NOT FOR GENERAL CIRCULATION
IN THE UNITED STATES

OFFERING MEMORANDUM

INEOS Finance plc

€300,000,000 9$^{1}/_{4}$% Senior Secured Notes due 2015
$570,000,000 9% Senior Secured Notes due 2015

Guaranteed on a senior secured basis by
INEOS Group Holdings plc, INEOS Holdings Limited
and certain of their subsidiaries

INEOS Finance plc (the "Issuer") issued (the "offering") €300,000,000 aggregate principal amount of its 9$^{1}/_{4}$% Senior Secured Notes due 2015 (the "Euro Notes") and $570,000,000 aggregate principal amount of its 9% Senior Secured Notes due 2015 (the "Dollar Notes" and, together with the Euro Notes, the "notes"). Interest on the notes will be payable semi-annually on each May 15 and November 15, commencing on November 15, 2010. The notes will mature on May 15, 2015. Some or all of the notes may be redeemed prior to May 15, 2013, by paying 100% of the principal amount of such notes plus a make-whole premium and at any time on or after May 15, 2013, at the redemption prices set forth in this offering memorandum. In addition, at any time on or prior to May 15, 2013, up to 35% of the aggregate principal amount of each of the Euro Notes and the Dollar Notes may be redeemed with the net proceeds of certain equity offerings. Upon the occurrence of certain events constituting a change of control, each holder of the notes may require the Issuer to repurchase all or a portion of its notes. All of the notes may also be redeemed at 100% of their principal amount plus accrued interest if at any time the Issuer or any guarantor becomes obligated to pay withholding taxes as a result of certain changes in law.

The notes are senior secured debt of the Issuer and rank *pari passu* in right of payment with all of the Issuer's existing and future indebtedness that is not subordinated to the notes. The notes are guaranteed fully and unconditionally (the "guarantees") by INEOS Group Holdings plc (the "Parent"), INEOS Holdings Limited ("IHL") and certain of their subsidiaries on a senior secured basis. Upon issuance, the notes and the guarantees were secured by first ranking liens on the same assets (subject to certain exceptions) that secure IHL's obligations under the senior secured credit facilities entered into on the issue date of the notes as more fully described in "Description of the Collateral and the Guarantees."

This offering memorandum includes information on the terms of the notes and guarantees, including redemption and repurchase prices, security, covenants and transfer restrictions.

Application has been made to list the notes on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF market. This offering memorandum constitutes a prospectus for the purpose of Luxembourg law dated July 10, 2005 on prospectuses for securities.

Investing in the notes involves risks that are described in the "Risk Factors" section beginning on page 24 of this offering memorandum.

Offering price for the Euro Notes: 100% plus accrued interest from the issue date, if any.

Offering price for the Dollar Notes: 100% plus accrued interest from the issue date, if any.

The notes and the guarantees have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction. The notes are being offered and sold only to qualified institutional buyers in accordance with Rule 144A under the Securities Act and to non-U.S. persons outside the United States in accordance with Regulation S under the Securities Act. For further details about eligible offerees and resale restrictions, please see "Notice to Investors."

The notes were made available to investors in book-entry form through The Depository Trust Company ("DTC"), Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream"), on May 12, 2010. Interests in each global note will be exchangeable for the relevant definitive notes only in certain limited circumstances. See "Book-Entry, Delivery and Form."

Joint Global Coordinators and Bookrunning Managers

Barclays Capital **J.P. Morgan**

Bookrunning Managers

Citi **Morgan Stanley**

Co-Manager

Lloyds TSB Corporate Markets

The date of this offering memorandum is September 7, 2010.

You should rely only on the information contained in this offering memorandum. None of the Issuer, the Group, the Guarantors or any of the initial purchasers (as defined herein) has authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. None of the Issuer, the Guarantors, the Group or any of the initial purchasers is making an offer of the notes in any jurisdiction where this offering is not permitted. You should not assume that the information contained in this offering memorandum is accurate at any date other than the date on the front of this offering memorandum. Our business, financial condition, results of operations and prospects may have changed since that date.

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IMPORTANT INFORMATION

We have prepared this offering memorandum solely for use in connection with the offer of the notes to qualified institutional buyers under Rule 144A under the Securities Act and to non-U.S. persons (within the meaning of Regulation S under the Securities Act) outside the United States under Regulation S under the Securities Act. We have not authorized its use for any other purpose. This offering memorandum may not be copied or reproduced in whole or in part. You may not distribute this offering memorandum to any person, other than a person retained to advise you in connection with the purchase of the notes. Delivery of this offering memorandum to anyone other than such prospective investors is unauthorized, and any reproduction of this offering memorandum, in whole or in part, is prohibited. By accepting delivery of this offering memorandum, you agree to these restrictions. Please see "Notice to Investors."

This offering memorandum is based on information provided by us and by other sources that we believe are reliable. We cannot assure you that information included herein is accurate or complete. No representation or warranty, express or implied, is made by the initial purchasers as to the accuracy or completeness of any information set forth in this offering memorandum, and nothing contained in this offering memorandum is or shall be relied upon as a promise or representation, whether as to the past or the future. This offering memorandum summarizes certain documents and other information and we refer you to them for a more complete understanding of the discussions in this offering memorandum. We will make copies of actual documents available to you upon request. In making an investment decision, you must rely on your own examination of our company, the terms of the offering and the notes, including the merits and risks involved.

By purchasing the notes, you will be deemed to have made the acknowledgments, representations, warranties and agreements described under the heading "Notice to Investors" in this offering memorandum. You should understand that you may be required to bear the financial risks of your investment for an indefinite period of time.

We are not making any representation to any purchaser of the notes regarding the legality of an investment in the notes by such purchaser under any legal investment or similar laws or regulations. You should not consider any information in this offering memorandum to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the notes.

We reserve the right to withdraw this offering of the notes at any time and we and the initial purchasers reserve the right to reject any commitment to subscribe for the notes in whole or in part and to allot to any prospective purchaser less than the full amount of the notes sought by such purchaser. The initial purchasers and certain related entities may acquire for their own account a portion of the notes. Please see "Plan of Distribution."

You must comply with all applicable laws and regulations in force in any applicable jurisdiction and you must obtain any consent, approval or permission required by you for the purchase, offer or sale of the notes under the laws and regulations in force in the jurisdiction to which you are subject or in which you make such purchase, offer or sale, and neither we nor the initial purchasers will have any responsibility therefor.

This offering memorandum is not an offer to sell, or a solicitation of an offer to buy, any notes by any person in any jurisdiction in which it is unlawful for such person to make such an offering or solicitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose.

Neither the U.S. Securities and Exchange Commission, or any state securities commission nor any other regulatory authority has approved or disapproved these securities nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

We accept responsibility for the information contained in this offering memorandum. We have made all reasonable inquiries and confirm to the best of our knowledge, information and belief that the information contained in this offering memorandum with regard to us and our affiliates and the notes is true and accurate in all material respects, that the opinions and intentions expressed in this offering memorandum are honestly held and that we are not aware of any other facts, the omission of which would make this offering memorandum or any statement contained herein misleading in any material respect.

The information contained under the heading “Exchange Rate Information” includes extracts from information and data publicly released by official and other sources. While we accept responsibility for accurately summarizing the information concerning exchange rate information, we accept no further responsibility in respect of such information. The information set out in relation to sections of this offering memorandum describing clearing and settlement arrangements, including the section entitled “Book-Entry, Delivery and Form,” is subject to change in or reinterpretation of the rules, regulations and procedures of the DTC, Euroclear or Clearstream currently in effect. While we accept responsibility for accurately summarizing the information concerning DTC, Euroclear and Clearstream, we accept no further responsibility in respect of such information.

We cannot guarantee that our application for the admission of the notes to trading on the Euro MTF and to listing of the notes on the Official List of the Luxembourg Stock Exchange, will be approved as of the settlement date for the notes or at any time thereafter, and settlement of the notes is not conditioned on obtaining this listing.

The notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable securities laws of any other jurisdiction pursuant to registration or exemption therefrom. Prospective purchasers should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. See “Notice to Investors.”

STABILIZATION

IN CONNECTION WITH THIS OFFERING, BARCLAYS BANK PLC AND J.P. MORGAN SECURITIES LTD. (THE "STABILIZING MANAGERS") (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGERS) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGERS (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGERS) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES, ANNOTATED 1995, AS AMENDED (THE "RSA"), WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO U.S. INVESTORS

Each purchaser of the notes will be deemed to have made the representations, warranties and acknowledgments that are described in this offering memorandum under the section titled "Notice to Investors".

The notes and the guarantees have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and are subject to certain restrictions on transfer. Prospective purchasers are hereby notified that the seller of any note may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A thereunder. For a description of certain further restrictions on resale or transfer of the notes, please see "Notice to Investors."

THE NOTES MAY NOT BE OFFERED TO THE PUBLIC WITHIN ANY JURISDICTION. BY ACCEPTING DELIVERY OF THIS OFFERING MEMORANDUM, YOU AGREE NOT TO OFFER, SELL, RESELL, TRANSFER OR DELIVER, DIRECTLY OR INDIRECTLY, ANY NOTES TO THE PUBLIC.

NOTICE TO EEA INVESTORS

This offering memorandum is not a prospectus and is being distributed to a limited number of recipients for the sole purpose of assisting such recipients in determining whether to proceed with a further investigation of the issue of the notes. This offering memorandum has been prepared on the basis that all offers of the notes will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the European Economic Area ("EEA"), from the requirement to produce a prospectus for offers of securities. Accordingly, any person making or intending to make any offer within the EEA of the notes, which are the subject of the placement contemplated in this offering memorandum, should only do so in circumstances in which no obligation arises for the Issuer or the initial purchasers to produce a prospectus for such offer. Neither the Issuer nor the initial purchasers have authorized, nor do they authorize, the making of any offer of the notes through any financial intermediary, other than offers made by the initial purchasers, which constitute the final placement of the notes contemplated in this offering memorandum.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each initial purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of the notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the notes to the public in the Relevant Member State at any time:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of: (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net revenue of more than €50,000,000 as shown in its last annual or consolidated accounts;

(c) by the initial purchasers to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the notes shall result in a requirement for the publication by the Issuer or the initial purchasers of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this restriction, the expression an "offer of the notes to the public" in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

NOTICE TO U.K. INVESTORS

The issue and distribution of this offering memorandum is restricted by law. This offering memorandum is not being distributed by, nor has it been approved for the purposes of section 21 of the Financial Services and Markets Act 2000 by, a person authorized under the Financial Services and Markets Act 2000. This offering memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments (being investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order")), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The notes are not being offered or sold to any person in the United Kingdom, except in circumstances which will not result in an offer of securities to the public in the United Kingdom within the meaning of Part VI of the Financial Services and Markets Act 2000.

NOTICE TO LUXEMBOURG RESIDENTS

This offering should not be considered a public offering of securities in the Grand Duchy of Luxembourg. The notes are offered to a limited number of sophisticated investors in all cases under circumstances designed to preclude a distribution, which would be other than a private placement. All public solicitations are banned and the sale may not be publicly advertised.

NOTICE TO NORWEGIAN INVESTORS

This offering memorandum has not been and will not be registered with the Norwegian prospectus authority. Accordingly, this offering memorandum may not be made available, nor may the notes otherwise be marketed or offered for sale, in Norway other than in circumstances that are exempted from the prospectus requirements under the Norwegian Securities Trading Act (2007) chapter 7.

NOTICE TO DANISH INVESTORS

This offering memorandum has not been filed with or approved by any authority in the Kingdom of Denmark. The notes have not been offered or sold and may not be offered, sold or delivered directly or indirectly in the Kingdom of Denmark, unless in compliance with the Danish Act on Trading in Securities (Consolidated Act No. 795 of August 20, 2009, as amended from time to time) and any Orders issued thereunder.

NOTICE TO DUTCH INVESTORS

The notes are not, will not and may not be, directly or indirectly, offered or acquired in the Netherlands, and this offering memorandum may not be circulated in the Netherlands, as part of an initial distribution or any time thereafter, other than to individuals or legal entities who or which qualify as qualified investors (*gekwalificeerde beleggers*) within the meaning of article 1:1 of the Financial Supervision Act (*Wet op het financieel toezicht*), as amended from time to time.

NOTICE TO SWEDISH INVESTORS

This offering memorandum has not been and will not be registered with the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*). Accordingly, this offering memorandum may not be made available, nor may the notes otherwise be marketed and offered for sale, in Sweden other than in circumstances that are deemed not to be an offer to the public under the Swedish Financial Instruments Trading Act (*Sw. lag (1991:980) om handel med finansiella instrument).*

NOTICE TO SWISS INVESTORS

This offering memorandum does not constitute a public offering prospectus as that term is understood pursuant to Article 652a of the Swiss Code of Obligations. We have not applied for a listing of the notes on the SWX Swiss Exchange and consequently the information presented in this offering memorandum does not necessarily comply with the information standards set out in the relevant listing rules. The notes may not be publicly offered or sold in Switzerland. The notes may be offered or sold only to a selected number of individual investors in Switzerland, under circumstances which will not result in the notes being a public offering within the meaning of Article 652a of the Swiss Code of Obligations. Each copy of this document is addressed to a specifically named recipient and shall not be passed to a third party.

NOTICE TO ITALIAN INVESTORS

This offering of notes has not been registered pursuant to Italian securities legislation and, accordingly, no notes may be offered, sold or delivered, nor may copies of this document or of any other document relating to the notes be distributed in the Republic of Italy, except: (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "Italian Financial Services Act") and Article 34-ter, first paragraph, letter b) of Regulation No.11971 of 14 May 1999, as amended from time to time ("Regulation No.11971"); or (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Italian Financial Services Act and Article 34-ter of Regulation No. 11971. Any offer, sale or delivery of the notes, or distribution of copies of this document or any other document relating to the notes in the Republic of Italy under (i) or (ii) above must be: (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Italian Financial Services Act, CONSOB Regulation No.16190 of 23 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "Banking Act"); and (b) in compliance with any other applicable laws and regulations, or requirement imposed by CONSOB or any other Italian authority.

NOTICE TO SPANISH INVESTORS

The offering has not been and will not be verified by or registered with the Spanish Securities Market Commission ("*Comisión Nacional del Mercado de Valores*"). The notes may not be offered or sold in the Kingdom of Spain by means of a public offer as defined and construed by Article 30 bis of Law 24/1988 of 28 July, on the Spanish Securities Market (as amended by Law 37/1998, of 16 November and Royal Decree Law 5/2005, of 11 March, among others), Article 38 of Royal Decree 1310/2005, of 4 November, on admission to listing and public offer of securities, and any other regulations that may be in force from time to time, but the notes may be offered or sold in Spain in circumstances which do not qualify as a public offer or pursuant to an exception in compliance with the requirements of such Law 24/1988 (as amended), Royal Decree 1310/2005, and any regulations developing it which may be in force from time to time.

NOTICE TO FRENCH INVESTORS

This document is not being distributed in the context of an offer to the public of financial securities in France within the meaning of Article L.411-1 of the *Code monétaire et financier*, and has therefore not been submitted to the *Autorité des marchés financiers* for prior approval and clearance procedure. The notes may not be, directly or indirectly, offered or sold to the public in France. Offers, sales and distributions have only been and shall only be made in France to: (i) providers of investment services relating to portfolio management for the account of third parties; and/or (ii) qualified investors (*investisseurs qualifiés*) other than individuals, all as defined in and in accordance with Articles L.411-2, D.411-1 to D.411-3 of the *Code monétaire et financier*. Investors in France falling within the qualified investors or restricted circle of investors exemption may only participate in the offering of the notes for their own account in accordance with the conditions set out in Articles D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the *Code monétaire et financier*. The notes may only be offered, directly or indirectly, to the public in France in accordance with Articles L.411-1 to L.412-1 and L.621-8 to L.621-8-3 of the *Code monétaire et financier*.

NOTICE TO AUSTRIAN INVESTORS

This offering memorandum has not been or will not be approved and/or published pursuant to the Austrian Capital Markets Act (*Kapitalmarktgesetz*), as amended. Neither this offering memorandum nor any other document connected therewith constitutes a prospectus according to the Austrian Capital Markets Act and neither this offering memorandum nor any other document connected therewith may be distributed, passed on or disclosed to any other person in Austria. No steps may be taken that would constitute a public offering of the notes in Austria and the offering of the notes may not be advertised in Austria. Any offer of the notes in Austria will only be made in compliance with the provisions of the Austrian Capital Markets Act and all other laws and regulations in Austria applicable to the offer and sale of the notes in Austria.

CERTAIN DEFINITIONS AND PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Unless indicated otherwise in this offering memorandum or the context requires otherwise:

- all references to "INEOS Group," "INEOS," "Group," "we," "us" or "our" are to INEOS Group Holdings plc and its consolidated subsidiaries, including the Issuer;
- all references to the "Parent" or "IGH" are to INEOS Group Holdings plc and not to any of its subsidiaries;
- all references to the "Issuer" are to INEOS Finance plc;
- all references to "INEOS AG" are to INEOS AG, the ultimate parent of IGH, through its controlling interest in the voting share capital of IL;
- all references to "IL" are to INEOS Limited, the indirect parent company of IGH;
- all references to "INEOS Holdings" or "IHL" are to INEOS Holdings Limited, the direct parent company of the Issuer and a subsidiary of IGH;
- all references to "IGL" are to INEOS Group Limited;
- all references to "INEOS Capital" are to INEOS Capital Limited or to INEOS Capital Partners;
- all references to "IEL" are to INEOS Europe Limited;
- all references to "BP" are to BP plc and its consolidated subsidiaries;
- all references to "BP Creditor Liabilities" are to all present and future liabilities and obligations owed by the Guarantors to certain members of BP under or in connection with the credit support documents and certain underlying trading agreements between BP and us;
- all references to "BP Receivables" are to those receivables owing to certain of our subsidiaries which are either owed by any member of BP or guaranteed by any member of BP;
- all references to the "INEOS ChlorVinyls Business" are to the businesses and assets of the INEOS Group engaged in the production of chlor- alkali and PVC, which were split-off in an indirect sale to Kerling on January 28, 2010;
- all references to "CDM Business" are to the portion of our fluorochemical business that we retained following the sale of our other property and assets used in connection with the fluorochemical business to Mexichem Fluor S.A. de C.V. and other members of the Mexichem group on March 31, 2010;
- all references to "INEOS Nova JV" are to the following entities: INEOS NOVA International SA, INEOS NOVA UK Limited, INEOS NOVA Netherlands BV, INEOS NOVA Technology BV, INEOS NOVA European Holding BV, INEOS NOVA Manufacturing GmbH, INEOS NOVA Germany GmbH, INEOS NOVA Ribécourt SAS and INEOS NOVA Holding France SAS;
- all references to "Innovene" and the "Innovene business" refer to (a) all of BP's petrochemical operating units for olefins, polymers and other derivatives (but excluding BP's Pasadena LAO operations, the Gelsenkirchen naphtha cracking operations and the Munchmunster olefins operation) ("O&D"), (b) two integrated refinery plants in Grangemouth, United Kingdom and Lavéra, France, (c) a gas fractionator located in Hobbs, New Mexico and certain related pipelines and (d) existing O&D strategic joint venture investments other than BP's joint ventures with SECCO and in Malaysia, in each case, prior to giving effect to the Innovene Acquisition;

- all references to the "Innovene Acquisition" are to the purchase by the INEOS Group on December 16, 2005 of all of the shares and assets comprising the Innovene business pursuant to the Acquisition Agreement;

- all references to the "Acquisition Agreement" are to the Share Sale and Purchase Agreement dated October 7, 2005, as amended from time to time, among certain subsidiaries of BP, IHL, certain subsidiaries of IHL and IGL;

- all references to the "Refineries Documentation" are to the Refineries Agreement (see "Business—Agreements with BP and Morgan Stanley—The Refineries Agreement" below) and certain agreements and documents relating thereto;

- all references to the "Transactions" refer to the Exchange Offer, Consent Request and Refinancing described in "The Transactions";

- all references to the "Existing Facilities Agreement" are to the multicurrency term and revolving facilities available pursuant to a senior facilities agreement, dated as of December 14, 2005, as subsequently amended, supplemented, varied, novated, extended or replaced from time to time, among certain subsidiaries of INEOS Holdings and certain lenders;

- all references to "Existing Senior Secured Credit Facilities" are to the facilities under the Existing Facilities Agreement described in "Description of Other Indebtedness—Existing Facilities Agreement";

- all references to the "Senior Facilities Agreement" are to the multicurrency term and revolving facilities available pursuant to a senior facilities agreement, to be entered into on or about the Issue Date, as subsequently amended, supplemented, varied, novated, extended or replaced from time to time, among certain subsidiaries of INEOS Holdings and certain lenders;

- all references to "Senior Secured Credit Facilities" are to the facilities under the Senior Facilities Agreement described in "Description of Other Indebtedness—Senior Facilities Agreement";

- all references to "Term D Facility" are to that Senior Secured Credit Facility expressed to be the "Term D Facility" and expressed in the Intercreditor Deed to rank junior to the other Senior Secured Credit Facilities and the notes but senior to the 2016 Notes, or the equivalent facility under the Existing Facilities Agreement (as the context requires);

- all references to the "Securitization Program" are to the Securitization Program described in "Description of Other Indebtedness—Securitization Program";

- all references to "Tenderco" are to INEOS Tenderco Limited;

- all references to the "Funding Loan" are to the loan agreement to be entered into between the Issuer as lender and IHL as borrower pursuant to which the Issuer advanced the gross proceeds of the notes to IHL in order to allow IHL to prepay, or procure the prepayment of (including by on-lending part of the proceeds to the U.S. Borrower for this purpose), part of certain of the facilities under the Senior Facilities Agreement and to pay or discharge certain fees, costs and expenses relating to the Transactions, as outlined in "Use of Proceeds";

- all references to the "Offer and Consent Documents" are to the information memorandum and invitation memorandum, each dated March 17, 2010, the supplement to the invitation memorandum dated April 12, 2010 and the revised information memorandum dated April 14, 2010, relating to an offer to purchase loan participations and a consent request distributed to the lenders under the Existing Facilities Agreement on behalf of IGL and Tenderco, as amended or supplemented from time to time;

- all references to the "Transaction Completion Date" are to the date on which the transaction conditions set out in the Offer and Consent Documents are satisfied or waived;

- all references to "U.S. Borrower" are to INEOS U.S. Finance LLC;

- all references to "Kerling" are to Kerling plc, an affiliate of ours that is indirectly controlled by our controlling shareholders, and its consolidated subsidiaries;

- all references to the "Closing Date Guarantors" are to the entities guaranteeing the obligations of the Issuer under the notes on the Issue Date;

- all references to the "Post-Closing Date Guarantors" are to the certain additional subsidiaries of IHL that are required to guarantee the notes at the same time at which they guarantee the Senior Secured Credit Facilities and no later than 30 days after the Issue Date;

- all references to the "Guarantors" are to the Closing Date Guarantors and Post-Closing Date Guarantors, collectively;

- all references to the "Existing Intercreditor Deed" are to the intercreditor deed dated as of December 16, 2005, between, among others, IHL, IGL, certain subsidiaries of IGL, certain affiliates of BP, the lenders under the Existing Senior Secured Credit Facilities (as defined therein), Barclays Bank PLC as senior facility agent and senior security agent and BP International Limited as the BP collateral agent (as amended from time to time);

- all references to the "Intercreditor Deed" are to the intercreditor agreement to be entered into on or about the Issue Date among the Issuer, the Closing Date Guarantors, the facility agent under the Senior Facilities Agreement, the Security Trustee, and to be acceded to (if not an original party) by the Trustee and others (as amended from time to time);

- all references to the "Trustee" are to The Bank of New York Mellon in its capacity as trustee under the Indenture governing the notes;

- all references to the "Indenture" are to the indenture governing the notes;

- all references to the "2016 Notes Indenture" are to the indenture dated February 7, 2006, between IGH as issuer, the guarantors named therein, The Bank of New York Mellon as trustee, collateral agent, registrar and principal paying agent and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg paying agent and Luxembourg transfer agent, as supplemented by supplemental indentures dated as of March 16, 2006, December 20, 2006, December 22, 2006, April 23, 2007, August 31, 2007, June 26, 2008, August 29, 2008, December 19, 2008, March 30, 2009, July 30, 2009, January 14, 2010 and April 6, 2010, pursuant to which IGH has issued the 2016 Notes;

- all references to the "2016 Notes" are to the €1,750,000,000 aggregate principal amount of $7^{7}/_{8}$% Senior Notes due 2016 and $750,000,000 aggregate principal amount of $8^{1}/_{2}$% Senior Notes due 2016 issued pursuant to the 2016 Notes Indenture;

- all references to the "Vinyls Bonds" are to €160.0 million aggregate principal amount of 9.125% Senior Notes due 2011 issued by INEOS Vinyls Finance plc;

- all references to the "Issue Date" are to the date on which the notes offered hereby are issued;

- all references to the "initial purchasers" are to the firms listed on the front cover of this offering memorandum; and

- all references to “IFRS” are to the International Financial Reporting Standard as adopted by the European Union.

In this offering memorandum, unless otherwise indicated: all references to the “EU” are to the European Union; all references to “euro” or “€ ” are to the single currency of the member states of the European Union participating in the third stage of economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended or supplemented from time to time; all references to the “UK” are to the United Kingdom; all references to “pounds sterling,” “sterling,” “British pounds” or “£” are to the lawful currency of the United Kingdom; all references to the “United States” or the “U.S.” are to the United States of America; all references to “U.S.$,” “U.S. dollars,” “dollars,” “U.S.” or “$” are to the lawful currency of the United States.

Unless otherwise stated, references to capacities of INEOS’ facilities refer to the “nameplate capacities,” or theoretical maximum production capacity of such facilities; the effective capacity of such facilities may, however, actually be more or 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.

We have provided definitions for some of the industry terms used in this offering memorandum in the “Glossary of Selected Terms” beginning on page G-1 of this offering memorandum.

EXCHANGE RATE INFORMATION

The following table sets forth for the period from (i) January 1, 2005 through December 31, 2009, the period end, average, high and low noon buying rates in the City of New York for cable transfers of euro as certified for customs purposes by the Federal Reserve Bank of New York, and (ii) January 1, 2010 to August 23, 2010, the period end, average, high and low exchange rates as published by Bloomberg expressed as dollars per €1.00.

	U.S. dollars per €1.00			
Year	**High**	**Low**	**Average(1)**	**Period end**
2005	1.3465	1.1670	1.2444	1.1849
2006	1.3343	1.1820	1.2566	1.3197
2007	1.4872	1.2893	1.3709	1.4589
2008	1.5991	1.2453	1.4712	1.3971
2009	1.5100	1.2549	1.3936	1.4332

Month	**High**	**Low**	**Average(2)**	**Period end**
March 2010	1.3769	1.3273	1.3574	1.3510
April 2010	1.3653	1.3175	1.3428	1.3294
May 2010 (through May 4, 2010)	1.3195	1.2178	1.2535	1.2306
June 2010	1.2389	1.1923	1.2212	1.2238
July 2010	1.3079	1.2527	1.2803	1.3052
August 2010 (through August 23, 2010)	1.3280	1.2679	1.2979	1.2679

(1) The average of the noon buying rates on the last business day of each month during the relevant period.

(2) The average of the exchange rates on each business day during the relevant period.

The exchange rate of the euro on August 23, 2010 was U.S.$1.2679 = €1.00.

The above rates may differ from the actual rates used in the preparation of the consolidated financial information and other financial information appearing in this offering memorandum. Our inclusion of these exchange rates is not meant to suggest that the euro amounts actually represent such dollar amounts or that such amounts could have been converted into dollars at any particular rate, if at all. For a discussion of the impact of the exchange rate fluctuations on our financial condition and results of operations, see "Operating and Financial Review and Prospects." We did not use the rates listed above in the preparation of our consolidated financial information included elsewhere in this offering memorandum.

FORWARD-LOOKING STATEMENTS

This offering memorandum includes "forward-looking statements," within the meaning of the U.S. securities laws and certain other jurisdictions, based on our current expectations and projections about future events, including:

- the cyclical and highly competitive nature of our businesses;
- our high degree of leverage and significant debt service obligations, as well as our ability to generate sufficient cash flow to service our debt;
- risks associated with our structure, the offering of the notes and our other indebtedness;
- our sales growth across our principal businesses and our strategy for controlling costs, growing margins, increasing manufacturing capacity and production levels and making capital expenditures;
- our ability to deleverage through strategic disposals of certain assets and non-core businesses;
- raw material costs or supply arrangements;
- our technological and manufacturing assets and our ability to utilize them to further increase sales and the profitability of our businesses;
- impacts of climate change, including stricter regulatory requirements to reduce greenhouse gas emissions, the costs to purchase emissions allowances and the physical risks to our facilities associated with severe weather conditions;
- current or future health, safety and environmental requirements and the related costs of maintaining compliance with, and addressing liabilities under, those requirements;
- operational hazards, including the risk of injury to persons and environmental contamination;
- our ability to retain existing customers and obtain new customers;
- our ability to develop new products and technologies successfully;
- our ability to successfully integrate acquired businesses with our historical business, realize anticipated synergies and cost savings, including with respect to businesses acquired;
- currency fluctuations;
- our ability to attract and retain members of management and key employees; and
- our relationship with our shareholders.

All statements other than statements of historical facts included in this offering memorandum including, without limitation, statements regarding our future financial position, risks and uncertainties related to our business, strategy, capital expenditures, projected costs and our plans and objectives for future operations, may be deemed to be forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties, including those identified under the "Risk Factors" section in this offering memorandum. Words such as "believe," "expect," "anticipate," "may," "assume," "plan," "intend," "will," "should," "estimate," "risk," and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. In addition, from time to time we or our representatives, acting in respect of information provided by us, have made or may make forward-looking statements orally or in writing and these forward-looking statements may be included in but are not limited to press releases (including on our website), reports to our security holders and other communications. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Any forward-looking statement speaks only as of the date on which it is made and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this offering memorandum, including those set forth under the section entitled "Risk Factors."

The risks described in the "Risk Factors" section in this offering memorandum are not exhaustive. Other sections of this offering memorandum describe additional factors that could adversely affect our business, financial condition or results of operations. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results.

TAX CONSIDERATIONS

Prospective purchasers of the notes are advised to consult their own tax advisors as to the consequences of purchasing, holding and disposing of the notes, including, without limitation, the application of U.S. Federal tax laws to their particular situations, as well as any consequences to them under the laws of any other taxing jurisdiction, and the consequences of purchasing the notes at a price other than the initial issue price in the offering. See "Certain Tax Considerations."

TRADEMARKS AND TRADE NAMES

We own or have rights to certain trademarks or trade names that we use in conjunction with the operation of our businesses. Each trademark, trade name or service mark of any other company appearing in this offering memorandum is the property of its respective holder.

HISTORICAL AND CURRENT MARKET AND INDUSTRY DATA

Historical and current market data used throughout this offering memorandum were obtained from internal company analyses, consultants' reports and industry publications. In particular, information has been provided by Chemical Market Associates, Inc. ("CMAI") and Purvin & Gertz, Inc. ("PGI"). Industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of information contained therein is not guaranteed. We have not independently verified this market data and cannot guarantee its accuracy or completeness. In addition, certain statements in this offering memorandum regarding the refining and petrochemical industries, our position in those industries and our market share are based on internal company estimates, our experience and investigations of market conditions and our review of industry positions. We cannot assure you that any of the assumptions underlying those statements are accurate or correctly reflect our position in the industries. Similarly, internal company analyses, while believed by us to be reliable, have not been verified by any independent sources, and neither we nor any of the initial purchasers makes any representation as to the accuracy of such information. While we are not aware of any misstatements regarding any industry or similar data presented herein, such data involve risks and uncertainties and are subject to change based on various factors, including those discussed under the "Risk Factors" section in this offering memorandum.

This document makes reference to certain information taken from reports prepared by either PGI or CMAI. These reports were generally not prepared specifically for INEOS and in most cases relate to general industry analysis.

PGI and CMAI, as applicable, conducted their analysis and prepared their respective reports utilizing reasonable care and skill in applying methods of analysis consistent with normal industry practice. All results are based on information available at the time of review. Changes in factors upon which the review was based could affect the results. Forecasts are inherently uncertain because of events or combinations of events that cannot reasonably be foreseen, including the actions of government, individuals, third parties and competitors. There is no implied warranty of merchantability or fitness for a particular purpose to apply.

Some of the information on which PGI and CMAI reports are based has been provided by others. PGI and CMAI have utilized such information without verification unless specifically noted otherwise. PGI and CMAI accept no liability for errors or inaccuracies in information provided by others.

SUMMARY

This summary highlights selected information contained elsewhere in this offering memorandum. It is not complete and does not contain all the information that you should consider before investing in the notes. The following summary should be read in conjunction with and is qualified in its entirety by the more detailed information included elsewhere in this offering memorandum. You should read the entire offering memorandum, including the more detailed information in the financial information and the related notes included elsewhere in this offering memorandum, before making an investment decision. See the section entitled "Risk Factors" for factors that you should consider before investing in the notes and the section entitled "Forward-Looking Statements" for information relating to the statements contained in this offering memorandum that are not historical facts.

Overview

We are one of the world's largest chemical companies as measured by revenue and have highly integrated, world-class chemical facilities and production technologies. We have leading global market positions for a majority of our key products, a strong customer base and an experienced management team. We operate 37 manufacturing sites in 9 countries throughout the world, including two refineries in Europe which are fully integrated with our co-located petrochemical facilities. As of December 31, 2009, our total chemical production capacity was approximately 24,000 kilotonnes per year, of which 71% was in Europe and 29% was in North America. Our refineries have a combined crude oil distillation capacity of more than 410,000 barrels per day.

We operate our business through four segments: Refining, Olefins & Polymers Europe, Olefins & Polymers North America and Chemical Intermediates. The products we manufacture are derived from crude oil and natural gas, and include refined products, olefins, polymers and various petrochemical products directly or indirectly derived from olefins. Our products serve a broad and diverse range of end markets, including transport and heating fuels, packaging, construction, automotive, white goods/durables, agrochemicals and pharmaceuticals.

Our highly integrated production facilities allow us to process raw materials into higher value-added products. We own five sites integrated with crackers and polymer units, of which two are integrated with our refineries. Typically, these account for approximately 80% of our olefin and polymer volumes and 100% of our refining volumes. In Europe, approximately 80%, of our ethylene and propylene output is typically sold internally. Our four European polyolefins sites receive more than 95% of their feedstock supply from our integrated crackers. Similarly, in the United States, much of our olefin feedstock requirements for our polymer business is supplied by either our Chocolate Bayou cracker in Texas, or by integrated third-party crackers, such as the BP Carson facility in California. We believe that with our highly integrated facilities we are able to capture attractive margins across the value chain, enjoy greater certainty of feedstock supply, reduce logistical costs, improve energy management and optimize our product slate.

We benefit from the cost advantages of operating large-scale, well-invested, highly integrated facilities strategically located near major transportation facilities and customer locations. Since January 1, 2001, we and our predecessors have invested more than €1.5 billion in our production facilities to ensure that they operate efficiently, resulting in integrated, state-of-the-art production units. We believe this allows us to operate at lower cost and higher utilization rates than most of our competitors, and enables us to maintain positive margin and cash flows even during downturns in industry cycles or customer demand. For the year ended December 31, 2009, our revenue was €18.1 billion and our EBITDA before exceptionals was €1.2 billion.

Over the past several years, we have implemented a range of strategic initiatives designed to lower our operating costs, increase our profitability and further enhance our market position. These include fixed asset investments to expand our capacity in higher value products, enhance productivity at our existing facilities and significantly reduce our fixed cost structure through head count reductions, production line closures and system upgrades. Between 2006 and 2009, fixed costs were reduced by approximately € 450 million. We have shifted our product portfolio to focus on more differentiated products, exited low-margin businesses and implemented premium pricing strategies designed to improve our margins. We believe these initiatives provide us with a strong platform to drive growth, create significant operating leverage and position us to benefit from eventual volume recovery in our end markets.

Since April 1998, when INEOS was established with the acquisition of the Belgian "Oxide" assets from Inspec plc, we have significantly expanded, both through a series of strategic acquisitions of businesses and assets from major chemical companies, and through organic growth. The combination of INEOS and Innovene in December 2005 represented a transformational acquisition for our company, providing global scale and further upstream integration. During 2007, we acquired the Borealis petrochemical manufacturing business in Norway. In 2008, we acquired the former BP vinyl acetate monomer/ethyl acetate business in Hull, UK and the former BASF acrylonitrile business in Seal Sands, UK. In 2009, we transferred certain companies and businesses out of the INEOS Group to INEOS Industries Holdings Ltd. These businesses had consumed a significant amount of cash in the prior three years and were forecast to continue to be a significant drain on cash resources (due to either difficult trading conditions or requiring significant investment over the next two to three years). The transferred businesses comprised the ABS, Styrenics, Melamines, Healthcare, Bio and Films Italia Srl businesses, together with our shareholding in the INEOS Nova JV. In 2010, we sold our businesses associated with the production of chlor-akali and PVC and our business associated with fluorochemicals. For a further description of our sale of the INEOS ChlorVinyls Business, please see "Summary—Recent Developments—Split-off of Our INEOS ChlorVinyls Business."

Products

The table below sets forth revenue and EBITDA before exceptionals for the twelve months ended December 31, 2009 and the key products for our primary lines of business.

Business	Revenue[(1)]	EBITDA	Key Products	Key End Uses
	(€ in millions) For the year ended December 31, 2009			
Refining	**6,942**	**229**	Asphalt Diesel Fuel oil Gasoil Gasoline Heating oil Jet fuel/kerosene Liquefied petroleum gas Naphtha	Heating fuels Petrochemical feedstock Transport fuels
O&P Europe	**4,634**	**171**	Benzene Butadiene Ethylene High-density polyethylene Linear low-density polyethylene Low-density polyethylene Polypropylene Propylene	Coatings Films Flexible & rigid packaging Injection molded plastics Petrochemical feedstock
O&P North America	**2,166**	**277**	Ethylene High-density polyethylene Polypropylene Propylene	Coatings Films Flexible & rigid packaging Injection molded plastics Petrochemical feedstock
Chemical Intermediates	**7,354**	**546**	Acetone Acetonitrile Acrylonitrile Alkoxylates Ammonia Barex Resins Cumene Ethanolamines Ethyl acetate Ethylene glycols Ethylene oxide Glycol ether esters	Agrochemicals Automobiles Coolants Electronics Fibers Fuel additives Industrial solvents Medical Metal extraction Nylons Oil & gas processing Packaging

Glycol ethers	Paints
Hydrogen cyanide	Pharmaceuticals
Linear alpha olefins	Resins
Nitric acid	Surfactants
Oxo alcohols	Synthetics lubricants
Phenol	Water purification
Poly alpha olefins	
Polyisobutylene	General consumer applications
Propylene glycols	General industrial applications
Propylene oxide	
PVC, PET and other polymer film	
Synthetic ethanol	
Vinyl acetate monomer	
Technology & license packages	
Catalyst & additive supply	
Environmental emission credits	

(1) Excludes inter-segmental eliminations.

The following table provides an overview of our capacity and of our leading market positions with respect to key petrochemical products.

Key products	**Full-year capacity as of December 31, 2009 (Kilotonnes)**	**Selected market positions**
Ethylene	4,675	#1 in Europe #6 in North America
Propylene	1,865	#3 in Europe #8 in North America
Polyethylene	3,040	#3 in Europe #8 in North America
Polypropylene	1,695	#5 in Europe #6 in North America
Ethylene Oxide	925	#1 in Europe
Ethanolamines	230	#1 in North America(1)
Phenol	1,870	#1 Globally
Acetone	1,150	#1 Globally
Acrylonitrile	1,300	#1 Globally
Linear Alpha Olefins	565	#3 Globally
Poly Alpha Olefins	210	#1 Globally
Polyisobutylene	170	#1 Globally

Source: *Group Data*

(1) Merchant market sales

Refining

In our Refining business, we operate two large refineries in Europe. Each has a crude oil distillation capacity of over 200,000 barrels per day and, unusually for European refineries that tend to be gasoline oriented, are configured with hydrocracking units enabling high middle distillate production from vacuum gasoil (VGO). This configuration is suited towards the anticipated high growth of European middle distillate demand and consumption relative to gasoline consumption.

The Grangemouth refinery is connected by pipeline to both the Forties Pipeline System (FPS) and to the Finnart deep water terminal on the west coast of Scotland. This allows the refinery to consume freight-free Forties blend in tandem with commercially attractive crudes from the global market. The Lavéra refinery, located in the Mediterranean basin adjacent to the key crude import hub of Fos, provides it with good access to various types of crude feed, including from the Urals, the Caspian Sea, North and West Africa and the Middle East.

Both refineries benefit from efficient product placement to premium local markets through road and rail, racks, local product pipelines as well as shipping terminals. Both also have deepwater shipping facilities enabling large vessel import/export capability.

Both refineries are integrated with our owned and JV petrochemical assets at the Grangemouth and Lavéra sites. Coupled with our recent entry into the northern UK and French wholesale markets, the refineries now place the majority of output with inland consumers.

Both of our refineries meet current EU clean fuel specifications.

Olefins & Polymers Europe and Olefins & Polymers North America

In our olefins and polymers businesses, we produce olefins and a broad range of polyolefin polymers. We are among the largest producers of olefins and polymers in the world. The focus of our olefins business in Europe and North America is on ethylene and propylene, which are the two largest volume olefins globally and are key building blocks for polymers. The olefins we make are primarily used as feedstock for our polymers businesses. In addition, we sell olefins to third-party customers for a variety of industrial and consumer applications, including the manufacture of plastics, rubber and fiber. The focus of our polymers business is on polyethylene and polypropylene.

We operate a total of 13 sites for olefins and polyolefins, including our large integrated olefins cracker and polyolefin facilities at Köln (Germany), Grangemouth (UK), Lavéra (France), Rafnes (Norway) and Chocolate Bayou (USA). These facilities support our highly competitive proprietary polyolefin process technologies, which are also marketed and licensed by our INEOS Technologies business in cooperation with our olefins and polymers businesses. The technologies include our cost-effective gas phase polypropylene technology, our specialized technology for high-density polyethylene and our flexible proprietary "swing" technology for both linear low-density and high-density polyethylene.

The North American and European markets for olefins and polyolefins are quite distinct, with separate pricing structures and distribution channels. As a result, each market may experience different rates of growth and levels of return. Therefore, we operate these two businesses separately and report them as two distinct segments—INEOS Olefins & Polymers Europe and INEOS Olefins & Polymers North America.

Chemical Intermediates

Chemical intermediates are higher-value-added chemical products used as key components in a wide variety of consumer and industrial products. In our chemical intermediates business, we utilize olefins as key raw materials.

The four main product groups within our chemical intermediates business are INEOS Nitriles, INEOS Oligomers, INEOS Oxide and INEOS Phenol. The activities of INEOS Enterprises, INEOS Films and INEOS Technologies are also included within the chemical intermediates business. Together these businesses produce a wide range of products including phenol, acetone, alpha olefins, synthetic ethanol, ethylene oxide and derivatives, acrylonitrile, ammonia, nitric acid and polymer films. We manufacture chemical intermediates in 26 locations globally, with many of our plants integrated either directly with their key raw materials on site, or integrated via pipeline connection.

We are the world's leading producer of phenol, which is an essential starting material for a wide range of applications in the electrical/electronics, automotive, construction and household/furniture industries. Our main product in the nitriles sector is acrylonitrile, which is used in the production of acrylic fibers and acrylonitrile butadiene styrene plastic. We are also among the largest volume suppliers of linear and poly alpha olefins in the world. We are the largest producer of ethylene oxide in Western Europe and have a range of associated products including ethylene glycol, propylene oxide, propylene glycol and acetate esters.

As referenced above, through INEOS Technologies, we are a leading developer and licensor of technologies to the global petrochemical industry including not only technologies for the manufacturing of polyolefins, but also those for polystyrene, nitriles, maleic anhydride, ethylene dichloride and polyvinyl chloride, and chlor-alkali. In addition, we manufacture high-quality catalysts and additives for use with these technologies which we supply to licensees and other companies around the world, and also to our own manufacturing assets.

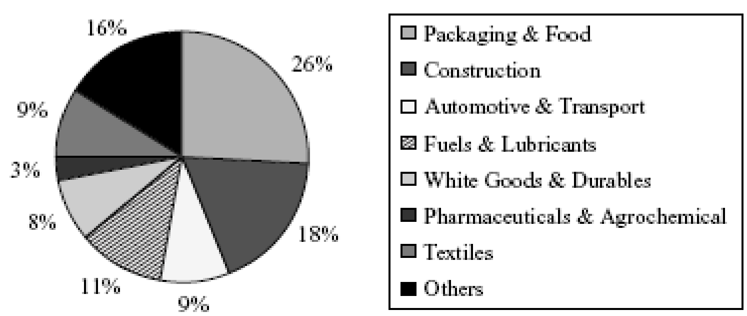
Our Competitive Strengths

We believe that the factors set forth below provide us with a competitive advantage in the markets in which we compete:

- ***Diversified Portfolio of Businesses with Leading Market Positions.*** We are one of the world's largest chemical companies. We operate 37 manufacturing sites in 9 countries around the world including 2 refineries in Europe, which are fully integrated with our co-located petrochemical facilities. These assets have a total production capacity of approximately 24,000 kilotonnes per year. In addition, our refineries have a combined crude oil distillation capacity of more than 410,000 barrels per day. We believe we have a top 3 or better global or regional market position in 11 of our key products, representing more than 50% of our total sales as measured by volume.

Our petrochemical products are utilized in a wide range of end-market applications. The following diagram sets forth our petrochemicals revenue by end use application in 2009.

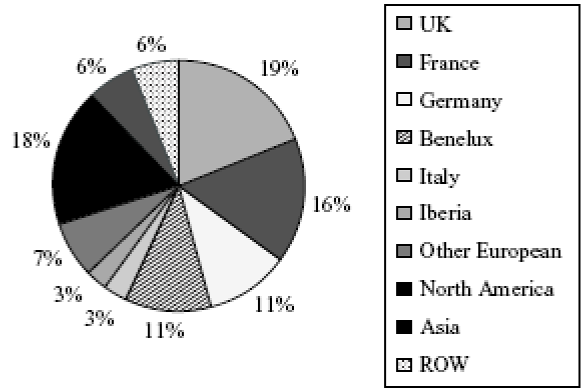
Petrochemicals Revenue by Application 2009†



† The petrochemicals revenue by application chart does not include revenue from the refining segment.

Our petrochemical products are sold to customers in diverse geographic locations. The following diagram sets forth the group third party revenue by region in 2009.

Group Third Party Revenue by Region 2009



We believe that such application and market diversity reduces the effect of industry cyclicality on our results. In addition, we believe that we benefit from the fact that the refining industry cycle and petrochemical industry cycle are independent cycles. For example, during the market downturn that began in the third quarter of 2008, the refining market remained relatively stable, which helped to partially offset the impact of the significant decline in the petrochemical sector.

- ***Vertically Integrated, World-Scale Producer.*** We have five large-scale petrochemical sites, accounting for 55% of our total petrochemical production volumes. Each of these sites is integrated with a major cracker and/or polymers and derivatives unit, and two of these are also integrated with our own onsite refineries, which differentiates us from many of our competitors. Both of our refineries have crude oil distillation capacity of more than 200,000 barrels per day, which is higher than the average European refinery capacity according to PGI, and each is equipped with a hydrocracker and a fluid catalytic cracker. The crackers provide our refineries with significant flexibility in their ability to process not only low sulphur crude oils, but also heavy, sour crude oils into light, sweet middle distillates (such as road diesel, light gasoils and heavy gasoils).

We operate the largest single-site ethylene oxide/ethylene glycol plant in Europe and the two largest phenol plants in Europe, one of which is the largest in the world, as well as the largest single train phenol plant in North America. We operate the largest acrylonitrile facility in the world and one of the largest high-density polyethylene complexes in North America. We believe that, as our production volumes increase, we will be able to leverage our fixed cost base and increase our profitability.

Our sites are typically located near raw materials, refineries and associated pipeline infrastructure. We believe our highly integrated facilities provide us with the ability to capture margins across the value chain, enjoy certainty of feedstock supply (particularly for ethylene), reduce logistical costs, improve energy management, adjust the product slate to capture greater value (by selling olefins or, alternatively, by using them internally in the production of polymers or derivatives) and reduce our exposure to margin volatility as a result of changes in raw material prices. We operate large plants that permit us to spread fixed costs over large volumes of production, thereby reducing unit costs and enhancing profits.

- ***Well-Invested, Highly Efficient Production Facilities.*** Our large, well-invested plants benefit from economies of scale and favorable locations. Our acquisition activity has focused on acquiring businesses that complement our existing manufacturing facilities with well-invested physical assets from major chemical companies. In addition, each year we continue to invest in improving and expanding our facilities. Since January 1, 2001, we and our predecessors have invested more than €1.5 billion in our manufacturing assets to maximize efficiency and create integrated state-of-the-art production units.

- ***Extensive Portfolio of Leading Proprietary Technologies.*** We are a leading developer and licensor of manufacturing technologies for our own use and for the global petrochemical industry. We use our technologies for the manufacturing of our key products, and believe that they enable us to be one of the lowest cost producers and provide us with a significant competitive advantage in terms of product quality. Our proprietary technologies, including our gas phase polyethylene, gas phase polypropylene, slurry high-density polyethylene and acrylonitrile technologies, are positioned around our key products. In addition, our technologies are widely licensed to industry participants and they are often integrated into new chemical plant design and construction. For example, we believe that our acrylonitrile technology is used in more than 90% of the world's acrylonitrile production capacity. We believe there is significant potential for additional licensing arrangements across our portfolio. We have grown our licensing business market share in all product lines, and on the basis of 2008 and 2009 market shares, we are the leading licensor of polyethylene, polypropylene, polystyrene, polyvinylchloride, vinyl chloride monomer, ethylene dichloride and acrylonitrile technologies. Our technology licensing contracts often lead to ongoing relationships to supply high-quality catalysts and additives, and provide on-site support. INEOS engineers are deployed to provide support and collaborate with our licensees to ensure proper technology deployment and performance quality. We believe that our technology licensing business allows us to generate a stable and recurring income stream, and provides us with substantial visibility on potential capacity additions and new projects in the petrochemical industry.

- ***Experienced Management Team with a Strong Track Record.*** Our senior management team has been operating INEOS and our predecessors for the past 11 years and has a demonstrated track record of achieving profitable growth in the chemical industry, successfully integrating large acquisitions, dramatically reducing the fixed cost base, and deleveraging the business following such acquisitions. James A. Ratcliffe, our controlling shareholder, and the other existing shareholders, have a successful record of investing in the chemical industry. We have completed 19 significant acquisitions since the formation of INEOS in 1998. Each of these acquisitions has been integrated effectively and we have been able to achieve significant cost-savings in the acquired businesses. Our management team has extensive experience in the chemical industry, including with leading companies such as ICI, DuPont, Dow Chemical, Degussa and BP, and a proven ability to increase productivity, reduce costs and control capital expenditures and working capital. We believe the experience of our management team is a distinct competitive advantage and positions us favorably as we continue to grow.

Our Business Strategy

In response to current challenges resulting from the current macroeconomic environment and as part of our long-term strategic aim, we have maintained and will continue to execute a strategy consisting of the following short- and long-term elements. These are designed to help us improve our capital structure, leverage our key strengths and market opportunities and ensure ongoing cash flow generation and growth:

- ***Maintain World-Class Cost Positions, Generate Cost Savings and Enhance Efficiency.*** We have historically succeeded in reducing costs at our acquired businesses by making rapid reductions in underlying fixed costs and implementing an efficient corporate and management structure. Continuous improvements in the efficiency of our existing sites and opportunities for site consolidation are key aspects of this strategy, as we seek to maintain upper quartile cost positions and world-scale facilities across the majority of our operations. We have achieved significant fixed cost reductions in businesses that we have acquired, delivering on average a reduction of 22% of inherited fixed costs in the four-year period post-acquisition. As the economic downturn took effect in the third quarter of 2008, we applied a target of an additional 10% reduction in fixed costs for all of our businesses for the fourth quarter, which we achieved. In 2009, we targeted a further 10% or a €200 million reduction on fixed costs for the year, which we surpassed. Overall, fixed costs were reduced by €450 million between 2006 and 2009. The control of fixed costs will continue to be a key priority for our business.

- ***Maintain World-Class Health, Safety and Environmental Excellence.*** We are dedicated to continually improving our HSE performance. We ensure that all employees receive appropriate training, thereby enabling them to effectively contribute to HSE performance and HSE improvement processes. It is our policy to design our processes and manufacture and distribute our products in a responsible manner so that our employees, customers, the public and the environment are protected from avoidable risks. Our strategy is to continue achieving injury and environmental compliance ratings better than world-class benchmarks.

- ***Continue Current Measures to Achieve and Maintain a Sustainable Capital Structure.***

    - *Generate Strong Cash Flow to Reduce Leverage.* We intend to continue our focus on cash flow generation by maximizing the utilization of assets, leveraging existing resources, continuously improving working capital practices and following focused capital expenditure and cost reduction plans. We will apply when possible the cash flows generated from these initiatives to help reduce our debt.

    - *Focus Capital Investments on Improving Returns.* Our capital expenditure plan is primarily focused on ensuring the safe and compliant status of our plants. We then focus on delivering efficiency improvement projects with attractive payback economics. Since January 1, 2001, we and our predecessors have invested more than €1.5 billion in our manufacturing assets to improve the quality and performance of our businesses. We believe that our technology, personnel and production facilities will allow us to continue to increase our profitability and cash flows without the need for significant additional investments. We will also continue to implement de-bottlenecking projects at our facilities to increase our production capacity, particularly when the incremental capacity can be achieved without significant additional fixed costs or capital expenditures.

    - *Deleveraging of Our Capital Structure Through Selective Disposals.* We have increased our focus on making selective disposals of assets and non-core businesses in order to reduce our net debt and increase liquidity. We recently sold our INEOS ChlorVinyls Business, which led to a reduction of net debt, the release from the associated pension liabilities, which were assumed by the acquiring entity, and increased liquidity. Additionally, the disposal of our fluorochemicals business reduced our net debt and removed a significant cash investment expense required to develop replacement products. See "—Recent Developments" for a more detailed discussion about the disposal of these former assets.

- ***Maximize Utilization of Assets.*** As a low-cost focused producer, we believe in operating our facilities at full capacity. We believe this allows us to maintain positive margins and cash flows, even during downturns in industry cycles or customer demand, more readily than some of our competitors who have higher production costs. We intend to achieve growth in production volume by improving utilization rates within the defined availability of an asset, improving availability of an asset by minimizing planned and unplanned facility downtime and improving capacity of an asset through de-bottlenecking projects. We have a strong track record of improving utilization rates of acquired assets. For example, in 2001, the newly acquired INEOS Phenol assets had a utilization rate of 85% of nameplate capacity, which we increased to 103% by 2004. Following the acquisition of Innovene, we closed three of the acquired polyolefin units with a combined capacity of 600 ktpa. Notwithstanding these closures, total capacity utilization on our remaining facilities has grown to more than offset the impact of the closed capacity.

- ***Maintain a Lean Corporate Structure and Incentivize Employees.*** We intend to operate our business consistent with the philosophy of our shareholders and maintain a simple and decentralized, flat organizational structure that minimizes corporate bureaucracy, coupled with compensation arrangements that incentivize our employees. We believe that a simple and decentralized organizational structure is cost effective and will allow each of our management teams the freedom to use their industry knowledge to respond to market opportunities. We believe that we can increase the value of our business when our employees share in the value they create. In the past, we have granted our employees tracking shares with respect to each of our businesses and regions, with management and employee bonuses linked to the EBITDA performance and other factors of the business in which they work.

- ***Where and When Appropriate, and Within the Confines of Our Capital Structure, to Pursue Long-term Value-added Growth Opportunities.*** As a result of our lean corporate structure, we are able to maintain a level of agility that few organizations our size are able to match. Opportunities for profitable growth are identified and vetted in an efficient, non-bureaucratic format, which, in many cases, we believe enables us to establish a first-mover advantage. We have significant expertise in identifying, executing and integrating acquisitions. During the past 11 years, we have made 19 acquisitions, significantly growing EBITDA. We have a highly disciplined acquisition screening and evaluation process and a detailed series of metrics by which we measure the value creation prospective of potential transactions. Although we have no current plans to complete further acquisitions, as the market environment and our financial position improve, we believe that we are well-positioned to consider transactions that would be consistent with our goal to reduce leverage.

We also plan to pursue growth opportunities by leveraging our portfolio of leading proprietary technologies through both our own organic operations and highly selective licensing arrangements. We view technology licensing as an effective way of establishing our products in the market and of generating additional income. In addition, we believe that the ability to offer a comprehensive technology package is a substantial advantage in attracting joint venture partners for equity investments in regions characterized by low feedstock costs and high growth, such as the Middle East, North Africa, Russia and China. Our approach to licensing varies from technology to technology to take into account the prevailing market conditions. For example, licensing of acrylonitrile technology is highly selective, whereas our gas phase polyethylene technology is licensed widely.

The Transactions

We have entered into a series of transactions to refinance a portion of our senior term loan debt at par with the proceeds of the notes in order to extend our debt maturity profile and improve our liquidity.

In order to undertake this refinancing and to permit the issuance of the notes, we recently sought and obtained consents from 90% of the lenders under our Existing Facilities Agreement and the holders of a majority in aggregate principal amount of our 2016 Notes.

In providing their consent, the lenders under the Existing Facilities Agreement agreed to exchange participations, commitments and accrued PIK amounts under the Existing Facilities Agreement for new participations, commitments and accrued PIK amounts under the Senior Facilities Agreement to be entered into on or around the Transaction Completion Date, a portion of which will be refinanced on the next interest payment date with the proceeds of the notes.

Holders of the 2016 Notes agreed to certain amendments to the 2016 Notes Indenture, including an amendment to the definition of "Credit Facilities" in order to, among other things, enable the Existing Facilities Agreement to be refinanced with capital markets debt.

It is contemplated that the transactions will be completed on the Transaction Completion Date, subject to certain post-closing conditions being satisfied. For a further description of the Transactions, please see "The Transactions."

Description of the Issuer

The Issuer is organized under the laws of England and Wales. The Issuer is a wholly-owned subsidiary of INEOS Holdings Limited, and has no subsidiaries. Please see the "—Summary Corporate and Financing Structure" on the subsequent page for a more detailed illustration of the ownership chain.

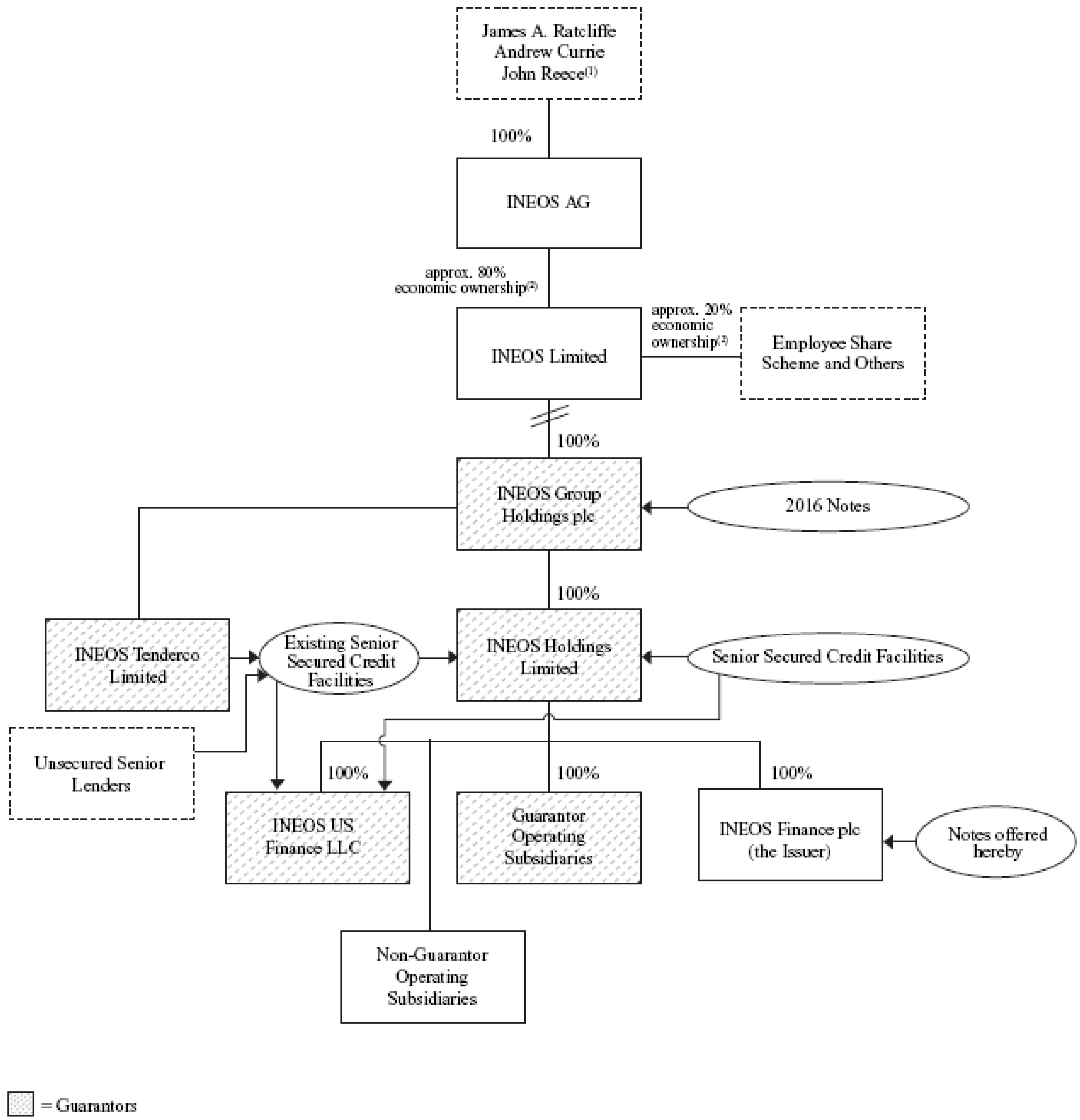
All of the issued share capital of the Issuer is held directly by INEOS Holdings Limited. All of the issued share capital of INEOS Holdings Limited is held by INEOS Group Holdings plc, which is in turn a wholly owned subsidiary of INEOS Group Limited. INEOS Group Limited is a wholly owned subsidiary of INEOS Group Investments Limited, which is a wholly owned subsidiary of INEOS Limited. The issued voting share capital of INEOS Limited is held by INEOS AG and by Cannon Nominees Limited, a trust established for the benefit of family members and other associates of Mr. Ratcliffe and over which Mr. Ratcliffe exercises control. The remaining non-voting issued share capital is held by Appleby Trust (Jersey) Limited, as trustee of the INEOS Group Share Benefit Trust, by INEOS Trustees Limited as trustee of the INEOS UK Employee Benefit Trust and by certain employees, ex-employees or their family members. INEOS AG exercises a controlling interest over INEOS Limited through its majority interest in the voting share capital. The share capital of INEOS AG consists of Ordinary Management Shares and Preferred Shares ("Series A to J Preferred Shares"). See "Certain Relationships and Related Party Transactions" or the "Management" section for a full description of the ownership chain. The only debt securities of the Issuer are the ones issued hereby.

The Issuer was formed in November 2009 as a special purpose vehicle and has no other assets and conducts no other activities other than holding the debt issued pursuant to the notes issued hereby. The Issuer does not prepare or publish separate financial statements from the consolidated Group. Please see the "Index to Consolidated Financial Information" for a list of the financial statements of the Group attached hereto.

The principal executive offices of the Issuer are located at: Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom. Please see the "Management" section to see a more detailed discussion on the management of the Issuer.

Summary Corporate and Financing Structure

The following chart summarizes our corporate structure and principal indebtedness after giving effect to the issuance of the notes and the application of the net proceeds therefrom. For a summary of the debt obligations referred to in this chart, see "Description of Other Indebtedness" and "Description of the Notes."



(1) These individuals are collectively referred to as INEOS Capital. See "Management" and "Principal Shareholders."

(2) The calculation of the economic ownership percentage is different from the calculation of percentage ownership of issued shares of INEOS Limited. This is because INEOS Limited has established tracker shares valued by reference to certain parts of the business; therefore, the economic ownership percentage will not necessarily be the same as the percentage ownership of issued shares of INEOS Limited.

Principal Shareholders and Our Relationships with INEOS AG

We are an indirect wholly owned subsidiary of INEOS Limited, which is wholly owned by INEOS AG. The issued voting share capital of INEOS Limited is held by INEOS AG and by Cannon Nominees Limited, a trust established for the benefit of family members and other associates of Mr. Ratcliffe and over which Mr. Ratcliffe exercises control. The remaining non-voting issued share capital is held by Appleby Trust (Jersey) Limited, as trustee of the INEOS Group Share Benefit Trust, by INEOS Trustees Limited as trustee of the INEOS UK Employee Benefit Trust and by certain employees, ex-employees or their family members. INEOS AG exercises a controlling interest over INEOS Limited through its majority interest in the voting share capital.

James A. Ratcliffe, Andrew Currie and John Reece control us through shareholdings in INEOS AG. They are also partners in INEOS Capital Partners, which provides operational management services to us. Messrs. Ratcliffe, Currie and Reece also control Kerling plc, a producer of chloralkali and PVC, INEOS Industries Ltd, a portfolio of businesses transferred from INEOS Group Limited in 2009, and INEOS Paraform, a manufacturer of formaldehyde-based chemicals. We have entered into a number of significant transactions and arrangements with Kerling plc, INEOS Industries Ltd. and INEOS Paraform in the past, and the Indenture permits us to continue to do so in the future. Please see "Certain Relationships and Related Party Transactions."

Recent Developments

Split-off of Our INEOS ChlorVinyls Business

Prior to January 28, 2010, we owned several companies engaged in the production of chlor-alkali and PVC, including the businesses and assets of INEOS Chlor Newco 2 Limited, INEOS Vinyls Finance plc, INEOS Vinyls UK Ltd., INEOS Compounds Switzerland AG, INEOS Industrial Investments Limited and the limited partner interests in INEOS Vinyls GmbH & Co. KG (collectively, and excluding the IGH Subsidiaries (as defined below), the "INEOS ChlorVinyls Business"). The INEOS ChlorVinyls Business had EBITDA before exceptionals of €67.9 million for the year ended December 31, 2009.

Prior to the January 28, 2010 split-off, we transferred certain subsidiaries and other assets of the foregoing companies out of the INEOS ChlorVinyls Business and into other parts of our Group. These included INEOS Films Inc., INEOS Films GmbH, INEOS Compounds UK Ltd., INEOS Procurement Limited and INEOS Vinyls France SAS; the technologies business and the German toll manufacturing business of INEOS Vinyls UK Ltd.; and the single share owned by INEOS Vinyls Deutschland GmbH in INEOS Vinyls Belgium S.A./N.V. (collectively, the "IGH Subsidiaries").

On January 28, 2010, following the transfer of the IGH Subsidiaries out of the INEOS ChlorVinyls Business and the transfer to the INEOS ChlorVinyls Business of the entire share capital of INEOS Chlor Atlantik GmbH and certain non-voting shares in the capital of INEOS Chlor Limited, we split off the INEOS ChlorVinyls Business in an indirect sale to Kerling plc, for a total enterprise value reflecting:

- net cash consideration in the amount of approximately € 65.0 million (reflecting the contemporaneous settlement of certain intercompany balances payable by the INEOS Group to the Kerling Group);
- the assumption of pension liabilities of the INEOS ChlorVinyls Business valued at €170.0 million; and
- the assumption of approximately €163 million in debt, consisting of the principal and accrued interest to March 1, 2010 on the €160 million aggregate principal amount of 9.125% senior notes due 2011 issued by INEOS Vinyls Finance plc, which were redeemed with the proceeds of the notes issuance by Kerling plc on January 28, 2010.

Kerling plc is an indirect wholly owned subsidiary of INEOS AG and is indirectly controlled by our controlling shareholders, and thus is our affiliate. See "Certain Relationships and Related Party Transactions" and "Description of the Notes—Certain Covenants—Limitations on Transactions with Affiliates."

Sale of Substantially all of INEOS' Fluorochemical Business

On March 31, 2010, INEOS Fluor Holdings Limited, INEOS Fluor Limited, INEOS Fluor International Limited and INEOS Fluor Americas LLC (the "Sellers") sold to Mexichem Fluor S.A. de C.V. and other members of the Mexichem group ("Mexichem") a significant portion of the Sellers' and their subsidiaries' property and assets used in connection with the fluorochemical business, excluding the Clean Development Mechanism ("CDM") business. The sale encompassed the international business and assets related to INEOS' fluorochemical operations located in North America, Europe and Asia. The fluorochemical operations sold to Mexichem had EBITDA of approximately €38 million for the year ended December 31, 2009. The sale price for the assets was approximately $350 million.

Swiss Reorganization

In connection with the reorganization of our parent's headquarters and tax residence, as of March 26, 2010, INEOS AG, a Swiss corporation, became our ultimate parent holding company. We are considering implementing further steps in order to introduce tax efficient financing within the INEOS Group using a finance company incorporated in Switzerland and the migration of business functions currently undertaken by our entrepreneurial companies to a new company based in Switzerland. For more information regarding the reorganization, please see "Business—Entrepreneurial and Finance Reorganization."

Trading Statement

On April 26, 2010, INEOS announced certain preliminary management information relating to its financial performance in the first quarter of 2010, a summary of which is provided below. This information is based solely on preliminary internal information used by management and our interim unaudited financial statements for the first quarter of 2010 have not been completed. Because this information is preliminary, it could change.

We expect that EBITDA before exceptionals for the first quarter of 2010 will be approximately 40% of EBITDA before exceptionals for the year ended December 31, 2009, which approximately doubles the EBITDA before exceptionals achieved in the first quarter of 2009. We expect that consolidated revenues for the first quarter of 2010 will be approximately 30% of consolidated revenues for the year ended December 31, 2009, representing an increase compared to the first quarter of 2009. We expect that refining inventory holding gains in the first quarter of 2010 will be approximately 8% of refining inventory holding gains for the year ended December 31, 2009, representing less than half the corresponding gains in the first quarter of 2009 and reflecting an increase in crude oil prices. We estimate that RC/HC EBITDA before exceptionals for the first quarter of 2010 will be slightly less than 50% of RC/HC EBITDA for the year ended December 31, 2009, which approximately trebles the RC/HC EBITDA before exceptionals achieved in the first quarter of 2009.

Profitability across our chemical business in the month of March 2010 was particularly strong. We have continued to focus on cash management and liquidity. Net debt as of March 2010 was in line with net debt as of year end 2009. We estimate that cash balances at the end of the quarter will be approximately 12% higher than reported at year end 2009, even after a scheduled payment of interest on the term loans under the Existing Facilities Agreement of €145 million which was made at the end of March 2010, which was more than offset by cash proceeds from the sale of our fluorochemical business to Mexichem of $350 million.

We refer you to the trading statement for a further discussion of our first quarter performance. Our trading statement for the first quarter of 2010 is posted on our website *http://www.ineos.com/new_item.php?id_press=269* and is available from INEOS upon request. See "Where You Can Find More Information."

THE OFFERING

The following overview of the offering contains basic information about the notes, the guarantees and the security. It is not intended to be complete and it is subject to important limitations and exceptions. For a more complete understanding of the notes, the guarantees and the security including certain definitions of terms used in this overview, please see "Description of the Notes" and "Description of the Collateral and the Guarantees."

Issuer	INEOS Finance plc.
Notes Offered	€300,000,000 million aggregate principal amount of euro-denominated $9^1/_4$% Senior Secured Notes due 2015 (the "Euro Notes"). $570,000,000 million aggregate principal amount of U.S. dollar-denominated 9% Senior Secured Notes due 2015 (the "Dollar Notes" and, together with the Euro Notes, the "notes").
Issue Date	On or about May 12, 2010 (the "Issue Date").
Maturity Date	May 15, 2015.
Interest Rates and Payment Dates	The interest rate on the Euro Notes is 9.250% and the interest rate on the Dollar Notes is 9.000%, in each case payable semi-annually in arrears on May 15 and November 15 of each year, commencing November 15, 2010. Interest on the notes will accrue from the Issue Date.
Denominations	Euro Notes in denominations of €50,000 and any integral multiple of €1,000 in excess thereof. Dollar Notes in denominations of $100,000 and any integral multiple of $1,000 in excess thereof. Notes in denominations of less than €50,000 or $100,000, as the case may be, will not be available.
Ranking of the Notes	The notes are general senior secured obligations of the Issuer and: • rank equally in right of payment with all existing and future Indebtedness of the Issuer that is not subordinated to the notes, including, without limitation, the guarantee of the Senior Facilities Agreement; • are guaranteed on a senior secured basis by the Guarantors; • rank effectively senior to all existing and future Indebtedness of the Issuer that is unsecured or secured by liens junior to the liens securing the notes to the extent of the value of the collateral; • rank senior in right of payment to all existing and future obligations of the Issuer subordinated in right of payment to the notes, including the Issuer's guarantee of obligations under the Term D Facility and the 2016 Notes; and • effectively subordinated in right of payment to all of the liabilities, including trade payables, of IHL's subsidiaries that do not guarantee the notes.
Guarantees	As of the Issue Date, the notes were jointly and severally guaranteed on a senior secured basis by the Parent, IHL and (other than with respect to INEOS Manufacturing France SAS) the same subsidiaries of IHL as guaranteed the Senior Facilities Agreement on the Issue Date (the "Closing Date Guarantors"), together representing 71.7% of the Parent's consolidated EBITDA for the year ended December 31, 2009 and holding 68.7% of the Parent's consolidated total assets as of December 31, 2009. No later than the earlier of the time at which guarantees are granted to lenders under the Senior Secured Credit Facilities and 30 days after the Issue Date, certain additional subsidiaries of IHL are required to guarantee the notes and the Senior Facilities Agreement (the "Post-Closing Date Guarantors" and, together with the Closing Date Guarantors, the "Guarantors"). The Guarantors will represent 85.4% of the Parent's consolidated EBITDA for the year ended December 31, 2009 and hold 85.6% of the Parent's consolidated total assets as of December 31, 2009. The obligations of each Guarantor will be limited as described in "Description of the Notes—Brief Description of the Notes, the Guarantees and the Security."

