date for the Bank Default Call Closing, which date shall in no event be set earlier than 15 days or later than 60 days after the delivery of the report of the Valuation Firm or agreement by the Partners concerning the Fair Market Value of the Joint Venture. Promptly after delivery of the Bank Default Call Notice each Partner shall file an HSR Report to report the proposed acquisition by the Non-Defaulting Partner of the Percentage Interest of the Defaulting Partner (unless that acquisition does not require a filing under the HSR Act).

Unless during the 60-day period beginning on the date of any Bank Default, either (A) the lenders under the Credit Agreement have waived or withdrawn notice of all Bank Defaults relating to the Defaulting Partner or any of its Affiliates in accordance with the terms of the Credit Agreement or (B) the Non-Defaulting Partner rescinds its Bank Default Call Notice (by written notice delivered to the Defaulting Partner), the Bank Default Call Notice shall irrevocably obligate the Non-Defaulting Partner to purchase the Percentage Interest of the Defaulting Partner and the Defaulting Partner to sell such Percentage Interest, at the Bank Default Call Price and on the other terms and conditions set forth in Section 4.05. The Bank Default Call

Closing shall be postponed until the end of the Forbearance Period (as defined in the Credit Agreement) if, as of the proposed Bank Default Call Closing date, the condition set forth in Section 4.05(a)(i) remains unsatisfied. If at the end of such Forbearance Period, such condition still remains unsatisfied, neither Partner shall have any further obligation under this Section 3.03(d) to consummate such Bank Default Call Closing; provided, however, that the Non-Defaulting Partner shall retain all of its rights under this Section 3.03(e) in respect of any other or subsequent Bank Default by the Defaulting Partner.

If after the date of delivery of a Bank Default Call Notice but prior to the date of the Bank Default Call Closing, there is a Class I Default by the Defaulting Partner, the Non-Defaulting Partner shall have the right to terminate such Bank Default Call and to exercise its rights under Section 3.03(c) of this Agreement, provided, however, that the Default Call Notice may specify any date (within 60 days after the date of such Default Call Notice) as the Closing Date.

3.04. Adjustment of Percentage Interests. (a) On each and every occasion that a Requesting Partner or a Non-Defaulting Partner makes an additional capital contribution to the Joint Venture pursuant to Section 3.02(d) or 3.03(b), respectively, or converts pursuant to its terms a Convertible Loan made pursuant to Section 3.03(b), the Percentage Interests of the Partners shall be adjusted in accordance with Section 3.01(d) and this Section 3.04.

(b) In the case of any Permitted Expansion effected pursuant to Section 3.02(d)(i), within 30 days after the delivery of written notice from the Requesting Partner to the Responding Partner setting forth its good faith determination that such Permitted Expansion has been completed and achieved a capacity increase acceptable to the Requesting Partner, which notice shall be delivered no later than one year after the completion of construction of such Permitted Expansion, the Partners shall mutually agree on the old capacity ("OC") of the Plant and the increase in capacity ("IC") of the Plant (as such terms are defined below) resulting from such Permitted Expansion (determined as of the date the completion notice is delivered by the Requesting Partner (the "CAPACITY TEST DATE")), or, failing agreement, mutually appoint a Valuation Firm to determine either or both of the OC and the IC of the Plant as of the Capacity Test Date. If the Partners fail to agree on the selection of a Valuation Firm within such 30-day period, as soon as practicable but no later than 30 days thereafter, a Valuation Firm shall be appointed by AAA, whose decision

shall be final and binding upon the Partners. As soon as practicable after its appointment, the Valuation Firm shall determine either or both, as may be necessary, of (i) the OC of the Plant immediately prior to the Capacity Test Date without giving effect to any increase in capacity resulting from such Permitted Expansion and (ii) the IC of the Plant as of the Capacity Test Date giving full effect to the increase in capacity resulting from such Permitted Expansion and deliver a report setting forth its determination to each Partner and the Joint Venture.

(c) Upon the earlier to occur of (i) the delivery of the report of the Valuation Firm pursuant to 3.04(b) and (ii) agreement by the Partners with respect to both the OC and the IC of the Plant, the Percentage Interest of the Requesting Partner shall immediately be adjusted pursuant to the formula:

$$API = \frac{(OPI \times OC) + IC}{OC + IC}$$

Where:

API = the adjusted Percentage Interest of the Requesting Partner (to be calculated to five decimal places);

OPI = the Percentage Interest of such Partner immediately prior to such adjustment;

OC = the capacity of the Plant to produce TiO2 measured in metric tons on a per annum basis as of the Capacity Test Date without giving effect to any increase in capacity resulting from such Permitted Expansion;

IC = the capacity of the Plant to produce TiO2 measured in metric tons on a per annum basis giving full effect to the increase in capacity resulting from such Permitted Expansion less the OC.

Simultaneously with the adjustment of the Percentage Interest of the Requesting Partner, the Percentage Interest of the Responding Partner shall be adjusted to equal 100% less the newly adjusted Percentage Interest of the Requesting Partner.

(d) Within 30 days of the making of a capital contribution pursuant to Section 3.03(b) or the conversion

of a Convertible Loan made pursuant to Section 3.03(b), the Partners shall either mutually agree on the Fair Market Value of the Joint Venture to be applicable to such capital contribution or conversion, or, failing agreement, appoint a Valuation Firm to determine the Fair Market Value of the Joint Venture; provided, however, that if the Fair Market Value of the Joint Venture shall have been determined by a Valuation Firm pursuant to this Section 3.04 at any time during the 90 days immediately preceding such capital contribution or conversion, unless the Partners otherwise agree, no new valuation shall be conducted and the Fair Market Value of the Joint Venture as determined in such prior valuation shall be applicable to such capital contribution or conversion. If the Partners fail to agree on the selection of a Valuation Firm within such 30-day period, as soon as practicable but no later than 30 days thereafter, a Valuation Firm shall be appointed by the AAA, whose decision shall be final and binding upon the Partners. As soon as practicable after its appointment, the Valuation Firm shall determine the Fair Market Value of the Joint Venture as of the date the capital contribution or loan conversion is made and deliver a report setting forth its determination to each Partner and the Joint Venture.

(e) Upon the earliest to occur of (i) delivery of the report of the Valuation Firm pursuant to Section 3.04(d), (ii) agreement by the Partners concerning the Fair Market Value of the Joint Venture and (iii) 10 days after the making of a capital contribution or the conversion of a Convertible Loan (if pursuant to the proviso to Section 3.04(d) no new valuation of the Fair Market Value of the Joint Venture is required), the Percentage Interest of the Non-Defaulting Partner shall immediately be adjusted pursuant to the formula:

$$API = OPI + (1.15 \times IPI)$$

Where:

API = the adjusted Percentage Interest of the Non-Defaulting Partner (to be calculated to five decimal places);

OPI = the Percentage Interest of such Partner immediately prior to such adjustment; and

IPI = the increase in Percentage Interest expressed as percentage points given by the formula:

IPI = (NC / (FMV + PA)) X 100

Where:

NC = the aggregate amount of the capital contribution or the aggregate principal amount of the Convertible Loan (excluding any interest accrued on such Convertible Loan) giving rise to such adjustment;
FMV = the Fair Market Value of the Joint Venture immediately following the capital contribution or the loan conversion, as determined in accordance with Section 3.04(d) (i.e. the net equity value); and
PA = the aggregate principal amount of the Tranche B Debt (if Tioxide is the Defaulting Partner) or the Tranche A Debt (if the Kronos Partner is the Defaulting Partner) plus any Debt of the Defaulting Partner previously assumed by the Non-Defaulting Partner pursuant to Section 3.04(f), in each case, outstanding immediately following the capital contribution (after application of the proceeds thereof) or the loan conversion.

Simultaneously with the adjustment of the Percentage Interest of the Non-Defaulting Partner, the Percentage Interest of the Defaulting Partner shall be adjusted to equal 100% less the newly adjusted Percentage Interest of such Non-Defaulting Partner.

(f) In the event that the Non-Defaulting Partner's Percentage Interest increases as a result of a Default, the Non- Defaulting Partner shall (i) be entitled to output from the Plant in accordance with its adjusted Percentage Interest and shall be responsible for the Plant's Fixed Operating Costs in accordance with its adjusted Percentage Interest, in each case, pursuant to the Offtake Agreements and (ii) execute an Assumption Agreement pursuant to which it shall assume, and indemnify the Defaulting Partner against, obligations with respect to the Assumed Amount (as defined below) of the Tranche A Debt then outstanding (if the Kronos Partner is the Non-Defaulting Partner) or the Tranche B Debt then outstanding (if the

Tioxide Partner is the Non-Defaulting Partner). "ASSUMED AMOUNT" means a portion of the principal amount of the Tranche A Debt or Tranche B Debt, as the case may be, determined pursuant to the formula:

AA = (IPI X (FMV + APA)) - NC

Where:

AA = the Assumed Amount;

APA = the aggregate principal amount of the Tranche A Debt plus the Tranche B Debt; and

IPI, FMV and NC have the respective values ascribed to such variables pursuant to Section 3.04(e) in respect of the adjustment of Percentage Interests giving rise to the assumption of Debt by the Non-Defaulting Partner.

If the Non-Defaulting Partner thereafter fails to meet its obligations with respect to its additional Percentage Interest of Fixed Operating Costs or assumed Debt of the Joint Venture, such failure shall be deemed to be a "Class I Default" for purposes of Section 3.03, subject to cure by the other Partner and readjustment of the Partners' Percentage Interests as provided in Sections 3.03 and 3.04.

ARTICLE IV

TRANSFER RESTRICTIONS;
OFFER RIGHT; PUT OPTION; CALL OPTION

4.01. Transfer Restrictions. Except as specifically permitted in this Agreement:

(i) Neither Partner shall sell, assign, dispose of, encumber, mortgage, hypothecate or otherwise transfer, or withdraw from the Joint Venture with respect to, all or any portion of its general partnership interest or its limited partnership interest without simultaneously in the same transaction selling, assigning, disposing of, encumbering, mortgaging, hypothecating, transferring or withdrawing with respect to (as the case may be) an equal portion of, respectively, its remaining limited or general partnership interest in the Joint Venture.

(ii) Except as required by the Credit Agreement, neither Partner shall sell, assign, dispose of, encumber, mortgage, hypothecate or otherwise transfer all or any portion of its Percentage Interest without the prior written consent of the other Partner and, if required, the lenders under the Credit Agreement; provided that the Tioxide Partner may transfer all but not less than all of its Percentage Interest to any Tioxide Group Member and the Kronos Partner may transfer all but not less than all of its Percentage Interest to any Kronos Group Member so long as the transferee of such Percentage Interest shall have entered into an agreement on terms reasonably satisfactory to the non-transferring Partner to be bound by the terms of this Agreement, which agreement shall in all events require that, in the event such transferee shall thereafter cease to be a Tioxide Group Member (in the case of any transfer by the Tioxide Partner) or a Kronos Group Member (in the case of any transfer by the Kronos Partner), the Percentage Interest held by such transferee shall first be retransferred to the transferring Partner or another Tioxide Group Member or Kronos Group Member, respectively. After giving effect to any such permitted transfer of a Percentage Interest, (x) each reference herein to the Partner transferring such Percentage Interest shall be deemed to include a reference to the relevant transferee and (y) any right exercisable by the transferring Partner hereunder shall be exercisable by such transferee and any obligation of the transferring Partner hereunder shall be a joint and several obligation of the transferring Partner and such transferee, notwithstanding the fact that the transferring Partner shall no longer continue to have a Percentage Interest.

(iii) Neither Partner shall issue any shares of its capital stock or other equity interest except to a Tioxide Group Member in the case of the Tioxide Partner or to a Kronos Group Member in the case of the Kronos Partner; provided, however, that either Partner may issue up to a total of 20% of its capital stock outstanding after such issuance to any Person or Persons in one or more transactions; provided that in connection with any such issuance no Person acquiring such capital stock or other equity interest shall be given any right to veto, approve or consent with respect to material decisions affecting the Joint Venture (including, without limitation, the election of Supervisory Committee Members, the appointment of General Managers or the amendment of or grant of

consent or waiver under any Transaction Agreement or the Credit Agreement).

(iv) No Tioxide Group Member shall, except as expressly permitted by Section 4.01(iii) of this Agreement, directly or indirectly, sell, assign, transfer, dispose of, or, except as required by the Credit Agreement, directly encumber, mortgage or hypothecate any shares of capital stock of or other equity interest

in the Tioxide Partner ("TIOXIDE PARTNER STOCK") except to another Tioxide Group Member; provided that if the Tioxide Group Member to which such transfer is made shall thereafter cease to be a Tioxide Group Member such transferee shall first be required to retransfer such Tioxide Partner Stock to another Tioxide Group Member.

(v) No Kronos Group Member shall, except as expressly permitted by Section 4.01(iii) of this Agreement, directly or indirectly, sell, assign, transfer, dispose of, or, except as required by the Credit Agreement, directly encumber, mortgage or hypothecate any shares of capital stock of or other equity interest in the Kronos Partner ("KRONOS PARTNER STOCK") except to another Kronos Group Member; provided that if the Kronos Group Member to which such transfer is made shall thereafter cease to be a Kronos Group Member such transferee shall first be required to retransfer such Kronos Partner Stock to another Kronos Group Member.

4.02. Offer Right. (a) At any time after the expiration of the Seasoning Period, either Partner shall have the right to sell all (but not less than all) of its Percentage Interest provided such sale is made in compliance with the procedure set forth in this Section 4.02. The Partner desiring to sell its Percentage Interest (the "SELLING PARTNER") shall deliver a written notice (the "SELLING PARTNER'S FIRST NOTICE") to the other Partner (the "OFFEREE PARTNER") substantially in the form of the letter of intent attached as Exhibit 2 hereto stating the intention of the Selling Partner to sell its Percentage Interest. If the Offeree Partner determines that it may desire to exercise certain of its rights under this Section 4.02 it shall, within 10 days after receipt of the Selling Partner's First Notice, return an executed copy thereof to the Selling Partner; provided, however, that the failure of the Offeree Partner to execute or return the Selling Partner's First Notice shall not affect any of its rights under this Section 4.02, other than its right to postpone the closing of any purchase by it hereunder if the condition set forth in

Section 4.05(a)(i) has not been satisfied as of the scheduled closing date. Promptly after delivery to the Selling Partner of a copy of the Selling Partner's First Notice executed by the Offeree Partner, each Partner shall file an HSR Report to report the possible acquisition by the Offeree Partner of the Percentage Interest of the Selling Partner (unless that acquisition does not require a filing under the HSR Act). No later than 90 days after delivery of the Selling Partner's First Notice, the Selling Partner shall deliver a second written notice (the "SELLING PARTNER'S SECOND NOTICE") to the Offeree Partner setting forth the proposed sale price (the "SELLING PARTNER'S PRICE") and describing the proposed structure of the transaction. If the Offeree Partner desires to purchase the Percentage Interest of the Selling Partner, it shall, on or prior to the Offeree Partner Response Date (as defined below) deliver a written notice (the "OFFEREE PARTNER'S NOTICE") to the Selling Partner. The Offeree Partner's Notice shall either (i) set forth an irrevocable commitment by the Offeree Partner to purchase the Percentage Interest of the Selling Partner at the Selling Partner's Price and the other terms and conditions set forth in the Selling Partner's Second Notice and in Section 4.05 or (ii) set forth an offer to purchase the Percentage Interest of the Selling Partner at a price (the "OFFEREE PARTNER'S PRICE") and on such other terms and conditions as stated therein. "OFFEREE PARTNER RESPONSE DATE" means the later of (x) the date that is 120 days after the receipt by the Offeree Partner of the Selling Partner's First Notice and (y) the date that is 30 days after the receipt by the Offeree Partner of the Selling Partner's Second Notice.

(b) If the Offeree Partner's Notice sets forth a commitment to purchase the Percentage Interest of the Selling Partner at the Selling Partner's Price, the closing of such purchase shall take place within 90 days after delivery of the Offeree Partner's Notice (subject to extension for up to 208 days from the HSR Filing Date if required to satisfy the condition set forth in Section 4.05(a)(i)). If at the end of such 208-day period, such condition still remains unsatisfied, the Selling Partner shall have no further obligations to the Offeree Partner under this Section 4.02 for the 24-month period beginning at the end of such 208-day period.

(c) If the Offeree Partner's Notice sets forth an offer to purchase the Percentage Interest of the Selling Partner at a price other than the Selling Partner's Price, the Offeree Partner and the Selling Partner shall have a period of 30 days in which to execute a binding agreement governing the purchase of the

Percentage Interest of the

Selling Partner by the Offeree Partner. If the Partners fail to execute such an agreement within the required 30-day period, they shall promptly submit the sale price dispute to binding arbitration pursuant to the procedure set forth in Section 4.02(f).

(d) If the Offeree Partner either notifies the Selling Partner in writing that it has elected not to purchase the Percentage Interest of the Selling Partner or fails to provide the Offeree Partner's Notice on or prior to the Offeree Partner Response Date, the Selling Partner shall have (i) 180 days in which to execute a definitive agreement with any Person which shall not be an Affiliate of the Selling Partner (a "THIRD PARTY") committing the Selling Partner to sell, and such Third Party to purchase (subject to the Offeree Partner's right of first refusal set forth in Section 4.02(e)), the Percentage Interest of the Selling Partner and (ii) 90 days thereafter in which to complete such sale (subject to extension for up to another 118 days if required to satisfy the condition set forth in Section 4.05(a)(i)). If the Selling Partner fails to either execute a definitive sale agreement or complete the sale contemplated thereby within such periods, it shall not again be entitled to invoke the offer procedure set forth in this Section 4.02 during the 12 months following the end of the relevant period.

(e) Prior to consummating a proposed sale of its Percentage Interest to any Third Party pursuant to Section 4.02(d), the Selling Partner shall provide the Offeree Partner with a description of the material terms and conditions of the proposed sale (including the proposed purchase price and structure), together with any letter of intent or definitive agreement relating to such proposed sale if executed as of such date, to the extent that the delivery of such letter of intent or definitive agreement to third parties is not prohibited by the terms thereof (collectively, the "THIRD PARTY SALE MATERIALS"). The Offeree Partner shall have a right of first refusal in respect of such proposed sale, exercisable by delivery of a written notice to the Selling Partner within 10 days after receipt by the Offeree Partner of the Third Party Sale Materials. The Offeree Partner's notice shall set forth an irrevocable commitment by the Offeree Partner to purchase the Percentage Interest of the Selling Partner on the terms and conditions set forth in the Third Party Sale Materials and in Section 4.05. The closing of the sale of the Selling Partner's Interest to the Offeree Partner pursuant to this Section 4.02(e) shall take place within 30 days after the delivery of such notice by the Offeree Partner, subject to extension for up to an additional 208 days from the HSR

Filing Date if required to satisfy the condition set forth in Section 4.05(a)(i). If at the end of such 208-day period, such condition still remains unsatisfied, the Selling Partner shall have no further obligations to the Offeree Partner under this Section 4.02 for the 24-month period beginning at the end of such 208-day period. If the Offeree Partner fails to deliver such written notice to the Selling Partner within such 10-day period, the Selling Partner shall be free to consummate its proposed sale to the Third Party in accordance with such Third Party Sale Materials and Section 4.02(d).

(f) If pursuant to Section 4.02(c), the Partners are required to submit a sale price dispute to binding arbitration they shall mutually appoint a Valuation Firm to determine the Fair Market Value of the Percentage Interest of the Selling Partner. If within 10 days after delivery of the first written notice by either Partner of the identity of the Valuation Firm it wishes to designate, the Partners are unable to mutually agree upon a Valuation Firm, as soon as practicable but no later than 30 days thereafter, a Valuation Firm shall be appointed by the AAA, whose determination shall be final and binding upon the Partners. Until a Valuation Firm has been appointed by both Partners or the AAA, as the case may be, the Selling Partner may revise the Selling Partner's Price by written notice to the Offeree Partner (in which case such revised price shall after receipt of notice by the Offeree Partner be deemed the "Selling Partner's Price") and the Offeree Partner may revise the Offeree Partner's Price by written notice to the Selling Partner (in which case such revised price shall after receipt of notice by the Selling Partner be deemed the "Offeree Partner's Price"). Within 10 days after the appointment of the Valuation Firm, the Selling Partner shall submit to such Valuation Firm and the Offeree Partner, the Selling

Partner's Price and any supporting information it wishes to include and the Offeree Partner shall submit to the Valuation Firm and the Selling Partner, the Offeree Partner's Price and any supporting information it wishes to include. At any time prior to the making of such submissions to the Valuation Firm, either Partner may abandon the sale process by written notice to the other Partner (in which case, if it is the Offeree Partner that has elected to abandon the process, the Selling Partner may sell its Percentage Interest in accordance with Sections 4.02(d) and (e) (provided that the Offeree Partner shall have no right of first refusal as contemplated by Section 4.02(e) if the Selling Partner is able to sell its Percentage Interest to a Third Party at a price greater than the Selling Partner's Price and the Selling Partner keeps the Offeree Partner reasonably informed as to the progress

of the third party sale process), or, if it is the Selling Partner that has elected to abandon the process, it may not again invoke the offer procedure set forth in this Section 4.02 during the 12-month period following delivery of its notice of abandonment). In case the Offeree Partner elects to abandon the sale process, the Selling Partner's Price in effect at the time notice of abandonment is first given shall be the Selling Partner's Price for purposes of the immediately preceding sentence and may not thereafter be revised by the Selling Partner. Once the Partners have made their formal submissions to the Valuation Firm, the Selling Partner shall be obligated to sell, and the Offeree Partner shall be obligated to purchase (subject to satisfying the conditions set forth in Section 4.05), the Selling Partner's Percentage Interest at the Arbitrated Price (as defined below). The Valuation Firm shall, as promptly as practicable, determine the Fair Market Value of the Percentage Interest of the Selling Partner and deliver a report setting forth such determination to each Partner. The closing of the sale of the Selling Partner's Interest to the Offeree Partner pursuant to this Section 4.02(f) shall take place within 30 days after the delivery of the Valuation Firm's report (subject to extension for up to 208 days from the HSR Filing Date if required to satisfy the condition set forth in Section 4.05(a)(i)). If at the end of such 208-day period, such condition still remains unsatisfied, the Selling Partner shall have no further obligations to the Offeree Partner under this Section 4.02 for the 24-month period beginning at the end of such 208-day period. "ARBITRATED PRICE" means (1) the Selling Partner's Price if it is closer to the Fair Market Value of the Percentage Interest of the Selling Partner as determined by the Valuation Firm, or (2) the Offeree Partner's Price if it is closer to such Fair Market Value.

4.03. Put Option. At any time after the expiration of the Seasoning Period, if as of such time the Non-Defaulting Partner has not delivered a Default Call Notice pursuant to Section 3.03, either Partner (the "ELECTING PARTNER") may, subject to the following terms and conditions, elect to put its Percentage Interest in the Joint Venture to the other Partner (the "PURCHASING PARTNER") at an aggregate purchase price (the "PUT PRICE") equal to $125 million plus the Electing Partner's Percentage Interest of the Joint Venture's net working capital (excluding work-in-process inventory) all as determined in accordance with GAAP as of the date the Put Notice (as defined below) is issued (the amount of such net working capital being evidenced by a certificate of the Joint Venture's chief accounting officer) which shall be paid by the Purchasing Partner in the following order: first: to

the lenders under the Credit Agreement in an amount equal to all amounts payable in respect of the Tranche A Debt (in case the Tioxide Partner is the Electing Partner) or the Tranche B Debt (in the case the Kronos Partner is the Electing Partner) outstanding under the Credit Agreement immediately prior to the closing of such sale (the "PUT CLOSING"); second: to the relevant obligees under all other Debt of the Joint Venture (other than Convertible Loans) in an amount equal to the product of (x) the aggregate principal amount of such Debt outstanding immediately prior to the Put Closing and (y) the Percentage Interest of the Electing Partner immediately prior to the Put Closing; third: to the Purchasing Partner to the extent that it has outstanding Convertible Loans to the Joint Venture in respect of Fixed Operating Costs or Variable Costs owed but not paid by the Electing Partner from the date which is 180 days prior to the date of delivery of the Put Notice (as defined below) to the date of the Put Closing; and fourth: to the Electing Partner in an amount equal to the remaining balance, if any. To exercise this put right, the Electing Partner shall deliver a written notice (the "PUT NOTICE") to the Purchasing Partner setting forth its election and a proposed date for the Put Closing, which date shall in no event

be set earlier than 60 or later than 90 days after delivery of the Put Notice. Promptly after delivery of the Put Notice each Partner shall file an HSR Report to report the proposed acquisition by the Purchasing Partner of the Percentage Interest of the Electing Partner (unless that acquisition does not require a filing under the HSR Act). Delivery of a Put Notice shall constitute an irrevocable agreement by the Electing Partner to sell its Percentage Interest to the Purchasing Partner, and shall obligate the Purchasing Partner to purchase such Percentage Interest, at the Put Price and on the other terms and conditions set forth in Section 4.05; provided, however, that the Purchasing Partner shall have no obligation to purchase the Percentage Interest of the Electing Partner pursuant to this Section 4.03 if as a result of a Material Adverse Development (as defined below) (i) the Fair Market Value of such Percentage Interest as of the Put Closing plus the aggregate principal amount (but only in an aggregate amount not to exceed the Put Price) of all Debt of the Joint Venture that is required to be repaid from the proceeds of the Put Price in accordance with the first sentence of this Section 4.03 does not exceed (ii) the Put Price by at least $15 million. The Put Closing shall be postponed for up to 208 days from the HSR Filing Date if, as of the proposed Put Closing date set forth in the Put Notice, the condition set forth in Section 4.05(a)(i) remains unsatisfied. If at the end of such 208-day period, such condition still remains unsatisfied, the Purchasing Partner shall have no further

obligation under this Section 4.03 to purchase the Percentage Interest of the Electing Partner as a result of the exercise of the put option set forth in this Section 4.03; provided, however, the Electing Partner shall retain the right to again exercise such put option no earlier than 24 months after the end of such 208-day period. "MATERIAL ADVERSE DEVELOPMENT" means a material adverse development affecting the financial condition, business, assets or results of operations of the Joint Venture that has occurred since the Closing Date other than an adverse development affecting the TiO2 industry generally.

4.04. Minority Call Option. (a) If, at any time after the Closing Date, the Percentage Interest of either Partner equals or exceeds 85%, such Partner (the "MAJORITY PARTNER") shall have the option to purchase the Percentage Interest of the other Partner (the "MINORITY PARTNER") at the Fair Market Value of such Percentage Interest determined as of the date of delivery of the Call Notice (as defined below) and on the other terms and conditions set forth below. If the Majority Partner desires to exercise its call option, it shall deliver a written notice (the "CALL NOTICE") to the Minority Partner setting forth its election. Promptly after delivery of the Call Notice each Partner shall file an HSR Report to report the proposed acquisition by the Majority Partner of the Percentage Interest of the Minority Partner (unless that acquisition does not require a filing under the HSR Act). Delivery of a Call Notice shall constitute an irrevocable agreement by the Majority Partner to purchase the Percentage Interest of the Minority Partner, and shall obligate the Minority Partner to sell such Percentage Interest, at the Fair Market Value of such Percentage Interest determined in accordance with Section 4.04(b) and on the other terms and conditions set forth in Section 4.04(c) and Section 4.05.

(b) Within 30 days of the delivery of a Call Notice pursuant to Section 4.04(a), the Partners shall either mutually agree on the Fair Market Value of the Percentage Interest of the Minority Partner, or, failing agreement, appoint a Valuation Firm to determine such Fair Market Value. If the Partners fail to agree on the selection of a Valuation Firm within such 30-day period, as soon as practicable but no later than 30 days thereafter, a Valuation Firm shall be appointed by the AAA, whose decision shall be final and binding upon the Partners. As soon as practicable after its appointment, the Valuation Firm shall determine the Fair Market Value of the Percentage Interest of the Minority Partner and deliver a report setting forth its determination thereof to each Partner and the Joint Venture.

(c) The closing of the sale of the Percentage Interest of the Minority Partner (the "MINORITY CALL CLOSING") shall take place no later than 30 days after delivery of the Valuation Firm's report on a date established by the Majority Partner by written notice to the Minority Partner. The Minority Call Closing shall be postponed for up to 208 days from the HSR Filing Date if, as of the scheduled date for the Minority Call Closing, the condition set forth in Section 4.05(a)(i) remains unsatisfied. If at the end of such 208-day period, such condition still remains unsatisfied, neither Partner shall have any further

obligation under this Section 4.04 to consummate such purchase and sale; provided, however, that the Majority Partner shall have the right to once again exercise its call option set forth in this Section 4.04 no earlier than 24 months after the end of such 208-day period. In addition to paying the Minority Partner the Fair Market Value of its Percentage Interest in accordance with this Section 4.04, the Majority Partner shall reimburse the Minority Partner for the out-of-pocket legal fees reasonably incurred by the Minority Partner during any period in which the Minority Call Closing is postponed beyond its scheduled date at the request of the Majority Partner to satisfy the condition set forth in Section 4.05(a)(i).

4.05. Conditions Relating to the Sale of an Interest. (a) The obligation of either Partner to sell its Percentage Interest or to purchase the Percentage Interest of the other Partner pursuant to Section 3.03, 4.02, 4.03 or 4.04 is subject to the satisfaction of the following conditions:

(i) Any applicable waiting period under the HSR Act relating to such transaction shall have expired or been terminated;

(ii) (A) No provision of any applicable law or regulation and no judgment, injunction, order or decree shall prohibit the consummation of such transaction and (B) in the case of the transactions described in Sections 3.03, 4.02, 4.03 or 4.04, the purchasing Partner shall not have received any communication from any HSR Authority (which communication shall be confirmed to the selling Partner by such HSR Authority) that causes the purchasing Partner to reasonably believe that any HSR Authority has authorized the institution of litigation challenging the proposed transaction under the U.S. antitrust laws, which litigation will include a motion seeking an order or injunction of the type described in Section 4.05(a)(iii) (provided that prior to invoking the

condition set forth in clause (B) of this Section 4.05(a)(ii), the purchasing Partner shall first consult with the selling Partner and shall use its reasonable commercial efforts to negotiate a final resolution of all issues raised by the HSR Authority that is acceptable to both Partners);

(iii) No motion seeking to restrain or enjoin such transaction or seeking to prohibit, alter, prevent or materially delay the consummation thereof shall have been filed by any Person (other than one of the Partners or any of such Partner's Affiliates) before any court, arbitrator or governmental body, agency, official or authority and be pending or still subject to appeal; and

(iv) All actions by or in respect of or filings with any governmental body, agency, official or authority required to permit the consummation of such transaction shall have been taken or made.

(b) Each Partner agrees to cooperate with the other Partner and to use its reasonable commercial efforts to take such actions and make such filings as are necessary to satisfy the conditions set forth in Section 4.05(a) (including, without limitation, the filing of HSR Reports and the provision of supplemental information under the HSR Act) in connection with any sale of the Percentage Interest of either Partner pursuant to this Agreement, provided that neither Partner shall be required to agree to any consent decree or order in connection with satisfying any of the conditions set forth in Section 4.05(a)(i) or (ii) that would, (1) impose material limitations on the ability of such Partner to effectively control, operate, or enjoy full rights of ownership with respect to the business, assets or operations of the Joint Venture or any other material business or assets of such Partner or its Affiliates, (2) require the divestiture of any other material business or assets by such Partner or its Affiliates or (3) require the prior approval by any HSR Authority of future acquisitions by such Partner or its Affiliates.

(c) In connection with any sale made pursuant to this Article IV, the selling Partner shall only be required to make representations and warranties to the purchasing Partner concerning its ownership of its Percent age

Interest free and clear of any Lien or other adverse interest (except for Liens created pursuant to the Credit Agreement), its power and authority to consummate the sale, the absence of any motion seeking to enjoin the sale and the absence of any

material default under or breach or violation of any applicable agreement or law.

4.06. Exit Debt Satisfaction. Notwithstanding any other provision of this Agreement, prior to the sale of any Percentage Interest of a Defaulting Partner pursuant to Section 3.03(c) and Section 3.03(e), a Selling Partner pursuant to Section 4.02, an Electing Partner pursuant to Section 4.03 or a Minority Partner pursuant to Section 4.04 (each of the foregoing, an "EXITING PARTNER"): (a) the Joint Venture and the Purchasing Partner shall indemnify and hold the Exiting Partner harmless from and against (i) all Debt, liabilities and obligations relating to or arising from the business, operations or activities of the Joint Venture from and after the date of such sale; and (ii) all executory obligations arising or entered into prior to the date of such sale to the extent not related to periods prior to the date of such sale; and (b) the Joint Venture and the purchasing Partner shall: (1) pay or otherwise provide for satisfaction in full of, or (2) obtain the full and complete release of the Exiting Partner with respect to, all Debt, liabilities and other obligations of the Joint Venture that were taken into account in determining the Fair Market Value of the Percentage Interest that was sold, that were deducted from the Default Call Price or that were paid, in part or in whole, from the proceeds of the Default Call Price or the Put Price, as the case may be, in accordance with the requirements of Section 3.03 and 4.03; provided, however, that the Joint Venture and the purchasing Partner shall pay in full any Debt which Debt by its terms requires such payment upon the sale of the Percentage Interest of the Exiting Partner, and provided further that in the event that the Joint Venture and the purchasing Partner do not fulfill (and are not required by the terms of Debt to fulfill) the requirement in (1) above, but have used their reasonable commercial efforts to fulfill the requirement in (2) above and are unable to do so, the Joint Venture and the purchasing Partner shall indemnify and hold the Exiting Partner harmless, to the reasonable satisfaction of such Exiting Partner, from and against, all Debt, liabilities and other obligations of the Joint Venture that were taken into account in determining the Fair Market Value of the Percentage Interest that was sold, that were deducted from the Default Call Price or that were paid, in part or in whole, from the proceeds of the Default Call Price or the Put Price, as the case may be, in accordance with the requirements of Section 3.03 and 4.03. The indemnification described in the foregoing sentence shall be deemed reasonably satisfactory to the Exiting Partner if (i) in the form of the attached Exhibit 3; and (ii) executed by the

Joint Venture, the purchasing Partner and one or more Affiliates of the purchasing Partner, which Affiliate or Affiliates shall be at least as creditworthy as of the date of such indemnification as was Kronos, in the event that the Tioxide Partner is the Exiting Partner, or Tioxide, in the event that the Kronos Partner is the Exiting Partner, as of the date of this Agreement.

ARTICLE V

TAX MATTERS

5.01 Partnership For Tax Purposes. The Partners hereby agree that the Joint Venture shall be treated as a partnership for tax purposes under United States federal, state and local income tax laws or other laws, and further agree not to take any position or to make any election, in a tax return or otherwise, inconsistent herewith or with the election described in Section 5.02(a).

5.02. Tax Matters. (a) Notwithstanding anything to the contrary in Section 5.01, the Partners shall cause the Joint Venture to make a timely election in accordance with the provisions of Section 761(a) of the Code, Regulations Section 1.761-2 and any relevant state or local law to be excluded from the application of the provisions of subchapter K of the Code. This Agreement is a manifestation of the Partners' intent that the Joint Venture be excluded from the provisions of subchapter K of the Code. The Joint Venture shall make no other tax election or filing without the mutual consent of the

Partners.

(b) Consistent with the election described in Section 5.02(a), the Partners intend that all tax allocations shall be made in a manner consistent with treating the Tioxide Partner as having directly acquired a 50% undivided interest in the Transferred Assets from the Kronos Partner and as if the ongoing operations of the Joint Venture were conducted jointly and directly by the Partners (rather than through the Joint Venture).

(c) Within 75 days of the close of each Fiscal Year, the General Managers of the Joint Venture shall provide a copy to each Partner of the Joint Venture's financial statements (the "FINANCIAL STATEMENTS") for such Fiscal Year to facilitate each Partner's tax return filing obligations. The Financial Statements shall allocate to each Partner each line item in accordance with Section 5.02(b) of this Agreement (and as described below). Each

Partner shall have the right to review the books and records of the Joint Venture to confirm the accuracy of the Financial Statements, and, if upon any such review, a Partner reasonably believes the Financial Statements are incorrect in any material respect, such Partner shall promptly notify the Joint Venture and the other Partner of such inaccuracy.

Allocations on the Financial Statements with respect to the items described in (i)-(iv) below shall be made as so provided below:

(i) The Tioxide Partner shall be allocated all items of tax depreciation attributable to the 50% portion of the Transferred Assets purchased by the Joint Venture from the Kronos Partner for an amount equal to the sum of the Tioxide Partner's Original Capital Contribution and the proceeds of the Tranche A Debt (the "PURCHASED TRANSFERRED ASSETS"), and the Kronos Partner shall be allocated all items of tax depreciation attributable to the 50% portion of the Transferred Assets contributed to the Joint Venture by the Kronos Partner in exchange for its Percentage Interest in the Joint Venture (the "CONTRIBUTED TRANSFERRED ASSETS"); provided that any Partner receiving an increased Percentage Interest in the Joint Venture pursuant to Article III of this Agreement shall be allocated all items of tax depreciation attributable to the portion of the Property of the Joint Venture deemed purchased by such Partner as a result of such Partner's increased Percentage Interest;

(ii) The Tioxide Partner shall be allocated all of the interest deductions associated with the Tranche A Debt, and the Kronos Partner shall be allocated all of the interest deductions associated with the Tranche B Debt; provided, however, that notwithstanding the foregoing, a Partner that has assumed Debt of the other Partner pursuant to Section 3.04(f) shall be entitled to all interest deductions associated therewith.

(iii) With respect to any period, (A) the Tioxide Partner shall be allocated all items of income or deduction associated with all Variable Costs in accordance with its entitlement during such period to the total TiO2 output of the Joint Venture pursuant to the Tioxide Offtake Agreement, and (B) the Kronos Partner shall be allocated all items of income or deduction associated with all Variable Costs in accordance with its entitlement during such period to

the total TiO2 output of the Joint Venture pursuant to Kronos Offtake Agreement.

(iv) With respect to any period, all items of income, gain, loss or deduction associated with all Fixed Operating Costs shall be allocated to each Partner in accordance with its share of Fixed Operating Costs for such period pursuant to its Offtake Agreement, based on its Percentage Inter est.

(d) Subject to Sections 5.01 and 5.02(a), each of the Tioxide Partner and the Kronos Partner, individually and without consent of or notice to the other Partner, may make any election for U.S. federal income tax purposes or take any tax position associated with (i) the Purchased Transferred Assets, in the case of the Tioxide Partner; (ii) the Contributed Transferred Assets, in the

case of the Kronos Partner; and (iii) any portion of the Property of the Joint Venture deemed purchased by either Partner as a result of an increase in such Partner's Percentage Interest pursuant to Article III of this Agreement; provided that each Partner shall prepare its separate tax returns in a manner consistent with the Financial Statements unless such Partner reasonably believes such Financial Statements are incorrect and has so notified the other Partner.

ARTICLE VI

DISTRIBUTIONS; CAPITAL CALLS

6.01. Distributions. (a) All distributions made to either Partner hereunder shall be made equally in respect of its general partnership interest and its limited partnership interest in the Joint Venture.

(b) The Joint Venture shall make the distribution to the Kronos Partner required by Section 2.03(vi) of the Formation Agreement.

(c) Other than the initial distribution described in Section 6.01(b) and any special distribution made to a Non-Defaulting Partner pursuant to Section 3.03(b), the Joint Venture shall make distributions to the Partners in proportion to their Percentage Interests at such times and in such amounts as the Supervisory Committee may determine from time to time in accordance with Section 7.02(c) (including at such times as the Supervisory Committee determines that the Joint Venture has accumulated cash in excess of its requirements). In connection with any

distributions involving a return of any capital contributions, neither Partner shall have the right to receive property other than cash, except as may be specifically provided in this Agreement.

6.02. Amounts Withheld from Distributions. The Joint Venture shall withhold from distributions to the Partners and pay over to any United States federal, state, local or foreign government any amounts which the Supervisory Committee reasonably determines may be required to be so withheld pursuant to the Code or any provisions of state, local or foreign law. All amounts so withheld with respect to either Partner shall be treated as amounts distributed to such Partner pursuant to this Article VI for all purposes and shall reduce on a dollar-for-dollar basis any amounts otherwise distributable to such Partner.

6.03. Capital Calls. The Joint Venture may request the Partners to make capital contributions to the Joint Venture at such times and in such amounts as the Supervisory Committee may determine in accordance with Section 7.02(c).

ARTICLE VII

THE SUPERVISORY COMMITTEE

7.01. The Supervisory Committee. (a) Except as otherwise expressly provided in this Agreement, the business and affairs of the Joint Venture shall be managed under the direction of a four member supervisory committee (the "SUPERVISORY COMMITTEE"), an equal number of the members of which (the "SUPERVISORY COMMITTEE MEMBERS") shall be appointed by the Tioxide Partner on the one hand and by the Kronos Partner on the other. Set forth on Schedule 7.01(a) are the names of the four initial Supervisory Committee Members.

(b) With respect to each Fiscal Year of the Joint Venture, one Supervisory Committee Member shall be appointed Chairman and another Secretary. Set forth on Schedule 7.01(b) are the names of the initial Chairman and Secretary who shall serve until April 15, 1994. With respect to the period commencing April 16, 1994 and ending December 31, 1994, and for each Fiscal Year of the Joint Venture thereafter, the Chairman and the Secretary for such Fiscal Year shall be appointed by the respective Partner which did not appoint such officer the prior period or year.

(c) Unless granted additional powers by the Supervisory Committee, the Chairman's sole duty as Chairman shall be to chair meetings of the Supervisory Committee and the Secretary's sole duties as Secretary shall be to

provide notices of and record the proceedings of Supervisory Committee meetings.

7.02. Quorum and Manner of Acting. (a) Except as otherwise expressly provided in this Agreement, (i) a majority of the total number of Supervisory Committee Members, including at least one Supervisory Committee Member appointed by the Tioxide Partner and at least one Supervisory Committee Member appointed by the Kronos Partner, shall constitute a quorum for the transaction of business, and (ii) the affirmative vote of at least three Supervisory Committee Members present at a meeting at which a quorum exists, shall be required for the Supervisory Committee to take any action.

(b) When a meeting is adjourned to another time or place (whether or not a quorum is present), notice shall be given of the time and place of the adjourned meeting. At the adjourned meeting, the Supervisory Committee may transact any business which might have been transacted at the original meeting. If a quorum shall not be present at any meeting of the Supervisory Committee, the Supervisory Committee Members present thereat may adjourn the meeting, from time to time, until a quorum shall be present.