Ranking of the Guarantees .... The guarantee of each Guarantor is be a general senior secured obligation of such Guarantor and:

- ranks equally in right of payment with all existing and future Indebtedness of such Guarantor that is not subordinated in right of payment to such guarantee, including with respect to the guarantee of the notes by each Guarantor, Indebtedness under the Senior Facilities Agreement, and with respect to the guarantee of the notes by the Parent, the 2016 Notes;
- ranks effectively senior to all existing and future Indebtedness of the Issuer that is unsecured or secured by liens junior to the liens securing the notes to the extent of the value of the collateral;
- ranks senior in right of payment to all existing and future indebtedness of such Guarantor that is subordinated in right of payment to such guarantee; and
- is effectively subordinated to any existing and future indebtedness and other liabilities of such Guarantor that are secured by liens senior to the liens securing such guarantee, or secured by property and assets that do not secure such guarantee, to the extent of the value of the property and assets securing such indebtedness and other liabilities, including the BP Creditor Liabilities secured on a first priority basis by the BP Receivables.

Security; Enforcement of Security ... Subject to the terms of the security documents, the notes and the related guarantees are secured by first ranking liens on the same assets (subject to certain exceptions) that secure the obligations under the Senior Secured Credit Facilities expected to be entered into on the Issue Date. Liens on collateral to be granted by the Issuer and the Closing Date Guarantors was (subject to certain limited exceptions) granted on the Issue Date and liens on collateral to be granted by the Post-Closing Date Guarantors was (subject to certain limited exceptions) granted at the time such entities become Guarantors, which was required to be no later than the earlier of the time at which guarantees are granted to lenders under the Senior Secured Credit Facilities and 30 days after the Issue Date, as more fully described in "Description of the Collateral and the Guarantees." By such deadline, the Closing Date Guarantors were also be required to grant certain additional liens on relevant collateral held by them outside the UK, United States, Belgium, France and Germany.

The Intercreditor Deed provides that neither the holders of the notes nor the Trustee are be permitted to instruct the Security Trustee with respect to enforcement of the security so long as the aggregate amount of senior secured debt under the Intercreditor Deed (excluding debt outstanding under the notes) is 30% or more of the aggregate amount of all senior secured debt under the Intercreditor Deed (including debt outstanding under the notes). After such senior secured debt represents less than 30% of the total senior secured debt for at least 30 days, then a majority in aggregate amount of all senior secured debt (including the notes) under the Intercreditor Deed can instruct the Security Trustee with respect to enforcement of the security. For a description of security enforcement and other intercreditor provisions, please see "Description of Other Indebtedness—Intercreditor Deed."

Additional Amounts .... All payments that the Issuer, any Guarantor or any surviving entity makes under or with respect to the notes, or that any Guarantor makes with respect to any guarantee, will be made free and clear of, and without withholding or deduction for or on account of, any present or future tax, duty, levy, impost, assessment or other governmental charges (including, without limitation, penalties, interest and other similar liabilities related thereto) of whatever nature imposed or levied by or on behalf of any jurisdiction in which the Issuer, any Guarantor or, if applicable, any surviving entity is incorporated, organized or otherwise resident for tax purposes or from or through which any of the foregoing makes any payment on the notes or by any taxing authority therein or political subdivision thereof, unless the Issuer, such Guarantor or such surviving entity is required to withhold or deduct taxes by law or by the interpretation or administration of law. If the Issuer, a Guarantor or such surviving entity is required to make any such withholding or deduction, the Issuer, such Guarantor or such surviving entity, as the case may be, will pay such additional amounts as may be necessary to ensure that the net amount received by each holder of the notes after such withholding or deduction will be not less than the amount the holder would have received if such Taxes had not been required to be withheld or deducted. See "Description of the Notes—Payment of Additional Amounts."

Optional Redemption .... Prior to May 15, 2013, the Issuer may redeem all or a portion of the Euro Notes and/or Dollar Notes at a redemption price equal to 100% of the principal amount of the notes plus the applicable "make-whole" premium set forth in this offering memorandum plus accrued and unpaid interest to the redemption date.

On or after May 15, 2013, the Issuer may redeem all or a portion of the notes at the redemption prices set forth in this offering memorandum under the caption "Description of the Notes—Optional Redemption" plus accrued and unpaid interest to the redemption date.

In addition, at any time prior to May 15, 2013, the Issuer may redeem up to 35% of the aggregate principal amount of the Euro Notes and up to 35% of the aggregate principal amount of the Dollar Notes with the proceeds of certain equity offerings at 109.250% of the principal amount of the Euro Notes and 109.000% of the principal amount of the Dollar Notes, in each case, plus accrued interest; *provided* that at least 65% of the originally issued aggregate principal amount of each of the Euro Notes and the Dollar Notes, as applicable, remains outstanding immediately after each such redemption and each such redemption occurs within 90 days after the date of the relevant equity offering. Please see "Description of the Notes—Optional Redemption."

Optional Redemption for Taxation Reasons .... In the event of certain developments affecting taxation, the Issuer may redeem all, but not less than all, of the notes at 100% of the principal amount thereof, plus accrued and unpaid interest to the date of redemption. Please see "Description of the Notes—Redemption upon Changes in Withholding Taxes."

Change of Control .... Upon the occurrence of certain events constituting a "change of control," the Issuer is required to offer to repurchase all outstanding notes at a purchase price in cash of 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest, if any, to the date of purchase. See "Description of the Notes—Purchase of Notes Upon a Change of Control."

Certain Covenants .... The Indenture contains covenants that, among other things, limit the ability of IHL and its restricted subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- layer debt;
- make restricted payments, including dividends or other distributions;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create or permit to exist certain liens;
- transfer, lease or sell certain assets;
- enter into arrangements that impose restrictions on the ability of our subsidiaries to pay dividends or make other payments to IHL;
- engage in certain transactions with affiliates;
- enter into unrelated business or engage in prohibited activities;

	• consolidate, merge or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis; • impair the security interests for the benefit of the holders of the notes; and • amend certain documents. Each of these covenants is subject to a number of important limitations and exceptions as described under "Description of the Notes—Certain Covenants."
Transfer Restrictions	The notes and the guarantees have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction and may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. We have not agreed to, or otherwise undertaken to, register the notes (including by way of an exchange offer).
Use of Proceeds	We used the net proceeds from the issue of the notes to refinance a portion of the indebtedness that was outstanding under the Senior Facilities Agreement. The proceeds were paid into a mandatory prepayment account for application on the next interest payment date to term loans A, B, and C under the Senior Facilities Agreement in accordance with the terms of the Exchange Offer and Consent Request and the Senior Facilities Agreement. Please see "Use of Proceeds."
No Established Market for the Notes	The notes are new securities for which there is no existing market. Although the initial purchasers have informed us that they intend to make a market in the notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, we cannot assure you that a liquid market for the notes will develop or be maintained.
Listing	Application has been made to have the notes admitted for trading on the Euro MTF, and to list the notes on the Official List of the Luxembourg Stock Exchange.
Governing Law	The Indenture, the notes and the guarantees are governed by the laws of the State of New York. The Intercreditor Deed is governed by English law. The security documents are governed by applicable local law for each security interest as described under "Description of the Collateral and the Guarantees."
Trustee	The Bank of New York Mellon.
U.S. Paying Agent and Transfer Agent	The Bank of New York Mellon.
Registrar, Luxembourg Transfer Agent, Paying Agent and Listing Agent	The Bank of New York Mellon (Luxembourg) S.A.
Security Trustee	Barclays Bank PLC, as the security trustee under the Intercreditor Deed.

Risk Factors

Investing in the notes involves substantial risks. You should consider carefully all the information in this offering memorandum and, in particular, you should evaluate the specific risk factors set forth in the "Risk Factors" section of this offering memorandum before making a decision whether to invest in the notes.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION AND OTHER FINANCIAL DATA

The following tables present the summary consolidated financial information and other financial data of INEOS Group Holdings plc as of and for the years ended December 31, 2007, 2008 and 2009. The following financial data is qualified in its entirety by reference to, and should be read in conjunction with, our consolidated financial information and the notes thereto, included elsewhere in this offering memorandum. The following financial data as of and for each of the years ended December 31, 2007, 2008 and 2009 has been derived from the audited consolidated financial information and notes thereto of INEOS Group Holdings plc, included elsewhere in this offering memorandum. Such information was prepared in accordance with IFRS and was audited by PricewaterhouseCoopers LLP, independent auditors.

	At or for the year ended December 31,		
	2007	2008	2009
		(€ in millions)	
Income Statement:			
Revenue	27,515.8	29,073.3	18,077.3
Cost of sales	(25,228.6)	(28,271.1)	(16,707.9)
Gross profit	2,287.2	802.2	1,369.4
Distribution costs	(532.4)	(543.7)	(425.5)
Administrative expenses	(412.9)	(455.6)	(403.4)
Operating profit/(loss)	1,341.9	(197.1)	540.5
Total share of (loss)/profit of associates and jointly controlled entities using the equity accounting method	(47.6)	(57.8)	23.7
(Loss)/profit on disposal of businesses	(29.6)	143.0	(276.5)
Profit/(loss) before net finance costs	1,264.7	(111.9)	287.7
Net finance costs	(741.0)	(772.3)	(888.9)
Profit/(loss) before tax	523.7	(884.2)	(601.2)
Tax (charge)/credit	(121.2)	311.6	(13.9)
Profit/(loss) for the year	402.5	(572.6)	(615.1)
Statement of Cash Flows:			
Cash flows from/(used in):			
Operating activities	2,080.3	1,245.4	1,226.5
Investing activities	(802.4)	(529.1)	(261.9)
Financing activities	(959.1)	(1,012.1)	(944.4)
Statement of Financial Position:			
Property, plant and equipment	6,073.2	5,440.6	5,093.2
Cash and cash equivalents	951.4	651.8	662.1
Working capital(1)	2,602.2	1,267.6	479.5
Total assets	14,477.2	11,777.9	11,119.8
Total equity	1,013.8	71.8	(557.2)
Total interest-bearing loans and borrowings	8,230.7	7,949.4	7,749.3
Total liabilities	13,463.4	11,706.1	11,677.0
Net debt(2)	7,457.8	7,487.8	7,126.7
Other Financial Data:			
EBITDA before exceptionals(3)	2,202.6	578.3	1,222.2
RC/HC EBITDA before exceptionals(4)	2,053.6	855.3	984.6
Depreciation, amortization and impairment	909.5	777.0	616.1
Cash interest expense(5)	630.1	595.5	683.2
Capital expenditures(6)	639.1	624.0	264.0
Ratio of net debt to RC/HC EBITDA before exceptionals(2)(4)	3.6x	8.8x	7.2x
Ratio of RC/HC EBITDA before exceptionals to cash interest expense(4)(5)	3.3x	1.4x	1.4x

(1) Working capital represents net current assets (current assets less current liabilities).

(2) Net debt represents gross loans and borrowings less cash and cash equivalents.

(3) EBITDA before exceptionals represents operating profit before depreciation, amortization, impairment and exceptional charges. In accordance with IFRS, we use both the FIFO and weighted average cost methods of accounting for purposes of determining our inventory cost in connection with the preparation of our audited annual consolidated financial information. EBITDA before exceptionals is based on the FIFO and weighted average cost methods of accounting for inventory used in connection with the preparation of such financial information. EBITDA before exceptionals is derived from income statement line items calculated in accordance with IFRS on a historical cost basis. Although our EBITDA-based measures should not be considered a substitute measure for operating profit, profit, cash flows from operating activities or other measures of performance as defined by IFRS, we believe that they provide useful information regarding our ability to meet future debt service requirements. The EBITDA measure presented may not be comparable to similarly titled measures used by other companies. See "Use of Non-GAAP Financial Measures."

The reconciliation of INEOS' operating profit to EBITDA before exceptionals is as follows:

	Year ended December 31,		
	2007	2008	2009
	(€ in millions)		
Operating profit/(loss)	1,341.9	(197.1)	540.5
Depreciation, amortization and impairment	909.5	777.0	616.1
Exceptional charges excluding items relating to impairment and financing	(1.2)	56.2	41.9
Share of profit/(loss) of associates and jointly controlled entities	(47.6)	(57.8)	23.7
EBITDA before exceptionals	2,202.6	578.3	1,222.2

(4) RC/HC EBITDA before exceptionals represents our combined consolidated operating profit (with the adjustment described below) before depreciation, amortization, impairment and exceptional charges. In accordance with IFRS, we use both the FIFO and weighted average cost methods of accounting for purposes of determining our inventory cost in connection with the preparation of our audited annual consolidated financial information. As supplementary information, we also report our operating results to management for our Refining Segment to reflect cost of sales using our replacement cost method of accounting for inventory. Our replacement cost method values raw materials and consumables and finished goods at their replacement cost at the time the related finished goods are sold. RC/HC EBITDA before exceptionals is based on our replacement cost method of accounting for inventory for our Refining Segment; for our other segments, RC/HC EBITDA before exceptionals is based on the FIFO and weighted average cost methods of accounting for inventory used in connection the preparation of our audited annual consolidated financial information on a historical costs basis. Although our EBITDA-based measures should not be considered a substitute measure for operating profit, profit, cash flows from operating activities or other measures of performance as defined by IFRS, we believe that they provide useful information regarding our ability to meet future debt service requirements. The EBITDA measure presented may not be comparable to similarly titled measures used by other companies. See "Use of Non-GAAP Financial Measures."

The reconciliation of INEOS' operating profit to RC/HC EBITDA before exceptionals is as follows:

	Year ended December 31,		
	2007	2008	2009
	(€ in millions)		
Operating profit/(loss)	1,341.9	(197.1)	540.5
Inventory holding (gains)/losses[(A)]	(149.0)	277.0	(237.6)
Depreciation, amortization and impairment	909.5	777.0	616.1
Exceptional charges excluding items relating to impairment and financing	(1.2)	56.2	41.9
Share of profit/(loss) of associates and jointly controlled entities	(47.6)	(57.8)	23.7
RC/HC EBITDA before exceptionals	2,053.6	855.3	984.6

(A) Inventory holding gains/(losses) reflects inventory cost for the Refining Segment calculated using our replacement cost method of accounting for inventory.

(5) Cash interest expense comprises interest income on bank balances, less interest payable on senior notes; interest payable on bank loans and overdrafts; interest payable on securitization and interest payable on finance leases (see note 9 to the consolidated financial information included elsewhere in this offering memorandum).

(6) Capital expenditures represents payments to acquire property, plant and equipment as recorded on the consolidated cash flow statements.

RISK FACTORS

Risks Relating to Our Businesses and Industries

The petrochemical and refining industries are cyclical—Changing market demands and prices may negatively affect our operating margins and impair our cash flow which, in turn, could affect our ability to make payments on our debt or to make further investments in our businesses.

Cyclicality and volatility in supply and demand in the petrochemical industry may affect our prices and may negatively impact our operating margins and cash flows and cause us to incur losses; for example, if industry margins in the petrochemical industry were to return to their 2001 or fourth quarter of 2008 levels or decline more significantly than they have in the past, then this may result in a material adverse effect on our business, results of operations and cash flow. Cycles in the refining industry are generally longer and do not correspond to the cycles of the petrochemical industry. Nonetheless, continuation of the global economic conditions experienced in 2009, or even further cyclical downturn, may affect our prices and may negatively impact our operating margins and cash flows and cause us to incur losses. Furthermore, increased volatility in industry margins could have a significant impact on our short-term results. In such cases, we would have to absorb any losses or borrow additional funds. If we experience significant margin volatility or if we generate losses over a prolonged period and are unable to obtain additional funds, our liquidity could be materially adversely affected and our ability to make debt payments would be impaired.

The relationship between supply and demand in the petrochemical industry in general, and in our various petrochemical segments historically, has been highly cyclical. This is primarily because product supply is driven by alternating periods of substantial capacity additions and periods in which no or limited capacity is added. Historically, the markets for some of our products have tended to follow trends in economic growth and have experienced alternating periods of constrained supply, causing prices and margins to increase, followed by periods of capacity additions, resulting in oversupply and declining prices and margins. In response, companies typically reduce capacity or limit further capacity additions, eventually causing the market to be relatively undersupplied. Any slowdown in growth for any reason could have a disproportionately negative effect on industry margins for our petrochemical products.

Historically, margins in the petrochemical and refining industries have been volatile due to a number of factors, most of which are beyond our control. These factors include:

- short-term utilization rate fluctuations due to planned and unplanned plant outages;
- political and economic conditions, which drive rapid changes in prices for our key feedstocks, including the price of crude oil, gas and naphtha;
- customers' inventory management policies; and
- exchange rate fluctuations.

In addition, we and other petrochemical companies with large asset bases in Europe face pressures due to the fact that many of our key customers in Europe are subject to competition with low-cost producers in Asia. If our European customers are unable to successfully compete with Asian manufacturers, they could reduce their volume of purchases, including from us, or cease making such purchases altogether. To a lesser extent we are also exposed to the risk of our customers in North America being unable to compete in the global marketplace. Each of these risks could materially adversely affect our business, results of operations and financial condition.

Raw materials and suppliers—If we are unable to pass on increases in raw material prices, or to retain or replace our key suppliers, our results of operations may be negatively affected.

Our margins are largely a function of the relationship between the prices that we are able to charge for our products and the costs of the feedstocks we require to make these products. The prices for a large portion of our raw materials are cyclical. After falling from 1996 through 1999, prices for most raw materials increased throughout 2000, fell again during 2001 and then increased from 2002 through to mid-2008. Prices again fell significantly at the end of 2008, before gradually increasing during 2009.

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 our contractual arrangements and market conditions. There may be periods of time during which we are not able to recover increases in the cost of raw materials due to our contractual arrangements or to weakness in demand for, or oversupply of, our products. Specifically, timing differences in pricing between raw material prices, which may change daily, and product prices, which in many cases are negotiated only monthly or less often, sometimes with an additional lag in effective dates for increases, have had and may continue to have a negative effect on profitability. Even in periods during which raw material prices decline, we may suffer decreasing profits if raw material price reductions occur at a slower rate than decreases in the selling prices of our products. In addition, when raw material costs decrease, customers may seek relief in the form of lower sales prices. Furthermore, some of our customers take advantage of fluctuating prices by building inventories when they expect product prices to increase and reducing inventories when they expect product prices to decrease.

Further, volatility in costs and pricing can result in commercial disputes with customers and suppliers with respect to interpretations of complex contractual arrangements. Significant adverse resolution of any such disputes also could reduce our profitability.

We obtain a significant portion of our raw materials from selected 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. Therefore, volatility in raw material prices or interruptions in supply could place increased pressure on our margins and reduce our cash flow, which could impair our ability to make debt payments or make further investments in our business.

If either we fail to maintain our relationships with our current suppliers, our suppliers offer pricing and other terms that are not satisfactory to us, or if a supplier fails to supply raw materials that meet our quality, quantity and cost requirements, we may be unable to fill our customers' orders on a timely and cost-effective basis or in the required quantities, which could result in order cancellations, decreased revenues, loss of market share and damage to our reputation.

Global economy—Our industries are affected by global economic factors including risks associated with the current recession and our customers' access to credit.

Since early 2008, there has been a significant deterioration in the global economy, which many observers expect will be prolonged. In addition, liquidity has contracted significantly. We face risks attendant to changes in consumer demand for goods that incorporate our products, economic environments, changes in interest rates and instability in securities markets around the world, among other factors. In particular, the worsening economic climate has resulted in decreased industrial output and decreased consumer demand for products including automobiles, consumer goods and building materials, all of which incorporate our products. The adverse economic conditions have affected and may continue to affect consumer and business spending generally, which will result in decreased demand for goods that incorporate our products and have an adverse affect on our results of operations.

Our financial results are substantially dependent upon the overall economic conditions in the United States, the European Union and Asia. An extended recession in any of these locations or globally—or public perceptions that result in declining economic conditions—could substantially decrease the demand for our products and adversely affect our business. For example, as a result of the economic downturn, in 2009 we experienced decreased demand for many of our products; however, we have experienced an upturn in demand in the first few months of 2010. Moreover, many of our customers rely on access to credit to adequately fund their operations. The inability of our customers to access credit facilities may adversely affect our business by reducing our sales, increasing our exposure to accounts receivable bad debts and reducing our profitability.

The current negative worldwide economic conditions and market instability also make it increasingly difficult for us, our customers and our suppliers to forecast demand trends. A continued decline in demand or the failure of demand to return to prior levels could place further pressure on our results of operations. The timing and extent of any changes to currently prevailing market conditions is uncertain and supply and demand may be unbalanced at any time. As a consequence, we are unable to accurately predict the extent or duration of business cycles or their effect on our financial condition or results of operations, and can give no assurances as to the timing, extent or duration of the current or future business cycles.

Currency fluctuations—We are exposed to currency fluctuation risks in several countries that could adversely affect our profitability.

Although we report our results in euro, we conduct a significant portion of our business in countries that use currencies other than the euro, and we are subject to risks associated with currency fluctuations.

Our results of operations may be affected by both the transaction effects and the translation effects of foreign currency exchange rate fluctuations. We are exposed to transaction effects when one of our subsidiaries incurs costs or earns revenue in a currency different from its functional currency. Fluctuations in exchange rates may also affect the relative competitive position of our manufacturing facilities, as well as our ability to market our products successfully in other markets. We are exposed to currency fluctuation when we convert currencies that we may receive for our products into currencies required to pay our debt, or into currencies in which we purchase raw materials, meet our fixed costs or pay for services, which could result in a gain or loss depending on fluctuations in exchange rates. In particular, a large proportion of our manufacturing costs and our selling, general and administrative expenses are incurred in currencies other than the euro, principally the U.S. dollar and the British pound, reflecting the location of our sites and corporate and business support centers. At the same time, although many of our sales are invoiced in currencies other than the euro, our consolidated revenues are reported in euro. Therefore, our financial results in any given period are materially affected by fluctuations in the value of the euro relative to the U.S. dollar, British pound and other relevant currencies. If the value of the euro declines against currencies in which our obligations are denominated or increases against currencies in which our revenues are denominated, our results of operations and financial condition could be materially affected.

International operations—We are exposed to risks related to conducting operations in several different countries.

We currently have manufacturing facilities located in the United Kingdom, France, the United States, Germany, Belgium, Norway, Canada, India and Italy. Notwithstanding the benefits of geographic diversification, our business is subject to risks related to the differing legal, political, social and regulatory requirements and economic conditions of many jurisdictions. Risks inherent in international operations include the following:

- general economic, social or political conditions in the countries in which we operate could have an adverse effect on our earnings from operations in those countries;
- compliance with a variety of laws and regulations in various jurisdictions may be burdensome;
- unexpected or adverse changes in laws or regulatory requirements in various jurisdictions may occur;
- the imposition of withholding taxes or other taxes or royalties on our income, or the adoption of other restrictions on foreign trade or investment, including currency exchange controls;
- adverse changes in export duties, quotas and tariffs and difficulties in obtaining export licenses;
- intellectual property rights may be more difficult to enforce;
- transportation and other shipping costs may increase;
- staffing difficulties, national or regional labor strikes or other labor disputes;
- the imposition of any price controls; and

- difficulties in enforcing agreements and collecting receivables.

Competition—Significant competition in our industries, whether through efforts of new or current competitors or through consolidation of existing customers, may adversely affect our competitive position, sales and overall operations.

The markets for most of our products are highly competitive. We are exposed to the competitive characteristics of several different geographic markets and industries. Competition in most of our industries is based primarily on price and, to a lesser extent, on product performance, product quality, product deliverability and customer service. Our principal competitors vary from business to business and range from large global petrochemical companies to numerous smaller regional companies. Some of our competitors are larger and more vertically integrated than we are and therefore may be able to manufacture products more economically than we can. In addition, some of our competitors have greater financial, technical, research and technology and marketing resources than we do. Furthermore, some of our competitors are fully or partially state owned and could have broader goals than maximizing profits, such as investing in the economies of their respective countries and providing local employment and therefore may, for example, continue to provide capacity and products even at unprofitable price points creating downward pricing pressure on our products. As the markets for our products expand, we expect that existing competitors may commit more resources to the markets in which we operate, further enhancing competition. All of the above could impede on our ability to compete effectively in the markets in which we operate in the future and our competitive position and results of operations may suffer as a result. For example, in the petrochemical industry in Europe, where the majority of our petrochemical assets are concentrated, and, to a lesser extent, in North America, we face competitive pressures from companies with facilities in the Middle East, which enjoy substantial cost advantages due to access to low-cost gas feedstock available in this region. These cost advantages are particularly significant when oil prices are high, as has sometimes been the case in recent years. The competitive pressure we experience could be exacerbated if the Chinese economy fails to grow as expected, in which case more of the product manufactured in the Middle East to meet the growth expected in China could be redirected to Europe and North America, potentially resulting in greater supply to these markets and corresponding downward pricing pressure.

A number of our customers are participants in industries that are undergoing consolidation. We could lose these customers to competitors if they are acquired by, or consolidate with, other companies that have relationships with our competitors.

Customers—We are subject to the risk of loss resulting from nonpayment and/or nonperformance by our customers.

Our credit procedures and policies may not be adequate to minimize customer credit risk. Our customers may experience financial difficulties, including bankruptcies, restructurings and liquidations. These and other financial problems that may be experienced by our customers, as well as potential financial weakness in our industry, may increase our risk in extending trade credit to customers. A significant adverse change in a customer relationship or in a customer’s financial position could cause us to limit or discontinue business with that customer, require us to assume more credit risk relating to that customer’s receivables or limit our ability to collect accounts receivable from that customer, all of which could have a material adverse effect on our business, results of operations, financial condition and liquidity.

Inability to maximize utilization of assets—We may be adversely affected if we are unable to implement our strategy to maximize utilization of assets.

Our results of operations are materially influenced by the degree to which we utilize our assets in order to achieve maximum production volumes. We cannot guarantee that we will be able to implement our strategy of maximizing utilization of assets in accordance with our plans or at all. For example, the number and length of turnarounds (scheduled outages of a unit in order to perform necessary inspections, tests to comply with industry regulations and any maintenance activities that may be necessary) and unplanned outages have had, and may in the future have, an impact on our operating results, even if such outages are covered by insurance.

Joint ventures—Several of our petrochemical facilities are owned and operated in joint ventures with third parties. We do not control these joint ventures, and actions taken by our joint venture partners in respect of these joint ventures could materially adversely affect our business.

Several of our petrochemical facilities are owned and operated in whole or part by joint ventures with one or more third parties. These facilities include portions of the facility in Lavéra, France, various units of which are operated by joint ventures with Total, S.A. (“Total”), and the facility in Cedar Bayou, Texas, which is operated by Chevron Phillips Chemical Company LLC (“Chevron Phillips”) in a 50/50 joint venture with Chevron Phillips. The cracker facility in Rafnes, Norway is operated by a joint venture between us and INEOS Norge AS, a company held under common control. While we have a certain amount of influence over each of these joint ventures, we do not control them and are therefore dependent on our respective joint venture partners to cooperate with us in making decisions regarding the relevant joint venture. Moreover, the day-to-day operation of the relevant facilities is the responsibility of the management team of the joint venture or our joint venture partner. Therefore, our ability to influence these operations on a day-to-day basis is limited and we may be unable to prevent actions that we believe are not in the best interests of our joint ventures or our company as a whole. Any such actions could materially adversely affect our business, results of operations and financial condition.

Climate change—Existing and proposed regulations to address climate change by limiting greenhouse gas emissions may cause us to incur significant additional operating and/or capital expenses.

Our operations result in the emission of greenhouse gases, such as carbon dioxide and methane. Growing concern about the sources and impact of global climate change has led to a number of national and supranational legislative and administrative measures, both proposed and enacted, to monitor, regulate and limit carbon dioxide and other greenhouse gas ("GHG") emissions. In the EU, our emissions are regulated under the European Union Emissions Trading Scheme ("EU ETS"), an EU-wide trading system for industrial carbon dioxide emissions. The EU ETS is anticipated to become progressively more stringent over time, including by reducing the number of allowances to emit carbon dioxide that EU member states will allocate without charge to industrial facilities. Such measures could result in increased costs for us to: (i) operate and maintain our facilities; (ii) install new emission controls; (iii) purchase or otherwise obtain allowances to emit carbon dioxide or other greenhouse gases; and (iv) administer and manage our greenhouse gas emissions program.

As of January 2010, we are required to monitor and report to the U.S. Environmental Protection Agency ("EPA") annual GHG emissions from certain of our U.S. facilities. In addition, the U.S. Congress is debating several legislative proposals, each of which would seek to establish a nationwide cap-and-trade program for GHGs, which would apply to industrial and other facilities and would set emissions limits or caps that would be reduced over time. Companies which fail to reduce their emissions below the applicable limits would be required to purchase allowances to emit GHGs through market-based auctions. If climate change legislation is not enacted by the U.S. Congress, the EPA is expected to finalize a rule for regulating GHG emissions from large stationary sources, such as our facilities, under the Clean Air Act in 2011.

At the international level, in December 2009, more than 27 nations, including the United States and China, signed the Copenhagen Accord, which includes a non-binding commitment to reduce GHG emissions. The international community is continuing to negotiate a binding treaty that would require reductions in GHG emissions by developed countries. Although we believe it is likely that GHG emissions will be regulated in the U.S. and other countries (as well as in the EU) in the near future, we cannot yet predict the form such regulation will take (such as a cap-and-trade program, technology mandate, emissions tax or other regulatory mechanism) or, consequently, to estimate any costs that we may be required to incur in respect of such requirements, for example, to install emissions control equipment, purchase emissions allowances, administer and manage our GHG emissions program, or address other regulatory obligations. Such requirements could also adversely affect our energy supply, or the costs (and types) of raw materials we use for fuel. Regulations controlling or limiting GHG emissions could have a material adverse impact on our business, financial condition, or results of operations, including by reducing demand for our products.

Environmental matters—We will have ongoing costs and may have substantial obligations and liabilities arising from health, safety and environmental laws, regulations and permits applicable to our operations.

Our businesses are highly regulated in all of the jurisdictions in which we operate. Health, Safety and Environmental ("HSE") laws and regulations govern our facilities and our operations, including the manufacture, storage, handling, treatment, transportation and disposal of hazardous substances and wastes, water discharges, air emissions (including greenhouse gas emissions), operation and closure of landfills, human health and safety, and the clean-up of contaminated sites. Many of our operations require permits and controls to monitor or prevent pollution, and these permits are subject to modification, renewal and revocation by issuing authorities. We have incurred, and will continue to incur, substantial ongoing capital and operating expenditures to ensure compliance with current and future HSE laws, regulations and permits or the more stringent enforcement of such requirements.

For example, we expect to incur approximately €400 million for HSE-related costs during the period from 2010 through 2014, of which €260 million in capital costs relates to the upgrade or replacement of equipment at our refinery sites in Grangemouth, UK and Lavéra, France. We also expect to incur expenditures of approximately €20 million during the period from 2015 through 2020. Given the nature of our business, violations of HSE requirements may result in substantial fines or penalties, the imposition of other civil or criminal sanctions, cleanup costs, claims for personal injury or property damages, the installation of costly pollution control equipment, or restrictions on, or the suspension of, our operating activities. In addition, HSE laws and regulations can impose various financial responsibility requirements on us, and pursuant to these requirements we may be required to post bonds, create trust funds or provide other assurances that we will be able to remediate contamination at our sites and comply with our decommissioning obligations once our facilities reach the end of their useful lives.

We expect that our operations will be subject in the future to new and increasingly stringent HSE laws, regulations and permits. We anticipate that these laws, regulations and permits will continue to require us to incur substantial costs and impose additional obligations. If we do not predict accurately the amount or timing of costs of any future compliance, remediation requirements or private claims, our environmental provisions may be inadequate and the related impact on our business, financial condition or results of operations in any period in which such costs need to be incurred could be material.

Many of our sites have an extended history of industrial chemical processing, storage and related activities, and may currently be subject to engineering or institutional controls or restrictions or may become subject to such controls or restrictions in the future. We may be required to investigate and remediate contamination at or migrating from these sites, as well as properties we formerly owned, leased or operated. We also could be responsible for investigating and cleaning up contamination at off-site locations where we or our predecessors disposed of or arranged for the disposal or treatment of hazardous wastes. Under some environmental laws, including the U.S. "Superfund" law, liability can be imposed retroactively, without regard to fault or knowledge, and on a joint and several basis. In addition, we also could be subject to claims by government authorities, individuals and other third parties seeking damages for alleged personal injury or property or natural resource damages resulting from environmental contamination or hazardous exposure caused by our operations, facilities or products. The discovery of previously unknown contamination, or the imposition of new obligations to investigate or remediate contamination at our facilities, could result in substantial unanticipated costs. We could be required to establish or substantially increase financial reserves for such obligations or liabilities and, if we fail to accurately predict the amount or timing of such costs, the related impact on our business, financial condition or results of operations in any period in which such costs need to be incurred could be material.

Our operations involve the intensive use of hazardous materials and we have been from time to time subject to claims made for damage to property or injury, including adverse health effects to employees and other persons, resulting from the HSE impacts of our operations. While we are not presently the subject of any material claims in this regard, there can be no assurance that such claims will not be made in the future or that, if made, they will not have a material adverse effect on our reputation, business, financial condition or results of operations.

Our financial results may be adversely affected if environmental liability arises for which we are not adequately indemnified or from a disposal of assets or businesses for which we provided a seller's indemnification in respect thereof. As part of certain acquisitions of businesses, the respective sellers have agreed to indemnify us subject to certain limitations for certain environmental liabilities existing or occurring before the acquisitions. In addition, BP agreed to indemnify Innovene for certain environmental liabilities in connection with the spinoff of that company in 2005, which we subsequently acquired (including the benefit of such indemnity). Although we believe that the indemnities given by the selling parties from whom we have acquired assets or businesses will help defray the costs associated with pre-acquisition environmental liabilities, our financial results may still be adversely affected to the extent that:

- the sellers do not fulfill their respective indemnification obligations;
- we breach our obligations not to undertake certain activities that may aggravate existing conditions;
- we do not fulfill our indemnification obligations for other environmental liabilities owed as part of certain disposals of assets or businesses;
- we breach our obligations to mitigate associated losses; or
- we incur significant costs for pre-acquisition conditions that are not covered by the indemnities.

Potential hazards—Our operations are subject to hazards which could result in significant liability to us.

Our operations are subject to hazards associated with chemical manufacturing and the related use, storage, treatment, transportation and disposal of raw materials, products and wastes. These hazards include explosions, fires, severe weather (including but not limited to adverse weather that may result from climate change) and natural disasters (including but not limited to hurricanes on the U.S. Gulf Coast), mechanical failure, chemical spills, discharges or releases of toxic or hazardous substances or gases, transportation interruptions, human error, pipeline leaks and ruptures and terrorist activities. These hazards can cause personal injury and loss of life, severe damage to or destruction of property and equipment as well as environmental damage, and may result in suspension of operations and the imposition of civil and criminal liabilities, including penalties and damage awards. While we believe our insurance policies are in accordance with customary industry practices, such insurance may not cover all risks associated with the hazards of our business and is subject to limitations, including deductibles and maximum liabilities covered. We may incur losses beyond the limits, or outside the coverage, of our insurance policies, including liabilities for environmental compliance and remediation. In addition, from time to time, various types of insurance for companies in our industries have not been available on commercially acceptable terms or, in some cases, have not been available at all. In the future, we may not be able to obtain coverage at current levels, and our premiums may increase significantly on coverage that we maintain. Costs associated with unanticipated events in excess of our insurance coverage could have a material adverse effect on our business, competitive or financial position or our ongoing results of operations. For additional related disclosure, see "Business—Health, Safety, Security and the Environment."

Third parties—Our business and operations are subject to business interruption risks due to the actions of third parties, which could have a material adverse effect on our business, reputation, financial condition and results of operations.

Due to the nature of our business, we are at risk of business interruption due to the actions of third parties. For example, many of our vendors and subcontractors have operations that are also subject to HSE risks associated with the use of hazardous materials. Any future HSE-related incidents affecting our vendors and subcontractors may result in significant regulatory actions, fines and other penalties, including restrictions, prohibitions or sanctions on their operations, and could impair their ability to perform their contracts with us or could otherwise subject us to liability, all of which could have a material adverse effect on our business, reputation, financial condition and results of operations. In addition, if any facilities experience damage due to any number of hazards caused by third parties, our reputation may be adversely affected.

Product stewardship regulation—Our business could be adversely affected by regulation of our products.

We use and manufacture hazardous chemicals that are subject to regulation by many national, provincial and local governmental authorities in each of the countries in which we operate. In order to obtain regulatory approval of certain new products and production processes, we must, among other things, demonstrate to the relevant authorities that the product is safe for its intended uses and that we are capable of manufacturing the product in accordance with applicable regulations. The process of seeking approvals can be time consuming and subject to unanticipated and significant delays. Approvals may not be granted to us on a timely basis, or at all. Any delay in obtaining, or any failure to obtain or maintain, these approvals would adversely affect our ability to introduce new products and to generate revenue from those products. In addition, some of these licenses and permits are subject to periodic renewal. Failure to obtain or maintain any of these permits and licenses could have a material adverse effect on our business and prospects. New laws and regulations may be introduced in the future that could result in additional compliance costs, seizures, confiscation, recall or monetary fines, any of which could prevent or inhibit the development, distribution and sale of our products.

In addition, some of our products (including our raw materials) are subject to extensive environmental and industrial hygiene regulations governing the registration and safety analysis of their component substances. In connection with the EU's Registration, Evaluation and Authorization of Chemicals ("REACH") Regulation or the new EU Classification, Labelling and Packaging Regulation, any key raw material, chemical or substance, including our products, could be reclassified as having a toxicological or health-related impact on the environment, on users of our products, or on our employees. Reclassification of any of our raw materials or products could affect its availability or marketability, result in a ban on its purchase or sale, or require us to incur increased costs to comply with registration, notification, labeling or handling requirements.

Litigation—We are subject to certain risks related to litigation filed by or against us, and adverse results may harm our business.

We cannot predict with certainty the cost of defense, the cost of prosecution or the ultimate outcome of litigation and other proceedings filed by or against us, including remedies or damage awards, and adverse results in any litigation and other proceedings may materially harm our business. Litigation and other proceedings may include, but are not limited to, actions relating to intellectual property, commercial arrangements, environmental, health and safety, joint venture agreements, labor and employment or other harms resulting from the actions of individuals or entities outside of our control. In the case of intellectual property litigation and proceedings, adverse outcomes could include the cancellation, invalidation or other loss of material intellectual property rights used in our business and injunctions prohibiting our use of business processes or technology that are subject to third party patents or other third party intellectual property rights. Litigation based on environmental matters or exposure to hazardous substances in the workplace or from our products could result in significant liability for us. Adverse outcomes could have a material adverse effect on our business.

Product liability—We may be liable for damages based on product liability claims.

Many of our products provide critical performance attributes to our customers' applications and products. The sale of these products, therefore, involves the risk of product liability claims, including those arising out of the use of, or exposure to, our products. While most of our products have some hazardous properties, some of them, such as acrylonitrile, require specialized handling procedures due to their acute and chronic toxicity. Furthermore, our polymer products have widespread end uses in a variety of consumer industries, including food packaging and medical applications. A successful product liability claim or series of claims against us in excess of our insurance coverage for payments for which we are not otherwise indemnified or have not otherwise provided could have a material adverse effect on our business, financial condition or results of operations. In particular, we could be required to increase our debt or divert resources from other investments in our business in order to discharge any such claims.

In addition, we license our polyethylene, polypropylene, polystyrene, polyvinylchloride, vinyl chloride monomer, ethylene dichloride and acrylonitrile technologies to third parties. Generally, our licensing agreements provide that any liability arising from the implementation of such technology is retained by us during the first 18 months of the agreements. As a result, we are liable for any damages arising from the implementation by our licensees of our technology during this period.

Key personnel—Our success depends on the continued service of certain key personnel.

Our success depends in significant part upon the continued service of our directors and senior management, including Messrs. James A. Ratcliffe, Andrew Currie, John Reece and Jim Dawson and the executive officers at each of our business divisions. In addition, our future growth and success also depends on our ability to attract, train, retain and motivate skilled managerial, sales, administration, operating and professional and technical personnel. We generally do not have employment agreements with, and we do not maintain any "key man" life insurance for, any member of our senior management. The loss of one or more of our key management or operating personnel, or the failure to attract and retain additional key personnel, could have a material adverse impact on our business, financial condition and results of operations.

Employee relations—We depend on good relations with our workforce, and any significant disruption could adversely affect us.

As of December 31, 2009, we employed approximately 13,000 people (measured as full-time equivalents ("FTEs")) in our operations around the world, not including the employees of our joint ventures, the majority of whom are unionized. In addition, a majority of our employees reside in countries in which employment laws provide greater bargaining or other rights to employees than the laws of the United States. These employment rights may require us to expend greater time and expenses in altering or amending employees' terms of employment or making staff reductions. For example, most of our employees in Europe are represented by works councils which generally must approve changes in conditions of employment, including salaries and benefits. Further, a labor disturbance or work stoppage at any of our facilities as a result of any changes to our employment terms and conditions or for any other reason could have a material adverse effect on that facility's operations and, potentially, on our business, results of operations and financial condition. For example, during 2008, employees at our Grangemouth refinery went on a 48-hour strike over proposed changes to the pension plan which caused significant disruptions to our operations at the site and resulted in negative publicity for us. There can be no assurance that our employees will not go on similar or longer strikes in the future that could have a material adverse impact on our business, results of operations and financial condition.

Intellectual property—The failure of our patents, trademarks and confidentiality agreements to protect our intellectual property could adversely affect our business.

Proprietary protection of our processes, apparatuses and other technology is important to our business, including both our manufacturing and our licensing activities. Our actions to protect our proprietary rights may be insufficient to prevent others from developing products similar to ours. In addition, the laws of many foreign countries do not protect our intellectual property rights to the same extent as the laws of the United States and the United Kingdom. Furthermore, any pending patent application filed by us may not result in an issued patent, or if patents are issued to us, such patents may not provide meaningful protection against competitors or against competitive technologies. You should be aware that the expiration of a patent or the failure of our patents to protect our formulations, processes, apparatuses, technology or proprietary know-how could result in intense competition, with consequent erosion of profit margins. In addition, our competitors and any other third parties may obtain patents that restrict or preclude our ability to lawfully manufacture and market our products in a competitive manner, which could materially adversely affect our business, results of operations and financial condition.

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;
- such agreements will provide meaningful protection for our trade secrets or proprietary know-how; or
- adequate remedies will be available in the event of an unauthorized use or disclosure of these trade secrets and know-how.

In addition, there can be no assurances that others will not obtain knowledge of these trade secrets through independent development or other access by legal means.

In the past we have received communications asserting that our products or their applications infringe on a third party's proprietary rights. Currently, there is no material pending litigation against us regarding any intellectual property claim but we cannot assure you that there will not be future claims. Such claims, regardless of merit, could subject us to costly litigation and divert our technical and management personnel from their regular responsibilities. Furthermore, if such claims are adversely determined against us, we could be forced to suspend the manufacture of products using the contested intellectual property and our business, financial condition and operating results could be adversely affected if any such products are material to our business.

We may also initiate lawsuits to defend the ownership of our inventions and our intellectual property. Like defending against litigation, initiating litigation relating to intellectual property rights is costly and may divert technical and management personnel from their normal responsibilities. Furthermore, we may not prevail in any such litigation or proceeding. A determination in an intellectual property litigation or proceeding that results in a finding of a non-infringement by others to our intellectual property or an invalidation of our patents may result in the use by competitors of our technologies or processes and sale by competitors of products that resemble our products, which may adversely affect our ability to compete as well as create increased supply and corresponding downward pricing pressure.

If we fail to maintain an effective system of internal controls over financial reporting, we may not be able to accurately report our financial results or prevent fraud.

We have designed and continue to design our internal controls with the objective of providing reasonable assurance that (1) our transactions are properly authorized; (2) our assets are safeguarded against unauthorized or improper use; and (3) our transactions are properly recorded and reported, all to permit the preparation of our consolidated financial information in conformity with applicable accounting principles. We design our internal controls through the use of internal resources, external consultants and, as the case may be, with joint venture partners.

Any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. Any failure to maintain adequate internal controls or to be able to produce accurate consolidated financial information on a timely basis could increase our operating costs and materially impair our ability to operate our business.

BP as a major supplier and customer—BP provides us with a substantial proportion of our feedstock requirements, and is also a major customer for certain of our refined products.

BP accounts for a substantial proportion of our refining and petrochemical feedstock requirements. While the substantial majority of these feedstocks are secured by long-term contracts (as generally described in the section entitled “Business—Agreements with BP and Morgan Stanley”), BP may terminate each of these agreements for cause or, after the initial terms, notice of one to three years. If we lose BP as a supplier or if, as a result of operational problems at any of its facilities, BP is unable or unwilling to supply us with raw materials in the required quantities or at all, we could experience temporary disruptions that could force us to shut down facilities. In addition, we could experience substantial delays in finding suitable replacement feedstocks on commercially viable terms. At sites that are deeply integrated with BP’s facilities and therefore entirely dependent on BP for the supply of raw materials, we may be unable to find a suitable alternative supplier. For example, our facilities in Carson, USA depend on raw materials from the BP refinery located on the same site and have no convenient access to alternative supply channels. If BP fails to supply us with raw materials at this site, we may be forced to shut the affected facilities, either temporarily or permanently. If any of these risks materialize, our business, results of operations and financial condition could be materially adversely affected.

In addition, a significant amount of our refinery production that is not used by us internally is sold to BP. Although certain of our sales contracts with BP have terms of several years, many can be terminated on 12 months’ notice and all of the arrangements can be terminated for cause. If we were to lose BP as a customer or if BP were to terminate any or all of its agreements with us (as described below in the risk factor titled “*BP Credit Support Deed—The credit support we may be required to provide under our credit support deed with BP may be substantial*”), we would become subject to additional competitive pressures in the refined products market. We may be unable to sell our excess refined products to third parties on similar terms or at all, and as a result, our business, results of operations and financial condition could be materially adversely affected.

BP credit support deed—The credit support we may be required to provide under our credit support deed with BP may be substantial.

In connection with the Innovene Acquisition, we entered into a series of arrangements with BP, including a number of commercial and transitional support agreements, among them, a credit support deed. See “Business—Agreements with BP and Morgan Stanley—Related Agreements—Credit Support Deed.”

Under the credit support deed, IHL and BP agreed to provide reciprocal credit support for trade obligations under any agreement between such parties or their affiliates. Further, each of BP and IHL has agreed to guarantee the payment obligations (with gross-ups for any required withholding or deduction) of BP or IHL (and their respective affiliates), as the case may be, under any trading agreement between such parties. In addition, our obligations to BP are guaranteed by each of the guarantors under our Senior Facilities Agreement. As of December 31, 2009, the aggregate principal amount of our net trade obligations to BP was $171.6 million. This number could change significantly because it will vary in accordance with the amount of feedstock and refined products purchased or sold between the parties.

To support its obligations under the various trading agreements, reorganization agreements and commercial interface agreements, each party has agreed to provide the other with letters of credit (including a credit support letter of credit to BP of $90 million) and has agreed to pledge other collateral (consisting of cash and government obligations) in an amount equal to the aggregate amount owed to the other party under such agreements, less certain threshold amounts, which threshold amounts decrease over time and increase as our credit rating improves.

The additional credit support required under the credit support deed could be substantial. Any failure to provide such credit support under the credit support deed would constitute a default under the credit support deed. The credit support deed provides that in the event we fail to comply with any provision of the credit support deed, we default on indebtedness of $250 million owed to third parties (or $50 million or more owed to BP) when due or we experience certain bankruptcy events (each, a "default"), BP may suspend performance of its obligations under any agreement between us and BP and, if such default is not remedied within specific time period, BP may terminate all such agreements.

Senior credit facilities and indentures—Our Senior Facilities Agreement, the Indenture and the 2016 Notes Indenture impose significant operating and financial restrictions, which may prevent us from capitalizing on business opportunities and taking certain actions.

Our Senior Facilities Agreement, the Indenture and the 2016 Notes Indenture impose significant operating and financial restrictions on us. These restrictions include limitations on our ability to:

- make investments and other restricted payments, including dividends;
- incur additional indebtedness;
- sell our assets or consolidate or merge with or into other companies;
- enter into joint ventures; and
- make capital expenditures.

The Senior Facilities Agreement also requires us to maintain certain financial ratios including: total leverage ratio, senior leverage ratio, total interest cover ratio and debt service cover ratio. In addition, the Senior Facilities Agreement limits our capital expenditure on an annual basis and requires us to maintain a weekly minimum level of available liquidity. These covenants may adversely affect our ability to finance our future operations and capital needs and to pursue available business opportunities. A breach of any of these covenants could result in a default in respect of the related debt. If a default were to occur, the relevant lenders could elect to declare the debt, together with accrued interest and other fees, immediately due and payable and proceed against any collateral securing that debt. Refer to "Description of Other Indebtedness" for further information.

Future acquisitions—Any future acquisitions may prove difficult for us to consummate.

We have a history of making acquisitions and in the future we may acquire companies or assets engaged in similar or complementary businesses to our own if we identify appropriate acquisition targets. However, restrictions in the Senior Facilities Agreement, the Indenture and the 2016 Notes Indenture may limit or preclude our ability to make certain acquisitions or capital expenditures. Further, we may use debt financing for any permitted acquisitions, which would increase our debt service requirements. In order to manage any acquisitions we successfully complete, we will need to expand and continue to improve our operational, financial and management information systems. If making acquisitions or integrating any acquired business diverts too much management attention from the operations or our core businesses, this could adversely affect our financial condition and results of operations. Any acquisition that we make could be subject to a number of risks, including:

- problems with effective integration of operations;
- the inability to maintain key pre-acquisition business relationships;
- increased operating costs;
- costs related to compliance with additional laws, rules or regulations;
- the loss of key employees of the acquired company;
- exposure to unanticipated liabilities; and
- difficulties in realizing projected efficiencies, synergies and cost savings.

We cannot assure you that any acquisition we consummate will ultimately provide the benefits we originally anticipate. Furthermore, we may not succeed in identifying attractive acquisition candidates or financing and completing potential acquisitions on favorable terms.

Credit and capital market conditions—Adverse conditions in the credit and capital markets may limit or prevent our ability to borrow or raise capital.

While we believe we have facilities in place that should allow us to borrow or otherwise raise funds as needed, adverse conditions in the credit and financial markets could prevent us from obtaining financing, if the need arises. We have a significant amount of debt obligations maturing prior to the maturity date of the notes. Our ability to invest in our businesses and refinance maturing debt obligations could require access to the credit and capital markets and sufficient bank credit lines to support cash requirements. If we are unable to access the credit and capital markets, we could experience a material adverse effect on our financial position or results of operations.

Pension plans—Significant changes in pension fund investment performance or assumptions relating to pension costs may adversely affect the valuation of pension obligations, the funded status of pension plans, and our pension cost.

Our funding policy for pension plans is to accumulate plan assets that, over the long run, will approximate the present value of projected benefit obligations. Our pension cost is materially affected by the discount rate used to measure pension obligations, the level of plan assets available to fund those obligations at the measurement date and the expected long-term rate of return on plan assets. Significant changes in investment performance or a change in the portfolio mix of invested assets may result in corresponding increases and decreases in the valuation of plan assets, particularly equity securities, or in a change of the expected rate of return on plan assets. Any change in key actuarial assumptions, such as the discount rate, would impact the valuation of pension obligations, affecting the reported funded status of our pension plans as well as the net periodic pension cost in the following fiscal years. Any declines in the fair values of the pension plans' assets could require additional payments by us in order to maintain specified funding levels. Our pension plans are subject to legislative and regulatory requirements of applicable jurisdictions.

Risks Relating to the Notes and Our Capital Structure

Significant indebtedness—Our level of indebtedness could adversely affect our ability to react to changes in our business, and we may be limited in our ability to fulfill our obligations with respect to the notes and to use debt to fund future capital needs.

We are, and after the issuance of the notes will continue to be, highly leveraged. As of December 31, 2009, after giving pro forma effect to this offering, we would have had total consolidated loans and borrowings of € 7,828.8 million as compared to total equity of negative €557.2 million. In addition, we would have had €603.1 million available for future borrowings under the unused portion of our revolving credit facility and Securitization Program. Our substantial indebtedness could have important consequences to holders of notes by adversely affecting our financial position including, but not limited to:

- requiring us to dedicate all of our cash flow from operations (after the payment of operating expenses) to payments with respect to our indebtedness, thereby reducing the availability of our cash flow for working capital, capital expenditures, acquisitions, joint ventures, product research and development, and other general corporate expenditures;
- increasing our vulnerability to, and reducing our flexibility to respond to, adverse general economic or industry conditions;
- limiting our flexibility in planning for, or reacting to, competition or changes in our business or industry;
- limiting our ability to borrow additional funds and increasing the cost of any such borrowing;
- restricting us from making strategic acquisitions or exploring business opportunities; and
- placing us at a competitive disadvantage relative to competitors that have less debt or greater financial resources.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the notes. Our ability to make payments on and refinance our indebtedness will depend on our ability to generate cash from our operations. Our ability to generate cash from operations is subject, in large part, to general economic, competitive, legislative and regulatory factors and other factors that are beyond our control. We may not be able to generate enough cash flow from operations nor obtain enough capital to service our debt or fund our planned capital expenditures.

A portion of our debt (including debt under the Senior Facilities Agreement and the Existing Facilities Agreement) bears interest at a variable rate which is based on EURIBOR or LIBOR, as applicable, plus an agreed margin plus certain additional costs. Fluctuations in our borrowing costs may increase our overall debt obligations and could have a material adverse effect on our ability to service our debt obligations.

In addition, we may be able to incur substantial additional debt in the future, including indebtedness in connection with any future acquisition. The terms of the Indenture, the 2016 Notes Indenture and the Senior Facilities Agreement permit our subsidiaries to do so, in each case, subject to certain limitations. If new debt is added to our current debt levels, the risks that we now face could intensify. Moreover, some of the debt we may incur in the future could be structurally senior to the notes and may be secured by collateral that does not secure the notes.

For further information regarding our substantial leverage and for more information about our outstanding indebtedness, see also “Operating and Financial Review and Prospects” and “Description of Other Indebtedness.”

Restrictive covenants in our debt instruments—We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities. If we default under these covenants, we will not be able to meet our payment obligations.

The Senior Facilities Agreement contains a number of covenants that restrict, subject to certain agreed exceptions, some of our and our subsidiaries' corporate activities, including our and their ability to, among other things:

- make acquisitions or investments;
- make loans or otherwise extend credit to others;
- incur indebtedness or issue guarantees;
- create security;
- sell, lease, transfer or dispose of assets;
- merge or consolidate with other companies;
- pay dividends, redeem share capital or redeem or reduce subordinated indebtedness;
- issue shares, options or warrants;
- enter into joint venture transactions;
- pay certain investors and creditors;
- make certain derivative transactions;
- make a substantial change to the general nature of our business;
- enter into transactions other than at arm's length;
- acquire the 2016 Notes;
- enter into sale and leaseback transactions; and
- modify certain agreements, including agreements governing other indebtedness.

The Senior Facilities Agreement also requires us and some of our subsidiaries to comply with certain affirmative covenants and certain specified financial covenants and ratios. For example, under the Senior Facilities Agreement we will be required to procure that at least € 500 million of the advances under the Senior Facilities Agreement are prepaid by the making of voluntary and/or mandatory prepayments (including pursuant to the asset disposals, equity proceeds and cash sweep mandatory prepayment provision) by no later than the end of 2012. If we fail to do so, it will be an event of default under the Senior Facilities Agreement. See "Description of Other Indebtedness—Senior Facilities Agreement."

The Indenture contains and the 2016 Notes Indenture contains a number of significant covenants that restrict some of our and our subsidiaries' corporate activities, including our and their ability to:

- incur or guarantee additional debt and issue certain preferred stock;
- make restricted payments, including dividends or other distributions and prepay or redeem subordinated debt or equity;

- create or incur certain liens;
- sell, lease or transfer certain assets;
- enter into arrangements that restrict dividends or other payments to us;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances and on the transfer of assets;
- engage in certain transactions with affiliates;
- create unrestricted subsidiaries; and
- consolidate, merge or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis.

All of these limitations are or will be subject to significant exceptions and qualifications. See "Description of the Notes—Certain Covenants." The covenants to which we are subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest.

Our ability to comply with these covenants and restrictions may be affected by events beyond our control. These include prevailing economic, financial and industry conditions. If we breach any of these covenants or restrictions, we could be in default under the Senior Facilities Agreement. This would permit the lending banks to take certain actions, including declaring all amounts that we have borrowed under the Senior Facilities Agreement to be due and payable, together with accrued and unpaid interest. This would also result in an event of default under the Indenture and the 2016 Notes Indenture. The lending banks could also refuse to extend further credit under the revolving credit facility to be made available under the Senior Facilities Agreement. If we are unable to repay our debt to the lending banks, they could proceed against the collateral that secures the debt under the Senior Facilities Agreement and the notes. If the debt under our Senior Facilities Agreement and the notes or the 2016 Notes or any other material financing arrangement that we enter into were to be accelerated, our assets may be insufficient to repay in full the notes and our other debt.

Securitization Program—We use the Securitization Program to meet some our liquidity requirements, and are subject to various covenants under the Securitization Program, which if we are unable to comply with, could result in the acceleration of our debt.

Unless the maturity date of the Securitization Program is extended, the Securitization Program will mature in the next year. We satisfy a significant amount of our short-term liquidity needs with amounts available under the Securitization Program. While we have in principle agreed terms with our securitization providers, our ability to refinance the Securitization Program could be affected by a number of factors, including volatility in the financial markets, contractions in the availability of credit, including in interbank lending and changes in investment markets, including changes in interest rates, exchange rates and returns from equity, property and other investments. Our liquidity will be adversely affected if we are unable to refinance the Securitization Program on acceptable terms or at all, and we can provide no assurance we will be able to do so.

The availability under the Securitization Program varies depending on the underlying receivables. For a more detailed discussion, please see "Description of Other Indebtedness—Securitization Program." In addition, the Securitization Program contains various covenants, and if we fail to comply with these covenants, a default may occur under the Securitization Program. If a default occurs under the Securitization Program, we may need to fund our working capital requirements from other sources.

Ability to repay and service debt—To repay or refinance and service our debt, we will require a significant amount of cash.

Our ability to make principal or interest payments when due on our indebtedness, including the notes, the Senior Facilities Agreement and the 2016 Notes, will depend upon our future performance and our ability to generate cash. Our ability to generate cash depends on many factors beyond our control. The ability of our subsidiaries to transfer monies upstream to us, as well as to pay operating expenses and to fund planned capital expenditures, any future acquisitions and research and development efforts, will depend on our businesses' ability to generate cash in the future. This, to an extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors, including those factors discussed in this "Risk Factors" section or elsewhere in this offering memorandum, many of which are beyond our and our subsidiaries' control.

If we are unable to generate sufficient cash flow to meet our payment obligations, we may be forced to reduce or delay planned expansions or capital expenditures, sell significant assets, discontinue specified operations, obtain additional funding in the form of debt or equity capital or attempt to restructure or refinance all or a portion of our debt on or before maturity. We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on commercially reasonable terms, if at all. In addition, the terms of our debt, including the Senior Facilities Agreement, the Indenture and the 2016 Notes Indenture, will limit our ability to pursue any of these alternatives. If we are unsuccessful in any of these efforts, we may not have sufficient cash to meet our obligations.

Decisions Regarding Collateral—Holders of the notes will not control certain decisions regarding the Collateral.

The notes are secured by the same Collateral securing the obligations under our Senior Facilities Agreement (other than collateral provided by INEOS Manufacturing France SAS, which only secure certain obligations under the revolving credit facility to be made available under our Senior Facilities Agreement) and, with respect to certain Collateral, the obligations under the 2016 Notes (which obligations rank junior to the notes) and, with respect to the BP Receivables, the BP Creditor Liabilities. In addition, under the terms of the Indenture, we are permitted in the future to incur additional indebtedness and other obligations that may share in the liens on the Collateral securing the notes and the liens on the collateral securing our other secured debt.

The Intercreditor Deed provides that a common Security Trustee, who serves as the Security Trustee for the secured parties under the Senior Facilities Agreement and the notes, will (subject to certain limited exceptions) act with respect to such collateral only at the direction of the majority ($66^{2}/_{3}$%) with respect to the then outstanding first-priority secured debt (which excludes creditors in respect of the BP Liabilities and under the Term D Facility and the 2016 Notes and which excludes, until the aggregate amount committed or funded under such first-priority secured debt (excluding the notes and any additional notes) is less than 30% of the aggregate principal amount of all such committed or funded first-priority secured debt (including the notes and any additional notes) for a period of at least 30 days, the notes and any additional notes). At any time following the date falling 30 days after the first-priority secured debt (other than debt under the notes and any additional notes) falls below 30% of the aggregate amount of first-priority secured debt, creditors holding a majority of the aggregate amount of outstanding first-priority secured debt (including the notes and any additional notes) will be able to instruct the security trustee to enforce the security. No noteholder has any separate right to enforce or to require the enforcement of the Collateral. See "Description of Other Indebtedness—Intercreditor Deed." As a result, the holders of the notes will not be able to force a sale of such collateral or otherwise independently pursue the remedies of a secured creditor under the relevant security documents for so long as any amounts under other first- priority senior secured debt remain outstanding in an amount greater than 30% of the aggregate principal amount of total first-priority senior secured debt (including the notes and any additional notes and amounts outstanding under our Senior Facilities Agreement excluding the Term D Facility) (and for 30 days after such proportion falls below 30%). The creditors under our Senior Facilities Agreement may have interests that are different from the interests of holders of the notes and they may not elect to pursue their remedies under the security documents at a time when it would otherwise be advantageous for the holders of the notes to do so.

In addition, if the Security Trustee sells the shares of our subsidiaries that have been pledged as Collateral through an enforcement of their security interest in accordance with the Intercreditor Deed, claims under the guarantees of the notes and the liens over any other assets securing the notes and the guarantees may be released. See "Description of Other Indebtedness—Intercreditor Deed" and "Description of the Notes—Security."

As a result, until 30 days have passed since the first-priority secured debt (other than debt under the notes and any additional notes) has fallen below 30% of the aggregate amount of first-priority secured debt, lenders under the Senior Facilities Agreement (other than lenders under the Term D Facility) will have effective control of all decisions with respect to the Collateral. It is possible that disputes may occur between the holders of the notes and lenders under the Senior Facilities Agreement as to the appropriate manner of pursuing enforcement remedies with respect to the Collateral. In such an event, the holders of the notes will be bound by any decisions of the lenders under the Senior Facilities Agreement, which may result in enforcement actions against the Collateral that are not approved by the holders of the notes or that may be adverse to you. The effective control of the lenders under the Senior Facilities Agreement may delay enforcement against the Collateral. See "Description of Other Indebtedness—Intercreditor Deed."

Further, the security interests in the Collateral that will constitute security for the obligations of the Issuer under the notes and the Indenture will not be granted directly to the holders of the notes but only in favor of the Security Trustee, as beneficiary of parallel debt obligations (the "Parallel Debt"). This Parallel Debt is created to satisfy a requirement under the laws of Belgium and Germany that the Security Trustee, as grantee of certain types of Collateral, be a creditor of the relevant security provider. The Parallel Debt is in the same amount and payable at the same time as the obligations of the Issuer under the Indenture and the notes (the "Principal Obligations"). Any payment in respect of the Principal Obligations shall discharge the corresponding Parallel Debt and any payment in respect of the Parallel Debt shall discharge the corresponding Principal Obligations. Although the Security Trustee will have, pursuant to the Parallel Debt, a claim against the Issuer for the full principal amount of the notes, holders of the notes bear some risks associated with a possible insolvency or bankruptcy of the Security Trustee. There is no assurance that such a structure will be effective before courts in the governing law jurisdictions of the security documents as there is no judicial or other guidance as to its efficacy, and therefore the ability of the Security Trustee to enforce the Collateral may be restricted.

Release of Collateral and Guarantees—There are circumstances other than repayment or discharge of the notes under which the Collateral securing the notes and the guarantees will be released automatically and under which the guarantees will be released automatically, without your consent or the consent of the Trustee.

Under various circumstances, Collateral securing the notes and the guarantees will be released automatically, including:

- in connection with any sale of the property or assets to a Person that is not IHL or a Restricted Subsidiary, if the sale or other disposition complies with the requirements of the covenant set forth under "Description of the Notes—Certain Covenants—Limitation on Sales of Assets," regardless of whether such requirements are otherwise applicable, or is otherwise permitted in accordance with the Indenture;

- if such Collateral is an asset of a Subsidiary Guarantor or any of its Subsidiaries or a Holdco Group Guarantor (other than Tenderco or the Parent), in connection with any sale or other disposition of Capital Stock of that Guarantor to a Person that is not the Issuer, IHL or a Restricted Subsidiary that complies with the requirements of the covenant set forth under "Description of the Notes—Certain Covenants—Limitation on Sales of Assets;"

- in the case of a Guarantor that is released from its guarantee pursuant to the terms of the Indenture, the security documents or the Intercreditor Deed, the release of the property and assets, and Capital Stock, of such Guarantor;

- if IGH designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and Capital Stock, of such Subsidiary;

- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under the captions "Description of the Notes—Defeasance or Covenant Defeasance of the Indenture" and "—Satisfaction and Discharge";

- as described under “Description of the Notes—Modifications and Amendments;” or

- in connection with an enforcement sale pursuant to the Intercreditor Deed.

Even though the holders of the notes share in the Collateral securing the notes ratably with the lenders under the Senior Facilities Agreement (excluding the lenders in respect of the Term D Facility), the lenders under the Senior Facilities Agreement (excluding the lenders in respect of Term D Facility) will initially control enforcement actions with respect to the Collateral through the Senior Security Agent, whether or not the holders of the notes agree or disagree with those actions. See “Description of the Notes—Security—Enforcement of Security.”

Under various circumstances, guarantees will be released automatically, including:

- with respect to a Subsidiary Guarantor, in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) IGH, a Guarantor or a Restricted Subsidiary, if the sale or other disposition complies with the requirements of the covenant set forth under the heading “Description of the Notes—Certain Covenants—Limitation on Sale of Assets,” regardless of whether such requirements are otherwise applicable;

- with respect to a Subsidiary Guarantor, in connection with any other sale or other disposition of all or substantially all of the Capital Stock (or the shares of any holding company of such Guarantor (other than IHL or IGH)) of that Guarantor to a Person that is not (either before or after giving effect to such transaction) IHL, IGH or a Restricted Subsidiary, if the sale or other disposition complies with the requirements of the covenant set forth under the heading “Description of the Notes—Certain Covenants—Limitation on Sale of Assets,” regardless of whether such requirements are otherwise applicable;

- with respect to a Subsidiary Guarantor, if IGH designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

- with respect to a Subsidiary Guarantor, upon covenant defeasance as provided under the caption “Description of the Notes—Defeasance or Covenant Defeasance of the Indenture;”

- upon legal defeasance or satisfaction and discharge of the Indenture as provided under the captions “Description of the Notes—Defeasance or Covenant Defeasance of Indenture” and “—Satisfaction and Discharge;”

- so long as no Event of Default has occurred and is continuing, such Subsidiary Guarantor is unconditionally released and discharged from its liability with respect to Indebtedness in connection with which such guarantee was executed pursuant to the covenant described under the caption “Description of the Notes—Certain Covenants—Limitation on Issuances of Guarantees of Indebtedness by Restricted Subsidiaries”;

- as described under “Description of the Notes—Modifications and Amendments”; and

- with respect to a Subsidiary Guarantor that is an Immaterial Subsidiary so long as no Event of Default has occurred and is continuing, to the extent that such Subsidiary is released from certain other Indebtedness and guarantees.

In addition, certain guarantees of the notes will be subject to release upon enforcement sale as contemplated under the Intercreditor Deed. Unless consented to, the Intercreditor Deed provides that the Security Trustee shall not, in an enforcement scenario, exercise its rights to release the guarantees or security interests in the Collateral unless the relevant sale or disposal is made:

- for consideration all or substantially all of which is in the form of cash or cash equivalents;

- to the extent there is a release of guarantees or security granted for the benefit of the holders of the 2016 Notes, concurrently with the discharge or release of the indebtedness of the disposed entities to certain other creditors, including the creditors under the Senior Facilities Agreement and holders of the notes; and

- pursuant to a public auction or a fair value opinion has been obtained from an internationally recognized investment bank or accounting firm selected by the Security Trustee.

See "Description of Other Indebtedness—Intercreditor Deed."

Post-Closing Guarantees and Post-Closing Collateral—The Post-Closing Date Guarantors will not initially guarantee the notes and the Post-Closing Collateral will not initially secure the notes.

When issued, the notes will be guaranteed by the subsidiaries that are identified in the "Description of the Notes" section in this offering memorandum (the "Closing Date Guarantors"), which are expected to represent approximately 71.7% of our consolidated EBITDA for the year ended December 31, 2009 and hold approximately 68.7% of our consolidated total assets as of December 31, 2009. Liens on collateral to be granted by the Issuer and the Closing Date Guarantors will (subject to certain limited exceptions) be granted on the Issue Date and liens on collateral to be granted by the Post-Closing Date Guarantors (as defined below) will be granted at the time such entities become Guarantors. We will agree in the Indenture to take such necessary actions so that within 30 days of the Issue Date, (i) the Post-Closing Date Guarantors become guarantors of the notes by executing and delivering to the Trustee a supplemental indenture (or supplemental indentures) in the form attached to the Indenture and (ii) certain additional collateral that is required to secure the Senior Facilities Agreement following the Issue Date (other than collateral of INEOS Manufacturing France SAS) is concurrently granted to secure the notes (the "Post-Closing Collateral"). The Post-Closing Date Guarantors, together with the Closing Date Guarantors, will represent 85.4% of our consolidated EBITDA for the year ended December 31, 2009 and hold 85.6% of our consolidated total assets as of December 31, 2009. There can be no assurance that we will be successful in procuring such additional guarantees or liens within the time period specified, the failure of which would result in an event of default under the Indenture. The additional guarantees will be limited to the same extent as those under the Senior Facilities Agreement and otherwise as set forth under "Description of the Notes—The Guarantees." See also "Description of the Collateral and the Guarantees" and "Limitation on Validity and Enforceability of the Guarantees and the Security Interests."

Finance Subsidiary Issuer—The Issuer is a finance company with no independent operations and will depend on payments under the Funding Loan to provide it with funds to meet its obligations under the notes.

The Issuer is a wholly-owned finance company that conducts no business operations. It has limited assets, no subsidiaries and a limited ability to generate revenues. Upon completion of the offering of the notes, the only significant assets of the Issuer will be the Funding Loan made by it to IHL. The Issuer's material liabilities will include the notes and the guarantee of obligations under the Senior Facilities Agreement, the BP Creditor Liabilities and the 2016 Notes and any additional debt it may incur in the future. See "Description of the Notes" and "Description of Other Indebtedness—Senior Facilities Agreement." As such, the Issuer will be dependent upon payments from IHL to make any payments due on the notes. If IHL fails to make scheduled payments on the Funding Loan, it is not expected that the Issuer will have any other sources of funds that would allow it to make payments on its indebtedness. In addition, IHL is a holding company that conducts no independent business operations.

The ability of our subsidiaries to make payments to IHL to fund payments on the Funding Loan will depend upon their cash flows and earnings which, in turn, will be affected by all of the factors discussed in these "Risk Factors" and elsewhere in this offering memorandum.

The payment of dividends and the making, or repayment, of loans and advances to IHL by IHL's direct subsidiaries and such payments by its indirect subsidiaries to their respective parent entity are subject to various restrictions. Existing and future debt of certain of these subsidiaries may prohibit the payment of dividends or the making, or repayment, of loans or advances to IHL or its parent entities. In addition, the ability of any of IHL's direct or indirect subsidiaries to make certain distributions may be limited by the laws of the relevant jurisdiction in which the subsidiaries are organized or located, including financial assistance rules, corporate benefit laws and other legal restrictions which, if violated, might require the recipient to refund unlawful payments.

Although the 2016 Notes Indenture limits and the Senior Facilities Agreement and the Indenture will limit the ability of IHL's subsidiaries to enter into future consensual restrictions on their ability to pay dividends and make other payments to IHL, there are significant qualifications and exceptions to these limitations. We cannot assure you that arrangements with IHL's subsidiaries and the funding permitted by the agreements governing existing and future indebtedness of IHL's subsidiaries will provide IHL with sufficient dividends, distributions or loans to fund payments on the Funding Loan when due. See "Description of Other Indebtedness" and "Description of the Notes."

Structural subordination—The notes and each guarantee will be structurally subordinated to the liabilities and any preferred stock of our non-guarantor subsidiaries.

Some, but not all, of our subsidiaries will guarantee the notes. Unless a subsidiary is a Guarantor, our subsidiaries do not have any obligation to pay amounts due on the notes or to make funds available for that purpose. Accordingly, you should only rely on the guarantees of the notes to provide credit support in respect of payments of principal or interest on the notes.