(c) Except for actions specifically permitted or required pursuant to this Agreement (including, without limitation, the implementation by any Requesting Partner of any Permitted Expansion in accordance with Section 3.02 in which the Responding Partner is not participating and the remedies and actions upon the occurrence of any Default taken in accordance with Section 3.03) or pursuant to a resolution, authorization, delegation of authority or other act of the Supervisory Committee, the following actions (in addition to such other actions as are required pursuant to other provisions of this Agreement to be approved by the Supervisory Committee) shall require the approval of the Supervisory Committee in accordance with Section 7.02(a):

(i) any merger, consolidation, business combination, recapitalization, reconstitution or reorganization involving the Joint Venture, including any change in the form of organization of the Joint Venture from a limited partnership;

(ii) the adjustment of any Percentage Interest in the Joint Venture other than the adjustment of any Percentage Interest pursuant to Section 3.02 or 3.03;

(iii) any distribution (other than as specifically required pursuant to Section 2.03(vi) of the Formation Agreement) or any withdrawal by a Partner of capital from the Joint Venture;

(iv) the making of additional capital contributions by either Partner (or any capital call by the Joint Venture);

(v) the approval of each Business Plan of the Joint Venture and any amendments or revisions thereof;

(vi) any change in the principal place of business of the Joint Venture;

(vii) the authorization of any general assignment by the Joint Venture for the benefit of creditors or of the institution by the Joint Venture of any proceeding to adjudicate it as bankrupt or insolvent, or seeking the liquidation, winding up, reorganization, arrangement, adjustment, dissolution, protection, relief or composition of the Joint Venture or its debts under any existing or future law of any jurisdiction relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for the Joint Venture or for any substantial part of its property;

(viii) the appointment or removal, with or without cause, of any officer of the Joint Venture (or any individual performing a similar managerial function), except for the General Managers who may be removed only in accordance with Section 9.04;

(ix) the creation of any sub-committee of the Supervisory Committee (the constitution of which shall be an equal number of Supervisory Committee Members appointed by the Kronos Partner and the Tioxide Partner,

respectively, unless otherwise agreed by the Supervisory Committee);

(x) any change in the fiscal year of the Joint Venture;

(xi) the appointment or termination of engagement of the independent auditors for the Joint Venture;

(xii) any capital expenditure in excess of $25,000 that is not included in or effected in the manner or within the budget provided in the then current Business Plan previously approved by the Supervisory Committee in accordance herewith;

(xiii) any sale, lease, exchange, transfer or other disposition, directly or indirectly, in a single transaction or series of related transactions of assets of the Joint Venture having a fair market value in excess of $100,000 other than (i) sales of TiO2 or reactor discharge in the ordinary course of business pursuant to any Offtake Agreement or (ii) any other disposition of assets made in accordance with the then current Business Plan previously approved by the Supervisory Committee in accordance herewith;

(xiv) any purchase, lease, exchange or other acquisition, directly or indirectly, in a single transaction or series of related transactions by the Joint Venture of assets (including securities) having a fair market value, at the time of such transaction or series of related transactions, of more than $100,000, other than transactions effected in the manner and within the budget provided in the then current Business Plan previously approved by the Supervisory Committee in accordance herewith;

(xv) the entry into, amendment or modification of, or supplement to, any contract to which the Joint Venture is a party (including with respect to insurance coverage) or the creation of any other obligation or commitment which creates a liability (contingent or otherwise) of or requires payments by the Joint Venture, in any such case, aggregating in excess of $250,000, other than as provided in the then current Business Plan previously approved by the Supervisory Committee in accordance herewith;

(xvi) (A) the creation, issuance, assumption, guarantee, incurrence or voluntary prepayment (in whole or in part) by the Joint Venture in any one transaction or series of related transactions of any Debt of the Joint Venture in excess of $100,000 except as required pursuant to the Credit Agreement, (B) the modification, amendment or waiver of any agreement or instrument pursuant to which any such Debt is outstanding or (C) the making of any advance or loan in excess of $100,000;

(xvii) the creation or incurrence of any Lien on any property or asset of the Joint Venture other than any Lien arising (A) under the Credit Agreement; (B) in the ordinary course of business other than to secure Debt in excess of $100,000; (C) by operation of law and (D) in respect of purchase money security interests created in connection with the purchase of assets contemplated by the then current Business Plan previously approved by the Supervisory Committee in accordance herewith;

(xviii) the making of any investment in, or the entry into any joint venture or partnership with, any Person except for any investment made pursuant to the then current Business Plan previously approved by the Supervisory Committee in accordance herewith;

(xix) the sale, issuance, distribution, exchange, purchase or redemption of any securities of the Joint Venture;

(xx) the filing of any registration statement by the Joint Venture under the Securities Act of 1933, as amended;

(xxi) the adoption or amendment of any employee compensation, severance, pension, profit sharing, bonus, stock option or other benefit plan or arrangement (except for any such plan or arrangement contemplated by the then current Business Plan previously approved by the Supervisory

Committee in accordance herewith) or the execution or amendment of, or supplement to, any collective bargaining or union contract;

(xxii) to the extent permitted by applicable licenses and agreements, the grant by the Joint Venture of any license, sublicense or similar right in or to the proprietary technology or processes of the Joint Venture except pursuant to the Master Technology Exchange Agreement or any License Agreement to which the Joint Venture is a party;

(xxiii) any amendment of or waiver on the part of the Joint Venture under any Transaction Agreement to which the Joint Venture is a party;

(xxiv) except for any transaction contemplated by the Transaction Agreements, any transaction by the Joint Venture with either Partner or any Affiliate of a Partner that is not in the ordinary course of business and on an arm's length basis;

(xxv) the initiation or settlement by the Joint Venture of claims or litigation in excess of $100,000, other than as provided in Section 7.03(a) or (b) of the Formation Agreement;

(xxvi) the designation of costs of the Joint Venture pursuant to Sections 1.9 and 1.28 of the Offtake Agreements and the increase or decrease of any Cash Call Amount pursuant to Section 6.3 of the Offtake Agreements; and

(xxvii) the reallocation of the output of the Joint Venture pursuant to Section 7.02(d) of this Agreement;

(d) Pursuant to the Offtake Agreements, each Partner will be entitled to obtain its Output Share (as defined therein) of the total monthly output of the Plant. Each Partner acknowledges that various factors may affect the output of the Plant, including, without limitation:

(i) the particular grade(s) of TiO2 ordered by each Partner, including the amount of finishing work required in connection therewith;

(ii) the mix of product grades of TiO2 and the number of changes in product grades ordered by each Partner, including the amount of Plant downtime required to effect such changes; and

(iii) the amount of TiO2 products that do not conform to the product specifications requested by each Partner (collectively, the "PRODUCTION FACTORS").

Accordingly, notwithstanding the entitlement of each Partner pursuant to its respective Offtake Agreement to its Output Share of TiO2 for any given month, the Supervisory Committee shall have the power to modify and shall modify the amount (but not the type) of TiO2 products to be manufactured by the Joint Venture in fulfillment of each Partner's product order for such month and the schedule for the manufacture and delivery of the same, in each case, in light of the Production Factors and such other equitable considerations as the Supervisory Committee deems appropriate in the circumstances. The Supervisory Committee shall cause the Joint Venture promptly to notify each Partner of any reallocation of Output pursuant to this Section 7.02(d).

(e) If either Partner elects under its Offtake Agreement to take less than its full Output Share of the output of the Joint Venture, the Supervisory Committee shall promptly determine whether to increase the electing Partner's share of the Variable Costs of the Joint Venture in light of any increase in Variable Costs of the Joint Venture resulting from such election. The Supervisory Committee shall make such determination in light of such equitable principles as the Supervisory Committee deems appropriate in the circumstances. If the Supervisory Committee determines that it should reallocate Variable Costs pursuant to this Section 7.02(e), it shall promptly deliver a written notice to each Partner of its determination. The Partner that has elected to take less than its full Output Share shall only be liable for an increased share of the Variable Costs of the Joint Venture incurred after the date of notice to it from

the Joint Venture pursuant to the immediately preceding sentence.

(f) If, with respect to any matter, the Supervisory Committee is unable to reach an agreement to act in the manner required under Section 7.02(a), any Supervisory Committee Member may refer such dispute to a commit tee consisting of the chief executive officers of Kronos and Tioxide or appropriate corporate officers of any successor to either Partner (the "CEO COMMITTEE"). Any such dispute that cannot be resolved by the CEO Committee within 10 days of referral thereto (unless otherwise agreed by the CEO Committee) shall be referred to a special committee consisting of a senior executive officer of a controlling Affiliate of each Partner (the "PARENT COMMITTEE"). Any such dispute that cannot be resolved by the Parent Committee within 30 days of referral thereto, shall be referred to binding arbitration pursuant to Section 14.01.

7.03. Time and Place of Meetings. Unless otherwise agreed, the Supervisory Committee shall hold its meetings at such time and place as may be determined from time to time by the Supervisory Committee.

7.04. Regular Meetings. After the place and time of regular meetings of the Supervisory Committee shall have been determined and notice of such schedule shall have been given to each Supervisory Committee Member, regular meetings may be held without further notice being given. The General Managers of the Joint Venture shall deliver to each Supervisory Committee Member, at least 10 days before the meeting date, an agenda, any proposed resolutions and appropriate background information regarding the matters to be acted upon.

7.05. Special Meetings. Special meetings of the Supervisory Committee may be called upon the written request of any Supervisory Committee Member. Notice of special meetings of the Supervisory Committee shall be given by the Secretary to each Supervisory Committee Member at least three days before the meeting date in such manner as is determined by the Supervisory Committee, and shall include a statement of the purpose or purposes of such special meeting, any proposed resolutions and appropriate background information regarding the matters to be acted upon. A written waiver of any such notice signed by the Supervisory Committee Member entitled thereto, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a Supervisory Committee Member at a meeting shall constitute a waiver of notice of such meeting, except when such Supervisory Committee Member attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Unless otherwise agreed by all of the Supervisory Committee Members present, the business conducted at any special meeting shall be limited to the purpose or purposes set forth in the notice thereof.

7.06. Action by Consent. Any action required or permitted to be taken at any meeting of the Supervisory Committee or of any sub-committee thereof may be taken without a meeting, if all Supervisory Committee Members or sub-committee members, as the case may be, shall have consented thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Supervisory Committee or sub-committee, as the case may be. Any request for written consent shall be accompanied by appropriate background information regarding the matters to be acted upon.

7.07. Telephonic Meetings. Members of the Supervisory Committee or any sub-committee thereof may participate in a meeting of the Supervisory Committee, or such sub-committee, as the case may be, by means of conference telephone or similar communications equipment by means of which each person participating in the meeting can hear all others, and such participation in a meeting shall constitute presence in person at the meeting.

7.08. Resignation. Any Supervisory Committee Member may resign at any time by giving written notice to the Supervisory Committee. The resignation of any Supervisory Committee Member shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice, and unless otherwise specified

therein, the acceptance of such resignation shall not be necessary to make it effective.

7.09. Term; Vacancies; Alternates. Each Supervisory Committee Member shall hold office until his successor is appointed, or until his earlier death, resignation or removal. A Supervisory Committee Member may be removed with or without cause, at any time, only by the Partner that appointed such Supervisory Committee Member. Vacancies and newly created memberships resulting from any increase in the authorized number of Supervisory Committee Members shall be filled by the Partner which appointed the departing Supervisory Committee Member or which has the right to appoint a Supervisory Committee Member to the newly created membership. In connection with each appointment or removal of any Supervisory Committee Member, the Partner making such appointment or removal shall give notice thereof to the Joint Venture and the other Partners. Each Partner, by notice to the other Partner from time to time, shall be entitled to designate one alternate for each Supervisory Committee Member appointed by such Partner, who shall in the absence of such Supervisory Committee Member exercise all of the functions thereof. The number of members of the Supervisory Committee shall not be increased except by the prior written action of both Partners.

ARTICLE VIII

MANAGEMENT OF OPERATIONS

8.01. General Managers. (a) Unless otherwise specified by the Supervisory Committee, the day-to-day operations of the Joint Venture shall be managed by two general managers (the "GENERAL MANAGERS") appointed in accordance with Section 9.02(b) and acting under the direction of the Supervisory Committee.

(b) The General Managers are hereby granted the right, power and authority, acting jointly but not severally, to cause the Joint Venture to do all things which are necessary, proper or advisable to carry on the day-to-day operations of the Joint Venture as contemplated in the then current Business Plan (including all actions required to be taken by the Joint Venture in the case of a Default), including but not limited to the right, power and authority from time to time to cause the Joint Venture to do any or all of the following:

(i) to borrow money not in excess of the limitations set forth in the then current Business Plan or limitations otherwise established from time to time by the Supervisory Committee;

(ii) to pay to any Person all amounts that have been duly authorized by the Supervisory Committee and that are due and payable by the Joint Venture to such Person;

(iii) to employ such agents, employees, managers, accountants, attorneys, consultants and other Persons necessary or appropriate to carry out the business and affairs of the Joint Venture, whether or not any such Person is employed by or otherwise associated with any Partner or any of its Affiliates, and to pay reasonable fees, expenses, salaries, wages and other compensation to such Persons; provided that the employment and compensation of the officers of the Joint Venture shall be subject to the approval of the Supervisory Committee as contemplated by Section 7.02(b) and Article IX;

(iv) to pay any and all fees and to make any and all expenditures not in excess of the limitations set forth in the then current Business Plan or limitations otherwise established from time to time by the Supervisory Committee, which fees and expenditures are necessary or appropriate in connection with the organization of the Joint Venture, the management of the affairs of the Joint Venture, and the carrying out of its obligations and responsibilities under the then current Business Plan and this Agreement;

(v) to the extent that funds of the Joint Venture are not immediately required for the conduct of the Joint Venture's business, temporarily to deposit the excess funds in a bank account or accounts, or invest such funds in their discretion;

(vi) to acquire, prosecute, maintain, protect and defend or cause to be protected and defended all patents (including all applications with respect thereto) and all inventions, trade secrets and other proprietary information which may be held by the Joint Venture;

(vii) to enter into, execute, acknowledge and deliver any and all contracts or other instruments necessary or appropriate to carry on the business of the Joint Venture as set forth in the then Current Business Plan or this Agreement, subject, in the case

of any contract or other instrument requiring approval of the Supervisory Committee in accordance with Section 7.02(b), to obtaining any such required approval;

(viii) to pay any and all taxes, charges and assessments that may be levied, assessed or imposed upon the Joint Venture or any of its proper ties or assets;

(ix) to provide each Partner with all documents necessary or desirable to export TiO2 or, to the extent permitted under the Transaction Agreements, any related products outside of the United States of America; and

(x) to allow on-site storage of TiO2 purchased by the Partners pursuant to the Offtake Agreements, which storage space shall be allocated equitably between the Partners in accordance with their respective Percentage Interests.

8.02. Business Plan. (a) Attached as Schedule 8.02(a) is the interim budget and business plan of the Joint Venture for the period commencing on the Closing Date and ending on December 31, 1993 (the "INITIAL BUSINESS PLAN").

(b) With respect to each Fiscal Year following the year ending December 31, 1993, no later than of the preceding year, the General Managers shall submit to the Supervisory Committee for its approval a budget and business plan of the Joint Venture for such Fiscal Year which shall include, inter alia, a cash plan, production goals, an offtake schedule for each Partner by product grade and volume, a fixed and variable costs plan, a raw materials purchasing plan, projected workforce levels, compensation and benefit plans, a capital expenditure and maintenance plan and budget (including the capital expenditure and maintenance costs to be included in Fixed Operating Costs under the Offtake Agreements for such Fiscal Year). No later than the beginning of each Fiscal Year, the Supervisory Committee shall approve the calendarized budget and business plan submitted by the General Managers, with such revisions thereto as the Supervisory Committee shall deem appropriate (as so revised, the "BUSINESS PLAN"). To the extent reasonably within the control of the General Managers, the Joint Venture shall be operated in accordance with the then current Business Plan approved by the Supervisory Committee. If the Supervisory Committee shall fail to approve the Business Plan for the year ending December 31, 1994, the Joint Venture shall be operated in accordance with the Initial Business Plan which shall be annualized to cover a 12-month period. If the Supervisory

Committee shall fail to approve the Business Plan for any subsequent Fiscal Year, the Joint Venture shall be operated in accordance with the Business Plan for the immediately preceding Fiscal Year, with each line item set forth in the budget included in such Business Plan multiplied by one plus the percentage increase, if any (expressed as a decimal), in the annual average All Items, All-Urban United States Consumer Price Index published by the U.S. Department of Labor (or, if such index is no longer published, any similar consumer price index then published by the U.S. Government) for such immediately preceding Fiscal Year.

8.03. General Managers' Reports. The General Managers shall prepare and distribute to the Supervisory Committee Members a monthly financial report on the business and operations of the Joint Venture, which report shall include, among other things, a balance sheet, profit and loss statement and cash flow statement.

ARTICLE IX

EMPLOYEES

9.01. Principal Officers. The principal officers of the Joint Venture shall be, in addition to the Chairman, the Secretary and the General Managers, one or more vice presidents (or persons with similar responsibilities). The names of the initial principal officers of the Joint Venture are set forth on Schedule 9.01.

9.02. Nomination, Confirmation, Term of Office and Remuneration. (a) Except for the Chairman, the Secretary and the General Managers, the principal officers of the Joint Venture shall be appointed by the Supervisory Committee. Except as otherwise provided in Section 9.02(b), each such officer shall hold office until his successor is nominated and confirmed, or until his earlier death, resignation or removal. The remuneration of all principal officers whose compensation is paid by the Joint Venture shall be determined by the Supervisory Committee.

(b) The General Managers of the Joint Venture shall initially be the individuals identified as such on Schedule 9.01. Each Partner shall appoint and pay the salary and all benefits and other expenses for one General Manager, and such Partner shall have the power in its sole discretion to remove such General Manager, with or without cause. Promptly after any such removal, the Partner that has removed its appointee shall notify the other Partner of

such removal and shall designate a successor General Manager, if any.

9.03. Subordinate Officers. In addition to the principal officers contemplated by Section 9.01, the Joint Venture may have such other subordinate officers as the Supervisory Committee may deem necessary. The Supervisory Committee shall appoint any such officers unless the Supervisory Commit tee shall have delegated to the General Managers or to any other principal officer the power to appoint (and to determine compensation for) and to remove such subordinate officers.

9.04. Removal. In addition to any power to remove subordinate officers that may be delegated to a principal officer pursuant to Section 9.03, officers other than the General Managers may be removed, with or without cause, at any time, by the Supervisory Committee.

9.05. Resignations. Any officer may resign at any time by giving written notice to the Supervisory Committee. The resignation of any officer shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

9.06. Powers and Duties. Except as otherwise provided herein, each of the principal officers of the Joint Venture shall have such powers as would be incident to the comparable officer of a Delaware corporation and such other powers and perform such other duties as may from time to time be conferred upon or assigned to such officer by or pursuant to authority delegated by the Supervisory Committee.

9.07. Tioxide Observers. During the Seasoning Period, the Tioxide Partner shall have the right to send to the Joint Venture at any one time not more than ten employees of the Tioxide Group who shall act as observers for the benefit of the Tioxide Group and shall not interfere with the operations of the Plant. The salaries and benefit expense for such observers shall be paid by the Tioxide Group.

9.08. Transferred Employees. (a) Except for the Transferred Employees (as defined in the Formation Agreement), the Joint Venture shall not hire any employee of either Partner or its Affiliates unless (i) the employer of such employee gives its prior written consent thereto and (ii) in the reasonable judgment of both General Managers

there is a position available to be filled at the Joint Venture and the employee is qualified to discharge the duties of such position. In addition, both General Managers shall determine whether any such employee qualifies as a Free Return Employee. "FREE RETURN EMPLOYEE" means an employee of either Partner or its Affiliates who is hired by the Joint Venture to perform a job that in the reasonable opinion of both General Managers as of the date of hire can be

completed by such employee by the end of the Seasoning Period. Except for Free Return Employees and except as may be agreed by the Partners from time to time, neither Partner nor the Affiliates shall hire or rehire a prior employee of the Joint Venture for three (3) years after the employee's termination from the Joint Venture. The Joint Venture shall require each employee of the Joint Venture to sign non-competition and confidentiality agreements in forms to be agreed on by the General Managers. The non-competition agreement shall prohibit the employee from working for either Partner or its Affiliates or any business entity involved in the manufacture of TiO2 for a period of three years from the date of termination of his employment with the Joint Venture; provided, however, that from the earlier of (A) the end of the Seasoning Period and (B) the completion of the job for which he was hired by the Joint Venture, no Free Return Employee shall be restricted from returning to the employ of the Partner or Affiliate for whom he worked prior to his employment by the Joint Venture. Any former employee of either Partner or its Affiliates who does not qualify as a Free Return Employee will be subject to the restrictions relating to return to his former employer set forth in his non-competition agreement.

(b) All Persons hired by the Joint Venture pursuant to Section 9.08(a) (including all Free Return Employees) shall be employed by the Joint Venture at its expense (including salary and benefits), provided that either Partner or its Affiliates may supplement the compensation or benefits paid by the Joint Venture to any Free Return Employee.

9.09. Limitations on Hiring. So long as the Tioxide Partner and the Kronos Partner remain partners in the Joint Venture, (i) the Tioxide Partner shall not, and shall not permit any Tioxide Group Member to, knowingly employ or offer employment to any employee of the Kronos Group without the prior written consent of the Kronos Partner and (ii) the Kronos Partner shall not, and shall not permit any Kronos Group Member to, knowingly employ or offer employment to any employee of the Tioxide Group without the prior written consent of the Tioxide Partner.

ARTICLE X

ACCOUNTING

10.01. Auditors and Financial Statements. (a) The initial independent public accountants of the Joint Venture shall be Coopers & Lybrand. Such accountants shall continue to serve the Joint Venture until their successors shall be appointed by the Supervisory Committee. The independent accountants of the Joint Venture shall audit the annual financial statements of the Joint Venture.

(b) The Joint Venture shall adopt and follow GAAP; provided that the Supervisory Committee may from time to time adopt changes in the accounting methods and principles followed by the Joint Venture or in the application thereof. The accounting methods and principles referred to in the preceding sentence, as they exist and are applied from time to time, are herein referred to as "JOINT VENTURE ACCOUNTING PRINCIPLES". In addition to preparing financial statements in accordance with Joint Venture Accounting Principles, the Joint Venture shall prepare, at the cost of the requesting Partner, such financial statements as are required by the Partners and their Affiliates, at the times and in the manner reasonably requested by either Partner (including, in the case of the Tioxide Partner, the preparation of financial statements in accordance with accounting principles generally accepted in the United Kingdom). Each Partner and its independent auditors shall be entitled to consult with the Joint Venture's independent public accountants and review their work papers and information made available to them in connection with the preparation and audit of the Joint Venture's financial statements.

10.02. Fiscal Year. Except for the initial partial fiscal year which shall begin on the Closing Date and end on December 31, 1993, the fiscal year of the Joint Venture (the "FISCAL YEAR") shall begin on January 1 and end on December 31 of each year.

ARTICLE XI

INDEMNIFICATION

11.01. Employee Indemnification. (a) Except in the case of gross

negligence or willful misconduct, a Supervisory Committee Member or an officer of the Joint

Venture shall not be liable to the Joint Venture or the Partners for monetary damages for breach of fiduciary duty to the fullest extent permitted by the laws of the State of Delaware for directors of corporations organized under the laws of such State.

(b)(i) Except in the case of gross negligence or willful misconduct, each person (and the heirs, executors or administrators of such person) who was or is a party or is threatened to be made a party to, or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a Supervisory Committee Member, officer or employee of the Joint Venture or is or was serving at the request of the Joint Venture as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified and held harmless by the Joint Venture to the fullest extent permitted by the laws of the State of Delaware for directors and officers of corporations organized under the laws of such State. The right to indemnification conferred in this Section shall also include the right to be paid by the Joint Venture the expenses incurred in connection with any such proceeding in advance of its final disposition to the fullest extent authorized by the laws of the State of Delaware for directors and officers of corporations organized under the laws of such State. The right to indemnification conferred in this Section shall be a contract right.

(ii) The Joint Venture may, by action of the Supervisory Committee, provide indemnification to such agents of the Joint Venture to such extent and to such effect as the Supervisory Committee shall determine to be appropriate.

(c) The Joint Venture shall have power to purchase and maintain insurance in such amount as may be determined by the Supervisory Committee on behalf of any person who is or was a Supervisory Committee Member, officer, employee or agent of the Joint Venture, or is or was serving at the request of the Joint Venture as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss incurred by such person in any such capacity or arising out of his status as such, whether or not the Joint Venture would have the power to indemnify him against such liability under the laws of the State of Delaware.

(d) The rights and authority conferred in this Section shall not be exclusive of any other right which any person may otherwise have or hereafter acquire.

(e) Neither the amendment of this Section, nor, to the fullest extent permitted by the laws of the State of Delaware, any modification of law, shall eliminate or reduce the effect of this Section in respect of any acts or omissions occurring prior to such amendment or modification.

11.02 Partner Indemnification. In addition to and not in lieu of any other indemnification arrangement among the Partners and the Joint Venture pursuant to the Formation Agreement or otherwise, the Joint Venture hereby indemnifies each Partner and agrees to hold such Partner and its officers, directors, employees and agents harmless from any loss, liability, damage, cost or expense (including reasonable fees and expenses of accountants, consultants and engineers, and reasonable attorneys' fees and expenses in connection with any action, suit or proceeding) incurred or suffered by any of such Persons resulting from the Joint Venture's negligence or willful misconduct or from product liability or similar claims relating to TiO2 produced by the Joint Venture; provided, however, that the Joint Venture's liability under this Section 11.02 shall be limited to the amount of insurance proceeds available to the Joint Venture in respect of the matter giving rise to such indemnification obligation.

ARTICLE XII

COVENANTS OF THE PARTNERS

12.01. Nature of Obligations Between Partners. The Partners, acting together through their duly authorized representatives, shall have the authority to act for and assume any obligation on behalf of the Joint Venture. Except as otherwise provided in any Transaction Agreement or by written agreement between the Partners, neither Partner shall have any authority to act for or assume any obligation or responsibility on behalf of the other Partner or the Joint Venture.

12.02. Confidentiality. (a) Each Partner (the "RECEIVING PARTNER") will hold and will use its best efforts to cause its Affiliates, officers, directors, employees, lenders, accountants, counsel, consultants, advisors and agents to hold, in confidence all documents and information concerning the other Partner (the "PROVIDING PARTNER") and each Affiliate of the Providing Partner furnished to the Receiving Partner or its Affiliates in connection with the transactions contemplated by the Transaction Agreements and

the business and operation of the Joint Venture, except to the extent that (i) the Receiving Partner or its Affiliates are permitted to use or transfer such information under the Master Technology Exchange Agreement or any License Agreement or (ii) such information can be shown to have (A) been already known to the Receiving Partner at the time such information was received from the Providing Partner as evidenced by preexisting written records or documents; (B) been available, or to have become generally available to the public as evidenced by written records or documents, through no fault of the Receiving Partner or its Affiliates; or (C) been received by the Receiving Partner from a Person other than the Providing Partner as evidenced by written records or documents, which Person, to the best knowledge of the Receiving Partner, was not bound by a confidentiality agreement with the Providing Partner with respect thereto or was not otherwise prohibited from transmitting such information to the Receiving Partner; provided that the Receiving Partner may disclose any such information to its Affiliates, officers, directors, employ ees, accountants, counsel, consultants, advisors and agents on a need-to-know basis, solely for use in connection with the transactions contemplated by any Transaction Agreement or the business and operation of the Joint Venture, so long as such Persons are informed by the Receiving Partner of the confidential nature of such information and are directed by the Receiving Partner to treat such information confidentially and in accordance with the limitations of this Section 12.02. The requirements of the previous sentence shall not apply to any Person if such Person is compelled to disclose such information by judicial or administrative subpoena or process or other legal requirements applicable to it; provided that such Person promptly furnishes written notice to the Providing Partner, and otherwise gives the Providing Partner an opportunity to protect all documents and information concerning the Providing Partner, and, in addition, itself takes all reasonable steps, including without limitation seeking protective orders, to protect the secrecy of such documents and information. Each Receiving Partner's obligation to hold information in confidence shall be satisfied if it exercises the same care with respect to such information as it would take to preserve the confidenti ality of its own similar information.

(b) The Joint Venture will hold, and will use its best efforts to cause its officers, directors, employees, lenders, accountants, counsel, consultants, advisors and agents to hold, in confidence, all documents and information (including, without limitation, information relating to marketing activities, pigment product mix, product customers, the location of each Partner's warehouses and

receiving areas for the output of the Joint Venture and manufacturing technol ogies and processes) concerning each Partner and its Affiliates; provided that the Joint Venture may disclose such information to its officers, directors, employees, lenders, accountants, counsel, consultants, advisors and agents on a need-to-know basis, solely for use in connection with the transactions contemplated by any Transaction Agreement or the business and operation of the Joint Venture, so long as such Persons are informed by the Joint Venture of the confidential nature of such information and are directed by the Joint Venture to treat such information confidentially and in accordance with the limitations of this Section 12.02. The requirements of the previous sentence shall not apply to any Person if such Person is compelled to disclose such information by judicial or administrative subpoena or process or other legal requirements applicable to it; provided that such Person promptly furnishes written notice to

the Partner that such information concerns, and otherwise gives such Partner an opportunity to protect all documents and information concerning such Partner, and, in addition, itself takes all reasonable steps, including without limitation seeking protective orders, to protect the secrecy of such documents and information.

(c) With respect to documents and information covered by Article III of the Master Technology Exchange Agreement, in the event of any conflict between the Master Technology Exchange Agreement and this Agreement, the Master Technology Exchange Agreement shall govern.

12.03. Debt. (a) Until the third anniversary of the Closing Date, neither Partner shall create, assume, incur, guarantee, issue or in any manner become liable, contingently or otherwise (collectively, "INCUR") any Debt other than Debt in an aggregate principal amount not to exceed the Permitted Amount in effect on the date of Incurrence (except for Debt Incurred by the Joint Venture, including, without limitation, Debt under the Credit Agreement or pursuant to the Transaction Agreements). "PERMITTED AMOUNT" means (A) from the Closing Date to the second anniversary of the Closing Date, $0 and (B) from the second anniversary of the Closing Date to the third anniversary of the Closing Date, Debt in an aggregate principal amount equal to 83-1/3% of the Borrowing Base of the Borrowing Partner (as defined below) as of the date of Incurrence less the sum of (1) all Tranche A Debt (if the Tioxide Partner is the Borrowing Partner) or all Tranche B Debt (if the Kronos Partner is the Borrowing Partner) and (2) the amount of all other Debt of the Joint Venture outstanding on such date multiplied by the Percentage

Interest of the Borrowing Partner on such date. "BORROWING BASE" means, as of any date, (i) the Percentage Interest of the Borrowing Partner multiplied by the sum of (x) the Fair Market Value of the Joint Venture as of the date of determination, (y) the aggregate principal amount of all Debt of the Joint Venture outstanding on the date of determination and (z) the amount of any other obligation deducted in determining the Fair Market Value plus (ii) the fair market value of all other assets of the Borrowing Partner as of the date of determination.

(b) Until the third anniversary of the Closing Date, at least ten days prior to Incurring any Debt, the Partner which plans to Incur such Debt (the "BORROWING PARTNER") shall deliver a written notice of its proposed borrowing to the other Partner (the "NON-BORROWING PARTNER"), which notice shall set forth the amount of Debt proposed to be Incurred, the total amount of Debt to be outstanding after giving effect to the proposed Incurrence, and the estimated Borrowing Base of the Borrowing Partner as of the proposed date of Incurrence, together with a calculation showing in reasonable detail whether the proposed Incurrence complies with Section 12.03(a). If the Non-Borrowing Partner disagrees with the determinations set forth in the Borrowing Partner's Notice, the Non-Borrowing Partner shall, within five days after the receipt of such notice, deliver a written notice of disagreement to the Borrowing Partner. Any notice of disagreement by the Non-Borrowing Partner shall describe in reasonable detail the basis for such disagreement. If the Non-Borrowing Partner fails to deliver a notice of disagreement within such five-day period, the Borrowing Partner shall be free to Incur the Debt described in its notice of borrowing. If the Non-Borrowing Partner delivers a notice of disagreement within such five-day period and the Borrowing Partner refuses to withdraw its proposal to Incur Debt, the Partners shall submit their dispute to arbitration pursuant to Section 14.01. If the Borrowing Partner's proposed Incurrence is ultimately determined to be in compliance with the restriction set forth in Section 12.03(a), the Non-Borrowing Partner shall compensate the Borrowing Partner for any loss, damage or expense suffered by the Borrowing Partner as a result of the Non-Borrowing Partner's objection.

12.04. Negative Pledge. Until the third anniversary of the Closing Date, neither Partner will create, assume or suffer to exist any Lien on its limited or general partnership interest in the Joint Venture except for Liens securing obligations under, or under guarantees of, the Credit Agreement. Subsequent to the third anniversary of the Closing Date, either Partner may create, assume or

suffer to exist any Lien on its interest except as prohibited by the lenders under the Credit Agreement. Neither Partner will, at any time, assign or pledge

any or all of its rights, including, without limitation, any right to receive TiO2, under its Offtake Agreement.

12.05. Consolidations, Mergers and Sales of Assets. Neither Partner will (i) consolidate or merge with or into any other Person, (ii) liquidate or (iii) except as specifically permitted in accordance with Article III or IV of this Agreement, sell, lease or otherwise transfer, directly or indirectly, all or substantially all of its assets.

12.06. Restriction on Other Businesses. Neither Partner will engage in any business activities other than (i) the ownership of an interest in the Joint Venture, (ii) the transactions contemplated by the Transaction Agree ments, and (iii) the manufacture, purchase or sale of TiO2 and related products and activities ancillary thereto. Neither the Joint Venture nor either Partner shall have any right by virtue of this Agreement in or to any income or profits derived from the business activities of the other Partner permitted by the first sentence of this Section 12.06.

ARTICLE XIII

TERMINATION AND LIQUIDATION

13.01. Term. The Joint Venture shall continue in existence until dissolved pursuant to Section 13.02.

13.02. Liquidating Event. The Joint Venture shall dissolve and commence winding up and liquidating only upon the earlier to occur of (a) mutual agreement of the Partners to dissolve, wind up and liquidate the Joint Venture; and (b) subject to Section 13.04, an event of withdrawal of either general partner (within the meaning of the Partnership Act) unless at the time there is at least one other general partner of the Joint Venture and such general partner shall agree to continue the business of the Joint Venture. Any such remaining general partner is hereby authorized to continue the business of the Joint Venture.

13.03. Resignation and Withdrawal. Each Partner covenants and agrees that it will not withdraw or resign from the Joint Venture prior to its termination, except in

connection with a permitted transfer of its entire Percentage Interest in the Joint Venture.

13.04. Bankruptcy. The bankruptcy or insolvency of either Partner, or the occurrence with respect to either Partner of any event or circumstance referenced in Section 17-402(a)(4) or 17-402(a)(5) of the Partnership Act, shall not cause such Person to cease to be a general or limited partner of the Joint Venture. Therefore, such event will not constitute an event of with drawal of a general partner (within the meaning of the Partnership Act) and will not cause the dissolution of the Joint Venture.

13.05. Winding Up. Upon the agreement of the Partners pursuant to Section 13.02 to dissolve, wind up and liquidate the Joint Venture, the Joint Venture shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors and Partners and neither Partner shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Joint Venture's business and affairs, provided that all covenants con tained in this Agreement and obligations provided for in this Agreement shall continue to be fully binding upon the Partners until such time as the Property or the proceeds from the sale thereof have been distributed pursuant to this Section and the Joint Venture has terminated. The Partner designated by mutual agreement of the Partners (the "LIQUIDATOR") shall be responsible for overseeing the winding up and dissolution of the Joint Venture. The Liquida tor shall take full account of the Joint Venture's liabilities and Property and shall cause the Property or the proceeds from the sale thereof to the extent sufficient therefor, to be applied and distributed to the maximum extent permitted by law, in the following order:

(a) first, to the payment and discharge of all of the Joint Ven ture's

debts and liabilities; and

(b) second, to the Partners in accordance with their respective Percentage Interests at such time, without distinction between their general partnership interests and limited partnership interests.

13.06. Discretion of the Liquidator. In the discretion of the Liquidator, a pro rata portion of the distributions that would otherwise be made to the Partners pursuant to this Article may be:

(a) distributed to a trust established for the benefit of the Partners for the purposes of liquidating

Property, collecting amounts owed to the Joint Venture, and paying any contingent or unforeseen liabilities or obligations of the Joint Venture or of the Partners arising out of or in connection with the Joint Venture; the assets of any such trust shall be distributed to the Partners from time to time, in the reasonable discretion of the Liquidator in the same proportions as the amount distributed to such trust by the Joint Venture would otherwise have been distributed to the Partners pursuant to this Agreement; or

(b) withheld to provide a reasonable reserve for Joint Venture liabilities (contingent or otherwise) and to allow for the collection of the unrealized portion of any installment obligations owed to the Joint Venture, provided that such withheld amounts shall be distributed to the Partners as soon as practicable.

13.07. Rights of Partners. Except as otherwise provided in this Agreement, each Partner shall look solely to the assets of the Joint Venture for the return of its capital contribution and shall have no right or power to demand or receive property other than cash from the Joint Venture.

ARTICLE XIV

DISPUTE RESOLUTION

14.01. Arbitration. (a) All disputes arising out of this Agreement and the Offtake Agreements that cannot be resolved by the Joint Venture, the Partners and their Affiliates pursuant to the procedures and within the time limits set forth in Section 7.02(f) shall be submitted for decision and final resolution to arbitration to the exclusion of any courts of law, under the rules of the AAA.

(b) The arbitration tribunal shall be composed of three disinter ested arbitrators, appointed pursuant to the following procedure: the Partner invoking arbitration (the "INVOKING PARTNER") shall give written notice to the other Partner (the "ANSWERING PARTNER") stating the substance of its claim and the name and address of the arbitrator it has chosen, who shall be a citizen of the United States of America. Within 30 days of receipt of such notifica tion, the Answering Partner shall give written notice to the Invoking Partner providing its answer to the claim made, any counterclaim which it wishes to assert in the arbitration, and the name and address of its arbitrator, who shall be a

citizen of the United States of America. If the Answering Partner fails to give such notice within 30 days, appointment of the second arbitrator shall be made by the AAA upon request of the Invoking Partner.

(c) The two arbitrators shall choose a third arbitrator, who shall serve as president of the tribunal thus composed. If the two arbitrators fail to agree upon the choice of a third arbitrator within 20 days after the appointment of the second arbitrator, the third arbitrator will be appointed by the AAA upon the request of the arbitrators or either Partner.

(d) The arbitration shall take place in New York City unless the Partners otherwise agree. The arbitrators will decide the dispute by majority decision and in accordance with Delaware law. The decision shall be rendered in writing,

shall state the reasons on which it is based, and shall bear the signatures of at least two arbitrators. It also shall identify the members of the arbitration tribunal, and the time and place of the award granted. Finally, it will determine the expenses of the arbitration and the Partner which shall be charged therewith or the allocation of the expenses between the Partners in the discretion of the tribunal.

(e) The arbitration decision shall be rendered as soon as possible after the constitution of the arbitration tribunal. The arbitration decision shall be final and binding upon both Partners and the Partners agree that any award granted pursuant to such decision may be entered forthwith in any court of competent jurisdiction.

14.02. Injunctive Relief. Each Partner acknowledges and agrees that in the event either Partner breaches any of its obligations under this Agreement, the other Partner would be irreparably harmed and could not be made whole by monetary damages alone. Both Partners accordingly agree (i) to waive the defense in any action for specific performance that a remedy at law would be adequate, and (ii) that this agreement must be enforced by specific performance or injunctive relief; provided, however that nothing in this Section 14.02 shall be construed to prohibit either Partner from bringing an action for money damages in addition to an action for specific performance or injunctive relief.

ARTICLE XV

MISCELLANEOUS

15.01. Notices. All notices, requests and other communications to either Partner or to the Joint Venture hereunder shall be in writing (includ ing facsimile or similar writing) and shall be given,

if to the Tioxide Partner, to:

Tioxide Americas Inc.
Suite 115, 901 Warrenville Road
Lisle, Illinois 60532
Attention: Vice President - Administration
R. Lachance
Telecopier: 708-515-1210

with copies to:

Tioxide Americas Inc.
c/o Tioxide Group Limited
Lincoln House
137-143 Hammersmith Road
London, England W14 0QL
Attention: Secretary
Telecopier: 011-44-71-331-7778

and

Davis Polk & Wardwell
450 Lexington Avenue
New York, New York 10017
Attention: Peter R. Douglas, Esq.
Telecopier: 212-450-4800

if to the Kronos Partner, to:

Kronos Louisiana, Inc.
3000 North Sam Houston Parkway East
Houston, Texas 77032
Attention: David B. Garten, Esq.
Telecopier: 713-987-4333

with copies to:

NL Industries, Inc.
445 Park Avenue, 15th Floor
New York, New York 10022
Attention: Susan E. Alderton,
Vice President
Telecopier: 212-421-7209

and

On or before October 22, 1993:

Kirkland & Ellis
1999 Broadway, Suite 4000
Denver, Colorado 80202
Attention: James L. Palenchar, Esq.
Telecopier: 303-291-3300

After October 22, 1993:

Bartlit Beck Herman Palenchar & Scott
511 Sixteenth Street, Suite 700
Denver, Colorado 80202
Attention: James L. Palenchar, Esq.
Telephone: (303) 592-3100
Telecopy: (303) 592-3140

if to the Joint Venture, to:

Louisiana Pigment Company, L.P.
P.O. Box 70
Westlake, LA 70669-2070
Attention: The General Managers
Telecopier:

or to such other address or telecopier number as such Partner or the Joint Venture may hereafter specify for the purpose of notices hereunder. Each such notice, request or other communication shall be effective (i) if given by facsimile, when such facsimile is transmitted to the telecopier number specified in this Section and transmission of the appropriate number of pages is confirmed or (ii) if given by any other means, when delivered at the address specified in this Section. A copy of each communication sent by telecopier to any party shall also be sent to such party by registered mail, but notice hereunder shall be effective upon telecopier transmission in the manner specified above.

15.02. Survival. The agreements contained herein shall survive the Closing but shall not survive the termination of this Agreement except as otherwise specifically provided for herein.

15.03. Amendments; No Waivers. (a) Except as otherwise provided in Section 11.01(e), any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by each Partner or in the case of a waiver, by the Partner against whom the waiver is to be effective.