Our operating subsidiaries are separate and distinct legal entities and those of our subsidiaries that do not guarantee 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. Generally, claims of creditors of a non-guarantor subsidiary, including trade creditors, and claims of any preferred stockholders of the subsidiary, will have priority with respect to the assets and earnings of the subsidiary over the claims of creditors of its parent entity, including claims against IHL by the Issuer under the Funding Loan and by noteholders under the guarantees. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of any of our non-guarantor subsidiaries, the creditors of the Guarantors (including the holders of the notes) will have no right to proceed against such subsidiary's assets and holders of their indebtedness and their trade creditors will generally be entitled to payment in full of their claims from the assets of those subsidiaries before any Guarantor, as direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary. As such, the notes, each guarantee and the Funding Loan will each be structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of our non-guarantor subsidiaries.

Enforcement in Multiple Jurisdictions—Enforcing your rights as a noteholder or under the guarantees or security across multiple jurisdictions may prove difficult.

The notes were issued by the Issuer, a company which is incorporated under the laws of the United Kingdom, and were guaranteed by the Guarantors, which are incorporated under the laws of Belgium, Canada, England and Wales, Germany, Ireland, Jersey, Malta, Norway, Scotland, Singapore and the United States. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in Belgium, Canada, England and Wales, France, Germany, Ireland, Jersey, Malta, Norway, Scotland, Singapore and the United States. Proceedings could also be initiated in France to enforce your rights against Collateral located in France. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. Your rights under the notes, the guarantees and the Collateral will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex, multiple bankruptcy, insolvency or similar proceedings.

In addition, the bankruptcy, insolvency, administrative and other laws of the Guarantors' jurisdictions of organization may be materially different from, or in conflict with, each other and those of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's law should apply, adversely affect your ability to enforce your rights under the notes, the guarantees and the security in those jurisdictions or limit any amounts that you may receive. See "Limitations on Validity and Enforceability of Guarantees and the Security Interests" with respect to certain of the jurisdictions mentioned above.

Moreover, in certain jurisdictions, it is unclear whether all security interests in the Collateral give the Security Trustee a right to prevent other creditors from foreclosing on and realizing the Collateral or whether certain security interests only give the Security Trustee and the noteholders priority (according to their rank) in the distribution of any proceeds of such realization. Accordingly, the Security Trustee and the noteholders may not be able to avoid foreclosure by other creditors (including unsecured creditors) on the Collateral.

The laws of certain of the jurisdictions in which the Guarantors are organized limit the ability of these subsidiaries to guarantee debt of other companies. See "Limitations on Validity and Enforceability of Guarantees and the Security Interests."

Sufficiency of the Collateral—The Collateral may not be sufficient to secure the obligations under the notes.

The notes and the guarantees are secured by security interests in the Collateral described in this offering memorandum, which Collateral also secures the obligations under the Senior Facilities Agreement and, with respect to certain Collateral, the 2016 Notes (on a second-ranking basis) and the BP Creditor Liabilities (on a prior-ranking basis with respect to the BP Receivables). The Collateral may also secure additional debt to the extent permitted by the terms of the Indenture and the Intercreditor Deed. Your rights to the Collateral would be diluted by any increase in the first-priority debt secured by the Collateral or a reduction of the Collateral securing the notes.

The value of the Collateral and the amount to be received upon a sale of such Collateral will depend upon many factors, including, among others, the ability to sell the Collateral in an orderly sale, the condition of the economies in which operations are located and the availability of buyers. The book value of the Collateral should not be relied on as a measure of realizable value for such assets. All or a portion of the Collateral may be illiquid and may have no readily ascertainable market value. Likewise, we cannot assure you that there will be a market for the sale of the Collateral, or, if such a market exists, that there will not be a substantial delay in its liquidation. In addition, the share pledges of an entity may be of no value if that entity is subject to an insolvency or bankruptcy proceeding. The Collateral is located in a number of countries, and the multijurisdictional nature of any foreclosure on the Collateral may limit the realizable value of the Collateral. The Collateral will be released in connection with an enforcement sale pursuant to the Intercreditor Deed and lenders under the Senior Facilities Agreement will, on the Issue Date, and so long as certain circumstances continue (as described in the risk factor entitled "Decisions regarding Collateral—Holders of the notes will not control certain decisions regarding the Collateral"), have effective control of all decisions with respect to the Collateral.

Prior ranking security interests—The BP Creditors and any other creditors with prior ranking liens will have prior access to proceeds of certain collateral.

To the extent that the BP Creditors and holders of other secured debt or third parties enjoy liens (including statutory liens) or other prior ranking security interests, whether or not permitted by the Indenture, such holders or third parties may have rights and remedies with respect to certain Collateral securing the notes and the guarantees that, if exercised, could reduce the proceeds available to satisfy the obligations under the notes and the guarantees.

Limitations on the Value of the Collateral—The notes will be secured only to the extent of the value of the assets that have been granted as security for the notes.

If there is an event of default on the notes, the holders of the notes will be secured only to the extent of the value of the assets that have been granted as security for the notes. Not all of the INEOS Group's assets will secure the notes. In addition, in the future, the obligations to provide additional guarantees and grant additional security over assets, whether as a result of the acquisition or creation of future assets or subsidiaries or otherwise, is, in certain circumstances, indirectly through the Senior Facilities Agreement, subject to certain agreed security principles. To the extent that lenders under the Senior Facilities Agreement are granted security, the negative pledge in the Indenture may require such security to also be granted for the benefit of holders of the notes. The agreed security principles set forth in the Senior Facilities Agreement will contain a number of limitations on the rights of the lenders to be granted security in certain circumstances. The operation of the agreed security principles may result in, among other things, the amount recoverable under any collateral provided being limited or security not being granted or perfected over a particular type or class of assets. Accordingly, the agreed security principles may affect the value of the security provided by the Issuer and the Guarantors.

To the extent that the claims of the holders of the notes exceed the value of the assets securing those notes and other obligations, those claims will rank equally with the claims of the holders of all other existing and future senior unsecured indebtedness ranking pari passu with the notes. As a result, if the value of the assets pledged as security for the notes is less than the value of the claims of the holders of the notes, those claims may not be satisfied in full before the claims of certain unsecured creditors are paid.

Realization of Collateral—It may be difficult to realize the value of the Collateral securing the notes.

The Collateral securing the notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture and accepted by other creditors that have the benefit of first-priority security interests in the Collateral securing the notes from time to time, whether on or after the date the notes are first issued. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral securing the notes as well as the ability of the Security Trustee to realize or foreclose on such Collateral. Furthermore, the first-priority ranking of security interests can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or re-characterization under the laws of certain jurisdictions.

The security interests of the Security Trustee will be subject to practical problems generally associated with the realization of security interests in collateral. For example, the Security Trustee may need to obtain the consent of a third party to enforce a security interest. We cannot assure you that the Security Trustee will be able to obtain any such consents. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Trustee may not have the ability to foreclose upon those assets and the value of the Collateral may significantly decrease.

In addition, our business requires a variety of national, state and local permits and licenses. The continued operation of properties that comprise part of the Collateral and which depend on the maintenance of such permits and licenses may be prohibited. Our business is subject to regulations and permitting requirements and may be adversely affected if we are unable to comply with existing regulations or requirements or changes in applicable regulations or requirements. In the event of foreclosure, the transfer of such permits and licenses may be prohibited or may require us to incur significant cost and expense. Further, we cannot assure you that the applicable governmental authorities will consent to the transfer of all such permits. If the regulatory approvals required for such transfers are not obtained or are delayed, the foreclosure may be delayed, a temporary shutdown of operations may result and the value of the Collateral may be significantly decreased.

Perfection of Security Interests—Your rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.

Under applicable law, a security interest in certain tangible and intangible assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the grantor of the security. The liens in the Collateral securing the notes may not be perfected with respect to the claims of the notes if we or the Security Trustee fails or is unable to take the actions we are required to take to perfect any of these liens. In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest, such as real property, equipment subject to a certificate and certain proceeds, can only be perfected at or promptly following the time such property and rights are acquired and identified.

The Trustee or the Security Trustee for the notes may not monitor, or we may not comply with our obligations to inform the Trustee or Security Trustee of, any future acquisition of property and rights by us, and the necessary action may not be taken to properly perfect the security interest in such after-acquired property or rights. Such failure may result in the invalidity of the security interest in the Collateral or adversely affect the priority of the security interest in favor of the notes against third parties. Neither the Trustee nor the Security Trustee for the notes has any obligation to monitor the acquisition of additional property or rights by us or the perfection of any security interest.

Priority of Liens—We may not have all title insurance policies delivered at the issue date.

In order to ensure that each of the U.S. mortgage liens are subject to no other liens except permitted encumbrances, new title insurance policies will have to be obtained. In order to obtain such title insurance policies, with all requisite endorsements, the title insurance company must (a) omit certain exceptions to title that may have been recorded in error or that may not constitute permitted encumbrances under the Indenture, and (b) be satisfied that no new surveys are required to be obtained. As a result, there can be no assurance as of the Issue Date that, among other things, (i) the U.S. real property encumbered by each mortgage includes all of the relevant U.S. property that it was intended to include, (ii) we own the rights to the owned properties that we purport to own in each mortgage and that our title to such owned U.S. real property is not encumbered by liens not permitted by the Indenture and (iii) no encroachments, adverse possession claims, or other restrictions exist with respect to such owned U.S. real properties which could result in a material adverse effect on the value or utility of such owned U.S. real properties. Consequently, one or more of the mortgages granted on the Issue Date may need to be amended in accordance with the mortgagee title insurance coverage in the event a discrepancy in the description of the real estate is discovered. Further, the security interests created by the mortgages may not be insured at the time of the issuance of the notes. In addition, if a title defect results in a loss, we cannot assure you that any insurance proceeds received under the policies will be sufficient to satisfy the obligations under the notes.

Value of Collateral—The Collateral is subject to casualty risks.

We intend to continue to maintain insurance or otherwise insure against hazards in the manner described in this offering memorandum. There are, however, certain losses that may be either uninsurable or not economically insurable, in whole or in part. Insurance proceeds may not compensate us fully for our losses. If there is a complete or partial loss of any of the Collateral, the insurance proceeds may not be sufficient to satisfy all of the secured obligations, including the notes and the guarantees. In addition, even if there is sufficient insurance coverage, if there is a total or partial loss of certain Collateral, there may be significant delays in obtaining replacement Collateral.

Challenges to Collateral—The grant of Collateral to secure the notes might be challenged or voidable in an insolvency proceeding.

The grant of Collateral in favor of the Security Trustee may be voidable by the grantor or by an insolvency trustee, liquidator, receiver or administrator or by other creditors, or may be otherwise set aside by a court, or be unenforceable if certain events or circumstances exist or occur, including, among others, if the grantor is deemed to be insolvent at the time of the grant, or if the grant permits the secured parties to receive a greater recovery than if the grant had not been given and an insolvency proceeding in respect of the grantor is commenced within a legally specified "clawback" period following the grant.

For example, certain Collateral was secured after the Issue Date. If the grantor of such security interest were to become subject to a bankruptcy or winding up proceeding after the Issue Date, any mortgage or security interest in Collateral delivered after the Issue Date would face a greater risk than security interests in place on the Issue Date of being avoided by the grantor or by its trustee, receiver, liquidator, administrator or similar authority, or otherwise set aside by a court, as a preference under insolvency law. To the extent that the grant of any security interest is voided, holders of the notes would lose the benefit of the security interest.

See "Limitations on Validity and Enforceability of the Guarantees and the Security Interests."

Controlling Shareholders—The interests of our principal shareholders may conflict with your interests.

Messrs. Ratcliffe, Currie and Reece own INEOS AG, our ultimate parent holding company. Mr. Ratcliffe controls INEOS AG. Our controlling shareholders have power to elect all of the directors of our companies, to change their management, to approve any changes to their organizational documents and to approve any acquisitions or dispositions. As a result, their actions can affect our strategic decisions, our legal and capital structure and our day-to-day operations. In addition, our principal investors may have an interest in pursuing acquisitions, divestitures or other transactions that, in their judgment, could enhance their equity investment, even though these transactions might involve risks to the holders of the notes. In the event of a conflict of interest between you and our principal investors, their actions could affect our ability to meet our payment obligations to you.

Financing a Change of Control Offer—We may not be able to raise the funds necessary to finance a change of control offer required by the Indenture and, if this occurs, we would be in default under the Indenture.

Under the terms of the Indenture, we are required to offer to repurchase the notes if certain events constituting a change of control occurs. Our obligations under the 2016 Notes and the Senior Facilities Agreement could also be accelerated upon the occurrence of a change of control. It is possible that we may not have sufficient funds at the time of a change of control to repurchase the notes or the 2016 Notes or refinance the Senior Facilities Agreement. We expect that we would require third party financing to make an offer to purchase the notes and the 2016 Notes upon a change of control. We cannot assure you that we would be able to obtain such financing. Our failure to repurchase the notes and the 2016 Notes would be an event of default under the Indenture and the 2016 Notes Indenture, respectively and would cause a cross-default under the Senior Facilities Agreement. You should read the section titled "Description of the Notes—Purchase of the notes upon a Change of Control" for further information regarding of the change of control provisions.

The change of control provisions contained in the Indenture may not protect holders of the notes in the event of highly leveraged transactions and other important corporate events, including reorganizations, restructurings or mergers that may adversely affect you, because these transactions may not involve a change in voting power or beneficial interest of the magnitude required to trigger the change of control provisions or, even if they do, may not constitute a "Change of Control" as defined in the Indenture.

Except as described under "Description of the Notes—Change of Control," the Indenture does not contain provisions that would require us to offer to repurchase or redeem the notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

The definition of "Change of Control" in the Indenture includes a disposition of "all or substantially all" of the assets of IHL and its restricted subsidiaries taken as a whole to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of IHL and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the notes.

Guarantee and future collateral limitations—Certain guarantees and future pledges of Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability.

The Indenture provides that certain guarantees will be limited to the maximum amount that can be guaranteed by the relevant guarantor without rendering the relevant guarantee voidable or otherwise ineffective under applicable law and enforcement of each guarantee would be subject to certain generally available defenses. These laws and defenses include those that relate to corporate benefit, fraudulent transfer or conveyance, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally. See "Limitation on Validity and Enforceability of the Guarantees and the Security Interests".

Although laws differ among various jurisdictions, in general, under fraudulent conveyance and other laws, a court could subordinate or void the guarantees and, if payment had already been made under a guarantee, require that the recipient return the payment to the relevant Guarantor, if the court found that:

- the relevant guarantee was incurred with actual intent to hinder, delay or defraud creditors or shareholders of the Guarantor or, in certain jurisdictions, even when the recipient was simply aware that the Guarantor was insolvent when it granted the relevant guarantee;

- the guarantor did not receive fair consideration or reasonably equivalent value for the relevant guarantee and the Guarantor was: (i) insolvent or rendered insolvent because of the relevant guarantee; (ii) undercapitalized or became undercapitalized because of the relevant guarantee; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;

- the relevant guarantees were held to exceed the corporate objects of the Guarantor or not to be in the best interests or for the corporate benefit of the Guarantor; or

- the amount paid or payable under the relevant guarantee was in excess of the maximum amount permitted under applicable law.

The measures of insolvency for purposes of fraudulent transfer laws vary depending upon applicable governing law. Generally, an entity would be considered insolvent if, at the time it incurred indebtedness:

- the sum of its debts, including contingent liabilities, is greater than the fair value of all its assets;

- the present fair saleable value of its assets is less than the amount required to pay the probable liability on its existing debts and liabilities, including contingent liabilities, as they become due; or

- it cannot pay its debts as they become due.

If a court were to find that the issuance of the notes or a guarantee of the notes was a fraudulent conveyance or held it unenforceable for any other reason, the court could hold that the payment obligations under the notes or such guarantee are ineffective, or require the holders of the notes to repay any amounts received with respect to the notes or such guarantee. In the event of a finding that a fraudulent conveyance occurred, you may cease to have any claim in respect of the relevant Guarantor and would be a creditor solely of the Issuer and, if applicable, of the other Guarantors under any guarantees which have not been declared void.

Additionally, any future pledge of Collateral in favor of the Security Trustee, including pursuant to security documents delivered after the date of the Indenture, might be avoidable by the pledgor (as debtor-in-possession) or by its trustee in bankruptcy if certain events or circumstances exist or occur, including, among others, if the pledgor is insolvent at the time of the pledge, the pledge permits the holders of the notes to receive a greater recovery than if the pledge had not been given and a bankruptcy proceeding in respect of the pledgor is commenced within 90 days following the pledge, or in certain circumstances, a longer period.

In addition, under the terms of the Indenture, we will be permitted in the future to incur additional indebtedness and other obligations that may share in the liens on the Collateral securing the notes and the liens on the collateral securing our other secured debt. The granting of new security interests may require the releasing and retaking of security or otherwise create new hardening periods in certain jurisdictions. The applicable hardening period for these new security interests will run from the moment each new security interest has been granted or perfected. At each time, if the security interest granted or recreated were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void or ineffective and/or it may not be possible to enforce it.

Insolvency laws—Relevant insolvency laws in England and other jurisdictions may provide you with less protection than U.S. bankruptcy law.

We and certain of the Guarantors are incorporated under the laws of England and Wales. Therefore, any insolvency proceedings by or against us or such Guarantors would likely be based on English insolvency laws. The other Guarantors are incorporated in Belgium, Canada, Germany, Ireland, Jersey, Malta, Norway, Scotland, Singapore and the United States.

See "Limitation on Validity and Enforceability of the Guarantees and the Security Interests" for a description of the insolvency laws in England and Wales, Belgium, Canada, France, Germany, Ireland, Jersey, Malta, Norway, Scotland, Singapore and the United States, which could limit the enforceability of the guarantees and the security interests.

In the event that any one or more of the Issuer, the Guarantors, any future Guarantors, if any, or any other of our subsidiaries experienced financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Guarantees and security provided by entities organized in jurisdictions not discussed in this offering memorandum are also subject to material limitations pursuant to their terms, by statute or otherwise. Any enforcement of the guarantees or security after bankruptcy or an insolvency event in such other jurisdictions will be subject to the insolvency laws of the relevant entity's jurisdiction of organization or other jurisdictions. The insolvency and other laws of each of these jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferential transfer, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the guarantees or the security in these jurisdictions and limit any amounts that you may receive.

Enforcement of civil liabilities—You may not be able to recover in civil proceedings for U.S. securities law violations.

We and most of the Guarantors are companies incorporated outside the United States. Most of our directors and executive officers and the directors and executive officers of the Guarantors are non-residents of the United States. Although we and the Guarantors have submitted to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States on our directors and executive officers or the directors and executive officers of the Guarantors. In addition, as most of our assets and those of our directors and executive officers are located outside of the United States, you may be unable to enforce against them judgments obtained in the U.S. courts predicated upon civil liability provisions of the Federal securities laws of the United States. In addition, we have been informed that it is questionable whether an English court would accept jurisdiction and impose civil liability if proceedings were commenced in England predicated solely upon U.S. Federal securities laws. See "Service of Process and Enforcement of Judgments."

Lack of public market—There may not be an active trading market for the notes, in which case your ability to sell your notes may be limited.

There is no existing market for the notes. We cannot assure you as to:

- the liquidity of any market in the notes;
- your ability to sell your notes; or
- the prices at which you would be able to sell your notes.

The initial purchasers of the notes have informed us that they intend to make a market in the notes after completing this offering. However, the initial purchasers are not obligated to make a market in the notes and may cease market-making at any time. In addition, changes in the overall market for high yield securities and changes in our financial performance or in the markets where we operate may adversely affect the liquidity of the trading market in these notes and the market price quoted for these notes. As a result, we cannot assure you that an active trading market will actually develop for these notes.

Historically, the markets for non-investment grade debt such as the notes have been subject to disruptions that have caused substantial volatility in their prices. Future trading prices for the notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. The market, if any, for the notes may be subject to similar disruptions. Any disruptions may have an adverse effect on the holders of the notes, regardless of our prospects and financial performance. As a result, there is no assurance that there will be an active trading market for the notes. If no active trading market develops, you may not be able to resell your holding of the notes at a fair value, if at all.

Although an application will be made for the notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF, we cannot assure you that the notes will become or remain listed. Although no assurance is made as to the liquidity of the notes as a result of the admission to trading on the Euro MTF, failure to be approved for listing or the delisting of the notes, as applicable, from the Official List may have a material effect on a holder's ability to resell the notes, as applicable in the secondary market.

In addition, the Indenture will allow the Issuer to issue additional notes in the future which could adversely impact the liquidity of the notes.

Transfer of the notes—The transfer of the notes is restricted.

The notes and the guarantees thereof have not been registered under the Securities Act or the securities laws of any jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. See "Notice to Investors." We have not agreed to or otherwise undertaken to register the notes, and neither we nor the Issuer have any intention to do so.

Book-entry Interests—Certain considerations relating to book-entry interests.

Unless and until notes in definitive registered form, or definitive registered notes, are issued in exchange for book-entry interests, owners of book-entry interests will not be considered owners or holders of the notes. The common depositary for Euroclear and Clearstream (or its nominee) will be the sole holder of the global notes representing the Euro Notes and the custodian for DTC (or its nominee) will be the sole holder of the global notes representing the Dollar Notes. After payment to the common depositary or the custodian (as the case may be), the Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of DTC, Euroclear or Clearstream, as applicable, and if you are not a participant in DTC, Euroclear or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights of a holder under the Indenture. See "Book-Entry, Delivery and Form."

Unlike the holders of the notes themselves, owners of book-entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from DTC, Euroclear or Clearstream. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any request actions on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through DTC, Euroclear or Clearstream. The Issuer cannot assure you that the procedures to be implemented through DTC, Euroclear or Clearstream will be adequate to ensure the timely exercise of rights under the notes. See "Book-Entry; Delivery and Form."

Foreign currency exchange risks—You may face currency exchange risks by investing in the notes.

The Euro Notes are denominated and payable in euros and the Dollar Notes are denominated and payable in dollars. If you measure your investment returns by reference to a currency other than the currency in which your notes are denominated, investment in such notes entails foreign currency exchange-related risks due to, among other factors, possible significant changes in the value of the dollar or the euro, as applicable, relative to the currency you use to measure your investment returns, caused by economic, political and other factors which affect exchange rates and over which we have no control. Depreciation of the dollar or the euro, as applicable, against the currency by reference to which you measure your investment returns would cause a decrease in the effective yield of the notes below their stated coupon rates and could result in a loss to you when the return on the notes is translated into the currency by reference to which you measure your investment returns. There may be tax consequences for you as a result of any foreign currency exchange gains or losses resulting from your investment in the notes. You should consult your tax advisor concerning the tax consequences to you of acquiring, holding and disposing of the notes.

THE TRANSACTIONS

This section contains a summary description of the transactions entered in connection with the contemplated refinancing of a portion of our senior term debt with the proceeds of the notes and term loans. It is a summary only and does not purport to describe all of the terms and conditions of the transactions, including as set out in the Offer and Consent Documents, and is subject to, and qualified in its entirety by reference to, the underlying documents.

Offer and Consent Documents

The Offer and Consent Documents included an offer by Tenderco to purchase at par value all of the lenders' outstanding participations, revolving commitments and accrued PIK amounts under the Existing Facilities Agreement in exchange for new participations, revolving commitments and accrued PIK amounts under the Senior Facilities Agreement (the "Exchange Offer"). In connection with the Exchange Offer, IGL also requested the lenders under the Existing Facilities Agreement provide their consent (the "Consents") to, among other things, (i) certain amendments to the Existing Facilities Agreement which are required to facilitate the completion of the Transactions (as defined below); (ii) further amend, on the Transaction Completion Date (as defined below), the Existing Facilities Agreement by removing substantially all of the mandatory prepayment events, representations, undertakings and events of default thereunder; (iii) the release, on the Transaction Completion Date, of all of the existing guarantors (other than guarantors which are also borrowers) from all liabilities under the Existing Facilities Agreement and the related finance documents; and (iv) the release, on the Transaction Completion Date, of all of the transaction security and other security interests created or granted in favor of the existing finance parties in relation to the obligations of the existing borrowers and guarantors under the Existing Facilities Agreement and the related finance documents (the "Consent Request").

One of the conditions of the Exchange Offer and Consent Request is that the INEOS Group completes its proposed partial debt refinancing in accordance with the terms of the Offer and Consent Documents (the "Refinancing" and, together with the Consent Request and the Exchange Offer, the "Transactions"). The terms of the Refinancing and the other key terms of the Exchange Offer and Consent Request (including the other conditions thereto) are summarized below.

Key Terms of the Transactions

Consent Condition and Accepting Lender Fee

The Consent Request is conditional upon INEOS obtaining the consent of lenders whose aggregate commitments exceed 90% of the total commitments under the Existing Facilities Agreement (the "Consent Condition"). Each lender that accepts the Exchange Offer and provides the Consents (the "Accepting Lenders") by delivering an acceptance notice (the "Acceptance Notices"), will receive a fee in accordance with the terms of the Offer and Consent Documents (the "Accepting Lender Fee").

On April 19, 2010, INEOS announced that the consent of lenders whose aggregate commitments exceeded 90% of the total commitments under the Existing Facilities Agreement had been obtained and that the Consent Condition was satisfied.

On April 21, 2010, the supplemental agreement to the Existing Facilities Agreement was executed (pursuant to which certain amendments to the Existing Facilities Agreement which are required to facilitate the completion of the Transactions were made on signing and pursuant to which the Existing Facilities Agreement will, subject to the satisfaction of the conditions of the Exchange Offer and Consent Request, be amended and restated on the Transaction Completion Date), and the Acceptance Notices have been countersigned by IGL, Tenderco, the U.S. Borrower and Barclays Bank PLC (in its capacity as exchange agent and facility agent under the Existing Facilities Agreement and the Senior Facilities Agreement).

Consent from holders of the 2016 Notes

On March 17, 2010, IGH caused to be sent to the holders of the 2016 Notes a consent solicitation document requesting their consent to amend certain provisions of the 2016 Notes Indenture in connection with the Transactions, including the amendment of the definition of "Credit Facilities" to enable the Existing Facilities Agreement to be refinanced with capital markets debt and to permit the trustee under the 2016 Notes Indenture to enter into the Intercreditor Deed. On April 1, 2010, IGH announced that it had obtained the requisite consents for the proposed amendments from holders of a majority in aggregate principal amount of the 2016 Notes. The supplemental indenture implementing the proposed amendments to the 2016 Notes Indenture was duly executed by IGH and the other parties thereto on April 6, 2010.

Refinancing

One of the conditions of the Exchange Offer and Consent Request is that the INEOS Group completes the Refinancing, comprising:

- the issuance of the notes on the Transaction Completion Date; and
- if IHL so elects:

(i) a new term Euro "E1" facility (the "Term E1 Facility"); and/or

(ii) a new term Dollar "E2" facility (the "Term E2 Facility"),

which will be made available on the Transaction Completion Date to IHL and/or the U.S. Borrower respectively under the Senior Facilities Agreement.

The proceeds of the Refinancing, following the deduction of certain fees, costs and expenses incurred in relation to the Transactions (the "Net Refinancing Proceeds"), must equal or exceed €700 million (or its equivalent).

The Net Refinancing Proceeds will be required to be applied as follows in accordance with the terms of the Senior Facilities Agreement:

- the first €500 million (or its equivalent) of the Net Refinancing Proceeds will be applied in prepayment and permanent reduction of the new term "A" facility (including any PIK amounts) under the Senior Facilities Agreement, pro rata;
- the next €500 million (or its equivalent) of the Net Refinancing Proceeds will be applied in prepayment and permanent reduction of the installment in respect of the new term "B" facility (including any PIK amounts) under the Senior Facilities Agreement due on 30 June 2013; and
- the remainder of the Net Refinancing Proceeds (if any) will be applied in prepayment and permanent reduction of the new term "A" facility, the new term "B" facility and the new term "C" facility under the Senior Facilities Agreement, pro rata.

The Net Refinancing Proceeds and the fees payable to the accepting lenders pursuant to the Exchange Offer and Consent Request (the "Accepting Lender Fee") are required to be paid into a mandatory prepayment account in accordance with the terms of the Senior Facilities Agreement.

The prepayment of the new facilities under the Senior Facilities Agreement and the payment of the Accepting Lender Fee will be made on the first interest payment date under the Senior Facilities Agreement relating to those new facilities falling at least five business days after the Transaction Completion Date. IHL will be required to select interest periods so as to procure that such prepayment occurs and such payment is made no later than 15 Business Days after the Transaction Completion Date.

See “Use of Proceeds” for further information.

Other Conditions

In addition to the receipt of the Net Refinancing Proceeds and the payment of such proceeds, together with the Accepting Lender Fee, into a mandatory prepayment account, the completion of the Exchange Offer and Consent Request is also conditional upon, among other things:

- satisfaction of the Consent Condition;
- Tenderco not terminating the Exchange Offer prior to its completion pursuant to the terms of the Offer and Consent Documents;
- the satisfaction of various documentary conditions precedent; and
- no default having occurred under the Existing Facilities Agreement and being continuing unremedied and unwaived on the Transaction Completion Date.

The Exchange Offer and Consent Request will be automatically terminated if the Transaction Completion Date has not occurred by (and including) August 31, 2010.

Closing

Subject to the satisfaction of the conditions set out or referred to in the Offer and Consent Documents, the Exchange Offer and Consent Request will close on the Issue Date (the “Transaction Completion Date”).

On or around the Transaction Completion Date, the completion events described in the Offer and Consent Documents will occur. These completion events include the following:

- the Existing Facilities Agreement will be amended and restated (with substantially all of the mandatory prepayment events, representations, undertakings and events of default thereunder having been removed);
- the transaction security and other security interests created or granted in favor of the existing finance parties in relation to the obligations of the existing borrowers and guarantors under the Existing Facilities Agreement and the related finance documents will be released;
- the existing guarantors (other than guarantors which are also borrowers) under the Existing Facilities Agreement will be released from all liabilities under the Existing Facilities Agreement and the related finance documents;
- Tenderco will acquire all of the Accepting Lenders’ outstanding participations, revolving commitments and accrued PIK amounts under the Existing Facilities Agreement and the Accepting Lenders will receive new participations, revolving commitments and accrued PIK amounts under the Senior Facilities Agreement, in each case, in accordance with the terms of the Offer and Consent Documents and the Senior Facilities Agreement;
- the completion security package described in “Description of Other Indebtedness—Senior Facilities Agreement”, “Description of Other Indebtedness—Security and Guarantees” and “Description of the Collateral and the Guarantees” section will be granted in favor of the security agent under the Senior Facilities Agreement; and
- the Net Refinancing Proceeds will be received and immediately paid, together with an amount sufficient to pay the Accepting Lender Fee, into a mandatory prepayment account for application in accordance with the Senior Facilities Agreement.

See "Description of Other Indebtedness—Existing Facilities Agreement," "Description of Other Indebtedness—Senior Facilities Agreement" and "Description of the Collateral and the Guarantees".

Post-Closing

The Post-Closing Date Guarantors are expected to accede to the Senior Facilities Agreement as guarantors and, together with any Closing Date Guarantors entering into any Post-Closing Collateral, grant new security in favor of the security agent under the Senior Facilities Agreement within 30 days of the Transaction Completion Date. See "Description of the Collateral and the Guarantees" and "Description of Other Indebtedness" for further information.

USE OF PROCEEDS

Use of Proceeds

The gross proceeds from the sale of the notes will be €740 million. The Issuer intends to use the proceeds from the issue of the notes to make the Funding Loan to IHL. In turn IHL intends to use the net proceeds from the issue of the notes, together with cash, to prepay or procure the prepayment of (including by on-lending a portion of the proceeds to INEOS US Finance plc for such purposes) a portion of the indebtedness that will be outstanding under the Senior Facilities Agreement. The initial purchasers will deposit the net proceeds from the sale of the notes on behalf of the Issuer and the proceeds of the Funding Loan on behalf of IHL into a mandatory prepayment account for application on the first interest payment date for term loans A, B, and C under the Senior Facilities Agreement in accordance with the terms of the Exchange Offer and Consent Request and the Senior Facilities Agreement. The first interest payment date under the Senior Facilities Agreement following the Issue Date is currently expected to fall approximately one week after the Issue Date. See "The Transactions," and "Description of Other Indebtedness—Senior Facilities Agreement."

Sources and Uses

The following table sets forth the sources and uses of funds:

Sources of funds	(€ in millions)[(1)]	Uses of funds	(€ in millions)[(1)]
Cash and cash equivalents	30	Senior Facilities Prepayment[(3)]	700
Notes offered hereby[(2)]	740	Estimated transaction fees and expenses and other payments[(4)]	70
Total sources	770	Total uses	770

(1) Unless otherwise indicated, euro equivalents of U.S. dollar amounts are translated at an exchange rate of $1.43 = €1.00. The exchange rate of the euro on May 4, 2010 as reported by Bloomberg was $1.2987 = €1.00.

(2) Represents €300 million principal amount of Euro Notes and $570 million principal amount of Dollar Notes, translated at an exchange rate of $1.294 = €1.00. This exchange rate may differ from the exchange rate in effect as of the date the Dollar Notes are issued.

(3) €500 million of the proceeds from issuance of the notes will be used to repay Term Loan A, with the remaining €200 million used to repay Term Loan B. Certain of the initial purchasers or their affiliates are lenders under the Senior Secured Credit Facilities and will be repaid with the proceeds of the issuance of notes. See "Plan of Distribution."

(4) The amount presented includes estimates for each of (i) the transaction costs for the solicitation of consents from noteholders under the 2016 Notes Indenture, (ii) the transaction costs for the Exchange Offer and Consent Request to lenders under the Existing Facilities Agreement and related Accepting Lender Fee, (iii) transaction costs for the issuance of the notes and (iv) accrued PIK interest relating to the Senior Secured Credit Facilities being refinanced.

CAPITALIZATION

The following table sets forth as of December 31, 2009 (i) the cash and cash equivalents and consolidated capitalization of INEOS and its subsidiaries and (ii) the cash and cash equivalents and consolidated capitalization of INEOS and its subsidiaries on an adjusted basis after giving effect to the Transaction and the issuance of the notes and the application of the net proceeds therefrom as if such Transactions had taken place on that date. This table should be read in conjunction with "Use of Proceeds," "Operating and Financial Review and Prospects," "Description of Other Indebtedness" and our consolidated financial information and related notes thereto included elsewhere in this offering memorandum.

	Actual(1)	As Adjusted(1)
	(€ in millions)(unaudited)	
Cash and cash equivalents	662.1	632.1
Loans and borrowings(2)		
Existing Senior Secured Credit Facilities	5,003.7	33.7
Senior Secured Credit Facilities:		
Term Loan A	—	224.8
Term Loan B	—	1,324.3
Term Loan C	—	1,524.3
Term Loan D	—	650.0
Revolving Credit Facility	—	546.6
Other Notes(3)	2,167.1	2,167.1
Notes offered hereby(4)	—	740.0
Securitization Program	605.6	605.6
Other(5)	12.4	12.4
Total loans and borrowings	7,788.8	7,828.8
Total equity	(557.2)	(557.2)
Total capitalization	7,231.6	7,271.6

(1) Unless otherwise indicated, euro equivalents of U.S. dollar amounts are translated at an exchange rate of $1.43 = €1.00. The exchange rate of the euro on May 4, 2010 as reported by Bloomberg was $1.2987 = €1.00.

(2) Includes current loans and borrowings of €839.3 million as at December 31, 2009.

(3) The Other Notes represent (i) €1,532.1 million of 2016 Notes denominated in euro and $677.5 million of 2016 Notes denominated in U.S. dollars (translated at an exchange rate of $1.43 = €1.00); and (ii) the Vinyls Bonds of €161.2 million which were transferred to Kerling plc as part of the disposal of our INEOS ChlorVinyls business.

(4) Reflects the issuance of €300.0 million of Euro Notes and $570.0 million of Dollar Notes in the offering. The principal amount of the $570.0 million Dollar Notes issued in the offering has been translated at an exchange rate of $1.294 = €1.00 and has been rounded to the nearest million for presentational purposes. This exchange rate may differ from the exchange rate in effect as of the date the Dollar Notes are issued.

(5) Includes finance lease liabilities and other loans.

SELECTED CONSOLIDATED FINANCIAL INFORMATION OF INEOS GROUP HOLDINGS PLC

The following tables present the selected consolidated financial information and other financial data of INEOS Group Holdings plc as of and for each of the periods indicated. The following financial data is qualified in its entirety by reference to, and should be read in conjunction with, our consolidated financial information and the notes thereto, included elsewhere in this offering memorandum. The following financial data as of and for each of the years ended December 31, 2007, 2008 and 2009 has been derived from the audited consolidated financial information and notes thereto of INEOS Group Holdings plc, included elsewhere in this offering memorandum. Such information was prepared in accordance with IFRS and was audited by PricewaterhouseCoopers LLP, independent auditors.

	At or for the year ended December 31,		
	2007	2008	2009
		(€ in millions)	
Income Statement:			
Revenue	27,515.8	29,073.3	18,077.3
Cost of sales	(25,228.6)	(28,271.1)	(16,707.9)
Gross profit	2,287.2	802.2	1,369.4
Distribution costs	(532.4)	(543.7)	(425.5)
Administrative expenses	(412.9)	(455.6)	(403.4)
Operating profit/(loss)	1,341.9	(197.1)	540.5
Total share of (loss)/profit of associates and jointly controlled entities using the equity accounting method	(47.6)	(57.8)	23.7
(Loss)/profit on disposal of businesses	(29.6)	143.0	(276.5)
Profit/(loss) before net finance costs	1,264.7	(111.9)	287.7
Net finance costs	(741.0)	(772.3)	(888.9)
Profit/(loss) before tax	523.7	(884.2)	(601.2)
Tax (charge)/credit	(121.2)	311.6	(13.9)
Profit/(loss) for the year	402.5	(572.6)	(615.1)
Statement of Cash Flows:			
Cash flows from/(used in):			
Operating activities	2,080.3	1,245.4	1,226.5
Investing activities	(802.4)	(529.1)	(261.9)
Financing activities	(959.1)	(1,012.1)	(944.4)
Statement of Financial Position:			
Property, plant and equipment	6,073.2	5,440.6	5,093.2
Cash and cash equivalents	951.4	651.8	662.1
Working capital(1)	2,602.2	1,267.6	479.5
Total assets	14,477.2	11,777.9	11,119.8
Total equity	1,013.8	71.8	(557.2)
Total interest-bearing loans and borrowings	8,230.7	7,949.4	7,749.3
Total liabilities	13,463.4	11,706.1	11,677.0
Net debt(2)	7,457.8	7,487.8	7,126.7
Other Financial Data:			
EBITDA before exceptionals(3)	2,202.6	578.3	1,222.2
Depreciation, amortization and impairment	909.5	777.0	616.1
Capital expenditures(4)	639.1	624.0	264.0

(1) Working capital represents net current assets (current assets less current liabilities).

(2) Net debt represents gross loans and borrowings less cash and cash equivalents.

(3) EBITDA before exceptionals represents operating profit before depreciation, amortization, impairment and exceptional charges. In accordance with IFRS, we use both the FIFO and weighted average cost methods of accounting for purposes of determining our inventory cost in connection with the preparation of our audited annual consolidated financial information. EBITDA before exceptionals is based on the FIFO and weighted average cost methods of accounting for inventory used in connection with the

preparation of such financial information. EBITDA before exceptionals is derived from income statement line items calculated in accordance with IFRS on a historical cost basis. Although our EBITDA-based measures should not be considered a substitute measure for operating profit, profit, cash flows from operating activities or other measures of performance as defined by IFRS, we believe that they provide useful information regarding our ability to meet future debt service requirements. The EBITDA measure presented may not be comparable to similarly titled measures used by other companies. See “Use of Non-GAAP Financial Measures.”

The reconciliation of INEOS’ operating profit to EBITDA before exceptionals is as follows:

	Year ended December 31,		
	2007	**2008**	**2009**
		(€ in millions)	
Operating profit/(loss)	1,341.9	(197.1)	540.5
Depreciation, amortization and impairment	909.5	777.0	616.1
Exceptional charges excluding items relating to impairment and financing	(1.2)	56.2	41.9
Share of profit/(loss) of associates and jointly controlled entities	(47.6)	(57.8)	23.7
EBITDA before exceptionals	2,202.6	578.3	1,222.2

(4) Capital expenditures represents payments to acquire property, plant and equipment as recorded on the consolidated cash flow statements.

USE OF NON-GAAP FINANCIAL MEASURES

The following are the EBITDA-based financial measures that are utilized in this offering memorandum:

- ***EBITDA before exceptionals***, which represents operating profit before depreciation, amortization, impairment and exceptional charges. In accordance with IFRS, we use both the FIFO and weighted average cost methods of accounting for purposes of determining our inventory cost in connection with the preparation of our audited annual consolidated financial information. EBITDA before exceptionals is based on the FIFO and weighted average cost methods of accounting for inventory used in connection with the preparation of such financial information. EBITDA before exceptionals is derived from income statement line items calculated in accordance with IFRS on historical cost basis.

- ***Replacement Cost EBITDA before exceptionals***, which represents operating profit (with the adjustment described below) before depreciation, amortization, impairment and exceptional charges. We use both the FIFO and weighted average cost methods of accounting for purposes of determining our inventory cost in connection with the preparation of our audited annual consolidated financial information. However, as supplementary information, we also report our operating results to management in connection with our Refining Segment to reflect cost of sales using our replacement cost method of accounting for inventory. Our replacement cost method values raw materials, and consumables and finished goods at their replacement cost at the time the related finished goods are sold. Replacement Cost EBITDA before exceptionals is based on our replacement cost method of accounting for inventory. In this offering memorandum, we use Replacement Cost EBITDA before exceptionals only in connection with our Refining Segment (both when we disclose EBITDA-based information for our Refining Segment and to the extent the Refining Segment is included in our RC/HC EBITDA-based information as described below). We also disclose EBITDA-based information in connection with our Refining Segment using EBITDA before exceptionals.

- ***RC/HC EBITDA before exceptionals***, which represents the combination of Replacement Cost EBITDA before exceptionals for our Refining Segment and EBITDA before exceptionals for all our other business segments. We also disclose EBITDA-based information in connection with our consolidated operating results using EBITDA before exceptionals, as described above.

These EBITDA-based measures are non-GAAP measures. We believe that the presentation of EBITDA-based measures enhances an investor's understanding of INEOS financial performance. However, EBITDA-based measures should not be considered in isolation or viewed as a substitute for operating profit, profit, cash flows from operating activities or other measures of performance as defined by IFRS. These EBITDA-based measures, as used herein, are not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation. Our management has used, and expects to use, EBITDA-based measures to assess operating performance and to make decisions about allocating resources among our various segments. In assessing our overall performance and the performance of each of our segments, management reviews EBITDA-based measures as a general indicator of performance compared to prior periods. Furthermore, management and employee bonuses can be linked to the EBITDA-based performance of the business and the region in which they work. These EBITDA-based measures exclude items that management does not utilize in assessing operating performance. Our management believes it is useful to eliminate such items because it allows management to focus on what it considers to be a more meaningful indicator of operating performance and ability to generate cash flow from operations.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion is based upon the consolidated financial information of INEOS and should be read in conjunction with the consolidated financial information of INEOS and the notes thereto included elsewhere in this offering memorandum. The consolidated financial information of INEOS has been prepared in accordance with IFRS. The consolidated financial information of INEOS for the years ended December 31, 2007, 2008 and 2009 has been audited by PricewaterhouseCoopers LLP, independent auditors. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this offering memorandum, particularly in "Risk Factors" and "Forward-Looking Statements."

Overview

Combined Business

We are one of the world's largest chemical companies as measured by revenue and have highly integrated, world-class chemical facilities and production technologies. We have leading global market positions for a majority of our key products, a strong customer base and an experienced management team. We operate 37 manufacturing sites in 9 countries throughout the world, including two refineries in Europe which are fully integrated with our co-located petrochemical facilities. As of December 31, 2009, our total chemical production capacity was approximately 24,000 kilotonnes per year, of which 71% was in Europe and 29% was in North America. Our refineries have a combined crude oil distillation capacity of more than 410,000 barrels per day.

We operate our business through four segments: Refining, Olefins & Polymers Europe, Olefins & Polymers North America and Chemical Intermediates. The products we manufacture are derived from crude oil and natural gas, and include refined products, olefins, polymers and various petrochemical products directly or indirectly derived from olefins. Our products serve a broad and diverse range of end markets, including transport and heating fuels, packaging, construction, automotive, white goods/durables, agrochemicals and pharmaceuticals.

Our highly integrated production facilities allow us to process raw materials into higher value-added products. We own five sites integrated with crackers and polymer units, of which two are integrated with our refineries. Typically, these account for approximately 80% of our olefin and polymer volumes and 100% of our refining volumes. In Europe, approximately 80%, of our ethylene and propylene output is typically sold internally. Our four European polyolefins sites receive more than 95% of their feedstock supply from our integrated crackers. Similarly, in the United States, much of our olefin feedstock requirements for our polymer business is supplied by either our Chocolate Bayou cracker in Texas, or by integrated third-party crackers, such as the BP Carson facility in California. We believe that with our highly integrated facilities we are able to capture attractive margins across the value chain, enjoy greater certainty of feedstock supply, reduce logistical costs, improve energy management and optimize our product slate.

We benefit from the cost advantages of operating large-scale, well-invested, highly integrated facilities strategically located near major transportation facilities and customer locations. Since January 1, 2001, we and our predecessors have invested more than €1.5 billion in our production facilities to ensure that they operate efficiently, resulting in integrated, state-of-the-art production units. We believe this allows us to operate at lower cost and higher utilization rates than most of our competitors, and enables us to maintain positive margin and cash flows even during downturns in industry cycles or customer demand. For the year ended December 31, 2009, our revenue was €18.1 billion and our EBITDA before exceptionals was €1.2 billion.

Over the past several years, we have implemented a range of strategic initiatives designed to lower our operating costs, increase our profitability and further enhance our market position. These include fixed asset investments to expand our capacity in higher value products, enhance productivity at our existing facilities and significantly reduce our fixed cost structure through head count reductions, production line closures and system upgrades. Between 2006 and 2009, fixed costs were reduced by approximately € 450 million. We have shifted our product portfolio to focus on more differentiated products, exited low-margin businesses and implemented premium pricing strategies designed to improve our margins. We believe these initiatives provide us with a strong platform to drive growth, create significant operating leverage and position us to benefit from eventual volume recovery in our end markets.

Since April 1998, when INEOS was established with the acquisition of the Belgian "Oxide" assets from Inspec plc, we have significantly expanded, both through a series of strategic acquisitions of businesses and assets from major chemical companies, and through organic growth. The combination of INEOS and Innovene in December 2005 represented a transformational acquisition for our company, providing global scale and further upstream integration. During 2007, we acquired the Borealis petrochemical manufacturing business in Norway. In 2008, we acquired the former BP vinyl acetate monomer/ethyl acetate business in Hull, UK and the former BASF acrylonitrile business in Seal Sands, UK. In 2009, we transferred certain companies and businesses out of the INEOS Group to INEOS Industries Holdings Ltd. These businesses had consumed a significant amount of cash in the prior three years and were forecast to continue to be a significant drain on cash resources (due to either difficult trading conditions or requiring significant investment over the next two to three years). The transferred businesses comprised the ABS, Styrenics, Melamines, Healthcare, Bio and Films Italia Srl businesses, together with our shareholding in the INEOS Nova JV. In 2010, we sold our businesses associated with the production of chlor-akali and PVC and our business associated with fluorochemicals. For a further description of our sale of the INEOS ChlorVinyls Business, please see "Summary—Recent Developments—Split-off of Our INEOS ChlorVinyls Business."

Key Factors Affecting Our Businesses

Our results of operations are driven by a combination of factors affecting the refining, petrochemical and chemical intermediate markets generally, including general economic conditions, prices of raw materials, global supply and demand for our products and environmental legislation and climate change initiatives. Our results of operations are also impacted by company-specific structural and operational factors. Set forth below is an overview of the key drivers that have affected the historical results of operations, and are expected to affect our future results of operations.

Supply and Demand in the Petrochemical Industry

Margins in the petrochemical industry are strongly influenced by industry utilization. As demand for petrochemical products approaches available supply, utilization rates rise, and, prices and margins typically increase. Historically, this relationship has been highly cyclical due to fluctuations in supply resulting from the timing of new investments in capacity and general economic conditions affecting the relative strength or weakness of demand. Generally, capacity is more likely to be added in periods when current or expected future demand is strong and margins are, or are expected to be, high. Investments in new capacity can result, and in the past frequently have resulted, in over-capacity, which typically leads to a reduction of margins. In response, petrochemical producers typically reduce capacity or limit further capacity additions, eventually causing the market to be relatively undersupplied. The bottom of the last cycle was reached in 2001 and continued through 2002 due to weak demand and substantial capacity additions. Since 2003, stronger demand and limited capacity investments led to improved utilization rates and rising contribution margins until their peak in 2007.

The global economic downturn in 2008 contributed to significant decreases in volumes and margins for olefins and polymers in the fourth quarter of that year. Industry experts expect current market conditions in the petrochemical sector to continue over the short term. According to CMAI, weak demand outlook and continued over-supply are forecast to keep industry margins weak until 2012. CMAI expects the next peak to be in the period 2015 to 2017. Factors leading to this peak are supply and demand tightness, as demand growth is forecasted to have recovered by then, and a lack of further investments in key regions. As with refining margins, the actual pace of the recovery in margins for olefins and polymers will be heavily dependent on the pace of recovery in end-user product demand. Cycle periods in the industry are typically between 6 to 8 years.

In addition to the global petrochemical cycle, margins are also susceptible to potentially significant swings in the short term. This volatility, which may be global or isolated in individual regions, can be caused by a number of factors, including fluctuations in utilization rates due to planned or unplanned plant outages, political and economic conditions driving rapid changes in prices for key feedstocks, exchange rate fluctuations and changes in inventory management policies by petrochemical customers (such as inventory building or de-stocking in periods of expected price increases).

Supply and Demand in the European Refining Industry

The refinery industry in Europe historically has been characterized by steady growth in demand for refinery products, cyclical margins due to periodic over-capacity and supply shortages in various regional markets, and seasonal fluctuations in the consumption of particular types of refinery products, such as higher gasoline consumption during the summer driving season, and higher home heating oil consumption during the winter months.

In aggregate, refining industry margins have experienced a sharp upturn since 2002, with the 2004-2008 period returning strong growth. This was the result of rapidly increasing world demand coupled with a loss of complex refinery capacity in the US as a result of hurricane damage, leading to increasing utilisation of the available refining capacity. Refining capacity additions were not sufficient to keep pace with the demand in general, and this especially applied to the middle distillate products (for example, diesel, jet fuel, gasoil), where growth was substantial. In late 2008, demand dropped as a result of the deterioration in the global economy. For much of 2009, margins have languished at bottom of cycle levels, as the system adjusted to the prevailing demand level. In the short term, signs of recovery in demand are starting to emerge in all regions, and in particular in the Far East. Industry experts expect a gradual recovery over the next few years in the refining sector. The actual pace of the recovery in margins is heavily dependent on the pace of recovery in end-user product demand. Even given planned capacity additions, middle distillate capacity could come under pressure if the recovery in demand emerges more quickly than forecast, resulting in higher margins in the near term.

Asset Utilization

Our results of operations are materially influenced by the degree to which we utilize our assets in order to achieve maximum production volumes. As a low-cost producer, we believe in operating our facilities at full capacity. We believe this allows us to maintain positive margins and cash flows, even during downturns in industry cycles or customer demand, more readily than some of our competitors who have higher production costs. We intend to achieve growth in production volume by improving utilization rates within the defined availability of an asset, improving availability of an asset by minimizing planned and unplanned facility downtime and improving capacity of an asset through de-bottlenecking projects.

For example, the number and length of turnarounds (scheduled outages of a unit in order to perform necessary inspections and testing to comply with industry regulations and to permit us to carry out any maintenance activities that may be necessary) carried out in any given period can impact operating results. When possible, we seek to schedule the timing of turnarounds to coincide with periods of relatively low demand for the products of the relevant units. Olefins crackers typically undergo major turnarounds every four or five years, with each turnaround lasting four to six weeks. Similarly, refineries typically undergo major turnarounds lasting several weeks every four or five years. Turnarounds for polymers and derivatives units are more frequent, typically every one to two years, but generally last only seven to 10 days. Likewise, unplanned outages, such as the fire at the Chocolate Bayou facility in August 2005 or the impact of Hurricane Ike in Autumn 2008, can impact our operating results, even if such outages are covered by insurance. Similarly, planned or unplanned outages of our competitors can positively affect our operating results by decreasing the supply of product in the market.

Oil and Gas Price Movements

Feedstock costs are a significant component of the operating costs of our petrochemical business. The costs of the feedstocks we require to make our petrochemical products (naphtha, ethane, butane and propane) are principally driven by the price of oil and natural gas. According to the U.S. Energy Administration, the spot price for Brent crude oil increased from approximately $19.42 per barrel in January 2002 to approximately $74.46 per barrel in December 2009, while the U.S. natural gas wellhead price increased from $2.50 per thousand cubic feet in January 2002 to $4.44 per thousand cubic feet in December 2009. During 2008 there was a significant level of volatility in crude oil prices and thus petrochemical products, with crude oil prices reaching their peak of $147 per barrel in July 2008 before decreasing sharply to $41 per barrel by the end of the year. They then rose again to approximately $75 per barrel by the end of December 2009. The increase in our revenue, peaking in 2008, reflects the fact that in the recent past we have been able to pass on increases in feedstock prices to our customers in the form of higher product prices. The reduction in revenue for 2009 is largely the converse effect as crude prices have been much lower than one year ago. Our ability to pass on price increases for crude oil is limited due to the impact of time lags resulting from the repricing intervals of our contracts with suppliers and customers, particularly in the petrochemical business. While most of our feedstock contracts reprice daily, our contracts with petrochemical customers generally reprice on a monthly basis. A further limitation is that many of our customers take advantage of fluctuating prices by building inventories when they expect product prices to increase and reducing inventories when they expect prices to decrease. The effect of these time lags and our customers' inventory management policies on our ability to pass through feedstock price increases is magnified in periods of high volatility. In addition, changes in oil and gas prices have a direct impact on our working capital levels. In general, increases in feedstock prices lead to an increase in our working capital and decreases in feedstock prices lead to a decrease in our working capital.

Implementation of Cost Reduction

We have historically focused on implementing our strategies of reducing costs by making rapid reductions in underlying fixed costs and implementing an efficient corporate and management structure and maximizing the utilization of our assets. Our ability to continue to reduce costs will impact, among other things, our profitability and capacity plans.

Debt Structure

As of December 31, 2009, we had €7,788.8 million (2008: €8,139.6 million) of indebtedness. Our future results of operations, and in particular our net finance charges, will be significantly affected by the amount of indebtedness, including the interest we pay on our indebtedness. The servicing of this indebtedness will impact, among other things, our cash flows and our cash balance.

Foreign Exchange Rate Fluctuations

Our results of operations may be affected by both the transaction effects and translation effects of foreign currency exchange rate fluctuations. A substantial portion of our revenue is generated in, or linked to, the U.S. dollar and euro. In our refining business, the prices of finished products and of the underlying raw materials are primarily denominated in U.S. dollars, while our costs are largely denominated in euro and British pounds. In our European petrochemical business, product prices, certain feedstock costs and most other costs are denominated in euro and British pounds. In our U.S. petrochemical and chemical intermediates businesses, product prices, raw material costs and most other costs are primarily denominated in U.S. dollars. We generally do not enter into foreign currency exchange instruments to hedge our foreign currency exposure, although we have done so in the past and we may do so in the future. We also believe that we benefit from natural hedging to the extent that we have been able to match the currencies of our cash flows and long-term indebtedness.

Our reporting currency is the euro, and our results of operations will be impacted by the relative strength of the euro against other currencies, including the U.S. dollar and the British pound.

Environmental Considerations

Our results of operations are affected by environmental laws and regulations, including those relating to greenhouse gas emissions, and environmental risks and goals generally. We have, and will continue to, invest a significant amount of financial and technical resources in order to ensure that our facilities comply with environmental requirements. We also incur remediation and decommissioning costs in connection with our current and former production facilities, as well as other locations.

Environmental considerations can also impact the markets in which we operate, including our position with respect to our competitors. For example, we believe that the cost to comply with increasingly strict environmental standards is one of the key factors that explain why no new crude oil distillation capacity is expected to be built in the European refinery market in the foreseeable future.

Results of Operations

The consolidated financial information of INEOS are prepared in accordance with IFRS. The income statement data for the years ended December 31, 2009, December 31, 2008 and December 31, 2007 represent the consolidated results of the Group.

The results for the year ended December 31, 2007 include the results of operations of the Borealis AS petrochemical business in Norway from September 1, 2007 and the Lanxess ABS plastics and INEOS Chlor Atlantik businesses from October 1, 2007. Included in our results for the year ended December 31, 2008 are the results of the vinyl acetate monomer/ethyl acetate business from March 31, 2008, the Seal Sands business from August 18, 2008 and the ABS India business from October 2, 2008. Included in our results for the year ended December 31, 2009 are transfers of all or part of the following businesses out of the Group: INEOS ABS, Melamines, Styrenics, Films Italia Srl, Healthcare and Bio businesses, together with our shareholding in the INEOS Nova JV.

Description of Key Line Items

Set forth below is a brief description of the composition of the key line items of our consolidated income statement accounts:

- *Revenue.* Group revenue represents the invoiced value of products sold or services provided to third parties net of sales discounts and value added taxes. It also excludes our share of joint venture revenue. The pricing for products sold is determined by market prices (market contracts and arrangements) or is linked by a formula to published raw material prices plus an agreed additional amount (formula contracts). Services provided to third parties include administrative and operational services provided to other chemical companies with units on our sites, and services under tolling arrangements. Under tolling arrangements, customers pay for or provide raw materials to be converted in to a certain specified product, for which we charge a toll fee.

- *Cost of sales.* Cost of sales includes fixed and variable production costs. Such production costs typically include the costs of raw materials, packaging, utilities, direct wages and salaries, repairs and maintenance, waste disposal and effluent treatment, consumables, attributable depreciation charges and directly attributable overheads, including wages and salaries, depreciation charges and overheads, that are attributable to production. Fixed costs included in the cost of sales are rent, depreciation, repairs and maintenance, while variable costs include raw materials, packaging, consumables and wages and salaries.

- *Distribution costs.* Distribution costs typically include the costs of warehousing, carriage and freight together with sales and distribution wages and salaries and depreciation on tangible fixed assets used for sales and distribution.

- *Administrative expenses before exceptional items.* Administrative expenses typically include indirect wages and salaries and indirect overheads. Indirect overheads would include such items as insurance costs, legal and professional fees and office supplies. Administrative expenses also include the depreciation of tangible fixed assets not directly attributable to production or sales and distribution.

- *Exceptional administrative expenses.* Exceptional administrative expenses are those expenses which, because of their size or nature, are disclosed to give a proper understanding of the underlying results for the period. These expenses are mainly related to business restructuring and the provision for severance payments.

- *Share of profit/(loss) of associates and jointly controlled entities before exceptional items*. Share of profit/(loss) of associates and jointly controlled entities relates to the results from the investment in associated undertakings and joint ventures.

- *Finance income before exceptional items.* Finance income before exceptionals comprises of interest receivable on funds invested, expected return on defined benefit pension plan assets, net fair value gain on derivatives and net foreign exchange gains.

- *Finance costs before exceptional items.* Finance costs before exceptional items comprises of interest payable, finance charges on finance leases, unwinding of the discount on provisions, net fair value losses derivatives and net foreign exchange losses.

Consolidated Results

The following table sets forth, for the periods indicated, revenue and expenses and such amounts as a percentage of revenue:

	INEOS Group Holdings					
	For the year ended December 31,					
	2007		2008		2009	
	€m	%	€m	%	€m	%
Revenue	27,515.8	100.0	29,073.3	100.0	18,077.3	100.0
Cost of sales before exceptional items	(25,182.7)	(91.5)	(28,140.8)	(96.8)	(16,707.9)	(92.4)
Exceptional cost of sales	(45.9)	(0.2)	(130.3)	(0.4)	—	—
Gross profit	2,287.2	8.3	802.2	2.8	1,369.4	7.6
Distribution costs	(532.4)	(1.9)	(543.7)	(1.9)	(425.5)	(2.4)
Administrative expenses before exceptional items	(462.6)	(1.7)	(403.9)	(1.4)	(361.5)	(2.0)
Exceptional administrative expenses	(56.9)	(0.2)	(80.7)	(0.3)	(41.9)	(0.2)
Exceptional administrative gain	106.6	0.4	29.0	0.1	—	—
Operating profit/(loss)	1,341.9	4.9	(197.1)	(0.7)	540.5	3.0
Share of profit/(loss) of associates and jointly controlled entities before exceptional items	0.9	0.0	(53.3)	(0.2)	23.7	0.1
Share of exceptional loss of associates and jointly controlled entities	(48.5)	(0.2)	(4.5)	0.0	—	—
(Loss)/profit on disposal of businesses	(29.6)	(0.1)	143.0	0.5	(276.5)	(1.5)
Profit/(loss) before finance costs	1,264.7	4.6	(111.9)	(0.4)	287.7	1.6
Finance income before exceptional items	129.9	0.5	173.9	0.6	95.1	0.5
Exceptional finance income	—	—	—	—	89.0	0.5
Finance costs before exceptional items	(870.9)	(3.2)	(946.2)	(3.3)	(863.8)	(4.8)
Exceptional finance cost	—	—	—	—	(209.2)	(1.2)
Profit/(loss) before tax	523.7	1.9	(884.2)	(3.0)	(601.2)	(3.3)
Tax (charge)/credit	(121.2)	(0.4)	311.6	1.1	(13.9)	(0.1)
Profit/(loss) for the year	402.5	1.5	(572.6)	(2.0)	(615.1)	(3.4)

Year Ended December 31, 2009 Compared With Year Ended December 31, 2008

Consolidated

Revenue. Revenue decreased by €10,996.0 million, or 37.8%, to €18,077.3 million for the year ended December 31, 2009, as compared to €29,073.3 million in 2008. The decrease in revenue is primarily attributable to lower product prices experienced across all of the business segments during the majority of 2009, which followed the decrease in the price of crude oil from an average of $97/bbl in 2008 to an average of $62/bbl in 2009. In particular, the Refining segment saw revenue decrease by €4,816.0 million in 2009 as compared to 2008. The decrease was partially offset by the appreciation of the U.S. dollar against the euro by approximately 6% in 2009 compared to 2008.

Cost of sales before exceptional items. Cost of sales before exceptional items decreased by €11,432.9 million, or 40.6%, to € 16,707.9 million for the year ended December 31, 2009, as compared to €28,140.8 million in 2008. The decrease reflects the decline in feedstock prices the Group experienced throughout the majority of 2009, largely as a result of lower crude oil prices in 2009 as compared to 2008. This overall decrease is partially offset by the appreciation of the U.S. dollar against the euro by approximately 6% in 2009 compared to 2008.

Exceptional cost of sales. There was no exceptional cost of sales for the year ended December 31, 2009 as compared to €130.3 million for the same period in 2008. The charge in 2008 reflects the closure of the polypropylene assets in Bamble, Norway together with the planned closures of the Per and Trichloroethylene plants in Runcorn, England and the polypropylene assets in Battleground, Texas in early 2009. Costs incurred to date on the planned expansions of the polypropylene assets in Geel and Lillo, Belgium were also written off after these projects were shelved. An impairment charge was also taken against the HFC 125 assets in Runcorn after a review of the business was carried out.

Gross profit. Gross profit increased by €567.2 million, or 70.7%, to €1,369.4 million for the year ended December 31, 2009, as compared to €802.2 million in 2008. The global economic downturn at the end of 2008 continued into 2009, resulting in a challenging year with the Refining segment continuing to be impacted by weak demand leading to lower margins, particularly in middle distillates, while the chemical businesses saw slow but steady improvement as 2009 progressed. The underlying performance of the business in 2008 was significantly impacted by volatile raw material prices, demand slowdown and some exceptional events. The business experienced a number of exceptional events in 2008, the most significant of which was the shut-down of the Grangemouth facilities relating to a strike by employees, which resulted in lost contribution margins of approximately €101.0 million. A number of other events including a large fire on the ARG pipeline at Cologne and hurricane-related shutdowns in Texas resulted in a further €80.0 million reduction in gross profits. In addition, the business experienced inventory holding gains of € 237.6 million in the Refining segment in 2009 as compared to holding losses of €277.0 million in 2008. The appreciation of the U.S. dollar against the euro by approximately 6% in 2009 compared to 2008 positively impacted the results of our U.S. dollar reporting businesses.

Distribution costs. Distribution costs decreased by €118.2 million, or 21.7%, to €425.5 million for the year ended December 31, 2009, as compared to €543.7 million for the same period in 2008. The decrease was partly due to decreased freight costs and lower volumes in 2009 as compared to the same period in 2008. In addition, during 2009 the Group disposed of a number of businesses to INEOS Industries Limited, an entity held under common control by the Group's ultimate shareholders, which resulted in lower distribution costs as compared to the previous year.

Administrative expenses before exceptional items. Administrative expenses before exceptional items decreased by €42.4 million, or 10.5%, to €361.5 million for the year ended December 31, 2009, as compared to €403.9 million for the same period in 2008. In 2009, the Group continued to benefit from the fixed cost reduction programs with further reductions experienced in both manpower and non-manpower fixed costs. Also, this decrease in fixed costs was partly attributable to the disposal of a number of businesses during 2009 which would have had a full year's charge in the 2008 reported costs.

Exceptional administrative expenses. Exceptional administrative expenses decreased by €38.8 million, or 48.1%, to €41.9 million for the year ended December 31, 2009, as compared to €80.7 million for the same period in 2008. Restructuring costs of €29.9 million in 2009 (€20.4 million in 2008) relate to the continued restructuring program for the acquired Innovene business. The restructuring has focused on the operations at the main sites in the business at Grangemouth, Lavéra, Cologne and Chocolate Bayou. The restructuring costs largely relate to severance and early retirement costs. Other restructuring costs of €12.0 million charged in 2009 primarily related to restructuring and the provision of severance payments in the Compounds and ABS businesses. In 2008, other restructuring costs of €26.5 million were charged in relation to other acquired businesses in 2008 and primarily relate to severance costs, early retirement costs and contract termination penalties at Bamble, Norway. During 2008, the Group agreed to an out of court settlement of €33.8 million (including costs) to settle a patent case in the United States. The claim against the Group was based on the contention that Phenolchemie took the claimant's idea of using phenol residue as a feedstock for making carbon black in the late nineties.

Exceptional administrative gain. There was no exceptional administrative gain for the year ended December 31, 2009, as compared to €29.0 million for the same period in 2008. The gain in 2008 related to the write-off of negative goodwill recognized on the acquisition of Seal Sands.

Operating profit/(loss). Operating profit increased by €737.6 million, or 374.2%, to €540.5 million for the year ended December 31, 2009, as compared to a loss of €197.1 million for the same period in 2008.

Share of profit/(loss) of associates and jointly controlled entities before exceptional items. Share of profit of associates and jointly controlled entities before exceptional items increased by €77.0 million to a profit of €23.7 million for the year ended December 31, 2009, as compared to a loss of €53.3 million for 2008. The increase reflects the improved trading environment for the INEOS Nova JV in 2009 as compared to 2008. Rising feedstock prices in the first three quarters of 2008 compressed margins, and in addition, in 2008 Hurricane Ike led to lower sales and production losses in North America. INEOS Nova JV also experienced significant inventory holding losses in the last quarter of 2008 as prices fell dramatically.

Share of exceptional loss of associates and jointly controlled entities. Share of exceptional loss of associates and jointly controlled entities decreased by €4.5 million to nil for the year ended December 31, 2009, as compared to €4.5 million for 2008. INEOS Nova JV restructured some of its operations in North America in 2008 and the restructuring charges relate to the Group's share of the asset write downs and severance costs incurred by INEOS Nova JV.

Profit/(loss) on disposal of businesses. Loss on disposal of businesses was €276.5 million for the year ended December 31, 2009, as compared to a profit of €143.0 million for the same period in 2008. During 2009, the Group made a number of disposals to a related party, INEOS Industries Limited. The Group received no consideration for the disposals, which included the Group's ABS, Styrenics, Melamines and Films businesses, together with 80% of the Group's Bio and Healthcare businesses, which resulted in an overall non-cash loss of €169.6 million. As part of the disposal agreement the Group committed to provide further support to the businesses disposed of for the purpose of working capital management of €75.0 million and therefore included this amount within the loss on disposal. In addition, the Group completed the sale of the Compounds Italia business to a third party for a nominal consideration resulting in a non-cash loss on disposal of €43.5 million. The profit in 2008 relates to the sale of the INEOS Silicas business to PQ Corporation, the specialty chemical company owned by The Carlyle Group. The business was sold for a total consideration of €304.0 million, of which €198.5 million was received in cash.

Profit/(loss) before finance costs. Profit before finance costs increased by €399.6 million to a profit of €287.7 million for the year ended December 31, 2009, as compared to a loss of €111.9 million for the same period in 2008.

Finance income before exceptional items. Finance income before exceptionals decreased by €78.8 million, or 45.3%, to €95.1 million for the year ended December 31, 2009, as compared to € 173.9 million for the same period in 2008. This decrease was partly attributable to a reduction in interest income of €29.0 million following lower cash balances and lower interest rates obtained in 2009 as compared to 2008, together with lower expected returns on defined benefit pension plan assets of €27.1 million in 2009 as compared to 2008.

Exceptional finance income. During 2009 the Group finalized the settlement of a legal claim against a third party. The defendant agreed to acquire 2016 Notes issued by the Group and to then transfer them to the Group by way of settlement. The total settlement value was $35 million (€ 25.1 million), and the Group received 2016 Notes with a book value of €114.1 million, resulting in a gain of €89.0 million.

Finance costs before exceptional items. Finance costs before exceptional items decreased by €82.4 million, or 8.7%, to € 863.8 million for the year ended December 31, 2009, as compared to €946.2 million for the same period in 2008. This decrease is primarily as a result of exchange losses associated with short-term intra-group funding of €12.4 million incurred in 2009, as compared to €158.0 million in 2008. Partially offsetting this is an increase in interest payable under the Group's Existing Senior Facilities Agreement following an increase in margins as part of a package of amendments to the agreement during 2009.

Exceptional finance cost. During 2009 the Group successfully reached agreement with its senior lenders on a package of amendments to the Group's Existing Facilities Agreement. The Group assessed that the package of amendments to the senior facilities agreement represented a substantial modification and resulted in the extinguishment of the existing debt. As a result, the existing debt was derecognized and the modified debt recognized at fair value. Accordingly, the Group recognized a charge of €209.2 million as an exceptional finance cost, which includes the write-off of the deferred issue costs on the existing senior facilities agreement debt and the costs associated with the July 2009 amendment.

Profit/(loss) before tax. Loss before tax decreased by €283.0 million to a loss of €601.2 million for the year ended December 31, 2009, as compared to a loss of €884.2 million for the same period in 2008.

Tax (charge)/credit. Tax increased by €325.5 million to a charge of €13.9 million for the year ended December 31, 2009, as compared to a credit of €311.6 million for the same period in 2008. The increase in taxation was due to improved profitability in 2009 as compared to 2008. The change in the effective tax rate is largely due to the non-deductibility of the loss on disposal of businesses made in 2009.

Profit/(loss) for the year. Loss for the year increased by € 42.5 million to a loss of €615.1 million for the year ended December 31, 2009 as compared to a loss of €572.6 million for the same period in 2008.

Business Segments

The Group reports under the following four business segments: Refining, O&P North America, O&P Europe and Chemical Intermediates. The 2008 acquisitions of the vinyl acetate monomer/ethyl acetate business, Seal Sands and ABS India are included within the results of the Chemical Intermediates segment.

The following table provides an overview of the historical Group revenue and EBITDA before exceptionals of each of the business segments for the periods indicated:

	For the year ended December 31,	
Group Revenue	**2008**	**2009**
	(€ in millions)	
Refining	11,757.7	6,941.7
O&P North America	2,950.9	2,166.3
O&P Europe	9,946.6	4,634.3
Chemical Intermediates	12,842.3	7,354.4
Corporate and eliminations	(8,424.2)	(3,019.4)
Total	29,073.3	18,077.3

EBITDA before exceptionals	**2008**	**2009**
	(€ in millions)	
Refining	43.4	228.7
O&P North America	26.2	276.5
O&P Europe	101.4	170.8
Chemical Intermediates	422.5	546.2
Total	593.5	1,222.2

Refining

Revenue. Revenue in the Refining segment decreased by € 4,816.0 million, or 41.0%, to €6,941.7 million for the year ended December 31, 2009, as compared to €11,757.7 million for the year ended December 31, 2008. The decrease in revenue was due to lower product prices, which followed the decrease in the crude oil price from an average of $97/bbl in 2008 to an average of $62/bbl in 2009. This decrease in price was partly offset by higher volumes in 2009 following a CDU shutdown at Lavéra and industrial action at Grangemouth, both of which occurred in 2008.

EBITDA before exceptionals. EBITDA before exceptionals in the Refining segment increased by €185.3 million, or 427.0%, to €228.7 million for the year ended December 31, 2009, as compared to €43.4 million for the year ended December 31, 2008. This increase primarily reflects inventory holding gains of €237.6 million in the year ended December 31, 2009, compared to inventory holding losses of €277.0 million for the year ended December 31, 2008, although this was partially offset by the significantly lower margins in 2009 relative to 2008 as the effect of reduced demand as a result of the global economic recession impacted the business. The profitability of the business was also adversely impacted in 2008 by the industrial action at Grangemouth and an unplanned CDU outage at Lavéra. Also, the appreciation of the U.S. dollar compared to the euro during 2009 of approximately 6% positively impacted the results of the segment.

O&P North America

Revenue. Revenue in the O&P North America segment decreased by €784.6 million, or 26.6%, to €2,166.3 million for the year ended December 31, 2009, as compared to €2,950.9 million for the year ended December 31, 2008. This decrease resulted from falling feedstock and commodity material prices from the highs experienced in 2008, although some recovery in price was seen in 2009. This was partially offset by an appreciation of the U.S. dollar against the euro during 2009 of approximately 6%. In addition, sales volumes in 2009 were higher than 2008, reflecting recovering demand and the negative impact of hurricane-related outages during the middle of 2008.

EBITDA before exceptionals. EBITDA before exceptionals in the O&P North America segment increased by €250.3 million, or 955.3%, to €276.5 million for the year ended December 31, 2009, as compared to €26.2 million for the year ended December 31, 2008. The increase was largely due to inventory holding gains of €53.0 million in the year ended December 31, 2009, as compared to losses of € 140.0 million for the year ended December 31, 2008. Also contributing to the increase was the stronger U.S. dollar, which appreciated approximately 6% against the euro in 2009. The business also benefited from a settlement of a legal claim during the third quarter of 2009 of approximately €25.1 million. In addition, lower fixed costs in 2009 contributed to the improved performance, driven primarily by lower headcount costs.

O&P Europe

Revenue. Revenue in the O&P Europe segment decreased by € 5,312.3 million, or 53.4%, to €4,634.3 million for the year ended December 31, 2009, as compared to €9,946.6 million for the year ended December 31, 2008. The decrease in revenue reflects the impact of lower sales prices as a result of lower feedstock costs in 2009, as compared to 2008, particularly in the first three quarters of 2008. Volumes were also lower for the year ended December 31, 2009, as compared to the year ended December 31, 2008, due to a decrease in demand as a result of the global economic downturn. The fourth quarter of 2009 saw volumes increase, compared to the fourth quarter in 2008, as markets recovered.

EBITDA before exceptionals. EBITDA before exceptionals in the O&P Europe segment increased by €69.4 million, or 68.4%, to € 170.8 million for the year ended December 31, 2009, as compared to €101.4 million for the year ended December 31, 2008. Low feedstock prices at the beginning of 2009 were a reflection of very weak demand and low cracker margins compared with the same period in 2008. The move to monthly monomer pricing in late 2008 was maintained during 2009 and allowed monomer prices to flex more quickly as feedstock prices recovered during the year. In other key olefin markets, both butadiene and benzene markets recovered gradually during 2009 from their troughs at the end of 2008 due to key markets, such as automotive, benefiting from government-led support. The significant fall in feedstock prices in the last quarter of 2008 led to inventory holding losses of €124.0 million for the segment, which also had a significant adverse impact on the 2008 results. Following the extraordinary de-stocking by customers at the end of 2008, the polyolefins business focused on maintaining volumes, in the first half of 2009, albeit at lower margins than in the previous year, but benefiting from exports to the Far East while European volumes recovered as the year progressed. New Middle East olefin and polymer capacities which came online in 2009 had no discernible effect on our markets primarily due to healthy demand growth for polyolefins in the Far East. The 2009 results also benefited from the ongoing focus on fixed costs which reduced during the year ended December 31, 2009, as compared to the year ended December 31, 2008. This reduction included the impact of the closure of the unprofitable polyolefin assets at Bamble in 2008 and in Sarralbe during 2009.

Chemical Intermediates

Revenue. Revenue in the Chemical Intermediates segment decreased by €5,487.9 million, or 42.7%, to €7,354.4 million for the year ended December 31, 2009, as compared to €12,842.3 million for the year ended December 31, 2008. The global economic downturn resulted in most businesses within the segment experiencing a fall in revenue due to lower product prices and lower volumes in the year ended December 31, 2009, as compared to the year ended December 31, 2008.

EBITDA before exceptionals. EBITDA before exceptionals in the Chemical Intermediates segment increased by €123.7 million, or 29.3%, to € 546.2 million for the year ended December 31, 2009, as compared to €422.5 million for the year ended December 31, 2008. The Chemical Intermediates businesses experienced a decline in margins due to lower volumes and demand driven by the weak economic conditions and competitive pressures during the first half of 2009; although in the second half of 2009, the segment saw significant and steady improvement in performance, with reasonable core demand and increased export opportunities returning. The significant fall in feedstock prices in the last quarter of 2008 led to inventory holding losses of €304.0 million for the segment, which had a significant adverse impact on the 2008 results. During the year ended December 31, 2009, the Nitriles business saw margins improve due to increased volumes as customers started to restock from historically low inventory levels, although this was partially offset by price pressures as a result of the difficult global economic environment. The Phenol results in the prior year were impacted by the significant fall in prices in the fourth quarter of 2008, although a gradual recovery has been experienced in 2009. The Oxide results were adversely impacted by the general price decrease on the back of lower raw material prices and a changed supply/demand balance. The Oligomers business saw lower margins reflecting lower volumes due to a global reduction in demand, and increased raw material prices outpacing the ability to increase sale prices. Improved margins were experienced in the ChlorVinyls business following a fall in raw material and energy costs. The overall increase in EBITDA for the segment was helped by a decrease in fixed costs as the Group focused on reducing fixed cost levels further during the year ended December 31, 2009.

Year Ended December 31, 2008 Compared With Year Ended December 31, 2007

Consolidated

Revenue. Revenue increased by €1,557.5 million, or 5.7%, to €29,073.3 million for the year ended December 31, 2008, as compared to €27,515.8 million in 2007. The increase in revenue is due to higher product prices experienced across all of the business segments during the majority of 2008, which followed the increase in the crude oil price from an average of $73/bbl in 2007 to an average of $97/bbl in 2008. In particular, the Refining segment saw revenue increase by €2,331.2 million in 2008 as compared to 2007. This overall increase was partially offset by a significant fall in volumes and prices in the last quarter of 2008, as many customers de-stocked amidst the global economic downturn. In addition, the increase was partially offset by the continued depreciation of the U.S. dollar against the euro by approximately 7% in 2008 compared to 2007.

Cost of sales before exceptional items. Cost of sales before exceptional items increased by €2,958.1 million, or 11.7%, to € 28,140.8 million for the year ended December 31, 2008, as compared to €25,182.7 million in 2007. The increase reflects the increase in feedstock prices the Group experienced across most of 2008, largely as a result of higher crude oil prices in 2008 as compared to 2007. This overall increase is partially offset by the continued depreciation of the U.S. dollar against the euro by approximately 7% in 2008 compared to 2007.

Exceptional cost of sales. Exceptional cost of sales was € 130.3 million in the year ended December 31, 2008, as compared to € 45.9 million for the same period in 2007. The charge in 2008 reflects the closure of the polypropylene assets in Bamble, Norway during the year, together with the planned closures of the Per and Trichloroethylene plants in Runcorn, England and the polypropylene assets in Battleground, Texas in early 2009. Costs incurred to date on the planned expansions of the polypropylene assets in Geel and Lillo, Belgium were also written off after these projects were shelved. An impairment charge was also taken against the HFC 125 assets in Runcorn after a review of the business was carried out during the year. The charge in 2007 reflects the non-cash write-down of the North American styrenics assets at the Texas City and Joliet sites after an impairment review was carried on these businesses during the year.

Gross profit. Gross profit decreased by €1,485.0 million, or 64.9%, to €802.2 million for the year ended December 31, 2008, as compared to €2,287.2 million in 2007. The underlying performance of the business in 2008 was significantly impacted by volatile raw material prices, demand slowdown and some exceptional events. The increase in feedstock prices due to the exceptional rise in the crude oil price in the first half of the year led to a compression in operating margins, mainly in Europe. Price rises could not be immediately passed on to customers, largely due to the fact that input prices, namely crude and refined products, are fixed daily or weekly, but the chemical end products, mainly polymers, had monthly or quarterly price resets. The dramatic reduction in crude oil prices in the second half of the year had the impact of generating significant inventory holding losses. The Group experienced inventory holding losses of €845.0 million in 2008, as compared to holding gains of € 244.0 million in 2007. In the fourth quarter of 2008 there were severely weakening economic conditions and reduced overall demand across the end markets, with customers delaying or canceling purchases in anticipation of lower future prices. This led to significant short-term volume declines across most of the Group's chemical products. The business experienced a number of exceptional events in 2008, the most significant of which was the shut-down of the Grangemouth facilities relating to a strike by employees, which resulted in lost contribution margins of approximately €101.0 million. A number of other events, including a large fire on the ARG pipeline at Cologne and hurricane-related shutdowns in Texas, resulted in a further €80.0 million reduction in gross profits. The Refining segment experienced strong margins in middle distillates such as diesel, gasoil and jet fuel throughout the year, although significant inventory holding losses impacted their results. The continued depreciation of the U.S. dollar against the euro by approximately 7% in 2008 compared to 2007 also adversely impacted the results of our U.S. dollar reporting businesses.

Distribution costs. Distribution costs increased by €11.3 million, or 2.1%, to €543.7 million for the year ended December 31, 2008, as compared to €532.4 million for the same period in 2007. The increase was partly due to increased freight costs in the first half of 2008 as compared to the same period in 2007. In addition, the increase can be partially attributed to the inclusion of the Lanxess ABS business unit, which was acquired in the third quarter of 2007, for the full year in 2008. The unit contributed €67.7 million to distribution costs during 2008.

Administrative expenses before exceptional items. Administrative expenses before exceptional items decreased by €58.7 million, or 12.7%, to €403.9 million for the year ended December 31, 2008, as compared to €462.6 million for the same period in 2007. The Group continued to benefit from the fixed cost reduction programs, with further reductions experienced in both manpower and non-manpower fixed costs in 2008. This decrease in fixed costs more than offset the additional costs incurred from the acquisitions made in 2008 and a full year's charge in 2008 of the acquisitions made during 2007.

Exceptional administrative expenses. Exceptional administrative expenses costs increased by €23.8 million, or 41.8%, to €80.7 million for the year ended December 31, 2008, as compared to €56.9 million for the same period in 2007. Restructuring costs of €20.4m in 2008 (€43.3 million in 2007) relate to the continued restructuring program for the acquired Innovene business. The restructuring was focused on the operations at the main sites in the business at Grangemouth, Lavéra, Cologne and Chocolate Bayou. In addition, two of the production lines at the Sarralbe site were closed. The restructuring costs largely relate to severance and early retirement costs. Restructuring costs of €26.5 million in 2008 relate to other acquired businesses in the year and were primarily severance costs, early retirement costs and contract termination penalties at Bamble, Norway. During 2008, the Group agreed to an out of court settlement of €33.8 million (including costs) to settle a patent case in the United States. The claim against the Group was based on the contention that Phenolchemie took idea of using phenol residue as a feedstock for making carbon black in the late nineties. The Group closed its Films manufacturing facility in Monfalcone, Italy during 2007, incurring costs of €9.1 million.

Exceptional administrative gain. Exceptional administrative gain decreased by €77.6 million, or 72.8%, to €29.0 million for the year ended December 31, 2008, as compared to €106.6 million for the same period in 2007. The gain in 2008 related to the write-off of negative goodwill recognized on the acquisition of Seal Sands and the gain in 2007 related to the write-off of negative goodwill recognized on the acquisition of Lanxess ABS.

Operating profit/(loss). Operating profit decreased by € 1,539.0 million, or 114.7%, to a loss of €197.1 million for the year ended December 31, 2008, as compared to a profit of €1,341.9 million for the same period in 2007.

Share of profit/(loss) of associates and jointly controlled entities before exceptional items. Share of profit/(loss) of associates and jointly controlled entities before exceptional items decreased by €54.2 million to a loss of €53.3 million for the year ended December 31, 2008, as compared to a profit of €0.9 million for 2007. The decrease reflects the difficult trading environment for the INEOS Nova JV as rising feedstock in the first three quarters of 2008 compressed margins and the impact of Hurricane Ike led to lower sales and production losses in North America. INEOS Nova JV also experienced significant inventory holding losses in the last quarter of 2008 as prices fell dramatically.

Share of exceptional loss of associates and jointly controlled entities. Share of exceptional loss of associates and jointly controlled entities decreased by €44.0 million to €4.5 million for the year ended December 31, 2008. During the year ended 31 December 2007 the INEOS Nova JV restructured a portion of its operations in North America. The restructuring related to the closure of their facilities in Montreal, Canada and Belpre, USA. In addition, the INEOS Nova JV acquired the exclusive production rights from Sterling Chemical's Texas City, USA styrene plant and then nominated zero production volumes, so that the Sterling plant was then permanently shut down. The restructuring charges in 2007 and 2008 relate to the Group's share of the asset write-downs and severance costs incurred by the INEOS Nova JV.

Profit/(loss) on disposal of businesses. Profit on disposal of businesses was €143.0 million for the year ended December 31, 2008, as compared to a loss of €29.6 million for the same period in 2007. The profit in 2008 relates to the sale of the INEOS Silicas business to PQ Corporation, the specialty chemical company owned by The Carlyle Group. The business was sold for a total consideration of €304.0 million, of which €198.5 million was received in cash. The loss on disposal in 2007 relates to the INEOS ChlorVinyls Emulsion PVC (E-PVC) business disposal, which incurred a loss of €36.3 million. The business was sold to Vinnolit GmbH & Co. KG for a total consideration of €16.6 million. The Group contributed its North American styrene and polystyrene assets at its Texas City and Joliet sites to the expanded INEOS Nova JV in October 2007, which incurred a profit on disposal of €0.3 million. In addition, 2007 includes the sale of our minority interest in Indaver NV for a profit of €6.4 million. Indaver NV is a Belgium company specializing in the treatment and disposal of chemical waste and environmental cleaning.

Profit/(loss) before finance costs. Profit/(loss) before finance costs decreased by €1,376.6 million to a loss of €111.9 million for the year ended December 31, 2008, as compared to a profit of € 1,264.7 million for the same period in 2007.

Finance income before exceptional items. Finance income before exceptional items increased by €44.0 million, or 33.9%, to € 173.9 million for the year ended December 31, 2008, as compared to €129.9 million for the same period in 2007. This increase was partly the result of exchange gains of €31.8 million incurred in 2008, as compared to no exchange gains in 2007.

Finance costs before exceptional items. Finance costs before exceptional items increased by €75.3 million, or 8.6%, to € 946.2 million for the year ended December 31, 2008, as compared to €870.9 million for the same period in 2007. This increase was primarily the result of exchange losses associated with short-term intra-group funding of €158.0 million incurred in 2008, as compared to €79.1 million in 2007.

Profit/(loss) before tax. Profit/(loss) before tax decreased by €1,407.9 million to a loss of €884.2 million for the year ended December 31, 2008, as compared to a profit of €523.7 million for the same period in 2007.

Tax (charge)/credit. Tax decreased by €432.8 million to a credit of €311.6 million for the year ended December 31, 2008, as compared to a charge of €121.2 million for the same period in 2007. The decrease in taxation was due to the large taxable losses incurred by the Group in 2008 and a decrease in the UK corporation tax rate from 30% in 2007 to 28% in 2008.

Profit/(loss) for the year. Profit/(loss) for the year decreased by €975.1 million to a loss of €572.6 million for the year ended December 31, 2008, as compared to a profit of €402.5 million for the same period in 2007.

Business Segments

The Group reports under the following four business segments: Refining, O&P North America, O&P Europe and Chemical Intermediates. The 2007 acquisition of the Borealis AS petrochemical business is included within the O&P Europe segment, while the Lanxess ABS plastics and INEOS Chlor Atlantik acquisitions are included within the Chemical Intermediates segment. The 2008 acquisitions of the vinyl acetate monomer/ethyl acetate business, the Seal Sands site and ABS India are included within the results of the Chemical Intermediates segment.

The following table provides an overview of the historical Group revenue and EBITDA before exceptionals of each of the business segments for the periods indicated:

Group Revenue	For the year ended December 31, 2007	2008
	(€ in millions)	
Refining	9,426.5	11,757.7
O&P North America	3,036.8	2,950.9
O&P Europe	9,696.9	9,946.6
Chemical Intermediates	13,053.1	12,842.3
Corporate and eliminations	(7,697.5)	(8,424.2)
Total	27,515.8	29,073.3

EBITDA before exceptionals	2007	2008
	(€ in millions)	
Refining	427.4	43.4
O&P North America	242.0	26.2
O&P Europe	526.2	101.4
Chemical Intermediates	1,025.2	422.5
Total	2,220.8	593.5

Refining

Revenue. Revenue in the Refining segment increased by € 2,331.2 million, or 24.7%, to €11,757.7 million for the year ended December 31, 2008, as compared to €9,426.5 million for the year ended December 31, 2007. The increase in revenue was due to higher product prices, which followed the increase in the crude oil price from an average of $73/bbl in 2007 to an average of $97/bbl in 2008. This increase in price was partly offset by lower volumes following a CDU shutdown at Lavéra and the industrial action at Grangemouth.

EBITDA before exceptionals. EBITDA before exceptionals in the Refining segment decreased by €384.0 million, or 89.8%, to €43.4 million for the year ended December 31, 2008, as compared to € 427.4 million for the year ended December 31, 2007. This decrease primarily reflects inventory holding losses of €277.0 million in the year ended December 31 2008, compared to inventory holding gains of € 149.0 million for the year ended December 31, 2007. The results in 2008 were also negatively impacted by the industrial action at Grangemouth and one off operational issues with the crude distillation unit at Lavéra. These losses were partly offset by improved margins in 2008 as compared to 2007. Margins improved as a result of the underlying tightness in global refining capacity and as a result of a number of unplanned competitor refinery outages during the year. The continued depreciation of the U.S. dollar compared to the euro during 2008 of approximately 7% also adversely impacted the results of the segment.

O&P North America

Revenue. Revenue in the O&P North America segment decreased by €85.9 million, or 2.8%, to €2,950.9 million for the year ended December 31, 2008, as compared to €3,036.8 million for the year ended December 31, 2007. This decrease was partially a result of the depreciation of the U.S. dollar against the euro during 2008 of approximately 7% since the underlying U.S. dollar revenues increased as compared to 2007. The increase in U.S. dollar revenues was largely the result of a 20% increase in full year average sales prices, offset by a 14% decrease in sale volumes against 2007. The lower sales volumes were due primarily to hurricane-related outages during the middle of 2008, the shutdown of the polypropylene #2 unit at the Chocolate Bayou facility, at the end of 2007 and the early 2008 planned turnaround outage at the Carson polypropylene facility. In addition, the U.S. economic market conditions in the last quarter of 2008 were particularly weak, which negatively impacted volumes.

EBITDA before exceptionals. EBITDA before exceptionals in the O&P North America segment decreased by €215.8 million, or 89.2%, to € 26.2 million for the year ended December 31, 2008, as compared to €

242.0 million for the year ended December 31, 2007. The decrease was largely due to inventory holding losses of €140.0 million for the year ended December 31, 2008, as compared to inventory holding gains of €81.0 million for the year ended December 31, 2007. Also contributing to the decrease was the weaker U.S. dollar, which depreciated approximately 7% against the euro in 2008. This decrease was partially offset by lower fixed costs, particularly in the fourth quarter of 2008, as the business focused on cutting costs in response to the deteriorating U.S. economic conditions.

O&P Europe

Revenue. Revenue in the O&P Europe segment increased by € 249.7 million, or 2.6%, to €9,946.6 million for the year ended December 31, 2008, as compared to €9,696.9 million for the year ended December 31, 2007. The increase in revenues reflects the impact of higher sales prices as a result of higher feedstock costs in the first three quarters of 2008, as compared to 2007. Volumes were also higher in this period compared to 2007, helped by the acquisition of the Borealis AS business, which occurred in the third quarter of 2007 and two cracker outages in Grangemouth in the third quarter of 2007, following a prolonged turnaround on the naphtha cracker and technical problems on the gas cracker. In contrast, the fourth quarter of 2008 saw volumes drop dramatically as customers started de-stocking amidst the global economic downturn.

EBITDA before exceptionals. EBITDA before exceptionals in the O&P Europe segment decreased by €424.8 million, or 80.7%, to € 101.4 million for the year ended December 31, 2008, as compared to €526.2 million for the year ended December 31, 2007. Rising feedstock prices at the beginning of 2008 led to cracker margins halving as compared to 2007, as the rising prices compressed margins while product prices were fixed under the quarterly pricing mechanism. Cracker feedstock prices fell rapidly from the middle of the third quarter of 2008, and this had the effect of reversing the margin trend. However, this was accompanied by a sharp decline in product demand driven by the global recession, so the business was unable to take advantage of the record margins. In the first half of 2008 the polyolefins business ran at full rates, pushing polymer prices well ahead of rising feedstock prices, although margins were still below those achieved in 2007. As crude oil prices started to fall in the second half of 2008, polyolefin customers started to de-stock extraordinarily heavily, resulting in a highly diminished sales throughput in the last quarter of 2008 compared to the same period in 2007. The dramatic fall in feedstock prices led to inventory holding losses of €124.0 million during 2008, as compared to holding gains of €17.0 million in 2007. The 2008 results were also impacted by a fire on the ARG pipeline at our Cologne site and industrial action at our Grangemouth site. This was partially offset by lower manpower and non-manpower fixed costs resulting from the closure of the unprofitable polypropylene plant in Bamble, Norway and one of three polypropylene lines in Sarralbe, France during 2008.

Chemical Intermediates

Revenue. Revenue in the Chemical Intermediates segment decreased by €210.8 million, or 1.6%, to €12,842.3 million for the year ended December 31, 2008, as compared to €13,053.1 million for the year ended December 31, 2007. During the first three quarters of 2008, the segment increased in revenue as compared to the same period in 2007 due to the rising feedstock prices, which led to higher sales prices of finished goods. However, the fourth quarter of 2008 saw volumes and prices fall dramatically following significant customer de-stocking as the global economic recession impacted demand.

EBITDA before exceptionals. EBITDA before exceptionals in the Chemical Intermediates segment decreased by €602.7 million, or 58.8%, to € 422.5 million for the year ended December 31, 2008, as compared to €1025.2 million for the year ended December 31, 2007. The overall decrease reflects the challenging market conditions in 2008, as high feedstock prices compressed margins across most businesses and a significant volume reduction occurred in the last quarter of 2008 following a sharp decline in demand. The significant fall in feedstock prices in the last quarter of 2008 led to inventory holding losses of €304.0 million, as compared to no losses in 2007. Nitriles margins were compressed during 2008 as raw material price increases outpaced the ability to increase prices, resulting in weaker margins than in 2007. In addition, the dramatic fall in the raw material prices in the final quarter of 2008 led to significant inventory losses for the business. The Oligomers results in 2008 were impacted by weaker margins than in 2007, as raw material prices increased throughout most of 2008 at a greater pace than selling prices. In addition the Oligomers performance in 2008 was impacted by two major plant turnarounds and the aftermath of the hurricane in the Gulf. Lower PVC margins in 2008 as compared to 2007 impacted the results of the

ChlorVinyls business as rising raw material costs and energy prices resulted in weaker margins. The Phenol business also experienced significant inventory losses in 2008, as raw material prices fell significantly in the final quarter of 2008, in addition to a significant fall in demand and margin erosion. The Oxide business saw improved results in 2008 as compared to 2007 due to an exceptionally strong first half of the year, which more than offset the impact of the general economic downturn in the fourth quarter of 2008, as volumes fell dramatically due to widespread de-stocking. The overall decrease in EBITDA for the segment was partially offset by a decrease in fixed costs, as the Group focused on reducing fixed cost levels further in the final quarter of 2008.

Liquidity and Capital Resources

Capital Resources

Our historical liquidity requirements have arisen primarily from the need for us to meet our debt service requirements, to fund capital expenditures for the general maintenance and expansion of our production facilities and for new facilities, and to fund growth in our working capital.

Our primary sources of liquidity are cash flows from operations and borrowings under the revolving credit facility. Our ability to generate cash from our operations depends on future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive market, legislative, regulatory and other factors, many of which are beyond our control, as well as the other factors discussed in the section entitled "Risk Factors."

We believe that our operating cash flows, together with the cash resources and future borrowings under the revolving credit facility and the Securitization Program, will be sufficient to fund our working capital requirements, anticipated capital expenditures and debt service requirements as they become due, although this may not be the case. In particular, future drawings under the revolving credit facility will only be available if, among other things, we meet the financial covenants included in the Senior Secured Credit Facilities.

Financing Arrangements

As of December 31, 2009, our Existing Senior Credit Facilities consisted of €3,510.0 million and $1,930.0 million of senior secured term loans and a revolving credit facility of €797.8 million (or its equivalent in optional currencies). In addition we have a € 1,200.0 million Securitization Program. Our Term D Facility (which is documented under the same credit agreement as our other Existing Senior Credit Facilities) consisted of €650.0 million second secured term loans. The foregoing amounts will change as a result of the transactions described in "The Transactions."

As of December 31, 2009, we had a total of €2,005.9 million of our 2016 Notes outstanding.

Capital Expenditures

Our capital expenditure plan is primarily focused on ensuring the safe and compliant status of our plants. We then focus on delivering efficiency improvement projects with attractive payback economics.

During the years ended December 31, 2007, 2008 and 2009, capital expenditures analyzed by business segment were as follows:

	For the year ended December 31,		
	2007	2008	2009
	(€ in millions)		
Refining	87.7	90.5	70.7
O&P North America	39.7	57.8	31.4
O&P Europe	170.3	152.0	48.0
Chemical Intermediates	341.4	323.7	113.9

Total	639.1	624.0	264.0

In 2009, the relevant actions were taken to significantly reduce capital expenditure levels with all businesses contributing to the reduction as spend was primarily focused on sustenance and LTO expenditure. The main capital expenditures in 2009 were the fourth train Nitriles project in Green Lake, the LAO/PAO capacity expansion at Feluy, Belgium, the Bimodal project in Battleground, Texas and the Alkox 5 expenditure in Antwerp. There were also scheduled turnarounds at our EO/EG facility in Cologne, our CRU and Cryo units in Grangemouth and also our KG cracker in Grangemouth. The remaining capital expenditure related primarily to sustenance capital expenditure.

The main capital expenditure projects in 2008 were the capacity expansion of the Phenol Antwerp facility, the fourth train Nitriles project in Green Lake, USA and the LAO/PAO capacity expansion at Feluy, Belgium. There were also scheduled turnarounds at our Carson polypropylene facility, our EO plant in Lavéra, our LDPE plant in Cologne and our Oligomers plant in Joffre, Canada.

We expect that our aggregate capital expenditure for 2010 will be approximately €300.0 million. The small increase in expenditure compared to 2009 reflects the increased levels of turnarounds planned for 2010. The budgeted spend in 2010 all relates to maintenance capital expenditure across the Group's manufacturing facilities.

Working Capital

We anticipate that our working capital requirements will vary due to changes in raw material costs, which affect inventory and account receivables levels, and sales volumes. Working capital levels typically develop in line with raw material prices, although timing factors can affect flows of capital. We expect to fund our working capital requirements with cash generated from operations and drawings under our revolving credit facility and Securitization Program.

Cash Flows

During the years ended December 31, 2007, 2008 and 2009, our cash flow was as follows:

	For the year ended December 31,		
	2007	**2008**	**2009**
		(€ in millions)	
Net cash flow from operating activities	2,080.3	1,245.4	1,226.5
Net cash flow used in investing activities	(802.4)	(529.1)	(261.9)
Net cash flow used in financing activities	(959.1)	(1,012.1)	(944.4)

Cash flows from operating activities

Net cash flow from operating activities was an inflow of €1,226.5 million for the year ended December 31, 2009 compared to €1,245.4 million for 2008. The reduction in operating cash flows was primarily due to the significant working capital inflows of the business during 2008 compared to 2009. There were working capital inflows of €796.8 million in 2008 compared to outflows of €71.7 million in 2009. The working capital inflows in 2008 were largely due to the significant decreases in raw material prices and volumes experienced across the Group in the second half of 2008 as a result of the economic downturn. During 2009 raw material prices have increased which impacted working capital levels. This increase was mitigated by the successful implementation of the Group's working capital improvement program which reduced physical inventory levels by 31% over the course of 2009 compared to historical norms. In addition the improved profitability of the business in 2009 as compared to 2008 partially offset the impact of the working capital movements.

Taxation refunds of €11.1 million were received in the year ended December 31, 2009. The net refund for the period reflects tax refunds received by the Group from the U.S. and Canadian tax authorities. The refunds largely relate to the repayment of payments on account made during 2008.

Taxation payments of €121.7 million were made in the year ended December 31, 2008. These payments were largely due to payments in the U.S. for alternative minimum tax (“AMT”) and also U.S. prepayments against our 2008 corporate tax liabilities, together with payments for Canadian corporate taxes.

Cash flows from investing activities

During 2009, the Group disposed of some surplus land at its Monfalcone site in Italy for €24.6 million in cash. In addition the Group disposed of the INEOS ABS, Melamines, Styrenics and Films Italia businesses, together with 80% of the Group’s Bio and Healthcare businesses to INEOS Industries Limited, a related party, for no consideration. Cash balances transferred with the businesses disposed of were €29.8 million.

During 2008, the Group acquired the vinyl acetate monomer (VAM) and ethyl acetate (EtAc) businesses from BP for a cash consideration of €55.2 million (including acquisition expenses). The Group also completed the acquisition of the Lanxess ABS business in India for a total cash consideration of €49.4 million. The business was acquired with cash balances of €13.5 million. This acquisition formed part of the original Lanxess ABS deal which originally occurred in October 2007. In addition the Group completed the purchase of the Seal Sands site on Teesside, UK from BASF for a total cash consideration of €15.6 million.

During 2008, the Group completed the sale of the INEOS Silicas business to PQ Corporation, the specialty chemical company owned by The Carlyle Group, for a total consideration of €304.0 million, of which € 198.5 million was received in cash. In addition, the Group received the remaining deferred consideration of €4.9 million in relation to the disposal of the E-PVC business which was made in 2007.

Cash flows from financing activities

Interest payments of €729.5 million were made in the year ended December 31, 2009 compared to €646.7 million for 2008. These payments represent payments of interest and fees on the 2016 Notes, the Existing Senior Secured Credit Facilities, and the Securitization Program during the year. The increase in interest payments made during 2009 is largely due to bank waiver fees and associated advisor costs of approximately € 52.8 million in relation to the bank waiver request granted in July 2009.

The Group made no dividend payments in 2008 or 2009.

The Group made scheduled repayments under the Senior Facilities Agreement of €230.5 million, together with an excess cash flow repayment of €nil million in the year ended December 31, 2009 (December 31, 2008: scheduled repayments of €218.9 million, excess cash flow repayment of €164.7 million). The Group made a drawdown of € 167.9 million on the revolving credit facility during 2009 (drawdown € 410.0 million in 2008). The Group repaid €148.4 million on the Securitization Program during 2009 (repaid €348.2 million in 2008).

Net debt

Total net debt as at December 31, 2009 was €7,126.7 million compared to €7,487.8 million for 2008. The Group held net cash balances of €662.1 million as at December 31, 2009 (December 31, 2008: €651.8 million). The Group utilized €789.1 million (including ancillary facilities) of the €797.8 million revolving credit facility as at December 31, 2009 (December 31, 2008: € 734.0 million).

In accordance with the requirements of the Existing Facilities Agreement, the Group entered into a number of interest rate collars in February 2006 to hedge the interest rate exposures on €2,572.8 million of our senior debt. These instruments expired in February 2009 and no further agreements have been put in place.

For additional information about our past hedging transactions and derivative financial instruments, see note 26 to the audited consolidated financial information.

Off-Balance Sheet Arrangements

We use various customary off-balance sheet arrangements, such as operating leases, to finance our business. None of these arrangements has or is likely to have a material effect on our results of operations, financial condition or liquidity.

Quantitative and Qualitative Disclosures About Market Risk

In the ordinary course of our business, we are exposed to a variety of market risks arising from fluctuations in foreign currency exchange rates, interest rates and commodity prices. To manage these risks effectively, we may enter into hedging transactions and use derivative financial instruments, pursuant to established internal guidelines and policies, to mitigate the adverse effects of these market risks. We do not enter into financial instruments for trading or speculative purposes.

In the case of commodities, this exposure principally arises from movements in the prices of the feedstocks we require to make our products. To manage this exposure, we generally acquire raw materials and sell finished products at posted or market-related prices, which are typically set on a quarterly, monthly or more frequent basis in line with industry practice. We seek to minimize reductions in our margins by passing through feedstock cost increases to our customers through higher prices for our products.

Our cash flows and earnings are subject to exchange rate fluctuations. In our refining business, the prices of finished products and of the underlying raw materials are primarily denominated in U.S. dollars, whereas our other costs are largely denominated in euro and British pounds. In our European petrochemical business, product prices, certain feedstock costs and most other costs are denominated in euro and British pounds. From time to time, we may enter into foreign currency exchange instruments to minimize the short-term impact of movements in foreign exchange rates.

Critical Accounting Estimates and Judgments

We have reviewed our selection and application of principal accounting policies and related financial disclosures. The preceding discussion of past performance is based upon our consolidated financial information, which has been prepared in accordance with IFRS as described in note 1 to the consolidated financial information included elsewhere in this offering memorandum. Our critical accounting estimates and judgements are described in note 33 to the audited consolidated financial information. The application of these accounting policies requires that management make estimates and judgments. On an ongoing basis, we evaluate our estimates, which are based on historical experience and market and other conditions, and on assumptions that we believe to be reasonable. Actual results may differ from these estimates due to actual market and other conditions, and assumptions being significantly different than was anticipated at the time of the preparation of these estimates. Such differences may affect our financial results. We have chosen to highlight certain policies that we consider critical to the operations of our business and understanding our consolidated financial information. These policies have been discussed and agreed with our audit committee. We believe the following areas involve a significant degree of judgement or estimation (this section should be read in conjunction with note 33 to the consolidated financial information included elsewhere in this offering memorandum).

Fair value measurement on business combination

The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets and liabilities acquired. The determination of the fair value of the acquired assets and liabilities is to a considerable extent based upon management's judgement, and estimates and assumptions made.

Allocation of the purchase price affects the results of the Group as intangible assets are amortised over their estimated useful lives, whereas goodwill, is not amortised. This could lead to differing amortisation charges based on the allocation to indefinite and finite lived intangible assets.

On acquisition of a business, the identifiable intangible assets may include customer contracts, customer relationships and preferential supply contracts. The fair value of these assets is determined by discounting estimated future net cash flows generated by the asset. The use of different estimates and assumptions for the expectations of future cash flows and the discount rate would change the valuation of these intangible assets.

Taxation

Management is required to estimate the tax payable in each of the jurisdictions in which the Group operates. This involves estimating the actual current tax charge or credit together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which may be included on the consolidated balance sheet of the Group. Management have performed an assessment as to the extent to which future taxable profits will allow the deferred asset to be recovered. The calculation of the Group's total tax charge necessarily involves a significant degree of estimation in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process.

The Group has, from time to time, contingent tax liabilities arising from trading and corporate transactions in the UK and overseas jurisdictions. After appropriate consideration, management makes provision for these liabilities based on the probable level of economic loss that may be incurred and which is reliably measurable.

The breadth of the Group's structure with operations in many geographic locations makes the use of estimates and assumptions more challenging. The resolution of issues is not always within the control of the Group and can be reliant upon the efficiency of the legal processes in the relevant jurisdictions in which the Group operates, and as a result, issues can, and often do take many years to resolve.

Post-retirement benefits

The Group operates a number of defined benefit post employment schemes. Under IAS 19 Employee Benefits, management is required to estimate the present value of the future defined benefit obligation of each of the defined benefit schemes. The costs and year end obligations under defined benefit schemes are determined using actuarial valuations that apply assumptions in their valuations.

Provisions

Provisions are recognised for the cost of remediation works where there is a legal or constructive obligation for such work to be carried out. Where the estimated obligation arises upon initial recognition of the related asset, the corresponding debit is treated as part of the cost of the related asset and depreciated over its estimated useful life.

Other provisions are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can be reasonably estimated. The timing of recognition requires the application of judgement to existing facts and circumstances, which can be subject to change.

Estimates of the amounts of provisions recognised are based on current legal and constructive requirements, technology and price levels. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

Impairment reviews

IFRS requires management to test for impairment of goodwill and other intangible assets with indefinite lives, on an annual basis, and of tangible and intangible assets with finite lives if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

An impairment test requires an assessment as to whether the carrying value of assets can be supported by its recoverable amount. Management calculates the recoverable amount based on the net present value of the future cash flows derived from the relevant assets, using cash flow projections which have been discounted at an appropriate discount rate.

In calculating the net present value of the future cash flows, certain assumptions and estimates are required to be made in respect of highly uncertain matters, such as management's expectations of future margins, growth rates of various revenue streams and long term growth rates.

For the purpose of impairment testing (when required), to assess whether any impairment exists, estimates are made of the future cash flows expected to result from the use of the asset and its eventual disposal. Actual outcomes could vary significantly from such estimates of discounted future cash flows. Factors such as changes in the planned use of buildings, plant or equipment, or closure of facilities, the presence or absence of competition, lower than expected asset utilisation from events such as unplanned outages, strikes and hurricanes, technical obsolescence or lower than anticipated sales of products with capitalised intellectual property rights could result in shortened useful lives or impairment. Changes in the discount rates used could also lead to impairments.

Loss on the extinguishment of debt

On 17 July 2009 the Group successfully reached agreement with its senior lenders on a package of amendments to the Group's Senior Facilities Agreement. The Group has assessed that the package of amendments to the Senior Facilities Agreement represents a substantial modification in accordance with the provisions of IAS 39. As a result, the existing debt has been derecognised and the modified debt recognised at fair value.

In order to recognise the modified debt the Group is required to estimate the fair value of the modified debt by reference to a valuation technique as the Senior Facilities Agreement debt is not quoted and information about transactions in the Group's debt is not available. The valuation technique used a discounted cash flow technique using an estimated yield for similar debt to determine the fair value of the modified debt. The estimated yield was determined by reference to consensus pricing in respect of the Existing Facilities Agreement debt as adjusted for market illiquidity and other factors distorting prices during July 2009 due to the impact of the global financial crisis.

The estimation of the fair value of the modified debt required management to exercise significant judgment.

Segment aggregation

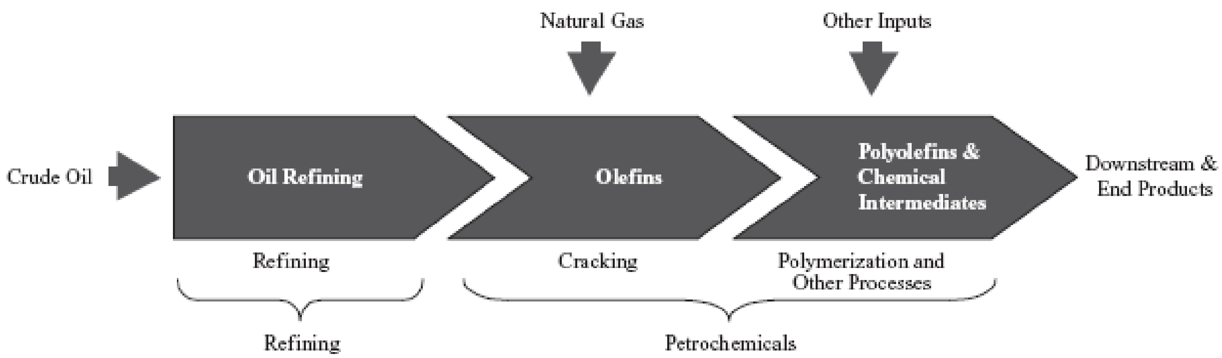
IFRS 8 "Operating Segments" permits two or more operating segments to be aggregated into one for disclosure purposes when individual segments have characteristics so similar that they can be expected to have essentially the same future prospects. Management apply this judgment taking into account aspects such as economic characteristics, the nature of products and services, the type of customers etc.

INDUSTRY AND MARKET OVERVIEW

Certain parts of the projections and other information set forth in this section have been derived from external sources including reports of independent consultants, CMAI and PGI, among others. Industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We believe that these industry publications, surveys and forecasts are reliable but we have not independently verified them and cannot guarantee their accuracy or completeness. See "Historical and Current Market and Industry Data."

Overview

The refining and petrochemicals markets comprise all products derived from crude oil and natural gas, and include refined products, olefins, polymers and various petrochemical chemical intermediate products directly or indirectly derived from olefins. We participate in the majority of these market segments, with a significant proportion of our profitability being derived from the chemical intermediates sector.



In the refining industry, crude oil is refined into a number of products including naphtha, liquid petroleum gas, jet fuel, kerosene, gasoline, diesel and heating and fuel oils. A significant portion of the naphtha and liquid petroleum gas produced in the refining process is used as feedstock for the production of olefins, particularly ethylene and propylene. A significant portion of olefins are in turn used as feedstock for the manufacture of polymers and petrochemical derivatives, such as chemical intermediates.

Olefins are the basic building blocks used to create a variety of petrochemical products. Petrochemicals are widely used in consumer and industrial applications ranging from plastics and packaging to construction and cosmetics. Owing to their physical properties and affordability, petrochemicals and their derivatives continue to replace more traditional materials such as metal, glass, ceramics and wood in an expanding list of end use applications.

Chemical Intermediates are generally higher value-added chemical products used as key components in a wide variety of consumer and industrial products. The chemical intermediates industry can be less cyclical than the olefins industry; however demand for chemical intermediate products is affected by trends in demand in the various industries that are end users of the products.

The industry overview detailed below summarizes the outlook for our key activities in the refining, petrochemical and chemical intermediates industries.

Refining

Overview

Oil refining is the process of separating, converting and treating hydrocarbon molecules present in crude oil to produce marketable finished petroleum products, such as gasoline, diesel, liquefied petroleum gas, naphtha, heating and fuel oils and bitumen. Refining is primarily a margin-based business where both the feedstocks and refined petroleum products are commodities. Refiners create value from the margin between refined petroleum products prices and the costs of acquiring crude oil and other feedstocks plus processing costs. The oil refining industry operates in a global business environment, including highly liquid spot physical and forward paper markets. The worldwide demand for refined petroleum products, which is not coincident with crude and refinery locations in most cases, has led to the development of large capacity infrastructure for transportation and storage of the products. This established infrastructure has led to the development of a global market, with efficient refineries able to compete in remote markets due to the availability of this infrastructure and the relatively low cost of oil transportation.

Manufacturing

Refineries are designed to process selected types of crude oils into finished products as determined by the relevant market demands. In general, each of a refinery's different process units performs one of three functions:

- separate through distillation the many types of hydrocarbons present in crude oil into a number of different hydrocarbon components, ranging from light to heavy;

- chemically convert the separated hydrocarbons into more desirable products; and

- treat the products by removing unwanted elements and compounds.

Below is a general description of selected refinery units.

Distillation. Crude oils are processed in atmospheric and vacuum distillation units. Crude oil is separated by boiling point in the distillation units under high heat and low pressure and recovered as hydrocarbon fractions. The lowest boiling fractions, including liquefied petroleum gas and naphtha, vaporize and exit the top part of the atmospheric distillation unit. Medium boiling liquids, including jet, kerosene and gasoil, are drawn from the middle section of the distillation unit. The bottom product from the crude distillation is called atmospheric residue, which is separated further in the vacuum distillation unit. The vacuum distillation process produces lighter "vacuum gasoils," and a heavy residue product. Vacuum residues are used for fuel oil or asphalt production. The vacuum gasoils are used as feedstocks to the crackers (conversion units), where they are converted to lighter transport fuels or components.

Conversion. The next step in the refining process is to convert some of the heavier and higher boiling hydrocarbon fractions into lighter transport fuels. One of the ways of accomplishing this is through "cracking", a process that breaks, or cracks, higher boiling fractions into more valuable products, such as gasoline, distillates and gasoil. The most important conversion units are the hydrocracker units (HCK) and the fluid catalytic cracker units (FCC). Both units use catalysts to break the large and heavy vacuum gasoil or atmospheric residue molecules into lighter molecules which are more suitable for transport fuels. Hydrocrackers use vacuum gasoil feed to produce naphtha, kerosene and diesel distillates under very high pressure in the presence of hydrogen. Fluid catalytic crackers convert atmospheric residue and vacuum gasoil into liquefied petroleum gas, gasoline and distillates by applying heat in the presence of a catalyst, at relatively low pressure. Fluid catalytic crackers produce a higher percentage of gasoline, whereas hydrocrackers produce a much higher percentage of middle distillate products, including diesel.

Reforming. The catalytic reformer converts heavier naphtha fractions into high octane gasoline blendstocks by producing aromatics in the presence of a noble metal catalyst. The "reformate" produced is used to increase the overall octane level of the gasoline pool. This unit also produces hydrogen, which is an important feedstock required for the hydrocracker and other refinery treatment processes.

Removal of Impurities. Some of the intermediate products from the distillation and conversion processes are treated to remove impurities, such as sulphur, nitrogen and heavy metals. Treatment for sulphur, nitrogen and heavy metals is often accomplished in hydrotreating units by heating the intermediates under high pressure in the presence of hydrogen and catalysts.

Refinery Feedstock

The quality of crude oil dictates the level of processing and conversion necessary to achieve the optimal mix of finished refinery products. For these purposes, crude oil may be classified by its density (ranging from light to heavy) and sulphur content (ranging from low-sulphur content ("sweet") to higher-sulphur content ("sour")). Light, sweet crude oils are more expensive than heavy, sour crude oils because they require less treatment and produce a slate of products with a greater proportion of higher-value light products, such as gasoline, naphtha and kerosene. The heavy, sour crude oils typically sell at a discount to the lighter, sweet crude oils because they produce a greater proportion of lower-value products with simple distillation and require additional processing to produce the higher-value light products. In seeking to maximize refining margins, refiners strive to process the optimal mix, or slate, of crude oils, depending on each refinery's conversion and treating equipment, the desired product output and the relative price of available crude oils. Crack spreads are a proxy for refining margins and refer to the margin that would be derived from the simultaneous purchase of crude oil and the sale of refined petroleum products, in each case at the then prevailing price. Actual refinery margins vary due to the actual crude oils used and products produced, transportation costs, regional differences and the timing of the purchase of the feedstock and sale of products at spot versus longer term contractual prices.

It is likely that increasing worldwide supplies of heavy, sour crude oil and tightening fuel product specifications will result in continuing cost advantages for refineries with complex configurations which are able to process these heavier, sour crude oils. The upgrading capability, or complexity, of a refinery is a measure of its ability to process less expensive feedstock, such as heavier and higher-sulphur content crude oils, into lighter, value-added products, such as gasoline, diesel and jet fuel. The greater a refinery's complexity and the more flexible its feedstock slate, the better positioned it is to take advantage of the more cost-effective crude oils, resulting in incremental cash margins.

Refinery Products

The main refinery products are naphtha, which is used as a petrochemical feedstock, gasoline, middle distillates and fuel oil. Middle distillates include jet fuel, kerosene, gasoil and diesel. The main uses of these refined products are outlined below:

- ***Liquefied Petroleum Gases.*** Liquefied petroleum gas is the lightest finished product of the refining process, primarily consisting of propane and butane. Their primary uses include heating and use as a feedstock for petrochemical manufacturing processes.

- ***Naphtha.*** Naphtha is a light straight run hydrocarbon component. Various hydrocarbon fractions (light or heavier) are used as feedstock by the chemicals industry, for direct blending to gasoline, or as feedstock for a catalytic reformer to produce high octane gasoline. The light naphtha output of our refineries is primarily used as a petrochemical feedstock by the co-located petrochemical facilities.

- ***Gasoline.*** One of the more significant refinery products is motor gasoline. Various gasoline blendstocks are mixed to achieve specifications for regular and premium grades in both summer and winter gasoline formulations.

- ***Middle Distillates.*** Over 50% of our refinery production is middle distillates. Middle distillates are jet fuel/kerosene, diesel, and gas and heating oils. Kerosene is used for cooking and space heating, lighting, solvents and for blending into diesel. With further processing, the kerosene fraction is used as jet fuel. Diesel is used for on-road vehicles, construction equipment, locomotives and stationary and marine engines. Gas oil and heating oil are used for home heating and oil-fired heating plants and boilers.

- ***Fuel Oil, Residual Oil and Asphalt.*** Fuel oils are heavy petroleum products that are used in commercial heating applications, and industrial and utility boilers and power generation. Many marine vessels use fuel oils or combinations of fuel oils and distillate fuels. Asphalt, a low-value residual product, is used primarily for road surfacing and to produce roofing materials.

The most important transport fuels are gasoline and diesel. Refineries blend together various gasoline components to achieve specifications for both summer and winter formulations. Additives are often used to enhance the performance of gasoline and provide protection against oxidation and rust formation. According to PGI, there is an overall net gasoline surplus of approximately 40 mtepa in Europe. Most of this surplus is exported to the United States as finished grade or reformate, with the remainder shipped primarily to North and West Africa. In contrast, according to PGI, Europe is a large net importer of around 40 mtepa of gasoil/diesel.

Further details on the demand outlook for each major type of refinery product are provided in the market environment section below.

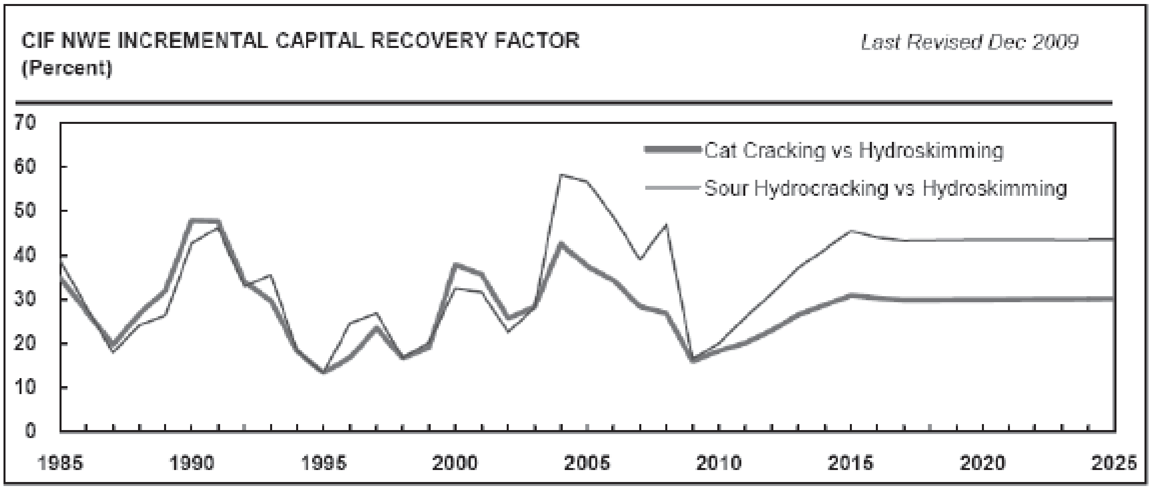
Market Environment

The refining industry is global in nature, although certain refineries can benefit from close proximity to local and regional supply options and localized competition. Please see section entitled "Business" for a more detailed description of the two refineries we operate in Europe. Over the past six years, crude oil distillation capacity in Europe has increased slightly from 16.8 million barrels per day in 2004 to 17.1 million barrels per day in 2010. According to industry consultants PGI, industry utilization rates for crude oil processing in Europe averaged 83% between 2000 and 2008. In 2009, this fell to 77% with the effects of global recession. PGI expects an average utilization rate of 75% over the next two years as only limited European primary crude oil distillation capacity is expected to be built in the foreseeable future, principally due to the high cost of entry into the European refining markets and the capital required to comply with increasingly strict environmental requirements. The lead time from the decision to build a refinery to the Refinery being operational is approximately five years, and less than 360 kilobarrels per day of crude distillation capacity are expected to come on line in Europe in the next five years (from five refineries, 1 in Poland, 2 in Greece and 2 in Spain). As has been the case over the years, some less suitable capacity is being closed so that the overall change is minor.

Demand in the refining sector experiences seasonal fluctuations in the consumption of particular types of refined products, such as higher gasoline and diesel during the summer driving season in the northern hemisphere and home heating oil consumption peaking during the winter months. In addition to long-term growth trends, inventory levels are a significant short-term driver of crude prices and refined product margins. When inventory levels are low, such as at times of geopolitical uncertainty or adverse weather conditions, prices increase as the supply chain is more at risk of disruption and buyers are prepared to pay a premium for the product as a result of its lower availability.

Between 2004 and 2008, the refining market experienced a period of strong growth in refining margins, as rapidly increasing world demand led to increased utilization of the available refining capacity. In late 2008, demand started to decline as a result of the deterioration in the global economy. For much of 2009, margins languished at "bottom of cycle" levels, as the system adjusted to the prevailing level of demand. We have seen signs of recovery in demand starting to emerge in all regions, and in particular in the Far East. Given assumed capacity additions and GDP recovery rates, industry experts expect a gradual recovery in the refining sector over the next few years, which industry experts also infer from the refining margins implied by the forward market. The actual pace of the recovery in margins is heavily dependent on the pace of the recovery in end-user product demand and planned capacity additions.

The following chart of incremental capital recovery factor (ICRF) shows the recovery in hydrocracking advantage expected by PGI, based on their capacity and demand forecasts. ICRF is a measure of the instantaneous return on investment in an upgrading project. Note that the chart includes both cat cracking (FCC) and hydrocracking results. Since Europe is structurally short of middle distillate and long in gasoline and fuel oil, hydrocracking refineries such as those owned by INEOS are well positioned to capture incremental value over the more commonly FCC configured European refineries.



Source: PGI

PGI currently assumes the following outlooks for each refined product grade:

- ***Naphtha.*** According to PGI, Europe will be becoming increasingly short of Naphtha between 2010 and 2014. The deficit is projected to increase from a 7.7 mtepa outlook in 2010 to an average of 9.2 mtepa in 2012-14. This results from relatively static production capacity with demand increasing.

  Naphtha demand is primarily driven by the petrochemical industry. According to PGI, the demand for European petrochemical products is coming under increased competitive pressure from petrochemical producers in Asia and the Middle East. As a result, European naphtha demand for petrochemicals fell by 2.1% per year on average between 2000 and 2009. Similarly, PGI's long-term projections beyond 2014 are for naphtha demand in Europe to fall by about 0.1% per year over the forecast period to 2025. Sites that are integrated with oil refineries may see an increased advantage due to the avoidance of distribution costs and the opportunity for vertically integrated feedstock margin optimization, provided that the chemicals operations are reasonably competitive.

- ***Gasoline.*** According to PGI, gasoline demand has on average declined by an average of 3.0% per annum over the period 2000-2009. PGI's forecasts suggest European gasoline demand will continue to decline by an estimated 1.4% annually on average to 2025.

- ***Middle Distillates.*** According to PGI, demand for jet and kerosene grew very strongly during the latter half of the 1990's (up to 9% per annum), supported by the liberalization of the aviation industry and the arrival of many low cost carriers. Robust demand growth continued into this decade (average growth rate 1995-2001 of 3.4% per annum) but the impacts of the 2001 terrorist attacks in the U.S. on international travel were keenly felt in Europe (2002 decline of 6.8% demand over 2001).

  According to PGI, jet fuel & kerosene demand is expected to grow at an average rate of 1.5% per year between 2010 and 2025. Much of the deregulation of the airline industry has already taken place, although consistent long-term economic growth is expected to continue to support increasing jet fuel demand. Since early 2000 Europe has become increasingly short of distillate (diesel and gasoil). In 2009, PGI showed a 39 mtepa shortfall between production and consumption. With demand rising at an average of 0.9% per annum in the period 2010 to 2015, and with indigenous production failing to keep pace, this deficit rises to around 54 mtepa (or 14% of total consumption) by 2025. According to PGI, road diesel demand is expected to continue to grow quite strongly, owing to further use of commercial diesel and an expected increase in the number of diesel cars. In contrast to road diesel, which experiences peak seasonal demand in the summer and is set for positive growth, demand for heating gasoil peaks in the winter and is expected to continue to decline due to continuing natural gas substitution and improving efficiency as existing users replace old systems. Overall, total European gasoil/diesel demand is projected to exceed 390 mtepa by 2025.

- ***Fuel Oil, Residual Oil and Asphalt.*** According to PGI, overall fuel oil use has declined steadily for many years as a result of emissions restrictions, including sulphurous and nitrous emissions, and a continuing shift to cheaper and cleaner natural gas as a source of fuel, with the largest declines occurring in electricity generation and the industrial sectors (European residual demand fell on average 6.6% per annum between 2000 and 2009). However, declines in fuel oil use have been partially offset by growth in marine bunker fuel (lower quality residual fuel oil used in marine vessels) use. According to PGI, these trends are expected to continue in the forecast. The rate of decline is expected to ease, as previous substantial decreases in demand were largely attributable to restructuring in Eastern European countries. PGI show an outlook of average annual demand decline of 1.4% between 2010 and 2025.

Olefins & Polyolefins

Overview

Olefins are the basic building blocks used to create a wide variety of petrochemical products. The key olefins manufactured by the petrochemical industry are ethylene and propylene and these olefins are in turn used to produce polyolefins and other olefin derivatives such as ethylene oxide, acrylonitrile, vinyl chloride monomer, cumene and oxo-alcohols. Butadiene, benzene and other aromatics are co-products of olefin manufacture, produced primarily from steam cracking of naphtha. Polyolefins is the term used to collectively describe polypropylene and polyethylene polymers, the world's most widely used plastic materials. Polyolefins are manufactured by the process of polymerization whereby individual molecules of ethylene and propylene are aggregated in polymer chains.

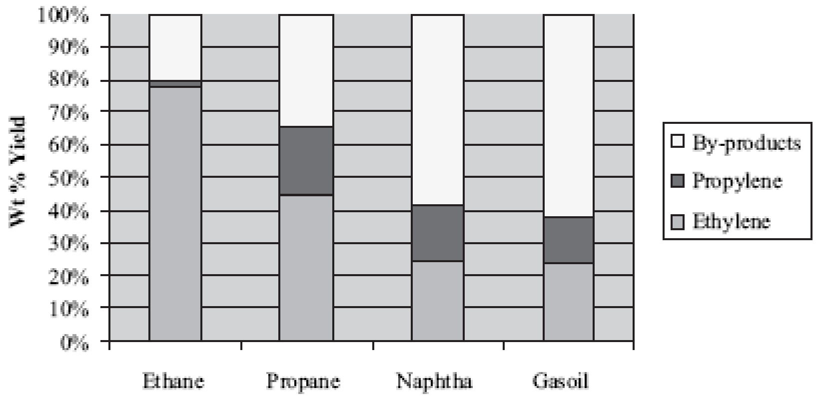
Manufacturing

Olefins are produced primarily by the steam cracking of hydrocarbon feedstocks. In steam cracking, a gaseous or liquid hydrocarbon feed, such as naphtha, liquefied petroleum gas or ethane, is diluted with steam and briefly heated in a furnace without the presence of oxygen. Typically, the reaction temperature is very high, at around 850°C, but the reaction is only allowed to take place very briefly. In modern cracking furnaces, the reaction time is further reduced to milliseconds, resulting in gas velocities faster than the speed of sound, to improve yield. After the cracking temperature has been reached, the gas is quickly quenched to stop the reaction in a transfer line heat exchanger. The products produced in the reaction depend on the composition of the feed, the hydrocarbon-to-steam ratio and on the cracking temperature and furnace residence time.

Light hydrocarbon feeds, such as ethane, liquefied petroleum gas or light naphtha, yield product streams rich in the lighter alkenes, including ethylene, propylene and butadiene. Depending on feedstock, varying levels of ethylene, propylene and other by-products are achieved. For instance, ethane produces the most ethylene but the least propylene. Naphtha produces substantially less ethylene, roughly one third on that of ethane, but produces more propylene and significantly more by-products. Heavier hydrocarbon feeds (full-range and heavy naphthas, as well as other refinery products) yield some of these products too, but also yield products rich in aromatic hydrocarbons and hydrocarbons suitable for inclusion in gasoline or fuel oil. Higher cracking temperatures (also referred to as higher levels of "severity") favor the production of ethylene and benzene, whereas lower cracking temperatures (lower levels of "severity") produce higher amounts of propylene, C4-hydrocarbons and liquid products.

The following table sets forth the amount of feedstocks ethane, propane, naphtha and gasoil to produce ethylene, propylene and other by-products.

Product Yields by Feedstock



The main polyolefins are the thermoplastics: polyethylene and polypropylene, which are produced by the polymerization of the olefin monomers ethylene and propylene, respectively. While the majority of polyethylene and polypropylene are homopolymers (a combination of the same monomers), a growing proportion are copolymers, (polymers that are produced from a combination of two or more monomers).

Polyolefins are produced using a number of different technologies that are widely available, including one high pressure process and three low pressure processes (solution, slurry and gas phase). All of the technologies are constantly being adapted to improve product qualities and reduce production costs. For commodity products, produced on modern scale technology, the cost structure of these technologies is similar. Increased cost structures for producing specialty products are typically justified by premium prices.

The following is a summary of the four processes:

***High Pressure Process*.**

This was the original process used to produce polyethylene and is still in use today. This process is a free radical polymerization that does not require the use of a catalyst, operating at pressures above 1,000 and up to 3,500 bar and temperatures from 150° to 340° C. Originally conducted in a high pressure autoclave, current processes more commonly use a tubular reactor. This process is used to produce low-density polyethylene, characterized by long chain branching, considerable flexibility and clarity. Because of the high pressures involved, this process involves higher complexity than low pressure processes and requires expensive and specialized equipment; consequently, fewer high pressure processes have been constructed in recent years.

***Low Pressure Processes*.**

These processes typically operate below 200 bar and have lower capital intensity but require the aid of a catalyst. In addition, it is common to add a comonomer (butene or hexene in the case of polyethylene, and ethylene in the case of polypropylene) to tailor the resultant polymer properties.

- ***Solution Process.*** This process operates at temperatures above the melting point of the polyolefin (above 130° C for polyethylene and above 140° C for polypropylene) and employs metallocene or Ziegler-Natta catalysts and a solvent to dissolve the growing polymer chains. This process is best suited to make high-density polyethylene (having very few chain branches, and those branches that do exist are short—only a few carbon atoms in length) and linear low-density polyethylene (having many short-chain branches, which may be contrasted to low-density polyethylene with many long-chain branches). Solution processes have the ability to produce narrow molecular weight distribution polyolefins.

- ***Slurry (or Suspension) Process.*** This process is a continuous low temperature (60°-105° C, 20-35 bar for polyethylene or 60°-85° C, 35-50 bar for polypropylene) process in which polymer forms as a solid particle in the presence of a catalyst while suspended in a liquid slurry. In the case of polyethylene, the polymerization takes place in an inert liquid carrier such as isobutane. In the case of polypropylene, the polymerization takes place in liquid hexane, heptane, or even liquid propylene monomer. When propylene is utilized as the carrier liquid, the process is often referred to as "bulk slurry." The carrier liquid serves to aid in the removal of heat as it carries the growing polymer particles through the reaction process. The catalyst may be chromium on silica (polyethylene only), Ziegler-Natta, or metallocene. The reactor may be a stirred tank or a pipe-loop reactor, in either case jacketed to aid in removal of the heat of reaction. This process is best suited to making high-density polyethylene and homopolymer polypropylene. One advantage of this process over other high-density polyethylene processes is rapid grade transitions, which makes it particularly well suited to specialty polyethylene products.

- ***Gas Phase.*** As the name implies, polymerization occurs with the solid polymer particles produced on a heterogeneous catalyst in the gas phase. Like the slurry process, the catalyst may be chromium on silica (polyethylene only), Ziegler-Natta, or metallocene. In the reactor, the growing polyolefin particles are fluidized and cooled by the gaseous reactants and/or nitrogen, or sub-fluidized and mechanically agitated. Liquid monomer may be added and flashed to aid in the removal of heat. The reaction takes place at low temperature (80°-100° C for polyethylene and about 60°-85° C for polypropylene) and pressure (15-35 bar). A gas phase process has advantages over slurry and solution processes in that the heat of reaction is very effectively removed and operates with lower hydrocarbon inventories. In addition, high-ethylene content copolymers of polypropylene can be produced in this process. This process is best suited to make linear low-density polyethylene, high-density polyethylene and all types of polypropylene including homopolymer, random copolymer, impact copolymer and soft thermoplastic polyolefin.

Post polymerization, any catalyst is deactivated, the polyolefin is freed of any solvent, unreacted monomer or liquid diluent, and the resulting polyolefin flake or crumb is combined with additives and extruded into pellets prior to sale to downstream fabricators.

Several of these technologies have recently been adapted to run multiple reactions in series, yielding a product with a wider bi-modal molecular weight distribution that provides superior strength or unique characteristics such as high impact resistance.

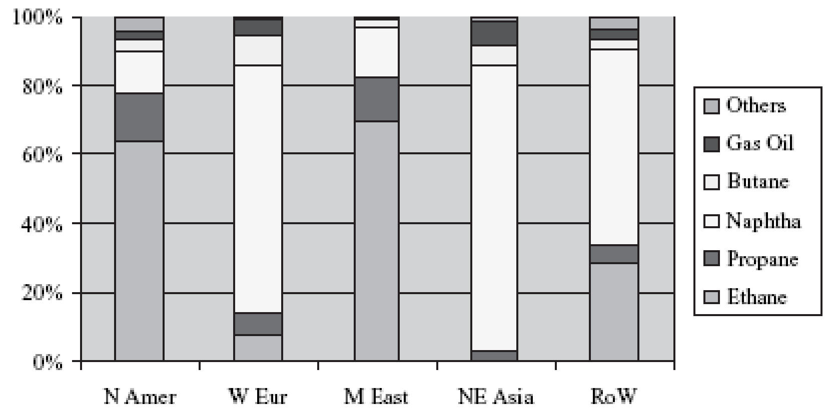
All polyolefin groups participate in mature markets and therefore larger plants of all process technologies are being built with capacities of 200,000-500,000 tonnes per year.

Feedstock

The principal feedstocks of our olefins and polymers businesses are naphtha (mainly obtained in the process of refining crude oil) and gas or NGLs (mainly ethane, propane and butane, obtained either as a by-product of crude oil processing or directly recovered from natural gas supplies). The predominant feedstock worldwide is naphtha, with the exception of a significant amount of low-cost cracking of ethane in the Middle East and the cracking of NGLs in North America.

The following table sets forth the varying amounts of feedstocks used to produce ethylene in several markets in the world:

2009 Ethylene Feedstock Mix by Region

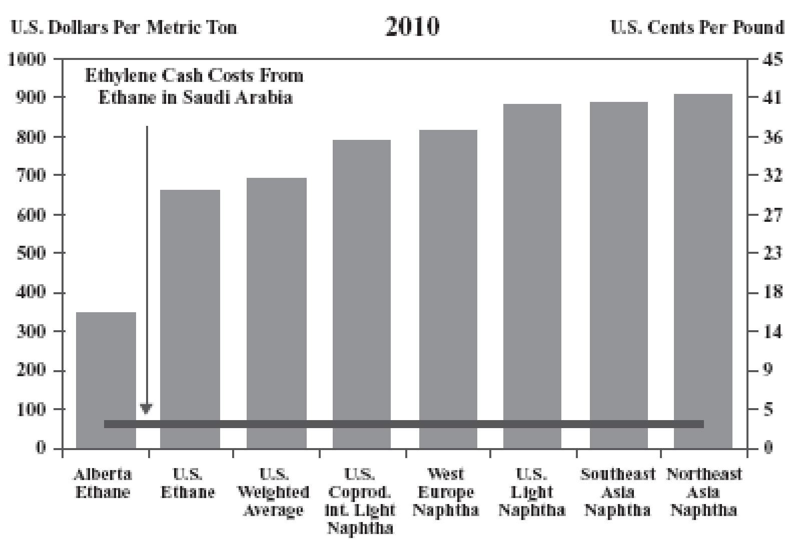


Source: CMAI WLOA

The prices of naphthas and NGLs are influenced by numerous factors, including the balance between supply and demand, oil and gas prices, and geopolitical factors. Because gas is not as readily transportable between regions as oil, and the amount of interregional trade in gas is therefore limited, gas prices tend to vary by geographic region. In the current environment of relatively high oil prices, olefin facilities located in the Middle East enjoy the advantage of direct access to gas feedstocks, which are priced lower than naphtha. Producers who are back-integrated to refineries have the ability to capture margins across the value chain and to optimize feedstock types.

The relative cash costs of ethylene from steam cracking at different locations and using different feedstocks is compared to the ethylene cash costs in Saudi Arabia based on ethane steam cracking:

World Ethylene Cash Cost Comparison



Products

According to CMAI, worldwide demand for petrochemical products has grown over the past 15 years at a rate greater than the growth rate of GDP, reflecting in part the ongoing substitution of thermoplastics for other industrial materials, including paper, wood, glass and metal, and the change in consumption patterns of developing nations. CMAI projects demand growth for petrochemical products to moderate slightly in the near term from historical levels but nonetheless to grow generally slightly faster than GDP on a worldwide basis, despite petrochemical demand growth rates below GDP growth rates in many countries in North America and Western Europe.

The global economic downturn has weakened demand for petrochemicals since mid-2008, and has generally resulted in poorer margins; however, improvement in the global economy is expected to lead to improvement in petrochemical demand and margins. As with refining margins, the actual pace of the recovery in margins will be heavily dependent on the pace of recovery in end-user product demand.

CMAI's view of GDP and demand growth rates for petrochemical products vary by region and product type, as detailed in the table below:

	Average annual GDP and demand growth rates (%)[(1)]							
	2004-2009				2009-2014			
	North America	Western Europe	Northeast Asia	Global	North America	Western Europe	Northeast Asia	Global
GDP	1.1	0.8	4.1	2.3	3.3	1.9	5.9	3.6
Ethylene	(2.8)	(2.4)	4.5	1.1	0.6	0.5	5.1	4.8
Propylene	(3.6)	(1.3)	5.8	1.9	0.8	(1.5)	6.5	5.3
Butadiene	(8.9)	(2.1)	4.2	(0.8)	0.2	2.4	5.1	3.9
Polyethylene	(3.8)	(2.3)	5.0	1.8	3.1	3.3	7.2	5.5
High-density polyethylene	(3.8)	(1.6)	5.6	2.4	3.7	3.7	7.7	6.0
Low-density polyethylene	(4.7)	(4.3)	5.8	0.5	2.1	1.9	5.5	3.7
Linear low-density polyethylene	(3.0)	(0.8)	3.3	2.2	3.0	4.2	8.1	6.5
Polypropylene	(4.3)	(2.4)	5.7	2.6	3.2	3.9	7.4	6.2

Source: CMAI, February 2010

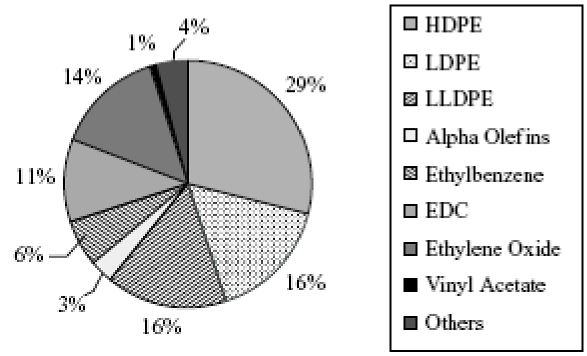
(1) The GDP growth figure for each region refers to gross domestic product for the countries in the region. The growth rates for products for each region reflect the average annual growth of domestic demand in that region.

Set forth below is a description of the principal petrochemical products, their applications and their demand outlook.

- ***Ethylene.*** According to CMAI, ethylene is the world's most widely used petrochemical in terms of volume, accounting for over one-third of the global production of primary petrochemicals. It is the key building block used to produce a large number of higher value-added chemicals, including polyethylene, polyvinyl chloride via ethylene dichloride and styrene via ethyl benzene. Ethylene is a flammable gas and is the primary olefin obtained in a cracking process as previously described. Because ethylene is a gas, it must be transported either by pipeline or in the form of highly pressurized or refrigerated liquids, which is expensive.

The following diagram sets forth the global demand for ethylene in 2009.

2009 Global Ethylene Demand



110 mm metric tonnes

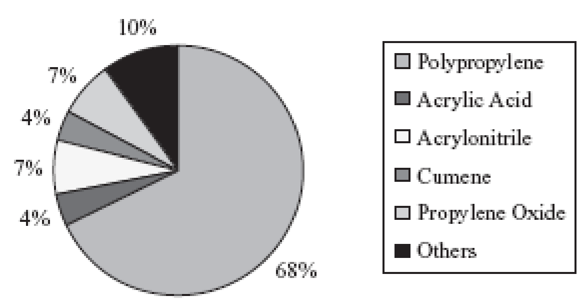
Source: CMAI - Feb 2010

While ethylene itself has no consumer applications, demand for ethylene is driven essentially by its use as a feedstock for various thermoplastics, which are plastics that soften when heated and harden again when cooled, including polyethylene and other polymer derivatives. Aside from being the feedstock for polyethylene production, demand for ethylene is also driven by the manufacture of ethylene oxide and derivatives, ethylene dichloride and ethyl benzene. According to CMAI, the global market for ethylene is forecast to grow at 4.8% per annum through 2014 versus forecast GDP growth of 3.6% during the same period, driven by polyethylene applications such as high-density polyethylene and linear low-density polyethylene.

- ***Propylene.*** Propylene is a flammable gas which is derived as a co-product either of the refinery fluid catalytic cracker process used to make gasoline or of the steam cracking process used to make ethylene. More recently, propylene is also being produced from processes such as propane dehydrogenation. Propylene is an important feedstock for a significant number of industrial products and is the main feedstock for polypropylene and acrylonitrile. Propylene is marginally easier to transport than ethylene and may be shipped by pipeline, road, rail or ship.

The following diagram sets forth the global demand for chemical and polymers grade propylene in 2009.