(b) No failure or delay by either Partner in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

15.04. Expenses. Except as otherwise contemplated herein, all costs and expenses incurred in connection with this Agreement shall be paid by the Partner incurring such cost or expense, and this obligation shall survive the termination of this Agreement. Any organization fees within the meaning of Section 709 of the Code incurred by a Partner on behalf of the Joint Venture shall be treated as a contribution to the Joint Venture, and any loss, deduction or similar item attributable to such fees shall be specially allocated to such Partner.

15.05. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the Partners and their respective permitted successors and assignees in accordance with Article IV. Neither party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement except to the extent expressly provided in Article IV. If this Agreement is assigned by either party, such party shall also assign all of its rights and obligations under its Offtake Agreement. This Agreement is for the sole benefit of the Partners and nothing herein expressed or implied shall give or be construed to give any Person other than the Partners, any legal or equitable rights hereunder.

(b) Any permitted successor or assignee of any partner in the Joint Venture shall be required to execute an agreement by which such successor or assignee agrees to be bound by all terms and conditions of this Agreement. Any assignee of the Partnership Interest of either Partner shall also enter into an agreement with the Joint Venture as of the date of such assignment which agreement shall be substantially similar to the Offtake Agreements.

(c) Each of the parties hereto shall consent to the assignment of the rights and obligations of the Partners under this Agreement (i) to Citibank, N.A., as Agent under the Credit Agreement, in a foreclosure pursuant to the Collateral Documents (as defined in the Credit Agreement) or to any other assignee of substantially all of the assets of the Joint Venture or to any assignee of the Partnership Interest of either Partner, in either case in a sale

pursuant to Collateral Documents; provided that such assignee shall agree expressly in writing to be bound by terms and conditions of this Agreement from and after the effective date of such assignment and (ii) to any subse quent direct or indirect assignee of such assignee of all or substantially all the assets of the Joint Venture or the Partnership Interest of either Partner; provided that such assignee shall expressly agree in writing as aforesaid and, if any such assignment(s) shall occur, references to the Joint Venture or such Partner, as the case may be, in provisions of this Agreement which survive sale pursuant to Collateral Documents shall refer to such assignee except as otherwise specifically provided in this Agreement.

15.06. Headings. Headings are for ease of reference only and shall not form a part of this Agreement.

15.07. Governing Law; Entire Agreement. (a) THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF DELAWARE WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAWS OF SUCH STATE. The choice of law and forum provisions of this Agreement have been negotiated in good faith and agreed upon by the parties hereto. Each party by its execution of this Agreement expressly agrees to the fullest extent permitted by law not to challenge the choice of law or forum provisions contained in this Agreement.

(b) This Agreement and the other Transaction Agreements embody the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements with respect thereto.

15.08. Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts, each of which shall be deemed an original. This Agreement shall become effective when each Partner shall have received a counterpart hereof signed by the other Partner.

15.09. Severability. If any provision of this Agreement or the application thereof to any Person or circumstance shall be invalid or unen forceable to any extent, the remainder of this Agreement and the application of such provisions to other Persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

15.10. Further Assurances. The Partners will execute and deliver such further instruments and do such further acts and things as may be required to carry out the intent and purpose of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

TIOXIDE AMERICAS INC., in its
capacity as a General Partner
and a Limited Partner

By: /s/ DAVID BUSBY
Name: David Busby
Title: Vice President

KRONOS LOUISIANA, INC., in its
capacity as a General Partner
and a Limited Partner

By: /s/ SUSAN E. ALDERTON
Name: Susan E. Alderton
Title: Vice President

EXHIBIT 10.7

SHAREHOLDERS AGREEMENT

THIS AGREEMENT (for convenience called "Shareholders Agreement") made as of the 11th day of January 1982, by and among Imperial Chemical Industries PLC (formerly Imperial Chemical Industries Limited) ("ICI PLC"), an English company having its registered office in London, England; ICI American Holdings Inc. ("ICI"), a Delaware corporation having its principal office in Wilmington, Delaware, and UNIROYAL, Inc. (formerly United States Rubber Company) ("Uniroyal"), a New Jersey corporation having its principal office in Middlebury, Connecticut 06749.

WHEREAS:

(1) ICI PLC and Uniroyal are the parties to a so-called Main Agreement, dated December 19, 1963 ("Main Agreement"), pursuant to which they jointly formed and owned Rubicon Chemicals Inc. ("RCI"), a Louisiana corporation having its principal office at Geismar, Louisiana; and

(2) ICI PLC and Uniroyal are the parties to a so-called Shareholders Agreement, dated April 1, 1977 (the "First Shareholders Agreement"), pursuant to which they provided for certain matters relating to RCI and amended the Main Agreement; and

(3) in accordance with, or as contemplated by, the First Shareholders Agreement, (i) RCI, ICI Americas Inc. ("ICI-AM", a wholly owned subsidiary of ICI), a Delaware corporation having its principal office in Wilmington, Delaware, and Uniroyal entered into a so-called Operating Agreement, dated April 1, 1977 (the "Original Operating Agreement"), pursuant to which RCI operated certain parts of its facilities to perform conversion services for ICI-AM and Uniroyal, (ii) RCI leased certain portions of its facilities to ICI-AM and Uniroyal in accordance with an indenture of lease, dated April 1, 1977 (the "Lease"), (iii) ICI-AM and Uniroyal provided funds to RCI to finance certain of its facilities and operations in accordance with an agreement, dated April 1, 1977 (the "Original Financing Agreement"), (iv) Uniroyal provided certain utility services to RCI in accordance with an agreement, dated April 1, 1977 (the "Existing Utilities Services Agreement"), (v) ICI PLC and Uniroyal, respectively, entered into various license

agreements with RCI concerning patent and technology licenses and technical assistance, each dated April 1, 1977 (collectively the "License Agreements"), (vi) ICI PLC, ICI-AM, Uniroyal and RCI entered into an agreement, dated April 1, 1977 (the "First Liability and Indemnity Agreement"), and (vii) ICI PLC and Uniroyal entered into an agreement, dated December 28, 1978 (the "First Secrecy Agreement"); and

(4) ICI and Uniroyal are the parties to a so-called Interim Shareholders Agreement, dated December 29, 1981 (the "Interim Shareholders Agreement"), pursuant to which, recognizing the coincidental transfer from ICI PLC to ICI of ICI PLC's shares of stock in RCI, they provided for certain matters relating to RCI and, recognizing the prior formation by RCI of a wholly owned subsidiary, Rubicon Inc. ("Rubicon"), a Louisiana corporation having its principal office in Geismar, Louisiana, and in contemplation of RCI distributing all of its Class A shares of stock in Rubicon to Uniroyal and all of its Class B shares of stock in Rubicon to ICI as dividends, provided for certain matters relating to Rubicon; and

(5) in accordance with the Interim Shareholders Agreement, RCI and Rubicon entered into a so-called Exchange Agreement, dated as of December 28, 1981 (the "Exchange Agreement"), pursuant to which RCI transferred to Rubicon certain assets in exchange for shares of Rubicon's stock and the assumption by Rubicon of certain liabilities; and

(6) in view of the sale by Uniroyal of all its shares of stock in RCI to ICI and the result that RCI thereby became a wholly owned subsidiary of ICI, the Main Agreement and the First Shareholders Agreement are no longer applicable to RCI, and the parties to both such Agreements desire to document the termination thereof; and

(7) as contemplated by the Interim Shareholders Agreement, ICI and Uniroyal desire to enter into this Shareholders Agreement with respect to Rubicon and, upon the execution of this Shareholders Agreement, to terminate the Interim Shareholders Agreement; and

(8) ICI and Uniroyal desire that, commencing as of December 28, 1981, Rubicon operate certain of the facilities transferred to it from RCI in accordance with the Exchange Agreement to perform conversion services for ICI-AM and Uniroyal and certain services for RCI and also operate the facilities of RCI on behalf of RCI, all in accordance with an agreement (the "Operating Agreement"), which

amends and restates the Original Operating Agreement, to be entered into among Rubicon, RCI, ICI-AM and Uniroyal in the form attached hereto as Exhibit 1; and

(9) the parties hereto desire that (i) ICI PLC and Uniroyal, respectively, and RCI and Rubicon enter into assignments, in the form attached hereto as Exhibits 2 and 3, effective as of the dates set forth therein, from RCI to Rubicon of certain of the License Agreements, (ii) RCI, Rubicon, ICI-AM and Uniroyal enter into an assignment, in the form attached hereto as Exhibit 4, effective as of the date set forth therein, from RCI to Rubicon of the Lease, (iii) RCI, Rubicon, ICI-AM, ICI-AH and Uniroyal enter into a Financing Agreement, in the form attached hereto as Exhibit 5, effective as of the date set forth therein, assigning the Original Financing Agreement from RCI to Rubicon and amending and restating the Original Financing Agreement, (iv) ICI PLC and Uniroyal enter into a Secrecy Agreement, in the form attached hereto as Exhibit 6, effective as of the date set forth therein, (v) RCI and Rubicon enter into a Secrecy Agreement, in the form attached hereto as Exhibit 7, effective as of the date set forth therein and (vi) ICI, ICI-AM, Uniroyal, Rubicon and RCI enter into a Liability and Indemnity Agreement, in the form attached hereto as Exhibit 8, effective as of the date set forth therein; and

(10) the parties hereto desire that Uniroyal provide to Rubicon certain substances, utilities and services in accordance with the provisions of an agreement (the "Utilities Services Agreement") in the form attached as Exhibit D to the Operating Agreement; and

(11) upon the execution of this Agreement, the parties hereto desire that certain Agreements presently in existence among Uniroyal, ICI-AM and RCI be terminated, as hereinafter provided in this Agreement.

NOW, THEREFORE, in consideration of the covenants herein contained, the parties hereto, intending to be legally bound hereby, agree as follows.

1. Definitions; Causation

1.1 All terms which are defined elsewhere in this Agreement or any Exhibit hereto or in the Operating Agreement or any Exhibit thereto are used in this Agreement as so defined.

1.2 Whenever in this Agreement it is provided that RCI or ICI-AM will enter into an agreement or take or concur in an action, it is understood that

ICI will cause RCI or ICI-AM to enter into such agreement or take or concur in such action, and whenever in this Agreement it is provided that Rubicon will enter into an agreement or take or concur in an action, it is understood that ICI and Uniroyal together will cause Rubicon to enter into such agreement or take or concur in such action.

2. Execution of Other Agreements; Termination of Other Agreements

2.1 Promptly following the execution of this Agreement, the parties thereto will forthwith execute and deliver, each to the other, the agreements in the forms attached hereto as Exhibits 1 through 8 and in the form attached as Exhibit D to the Operating Agreement.

2.2 Upon the execution of this Agreement, the following Agreements are hereby terminated as of the dates specified:

(a) the Main Agreement, as of January 11, 1982,

(b) the First Shareholders Agreement, as of January 11, 1982,

(c) the Interim Shareholders Agreement, as of January 11, 1982,

(d) the Agreement for Technical Assistance by Uniroyal Respecting MDI between Uniroyal and RCI, as of December 28, 1981, and

(e) the First Secrecy Agreement, as of December 28, 1981.

3. Financing of Rubicon

3.1 Except as otherwise may be agreed by ICI and Uniroyal or as otherwise provided in paragraph 3.2, ICI and Uniroyal intend that Rubicon's requirements for financing in excess of the stated capital and capital surplus contributed by RCI at the time Rubicon issued its 800,000 shares of stock to RCI shall be provided by ICI-AM and Uniroyal in accordance with the Financing Agreement.

3.2 As a result of the Exchange Agreement and as provided in the Interim Shareholders Agreement, as of December 28, 1981 Rubicon owed RCI a long term debt of $956,000, bearing interest at the rate of 11 1/2% per annum. The principal of this debt shall be repaid by Rubicon in monthly installments, payable on the 15th day of each month commencing with April 15, 1982 and ending when the debt has been repaid as provided herein. Each such installment shall be in an amount equal to the capital based costs, except interest, incurred by Rubicon in the preceding month, in accordance with the Operating Agreement, with respect to all those fixed assets transferred to Rubicon pursuant to the Exchange Agreement which were not financed under the Financing Agreement. Interest at the aforesaid rate shall be paid in arrears on the unpaid balance of the debt with each installment of principal.

4. Rights to Proceeds upon Sale or Dissolution of Rubicon

4.1 In the event of the sale by ICI and Uniroyal, jointly, of all of their stock in Rubicon or the sale by Rubicon of all or substantially all of its assets and its subsequent dissolution, the Operating Agreement and the Lease shall forthwith be terminated and, notwithstanding the respective percentages of Rubicon's stock then owned by ICI and Uniroyal, the net proceeds, i.e., the price received from such sale after payment of all expenses of sale and, if it is a sale of assets, after payment of all of Rubicon's debts (including those to ICI-AM and Uniroyal under the Financing Agreement), if any, ("net proceeds") of either such event ("such event") will be shared by ICI and Uniroyal in accordance with this Section 4, and they will take whatever steps are necessary to effect such ultimate sharing in the proportions provided below. For purposes of this Section 4 the fixed capital responsibility of ICI shall be deemed to be that of ICI-AM. For the purposes of this Section 4 ICI PLC shall be deemed not to be included in the term "party."

4.2 (a) For the purpose of determining the proportion of the net proceeds to be received by ICI and Uniroyal, respectively, the procedures and computations specified in paragraphs 4.3 and 4.4 shall be applicable.

(b) Notwithstanding the provisions of paragraph 4.2(a), either party may, within 90 days before such event, on written notice to the other, for good and sufficient reasons stated in such notice (e.g., the fact that one or more of Rubicon's then processes or plants are effectively obsolete or are not being operated) elect to reject the application of the procedures and computations specified in

paragraph 4.4 for this purpose and, if this occurs, the procedures and computations specified in paragraphs 4.3 and 4.5 shall be applicable.

4.3 Not less than 30 days prior to such event the parties shall agree upon a single disinterested appraiser or, failing such agreement, each of the parties shall appoint a disinterested appraiser to appraise the fair market value of Rubicon's real property ("land"). Such appraiser or appraisers shall be instructed that such appraisal is to be made solely for the purpose of this Section 4 and that, for this purpose, the parties desire an appraisal of Rubicon's land, as land, usable for the highest and best use for which it may legally be used but without consideration of the improvements thereon or thereto. If the parties each appoint such an appraiser and within 60 days after both such appointments such appraisers fail to agree on such fair market value, such appraisers shall jointly appoint a third disinterested appraiser who shall determine such value. The final appraisal shall be reduced to writing, including the method or methods used for reaching the stated value, and delivered to the parties. The cost of such appraisal shall be borne by the parties equally.

4.4 (a) All of Rubicon's fixed assets (excluding land) as of the date of such event (regardless whether or not fully depreciated) shall be analyzed from Rubicon's books and records to determine the date of their acquisition by Rubicon and their original gross book value as recorded by Rubicon. Such original gross book value of each such asset shall then be adjusted to arrive at an "indexed gross book value" by multiplying the original gross book value of such asset by the quotient resulting from dividing the value of the annual CE Plant Cost Index reported by "Chemical Engineering Magazine" ("CE Index") prevailing for the year during which such event occurs by the value of the CE Index prevailing for the year during which such asset was originally acquired by Rubicon. If the CE Index should not be published or its four components (equipment, machinery and supports; construction labor; buildings; and engineering and manpower) should be materially altered, ICI and Uniroyal shall mutually agree upon a substantially equivalent alternative index believed by both parties to reflect the same intended result.

(b) ICI and Uniroyal, respectively, shall be entitled to receive that fraction of the net proceeds which has as its numerator the sum of

(i) the indexed gross book value of each Rubicon fixed asset (or appropriate portion thereof), except land, for which such party had the fixed capital responsibility, plus (ii) 50% of

the appraised value of Rubicon's land, and has as its denominator the sum of (iii) the values determined under (i) for both parties plus (v) two times the value determined under (ii).

4.5 (a) If either party makes the election provided in subparagraph 4.2(b), then, within 30 days after the making of such election, the parties shall agree upon a single disinterested appraiser or, failing such agreement, each of the parties shall appoint a disinterested appraiser to appraise the value of the Aniline Facilities and the DPA plant as independent production units. If the parties each appoint such an appraiser and within 30 days after both such appointments such appraisers fail to agree on all such independent production unit values in accordance with the instructions provided below, such appraisers shall jointly appoint a third disinterested appraiser who shall determine any such disputed values. All appraisers shall be instructed that

(i) the appraisal is being made solely for the purposes of this Section 4 to allocate the net proceeds fairly between the parties,

(ii) their appraisal should not be influenced by the amount of the net proceeds,

(iii) their appraisal of each of the foregoing units should be as a separate, independent producing unit and such appraisal should not be affected by (1) the fact that the several units share the Off-sites and the waste disposal plant and any other existing waste disposal facilities, but assuming the use of the portions thereof allocated to the producing units in accordance with Exhibit A to the Operating Agreement, (2) the fact that Rubicon is performing conversion services (rather than producing and selling products) with respect to those production units for which it is then performing conversion services, (3) the fact of the unique combination of the units in one place and any integration of the units resulting therefrom, and (4) any other of the unique and unusual aspects of the

operation of Rubicon,

(iv) their appraisal of each of the units on an independent production basis should not be affected by considerations of their actual previous financing, Rubicon's or either User's sources of raw materials, the management, production or marketing capabili-

ties of Rubicon's or either User's employees or the actual previous profitability of Rubicon or either User with respect to the products, and

(v) their appraisal should be on the basis of the value of each unit as a separate, independent producing unit giving recognition to its age, condition and operating process, the general availability of the raw materials and utilities it requires and the general saleability of the product it produces.

The final appraisal of each unit shall be reduced to writing, including the method or methods used for reaching the stated values, and delivered to both parties. The cost of such appraisals shall be paid by the party which made the election under subparagraph 4.2(b).

(b) The appraised values established pursuant to subparagraph 4.5(a) shall be adjusted by deducting from the appraised value of each unit the value of the land, determined as provided in paragraph 4.3, allocated thereto.

(c) The procedures and computations provided in subparagraph 4.4(a) shall be made with respect to the Aniline Facilities and then, for each party, compute a fraction (i) which has as its numerator the aggregate of the appropriate portion of the indexed gross book value of each Rubicon fixed asset, except land, allocated to the Aniline Facilities for which such party had the fixed capital responsibility and (ii) which has as its denominator the aggregate of (i) for both parties. Each such fraction shall be applied to the appraised value of the Aniline Facilities determined in accordance with subparagraph 4.5(a).

(d) ICI shall be entitled to receive that fraction of the net proceeds which has as its numerator the sum of

(i) the result of the computation provided in subparagraph 4.5(c) with respect to ICI, plus

(ii) 50% of the appraised value of Rubicon's land, and has as its denominator the sum of said numerator plus the numerator determined as provided in subparagraph 4.5(e).

(e) Uniroyal shall be entitled to receive that fraction of the net proceeds which has as its numerator the sum of

(i) the result of the computation provided in subparagraph 4.5(c) with respect to Uniroyal, plus

(ii) 100% of the appraised value of the DPA plant, plus

(iii) 50% of the appraised value of Rubicon's land and has as its denominator the sum of said numerator and the numerator determined as provided in paragraph 4.5(d).

5. Pledge or Sale of Securities in Rubicon

5.1 Neither party (and, for the purposes of this Section 5, the term "party" refers to ICI or Uniroyal and not ICI PLC) may, during the term of this Agreement, pledge or hypothecate any of its securities in Rubicon, and any purported pledge or hypothecation thereof shall be invalid; provided, however, that this restriction shall not prohibit a general charge or pledge created upon the whole or the major portion of the assets of either party.

5.2 Each party hereby consents to the transfer at any time by the other party of any of such other party's securities in Rubicon to any Controlled

Company of such other party, and the further transfer at any time of such securities in Rubicon by such Controlled Company back to such other party or to another Controlled Company of such other party. Neither party will, without the written consent of the other party, sell or otherwise dispose of any shares of the capital stock of any Controlled Company which then holds any securities in Rubicon, or permit any Controlled Company which then holds any securities in Rubicon

(a) to pledge or hypothecate any securities in Rubicon,

(b) to sell any securities in Rubicon to any person other than such Controlled Company's parent corporation or another Controlled Company of such parent corporation,

(c) to issue any shares of its capital stock to any person other than such Controlled Company's parent corporation or another Controlled Company of such parent corporation, or

(d) to merge or consolidate with any person other than such Controlled Company's parent corporation or another Controlled Company of such parent corporation.

For purposes of this paragraph 5.2, a company shall be deemed to be a Controlled Company of Uniroyal or ICI if the whole of the capital stock of such company shall be controlled and owned directly or indirectly by Uniroyal or ICI PLC, as the case may be, and, in the case of ICI, for the purposes of this Section 5, the term "Controlled Company" includes ICI PLC.

5.3 (A) At no time while this Agreement is in effect may either party sell or otherwise dispose of any of its securities in Rubicon, other than a transfer permitted by paragraph 5.2, except in accordance with the applicable provisions of subparagraphs 5.3(B), (C) and (D).

(B) If a party desires to sell its securities in Rubicon, such party (hereinafter in this paragraph 5.3 called the "selling party") shall give written notice of such desire to the other party (hereinafter in this paragraph 5.3 called the "non-selling party"), which notice shall contain an offer by the selling party to sell all of its securities in Rubicon at a specified cash price (payable in U.S.A. dollars). The non-selling party shall have an absolute and irrevocable right, during a period of 60 days following receipt of said notice, to make or not to make written acceptance of said offer. If the non-selling party makes written acceptance of the selling party's offer within said period of 60 days, the selling party's securities in Rubicon shall be sold to the non-selling party in accordance with the provisions of subparagraph 5.3 (C). If the non-selling party does not make written acceptance of the selling party's offer within said period of 60 days, the selling party shall be free, subject to the requirements specified in subparagraph 5.3 (D), to sell all of its securities in Rubicon at any time during the next succeeding period of 120 days following the expiration of said period of 60 days, but not thereafter without again complying with the procedure specified in this subparagraph 5.3 (B).

(C) An offer made by the selling party and accepted by the non-selling party, pursuant to subparagraph 5.3 (B), shall constitute a binding contract of purchase and sale, and each party shall have, in addition to all other rights and obligations, the right to specific performance. A closing shall be had in the United States on the 40th working day (counting Satur-

days, Sundays and legal holidays as non-working days) following the day on which the non-selling party shall have made the written acceptance of the selling party's offer. At said closing, the selling party shall

(i) transfer all of its securities in Rubicon to the

non-selling party; and

(ii) pay to the non-selling party, or have paid to the appropriate government authority, all taxes levied on said transfer.

At said closing, the non-selling party shall

(a) pay to the selling party, by the delivery of a certified or bank officer's check payable to, or wire transfer to, the selling party in U.S.A. dollars, the contract price for all of the selling party's securities in Rubicon; and

(b) arrange to have the selling party relieved of its obligations, if any, as a guarantor of any outstanding loans to Rubicon, or undertake in writing to indemnify the selling party against any and all losses which may thereafter be incurred by the selling party by reason of its having acted as such a guarantor.

Rubicon shall direct its independent certified public accountants to audit Rubicon's books and records for the period from the date of the last audit to the date of said closing (treating said closing date as the end of an operating year for purposes of all year-to-date accounting and all other accounting under the operating Agreement) and to supply certified financial statements to the parties as soon as possible thereafter. At said closing, in addition to the obligations of the selling party set forth in (i) and (ii) above, the selling party (including ICI-AM in the case of ICI) shall assign to the non-selling party (including ICI-AM in the case of ICI) the Operating Agreement, the Lease and the Financing Agreement, and shall undertake in writing to pay to Rubicon, without duplication, (1) one-half of the cost of said audit, (2) all sums shown by said audit to be owing by the selling party (including ICI-AM in the case of ICI) to Rubicon as of said closing date pursuant to all agreements then in effect between the selling party (including ICI-AM in the case of ICI) and Rubicon, and (3) a portion of all operating costs subsequently incurred by Rubicon and properly allocable to the period ending with said closing date, such portion to be that which would have been charged to the selling party (including ICI-

AM in the case of ICI) by Rubicon had such sale and the assignment of the Operating Agreement, Lease and Financing Agreement not taken place. At said closing, in addition to the obligations of the non-selling party set forth in (a) and (b) above, the non-selling party shall, by appropriate means, cause Rubicon to undertake in writing to pay to the selling party (including ICI-AM in the case of ICI), without duplication, (I) all sums shown by said audit to be owing by Rubicon to the selling party (including ICI-AM in the case of ICI), and (II) a portion of all sums subsequently received by Rubicon from any person or concern other than the selling party (including ICI-AM in the case of ICI) and properly allocable to the period ending with said closing date, such portion to be that for which the selling party (including ICI-AM in the case of ICI) would have received payment or credit from Rubicon had such sale and assignment not taken place.

(D) In order for a valid sale of the selling party's securities in Rubicon to be made to a purchaser other than the non-selling party, there must be compliance with the provisions of subparagraph 5.3 (B) and, in addition,

(i) all of the selling party's securities in Rubicon must be sold to a single purchaser,

(ii) the price charged by the selling party and paid by said purchaser must be a bona fide price in cash (payable in U.S.A. dollars), which price must be not less than that at which the selling party's securities in Rubicon were offered to the non-selling party and must not be affected by any other transaction between the selling party and said purchaser,

(iii) the selling party must, at the non-selling party's option, cause said purchaser to enter into a written agreement with the non-selling party embodying provisions comparable to those contained in this Section 5, such agreement to be entered into not later than the date on which the selling party's securities in Rubicon are transferred to said purchaser,

(iv) the selling party must assign to said purchaser the Operating Agreement, the Lease and the Financing Agreement, but

excepting from such assignment (1) the selling party's (including ICI-AM in the case of ICI) rights with respect to amounts shown by

Rubicon's books to be owing by Rubicon to the selling party (including ICI-AM) at the time of such sale and (2) the selling party's (including ICI-AM in the case of ICI) rights with respect to a portion of all sums subsequently received by Rubicon from any person or concern other than the selling party (including ICI-AM in the case of ICI) and properly allocable to the period ending with such sale, such portion to be that for which the selling party (including ICI-AM in the case of ICI) would have received payment or credit from Rubicon had such sale and assignment of the Operating Agreement, the Lease and the Financing Agreement not taken place,

(v) the selling party (including ICI-AM in the case of ICI) must pay to Rubicon all amounts shown by Rubicon's books to be owing by the selling party (including ICI-AM in the case of ICI) to Rubicon at the time of such sale, must undertake in writing, for the benefit of the non-selling party (including ICI-AM in the case of ICI), to pay to Rubicon a portion of all operating costs subsequently incurred by Rubicon and properly allocable to the period ending with such sale, such portion to be that which would have been charged to the selling party (including ICI-AM in the case of ICI) by Rubicon had such sale and assignment not taken place, and must cause said purchaser to undertake in writing, for the benefit of the non-selling party (including ICI-AM in the case of ICI), to be bound by, and to perform, the selling party's (including ICI-AM in the case of ICI) remaining obligations under the Operating Agreement, the Lease and the Financing Agreement, and

(vi) the selling party must, at the non-selling party's option, cause said purchaser to enter into a written agreement with the non-selling party embodying provisions comparable to those contained in this Shareholders Agreement.

Any purported sale of the selling party's securities in Rubicon to a purchaser other than the non-selling party, made contrary to any of the foregoing provisions, shall be invalid.

5.4 For purposes of this Section 5, any reference to a party's "securities in Rubicon" shall be taken to mean the shares of Rubicon's stock owned by such party and any bonds, debentures and notes of Rubicon owned by such party

and the rights of such party (ICI-AM in the case of ICI) under the Financing Agreement.

6. Other Shareholder Matters

6.1 ICI PLC, ICI and Uniroyal each hereby agree that

(i) it (and, in the case of ICI, ICI-AM and RCI) will comply with its obligations under each of the agreements entered into by it with Rubicon as contemplated by this Agreement;

(ii) it will so vote the shares in Rubicon owned by it, so instruct its representatives on Rubicon's Board of Directors and so conduct its relations with Rubicon as to enable and encourage Rubicon and the officers and employees of Rubicon to comply with Rubicon's obligations under each of the agreements entered into by Rubicon with RCI, ICI-AM or Uniroyal, or all, or ICI or ICI PLC as contemplated by this Agreement;

(iii) it will not, by any act or failure to act, cause Rubicon or any officer or employee of Rubicon to violate any of Rubicon's obligations under any agreement entered into by Rubicon with RCI, ICI-AM or Uniroyal, or all, or ICI or ICI PLC as contemplated by this Agreement; and

(iv) if ICI, ICI PLC, RCI, ICI-AM or Uniroyal shall default

in the performance of any of its obligations to Rubicon under this Agreement or under any agreement contemplated by this Agreement, the party not in default (ICI in the case of ICI PLC, RCI or ICI-AM), without the concurrence of the defaulting party, may cause Rubicon to assert its rights under such agreement.

6.2 The Operating Agreement, the Lease and the Financing Agreement shall be considered as a whole, so that failure by a party thereto to perform its obligations under one such agreement shall constitute a breach of all, and the failing party shall not be able to assert its rights under any such agreement unless and until such failure has been cured to the satisfaction of the other parties thereto.

6.3 ICI and Uniroyal will supervise Rubicon's financial arrangements.

6.4 Rubicon's Articles of Incorporation shall be amended to reflect the substance of Section 5 of this Agreement, and the certificates representing Rubicon's stock shall bear an appropriate legend.

7. Certain Other Matters

7.1 At any time and from time to time hereafter, upon reasonable and appropriate notification by Uniroyal to RCI, RCI will, as requested by Uniroyal pursuant to such notification, produce for Uniroyal, from aniline supplied by Uniroyal, any or all types of MDI being produced by RCI up to the lesser of (i) Uniroyal's requirements for MDI to produce other products or (ii) an aggregate of 20 million pounds per year of MDI, such production to be done for a tolling fee per pound of MDI consisting of RCI's cost to convert Uniroyal's aniline to MDI (such cost to be pro-rated by RCI to a pound of MDI on the basis of the Design Capacity of the MDI plant), plus a reasonable charge; provided, however, that such tolling fee may not exceed the difference between the cost of aniline to Uniroyal and RCI's lowest current price for each type of MDI, f.o.b. RCI's Geismar facilities, for similar quantities of MDI of such type (other than so-called "spot" or export sales).

7.2 In the event that RCI exercises the right it has under the Operating Agreement to terminate Rubicon's operation of RCI's facilities with Rubicon personnel and consequently RCI operates its facilities with its own personnel, the Director of Production of Rubicon thereafter may not be an individual employed by, or having any responsibility for the management of, RCI.

7.3 RCI and Rubicon shall from time to time grant to each other such servitudes and rights-of-way as either may reasonably request from the other to accommodate their respective present and future operations provided the same shall not interfere with the operations of the granting party or present unreasonable hazards to health and safety or conflict with other obligations or commitments of the granting party.

7.4 Uniroyal shall continue to lease, for the benefit of RCI and Rubicon, the parking spaces heretofore leased to RCI by Monochem, Inc., subject to Uniroyal's obligations, encumbrances and servitudes with respect to such property,

on an evergreen basis at the present rental escalated annually with reference to the Consumer Price Index, with December 1981 as the base.

7.5 It is the intention of the parties that the sum of the respective payments to be made by ICI-AM and Uniroyal for (i) the respective fees payable pursuant to paragraph 4.5 of the Operating Agreement and (ii) the respective additional rents payable with respect to the Leased Property described in subparagraph 2(a) of the Lease, as provided in paragraph 4 of the Lease, shall be equal, and the fees referred to in (i) shall be appropriately adjusted when the rents referred to in (ii) are changed or cease to be payable. It is the further intention of the parties that, notwithstanding the payment provisions of paragraph 4.5 of the Operating Agreement and paragraph 4 of the Lease, ICI-AM and Uniroyal, respectively, on the one hand, and Rubicon, on the other hand, will accrue the payments due under paragraph 4.5 of the Operating Agreement and the specified dollar amounts set forth in paragraph 4 of the Lease, as

payables and receivables, respectively, with payment being made by ICI-AM and Uniroyal, respectively, on Rubicon's call when needed by Rubicon for the purpose of paying its income taxes. It is the intention of the parties that, from time to time as determined by Rubicon's Board of Directors, Rubicon will declare a dividend in an amount equal to the net receivables theretofore accrued (after payment or accrual of income taxes) as contemplated by the prior sentence, and will pay such dividend by off-set against such receivables.

8. Miscellaneous

8.1 Nothing in this Agreement is intended to prevent any party from constructing and operating its own plant or plants for the manufacture of aniline or DPA, utilizing technology (including, without limitation, patents and technical information) properly available to it.

8.2 Failure of any party to insist, in any one or more instances, upon a strict performance of any of the terms of this Agreement or the waiver by such party of any term or right or any default of any other party hereunder will not be deemed or construed as a waiver or a relinquishment for the future of any such term, right or default.

8.3 This Agreement, together with its Exhibits, constitutes the entire agreement among the parties relating to the subject matter hereof, and may be amended only by written instrument executed on behalf of each party hereto by an authorized officer thereof.

8.4 All questions relating to the validity, interpretation or performance of this Agreement will be determined in accordance with the law of the State of Louisiana.

8.5 Any notice required or permitted to be given hereunder shall be in writing and shall be deemed to have been properly given by one party to an other if the same shall have been mailed in a sealed envelope, postage prepaid, by certified or registered mail, addressed to Uniroyal as follows:

UNIROYAL, Inc.
Oxford Management & Research Center
Middlebury, Connecticut 06749
Attention: Secretary

and addressed to-ICI PLC as follows:

Imperial Chemical Industries PLC
Imperial Chemical House
Millbank
London, SW1P 3JF
England
Attention: Secretary

and addressed to ICI as follows:

ICI American Holdings Inc.
One Rollins Plaza
Wilmington, Delaware 19897
Attention: Secretary

or otherwise addressed with respect to any party as such party may designate by written notice to the other parties.

8.6 This Agreement shall be binding upon and shall enure to the benefit of the parties and their successors, and shall not be assignable by any party without the consent of the others. It shall continue in effect until either ICI or Uniroyal shall have sold its securities in Rubicon in accordance with the provisions of Section 5 of this Agreement.

8.7 Any delay or failure by any party hereto in performance hereunder shall be excused if and to the extent that such delay or failure shall be related to occurrences beyond such party's control, including, but not limited

to, decrees or restraints of government, acts of God, strikes or other labor disturbances, war, sabotage, or any other cause or causes, whether similar or dissimilar to those already specified, which cannot be controlled by such party. Such performance shall be so excused during the continuance of the inability of the party to perform so caused, but for no longer period, and the cause thereof shall be remedied as far as possible with all reasonable dispatch.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in triplicate as of the date first above written.

IMPERIAL CHEMICAL INDUSTRIES PLC

By /s/ Gerald R. Zimmer
Attorney-in-fact

ICI AMERICAN HOLDINGS INC.

By /s/ J. Hummer

UNIROYAL, INC.

By /s/ V. Calarco

EXHIBIT 1 TO THE SHAREHOLDERS AGREEMENT

FORM OF OPERATING AGREEMENT

EXHIBIT 2 TO THE SHAREHOLDERS AGREEMENT

FORM OF ASSIGNMENT OF AGREEMENTS
FOR TECHNICAL ASSISTANCE BY ICI PLC
RESPECTING ANILINE AND DPA

EXHIBIT 3 TO THE SHAREHOLDERS AGREEMENT

FORM OF ASSIGNMENT OF AGREEMENT
FOR TECHNICAL ASSISTANCE BY UNIROYAL
RESPECTING DPA AND ANILINE

EXHIBIT 4 TO THE SHAREHOLDERS AGREEMENT

FORM OF ASSIGNMENT OF THE LEASE

EXHIBIT 5 TO THE SHAREHOLDERS AGREEMENT

FORM OF FINANCING AGREEMENT

EXHIBIT 6 TO THE SHAREHOLDERS AGREEMENT

FORM OF SECRECY AGREEMENT
BETWEEN ICI PLC AND UNIROYAL

EXHIBIT 7 TO THE SHAREHOLDERS AGREEMENT

FORM OF SECRECY AGREEMENT

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BETWEEN RCI AND RUBICON

EXHIBIT 8 TO THE SHAREHOLDERS AGREEMENT

FORM OF LIABILITY AND INDEMNITY AGREEMENT

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EXHIBIT 10.8

OPERATING AGREEMENT

AGREEMENT (for convenience called "Operating Agreement") made as of the 28th day of December, 1981, by and among ICI Americas Inc. ("ICI-AM"), a Delaware corporation having its principal office at One Rollins Plaza, Wilmington, Delaware 19897; UNIROYAL, Inc. ("Uniroyal"), a New Jersey corporation having its principal office at Benson Road, Middlebury, Connecticut 06749; Rubicon Chemicals Inc. ("RCI"), a Louisiana corporation having its principal office at Geismar, Louisiana 70734 and Rubicon Inc. ("Rubicon"), a Louisiana corporation having its principal office at Geismar, Louisiana 70734.

WHEREAS:

(1) ICI-AM, Uniroyal and RCI are the parties to an agreement, dated as of April 1, 1977 (the "Original Operating Agreement"); and

(2) in view of certain transactions, arrangements and agreements between RCI and Rubicon and between Uniroyal and ICI American Holdings Inc., the parent company of ICI-AM, the parties to the Original Operating Agreement and Rubicon desire to amend and restate the Original Operating Agreement, as hereinafter provided, and to add Rubicon as a party hereto;

NOW, THEREFORE, in consideration of the covenants herein contained, the parties hereto, intending to be legally bound hereby, agree that the Original Operating Agreement be, and it hereby is, amended and restated as of December 28, 1981 to provide as follows.

1. Exhibits; Definitions

1.1 The following Exhibits are annexed hereto and form a part hereof:

Exhibit A - Principles of Capital Responsibility and Cost Allocation

Exhibit B - Form of Lease

Exhibit C - Form of Financing Agreement

Exhibit D - Form of Utilities Services Agreement between Rubicon and Uniroyal

Exhibit E - Benzene Specifications

Exhibit F - Ammonia Specifications

Exhibit G - Aniline Specifications

References to any of said Exhibits in this Operating Agreement shall be deemed to mean such Exhibit as last revised or amended.

1.2 All terms which are defined elsewhere in this Operating Agreement or in any of the Exhibits attached hereto are used in this Agreement as so defined.

1.3 The following terms shall have exclusively the following meanings.

(a) Nitric Acid Plant. The term "nitric acid plant" means the facilities included in Rubicon's two battery limits plants for reacting ammonia and air to form nitric acid.

(b) Sulfuric Acid Plant. The term "sulfuric acid plant" means the facilities included in Rubicon's separate battery limits plant for converting weak sulfuric acid into concentrated sulfuric acid.

(c) Nitrobenzene Plant. The term "nitrobenzene plant" means the
facilities included in Rubicon's separate battery limits plant for reacting benzene and nitric acid, in the presence of concentrated sulfuric acid, to form nitrobenzene (but excluding the TDA/DNT assets located therein).

(d) Aniline Plant. The term "aniline plant" means the facilities included in Rubicon's separate battery limits plant for reacting nitrobenzene and hydrogen to form aniline (but excluding the TDA/DNT assets located therein).

(e) Integrated Aniline Plant. The term "integrated aniline plant" means the facilities included in Rubicon's integrated battery limits plant

consisting of integrated process units for producing nitrobenzene and aniline and concentrating sulfuric acid.

(f) DPA Plant. The term "DPA plant" means the facilities included in Rubicon's battery limits plant or plants for converting aniline into DPA (but excluding the TDA/DNT assets located therein).

(g) TDI Plant. The term "TDI plant" means the battery limits plant owned by RCI at Geismar, Louisiana for the phosgenation of toluene diamine to form toluene diisocyanate ("TDI").

(h) MDI Plant. The term "MDI plant" means the battery limits plant owned by RCI at Geismar, Louisiana for reacting aniline with formaldehyde to form diamine diphenylmethane ("DADPM") and the phosgenation of DADPM to form diphenylmethane diisocyanate ("MDI") and to make pure MDI and variants thereof.

(i) TDA/DNT Plant. The term "TDA/DNT plant" means those identifiable, distinct and separate assets located in the aniline plant, the DPA plant and the nitrobenzene plant, respectively, which are used solely as part of the process for producing toluene diamine ("TDA") and dinitrotoluene ("DNT"), respectively, as distinguished from those other assets located in such plants which are used to produce products or intermediates as well as, or other than, TDA or DNT.

(j) RCI Plants. The term "RCI plants" means the TDI plant, the MDI plant, the TDA/DNT plant and any other RCI External Assets.

(k) Waste Disposal Plant. The term "waste disposal plant" means the facilities included in Rubicon's deep wells and ancillary equipment for the accumulation, neutralization, sand filtration and subsequent injection of certain concentrated liquid waste.

(l) Off-sites. The term "Off-sites" means all of Rubicon's facilities not included in any of the plants defined in subparagraphs (a) through (k) above (or any other newly defined plant).

(m) Aniline Facilities. The term "Aniline Facilities" means Rubicon's facilities consisting of the nitric acid plant, the sulfuric acid plant, the nitrobenzene plant, the aniline plant and the integrated aniline plant.

(n) External Assets. The term "External Assets" means personal

property owned by either RCI or Rubicon which is located on the real property owned by the other and may or may not be interconnected or operated in conjunction with the other's facilities. As used herein, External Assets may be included in other defined terms, i.e., one or more of Rubicon's battery limits plants may include External Assets of RCI and one or more of RCI's battery limits plants may include External Assets of Rubicon.

(o) Whenever the term "Rubicon's facilities" is used herein, it means those facilities owned by Rubicon referred to whether or not subject to the Lease and including Rubicon's External Assets (but in no event means or includes the RCI plants or any other facilities owned by RCI including RCI's External Assets).

(p) Whenever the term "battery limits plant" is used herein with respect to one of Rubicon's or RCI's plants, it includes all facilities associated therewith, including finished goods storage facilities related thereto and, with respect to the Aniline Facilities, benzene unloading and storage facilities, wherever located on Rubicon's property or RCI's property (but in all events excluding any facilities included in any Off-site or the waste disposal plant).

(q) Products. The term "products" means the following substances:
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(1) nitric acid from the nitric acid plant,

(2) concentrated sulfuric acid from the sulfuric acid plant,

(3) nitrobenzene from the nitrobenzene plant and from the nitrobenzene unit of the integrated aniline plant,

(4) aniline from the aniline plant and from the aniline unit of the integrated aniline plant,

(5) DPA from the DPA plant,

(6) DNT from the TDA/DNT plant,

(7) TDA from the TDA/DNT plant,

(8) TDI from the TDI plant,

(9) MDI from the MDI plant, and

(10) DADPM from the MDI plant,

and the term "product" means any of the foregoing.

(r) RCI Products. The term "RCI products" means collectively DNT,
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TDA, TDI, MDI and DADPM.

(s) Percentage Entitlement. The term "percentage entitlement" with
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respect to each plant within the Aniline Facilities means, for ICI-AM, 73.2% and, for Uniroyal, 26.8%, and with respect to the DPA plant means 100% for Uniroyal. The respective percentage entitlements with respect to each plant within the Aniline Facilities may be amended from time to time in accordance with this Operating Agreement, and the latest percentage entitlements as so established shall be the percentage entitlements with respect to such plants for the purposes of this Operating Agreement.

(t) Design Capacity. The term "Design Capacity" with respect to the
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capacity of all or part of a plant means the annual capacity to produce product which the parties agree it is designed or is to be designed to produce, when operated 24 hours per day for 330 days per year.

(u) Rated Capacity. The term "Rated Capacity" with respect to each
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plant within the Aniline Facilities means the annual capacity of such plant to produce product, determined in accordance with the procedures contained in subparagraph 5.6(e) of this Operating Agreement, and the latest capacity so determined shall be the Rated Capacity for the purposes of this Operating Agreement.

(v) Expansion Percentage. The term "Expansion Percentage", for a User with respect to an expansion of capacity to produce aniline referred to in Section 11, means the percent derived by dividing that User's Design

Expansion Capacity by the aggregate Design Expansion Capacities of such expansion for both Users.

(w) Design Expansion Capacity. The term "Design Expansion Capacity", with respect to an expansion of capacity to produce aniline referred to in Section 11, means either the additional annual aniline production capacity specified by one User or the combined capacities specified by both Users, as appropriate, as provided in Section 11.

(x) Expansion Rated Capacity. The term "Expansion Rated Capacity", with respect to an expansion of capacity to produce aniline referred to in Section 11, means the additional annual capacity of a plant within the Aniline Facilities to produce product resulting from such expansion, determined in accordance with the procedures referred to in paragraph 11.4.

(y) Pre-Expansion Rated Capacity. The term "Pre-Expansion Rated Capacity" means the annual capacity of a plant within the Aniline Facilities to produce product, determined in accordance with the procedures referred to in paragraph 11.4 before an expansion of capacity to produce aniline referred to in Section 11.

(z) Post-Expansion Rated Capacity. The term "Post-Expansion Rated Capacity" means the annual capacity of a plant within the Aniline Facilities to produce product, determined in accordance with the procedures referred to in paragraph 11.4 after an expansion of capacity to produce aniline referred to in Section 11.

(aa) Completion. The term "Completion", with respect to an expansion pursuant to this Operating Agreement, means the date upon which the equipment or property installed or constructed to accomplish such expansion is placed in a state of readiness for a specifically assigned purpose and with respect to which the period of depreciation begins.

(bb) Operating Agreement. The term "Operating Agreement" means, unless otherwise indicated, the Original Operating Agreement as amended and restated by this Operating Agreement as of December 28, 1981 only, and as it may hereafter be further amended, as distinguished from the

Original Operating Agreement prior to such amendment and restatement, and includes all Exhibits thereto.

(cc) Users and User. The terms "Users" and "User", respectively, mean ICI-AM and Uniroyal collectively and either individually.

(dd) Lease. The term "Lease" means the indenture of lease for certain of Rubicon's assets, the form of which is attached hereto as Exhibit B.

(ee) Financing Agreement. The term "Financing Agreement" means the agreement for providing financing to Rubicon, the form of which is attached

hereto as Exhibit C.

(ff) Utilities Services Agreement. The term "Utilities Services Agreement" means the agreement for Uniroyal to provide Rubicon with certain services, the form of which is attached hereto as Exhibit D.

(gg) WD Percentage Entitlement. The term "WD percentage entitlement" with respect to the waste disposal plant means, for ICI-AM, 80% and, for Uniroyal, 20%.

2. Operation for Users and RCI

2.1 Rubicon shall:

(i) operate the Aniline Facilities and the DPA plant to perform conversion services for ICI-AM and Uniroyal, respectively, and operate the waste disposal plant and the Off-sites, all as hereafter provided in this Operating Agreement, and

(ii) lease to ICI-AM and Uniroyal certain machinery and equipment included in the Aniline Facilities, the DPA plant, the waste disposal plant and the Off-sites in accordance with the Lease.

2.2 Rubicon shall operate the RCI plants for RCI, as hereafter provided in this Operating Agreement.

2.3 Notwithstanding any apparent or implicit contradiction with the other provisions of this Operating Agreement, the parties hereto understand and

intend that the express provisions for the operation by Rubicon of the Aniline Facilities and the DPA plant to perform conversion services only for ICI-AM and Uniroyal, respectively, include performing such conversion services on behalf of ICI-AM and Uniroyal, respectively, to produce aniline from benzene furnished by tolling customers of either of them and to produce DPA from aniline furnished by tolling customers of Uniroyal. The performance of such conversion services by Rubicon on behalf of either ICI-AM or Uniroyal shall, for all purposes of this Operating Agreement, be deemed to be performance of such conversion services for the respective User, the benzene furnished by such a customer of either User shall be deemed furnished by such User, the aniline produced therefrom shall be deemed produced for such User and the operating costs incurred with respect to such production shall be allocated to and paid by such User, and the aniline furnished by such customer of Uniroyal shall be deemed furnished by Uniroyal, the DPA produced therefrom shall be deemed produced for Uniroyal and the operating costs incurred with respect to such production shall be allocated to and paid by Uniroyal; provided, however, title to benzene or aniline furnished by such customers and material-in-process and products (but not by-products) of the Aniline Facilities and the DPA plant in the possession of Rubicon at any time shall be vested in such customers in the respective proportions in which each such customer's interest therein shall appear at such time. By-products from any such production shall be deemed by-products from production for the respective User as provided in this Operating Agreement.

3. General Obligations of Rubicon With Respect to Its Facilities

3.1 Except as otherwise provided in Section 5, Rubicon shall, in accordance with this Operating Agreement, as an independent contractor, but, with respect to the use of Leased Property subject to the Lease, as agent for the Users, operate the Aniline Facilities and the DPA plant, respectively, only to perform conversion services to produce aniline exclusively for the Users and DPA exclusively for Uniroyal and operate the waste disposal plant and Off-sites as hereinafter provided. Except for benzene to be furnished by the Users to produce aniline and aniline to be furnished by Uniroyal to produce DPA, all utilities, labor, materials and services required to operate Rubicon's facilities to produce aniline and DPA shall be furnished by Rubicon. Rubicon shall

(i) allocate to, and deliver to or on behalf of, the Users the

products and by-products, if any, resulting from the operation of the Aniline Facilities and deliver to or on behalf of Uniroyal the products

and by-products, if any, resulting from the operation of the DPA plant, and

(ii) allocate to, and collect from, the Users and RCI the costs incurred for the operation of the Aniline Facilities, the DPA plant, the waste disposal plant and the Off-sites

in accordance with the procedures contained in Sections 5, 6 and 9 hereof, respectively.

3.2 In determining its variable costs for all purposes of this Operating Agreement, Rubicon shall use an average year-to-date cost for each element, including, but not limited to, purchased utilities, labor, materials and services.

3.3 Rubicon shall at all times maintain its facilities in a good state of repair and shall operate such facilities utilizing sound operating practices.

3.4 Rubicon shall make additions to, modifications of or improvements in its facilities as may be specified by the Users in accordance with this Operating Agreement and make such other normal maintenance and improvement expenditures as shall be approved by Rubicon's Board of Directors.

3.5 At the request of either User or RCI made at any time, Rubicon shall acquire such other facilities as may be required to deliver to Rubicon's property line products resulting from the operation of its facilities or RCI's plants for such User or RCI. Each User (and ICI-AM for RCI) shall be responsible for the fixed capital required for the facilities requested by it or RCI pursuant to this paragraph.

3.6 Rubicon shall maintain complete and accurate books and records which shall reflect the procedures concerning the operation of Rubicon's facilities in accordance with this Operating Agreement, including, without limitation, the procedures for determining and allocating quantities of products and for defining, calculating and allocating to each User and to RCI the costs (including Rubicon's pre-operational and start-up costs) and capital requirements of, and cash flows from, operating its facilities for the Users and RCI, in accordance with Exhibit A.

3.7 Rubicon shall maintain in force policies of insurance covering damage to or destruction of the facilities operated for the Users and RCI, including inventory thereat or elsewhere under the control of Rubicon. Said insurance shall include the interests of Rubicon, the Users and RCI, and shall cover such perils and be in such amounts as directed by the Users. The amount and terms of such insurance shall be reviewed annually by Rubicon with the Users.

3.8 The Users and Rubicon shall prepare a suitable accounting manual consistent with the principles stated herein and the Exhibits hereto.

3.9 So long as Rubicon has the right to use Avenue E from 40th Street to River Road, it will be solely responsible for the maintenance thereof and all costs incurred for such maintenance.

4. General Obligations of Users and RCI

4.1 Neither User nor RCI shall order or cause Rubicon to operate Rubicon's facilities or the RCI plants, or to produce or deliver products, other than in accordance with this Operating Agreement.

4.2 Except to the extent paid by a User to Rubicon as rent under the Lease, each User and RCI shall pay to Rubicon that portion of Rubicon's pre-operational and start-up costs and that portion of Rubicon's variable, constant

and capital based costs, as defined, calculated and allocated to such User and RCI in accordance with this Operating Agreement.

4.3 Periodically as required, Rubicon shall prepare a forecast of its working capital requirements with respect to the operation of its facilities for the Users and RCI and the RCI plants for RCI for the ensuing period. Such forecast shall be prepared, and such working capital requirements allocated to each User (including working capital requirements allocated to RCI in ICI-AM's share), in accordance with Exhibit A. Each User shall, in accordance with the Financing Agreement, lend to Rubicon such User's share (including working capital requirements allocated to RCI in ICI-AM's share) of Rubicon's forecast working capital requirements so allocated to it.

4.4 Periodically as required, Rubicon shall prepare a forecast of its fixed capital requirements with respect to its facilities for the ensuing period and, after making fixed capital expenditures, an analysis of the expenditures made. Such

forecast and analysis shall be prepared, and such fixed capital expenditures allocated to each User (including fixed capital requirements allocated to RCI in ICI-AM's share), in accordance with Exhibit A. Each User shall, in accordance with the Financing Agreement, lend to Rubicon such User's share (including fixed capital requirements allocated to RCI in ICI-AM's share) of Rubicon's forecast and actual fixed capital requirements as allocated to it.

4.5 For Rubicon's performing all of its obligations under this Operating Agreement, in addition to paying the costs referred to in paragraph 4.2, ICI-AM and RCI will pay to Rubicon fees in the aggregate amount of $153,600 per year (divided between them from time to time as directed by ICI-AM and RCI) and Uniroyal will pay to Rubicon a fee of $226,400 per year. Such fees shall be paid in twelve equal monthly installments.

4.6 The obligations of ICI-AM and RCI, on the one hand, and Uniroyal, on the other hand, under this Operating Agreement shall be several and not in solido, but the obligations of ICI-AM and RCI shall be in solido and not several.

5. General Operating Principles for the Aniline Facilities

The general operating principles concerning the entitlement of the Users with respect to products resulting from Rubicon's operation of the Aniline Facilities (and in this Section 5 the term "products" shall mean only those resulting from the operation of the Aniline Facilities), the requirements with respect to furnishing benzene, the allocation and payment of Rubicon's operating costs with respect to the Aniline Facilities (and in this Section 5 the term "operating costs" shall mean only those incurred with respect to the Aniline Facilities), and the consequences of a User's failure to order products or to furnish benzene, shall be as stated below.

The other provisions of this Section 5 and elsewhere in this Operating Agreement to the contrary notwithstanding, the parties recognize that the production of TDA and DNT requires the use of certain facilities in the aniline plant and the nitrobenzene plant and, as hereinafter set forth, the sulfuric acid plant, in addition to the TDA/ DNT plant. During those periods in which the operation of the sulfuric acid plant is not required relative to the production of aniline for the Users it will be operated solely for the production of DNT and all the costs, including variable, constant and capital based costs, incurred by Rubicon for the operation of the sulfuric acid plant during such periods shall be allocated to and paid by RCI. During

any period in which part or all of the sulfuric acid plant's operation is required for the production of aniline as well as DNT and at all times with respect to the operation of the aniline plant to produce aniline and the nitrobenzene plant to produce nitrobenzene, as well as in part for the production of DNT, all operations for the production of DNT shall be deemed to be production of aniline or nitrobenzene, as appropriate, for ICI-AM for purposes of determining the respective entitlements of the Users to products resulting from the operation of the Aniline Facilities, and for purposes of

allocating to the Users the variable, constant and capital based costs incurred by Rubicon for the operation of the Aniline Facilities in accordance with this Section 5. ICI-AM shall determine and instruct Rubicon to what extent production capacity available for it shall be used for aniline, nitrobenzene or DNT and to what extent any costs allocated to it shall be paid by RCI.

5.1. Entitlement to Products

(a) Before the end of each month, Rubicon shall advise the Users as to its estimate of the maximum quantity of each product which can result from Rubicon's operations in each day of the following month.

(b) On a specified day in each month, each User shall be entitled to order produced for it during each day in the following month a quantity of each product up to

(i) such User's ("the first User") percentage entitlement to such estimated maximum quantity of each product, plus

(ii) that portion, if any, of such estimated maximum quantity not ordered by the other User (the "second User") which, together with the quantity determined under (i), will not result in the first User's receiving a quantity of product for the year-to-date period in excess of the first User's percentage entitlement to the Rated Capacity for such product for such year-to-date period, plus

(iii) any remaining portion of the second User's unused percentage entitlement to such maximum estimated quantity which the second User agrees to make available to the first User for such day.

(c) Thereafter, either User may increase or decrease its order for each product for any day on reasonable notice to Rubicon and such User's order as last so revised shall become the existing order of such User, but any increase shall be taken into account only to the extent that a capacity to produce such product in excess of that last ordered by both Users for that day shall become available for such day and shall be within the quantity of such product which the User seeking an increase would be entitled to order under subparagraph (b) above.

(d) Rubicon shall promptly advise both Users of the aggregate existing orders for products.

(e) The available quantity of each product shall be allocated between the Users each day in accordance with the following:

(i) when the quantity available is equal to or greater than the aggregate quantity ordered by both Users, the quantity available shall be allocated between the Users in proportion to their respective existing orders, but

(ii) when the quantity available is less than the aggregate quantity of both Users' existing orders, the quantity available shall be allocated between the Users as follows:

first, there shall be allocated to each User the quantity of its existing order, or such User's percentage entitlement of the quantity available, whichever is less, and

then, the remaining quantity available, if any, shall be allocated to the User to which there was allocated in the first step above less than the quantity of such User's existing order.

(f) If either User fails to furnish Rubicon enough benzene, or to leave available enough intermediate product necessary for production of another product, and thus limits the quantity of a given product which Rubicon can produce on a given day for such User to less than the quantity

to which such User otherwise would have been entitled, then the available

quantity of that product produced shall be allocated between the Users for that day in proportion to the limiting benzene or intermediate product furnished, or left available, by each User for that day.

(g) Each User shall have the right to specify how much, if any, of the available quantity of each product allocated to such User for each day is to be delivered to or on behalf of such User outside the Aniline Facilities, and how much, if any, is to be used for production of another product.

(h) If, through any circumstance, a quantity of a given product which should have been allocated to or delivered to or on behalf of one User ("the first User") for a given day is in fact allocated to or delivered to or on behalf of the other User ("the second User") for such day, Rubicon shall promptly notify the first User and shall adjust subsequent allocations or deliveries of such product between the Users so as to correct the variance in allocation or delivery at the earliest opportunity, but if Rubicon fails to correct such variance during the month in which it is discovered, the variance shall be corrected at the earliest opportunity thereafter only if and to the extent that the first User shall request it, in which event the quantity of such product returned to the first User shall be taken from the quantity of such product allocable to the second User pursuant to subparagraphs (e) and (f) above.

(i) If one User ("the first User") has availed itself of product storage space in any portion of the other User's ("the second User") entitlement to product storage space and if, solely as a consequence of lack of product storage space for the second User, Rubicon is unable to produce all of the second User's ordered product, then

(i) there shall be deemed to have been produced for the second User and transferred from the stored product of the first User a quantity equal to the second User's order for product which could not, for this reason, be produced; and

(ii) if the product so transferred is nitrobenzene or aniline, it shall be deemed to have been produced from benzene belonging to the second User.

(j) Any by-product, except high pressure steam resulting from the operation of the nitric acid plant and low pressure steam (approximately 30 psig) resulting from the operation of the integrated aniline plant, resulting from the operation of the Aniline Facilities shall, at no additional charge to the Users, be delivered to or on behalf of the Users in the same ratios as the product to which the by-product relates.

5.2. Furnishing Benzene to Rubicon

(a) Each User shall furnish to Rubicon the quantity of benzene meeting the specifications set forth in Exhibit E required by Rubicon in the operation of the Aniline Facilities for such User. The provisions of any agreement by Rubicon to defend and indemnify the Users with respect to benzene shall not be deemed or construed as a release or waiver by Rubicon of its rights hereunder.

(b) The furnishing of benzene shall be determined in accordance with the following rules.

(1) A User's benzene shall be deemed to be furnished to Rubicon within the meaning of paragraph (a) immediately above and subparagraph (2) immediately below when such benzene has been delivered to the vicinity of Rubicon's property and is within its control, even though such benzene has not yet been transferred into Rubicon's benzene storage facility.

(2) If one User ("the first User") has availed itself of benzene

unloading facilities or benzene storage space in any portion of the other User's ("the second User") entitlement to unloading facilities or benzene storage space when the second User has furnished benzene to Rubicon as provided in (1) above, then

(i) any demurrage charges incurred by the second User (with respect to any vessel, tank car or tank truck holding benzene) as a result of the first User's use of such portion of benzene unloading facilities or benzene storage space shall be paid for by the first User; and

(ii) the benzene of the first User which occupies such portion of the benzene unloading facilities or benzene storage space shall be deemed exchanged for an equal amount of benzene of the second User but only if and to the extent that Rubicon requires such amount of benzene to fill the second User's ordered quantity of product.

5.3 Uniroyal's Option to Furnish Ammonia to Rubicon

(a) Uniroyal may, at any time and from time to time, furnish to Rubicon for use in the nitric acid plant, and Rubicon shall accept for such use, any ammonia which results from the operation of the DPA plant for Uniroyal and which meets the ammonia specifications set forth in Exhibit F, provided that such purchase by Rubicon shall not violate any existing Rubicon contract for the purchase of ammonia or require the payment by Rubicon of any liquidated damages under any such contract.

(b) Rubicon shall pay, or credit, Uniroyal for such ammonia the lowest most recent net price to Rubicon (f.o.b. supplier) of ammonia otherwise purchased by Rubicon.

(c) At Uniroyal's request, Rubicon shall, in accordance with paragraph 3.4 of this Operating Agreement, acquire and operate such additional facilities as Uniroyal may specify so that ammonia from the DPA plant will meet the applicable specifications for ammonia, and such facilities shall be included in the definition of the DPA plant for all purposes under this Agreement.

5.4 Use and Delivery of Low Pressure Steam

Rubicon shall, as and to the extent requested by Uniroyal, deliver to Uniroyal, at the property line between Rubicon and Uniroyal, at the property line between Rubicon and Uniroyal, up to that quantity of the low pressure steam (approximately 30 psig) generated by the Aniline Facilities as exceeds the aggregate quantity of such low pressure steam (i) which is utilized by Rubicon in the Aniline Facilities plus (ii) which is delivered to RCI or the other Rubicon facilities as provided in the following two sentences. Rubicon shall, as and to the extent requested by RCI, deliver up to 15,000 lbs. per hour for use in the MDI plant and up to 10,000 lbs. per hour for use in the TDI plant of such low pressure steam. As and to the extent authorized in specific appropriation requests approved by its Board of

Directors, Rubicon shall make additional quantities of such low pressure steam available for delivery to and use in Rubicon facilities, other than the Aniline Facilities, and in the RCI plants. Uniroyal and RCI shall, until December 25, 1983, pay to Rubicon, and, until such date, Rubicon shall charge to any of its facilities, including the Aniline Facilities, utilizing such low pressure steam, for each pound of such steam so delivered and utilized in each month, a price equal to 0.80 of the average total constant (excluding any constant cost resulting from the basic charge referred to in subparagraph 5.2(b) of the Utilities Services Agreement) and variable costs incurred by Rubicon in accordance with Exhibit A for each pound of 600 psig steam purchased by Rubicon from Uniroyal in such month, and after such date a price equal to 0.70 of such costs. Rubicon shall apply such payments from Uniroyal and RCI and such charges to its facilities in reduction of Rubicon's variable costs incurred with respect to the production of aniline.

5.5 Use of High Pressure Steam from Nitric Acid Plant

Rubicon shall utilize high pressure steam generated by the nitric acid plant in its other operations and reduce purchases of steam from Uniroyal or other sources accordingly. Rubicon shall charge to the variable cost of the operations utilizing such steam, for each pound of steam so utilized in each month, an amount equal to the average total constant and variable costs incurred by Rubicon in accordance with Exhibit A for each pound of 600 psig steam purchased by Rubicon from Uniroyal in such month, and shall apply the amount of such charges in reduction of Rubicon's variable cost incurred with respect to the operation of the nitric acid plant.

5.6 Allocation and Payment of the Operating Costs of the Aniline Facilities

(a) The operating costs of the Aniline Facilities consist of Rubicon's pre-operational and start-up, variable, constant and capital based costs allocated to the Aniline Facilities in accordance with Exhibit A.

(b) The variable costs incurred by Rubicon with respect to each plant within the Aniline Facilities shall be allocated to and paid by the Users on an equal per-unit-of delivered product basis, calculated on an average year-to-date basis.

(c) Except as otherwise provided in subparagraph (d) below and in the second paragraph of the preamble to this Section 5, the pre-operational

and start-up costs, the constant costs and the capital based costs incurred by Rubicon with respect to each plant within the Aniline Facilities shall be allocated between and paid by the Users in proportion to their respective percentage entitlements to product from such plant.

(d) To the extent that there is allocated to a User ("the first User") for any year-to-date period a quantity of product in excess of the greater of:

(i) the quantity derived by multiplying Rubicon's Rated Capacity for such product, pro-rated to such year-to-date period, by the first User's percentage entitlement to such product, or

(ii) the quantity derived by multiplying the aggregate quantity of such product allocated to both Users for such year-to-date period by the first User's percentage entitlement to such product,

the first User must pay to Rubicon, in addition to the costs allocated to the first User pursuant to subparagraph (c) above, the year-to-date constant and capital based costs attributable to such excess quantity of such product during such year-to-date period, and the constant and capital based costs allocated to the other User shall be reduced accordingly, which shall be final only if and to the extent any such excess quantity of such product is allocated to the first User as of the end of a year.

(e) The Rated Capacity of each plant within the Aniline Facilities shall be expressed in pounds of product per year extrapolated from a performance test to be conducted by Rubicon.

(1) The performance test shall be conducted

(i) as soon as practicable following the debugging of the integrated aniline plant, and

(ii) annually thereafter at a time mutually agreed upon by the Users.

(2) Unless otherwise agreed by the Users from time to time, the performance test shall consist of operating each plant within the Aniline Facilities at full possible production rates for 24 hours per day for a period of 7 consecutive days (the "test period") and noting

the production results and operating conditions for each plant within the Aniline Facilities during the test period. If during any portion of any day within the test period a plant should not operate at its full possible production rate (such portion of such day hereinafter called "down time"), the production results obtained for such plant during the down time shall be eliminated, and the down time shall be eliminated from the test period for such plant. The adjusted production results (expressed in pounds of production) when divided by the adjusted test period (expressed in days) for each plant and multiplied by 330 days shall be the Rated Capacity of such plant.

(3) Rubicon shall submit to the Users Rubicon's detailed plan for conducting each performance test, and Rubicon shall not conduct such test until the plan has been approved by the Users. Any adjustments resulting from eliminations for down time made by Rubicon in accordance with subparagraph (2) immediately above shall be subject to the approval of the Users. Each User shall have the right to have its representatives observe the performance test and receive the results obtained therefrom.

5.7 Consequences of Failure of the Users to Order Products or to Furnish Benzene

The only consequences of a User's failure to order products from Rubicon or to furnish to Rubicon the quantity and quality of benzene required by Rubicon in the operation of the Aniline Facilities shall be that

(i) the quantities of products and by-products, if any, allocated to such User shall be correspondingly reduced; and

(ii) such User shall nevertheless pay to Rubicon that portion of Rubicon's operating costs for the Aniline Facilities allocated to such User.

6. General Operating Principles for the DPA Plant

6.1 Operation of the DPA Plant

(a) Rubicon shall operate the DPA plant solely for Uniroyal, and shall deliver to or on behalf of Uniroyal all DPA, ammonia and any other by-product resulting from the operation of the DPA plant.

(b) Before the end of each month, Rubicon shall advise Uniroyal as to Rubicon's estimate of the maximum quantity of DPA which can result from Rubicon's operation in each day of the following month.

(c) On a specified day in each month, Uniroyal shall be entitled to order DPA produced for it in each day in the following month up to such maximum quantity, and thereafter may increase or decrease its order for DPA for any day on reasonable notice to Rubicon, but any such increase shall be taken into account only to the extent that a quantity of DPA in excess of that previously ordered by Uniroyal for that day can result from Rubicon's operation in such day.

6.2 Furnishing Aniline to Rubicon

Uniroyal shall furnish to Rubicon the aniline required by Rubicon to operate the DPA plant out of Uniroyal's allocation of aniline produced by Rubicon or from any other source.

6.3 Allocation and Payment of the Operating Costs of the DPA Plant

The operating costs of the DPA plant consist of Rubicon's pre-operational and start-up, variable, constant and capital based costs allocable to the DPA plant in accordance with Exhibit A. The operating costs of the DPA plant shall be allocated to and paid by Uniroyal.

6.4 Consequences of Failure of Uniroyal to Order DPA or Furnish Aniline

The only consequences of Uniroyal's failure to order DPA from Rubicon or to furnish to Rubicon the quantity of aniline required by Rubicon in the operation of the DPA plant shall be that

(i) the quantity of DPA produced for Uniroyal shall be correspondingly reduced; and

(ii) Uniroyal shall nevertheless pay to Rubicon all of Rubicon's operating costs for the DPA plant.

7. Rubicon's Operation of the Off-sites

7.1 Rubicon shall operate the Off-sites as required to provide the necessary and appropriate services for all its facilities and for the RCI plants.

7.2 (a) The operating costs of the Off-sites consist of Rubicon's pre-operational and start-up, constant and capital based costs allocated to the Off-sites in accordance with Exhibit A.

(b) The operating costs incurred by Rubicon with respect to each of the Off-sites shall be allocated first to the plants or to other Off-sites and then to the plants, and then shall be allocated among and paid by the Users and RCI, as provided in Exhibit A.

8. Rubicon's Operation of the Waste Disposal Plant

8.1 Rubicon shall operate the waste disposal plant to treat and dispose of only acceptable liquid waste generated by the operation of its facilities for the Users and the RCI plants for RCI, all as provided in this Operating Agreement.

8.2 The total present capability of the deep well portion of the waste disposal plant to dispose of liquid waste is estimated, as of the date of this Operating Agreement, to be 455 gallons per minute. The parties have agreed that ICI-AM shall be entitled to 80% and Uniroyal shall be entitled to 20% of the flow capacity of the waste disposal plant (the respective WD percentage entitlements). The usage of the flow capacity of the waste disposal plant for the RCI plants shall be deemed to be usage thereof by, and shall be charged to the WD percentage entitle-

ment of, ICI-AM, and ICI-AM shall determine the usage of its WD percentage entitlement as between the RCI plants and the Aniline Facilities as operated for it. If, for any reason, the present deep wells are incapable of fulfilling the waste disposal requirements of the Users and RCI, the provisions of Section 15 shall apply to any increase of waste disposal capability which may be proposed.

8.3 Except as provided in paragraph 8.4, the respective responsibilities of the Users for the fixed capital of the waste disposal plant shall be in their respective WD percentage entitlements. As a result of the agreement to establish the respective WD percentage entitlements at 80% and 20%, ICI-AM will increase its F.C.F. Commitment and Term Loan to Rubicon, plus pay to Uniroyal, an aggregate amount of $120,000, divided as appropriate between such increases and such payment, and Uniroyal's F.C.F. Commitment and Term Loan to Rubicon shall be reduced by an amount corresponding to the ICI-AM increases in its Commitment and Loan.

8.4 (a) In the event the capacity to produce any product is expanded

or a production process is changed by Rubicon or RCI and such expansion or change results in an increased flow of liquid waste to be disposed of by the waste disposal plant but is within the disposal capacity of the deep well and is within the WD percentage entitlement of the User or Users causing such expansion or change (including the waste from the RCI plants in ICI-AM's WD percentage entitlement) but will require an addition or expansion of any or all of the ancillary facilities for accumulation, pretreatment and injection, then, Rubicon shall proceed with the design and construction of such ancillary facility addition or expansion using such design and such contractor or contractors as shall be determined by Rubicon's Board of Directors.

(b) The allocation of the fixed capital responsibility for each such ancillary facility addition or expansion shall be determined at the time it is authorized by Rubicon's Board of Directors. The appropriation request which is approved by Rubicon's Board of Directors covering each such addition or expansion shall identify the purpose for its installation, including which plant or plants have, directly or indirectly, the need for such addition or expansion at that time and, if two or more plants have such need, the best engineering estimates at that time of the relative proportions of such needs between or among such plants. For purposes of making the allocations of responsibility for the fixed capital for each such addition or expansion, the

need or needs as so determined shall be the expected use (projected in good faith as and to the extent reasonably able to be anticipated at that time and acceptable to Rubicon's Board of Directors), directly or indirectly, of such addition or expansion. Fixed capital responsibility allocated to one or more of the RCI plants shall be allocated to ICI-AM. Each User shall furnish the financing for the fixed capital for which it is so allocated responsibility in the manner and on the terms set forth in the Financing Agreement.

8.5 The operating costs of the waste disposal plant consist of Rubicon's pre-operational and start-up, constant and capital based costs allocated to the waste disposal plant in accordance with Exhibit A. The operating costs incurred by Rubicon with respect to the waste disposal plant shall be allocated between and paid by the Users as provided in Exhibit A; provided, however, that ICI-AM may direct that some portion of its allocation be reallocated to and paid by RCI.

9. General Obligations of Rubicon with Respect to the RCI Plants

9.1 Operation of the RCI Plants

(a) Rubicon shall, in accordance with this Operating Agreement, as an independent contractor, operate the RCI plants, solely for the benefit of RCI and as directed by RCI consistent with this Operating Agreement, to produce RCI products. Except for aniline to be furnished by RCI, all utilities, labor, materials and services required to operate the RCI plants to produce RCI products shall be furnished by Rubicon. Rubicon shall

(i) deliver to or on behalf of RCI the products and by-products, if any, resulting from the operation of the RCI plants, and

(ii) allocate to, and collect from, RCI the costs incurred by Rubicon in its facilities and for utilities, labor, materials and services provided by Rubicon for the operation of the RCI plants and allocated to RCI in accordance with the procedures contained in this Operating Agreement.

(b) Rubicon shall supervise and cause to be made such additions to, modifications of or improvements in the RCI plants as may be specified by RCI and make or cause to be made such other normal maintenance and

improvement expenditures as shall be approved or directed by RCI. RCI shall directly pay for all expenditures incurred for these purposes.

9.2 Allocation and Payment of Rubicon's Operating Costs with Respect to the RCI Plants

Rubicon's operating costs with respect to the RCI plants consist of those of Rubicon's pre-operational and start-up, variable, constant and capital based costs allocated to the RCI plants in accordance with Exhibit A, it being understood that, in view of the fact that RCI owns and has financed and shall finance directly all fixed capital investment in the RCI plants, Rubicon shall have no capital based costs with respect to the RCI plants themselves. Rubicon's operating costs for the RCI plants shall be allocated to and paid by RCI.

9.3 Termination of Rubicon's Operation of the RCI Plants

(a) On reasonable notice to Rubicon, RCI may terminate Rubicon's operation of the RCI plants and any other facilities then owned by RCI and operated by Rubicon in accordance with this Operating Agreement. Following the effective date of such termination, Rubicon will cease operating the RCI plants and such other facilities, and will cease furnishing management, staff, labor and materials to operate the RCI plants to produce RCI products. Thereupon the provisions of paragraph 9.1 (except for subparagraph 9.1(a)(ii)) shall no longer be applicable.

(b) Notwithstanding the provisions of subparagraph 9.3(a), unless the parties hereto shall otherwise agree,

(i) Rubicon shall continue to furnish to RCI for the operation of the RCI plants those substances, utilities and services from certain of the Off-sites, the waste disposal plant and purchased from others then being furnished by Rubicon,

(ii) Rubicon shall continue to allocate the operating costs thereof to RCI in accordance with this Operating Agreement (which allocations to RCI, as to constant costs, shall be (1) of Rubicon's remaining constant costs, i.e. after reductions thereof, if any, resulting from such termination, following the same principles as set forth in paragraph 17.2 with respect to constant costs allocations in

the event of a plant shutdown, (2), on the same bases as such constant costs would have been allocated to the RCI plants and then to RCI as though such termination had not occurred, e.g., allocations based on direct labor will reflect RCI's employees as though they were employees of Rubicon), and

(iii) RCI shall pay such costs.

9.4 Consequences of Failure of RCI to have Rubicon Operate the RCI Plants

While Rubicon is operating the RCI plants or after the termination of such operation, the only consequences under this Operating Agreement of RCI failing to have the RCI plants operated shall be that RCI shall nevertheless pay to Rubicon that part of Rubicon's operating costs for the RCI plants allocated to RCI.

10. External Assets

10.1 RCI and Rubicon, respectively, shall provide the financing for, and pay the operating costs of, their respective External Assets.

10.2 RCI and Rubicon hereby grant, each to the other, for as long as may be necessary, an easement on their respective real properties at Geismar, Louisiana for the installation, operation, repair and maintenance of their respective External Assets. If at any time, and from time to time, for any

significant reason it becomes necessary or desirable to do so, each party will execute and deliver to the other, in recordable form acceptable to counsel for the receiving party, documentary evidence covering one or more easements with respect to one or more External Assets.

10.3 The ownership of External Assets will be determined by the respective books and records of RCI and Rubicon, which, in the absence of error or negligence, shall be the final determination of ownership and valuation. External Assets will remain the property of the owning party notwithstanding the fact that they are permanently affixed to, or interconnected with, the real or personal property of the party on whose property they are located.

10.4 In the event RCI exercises its right to terminate Rubicon's operation of the RCI plants as provided in paragraph 9.3, RCI and Rubicon, respec-

tively, will nevertheless continue to operate the other's External Assets as and to the extent requested by the other.

11. Expansion of Capacity to Produce Aniline

11.1 If at any time and from time to time either User desires that Rubicon expand its then existing capacity to produce aniline, then in each such instance the provisions of this Section 11 shall apply. The User proposing such expansion (the "first User") shall so notify the other User (the "second User") in writing, which notification shall state in detail the Design Expansion Capacity desired by the first User, the cost and timing of the proposed expansion, and, if other than by Rubicon's then current process, the proposed process (disclosure of which process to the second User may require execution by the second User of appropriate agreements for confidentiality) , as well as any other information the second User may reasonably request. The Users shall then consult together to consider this proposal. Within 90 days following its receipt of such notification and all such information, the second User shall elect in writing whether it desires to participate in such proposed expansion, specifying, if it wishes to participate, the Design Expansion Capacity of aniline it desires. Failure by the second User to make any election within said period shall be deemed an election by it not to participate in such expansion. If both Users desire to participate in such expansion, the Design Expansion Capacity of such expansion shall be the combination of the Design Expansion Capacities desired by both Users.

11.2 Upon completion of said notification, information, consultation and election procedures, and provided that the User or Users participating in such expansion furnish all of the financing for the fixed capital for such expansion in the manner and on the terms set forth in the Financing Agreement, Rubicon shall proceed with the design and construction of such expansion, using such process as is then available, or is made available by the User or Users participating in such expansion, to Rubicon, and such contractor or contractors as shall be designated by the participating User or Users, which process and contractor or contractors must be reasonably acceptable to Rubicon's Board of Directors. The Users' respective responsibilities for the fixed capital for such expansion and for the financing thereof shall be in their respective Expansion Percentages.

11.3 If both Users participate in such expansion and their respective Expansion Percentages are the same as their respective pre-expansion percent-

age entitlements, then the provisions of the following paragraphs of this Section 11 shall not apply.

11.4 If only one User participates in such expansion or if both Users participate but their respective Expansion Percentages are different from their respective pre-expansion percentage entitlements, and, in either such event, for all expansions of capacity to produce aniline thereafter, then the provisions of this paragraph 11.4 and the following paragraphs of this Section 11 shall apply. Prior to the commencement of construction of each such expansion, Rubicon shall, utilizing the procedures set forth in subparagraph 5.6(e) of this Operating Agreement, conduct a performance test of each plant within its then existing

Aniline Facilities to determine the Pre-Expansion Rated Capacity thereof. Upon Completion of each such expansion, Rubicon shall, utilizing said procedures, conduct a performance test of each plant within its then expanded Aniline Facilities to determine the Post-Expansion Rated Capacity thereof. The difference between the Pre-Expansion and Post-Expansion Rated Capacities of each plant within the Aniline Facilities as so determined shall be the Expansion Rated Capacity of such plant resulting from such expansion.

11.5 After completion of each post-expansion performance test referred to in paragraph 11.4, the definition of the respective percentage entitlements of the Users in this Operating Agreement shall be amended by replacing the percents then specified therein with percents for each User for each plant within the Aniline Facilities derived as follows:

(i) multiply the Pre-Expansion Rated Capacity of each plant within the Aniline Facilities by each User's percentage entitlement prior to such expansion, then

(ii) multiply the Expansion Rated Capacity of each plant within the Aniline Facilities by each User's Expansion Percentage, then

(iii) as to each plant within the Aniline Facilities, add the results of (i) and (ii) for each User, then

(iv) as to each User for each plant within the Aniline Facilities, divide the result of (iii) for each User by the Post-Expansion Rated Capacity of such plant.

The resulting percent for each User for each plant within the Aniline Facilities shall be the amended percent for each User with respect to each such plant in the definition of percentage entitlement in this Operating Agreement.

11.6 If only one User ("the first User") participates in such an expansion, the first User shall, if requested by the other User ("the second User"), during any period production of a product by a plant within the Aniline Facilities is reduced or eliminated by reason of making such expansion prior to Completion of such expansion, furnish to the second User, out of the first User's entitlement to such product available from Rubicon or otherwise, a quantity of such product equal to the difference between

(i) the second User's percentage entitlement to the Pre-Expansion Rated Capacity of such plant and

(ii) the quantity of such product actually available to the second User from Rubicon while such reduction or elimination continues.

Such quantity of such product shall be so furnished at no cost to the second User beyond its cost for such product from Rubicon in accordance with this Operating Agreement. If any of such quantity of such product is furnished to the second User from the first User's entitlement thereto from Rubicon, it shall be treated by Rubicon as having been ordered by and allocated to the second User for all purposes under this Operating Agreement, except that such quantity of such product shall be deemed to have been allocated to the first User for the purposes of subparagraph 5.6(d) of this Operating Agreement. If any of such quantity of such product is furnished to the second User by the first User from outside Rubicon, the second User shall pay the first User therefor only an amount equal to the variable cost for an equal quantity of such product charged by Rubicon in accordance with this Operating Agreement immediately prior to the reduction of production caused by such expansion, plus, if benzene is included in such product, an amount equal to the second User's then current cost of benzene for the amount of benzene included in such product.

11.7 Upon Completion of the first such expansion, subparagraph 5.6(c) of this Operating Agreement shall be amended in its entirety to read as follows:

"(c) Following Completion of the first expansion referred to in paragraph 11.4 of this Operating Agreement, and each expansion thereafter, except as otherwise provided in subparagraph (d) below and

in the second paragraph of the preamble to this Section 5, the pre-operational costs, the start-up costs, the constant costs and the capital based costs incurred by Rubicon with respect to each plant within the Aniline Facilities shall be allocated between and paid by the Users as set forth below.

(1) The capital based costs incurred by Rubicon with respect to the fixed capital for each pre-expanded plant, or, in the event of any expansions subsequent to the first such expansion, with respect to the fixed capital for each previous expansion thereof, within the Aniline Facilities shall be allocated between and paid by the Users in the same proportions as before each such expansion.

(2) The capital based costs incurred by Rubicon with respect to the fixed capital for each such expansion of each plant within the Aniline Facilities and the pre-operational costs incurred by Rubicon with respect to each such expansion shall be allocated between and paid by the Users in proportion to their respective Expansion Percentages with respect to each such expansion of each such plant.

(3) The start-up costs incurred by Rubicon with respect to each such expansion of each plant within the Aniline Facilities shall be allocated between and paid by the Users in proportion to their respective post-expansion percentage entitlements to product from such plant.

(4) The capital based costs incurred by Rubicon with respect to fixed capital for assets acquired by Rubicon to maintain and operate each plant within the Aniline Facilities after Completion of each such expansion, but prior to any subsequent expansion, shall be allocated between and paid by the Users in proportion to their respective post-expansion percentage entitlements to product from such plant.

(5) The constant costs incurred by Rubicon with respect to each plant within the Aniline Facilities after Completion of each such expansion shall be allocated between and paid by the Users in proportion to their respective post-expansion percentage entitlements to product from such plant."

11.8 Upon Completion of the first such expansion, subparagraph 5.6(d) of this Operating Agreement shall be amended by adding the following sentence.

"Following the first expansion referred to in paragraph 11.4 of this Operating Agreement, and each expansion thereafter, the additional capital based costs referred to in the first sentence of this subparagraph 5.6(d) to be paid by the first User shall be based upon the other User's ("the second User's") average year-to-date capital based costs with respect to the production of such product, which, for this purpose, shall be determined by dividing the aggregate year-to-date capital based costs allocated to the second User with respect to such product by the number of pounds of its year-to-date entitlement to such product, such year-to-date entitlement to such product to be determined by multiplying the second User's percentage entitlement to such product times the Rated Capacity for such product pro-rated for the year-to-date period."