2009 Global Chemical & Polymer Grade Propylene Demand



68 mm metric tonnes

Source: CMAI - Feb 2010

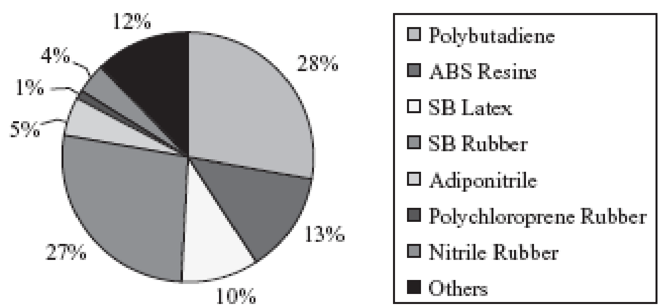
Global propylene demand is driven essentially by its use as feedstock for various thermoplastics (polypropylene and other polymer derivatives). Additionally, demand in propylene is driven by the level of demand for propylene derivatives, particularly polypropylene, propylene oxide, acrylonitrile, oxo-alcohols, cumene and acrylic acid. Growth in the demand for polypropylene has stemmed from the substitution of non-polymers (paper, wood, glass and metal, etc.), due to a relative cost advantage and superior performance. According to CMAI, the global market for propylene is projected to grow at 5.3% per annum through 2014, driven by polypropylene demand.

- ***Butadiene.*** Butadiene is a gas and is one of the co-products of the steam cracking process used to manufacture ethylene and propylene, and can also be made from chemical transformations. Butadiene is used primarily in the production of polymers, principally synthetic rubbers such as styrene-butadiene rubber, which is used to make tires and other rubber products. Other polymers made from butadiene include acrylonitrile-butadiene styrene and styrene-butadiene latex. Butadiene is also used to make ethylidene norbornene monomer.

Butadiene demand is driven primarily by growth in consumption of synthetic rubber. According to CMAI, the global market for butadiene is projected to grow at an average of 3.9% per annum through 2014.

The following diagram sets forth the global demand for butadiene in 2009.

2009 Global Butadiene Demand



8.8 mm metric tonnes

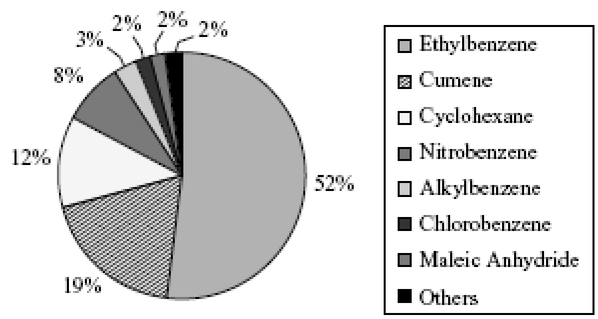
Source: CMAI - Feb 2010

- ***Benzene.*** Benzene is the largest volume aromatic used to produce a number of petrochemical intermediates such as ethylbenzene for styrene production, cumene for phenol and acetone, cyclohexane and nitrobenzene. It is mainly produced from refinery processes or as a co-product of steam cracker operations.

Ethylbenzene is the largest chemical outlet for benzene at around 52% of demand and nearly all is consumed in the production of styrene. The second largest outlet for benzene, accounting for 19% of demand, is cumene which is nearly all consumed in phenol production with acetone formed as a co-product. For 2009, CMAI estimated the global benzene demand to be almost 38 mtepa, with over 70% being consumed in the production of ethylbenzene for the styrenics industry and cumene for the phenolics industry. CMAI forecasts an average global growth rate in demand of approximately 3.7% per year in the 2009-2014 period which equates to 1.6 mtepa of additional demand each year.

The following diagram sets forth the global demand for benzene in 2009.

2009 Global Benzene Demand



38 mm metric tonnes

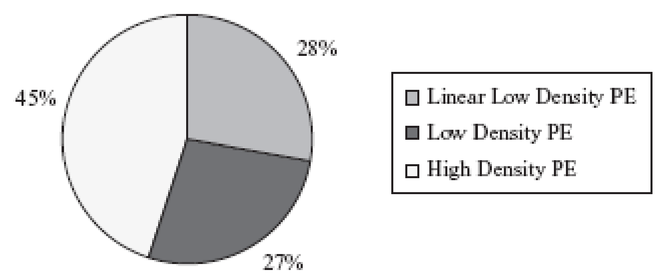
Source: CMAI - Feb 2010

- ***Polyethylene.*** Polyethylene is the world's most widely used thermoplastic and is made by the polymerization of ethylene.

Polyethylene is often classified by its density, because greater density corresponds with greater material rigidity.

The following diagram sets forth the global demand for polyethylene by grade in 2009.

2009 Global Polyethylene Demand by Grade



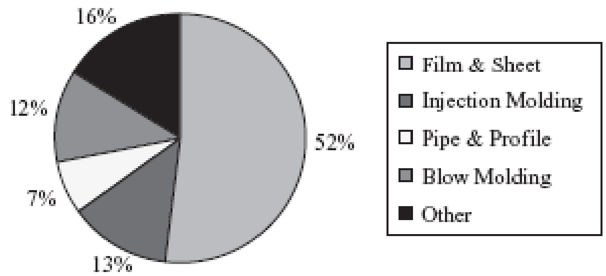
67 mm metric tonnes

Source: CMAI - Feb 2010

The world's largest volume polyethylene is high-density polyethylene, which has a relatively high degree of tensile strength. Plastic containers represent the most common household use of high-density polyethylene. At the opposite end of the spectrum is low-density polyethylene, which was the first type of polyethylene to be developed. Plastic bags represent the most common household use of low-density polyethylene. Both high-density polyethylene and low-density polyethylene are also commonly used for molding applications. Linear low-density polyethylene, which was developed in the 1970s, can usually be manufactured at a slightly lower cost than low-density polyethylene and has similar basic properties. While low-density polyethylene and linear low-density polyethylene are to a certain extent substitutable for each other, one may be more suitable than the other for a specific application.

The following diagram sets forth the global demand for polyethylene in 2009.

2009 Global Polyethylene Demand



67 mm metric tonnes

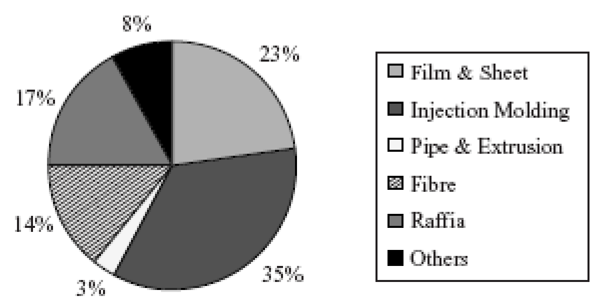
Source: CMAI - Feb 2010

Film is the largest single use of global polyethylene production and the primary driver of demand, representing approximately one-half of worldwide polyethylene consumption. Film includes a myriad of end use applications, from food packaging to trash bags, stretch films and shrink films. Blow-molding and injection-molding are the next largest uses and are also important demand drivers. In the blow-molded category, blow-molded bottles are the single largest end use.

- ***Polypropylene.*** Polypropylene is the world's second most widely used thermoplastic after polyethylene and is among the fastest growing categories of thermoplastics. It is manufactured by the polymerization of propylene. The rapid growth of polypropylene-based products reflects the superior cost and performance characteristics of this material. As one of the industry's most versatile and competitively priced polymers, polypropylene is achieving a portion of its growth by displacing other polymers, such as polyethylene and polystyrene.

The following diagram sets forth the global demand for polypropylene in 2009.

2009 Global Polypropylene Demand



44 mm metric tonnes

Source: CMAI - Feb 2010

The largest end use segment of the polypropylene industry is injection- molding, followed by film and sheet applications. Injection-molded polypropylene includes a wide variety of end uses, such as packaging, automotive and appliances. End use segments for films and sheets include food bags, tape and wrappings for consumer goods. Polypropylene is a thermoplastic characterized by its rigidity and resistance to high temperatures, chemicals and fatigue combined with an greater density. Polypropylene has a heat distortion temperature of 140°C to 200°C, which makes it particularly suitable for "hot-fill" applications, which are manufactured using injection molding. As a result, polypropylene is the most significant material used in molded containers and automotive applications. Polypropylene fibers are also used in fabrics and carpets.

According to CMAI, the global polypropylene market is projected to grow at 6.2% per annum through 2014. CMAI expects that the demand for polypropylene in Asia will continue to grow at higher rates than North America and Europe, primarily as a result of growth in the Chinese market.

Market Environment

Although the major costs of production are related to the costs of the relevant feedstocks and the scale of operation, the olefins industry is primarily regional. This is due to high transportation costs. Prices are also indirectly arbitraged by the trade flows in olefin derivatives (principally polymers), the markets for which are becoming increasingly global. Polyolefins, in common with other segments of the chemicals industry are subject to cyclical supply and demand, although polyolefin demand growth has been historically strong, driven by the broadening range of end uses. CMAI forecasts global demand for both polypropylene and total polyethylene to meet or exceed 5.5% per annum between 2009 and 2014.

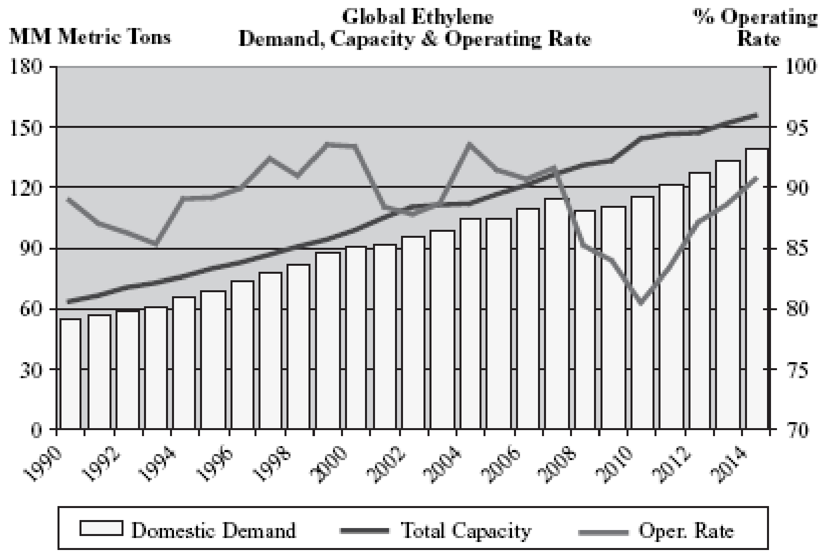
The petrochemical industry is highly commoditized. Some polyolefins have properties enabling them to be differentiated from commodity grades and which can be classified as specialty grades. These products account for a small portion of the overall market, but carry a premium in the market and allow differentiation in the sector.

The construction of a new olefin manufacturing unit takes approximately 5 years from initial design to completion. Producers are more likely to add capacity in periods when current or expected future demand is strong and margins are, or are expected to be, high. Investments in new capacity can result in over-capacity, which typically leads to a reduction of margins. In response to falling margins, producers typically reduce capacity or limit further capacity additions, eventually causing the market to be relatively undersupplied. The alternation between periods of substantial capacity addition and periods of limited capacity addition or reduction results in recognizable swings in petrochemical capacity utilization, which typically result in swings in industry margins. This long-term pattern is often referred to as the petrochemical cycle. The point in time of a given cycle with the lowest margin across a product line is referred to as the "bottom of the cycle." The point with the highest margin is called the "peak of the cycle."

Historically, the industry's profitability has been correlated with swings in industry capacity utilization. The petrochemical cycle is often described by reference to the ethylene cycle as ethylene is the key feedstock for many petrochemical products. According to CMAI, the bottom of the previous ethylene cycle was reached in 2001 and continued through 2003 due to weak demand and substantial capacity additions. The upturn began in 2004 and continued through until the third quarter of 2008, at which point a global economic recession led to a collapse in demand and the current down cycle.

Margins are also susceptible to potentially significant swings in the short term. This volatility, which may be global or isolated in individual regions, can be caused by a number of factors, including fluctuations in utilization rates due to planned or unplanned plant outages, political and economic conditions driving rapid changes in prices for key feedstocks, exchange rate fluctuations and changes in inventory management policies by petrochemical customers (such as inventory building or de-stocking).

The following diagram sets forth the global demand, capacity and operating rate for ethylene between 1990 and 2015.



Source: CMAI

After a period of favorable supply and demand dynamics lasting from 2004 to 2008, driven by robust demand from end use sectors, including growth in Asian markets and capacity expansion (which the market was able to absorb), petrochemicals markets reached an inflection point in late 2008. With the substantial slowdown in the global economy, which has impacted petrochemical demand, combined with additional capacity brought on-line in 2008 and 2009, operating rates have declined significantly from peak levels. According to CMAI, global ethylene operating rates are expected to reach a floor in 2010, with the commissioning of a number of new facilities in the Middle East and Asia, before beginning to improve thereafter, with a forecast for the next peak in the petrochemicals cycle to occur in the 2015 to 2017 time period. Since 1985, cycle periods in the industry (measured from one cyclical peak or trough to the next one) have typically been between six and eight years.

Over the past 5-10 years, most new ethylene capacity added has been in either in the Middle East, which typically benefits from attractive feedstock economics, or in Asia, where producers have built assets on the ground in the highest growth market. Asia is also the key export market for new Middle Eastern capacity. While new capacity is now coming on stream in China and more will continue to follow over the next several years, China's strong demand growth is expected to outpace supply growth such that China will remain a major importer of petrochemical products for the foreseeable future.

The Middle East is attracting investment in petrochemical production capacity because of its significant reserves of low-cost gas feedstocks. The government of many Middle Eastern countries support building an export-oriented petrochemical industry that utilizes these gas reserves. While these factors have been a key driver for the large-scale development of the Middle East petrochemical market, low-cost gas allocations have become more scarce, as petrochemical projects increasingly compete with other gas uses, such as LNG or power generation.

Despite a decline in global ethylene operating rates (which are typically key indicators for ethylene margins) U.S. and European ethylene margins have remained relatively high, by historical standards, in the latter part of 2009 and into 2010, though for different reasons in each region. As described above, in the U.S., the majority of capacity uses natural-gas based feedstocks. While historically natural gas has shown a strong correlation to oil prices, growth in unconventional gas resources in North America have contributed to natural gas prices remaining at relatively low levels, despite a rise in oil prices since 2009 lows. On a global basis, this has significantly improved the cost position of U.S. producers. In a market where oil-based capacity represents the marginal cost capacity in the industry (and thus sets the global pricing level, net of freight costs for international trade), margins for U.S.

producers, have increased. In Europe, ethylene margins are currently being positively impacted by co-product credits associated with the sale of the non-ethylene outputs of the steam cracker process. As described above, since European crackers typically crack naphtha, the resulting product mixture contains a significant amount of propylene and aromatic hydrocarbons. Given the high prices in the European market for these products, the margins for European cracking of naphtha have remained at non-trough levels, despite lower global operating rates.

CMAI forecasts ethylene cash cost margins in West Europe and North America to show some improvement in 2010, compared to 2009. Unless some consolidation occurs in West Europe and North America, additional global supplies are expected to lead to a weakening in margins in 2011. CMAI expects some ethylene consolidation to take place in West Europe and, to a smaller extent, in North America, which will from 2012 lead to a strong ethylene margin recovery to be expected in these markets.

Chemical Intermediates

Overview

Chemical intermediates are higher-value-added chemical products used as key components in a wide variety of consumer and industrial products. Olefins are a key raw material and are used to produce a wide range of products including phenol, acetone, alpha olefins, synthetic ethanol, ethylene oxide and derivatives and nitriles.

Manufacturing

Chemical intermediates are manufactured without exception in built-for-purpose plants that utilize technology specific to the product or products produced. Integration or close proximity to raw materials is not absolutely essential but we believe it offers a strategic advantage by reducing logistics costs because large volumes of raw materials are often required. We also believe that scale is often critical to the successful manufacture of chemical intermediates because manufacturing costs per tonne produced decrease as plant size increases. Competition therefore tends to drive research and technology efforts toward developing technologies which support larger plant outputs as well as higher yields. Therefore, successive generations of plants are typically larger than previous generations and often produce higher yields.

Feedstock

For most processes, feedstock costs are the most significant cost item. The costs of the feedstocks required (such as, ethylene, propylene, benzene) are, as above, principally driven by the price of oil and natural gas.

Products

The worldwide demand for our principal chemical intermediates is summarized below:

	Average annual demand growth rates (%)[1]							
	2004-2009				2009-2014			
	North America	Western Europe	Northeast Asia	Global	North America	Western Europe	Northeast Asia	Global
Acrylonitrile	(6.7)	(7.8)	(1.1)	(3.1)	3.5	0.8	4.9	4.1
Alpha olefins	(2.6)	0.3	3.9	0.0	(1.4)	0.2	5.5	2.9
Ethylene oxide	(5.2)	(3.2)	5.7	2.4	(0.2)	(4.0)	7.7	5.1
Propylene oxide	(4.5)	(3.2)	6.7	(0.6)	5.6	3.4	8.3	6.0
Ethylene glycol	(3.9)	(4.5)	5.4	3.1	1.3	0.7	6.9	5.7
Phenol	(4.5)	(1.8)	7.4	0.7	3.3	0.9	6.5	4.7
Acetone	(3.5)	(4.7)	8.4	1.1	3.9	1.9	5.0	4.4

Source: CMAI, November 2009

(1) The GDP growth figure for each region refers to gross domestic product for the countries in the region. The growth rates for products for each region reflect the average annual growth of domestic demand in that region.

Set forth is a description of the principal chemical intermediates we serve, their applications and their demand outlook:

- **Ethylene Oxide and Derivatives.** This range includes ethylene oxide, ethylene glycol, propylene oxide and propylene glycols.

  Ethylene oxide is a highly hazardous product to transport. As a result, customers and end-use applications tend to be co-located or closely located to ethylene oxide production facilities. This leads to a regional market place for ethylene oxide with many opportunities for differentiation.

  The most common derivative of ethylene oxide is ethylene glycol. This is very safe to transport and is viewed as a commodity petrochemical. As such, the market place for ethylene glycol is global, with pricing highly influenced by supply-demand balances. Ethylene glycol is primarily used in the manufacture of polyesters and antifreeze/coolants.

  Propylene oxide is also a hazardous product to transport, but is moved routinely over modest distances. It is sold into a regional market with opportunities for differentiation.

  The major application of propylene oxide is in the manufacture of polyols followed by propylene glycol, which in turn is primarily used to produce polyesters, paints and coatings, aircraft de-icing chemicals, antifreeze and industrial coolants. Propylene glycol is a safe product to transport and trades in a commodity market place.

  Other ethylene oxide derivatives are manufactured by reacting ethylene oxide with bases such as glycol, ammonia and other alcohols.

  Ethylene oxide demand is driven by the market requirement for ethylene oxide derivatives, principally ethylene glycol. As a result of increased consumption of polyester, ethylene glycol has become the second largest application for ethylene after polyethylene. Similarly, propylene oxide demand is driven by the market requirement for propylene oxide derivatives, principally propylene glycol.

  Although CMAI forecast that the global demand for ethylene oxide will continue to grow over the period to 2014 (driven nearly entirely by Asian demand), there is also significant new manufacturing capacity being commissioned, especially in the Middle East. Much of this is being focused onto conversion into commodity ethylene glycol for export shipment. Combined with the impact of the recent global recession, supply is now exceeding demand. Industry operating rates have declined and according to CMAI are now projected to slowly increase again from 2011. Differentiated products are less impacted by such effects.

- ***Acrylonitrile.*** Acrylonitrile is a well-established commodity that has been in commercial use for more than 70 years. It is used in the production of acrylic fiber, acrylonitrile butadiene styrene and styrene-acrylonitrile. Acrylic fiber is used in a wide variety of consumer products, including clothing and carpets. Acrylonitrile is manufactured from propylene, ammonia and air with the use of a purpose-made special catalyst. Acrylonitrile is toxic, flammable and, unless chemical stabilizers are added for storage and shipment, explosive. The building of new production plants for acrylonitrile is particularly expensive.

  Historically, acrylonitrile demand has been driven by demand for acrylic fiber. More recently, acrylonitrile butadiene styrene (ABS) and styrene-acrylonitrile polymers have taken over as the main drivers of demand for acrylonitrile. As with other petrochemicals, the growth in demand for acrylonitrile butadiene styrene and styrene-acrylonitrile polymers has been greatest in Asia while demand in North America and Europe has declined. Currently, Asia is a major net importer of acrylonitrile and derivatives, with a significant proportion of the Asian imports coming from North America. Acrylonitrile is sometimes viewed as a mature product, with global demand forecast to grow slightly more than GDP growth at 4.1% per annum. With CMAI forecasting only limited scheduled additional capacity coming on stream between 2009 and 2014, capacity utilization and unitary margins are thus expected to rise through the latter part of the forecast period.

- ***Alpha olefins.*** Alpha olefins include linear alpha olefins and poly alpha olefins. Linear alpha olefins are hydrocarbons in a chain formation with physical characteristics and commercial uses that vary according to the length of the hydrocarbon chain. Ethylene is the primary feedstock for the production of linear alpha olefins, and linear alpha olefins, in turn, are important feedstocks for the manufacture of certain types of polyethylene. Linear alpha olefins have many applications in the petrochemical industry, including as surfactant intermediates, base oil for synthetic lubricants and drilling fluids. Demand for linear alpha olefins has increased substantially since they first became commercially available.

Poly alpha olefins, which are made by merging several linear alpha olefins together, are primarily used as synthetic lubricants. Poly alpha olefins are value-added products as compared with linear alpha olefins, and, accordingly, command higher margins. However, poly alpha olefins account for only approximately 10% of the overall market for alpha olefins.

Producers of linear alpha olefins may be divided into two groups: “full-range” producers, which manufacture entire range of linear alpha olefins and “on purpose” or “single product” producers, which specialize in those linear alpha olefins which historically have experienced the fastest growth. Demand for linear alpha olefins has experienced an increasing divergence between demand for linear alpha olefins with shorter carbon chains, which have grown more quickly, and demand for linear alpha olefins with higher carbon chains, which on average have experienced slower growth. As a result, the industry has focused on developing single product technologies to target the fastest growing linear alpha olefins. Demand for poly alpha olefins is driven by the need for higher performing lubricants offering improved fuel economy, lower emissions, improved cold start properties and longer drain intervals.

According to CMAI, the annual average global growth rate for alpha olefins in the period to 2014 is 2.9%.

- ***Polyisobutylene.*** Polyisobutylene is a synthetic hydrocarbon polymer available in a wide variety of viscosities for use in a broad range of industrial applications, such as lubricants and fuel additives, and consumer applications, such as adhesives and sealants.

- ***Phenol and acetone.*** Phenol and acetone are produced simultaneously from cumene in the four-stage Hock production process and are essential starting materials for a wide range of applications in the electrical/electronics, automotive, construction and household/furniture industries. In the production of downstream substances, neither phenol nor acetone may be substituted. The markets for phenol and acetone are traditionally viewed as regional because of the physical difficulty of transporting and storing phenol and the resulting high freight costs, with regional production responding mainly to regional demand. Individual regions experience independent cost bases though there are limits to inter-regional price differentials, set by freight costs.

CMAI projects global phenol demand to grow on average at 4.7% per annum to 2014. Phenol margins have been recovering despite increasing benzene and energy prices and are now expected to stabilize on average through the forecast period. Global acetone demand is forecast to grow on average at 4.4% per annum over the next five years, principally driven by demand from Asia. A stable outlook through the medium term is expected to result in favorable operating rates and margins between 2010 and 2014.

Market Environment

Chemical intermediates are sometimes classified within the generic description of petrochemical products, essentially because they, like polyolefins, tend to utilize olefins or olefins derivatives as their primary feedstock. However, chemical intermediate products often have a global customer base. There are also far fewer competitors for each product, with technology ownership and scale of operation being key to obtaining leading market positions. When margins are insufficient to accommodate incremental freight costs to distant regions, then access to the whole global market may not be possible in some cases.

The relationship between supply and demand for chemical intermediates tends to be cyclical, although to a lesser extent than for olefins and polymers and suppliers tend to have a greater ability to pass cost increases through to their customers. Margins typically increase when demand approaches available supply. This is primarily because product supply is driven by periods of substantial capacity additions and followed by periods in which no or limited capacity is added.

In addition, product demand fluctuates with overall economic conditions. This is illustrated by the rapid improvement in demand for many chemical intermediates in the first quarter of 2010. Global capacity utilization for many products has accelerated dramatically as a result. Market volatility for chemical intermediates varies by product, with the wide range of applications for the different products providing a natural hedge for demand across the range.

BUSINESS

In this offering memorandum, all references to "INEOS Group," "INEOS," "we," "us" or "our" are to INEOS Group Holdings plc and its consolidated subsidiaries. Any projections and other forward-looking statements in this section are not guarantees of future performance and actual results could differ materially from current expectations. Numerous factors could cause or contribute to such differences. See "Risk Factors" and "Forward-Looking Statements."

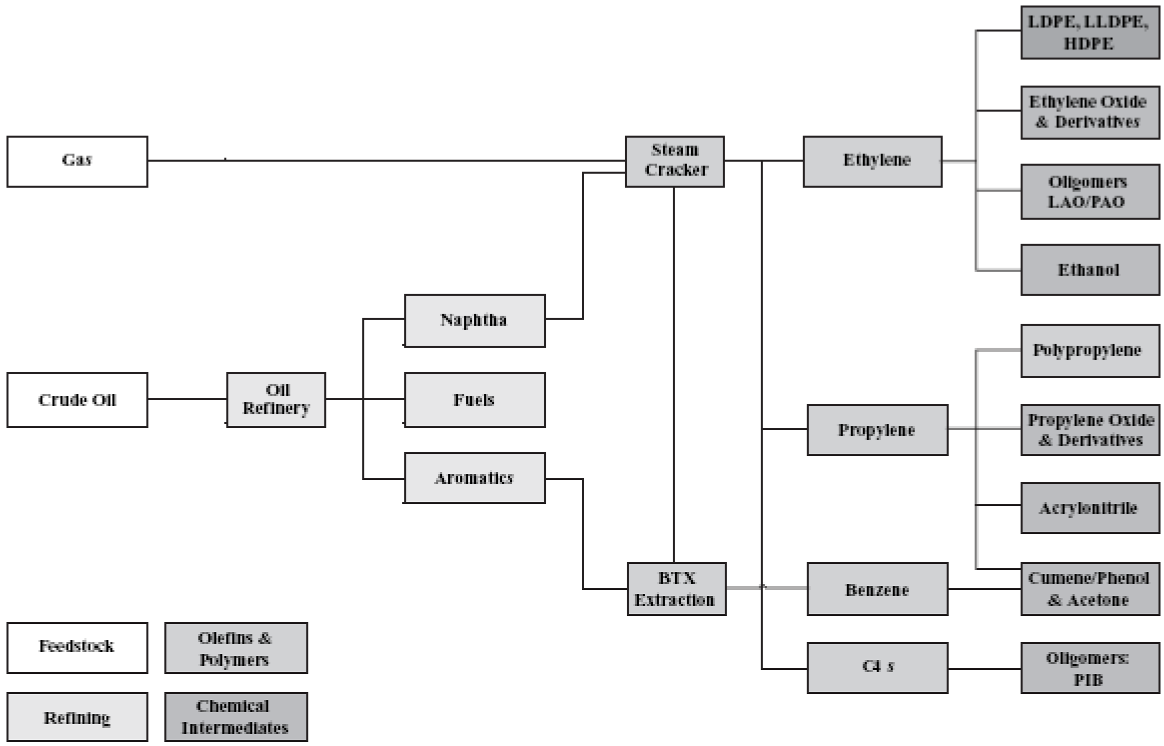
Introduction

We are one of the world's largest chemical companies as measured by revenue and have highly integrated, world-class chemical facilities and production technologies. We have leading global market positions for a majority of our key products, a strong customer base and an experienced management team. We operate 37 manufacturing sites in 9 countries throughout the world, including two refineries in Europe which are fully integrated with our co-located petrochemical facilities. As of December 31, 2009, our total chemical production capacity was approximately 24,000 kilotonnes per year, of which 71% was in Europe and 29% was in North America. Our refineries have a combined crude oil distillation capacity of more than 410,000 barrels per day.

We operate our business through four segments: Refining, Olefins & Polymers Europe, Olefins & Polymers North America and Chemical Intermediates. The products we manufacture are derived from crude oil and natural gas, and include refined products, olefins, polymers and various petrochemical products directly or indirectly derived from olefins. Our products serve a broad and diverse range of end markets, including transport and heating fuels, packaging, construction, automotive, white goods/durables, agrochemicals and pharmaceuticals.

Our highly integrated production facilities allow us to process raw materials into higher value-added products. We own five sites integrated with crackers and polymer units, of which two are integrated with our refineries. Typically, these account for approximately 80% of our olefin and polymer volumes and 100% of our refining volumes. In Europe, approximately 80%, of our ethylene and propylene output is typically sold internally. Our four European polyolefins sites receive more than 95% of their feedstock supply from our integrated crackers. Similarly, in the United States, much of our olefin feedstock requirements for our polymer business is supplied by either our Chocolate Bayou cracker in Texas, or by integrated third-party crackers, such as the BP Carson facility in California. We believe that with our highly integrated facilities we are able to capture attractive margins across the value chain, enjoy greater certainty of feedstock supply, reduce logistical costs, improve energy management and optimize our product slate.

The extent of our business integration from upstream to downstream for our major products is summarized as follows:



We benefit from the cost advantages of operating large-scale, well-invested, highly integrated facilities strategically located near major transportation facilities and customer locations. Since January 1, 2001, we and our predecessors have invested more than €1.5 billion in our production facilities to ensure that they operate efficiently, resulting in integrated, state-of-the-art production units. We believe this allows us to operate at lower cost and higher utilization rates than most of our competitors, and enables us to maintain positive margin and cash flows even during downturns in industry cycles or customer demand. For the year ended December 31, 2009, our revenue was €18.1 billion and our EBITDA before exceptionals was €1.2 billion.

Over the past several years, we have implemented a range of strategic initiatives designed to lower our operating costs, increase our profitability and further enhance our market position. These include fixed asset investments to expand our capacity in higher value products, enhance productivity at our existing facilities and significantly reduce our fixed cost structure through head count reductions, production line closures and system upgrades. Between 2006 and 2009, fixed costs were reduced by approximately € 450 million. We have shifted our product portfolio to focus on more differentiated products, exited low-margin businesses and implemented premium pricing strategies designed to improve our margins. We believe these initiatives provide us with a strong platform to drive growth, create significant operating leverage and position us to benefit from eventual volume recovery in our end markets.

Since April 1998, when INEOS was established with the acquisition of the Belgian “Oxide” assets from Inspec plc, we have significantly expanded, both through a series of strategic acquisitions of businesses and assets from major chemical companies, and through organic growth. The combination of INEOS and Innovene in December 2005 represented a transformational acquisition for our company, providing global scale and further upstream integration. During 2007, we acquired the Borealis petrochemical manufacturing business in Norway. In 2008, we acquired the former BP vinyl acetate monomer/ethyl acetate business in Hull, UK and the former BASF acrylonitrile business in Seal Sands, UK. In 2009, we transferred certain companies and businesses out of the INEOS Group to INEOS Industries Holdings Ltd. These businesses had consumed a significant amount of cash in the prior three years and were forecast to continue to be a significant drain on cash resources (due to either difficult trading conditions or requiring significant investment over the next two to three years). The transferred businesses comprised the ABS, Styrenics, Melamines, Healthcare, Bio and Films Italia Srl businesses, together with our shareholding in the INEOS Nova JV. In 2010, we sold our businesses associated with the production of chlor-akali and PVC and our business associated with fluorochemicals. For a further description of our sale of the INEOS ChlorVinyls Business, please see "Summary—Recent Developments—Split-off of Our INEOS ChlorVinyls Business."

The following table provides an overview of our capacity and of our leading market positions with respect to key petrochemical products.

Key products	Full-year capacity as of December 31, 2009 (Kilotonnes)	Selected market positions
Ethylene	4,675	#1 in Europe #6 in North America
Propylene	1,865	#3 in Europe #8 in North America
Polyethylene	3,040	#3 in Europe #8 in North America
Polypropylene	1,695	#5 in Europe #6 in North America
Ethylene Oxide	925	#1 in Europe
Ethanolamines	230	#1 in North America(1)
Phenol	1,870	#1 Globally
Acetone	1,150	#1 Globally
Acrylonitrile	1,300	#1 Globally
Linear Alpha Olefins	565	#3 Globally
Poly Alpha Olefins	210	#1 Globally
Polyisobutylene	170	#1 Globally

Source: *Group Data*

(1) Merchant market sales

Refining

In our Refining business, we operate two large refineries in Europe. Each has a crude oil distillation capacity of over 200,000 barrels per day and, unusually for European refineries that tend to be gasoline oriented, are configured with hydrocracking units enabling high middle distillate production from vacuum gasoil (VGO). This configuration is suited towards the anticipated high growth of European middle distillate demand and consumption relative to gasoline consumption.

The Grangemouth refinery is connected by pipeline to both the Forties Pipeline System (FPS) and to the Finnart deep water terminal on the west coast of Scotland. This allows the refinery to consume freight-free Forties blend in tandem with commercially attractive crudes from the global market. The Lavéra refinery, located in the Mediterranean basin adjacent to the key crude import hub of Fos, provides it with good access to various types of crude feed, including from the Urals, the Caspian Sea, North and West Africa and the Middle East.

Both refineries benefit from efficient product placement to premium local markets through road and rail, racks, local product pipelines as well as shipping terminals. Both also have deepwater shipping facilities enabling large vessel import/export capability.

Both refineries are integrated with our owned and JV petrochemical assets at the Grangemouth and Lavéra sites. Coupled with our recent entry into the northern UK and French wholesale markets, the refineries now place the majority of output with inland consumers.

Both of our refineries meet current EU clean fuel specifications.

Olefins & Polymers Europe and Olefins & Polymers North America

In our olefins and polymers businesses, we produce olefins and a broad range of polyolefin polymers. We are among the largest producers of olefins and polymers in the world. The focus of our olefins business in Europe and North America is on ethylene and propylene, which are the two largest volume olefins globally and are key building blocks for polymers. The olefins we make are primarily used as feedstock for our polymers businesses. In addition, we sell olefins to third-party customers for a variety of industrial and consumer applications, including the manufacture of plastics, rubber and fiber. The focus of our polymers business is on polyethylene and polypropylene.

We operate a total of 13 sites for olefins and polyolefins, including our large integrated olefins cracker and polyolefin facilities at Köln (Germany), Grangemouth (UK), Lavéra (France), Rafnes (Norway) and Chocolate Bayou (USA). These facilities support our highly competitive proprietary polyolefin process technologies, which are also marketed and licensed by our INEOS Technologies business in cooperation with our olefins and polymers businesses. The technologies include our cost-effective gas phase polypropylene technology, our specialized technology for high-density polyethylene and our flexible proprietary "swing" technology for both linear low-density and high-density polyethylene.

The North American and European markets for olefins and polyolefins are quite distinct, with separate pricing structures and distribution channels. As a result, each market may experience different rates of growth and levels of return. Therefore, we operate these two businesses separately and report them as two distinct segments—INEOS Olefins & Polymers Europe and INEOS Olefins & Polymers North America.

Chemical Intermediates

Chemical intermediates are higher-value-added chemical products used as key components in a wide variety of consumer and industrial products. In our chemical intermediates business, we utilize olefins as key raw materials.

The four main product groups within our chemical intermediates business are INEOS Nitriles, INEOS Oligomers, INEOS Oxide and INEOS Phenol. The activities of INEOS Enterprises, INEOS Films and INEOS Technologies are also included within the chemical intermediates business. Together these businesses produce a wide range of products including phenol, acetone, alpha olefins, synthetic ethanol, ethylene oxide and derivatives, acrylonitrile, ammonia, nitric acid and polymer films. We manufacture chemical intermediates in 26 locations globally, with many of our plants integrated either directly with their key raw materials on site, or integrated via pipeline connection.

We are the world's leading producer of phenol, which is an essential starting material for a wide range of applications in the electrical/electronics, automotive, construction and household/furniture industries. Our main product in the nitriles sector is acrylonitrile, which is used in the production of acrylic fibers and acrylonitrile butadiene styrene plastic. We are also among the largest volume suppliers of linear and poly alpha olefins in the world. We are the largest producer of ethylene oxide in Western Europe and have a range of associated products including ethylene glycol, propylene oxide, propylene glycol and acetate esters.

As referenced above, through INEOS Technologies, we are a leading developer and licensor of technologies to the global petrochemical industry including not only technologies for the manufacturing of polyolefins, but also those for polystyrene, nitriles, maleic anhydride, ethylene dichloride and polyvinyl chloride, and chlor-alkali. In addition, we manufacture high quality catalysts and additives for use with these technologies which we supply to licensees and other companies around the world, and also to our own manufacturing assets.

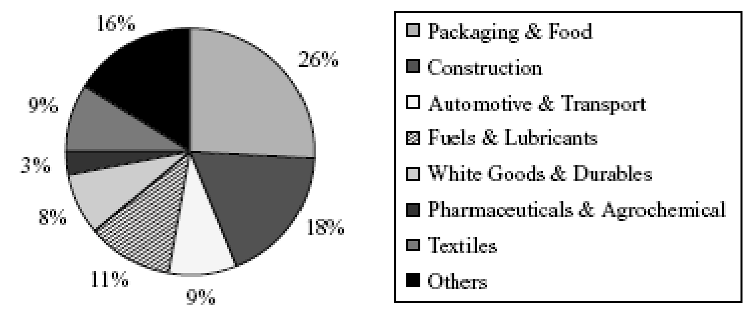
Our Competitive Strengths

We believe that the factors set forth below provide us with a competitive advantage in the markets in which we compete:

- ***Diversified Portfolio of Businesses with Leading Market Positions.*** We are one of the world's largest chemical companies. We operate 37 manufacturing sites in 9 countries around the world including 2 refineries in Europe, which are fully integrated with our co-located petrochemical facilities. These assets have a total production capacity of approximately 24,000 kilotonnes per year. In addition, our refineries have a combined crude oil distillation capacity of more than 410,000 barrels per day. We believe we have a top 3 or better global or regional market position in 11 of our key products, representing more than 50% of our total sales as measured by volume.

Our petrochemical products are utilized in a wide range of end-market applications. The following diagram sets forth our petrochemicals revenue by end use application in 2009.

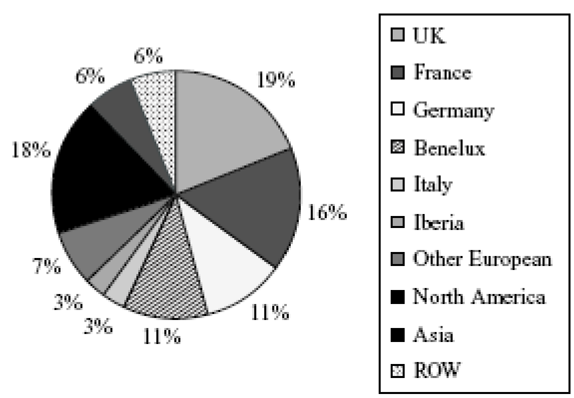
Petrochemicals Revenue by Application 2009†



† The petrochemicals revenue by application chart does not include revenue from the refining segment.

Our petrochemical products are sold to customers in diverse geographic locations. The following diagram sets forth the group third party revenue by region in 2009.

Group Third Party Revenue by Region 2009



We believe that such application and market diversity reduces the effect of industry cyclicality on our results. In addition, we believe that we benefit from the fact that the refining industry cycle and petrochemical industry cycle are independent cycles. For example, during the market downturn that began in the third quarter of 2008, the refining market remained relatively stable, which helped to partially offset the impact of the significant decline in the petrochemical sector.

- ***Vertically Integrated, World-Scale Producer.*** We have five large-scale petrochemical sites, accounting for 55% of our total petrochemical production volumes. Each of these sites is integrated with a major cracker and/or polymers and derivatives unit, and two of these are also integrated with our own onsite refineries, which differentiates us from many of our competitors. Both of our refineries have crude oil distillation capacity of more than 200,000 barrels per day, which is higher than the average European refinery capacity according to PGI, and each is equipped with a hydrocracker and a fluid catalytic cracker. The crackers provide our refineries with significant flexibility in their ability to process not only low sulphur crude oils, but also heavy, sour crude oils into light, sweet middle distillates (such as road diesel, light gasoils and heavy gasoils).

We operate the largest single-site ethylene oxide/ethylene glycol plant in Europe and the two largest phenol plants in Europe, one of which is the largest in the world, as well as the largest single train phenol plant in North America. We operate the largest acrylonitrile facility in the world and one of the largest high-density polyethylene complexes in North America. We believe that, as our production volumes increase, we will be able to leverage our fixed cost base and increase our profitability.

Our sites are typically located near raw materials, refineries and associated pipeline infrastructure. We believe our highly integrated facilities provide us with the ability to capture margins across the value chain, enjoy certainty of feedstock supply (particularly for ethylene), reduce logistical costs, improve energy management, adjust the product slate to capture greater value (by selling olefins or, alternatively, by using them internally in the production of polymers or derivatives) and reduce our exposure to margin volatility as a result of changes in raw material prices. We operate large plants that permit us to spread fixed costs over large volumes of production, thereby reducing unit costs and enhancing profits.

- ***Well-Invested, Highly Efficient Production Facilities.*** Our large, well-invested plants benefit from economies of scale and favorable locations. Our acquisition activity has focused on acquiring businesses that complement our existing manufacturing facilities with well-invested physical assets from major chemical companies. In addition, each year we continue to invest in improving and expanding our facilities. Since January 1, 2001, we and our predecessors have invested more than €1.5 billion in our manufacturing assets to maximize efficiency and create integrated state-of-the-art production units.

- ***Extensive Portfolio of Leading Proprietary Technologies.*** We are a leading developer and licensor of manufacturing technologies for our own use and for the global petrochemical industry. We use our technologies for the manufacturing of our key products, and believe that they enable us to be one of the lowest cost producers and provide us with a significant competitive advantage in terms of product quality. Our proprietary technologies, including our gas phase polyethylene, gas phase polypropylene, slurry high-density polyethylene and acrylonitrile technologies, are positioned around our key products. In addition, our technologies are widely licensed to industry participants and they are often integrated into new chemical plant design and construction. For example, we believe that our acrylonitrile technology is used in more than 90% of the world's acrylonitrile production capacity. We believe there is significant potential for additional licensing arrangements across our portfolio. We have grown our licensing business market share in all product lines, and on the basis of 2008 and 2009 market shares, we are the leading licensor of polyethylene, polypropylene, polystyrene, polyvinylchloride, vinyl chloride monomer, ethylene dichloride and acrylonitrile technologies. Our technology licensing contracts often lead to ongoing relationships to supply high quality catalysts and additives, and provide on-site support. INEOS engineers are deployed to provide support and collaborate with our licensees to ensure proper technology deployment and performance quality. We believe that our technology licensing business allows us to generate a stable and recurring income stream, and provides us with substantial visibility on potential capacity additions and new projects in the petrochemical industry.

- ***Experienced Management Team with a Strong Track Record.*** Our senior management team has been operating INEOS and our predecessors for the past 11 years and has a demonstrated track record of achieving profitable growth in the chemical industry, successfully integrating large acquisitions, dramatically reducing the fixed cost base, and deleveraging the business following such acquisitions. James A. Ratcliffe, our controlling shareholder, and the other existing shareholders, have a successful record of investing in the chemical industry. We have completed 19 significant acquisitions since the formation of INEOS in 1998. Each of these acquisitions has been integrated effectively and we have been able to achieve significant cost-savings in the acquired businesses. Our management team has extensive experience in the chemical industry, including with leading companies such as ICI, DuPont, Dow Chemical, Degussa and BP, and a proven ability to increase productivity, reduce costs and control capital expenditures and working capital. We believe the experience of our management team is a distinct competitive advantage and positions us favorably as we continue to grow.

Our Business Strategy

In response to current challenges resulting from the current macroeconomic environment and as part of our long-term strategic aim, we have maintained and will continue to execute a strategy consisting of the following short- and long-term elements. These are designed to help us improve our capital structure, leverage our key strengths and market opportunities and ensure ongoing cash flow generation and growth:

- ***Maintain World-Class Cost Positions, Generate Cost Savings and Enhance Efficiency.*** We have historically succeeded in reducing costs at our acquired businesses by making rapid reductions in underlying fixed costs and implementing an efficient corporate and management structure. Continuous improvements in the efficiency of our existing sites and opportunities for site consolidation are key aspects of this strategy, as we seek to maintain upper quartile cost positions and world-scale facilities across the majority of our operations. We have achieved significant fixed cost reductions in businesses that we have acquired, delivering on average a reduction of 22% of inherited fixed costs in the four-year period post-acquisition. As the economic downturn took effect in the third quarter of 2008, we applied a target of an additional 10% reduction in fixed costs for all of our businesses for the fourth quarter, which we achieved. In 2009, we targeted a further 10% or a €200 million reduction on fixed costs for the year, which we surpassed. Overall, fixed costs were reduced by €450 million between 2006 and 2009. The control of fixed costs will continue to be a key priority for our business.

- ***Maintain World-Class Health, Safety and Environmental Excellence.*** We are dedicated to continually improving our Health, Safety and Environmental ("HSE") performance. We ensure that all employees receive appropriate training, thereby enabling them to effectively contribute to HSE performance and HSE improvement processes. It is our policy to design our processes and manufacture and distribute our products in a responsible manner so that our employees, customers, the public and the environment are protected from avoidable risks. Our strategy is to continue achieving injury and environmental compliance ratings better than world-class benchmarks.

- ***Continue current measures to achieve and maintain a sustainable capital structure.***

  - *Generate Strong Cash Flow to Reduce Leverage.* We intend to continue our focus on cash flow generation by maximizing the utilization of assets, leveraging existing resources, continuously improving working capital practices and following focused capital expenditure and cost reduction plans. We will apply when possible the cash flows generated from these initiatives to help reduce our debt.

  - *Focus Capital Investments on Improving Returns.* Our capital expenditure plan is primarily focused on ensuring the safe and compliant status of our plants. We then focus on delivering efficiency improvement projects with attractive payback economics. Since January 1, 2001, we and our predecessors have invested more than €1.5 billion in our manufacturing assets to improve the quality and performance of our business. We believe that our technology, personnel and production facilities will allow us to continue to increase our profitability and cash flows without the need for significant additional investments. We will also continue to implement de-bottlenecking projects at our facilities to increase our production capacity, particularly when the incremental capacity can be achieved without significant additional fixed costs or capital expenditures.

  - *Deleveraging of Our Capital Structure through Selective Disposals.* We have increased our focus on making selective disposals of assets and non-core businesses in order to reduce our net debt and increase liquidity. We recently sold our INEOS ChlorVinyls Business, which led to a reduction of net debt, the release from the associated pension liabilities, which were assumed by the acquiring entity, and increased liquidity. Additionally, the disposal of our fluorochemicals business reduced our net debt and removed a significant cash investment expense required to develop replacement products. See, "—Recent Developments" for a more detailed discussion about the disposal of these former assets.

- ***Maximize Utilization of Assets.*** As a low-cost focused producer, we believe in operating our facilities at full capacity. We believe this allows us to maintain positive margins and cash flows, even during downturns in industry cycles or customer demand, more readily than some of our competitors who have higher production costs. We intend to achieve growth in production volume by improving utilization rates within the defined availability of an asset, improving availability of an asset by minimizing planned and unplanned facility downtime and improving capacity of an asset through de-bottlenecking projects. We have a strong track record of improving utilization rates of acquired assets. For example, in 2001, the newly acquired INEOS Phenol assets had a utilization rate of 85% of nameplate capacity, which we increased to 103% by 2004. Following the acquisition of Innovene, we closed three of the acquired polyolefin units with a combined capacity of 600 ktpa. Notwithstanding these closures, total capacity utilization on our remaining facilities has grown to more than offset the impact of the closed capacity.

- ***Maintain a Lean Corporate Structure and Incentivize Employees.*** We intend to operate our business consistent with the philosophy of our shareholders and maintain a simple and decentralized, flat organizational structure that minimizes corporate bureaucracy, coupled with compensation arrangements that incentivize our employees. We believe that a simple and decentralized organizational structure is cost effective and will allow each of our management teams the freedom to use their industry knowledge to respond to market opportunities. We believe that we can increase the value of our business when our employees share in the value they create. In the past, we have granted our employees tracking shares with respect to each of our businesses and regions, with management and employee bonuses linked to the EBITDA performance and other factors of the business in which they work.

- ***Where and when appropriate, and within the confines of our capital structure, to pursue long-term value-added growth opportunities.*** As a result of our lean corporate structure, we are able to maintain a level of agility that few organizations our size are able to match. Opportunities for profitable growth are identified and vetted in an efficient, non-bureaucratic format, which, in many cases, we believe enables us to establish a first-mover advantage. We have significant expertise in identifying, executing and integrating acquisitions. During the past 11 years, we have made 19 acquisitions, significantly growing EBITDA. We have a highly disciplined acquisition screening and evaluation process and a detailed series of metrics by which we measure the value creation prospective of potential transactions. Although we have no current plans to complete further acquisitions, as the market environment and our financial position improve, we believe that we are well-positioned to consider transactions that would be consistent with our goal to reduce leverage.

We also plan to pursue growth opportunities by leveraging our portfolio of leading proprietary technologies through both our own organic operations and highly selective licensing arrangements. We view technology licensing as an effective way of establishing our products in the market and of generating additional income. In addition, we believe that the ability to offer a comprehensive technology package is a substantial advantage in attracting joint venture partners for equity investments in regions characterized by low feedstock costs and high growth, such as the Middle East, North Africa, Russia and China. Our approach to licensing varies from technology to technology to take into account the prevailing market conditions. For example, licensing of acrylonitrile technology is highly selective, whereas our gas phase polyethylene technology is licensed widely.

Business Segments

Set forth below is a discussion of our business along the segment lines of Refining, Olefins & Polymers Europe, Olefins & Polymers North America and Chemical Intermediates in the following areas: products, manufacturing, raw materials and energy, transportation, customers and contracts, research and intellectual property and competition.

Refining

Set forth below is a discussion of products, manufacturing, raw materials and energy, transportation, customers and contracts, intellectual property and competition for our Refining business.

Overview

We own and operate two large refineries in Europe, one in Grangemouth, United Kingdom, and one in Lavéra, France, each having crude oil distillation capacity of over 200,000 barrels per day. Both are configured with hydrocracking units enabling high middle distillate production from vacuum gasoil (VGO) fitting them particularly well with the anticipated profile of European demand.

The Grangemouth refinery is connected by pipeline to both the Forties Pipeline System (FPS) and to the Finnart deep water terminal on the west coast of Scotland. This allows the refinery to consume freight-free Forties blend in tandem with commercially attractive crudes from the global market. The Lavéra refinery, located in the Mediterranean basin adjacent to the key crude import hub of Fos, provides it with good access to various types of crude feed, including Urals, Caspian Sea, North and West Africa and the Middle East.

Both refineries benefit from efficient product placement to premium local markets through comprehensive logistical configurations.

The refineries are integrated to INEOS-owned and JV petrochemical assets at the Grangemouth and Lavéra sites. Coupled with recent entry to the Northern UK and French wholesale markets this places the majority of refinery output with inland consumers.

The following table provides a breakdown of the revenues and EBITDA before exceptionals of the refining business for the periods indicated:

	For the year ended December 31,		
	2007	2008	2009
		(€ in millions)	
Revenue	9,426.5	11,757.7	6,941.7
EBITDA before exceptionals[(1)]	427.4	43.4	228.7
Replacement Cost EBITDA before exceptionals	278.4	320.4	(8.9)

(1) For more information on how we calculate EBITDA before exceptionals and Replacement Cost EBITDA before exceptionals, see "Use of Non-GAAP Financial Measures."

Both of our refineries benefit from extensive integration with the petrochemical plants located on their respective sites. This integration allows maximization of the value from hydrocarbon flows between refining and petrochemicals, as well as to leverage the sites' infrastructure, energy management, shared services and workforce. Both refineries benefit from high middle distillate yields due to their large hydrocrackers. These are a competitive advantage in the Northwest European region, which from PGI projections is forecast to remain a deficit for middle distillates.

Products

The following table shows the sales volumes of our refinery products:

	For the year ended December 31, 2009
	(kilotonnes per year)
Liquefied petroleum gas	638
Naphtha	2,006
Gasoline	3,061
Jet fuel/kerosene	2,301
Diesel/gasoil	6,198
Fuel oil	2,298
Asphalt	254

In 2009, premium transport fuels (gasoline, jet fuel, kerosene, gasoil and diesel) accounted for approximately 69% of our total refinery product. Premium middle distillate grades in particular (jet fuel, kerosene, diesel and gasoil) accounted for 51% of refinery products.

Manufacturing

Our refineries are differentiated within the European population in that both combine a large hydrocracker with a fluid catalytic cracker. Of 118 European refineries listed in the February 2010 Wood Mackenzie Refinery Infrastructure report only 13 have both FCC and HCK capacity. This hydrocracking configuration results in a product slate skewed towards high-quality middle distillates (rather than gasoline), which is an advantage in Europe given the ongoing deficit of middle distillate products and surplus of gasoline in the market. This situation is unlikely to change in the medium term as the demand forecast by PGI for middle distillates in Europe is expected to grow, while the gasoline demand is expected to be static or decline.

Both of our refineries are above European industry average in terms of their complexity as measured by the Nelson Complexity Index. The integration of our refineries with on site chemical assets produces substantial value in downstream chemicals processing, in the efficient use of refinery produced gas streams, and in the cost efficiencies gained. We also receive feedstock for the refinery in terms of hydrogen and high octane gasoline components.

Each refinery is able to produce clean fuels meeting current EU specifications, which limit the sulphur content of motor fuels to 10 ppm.

Our refineries undergo periodic "turnarounds" in order to carry out necessary inspections, testing and maintenance required to comply with industry standards and relevant regulations. The refineries tankage assets are used to stockbuild for these turnarounds thereby minimizing the requirement for expensive imports. Refinery process units typically undergo major turnarounds every four to six years, with each turnaround lasting several weeks.

In addition to the routine investments periodically made at plant turnarounds, the refineries continue to make appropriate investments to deliver reliability, to meet tightening regulatory requirements, to improve yields of higher value products, and where appropriate to upgrade our infrastructure facilities.

Grangemouth

Our Grangemouth refinery benefits from a direct connection with the FPS. Following the inclusion of the Buzzard field, the Forties blend sulphur content and density has increased markedly. Forties blend accounts for the majority of the refinery's feedstock mix because of its freight advantage over other crude feedstocks. The balance of crude feed is sourced from the market and imported via the deepwater Finnart terminal located on the West Coast of Scotland at Loch Long. The Finnart crude jetty can accommodate very large crude carrier vessels. Transfer of crude to the refinery is facilitated by the 20" INEOS-owned Finnart pipeline. When economics favor such crude, the capacity of the Finnart system allows re-optimization of the refinery to predominantly imported crude.

From a market perspective, Grangemouth is well-positioned, being Scotland's only transport fuel refinery. Distribution modes from the refinery include road, rail, coaster and larger ship export via the Grangemouth docks and by 12" product pipeline to the Finnart terminal. The refinery therefore has access to the markets in Scotland, Ireland and northern England. Following entry into the wholesale market at the end of 2009 the site continues to successfully expand its access to the inland market.

The refinery places a high proportion of its production inland in premium markets. In the case of middle distillate (diesel, jet fuel and gasoil) this was over 80% in 2009.

Power and steam are supplied to the Grangemouth refinery by the INEOS-owned power station and a third party owned Combined Heat and Power (CHP) Plant. The CHP provides steam and electricity on a long term contract at a lower cost than traditional facilities. The INEOS-owned power station allows the flexibility to use various by-product fuels from our refining and petrochemical units to generate steam and electricity.

The Grangemouth refinery experienced significant reliability problems in 2000 and 2001, prior to its acquisition by INEOS. These problems, among others, damaged the refinery's fluid catalytic cracker and culminated in a government inspection and the imposition of fines. Significant investments were made at the Grangemouth site to address these issues. In 2004, the fluid catalytic cracker was brought back online. The reliability of the Grangemouth refinery improved from 88% in 2001 to 94% in 2002. The underlying trend in reliability (net of the strike impact) improved further in 2008/2009 to an average of 95.2%. In January 2010 reliability has been even higher at 97.9%.

Lavéra

Our Lavéra refinery, located in the Mediterranean basin, close to the important ports of Marseille and Fos in France, has port access capable of receiving very large crude carrier vessels and uses its significant desulphurization capability and location in the Mediterranean basin to process a variable crude slate, which allows processing of value enhancing sour crudes when economics are favorable. Its ability to upgrade the heavier, sour crude grades into light, low sulphur sweet products enables it to take advantage of a wide variety of crude oils including those from the Former Soviet Union, West African and South American markets. This is especially beneficial in light of the increasing availability of crude oils from Russia and other countries of the former Soviet Union.

The Refinery includes crude distillation capacity and a hydrocracker, enabling significant middle distillate production. The refinery also has significant desulphurization capability of 71 kbpd, enhancing middle distillate yield, increasing the ability to process sour crudes and providing capability to partially upgrade fuel oil into lighter fuels.

The refinery is integrated with co-sited INEOS-owned petrochemical operations and Naphthachimie which is an INEOS Nova JV with Total Petrochemicals, France. The Naphthachimie assets include a steam cracker that utilizes all the naphtha produced at the refinery.

On the product side, Lavéra benefits from infrastructure allowing it to access premium inland markets. This includes a railway facility, road terminal and pipeline connections to the NATO, SPSE and SPMR pipelines which provide access to the French, Swiss and German markets. Access through deepwater ports also extends the refinery's ability to export both to continental Europe and other Mediterranean markets, including the Middle East and North Africa.

Lavéra has a product mix rich in middle distillates, of which Europe is currently deficit and the deficit is forecasted to increase. The refinery also has the capability to manufacture asphalt which can be sold to customers in specialty markets in France and northern Spain. This capability gives us increased flexibility in the selection of crude oil and in the optimization of our operations at Lavéra. Furthermore, Lavéra has access to a strong local bunker market.

The reliability of the refinery at Lavéra continuously improved from 91% in 2001 and 2002 to 98% in 2007. In 2008 the reliability was slightly lower at 95.8% as a result of an unplanned shutdown of the crude distillation unit. Modifications to the heater to address the root cause have now been implemented, including physical tube replacements, changes to flow configuration, and changes to operating envelope constraints. In 2009, full year reliability was 96.7% demonstrating recovery to higher performance.

Raw Materials and Energy

The primary feedstocks for our refineries are crude oil, condensates, atmospheric residues, hydrogen and a range of blend components such as pygas. Both of our refineries are able to process a variety of qualities of crude oil. The main variables in the selection of a particular type of crude oil are price (including freight) and quality. Heavy, high-sulphur, sour slates are lower cost than lighter, low-sulphur sweeter slates. However, because high-sulphur crude oils require more processing, refineries that purchase primarily lower cost, high-sulphur crude oils require additional conversion processing capability and incur higher fixed and variable costs. Overall, average refining cash margins from heavy high-sulphur crude oil tend to be higher than average refining cash margins from lighter, sweeter slates.

Following inclusion of the Buzzard field in the Forties blend from late 2006 Forties is heavier and higher in sulphur, providing a better fit for the Grangemouth asset as it contains a higher proportion of heavy feedstock for upgrading. As the Forties blend can be supplied to the refinery on a freight-free basis it often accounts for up to three-quarters of the refinery's total feedstock requirements. The balance comprises heavier crude oils from the North Sea (including more acidic grades), Russia and Africa. When economics favor more imported than Forties blend the flexibility of the Finnart terminal and pipeline allow the refinery to swing to a predominantly imported crude slate.

To maximize our flexibility to access Forties blend crude oil from any of the FPS system producers, we have completed an upgrade to our crude infrastructure linking the Grangemouth refinery to the FPS system. This included the overhaul of mothballed crude tanks, and investments in the pumping infrastructure in order to reduce our inaccessible crude stocks.

At our Lavéra refinery a much heavier and more sour crude slate is processed than Grangemouth. This feed is principally sourced from Russia and the countries of the Former Soviet Union, the Middle East and North and West Africa and South America. Lavéra also has the ability to process acidic crudes, and projects are underway to further increase this capability. Given Lavéra's location in the Mediterranean trading hub, and proximity to various industry storage terminals, Lavéra realizes substantial benefit from flexible feedstock planning and trading.

Energy cost is the single largest operating expense of a refinery. The main sources of energy for our refineries are gas and fuel derived from the crude oil feedstock, supplemented by methane, electricity and steam. Our refineries and associated petrochemical units are fully integrated and use on-site steam and power generation infrastructure consisting of power stations, long-term contracts with local utility companies and, at Grangemouth, a cogeneration unit operated by a third party.

Transportation

Located on the Firth of Forth the Grangemouth refinery operates two dedicated jetties providing direct access to and from the North Sea. In addition the refinery has access to a further three jetties that are shared with the co-sited chemical plants. The jetties each handle multiple products and have capacities ranging from 5 to 38k tonnes.

For the Grangemouth refinery the Finnart Terminal is located on Loch Long, 10 miles north of Helensburgh on the west coast of Scotland. Finnart provides Grangemouth refinery with logistics and deep water marine facilities for import of crude oil as well as a west coast outlet for finished refinery products and components via competitive bulk volume into Northern Ireland and the U.S. The crude jetty can take vessels up to 2 million barrels with the product jetty can handling up to 45 kte vessels.

We operate two pipelines between Finnart and the Grangemouth refinery, one 20” crude and one 12” product line. There is also a second product line connection to a third party Grangemouth oil terminal. At our owned and operated road terminal, 21 top and bottom loading gantries, or racks, are allocated for gasoline/diesel, jet fuel, fuel oil and heating oil/kerosene combinations. Supply for the road and rail terminals is direct from the Refinery tank farm. The rail terminal, with a dedicated jet handling system, also caters for loading of kerosene, ultra low sulphur petrol, super unleaded motor spirit, gasoil, and diesel through a separate multiproduct system.

The Lavéra Refinery is located in an industrial area and integrated with INEOS petrochemical operations. It has linkage to product markets through the SPSE, SPMR and NPS pipeline systems. Additional pipework connects it to the Geosel Manosque Cavern facility for crude/product storage where we have a limited holding. Further pipework links the refinery with the La Med refinery operated by Total. Outside of the storage at Manosque we own crude oil tankage at the La Crau Terminal (near Fos) and also have significant crude storage on the refinery site.

Jetty capacity at the Fos and Port Autonome de Marseille (PAM) facilities accommodates vessels up to 400kte and 80kte, respectively. Crude oil imported at Fos is transported to La Crau and then on to the refinery via the SEPL pipeline.

Lavéra also operates local infrastructure to supply the immediate local market. This includes road loading facilities for gasoil, jet fuel, heating oil, fuel oil, bunkers and bitumen. Rail facilities cover loading of gasoil and jet.

Trading

In 2008, following a competitive review process involving four different service providers, we transitioned our trading activity from BP to Morgan Stanley. Out of the short listed parties Morgan Stanley offered the most attractive commercial terms compared to the competition and was also able to offer a more integrated organizational solution via close integration of our trading staff within the Morgan Stanley trading offices. Morgan Stanley also offered an attractive working capital financing arrangement. We seconded a small team of 14 traders and back-office staff into the Morgan Stanley trading office in London.

Accountable directly to the Executive Board, the team includes Trading and Trade Control Managers, Traders, Asset Economists and Trade Control Analysts. The team manages all trading related to the purchase and sale of physical water-borne cargoes and corresponding paper trading and hedging activity. By maintaining close links with the site planning and wholesale teams, market knowledge and information is leveraged to monetize the optionality inherent in the refining assets. An example of such activity would include changing crude diet and refining operations to maximize products yields according to market price movements.

The commercial performance generated by the team is calculated against a baseline which represents the expected feedstock and product slates achievable through term contracts readily available in the market. This baseline takes the form of a standard basket of crude imports and standard product opportunities at each location.

The team evaluates over 120 crudes a week at each site using detailed Linear Program (LP) modeling. It undertakes hedging of flat price exposure to mitigate adverse moves and lock in benefits associated with rising or falling markets. Subject to available liquidity, and the prospective benefit, our experienced team engages in refinery margin hedging.

Operating independently of the trading team and accountable directly to the CFO, the trade Control Manager leads a team of analysts responsible for day-to-day deal tracking and exposure measurement.

Customers and Contracts

Prior to 2009 we placed refined products into our local markets through a Refined Products Sale and Purchase Agreements with BP, pursuant to which BP had agreed to purchase volumes to satisfy their own local marketing demand and certain additional volumes for supply to other local marketers under geographical sale and purchase arrangements.

During 2009 we commenced our own entry into the wholesale market. In 2009 these teams sold approximately 3 mtepa of finished product directly to the wholesale segment, supplying around 20 customers in France and the UK. Further substantial market penetration is underway in 2010.

Direct supply to the jet fuel market in France has also recently begun at the start of 2010, while supply to the marine bunker market is planned for transition in the second half of 2010.

Substantially all of the naphtha output of our refineries is used as feedstocks by our petrochemical plants located at the relevant sites.

Intellectual Property

BP has granted long-term access to certain intellectual property owned by BP that is desirable for our refining operations, such as refining process models used to optimize the performance of our units at the refinery level. We have also procured refining process models directly from the market (e.g., Shell Global Solutions (SGS) and Aspentech). In addition, all licenses that were granted to BP in order to operate the specific process units at Grangemouth and Lavéra have been transferred to us.

Competition

The refining industry is highly competitive. The main competitive factors are location, refinery configuration and complexity and operating costs. Grangemouth is the only refinery in mainland Scotland and one of nine refineries in the United Kingdom. Lavéra is the largest of seven refineries in its region, which comprises southeastern France and Switzerland.

Our location in Grangemouth, United Kingdom provides a strong basis for the direct marketing of refinery products into the Scottish and northern England markets. In these markets, Grangemouth competes with product imports at several small coastal import terminals, but is well placed to be competitive via the refinery configuration and the excellent product distribution logistics. Terms of trade with local marketers vary from spot purchases to multiyear contracts.

In France, the multiple local refineries and open access to the industry transportation infrastructure and import terminals results in a very dynamic market. Consequently, the terms of trade in the product markets tend to be biased towards spot activity. Lavéra is well placed to compete with the various importers and refiners in the region due to its access to excellent product logistics options, including the major product pipelines previously mentioned.

Olefins and Polymers

We operate two Olefins and Polymers businesses: Olefins & Polymers Europe and Olefins & Polymers North America. Set forth below is a general discussion of the products, research and intellectual property, transportation and competition, followed by a more detailed review of the products, manufacturing, raw materials and energy and customers and contracts, of our Olefins & Polymer Europe business and our Olefins & Polymers North America business.

Products

The following table provides an overview of our key olefin and polymer products and their principal applications. All market positions are provided by CMAI, as measured by average annual capacity for 2009 by shareholder.

Key products	Principal applications	Selected market positions
Olefins and related products		
Ethylene(1)	Polyethylene, polyvinyl chloride, ethylene oxide and styrene	#1 in Europe #6 in North America
Propylene(2)	Polypropylene, acrylonitrile, cumene and propylene oxide	#3 in Europe #8 in North America
Butadiene	Synthetic rubbers and acrylonitrile butadiene styrene	#1 in Europe
Benzene	Styrene, cumene and nylon	#6 in Europe
Polymers		
Polyethylene (high-density polyethylene, low-density polyethylene, linear low-density polyethylene)	Films for packaging, agricultural applications, molded products, pipes and coatings	#3 in Europe(3) #8 in North America
Polypropylene	Molded products, filaments, fibers and films	#5 in Europe #6 in North America

(1) In Europe, we consume more ethylene than we produce, which allows us to operate our crackers in Europe at full capacity. In North America, the olefin crackers at our Chocolate Bayou facility manufacture substantially more ethylene than is required by our polymers and derivatives units in the Gulf Coast region. As a result, we sell substantial amounts of the ethylene that we produce to customers in the Gulf Coast region of the United States.

(2) In Europe and North America, we consume more propylene than we produce. Our propylene consumption is primarily related to the production of polypropylene, propylene oxide, oxo-alcohols, phenol and acrylonitrile.

(3) According to CMAI, measured by average annual capacity for 2009, we are the largest manufacturer of high-density polyethylene in West Europe and the third largest manufacturer of linear low-density polyethylene in West Europe.

Research and Intellectual Property

Our olefins and polymers businesses are supported by Technology Centres in Naperville (USA), Brussels (Belgium), Rosignano (Italy) and Lavéra (France), which in turn support the following highly competitive proprietary process technologies that we believe together form one of the most comprehensive technology packages available in the Olefins and Polymers industry. These technologies are marketed and licensed by the INEOS Technologies business in cooperation with the European and North American olefins and polymers businesses.

- *Gas phase polypropylene technology.* Our gas phase polypropylene technology enables the cost-effective production of high-performance polypropylene plastics. This technology has been licensed to 14 companies worldwide.

- *High-density polyethylene technology.* We own specialized technology for the manufacture of high-density polyethylene that is characterized by low capital investments and low operating costs and is particularly well-adapted to the manufacture of high-performance materials such as high pressure pipe, one of the fastest growing segments of the high-density polyethylene market. This technology has been licensed to seven companies worldwide.

- *Gas phase polyethylene technology.* This technology is designed to serve the linear low-density polyethylene and high-density polyethylene markets, which are the fastest growing segments of the commodity polyethylene markets. The technology is characterized by low capital investment, low operating cost, low emissions and waste, and no requirement for the use of additional solvents. This technology has been licensed to 25 petrochemical companies worldwide. The technology allows the manufacturer to "Swing" the use of installed production capacity between the two grades of polyethylene.

Transportation

We have access to a comprehensive transportation network and associated logistics infrastructure through a combination of ownership and long-term contracts. We believe that this network enables us to move feedstocks and products at competitive rates and provides us with access to the merchant market, enabling us to manage demand and supply imbalances across the petrochemical value chain in response to market conditions.

Because pipelines are the most efficient and least expensive mode of transportation, we consider them to be of strategic importance. We own some of the pipelines we use, while others are consortium-owned pipelines in which we hold a stake or are provided to us by dedicated operators under long-term contracts. Other pipelines in Europe may be accessed without a contract as long as the appropriate tariff is paid.

Where we are reliant on access to shipping channels, we either own or hold stakes in the relevant terminals and storage facilities or have secured access to them through long-term contracts. However, we do not own any of the ships we use and instead rely on an extensive network of third-party shipping companies which make capacity available to us on a spot or term contract basis which is managed by our own in-house Marine Assurance Service.

Competition

We face intense competition in the olefins and polymers markets in which we compete. Given that most of the products are commodities, the main competitive criterion is price. In certain segments of the high-density polyethylene and polypropylene markets, where products must satisfy specified technical performance criteria, competition is also based on performance, quality and customer service. A key competitive factor is the ability to manage costs successfully, which requires management focus on reducing unit costs and improving efficiency. The main drivers in this respect include technology, scale, feedstock access, asset utilization, logistics and the ability to execute capital projects efficiently.

Because polymers are easily transported in bulk shipping containers or rail cars, there is significant trade between regions. Globally we compete against a large number of polymer companies, many of which have capacity in multiple regions and who market their products in Europe, Asia and North America. Our competitors include LyondellBasell, Sabic, Dow and ExxonMobil.

Olefins & Polymers Europe

Set forth below is a discussion of the products, manufacturing, raw materials and energy, transportation and customers and contracts, for our Olefins & Polymers Europe business.

Overview

The following table provides a breakdown of the revenues and EBITDA before exceptionals for the Olefins & Polymers Europe business for the dates indicated:

	For the year ended December 31,		
	2007	2008	2009
	(€ in millions)		
Revenue	9,696.9	9,946.6	4,634.3
EBITDA before exceptionals[(1)]	526.2	101.4	170.8

(1) For more information on how we calculate EBITDA before exceptionals, see "Use of Non-GAAP Financial Measures."

Products

In Olefins & Polymers Europe, we manufacture in our upstream business ethylene, propylene, butadiene, raffinate 1 and 2, benzene, toluene and gasoline blending components and in our downstream business low-density polyethylene, linear low-density polyethylene and high-density polyethylene and polypropylene. In our upstream business, the majority of our ethylene and propylene is either used for polyolefins production or sold to other INEOS businesses as feedstock. Our butadiene, raffinate 1, benzene, toluene and gasoline blending components are sold to producers of synthetic rubber, ABS plastics, oligomers, cumene, styrene and polyurethanes and are traded on the open markets.

In our downstream business, we are a leader in a number of markets that permit significant scope for product differentiation. Our linear low-density polyethylene production is primarily sold to customers in the film sector, while our low-density polyethylene products are primarily marketed to customers in the wire and cable, medical and coatings sectors. Our high-density polyethylene is targeted at premium markets such as pressure pipes, organoleptic caps and closures, organoleptic blow-molded long-life milk bottles and car fuel systems. We also produce polyethylene products for other commodity blow-molded and injection-molded applications. We believe that our competitive position in the worldwide polyethylene market is strengthened by our proprietary swing technology for the production of high-density polyethylene and linear low-density polyethylene, which allows both linear low-density polyethylene and high-density polyethylene to be produced from a single reactor, permitting the manufacture of a broad range of products.

Our market focus for polypropylene is on film, rigid packaging, sheet, non-pressure pipe, caps and other technical applications. In addition, we are a leading worldwide supplier in the heat seal films market.

Manufacturing

Olefins & Polymers Europe operates eight sites including four standalone polyolefin sites at Lillo and Geel in Belgium, Sarralbe, France and Rossignano, Italy, as well as the following large integrated olefin cracker and polyolefin facilities at:

- Köln, Germany;
- Grangemouth, United Kingdom;
- Lavéra, France; and
- Rafnes, Norway.