12. Expansion of Capacity to Produce DPA

12.1 If at any time and from time to time Uniroyal desires that Rubicon expand its then existing capacity to produce DPA, it shall so notify Rubicon, and, provided that Uniroyal furnishes all of the financing for the fixed capital for such expansion in the manner and on the terms set forth in the Financing Agreement, Rubicon shall proceed with the design and construction of such expansion, using such process as is then available, or is made available by Uniroyal, to Rubicon and such contractor or contractors as shall be designated by Uniroyal, which process and contractor or contractors must be reasonably acceptable to Rubicon's Board of Directors, acceptability of a process being

unrelated in this instance to considerations of cost but related to such considerations as environmental requirements and plant safety.

13. Expansion of or Addition to Off-sites

13.1 In the event the capacity to produce any product or dispose of waste is expanded by Rubicon or RCI and such expansion requires the addition or expansion of one or more Off-sites, or if Rubicon's Board of Directors decides to add or expand an Off-site for any other reason, Rubicon shall proceed with the design and construction of such Off-site addition or expansion using such design and such contractor or contractors as shall be determined by Rubicon's Board of Directors.

13.2 The allocation of the fixed capital responsibility for each such Off-site addition or expansion shall be determined at the time it is authorized by Rubicon's Board of Directors on the bases provided in this Operating Agreement. The appropriation request covering each Off-site addition or expansion which is approved by Rubicon's Board of Directors shall identify the purpose for its installation, including which plant or plants have, directly or indirectly, the need for such addition or expansion at that time and, if two or more plants have such need, the best engineering estimates at that time of the relative proportions of such needs between or among such plants. For purposes of making the allocations of responsibility for the fixed capital for each such addition or expansion in accordance with Exhibit A, the need or needs as so determined shall be the expected use (projected in good faith as and to the extent reasonably able to be anticipated at that time and acceptable to Rubicon's Board of Directors), directly or indirectly, of such addition or expansion. Each User shall furnish the financing for the fixed capital for which it is so allocated responsibility in the manner and on the terms set forth in the Financing Agreement.

14. Certain Additional Off-sites

14.1 If Uniroyal or another supplier shall cease to be obligated to furnish a substance, utility or service and other arrangements for the supply of such substance, utility or service satisfactory to both Users are not made, and such substance, utility or service is one which could be produced or provided by Rubicon, Rubicon shall proceed with the design and construction of the capability to produce or provide such substance, utility or service using such design and such contractor or contractors as shall be determined by Rubicon's Board of Directors. The facilities to produce each such substance, utility or service shall be considered for all purposes of this Operating Agreement to be an additional Off-site and, unless paragraph 14.2 applies, the provisions of Section 13 shall apply thereto.

14.2 If for any reason either User (the "first User") is, notwithstanding the provisions of paragraph 14.1, unwilling or unable to participate in the actions contemplated therein with respect to such an additional Off-site, the other User (the "second User") may nevertheless cause Rubicon to proceed with the design and construction of such an Off-site, furnishing all of the financing for the fixed capital therefor in the manner and on the terms set forth in the Financing Agreement. In such event Rubicon shall allocate all of the responsibility for the fixed capital and all of the operating costs of such Off-site to the second User and Rubicon shall not use any substance, utility or service derived from such Off-site with respect to any conversion services for the first User, or, if the second User is Uniroyal, services for RCI.

15. Expansion of Waste Disposal Plant or Different Method for the Disposition or treatment of Waste

15.1 If at any time either User proposes that Rubicon install an expansion of the waste disposal plant, other than expansion of ancillary facilities as contemplated in paragraph 8.4, or that Rubicon install a method or process for disposing or treating of waste different from that of any part of the method used in the waste disposal plant (i.e., deep well injection after

accumulation, neutralization and sand filtration), such a proposal shall constitute a proposal for the construction of a new plant. The User proposing such installation (the "first User") shall so notify the other User (the "second User") in writing, which notification shall state in detail the method or process to be used, the cost and timing of the installation and the intended capacity for waste disposal, as well as any other information the second User may reasonably request. The Users shall then consult together to consider this proposal. Within 90 days following its receipt of such notification and all such information, the second User shall elect in writing whether it desires to participate in such proposed plant, specifying, if it wishes to participate, the capacity it desires. Failure by the second User to make any election within said period shall be deemed an election by it not to participate in such plant. If both Users desire to participate in such plant, the Design Capacity of such plant shall be the combination of the capacities desired by both Users.

15.2 Upon completion of said notification, information, consultation and election procedures, and provided that the User or Users participating in such plant furnish all of the financing for the fixed capital for such plant in the manner and on the terms set forth in the Financing Agreement, Rubicon shall proceed with the design and construction of such plant, using such process as is

specified by the User or Users participating in such plant and such contractor or contractors as shall be designated by the participating User or Users, which process and contractor or contractors must be reasonably acceptable to Rubicon's Board of Directors. The Users' respective responsibilities for the fixed capital for such plant and for the financing thereof shall be in the respective percentages of their entitlement to the use of such plant.

15.3 Prior to the Completion of such plant this Operating Agreement shall be amended by the addition of (i) appropriate new definitions of such plant and percentage entitlement to the use thereof and (ii) appropriate new or amended Sections covering the operation and the allocation and payment of the operating costs of such plant corresponding to those Sections hereof applicable to the waste disposal plant. Exhibit A hereto shall also be amended by the addition of appropriate provisions corresponding to those provisions applicable to the waste disposal plant.

16. Sales of Nitric Acid and Tolling of Ammonia to Nitric Acid

16.1 To the extent either or both Users may, at any time and from time to time, designate a portion of their respective entitlements to nitric acid as available for sale, Rubicon shall, to the extent it is not already committed to another supplier, purchase such nitric acid for its requirements to produce DNT for RCI, and Rubicon shall use its best efforts to sell such nitric acid not so purchased,

(i) from the aggregate quantity of nitric acid so designated by the Users in proportion to each User's percentage entitlement to nitric acid until a User's designated quantity of nitric acid has been depleted, and then

(ii) from the remaining designated quantity of nitric acid of the other User, if any.

To the extent that the Users do not make nitric acid available for Rubicon's requirements for RCI, Rubicon shall purchase such requirements elsewhere.

16.2 All sales of a User's nitric acid (other than sales to Rubicon for its requirements for RCI), if any, shall be made by Rubicon as undisclosed agent for such User and Rubicon shall pay, or credit, the proceeds from sales of such User's nitric acid to such User, but Rubicon shall invoice and receive payment in its own

name. Rubicon shall be reimbursed by each User for Rubicon's selling expenses incurred on behalf of such User. Rubicon shall pay or credit to each User from which it purchases nitric acid the then current market price of nitric acid, f.o.b. supplier.

16.3 To the extent either or both Users may, at any time and from time to time, designate a portion of their respective percentage entitlements to the productive capacity of the nitric acid plant as available for tolling nitric acid for outside customers (i.e. producing nitric acid for such customers from ammonia supplied by the customers and charging such customers a tolling fee), Rubicon shall use its best efforts to arrange tolling for such customers, and Rubicon shall perform such tolling

(i) by utilizing the aggregate productive capacity so designated by the Users in proportion to each User's percentage entitlement to the productive capacity of the nitric acid plant, until the designated portion of a User's percentage entitlement to productive capacity has been fully utilized, and then

(ii) by utilizing the remaining designated portion of the other User's percentage entitlement to productive capacity, if any.

16.4 All tolling of nitric acid utilizing a User's percentage entitlement to the productive capacity of the nitric acid plant, if any, shall be carried out by Rubicon as undisclosed agent for such User and Rubicon shall pay, or credit, the proceeds to such User, but Rubicon shall invoice and receive payment of the tolling fee in its own name. Rubicon shall be reimbursed by each User for Rubicon's expenses incurred on behalf of such User to sell and provide this service.

17. Capital and Operating Cost Responsibility and Allocation

17.1 The capitalized expenditures made by Rubicon to acquire land, to design and construct buildings, to acquire and install machinery and equipment and to acquire furniture, fixtures and transportation, office and other equipment are called fixed capital and certain costs related thereto are called capital based costs, all as defined in this Operating Agreement. The responsibility for fixed and working capital and the responsibility for capital based and other costs, respectively, shall be allocated within Rubicon and then, for fixed and working capital responsibility, to the Users (including RCI's allocation in ICI-AM's share) and, for capital based and

other costs, to the Users and RCI, in accordance with the terms and conditions of this Operating Agreement. The purpose of such allocations is to determine the respective obligations (i) of the Users to finance Rubicon's fixed and working capital and (ii) of the Users and RCI to reimburse Rubicon for its costs with respect to conversion services for the production of aniline for the Users and DPA for Uniroyal and to operate the RCI plants and to provide substances, utilities and services for RCI. The responsibility for the portions of the fixed and working capital for the waste disposal plant and the Off-sites which are allocated to the RCI plants shall be allocated to ICI-AM. The portions of the capital based costs incurred by Rubicon with respect to the waste disposal plant and the Off-sites which are allocated to the RCI plants shall be allocated to RCI. Except with respect to RCI as aforesaid and as provided in Section 5 of this Operating Agreement, capital based costs shall be allocated correspondingly with fixed capital responsibility. Other operating costs shall be allocated as provided in this Operating Agreement.

17.2 (a) The responsibility for the fixed capital for each of Rubicon's assets and the corresponding responsibility for the capital based costs associated with each of Rubicon's assets are determined and allocated to the Users at the time of acquisition as provided in this Operating Agreement. Such responsibilities shall not be reallocated unless by agreement between the affected parties.

(b) In the event either User or RCI or, in the case of the Aniline Facilities, either User or both Users (hereinafter in this paragraph 17.2 individually or collectively called "the Reducing Party") proposes a substantial reduction in operations for it for at least one year or a permanent shutdown of a plant operated by Rubicon for it, or, in the case of RCI, it exercises the right provided in paragraph 9.3, the parties shall promptly determine if and to what extent Rubicon may adjust its operations so as to reduce its constant costs without adversely affecting Rubicon's safety or efficiency. Except as to those constant costs referred to in (c) below, the remaining constant costs shall thereafter be allocated

to the remaining plants and Off-sites as provided in this Operating Agreement.

(c) All net additional or continuing costs which are incurred as a result of, or continue notwithstanding, such reduction or shutdown, e.g. take or pay penalties under supply contracts, utility demand charges, pension and other benefit costs, and severance pay for employees terminated by reason of such permanent reduction or shutdown, but excluding foregone

volume or quantity discounts, shall be allocated to the permanently reduced or shutdown plant and paid by the Reducing Party (and in the case of both Users permanently reducing or shutting down the Aniline Facilities, allocated between and paid by them in their respective percentage entitlements at the time of such permanent reduction or shutdown). "Net additional or continuing costs" are the aggregate balance of such costs over those costs not otherwise absorbed by the expansion or addition of other operations at the time of or subsequent to such reduction or shutdown.

17.3 Unless otherwise agreed between ICI-AM and Uniroyal, all property which will qualify for investment tax credit under Section 38 of the Internal Revenue Code which Rubicon acquires for inclusion in the Aniline Facilities, the DPA plant, the waste disposal plant, the Off-sites and any additional plants shall become subject to the Lease as provided therein.

18. Term of this Operating Agreement

18.1 This Operating Agreement shall remain in effect until terminated as herein provided. Termination of this Operating Agreement may be effected only by all parties agreeing thereto in writing, which agreement to terminate may not be rescinded by any party without the written consent of the other parties.

19. Allocations by Rubicon Under Certain Circumstances

19.1 In the event Rubicon, for any reason, is unable to provide sufficient utility services, waste disposal plant use, or Off-site use to operate all of its and RCI's plants at each of such plants' scheduled production level, Rubicon shall allocate its available utility services, waste disposal capability and Off-site use on a fair and reasonable basis among all those plants then requiring such utility services, waste disposal or Off-sites, having regard first to (i) the obligations undertaken by the respective parties to Rubicon and by Rubicon to the respective parties with respect to those plants and (ii) the technical necessities and feasibilities of operating each of such plants at reduced levels or during alternating periods, and, secondarily, to the current business needs of the respective parties entitled to the products of such plants. The purpose of this Section 19 is to record the understanding of the parties to this Operating Agreement that, under circumstances of uncontrollable reductions of one or more of those services and uses referred to in this Section 19, Rubicon, while attempting to accommodate the desires and needs of all parties as fairly as possible,

will not follow any purely mechanical procedure or priority schedule in determining how to allocate available services and uses.

20. General Provisions

20.1 Rubicon shall operate the Aniline Facilities as provided in Section 5, the DPA plant as provided in Section 6 and the RCI plants as provided in Section 9. All of the products and by-products resulting from Rubicon's operation of the Aniline Facilities and the DPA plant which are not utilized by Rubicon in the operation of such facilities or which are not discharged by Rubicon as waste shall be furnished by Rubicon to or on behalf of the Users in accordance with this Operating Agreement; and, except to the extent paid as rent under the Lease, all of the pre-operational, start-up, capital based, constant and variable costs incurred by Rubicon with respect to its facilities shall be

allocated to, and paid by, the Users and RCI in accordance with this Operating Agreement. So long as Rubicon is operating the RCI plants, it shall operate them, in accordance with this Operating Agreement, exclusively for, and as directed by, RCI; and RCI shall pay all of the costs incurred by Rubicon with respect to such operation.

20.2 Each of the Users and RCI, acting for itself, shall make such disposition as it deems appropriate of the products and by-products resulting from the conversion services performed by Rubicon for such User and from the operation of the RCI plants by Rubicon for RCI.

20.3 Except as provided in paragraph 2.3 and Section 16, title to benzene furnished by the Users and material-in-process, products and by-products of the Aniline Facilities and the DPA plant in the possession of Rubicon at any time shall be vested in the Users in the respective proportions in which each User's interest therein shall appear at such time. Title to aniline furnished by RCI and material-in-process, products and by-products of the RCI plants under Rubicon's control at any time shall be vested in RCI.

20.4 If Rubicon under this Operating Agreement or under the Lease charges an amount to one User ("the first User") or RCI, and if the first User or RCI fails, upon written demand by Rubicon, either (i) to pay said amount to Rubicon or (ii) to advance said amount to Rubicon under protest and without prejudice to any claim by the first User or RCI that such amount was improperly charged to the first User or RCI, then,

(a) the right which the first User or RCI would otherwise have to order and receive products, services, utilities and use of facilities from Rubicon shall be suspended so long as said failure by the first User or RCI continues, and

(b) the other User ("the second User") shall have, in the event of such failure by the first User only, in addition to all of the second User's other rights, the right, if the second User so elects, to pay all or any part of said amount to Rubicon and forthwith to recover the same from the first User or from Rubicon or in part from the first User and in part from Rubicon, it being understood that Rubicon and the first User shall be liable in solido to the second User, or, in the alternative, the second User may waive such recovery and may, while making said payments, and to the extent thereof, order Rubicon to perform conversion services hereunder for the second User.

20.5 Each User and RCI hereby agrees with each of the others that it will comply with its obligations to Rubicon under this Operating Agreement and each of the other agreements entered into by it with Rubicon as contemplated by this Operating Agreement.

20.6 The Users shall have the right from time to time to examine jointly, or cause to be examined jointly, the books and records of Rubicon. If either User does not wish to participate in such examination, the other User shall have the right to conduct such examination alone. The Users shall also have the right to require an annual audit of Rubicon's books and records by independent certified public accountants. To the extent that the Users shall agree upon the scope of such audit, the cost thereof shall be borne by the Users equally; but, to the extent that one User shall require an audit greater in scope than that agreed to by the other User, the User requiring the greater scope of audit shall bear the extra cost. thereof.

20.7 This Operating Agreement shall be binding upon and shall enure to the benefit of the parties, their successors and permitted assigns. This Operating Agreement may not be assigned by Rubicon or RCI. It shall be assigned by a User in and only in conjunction with a transfer of all of the shares of Rubicon held by ICI American Holdings Inc. and Uniroyal, respectively, in accordance with the Shareholders Agreement, dated January 11, 1982, among Imperial Chemical Industries PLC, ICI American Holdings Inc. and Uniroyal, or upon the written approval of the other User.

20.8 Any delay or failure by any party hereto in performance hereunder shall be excused if and to the extent that such delay or failure shall

be related to occurrences beyond such party's control, including, but not limited to, decrees or restraints of government, acts of God, strikes or other labor disturbances, war, sabotage, or any other cause or causes, whether similar or dissimilar to those already specified, which cannot be controlled by such party. Such performance shall be so excused during the continuance of the inability of the party to perform so caused, but for no longer period, and the cause thereof shall be remedied as far as possible with all reasonable dispatch.

20.9 Failure of any party to insist, in any one or more instances, upon a strict performance of any of the terms of this Operating Agreement or the waiver by any party of any term of right or any default of any other party hereunder will not be deemed or construed as a waiver or a relinquishment for the future of any such term, right or default.

20.10 All questions relating to the validity, interpretation or performance of this Operating Agreement shall be determined in accordance with the law of the State of Louisiana.

20.11 This Operating Agreement may be amended from time to time only by written instrument executed on behalf of Rubicon by its President when specifically authorized by its Board of Directors and duly executed by each of the other parties.

IN WITNESS WHEREOF, the parties have executed this Operating Agreement in triplicate as of the date first above written.

ICI Americas Inc.

By /s/ K. Watteau

UNIROYAL, Inc.

By /s/ V. Calarco

Rubicon Chemicals Inc.

By /s/ T. Perrin

Rubicon Inc.

By /s/ J. Hummer

EXHIBIT A TO THE OPERATING AGREEMENT

PRINCIPLES OF CAPITAL RESPONSIBILITY AND COST ALLOCATION

I. OBJECTIVE

The objective of this Exhibit is to set forth the principles of capital responsibility and cost allocation required by the Operating Agreement.

II. DEFINITIONS

All terms which are defined in the Operating Agreement or any other Exhibit thereto are used in this Exhibit as so defined, including, or in addition to, the following definitions.

A. Fixed Capital

Fixed capital consists of capitalized expenditures to acquire land, to design and construct buildings, to acquire and install machinery and equipment, and to acquire furniture, fixtures, transportation, office and other equipment, and construction in process. Net fixed capital shall be computed by deducting accumulated depreciation from fixed capital.

B. Working Capital

Working capital consists of funds required for expenditures other than for fixed capital, including, but not limited to, spare parts, purchased materials, supplies, taxes and prepaid and accrued items.

C. Capital Based Costs

Capital based costs consist of book depreciation as agreed to by the parties from time to time to zero net book value and interest on indebtedness for fixed capital. Gains and losses from the disposition of assets financed by fixed capital shall be credited or charged to the plants correspondingly with the responsibility for the fixed capital of each such asset.

D. Constant Costs

Constant costs consist of costs other than capital based costs and variable costs, including, but not limited to, interest on working

capital loans; salaries; payroll overheads (such as pension costs, F.I.C.A., medical benefits, vacations, holidays, etc.); all charges for utilities (except variable charges for steam); costs of operating supplies; costs of outside services and contractors; travel and entertaining; taxes (other than income taxes); and insurance.

E. Fixed Costs

Fixed costs consist of capital based costs plus constant costs.

F. Variable Costs

Variable costs consist of those costs which vary directly with the amount of production, including, but not limited to, costs of purchased raw materials and catalysts; variable charges for steam; costs of drums; and technical assistance fees and royalties based on production.

G. Pre-Operational Costs

Pre-operational costs consist of those costs incurred after the decision has been made to make an expenditure for fixed capital but prior to the initial operation of facilities resulting from such expenditure, including, but not limited to, costs incurred to plan resource requirements, secure sources of supply, develop operating procedures, and recruit and train production personnel.

H. Start-Up Costs

Start-up costs consist of initial production costs, including, but not limited to, costs deemed to be excessive prior to achieving an economic or planned level of production.

III. ALLOCATION OF RESPONSIBILITY FOR FIXED AND WORKING CAPITAL

A. Fixed Capital

1. Allocation to Users

(a Responsibility for the fixed capital for each of Rubicon's battery limits plants and the waste disposal plant and for that part of the fixed capital for each Off-site which is allocated to each such plant and to each of the RCI plants shall be allocated to the Users on the basis of percentage entitlement or Expansion Percent age, as appropriate, for the Aniline Facilities, to Uniroyal for the DPA Plant, (except as provided in paragraph 8.4 of the Operating Agreement and in (b) below) to the Users on the basis of WD percentage entitlement for the waste disposal plant, and to ICI-AM for the RCI plants.

(b Responsibility for the fixed capital for each addition or expansion of the ancillary facilities in the waste disposal plant shall be allocated to each User as provided in sub-paragraph 8.4(b) of the Operating Agreement, i.e., not on the basis of WD percentage entitlement. Responsibility for the fixed capital for each capitalized expenditure made from time to time to sustain or modify the ancillary facilities in the waste disposal plant, after an addition or expansion, shall be allocated to one or more of Rubicon's plants and the RCI plants (and then to each User as provided in this Exhibit A and said sub-paragraph 8.4(b)) at the time each such expenditure is made on the basis of the best engineering estimates at that time as to the expected use of the ancillary facilities by such plant or plants, i.e., not on the basis of the aggregate overall allocation of the responsibility for fixed capital for the ancillary facilities at that time or the WD percentage entitlement.

2. Allocation of off-sites to Plants

(a Responsibility for the fixed capital for each Off-site shall be allocated to one or more of Rubicon's plants and the RCI plants at the time of the original installation of such Off-site on the basis of the best engineer

ing estimates at that time as to the expected use, directly or indirectly, of such Off-site by such plant or plants.

(b Responsibility for the fixed capital for each expansion of an Off-site shall be allocated to one or more of Rubicon's plants and the RCI plants at the time of the original installation of such expansion on the basis of the best engineering estimates at that time as to the expected use, directly or indirectly, of such expansion by such plant or plants, i.e. not on the basis of the original allocation of the responsibility for fixed capital for such Off-site.

(c Responsibility for the fixed capital for each capitalized expenditure made from time to time to sustain or modify an Off-site, whether or not expanded, shall be allocated to one or more of Rubicon's plants and the RCI plants at the time each such expenditure is made on the basis of the best engineering estimates at that time as to the expected use, directly or indirectly, of such off-site by such plant or plants, i.e., not on the basis of the aggregate overall allocation of the responsibility for fixed capital for such

Off-site at that time.

B. Allocation of Responsibility for Working Capital to Users and RCI

Responsibility for the working capital for each of Rubicon's plants and for that part of the working capital for each Off-site which is allocated to each such plant and the RCI plants shall be allocated to the Users, and to ICI-AM for the RCI plants, on the basis of current levels of activity of all such plants and the RCI plants.

IV. ALLOCATION OF COSTS (OTHER THAN VARIABLE)

A. Capital based costs shall (except as provided in Section 5 of the Operating Agreement) be allocated to the Users correspondingly with their respective responsibilities for fixed capital; provided, however that, if and to the extent directed by ICI-AM, a portion of the capital

based costs allocated to it with respect to Off-sites and the waste disposal plant shall be reallocated to RCI.

B. Constant costs shall first be allocated to Rubicon's plants and the RCI plants as provided in Section V. The constant costs allocated to each of Rubicon's plants and each of the RCI plants, including that part of the constant costs for each Off-site which is allocated to each of Rubicon's plants and the RCI plants, shall (except as provided in Section 5 of the Operating Agreement) then be allocated to the Users on the basis of percentage entitlement or Expansion Percentage, as appropriate, for the Aniline Facilities, to Uniroyal for the DPA plant, to the Users on the basis of WD percentage entitlement for the waste disposal plant and to RCI for the RCI plants.

C. The pre-operational costs and start-up costs which are not deferred and capitalized shall be allocated to the Users correspondingly with their respective responsibilities for the fixed capital with respect to which such costs were incurred. Unless the Users otherwise agree, all pre-operational and start-up costs shall not be deferred and capitalized and shall be charged immediately to the Users.

V. BASES FOR ALLOCATING CONSTANT COSTS TO PLANTS

A. Estimated Services Rendered

Production Departments
Administration Department
Technical and Engineering Department
Purchasing Department
Traffic Department
Order Processing and Billing Department
Chemical Warehouse and Materials Handling Department

To make the allocations under this basis, the duties of each employee in the above Departments shall be analyzed to determine the expected proportion of each employee's time to be devoted to servicing each plant at the current annual budgeted level of activity. The proportion as so determined shall be weighted by the individual's annual salary and a composite weighted average for each Department shall be

calculated. This composite weighted average shall be used to allocate the Department's constant costs to the plants.

B. Actual Services Rendered

Maintenance

The constant costs incurred to maintain and repair buildings, machinery and equipment shall be recorded and charged by project work order.

C. Current Annual Budgeted Level of Activity

Electrical power
Steam (other than variable costs)
Natural Gas
Water
Nitrogen
Taxes (other than income taxes)

D. Percentage of Gross Capital

Fire protection
Property Insurance (other than on inventories)
Auxiliary facilities, including roads and parking lots, rail sidings, grounds and fences, administration building, maintenance building and vehicles.

The constant costs incurred for these matters shall be allocated to each of Rubicon's plants and each of the RCI plants in the same proportion as the gross fixed capital allocated to each such plant bears to the total gross fixed capital of Rubicon and the RCI plants.

E. Direct Labor

Accounting Department
Management Information Services Department
Personnel Department
Guards Department

Medical Department
Safety Department
Janitorial Department
Factory Management Department
Liability Insurance

The constant costs of the above Departments and Liability Insurance shall be allocated to each plant in the same proportion as the direct labor salaries expected to be charged to each plant at the current annual budgeted level of activity is to the total direct labor salaries expected to be charged to all plants at the current annual budgeted level of activity.

F. In the event there is a material change in the annual level of activity from the current annual budgeted level of activity used as the basis for allocating costs in this Section V., then this basis will be revised to reflect such change in such allocation for the remaining part of that year.

VI. ALLOCATION OF VARIABLE COSTS TO USERS AND RCI

The variable costs will be charged to the Users and RCI using:

A. Standard Cost per unit times actual units produced.

B. Variations from standard cost per unit of production

(1 Price Variance

Price variance is the difference between monthly average actual cost per unit and standard cost per unit multiplied by the actual units consumed in each plant calculated and distributed to products on the basis of output of each product.

(2 Usage Variance

Usage variance is the difference between actual usage on a year-to-date weighted average basis and the standard allowance multiplied by the standard cost calculated and distributed to products on the basis of output of each product.

VII. ALLOCATION OF TRANSPORTATION COSTS TO USERS AND RCI

The costs of transportation incurred for deliveries of a product as directed by a User or RCI shall be allocated to such User or RCI.

VIII. ALLOCATION OF INCOME TAXES TO USERS

The cost of Rubicon's income taxes will be allocated equally to the Users.

IX. BILLING AND PAYMENT

Bills for all costs incurred in each month shall be submitted to each User and RCI not later than the 15th working day of the following month and shall be payable within 10 days from the billing date.

X. PERIODIC REPORTING

A. Monthly

Rubicon shall make monthly reports to each User and RCI, respectively, as appropriate, covering monthly billing detail, aniline production/inventory, DPA production/inventory, benzene inventory/consumption, reconciliation of cash advances, reconciliation of construction bank account, and an analysis of the variable, constant and capital based costs incurred with respect to each of Rubicon's plants and each of the RCI plants, including those for Off-sites and the allocation thereof.

EXHIBIT B TO THE OPERATING AGREEMENT

FORM OF LEASE

EXHIBIT C TO THE OPERATING AGREEMENT

FORM OF FINANCING AGREEMENT

FINANCING AGREEMENT

AGREEMENT (for convenience called "Financing Agreement") entered into as of the 28th day of December 1981, by and among Rubicon Inc. ("Rubicon"), a Louisiana corporation having its principal office at Geismar, Louisiana,

Rubicon Chemicals Inc. ("RCI"), a Louisiana corporation having its principal office at Geismar, Louisiana, ICI Americas Inc. ("ICI-AM"), a Delaware corporation having its principal office at One Rollins Plaza, Wilmington, Delaware 19897, ICI American Holdings Inc. ("ICI-AH"), a Delaware corporation having its principal office at One Rollins Plaza, Wilmington, Delaware 19897, and UNIROYAL, Inc. ("Uniroyal"), a New Jersey corporation having its principal office at Benson Road, Middlebury, Connecticut 06749;

WHEREAS:

(1) RCI, ICI-AM and Uniroyal are the parties to a so-called Financing Agreement ("Original Financing Agreement"), dated as of April 1, 1977; and

(2) RCI and Rubicon are the parties to a so-called Exchange Agreement ("Exchange Agreement") of even date herewith pursuant to which RCI transferred certain assets to Rubicon and Rubicon assumed certain liabilities of RCI; and

(3) in furtherance of the Exchange Agreement, RCI wishes to assign its rights and obligations under the Original Financing Agreement to Rubicon and Rubicon wishes to accept and assume such right and obligations; and

(4) ICI-AM and Uniroyal wish to consent to such assignment of the Original Financing Agreement; and

(5) coincident with the aforementioned assignment, the parties to the Original Financing Agreement and this Financing Agreement wish to amend and restate the Original Financing Agreement as set forth in this Financing Agreement; and

(6) ICI-AH and Uniroyal are the owners, in equal parts, of all of the shares of Rubicon; and

(7) Rubicon operates its facilities solely for the benefit of ICI-AM and RCI, both of which are wholly-owned subsidiaries of ICI-AH, and Uniroyal in accordance with an agreement (the "Operating Agreement") of even date herewith among ICI-AM, Uniroyal, RCI and Rubicon; and

(8) ICI-AH, ICI-AM and Uniroyal wish to provide certain of the financing required by Rubicon for its fixed and working capital as hereinafter set forth;

NOW, THEREFORE, in consideration of the covenants herein contained, the parties hereto, intending to be legally bound hereby, agree as follows.

2. Assignment of Original Financing Agreement and Its Amendment and Restatement

1.1 As of the date of this Financing Agreement, RCI hereby assigns all of its rights and obligations under the Original Financing Agreement to Rubicon, and Rubicon hereby accepts, assumes and agrees to perform all such rights and obligations, ICI-AM and Uniroyal hereby consent to such assignment, acceptance and assumption and hereby release RCI from any obligations to them under the Original Financing Agreement.

1.2 As of the date of this Financing Agreement, the Original Financing Agreement is hereby amended and restated in its entirety to read as set forth in this Financing Agreement.

2. Definitions

2.1 All terms which are defined elsewhere in this Agreement or in the Operating Agreement, including the Exhibits thereto, are used in this Agreement as so defined.

3. Financing Commitments

3.1 ICI-AH and ICI-AM (in solido but acting individually from time to time as determined between them and hereinafter collectively called "ICI") on the one hand, and Uniroyal, on the other hand, hereby each establishes in favor of Rubicon a Fixed Capital Financing Commitment ("F.C.F. Commitment") in such

amount which, in the aggregate from time to time, is equal to that part of Rubicon's

fixed capital for which it is responsible as determined in accordance with the Operating Agreement (deeming ICI's responsibility to be the responsibilities for fixed capital allocated to ICI-AM and RCI), minus, for each, one half of the sum, from time to time, of Rubicon's equity, capital surplus and retained earnings. ICI and Uniroyal, respectively, shall lend funds to Rubicon pursuant to their respective F.C.F. Commitments upon call by Rubicon as hereinafter provided.

3.2 ICI and Uniroyal hereby each establishes in favor of Rubicon a Working Capital Financing Commitment ("W.C.F. Commitment") in such amount which, in the aggregate from time to time, is equal to that part of Rubicon's working capital for which it is responsible in accordance with the Operating Agreement (deeming ICI's responsibility to be the responsibilities for working capital allocated to ICI-AM and RCI). ICI and Uniroyal, respectively, shall lend funds to Rubicon pursuant to their respective W.C.F. Commitments upon call by Rubicon as hereinafter provided.

3.3 The respective F.C.F. Commitments and W.C.F. Commitments (hereinafter collectively referred to, for ICI or Uniroyal, as the "Commitment" and, for both, as the "Commitments") are, as between ICI and Uniroyal, several and not in solido, and neither ICI nor Uniroyal shall have any responsibility in respect of the Commitment of the other.

4. Calls on the Commitments

4.1 Rubicon shall, from time to time as required by it, call upon ICI and Uniroyal, respectively, to lend to it funds pursuant to their respective Commitments and, for this purpose, shall use its best efforts to estimate the proper allocation of each such call and all such calls cumulatively between them in the anticipated proportions of their respective cumulative Commitments. If at any time and from time to time such calls, in the aggregate, have not been in the proper proportions, Rubicon, ICI and Uniroyal shall adjust the Loans referred to below accordingly.

5. Loans

5.1 Upon the calls from Rubicon referred to in Section 4, ICI and Uniroyal shall each make a loan ("Loan") to Rubicon in a principal amount equal to its Commitment, adjusted from time to time as provided in paragraph 4.1. Follow ing the making of the first Loans, all Loans made by ICI and Uniroyal, pursuant to calls

on their respective Commitments, shall be added to the outstanding principal amount of their respective Loans.

5.2 The principal of each Loan shall be payable by Rubicon on the 15th workday of each month in an amount equal to the capital based costs, except interest, incurred by Rubicon and allocated to ICI-AM and RCI, on the one hand, and Uniroyal, on the other hand, respectively, in accordance with the Operating Agreement, in the preceding month with respect to the fixed capital financed by such Loan, plus any amount by which the respective then current W.C.F. Commit ments are less than the principal amount of working capital included in the Loans.

5.3 Each Loan shall bear interest on the unpaid principal amount thereof outstanding, payable monthly in arrears on the 15th of each month, commencing with the first such date after making said Loans, at the rate of 9% per annum calculated on the basis of a year of 365 (or 366) days for the actual number of days elapsed.

5.4 Payments of principal and interest on each Loan may be made by Rubicon crediting the amounts thereof to the respective obligations of ICI-AM and Uniroyal for capital based costs under the Operating Agreement or rent under the Lease, or a combination thereof, as the case may be.

6. Revision of Commitments and Loans

6.1 If, in accordance with the Operating Agreement, there are changes in the respective fixed or working capital responsibilities of ICI (deeming ICI's responsibility to be the responsibilities of ICI-AM and RCI) and Uniroyal, their respective F.C.F. Commitments and W.C.F. Commitments shall be changed accordingly as of the date of such change. If as a result of such changes the outstanding principal of the respective Loans is lower or higher than the respective Commitments, ICI and Uniroyal, respectively, shall forthwith lend to Rubicon the amount, if any, by which its Loan is too low, and Rubicon shall forthwith pay to ICI and Uniroyal, respectively, the amount, if any, by which its Loan is too high.

7. Miscellaneous

7.1 The amount of each F.C.F. and W.C.F. Commitment and Loan shall be subject to audit and verification by Rubicon's independent certified public accountants from time to time and, if and to the extent found to be incorrect, shall be appropriately adjusted as provided herein to reflect the correct amounts. Subject to

such audit and verification and appropriate adjustment, if any, the principal amount of each F.C.F. and W.C.F. Commitment and Loan shall be as determined from Rubicon's books and records.

7.2 Failure by any party to insist, in any one or more instances, upon a strict performance of any of the terms of this Agreement or the waiver by any party of any term or right or any default of any other party hereunder will not be deemed or construed as a waiver or a relinquishment for the future of any such term, right or default.

7.3 This Agreement may be amended by written instrument executed on behalf of each party hereto (except RCI which is a party hereto only for the purpose of the assignment in paragraph 1.1) by an authorized officer thereof.

7.4 All questions relating to the validity, interpretation or performance of this Agreement will be determined in accordance with the law of the State of Louisiana.

7.5 Any notice required or permitted to be given hereunder shall be in writing and shall be deemed to have been properly given by one party to another if the same shall have been mailed in a sealed envelope, postage prepaid, certified or registered mail, addressed to Rubicon as follows:

One Rollins Plaza
Wilmington, Delaware 19897

Attention: Vice President

addressed to ICI-AH and ICI-AM as follows:

Wilmington, Delaware 19897

Attention: Secretary

addressed to Uniroyal as follows:

Benson Road
Middlebury, Connecticut 06749

Attention: Secretary

or otherwise addressed with respect to any party as such party may designate by written notice to the other parties.

7.6 This Agreement shall be binding upon and shall enure to the

benefit of the parties, their successors and permitted assigns. This Agreement may not be assigned by RCI or Rubicon. It shall be assigned by ICI-AH and ICI-AM, on the one hand, or by Uniroyal, on the other hand, in and only in conjunction with an assignment of the Operating Agreement, as provided therein.

7.7 This Agreement shall continue in effect for as long as the Operating Agreement continues in effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in quintuplicate as of the date first above written.

Rubicon Inc.

By_____

Rubicon Chemicals Inc.

By_____

ICI Americas Inc.

By_____

ICI American Holdings Inc.

By_____

UNIROYAL, Inc.

By_____

EXHIBIT D TO THE OPERATING AGREEMENT

FORM OF UTILITIES SERVICES AGREEMENT

EXHIBIT E TO THE OPERATING AGREEMENT

BENZENE SPECIFICATIONS

EXHIBIT F TO THE OPERATING AGREEMENT

ANHYDROUS AMMONIA SPECIFICATIONS

EXHIBIT G TO THE OPERATING AGREEMENT

ANILINE SPECIFICATIONS

EXHIBIT 12.1

HUNTSMAN ICI LLC

RATIO OF EARNINGS TO FIXED CHARGES

<TABLE>
<CAPTION>

	Predecessor			Huntsman Specialty		Huntsman ICI Pro Forma				
	Year Ended December 31,			Ten Months Ended February 28,	Ten Months Ended December 31,	Year Ended December 31,	Three Months Ended March 31,	Three Months Ended March 31,	Year Ended December 31,	Three Months Ended March 31,
	1994	1995	1996	1997	1997	1998	1998	1999	1998	1999
				(dollars in millions)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Fixed Charges:										
Interest Expense (includes amortization of deferred financing costs)	$--	$--	$--	$--	$35	$40	$10	$ 9		
Interest portion of rent expense	--	5	11	--	--	--	--	--	--	
Total Fixed Charges	$ 0	$ 5	$11	$ 0	$35	$40	$10	$ 9	$ 0	$ 0
Earnings:										
Income from operations operation before taxes	$(9)	$(2)	$19	$(6)	$ 5	$15	$ 1	$10		
Fixed Charges:	0	5	11	0	35	40	10	9	0	0
Less: Minority interest in pre-tax income of subsidiaries	--	--	--	--	--	--	--	2	--	
Total Earnings	$(9)	$ 3	$30	$(6)	$40	$55	$11	$19	$ 2	$ 0
Ratio of Earnings to Fixed Charges	--	0.6x	2.7x	--	1.1x	1.4x	1.1x	2.1x	1.0x	.9x
Deficiency of Earnings to Fixed Charges	--	$ 2		$ 6						

</TABLE>

EXHIBIT 21.1

SUBSIDIARIES

U.S. ENTITIES

Delaware
HUNTSMAN ICI FINANCIAL LLC

Louisiana
LOUISIANA PIGMENT COMPANY
RUBICON INC.

Utah
HUNTSMAN POLYURETHANE FUND I, L.L.C.
HUNTSMAN POLYURETHANE FUND II, L.L.C.
HUNTSMAN POLYURETHANE FUND III, L.L.C.
HUNTSMAN POLYURETHANE FUND IV, L.L.C.
HUNTSMAN POLYURETHANE VENTURE I, L.L.C.
HUNTSMAN POLYURETHANE VENTURE II, L.L.C.
HUNTSMAN POLYURETHANE VENTURE III, L.L.C.
HUNTSMAN POLYURETHANE VENTURE IV, L.L.C.

NON-U.S. ENTITIES

Argentina
HUNTSMAN ICI (ARGENTINA) LIMITADA

Belgium
HUNTSMAN ICI (BELGIUM) BVBA
TIOXIDE EUROPE NV/SA

Brazil
HUNTSMAN ICI (BRASIL) LIMITADA

Canada
HUNTSMAN ICI (CANADA) CORPORATION
TIOXIDE CANADA INC.

Cayman Islands
TIOXIDE AMERICAS INC.

China
ICI PU (CHINA) LIMITED

Columbia
HUNTSMAN ICI COLOMBIA LIMITADA

France
TIOXIDE EUROPE SAS

Germany

HUNTSMAN ICI (GERMANY) GmbH
TIOXIDE EUROPE GmbH

Indonesia
- ---------
PT HUNTSMAN ICI POLYURETHANES INDONESIA

Italy
- -----
HUNTSMAN ICI (ITALIAN OPERATIONS) Srl
HUNTSMAN ICI (ITALY) Srl
Tioxide Europe Srl

Japan
- -----
NIPPON POLYURETHANE INDUSTRY CO. LIMITED

Malaysia
- --------
PACIFIC IRON PRODUCTS Sdn Bhd
TIOXIDE (MALAYSIA) Sdn Bhd

Mexico
- ------
ICI MEX SA DE CV

Netherlands
- -----------
CHEMICAL BLENDING HOLLAND BV
EUROGEN CV
HUNTSMAN ICI (CANADIAN INVESTMENTS) BV
HUNTSMAN ICI HOLLAND BV
HUNTSMAN ICI INVESTMENTS (NETHERLANDS) BV
HUNTSMAN ICI IOTA BV
HUNTSMAN ICI (NETHERLANDS) BV
HUNTSMAN ICI PU (CHINA) HOLDINGS BV
HUNTSMAN ICI (SAUDI INVESTMENTS) B.V.
STEAMELEC BV

Saudi Arabia
- ------------
ARABIAN POLYOL COMPANY LIMITED

Singapore
- ---------
HUNTSMAN ICI PU (ASIA PACIFIC) PTE LIMITED

South Africa
- ------------
BRITISH TITAN PRODUCTS SOUTHERN AFRICA (PTY) LIMITED
TIOXIDE SOUTHERN AFRICA (PTY) LIMITED

Spain
- -----
HUNTSMAN ICI ESPANA S.L.
OLIGO SA
Tioxide Europe S.L.

Sweden
- ------
TIOXIDE EUROPE AB

Taiwan
- ------
HUNTSMAN ICI (TAIWAN) LIMITED

Thailand
- --------
HUNTSMAN ICI (THAILAND) LIMITED

Turkey
- ------

TIOXIDE EUROPE TITANIUM PIGMENTLERI TICARET LTD. SIRKETI

U.K.
- ----
HUNTSMAN ICI EUROPE LIMITED
HUNTSMAN ICI (HOLDINGS) UK
HUNTSMAN ICI (UK) LIMITED
HUNTSMAN ICI PETROCHEMICALS (UK) LIMITED
HUNTSMAN ICI POLYURHTHANES SALES LIMITED
HUNTSMAN ICI POLYURETHANES (UK) LIMITED
HUNTSMAN ICI POLYURETHANES (UK) VENTURES LTD.
TIOXIDE EUROPE LIMITED
TIOXIDE GROUP
TIOXIDE GROUP SERVICES LIMITED
TIOXIDE OVERSEAS HOLDINGS LIMITED

EXHIBIT 23.1

INDEPENDENT AUDITORS' CONSENT

We consent to the use in this Registration Statement of Huntsman ICI Chemicals LLC on Form S-4 of our report dated February 26, 1999 (July 1, 1999 as to Note 14), appearing in the Prospectus, which is part of this Registration Statement.

We also consent to the reference to us under the heading "Experts" in such Prospectus.

Deloitte & Touche LLP
Houston, Texas
August 12, 1999

EXHIBIT 23.2

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our report dated February 14, 1997 included herein and to all references to our Firm included in this Registration Statement of Huntsman ICI Chemicals LLC.

Arthur Andersen LLP

Houston, Texas
August 12, 1999

EXHIBIT 23.3

The Board of Directors
Huntsman ICI Chemicals LLC

We consent to the inclusion in this Registration Statement on Form S-4 of Huntsman ICI Chemicals LLC of our report dated June 2, 1999 with respect to the combined balance sheets of the Businesses, as defined, as of December 31, 1998 and 1997 and the related profit and loss accounts, cash flow statements and statements of total recognised gains and losses for each of the years in the three year period ended December 31, 1998, which report appears herein and to the reference to our firm under the heading "Experts" in the Registration Statement.

KPMG Audit Plc
London
England

August 12, 1999

EXHIBIT 25.1

Registration No. 333-_____

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY AND QUALIFICATION UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

BANK ONE, N.A.

Not Applicable	31-4148768
(State of Incorporation if not a national bank)	(I.R.S. Employer Identification No.)

100 East Broad Street, Columbus, Ohio 43271-0181
(Address of trustee's principal executive offices) (Zip Code)

c/o Bank One Trust Company, NA
100 East Broad Street
Columbus, Ohio 43271-0181
(614) 248-5811
(Name, address and telephone number of agent for service)

HUNTSMAN ICI CHEMICALS LLC
(Exact name of obligor as specified in its charter)

Delaware	87-0630358
(State or other jurisdiction of incorporation or organization)	(I.R.S.Employer Identification No.)
500 Huntsman Way Salt Lake City, UT (Address of principal executive office)	84108 (Zip Code)

10 1/8% Senior Subordinated Notes, due 2009
(Title of the Indenture securities)

GENERAL

1. General Information.
Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Comptroller of the Currency, Washington, D.C.

Federal Reserve Bank of Cleveland, Cleveland, Ohio

Federal Deposit Insurance Corporation, Washington, D.C.

The Board of Governors of the Federal Reserve System, Washington, D.C.

(b) Whether it is authorized to exercise corporate trust powers.

The trustee is authorized to exercise corporate trust powers.

2. Affiliations with Obligor and Underwriters.
If the obligor is an affiliate of the trustee, describe each such affiliation.

The obligor is not an affiliate of the trustee.

16. List of Exhibits

List below all exhibits filed as a part of this statement of eligibility and qualification. (Exhibits identified in parentheses, on file with the Commission, are incorporated herein by reference as exhibits hereto.)

Exhibit 1 - A copy of the Articles of Association of the trustee as now in effect.

Exhibit 2 - A copy of the Certificate of Authority of the trustee to commence business.

Exhibit 3 - A copy of the Authorization of the trustee to exercise corporate trust powers.

Exhibit 4 - A copy of the Bylaws of the trustee as now in effect.

Exhibit 5 - Not applicable.

Exhibit 6 - The consent of the trustee required by Section 321(b) of the Trust Indenture Act of 1939, as amended.

Exhibit 7 - Report of Condition of the trustee as of the close of business on June 30, 1999, published pursuant to the requirements of the Comptroller of the Company, see attached.

Exhibit 8 - Not applicable.

Exhibit 9 - Not applicable.

Items 3 through 15 are not answered pursuant to General Instruction B which requires responses to Item 1, 2 and 16 only, if the obligor is not in default.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the Trustee, Bank One, NA, a national banking association organized under the National Banking Act, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in Columbus, Ohio, on August 12, 1999.

Bank One, NA

By: /s/ David B. Knox

Authorized Signer

Exhibit 1

BANK ONE, NATIONAL ASSOCIATION

ARTICLES OF ASSOCIATION

FIRST. The title of this Association shall be Bank One, National Association.

SECOND. The main office of the Association shall be in Columbus, County of Franklin, State of Ohio. The general business of the Association shall be conducted at its main office and its branches.

THIRD. The Board of Directors of this Association shall consist of not less than five nor more than twenty-five Directors, the exact number of Directors within such minimum and maximum limits to be fixed and determined from time-to-time by resolution of the shareholders at any annual or special meeting thereof, provided, however, that the Board of Directors, by resolution of a majority thereof, shall be authorized to increase the number of its members by

not more than two between regular meetings of the shareholders. Each Director, during the full term of his directorship, shall own, as qualifying shares, the minimum number of shares of either this Association or of its parent bank holding company in accordance with the provisions of applicable law. Unless otherwise provided by the laws of the United States, any vacancy in the Board of Directors for any reason, including an increase in the number thereof, may be filled by action of the Board of Directors.

FOURTH. The annual meeting of the shareholders for the election of
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Directors and the transaction of whatever other business may be brought before said meeting shall be held at the main office of this Association or such other place as the Board of Directors may designate, on the day of each year specified therefor in the Bylaws, but if no election is held on that day, it may be held on any subsequent business day according to the provisions of law; and all elections shall be held according to such lawful regulations as may be prescribed by the Board of Directors.

FIFTH. The authorized amount of capital stock of this Association shall be
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12,704,315 shares of common stock of the par value of Ten Dollars ($10) each; but said capital stock may be increased or decreased from time-to-time, in accordance with the provisions of the laws of the United States.

No holder of shares of the capital stock of any class of the Association shall have the preemptive or preferential right of subscription to any share of any class of stock of this Association, whether now or hereafter authorized or to any obligations convertible into stock of this Association, issued or sold, nor any right of subscription to any thereof other than such, if any, as the Board of Directors, in its discretion, may from time-to-time determine and at such price as the Board of Directors may from time-to-time fix.

This Association, at any time and from time-to-time, may authorize and issue debt obligations, whether or not subordinated, without the approval of the shareholders.

SIXTH. The Board of Directors shall appoint one of its members President
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of the Association, who shall be Chairman of the Board, unless the Board appoints another director to be the Chairman. The Board of Directors shall have the power to appoint one or more Vice Presidents and to appoint a Secretary and such other officers and employees as may be required to transact the business of this Association.

The Board of Directors shall have the power to define the duties of the officers and employees of this Association; to fix the salaries to be paid to them; to dismiss them; to require bonds from them and to fix the penalty thereof; to regulate the

manner in which any increase of the capital of this Association shall be made; to manage and administer the business and affairs of this Association; to make all Bylaws that it may be lawful for them to make; and generally to do and perform all acts that it may be legal for a Board of Directors to do and perform.

SEVENTH. The Board of Directors shall have the power to change the
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location of the main office to any other place within the limits of the City of Columbus, Ohio, without the approval of the shareholders but subject to the approval of the Comptroller of the Currency; and shall have the power to establish or change the location of any branch or branches of this Association to any other location, without the approval of the shareholders but subject to the approval of the Comptroller of the Currency.

EIGHTH. The corporate existence of this Association shall continue until
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terminated in accordance with the laws of the United States.

NINTH. The Board of Directors of this Association, or any three or more
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shareholders owning, in the aggregate, not less than 10 percent of the stock of this Association, may call a special meeting of shareholders at any time. Unless otherwise provided by the laws of the United States, a notice of the time, place

and purpose of every annual and special meeting of the shareholders shall be given by first-class mail, postage prepaid, mailed at least ten days prior to the date of such meeting to each shareholder of record at his address as shown upon the books of this Association.

TENTH. Every person who is or was a Director, officer or employee of the
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Association or of any other corporation which he served as a Director, officer or employee at the request of the Association as part of his regularly assigned duties may be indemnified by the Association in accordance with the provisions of this paragraph against all liability (including, without limitation, judgments, fines, penalties and settlements) and all reasonable expenses (including, without limitation, attorneys' fees and investigative expenses) that may be incurred or paid by him in connection with any claim, action, suit or proceeding, whether civil, criminal or administrative (all referred to hereafter in this paragraphs as "Claims") or in connection with any appeal relating thereto in which he may become involved as a party or otherwise or with which he may be threatened by reason of his being or having been a Director, officer or employee of the Association or such other corporation, or by reason of any action taken or omitted by him in his capacity as such Director, officer or employee, whether or not he continues to be such at the time such liability or expenses are incurred, provided that nothing contained in this paragraph shall be construed to permit indemnification of any such person who is adjudged guilty of, or liable for, willful misconduct, gross neglect of duty or criminal acts, unless, at the time such indemnification is sought, such indemnification in such instance is permissible under applicable law and regulations, including published rulings of the Comptroller of the Currency or other appropriate supervisory or regulatory authority, and provided further that there shall be no indemnification of directors, officers, or employees against expenses, penalties, or other payments incurred in an administrative proceeding or action instituted by an appropriate regulatory agency which proceeding or action results in a final order assessing civil money penalties or requiring affirmative action by an individual or individuals in the form of payments to the Association. Every person who may be indemnified under the provisions of this paragraph and who has been wholly successful on the merits with respect to any Claim shall be entitled to indemnification as of right. Except as provided in the preceding sentence, any indemnification under this paragraph shall be at the sole discretion of the Board of Directors and shall be made only if the Board of Directors or the Executive Committee acting by a quorum consisting of

Directors who are not parties to such Claim shall find or if independent legal counsel (who may be the regular counsel of the Association) selected by the Board of Directors or Executive Committee whether or not a disinterested quorum exists shall render their opinion that in view of all of the circumstances then surrounding the Claim, such indemnification is equitable and in the best interests of the Association. Among the circumstances to be taken into consideration in arriving at such a finding or opinion is the existence or non-existence of a contract of insurance or indemnity under which the Association would be wholly or partially reimbursed for such indemnification, but the existence or non-existence of such insurance is not the sole circumstance to be considered nor shall it be wholly determinative of whether such indemnification shall be made. In addition to such finding or opinion, no indemnification under this paragraph shall be made unless the Board of Directors or the Executive Committee acting by a quorum consisting of Directors who are not parties to such Claim shall find or if independent legal counsel (who may be the regular counsel of the Association) selected by the Board of Directors or Executive Committee whether or not a disinterested quorum exists shall render their opinion that the Director, officer or employee acted in good faith in what he reasonably believed to be the best interests of the Association or such other corporation and further in the case of any criminal action or proceeding, that the Director, officer or employee reasonably believed his conduct to be lawful. Determination of any Claim by judgment adverse to a Director, officer or employee by settlement with or without Court approval or conviction upon a plea of guilty or of nolo contendere or its equivalent shall not create a presumption that a
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Director, officer or employee failed to meet the standards of conduct set forth in this paragraph. Expenses incurred with respect to any Claim may be advanced by the Association prior to the final disposition thereof upon receipt of an undertaking satisfactory to the Association by or on behalf of the recipient to repay such amount unless it is ultimately determined that he is entitled to indemnification under this paragraph. The rights of indemnification provided in this paragraph shall be in addition to any rights to which any Director, officer or employee may otherwise be entitled by contract or as a matter of law.

Every person who shall act as a Director, officer or employee of this Association shall be conclusively presumed to be doing so in reliance upon the right of indemnification provided for in this paragraph.

ELEVENTH. These Articles of Association may be amended at any regular or special meeting of the shareholders by the affirmative vote of the holders of a majority of the stock of this Association, unless the vote of the holders of a greater amount of stock is required by law, and in that case by the vote of the holders of such greater amount.

[Logo]

EXHIBITS 2, 3

Comptroller of the Currency
Administrator of National Banks

Washington, D.C. 20219

CERTIFICATE

I, John D. Hawke, Jr., Comptroller of the Currency, do hereby certify that:

1. The Comptroller of the Currency, pursuant to Revised Statutes 324, et seq., as amended, 12 U.S.C. 1, et seq., as amended, has possession, custody and control of all records pertaining to the chartering of al National Banking Associations.

2. "Bank One, National Association, "Columbus, Ohio, (Charter No. 7621) is a National banking Association formed under the laws of the Untied States and is authorized thereunder to transact the business of banking and exercise Fiduciary Powers on the date of this Certificate.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the Treasury Department in the City of Washington and District of Columbia, this 12/th/ day of April, 1999.

/s/ John D. Hawke, Jr.

Comptroller of the Currency

[SEAL OF COMPTROLLER]

Exhibit 4

BY-LAWS
OF
BANK ONE, NATIONAL ASSOCIATION

ARTICLE I
MEETING OF SHAREHOLDERS

SECTION 1.01. ANNUAL MEETING. The regular annual meeting of the Shareholders of the Bank for the election of Directors and for the transaction of such business as may properly come before the meeting shall be held at its main banking house, or other convenient place duly authorized by the Board of Directors, on the third Monday of January of each year, or on the next succeeding banking day, if the day fixed falls on a legal holiday. If from any cause, an election of directors is not made on the day fixed for the regular meeting of shareholders or, in the event of a legal holiday, on the next succeeding banking day, the Board of Directors shall order the election to be held on some subsequent day,

as soon thereafter as practicable, according to the provisions of law; and notice thereof shall be given in the manner herein provided for the annual meeting. Notice of such annual meeting shall be given by or under the direction of the Secretary or such other officer as may be designated by the Chief Executive Officer by first-class mail, postage prepaid, to all shareholders of record of the Bank at their respective addresses as shown upon the books of the Bank mailed not less than ten days prior to the date fixed for such meeting.

SECTION 1.02. SPECIAL MEETINGS. A special meeting of the shareholders of this Bank may be called at any time by the Board of Directors or by any three or more shareholders owning, in the aggregate, not less than ten percent of the stock of this Bank. The notice of any special meeting of the shareholders called by the Board of Directors, stating the time, place and purpose of the meeting, shall be given by or under the direction of the Secretary, or such other officer as is designated by the Chief Executive Officer, by first-class mail, postage prepaid, to all shareholders of

record of the Bank at their respective addresses as shown upon the books of the Bank, mailed not less than ten days prior to the date fixed for such meeting.

Any special meeting of shareholders shall be conducted and its proceedings recorded in the manner prescribed in these Bylaws for annual meetings of shareholders.

SECTION 1.03. SECRETARY OF SHAREHOLDERS' MEETING. The Board of Directors may designate a person to be the Secretary of the meetings of shareholders. In the absence of a presiding officer, as designated in these Bylaws, the Board of Directors may designate a person to act as the presiding officer. In the event the Board of Directors fails to designate a person to preside at a meeting of shareholders and a Secretary of such meeting, the shareholders present or represented shall elect a person to preside and a person to serve as Secretary of the meeting.

The Secretary of the meetings of shareholders shall cause the returns made by the judges and election and other proceedings to be recorded in the minute book of the Bank. The presiding officer shall notify the directors-elect of their election and to meet forthwith for the organization of the new board.

The minutes of the meeting shall be signed by the presiding officer and the Secretary designated for the meeting.

SECTION 1.04. JUDGES OF ELECTION. The Board of Directors may appoint as many as three shareholders to be judges of the election, who shall hold and conduct the same, and who shall, after the election has been held, notify, in writing over their signatures, the secretary of the shareholders' meeting of the result thereof and the names of the Directors elected; provided, however, that upon failure for any reason of any judge or judges of election, so appointed by the directors, to serve, the presiding officer of the meeting shall appoint other shareholders or their proxies to fill the vacancies. The judges of election at the request of the chairman of the meeting, shall act as tellers of any other vote by ballot taken at such meeting, and shall notify, in writing over their signatures, the secretary of the Board of Directors of the result thereof.

SECTION 1.05. PROXIES. In all elections of Directors, each shareholder of record, who is qualified to vote under the provisions of Federal Law, shall have the right to vote the number of shares of record in his name for as many persons as there are Directors to be elected, or to cumulate such shares as provided by Federal Law. In deciding all other questions at meetings of shareholders, each shareholder shall be entitled to one vote on each share of stock of record in his name. Shareholders may vote by proxy duly authorized in writing. All proxies used at the annual meeting shall be secured for that meeting only, or any adjournment thereof, and shall be dated, and if not dated by the shareholder, shall be dated as of the date of receipt thereof. No officer or employee of this Bank may act as proxy.

SECTION 1.06. QUORUM. Holders of record of a majority of the shares of the capital stock of the Bank, eligible to be voted, present either in person or by proxy, shall constitute a quorum for the transaction of business at any meeting of shareholders, but shareholders present at any meeting and constituting less

than a quorum may, without further notice, adjourn the meeting from time to time until a quorum is obtained. A majority of the votes cast shall decide every question or matter submitted to the shareholders at any meeting, unless otherwise provided by law or by the Articles of Association.

ARTICLE II
DIRECTORS

SECTION 2.01. MANAGEMENT OF THE BANK. The business of the Bank shall be managed by the Board of Directors. Each director of the Bank shall be the beneficial owner of a substantial number of shares of BANC ONE CORPORATION and shall be employed either in the position of Chief Executive Officer or active leadership within his or her business, professional or community interest which shall be located within the geographic area in which the Bank operates, or as an executive officer of the Bank. A director shall not be eligible for nomination and re-election as a director of the Bank if such person's executive or leadership position within his or her business, professional or community interests which qualifies such person as a director of Bank terminates. The age of 70 is the mandatory retirement age as a director of the Bank. When a person's eligibility as director of the Bank terminates, whether because of change in share ownership, position, residency or age, within 30 days after such termination, such person shall submit his resignation as a director to be effective at the pleasure of the Board provided, however, that in no event shall such person be nominated or elected as a director. Provided, however, following a person's retirement or resignation as a director because of the age limitations herein set forth with respect to election or re-election as a director, such person may, in special or unusual circumstances, and at the discretion of the Board, be elected by the directors as a Director Emeritus of the Bank for a limited period of time. A Director Emeritus shall have the right to participate in board meetings but shall be without the power to vote and shall be subject to re-election by the Board at its organizational meeting following the Bank's annual meeting of shareholders.

SECTION 2.02. QUALIFICATIONS. Each director shall have the qualification prescribed by law. No person elected a director may exercise any of the powers of his office until he has taken the oath of such office.

SECTION 2.03. TERM OF OFFICE/VACANCIES. A director shall hold office until the annual meeting for the year in which his term expires and until his successor shall be elected and shall qualify, subject, however, to his prior death, resignation, or removal from office. Whenever any vacancy shall occur among the directors, the remaining directors shall constitute the directors of the Bank until such vacancy is filled by the remaining directors, and any director so appointed shall hold office for the unexpired term of his or her successor. Notwithstanding the foregoing, each director shall hold office and serve at the pleasure of the Board.

SECTION 2.04. ORGANIZATION MEETING. The directors elected by the share- holders shall meet for organization of the new board at the time fixed by the presiding officer of the annual meeting. If at the time fixed for such meeting there is no quorum present, the Directors in attendance may adjourn from time to time until a quorum is obtained. A majority of the number of Directors elected by the shareholders shall constitute a quorum for the transaction of business.

SECTION 2.05. REGULAR MEETINGS. The regular meetings of the Board of Directors shall be held on the third Monday of January, April, July and October, which meetings will be held at 3:30 p.m. When any regular meeting of the Board falls on a holiday, the meeting shall be held on such other day as the Board may previously designate or should the Board fail to so designate, on such day as the Chairman of the Board or President may fix. Whenever a quorum is not present, the directors in attendance shall adjourn the meeting to a time not later than the date fixed by the Bylaws for the next succeeding regular meeting of the Board.

SECTION 2.06. SPECIAL MEETINGS. Special meetings of the Board of Directors shall

be held at the call of the Chairman of the Board or President, or at the request of two or more Directors. Any special meeting may be held at such place in Franklin County, Ohio, and at such time as may be fixed in the call. Written or oral notice shall be given to each Director not later than the day next preceding the day on which special meeting is to be held, which notice may be waived in writing.

The presence of a Director at any meeting of the Board shall be deemed a waiver of notice thereof by him. Whenever a quorum is not present the Directors in attendance shall adjourn the special meeting from day to day until a quorum is obtained.

SECTION 2.07. QUORUM. A majority of the Directors shall constitute a quorum at any meeting, except when otherwise provided by law; but a lesser number may adjourn any meeting, from time-to-time, and the meeting may be held, as adjourned, without further notice. When, however, less than a quorum as herein defined, but at least one-third and not less than two of the authorized number of Directors are present at a meeting of the Directors, business of the Bank may be transacted and matters before the Board approved or disapproved by the unanimous vote of the Directors present.

SECTION 2.08. COMPENSATION. Each member of the Board of Directors shall receive such fees for, and transportation expenses incident to, attendance at Board and Board Committee Meetings and such fees for service as a Director irrespective of meeting attendance as from time to time are fixed by resolution of the Board; provided, however, that payment hereunder shall not be made to a Director for meetings attended and/or Board service which are not for the Bank's sole benefit and which are concurrent and duplicative with meetings attended or board service for an affiliate of the Bank for which the Director receives payment; and provided further, that payment hereunder shall not be made in the case of any Director in the regular employment of the Bank or of one of its affiliates.

SECTION 2.09. EXECUTIVE COMMITTEE. There shall be a standing committee of the Board of Directors known as the Executive Committee which shall possess and exercise, when the Board is not in session, all powers of the Board that may lawfully be delegated. The Executive Committee shall also exercise the powers of the Board of Directors in accordance with the Provisions of the "Employees Retirement Plan" and the "Agreement and Declaration of Trust" as the same now exist or may be amended hereafter. The Executive Committee shall consist of not fewer than four board members, including the Chairman of the Board and President of the

Bank, one of whom, as hereinafter required by these Bylaws, shall be the Chief Executive Officer. The other members of the Committee shall be appointed by the Chairman of the Board or by the President, with the approval of the Board and shall continue as members of the Executive Committee until their successors are appointed, provided, however, that any member of the Executive Committee may be removed by the Board upon a majority vote thereof at any regular or special meeting of the Board. The Chairman or President shall fill any vacancy in the Committee by the appointment of another Director, subject to the approval of the Board of Directors. The regular meetings of the Executive Committee shall be held on a regular basis as scheduled by the Board of Directors. Special meetings of the Executive Committee shall be held at the call of the Chairman or President or any two members thereof at such time or times as may be designated. In the event of the absence of any member or members of the Committee, the presiding member may appoint a member or members of the Board to fill the place or places of such absent member or members to serve during such absence. Not fewer than three members of the Committee must be present at any meeting of the Executive Committee to constitute a quorum, provided, however that with regard to any matters on which the Executive Committee shall vote, a majority of the Committee members present at the meeting at which a vote is to be taken shall not be officers of the Bank and, provided further, that if, at any meeting at which the Chairman of the Board and President are both present, Committee members who are not officers are not in the majority, then the Chairman of the Board or President, which ever of such officers is not also the Chief Executive Officer, shall not be eligible to vote at such meeting and shall not be recognized for purposes of determining if a quorum is present at such meeting. When neither the Chairman of the Board nor President are present, the Committee shall appoint a presiding officer. The Executive Committee shall keep a record of its proceedings and report its proceedings and the action taken by it to the

Board of Directors.

SECTION 2.10 COMMUNITY REINVESTMENT ACT AND COMPLIANCE POLICY COMMITTEE. There shall be a standing committee of the Board of Directors known as the Community Reinvestment Act and Compliance Policy Committee the duties of which shall be, at least once in each calendar year, to review, develop and recommend

policies and programs related to the Bank's Community Reinvestment Act Compliance and regulatory compliance with all existing statutes, rules and regulations affecting the Bank under state and federal law. Such Committee shall provide and promptly make a full report of such review of current Bank policies with regard to Community Reinvestment Act and regulatory compliance in writing to the Board, with recommendations, if any, which may be necessary to correct any unsatisfactory conditions. Such Committee may, in its discretion, in fulfilling its duties, utilize the Community Reinvestment Act officers of the Bank, Banc One Ohio Corporation and Banc One Corporation and may engage outside Community Reinvestment Act experts, as approved by the Board, to review, develop and recommend policies and programs as herein required. The Community Reinvestment Act and regulatory compliance policies and procedures established and the recommendations made shall be consistent with, and shall supplement, the Community Reinvestment Act and regulatory compliance programs, policies and procedures of Banc One Corporation and Banc One Ohio Corporation. The Community Reinvestment Act and Compliance Policy Committee shall consist of not fewer than four board members, one of whom shall be the Chief Executive Officer and a majority of whom are not officers of the Bank. Not fewer than three members of the Committee, a majority of whom are not officers of the Bank, must be present to constitute a quorum. The Chairman of the Board or President of the Bank, whichever is not the Chief Executive Officer, shall be an ex officio member of the Community Reinvestment Act and Compliance Policy Committee. The Community Reinvestment Act and Compliance Policy Committee, whose chairman shall be appointed by the Board, shall keep a record of its proceedings and report its proceedings and the action taken by it to the Board of Directors.

SECTION 2.11. TRUST COMMITTEES. There shall be two standing Committees known as the Trust Management Committee and the Trust Examination Committee appointed as hereinafter provided.

SECTION 2.12. OTHER COMMITTEES. The Board of Directors may appoint such special committees from time to time as are in its judgment necessary in the interest of the Bank.

ARTICLE III

OFFICERS, MANAGEMENT STAFF AND EMPLOYEES

SECTION 3.01. OFFICERS AND MANAGEMENT STAFF.

(a) The officers of the Bank shall include a President, Secretary and Security Officer and may include a Chairman of the Board, one or more Vice Chairmen, one or more Vice Presidents (which may include one or more Executive Vice Presidents and/or Senior Vice Presidents) and one or more Assistant Secretaries, all of whom shall be elected by the Board. All other officers may be elected by the Board or appointed in writing by the Chief Executive Officer. The salaries of all officers elected by the Board shall be fixed by the Board. The Board from time-to-time shall designate the President or Chairman of the Board to serve as the Bank's Chief Executive Officer.

(b) The Chairman of the Board, if any, and the President shall be elected by the Board from their own number. The President and Chairman of the Board shall be re-elected by the Board annually at the organizational meeting of the Board of Directors following the Annual Meeting of Shareholders. Such officers as the Board shall elect from their own number shall hold office from the date of their election as officers until the organization meeting of the Board of Directors following the next Annual Meeting of

Shareholders, provided, however, that such officers may be relieved of their duties at any time by action of the Board in which event all the powers incident to their office shall immediately terminate.

(c) Except as provided in the case of the elected officers who are members of the Board, all officers, whether elected or appointed, shall hold office at the pleasure of the Board. Except as otherwise limited by law or these Bylaws, the Board assigns to Chief Executive Officer and/or his

designees the authority to appoint and dismiss any elected or appointed officer or other member of the Bank's management staff and other employees of the Bank, as the person in charge of and responsible for any branch office, department, section, operation, function, assignment or duty in the Bank.

(d) The management staff of the Bank shall include officers elected by the Board, officers appointed by the Chief Executive Officer, and such other persons in the employment of the Bank who, pursuant to written appointment and authorization by a duly authorized officer of the Bank, perform management functions and have management responsibilities. Any two or more offices may be held by the same person except that no person shall hold the office of Chairman of the Board and/or President and at the same time also hold the office of Secretary.

(e) The Chief Executive Officer of the Bank and any other officer of the Bank, to the extent that such officer is authorized in writing by the Chief Executive Officer, may appoint persons other than officers who are in the employment of the Bank to serve in management positions and in connection therewith, the appointing officer may assign such title, salary, responsibilities and functions as are deemed appropriate by him, provided, however, that nothing contained herein shall be construed as placing any limitation on the authority of the Chief Executive Officer as provided in this and other sections of these Bylaws.

SECTION 3.02. CHIEF EXECUTIVE OFFICER. The Chief Executive Officer of the Bank
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shall have general and active management of the business of the Bank and shall see that all orders and resolutions of the Board of Directors are carried into effect. Except as otherwise prescribed or limited by these Bylaws, the Chief Executive Officer shall have full right, authority and power to control all personnel, including elected and appointed officers, of the Bank, to employ or direct the

employment of such personnel and officers as he may deem necessary, including the fixing of salaries and the dismissal of them at pleasure, and to define and prescribe the duties and responsibility of all Officers of the Bank, subject to such further limitations and directions as he may from time-to-time deem proper. The Chief Executive Officer shall perform all duties incident to his office and such other and further duties, as may, from time-to-time, be required of him by the Board of Directors or the shareholders. The specification of authority in these Bylaws wherever and to whomever granted shall not be construed to limit in any manner the general powers of delegation granted to the Chief Executive Officer in conducting the business of the Bank. The Chief Executive Officer or, in his absence, the Chairman of the Board or President of the Bank, as designated by the Chief Executive Officer, shall preside at all meetings of shareholders and meetings of the Board. In the absence of the Chief Executive Officer, such officer as is designated by the Chief Executive Officer shall be vested with all the powers and perform all the duties of the Chief Executive Officer as defined by these Bylaws. When designating an officer to serve in his absence, the Chief Executive Officer shall select an officer who is a member of the Board of Directors whenever such officer is available.

SECTION 3.03. POWERS OF OFFICERS AND MANAGEMENT STAFF. The Chief Executive
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Officer, the Chairman of the Board, the President, and those officers so designated and authorized by the Chief Executive Officer are authorized for an on behalf of the Bank, and to the extent permitted by law, to make loans and discounts; to purchase or acquire drafts, notes, stock, bonds, and other securities for investment of funds held by the Bank; to execute and purchase

acceptances; to appoint, empower and direct all necessary agents and attorneys; to sign and give any notice required to be given; to demand payment and/or to declare due for any default any debt or obligation due or payable to the Bank upon demand or authorized to be declared due; to foreclose any mortgages, to exercise any option, privilege or election to forfeit, terminate, extend or renew any lease; to authorize and direct any proceedings for the collection of any money or for the enforcement of any right or obligation; to adjust, settle and compromise all claims of every kind and description in favor of or against the Bank, and to give receipts, releases and discharges therefor; to borrow money and in connection therewith to make, execute and deliver

notes, bonds or other evidences of indebtedness; to pledge or hypothe- cate any securities or any stocks, bonds, notes or any property real or personal held or owned by the Bank, or to rediscount any notes or other obligations held or owned by the Bank, to employ or direct the employment of all personnel, including elected and appointed officers, and the dismissal of them at pleasure, and in furtherance of and in addition to the powers herein above set forth to do all such acts and to take all such proceedings as in his judgment are necessary and incidental to the operation of the Bank.

Other persons in the employment of the Bank, including but not limited to officers and other members of the management staff, may be authorized by the Chief Executive Officer, or by an officer so designated and authorized by the Chief Executive Officer, to perform the powers set forth above, subject, however, to such limitations and conditions as are set forth in the authorization given to such persons.

SECTION 3.04. SECRETARY. The Secretary or such other officers as may be
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designated by the Chief Executive Officer shall have supervision and control of the records of the Bank and, subject to the direction of the Chief Executive Officer, shall undertake other duties and functions usually performed by a corporate secretary. Other officers may be designated by the Chief Executive Officer or the Board of Directors as Assistant Secretary to perform the duties of the Secretary.

SECTION 3.05. EXECUTION OF DOCUMENTS. The Chief Executive Officer, Chairman of
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the Board, President, any officer being a member of the Bank's management staff who is also a person in charge of and responsible for any department within the Bank and any other officer to the extent such officer is so designated and authorized by the Chief Executive Officer, the Chairman of the Board, the President, or any other officer who is a member of the Bank's management staff who is in charge of and responsible for any department within the Bank, are hereby authorized on behalf of the Bank to sell, assign, lease, mortgage, transfer, deliver and convey any real or personal property now or hereafter owned by or standing in the name of the Bank or its nominee, or held by this Bank as collateral security, and to execute and deliver such deeds, contracts, leases, assignments, bills of sale, transfers or other

papers or documents as may be appropriate in the circumstances; to execute any loan agreement, security agreement, commitment letters and financing statements and other documents on behalf of the Bank as a lender; to execute purchase orders, documents and agreements entered into by the Bank in the ordinary course of business, relating to purchase, sale, exchange or lease of services, tangible personal property, materials and equipment for the use of the Bank; to execute powers of attorney to perform specific or general functions in the name of or on behalf of the Bank; to execute promissory notes or other instruments evidencing debt of the Bank; to execute instruments pledging or releasing securities for public funds, documents submitting public fund bids on behalf of the Bank and public fund contracts; to purchase and acquire any real or personal property including loan portfolios and to execute and deliver such agreements, contracts or other papers or documents as may be appropriate in the circumstances; to execute any indemnity and fidelity bonds, proxies or other papers or documents of like or different character necessary, desirable or incidental to the conduct of its banking business; to execute and deliver settlement agreements or other papers or documents as may be appropriate in connection with a dismissal authorized by Section 3.01(c) of these Bylaws; to execute agreements, instruments, documents, contracts or other papers of like or difference character necessary, desirable or incidental to the conduct of its banking business; and to execute and deliver partial releases from and discharges or assignments of mortgages, financing statements and assignments or surrender of insurance policies, now or hereafter held by this Bank.

The Chief Executive Officer, Chairman of the Board, President, any officer being a member of the Bank's management staff who is also a person in charge of and responsible for any department within the Bank, and any other officer of the Bank so designated and authorized by the Chief Executive Officer, Chairman of the Board, President or any officer who is a member of the Bank's management staff who is in charge of and responsible for any department within the Bank are authorized for and on behalf of the Bank to sign and issue checks, drafts, and certificates of deposit; to sign and endorse bills of exchange, to sign and countersign foreign and domestic letters of credit, to receive and receipt for payments of principal, interest, dividends, rents, fees and payments of every kind and description paid to the Bank, to sign receipts for property acquired by or entrusted to the Bank, to guarantee the genuineness of signatures on assignments of stocks, bonds or other securities, to sign certifications of

checks, to endorse and deliver checks, drafts, warrants, bills, notes, certificates of deposit and acceptances in all business transactions of the Bank.

Other persons in the employment of the Bank and of its subsidiaries, including but not limited to officers and other members of the management staff, may be authorized by the Chief Executive Officer, Chairman of the Board, President or by an officer so designated by the Chief Executive Officer, Chairman of the Board, or President to perform the acts and to execute the documents set forth above, subject, however, to such limitations and conditions as are contained in the authorization given to such person.

SECTION 3.06. PERFORMANCE BOND. All officers and employees of the Bank shall be bonded for the honest and faithful performance of their duties for such amount as may be prescribed by the Board of Directors.

ARTICLE IV
TRUST DEPARTMENT

SECTION 4.01. TRUST DEPARTMENT. Pursuant to the fiduciary powers granted to this Bank under the provisions of Federal Law and Regulations of the Comptroller of the Currency, there shall be maintained a separate Trust Department of the Bank, which shall be operated in the manner specified herein.

SECTION 4.02. TRUST MANAGEMENT COMMITTEE. There shall be a standing Committee known as the Trust Management Committee, consisting of at least five members, a majority of whom shall not be officers of the Bank. The Committee shall consist of the Chairman of the Board who shall be Chairman of the Com- mittee, the President, and at least three other Directors appointed by the Board of Directors and who shall continue as members of the Committee until their successors are appointed. Any vacancy in the Trust Management Committee may be filled by the Board at any regular or special meeting. In the event of the absence of any member or members, such Committee may, in its discretion, appoint members of the Board to fill the place of such absent members to serve during such absence. Three members of the Committee shall constitute a quorum. Any member of the Committee may be removed by the Board by a majority vote at any regular or special meeting of the Board. The Committee shall meet at such times as it may determine or at the call of the Chairman, or President or any two members thereof.

The Trust Management Committee, under the general direction of the Board of Directors, shall supervise the policy of the Trust Department which shall be formulated and executed in accordance with Law, Regulations of the Comptroller of the Currency, and sound fiduciary principles.

SECTION 4.03. TRUST EXAMINATION COMMITTEE. There shall be a standing Commit- tee known as the Trust Examination Committee, consisting of three directors appointed by the Board of Directors and who shall continue as members of the committee until their successors are appointed. Such members shall not be active officers of the Bank. Two members of the Committee shall constitute a quorum. Any member of the Committee may be removed by the Board by a majority vote at any regular or special meeting of the Board. The Committee shall meet at such

times as it may determine or at the call of two members thereof.

This Committee shall, at least once during each calendar year and within fifteen months of the last such audit, or at such other time(s) as may be required by Regulations of the Comptroller of the Currency, make suitable audits of the Trust Department or cause suitable audits to be made by auditors responsible only to the Board of Directors, and at such time shall ascertain whether the Department has been administered in accordance with Law, Regulations of the Comptroller of the Currency and sound fiduciary principles.

The Committee shall promptly make a full report of such audits in writing to the Board of Directors of the Bank, together with a recommendation as to what action, if any, may be necessary to correct any unsatisfactory condition. A report of the audits together with the action taken thereon shall be noted in the Minutes of the Board of Directors and such report shall be a part of the records of this Bank.

SECTION 4.04. MANAGEMENT. The Trust Department shall be under the management and supervision of an officer of the Bank or of the trust affiliate of the Bank designated by and subject to the advice and direction of the Chief Executive Officer. Such officer having supervisory responsibility over the Trust Department shall do or cause to be done all things necessary or proper in carrying on the business of the Trust Department in accordance with provisions of law and applicable regulations.

SECTION 4.05. HOLDING OF PROPERTY. Property held by the Trust Department may be carried in the name of the Bank in its fiduciary capacity, in the name of Bank, or in the name of a nominee or nominees.

SECTION 4.06. TRUST INVESTMENTS. Funds held by the Bank in a fiduciary capacity awaiting investment or distribution shall not be held uninvested or undistributed any longer than is reasonable for the proper management of the account and shall be invested in accordance with the instrument establishing a fiduciary relationship and local law. Where such instrument does not specify the character or class of investments to be made and does not vest in the Bank any discretion in the matter, funds held pursuant to such instrument shall be invested in any investment which corporate fiduciaries may invest under local law.

The investments of each account in the Trust Department shall be kept separate from the assets of the Bank, and shall be placed in the joint custody or control of not less than two of the officers or employees of the Bank or of the trust affiliate of the Bank designated for the purpose by the Trust Management Committee.

SECTION 4.07. EXECUTION OF DOCUMENTS. The Chief Executive Officer, Chairman of the Board, President, any officer of the Trust Department, and such other officers of the trust affiliate of the Bank as are specifically designated and authorized by the Chief Executive Officer, the President, or the officer in charge of the Trust Department, are hereby authorized, on behalf of this Bank, to sell, assign, lease, mortgage, transfer, deliver and convey any real property or personal property and to purchase and acquire any real or personal property and to execute and deliver such agreements, contracts, or other papers and documents as may be appropriate in the circumstances for property now or hereafter owned by or standing in the name of this Bank, or its nominee, in any fiduciary capacity, or in the name of any principal for whom this Bank may now or hereafter be acting under a power of attorney, or as agent and to execute and deliver partial releases from any discharges or assignments or mortgages and assignments or surrender of insurance policies, to execute and deliver deeds, contracts, leases, assignments, bills of

sale, transfers or such other papers or documents as may be appropriate in the circumstances for property now or hereafter held by this Bank in any fiduciary capacity or owned by any principal for whom this Bank may now or hereafter be acting under a power of attorney or as agent; to execute and deliver settlement agreements or other papers or documents as may be appropriate in connection with a dismissal authorized by Section 3.01(c) of these Bylaws; provided that the signature of any such person shall be attested in each case by any officer of the Trust Department or by any other person who is specifically authorized by

the Chief Executive Officer, the President or the officer in charge of the Trust Department.

The Chief Executive Officer, Chairman of the Board, President, any officer of the Trust Department and such other officers of the trust affiliate of the Bank as are specifically designated and authorized by the Chief Executive Officer, the President, or the officer in charge of the Trust Department, or any other person or corporation as is specifically authorized by the Chief Executive Officer, the President or the officer in charge of the Trust Department, are hereby authorized on behalf of this Bank, to sign any and all pleadings and papers in probate and other court proceedings, to execute any indemnity and fidelity bonds, trust agreements, proxies or other papers or documents of like or different character necessary, desirable or incidental to the appointment of the Bank in any fiduciary capacity and the conduct of its business in any fiduciary capacity; also to foreclose any mortgage, to execute and deliver receipts for payments of principal, interest, dividends, rents, fees and payments of every kind and description paid to the Bank; to sign receipts for property acquired or entrusted to the Bank; also to sign stock or bond certificates on behalf of this Bank in any fiduciary capacity and on behalf of this Bank as transfer agent or registrar; to guarantee the genuineness of signatures on assignments of stocks, bonds or other securities, and to authenticate bonds, debentures, land or lease trust certificates or other forms of security issued pursuant to any indenture under which this Bank now or hereafter is acting as Trustee. Any such person, as well as such other persons as are specifically authorized by the Chief Executive Officer or the officer in charge of the Trust Department, may sign checks, drafts and orders for the payment of money executed by the Trust Department in the course of its business.

SECTION 4.08. VOTING OF STOCK. The Chairman of the Board, President, any officer of the Trust Department, any officer of the trust affiliate of the Bank and such other persons as may be specifically authorized by Resolution of the Trust Management Committee or the Board of Directors, may vote shares of stock of a corporation of record on the books of the issuing company in the name of the Bank or in the name of the Bank as fiduciary, or may grant proxies for the voting of such stock of the granting if same is permitted by the instrument under which the Bank is acting in a fiduciary capacity, or by the law applicable to such fiduciary account. In the case of shares of stock which are held by a nominee of the Bank, such shares may be voted by such person(s) authorized by such nominee.

ARTICLE V
STOCKS AND STOCK CERTIFICATES

SECTION 5.01. STOCK CERTIFICATES. The shares of stock of the Bank shall be evidenced by certificates which shall bear the signature of the Chairman of the Board, the President, or a Vice President (which signature may be engraved, printed or impressed), and shall be signed manually by the Secretary, or any other officer appointed by the Chief Executive Officer for that purpose.

In case any such officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such before such certificate is issued, it may be issued by the Bank with the same effect as if such officer had not ceased to be such at the time of its issue. Each such certificate shall bear the corporate seal of the Bank, shall recite on its fact that the stock represented thereby is transferable only upon the books of the Bank properly endorsed and shall recite such other information as is required by law and deemed appropriate by the Board. The corporate seal may be facsimile engraved or printed.