In 2009, these facilities had a total capacity of 8,800 ktes for the production of ethylene, propylene, butadiene, benzene, polyethylene and polypropylene. In Europe, we own and operate four major cracker complexes, two that are integrated with our refineries in Grangemouth, United Kingdom and Lavéra, France and two additional complexes in Köln, Germany and Rafnes, Norway. Each of these sites includes polyolefins and other olefin-derivatives units. The Norway cracker is a 50/50 joint venture with INEOS Norge AS, a subsidiary of Kerling plc. The Lavéra facility consists of a combination of units wholly owned by us and various 50/50 joint ventures with Total. Two of our olefin crackers, one in Grangemouth and the other in Rafnes are very efficient gas crackers, feeding from gas sources in the North Sea. The other olefin crackers at Grangemouth, Köln and Lavéra are naphtha crackers; each with significant gas cracking flexibility. This flexibility enables management of feedstock mix in response to changes in economic and market conditions, resulting in the maximization of margins. All of these crackers are either co-located with, or connected by pipeline to, polyolefins and other olefin-derivative units, enabling us to realize economies of scale, optimize the margin across a broad portfolio of olefin-derivatives, improve our facilities' energy management and minimize logistics costs. In addition, since our Grangemouth and Lavéra sites are fully integrated with our refineries on these sites, we enjoy further hydrocarbon optimization both on the supply side and in terms of ability to capture margins across the value chain.

The key strength of our operations in Europe is the high degree of upstream infrastructure integration between our crackers and their feedstock sources. In the case of Grangemouth and Lavéra, the olefins crackers are physically integrated with refineries located on the same site. This integration allows leveraging of the sites' infrastructure, energy management and workforce. For example, each of the refineries provides the associated olefin cracker with its feedstocks including naphtha, liquefied petroleum gas, butanes and propylene and in return receives pygas, which could be a gasoline blending component, and hydrogen for use in the hydrocracking of middle distillates. Moreover, because each of these olefin crackers and the respective refineries share a single site, we incur minimal transportation costs in moving petrochemical feedstock from the refinery into the cracker complex.

Grangemouth is connected with the FPS which transports crude oil to BP's oil and gas processing complex at Kinneil, Scotland. This site separates the associated gas from the oil carried through the FPS and delivers our feedstock needs directly into our oil refinery and associated gases direct to our olefins cracker. Although the cracker complex in Köln, Germany is not co-located with a refinery, it is located in the center of one of the key industrial regions of Germany and has access by pipeline and ship to the Rotterdam area in the Netherlands, one of the world's most competitive naphtha supply regions. It is the fourth largest cracker complex in Europe, very reliable and benefits from considerable downstream integration with a wide portfolio of olefin derivatives including three polyethylene units. Like the other cracker sites, Köln can also sell its excess ethylene and propylene to buyers in the merchant market via ethylene pipelines and its own barge jetty on the River Rhine. In particular, Köln sits at the centre of Europe's largest ethylene pipeline network owned by Aethylen Rohrleitungs Gesellschaft mbH & Co. KG ("ARG"), a company jointly owned by us and five other European petrochemical companies. Rafnes, Lavéra and Grangemouth are also connected to dedicated ethylene liquefaction and export terminals.

While our four large standalone polyethylene and polypropylene sites in Lillo, Geel, Sarralbe and Rosignano are not co-located on cracker sites, they are all located on major olefin pipelines or in the case of Rosignano, connected to its own ethylene terminal through which it imports ethylene by ship. In each case, this infrastructure provides each of these facilities with flexibility in sourcing their feedstock. Moreover, all of these sites are located in close proximity to their customers.

Since acquiring Olefins & Polymers Europe, we have undertaken a significant improvement and restructuring program across our asset base to significantly enhance its long-term cost-competitiveness. In general, cost efficiencies have been substantially improved across all aspects of the business. In addition, we have undertaken the closure of the following non-differentiated laggard polyolefin units; 120ktpa HDPE unit Grangemouth, 200ktpa PP units Sarralbe, 200ktpa PP unit Geel and 145ktpa PP unit Bamble. In each case selected customers have been supported by supply from our other units. The asset base has also been added to via the acquisition of the very efficient Noretyl gas cracker at Rafnes and associated polyolefins at Bamble in Norway in 2007. The Noretyl ethylene cracker in Rafnes has been modernized and expanded to its present annual capacity of 570,000 tonnes of ethylene and approximately 105,000 tonnes of propylene. The Noretyl cracker is operated as a tolling plant for ourselves and Kerling, converting natural gas liquid feedstock to ethylene and propylene under a processing agreement, with both owners paying Noretyl a conversion fee for its services.

Significant investments have been made in improving the reliability of all our sites since acquisition in 2005, such that our upstream asset reliability has improved from 91.5% in 2006 to 97% in 2009 (versus an industry average of 95%) and our downstream reliability has improved from 92.5% in 2006 to 93.9% in 2009 (versus an industry average of 92.5%).

Significant investments have also been made in the asset capability, including the building of a 100ktpa swing furnace on the Köln cracker and the commencement of a feedstock flexibility upgrade of the gas cracker at Grangemouth, which once completed will enable it to crack heavier, more readily available gases from the North Sea. Capacity expansion has been implemented on our Grangemouth polypropylene unit together with the addition of ethylene co-polymer capability. The Grangemouth linear low density polyethylene unit has been converted to swing capability, to produce a range of linear low and high-density polyethylene. In Köln, the linear low density polyethylene unit has been converted to highly differentiated metallocene capability (a proprietary catalyst technology that permits the production of super-tough film grades). A key improvement theme of our polyolefins business has been to increase the volume of differentiated polymers produced from 25% on acquisition to 55% by the end of 2009, with plans to increase this still further in the near term.

As with refineries, our manufacturing facilities are periodically shut down for scheduled turnarounds, to carry out necessary inspections and testing to comply with industry regulations and to carry out any maintenance activities that may be necessary. Olefins crackers typically undergo major turnarounds every four to five years, with each turnaround lasting four to six weeks. Polymers units are subject to more frequent maintenance shutdowns, typically one turnaround every one or two years, but each turnaround lasts only seven to ten days. A significant amount of focus in 2008 and 2009 has been placed on enhancing process safety and further improving reliability by initiating a series of process safety audits and reliability reviews to give assurance about the adequacy to which the critical safety management systems are operating and that the necessary plans are in place to drive reliability.

Raw Materials and Energy

The primary feedstocks for our olefin crackers are oil-based naphthas and natural gas liquids including ethane, propane and butane. The use of naphthas in particular results in the production of a significant amount of co-products such as propylene, butadiene, benzene, as well as gasoline blending components, while the use of natural gas liquids results in the production of a smaller amount of co-products, such as propylene. The majority of our naphtha requirements are sourced from our refineries in Grangemouth, United Kingdom, and Lavéra, France.

BP is our single most important external supplier of naphtha and gas, via a special joint sourcing agreement. Most of the petrochemical feedstocks purchased from BP are pursuant to hydrocarbon sale and purchase agreements with varying durations. In addition, a substantial proportion of our feedstock requirements are also obtained on the commodity markets.

The costs of the feedstocks required to make our products are principally driven by the price of oil and natural gas. In the current environment of relatively high oil prices, crackers located in the Middle East enjoy the advantage of access to low-cost gas feedstock.

The majority of our crackers' production is consumed as feedstock by our polymers and chemical intermediates units. INEOS is a very significant net buyer of ethylene and propylene production because our production of these olefins is significantly lower than our European consumption. To address our olefins shortage, we purchase ethylene and propylene on the merchant market through supply contracts and swaps with other petrochemical and refining companies.

Although energy is generated at several of our sites, including as part of petrochemical manufacturing processes, we are a significant net purchaser of both electricity and gas. Typically we procure our requirements from local producers or utilities at local market prices.

Customers and Contracts

We have approximately 2,200 customers worldwide whom are serviced by an in-house team of business, sales and technical service personnel. Customers of our upstream business tend to be major European petrochemical companies, who use our products to make intermediate and specialty chemicals. In our downstream business we sell to a large number of companies in a variety of plastic conversion industries involving rigid and flexible packaging, pipe, car fuel systems, rotomoulding, wire and cable, medical and other industrial and consumer products. In Olefins & Polymers Europe as a whole, no single customer accounts for more than 5% of our annual revenues and our top 10 customers account for less than 15% of our annual revenues.

In our upstream business the majority of our ethylene, propylene and raffinate 1 and a substantial portion of our benzene production is sold to other INEOS olefin-derivative businesses at market related transfer prices. Approximately 60% of our downstream polyolefin business' olefin requirements is satisfied by internal supply, while the rest is sourced from the open market. Our remaining production of ethylene, propylene, butadiene, raffinate 1, benzene, toluene and gasoline blends are sold directly to customers predominately via contracts of 1-3 years duration, with pricing either freely negotiated, cost-plus or market referenced (such as ICIS or Platts public quotes). Pricing therefore changes daily, monthly or, in the case of a small proportion of butadiene sales, quarterly. A significant change to how the European market prices ethylene and propylene took place in early 2009 when the contract price system changed from quarterly to monthly, to reflect more dynamically changes in supply/demand.

In our downstream business the majority of our polyolefin production is sold directly to customers predominately via contracts of 1-3 years duration, with pricing either freely negotiated, cost-plus or market referenced (such as ICIS or Platts public quotes). Pricing therefore changes weekly, monthly or quarterly depending on the pricing mechanism. The majority of sales are enacted in Europe, with exports outside the EU27 countries accounting for approximately 20% of total polyolefin sales volumes. A small portion of our polymer sales is also made via a worldwide network of distributors and agents.

Olefins & Polymers North America

Set forth below is a discussion of the products, manufacturing, new materials and energy and customers and contracts, for our Olefins & Polymers North America business.

Overview

The following table provides a breakdown of the revenues and EBITDA before exceptionals for the Olefins & Polymers North America business for the dates indicated:

	For the year ended December 31,		
	2007	**2008**	**2009**
		(€ in millions)	
Revenue[(1)]	3,036.8	2,950.9	2,166.3
EBITDA before exceptionals[(2)]	242.0	26.2	276.5

(1) Revenue excludes revenue from discontinued operations.

(2) For more information on how we calculate EBITDA before exceptionals, see "Use of Non-GAAP Financial Measures."

Products

Our olefin products—ethylene, propylene, butadiene, mixed butenes, and crude benzene—are the basic building blocks for a vast family of petrochemicals produced by our chemical manufacturing customers. A significant portion of our olefin output serves as feedstock for our polymers production, while the remaining output is sold to affiliates and third parties.

The only type of polyethylene we manufacture in Olefins & Polymers North America is high-density polyethylene. Our high-density polyethylene products are sold to customers for use in manufacturing food packaging, household chemical containers, pipe, injection molded products such as caps and closures, and crates and pails. Our polypropylene is transformed into crates and trays, food packaging, carpets, automotive products, DVD cases, rope and toys. Consumables such as caps, closures, film and packaging represent approximately 75% of our polymer sales volume.

Manufacturing

The key assets of Olefins & Polymers North America include the following:

- the Chocolate Bayou, Texas facility, one of the largest cracker installations in North America;
- Battleground, Texas facility, one of the largest North American high-density polyethylene facilities and integrated with the Chocolate Bayou site through a company-owned pipeline system;

- 50% joint venture in the world scale Horizon high-density polyethylene plant located at Chevron Phillips Cedar Bayou, Texas Site;

- Carson Polypropylene Plant—integrated with the BP Refinery at Carson, California; and

- Hobbs Fractionation Unit, which processes 55 kbpd of Natural Gas Liquids feedstock for our Chocolate Bayou cracker.

All of the olefins crackers are either co-located with, or connected by pipeline to, polymers units, enabling them to realize economies of scale, improve their facilities' energy management and minimize logistics costs.

In North America, our olefins and polymers business comprises five sites including major facilities in Chocolate Bayou, Texas, and Battleground, Texas. In 2009, these facilities had total production volumes of approximately 3500 kilotonnes inclusive of olefins, polyethylene and polypropylene finished goods only. There was a permanent shutdown of one polypropylene unit at Chocolate Bayou in late 2007 and two polypropylene lines were closed at Battleground in early 2009.

Chocolate Bayou is one of the largest cracker installations in the Gulf Coast region. The site has access to cavern storage, rail service, and approximately 350 miles of pipeline, either owned or leased by us. This allows integration to our polymer assets and our Hobbs fractionation unit, and permits the site to place its surplus ethylene and other products either directly in the local merchant market or in storage to bridge time lags between production and consumption. The scale of the Chocolate Bayou crackers should also enable the leveraging of the facility's infrastructure and workforce. Another key strength of the facility is the crackers' flexible design. While their main feedstock is natural gas liquid gas-based feedstock, which is obtained from various sources, including approximately 45% from our natural gas liquid fractionator near Hobbs, New Mexico, the commodity markets and BP's refinery in Texas City, Texas, the facility also has the ability to process naphtha. This flexibility enables management of feedstock mix in response to changes in economic and market conditions. All of our polymers facilities in North America are either connected with the Chocolate Bayou crackers or are adjacent to facilities operated by BP or third parties with whom we have feedstock arrangements.

Among our North American polymers units, our key facility is the site at Battleground, Texas, which hosts both polypropylene and high-density polyethylene production. Our high-density polyethylene site is the fourth largest high-density polyethylene complex in North America. Battleground is integrated with Chocolate Bayou by way of a pipeline system owned by us. Complimenting our Battleground polymers production is our Carson polypropylene unit and our 50% ownership interest in the Cedar Bayou Horizon high-density polyethylene line. The Horizon line, which is operated by Chevron Phillips, is the fourth largest single high density polyethylene line in North America.

All of our polymers facilities in North America are either connected with the Chocolate Bayou crackers, or are adjacent to facilities operated by BP or third parties with whom we have feedstock arrangements.

Raw Materials and Energy

Our procurement efforts remain focused on expanding access to low cost materials, services, and equipment and creating independence from sole or limited sources of supply. We are connected via pipeline to multiple hydrocarbon suppliers at Chocolate Bayou Works and Battleground Manufacturing Complex to ensure a secure supply at reasonable costs.

We, together with our North American affiliates, have centralized the purchasing of energy, natural gas, rail routes and propylene (including refinery-, chemical- and polymer- grades), providing scale, common voice in the market and, in the case of propylene, flexibility to manage our supply and demand. Our olefins and polymers business primarily uses naphtha and NGLs as the basic feedstocks for our olefins crackers.

Although most external feedstock supplies of the business are available from a variety of third parties, some of our sites are substantially dependant on BP refineries. For example, our Carson Polypropylene Plant depends on raw materials from the BP refineries located on the same site and has no convenient access to alternative supply channels. Most of the petrochemical feedstocks purchased from BP are pursuant to hydrocarbon sale and purchase agreements of varying durations. In addition, a substantial proportion of our feedstock requirements is also obtained on the commodity markets. We manage the procurement and trading of our feedstocks internally.

Our U.S. ethylene production capacity exceeds our U.S. consumption. We thus sell ethylene on the merchant market through supply contracts and swaps with other petrochemical and refining companies. Our propylene production is lower than consumption. To address this shortfall, we purchase propylene on the merchant market through supply contracts and swaps with other petrochemical and refining companies.

Although energy is generated at several of our sites, including as part of petrochemical manufacturing processes, we are a significant net purchaser of both electricity and gas. Typically we procure our requirements from local producers or utilities at local market prices.

Customers and Contracts

We work with customers to meet evolving market requirements. We market our products both directly—business to business—and through authorized distributors. In 2009, approximately 23% of our sales were achieved through distributors and traders. We have a small base of olefins customers and approximately 350 polymer customers worldwide. Our industrial customers include a large number of companies in a variety of downstream industries involving rigid packaging, fibers and flexible packaging. In 2009, our top 12 customers represented approximately 45% of our total revenue, as compared to 47% in 2008 and 53% in 2007.

Most of our sales are by multi-year contracts, with prices subject to monthly negotiation. Our polymer sales are to customers in the merchant market and are made either on contract or spot terms. Some contracts are based on negotiated prices, while others are based on pricing formulas or refer to spot market rates.

Chemical Intermediates

Set forth below is a discussion of the products, manufacturing, raw materials and energy, customers and contracts, research and intellectual property and competition for our Chemical Intermediates activities. This includes the following key businesses: INEOS Nitriles, INEOS Oligomers, INEOS Oxide, INEOS Phenol, INEOS Enterprises, INEOS Films and INEOS Technologies.

Overview

The following table provides a breakdown of the revenue and EBITDA before exceptionals of the chemical intermediates business for the periods and as of the dates indicated:

	For the year ended December 31,		
	2007	2008	2009
	(€ in millions)		
Revenue	13,053.1	12,842.3	7,354.4
EBITDA before exceptionals[(1)]	1,025.2	422.5	546.2

(1) For more information on how we calculate EBITDA before exceptionals, see "Use of Non-GAAP Financial Measures."

Products

The following table provides an overview of our key chemical intermediate products and their principal applications:

Business	Key Products	Principal Applications
INEOS Nitriles	Acrylonitrile	Acrylic fibers and acrylonitrile butadiene styrene and styrene acrylonitrile polymers
	Acetonitrile	Performance solvent for pharmaceuticals industry

	Oxazole	Chemical intermediates
	Hydrogen Cyanide	Gold extraction, perspex manufacture and animal feeds
	Acetone Cyanohydrin	Chemical intermediates
	Ammonium Sulphate	Fertilizers
INEOS Oligomers	Linear alpha olefins	Co-monomers for polyethylene, synthetic lubricants, detergents and oil drilling chemicals
	Poly alpha olefins	Synthetic lubricants
	Polyisobutylene	Fuel additives, lubricants, coatings, adhesives, sealants and cable insulation
	Isoolefins, Isoparaffins and Specialties	Chemical intermediates
INEOS Oxide	Ethylene oxide and derivatives, including ethylene glycol, ethanolamines, alkoxylates, glycol ethers and GasSpec™ gas treating amines	Polyester resins, fibers, film, antifreeze/coolants, industrial detergents, agrochemicals, surfactants, cosmetics, construction chemicals, pharmaceuticals, synthetic lubricants and oil and gas processing
	Propylene oxide and derivatives, including propylene glycols	Polyurethane foam and polyester resins
	Oxo-Alcohols	Chemical intermediates primarily for plasticizers
	Ethylidene norbornene monomer	ethylene propylene diene monomer rubber
	Glycol Ether Esters	Surface coating, paints
	Acetate esters	Surface coating, inks, paints, process solvents
	Ethylene Glycol	Automotive antifreeze/coolants
INEOS Phenol	Phenol	Bisphenol A for the production of polycarbonates and epoxy resins, acrylics, phenolic resins, pharmaceuticals and caprolactam for the production of nylons
	Acetone	methylmethacrylate, polymethylmethacrylate, acrylate, bisphenol A for the production of polycarbonates and epoxy resins, acrylics, pharmaceuticals and acetone-based solvents. Also used in isophorone for the agchemicals industry
	Cumene	Chemical intermediates
	Alphamethylstyrene and Acetophenone	Chemical intermediates
INEOS Enterprises	Synthetic ethanol	Solvent used in personal care products, inks, household chemicals and industrial applications including nylon
	Ammonia	Intermediate used to produce fertilizers, resins and textiles
	Nitric Acid	Polyurethanes, fertilizers
	Vinyl Acetate Monomer	Key intermediate used to produce emulsions and resins for the paints & coatings, adhesives and textile industries
	CDM	Environmental emissions credits
INEOS Films	Polyvinyl chloride, polyethylene terephthalate & polyvinyl chloride/polyethylene films	Base film for pharmaceutical and medical packaging, cards (credit cards etc), printing and decoration and food and non-food packaging.
	Barex Resin	Meat packaging
INEOS Technologies	Technology licenses for polyethylene, polypropylene, polystyrene, vinyls, and acrylonitrile	License, design and support for construction and operation of petrochemical production plants

Catalyst and Additives Polymer processing

INEOS Nitriles. Our main product in the nitriles sector is acrylonitrile. According to CMAI, measured by expected average annual capacity for 2009, we are the largest manufacturer of acrylonitrile in the world. The primary applications for acrylonitrile are acrylic fiber and acrylonitrile butadiene styrene plastics. We employ safeguards to ensure the safe handling of nitriles, including the use of specially designed railcars and pipelines for transportation to nearby customers. We believe that our competitive position in the worldwide acrylonitrile market is strengthened by our proprietary fluid bed acrylonitrile process and related catalysts.

In addition, the nitriles business produces cetonitrile, oxazole, hydrogen cyanide, acetone cyanohydrin, and ammonium sulphate. Acetonitrile is currently finding increasing use as a high performance solvent in the pharmaceutical industry.

INEOS Oligomers. According to CMAI and measured by expected average annual capacity, we are the largest producer of poly alpha olefins worldwide and the third largest linear alpha olefins producer. As a "full-range" linear alpha olefins producer, we manufacture a broad range of co-produced linear alpha olefins and must manage production levels consistent with our ability to utilize or sell the entire product slate. As different segments of the linear alpha olefins market tend to grow at different rates, the business has developed a variety of internal and external outlets for the key products, which allow the plants to operate with minimal constraints. Our unique technology does allow some flexibility to adjust our product slate, in order to emphasize certain linear alpha olefins products and de-emphasize others as demand fluctuates. The primary applications for linear alpha olefins are as a comonomer for polyethylene and use in detergents, lubricants and drilling fluids. Polyalpha olefins are primarily used in synthetic motor oils, transmission fluids and other demanding lubricant applications such as wind turbines.

According to CMAI, and measured by annual capacity data, we are the largest producer of polyisobutylene in the world. Applications for polyisobutylene are diverse, from cosmetics and personal care products, through sealants and adhesives to fuel additives.

INEOS Oxide. We manufacture ethylene and propylene oxides, from which we manufacture a range of derivatives including ethylene glycol, propylene glycol, acetate esters and ethylidene norbornene monomer. We believe, as measured by expected aggregate annual capacity for 2009, we are the largest producer of ethylene oxide and ethylene glycol in Western Europe and one of only two producers of ethylidene norbornene monomer in the world.

Ethylene oxide is a highly reactive, flammable and toxic molecule. As a consequence, ethylene oxide producers typically use a significant proportion of their ethylene oxide for captive production or sell it to third parties located reasonably close to, or on, their ethylene oxide production sites. The majority of ethylene oxide produced in Western Europe is used for captive production and there are virtually no ethylene oxide imports into, or exports from, Western Europe. INEOS Oxide uses its ethylene oxide production for the captive production of ethylene glycol, ethylene oxide derivatives and sales to third parties.

Our ethylene oxide derivatives include ethanolamine, a broad range of alkoxylates, glycol ethers and GasSpec™ gas treating amines. We own and operate one of the world's largest ethanolamine units and produce a family of molecules which are used in applications such as agrochemicals, surfactants (used in personal care products and detergent formulations), cement additives, textile chemicals, metal working fluids, electronics and pigments. We have five alkoxylate reactors based in Antwerp which we use to make a broad range of alkoxylates used in household detergents, herbicides, industrial cleaners, petroleum production, cosmetics, pharmaceuticals, synthetic lubricants and surface coating. We also operate one of Europe's largest glycol ether assets to produce a range of methyl, ethyl and butyl glycol ethers used as solvents in surface coatings, inks, and as jet fuel de-icers. We also produce GasSpec™ gas treating amines, which are high performance specialty chemical formulations, often patent-protected, which are used in oil and gas processing in order to remove hydrogen sulphide and carbon dioxide from natural gas, gasoline and ammonia production streams.

We are one of only two suppliers of ethylidene norbornene monomer globally and the only producer in Europe. Ethylidene norbornene monomer is used in the production of ethylene propylene diene monomer rubber, a high performance rubber that is both wear and weather resistant and is increasingly used in place of conventional rubbers in automobiles, roofing materials and household appliances.

Ethylene glycol is used primarily as a feedstock to produce polyethylene terephthalate for film, fiber and resin and in a variety of other industrial applications including antifreeze/coolants for automotive vehicles.

Ethyl acetate is primarily used as a solvent and diluent, favored because of its low cost, low toxicity, and agreeable odor. For example, it is commonly used to clean circuit boards and some nail varnish remover. Coffee beans and tea leaves are decaffeinated with this solvent. It is also used in paints as an activator or hardener and is present in confectionery, perfumes, and fruits. In addition, we produce acetate esters which are used as solvents in surface coatings, inks and pharmaceutical manufacturing.

INEOS Phenol. According to CMAI, measured by average annual capacity in 2009 we are the largest producer of phenol in the world. Phenol is a primary material for a large number of chemical products. In recent years, the use of phenol for the production of bisphenol A, an intermediate product used to produce polycarbonate and epoxy resins, has increased substantially and is now the largest phenol application. Polycarbonate is an engineering thermoplastic material which, due to its superior optical qualities, structural strength and weight, has a wide range of uses, including CDs and DVDs, optic-fibers, optical lenses, bullet proof glass and other ballistic resistant materials, structural parts in cars and trucks and housings for electrical household appliances and office equipment. The primary end use for epoxy resins is for printed circuit boards and adhesives.

Phenol is also combined with formaldehyde to produce phenolic resins and is used in the production of caprolactam. Caprolactam is a precursor for polyamide (nylon) which is used in the textile industry and in a range of industrial applications, primarily due to its resistance to corrosive chemicals. Phenolic resins, which represent the second largest commercial use of phenol, are used in a wide range of applications, including in the manufacturing of plywood for use in housing, and furniture, in binders for the production of insulation materials, in laminates for the construction industry, in molds in the foundry industry and in adhesives.

According to CMAI, measured by average annual capacity in 2009, we are the largest producer of acetone in the world. The largest commercial use of acetone is for solvents, either through the use of acetone itself as a solvent or through the acetone-based production of solvents. The second largest commercial use of acetone is the manufacture of methylmethacrylate. Methylmethacrylate is used to manufacture polymethylmethacrylate resins, including acrylic sheets and compounds for molding and extrusion. Acrylic sheets and compounds are used in a wide range of architectural and industrial applications, ranging from point of sale retail displays to glazing and decorative light panels. The third major use of acetone is in the production of bisphenol A.

Alphamethylstyrene and Acetophenone are also produced as by-products from the phenol production process.

INEOS Enterprises. According to CMAI, measured by average annual capacity for 2009, INEOS Enterprises is the second largest provider of synthetic ethanol in the world. Due to the high level of purity of our synthetic ethanol compared with fermentation ethanol, we are able to market this product to the cosmetics and pharmaceuticals sectors. Our competitive position in the market is led by the cost benefits of our integrated status on the Grangemouth site, as we are the only producer with an integrated position.

Ammonia production finds major application in the fertilizer industry, but is also used in the production of acrylonitrile and nylon. Nitric acid is similarly used in the fertilizer industry, but also finds application in the manufacture of polyurethanes. In this highly competitive market, we benefit from a cost base lower than that of many of our competitors, having an advantaged location within our Köln integrated petrochemical site and supplying 80% of our customer volume directly by pipeline.

Vinyl Acetate Monomer is the major component of many emulsion paint and coating systems. It is also utilized in the production of adhesives and epoxy resins. We benefit from an integrated ethylene feedstock position with supply by pipeline, supporting the lower variable costs offered by our differentiated technology.

Following the recent sale of the INEOS Fluor business, two activities have been retained with management oversight from INEOS Enterprises. The first is the CDM (clean development mechanism) business, which utilize proven technology for the abatement of fluorocarbon emissions. We are a participant in three CDM projects in India and Korea which successfully operate our abatement technology. Reductions in emissions are being achieved at all locations and following successful periodic verifications, certified emission reductions (CER's) are issued by the United Nations Framework Convention on Climate Change, which we then market. The second is the fluorspar mining business (Glebe Mines). This supplies fluorspar to the Runcorn, UK site.

INEOS Films. Our films business produces an extensive range of high quality rigid polyvinyl chloride films. Our business focuses on manufacturing and supplying rigid films to four major markets being pharmaceutical, cards, specialties and packaging. We have strong positions in the global sector of high quality secure cards, such as credit cards and phone cards, and in pharmaceutical blister packaging. These sectors typically feature higher margins than other film sectors. We believe that measured by volume, we are the second largest polyvinyl chloride film producer in Europe

In addition, our films business produces Barex resin, which when processed into bottles, sheet or film, provides a high oxygen barrier material. This is then used in the packaging of a variety of products including long-life meat products, nicotine patches, cosmetics and fruit juices.

INEOS Technologies. INEOS Technologies is a leading developer and licensor of polyolefin, polystyrene, nitriles, maleic anhydride, vinyls, and chlor-alkali technologies to the global petrochemical industry. It manufactures and supplies high quality catalysts and additives in support of these technologies to major companies around the world as well as to our own manufacturing assets.

We view technology licensing as an effective way of establishing our products in the market and of generating additional income. In addition, we believe that the ability to offer a comprehensive technology package is a substantial advantage in attracting potential joint venture partners for equity investments in regions characterized by low feedstock costs and high growth, such as the Middle East, North Africa, Russia and China. Our approach to licensing varies from technology to technology to take into account the prevailing market conditions. For example, licensing of acrylonitrile technology is highly selective, whereas our gas phase polyethylene technology is licensed widely.

Under INEOS' ownership, the business has grown its overall licensing market share in all product lines, and on the basis of 2008 and 2009 market shares, we have become the leading licensor of polyethylene, polypropylene, polystyrene, polyvinylchloride, vinyl chloride monomer, ethylene dichloride, and acrylonitrile technologies. A total of 18 major new licenses have been agreed since the beginning of 2008, through the activities of our sales offices located in Lisle, USA, Lyndhurst, UK and Shanghai, China.

We market and sell the catalysts and additives required to operate the processes. We manufacture catalysts for polyethylene, acrylonitrile and maleic anhydride in its own facilities, and have established toll-manufacturing arrangements for polypropylene catalysts, ethylene dichloride catalysts, and some polyethylene catalysts, and for process additives for the polyvinylchloride process. Manufacturing facilities exist in Lima, USA (acrylonitrile catalysts), Green Lake, USA (maleic anhydride catalysts) Lavéra, France and Sarralbe, France (both polyethylene catalysts).

In order to sustain the competitiveness of its process technologies and catalysts, we invest a substantial proportion of our Technology profits in research and development. We have major research centers in Naperville, USA, and Lavéra, France. In addition, the business has research or pilot facilities in Grangemouth, Scotland, Neder-over-Heembeek, Belgium, Runcorn, England, and Porto Marghera, Italy.

Our proprietary gas phase polyethylene technology serves the linear low-density polyethylene and high-density polyethylene markets, which are the fastest growing segments of the commodity polyethylene markets. We own a specialized technology for the manufacture of high-density polyethylene, acquired from Solvay. This technology is based on a slurry production process and is characterized by low capital and operating costs. Our technology is based on a chemical process for the transformation of propylene into acrylonitrile called ammoxidation. We have provided five generations of acrylonitrile catalysts, and there is continuing industry demand for these catalysts. Our polyvinyl chloride process allows for rapid production rates without the need for chilled water to cool the reactors, providing substantial capital savings by eliminating the need for expensive refrigeration systems. We have developed and sell a range of leading additives to enable smooth and optimized running of the polyvinyl chloride production process. We offer a range of technologies for the manufacture of ethylene dichloride and vinyl chloride.

Manufacturing

INEOS Nitriles operates from four sites, two in the United States and two in Europe. Measured by capacity, we believe that Green Lake, USA is the largest facility for acrylonitrile and related products in the world. The second U.S. site is in Lima and is an integrated nitriles complex, producing acrylonitrile and related products, with access to feedstock from an adjacent refinery. Lima also manufactures acrylonitrile catalysts for other facilities on a global basis and Barex resin for the Films business. In Europe, we manufacture at the former BASF site in Seal Sands in the north east of England and in Köln, Germany.

INEOS Oligomers operate from six sites split across Europe and North America. Joffre, in Canada, is one of the newest linear alpha olefins units in the world and has access to low-cost third-party ethylene feedstock derived from Canadian gas. Other North American assets include La Porte, Texas, which manufactures polyalpha olefins, and Whiting, Indiana. The Whiting polyisobutylene plant obtains isobutene feedstock from a variety of sources including the INEOS Chocolate Bayou site and local refiners. In Europe, production of polyisobutylene takes place in Lavéra, France, production of linear alpha olefins and poly alpha olefins occurs in Feluy, Belgium and specialty oligomers are manufactured in Köln, Germany

INEOS Oxide operate from six sites, in Antwerp, Belgium, Plaquemine, Louisiana, Lavéra, France, Köln, Germany, Hull, UK and a small facility in Freeport, USA. Our largest production facility is at the Antwerp complex on the coast of Belgium. This site has direct or indirect connections to four major ethylene pipelines linking it to most ethylene crackers in Northwest Europe. It also has pipeline connections to pipelines for nitrogen, oxygen, natural gas and ship/rail logistic capabilities for sourcing bulk feedstocks of propylene oxide, butadiene, acetic acid and alcohols. In addition, the site has its own jetty facility on the Schelde River which links it to the port of Antwerp and the ARA pipeline and with rail and road tanker loading facilities. We produce ethanolamine at our Plaquemine plant located on the Mississippi/Gulf Coast of the United States. This is a prime location for chemicals production due to advantaged access to feedstock and direct access to sea jetties and close proximity to our customer base.

INEOS Phenol operates phenol and acetone at sites in Gladbeck, Germany, Antwerp, Belgium and Mobile, USA. Pipelines to the cumene plant and the canal port in Marl, Germany and BPRP's cumene plant in Scholven, supply the Gladbeck site with cumene. Our Antwerp site is located in the Antwerp industrial area with direct deep-water access. All of the cumene reaches the site via ship. The majority of the site's end-products are transported to its customers by ship, with the balance being transported by road. Our Mobile, USA plant is located in the Mobile Bay on the Gulf of Mexico, close to certain major phenol consumers. All cumene is supplied via ship mainly from producers on the Gulf Coast. About 50% of the phenol and acetone produced are transported via ship, and the balance by rail and road. We also own and operate a cumene plant in Port Arthur, USA. All of the cumene produced at this facility is utilized as feedstock for our Mobile facility. The cumene can also be shipped to our European facilities. The facility was mothballed in early 2009 due to the impact of the global recession.

INEOS Enterprises operates four sites. We manufacture ethanol on the Grangemouth complex in Scotland, ammonia and nitric acid at the Köln complex in Germany and vinyl acetate monomer at the Saltend site in Hull, England (where we also operate the acetate esters unit on behalf of INEOS Oxide). Our final site is the fluorspar mine in the Peak District, UK, which supplies fluorspar to our disposed fluorchemical businesses in Runcorn, UK.

INEOS Films operates a total of seven production sites worldwide. There are three sites in Germany (Staufen, Botzingen and Golzau), one in Italy (Fucine), one site in the United States (Delaware) and two in India (Nasik and Thane). The Indian sites are part of the Caprihans India Ltd in which we have a 51% shareholding and control the business. Finished film product is sold in reels or palleted sheets and distributed throughout the world by truck or container.

INEOS Technologies operates a catalyst production unit in Lima, USA, but in general utilizes third parties for the toll manufacture of the majority of its catalyst and additives products.

Raw Materials and Energy

Acrylonitrile is manufactured from propylene, ammonia and air with the use of a special catalyst. Acrylonitrile is toxic and flammable and, unless chemical stabilizers are added for storage and shipment, can undergo an explosive chemical reaction. We employ safeguards to ensure the safe handling of nitriles, including the use of specially designed railcars and pipelines for transportation to nearby customers.

Ethylene is the primary feedstock for the production of the linear alpha olefins of INEOS Oligomers, being supplied in Joffre from the neighboring cost advantaged Nova facility (benefiting from the “Alberta Advantage” cost base) and in Europe by pipeline. Poly alpha olefins are made by merging several linear alpha olefins together. Isobutene is the key feedstock for Polyisobutylenes, and is supplied from within our site in Lavéra, France, from the neighboring refinery complex in Whiting or can be railed from a variety of other supply sources.

INEOS Oxide’s principal raw material is ethylene. Our Antwerp complex is the largest chemical site in Europe and the largest ethylene consumer in Europe, and we benefit from this. This supply flexibility is further bolstered by access to or ownership of major ethylene deep sea terminals connected to the ARA pipeline network. We have short and medium-term contracts of one to five years that generally specify minimum and maximum volumes with several different suppliers. The cost of our key feedstock ethylene supply is based on a discount to the current Northwestern European contract price.

Cumene, which is made from the combination of benzene and propylene, is INEOS Phenol’s main raw material. We acquire cumene from our suppliers pursuant to four different types of contractual arrangements. Under a toll contract, we supply the benzene and propylene required for the production of cumene to our suppliers, who then convert these inputs into cumene. For this service, we are charged a conversion fee reflecting the supplier’s costs and a margin. Under the second type of contractual arrangement, the suppliers charge us for cumene according to contractually agreed formulas based on benzene and propylene market prices and agreed yield factors. A conversion fee is added to the charge. The third type of arrangement is the toll contract, discussed above, pursuant to which customers pay for or provide raw materials to us and receive, in exchange for a toll fee, corresponding phenol and acetone outputs in fixed proportions. Finally, we also make some incidental purchases of cumene in the open market. As a result of these arrangements, we are exposed to changes in the market contract and spot rates for benzene and propylene. We believe that our use of toll contracts with customers and formula-based contracts can reduce our exposure to raw material price fluctuations.

INEOS Enterprises’ key raw materials are ethylene, natural gas and acetic acid. The Ethylene is supplied by pipeline to our ethanol and vinyl acetate monomer units predominately from the INEOS Olefins and Polymer crackers in Grangemouth. Natural gas is supplied from utility companies via pipeline from the German natural gas grid to the Köln plant to manufacture Ammonia. Acetic acid is supplied from third parties, via pipeline and via imports, to our vinyl acetate monomer unit in Hull.

The major raw material for our Films business is polyvinyl chloride resin, which is purchased both from the plants of the INEOS ChlorVinyls Business (now a division of Kerling), and from third parties. Additives also account for a significant proportion of raw material costs. These additives are obtained from a large number of suppliers optimizing, where possible, volume related price rebates on a group basis.

Customers and Contracts

INEOS Nitriles has approximately 200 customers worldwide, with the top 10 customers accounting for 63% of revenue. Major customers include in Asia, Chi Mei, LG, Samsung and Toray, and in Europe, BASF, Aksa, Dralon, Sabic and Dow Chemical. We are the only supplier to provide customers with the security of supply from capacity in the United States and in Europe and we are the only supplier to service all key regions of the world: the United States, Europe, Asia and the Indian subcontinent.

INEOS Oligomers has approximately 450 worldwide customers with its top 10 customers accounting for approximately half of revenue, primarily generated in Europe and North America which account for 47% and 37%, respectively of segment revenue. Major customers typically include large polyethylene manufacturers, such as Dow Chemical, Total, Nova and INEOS and leading lubricant, surfactant and drilling fluid companies.

INEOS Oxide sells most of its products to leading chemical manufacturers, including Dow, Cognis, Monsanto, DSM, Bayer, Indorama and DuPont. The majority of our sales are made pursuant to short- and medium-term market contracts of one to five years in duration. Under a long-term swap agreement entered into with Dow Chemical as part of the ethanolamine and GasSpec™ gas treating amines acquisition in February 2001, we swap a significant proportion of our ethylene glycol production from our Antwerp facilities for an equivalent volume of ethylene oxide production from Dow Chemical's ethylene oxide plant in Plaquemine. We generally determine the prices for our chemicals on a monthly or quarterly basis based on current market conditions, including raw material costs. Other than ethylene oxide prices, which are based on the European market price, our prices are generally based on the international market price.

INEOS Phenol sells to most of the major phenol and acetone consumers in Europe and North America and is establishing a market presence in Asia. Customers in Europe and North America include Bayer, Sabic IP and DSM. We generate approximately 65% of our total sales from our 10 largest customers with whom we have developed strong relationships. As outline above, most of our sales are made under either long-term contracts or long-standing informal arrangements with our customers, including toll, formula and market contract arrangements.

INEOS Enterprises sells its ethanol, vinyl acetate monomer and ammonia products to a broad range of, both internal and external, customers predominantly in Europe. This includes some of the largest consumers in the chemical intermediate, coatings, inks and adhesives and pharmaceutical industries. The majority of our sales are conducted via short- and medium-term market contracts of between one to five years.

INEOS Films manage the marketing and sale of film products into four primary market sectors (Card, Pharmaceutical, Packaging and Specialties). Each is managed separately due to the distinct nature of each product range. We use internal sales forces for sales into our key markets, such as Italy, Germany, Belgium, France, the United Kingdom, Spain and the United States. We employ agents and distributors for sales elsewhere. In total, sales are made into over 50 different countries worldwide, to numerous customers.

Research and Intellectual Property

The market position of our Chemical Intermediates business is supported by a range of technologies. Our main technology in this area is the proprietary fluid bed acrylonitrile process and related catalysts. We believe that this technology is the leading nitriles manufacturing technology and, we believe, it is used in more than 90% of the world acrylonitrile production. The other supplier of acrylonitrile technology, Asahi Kasei Corporation of Japan, tend to maintain the technology for their own use only, thus providing INEOS with considerable leverage in this sector.

INEOS Technologies as a business takes responsibility to focus resources onto more fundamental improvements of the capital operating costs of the different technology platforms, and catalyst and additive performance, including development of novel catalysts and additives. The operating businesses focus on applications and improvements to existing asset performance.

For example, since 1995, INEOS Phenol has filed in excess of 20 patent applications for new process technology, including acetone recycling, improvements in product quality and process optimization.

Our policy is to protect all of our significant technologies by seeking patents and where appropriate, defending and enforcing our intellectual property rights. We believe that this strategy allows us to preserve the advantages of the products we sell and the technologies we use and license, and helps us to maximize the return on our investment in research and development. We own, or have rights to, approximately 4,000 patents, divided into 560 patent families, in the United States, Europe and various other regions. In order to protect confidential technical information which is not subject to patent protection, we rely on trade secret law and frequently enter into confidentiality agreements with our employees, customers and partners.

While we believe that our intellectual property provides competitive advantages, we do not regard our business as being materially dependent on any single patent, trade secret or trademark.

In addition to our patents and trade secrets, we are party to licensing and other agreements authorizing us to use patents, trade secrets, confidential technical information and related technology owned by third parties and/or operate within the scope of patents owned by third parties.

In addition, we own a number of registered trademarks, including our Innovene brand. We police our existing trademarks and enforce our legal entitlements in situations where third parties infringe upon any of these rights.

Competition

Although INEOS Nitriles competes with numerous manufacturers of acrylonitrile, we are by far the largest producer in the world. In addition, 90% of the world’s acrylonitrile capacity is based on our process technology. Our most significant competitor is Asahi Kasei Corporation, who are the market leader in Asia. Other competitors include Ascend in North America and DSM in Europe.

The main competitors for INEOS Oligomers with linear alpha olefins are Royal Dutch Shell, Chevron Phillips and Sasol Limited.

The main competitors of INEOS Oxide in the ethylene glycol, antifreeze, ethylene oxide and ethylene oxide derivatives markets are BASF, Shell and Dow Chemical, while those in acetate esters include BASF and E-Oxo. Our only competitor in the ethylidene norbornene monomer merchant market is Nippon Petrochemicals of Japan.

In Europe, the major competitors for INEOS Phenol are Cepsa and Polimeri. In North America, Our major competitors are Sunoco and Shell.

Integration is the key factor supporting the competitive status for INEOS Enterprises. In the global market for ammonia, we face over 90 competitive production units located in 33 countries. Thirty of these units are within Western Europe.

The main competitors for INEOS Films are Klöckner Pentaplast, Alfatherm and Gallazzi. The strength of these competitors varies depending upon in which of the four key market sectors they operate.

Research and Technologies (“R&T”)

We consider R&T to be a key element of both the short-term performance and the long-term growth of our business. The majority of our R&T work is performed by INEOS Technologies. The balance is carried out by individual businesses for their own specific purposes.

Our R&T work has three principal objectives:

- minimize production costs with a view to increasing the margins that can be achieved in the manufacture and sale of our products;

- make better products in order to sustain or capture more margin or market share; and

- reduce capital costs to minimize the investments necessary to meet demand.

A substantial portion of our R&T expenditure is dedicated to the continuous improvement of our existing processes, products, assets and operations and is intended to yield returns in less than two years. This R&T work is carried out by a combination of integrated teams based at our facilities and centrally- located specialists and research teams in one of our R&T centers. In addition, we carry out longer-term projects targeted at more fundamental improvements, which we typically intend to yield returns within two to five years. We protect our process technologies and products by seeking patents or retaining them as trade secrets.

We believe that the quality of our scientific staff is important to our success. The employees working in our R&T centers have comprehensive expertise in a variety of areas, including catalysis, process development, product and material science, modeling and project management. Our R&T project teams also have commercial expertise. We consistently aim to improve the effectiveness of our R&T efforts by targeting our projects at the most valuable applications and using project management tools to monitor progress. To attract and retain the best-qualified scientists and develop a high level of capability and competence in the key areas of processes, products and operations, we offer our employees challenging development opportunities and a competitive compensation package that is aligned with performance of the relevant business in both the shorter- and longer-term.

We also draw on external resources to enhance the scope, depth and effectiveness of our internal R&T efforts. We proactively seek mutually beneficial partnerships with third parties, including other petrochemical companies and leading universities.

Facilities

We have just begun a short term rent for our new principal corporate office in Switzerland. In addition, we have retained the lease on our original offices in Lyndhurst, UK. Additionally, we also lease administrative, technical and sales office space in various locations in the countries in which we operate.

Our production network is comprised of 37 manufacturing facilities in nine countries throughout the world, including two refineries in Europe. The following table provides information regarding our main facilities:

Country	Location(1)	Business	Principal products manufactured	Capacity(2)
Belgium	Doel(3)	Phenol	Phenol, acetone	1,105 kta
	Feluy	Oligomers	Linear alpha olefins, poly alpha olefins	435 kta
	Geel	O&P Europe	Polypropylene	290 kta
	Lillo	O&P Europe	Polypropylene, high-density polyethylene	530 kta
	Zwijndrecht	Oxide	Ethylene oxide, ethylene glycol, ethylene oxide derivatives, ethylidene norbornene monomer	1,120 kta
Canada	Joffre	Oligomers	Linear alpha olefins	260 kta
France	Lavéra(4)	O&P Europe	Ethylene, propylene, butadiene, benzene, high-density polyethylene, polypropylene	1,290 kta
		Oligomers	Polyisobutylene	80 kta
		Oxide	Ethylene oxide, ethylene oxide derivatives, oxo alcohols	610 kta
		Refining	Diesel, gasoline, naphtha, fuel oil, jet fuel/kerosene, gasoil/heating oil	210 kbpd

	Sarralbe	O&P Europe	Polypropylene, high-density polyethylene	260 kta
Germany	Boetzingen	Films	Films	30 kta
	Gladbeck	Phenol	Phenol, acetone, alpha methyl styrene	1,115 kta
	Golzau	Films	Films	10 kta
	Köln	Enterprises	Ammonia, nitric acid	1250 kta
		Nitriles	Acrylonitrile and related products	410 kta
		O&P Europe	Ethylene, propylene, butadiene, benzene, low-density polyethylene, linear low-density polyethylene	3,030 kta
		Oligomers	Isoolefins, isoparaffins, specialties	100 kta
		Oxide	Ethylene oxide, ethylene glycol, ethylene oxide derivatives	905 kta
	Staufen	Films	Films	30 kta
Italy	Fucine	Films	Films	17 kta
	Rossignano	O&P Europe	High-density polyethylene	200 kta
India	Nasik	Films	Films	19 kta
	Thane	Films	Films	5 kta
Norway	Bamble	O&P Europe	Low-density polyethylene	150 kta
	Rafnes(5)	O&P Europe	Ethylene, propylene	340 kta
United Kingdom	Grangemouth(6)	Enterprises	Ethanol	310 kta
		O&P Europe	Ethylene, propylene, butadiene, benzene, high-density polyethylene, linear low-density polyethylene, polypropylene	2,365 kta
		Refining	Diesel, gasoline, naphtha, fuel oil, jet fuel/kerosene, gas oil/heating oil	210 kbpd
	Hull	Enterprises	Vinyl acetate monomer	250 kta
		Oxide	Ethyl acetate	230 kta
	Peak District	Enterprises	Fluorspar	50 kta
	Seal Sands	Nitriles	Acrylonitrile and related products	350 kta
USA	Battleground	O&P North America	High-density polyethylene, polypropylene	930 kta
	Carson	O&P North America	Polypropylene	230 kta
	Cedar Bayou(7)	O&P North America	High-density polyethylene	150 kta
	Chocolate Bayou	O&P North America	Ethylene, propylene, butadiene, polypropylene	2,640 kta
	Delaware City	Films	Films	17 kta
	Freeport	Oxide	Gas treating amines	12 kta
	Green Lake	Nitriles	Acrylonitrile and related products	680 kta
	Hobbs	O&P North America	Ethane/propane mix, propane	55 kbpd
	La Porte	Oligomers	Poly alpha olefins	80 kta
	Lima	Films	Barex resins	15 kta
		Nitriles	Acrylonitrile and related products	215 kta
		Technologies	Acrylonitrile catalyst	2 kta
	Mobile	Phenol	Phenol, acetone	875 kta
	Plaquemine	Oxide	Ethanolamines	175 kta
	Port Arthur(8)	Phenol	Cumene	500 kta
	Whiting	Oligomers	Polyisobutylene	90 kta

(1) We own all of the production facilities except where otherwise indicated

(2) The units kbpd is kilobarrels per day and kta is kilo-tonnes per annum

(3) We own the production assets, but lease the land under a long-term lease that expires in 2040

(4) This facility consists of a combination of units fully owned by us and various 50/50 joint ventures with Total Petrochemicals, France.

(5) The business is a 50/50 joint venture with INEOS Norge AS, a subsidiary of Kerling plc. Capacities shown are the IGL share of the activities

(6) 110kta of this capacity is currently mothballed

(7) A 50/50 joint venture with Chevron Phillips, operated by Chevron Phillips. The capacities shown are the INEOS share of the activities

(8) Plant currently mothballed

Health, Safety and Environment

Overview

Our businesses are highly regulated in all of the jurisdictions in which we operate. HSE laws and regulations govern our facilities and our operations, including the manufacture, storage, handling, treatment, transportation and disposal of hazardous substances and wastes, water discharges, air emissions (including greenhouse gas emissions), operation and closure of landfills, human health and safety, and the clean-up of contaminated sites. Many of our operations require permits and controls to monitor or prevent pollution. We have incurred, and will continue to incur, substantial ongoing capital and operating expenditures to ensure compliance with current and future HSE laws, regulations and permits or the more stringent enforcement of such requirements. For example, we expect to incur approximately €400 million for HSE-related costs during the period from 2010 through 2014, of which €260 million in capital costs relates to the upgrade or replacement of equipment at our refinery sites in Grangemouth, UK and Lavéra, France. We also expect to incur expenditures of approximately €20 million during the period from 2015 through 2020. Given the nature of our business, violations of HSE requirements may result in substantial fines or penalties, the imposition of other civil or criminal sanctions, cleanup costs, claims for personal injury or property damages, the installation of costly pollution control equipment, or restrictions on, or the suspension of, our operating activities. In addition, HSE laws and regulations can impose various financial responsibility requirements on us, and pursuant to these requirements we may be required to post bonds, create trust funds or provide other assurances that we will be able to remediate contamination at our sites and comply with our decommissioning obligations once our facilities reach the end of their useful lives.

Our environmental management systems are intended to ensure that we both comply with applicable environmental requirements and minimize environmental risk by promoting environmental protection activities and initiatives. We actively address environmental compliance issues in connection with our operations and properties and we believe that we have systems in place to ensure that environmental costs and liabilities will not have a material adverse impact on us. Nevertheless, estimates of future environmental costs and liabilities are inherently imprecise, and the imposition of unanticipated costs or obligations could have a material adverse effect on our business, financial condition or results of operations in any period in which those costs are incurred.

HSE Principles

We remain very strongly committed to excellent HSE performance. We strive to operate throughout the world with a commitment to doing what is needed to protect the environment and to comply with all applicable regulations in the countries in which we operate.

Our aim is to avoid injuries to employees, contractors and the community. We will focus on reducing major plant losses of containment of chemicals with health and safety impact to zero. Core to our HSE standards is our HSE policy, which promotes individual responsibility, adherence to operating procedures and training, and requires our sites to be designed, operated, and managed with the goal of preventing major incidents.

The chemicals we produce in our 37 manufacturing facilities enhance almost every aspect of modern life. We have shown that we can produce these chemicals while protecting the health and safety of people, and safeguarding the environment.

Major Regulatory Matters and Developments

Climate Change Regulations and Initiatives

EU Emissions Trading Scheme

Our operations in Europe are covered by the European Union Emissions Trading Scheme ("EU ETS"), an EU-wide trading system for industrial carbon dioxide emissions. Industrial sites receive allowances to emit carbon dioxide and must surrender one allowance for each ton of carbon dioxide emitted. Companies which emit less carbon dioxide than their allowances cover are able to sell the excess allowances, whereas those which emit more must buy additional allowances through the EU ETS.

In addition, in response to the United Kingdom Climate Change Levy, we belong to CIABATA, a division of the Chemical Industries Association established for the trading of energy credits related to emissions of carbon dioxide. As a member of CIABATA, we currently receive an 80% rebate on the amount of climate change levy we have to pay.

U.S. Clean Air Act and Climate Change Regulations

In the United States, the Federal Clean Air Act regulates air emissions from various sources and requires, among other things, monitoring of specified pollutants, including hazardous air pollutants, stringent air emission limits and technological controls to reduce emissions to air, and operating permits for chemical plants. Facilities with Title V permits are required to make regular reports, certify compliance with operating permit conditions and report all deviations from any operating permit conditions. Strict federal and state controls on ozone, carbon monoxide, benzene, sulfur dioxide and nitrogen oxide emissions impact our activities and increase our costs to operate and maintain facilities in the United States.

Growing concern about the sources and impacts of global climate change has led to a number of legislative and administrative measures, both proposed and enacted, to monitor, regulate and limit carbon dioxide and other GHG emissions. As of January 2010, we are required to monitor and report to the EPA annual GHG emissions from certain of our facilities. In addition, the U.S. Congress is debating several legislative proposals, each of which would seek to establish a nationwide cap-and-trade program for GHGs, which would apply to industrial and other facilities and would set emissions limits or caps that would be reduced over time. Companies which fail to reduce their emissions below the applicable limits would be required to purchase allowances to emit GHGs through market-based auctions. If climate change legislation is not enacted by the U.S. Congress, the EPA is expected to finalize a rule for regulating GHG emissions from large stationary sources, such as our facilities, under the Clean Air Act in 2011.

At the international level, in December 2009 more than 27 nations, including the United States and China, signed the Copenhagen Accord, which includes a non-binding commitment to reduce GHG emissions. The international community is continuing to negotiate a binding treaty that would require reductions in GHG emissions by developed countries. Although we believe it is likely that GHG emissions will be regulated in the U.S. and other countries (as well as in the EU) in the near future, we cannot yet predict the form such regulation will take (such as a cap-and-trade program, technology mandate, emissions tax or other regulatory mechanism) or, consequently, to estimate any costs that we may be required to incur, for example, to install emissions control equipment, purchase emissions allowances, or address other regulatory obligations. Such requirements could also adversely affect our energy supply, or the costs (and types) of raw materials we use for fuel. Regulations controlling or limiting GHG emissions could have a material adverse impact on our business, financial condition or results of operations, including by reducing demand for our products.

REACH Directive, the Classification, Labeling and Packaging Regulation and the Toxic Substance Control Act

The EU requires control of the use of chemical products within the EU by imposing on all affected industries the responsibility for ensuring and demonstrating the safe manufacture, use and disposal of chemicals. The Registration, Evaluation and Authorization of Chemicals, or REACH, Regulation, which came into effect in

2007, requires the registration of all chemicals manufactured and imported into the EU (either alone, in mixtures or in articles) with the new European Chemicals Agency ("ECHA"), which is located in Helsinki, Finland. The regulation requires formal documentation of the relevant data required for hazard assessments for each substance registered as well as development of risk assessments for their registered uses. Most uses of high hazard substances, such as carcinogens, will require authorization by the ECHA. As a corollary to the REACH Regulation, the EU has recently adopted the Classification, Labeling and Packaging Regulation to harmonize the EU's system of classifying, labeling and packaging chemical substances with the United Nation's Globally Harmonized System. The Regulation is expected to standardize communication of hazard information of chemicals and to promote regulatory efficiency. It introduces new classification criteria, hazard symbols and labeling phrases, while taking account of elements that are part of the current EU legislation. In the U.S., some of our products and our raw materials are subject to extensive environmental, health and industrial hygiene regulations, including under TSCA, requiring registration and safety analysis of the substances contained in them.

Such regulations could result in a key raw material, chemical or substance being classified or reclassified as having a toxicological or health-related impact on the environment, on users of our products, or on our employees. Such reclassification of any of our raw materials or products could affect its availability or marketability, result in a ban on its purchase or sale, or require us to incur increased costs to comply with notification, labeling or handling requirements. However, we are currently in compliance with all requirements relating to all of our products and foresee no adverse impact based on pending legislation.

We believe we are in material compliance with applicable regulations, and are participating in a collaborative industry effort to comply with future requirements under REACH. None of our products have been designated as "substances of very high concern" (SVHC) under REACH.

Risk Management—Prevention of Major Accidents and Process Safety

Risks are inherent in the chemical and petrochemical businesses, particularly risks associated with safety, security, health and the environment, and each of our facilities actively assesses and manages such risks as required by law. An EU directive on the control of major accident hazards, otherwise known as the Seveso II Directive (the "Directive"), regulates facilities that present a risk of accidents involving dangerous substances and imposes specific plans and procedures on them, particularly for the storage of such substances. The Directive provides for control measures aimed at preventing and limiting the consequences of major accidents. All of our major production sites are in the top tier of regulation under the Directive due to the quantity of dangerous substances stored at them. As such, we must establish a major accident prevention policy, safety reporting system, safety management system and emergency plan compliant with the requirements of the Directive.

In the U.S., all of our manufacturing facilities are subject to the EPA's Risk Management Program ("RMP"), which requires facilities that produce, handle, process, distribute or store certain highly hazardous chemicals to develop a risk management plan and program in the event of an accidental release of such chemicals. RMP also requires facilities to assess potential impacts to off-site populations in the event of a credible worst-case release and to document the policies, procedures, equipment and work practices in place to mitigate identified risks. In addition, our U.S. facilities are subject to the Occupational Safety and Health Administration Process Safety Management ("PSM") standard, which requires development of a program to manage workplace risks associated with highly hazardous chemicals. No material costs have been identified at any of our sites with respect to operational risk assessment under the Directive, RMP or PSM.

In addition, all of our businesses are aware that effective safety management is consciously required to address and deal with these risks. We promote personal leadership for the management of these risks and our board of directors operates a business "Letter of Assurance" process whereby each of the Business Operations Directors reviews compliance with local regulations and the effectiveness of the safety management system. They then formally inform their Executive Team and Chief Executive in writing about any issues about which they need to be concerned. This process provides assurance that all businesses are in compliance in all material respects with applicable health, safety and environmental laws in the countries in which they operate.

We have several business challenges, but most important is the process safety of our operations. We have routinely demonstrated we can be the best-in-class and have paid particular attention to the lessons from third parties to enhance our process safety management capability.

Environmental Remediation and Closure Liabilities

Many of our sites have an extended history of industrial chemical processing, storage and related activities. We may be required to investigate and remediate contamination at or migrating from these sites, as well as properties we formerly owned, leased or operated. We could also be responsible for investigating and cleaning up contamination at off-site locations where we or our predecessors disposed of or arranged for the disposal or treatment of hazardous wastes. Under some environmental laws, liability can be imposed regardless of whether the owner or operator knew of or caused the contamination and regardless of whether the practices that resulted in the contamination were legal at the time they occurred. In connection with contaminated properties, as well as our operations generally, we also could be subject to claims by government authorities, individuals and other third parties seeking damages for alleged personal injury or property damage resulting from hazardous substance contamination or exposure caused by our operations, facilities or products.

Based on current knowledge of site conditions and existing law and practice, we do not believe we currently have any material obligations or costs for investigation or remediation activities at our current or former facilities. Baseline surveys of soil and groundwater conditions were conducted at many of our sites in the EU in connection with obtaining our IPPC permits, and such data was reported to the relevant authorities. In addition, many of our other sites were the subject of intrusive investigations when they were acquired by us or in connection with historical activities or operational changes over the years. The process of investigation and remediation can be lengthy, varies from site to site and is subject to changing legal requirements and developing technologies. While we are not currently aware of any additional sites as to which material claims or clean-up obligations exist, we cannot assure you that the apparently uncontaminated portions of such sites or that any of our other sites are free from contamination requiring significant clean-up. The discovery of previously unknown contamination, or the imposition of new obligations to investigate or remediate contamination at our facilities, could result in substantial unanticipated costs. We could be required to establish or substantially increase financial reserves for such obligations or liabilities and, if we fail to accurately predict the amount or timing of such costs, the related impact on our business, financial condition or results of operations in any period in which those costs need to be incurred could be material.

Product Stewardship and Innovation

While many of our products have some hazardous properties, some of them, such as acrylonitrile and butadiene, require specialized handling procedures due to their acute and chronic toxicity. Our polymer products have widespread end uses in a variety of tightly regulated consumer industries, including in food packaging and medical applications. To manage these risks, our product stewardship team works closely with industry associations, government regulators and others to develop regulations, which are based in science and are commensurate with the magnitude of the risk.

We believe that we have consistently been at the forefront of developing environmentally friendly technologies, such as operating abatement systems at all of our fluorochemical manufacturing sites. Building upon this expertise and from our participation in the UK Emissions Trading Scheme, we successfully worked in partnership with companies in “non Annex 1” countries (sometimes referred to as developing countries) to implement Clean Development Mechanism (“CDM”) projects in order to achieve reductions in greenhouse gas emissions.

Through our CDM Business, we have the following three established partnerships for the operation of abatement technology for HFC-23 emissions from HCFC-22 manufacturing facilities:

- partnership with Ulsan Chemical Co. Ltd. in South Korea, the first CDM project started worldwide;
- partnership with Gujarat Fluorochemicals Ltd. in India, the first registered CDM project; and

- partnership with Navin Fluorochemicals Ltd. in Surat, India.

These projects demonstrate our commitment to exporting our abatement technology package and maximizing the environmental benefits that can be accrued. To date, these projects have generated almost 14 million Certified Emission Reduction credits in total, which are shared among the partners of the applicable partnership.

Security and Crisis Management

The U.S. Department of Homeland Security ("DHS") requires compliance by our facilities as defined in the Marine Transportation Security Act ("MTSA"), the Chemical Facilities Anti-Terrorism Standards ("CFATS"), and U.S. Department of Transportation Hazardous Materials regulations. In 2009, the MTSA regulated sites implemented procedures using the U.S. Government issued Transportation Worker Identification Credential ("TWIC") as the main form of identification used for site entry.

In order to receive a TWIC, each worker had to pass a Federal criminal background check. Facilities regulated by CFATS were risk-ranked by the DHS based on assessments of the chemicals and quantities used or produced in each facility. Higher-risk facilities were required to meet more stringent security equipment and procedure standards.

Railroad transportation of hazardous chemicals was assessed for each location. Where high-risk chemicals were loaded, stored or shipped, security plans and additional security equipment were required. Proposed legislation will likely increase the security requirements for chemical manufacturing facilities in the coming year.

The DHS, the Federal Emergency Management Administration, and individual state emergency management regulators require that all sites hosting emergency response teams train responders to the National Incident Management System ("NIMS") standards.

It is required that the emergency response teams and incident management teams have the knowledge, skills and equipment to allow them to work in concert with local, state, and Federal agencies in the manner defined by NIMS. Training is conducted at all sites to meet this requirement. This allows the site responders to join with the governmental groups in cases of widespread emergencies, including pandemics, where multiple agencies and organizations are involved.

Employees

As of December 31, 2009, we had approximately 13,000 employees measured as FTEs in our operations around the world, not including the employees of our joint ventures. Approximately 77% of these employees were located in Europe, approximately 19% were located in North America and 4% were located in the rest of the world.

Historically, we have enjoyed good labor relations and we are committed to maintaining these relationships. Other than management and professional personnel, the majority of our employees are represented by local trade unions and are covered by collective bargaining agreements, including a European Employee Forum agreement under the European Council 94/45/EC, Article 6, which covers all businesses and employees across Europe within INEOS Group and is designed to provide a formal mechanism for management and employee representatives to communicate on significant or potentially significant issues across the INEOS Group's European operations. During 2008, employees at our Grangemouth site went on a 48-hour strike over proposed changes to the pension plan; however the dispute has subsequently been resolved.

Insurance

We carry an all-risk insurance policy for our assets, as well as policies for consequential loss of profits and payments of fixed costs as a consequence of fire, explosion, electrical damage, machinery breakdown, flooding or fuel and/or power shortages, third-party liability insurance, transport insurance, computer insurance and life insurance for all of our employees. We believe our policies are in accordance with customary industry practices, including deductibles and coverage amounts. Lead insurers and underwriters monitor fire and explosion risks and routinely inspect all assets.

Legal proceedings

As is the case with many companies in the chemical industry, we are and may from time to time become a party to claims and lawsuits incidental to the ordinary course of our business. We are not currently involved in any legal or arbitration proceedings that are expected to have a material adverse effect on our financial position, and, to our knowledge, no such legal or arbitration proceedings are currently threatened.

Entrepreneurial and Finance Reorganization

One of our key areas of focus is on cash management, which includes minimizing our liability for cash taxes. In connection with this objective, during March 2010, the holding company structure of the INEOS Group was reorganized in order to change its ultimate holding company from being a UK incorporated company to a Swiss incorporated company. As was announced at the time, we are considering implementing further steps in order to introduce tax efficient financing within the INEOS Group using a finance company incorporated in Switzerland and the migration of business functions currently undertaken by our UK entrepreneur (INEOS Europe Limited) to a new company based in Switzerland.

In order to implement the reorganization of our finance and entrepreneurial functions, we anticipate that a number of steps will be taken which will involve the transfer of certain assets and liabilities from subsidiaries of INEOS Holdings Limited to newly-formed companies that will be subsidiaries of INEOS Group Holdings (or its successor company) but not subsidiaries of INEOS Holdings Limited. The assets will include certain intercompany receivables, as well as certain entrepreneurial-related assets (including inventory, customer lists, goodwill and personnel) of INEOS Europe Limited and INEOS Oxide Limited. No tangible fixed assets of INEOS Holdings Limited and its subsidiaries will be transferred to the newly-formed companies in the reorganization. These newly-formed companies will be incorporated in Luxembourg, Switzerland or the UK. This structure has been deemed necessary, based on our ongoing analyses, in order to achieve the objective of achieving an efficient tax structure.

We anticipate that the implementation of the reorganization will require the successful approval of a consent request to the lenders under our Senior Facilities Agreement. Subject to the compliance with the terms and conditions of the Indenture, the Indenture will permit the implementation of the reorganization, and the ongoing conduct of the business of the reorganized entrepreneurial and finance businesses, without the requirement of obtaining the consent of the holders of the notes. The Indenture will require that the newly-formed companies guarantee the notes and grant security in respect of the notes and will be subject to the covenants under the Indenture. See “Description of the Notes.”

Agreements with BP and Morgan Stanley

We have ongoing relationships with BP and Morgan Stanley under various agreements as summarized below.

Reorganization Agreements

In connection with the initial separation of the INEOS business from BP, INEOS has certain reorganization agreements with BP, which include the following:

- **Grangemouth, United Kingdom**: BP owns certain assets on our Grangemouth, United Kingdom site, including the power station, two of the high voltage electricity substations and certain tankage and pipelines associated with the transportation of condensate from Grangemouth to other destinations. BP agreed to lease these assets to us on a long-term basis (generally 100 years), and, to ensure that the Forties Pipeline System remained in operation throughout the term of certain supply agreements between INEOS and BP at that site, on terms whereby BP reserved the right to temporarily step in as operator of the leased assets in the event this became necessary to protect itself against INEOS' failure to off-take hydrocarbons from, or to provide utilities to, BP or otherwise fail to transport condensate through the relevant pipelines. BP is also entitled to terminate the leasing arrangement if INEOS ever becomes insolvent or materially breaches its various Framework Interface Agreements with BP with respect to that site.

- **Pipelines in North America**: INEOS has entered into a 50/50 joint venture with BP in relation to certain pipelines in Texas. This joint venture lasts until December 31, 2025. BP may terminate the agreement on 18 months' notice.

- **RMR Pipeline Access**: A significant portion of the annual naphtha supply required by the petrochemical cracker at our Köln, Germany site is transported through the RMR pipeline. BP is entitled to a certain amount of RMR pipeline capacity every year, consistent with its overall 35% interest in the pipeline. We have an arrangement with BP pursuant to which we have a right to use a portion of this capacity, along with associated infrastructure at Nerefco, The Netherlands, to enable us to meet an agreed amount of the naphtha requirements of our Köln site. This agreement has an indefinite term.

Commercial Interface Agreements

We have a series of commercial interface agreements with BP which cover, among other things:

- the sale and purchase of petrochemical feedstocks at or between sites where INEOS and BP have a continuing relationship (which agreements generally have initial terms of five to thirteen years and automatically renew thereafter unless terminated upon one to three years' notice by either party);

- a supply and trading agreement under which BP will provide the INEOS Olefins business with certain supply, trading and optimization services (having indefinite terms, but terminable upon 12 months' notice at the end of a calendar quarter);

- inland refined product wholesale purchase agreements for the supply of certain fuels from the Grangemouth and Lavéra refineries (with the exception of certain products at Lavéra, that remain under a refined product sale and purchase agreement until the end of 2010 and 2011, pursuant to which BP has agreed to purchase a major share of these specific products at market based prices); and

- framework interface agreements covering the provision by INEOS to BP and vice versa of services and utilities at certain INEOS sites (both stand-alone and shared) and in some cases between INEOS' respective sites (having initial terms of five to 13 years with termination upon one to four years' notice (although in some cases, the agreements may be terminated upon 30 days' notice by BP)).

Related Agreements

In connection with our relationship with BP, we and BP entered into the agreements summarized below.

The Credit Support Deed

Under the Credit Support Deed, INEOS Holdings Limited and BP agreed to provide reciprocal credit support for trade obligations under any agreement between such parties or their affiliates. Further, each of BP and INEOS Holdings Limited has agreed to guarantee the payment obligations (with gross-ups for any required withholding or deduction) of BP or INEOS Holdings Limited (and their respective affiliates), as the case may be, under any trading agreement between such parties. In addition, our obligations to BP are required to be guaranteed by each of the current guarantors under the Existing Facilities Agreement and will, within 30 days of completion of the Transactions, be guaranteed by the guarantors under the Senior Facilities Agreement and the notes. As of December 31, 2009, the aggregate principal amount of INEOS' net trade obligations to BP were $171.6 million.

This number could increase or decrease significantly because it will vary in accordance with the amount of feedstock and refined products purchased or sold between the parties.

To support its obligations under the various trading agreements, reorganization agreements and commercial interface agreements, each party has agreed to provide the other with letters of credit (including, in our case, a credit support letter of credit to BP of $90 million) and has agreed to pledge other collateral (consisting of cash and government obligations) in an amount equal to the aggregate amount owed to the other party under such agreements, less certain threshold amounts, which threshold amounts decrease over time and increase as our credit rating improves. BP formerly shared in the benefit of the security package granted from time to time to our lenders under the Senior Facilities Agreement, but released such security (but not the guarantees) on May 31, 2008.

The additional credit support required under the Credit Support Deed could be substantial. Any failure to provide such credit support under the Credit Support Deed would constitute a default under the Credit Support Deed. The Credit Support Deed provides that in the event that we fail to comply with any provision of the Credit Support Deed, we default on indebtedness of $250 million owed to third parties (or $50 million or more owed to BP) when due or we experience certain bankruptcy events (each, a "default"), BP may suspend performance of its obligations under any agreement between us and BP and, if such default is not remedied within specific time period, BP may terminate all such agreements.

The Master Bilateral Netting Deed

Under a Master Bilateral Netting Deed between INEOS and BP entities, the parties agreed that in the event any of the various trading agreements, reorganization agreements and commercial interface agreements between the parties is automatically terminated or in the event that BP is entitled to terminate any such agreement, then BP may terminate all such agreements between the specific contracting parties (and, in certain circumstances, all agreements between us and BP) that have not otherwise been automatically terminated, netting or setting off any obligations it owes to us against amounts we owe to BP under such agreements.

The Security Agreement

Under a Security Agreement, (1) certain of our subsidiaries have provided guarantees of the payment obligations owed to BP by such subsidiaries under the various trading agreements, reorganization agreements and commercial interface agreements, and (2) such INEOS subsidiaries have pledged their interests under such agreements to secure their obligations to BP.

The Refineries Agreement

On July 6, 2007, Morgan Stanley Capital Group Inc. ("**MSCG**") and IEL, an indirect wholly-owned subsidiary of IHL, entered into a refineries agreement (the "**Refineries Agreement**") pursuant to which MSCG became INEOS' sole and exclusive trading partner for crude, refined oil products and trading services related to the refineries at Grangemouth and Lavéra.

The Refineries Agreement commenced on April 1, 2008. The arrangement with MSCG is in line with our strategy to grow our trading and mid/back office capabilities (including by providing for our employees to work side-by-side with MSCG traders) in order to be in a position to operate independent market trading activities. As a consequence of entering into the Refineries Agreement, our credit exposure to BP has reduced.

Key elements of the Refineries Agreement include:

- delivery of significant cost savings compared to the old BP agreement and incremental revenues via enhanced commercial performance;

- retention of operational control by IEL in respect of the refineries at Grangemouth and Lavéra;

- the giving of certain indemnities by IEL, including in respect of certain environmental claims against MSCG;

- the agreement will enhance the Group's credibility in the market in terms of trading activities and will contribute to the development of hedging and trading expertise within the Group;

- under the terms of the Refineries Agreement, MSCG purchased specified parts of IEL's crude oil, feedstock and refined product inventories. The consideration for this inventory was paid as a promissory note and cash (which was reinvested immediately in commercial paper issued by an affiliate of MSCG);

- a right of either party to, subject to giving the requisite notice, terminate the Refineries Agreement on a specified date or following any termination event in respect of the other party (which events include insolvency-type events);

- on termination of the Refineries Agreement, IEL is required to repurchase specified parts of the inventories then at the refineries (at a price to be determined in accordance with the Refineries Agreement), and the Refineries Agreement provides, in certain circumstances, for an orderly wind-down of the trading arrangements between MSCG and IEL; and

- on termination of the Refineries Agreement, the issuer of the commercial paper is entitled to set off amounts owing by IEL against its liability under the commercial paper and MSCG is entitled to set off amounts owing by IEL against its liability under the promissory note, other collateral provided by it and amounts owing by it under the Refineries Agreement.