SECTION 5.02. STOCK ISSUE AND TRANSFER. The shares of stock of the Bank shall be transferable only upon the stock transfer books of the Bank and except as hereinafter provided, no transfer shall be made or new certificates issued except upon the surrender for cancellation of the certificate or certificates previously issued therefor. In the case of the loss, theft, or destruction of any certificate, a new certificate may be issued in place of such certificate upon the furnishing of any affidavit setting forth the circumstances of such loss, theft, or destruction and indemnity satisfactory to the Chairman of the Board, the President, or a Vice President. The Board of Directors, or the Chief

Executive Officer, may authorize the issuance of a new certificate therefor without the furnishing of indemnity. Stock Transfer Books, in which all transfers of stock shall be recorded, shall be provided.

The stock transfer books may be closed for a reasonable period and under such conditions as the Board of Directors may at any time determine for any meeting of shareholders, the payment of dividends or any other lawful purpose. In lieu of closing the transfer books, the Board may, in its discretion, fix a record date and hour constituting a reasonable period prior to the day designated for the holding of any meeting of the shareholders or the day appointed for the payment of any dividend or for any other purpose at the time as of which shareholders entitled to notice of and to vote at any such meeting or to receive such dividend or to be treated as shareholders for such other purpose shall be determined, and only shareholders of record at such time shall be entitled to notice of or to vote at such meeting or to receive such dividends or to be treated as shareholders for such other purpose.

ARTICLE VI

MISCELLANEOUS PROVISIONS

SECTION 6.01. SEAL. The impression made below is an impression of the seal adopted by the Board of Directors of Bank One, National Association. The Seal may be affixed by any officer of the Bank to any document executed by an authorized officer on behalf of the Bank, and any officer may certify any act, proceedings, record, instrument or authority of the Bank.

SECTION 6.02. BANKING HOURS. Subject to ratification by the Executive Committee, the Bank and each of its Branches shall be open for business on such days and during such hours as the Chief Executive Officer of the Bank shall, from time to time, prescribe.

SECTION 6.03. MINUTE BOOK. The organization papers of this Bank, the Articles of Association, the returns of the judges of elections, the Bylaws and any amendments thereto, the proceedings of all regular and special meetings of the shareholders and of the Board of Directors, and reports of the committees of the Board of Directors shall be recorded in the minute book of the Bank. The minutes of each such meeting shall be signed by the presiding officer and attested by the secretary of the meetings.

SECTION 6.04. AMENDMENT OF BY-LAWS. These Bylaws may be amended by vote of a majority of the Directors.

EXHIBIT 6

Securities and Exchange Commission
Washington, D.C. 20549

CONSENT

The undersigned, designated to act as Trustee under the Indenture for Huntsman ICI Chemicals LLC described in the attached Statement of Eligibility and Qualification, does hereby consent that reports of examinations by Federal, State, Territorial, or District Authorities may be furnished by such authorities to the Commission upon the request of the Commission.

This Consent is given pursuant to the provision of Section 321(b) of the Trust Indenture Act of 1939, as amended.

Bank One, NA

Dated: August 12, 1999 By: /s/ David B. Knox

Authorized Signer

EXHIBIT 7

Consolidated Report of Condition for Insured Commercial
and State-Chartered Savings Banks for June 30, 1999

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

Schedule RC - Balance Sheet

<TABLE>
<CAPTION>

	Dollar Amounts in Thousands				
<S>	<C>	<C>	<C>	<C>	<C>
ASSETS					
1. Cash and balances due from depository institutions (from Schedule RC-A):		RCFD			
		----			
a. Noninterest-bearing balances and currency and coin (1)		0081	977.157		1.a
b. Interest-bearing balances (2)		0071	2.800		1.b
2. Securities:					
a. Held-to-maturity securities (from Schedule RC-B column A)		1754	0		2.a
b. Available-for-sale securities (from Schedule RC-B, column D)		1773	3,284,179		2.b
3. Federal funds sold and securities purchased under agreements to resell		1350	2,948,288		3
4. Loans and lease financing receivables:	RCFD				
	----				
a. Loans and leases, net of unearned income (from Schedule RC-C)	2122	20,187,154			4.a
b. LESS: Allowance for loan and lease losses	3123	351,697			4.b
c. LESS: Allocated transfer risk reserve	3128	0			4.c
d. Loans and leases, net of unearned income.	RCFD				
	----				
allowance, and reserve (item 4.a minus 4.b and 4.c)	2125	19,835,457			4.d
5. Trading assets (from Schedule RC-D)	3545	0			5.
6. Premises and fixed assets (including capitalized leases)	2145	358,221			6.
7. Other real estate owned (from Schedule RC-M)	2150	14,281			7.
8. Investments in unconsolidated subsidiaries and associated companies (from Schedule RC-M)	2130	194,877			8.
9. Customers' liability to this bank on acceptances outstanding	2155	0			9.
10. Intangible assets (from Schedule RC-M)	2143	87,725			10.
11. Other assets (from Schedule RC-F)	2160	1,521,370			11.
12. Total assets (sum of items 1 through 11)	2170	29,224,355			12.

</TABLE>

(1) Includes cash items in process of collection and unposted debits.
(2) Includes time certificates of deposit not held for trading

Schedule RC - Continued

<TABLE>
<CAPTION>

	Dollar Amounts in Thousands				
<S>	<C>	<C>	<C>	<C>	<C>
LIABILITIES					
13. Deposits:		RCON			
		----			
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E part 1)	2200	14,551,186			13.a
		RCON			
(1) Noninterest-bearing (1)		----			
(2) Interest-bearing		6631	3,416,531		13.a.1
b. In foreign offices, Edge and Agreement subsidiaries, and IBFs (from Schedule RC-E part II)	6636	11,134,655			13.a.2
	RCFN	RCFN	1,041,215		13.b
(1) Noninterest-bearing		----	----		
(2) Interest-bearing		6631	0	2200	13.b1

6636	1,041,215	RCFD		13.b2

14. Federal funds purchased and securities sold under agreements to repurchase	2800	6,263,621		14

		RCON		
15. a. Demand notes issued to the U.S. Treasury	2840	60,000		15.a
		RCFD		
b. Trading liabilities (from Schedule RC-D)	3548	0		15.b
16. Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases):				
a. With a remaining maturity of one year or less	2332	698,209		16.a
b. With a remaining maturity of more than one year through three years	A547	53,603		16.b
c. With a remaining maturity of more than three years	A548	591,556		16.c
17. Not applicable				
18. Bank's liability on acceptances executed and outstanding	2920	0		18
19. Subordinated notes and debentures (2)	3200	829,193		19
20. Other liabilities (from Schedule RC-G)	2930	3,176,168		20
21. Total liabilities (sum of items 13 through 20)	2948	27,264,751		21
22. Not applicable				
EQUITY CAPITAL				
23. Perpetual preferred stock and related surplus	3838	0		23
24. Common stock	3230	127,044		24
25. Surplus (exclude all surplus related to preferred stock)	3839	1,099,382		25
26. a. Undivided profits and capital reserves	3632	760,498		26.a
b. Net unrealized holding gains (losses) on available-for-sale securities	3434	(27,320)		26.b
c. Accumulated not gains (losses) on cash flow hedges	4336	0		26.c
27. Cumulative foreign currency translation adjustments	3284	0		27
28. Total equity capital (sum of items 23 through 27)	3210	1,959,604		28
29. Total liabilities and equity capital (sum of items 21 and 28)	3300	29,224,355		29

Memorandum
To be reported only with the March Report of Condition.

		RCFD	Number
1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 1998	6724	N/A	M.1

</TABLE>

1 = Independent audit of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the bank

2 = Independent audit of the bank's parent holding company conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the consolidated holding company (but not on the bank separately)

3 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state chartering authority)

4 = Directors' examination of the bank performed by other external auditors (may be required by state chartering authority)

5 = Review of the bank's financial statements by external auditors

6 = Compilation of the bank's financial statements by external auditors

7 = Other audit procedures (excluding tax preparation work)

8 = No external audit work

(1) Includes total demand deposits and noninterest-bearing time and savings deposits.

(2) Includes limited-life preferred stock and related surplus.

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<ARTICLE> 5
<MULTIPLIER> 1,000
<CIK> 0001089748
<NAME> HUNTSMAN ICI CHEMICALS LLC

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<FISCAL-YEAR-END>	DEC-31-1996	FEB-28-1997	DEC-31-1997	DEC-31-1998	DEC-31-1998
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<OTHER-SE>	0	0	25,396	30,645	0
<TOTAL-LIABILITY-AND-EQUITY>	0	0	593,672	577,633	0
<SALES>	404,653	52,457	307,861	286,161	73,767
<TOTAL-REVENUES>	415,077	61,009	348,527	338,669	85,949
<CGS>	377,173	64,935	300,051	276,538	72,018
<TOTAL-COSTS>	396,124	66,732	308,128	284,398	74,505
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<LOSS-PROVISION>	0	0	0	0	0
<INTEREST-EXPENSE>	0	0	35,985	40,925	10,433
<INCOME-PRETAX>	18,953	(5,723)	4,995	15,259	1,244
<INCOME-TAX>	6,643	(2,035)	1,917	5,783	467
<INCOME-CONTINUING>	12,310	(3,688)	3,078	9,476	777
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</TABLE>

EXHIBIT 99.1

LETTER OF TRANSMITTAL
HUNTSMAN ICI CHEMICALS LLC
Offer for all Outstanding
10 1/8% Senior Subordinated Notes due 2009
Denominated in Dollars
in Exchange for
10 1/8% Senior Subordinated Notes due 2009
Denominated in Dollars
That Have Been Registered Under
the Securities Act of 1933, as amended,
Pursuant to the Prospectus, dated , 1999

- ---

THE EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT MIDNIGHT NEW YORK CITY TIME, ON , 1999, UNLESS EXTENDED (THE "EXPIRATION DATE"). TENDERS MAY BE WITHDRAWN PRIOR TO MIDNIGHT, NEW YORK CITY TIME, ON THE EXPIRATION DATE.

- ---

The Exchange Agent for the Exchange Offer is:

Bank One, N.A.

By Hand Delivery or Overnight Courier:

Bank One Trust Company, NA
Corporate Trust Operations, OH1-0184
235 West Schrock Rd.
Westerville, OH 43081
Attention: Lora Marsch - Confidential

By Mail:

Bank One Trust Company, NA
Corporate Trust Operations, OH1-0184
P.O. Box 710184
Columbus, OH 43271-0184
Attn: Lora Marsch - Confidential

By Facsimile Transmission:
(for Eligible Institutions Only)

614-248-9987

Confirm by Telephone:

800-346-5153

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE, OR TRANSMISSION OF THIS INSTRUMENT VIA FACSIMILE OTHER THAN AS SET FORTH ABOVE, WILL NOT CONSTITUTE A VALID DELIVERY OF THIS LETTER OF TRANSMITTAL.

The undersigned acknowledges that he or she has received and reviewed the Prospectus, dated , 1999 (the "Prospectus"), of Huntsman ICI Chemicals LLC, a Delaware limited liability company (the "Issuer") and this Letter of Transmittal (the "Letter of Transmittal" or the "Letter"), which together constitute the Issuer's offer (the "Exchange Offer") to exchange an aggregate principal amount of up to $600,000,000 of the Issuer's 10 1/8% Senior Subordinated Notes due 2009 that have been registered under the Securities Act of 1933, as amended (the "New Notes"), for a like principal amount denominated in dollars, in the aggregate, of the Issuer's issued and outstanding 10 1/8% Senior Subordinated Notes due 2009 (the "Old Notes") from the registered holders thereof. This Letter does not relate to the Issuer's EU200,000,000 10 1/8% Senior Subordinated Notes due 2009. Holders of euro-denominated notes will receive a separate Letter of Transmittal relating to those euro-denominated notes and, accordingly, should not list their euro-denominated notes on this Letter.

For each Old Note accepted for exchange, the holder of such Old Note will receive a New Note having a principal amount equal to that of the surrendered

Old Note. The New Notes will bear interest from the most recent date to which interest has been paid. Accordingly, registered holders of New Notes on the relevant record date for the first interest payment date following the consummation of the Exchange Offer will receive interest accruing from the most recent date to which interest has been paid. Old Notes accepted for exchange will cease to accrue interest from and after the date of consummation of the Exchange Offer. Holders of Old Notes whose Old Notes are accepted for exchange will not receive any payment in respect of accrued interest on such Old Notes otherwise payable on any interest payment date the record date for which occurs on or after consummation of the Exchange Offer.

This Letter is to be completed by a holder of Old Notes either if certificates for such Old Notes are to be forwarded herewith or if a tender is to be made by book-entry transfer to the account maintained by Bank One, N.A., as Exchange Agent for the Exchange Offer (the "Exchange Agent"), at The Depository Trust Company (the "Book-Entry Transfer Facility") pursuant to the procedures set forth in "The Exchange Offer--Book-Entry Transfers" section of the Prospectus and an Agent's Message is not delivered. Tenders by book-entry transfer may also be made by delivering an Agent's Message in lieu of this Letter. The term "Agent's Message" means a message, transmitted by the Book-Entry Transfer Facility to and received by the Exchange Agent and forming a part of a Book-Entry Confirmation (as defined below), which states that the Book-Entry Transfer Facility has received an express acknowledgment from the tendering participant, which acknowledgment states that such participant has received and agrees to be bound by this Letter and that the Issuer may enforce this Letter against such participant. Holders of Old Notes whose certificates are not immediately available, or who are unable to deliver their certificates or confirmation of the book-entry tender of their Old Notes into the Exchange Agent's account at the Book-Entry Transfer Facility (a "Book-Entry Confirmation") and all other documents required by this Letter to the Exchange Agent on or prior to the Expiration Date, must tender their Old Notes according to the guaranteed delivery procedures set forth in "The Exchange Offer--Guaranteed Delivery Procedures" section of the Prospectus. See Instruction 1.

Delivery of documents to the Book-Entry Transfer Facility does not constitute delivery to the Exchange Agent.

The undersigned has completed the appropriate boxes below and signed this Letter to indicate the action the undersigned desires to take with respect to the Exchange Offer.

List below the Old Notes to which this Letter relates. If the space provided below is inadequate, the certificate numbers and principal amount of Old Notes should be listed on a separate signed schedule affixed hereto.

<TABLE>
<CAPTION>

DESCRIPTION OF OLD NOTES	1	2	3
Name(s) and Address(es) of Registered holder(s) (Please fill in, if blank)	Certificate Number(s)*	Aggregate Principal Amount of Old Note(s)	Principal Amount Tendered**
<S>	<C>	<C>	<C>
Total			

* Need not be completed if Old Notes are being tendered by book-entry transfer.
** Unless otherwise indicated in this column, a holder will be deemed to have tendered ALL of the Old Notes represented by the Old Notes indicated in column 2. See Instruction 2. Old Notes tendered hereby must be in denominations of principal amount of $1,000 and any integral multiple thereof. See Instruction 1.

</TABLE>

[_] CHECK HERE IF TENDERED OLD NOTES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE EXCHANGE AGENT WITH THE BOOK-ENTRY TRANSFER FACILITY AND COMPLETE THE FOLLOWING:

Name of Tendering Institution _____

Account Number_____ Transaction Code Number _____

By crediting the Old Notes to the Exchange Agent's account at the Book-Entry Transfer Facility's Automated Tender Offer Program ("ATOP") and by complying with applicable ATOP procedures with respect to the Exchange Offer, including transmitting to the Exchange Agent a computer-generated Agent's Message in which the holder of the Old Notes acknowledges and agrees to be bound by the terms of, and makes the representations and warranties contained in, the Letter, the participant in the Book-Entry Transfer Facility confirms on behalf of itself and the beneficial owners of such Old Notes all provisions of this Letter (including all representations and warranties) applicable to it and such beneficial owner as fully as if it had completed the information required herein and executed and transmitted this Letter to the Exchange Agent.

[_] CHECK HERE IF TENDERED OLD NOTES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE EXCHANGE AGENT AND COMPLETE THE FOLLOWING:

Name(s) of Registered holder(s) _____

Window Ticket Number (if any) _____

Date of Execution of Notice of Guaranteed Delivery _____

Name of Institution Which Guaranteed Delivery _____

If Delivered by Book-entry Transfer, Complete the Following:

Account Number _____

Transaction Code Number _____

Name of Tendering Institution _____

[_] CHECK HERE IF TENDERED OLD NOTES ARE ENCLOSED HEREWITH.

[_] CHECK HERE IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.

Name: _____

Address: _____

_____

If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of New Notes. If the undersigned is a broker-dealer that will receive New Notes for its own account in exchange for Old Notes that were acquired as a result of market-making activities or other trading activities, it acknowledges that it will deliver a prospectus meeting the requirements of the Securities Act of 1933, as amended, in connection with any resale of such New Notes; however, by so acknowledging and by delivering such a prospectus the undersigned will not

be deemed to admit that it is an "underwriter" within the meaning of the Securities Act of 1933, as amended. If the undersigned is a broker-dealer that will receive New Notes, it represents that the Old Notes to be exchanged for the New Notes were acquired as a result of market-making activities or other trading activities.

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

Upon the terms and subject to the conditions of the Exchange Offer, the undersigned hereby tenders to the Issuer the aggregate principal amount of Old Notes indicated above. Subject to, and effective upon, the acceptance for exchange of the Old Notes tendered hereby, the undersigned hereby sells, assigns and transfers to, or upon the order of, the Issuer all right, title and interest in and to such Old Notes as are being tendered hereby.

The undersigned hereby irrevocably constitutes and appoints the Exchange Agent as the undersigned's true and lawful agent and attorney-in-fact with respect to such tendered Old Notes, with full power of substitution, among other things, to cause the Old Notes to be assigned, transferred and exchanged. The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Old Notes, and to acquire New Notes issuable upon the exchange of such tendered Old Notes, and that, when the same are accepted for exchange, the Issuer will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim when the same are accepted by the Issuer. The undersigned hereby further represents that any New Notes acquired in exchange for Old Notes tendered hereby will have been acquired in the ordinary course of business of the person receiving such New Notes, whether or not such person is the undersigned, that neither the holder of such Old Notes nor such other person has any arrangement or understanding with any person to participate in the distribution of such New Notes and that neither the holder of such Old Notes nor any such other person is an "affiliate," as defined in Rule 405 under the Securities Act of 1933, as amended (the "Securities Act"), of the Issuer.

The undersigned acknowledges that this Exchange Offer is being made in reliance on interpretations by the staff of the Securities and Exchange Commission (the "SEC"), as set forth in no-action letters issued to third parties, that the New Notes issued pursuant to the Exchange Offer in exchange for the Old Notes may be offered for resale, resold and otherwise transferred by holders or other persons receiving the New Notes thereof (other than any such holder or other person that is an "affiliate" of the Issuer within the meaning of Rule 405 under the Securities Act), without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such New Notes are acquired in the ordinary course of business of the person receiving such New Notes, whether or not such person is the holder, and neither the holder nor such other person has any arrangement or understanding with any person to participate in the distribution of such New Notes. However, the SEC has not considered the Exchange Offer in the context of a no-action letter and there can be no assurance that the staff of the SEC would make a similar determination with respect to the Exchange Offer as in other circumstances. If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of New Notes and has no arrangement or understanding to participate in a distribution of New Notes. If any holder is an affiliate of the Issuer, is engaged in or intends to engage in or has any arrangement or understanding with respect to the distribution of the New Notes to be acquired pursuant to the Exchange Offer, such holder (i) could not rely on the applicable interpretations of the staff of the SEC and (ii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction. If the undersigned is a broker-dealer that will receive New Notes for its own account in exchange for Old Notes, it represents that the Old Notes to be exchanged for the New Notes were acquired by it as a result of market-making activities or other trading activities and acknowledges that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such New Notes; however, by so acknowledging and by delivering a prospectus meeting the requirements of the Securities Act, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

The undersigned will, upon request, execute and deliver any additional documents deemed by the Issuer to be necessary or desirable to complete the sale, assignment and transfer of the Old Notes tendered hereby. All authority conferred or agreed to be conferred in this Letter and every obligation of the

undersigned hereunder shall be binding upon the successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned. This tender may be withdrawn only in accordance with the procedures set forth in "The Exchange Offer--Withdrawal Rights" section of the Prospectus.

Unless otherwise indicated herein in the box entitled "Special Issuance Instructions" below, please deliver the New Notes (and, if applicable, substitute certificates representing Old Notes for any Old Notes not exchanged) in the name of the undersigned or, in the case of a book-entry delivery of Old Notes, please credit the account indicated above maintained at the Book-Entry Transfer Facility. Similarly, unless otherwise indicated under the box entitled "Special Delivery Instructions" below, please send the New Notes (and, if applicable, substitute certificates representing Old Notes for any Old Notes not exchanged) to the undersigned at the address shown above in the box entitled "Description of Old Notes."

THE UNDERSIGNED, BY COMPLETING THE BOX ENTITLED "DESCRIPTION OF OLD NOTES" ABOVE AND SIGNING THIS LETTER, WILL BE DEEMED TO HAVE TENDERED THE OLD NOTES AS SET FORTH IN SUCH BOX ABOVE.

<TABLE>
<S> <C>

SPECIAL ISSUANCE INSTRUCTIONS
(See Instructions 3 and 4)

To be completed ONLY if certificates for Old Notes not exchanged and/or New Notes are to be issued in the name of someone other than the person or persons whose signature(s) appear(s) on this Letter above, or if Old Notes delivered by book-entry transfer which are not accepted for exchange are to be returned by credit to an account maintained at the Book-Entry Transfer Facility other than the account indicated above.

Issue: New Notes and/or Old Notes to:

Name(s).....
(Please Type or Print)

.....
(Please Type or Print)

Address.....

.....
(Zip Code)
(Complete Substitute Form W-9)

Credit unexchanged Old Notes delivered by book-entry transfer to the Book-Entry Transfer Facility account set forth below.

(Book-Entry Transfer Facility Account Number, if applicable)

SPECIAL DELIVERY INSTRUCTIONS
(See Instructions 3 and 4)

To be completed ONLY if certificates for Old Notes not exchanged and/or New Notes are to be sent to someone other than the person or persons whose signature(s) appear(s) on this Letter above or to such person or persons at an address other than shown in the box entitled "Description of Old Notes" on this Letter above.

Mail: New Notes and/or Old Notes to:

Name(s).....
(Please Type or Print)

Address.....

.....
(Please Type or Print)

.....
(Zip Code)
</TABLE>

IMPORTANT: THIS LETTER OR A FACSIMILE HEREOF OR AN AGENT'S MESSAGE IN LIEU THEREOF (TOGETHER WITH THE CERTIFICATES FOR OLD NOTES OR A BOOK-ENTRY CONFIRMATION AND ALL OTHER REQUIRED DOCUMENTS OR THE NOTICE OF GUARANTEED DELIVERY) MUST BE RECEIVED BY THE EXCHANGE AGENT PRIOR TO MIDNIGHT, NEW YORK CITY TIME, ON THE EXPIRATION DATE.

PLEASE READ THIS ENTIRE LETTER OF TRANSMITTAL CAREFULLY BEFORE COMPLETING ANY BOX ABOVE.

- ---

(TO BE COMPLETED BY ALL TENDERING HOLDERS)
(COMPLETE ACCOMPANYING SUBSTITUTE FORM W-9 ON REVERSE SIDE)

Dated:....., 1999
x ....., 1999
x ....., 1999
Signature(s) of Owner Date

Area Code and Telephone Number.....

This Letter must be signed by the registered Holder(s) as the name(s) appear(s) on the certificate(s) for the Old Notes hereby tendered or on a security position, on listing or by any person(s) authorized to become registered holder(s) by endorsements and documents transmitted herewith. If signature is by a trustee, executor, administrator, guardian, officer or other person acting in a fiduciary or representative capacity, please set forth full title. See Instruction 3.

Name(s):.....
.....
(Please Type or Print)
Capacity:.....
Address:.....
.....
(Including Zip Code)

SIGNATURE GUARANTEE
(If required by Instruction 3)

Signature(s) Guaranteed by
an Eligible Institution: .....
(Authorized Signature)
.....

.....
(Title)
.....
(Name And Firm)

Dated: ....., 1999

- ---

INSTRUCTIONS

FORMING PART OF THE TERMS AND CONDITIONS OF THE EXCHANGE OFFER FOR THE
10 1/8% SENIOR SUBORDINATED NOTES DUE 2009
DENOMINATED IN DOLLARS
OF HUNTSMAN ICI CHEMICALS LLC IN EXCHANGE FOR THE
10 1/8% SENIOR SUBORDINATED NOTES DUE 2009
DENOMINATED IN DOLLARS
THAT HAVE BEEN REGISTERED UNDER THE
SECURITIES ACT OF 1933, AS AMENDED

1. DELIVERY OF THIS LETTER AND NOTES; GUARANTEED DELIVERY PROCEDURES.

This Letter is to be completed by holders of Old Notes either if certificates are to be forwarded herewith or if tenders are to be made pursuant to the procedures for delivery by book-entry transfer set forth in "The Exchange Offer--Book-Entry Transfers" section of the Prospectus and an Agent's Message is not delivered. Tenders by book-entry transfer may also be made by delivering an Agent's Message in lieu of this Letter. The term "Agent's Message" means a message, transmitted by the Book-Entry Transfer Facility to and received by the

Exchange Agent and forming a part of a Book-Entry Confirmation, which states that the Book-Entry Transfer Facility has received an express acknowledgment from the tendering participant, which acknowledgment states that such participant has received and agrees to be bound by the Letter of Transmittal and that the Issuer may enforce the Letter of Transmittal against such participant. Certificates for all physically tendered Old Notes, or Book-Entry Confirmation, as the case may be, as well as a properly completed and duly executed Letter (or manually signed facsimile hereof or Agent's Message in lieu thereof) and any other documents required by this Letter, must be received by the Exchange Agent at the address set forth herein on or prior to the Expiration Date, or the tendering holder must comply with the guaranteed delivery procedures set forth below. Old Notes tendered hereby must be in denominations of principal amount of $1,000 and any integral multiple thereof.

Holders whose certificates for Old Notes are not immediately available or who cannot deliver their certificates and all other required documents to the Exchange Agent on or prior to the Expiration Date, or who cannot complete the procedure for book-entry transfer on a timely basis, may tender their Old Notes pursuant to the guaranteed delivery procedures set forth in "The Exchange Offer--Guaranteed Delivery Procedures" section of the Prospectus. Pursuant to such procedures, (i) such tender must be made through an Eligible Institution, (ii) prior to p.m., New York City time, on the Expiration Date, the Exchange Agent must receive from such Eligible Institution a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form provided by the Issuer (by telegram, telex, facsimile transmission, mail or hand delivery), setting forth the name and address of the holder of Old Notes and the amount of Old Notes tendered, stating that the tender is being made thereby and guaranteeing that within three (3) New York Stock Exchange ("NYSE") trading days after the date of execution of the Notice of Guaranteed Delivery, the certificates for all physically tendered Old Notes, in proper form for transfer, or a Book-Entry Confirmation, as the case may be, together with a properly completed and duly executed Letter (or facsimile thereof or Agent's Message in lieu thereof) with any required signature guarantees and any other documents required by this Letter will be deposited by the Eligible Institution with the Exchange Agent, and (iii) the certificates for all physically tendered Old Notes, in proper form for transfer, or a Book-Entry Confirmation, as the case may be, together with a properly completed and duly executed Letter (or facsimile thereof or Agent's Message in lieu thereof) with any required signature guarantees and all other documents required by this Letter, are received by the Exchange Agent within three (3) NYSE trading days after the date of execution of the Notice of Guaranteed Delivery. An "Eligible Institution" is a firm which is a financial institution (including most banks, savings and loan associations and brokerage houses) that is a participant in the Securities Transfer

Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchanges Medallion Program.

The method of delivery of this Letter, the Old Notes and all other required documents is at the election and risk of the tendering holders, but the delivery will be deemed made only when actually received or confirmed by the Exchange Agent. If Old Notes are sent by mail, it is suggested that the mailing be registered mail, properly insured, with return receipt requested, made sufficiently in advance of the Expiration Date to permit delivery to the Exchange Agent prior to p.m., New York City time, on the Expiration Date. No Letters of Transmittal or Old Notes should be sent directly to the Issuer.

See "The Exchange Offer" section of the Prospectus.

2. Partial Tenders (not applicable to holders who tender by book-entry transfer).

If less than all of the Old Notes evidenced by a submitted certificate are to be tendered, the tendering holder(s) should fill in the aggregate principal amount of Old Notes to be tendered in the box above entitled "Description of Old Notes--Principal Amount Tendered." A reissued certificate representing the balance of nontendered Old Notes will be sent to such tendering holder, unless otherwise provided in the appropriate box on this Letter, promptly after the Expiration Date. ALL OF THE OLD NOTES DELIVERED TO THE EXCHANGE AGENT WILL BE DEEMED TO HAVE BEEN TENDERED UNLESS OTHERWISE INDICATED.

3. Signatures on this Letter; Bond Powers and Endorsements; Guarantee of Signatures.

If this Letter is signed by the holder of the Old Notes tendered hereby, the signature must correspond exactly with the name as written on the face of the certificates or on the Book-Entry Transfer Facility's security position listing as the holder of such Old Notes without any change whatsoever.

If any tendered Old Notes are owned of record by two or more joint owners, all of such owners must sign this Letter.

If any tendered Old Notes are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate copies of this Letter as there are different registrations of certificates.

When this Letter is signed by the registered holder or holders of the Old Notes specified herein and tendered hereby, no endorsements of certificates or written instrument or instruments of transfer or exchange are required. If, however, the Old Notes are registered in the name of a person other than a signer of the Letter, the Old Notes surrendered for exchange must be endorsed by, or be accompanied by a written instrument or instruments of transfer or exchange, in satisfactory form as determined by the Issuer in its sole discretion, duly executed by the registered national securities exchange with the signature thereon guaranteed by an Eligible Institution.

If this Letter is signed by a person or persons other than the registered holder or holders of Old Notes, such Old Notes must be endorsed or accompanied by appropriate powers of attorney, in either case signed exactly as the name or names of the registered holder or holders that appear on the Old Notes.

If this Letter or any Old Notes or powers of attorneys are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and, unless waived by the Issuer, proper evidence satisfactory to the Issuer of their authority to so act must be submitted with the Letter.

Endorsements on certificates for Old Notes or signatures on powers of attorneys required by this instruction 3 must be guaranteed by an Eligible Institution.

Signatures on this Letter need not be guaranteed by an Eligible Institution, provided the Old Notes are tendered: (i) by a registered holder of Old Notes (which term, for purposes of the Exchange Offer, includes any participant in the Book-Entry Transfer Facility system whose name appears on a security position listing as the holder of such Old Notes) who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on this letter, or (ii) for the account of an Eligible Institution.

4. Special Issuance and Delivery Instructions

Tendering holders of Old Notes should indicate in the applicable box the name and address to which New Notes issued pursuant to the Exchange Offer and or substitute certificates evidencing Old Notes not exchanged are to be issued or sent, if different from the name or address of the person signing this Letter. In the case of issuance in a different name, the employer identification or social security number of the person named must also be indicated. Holders tendering Old Notes by book-entry transfer may request that Old Notes not exchanged be credited to such account maintained at the Book-Entry Transfer Facility as such holder may designate hereon. If no such instructions are given, such Old Notes not exchanged will be returned to the name and address of the person signing this Letter.

5. Taxpayer Identification Number.

Federal income tax law generally requires that a tendering holder whose Old Notes are accepted for exchange must provide the Issuer (as payor) with such holder's correct Taxpayer Identification Number ("TIN") on Substitute Form W-9 below, which in the case of a tendering holder who is an individual, is his or

her social security number. If the Issuer is not provided with the current TIN or an adequate basis for an exemption, such tendering holder may be subject to a $50 penalty imposed by the Internal Revenue Service. In addition, delivery to such tendering holder of New Notes may be subject to backup withholding in an amount equal to 31% of all reportable payments made after the exchange. If withholding results in an overpayment of taxes, a refund may be obtained.

Exempt holders of Old Notes (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. See the enclosed Guidelines of Certification of Taxpayer Identification Number on Substitute Form W-9 (the "W-9 Guidelines") for additional instructions.

To prevent backup withholding, each tendering holder of Old Notes must provide its correct TIN by completing the Substitute Form W-9 set forth below, certifying that the TIN provided is correct (or that such holder is awaiting a TIN) and that (i) the holder is exempt from backup withholding, or (ii) the holder has not been notified by the Internal Revenue Service that such holder is subject to backup withholding as a result of a failure to report all interest or dividends or (iii) the Internal Revenue Service has notified the holder that such holder is no longer subject to backup withholding. If the tendering holder of Old Notes is a nonresident alien or foreign entity not subject to backup withholding, such holder must give the Exchange Agent a completed Form W-8, Certificate of Foreign Status. If the Old Notes are in more than one name or are not in the name of the actual owner, such holder should consult the W-9 Guidelines for information on which TIN to report. If such holder does not have a TIN, such holder should consult the W-9 Guidelines for instructions on applying for a TIN, check the box in Part 2 of the Substitute Form W-9 and write

"applied for" in lieu of its TIN. Note: Checking this box and writing "applied for" on the form means that such holder has already applied for a TIN or that such holder intends to apply for one in the near future. Checking this box also requires that the holder complete the Certificate of Awaiting Taxpayer Identification Number form attached to the Substitute Form W-9. If such holder does not provide its TIN to the Exchange Agent within 60 days, backup withholding will begin and continue until such holder furnishes its TIN to the Exchange Agent.

The information requested above should be directed to the Exchange Agent at the following address:

Delivery To: Bank One, N.A., Exchange Agent

Bank One, N.A.

By Hand Delivery or Overnight Courier:

Bank One Trust Company, NA
Corporate Trust Operations, OH1-0184
235 West Schrock Rd.
Westerville, OH 43081
Attention: Lora Marsch - Confidential

By Mail:

Bank One Trust Company, NA
Corporate Trust Operations, OH1-0184
P.O. Box 710184
Columbus, OH 43271-0184
Attn: Lora Marsch - Confidential

By Facsimile Transmission:
(for Eligible Institutions Only)

614-248-9987

Confirm by Telephone:

800-346-5153

6 Transfer Taxes.

Holders who tender their Old Notes for exchange will not be obligated to pay any transfer taxes in connection therewith. If, however, New Notes are to be delivered to, or are to be issued in the name of, any person other than the registered holder of the Old Notes tendered, or if a transfer tax is imposed for any reason other than the exchange of Old Notes in connection with the Exchange Offer, then the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with this Letter, the amount of such transfer taxes will be billed directly to such tendering holder.

Except as provided in this Instruction 6, it will not be necessary for transfer tax stamps to be affixed to the Old Notes specified in this Letter.

7 Waiver of Conditions.

The Issuer reserves the absolute right to waive any defects or irregularities or conditions of the Exchange Offer as to any particular Old Note either before or after the Expiration Date (including the right to waive the ineligibility of any holder who seeks to tender Old Notes in the Exchange Offer).

8 No Conditional Tenders.

No alternative, conditional, irregular or contingent tenders will be accepted. All tendering holders of Old Notes, by execution of this Letter or an Agent's Message in lieu thereof, shall waive any right to receive notice of the acceptance of their Old Notes for exchange.

Neither the Issuer, the Exchange Agent nor any other person is obligated to give notice of any defect or irregularity with respect to any tender of Old Notes nor shall any of them.

9. Mutilated, Lost, Stolen or Destroyed Old Notes.

Any holder whose Old Notes have been mutilated, lost, stolen or destroyed should contact the Exchange Agent at the address indicated above for further instructions.

10. Withdrawal Rights

Tenders of Old Notes may be withdrawn at any time prior to p.m., New York City time, on the Expiration Date.

For a withdrawal to be effective, a written notice of withdrawal must be received by the Exchange Agent at the address set forth above prior to p.m., New York City time, on the Expiration Date. Any such notice of withdrawal must: (i) specify the name of the person having tendered the Old Notes to be withdrawn (the "Depositor"), (ii) identify the Old Notes to be withdrawn (including the principal amount of such Old Notes), and (iii) (where certificates for Old Notes have been transmitted) specify the name in which such Old Notes are registered, if different from that of the Depositor. If certificates for Old Notes have been delivered or otherwise identified to the Exchange Agent, then prior to the release of such certificates the Depositor must also submit the serial numbers of the particular certificates to be withdrawn and a signed notice of withdrawal with signatures guaranteed by an Eligible Institution unless such Depositor is an Eligible Institution. If Old Notes have been tendered pursuant to the procedure for book-entry transfer set forth in "The Exchange Offer--Book-Entry Transfers" section of the Prospectus, any notice of withdrawal must specify the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn Old Notes and otherwise comply with the procedures of such facility. All questions as to the validity, form and eligibility (including time of receipt) of such notices will be determined by the Issuer, whose determination shall be final and binding on all parties. Any Old Notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the Exchange Offer and no New Notes will be issued with respect thereto unless the Old Notes so withdrawn are validly retendered. Any Old Notes that have been tendered for exchange but which are not exchanged for any reason will be returned to the holder thereof without cost to such holder (or, in the case of Old Notes tendered by book-entry transfer

into the Exchange Agent's account at the Book-Entry Transfer Facility pursuant to the book-entry transfer procedures set forth in "The Exchange Offer--Book-Entry Transfers" section of the Prospectus, such Old Notes will be credited to an account maintained with the Book-Entry Transfer Facility for the Old Notes) as soon as practicable after withdrawal, rejection of tender or termination of the Exchange Offer. Properly withdrawn Old Notes may be retendered by

following the procedures described above at any time on or prior to p.m., New York City time, on the Expiration Date.

11. Requests for Assistance or Additional Copies.

Questions relating to the procedure for tendering, as well as requests for additional copies of the Prospectus and this Letter, and requests for Notices of Guaranteed Delivery and other related documents may be directed to the Exchange Agent, at the address and telephone number indicated above.

TO BE COMPLETED BY ALL TENDERING HOLDERS
(See Instruction 5)

PAYOR'S NAME: [NAME OF EXCHANGE AGENT]

<TABLE>
<S> <C>

SUBSTITUTE Form W-9 Department of the Treasury Internal Revenue Service	Part 1--PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW. TIN: _____ Social Security Number Or Employer Identification Number Part 2--TIN Applied For [_] Payor's Request For Taxpayer Identification Number ("Tin") and Certification CERTIFICATION: UNDER THE PENALTIES OF PERJURY, I CERTIFY THAT: Payor's Request for Taxpayer Identification Number ("TIN") and Certification (1) the number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to (2) I am not subject to backup withholding either because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (the "IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and (3) any other information provided on this form is true and correct. SIGNATURE..... DATE.....
You must cross out item (2) of the above certification if you have been notified by the IRS that you are subject to backup withholding because of underreporting of interest or dividends on your tax return and you have not been notified by the IRS that you are no longer subject to backup withholding.	

</TABLE>

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED THE BOX IN PART 2 OF SUBSTITUTE FORM W-9

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number by the time of the exchange, 31% of all reportable payments made to me thereafter will be withheld until I provide a number.

Signature Date

EXHIBIT 99.2

NOTICE OF GUARANTEED DELIVERY FOR
10 1/8% SENIOR SUBORDINATED NOTES DUE 2009
DENOMINATED IN DOLLARS OF
HUNTSMAN ICI CHEMICALS LLC

This form or one substantially equivalent hereto must be used to accept the Exchange Offer of Huntsman ICI Chemicals LLC (the "Issuer) made pursuant to the Prospectus, dated , 1999 (the "Prospectus"), if certificates for the outstanding 10 1/8% Senior Subordinated Notes due 2009 denominated in dollars of the Issuer (the "Old Notes") are not immediately available or if the procedure for book-entry transfer cannot be completed on a timely basis or time will not permit all required documents to reach Bank One, N.A., as exchange agent (the "Exchange Agent") prior to p.m., New York City time, on the Expiration Date of the Exchange Offer. Such form may be delivered or transmitted by facsimile transmission, mail or hand delivery to the Exchange Agent as set forth below. Capitalized terms not defined herein are defined in the Prospectus.

Delivery To:

Bank One, N.A., Exchange Agent

By Hand Delivery or Overnight Courier:

Bank One Trust Company, NA
Corporate Trust Operations, OH1-0184
235 West Schrock Rd.
Westerville, OH 43081
Attention: Lora Marsch - Confidential

By Mail:

Bank One Trust Company, NA
Corporate Trust Operations, OH1-0184
P.O. Box 710184
Columbus, OH 43271-0184
Attn: Lora Marsch - Confidential

By Facsimile Transmission:
(for Eligible Institutions Only)

614-248-9987

Confirm by Telephone:

800-346-5153

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE, OR TRANSMISSION OF THIS INSTRUMENT VIA FACSIMILE OTHER THAN AS SET FORTH ABOVE, WILL NOT CONSTITUTE A VALID DELIVERY.

Ladies and Gentlemen:

Upon the terms and conditions set forth in the Prospectus, the undersigned hereby tenders to the Issuer the principal amount of Old Notes set forth below pursuant to the guaranteed delivery procedure described in "The Exchange Offer--Guaranteed Delivery Procedures" section of the Prospectus.

Principal Amount of Old Notes Tendered:*

$_____

Certificate Nos. (if available): If Old Notes will be delivered by book-entry transfer to The Depository Trust Company, provide account number.

Total Principal Amount Represented by
Old Notes Certificate(s): Account Number_____

$_____

_____

All authority herein conferred or agreed to be conferred shall survive the death or incapacity of the undersigned and every obligation of the undersigned hereunder shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned.

_____

PLEASE SIGN HERE

X _____ _____
X _____ _____
Signature(s) of Owner(s) Date
or Authorized Signatory

Area Code and Telephone Number:_____

Must be signed by the Holder(s) of Old Notes as their name(s) appear(s) on certificates for Old Notes or on a security position listing, or by person(s) authorized to become registered Holder(s) by endorsement and documents transmitted with this Notice of Guaranteed Delivery. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, such person must set forth his or her full title below.

Please print name(s) and address(es)

Name(s): _____
_____
_____

Capacity: _____

Address(es): _____
_____
_____

_____

*Must be in denominations of principal amount of $1,000 and any integral multiple thereof.

GUARANTEE
(Not to be used for signature guarantee)

The undersigned, an Eligible Institution (including most banks, savings and loan associations and brokerage houses) that is a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchanges Medallion Program, hereby guarantees that the certificates for all physically tendered Old Notes, in proper form for transfer, or a Book-Entry Confirmation, as the case may be, together with a properly completed and duly executed Letter of Transmittal (or facsimile thereof or Agent's Message in lieu thereof) with any required signature guarantees and any other documents required by the Letter of Transmittal, will be received by the Exchange Agent at the address set forth above, within three (3) New York Stock Exchange trading days after the date of execution of the Notice of Guaranteed Delivery.

The undersigned acknowledges that it must deliver the Letter of Transmittal and the Old Notes tendered hereby to the Exchange Agent within the time period set forth above and that failure to do so could result in a financial loss to the undersigned.

_____
Name of Firm Authorized Signature

_____
Address Title
Name:_____
Zip Code (Please Type or Print)

Area Code and Tel. No._____ Dated:_____

NOTE: DO NOT SEND CERTIFICATES FOR OLD NOTES WITH THIS FORM. CERTIFICATES FOR OLD NOTES SHOULD BE SENT ONLY WITH A COPY OF YOUR PREVIOUSLY EXECUTED LETTER OF TRANSMITTAL.

EXHIBIT 99.3

LETTER OF TRANSMITTAL
HUNTSMAN ICI CHEMICALS LLC
Offer for all Outstanding
10 1/8% Senior Subordinated Euro Notes due 2009
Denominated in Euros
in Exchange for
10 1/8% Senior Subordinated Euro Notes due 2009
Denominated in Euros
That Have Been Registered Under
the Securities Act of 1933, as amended,
Pursuant to the Prospectus, dated , 1999

- ---

THE EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT MIDNIGHT LONDON TIME, ON , 1999, UNLESS EXTENDED (THE "EXPIRATION DATE"). TENDERS MAY BE WITHDRAWN PRIOR TO MIDNIGHT, LONDON TIME, ON THE EXPIRATION DATE.

- ---

The Exchange Agent for the Exchange Offer is:

Bank One, N.A.

By Mail or Hand Delivery or Overnight Courier:
[Name of Exchange Agent]
[Street Address]
[City, State, Zip Code]
Attention: [Authorized Agent] - Confidential

By Facsimile Transmission:
(for Eligible Institutions Only)

[( ) -]

Confirm by Telephone:

[( ) -]

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE, OR TRANSMISSION OF THIS INSTRUMENT VIA FACSIMILE OTHER THAN AS SET FORTH ABOVE, WILL NOT CONSTITUTE A VALID DELIVERY OF THIS LETTER OF TRANSMITTAL.

The undersigned acknowledges that he or she has received and reviewed the Prospectus, dated , 1999 (the "Prospectus"), of Huntsman ICI Chemicals LLC, a Delaware limited liability company (the "Issuer") and this Letter of Transmittal (the "Letter of Transmittal" or the "Letter"), which together constitute the Issuer's offer (the "Exchange Offer") to exchange an aggregate principal amount of up to EU200,000,000 of the Issuer's 10 1/8% Senior Subordinated Notes due 2009 that have been registered under the Securities Act of 1933, as amended (the "New Notes"), for a like principal amount denominated in euros, in the aggregate, of the Issuer's issued and outstanding 10 1/8% Senior Subordinated Notes due 2009 (the "Old Notes") from the registered holders thereof. This Letter does not relate to the Issuer's $600,000,000 10 1/8% Senior Subordinated Notes due 2009. Holders of dollar-denominated notes will receive a separate Letter of Transmittal relating to those dollar-denominated notes and, accordingly, should not list their dollar-denominated notes on this Letter.

For each Old Note accepted for exchange, the holder of such Old Note will receive a New Note having a principal amount equal to that of the surrendered Old Note. The New Notes will bear interest from the most recent date to which interest has been paid. Accordingly, registered holders of New Notes on the relevant record date for the first interest payment date following the consummation of the Exchange Offer will receive interest accruing from the most recent date to which interest has been paid. Old Notes accepted for exchange will cease to accrue interest from and after the date of consummation of the Exchange Offer. Holders of Old Notes whose Old Notes are accepted for exchange will not receive any

payment in respect of accrued interest on such Old Notes otherwise payable on any interest payment date the record date for which occurs on or after consummation of the Exchange Offer.

This Letter is to be completed by a holder of Old Notes either if certificates for such Old Notes are to be forwarded herewith or if a tender is to be made by book-entry transfer to the account maintained by Bank One, N.A., as Exchange Agent for the Exchange Offer (the "Exchange Agent"), at Euroclear or Cedelbank (the "Book-Entry Transfer Facility") pursuant to the procedures set forth in "The Exchange Offer--Book-Entry Transfers" section of the Prospectus and an Agent's Message is not delivered. Tenders by book-entry transfer may also be made by delivering an Agent's Message in lieu of this Letter. The term "Agent's Message" means a message, transmitted by the Book-Entry Transfer Facility to and received by the Exchange Agent and forming a part of a Book-Entry Confirmation (as defined below), which states that the Book-Entry Transfer Facility has received an express acknowledgment from the tendering participant, which acknowledgment states that such participant has received and agrees to be bound by this Letter and that the Issuer may enforce this Letter against such participant. Holders of Old Notes whose certificates are not immediately available, or who are unable to deliver their certificates or confirmation of the book-entry tender of their Old Notes into the Exchange Agent's account at the Book-Entry Transfer Facility (a "Book-Entry Confirmation") and all other documents required by this Letter to the Exchange Agent on or prior to the Expiration Date, must tender their Old Notes according to the guaranteed delivery procedures set forth in "The Exchange Offer--Guaranteed Delivery Procedures" section of the Prospectus. See Instruction 1.

Delivery of documents to the Book-Entry Transfer Facility does not constitute delivery to the Exchange Agent.

The undersigned has completed the appropriate boxes below and signed this Letter to indicate the action the undersigned desires to take with respect to the Exchange Offer.

List below the Old Notes to which this Letter relates. If the space provided below is inadequate, the certificate numbers and principal amount of Old Notes should be listed on a separate signed schedule affixed hereto.

<TABLE>
<CAPTION>

DESCRIPTION OF OLD NOTES	1	2	3
<S>	<C>	<C>	<C>
Name(s) and Address(es) of holder(s) (Please fill in, if blank)	Registered Number(s)*	Certificate Principal Amount of Old Note(s)	Aggregate Principal Amount Tendered**
	Total		

* Need not be completed if Old Notes are being tendered by book-entry transfer.
** Unless otherwise indicated in this column, a holder will be deemed to have tendered ALL of the Old Notes represented by the Old Notes indicated in column 2. See Instruction 2. Old Notes tendered hereby must be in denominations of principal amount of EU1,000 and any integral multiple thereof. See Instruction 1.

</TABLE>

[_] CHECK HERE IF TENDERED OLD NOTES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE EXCHANGE AGENT WITH THE BOOK-ENTRY TRANSFER FACILITY AND COMPLETE THE FOLLOWING:

Name of Tendering Institution_____

Account Number_____ Transaction Code Number_____

By crediting the Old Notes to the Exchange Agent's account at the Book-

Entry Transfer Facility's Automated Tender Offer Program ("ATOP") and by complying with applicable ATOP procedures with

respect to the Exchange Offer, including transmitting to the Exchange Agent a computer-generated Agent's Message in which the holder of the Old Notes acknowledges and agrees to be bound by the terms of, and makes the representations and warranties contained in, the Letter, the participant in the Book-Entry Transfer Facility confirms on behalf of itself and the beneficial owners of such Old Notes all provisions of this Letter (including all representations and warranties) applicable to it and such beneficial owner as fully as if it had completed the information required herein and executed and transmitted this Letter to the Exchange Agent.

[_] CHECK HERE IF TENDERED OLD NOTES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE EXCHANGE AGENT AND COMPLETE THE FOLLOWING:

Name(s) of Registered holder(s)_____

Window Ticket Number (if any)_____

Date of Execution of Notice of Guaranteed Delivery_____

Name of Institution Which Guaranteed Delivery_____

If Delivered by Book-Entry Transfer, Complete the Following:

Account Number_____

Transaction Code Number_____

Name of Tendering Institution_____

[_] CHECK HERE IF TENDERED OLD NOTES ARE ENCLOSED HEREWITH.

[_] CHECK HERE IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.

Name:_____

Address:_____

_____

If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of New Notes. If the undersigned is a broker-dealer that will receive New Notes for its own account in exchange for Old Notes that were acquired as a result of market-making activities or other trading activities, it acknowledges that it will deliver a prospectus meeting the requirements of the Securities Act of 1933, as amended, in connection with any resale of such New Notes; however, by so acknowledging and by delivering such a prospectus the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act of 1933, as amended. If the undersigned is a broker-dealer that will receive New Notes, it represents that the Old Notes to be exchanged for the New Notes were acquired as a result of market-making activities or other trading activities.

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

Upon the terms and subject to the conditions of the Exchange Offer, the undersigned hereby tenders to the Issuer the aggregate principal amount of Old Notes indicated above. Subject to, and effective upon, the acceptance for exchange of the Old Notes tendered hereby, the undersigned hereby sells, assigns and transfers to, or upon the order of, the Issuer all right, title and interest

in and to such Old Notes as are being tendered hereby.

The undersigned hereby irrevocably constitutes and appoints the Exchange Agent as the undersigned's true and lawful agent and attorney-in-fact with respect to such tendered Old Notes, with full power of substitution, among other things, to cause the Old Notes to be assigned, transferred and exchanged. The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Old Notes, and to acquire New Notes issuable upon the exchange of such tendered Old Notes, and that, when the same are accepted for exchange, the Issuer will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim when the same are accepted by the Issuer. The undersigned hereby further represents that any New Notes acquired in exchange for Old Notes tendered hereby will have been acquired in the ordinary course of business of the person receiving such New Notes, whether or not such person is the undersigned, that neither the holder of such Old Notes nor such other person has any arrangement or understanding with any person to participate in the distribution of such New Notes and that neither the holder of such Old Notes nor any such other person is an "affiliate," as defined in Rule 405 under the Securities Act of 1933, as amended (the "Securities Act"), of the Issuer.

The undersigned acknowledges that this Exchange Offer is being made in reliance on interpretations by the staff of the Securities and Exchange Commission (the "SEC"), as set forth in no-action letters issued to third parties, that the New Notes issued pursuant to the Exchange Offer in exchange for the Old Notes may be offered for resale, resold and otherwise transferred by holders or other persons receiving the New Notes thereof (other than any such holder or other person that is an "affiliate" of the Issuer within the meaning of Rule 405 under the Securities Act), without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such New Notes are acquired in the ordinary course of business of the person receiving such New Notes, whether or not such person is the holder, and neither the holder nor such other person has any arrangement or understanding with any person to participate in the distribution of such New Notes. However, the SEC has not considered the Exchange Offer in the context of a no-action letter and there can be no assurance that the staff of the SEC would make a similar determination with respect to the Exchange Offer as in other circumstances. If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of New Notes and has no arrangement or understanding to participate in a distribution of New Notes. If any holder is an affiliate of the Issuer, is engaged in or intends to engage in or has any arrangement or understanding with respect to the distribution of the New Notes to be acquired pursuant to the Exchange Offer, such holder (i) could not rely on the applicable interpretations of the staff of the SEC and (ii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction. If the undersigned is a broker-dealer that will receive New Notes for its own account in exchange for Old Notes, it represents that the Old Notes to be exchanged for the New Notes were acquired by it as a result of market-making activities or other trading activities and acknowledges that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such New Notes; however, by so acknowledging and by delivering a prospectus meeting the requirements of the Securities Act, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

The undersigned will, upon request, execute and deliver any additional documents deemed by the Issuer to be necessary or desirable to complete the sale, assignment and transfer of the Old Notes tendered hereby. All authority conferred or agreed to be conferred in this Letter and every obligation of the undersigned hereunder shall be binding upon the successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned. This tender may be withdrawn only in accordance with the procedures set forth in "The Exchange Offer--Withdrawal Rights" section of the Prospectus.

Unless otherwise indicated herein in the box entitled "Special Issuance Instructions" below, please deliver the New Notes (and, if applicable, substitute certificates representing Old Notes for any Old Notes not exchanged) in the name of the undersigned or, in the case of a book-entry delivery of Old

Notes, please credit the account indicated above maintained at the Book-Entry Transfer Facility. Similarly, unless otherwise indicated under the box entitled "Special Delivery Instructions" below, please send the New Notes (and, if applicable, substitute certificates representing Old Notes for any Old Notes not exchanged) to the undersigned at the address shown above in the box entitled "Description of Old Notes."

THE UNDERSIGNED, BY COMPLETING THE BOX ENTITLED "DESCRIPTION OF OLD NOTES" ABOVE AND SIGNING THIS LETTER, WILL BE DEEMED TO HAVE TENDERED THE OLD NOTES AS SET FORTH IN SUCH BOX ABOVE.

<TABLE>
<CAPTION>

SPECIAL ISSUANCE INSTRUCTIONS (See Instructions 3 and 4)	SPECIAL DELIVERY INSTRUCTIONS (See Instructions 3 and 4)
<S>	<C>
To be completed ONLY if certificates for Old Notes not exchanged and/or New Notes are to be issued in the name of someone other than the person or persons whose signature(s) appear(s) on this Letter above, or if Old Notes delivered by book-entry transfer which are not accepted for exchange are to be returned by credit to an account maintained at the Book-Entry Transfer Facility other than the account indicated above. Issue: New Notes and/or Old Notes to: Name(s)..... (Please Type or Print) ..... (Please Type or Print) Address..... ..... (Zip Code) (Complete Substitute Form W-9) Credit unexchanged Old Notes delivered by book-entry transfer to the Book-Entry Transfer Facility account set forth below. (Book-Entry Transfer Facility Account Number, if applicable)	To be completed ONLY if certificates for Old Notes not exchanged and/or New Notes are to be sent to someone other than the person or persons whose signature(s) appear(s) on this Letter above or to such person or persons at an address other than shown in the box entitled "Description of Old Notes" on this Letter above. Mail: New Notes and/or Old Notes to: Name(s)..... (Please Type or Print) Address..... ..... (Please Type or Print) Address..... ..... (Zip Code)

</TABLE>

IMPORTANT: THIS LETTER OR A FACSIMILE HEREOF OR AN AGENT'S MESSAGE IN LIEU THEREOF (TOGETHER WITH THE CERTIFICATES FOR OLD NOTES OR A BOOK-ENTRY CONFIRMATION AND ALL OTHER REQUIRED DOCUMENTS OR THE NOTICE OF GUARANTEED DELIVERY) MUST BE RECEIVED BY THE EXCHANGE AGENT PRIOR TO MIDNIGHT, LONDON TIME, ON THE EXPIRATION DATE.

PLEASE READ THIS ENTIRE LETTER OF TRANSMITTAL CAREFULLY BEFORE COMPLETING ANY BOX ABOVE.

PLEASE SIGN HERE
(TO BE COMPLETED BY ALL TENDERING HOLDERS)
(Complete Accompanying Substitute Form W-9 on reverse side)

Dated:....., 1999
x ....., 1999
x ....., 1999

Signature(s) of Owner Date

Area Code and Telephone Number.....

This Letter must be signed by the registered Holder(s) as the name(s) appear(s) on the certificate(s) for the Old Notes hereby tendered or on a security position, on listing or by any person(s) authorized to become registered holder(s) by endorsements and documents transmitted herewith. If signature is by a trustee, executor, administrator, guardian, officer or other person acting in a fiduciary or representative capacity, please set forth full title. See Instruction 3.

Name(s):.....
.....
(Please Type or Print)

Capacity:.....
Address:.....
.....
(Including Zip Code)

SIGNATURE GUARANTEE
(If required by Instruction 3)

Signature(s) Guaranteed by
an Eligible Institution:.....
(Authorized Signature)

.....
(Title)

.....
(Name and Firm)

Dated: ....., 1999

- ---

INSTRUCTIONS

Forming Part of the Terms and Conditions of the Exchange Offer for the
10 1/8% Senior Subordinated Euro Notes due 2009
Denominated in Euros
of Huntsman ICI Chemicals LLC in Exchange for the
10 1/8% Senior Subordinated Euro Notes due 2009
Denominated in Euros
That Have Been Registered Under the
Securities Act of 1933, As Amended

1. Delivery of this Letter and Notes; Guaranteed Delivery Procedures.

This Letter is to be completed by holders of Old Notes either if certificates are to be forwarded herewith or if tenders are to be made pursuant to the procedures for delivery by book-entry transfer set forth in "The Exchange Offer-Book-Entry Transfers" section of the Prospectus and an Agent's Message is not delivered. Tenders by book-entry transfer may also be made by delivering an Agent's Message in lieu of this Letter. The term "Agent's Message" means a message, transmitted by the Book-Entry Transfer Facility to and received by the Exchange Agent and forming a part of a Book-Entry Confirmation, which states that the Book-Entry Transfer Facility has received an express acknowledgment from the tendering participant, which acknowledgment states that such participant has received and agrees to be bound by the Letter of Transmittal and that the Issuer may enforce the Letter of Transmittal against such participant. Certificates for all physically tendered Old Notes, or Book-Entry Confirmation,

as the case may be, as well as a properly completed and duly executed Letter (or manually signed facsimile hereof or Agent's Message in lieu thereof) and any other documents required by this Letter, must be received by the Exchange Agent at the address set forth herein on or prior to the Expiration Date, or the tendering holder must comply with the guaranteed delivery procedures set forth below. Old Notes tendered hereby must be in denominations of principal amount of EU1,000 and any integral multiple thereof.

Holders whose certificates for Old Notes are not immediately available or who cannot deliver their certificates and all other required documents to the Exchange Agent on or prior to the Expiration Date, or who cannot complete the procedure for book-entry transfer on a timely basis, may tender their Old Notes pursuant to the guaranteed delivery procedures set forth in "The Exchange Offer-Guaranteed Delivery Procedures" section of the Prospectus. Pursuant to such procedures, (i) such tender must be made through an Eligible Institution, (ii) prior to p.m., London time, on the Expiration Date, the Exchange Agent must receive from such Eligible Institution a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form provided by the Issuer (by telegram, telex, facsimile transmission, mail or hand delivery), setting forth the name and address of the holder of Old Notes and the amount of Old Notes tendered, stating that the tender is being made thereby and guaranteeing that within three (3) New York Stock Exchange ("NYSE") trading days after the date of execution of the Notice of Guaranteed Delivery, the certificates for all physically tendered Old Notes, in proper form for transfer, or a Book-Entry Confirmation, as the case may be, together with a properly completed and duly executed Letter (or facsimile thereof or Agent's Message in lieu thereof) with any required signature guarantees and any other documents required by this Letter will be deposited by the Eligible Institution with the Exchange Agent, and (iii) the certificates for all physically tendered Old Notes, in proper form for transfer, or a Book-Entry Confirmation, as the case may be, together with a properly completed and duly executed Letter (or facsimile thereof or Agent's Message in lieu thereof) with any required signature guarantees and all other documents required by this Letter, are received by the Exchange Agent within three (3) NYSE trading days after the date of execution of the Notice of Guaranteed Delivery. An "Eligible Institution" is a firm which is a financial institution (including most banks, savings and loan associations and brokerage houses) that is a participant in the Securities Transfer

Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchanges Medallion Program.

The method of delivery of this Letter, the Old Notes and all other required documents is at the election and risk of the tendering holders, but the delivery will be deemed made only when actually received or confirmed by the Exchange Agent. If Old Notes are sent by mail, it is suggested that the mailing be registered mail, properly insured, with return receipt requested, made sufficiently in advance of the Expiration Date to permit delivery to the Exchange Agent prior to p.m., London time, on the Expiration Date. No Letters of Transmittal or Old Notes should be sent directly to the Issuer.

See "The Exchange Offer" section of the Prospectus.

2. Partial Tenders (not applicable to holders who tender by book-entry transfer).

If less than all of the Old Notes evidenced by a submitted certificate are to be tendered, the tendering holder(s) should fill in the aggregate principal amount of Old Notes to be tendered in the box above entitled "Description of Old Notes-Principal Amount Tendered." A reissued certificate representing the balance of nontendered Old Notes will be sent to such tendering holder, unless otherwise provided in the appropriate box on this Letter, promptly after the Expiration Date. All of the Old Notes delivered to the Exchange Agent will be deemed to have been tendered unless otherwise indicated.

3. Signatures on this Letter; Bond Powers and Endorsements; Guarantee of Signatures.

If this Letter is signed by the holder of the Old Notes tendered hereby, the signature must correspond exactly with the name as written on the face of the certificates or on the Book-Entry Transfer Facility's security position

listing as the holder of such Old Notes without any change whatsoever.

If any tendered Old Notes are owned of record by two or more joint owners, all of such owners must sign this Letter.

If any tendered Old Notes are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate copies of this Letter as there are different registrations of certificates.

When this Letter is signed by the registered holder or holders of the Old Notes specified herein and tendered hereby, no endorsements of certificates or written instrument or instruments of transfer or exchange are required. If, however, the Old Notes are registered in the name of a person other than a signer of the Letter, the Old Notes surrendered for exchange must be endorsed by, or be accompanied by a written instrument or instruments of transfer or exchange, in satisfactory form as determined by the Issuer in its sole discretion, duly executed by the registered national securities exchange with the signature thereon guaranteed by an Eligible Institution.

If this Letter is signed by a person or persons other than the registered holder or holders of Old Notes, such Old Notes must be endorsed or accompanied by appropriate powers of attorney, in either case signed exactly as the name or names of the registered holder or holders that appear on the Old Notes.

If this Letter or any Old Notes or powers of attorneys are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and, unless waived by the Issuer, proper evidence satisfactory to the Issuer of their authority to so act must be submitted with the Letter.

Endorsements on certificates for Old Notes or signatures on powers of attorneys required by this Instruction 3 must be guaranteed by an Eligible Institution.

Signatures on this Letter need not be guaranteed by an Eligible Institution, provided the Old Notes are tendered: (i) by a registered holder of Old Notes (which term, for purposes of the Exchange Offer, includes any participant in the Book-Entry Transfer Facility system whose name appears on a security position listing as the holder of such Old Notes) who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on this Letter, or (ii) for the account of an Eligible Institution.

4. Special Issuance and Delivery Instructions

Tendering holders of Old Notes should indicate in the applicable box the name and address to which New Notes issued pursuant to the Exchange Offer and or substitute certificates evidencing Old Notes not exchanged are to be issued or sent, if different from the name or address of the person signing this Letter. In the case of issuance in a different name, the employer identification or social security number of the person named must also be indicated. Holders tendering Old Notes by book-entry transfer may request that Old Notes not exchanged be credited to such account maintained at the Book-Entry Transfer Facility as such holder may designate hereon. If no such instructions are given, such Old Notes not exchanged will be returned to the name and address of the person signing this Letter.

5. Taxpayer Identification Number.

Federal income tax law generally requires that a tendering holder whose Old Notes are accepted for exchange must provide the Issuer (as payor) with such holder's correct Taxpayer Identification Number ("TIN") on Substitute Form W-9 below, which in the case of a tendering holder who is an individual, is his or her social security number. If the Issuer is not provided with the current TIN or an adequate basis for an exemption, such tendering holder may be subject to a $50 penalty imposed by the Internal Revenue Service. In addition, delivery to such tendering holder of New Notes may be subject to backup withholding in an amount equal to 31% of all reportable payments made after the exchange. If withholding results in an overpayment of taxes, a refund may be obtained.

Exempt holders of Old Notes (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. See the enclosed Guidelines of Certification of Taxpayer Identification Number on Substitute Form W-9 (the "W-9 Guidelines") for additional instructions.

To prevent backup withholding, each tendering holder of Old Notes must provide its correct TIN by completing the Substitute Form W-9 set forth below, certifying that the TIN provided is correct (or that such holder is awaiting a TIN) and that (i) the holder is exempt from backup withholding, or (ii) the holder has not been notified by the Internal Revenue Service that such holder is subject to backup withholding as a result of a failure to report all interest or dividends or (iii) the Internal Revenue Service has notified the holder that such holder is no longer subject to backup withholding. If the tendering holder of Old Notes is a nonresident alien or foreign entity not subject to backup withholding, such holder must give the Exchange Agent a completed Form W-8, Certificate of Foreign Status. If the Old Notes are in more than one name or are not in the name of the actual owner, such holder should consult the W-9 Guidelines for information on which TIN to report. If such holder does not have a TIN, such holder should consult the W-9 Guidelines for instructions on applying for a TIN, check the box in Part 2 of the Substitute Form W-9 and write "applied for" in lieu of its TIN. Note: Checking this box and writing "applied for" on the form means that such holder has already applied for a TIN or that such holder intends

to apply for one in the near future. Checking this box also requires that the holder complete the Certificate of Awaiting Taxpayer Identification Number form attached to the Substitute Form W-9. If such holder does not provide its TIN to the Exchange Agent within 60 days, backup withholding will begin and continue until such holder furnishes its TIN to the Exchange Agent.

The information requested above should be directed to the Exchange Agent at the following address:

Delivery To: Bank One, N.A., Exchange Agent

By Mail or Hand Delivery or Overnight Courier:
[Name of Exchange Agent]
[Street Address]
[City, State, Zip Code]
Attention: [Authorized Agent] - Confidential

By Facsimile Transmission:
(for Eligible Institutions Only)

[( ) -]

Confirm by Telephone:

[( ) -]

6. Transfer Taxes.

Holders who tender their Old Notes for exchange will not be obligated to pay any transfer taxes in connection therewith. If, however, New Notes are to be delivered to, or are to be issued in the name of, any person other than the registered holder of the Old Notes tendered, or if a transfer tax is imposed for any reason other than the exchange of Old Notes in connection with the Exchange Offer, then the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with this Letter, the amount of such transfer taxes will be billed directly to such tendering holder.

Except as provided in this Instruction 6, it will not be necessary for transfer tax stamps to be affixed to the Old Notes specified in this Letter.

7. Waiver of Conditions.

The Issuer reserves the absolute right to waive any defects or irregularities or conditions of the Exchange Offer as to any particular Old Note

either before or after the Expiration Date (including the right to waive the ineligibility of any holder who seeks to tender Old Notes in the Exchange Offer).

8. No Conditional Tenders.

No alternative, conditional, irregular or contingent tenders will be accepted. All tendering holders of Old Notes, by execution of this Letter or an Agent's Message in lieu thereof, shall waive any right to receive notice of the acceptance of their Old Notes for exchange.

Neither the Issuer, the Exchange Agent nor any other person is obligated to give notice of any defect or irregularity with respect to any tender of Old Notes nor shall any of them.

9. Mutilated, Lost, Stolen or Destroyed Old Notes.

Any holder whose Old Notes have been mutilated, lost, stolen or destroyed should contact the Exchange Agent at the address indicated above for further instructions.

10. Withdrawal Rights

Tenders of Old Notes may be withdrawn at any time prior to p.m., London time, on the Expiration Date.

For a withdrawal to be effective, a written notice of withdrawal must be received by the Exchange Agent at the address set forth above prior to p.m., London time, on the Expiration Date. Any such notice of withdrawal must: (i) specify the name of the person having tendered the Old Notes to be withdrawn (the "Depositor"), (ii) identify the Old Notes to be withdrawn (including the principal amount of such Old Notes), and (iii) (where certificates for Old Notes have been transmitted) specify the name in which such Old Notes are registered, if different from that of the Depositor. If certificates for Old Notes have been delivered or otherwise identified to the Exchange Agent, then prior to the release of such certificates the Depositor must also submit the serial numbers of the particular certificates to be withdrawn and a signed notice of withdrawal with signatures guaranteed by an Eligible Institution unless such Depositor is an Eligible Institution. If Old Notes have been tendered pursuant to the procedure for book-entry transfer set forth in "The Exchange Offer--Book-Entry Transfers" section of the Prospectus, any notice of withdrawal must specify the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn Old Notes and otherwise comply with the procedures of such facility. All questions as to the validity, form and eligibility (including time of receipt) of such notices will be determined by the Issuer, whose determination shall be final and binding on all parties. Any Old Notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the Exchange Offer and no New Notes will be issued with respect thereto unless the Old Notes so withdrawn are validly retendered. Any Old Notes that have been tendered for exchange but which are not exchanged for any reason will be returned to the holder thereof without cost to such holder (or, in the case of Old Notes tendered by book-entry transfer into the Exchange Agent's account at the Book-Entry Transfer Facility pursuant to the book-entry transfer procedures set forth in "The Exchange Offer--Book-Entry Transfers" section of the Prospectus, such Old Notes will be credited to an account maintained with the Book-Entry Transfer Facility for the Old Notes) as soon as practicable after withdrawal, rejection of tender or termination of the Exchange Offer. Properly withdrawn Old Notes may be retendered by following the procedures described above at any time on or prior to p.m., London time, on the Expiration Date.

11. Requests for Assistance or Additional Copies.

Questions relating to the procedure for tendering, as well as requests for additional copies of the Prospectus and this Letter, and requests for Notices of Guaranteed Delivery and other related documents may be directed to the Exchange Agent, at the address and telephone number indicated above.

TO BE COMPLETED BY ALL TENDERING HOLDERS

(See Instruction 5)

PAYOR'S NAME: [NAME OF EXCHANGE AGENT]

<TABLE>
<CAPTION>

<S>	<C>	<C>
SUBSTITUTE Form W-9 Department of the Treasury Internal Revenue Service Payor's Request for Taxpayer Identification ("TIN") and Certification	Part 1--PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW. Part 2-TIN Applied For [_] Payor's Request For Taxpayer Identification Number ("TIN") and Certification CERTIFICATION: UNDER THE PENALTIES OF PERJURY, I CERTIFY THAT: (1) the number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to (2) I am not subject to backup withholding either because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (the "IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and (3) any other information provided on this form is true and correct. SIGNATURE..... DATE..... You must cross out item (2) of the above certification if you have been notified by the IRS that you are subject to backup withholding because of underreporting of interest or dividends on your tax return and you have not been notified by the IRS that you are no longer subject to backup withholding.	TIN: _____ Social Security Number or Employer Identification Number

</TABLE>

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED THE BOX IN PART 2 OF SUBSTITUTE FORM W-9

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number by the time of the exchange, 31% of all reportable payments made to me thereafter will be withheld until I provide a number.

Signature Date

EXHIBIT 99.4

NOTICE OF GUARANTEED DELIVERY FOR
10 1/8% SENIOR SUBORDINATED NOTES DUE 2009
DENOMINATED IN EUROS OF
HUNTSMAN ICI CHEMICALS LLC

This form or one substantially equivalent hereto must be used to accept the Exchange Offer of Huntsman ICI Chemicals LLC (the "Issuer) made pursuant to the Prospectus, dated , 1999 (the "Prospectus"), if certificates for the outstanding 10 1/8% Senior Subordinated Notes due 2009 denominated in euros of the Issuer (the "Old Notes") are not immediately available or if the procedure for book-entry transfer cannot be completed on a timely basis or time will not permit all required documents to reach Bank One, N.A., as exchange agent (the "Exchange Agent") prior to p.m., London time, on the Expiration Date of the Exchange Offer. Such form may be delivered or transmitted by facsimile transmission, mail or hand delivery to the Exchange Agent as set forth below. Capitalized terms not defined herein are defined in the Prospectus.

Delivery To: Bank One, N.A., Exchange Agent

By Mail or Hand Delivery or Overnight Courier:
[Name of Exchange Agent]
[Street Address]
[City, State, Zip Code]
Attention: [Authorized Agent] - Confidential

By Facsimile Transmission:
(for Eligible Institutions Only)

[( ) -]

Confirm by Telephone:

[( ) -]

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE, OR TRANSMISSION OF THIS INSTRUMENT VIA FACSIMILE OTHER THAN AS SET FORTH ABOVE, WILL NOT CONSTITUTE A VALID DELIVERY.

Ladies and Gentlemen:

Upon the terms and conditions set forth in the Prospectus, the undersigned hereby tenders to the Issuer the principal amount of Old Notes set forth below pursuant to the guaranteed delivery procedure described in "The Exchange Offer--Guaranteed Delivery Procedures" section of the Prospectus.

Principal Amount of Old Notes Tendered:*

EU_____

If Old Notes will be delivered by
Certificate Nos. (if available): book-entry transfer to The Depository
Trust Company, provide account number.

Total Principal Amount Represented by
Old Notes Certificate(s): Account Number _____

EU_____

All authority herein conferred or agreed to be conferred shall survive the death or incapacity of the undersigned and every obligation of the undersigned hereunder shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned.

PLEASE SIGN HERE

X _____ _____
X _____ _____
Signature(s) of Owner(s) Date
or Authorized Signatory

Area Code and Telephone Number: _____

Must be signed by the Holder(s) of Old Notes as their name(s) appear(s) on certificates for Old Notes or on a security position listing, or by person(s) authorized to become registered Holder(s) by endorsement and documents transmitted with this Notice of Guaranteed Delivery. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, such person must set forth his or her full title below.

Please print name(s) and address(es)

Name(s): _____
_____
_____
Capacity: _____
Address(es): _____
_____
_____

_____

*Must be in denominations of principal amount of EU1,000 and any integral multiple thereof.

GUARANTEE
(Not to be used for signature guarantee)

The undersigned, an Eligible Institution (including most banks, savings and loan associations and brokerage houses) that is a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchanges Medallion Program, hereby guarantees that the certificates for all physically tendered Old Notes, in proper form for transfer, or a Book-Entry Confirmation, as the case may be, together with a properly completed and duly executed Letter of Transmittal (or facsimile thereof or Agent's Message in lieu thereof) with any required signature guarantees and any other documents required by the Letter of Transmittal, will be received by the Exchange Agent at the address set forth above, within three (3) New York Stock Exchange trading days after the date of execution of the Notice of Guaranteed Delivery.

The undersigned acknowledges that it must deliver the Letter of Transmittal and the Old Notes tendered hereby to the Exchange Agent within the time period set forth above and that failure to do so could result in a financial loss to the undersigned.

_____
Name of Firm Authorized Signature

_____
Address Title

Name: _____
Zip Code (Please Type or Print)

Area Code and Tel. No. _____ Dated: _____

NOTE: DO NOT SEND CERTIFICATES FOR OLD NOTES WITH THIS FORM. CERTIFICATES FOR OLD NOTES SHOULD BE SENT ONLY WITH A COPY OF YOUR PREVIOUSLY EXECUTED LETTER OF TRANSMITTAL.

EXHIBIT 99.5

HUNTSMAN ICI CHEMICALS LLC

Offer for all Outstanding
10 1/8% Senior Subordinated Notes due 2009
in Exchange for
10 1/8% Senior Subordinated Notes due 2009
That Have Been Registered Under
the Securities Act of 1933,
As Amended

To: Brokers, Dealers, Commercial Banks,
Trust Companies and Other Nominees:

Huntsman ICI Chemicals LLC (the "Issuer") is offering, upon and subject to the terms and conditions set forth in the prospectus dated , 1999 (the "Prospectus"), and the enclosed letters of transmittal (the "Letters of Transmittal"), to exchange (the "Exchange Offer") their 10 1/8% Senior Subordinated Notes due 2009 that have been registered under the Securities Act of 1933, as amended, for their outstanding 10 1/8% Senior Subordinated Notes due 2009 (the "Old Notes"). The Exchange Offer is being made in order to satisfy certain obligations of the Issuer contained in the exchange and registration rights agreement in respect of the Old Notes, dated June 30, 1999, by and among the Issuer and the initial purchasers referred to therein.

We are requesting that you contact your clients for whom you hold Old Notes regarding the Exchange Offer. For your information and for forwarding to your clients for whom you hold Old Notes registered in your name or in the name of your nominee, or who hold Old Notes registered in their own names, we are enclosing the following documents:

1. Prospectus dated , 1999;

2. A Letter of Transmittal relating to the Old Notes denominated in dollars for your use and for the information of your clients;

3. A Letter of Transmittal relating to the Old Notes denominated in euros for your use and for the information of your clients;

4. A Notice of Guaranteed Delivery relating to the Old Notes denominated in dollars and a Notice of Guaranteed Delivery relating to the Old Notes denominated in euros, each of which is to be used to accept the Exchange Offer if certificates for Old Notes are not immediately available or time will not permit all required documents to reach the Exchange Agent prior to the relevant Expiration Date (as defined below) or if the procedure for book-entry transfer cannot be completed on a timely basis;

5. A form of letter which may be sent to your clients for whose account you hold Old Notes registered in your name or the name of your nominee, with space provided for obtaining such clients' instructions with regard to the Exchange Offer; and

6. Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.

Your prompt action is requested. The Exchange Offer will expire at p.m., New York City time, on , 1999 with respect to the Old Notes denominated in dollars and at p.m., London time, on , 1999 with respect to the Old Notes denominated in euros, unless, in each case, extended by the Issuer (each, an "Expiration Date"). Old Notes tendered pursuant to the Exchange Offer may be withdrawn at any time before the relevant Expiration Date.

To participate in the Exchange Offer, a duly executed and properly completed Letter of Transmittal relating to the proper denomination of Old Notes (or facsimile thereof or Agent's Message in lieu thereof), with any required signature guarantees and any other required documents, should be sent to the Exchange Agent and certificates representing the Old Notes, or a timely confirmation of a book-entry transfer of such Old Notes, should be delivered to

the Exchange Agent, all in accordance with the instructions set forth in the Letters of Transmittal and the Prospectus.

If a registered holder of Old Notes desires to tender, but such Old Notes are not immediately available, or time will not permit such holder's Old Notes or other required documents to reach the Exchange Agent before the relevant Expiration Date, or the procedure for book-entry transfer cannot be completed on a timely basis, a tender may be effected by following the guaranteed delivery procedures described in the Prospectus under "The Exchange Offer--Guaranteed Delivery Procedures."

The Issuer will, upon request, reimburse brokers, dealers, commercial banks and trust companies for reasonable and necessary costs and expenses incurred by them in forwarding the Prospectus and the related documents to the beneficial owners of Old Notes held by them as nominee or in a fiduciary capacity. The Issuer will not make any payments to brokers, dealers, or others soliciting acceptances of the Exchange Offer. The Holders will not be obligated to pay or cause to be paid all stock transfer taxes applicable to the exchange of Old Notes pursuant to the Exchange Offer.

Any inquiries you may have with respect to the Exchange Offer, or requests for additional copies of the enclosed materials, should be directed to , the Exchange Agent for the Exchange Offer, at its address and telephone number set forth on the front of the Letter of Transmittal.

Very truly yours,

Huntsman ICI Chemicals LLC

NOTHING HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY PERSON AS AN AGENT OF THE ISSUER OR THE EXCHANGE AGENT, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENTS ON BEHALF OF EITHER OF THEM WITH RESPECT TO THE EXCHANGE OFFER, EXCEPT FOR STATEMENTS EXPRESSLY MADE IN THE PROSPECTUS OR THE LETTER OF TRANSMITTAL.

Enclosures

EXHIBIT 99.6

HUNTSMAN ICI CHEMICALS LLC

Offer for all Outstanding
10 1/8% Senior Subordinated Notes due 2009
in Exchange for
10 1/8% Senior Subordinated Notes due 2009
That Have Been Registered Under
the Securities Act of 1933,
As Amended

To Our Clients:

Enclosed for your consideration is a prospectus dated , 1999 (the "Prospectus"), and the related letters of transmittal (the "Letter of Transmittal"), relating to the offer (the "Exchange Offer") of Huntsman ICI Chemicals LLC (the "Issuer") to exchange their 10 1/8% Senior Subordinated Notes due 2009 that have been registered under the Securities Act of 1933, as amended, for their outstanding 10 1/8% Senior Subordinated Notes due 2009 (the "Old Notes"), upon the terms and subject to the conditions described in the Prospectus and the Letters of Transmittal. The Exchange Offer is being made in order to satisfy certain obligations of the Issuer contained in the exchange and registration rights agreement in respect of the Old Notes, dated June 30, 1999, by and among the Issuer and the initial purchasers referred to therein.

This material is being forwarded to you as the beneficial owner of the Old Notes held by us for your account but not registered in your name. A tender of such Old Notes may only be made by us as the holder of record and pursuant to your instructions.

Accordingly, we request instructions as to whether you wish us to tender on your behalf the Old Notes held by us for your account, pursuant to the terms and conditions set forth in the enclosed Prospectus and Letters of Transmittal.

Your instructions should be forwarded to us as promptly as possible in order to permit us to tender the Old Notes on your behalf in accordance with the provisions of the Exchange Offer. The Exchange Offer will expire at p.m., New York City time, on , 1999 with respect to the Old Notes denominated in dollars and at p.m., London time, on , 1999 with respect to the Old Notes denominated in euros (each, an "Expiration Date"), unless extended by the Issuer. Any Old Notes tendered pursuant to the Exchange Offer may be withdrawn at any time before the relevant Expiration Date.

Your attention is directed to the following:

1. The Exchange Offer is for any and all Old Notes.

2. The Exchange Offer is subject to certain conditions set forth in the Prospectus in the section captioned "The Exchange Offer--Certain Conditions to the Exchange Offer."

3. Subject to the terms and conditions in the Prospectus and the Letters of Transmittal, any transfer taxes incident to the transfer of Old Notes from the Holder to the Issuer will be paid by the Issuer.

4. The Exchange Offer expires at , New York City time, on , 1999, with respect to the notes denominated in dollars and at , London time, on , 1999, with respect to the notes denominated in euros, unless, in each case, extended by the Issuer.

If you wish to have us tender your Old Notes, please so instruct us by completing, executing and returning to us the instruction form on the back of this letter. The Letters of Transmittal are furnished to you for information only and may not be used directly by you to tender Old Notes.

INSTRUCTIONS WITH RESPECT TO THE EXCHANGE OFFER

The undersigned acknowledge(s) receipt of your letter and the enclosed material referred to therein relating to the Exchange Offer made by Huntsman ICI Chemicals LLC with respect to their Old Notes.

This will instruct you to tender the Old Notes held by you for the account of the undersigned, upon and subject to the terms and conditions set forth in the Prospectus and the related Letter of Transmittal.

The undersigned expressly agrees to be bound by the enclosed Letter of Transmittal and that such Letter of Transmittal may be enforced against the undersigned.

Please tender the Old Notes held by you for my account as indicated below:

<TABLE>
<CAPTION>

	Aggregate Principal Amount of Old Notes
<S>	<C>
10 1/8% Senior Subordinated Notes due 2009.....	$_____
10 1/8% Senior Subordinated Notes due 2009.....	EU_____

[_] Please do not tender any Old Notes held by you for my account.

Dated: _____, 1999

_____
Signature(s)

_____

_____
Please print name(s) here

_____

_____

_____
Address(es)

_____
Area Code and Telephone Number

_____
Tax Identification or Social Security No(s).

</TABLE>

None of the Old Notes held by us for your account will be tendered unless we receive written instructions from you to do so. Unless a specific contrary instruction is given in the space provided, your signature(s) hereon shall constitute an instruction to us to tender all the Old Notes held by us for your account.