IEL will, on the Issue Date, enter into certain security documents granting security in favour of the Security Trustee (for the benefit of the note holders and the finance parties under the Senior Facilities Agreement) over the Refineries Agreement and certain related documents.

MANAGEMENT

Executive officers and directors of INEOS AG

As of March 26, 2010, INEOS AG, a Swiss corporation, became our ultimate parent undertaking. The Issuer is an indirect wholly owned subsidiary of INEOS AG.

The following table sets forth the name, age (as of December 31, 2009) and principal position of each of our directors and officers:

Name	Age	Position
James A. Ratcliffe	57	Chairman
Andrew Currie	54	Director
John Reece	52	Director
Jim Dawson	65	Non Executive Director of INEOS Capital

James A. Ratcliffe, Andrew Currie and John Reece are also partners in INEOS Capital Partners. Jim Dawson is a director of INEOS Capital Limited. INEOS Capital Partners and INEOS Capital Limited (together, known as 'INEOS Capital') provide operational management services to us.

James A. Ratcliffe has been the Chairman of INEOS Capital since 1998. Mr. Ratcliffe, who has over 30 years of experience in the chemical industry, is experienced in managing buyouts of chemical companies. In 1992, he led the successful buyout of Inspec Group plc. In 1998, he left Inspec to lead the acquisition of INEOS plc (now INEOS Oxide) from Inspec. Mr. Ratcliffe started his career with Exxon Chemicals before moving to Courtaulds. He then completed his MBA at London Business School before joining Advent International and then Inspec.

Andrew Currie has been a director of INEOS Capital since 1999. He was previously Managing Director, Laporte Performance Chemicals, having served as a director of the Inspec Group from 1994 until the Laporte acquisition of Inspec in 1998. Mr. Currie has a degree in natural sciences from Cambridge University and spent the first 15 years of his career with BP Chemicals in various technical and business management functions.

John Reece joined INEOS Capital as Finance Director in January 2000. He was previously a partner with PricewaterhouseCoopers, where he advised companies in the chemical industry. Mr. Reece has a degree in economics from Cambridge University and is an FCA.

Jim Dawson became a non-executive director of INEOS Capital in 2005. Dr. Dawson has been serving as a consultant to INEOS since 2001. Dr. Dawson served as a director of Shell International Chemicals until 2000. Dr. Dawson has a first degree in chemistry and a doctorate of philosophy from Oxford University.

All of the officers and directors of INEOS AG have their business address at Route de Chavannes 31, Lausanne 1007, Switzerland.

Executive officers and directors of the Issuer

The directors of INEOS Finance plc are Graeme Leask and Calum MacLean. The directors of INEOS AG control the Issuer and us. The principal executive offices of the Issuer are located at: Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom.

Compensation of Directors and Executive Officers

An aggregate of €1.0 million was paid to our executive officers and directors in their capacity as directors and officers of INEOS Group Holdings plc in 2009.

Board Practices

Our board will meet on a regular basis to review performance and our business plans. In addition, the board has established policies for the conduct of our business, including delegations of board authority to directors and members of senior management. The board will appoint committees to ensure appropriate oversight of our companies' operations. None of the directors will have service contracts that provide for benefits upon their termination as a director.

Board Committees

We have an audit committee and a remuneration committee. The members of the audit committee are James A. Ratcliffe, Andrew Currie and John Reece acting as chairman, none of whom is an independent director. The members of the remuneration committee are James A. Ratcliffe, Andrew Currie and Jim Dawson.

The audit committee meets at least twice a year. The committee is responsible for appointing auditors and reviewing the suitability and effectiveness of internal control systems and the application of corporate policies.

The remuneration committee meets at least once a year. The primary function of the remuneration committee is to determine remuneration and other terms of employment for the directors and senior employees of the company, having due regard for performance. We anticipate that, in setting the remuneration policy, the committee will consider a number of factors, including the salaries and benefits available to senior management in comparable companies and the need to ensure senior management commitment to the continued success of the business by means of incentive schemes.

PRINCIPAL SHAREHOLDERS

All of the issued share capital of the Issuer is held directly by INEOS Holdings Limited. All of the issued share capital of INEOS Holdings Limited is held by INEOS Group Holdings plc, which is in turn a wholly owned subsidiary of INEOS Group Limited. INEOS Group Limited is a wholly owned subsidiary of INEOS Group Investments Limited, which is a wholly owned subsidiary of INEOS Limited. The issued voting share capital of INEOS Limited is held by INEOS AG and by Cannon Nominees Limited, a trust established for the benefit of family members and other associates of Mr. Ratcliffe and over which Mr. Ratcliffe exercises control. The remaining non-voting issued share capital is held by Appleby Trust (Jersey) Limited, as trustee of the INEOS Group Share Benefit Trust, by INEOS Trustees Limited as trustee of the INEOS UK Employee Benefit Trust and by certain employees, ex-employees or their family members. INEOS AG exercises a controlling interest over INEOS Limited through its majority interest in the voting share capital. See also “Management” and “Certain Relationships and Related Party Transactions”.

The share capital of INEOS AG consists of Ordinary Management Shares and Preferred Shares (“Series A to J Preferred Shares”).

The following table sets forth information regarding the ownership of our share capital, as of April 6, 2010, by the directors of INEOS AG, who own all of its share capital.

	Number of Ordinary Management Shares	Number of Preferred Shares	Percentage of Total INEOS AG Share Capital
James Ratcliffe	66,666,033	72,615,433	71.8%
Andrew Currie	12,628,293	14,653,593	14.1%
John Reece	12,628,293	14,653,593	14.1%
TOTAL	91,922,619	101,922,619	100.0%

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Relationship with INEOS Capital

We have a management services agreement with INEOS Capital Partners and INEOS AG pursuant to which we receive certain management services, as well as strategic support and direction, in exchange for an annual management fee of €65.8 million (index-linked) as at December 31, 2009 (December 31, 2008: €79.9 million) until the repayment of all obligations under the Existing Facilities Agreement. At December 31, 2009, no amounts were owed to INEOS Capital (December 31, 2008: €44.1 million).

We have entered into a number of leases for office space with INEOS Capital Limited on terms no less favorable to us than what we would expect to negotiate with disinterested third parties. The office space comprises the INEOS headquarters at Hawkslease, Chapel Lane, Lyndhurst, together with other office space in further accommodation in Lyndhurst. We currently pay rent and service charges of approximately €1.8 million per year.

Relationship with Kerling

Kerling is an indirect wholly owned subsidiary of INEOS Limited and is indirectly controlled by our controlling shareholder, thus making it an affiliate of ours. On January 28, 2010, we transferred certain business engaged in the production of chlor-alkali and PVC to Kerling. See "Summary—Recent Developments—Split-off of Our ChlorVinyls Businesses."

Kerling has an agreement with INEOS Olefins, a business division of the INEOS Group, pursuant to which they obtain the ethylene required for vinyl chloride monomer ("VCM") and polyvinyl chloride ("PVC") production at their Runcorn, United Kingdom, facility by direct pipeline from INEOS Olefins' ethylene cracker in Grangemouth, Scotland through the United Kingdom ethylene pipeline system, which also gives them access to various other suppliers. Ethylene from the Grangemouth cracker is also shipped to the Kerling VCM and PVC production facility in Wilhelmshaven, Germany. The agreement runs from 2008 through 2011, and on a continuous basis thereafter, unless earlier terminated by either party upon two years' notice. The total annual supply volume that Kerling is entitled to obtain pursuant to the agreement ranges from 117 to 143 kilotonnes for the Runcorn facility and 99 to 121 kilotonnes for the Wilhelmshaven facility. These supply volumes are subject to periodic adjustments by both parties. Prices under the agreement are generated by reference to market indicators, in particular the monthly contract price for ethylene quoted in ICIS ethylene pricing reports. INEOS Olefins' agreement with Kerling is on terms no less favorable to them than what they would expect to negotiate with disinterested third parties, including other suppliers connected to the United Kingdom ethylene pipeline system. As recently as 2007, Kerling purchased the majority of their ethylene requirements at Runcorn and Wilhesmshaven from suppliers other than us.

INEOS Bamble AS, a subsidiary of the INEOS Group, is the joint venture partner in connection with Kerling's 50.0% interest in Noretyl AS. Noretyl AS operates a hydrocarbon cracking plant in Rafnes, Norway, from which Kerling is entitled to obtain approximately 288 kilotonnes of ethylene per year (approximately 50% of the facility's total production) pursuant to a processing agreement between them and INEOS Bamble AS. Pursuant to the agreement, the ethylene is piped directly to Kerling's VCM and PVC plant at Rafnes and shipped to their Stenungsund, Sweden, facility. The processing agreement and the other agreements governing Kerling's relationship with INEOS Bamble AS are on terms no less favorable to them than what they would expect to negotiate with disinterested third parties.

Relationship with INEOS Industries

INEOS Industries Limited is an entity controlled by our controlling shareholder. During 2009, we disposed of the ABS, Styrenics, Melamines and Films Italia businesses, together with 80% of our Bio and Healthcare businesses, to the INEOS Industries Group.

Subsequent to these businesses ceasing to be part of the Group, the Group made sales to the INEOS Industries Group of €71.1 million, recovered costs of €2.7 million and made purchases of €6.2 million. At December 31, 2009, €200.0 million was owed by and €84.5 million was owed to the INEOS Industries Group.

DESCRIPTION OF OTHER INDEBTEDNESS

The following summary of certain provisions of the documents listed below governing certain of our indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents.

Senior Facilities Agreement

Overview

The Senior Facilities Agreement will be entered into between, among others, IGL and certain of its subsidiaries, Barclays Bank plc, as original issuing lender, facility agent and security agent, and Barclays Capital and J.P. Morgan, as joint mandated lead arranger and joint bookrunners, on or before the Transaction Completion Date. IHL will be the principal obligor and a borrower and guarantor under the Senior Facilities Agreement. In addition, the U.S. Borrower will be a borrower and a guarantor under the Senior Facilities Agreement. IGH and certain of IHL's subsidiaries will also be guarantors under the Senior Facilities Agreement, each guaranteeing, subject to certain limitations, the obligations of each other borrower and guarantor.

On the Transaction Completion Date, the Accepting Lenders will receive new participations, revolving commitments and accrued PIK amounts under the Senior Facilities Agreement in accordance with the terms of the Offer and Consent Documents and the Senior Facilities Agreement.

The terms of Senior Facilities Agreement will be based on the Existing Facilities Agreement (prior to its amendment on the Transaction Completion Date). However, there are a number of differences between the terms of the Senior Facilities Agreement and the Existing Facilities Agreement which are described in further detail in the Offer and Consent Documents. Certain of the principal differences are: (i) changes to permit the issuance of the notes; (ii) changes to the prepayment provisions; (iii) changes to the financial covenant ratios and related definitions; (iv) amendment of the final repayment date for the revolving credit facility; (v) introduction of a facility change provision; (vi) changes to reflect the Transactions; (vii) changes to delete certain historic provisions which are no longer relevant; (viii) an amendment to the commitment fee; and (ix) certain changes to reflect standard Loan Market Association ("LMA") provisions.

Structure

The Senior Facilities Agreement will provide for facilities comprising the following:

- a term loan A facility, incorporating approximately €570 million and $222 million subtranches;
- a term loan B facility, incorporating approximately €1,059 million and $665 million subtranches;
- a term loan C facility, incorporating approximately €1,059 million and $665 million subtranches;
- an approximately €650 million second lien secured term loan D facility;
- if applicable, a euro term loan E1 facility (the "Term E1 Facility");
- if applicable, a U.S. dollar term loan E2 facility (the "Term E2 Facility"); and
- a revolving credit facility of approximately €754 million (or its equivalent in optional currencies).

If IHL so elects the Term E1 Facility and/or the Term E2 Facility will be made available on the Transaction Completion Date to IHL and the U.S. Borrower respectively pursuant to the terms of the Senior Facilities Agreement. See "The Transactions" for further information.

Interest and Fees

The margin payable on each new facility under the Senior Facilities Agreement will be equal to the margin payable under its corresponding facility under the Existing Facilities Agreement prior to its amendment on the Transaction Completion Date.

In summary, outstanding loans under the Senior Facilities Agreement will initially bear interest at rates per annum equal to LIBOR or, for loans denominated in euro, EURIBOR (in each case subject to a floor equal to 3.00%) plus certain mandatory costs and the following applicable cash margins:

- 4.00% per annum for loans under the term A facility;
- 4.50% per annum for loans under the term B facility;
- 5.00% per annum for loans under the term C facility;
- 6.00% per annum for loans under the term D facility;
- in relation to each term E facility (if applicable), the interest rate per annum specified in the relevant term E facility election notice; and
- 6.00% per annum for loans under the revolving credit facility.

In addition, interest will accrue (but not be capitalized) in the form of PIK interest on each of the term A facility, term B facility, term C facility and term D facility at the rate of 2.00% per annum for the period from (and including) the Transaction Completion Date to (and including) the date of repayment or prepayment of the relevant term advance.

The cash margin for the revolving credit facility and the PIK margin for the term A facility, term B facility, term C facility and term D facility may be reduced to agreed levels in certain circumstances if no event of default is outstanding and the ratio of total net debt to EBITDA falls within the specified ranges set out in the Senior Facilities Agreement.

The cash margin for the revolving credit facility, term A facility, term B facility, term C facility and term D facility will increase in the event that voluntary and/or mandatory prepayments (including pursuant to assets disposals, equity proceeds and cash sweep mandatory prepayment provisions, but excluding the debt issuance mandatory prepayment provision) have not been made by the end of 2011 that in aggregate total at least €500 million. To the extent that no amounts are prepaid within this timeframe, the relevant cash margins will increase by 0.50% per annum, with such amount reducing pro rata with the amount of prepayments actually made (including after the end of 2011). However, these margin increases will not apply during any period where INEOS' corporate rating is B− or better from Standard & Poors and B3 or better from Moody's. See "—Prepayments" below for further information.

A commitment fee equal to 1.5% will be payable on the aggregate of the daily, undrawn, uncancelled amount of the new commitments of the revolving lenders (other than a defaulting lender) under the Senior Facilities Agreement (compared with a commitment fee equal to 0.75% under the Existing Facilities Agreement prior to its amendment on the Transaction Completion Date).

Any bank guarantees and letters of credit issued under the revolving credit facility will bear a commission payable to each lender equal to the amount of the margin per annum for such facility noted above, calculated on a lender's contingent liability from day-to-day in relation to such bank guarantees and letters of credit. An additional fee of 0.125% per annum is payable on the last day of each period of three months from the date of issue of a bank guarantee or letter of credit on the contingent liability of the issuing lender in respect of each such bank guarantee or letter of credit (less the amount of the issuing lender's contingent liability as a revolving lender).

Security and Guarantees

The Senior Facilities Agreement and the notes will, to the extent possible, share the same security package (with the security documents granted by INEOS Manufacturing France SAS securing only the Senior Secured Credit Facilities and not the notes).

In summary, the Closing Date Guarantors, together representing at least 70% of the INEOS Group's consolidated EBITDA for the year ended December 31, 2009 and holding at least 70% of the INEOS Group's consolidated total assets as of December 31, 2009, will provide guarantees and grant new security (subject to a grace period that may apply in respect of certain of their assets) on the Transaction Completion Date.

The Post-Closing Date Guarantors will provide new security and guarantees within 30 days of the Transaction Completion Date, subject to a grace period that may apply to the granting of security over certain of their assets.

See "Description of the Collateral and the Guarantees" for further information.

Covenants

The covenant package under the Senior Facilities Agreement will be based on the covenant package under the Existing Facilities Agreement prior to its amendment on the Transaction Completion Date (subject to certain changes to reflect LMA standard provisions, the proposed Transactions and certain other changes).

The Senior Facilities Agreement will contain customary operating and financial covenants, subject to certain agreed exceptions, including covenants restricting the ability of IGL and each other "Holdco", the Issuer, each borrower (including IHL) and each guarantor (and in many cases, the subsidiaries of such borrowers or guarantors) to, among other things:

- make acquisitions or investments;
- make loans or otherwise extend credit to others;
- incur indebtedness or issue guarantees;
- create security;
- sell, lease, transfer or dispose of assets;
- merge or consolidate with other companies;
- pay dividends, redeem share capital or redeem or reduce subordinated indebtedness;
- issue shares, options or warrants;
- enter into joint venture transactions;
- pay certain investors and creditors;
- make certain derivative transactions;
- make a substantial change to the general nature of its business;
- enter into transactions other than at arm's length;
- acquire the 2016 Notes;

- enter into sale and leaseback transactions; and
- modify certain acquisition documents and other agreements, including agreements governing other indebtedness.

In addition, restrictions will be imposed on the relevant borrowers from making payments under the Existing Facilities Agreement other than making any scheduled payments of interest or principal or any other payments that are required to be made in accordance with its terms, any voluntary payments or the payment of any consent fee in connection with a requested amendment, consent to or waiver of the Existing Facilities Agreement, and upon the ability of any member of the INEOS Group to accelerate or take enforcement steps in relation to the Existing Facilities Agreement or the other Senior Finance Documents (as defined in the Existing Facilities Agreement) without the consent of the majority lenders under the Senior Facilities Agreement.

IGL, Tenderco, IGH, the Issuer and certain other subsidiaries of IGL will also be subject to more stringent restrictions upon their activities (for example, in relation to the ownership of assets and the liabilities that they may incur).

The Senior Facilities Agreement will also require each borrower (including IHL) and each guarantor (and in many cases, the subsidiaries of such borrowers or guarantors) to observe certain affirmative covenants, subject to certain exceptions and, including, but not limited to, covenants relating to:

- maintenance of certain relevant authorizations;
- maintenance of certain insurance;
- compliance with laws, including certain environmental laws and regulations;
- payment of taxes;
- ensuring that its payment obligations under the Senior Facilities Agreement rank at least *pari passu* with all its other present and future unsecured payment obligations (except for obligations mandatorily preferred by law applying to companies generally);
- provision of financial and other information to the lenders;
- maintenance of pension schemes; and
- maintenance of certain intellectual property.

The financial covenant ratios and provisions in the Senior Facilities Agreement will reflect the INEOS Group's revised business plan and certain amendments will be made to the financial definitions (as compared to the equivalent definitions in the Existing Facilities Agreement prior to its amendment on the Transaction Completion Date). The Senior Facilities Agreement will contain the following financial covenants:

- a minimum ratio of cash flow to net debt service;
- a minimum ratio of EBITDA (as defined therein) to consolidated total net finance charges;
- a maximum ratio of total net debt to EBITDA (as defined therein);
- a maximum ratio of senior leverage;
- a maximum level of capital expenditure per financial year; and

- a weekly minimum level of available liquidity (which shall not be tested for any period during which the corporate rating for IGH provided by Standard & Poors is B− or better and by Moody's is B3 or better).

Repayment

The term A facility is to be repaid in semi-annual installments with the final installment payable on December 16, 2012. The term B facility is to be repaid in 5 installments with the final installment payable on December 16, 2013. The term C facility is to be repaid in 6 installments with the final installment payable on December 16, 2014. The term D facility is to be repaid in full on June 16, 2015. No amounts repaid by the borrowers in respect of the term loan facilities may be reborrowed.

Loans made under the revolving credit facility must be repaid in full on the last day of the relevant interest period. All outstanding amounts under the revolving credit facility must be repaid on December 16, 2013 (compared to December 16, 2012 for the revolving credit facility under the Existing Facilities Agreement prior to its amendment on the Transaction Completion Date) or, if earlier, the date on which the term loans are repaid or prepaid in full and all commitments thereunder are reduced to zero. Amounts repaid by the borrowers in respect of loans made under the revolving credit facility may be reborrowed, subject to certain conditions.

Prepayments

The Net Refinancing Proceeds will be required to be applied as follows in accordance with the terms of the Senior Facilities Agreement:

- the first €500,000,000 (or its equivalent) of the Net Refinancing Proceeds will be applied in prepayment and permanent reduction of the term A facility (including any PIK amounts) under the Senior Facilities Agreement, *pro rata*;

- the next €500,000,000 (or its equivalent) of the Net Refinancing Proceeds will be applied in prepayment and permanent reduction of the installment in respect of the term B facility (including any PIK amounts) under the Senior Facilities Agreement due on 30 June 2013; and

- the remainder of the Net Refinancing Proceeds (if any) will be applied in prepayment and permanent reduction of the term A facility, the term B facility and the term C facility under the Senior Facilities Agreement, *pro rata*.

See "The Transactions" for further information.

The facilities under the Senior Facilities Agreement will be immediately cancelled, and all obligations under the Senior Facilities Agreement will be immediately payable in full, if, among other events, there is a change of control or sale, in each case as defined in the Senior Facilities Agreement.

Mandatory prepayments are required to be made out of, among others, the following funds:

- net cash proceeds from certain sales, transfers and other disposals, insurance claims, recovery claims in respect of certain acquisitions and excess proceeds of certain debt refinancing, in each case to the extent that such net cash proceeds exceed certain agreed thresholds and have not satisfied other conditions; and

- for each financial year, a percentage of excess cash flow in the event that excess cash flow exceeds a minimum threshold amount, which percentage decreases as the INEOS Group's leverage ratio decreases.

Subject to payment of break costs (if any), the borrowers may voluntarily prepay amounts outstanding under the Senior Facilities Agreement (and cancel any unused available commitments), without penalty or premium, at any time in whole or in part subject to agreed minimum amounts and multiples, on not less than 10 business days, notice (in the case of prepayment) and five business days, notice (in the case of cancellation), in each case to the facility agent.

IHL will be required to procure that at least €500 million of the advances under the Senior Facilities Agreement are prepaid by the making of voluntary and/or mandatory prepayments (including pursuant to the asset disposals, equity proceeds and cash sweep mandatory prepayment provisions, but excluding the debt issuance mandatory prepayment provision) by no later than the end of 2012. Failure to make such prepayments will constitute an event of default under the Senior Facilities Agreement.

The cash margin for the revolving credit facility, term A facility, term B facility, term C facility and term D facility will also increase in the event that voluntary and/or mandatory prepayments (including pursuant to assets disposals, equity proceeds and cash sweep mandatory prepayment provisions, but excluding the debt issuance mandatory prepayment provision) have not been made by the end of 2011 that in aggregate total at least €500 million. See "—Interest and Fees" above for further information.

Events of Default

The Senior Facilities Agreement sets out certain events of default, the occurrence of which would allow the lenders to accelerate all outstanding loans and terminate their commitments, including, among other events and subject in certain cases to agreed grace periods, thresholds and other qualifications:

- non-payment of amounts due under the Senior Finance Documents (as defined in the Senior Facilities Agreement);
- breach of covenants;
- inaccuracy of representation or statement when made, deemed to be made or repeated;
- cross defaults and certain judgment defaults;
- invalidity or unlawfulness of the Senior Facilities Agreement;
- certain insolvency events;
- nationalization or expropriation of all or any material part of the assets of a material member of the INEOS Group without full market value compensation causing material adverse effect or curtailment;
- certain security interests becoming enforceable;
- the occurrence of certain ERISA-related events;
- commencement of certain litigation;
- material adverse change;
- materially adverse audit qualification; and
- failure of any party (other than the lenders) to comply with material obligations under the Intercreditor Deed causing material prejudice to the lenders or the Intercreditor Deed to cease to be binding on any party.

If, in the opinion of the facility agent under the Senior Facilities Agreement or those lenders under the term D facility with aggregate commitments of more than $66^2/_3$% of the total commitments under the term D facility (the "Majority Second Secured Creditors") (acting reasonably) a potential event of default under the Senior Facilities

Agreement has occurred and is continuing that would, or is reasonably likely to, permit the Majority Senior Secured Creditors to exercise separate acceleration rights has occurred or is reasonably likely to occur, the facility agent or the Majority Second Secured Creditors (acting reasonably and after consultation with IHL) may appoint any person (subject to certain conditions) as agent to act on behalf of the lenders under the term D facility.

Miscellaneous

A facility change provision will be included in the Senior Facilities Agreement to permit, among other things, the introduction of additional loans and tranches under the Senior Facilities Agreement and the increase or extension of commitments with the consent of the affected lenders and majority lenders under the Senior Facilities Agreement.

The Senior Facilities Agreement will include parameters in relation to the issue of further senior secured debt, second secured debt and high yield debt.

The Senior Facilities Agreement is governed by English law.

Intercreditor Deed

Overview

In connection with entering into the Senior Facilities Agreement, IHL and certain of its subsidiaries (including the Issuer) (the "Obligors"), IGH, Tenderco, certain affiliates of BP p.l.c. (the "BP Creditors"), IGL and INEOS Investment Holdings Limited (together, the "Subordinated Creditors") and certain intra-group creditors (the "Intra-Group Creditors") will enter into a new intercreditor deed (the "Intercreditor Deed") with the lenders under the Senior Facilities Agreement (the "Lenders"), Barclays Bank PLC, as senior facility agent (the "Senior Facility Agent") and senior security agent (the "Senior Security Agent") for the Lenders, the trustee under the 2016 Notes Indenture and BP International Limited (the "BP Collateral Agent"). Under the Existing Intercreditor Deed, the assets of the Obligors that secured the facilities under the Existing Facilities Agreement also secured the INEOS Group's obligations under the BP credit support deed described in the section "Material Contracts" (the "Credit Support Deed"), certain guarantees and other documents entered into by the INEOS Group in connection with the Credit Support Deed and trading agreements entered into by members of the INEOS Group with the BP Creditors (the "BP Creditor Documents") on a *pari passu* basis. On May 30, 2008, BP agreed to release this security interest (but not any guarantees provided to it) on the basis that the full amount of the credit support required under the Credit Support Deed had been provided to BP (the "BP Release Date").

The lenders under the term D facility (the "Second Secured Creditors") will become parties to the Intercreditor Deed, and Barclays Bank PLC will serve as security agent for the Second Secured Creditors.

The trustee with respect to the notes (the "Trustee"), on behalf of itself and the holders of the notes, will (if it is not an original party) accede to the Intercreditor Deed. By accepting a note, holders of notes are deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Deed.

The Intercreditor Deed sets out, among other things:

- the relative ranking of certain debt of the Obligors;
- the relative ranking of security granted by the Obligors;
- when payments can be made in respect of debt of the Obligors;
- when enforcement action can be taken in respect of that debt;
- the terms pursuant to which certain of that debt will be subordinated upon the occurrence of certain insolvency events;

- turnover provisions;
- when security and guarantees will be released to permit an enforcement sale; and
- when the Existing Intercreditor Deed will be terminated.

The following description is a summary of certain provisions contained in the Intercreditor Deed. It does not restate the Intercreditor Deed in its entirety and we urge you to read that document because it, and not the discussion that follows, defines certain of the rights of the holders of the Notes.

Ranking and Priority

The Intercreditor Deed provides, subject to the provisions in respect of permitted payments, that the liabilities of the Obligors in respect of the facilities under the Senior Facilities Agreement (the "Senior Facilities"), the 2016 Notes, the notes and certain other liabilities, in summary, will rank in the following order and are postponed and subordinated to any prior ranking liabilities of the Obligors as follows:

- first, each of the following, *pari passu* among themselves, (i) the liabilities of the Obligors under the Senior Facilities Agreement (including certain hedging agreements entered into in connection therewith) other than any liabilities of the Obligors owed to the Second Secured Creditors (the "Second Secured Liabilities") and the liabilities of the Issuer and the Guarantors under the Indenture and the notes (the "Senior Liabilities"), (ii) fees, costs and expenses of, and amounts incurred by or payable to, the trustee under the 2016 Notes Indenture, (iii) fees, costs and expenses incurred by the Senior Facility Agent or other agents for the Senior Facilities and the 2016 Notes and (iv) fees, costs and expenses incurred by the Trustee under the Indenture, the notes and related documents;
- second, the Second Secured Liabilities;
- third, the liabilities of the Obligors in relation to the 2016 Notes and the liabilities owed by IHL to IGH under the loan of the proceeds of the 2016 Notes (the "High Yield Proceeds Funding Loan") (together, the "Subordinated High Yield Liabilities");
- fourth, (i) the liabilities of the Obligors to the Subordinated Creditors (other than in respect of the High Yield Proceeds Funding Loan), (ii) any liabilities owed by IGH to any parent holding company under certain investor documents, (iii) any other money or liabilities due, owing or payable by any Obligor to IGH or any parent holding company (other than in respect of the High Yield Proceeds Funding Loan) (the liabilities referred to in paragraphs (i) to (iii) are together, the "Subordinated Liabilities") and (iv) intra-group liabilities (being amounts owing between any Obligor and any intra-group creditor referred to in the Intercreditor Deed (other than liabilities under the Funding Loan or any loan or other form of debt under the Existing Facilities Agreement) (together, the "Intra-Group Liabilities").

The Intercreditor Deed does not purport to rank any of the Subordinated Liabilities or Intra-Group Liabilities as between themselves.

The Intercreditor Deed also provides, subject to the provisions in respect of permitted payments, that the Subordinated Liabilities are postponed and subordinated until liabilities under the Senior Facilities, the Indenture and the notes, the Second Secured Liabilities and the 2016 Notes have been discharged in full.

The parties to the Intercreditor Deed agree in the Intercreditor Deed that the security provided by IGH and the Obligors (including the Issuer) will rank in the following order:

- first, the liens provided in respect of the Senior Liabilities other than any security granted in respect of the BP Receivables;
- second, the liens provided in respect of the Second Secured Liabilities; and

- third, the liens provided in respect of the 2016 Notes Indenture and the 2016 Notes.

Under the Intercreditor Deed, all proceeds from enforcement of the security will be applied as provided below under "—Application of Proceeds."

The Intercreditor Deed will not restrict the ability of IGH to make payments under the 2016 Notes. Restrictions, however, are imposed upon IHL's ability to make payments to IGH. In addition, certain liens granted by the Obligors, such as BP's first-priority lien over the BP Receivables, are not governed by the Intercreditor Deed.

The Intercreditor Deed contains an acknowledgement from each party to the Intercreditor Deed that the BP Release Date has occurred.

Permitted Payments

The Intercreditor Deed permits, *inter alia*, payments to be made by the Obligors and IGH to the lenders under the Senior Facilities Agreement (other than the Second Secured Creditors), the holders of the notes and the Trustee and does not in any way limit or restrict any payment due or to be made by any Obligor to BP p.l.c. or any of its subsidiaries under or in connection with certain agreements between the Obligors and BP p.l.c. and certain of its subsidiaries or otherwise in the ordinary course of business. The Intercreditor Deed also permits payments to be made by the Obligors:

- in respect of the Second Secured Liabilities (x) to the extent that the payment is (i) a payment of scheduled interest (or default interest), (ii) a payment under any tax gross-up, tax indemnity, illegality or increased costs provision, currency indemnity or indemnity in respect of costs and expenses contained in the Senior Facilities Agreement or (iii) any consent fee payment customary for the amendment of any agreement with respect to the Second Secured Liabilities, in each case so long as such payment is then due and not prohibited by any payment blockage described below and (y) for so long as such payment is not prohibited by any payment blockage described below, any Obligor may on or after the original maturity date of the Second Secured Liabilities (or at any other time pursuant to certain clauses of the Senior Facilities Agreement relating to voluntary prepayments, asset disposals and debt issuances) pay the principal amount due or any other amount payable by it with respect to the Second Secured Liabilities or redeem, acquire or defease the Second Secured Liabilities;

- to the trustee under the 2016 Notes Indenture or holders of the 2016 Notes pursuant to the guarantees to the extent that the payment is (i) a payment of scheduled interest (or default interest), (ii) a payment under any tax gross-up, tax indemnity or increased costs provisions, provided such provisions are in customary form or (iii) a consent fee payment customary for the amendment of the 2016 Notes Indenture and certain other documents entered into in connection with the 2016 Notes Indenture, in each case so long as such payment is then due and not prohibited by any payment blockage as described below;

- to IGH in respect of cash interest on the High Yield Proceeds Funding Loan to enable IGH to make a payment of scheduled interest and default interest in respect of the 2016 Notes, which payment falls due within five (5) days of the date of payment of the interest to IGH, and other payments described above permitted by the Intercreditor Deed, so long as such payment is not prohibited by any payment blockage as described below; and

- to lenders under any intra-group loan agreement if (i) at the time of the payment no Enforcement Action has occurred and is continuing in respect of the Senior Liabilities or any Second Secured Liabilities, (ii) prior to the date on which all Senior Liabilities have been unconditionally discharged in full (the "Senior Discharge Date"), the consent of the "Instructing Group" (as defined in the Intercreditor Deed) to the relevant payment is obtained or (iii) on or after the Senior Discharge Date but prior to the date on which all Second Secured Liabilities have been unconditionally discharged in full (the "Second Secured Discharge Date"), the consent of the Senior Facility Agent is obtained.

No payments may be made on the Subordinated Liabilities unless the consent of (prior to the later of the Senior Discharge Date and the Second Secured Discharge Date) Lenders with aggregate commitments of more than $66^2/_3$% of total commitments under the Senior Facilities Agreement (the "Majority Lenders") and (where the relevant action is prohibited under the Indenture) the Trustee is obtained, except as permitted by the Senior Facilities Agreement, the notes and the 2016 Notes.

As defined in the "Intercreditor Deed," the term "Instructing Group" means: (a) on or prior to the date falling 30 days after the date on which the Senior Lenders Proportion (as defined in the Intercreditor Deed) falls below 30%, the senior creditors under the Intercreditor Deed whose senior credit participations at the relevant time aggregate more than $66^2/_3$% of the total senior credit participations at the relevant time (excluding from the calculation thereof the Senior Secured Note Creditors (as defined in the Intercreditor Deed)); and (b) thereafter, the senior creditors under the Intercreditor Deed whose senior credit participations at the relevant time constitute the majority in aggregate principal amount of the total senior credit participations at the relevant time.

Payment Blockage

If any Obligor fails to make any payment due under the Senior Facilities Agreement, the Indenture or the notes, the Obligors may not make payments in respect of the Second Secured Liabilities while that failure is continuing beyond any applicable grace period (other than an amount not constituting principal, interest or fees not in excess of €1,000,000 (or its equivalent in any other currency)). Payment of the Second Secured Liabilities may be resumed when such payment default is cured or waived.

Prior to the Senior Discharge Date, if there is any other default that occurs and is continuing under the Senior Facilities Agreement, the Indenture or the notes that permits the holders or lenders of such indebtedness to accelerate its maturity, the Senior Facility Agent (on the instructions of the Majority Lenders) or the Trustee (as applicable) may issue a payment blockage notice (a "Second Secured Stop Notice") to the Second Secured Creditors and notify IHL. From the date of the issue of such notice, the Obligors may not make payments in respect of the Second Secured Liabilities for a period of 179 days (the "Second Secured Stop Period"), subject to certain exceptions.

Prior to the Senior Discharge Date, from the date of issue of a Second Secured Stop Notice, no payments may be made that would otherwise be permitted by the Intercreditor Deed in respect of the Second Secured Liabilities unless:

- the event in respect of which the Second Secured Stop Notice was issued has been cured or waived in writing or has ceased to exist;
- the Majority Lenders and (if at the time of cancellation, a default is continuing under the notes) the Trustee instruct the Senior Facility Agent to cancel the Second Secured Stop Notice or consent to such payment; or
- if applicable, any Second Secured Standstill Period (as defined below) in effect at the time the Second Secured Stop Notice was issued has expired and the relevant event of default to which the Second Secured Standstill Period relates has not been cured or waived.

No Second Secured Stop Notice may be served by the Senior Facility Agent or the Trustee in reliance on a particular payment blockage event more than 75 days after the Senior Facility Agent or the Trustee receives notice in writing specifying the occurrence constituting that payment blockage event. Not more than one Second Secured Stop Notice may be served by the Senior Facility Agent or the Trustee (as applicable) with respect to the same event or set of circumstances. No Second Secured Stop Notice in relation to a payment blockage event may be served unless (i) 365 days have elapsed since the delivery of any previous payment blockage notice in relation to a payment blockage event and (ii) all scheduled payments of interest on the Second Secured Liabilities that have become due have been paid in full in cash.

Any failure to make a payment due in respect of the Second Secured Liabilities as a result of the issue of a Second Secured Stop Notice will not prevent the occurrence of an event of default under the Senior Facilities Agreement as a consequence of such non-payment or the commencement of an enforcement action otherwise permitted by the Intercreditor Deed.

If any Obligor fails to make any payment due under the Senior Facilities Agreement, the Indenture or the notes, the Obligors may not make payments (except if such payment is in the form of Permitted High Yield Note Junior Securities (as defined in the Intercreditor Deed)) in respect of the guarantees of the 2016 Notes or the High Yield Proceeds Funding Loan while that failure is continuing beyond any applicable grace period (other than an amount not constituting principal, interest or fees not in excess of € 1,000,000 (or its equivalent in any other currency)). Payment on the 2016 Notes may be resumed when such payment default is cured or waived.

Prior to the later of the Senior Discharge Date and the Second Secured Discharge Date, if there is any other default that occurs and is continuing under the Senior Facilities Agreement, the Indenture or the notes that permits the holders or lenders of such indebtedness to accelerate its maturity, the Senior Facility Agent (on the instructions of the Majority Lenders) or the Trustee may issue a payment blockage notice (a "Stop Notice") to the trustee under the 2016 Notes Indenture and notify IHL and IGH. From the date of the issue of such notice, the Obligors may not make any payments on the guarantees of the 2016 Notes or the High Yield Proceeds Funding Loan for a period of 179 days (the "High Yield Stop Period"), subject to certain exceptions.

Prior to the later of the Senior Discharge Date and the Second Secured Discharge Date, from the date of issue of a Stop Notice for the duration of the High Yield Stop Period, no payments may be made that would otherwise be permitted by the Intercreditor Deed in respect of the guarantees of the 2016 Notes or the High Yield Proceeds Funding Loan unless:

- the event in respect of which the Stop Notice was issued has been cured or waived in writing or has ceased to exist;
- the Majority Lenders and (if at the time of cancellation, a default is continuing under the Notes) the Trustee instruct the Senior Facility Agent to cancel the Stop Notice or consent to such payment;
- the Senior Liabilities have been repaid in full and all the commitments of the Senior Creditors (as defined in the Intercreditor Deed) cancelled and the Second Secured Liabilities have been repaid in full; or
- if applicable, any High Yield Standstill Period (as defined below) in effect at the time the payment Stop Notice was issued has expired and the relevant event of default to which the High Yield Standstill Period relates has not been cured or waived.

No Stop Notice may be served by the Senior Facility Agent or the Trustee in reliance on a particular payment blockage event more than 75 days after the Senior Facility Agent or the Trustee receives notice in writing specifying the occurrence constituting that payment blockage event. Not more than one Stop Notice may be served by the Senior Facility Agent or the Trustee (as applicable) with respect to the same event or set of circumstances. No Stop Notice in relation to a payment blockage event may be served unless (i) 365 days have elapsed since the delivery of any previous payment blockage notice in relation to a payment blockage event and (ii) all scheduled payments of interest on the 2016 Notes that have become due have been paid in full in cash.

Any failure to make a payment due under the 2016 Notes Indenture or the guarantees of the 2016 Notes as a result of the foregoing will not prevent the occurrence of an event of default under the 2016 Notes as a consequence of such non-payment or the commencement of an enforcement action otherwise permitted by the Intercreditor Deed.

Entitlement to Enforce

The Intercreditor Deed provides that the Senior Security Agent will (subject to certain exceptions) enforce the senior security only at the direction of the Instructing Group.

Subject to certain exceptions in relation to the Second Secured Security (as defined in the Intercreditor Deed) prior to the Senior Discharge Date, the Second Secured Creditors may only take Enforcement Action with respect to the Second Secured Liabilities if:

- the prior written consent of the Instructing Group is obtained;
- the Senior Creditors have taken Enforcement Action against an Obligor in which case the Second Secured Creditors may take the same Enforcement Action but may not take any other Enforcement Action until the Senior Discharge Date shall have occurred except after the expiration of a Second Secured Standstill Period;
- the Second Secured Creditors have become entitled to do so as a result of the expiry of any Second Secured Standstill Period unless on the expiry of the Second Secured Standstill Period the relevant default to which the Second Secured Standstill Period relates has been waived or cured; or
- if certain insolvency events have occurred and are continuing, provided that such insolvency event is not the result of actions of a Second Secured Creditors prohibited under the Intercreditor Deed and provided Enforcement Action may only be taken against the entity in respect of which the insolvency event has occurred.

Prior to the Senior Discharge Date and the Second Secured Discharge Date, the holders of the 2016 Notes and the trustee under the 2016 Notes Indenture may only take Enforcement Action with respect to the guarantees of the 2016 Notes or the collateral owned by the Obligors or the High Yield Proceeds Funding Loan if:

- the prior written consent of (prior to the Senior Discharge Date) the Instructing Group and (prior to the Second Secured Discharge Date) the Majority Second Secured Creditors (as defined in the Intercreditor Deed) is obtained;
- the Senior Creditors and/or the Second Secured Creditors have taken Enforcement Action against an Obligor in which case the holders of the 2016 Notes and the trustee under the 2016 Notes Indenture may take Enforcement Action against the same Obligor but may not take any other Enforcement Action until the Senior Discharge Date and any Second Secured Discharge Date shall have occurred except after the expiration of a High Yield Standstill Period;
- the trustee under the 2016 Notes Indenture or the holders of the 2016 Notes, as applicable, have become entitled to do so as a result of the expiry of any High Yield Standstill Period unless on the expiry of the High Yield Standstill Period the relevant default to which the High Yield Standstill Period relates has been waived or cured; or
- if certain insolvency events have occurred and are continuing, provided that such insolvency event is not the result of actions of a high yield creditor prohibited under the Intercreditor Deed and provided Enforcement Action may only be taken against the entity in respect of which the insolvency event has occurred.

A "Second Secured Standstill Period" is defined in the Intercreditor Deed to mean a period of 90 days after written notice has been given by the majority term D lenders under the Senior Facilities Agreement to the Senior Facility Agent and the Trustee that an event of default has occurred, as a result of any failure to pay any amount of the Second Secured Liabilities when due and payable, and is continuing and specifying that a Second Secured Standstill Period is to commence.

A "High Yield Standstill Period" is defined in the Intercreditor Deed to mean a period of 179 days after written notice has been given by the trustee under the 2016 Notes Indenture to the Senior Facility Agent and the Trustee that an event of default on the 2016 Notes has occurred and is continuing and specifying that a High Yield Standstill Period is to commence.

An "Enforcement Action" is defined in the Intercreditor Deed to mean:

(a) the acceleration of any liabilities or any declaration that any liabilities are prematurely due and payable or the making of demand for payment of any liabilities after such liabilities have been made payable on demand;

(b) the designation by a hedge counterparty of an early termination date under any hedging agreement or the making of a demand by a hedge counterparty for payment of all or any amount which would become payable in connection with the occurrence of an early termination date;

(c) the making of any demand against any Obligor in relation to any guarantee in respect of any liabilities which are due and payable but unpaid or exercising any right to require IHL or any of its subsidiaries (the "Group") to acquire any liability (including exercising any put or call option against any member of the Group for the redemption or purchase of any liability);

(d) the enforcement of any Security Document (as defined in the Intercreditor Deed) or any other security interest granted by any Obligor or IGH (including taking any action to crystallize any floating charge forming part of any Security Document);

(e) the exercise of any right of set-off against any Obligor in respect of any liabilities due and payable but unpaid (excluding, for the avoidance of doubt, any netting under the hedging agreements);

(f) the suing for, commencing or joining of any legal or arbitration proceedings against any Obligor to recover any liabilities; or

(g) the petitioning, applying or voting for, or the taking of any steps (including the appointment of any liquidator, receiver, administrator or similar officer) which could reasonably be expected to lead to an insolvency event in relation to any Obligor,

provided that the following shall not constitute Enforcement Action:

(i) the taking of any action falling within paragraph (f) above necessary to preserve the validity and existence of claims, including the registration of such claims before any court or governmental authority;

(ii) to the extent entitled by law, the taking of any actions against any creditor (or any agent, trustee or receiver acting on behalf of such creditor) to challenge the basis on which any sale or disposal is to take place pursuant to powers granted to such persons under any security documentation;

(iii) bringing legal proceedings against any person in connection with any securities violation or common law fraud or to restrain any actual or putative breach of any agreement evidencing the terms of the Senior Liabilities and the Second Secured Liabilities (collectively, the "Senior Finance Documents"), the guarantees of the 2016 Notes, the High Yield Proceeds Funding Loan, the Subordinated Liabilities, the Intra-Group Liabilities and certain other agreements or for specific performance with no claim for damages; or

(iv) demand being made for payment of any of the liabilities as a result of it being unlawful for any Senior Creditor, Second Secured Creditor, the trustee under the 2016 Notes

Indenture or any holder of the 2016 Notes to perform any obligation under the Senior Finance Documents or the 2016 Notes Indenture, respectively,

unless in the case of any of the actions listed above in paragraphs (i)-(iv) above, such action will result in an insolvency event.

Subordination

Upon the occurrence of an insolvency event in relation to an Obligor, claims against that Obligor:

- in respect of any Second Secured Liabilities will be subordinate in right of payment to the claims against that Obligor in respect of Senior Liabilities;
- in respect of the guarantees of the 2016 Notes or the High Yield Proceeds Funding Loan will be subordinate in right of payment to the claims against that Obligor in respect of Senior Liabilities and Second Secured Liabilities; and
- in respect of Intra-Group Liabilities and Subordinated Liabilities will be subordinate in right of payment to the claims against that Obligor in respect of Senior Liabilities, Second Secured Liabilities and liabilities with respect to the guarantees of the 2016 Notes and the High Yield Proceeds Funding Loan.

Upon the occurrence of an insolvency event in relation to IGH, claims against IGH in respect of the Subordinated Liabilities will be subordinated in right of payment to the claims against IGH in respect of Senior Liabilities, Second Secured Liabilities and High Yield Liabilities (as defined in the Intercreditor Deed).

Turnover

If at any time on or before the Senior Discharge Date and the Second Secured Discharge Date, the trustee under the 2016 Notes Indenture, any holder of the 2016 Notes or IGH:

- receives or recovers any payment or distribution of, or on account of or in relation to, any liability owed by IHL or the other Obligors in respect of the High Yield Proceeds Funding Loan or the guarantees of the 2016 Notes which is not a permitted payment under the Intercreditor Deed;
- receives or recovers any amount by way of set-off in respect of any liability owed by IHL or the other Obligors in respect of the High Yield Proceeds Funding Loan or the guarantees of the 2016 Notes which does not give effect to a permitted payment under the Intercreditor Deed;
- receives or recovers proceeds pursuant to any Enforcement Action in respect of any liability owed by IHL or the other Obligors in respect of the High Yield Proceeds Funding Loan or the guarantees of the 2016 Notes except in accordance with the Intercreditor Deed or receives or recovers proceeds pursuant to any Enforcement Action in respect of the collateral for the 2016 Notes;
- receives any payment or distribution of any kind whatsoever in relation to the purchase or acquisition of any 2016 Notes, the guarantees under the 2016 Notes or related liabilities by IHL or any of its subsidiaries;
- receives any distribution in cash or in kind in respect of any liability owed by IHL or the other Obligors in respect of the High Yield Proceeds Funding Loan or the guarantees of the 2016 Notes which is made as a result of the occurrence of an insolvency event of any Obligor;
- receives or recovers any payment or distribution of any liability in respect of the 2016 Notes or the guarantees under the 2016 Notes as a result of IGH receiving or recovering an amount in contravention of the Intercreditor Deed; or

- receives or recovers any payment or distribution of any kind in respect of any Liabilities (as defined in the Existing Intercreditor Deed) which has been applied pursuant to the terms of the Existing Intercreditor Deed,

the trustee under the 2016 Notes Indenture, that holder of the 2016 Notes or IGH, as the case may be, will notify the security agent under the Senior Facilities Agreement (the "Senior Security Agent") and hold that amount in a separate account on trust for (prior to the later of the Senior Discharge Date and the Second Secured Discharge Date) the Senior Security Agent and promptly pay that amount to the Senior Security Agent (after deducting from the amount received or recovered the costs and expenses (if any) actually incurred by it in recovering such amount) to be held in trust by such person for application in accordance with the order of priority described in "—Application of Proceeds;" *provided* that this provision will not apply to (i) any amounts received or recovered by the trustee under the 2016 Notes Indenture if at the time it receives or recovers such payment it had no actual knowledge that such payment was so prohibited and has distributed such payment to the holders of the 2016 Notes or (ii) any amount required to be held on trust or turned over by the trustee under the 2016 Notes, to any holder of the 2016 Notes or to IGH pursuant to the turnover provisions of the Existing Intercreditor Deed if such amount is so being held on trust for the relevant agent or representative under the Existing Intercreditor Deed or has been paid to that agent or trustee.

The Intercreditor Deed also contains a turnover provision in relation to the Second Secured Creditors under the Senior Facilities Agreement and the Second Secured Liabilities.

Application of Proceeds

Amounts received by the Senior Security Agent or the trustee or representative under the 2016 Notes Indenture representing the proceeds of enforcement of any security or recoveries under any guarantee of the Senior Finance Documents, the 2016 Notes and related documents, the High Yield Proceeds Funding Loan, the Subordinated Liabilities or the Intra-Group Liabilities, all amounts paid pursuant to the Intercreditor Deed and all amounts received in respect of any Liabilities (as defined in the Existing Intercreditor Deed) which have been applied pursuant to the terms of the Existing Intercreditor Deed (but excluding in each case all recoveries under any BP Credit Document) will be applied in the following order of priority:

- in discharging any sums owing to the Senior Security Agent or any additional agent appointed by the Senior Security Agent, any fees and expenses of, and amounts incurred by or payable to, the trustee under the 2016 Notes Indenture, any fees, costs and expenses incurred by the Senior Facility Agent, any fees and expenses of, and amounts incurred or payable to, the Trustee under the Indenture, on a *pari passu* basis;

- in payment of all costs and expenses incurred by or on behalf of the Senior Creditors in connection with the enforcement of their security;

- in payment to the Senior Facility Agent (for itself and the Lenders) to discharge their liabilities in respect of the Senior Facilities (other than the Second Secured Liabilities) and to hedging counterparties to discharge their liabilities, and to the Trustee for application towards the discharge of the liabilities under the Indenture, the notes and related documents, on a *pro rata* basis;

- in payment to the Senior Facility Agent for application towards the discharge of the liabilities owed in respect of the Second Secured Liabilities, on a *pro rata* basis;

- in payment to the trustee under the 2016 Notes Indenture on behalf of the holders of the 2016 Notes for application towards the discharge of the liabilities in respect of the 2016 Notes Indenture and the 2016 Notes, on a *pro rata* basis;

- if none of the Obligors is under any further actual or contingent liability under any Senior Finance Document or under the 2016 Notes Indenture and related documents, in payment to any person to whom the Senior Security Agent or the trustee or representative under the 2016 Notes Indenture is obliged to pay in priority to any Obligor; and

- the balance in payment to any other person to which it is due or to the relevant Obligor.

Tenderco

The Intercreditor Deed provides that Tenderco will (and IGH is required to procure that Tenderco will) exercise all voting rights available to it under the Existing Intercreditor Deed as directed by the Instructing Group or, following the Senior Discharge Date, by the Senior Facility Agent. In addition, Tenderco will (and INEOS Group Holdings plc is required to procure that Tenderco will) immediately upon receipt pay to IHL or, following the taking of any Enforcement Action to the Senior Security Agent, all amounts received by it under the Existing Facilities Agreement and related documents for application in accordance with the order of priority described in "—Application of Proceeds" above; *provided* that prior to the taking of any Enforcement Action, Tenderco may set off such amounts against other Intra-Group Liabilities that it owes to any other Intra-Group Creditor.

Nothing in the Intercreditor Deed will operate to prevent Tenderco or any other Obligor from carrying out any of the actions set out in the Offer and Consent Documents.

Release of the Guarantees and the Security

The Intercreditor Deed provides that the Senior Security Agent is authorized to (i) release any security created by the security documents over the relevant asset and (ii) (if the relevant asset comprises all of the shares in the capital of INEOS Holdings Limited or any of its subsidiaries or Tenderco) to release that member of the INEOS Group or Tenderco (as applicable) and any of its direct or indirect subsidiaries from all past, present and future liabilities (both actual and contingent) and/or its obligations in its capacity as a guarantor, issuer or borrower of the whole or any part of its liabilities under the Senior Liabilities, the Second Secured Liabilities, the 2016 Notes and certain other liabilities and to release any security granted by Tenderco, that member of the INEOS Group or any of its direct or indirect subsidiaries over any asset under any security document if:

- in connection with any permitted Enforcement Action, the Senior Security Agent or any receiver or administrator sells or otherwise disposes of (or proposes to sell or otherwise dispose of) any asset under any security document; or

- following a default under the Senior Finance Documents or the Indenture, IHL or any of its subsidiaries or Tenderco sells or otherwise disposes of (or proposes to sell or otherwise dispose of) any asset at the request or direction of the Senior Security Agent.

Notwithstanding the preceding paragraph, in the case of any release of the guarantees or security for the Second Secured Liabilities or the 2016 Notes, the holders of the Second Secured Liabilities and the 2016 Notes will only be obliged to release and authorize the release set out above in respect of any Obligor or other person which has granted security or provided a guarantee to the Second Secured Creditors or the holders of the 2016 Notes:

- in the case of the Second Secured Liabilities and any security in respect thereof, if the Majority Second Secured Creditors (as defined in the Intercreditor Deed) have approved the release; or

- in the case of guarantees and security for the 2016 Notes and the 2016 Notes Indenture, if the trustee under the 2016 Notes Indenture confirms to the Senior Security Agent that the holders of the 2016 Notes which it represents have approved the release; or

- if the shares or assets of an Obligor (or the shares of any direct or indirect holding company of such Obligor) are sold or otherwise disposed of pursuant to Enforcement Action taken by the Senior Security Agent (or any receiver or administrator) or at the request or direction of the Senior Security Agent, and the sale or disposal is completed in accordance with applicable law and for a consideration all or substantially all of which is in the form of cash or cash equivalents and:

(1) in the case of a sale or disposal of shares of an Obligor (or the shares of any direct or indirect holding company of such Obligor) (but only to the extent that any guarantees and security for the 2016 Notes and the 2016 Notes Indenture are to be released), concurrently with the completion of such sale or disposal, the indebtedness of the relevant members of the INEOS Group or Tenderco to (x) the Senior Creditors, (y) the Second Secured Creditors and (z) the lenders of all Subordinated Debt (as defined in the Intercreditor Deed) and Public Debt (as defined in the 2016 Notes Indenture) that is Pari Passu Debt (as defined in the Intercreditor Deed) are discharged or released (and not assumed by the relevant purchaser or any affiliate thereof); *provided*, *however*, that performance bonds and similar instruments will not be required to be so discharged or released; and

(2) if applicable, in the case of a sale or disposal of assets other than shares in an Obligor as provided above, concurrently with the completion of such sale or disposal the prior ranking security in favor of the Senior Creditors over such assets is released,

and, in the case of paragraphs (1) and (2) above, either (x) the sale or disposal is made pursuant to a Public Auction (as defined below) or (y) an internationally recognized investment bank or an internationally recognized accounting firm selected by the Senior Security Agent has delivered in respect of the sale or disposal an opinion to (in the case of a sale by or at the request of the Senior Security Agent (or any receiver or administrator)) the trustee or representative under the 2016 Notes Indenture that the amount received in connection with such sale is fair from a financial point of view taking into account all relevant circumstances including the method of enforcement; *provided* that the liability of such investment bank or accounting firm in giving such opinion may be limited to the amount of its fees in respect of such engagement.

A "Public Auction" is defined in the Intercreditor Deed to mean an auction in which more than one bidder participates or is invited to participate conducted with the advice of an internationally recognized investment bank and in which if the sale is undertaken by or at the request of the Senior Security Agent (or any receiver or administrator), pursuant to an enforcement requested by (a) the Instructing Group, then the Second Secured Creditors and the holders of the 2016 Notes will have a right to participate in such auction and (b) the Second Secured Creditors, then the holders of the 2016 Notes will have a right to participate in such auction.

Option to Purchase Debt under the Senior Facilities Agreement and Indenture

If the Senior Creditors under the Senior Facilities Agreement or the Indenture have taken any Enforcement Action, the trustee under the 2016 Notes Indenture may, at the direction of the requisite percentage of the holders of the 2016 Notes under the 2016 Notes Indenture, within 60 days after commencement of that Enforcement Action, on giving not less than 14 days' written notice to the Senior Facility Agent and the Trustee, and subject to satisfying certain conditions, purchase the debt under the Senior Facilities Agreement and the Indenture (i) in the case of the Senior Facilities Agreement, at a price equal to the principal amount of such debt and accrued and unpaid interest and fees and expenses and an amount representing the termination amount then payable in respect of the senior hedging debt and (ii) in the case of the Indenture, at a price equal to the principal amount of such debt and accrued and unpaid interest, any prepayment fees and fees and expenses. Upon such purchase, the purchasers will assume the rights and obligations of the Lenders under the Senior Facilities Agreement, including hedging arrangements, and the rights and obligations of the holders of notes under the Indenture.

Amendment

The Intercreditor Deed may only be amended with the written agreement of each of the Senior Security Agent, the Trustee, the trustee under the 2016 Notes Indenture and IHL unless (i) any amendments are made to cure defects, resolve ambiguities or reflect changes of a minor, technical or administrative nature, which may be made by the Senior Security Agent and IHL, (ii) any amendments are made to meet the requirements of any person proposing to act as a senior secured note trustee or high yield note trustee which are customary for persons acting in such capacity, which amendments may be made by the Senior Security Agent and IHL, (iii) any amendments only affecting the rights and obligations of one party or class of parties and are not adverse to the rights of the other parties or class of parties and which may be made by only IHL and the party or class of parties affected thereby or

(iv) any amendments made to give effect to the appointment of a facility agent in respect of the Second Secured Creditors in accordance with the terms of the Senior Facilities Agreement which amendments may be made by the Senior Facility Agent, the Senior Security Agent and IHL. Subject to the previous sentence, no amendment or waiver of the Intercreditor Deed may impose new or additional obligations on any party to the Intercreditor Deed or affect the rights or obligations of the Senior Facility Agent, the Trustee, the Senior Security Agent or the trustee under the 2016 Notes Indenture, in each case without their prior written consent. No amendment or waiver of the Intercreditor Deed may adversely affect the rights of obligations of, or be made concerning any provision which is expressly for the benefit of, the BP Collateral Agent or the BP Creditors without the prior written consent of the BP Creditors. In addition, prior to the later of the Senior Discharge Date and the Second Secured Discharge Date, if the Majority Senior Lenders and, if applicable, the Trustee consent to any indebtedness being Designated Senior Debt under the 2016 Notes Indenture, each of the Senior Creditors, the Second Secured Creditors, the Senior Security Agent, the Trustee, the Obligors and the trustee under the 2016 Notes Indenture will enter into such amendments under the Intercreditor Deed as may be required to enable the holders of such Designated Senior Debt to become parties to the Intercreditor Deed, with the rights in relation to the holders of the notes contemplated by the 2016 Notes Indenture.

The Senior Security Agent may amend the terms of, waive any of the requirements of, or grant consents under, any of the Senior Security Documents (as defined in the Intercreditor Deed) acting on the instructions of the Senior Facility Agent and (where such consent is required under the Indenture or related documents) of the Trustee. Any such amendment, waiver or consent will be deemed to be an amendment, waiver or consent of any equivalent Security Document (as defined in the Intercreditor Deed) granted in favor of the trustee under the 2016 Notes Indenture and the holders of the 2016 Notes but only to the same extent and to no greater extent than the amendment, waiver or consent in relation to the relevant Senior Security Document. No such amendment, waiver or consent will release any security (without prejudice to any other provision of the Intercreditor Deed) for the Second Secured Creditors or the trustee under the 2016 Notes Indenture or holders of the 2016 Notes except as permitted under the Second Secured Documents or the 2016 Notes Indenture and the 2016 Notes.

Termination of Existing Intercreditor Deed

The Intercreditor Deed provides that the Existing Intercreditor Deed will automatically terminate on the earlier of the date:

- when Tenderco has acquired all of the outstanding commitments under the Existing Facilities Agreement; and
- upon which all obligations and liabilities under the Existing Facilities Agreement have been unconditionally discharged in full.

Unless expressly stated otherwise in the Intercreditor Deed, the provisions of the Intercreditor Deed override anything in any of the finance documents entered into in connection with the Transactions, including the Indenture, to the contrary.

The Intercreditor Deed is governed by English law.

IGH Senior Notes due 2016

Overview

On February 7, 2006, our parent, IGH, issued €1,750,000,000 aggregate principal amount of $7^7/_8$% Senior Notes due 2016 (the “IGH Euro Notes”) and $750,000,000 $8^1/_2$% Senior Notes due 2016 (the “IGH Dollar Notes” and together with the IGH Euro Notes, the “2016 Notes”) under an indenture dated February 7, 2006, as amended, among IGH, each of the guarantors named therein, The Bank of New York Mellon, as trustee, collateral agent, registrar and principal paying agent and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg paying agent and Luxembourg transfer agent. During 2006, IGH repurchased €120,000,000 of the IGH Euro Notes and $50,000,000 of the IGH Dollar Notes, and such notes were subsequently cancelled. In June 2009, an indirect subsidiary of IHL acquired €97,870,000 in principal amount of the IGH Euro Notes and $22,487,000 in principal amount of the IGH Dollar Notes. In December 2009, €72,770,000 in principal amount of the IGH Euro Notes and the entirety of the $22,487,000 IGH Dollar Notes so acquired were cancelled. In April 2010, we completed a consent solicitation whereby the holders of the then outstanding 2016 Notes consented to certain amendments to the provisions of the 2016 Notes Indenture governing the 2016 Notes.

Ranking

The 2016 Notes are the general unsubordinated obligations of IGH and rank equally with IGH's existing and future senior indebtedness, rank senior to all of IGH's existing and future subordinated indebtedness and are effectively subordinated to all of its existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness, unless such assets also secure the 2016 Notes on an equal and ratable basis. In addition, the 2016 Notes are effectively subordinated to all existing and future indebtedness and other liabilities of IGH's non-guarantor subsidiaries.

Interest Rates, Payment Dates and Maturity

The IGH Euro Notes bear interest at a rate of $7^7/_8$% per annum. The IGH Dollar Notes bear interest at a rate of $8^1/_2$% per annum. Interest on the 2016 Notes is payable semiannually in arrear on February 15 and August 15 of each year. The 2016 Notes will mature on February 15, 2016.

Guarantees

The 2016 Notes are jointly and severally guaranteed on an unsecured senior subordinated basis by certain guarantors (collectively, the "2016 Notes Guarantors"). INEOS Holdings Limited is a 2016 Notes Guarantor.

The guarantees by the 2016 Notes Guarantors are their senior subordinated obligations and rank junior to all of the existing and future senior indebtedness (including any second secured liabilities) of the 2016 Notes Guarantors, which includes the subsidiary guarantees under our Existing Facilities Agreement, the Senior Facilities Agreement (other than the Term D Facility) and the Indenture governing the notes issued hereby, rank equally with the existing and future senior subordinated indebtedness of the 2016 Notes Guarantors, rank senior to all of the existing and future subordinated indebtedness of the 2016 Notes Guarantors other than indebtedness of the 2016 Notes Guarantors that is secured by liens on the assets of the 2016 Notes Guarantors, and are effectively subordinated to all of the existing and future secured indebtedness of the 2016 Notes Guarantors to the extent of the value of the assets securing such indebtedness.

Security

The 2016 Notes are secured by a junior pledge of the loan of the gross proceeds of the 2016 Notes to INEOS Holdings Limited and a junior pledge of 100% of the shares of INEOS Holdings Limited. These pledges rank junior to pledges of these assets securing certain senior indebtedness, including indebtedness under the Senior Facilities Agreement and the Indenture.

Optional Redemption and Change of Control

At any time on or prior to February 15, 2011, IGH may redeem all or part of the 2016 Notes at a redemption price equal to 100% of the principal amount of the 2016 Notes redeemed plus the greater of (1) 1.0% of the principal amount of such note and (2) with respect to the IGH Dollar Notes, the excess of (a) the present value at such redemption date of (i) the redemption price of such IGH Dollar Note at February 15, 2011 (such redemption price being set forth in the table below), plus (ii) all required interest payments that would otherwise be due to be paid on such IGH Dollar Note during the period between the redemption date and February 15, 2011 (excluding accrued but unpaid interest), computed using a discount rate equal to the applicable treasury rate plus 50 basis points, over (b) the principal amount of such IGH Dollar Note, and (3) with respect to the IGH Euro Notes, the excess of: (a) the present value at such redemption date of (i) the redemption price of such IGH Euro Note at February 15, 2011 (such redemption price being set forth in the table below), plus (ii) all required interest payments that would otherwise be due to be paid on such IGH Euro Note during the period between the redemption date and February 15, 2011 (excluding accrued but unpaid interest), computed using a discount rate equal to the applicable bund rate plus 50 basis points, over (b) the principal amount of such IGH Euro Note.

Year	IGH Euro Notes Redemption Price	IGH Dollar Notes Redemption Price
2011	103.938%	104.250%
2012	102.625%	102.833%
2013	101.313%	101.417%
2014 and thereafter	100.000%	100.000%

Upon the occurrence of certain change of control events, each holder of the 2016 Notes may require IGH to repurchase all or a portion of its 2016 Notes at a purchase price equal to 101% of the principal amount of the 2016 Notes, plus accrued interest to, but not including, the date of purchase.

If IGH sells assets under certain circumstances, IGH is required to make an offer to purchase the 2016 Notes at 100% of the principal amount of the 2016 Notes, plus accrued interest to, but not including, the date of purchase, with the excess proceeds from the sale of the assets.

In addition, in the event that IGH becomes obligated to pay additional amounts (as defined in the 2016 Notes Indenture) to holders of the 2016 Notes as a result of changes affecting withholding taxes applicable to payments on the 2016 Notes, IGH may redeem the 2016 Notes in whole but not in part at any time at 100% of the principal amount of the 2016 Notes plus accrued interest to the redemption date.

Covenants

The 2016 Notes Indenture contains covenants that, among other things, limit our ability and the ability of our subsidiaries to:

- incur additional indebtedness;
- make restricted payments, including dividends or other distributions;
- create certain liens;
- sell assets;
- in the case of our restricted subsidiaries, enter into arrangements that restrict dividends or other payments to us;
- in the case of our restricted subsidiaries, guarantee or secure debt;
- engage in transactions with affiliates;
- create unrestricted subsidiaries; and
- consolidate, merge or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis.

These covenants are subject to important exceptions and qualifications. Currently, all of IGH's subsidiaries are Restricted Subsidiaries (as defined in the 2016 Notes Indenture).

Events of Default

The 2016 Notes Indenture contains customary events of default, including, among others, the non-payment of principal or interest on the 2016 Notes, certain failures to perform or observe any other obligation under the 2016 Notes Indenture or security documents, the failure to pay certain indebtedness or judgments and the bankruptcy or insolvency of IGH, any IGH Note Guarantor or any Significant Restricted Subsidiary (each as defined in the 2016 Notes Indenture). The occurrence of any of the events of default would permit or require the acceleration of all obligations outstanding under the 2016 Notes.

Securitization Program

In July 2006, INEOS Holdings Limited and certain of its subsidiaries (the "Sellers") entered into a five year €1.5 billion trade receivables securitization (as amended, supplemented, varied, novated, extended or replaced from time to time) (the "Securitization Program"). On April 9, 2009 INEOS Holdings Limited, among others, entered into an amendment agreement to reduce the overall facility amount to €1.2 billion for the remaining term of the facility and to increase the margins on amounts drawn and the commitment fee on amounts undrawn.

The Securitization Program complies with the terms for a "Permitted Receivables Securitization" as defined in the Senior Facilities Agreement.

Under the Securitization Program, all trade receivables originated by the Sellers (other than those receivables that are specifically identified as "excluded receivables") are sold to a bankruptcy-remote special purpose vehicle incorporated under the laws of the Republic of Ireland, INEOS Finance (Ireland) Limited (the "SPV"). The SPV finances these purchases from borrowings, primarily funded through asset-backed commercial paper ("ABCP") conduits. The cost of funding for the ABCP conduits reflects the rating of the pooled financial assets in which they invest, thus allowing the Securitization Program to benefit from financing costs that are not linked to the group's corporate rating.

The Securitization Program is restricted to receivables denominated in U.S. Dollars, euros or Sterling that are sold to the SPV at face value less a small discount to reflect the carry cost until settlement. In some jurisdictions, the sale of the receivables requires the involvement of an intermediate purchaser in order to comply with local securities and banking regulations. The SPV acquires title, on a non-recourse basis, to new receivables as the liability arises and settles its purchases with the Sellers on a twice-monthly basis. Between settlement dates, the Sellers have the use of the cash received from customers which has been paid into segregated bank accounts, either in the name of the SPV or held on trust for the SPV. Responsibility for the administration of the receivables, including adherence to established credit and collection policies remains with the Sellers, with INEOS Holdings Limited acting on their behalf in its capacity as Master Servicer.

The twice-monthly settlement period is tied to the term of the loans advanced to the SPV by the lenders against the security of the outstanding receivables. The lenders' advance rate is adjusted each month to reflect the actual performance of the receivables portfolio and standard Rating Agency methodology for calculating loss and dilution reserves and other potential shortfalls. The balance of the SPV's funding requirements to purchase receivables is provided by INEOS Holdings Limited through a subordinated loan facility.

Subject to satisfaction of the conditions to the Exchange Offer and Consent Request, it is intended that the Securitization Program will be amended to:

(i) extend the maturity to July 7, 2013;

(ii) reduce the overall facility amount to €1 billion; and

(iii) increase the margins on amounts drawn and the commitment fee on amounts undrawn.

Existing Facilities Agreement

Overview

The Existing Facilities Agreement was originally dated December 14, 2005 and was entered into between, among others, INEOS Group Limited ("IGL"), certain subsidiaries of IGL, and Barclays Capital, Merrill Lynch International and Morgan Stanley Bank International Limited, as joint mandated lead arrangers.

The Existing Facilities Agreement will be amended and restated on the Transaction Completion Date as part of the Exchange Offer and Consent Request. On the Transaction Completion Date, Tenderco will acquire all of the Accepting Lenders' outstanding participations, revolving commitments and accrued PIK amounts under the Existing Facilities Agreement and the Accepting Lenders will receive new participations, revolving commitments and accrued PIK amounts under the Senior Facilities Agreement, in each case in accordance with the terms of the Offer and Consent Documents and the Senior Facilities Agreement. See "The Transactions" for further information.

The Existing Facilities Agreement will remain in place following completion of the Transactions (although substantially all of the mandatory prepayment events, representations, undertakings and events of default will have been removed) and, accordingly, IHL and its borrowing subsidiaries will continue to be required to make payments under the Existing Facilities Agreement to the lenders who did not accept the Exchange Offer (the "Non-Accepting Lenders") and Tenderco as they fall due following completion of the Transactions, although any payments to be made for the account of Tenderco may be made by way of book entry. Similarly, if Tenderco is required to fund a drawdown request under the revolving facility under the Existing Facilities Agreement, such funding may be made by way of book entry.

Following the completion of the Exchange Offer, Tenderco's aggregate commitments will represent approximately 99% of the total commitments under the Existing Facilities Agreement and the Non-Accepting Lenders' aggregate commitments will represent approximately 1% of the total commitments.

Interest and Fees

The margin payable on each facility under the Existing Facilities Agreement following the Transaction Completion Date will be equal to the margin currently payable under that facility.

In summary, outstanding loans under the Existing Facilities Agreement bear interest at rates per annum equal to LIBOR or, for loans denominated in euro, EURIBOR (in each case subject to a floor equal to 3.00%, with the EURIBOR floor stepping up to 3.25% depending on amount of available liquidity within the INEOS Group) plus certain mandatory costs and the following applicable margins:

- 4.00% per annum for loans under the term A facility;
- 4.50% per annum for loans under the term B facility;
- 5.00% per annum for loans under the term C facility;
- 6.00% per annum for loans under the term D facility; and
- 6.00% per annum for loans under the revolving credit facility.

In addition, interest accrues (but is not capitalized) in the form of PIK interest on each of the term A facility, term B facility, term C facility and term D facility at the rate of 2.00% per annum for the period from (and including) July 17, 2009 to (and including) the date of repayment or prepayment of the relevant term advance. A portion of interest on each euro-denominated subtranche of the term A facility, term B facility, term C facility and term D facility equal to the spread between the relevant EURIBOR rate and the applicable floor rate may also accrue and be payable as a PIK amount (instead of being payable in cash) in certain circumstances, depending on the amount of available liquidity within the INEOS Group at the beginning of the relevant interest period.

The cash margin for the revolving credit facility and the PIK margin for the term A facility, term B facility, term C facility and term D facility may be reduced to agreed levels in certain circumstances if no event of default is outstanding and the ratio of total net debt to EBITDA falls within the specified ranges set out in the Existing Facilities Agreement.

A commitment fee equal to 0.5% is payable on the aggregate of the daily, undrawn, uncancelled amount of the commitments of the revolving lenders under the Existing Facilities Agreement.

Security and Guarantees

Following completion of the Transactions, the Non-Accepting Lenders will no longer benefit from the existing security package under the Existing Facilities Agreement. On the Transaction Completion Date, all of the transaction security and other security interests created or granted in favor of the existing finance parties in relation to the obligations of the existing borrowers and guarantors under the Existing Facilities Agreement and the related finance documents will be released. In addition, the existing guarantors (other than guarantors which are also borrowers) will be released from all liabilities under the Existing Facilities Agreement and the related finance documents on the Transaction Completion Date.

Covenants and Events of Default

The majority of the covenants in the Existing Facilities Agreement will be removed on the Transaction Completion Date or amended so that the covenants no longer restrict the activities of IHL and its borrowing subsidiaries. For example, there will no longer be any restrictions in relation to, among other things:

- making acquisitions or investments;
- making loans or otherwise extending credit to others;
- incurring indebtedness or issuing guarantees;
- creating security;
- selling, leasing, transferring or disposing of assets;
- issuing shares, options or warrants; or
- entering into joint venture transactions.

The existing financial covenants will also be removed on the Transaction Completion Date.

In addition, the majority of the events of default in the Existing Facilities Agreement will be removed on the Transaction Completion Date. The remaining events of default under the Existing Facilities Agreement will be as follows:

- non-payment of amounts due under the Existing Facilities Agreement; and
- certain insolvency events.

If an event of default occurs and is continuing, the facility agent may, and will if directed by the majority lenders, accelerate all outstanding loans and terminate the commitments.

Repayment and Prepayments

The term A facility is to be repaid in semi-annual installments with the final installment payable on December 16, 2012. The term B facility is to be repaid in installments with the final installment payable on

December 16, 2013. The term C facility is to be repaid in installments with the final installment payable on December 16, 2014. The term D facility is to be repaid in full on June 16, 2015. No amounts repaid by the borrowers in respect of the term loan facilities may be re-borrowed.

Loans made under the revolving credit facility must be repaid in full on the last day of the relevant interest period as defined in the Existing Facilities Agreement. All outstanding amounts under the revolving credit facility must be repaid on December 16, 2012 or, if earlier, the date on which the term loans are repaid or prepaid in full and all commitments thereunder are reduced to zero. Amounts repaid by the borrowers in respect of loans made under the revolving credit facility may be re-borrowed, subject to certain conditions.

The mandatory prepayment provisions in the Existing Facilities Agreement will be removed on the Transaction Completion Date.

Subject to payment for break costs (if any), the borrowers may voluntarily prepay amounts outstanding under the Existing Facilities Agreement (and cancel any unused available commitments), without penalty or premium, at any time in whole or in part subject to agreed minimum amounts and multiples, on not less than 10 business days' notice (in the case of prepayment) and five business days notice (in the case of cancellation), in each case to the facility agent.

The Existing Facilities Agreement is governed by English law.

Existing Intercreditor Deed

In connection with entering into the Existing Facilities Agreement, IHL and certain of its subsidiaries (the "Original Obligors"), INEOS Group Holdings plc, certain affiliates of BP p.l.c. and IGL, INEOS Investment Holdings Limited and INEOS Intermediate Holdings Limited became subject to an intercreditor deed (the "Existing Intercreditor Deed") with the lenders under the Existing Facilities Agreement (the "Original Lenders"), Barclays Bank PLC, as senior facility agent and senior security agent for the Original Lenders, and BP International Limited.

In addition, the trustee and collateral agent with respect to the 2016 Notes, on behalf of itself and the holders of the 2016 Notes, acceded to the Existing Intercreditor Deed.

The Existing Intercreditor Deed sets out:

- the relative ranking of certain debt of the Obligors;
- the relative ranking of security granted by the Obligors;
- when payments can be made in respect of debt of the Obligors;
- when enforcement action can be taken in respect of that debt;
- the terms pursuant to which certain of that debt will be subordinated upon the occurrence of certain insolvency events;
- turnover provisions; and
- when security and guarantees will be released to permit an enforcement sale.

The Existing Intercreditor Deed will not be amended on the Transaction Completion Date and will remain in place following the completion of the Transactions.

The Existing Intercreditor Deed will sit alongside the Intercreditor Deed until the Existing Intercreditor Deed is terminated as described in "—Intercreditor Deed—Termination of Existing Intercreditor Deed."

The Intercreditor Deed will largely follow the terms of the Existing Intercreditor Deed, subject to certain amendments to ensure that the holders of the notes rank *pari passu* with the lenders (other than the term D lenders) under the Senior Facilities Agreement.

DESCRIPTION OF THE NOTES

The Euro Notes and the Dollar Notes offered hereby will be issued under an indenture (the "**Indenture**") to be dated as of the date the Notes are issued upon completion of the offering among, *inter alios*, INEOS Finance plc, as issuer (the "**Issuer**"), INEOS Holdings Limited (the "**Company**"), INEOS Group Holdings plc, INEOS Tenderco Limited ("**Tenderco**") and the Company's subsidiaries that initially guarantee the Notes (together with the Company, INEOS Group Holdings plc and Tenderco the "**Initial Guarantors**") and The Bank of New York Mellon as trustee (the "**Notes Trustee**"). Each Guarantor that is a Subsidiary of the Company is referred to herein as a "**Subsidiary Guarantor**." Unless the context otherwise requires, in this "Description of the Notes," references to the "**Notes**" include the Euro Notes, the Dollar Notes and any additional Notes that are issued under the Indenture. A copy of the form of the Indenture will be made available to prospective purchasers of the Notes upon request to the Issuer or, for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Luxembourg Stock Exchange's Euro MTF Market, upon request to the paying agent in Luxembourg.

The following is a summary of the material provisions of the Indenture, the Notes, and the Funding Loan Agreement and refers to the Security Documents and the Intercreditor Agreement. It does not restate these agreements in their entirety. Where reference is made to particular provisions of those agreements, such provisions, including the definitions of certain terms, are qualified in their entirety by reference to all of the provisions of such agreements. The Indenture is not required to be nor will it be qualified under the U.S. Trust Indenture Act.

The Indenture, the Notes and the Guarantees will be subject to the terms of the Intercreditor Agreement and any additional intercreditor agreements entered into in the future. The terms of the Intercreditor Agreement are important to understanding the terms and ranking of the Notes and the Guarantees. Please see the section entitled "*Description of Other Indebtedness—Intercreditor Agreement*" for a summary of certain material terms of the Intercreditor Agreement.

The registered holder of a Note will be treated as its owner for all purposes. Only registered holders will have rights under the Indenture, including, without limitation, with respect to enforcement and the pursuit of other remedies. The Notes have not been registered under the U.S. Securities Act and are subject to certain transfer restrictions.

For definitions of certain capitalized terms used in the following summary, please see "*—Certain Definitions*."

Brief Description of the Notes, the Guarantees and the Security

The Notes

The Notes will:

- be general senior obligations of the Issuer;
- be secured as set forth below under "*—Security*;"
- rank equally in right of payment with all existing and future Indebtedness of the Issuer that is not subordinated to the Notes, including, without limitation, the guarantee of the Senior Secured Credit Facilities;
- be guaranteed on a senior secured basis by the Guarantors;
- rank effectively senior to all existing and future Indebtedness of the Issuer that is unsecured or secured by Liens junior to the Liens securing the Notes to the extent of the value of the Collateral (as defined below under "*—Security*"); and

- rank senior in right of payment to all existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes, including the Issuer's guarantee of obligations under the Term D Facility and the Existing Parent Notes.

The Issuer is a finance company that has no subsidiaries. Upon completion of the offering of the Notes, the only significant assets of the Issuer will be the Funding Loan. As such, the Issuer will be dependent on payments by the Company on such Funding Loan in order to service its Indebtedness.

At the Issue Date, on an as adjusted basis after giving effect to the issuance and sale of the Notes and the application of the proceeds thereof as described under "*Use of Proceeds*," on a consolidated basis the Company and its subsidiaries will have approximately €4,259.9 million of borrowings under the Senior Facilities Agreement (including the Term D Facility).

The Notes will be effectively subordinated to any existing and future Indebtedness and other liabilities of the Issuer and any Guarantor that is secured by Liens senior to the Liens securing the Notes or secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness and other liabilities, including the BP Creditor Liabilities secured on a first priority basis by the BP Shared Collateral.

In addition, the Notes will be effectively subordinated to all existing and future indebtedness and other liabilities of the Parent's subsidiaries that do not guarantee the Notes.

Under the terms of the Intercreditor Agreement, the proceeds of any enforcement of the Collateral will be applied *pro rata* to repayment of the Senior Secured Credit Facilities, the Hedging Liabilities and the Notes. The Intercreditor Agreement limits the ability of the Notes Trustee or the holders of the Notes to instruct the Security Trustee to take enforcement action. Please see "*—Enforcement of Security*," and "*Description of Other Indebtedness—Intercreditor Agreement*."

The Indenture and the Intercreditor Agreement will permit the Issuer to issue Indebtedness secured by Liens on the Collateral securing the Notes, which Liens may, under certain circumstances, rank ahead of the security interests on the Collateral securing the Notes. Please see "*—Limitation on Indebtedness*" and "*—Limitation on Liens*."

The Guarantees

The Notes will be guaranteed by the Guarantors. Each Guarantee will:

- be joint and several and will be the general senior obligation of the applicable Guarantor;

- be secured as set forth below under "*—Security*;"

- rank equally in right of payment with all existing and future Indebtedness of the applicable Guarantor that is not subordinated in right of payment to such Guarantee, including with respect to the Guarantee of the Notes by each Guarantor, Indebtedness under the Senior Secured Credit Facilities, and with respect to the Guarantee of the Notes by the Parent, the Existing Parent Notes;

- rank effectively senior to all existing and future Indebtedness of such Guarantor that is unsecured or secured by Liens junior to the Liens securing the Guarantees to the extent of the value of the Collateral (as defined below under "*—Security*"); and

- rank senior in right of payment to all existing and future Subordinated Indebtedness of the applicable Guarantor.

The Guarantees will be effectively subordinated to any existing and future Indebtedness and other liabilities of such Guarantor that is secured by Liens senior to the Liens securing such Guarantee or secured by property and assets that do not secure such Guarantee, to the extent of the value of the property and assets securing such Indebtedness and other liabilities, including the BP Creditor Liabilities secured on a first priority basis by the BP Shared Collateral. In the event of a bankruptcy or insolvency, each such secured lenders of each Guarantor will have a prior secured claim to any collateral of such Guarantor securing the debt owed to them.

Not all of the Parent's Restricted Subsidiaries will guarantee the Notes. However, other than with respect to INEOS Manufacturing France SAS, each of the Company's Subsidiaries that initially guarantee the Senior Secured Credit Facilities will also initially guarantee the Notes. As of the Issue Date, the Notes will be jointly and severally guaranteed on a senior secured basis by the Initial Guarantors, including the Parent, the Company, Tenderco and the same subsidiaries of the Parent as will guarantee the Senior Secured Credit Facilities (other than INEOS Manufacturing France SAS) on the Issue Date. The Initial Guarantors together represent 71.7% of the Parent's consolidated EBITDA for the year ended December 31, 2009 and 68.7% of the Parent's consolidated total assets as of December 31, 2009.

Each of the Parent, the Company, the Issuer and the other Initial Guarantors shall take such necessary actions, and the Parent shall cause its Restricted Subsidiaries to take such necessary actions, so that no later than the earlier of (a) the date on which the Senior Secured Credit Facilities are guaranteed by certain additional subsidiaries of the Company that are required to guarantee the Senior Secured Credit Facilities (the "**Post-Closing Date Guarantors**") and (b) the date that is 30 days following the Issue Date, the Post-Closing Date Guarantors shall become guarantors of the Notes by executing and delivering to the Trustee a supplemental indenture in the form attached to the Indenture. The Post-Closing Date Guarantors, together with the Initial Guarantors, will represent 85.4% of the Parent's consolidated EBITDA for the year ended December 31, 2009 and hold 85.6% of the Parent's consolidated total assets as of December 31, 2009.

The obligations of the Guarantors under their Guarantees will be limited as necessary to recognize certain limitations imposed due to local law and defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. Please see "*Description of the Collateral and the Guarantees,*" "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Insolvency laws—Relevant insolvency laws in England and other jurisdictions may provide you with less protection than U.S. bankruptcy laws,*" and "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Guarantee and future collateral limitations—Each Guarantee and future pledges of collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability*."

The obligations of any Guarantor under its Guarantee will be automatically and unconditionally released and discharged in certain circumstances. See "*—Release of the Guarantees*."

Release of the Guarantees

A Guarantor's Guarantee will be automatically and unconditionally released:

(a) with respect to a Subsidiary Guarantor, in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) the Parent, a Guarantor or a Restricted Subsidiary of the Parent, if the sale or other disposition complies with the requirements of the covenant set forth under the heading "*—Certain Covenants—Limitation on Sale of Assets*," regardless of whether such requirements are otherwise applicable;

(b) with respect to a Subsidiary Guarantor, in connection with any other sale or other disposition of all or substantially all of the Capital Stock (or the shares of any holding company of such Guarantor (other than the Company or the Parent)) of that Guarantor to a Person that is not (either before or after giving effect to such transaction) the Issuer, the Parent or a Restricted Subsidiary, if the sale or other disposition complies with the requirements of the covenant set forth under the heading "*—Certain Covenants—Limitation on Sale of Assets*," regardless of whether such requirements are otherwise applicable;

(c) with respect to a Subsidiary Guarantor, if the Parent designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

(d) with respect to a Subsidiary Guarantor, upon covenant defeasance as provided below under the caption "*—Defeasance or Covenant Defeasance of the Indenture*;"

(e) upon legal defeasance or satisfaction and discharge of the Indenture as provided below under the captions "*—Defeasance or Covenant Defeasance of the Indenture*" and "*—Satisfaction and Discharge*;"

(f) so long as no Event of Default has occurred and is continuing and such Subsidiary Guarantor is unconditionally released and discharged from its liability with respect to Indebtedness in connection with which such guarantee was executed pursuant to the covenant described under the caption "*—Certain Covenants—Limitation on Issuances of Guarantees of Indebtedness by Restricted Subsidiaries*;"

(g) as described under "*—Modifications and Amendments*;" and

(h) with respect to a Subsidiary Guarantor that is an Immaterial Subsidiary, so long as no Event of Default has occurred and is continuing, to the extent that such Subsidiary Guarantor (i) is unconditionally released and discharged from its liability with respect to the Senior Secured Credit Facilities and (ii) does not guarantee any other Credit Facility or Public Debt.

In addition, the Intercreditor Agreement will provide for release of certain Guarantees upon an enforcement sale. See "*Description of Other Indebtedness—Intercreditor Agreement*." The Indenture will provide that any release of a Guarantee shall be evidenced by the delivery by the Issuer to the Trustee of an Officer's Certificate of the Issuer, and that the Trustee shall acknowledge and confirm such release upon delivery of such Officer's Certificate.

Security

General

The obligations of the Issuer under the Notes and the obligations of the Guarantors under the Guarantees will be secured by, subject to Permitted Collateral Liens, first-ranking Liens over the Collateral (other than the BP Shared Collateral which will secure, subject to Permitted Collateral Liens, the Notes and the Guarantees on a second priority basis) as described in "*Description of the Collateral and the Guarantees*." The Collateral will also be granted to secure the obligations under the Senior Secured Credit Facilities on a *pari passu* basis and will be granted to secure the obligations under the Term D Facility on a second-priority basis (other than the BP Shared Collateral which will secure the Term D Facility on a third priority basis). The Collateral will be granted pursuant to the Security Documents and the Intercreditor Agreement to the Security Trustee on behalf of the holders of the secured obligations that are secured by the Collateral, including the Notes. For a description of the Collateral and the Security Documents, see "*Description of the Collateral and the Guarantees*."

The Liens on the Collateral will be subject to certain limitations and are at all times in all cases subject to the requirements of applicable law. Please see "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Insolvency laws—Relevant insolvency laws in England and other jurisdictions may provide you with less protection than U.S. bankruptcy laws,*" and "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Guarantee and future collateral limitations—Each Guarantee and future pledges of collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability*."

A Lien on the Collateral described under "*Description of the Collateral and the Guarantees—Transaction Completion Date Collateral*" will be granted to secure the Obligations under the Indenture, the Notes and the Guarantees on the Issue Date (the "**Closing Date Collateral**") and, to the extent not also granted on the Issue Date, the Issuer and the Guarantors will be required to grant the other Collateral described under "*Description of the Collateral and the Guarantees*" (the "**Post-Closing Collateral**") no later than the earlier of (a) the date on which the Senior Secured Credit Facilities are secured by such Post-Closing Collateral and (b) the date that is 30 days (or, in the case of certain real estate Post-Closing Collateral described in "*Description of the Collateral and the Guarantees*," 120 days) after the Issue Date.

Post-Closing Collateral

Each of the Parent, the Company, the Issuer and the Subsidiary Guarantors shall take all necessary actions, and shall cause its respective Subsidiaries to take all necessary actions so that the Post-Closing Collateral shall be fully effective no later than the earlier of (a) the date on which the Senior Secured Credit Facilities are secured by the Post-Closing Collateral and (b) the date that is 30 days (or, in the case of certain real estate Post-Closing Collateral described in "*Description of the Collateral and the Guarantees*," 120 days) after the Issue Date.

Each of the Parent, the Company, the Issuer and the Subsidiary Guarantors shall take such necessary actions and shall cause its respective Restricted Subsidiaries to take such necessary actions so that Liens over the Post-Closing Collateral in respect of the Notes shall be granted to the Security Trustee on behalf of, and for the benefit of, the holders of the Notes pursuant to the Security Documents as contemplated by the Indenture.

The Parent, the Company, the Issuer and each Subsidiary Guarantor shall, and shall procure that each of its respective Subsidiaries shall, at its own expense, execute and do all such acts and things and provide such assurances as the Security Trustee may reasonably require (i) for registering any Security Document relating to the Collateral in any required register and for perfecting or protecting the security intended to be afforded by such Security Document relating to the Collateral; and (ii) if such Security Document has become enforceable in accordance with the terms of the Indenture, the relevant Security Document and the Intercreditor Agreement, for facilitating the realization of all or any part of the assets which are subject to such Security Document and for facilitating the exercise of all powers, authorities and discretions vested in the Security Trustee or in any receiver of all or any part of the Collateral. The Parent, the Company, the Issuer and each Guarantor shall, and shall procure that each of its respective Subsidiaries shall, execute such transfers, conveyances, assignments and releases of that property whether to the Security Trustee or to its nominees and give such notices, orders and directions which the Security Trustee may reasonably request.

Security Documents

The Notes and the Guarantees will be secured by, subject to Permitted Collateral Liens, first-ranking Liens over the Collateral (other than the BP Shared Collateral which will secure the Notes and the Guarantees on a second-priority basis). Certain of the Liens on the Closing Date Collateral will be perfected, after the Issue Date, in accordance with applicable law. The Collateral will be granted pursuant to the Security Documents to the Security Trustee on behalf of the holders of the Notes that are secured by the Collateral.

In certain jurisdictions, due to the laws and other jurisprudence governing the creation and perfection of security interests in such jurisdictions, the Intercreditor Agreement will provide for the creation of "parallel debt" obligations in favor of the Security Trustee, and the security interests in such jurisdictions will secure the parallel debt (and not the Indebtedness under the Notes). The parallel debt construct has not been tested under law in certain of these jurisdictions. Please see "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Decisions Regarding Collateral—Holders of the notes will not control certain decisions regarding Collateral*."

Subject to certain conditions, including compliance with the covenants described under "*—Certain Covenants—Impairment of Security Interest*" and "*—Certain Covenants—Limitation on Liens*," the Issuer and the Guarantors are permitted to grant Liens on the Collateral in connection with certain future incurrences of Indebtedness, including any Additional Notes permitted under the Indenture on terms consistent with the relative priority of such Indebtedness. In addition, the Indenture and the Intercreditor Agreement also will permit the Parent and its Restricted Subsidiaries to issue Indebtedness secured by liens on the Collateral, which liens may, under certain circumstances, rank ahead of the security interests on the Collateral. Please see "*—Certain Covenants—Limitation on Liens*" and "*Certain Covenants—Impairment of Security Interest*."

Each holder of Notes, by accepting a Note, shall be deemed (i) to have authorized (a) the Notes Trustee and the Security Trustee to enter into the Intercreditor Agreement and (b) the Security Trustee to enter into the Security Documents; and (ii) in each case, to be bound thereby. Each holder of Notes, by accepting a Note, appoints the Security Trustee as its agent under the Security Documents and authorizes it to act as such.

The Indenture will provide that, subject to the terms thereof and of the Security Documents (including the terms described under "*—Enforcement of Security*" and "*—Release of Security*"), the Notes and the Indenture, as applicable, will be secured by the security interests in the Collateral until all obligations under the Notes and the Indenture have been discharged.

In the event that the Issuer, the Parent, the Company or any of its Subsidiaries enters into insolvency, bankruptcy or similar proceedings, the security interests created under the Security Documents could be subject to potential challenges. If any challenge to the validity of the security interests is successful, the holders of the Notes may not be able to recover any amounts under the Security Documents. Please see "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Insolvency laws—Relevant insolvency laws in England and other jurisdictions may provide you with less protection than U.S. bankruptcy laws*," and "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—Guarantee and future collateral limitations—Each Guarantee and future pledges of collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability.*"

Enforcement of Security

The Security Documents generally only will become enforceable after the Security Trustee gives notice of an intention to enforce following the occurrence of an event of default under the Senior Facilities Agreement or an Event of Default under the Indenture. The Security Trustee will only be permitted to enforce the Security Documents in accordance with instructions permitted to be given under the Intercreditor Agreement.

The Intercreditor Agreement restricts the ability of the Notes Trustee or the holders of the Notes to instruct the Security Trustee to take enforcement action and the Security Trustee will act only at the direction of creditors with respect to the then outstanding Senior Secured Indebtedness, other than holders of the Notes and any Additional Notes, until the aggregate amount of committed or funded Senior Secured Indebtedness, other than debt under the Notes and any other senior secured notes that may accede to the Intercreditor Agreement in the future, is less than 30% of the aggregate principal amount of all committed or funded Senior Secured Indebtedness (including the Notes and any other senior secured notes that may accede to the Intercreditor Agreement). At any time after 30 days have elapsed since the aggregate amount of committed and funded Senior Secured Indebtedness (other than debt under the Notes and any other senior secured notes that may accede to the Intercreditor Agreement) is less than 30% of the aggregate principal amount of all committed and funded Senior Secured Indebtedness, creditors holding a majority in aggregate principal amount of committed or funded debt under the Senior Secured Credit Facilities, the Notes and any other Senior Secured Indebtedness incurred in the future will be able to instruct the Security Trustee to enforce the security. For a description of security enforcement and other intercreditor provisions, please see "*Description of Other Indebtedness—Intercreditor Agreement.*"

Priority

The relative priority among (a) the lenders under the Senior Secured Credit Facilities, (b) the Hedge Counterparties to the extent that they are owed Hedging Liabilities, (c) the BP Creditors (in respect of the BP Shared Collateral) and (d) the Notes Trustee and the holders of the Notes with respect to the Liens on the Collateral that are created by the Security Documents and secure obligations under the Notes or the Guarantees and the Indenture will be established by the terms of the Intercreditor Agreement and the Security Documents, which will provide that the obligations under the Senior Secured Credit Facilities, the Hedging Liabilities and the Notes are secured equally and ratably by, subject to Permitted Collateral Liens, a first priority interest in the Collateral (other than the BP Shared Collateral) and, subject to Permitted Collateral Liens, a second priority interest in the BP Shared Collateral. The lenders under the Term D Facility have, subject to Permitted Collateral Liens, a second priority interest in the Collateral (other than the BP Shared Collateral) and, subject to Permitted Collateral Liens, a third priority interest in the BP Shared Collateral. The BP Creditor Liabilities are secured by a first priority interest in the BP Shared

Collateral. The holders of Existing Parent Notes have, subject to Permitted Collateral Liens, a third priority interest in the Existing Parent Notes Shared Collateral.

Release of Security

The Liens on the Collateral will be automatically and unconditionally released without any action by the Notes Trustee or Security Trustee, as the case may be, or the holders of the Notes:

(a) in connection with any sale or other disposition of the property or assets to a Person that is not the Parent or a Restricted Subsidiary, if the sale or other disposition complies with the requirements of the covenant set forth under "—*Certain Covenants—Limitation on Sales of Assets*," regardless of whether such requirements are otherwise applicable, or is otherwise permitted in accordance with the Indenture;

(b) if such Collateral is an asset of a Subsidiary Guarantor or any of its Subsidiaries or a Holdco Group Guarantor (other than Tenderco or the Parent), in connection with any sale or other disposition of Capital Stock of that Guarantor to a Person that is not the Issuer, the Company or a Restricted Subsidiary that complies with the requirements of the covenant set forth under "—*Certain Covenants—Limitation on Sales of Assets*;"

(c) in the case of a Guarantor that is released from its Guarantee pursuant to the terms of the Indenture, the Security Documents or the Intercreditor Agreement, the release of the property and assets, and Capital Stock, of such Guarantor;

(d) if the Parent designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and Capital Stock, of such Subsidiary;

(e) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "—*Defeasance or Covenant Defeasance of the Indenture*" and "—*Satisfaction and Discharge*;"

(f) as described under "—*Modifications and Amendments*;" or

(g) in connection with an enforcement sale pursuant to the Intercreditor Agreement.

See "*Risk Factors—Risks Relating to the Notes and Our Capital Structure—There are circumstances other than repayment or discharge of the notes under which the Collateral securing the notes and Guarantees will be released automatically and under which the Guarantees will be released automatically, without your consent or the consent of the Trustee*."

The Indenture will provide that any release of a Lien on Collateral shall be evidenced by the delivery by the Issuer to the Trustee of an Officer's Certificate of the Issuer, and that the Trustee and the Security Trustee shall acknowledge and confirm such release upon delivery of such Officer's Certificate.

Other

Subject to the terms of the Security Documents, and subject to certain exceptions required to ensure the security interests under the Security Documents are perfected, the Issuer and the Guarantors will have the right to remain in possession and retain exclusive control of the Collateral securing the Notes, to collect, invest and dispose of any income therefrom and to vote pledged shares. The Issuer and the Guarantors may, among other things, without any release or consent by the Notes Trustee or the Security Trustee, conduct ordinary course activities with respect to the Collateral, including, without limitation but subject to the covenant contained under the caption "—*Certain Covenants—Asset Sales*", (i) selling or otherwise disposing of, in any transaction or series of related transactions, any property and assets subject to Liens under the Security Documents, which has become worn out, defective or obsolete or no longer used or useful in the business, and (ii) selling, transferring or otherwise disposing of assets in the ordinary course of business.

No appraisal of any of the Collateral has been prepared by or on behalf of the Issuer, the Parent or the Company in connection with the issuance of the Notes. There can be no assurance that the proceeds from the sale of the Collateral remaining after sharing with other creditors entitled to share in such proceeds would be sufficient to satisfy the obligations owed to the holders of the Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral will be able to be sold in a short period of time, if at all. In addition, the Intercreditor Agreement places limitations on the ability of the Security Trustee to cause the sale of the Collateral, by reference to the interests of certain creditors, including the holders of the Notes and the Existing Parent Notes. These limitations may include requirements that some or all of the Collateral be disposed of only pursuant to public auctions or only at a price confirmed by a valuation.

The Indenture will provide that each holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Security Documents and the Intercreditor Agreement.

The Funding Loans

Upon the issuance of the Notes, the Issuer, as lender, and the Company, as borrower, will enter into one or more funding loans (the "**Funding Loans**") under a funding loan agreement (the "**Funding Loan Agreement**") pursuant to which the Issuer will loan to the Company the proceeds from the issuance of the Notes.

The Funding Loans will be denominated in euro and U.S. dollars in aggregate principal amounts equal to the aggregate principal amounts of the Euro Notes and the Dollar Notes, respectively. The Funding Loans will bear interest at a rate at least equal to the interest rates of the Euro Notes and the Dollar Notes, as applicable. Interest on the Funding Loans will be payable semi-annually in arrears on each May 15 and November 15, commencing November 15, 2010. The Funding Loan Agreement will provide that the Company will pay the Issuer interest and principal due and payable on the Notes and any additional amounts due thereunder. All amounts payable under the Funding Loans will be payable to such account or accounts with such person or persons as the Issuer may designate. The maturity date of the Funding Loans will be the same maturity date as the maturity date of the Notes. The Funding Loans will be unsecured obligations of the Company, ranking senior to the guarantee by the Company of the Existing Parent Notes but junior to the obligations of the Company under the Existing Senior Facilities Agreement.

Except as otherwise required by law, all payments under the Funding Loan Agreement will be made without deductions or withholding for, or on account of, any applicable tax. In the event that the Company is required to make any such deduction or withholding, it shall gross-up each payment to the Issuer to ensure that the Issuer receives and retains a net payment equal to the payment which it would have received had no such deduction or withholding been made.

The Funding Loans will provide that the Company will make all payments pursuant thereto on a timely basis in order to ensure that the Issuer can satisfy its payment obligations under the Notes and the Indenture, taking into account the administrative and timing requirements under the Indenture with respect to amounts payable on the Notes.

The Funding Loans will be assigned by way of security to the Security Trustee for the benefit of holders of the Notes and the creditors under the Senior Secured Credit Facilities as described in "*Description of the Collateral and the Guarantees*."

Principal, Maturity and Interest

The Euro Notes initially will be issued in the aggregate principal amount of €300.0 million and will mature on May 15, 2015, unless redeemed prior thereto as described herein. The Dollar Notes initially will be issued in the aggregate principal amount of $570.0 million and will mature on May 15, 2015, unless redeemed prior thereto as described herein. The Indenture allows additional Notes to be issued from time to time (the "**Additional Notes**"), subject to certain limitations described under "*—Certain Covenants—Limitation on Indebtedness*." The Notes and any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes of the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase, except as otherwise provided for in the Indenture. Unless the context requires otherwise, references to the "Notes" for all purposes of the Indenture and this "*Description of the Notes*" include any Additional Notes that may be issued, from time to time.

Each Note will bear interest at the rate set forth on the cover page of this offering memorandum from and including May 12, 2010, or from and including the most recent interest payment date to which interest has been paid, payable semi-annually in arrears on May 15 and November 15 in each year, commencing on November 15, 2010. The Issuer will make each interest payment to the holders of record of the Notes on the immediately preceding May 1 and November 1. Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the interest payment date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Interest on overdue principal and, to the extent permitted by law, on overdue installments of interest will accrue at the rate of interest borne by the Notes.

Principal of, premium, if any, any Additional Amounts (as defined below) and interest on the Notes will be payable, and the Notes will be exchangeable and transferable, at the office or agency of the Issuer in London maintained for such purposes (which initially will be the corporate trust office of the Notes Trustee) and, so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Luxembourg Stock Exchange's Euro MTF Market, at the offices of the paying agent in Luxembourg. Principal, interest and premium, if any, on the global notes (as described below) will be payable at the specified office or agency of one or more Paying Agents; *provided* that all such payments with respect to Notes represented by one or more global notes registered in the name of or held by a nominee of Euroclear and/or Clearstream or DTC, as applicable, will be made by wire transfer of immediately available funds to the account specified by the holder or holders thereof.

The Euro Notes will initially be represented by one or more global notes and will be issued in fully registered form without coupons attached in minimum denominations of €50,000 and integral multiples of €1,000 in excess thereof. The Dollar Notes will initially be represented by one or more global notes and will be issued in fully registered form without coupons attached and in minimum denominations of $100,000 and integral multiples of $1,000 in excess thereof. The global notes will be deposited with a common depositary for Euroclear and Clearstream, or its nominee, or with a custodian for the DTC, as applicable. Ownership of interests in the global notes, referred to as "book-entry interests," will be limited to Persons that have accounts with Euroclear, Clearstream or DTC, as applicable, or Persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear, Clearstream or DTC, as applicable, and their participants. Please see "*Book-Entry, Delivery and Form*."

Settlement for the Notes will be made in same day funds. All payments of principal, any Additional Amounts and interest will be made by the Issuer in same day funds.

When issued, the Notes will be a new issue of securities with no established trading market. No assurance can be given as to the liquidity of the trading market for the Notes. Application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be traded on the Luxembourg Stock Exchange's Euro MTF Market.

Optional Redemption

The Notes will be subject to redemption at any time prior to May 15, 2013, at the option of the Issuer, in whole or in part, on not less than 30 nor more than 60 days' prior notice at a redemption price equal to 100% of the principal amount thereof, plus the Applicable Redemption Premium and accrued and unpaid interest to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

The Notes will be subject to redemption at any time on or after May 15, 2013 at the option of the Issuer, in whole or in part, on not less than 30 nor more than 60 days' prior notice at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the 12-month period beginning May 15 of the year indicated below:

Year	Euro Notes Redemption Price	Dollar Notes Redemption Price
2013	104.625%	104.500%
2014 and thereafter	100.000%	100.000%

together with any Additional Amounts and accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

In addition, at any time on or prior to May 15, 2013 the Issuer or any Parent Holdco, at its option, may use the net cash proceeds of one or more Public Equity Offerings to redeem Euro Notes and Dollar Notes and any Additional Euro Notes and Additional Dollar Notes in an amount up to an aggregate of 35% of the sum of the initial aggregate principal amount of each of the Euro Notes and the Dollar Notes originally issued under the Indenture and the aggregate principal amounts of any Additional Euro Notes and Additional Dollar Notes issued under the Indenture after the initial closing date at a redemption price equal to 109.250% of the aggregate principal amount of the Euro Notes and 109.000% of the aggregate principal amount of the Dollar Notes, in each case, plus any Additional Amounts and accrued and unpaid interest thereon, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date); *provided* that Euro Notes and Dollar Notes and Additional Euro Notes and Additional Dollar Notes in an amount equal to at least 65% of the sum of the initial aggregate principal amount of Euro Notes and Dollar Notes originally issued under the Indenture and the aggregate principal amount of any Additional Euro Notes and Additional Dollar Notes issued under the Indenture after the date of the Indenture remains outstanding immediately after the occurrence of such redemption. In order to effect the foregoing redemption, the Issuer must mail a notice of redemption no later than 60 days after the closing of the related sale and must consummate such redemption within 90 days of the closing of the sale.

Selection and Notice of Optional Redemption

If less than all of the Notes are to be redeemed at any time, the Notes Trustee shall select the Notes for redemption on a *pro rata* basis (or, in the case of Notes issued in global form as discussed under "*Book-Entry, Delivery and Form*," based on a method that most nearly approximates a *pro rata* selection as the Notes Trustee deems fair and appropriate) unless otherwise required by applicable law or applicable stock exchange or depositary requirements.

No Euro Notes shall be redeemed in part if the resulting Euro Note would have a minimum denomination that is less than €50,000. No Dollar Notes shall be redeemed in part if the resulting Dollar Note would have a minimum denomination that is less than $100,000. 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, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture, in each case in accordance with the provisions of the Indenture.

A notice of redemption shall state: the redemption date and record date; the redemption price and the amount of accrued interest, if any, to be paid; the paragraph of the Notes pursuant to which the Notes are being redeemed; the name and address of the Paying Agent; that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price; that unless the Issuer defaults in making the redemption payment, interest, if any, on Notes called for redemption shall cease to accrue on and after the redemption date; if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed, and that 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 such Notes; that, if less than all the Notes are to be redeemed, the identification of the particular Notes and the principal amount (or portion thereof) of such Notes to be redeemed and the aggregate principal amount of Notes to be outstanding after such partial redemption; and whether the redemption is conditioned on any events and, if so, a detailed explanation of such conditions. Subject to the satisfaction of any conditions precedent set forth in a notice of redemption, 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.

So long as any Notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Luxembourg Stock Exchange's Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, the Issuer will inform the Luxembourg Stock Exchange of any such redemption and will publish a notice regarding such redemption in a leading newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the Luxembourg Stock Exchange's official website, *www.bourse.lu*.

Redemption upon Changes in Withholding Taxes

If, as a result of:

(a) any amendment to, or change in, the laws (or regulations or rulings promulgated thereunder) of any Relevant Taxing Jurisdiction (as defined below under "*—Payment of Additional Amounts*"); or

(b) any change in the official application or the official interpretation or administration of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in published practice) (each of the foregoing in clauses (a) and (b), a "**Change in Tax Law**"),

the Issuer, any Guarantor or Surviving Entity (as defined below under "*—Certain Covenants—Consolidation, Merger, Sale of Assets*") would be obligated to pay, on the next date for any payment, Additional Amounts, as described below under "*—Certain Covenants—Payment of Additional Amounts*," which the Issuer, such Guarantor or such Surviving Entity cannot avoid by the use of reasonable measures available to it (including, without limitation, making payment through a paying agent located in another jurisdiction), then the Issuer or the Surviving Entity, as the case may be, may redeem all, but not less than all, of the Notes at any time after such amendment or change, upon not less than 30 nor more than 60 days' notice, at a redemption price of 100% of their principal amount, plus accrued and unpaid interest, if any, to the redemption date. In the case of the United Kingdom or any other jurisdiction that is a Relevant Taxing Jurisdiction on the Issue Date, the applicable Change in Tax Law must become effective on or after the date of this offering memorandum. In the case of a jurisdiction that becomes a Relevant Taxing Jurisdiction after the Issue Date, the applicable Change in Tax Law must become effective after the date that such jurisdiction becomes a Relevant Taxing Jurisdiction.

Prior to the giving of any notice of redemption described in this paragraph, the Issuer or the Surviving Entity, as the case may be, will deliver to the Notes Trustee:

(i) an Officer's Certificate of the Issuer, or the Surviving Entity, as the case may be, stating that the obligation to pay such Additional Amounts cannot be avoided by the Issuer, such Guarantor or such Surviving Entity taking reasonable measures available to it; and

(ii) a written opinion of independent legal counsel of recognized standing addressed to the Issuer or the Surviving Entity, as the case may be, to the effect that the Issuer, such Guarantor or such Surviving Entity has or will become obligated to pay such Additional Amounts as a result of a Change in Tax Law described above.

The Notes Trustee will accept such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions to a redemption upon a Change in Tax Law, including any changes in withholding taxes, in which event it will be conclusive and binding on the holders of the Notes.

Notwithstanding the foregoing, no such notice will be given (a) earlier than 90 days prior to the earliest date on which the Issuer or the relevant Surviving Entity or Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment were then due and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect.

Payment of Additional Amounts

All payments that the Issuer, any Guarantor or any Surviving Entity makes under or with respect to the Notes, or that any Guarantor makes with respect to any Guarantee, will be made free and clear of, and without withholding or deduction for, or on account of, any present or future tax, duty, levy, impost, assessment or other governmental charges (including, without limitation, penalties, interest and other similar liabilities related thereto) of whatever nature (collectively, "**Taxes**") imposed or levied by or on behalf of any jurisdiction in which the Issuer, any Guarantor or, if applicable, any Surviving Entity, is incorporated, organized or otherwise resident for tax purposes or from or through which any of the foregoing makes any payment on the Notes or by any taxing authority therein or political subdivision thereof (each, as applicable, a "**Relevant Taxing Jurisdiction**"), unless the Issuer, such Guarantor or such Surviving Entity, as the case may be, is required to withhold or deduct Taxes by law or by the interpretation or administration of law. If the Issuer, a Guarantor or such Surviving Entity is required to withhold or deduct any amount for, or on account of, Taxes of a Relevant Taxing Jurisdiction from any payment made under or with respect to the Notes or any Guarantee, the Issuer, such Guarantor or such Surviving Entity, as the case may be, will pay such additional amounts ("**Additional Amounts**") as may be necessary to ensure that the net amount received by each holder of the Notes after such withholding or deduction will be not less than the amount the holder would have received if such Taxes had not been required to be withheld or deducted.

Notwithstanding the foregoing, neither the Issuer, any Guarantor nor any Surviving Entity will, however, be required to pay Additional Amounts to a holder or beneficial owner of Notes in respect of or on account of:

(a) any Taxes that are imposed or levied by a Relevant Taxing Jurisdiction by reason of the holder's or beneficial owner's present or former connection with such Relevant Taxing Jurisdiction, including, without limitation, the holder or beneficial owner being, or having been, a citizen, national, or resident, being, or having been, engaged in a trade or business, being, or having been, physically present in or having or having had a permanent establishment in a Relevant Taxing Jurisdiction (but not including, in each case, any connection arising from the mere receipt or holding of Notes or the receipt of payments thereunder or under a Guarantee or the exercise or enforcement of rights under any Notes or the Indenture or a Guarantee);

(b) any Taxes that are imposed or levied by reason of the failure of the holder or beneficial owner of Notes, following the written request of the Issuer, any Guarantor or any Surviving Entity (as the case may be) made at a time that would enable the holder or beneficial owner acting reasonably to comply with that request and in accordance with the notice procedures set forth in the Indenture, to comply with any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Relevant Taxing Jurisdiction, as a precondition to exemption from, or reduction in the rate of withholding or deduction of, Taxes imposed by the Relevant Taxing Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Relevant Taxing Jurisdiction);

(c) any estate, inheritance, gift, sale, transfer, personal property or similar Taxes;

(d) any Tax that is payable otherwise than by withholding or deduction from payments made under or with respect to the Notes;

(e) any Tax that is imposed or levied by reason of the presentation (where presentation is required in order to receive payment) of such Notes for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever is later, except to the extent that the beneficial owner or holder thereof would have been entitled to Additional Amounts had the Notes been presented for payment on any date during such 30 day period;

(f) any withholding or deduction in respect of any Taxes where such withholding or deduction is imposed or levied on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive;

(g) any Tax that is imposed or levied on or with respect to a payment made to a holder or beneficial owner of Notes who would have been able to avoid such withholding or deduction by presenting the Notes to another paying agent in a Member State of the European Union; or

(h) any combination of items (a) through (g) above.

Nor will Additional Amounts be paid with respect to the Notes to a holder who is a fiduciary, a partnership, a limited liability company or other than the sole beneficial owner of the payment under or with respect to the Notes, to the extent that payment would be required by the laws of a Relevant Taxing Jurisdiction to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership, an interest holder in that limited liability company or a beneficial owner who would not have been entitled to the Additional Amounts had it been the holder of the Notes.

The Issuer, the relevant Guarantor or the relevant Surviving Entity, as the case may be, will (i) make such withholding or deduction as is required by applicable law and (ii) remit the full amount withheld or deducted to the relevant taxing authority in accordance with applicable law.

At least 30 calendar days prior to each date on which any payment under or with respect to the Notes is due and payable, if the Issuer, any Guarantor or a Surviving Entity will be obligated to pay Additional Amounts with respect to such payment (unless such obligation to pay Additional Amounts arises after the 30th day prior to the date on which payment under or with respect to the Notes is due and payable, in which case it will be promptly thereafter), the Issuer, the relevant Guarantor or the relevant Surviving Entity (as the case may be) will deliver to the Notes Trustee an Officer's Certificate stating that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the Notes Trustee to pay such Additional Amounts to holders on the payment date. The Issuer, the relevant Guarantor or the relevant Surviving Entity, as the case may be, will promptly publish a notice in accordance with the notice provisions set forth in the Indenture stating that such Additional Amounts will be payable and describing the obligation to pay such amounts.

Upon written request, the Issuer, the relevant Guarantor or the relevant Surviving Entity, as the case may be, will furnish to the Notes Trustee or to a holder of the Notes copies of tax receipts evidencing the payment of any Taxes by the Issuer, such Guarantor or such Surviving Entity in such form as provided in the normal course by the taxing authority imposing such Taxes and as is reasonably available to the Issuer, such Guarantor or such Surviving Entity. If, notwithstanding the efforts of the Issuer, such Guarantor or such Surviving Entity to obtain such receipts, the same are not obtainable, the Issuer, such Guarantor or such Surviving Entity will provide the Notes Trustee or such holder with other evidence reasonably satisfactory to the Notes Trustee or the holder.

In addition, the Issuer, any Guarantor and any Surviving Entity, as the case may be, will pay any present or future stamp, issue, registration, court, documentation, excise or property taxes or other similar taxes, charges and duties, including interest and penalties with respect thereto, imposed by or in any Relevant Taxing Jurisdiction in respect of the execution, issue, enforcement or delivery of the Notes or any other document or instrument referred to thereunder (other than on or in connection with a transfer of the Notes other than the initial resale by the Initial Purchasers).

Whenever the Indenture, the Notes or this "*Description of the Notes*" refers to, in any context, the payment of principal, premium, if any, interest or any other amount payable under or with respect to any Note or with respect to any Guarantee, such reference includes the payment of Additional Amounts, if applicable.

Currency Indemnity

The dollar is the sole currency of account and payment for all sums payable by the Issuer or any Guarantor under the Dollar Notes and any Guarantee of the Dollar Notes. Any amount received or recovered in currency other than dollars in respect of the Dollar Notes (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding up or dissolution of the Issuer, the Parent, any Subsidiary of the Parent or otherwise) by the Note Trustee or holder in respect of any sum expressed to be due to it from the Issuer or any Guarantor of the Dollar Notes shall constitute a discharge of the Issuer or any Guarantor of the Dollar Notes only to the extent of the dollar amount which the recipient is able to purchase with the amount so received or recovered in other currency on the date of that receipt or recovery (or, if it is not possible to make that purchase on that date, on the first date on which it is possible to do so). If that dollar amount is less than the dollar amount expressed to be due to the recipient under any Dollar Note, the Issuer and each Guarantor of the Dollar Notes, jointly and severally, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this indemnity, it will be sufficient for the holder to certify (indicating the sources of information used) that it would have suffered a loss had the actual purchase of dollars been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of dollars on such date had not been possible, on the first date on which it would have been possible).

The Euro is the sole currency of account and payment for all sums payable by the Issuer or any Guarantor under the Euro Notes and any Guarantee of the Euro Notes. Any amount received or recovered in currency other than Euro in respect of the Euro Notes (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding up or dissolution of the Issuer, the Company, any Subsidiary or otherwise) by the Note Trustee or holder in respect of any sum expressed to be due to it from the Issuer or any Guarantor of the Euro Notes shall constitute a discharge of the Issuer or any Guarantor of the Euro Notes only to the extent of the Euro amount which the recipient is able to purchase with the amount so received or recovered in other currency on the date of that receipt or recovery (or, if it is not possible to make that purchase on that date, on the first date on which it is possible to do so). If that Euro amount is less than the Euro amount expressed to be due to the recipient under any Euro Note, the Issuer and each Guarantor of the Euro Notes, jointly and severally, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this indemnity, it will be sufficient for the holder to certify (indicating the sources of information used) that it would have suffered a loss had the actual purchase of Euro been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of Euro on such date had not been possible, on the first date on which it would have been possible).

Each of the above indemnities will, to the extent permitted by law:

- constitute a separate and independent obligation from the other obligations of the Issuer and each Guarantor;
- give rise to a separate and independent cause of action;
- apply irrespective of any waiver granted by any holder; and
- continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

Sinking Fund

The Notes will not be entitled to the benefit of any sinking fund.

Open Market Purchases

The Parent, the Company and the Restricted Subsidiaries may at any time and from time to time purchase Notes in the open market or otherwise.

Purchase of Notes upon a Change of Control

If a Change of Control shall occur at any time, then each holder of Notes shall have the right to require that the Issuer purchase such holder's Notes in whole or in part (equal to €50,000 or $100,000, as the case may be, or an integral multiple of €1,000 or $1,000, as the case may be, in excess thereof), at a purchase price (the "**Change of Control Purchase Price**") in cash in an amount equal to 101% of the principal amount of such Notes, plus any Additional Amounts and accrued and unpaid interest, if any, to, but not including, the date of purchase (the "**Change of Control Purchase Date**") (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date), pursuant to the offer described below (the "**Change of Control Offer**") and in accordance with the other procedures set forth in the Indenture; *provided*, *however*, that the Issuer shall not be obliged to repurchase Notes as described under this heading "*Change of Control*" in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes as described under "*—Optional Redemption*." No such purchase in part shall reduce the principal amount at maturity of the Notes held by any holder to below €50,000 in the case of Euro Notes or $100,000 in the case of Dollar Notes.

Within 30 days of any Change of Control, the Issuer shall notify the Notes Trustee thereof and give written notice of such Change of Control to each holder of Notes by first class mail, postage prepaid, at the address appearing in the security register, stating, among other things:

- that a Change of Control has occurred and the date of such event;
- the circumstances and relevant facts regarding such Change of Control (including, but not limited to, applicable information with respect to *pro forma* historical income, cash flow and capitalization after giving effect to the Change of Control);
- the purchase price and the purchase date which shall be fixed by the Issuer on a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed, or such later date as is necessary to comply with requirements under the U.S. Exchange Act;
- that any Note not tendered will continue to accrue interest and unless the Issuer defaults in payment of the Change of Control Purchase Price, any Notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date; and
- certain other procedures that a holder of Notes must follow to accept a Change of Control Offer or to withdraw such acceptance.

The Issuer shall cause to be published through the newswire service of Bloomberg (or if Bloomberg does not then operate, any similar agency) and, so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Luxembourg Stock Exchange's Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the Luxembourg Stock Exchange's official website, *www.bourse.lu*, the notice described above.

The ability of the Issuer to repurchase Notes pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would constitute a mandatory prepayment event and/or a default due to a breach of undertaking under the Senior Facilities Agreement. In addition, certain events that may constitute a change of control under the Senior Facilities Agreement may not constitute a Change of Control under the Indenture. The future Indebtedness of the Issuer, the Parent and its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the holders of the Notes of their right to require the Issuer to repurchase the Notes could cause a default under such Indebtedness, even if the

Change of Control itself does not, due to the financial effect of such repurchase on the Issuer and the Company. Finally, the ability of the Issuer to pay cash to the holders of the Notes upon a repurchase may be limited by its and the Company's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases.

The Change of Control provisions described above will be applicable 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 the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a holder's right to require the Issuer to repurchase such holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer, the Parent or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be 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 the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

The Paying Agent will promptly mail to each holder of Notes properly tendered the Change of Control Purchase Price for such Notes and the Notes Trustee (or an authentication agent appointed by it (the "**Authentication Agent**")) will, in respect of the global notes, make such notations thereon as are necessary to reflect the Notes (or interest therein) purchased in such Change of Control Offer and, in respect of certificated notes, cause to be authenticated and mailed to each Holder a new note or notes equal in principal amount to any unpurchased portion of Notes surrendered, if any; *provided* that each such new note will be in a principal amount of €50,000 or $100,000, as applicable, or an integral multiple of €1,000 or $1,000, as applicable, in excess thereof. The Issuer will publicly announce the results of the Change of Control Offer on, or as soon as practicable after, the Change of Control Purchase Date.

The definition of "Change of Control" includes a disposition of "all or substantially all" of the assets of the Company. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Company. As a result, it may be unclear as to whether a Change of Control has occurred and whether the Issuer must make an offer to repurchase the Notes as described above.

The Issuer will comply with the applicable tender offer rules, including Rule 14e-1 under the U.S. Exchange Act, and any other applicable securities laws or regulations (including those of the United States and the United Kingdom) in connection with a Change of Control Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the provisions of this covenant (other than the obligation to make an offer pursuant to this covenant), the Issuer will comply with the securities laws and regulations and will not be deemed to have breached its obligations described in this covenant by virtue thereof.

Certain Covenants

The Indenture contains, among others, the following covenants:

Limitation on Indebtedness

(a) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, create, issue, incur, assume, guarantee or otherwise in any manner become directly or indirectly liable for the payment of or otherwise incur, contingently or otherwise (collectively, "**incur**"), any Indebtedness (including any Acquired Indebtedness); *provided*, *however*, that if, on the date of such incurrence and after giving effect thereto on a *pro forma* basis no Default or Event of Default has occurred or is continuing, the Company and the Restricted Subsidiaries may incur Indebtedness if the Parent's Consolidated Fixed Charge Coverage Ratio for the most recent four full fiscal quarters for which financial statements are available immediately preceding the incurrence of such Indebtedness taken as one period is at least equal to or greater than 2.00 to 1.00.

(b) Notwithstanding the foregoing, the Company and, to the extent specifically set forth below, the Restricted Subsidiaries may incur each and all of the following in each case only if, on the date of such incurrence and after giving effect thereto on a *pro forma* basis, no Default or Event of Default has occurred or is continuing (collectively, the "**Permitted Indebtedness**"):

(1) Indebtedness of the Company and its Restricted Subsidiaries under Credit Facilities in an amount not in excess of €4.2 billion *less* any permanent repayments of such Indebtedness with the proceeds of Asset Sales made in accordance with the provisions of "—*Limitation on Sale of Assets*;"

(2) Indebtedness of the Company and its Restricted Subsidiaries under the Term D Facility;

(3) Indebtedness of the Issuer pursuant to the Notes (other than Additional Notes) and Indebtedness of the Guarantors pursuant to the Guarantees, including Additional Guarantees, of the Notes (other than Additional Notes) and Indebtedness pursuant to the Funding Loans;

(4) Indebtedness of the Company, the Issuer and the Guarantors pursuant to guarantees of the Existing Parent Notes and the Existing Parent Notes Proceeds Loan;

(5) Indebtedness of the Company and the Subsidiary Guarantors under the Existing Senior Facilities Agreement owing to Tenderco; *provided* that any such Indebtedness (i) is subject to a first priority Lien to secure the obligations under the Notes and the Guarantees, (ii) is unsecured and subject to the terms and conditions of the Intercreditor Agreement and (iii) is in an aggregate amount not to exceed the amount under the Tenderco Receivable; *provided*, *however*, that any disposition or transfer of any such Indebtedness to a Person (other than a disposition or transfer to the Company or a Restricted Subsidiary) shall be deemed to be an incurrence of such Indebtedness by the Company or other Restricted Subsidiary not permitted by this clause (5);

(6) Indebtedness of the Company or any Restricted Subsidiary outstanding on the date of the Indenture after giving effect to the use of proceeds of the offering of the Notes on the Issue Date and not otherwise referred to in this definition of "Permitted Indebtedness;"

(7) Indebtedness of the Issuer owing to the Company or a Restricted Subsidiary (other than the Issuer); *provided* that any Indebtedness of the Issuer owing to a Restricted Subsidiary that is not a Guarantor is unsecured and is subordinated in right of payment to the payment and performance of the Issuer's obligations under the Notes; *provided*, *however*, that any disposition or transfer of any such Indebtedness to a Person (other than a disposition or transfer to the Company or a Restricted Subsidiary) shall be deemed to be an incurrence of such Indebtedness by the Issuer or other obligor not permitted by this clause (7);

(8) Indebtedness of the Company or a Restricted Subsidiary owing to the Company or another Restricted Subsidiary; *provided* that any Indebtedness of a Guarantor owing to a Restricted Subsidiary that is not a Guarantor or the Issuer is unsecured and subordinated in right of payment to the payment and performance of the Guarantor's obligations under the Guarantee; *provided*, *however*, that any disposition or transfer of any such Indebtedness to a Person (other than a disposition or transfer to the Company or a Restricted Subsidiary) shall be deemed to be an incurrence of such Indebtedness by the obligor not permitted by this clause (8);

(9) guarantees by any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary made in accordance with the provisions of "—*Limitation on Issuance of Guarantees of Indebtedness by Restricted Subsidiaries*" and guarantees of Additional Notes by the Guarantors; *provided* that the Indebtedness represented by the Additional Notes is incurred in accordance with the Indenture and *provided* that if the Indebtedness being guaranteed is subordinated in right of payment to any Guarantee, then such guarantee will be subordinated to the Notes or Guarantee, as applicable, substantially to the same extent as the relevant Indebtedness guaranteed;

(10) guarantees by the Company or any Restricted Subsidiary of Indebtedness made in accordance with the Indenture so long as the incurrence of such Indebtedness by the Company or such Restricted Subsidiary is otherwise permitted by the Indenture; *provided* that if the Indebtedness being guaranteed is subordinated in right of payment to any Guarantee, then such guarantee will be subordinated to the Notes or Guarantee, as applicable, substantially to the same extent as the relevant Indebtedness guaranteed;

(11) obligations of the Company or any Restricted Subsidiaries:

(A) pursuant to Interest Rate Agreements,

(B) under any Currency Hedging Agreements, relating to (i) Indebtedness of the Company or any Restricted Subsidiary and/or (ii) obligations to purchase or sell assets or properties, or

(C) under any Commodity Price Protection Agreements,

in each case, entered into for bona fide hedging purposes in the ordinary course of business and not for speculative purposes (as determined in good faith by the board of directors or senior management of the Company);

(12) Indebtedness of the Company or any Restricted Subsidiary represented by Capital Lease Obligations or Purchase Money Obligations or other Indebtedness incurred or assumed in connection with the acquisition or development of real or personal, movable or immovable, property or other assets, in each case incurred for the purpose of financing or refinancing all or any part of the purchase price, lease expense or cost of construction or improvement of property used in the business of the Company and its Restricted Subsidiaries in an aggregate principal amount pursuant to this clause (12) not to exceed €200.0 million outstanding at any time; *provided* that the principal amount of any Indebtedness permitted under this clause (12) did not in each case at the time of incurrence exceed the Fair Market Value of the acquired or constructed asset or improvement so financed;

(13) Indebtedness of the Company or any Restricted Subsidiary represented by Permitted Refinancing Indebtedness with respect to Indebtedness that was permitted to be incurred under paragraph (a) of this covenant or clauses (2), (3), (4), (13) or (18) of this paragraph (b);

(14) Indebtedness of the Company and its Restricted Subsidiaries in respect of (A) letters of credit issued in the ordinary course of business of such Person with respect to trade payables relating to purchase of materials by such Person, (B) other letters of credit, surety, performance or appeal bonds, completion guarantees, judgment, advance payment, customs, VAT or other tax guarantees or similar instruments issued in the ordinary course of business of such Person and not in connection with the borrowing of money, including letters of credit or similar instruments in respect of self-insurance and workers compensation obligations, and (C) any customary cash management, cash

pooling or netting or setting off arrangements; *provided*, *however*, that upon the drawing of such letters of credit or other instrument, such obligations are reimbursed within 30 days following such drawing;

(15) Indebtedness of the Company and its Restricted Subsidiaries owed to their employees in connection with loan stock issued under employee stock purchase plans so long as the aggregate principal amount of all such Indebtedness shall not exceed €10.0 million outstanding at any one time in the aggregate;

(16) Indebtedness of the Company and its Restricted Subsidiaries in connection with any Permitted Receivables Financing;

(17) Indebtedness represented by guarantees of any Management Advances;

(18) Acquired Indebtedness; *provided*, however, with respect to this clause (18), that at the time of the acquisition or other transaction pursuant to which such Acquired Indebtedness was deemed to be incurred (x) the Parent would have been able to incur €1.00 of additional Indebtedness pursuant to paragraph (a) of this covenant after giving effect to the incurrence of such Indebtedness pursuant to this clause (18) or (y) the Consolidated Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such acquisition or other transaction;

(19) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for customary indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that the maximum liability of the Company and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the Fair Market Value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Company and its Restricted Subsidiaries in connection with such disposition;

(20) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided*, *however*, that such Indebtedness is extinguished within five Business Days of incurrence;

(21) Indebtedness of the Company and its Restricted Subsidiaries in respect of Permitted Joint Ventures to the extent permitted under the definition thereof;

(22) any guarantee given by the Company and its Restricted Subsidiaries under and in accordance with the Credit Support Documents or Clause 3.2(c) of the Intercreditor Agreement; and

(23) Indebtedness of the Company and its Restricted Subsidiaries in addition to that described in clauses (1) through (22) above, and any renewals, extensions, substitutions, refinancings or replacements of such Indebtedness, so long as the aggregate principal amount of all such Indebtedness shall not exceed €350.0 million outstanding at any one time in the aggregate.

For purposes of determining compliance with this "*Limitation on Indebtedness*" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Indebtedness described in clauses (1) through (23) above, or is entitled to be incurred pursuant to the paragraph (a) of this covenant, the Company will be permitted to classify such item of Indebtedness on the date of its incurrence and, except with respect to the Senior Secured Credit Facilities incurred under clause (b)(1) of this covenant, reclassify such item of Indebtedness, in each case at any time and in any manner that complies with this covenant. Notwithstanding the foregoing, Indebtedness under the Senior Secured Credit Facilities outstanding on the Issue Date up to the maximum amounts permitted under clause (b)(1) of this covenant will be deemed to have been incurred pursuant to clause (b)(1) of this covenant.

For purposes of determining any particular amount of Indebtedness under this "*Limitation on Indebtedness*" covenant, guarantees, Liens or obligations with respect to letters of credit supporting Indebtedness otherwise included in the determination of a particular amount will not be included.

For purposes of determining compliance with this "*Limitation on Indebtedness*" covenant, the principal amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in conformity with IFRS. Accrual of interest, accrual of dividends, the accretion of accreted value and the payment of interest in the form of additional shares of Preferred Stock will not be deemed to be an incurrence of Indebtedness for purposes of this covenant.

For purposes of determining compliance with any Euro-denominated restriction on the incurrence of Indebtedness where Indebtedness is denominated in a different currency, the amount of such Indebtedness will be the Euro Equivalent determined on the date of such determination; *provided*, *however*, that if any such Indebtedness that is denominated in a different currency is subject to a Currency Hedging Agreement (with respect to Euro) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in Euro will be adjusted to take into account the effect of such agreement. The principal amount of any Permitted Refinancing Indebtedness incurred pursuant to clause (13) above, if incurred in the same currency as the Indebtedness being refinanced, will be the Euro Equivalent of the Indebtedness refinanced, determined on the date such Indebtedness being refinanced was initially incurred. The principal amount of any Permitted Refinancing Indebtedness incurred pursuant to clause (13) above, if incurred in a different currency from the Indebtedness being refinanced, will be calculated based on the currency exchange rate applicable to the currencies in which such Permitted Refinancing Indebtedness is denominated that is in effect on the date of such refinancing. Notwithstanding any other provision of this "*Limitation on Indebtedness*" covenant, the maximum amount that the Company or a Restricted Subsidiary may incur pursuant to this "*Limitation on Indebtedness*" covenant shall not be deemed to be exceeded, with respect to any outstanding Indebtedness, due solely to the result of fluctuations in the exchange rates of currencies.

For the purposes of determining compliance with this covenant, Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness.

Limitation on Restricted Payments

(a) The Company will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly take any of the following activities (each of which, other than any such action that is a Permitted Payment (as defined below) is a "**Restricted Payment**" and which are collectively known as "**Restricted Payments**"):

(1) declare or pay any dividend on, or make any distribution on (A) prior to the Holdco Group Transaction Date, the Company's Capital Stock and (B) after the Holdco Group Transaction Date, Topco's Capital Stock to any Person (other than dividends or distributions payable solely in shares of its Qualified Capital Stock or in options, warrants or other rights to acquire shares of such Qualified Capital Stock) or make any payment of cash interest in respect of Subordinated Shareholder Funding;

(2) purchase, redeem, defease or otherwise acquire or retire for value, directly or indirectly, (A) prior to the Holdco Group Transaction Date, the Company's Capital Stock or, after the Holdco Group Transaction Date, Topco's Capital Stock, or any Capital Stock of any

Affiliate of the Company or Topco, as applicable (other than a Restricted Subsidiary) held by Persons other than the Company or Topco, as the case may be, or a Restricted Subsidiary, (B) options, warrants or other rights to acquire such Capital Stock or (C) any Subordinated Shareholder Funding held by any Person;

(3) make any principal payment on, or repurchase, redeem, defease, retire or otherwise acquire for value, prior to any scheduled principal payment, sinking fund payment or maturity, any Subordinated Indebtedness of the type described in clause (b) of the definition thereof (other than the purchase, repurchase, redemption, defeasance or other acquisition or retirement of (A) Subordinated Indebtedness in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement and (B) any Indebtedness incurred pursuant to clauses (7) or (8) of paragraph (b) of the covenant described under "—*Limitation on Indebtedness*") or any Subordinated Shareholder Funding;

(4) declare or pay any dividend or distribution on any Capital Stock of any Restricted Subsidiary to any Person (other than (A) to the Company or any of its Wholly Owned Restricted Subsidiaries, (B) dividends or distributions made by a Restricted Subsidiary on a pro rata basis to all stockholders of such Restricted Subsidiary or (C) dividends or distributions payable solely in its Qualified Capital Stock or in options, warrants or other rights to acquire shares of such Qualified Capital Stock or in Subordinated Shareholder Funding); or

(5) make any Investment in any Person (other than any Permitted Investments).

If any Restricted Payment described above is not made in cash, the amount of any such Restricted Payment will be the Fair Market Value of the assets proposed to be transferred.

(b) Notwithstanding the foregoing limitations, the Company or any Restricted Subsidiary may make a Restricted Payment if, at the time of and after giving *pro forma* effect to such proposed Restricted Payment:

(1) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence of such Restricted Payment;

(2) the Company could incur at least €1.00 of additional Indebtedness (other than Permitted Indebtedness) under the provisions described under "—*Limitation on Indebtedness*;" and

(3) the aggregate amount of all Restricted Payments declared or made after the date of the Indenture (except as set forth below in clause (d) of this covenant) does not exceed the sum of:

(A) 50% of the aggregate Consolidated Net Income of the Parent accrued on a cumulative basis during the period beginning on the date of the Indenture and ending on the last day of the Company's last fiscal quarter ending prior to the date of the Restricted Payment (or, if such aggregate cumulative Consolidated Net Income shall be a loss, minus 100% of such loss);

(B) the aggregate Net Cash Proceeds received after the date of the Indenture by (i) prior to the Holdco Group Transaction Date, the Company and (ii) after the Holdco Group Transaction Date, Topco either (x) as capital contributions to the Company or Topco, as the case may be, in respect of Qualified Capital Stock of the Company or Topco, as the case may be, or (y) from the issuance or sale (other than to any of its Subsidiaries) of Qualified Capital Stock of the Company or Topco, as the case may be, or any options, warrants or rights to purchase such Qualified Capital Stock of the Company or Topco, as the case may be, or from any Subordinated Shareholder Funding (except, in each case, to the extent such proceeds are used to purchase, redeem or otherwise retire Capital Stock, Subordinated Indebtedness of the type described in clause (b) of the definition thereof or Subordinated Shareholder Funding as set forth in clause (2) or (3) of paragraph (c) below) (and excluding the Net Cash Proceeds from the issuance of Capital Stock or Subordinated Shareholder Funding financed, directly or indirectly, using funds borrowed from, or the borrowing of which is guaranteed by, the Company or any Subsidiary of the Parent until and to the extent such borrowing is repaid in cash);

(C) the aggregate Net Cash Proceeds received after the date of the Indenture by (i) prior to the Holdco Group Transaction Date, the Company and (ii) after the Holdco Group Transaction Date, Topco (other than from any of such relevant Person's Subsidiaries) upon the exercise of any options, warrants or rights to purchase Qualified Capital Stock of the Company or Topco, as the case may be (and excluding the Net Cash Proceeds from the exercise of any options, warrants or rights to purchase Qualified Capital Stock financed, directly or indirectly, using funds borrowed from, or the borrowing of which is guaranteed by, the Company or Topco, as the case may be, or any Subsidiary of such relevant Person until and to the extent such borrowing is repaid);

(D) the aggregate Net Cash Proceeds received after the date of the Indenture by (i) prior to the Holdco Group Transaction Date, the Company and (ii) after the Holdco Group Transaction Date, Topco from the conversion or exchange, if any, of debt securities or Redeemable Capital Stock of the Company or Topco, as the case may be, or such Person's Restricted Subsidiaries into or for Qualified Capital Stock of the Company or Topco, as the case may be, plus, to the extent such debt securities or Redeemable Capital Stock were issued after the date of the Indenture, the aggregate Net Cash Proceeds from their original issuance (in the case of Redeemable Capital Stock only to the extent such Redeemable Capital Stock was originally sold for cash or Temporary Cash Investments) (and excluding the Net Cash Proceeds from the conversion or exchange of debt securities or Redeemable Capital Stock financed, directly or indirectly, using funds borrowed from, or the borrowing of which is guaranteed by, the Company or Topco, as the case may be, or any Subsidiary until and to the extent such borrowing is repaid); and

(E) the amount equal to the sum of:

(i) 100% of the aggregate Net Cash Proceeds received by the Company or a Restricted Subsidiary upon the sale of an Investment that had been a Restricted Payment or from repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payment or return of capital) by such Person to the Company or any Restricted Subsidiary;

(ii) upon the full and unconditional release of a Guarantee that had been a Restricted Payment that was an Investment made by the Company or a Restricted Subsidiary to any Person (other than the Company or a Restricted Subsidiary), to the extent not included in clause (i) above, an amount equal to the amount of such Guarantee;

(iii) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries not to exceed, in the case of any Unrestricted Subsidiary, the Fair Market Value of the Company's or the relevant Restricted Subsidiary's interest in such Unrestricted Subsidiary;

(iv) 100% of the Net Cash Proceeds received by the Company or a Restricted Subsidiary from a sale or disposition of Capital Stock of an Unrestricted Subsidiary (other than to the Company or a Restricted Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any of its subsidiaries for the benefit of its employees); and

(v) any dividend or distribution made by an Unrestricted Subsidiary to the Company or a Restricted Subsidiary,

provided, *however*, that no amount will be included under this clause (E) to the extent it is already included in Consolidated Net Income.

(c) Notwithstanding the foregoing, and in the case of clauses (2) through (7), (11), (13) and (14), so long as no Default or Event of Default is continuing or would arise therefrom, the foregoing provisions shall not prohibit the following actions (each of clauses (1) through (14) being referred to as a "**Permitted Payment**"):

(1) the payment of any dividend within 60 days after the date of declaration thereof, if at such date of declaration such payment was permitted by the provisions of paragraph (a) of this covenant and such payment shall have been deemed to have been paid on such date of declaration;

(2) any Restricted Payment included in clauses (2) and (5) of the definition thereof made by exchange for (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares or scrip) or out of the Net Cash Proceeds of a substantially concurrent issuance and sale (other than to a Subsidiary of the Parent and excluding the Net Cash Proceeds from the issuance of any Capital Stock or of Subordinated Shareholder Funding financed, directly or indirectly, using funds borrowed from, or the borrowing of which is guaranteed by, the Company or any Restricted Subsidiary until and to the extent such borrowing is repaid in cash) of other shares of Qualified Capital Stock, a capital contribution of cash to (i) prior to the Holdco Group Transaction Date, the Company and (ii) after the Holdco Group Transaction Date, Topco or of Subordinated Shareholder Funding; *provided* that the Net Cash Proceeds from the issuance of such shares of

Qualified Capital Stock, of Subordinated Shareholder Funding or from such capital contribution (to the extent the Net Cash Proceeds are used to make any Investment or are used to repurchase, redeem, acquire or retire for value (A) such Capital Stock, (B) options, warrants or other rights to acquire such Capital Stock or (C) Subordinated Shareholder Funding) are excluded from clause (3)(B) of paragraph (b) of this covenant;

(3) the repurchase, redemption, defeasance, retirement or acquisition for value or payment of principal of any Subordinated Indebtedness of the type described in clause (b) of the definition thereof in exchange for, or in an amount not in excess of the Net Cash Proceeds of a substantially concurrent issuance and sale for cash (other than to any subsidiary of the Company) of any Qualified Capital Stock or Subordinated Shareholder Funding of, or a capital contribution to, (i) prior to the Holdco Group Transaction Date, the Company and (ii) after the Holdco Group Transaction Date, Topco; *provided* that the Net Cash Proceeds from the issuance of such shares of Qualified Capital Stock or Subordinated Shareholder Funding (to the extent the Net Cash Proceeds are used to repurchase, redeem, defease, retire or acquire such Subordinated Indebtedness of the type described in clause (b) of the definition thereof) are excluded from clause (3)(B) of paragraph (b) of this covenant;

(4) the repurchase, redemption, defeasance, retirement, refinancing, acquisition for value or payment of principal of any Subordinated Indebtedness (other than Redeemable Capital Stock and Subordinated Shareholder Funding) through the substantially concurrent issuance of new Subordinated Indebtedness of the Company or any Restricted Subsidiary that qualifies as Permitted Refinancing Indebtedness;

(5) the repurchase, redemption, defeasance, retirement, refinancing or other acquisition of Subordinated Indebtedness (other than Subordinated Shareholder Funding) of the Company or any Restricted Subsidiary (other than Subordinated Indebtedness held by Affiliates of the Company) upon a Change of Control or Asset Sale to the extent required by the agreement governing such Subordinated Indebtedness, but only (x) if the Issuer shall have complied with the covenant described under the caption "—*Purchase of Notes Upon a Change of Control*" or "—*Limitation on Sale of Assets*," as the case may be, and the Issuer repurchased all Notes tendered pursuant to the offer required by such covenants prior to offering to purchase, purchasing or repaying such Subordinated Indebtedness and (y) in the case of an Asset Sale, to the extent of the Excess Proceeds offered to holders of the Notes pursuant to the offer made pursuant to the Asset Sale;

(6) to the extent constituting Restricted Payments, the Specified Affiliate Payments;

(7) the declaration or payment of dividends or distributions by the Company, or the making of any loan or advance by the Company or by the Company to any Parent Holdco, to pay dividends or distributions in respect of Qualified Capital Stock of the Company or a Parent Holdco issued in a Public Equity Offering of such Qualified Capital Stock; *provided* that the aggregate amount of all such dividends under this clause shall not exceed in any fiscal year 6% of the Net Cash Proceeds received by the Company from such Public Offering; *provided* that at the time of such payment, loan or advance, the Consolidated Fixed Charge Coverage Ratio of the Parent shall be equal to or greater than 2.75 to 1.00;

(8) payments by the Company, or loans, advances, dividends or distributions to any Parent Holdco to make payments, to holders of Capital Stock of the Company or any Parent Holdco in lieu of the issuance of fractional shares of such Capital Stock, not to exceed €10.0 million in the aggregate;

(9) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(10) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation or any other fees and payments in connection with a Permitted Receivables Financing;

(11) payment to Tenderco of amounts due and payable under the Existing Senior Facilities Agreement; *provided* that amounts received by Tenderco are concurrently paid back to the Company or INEOS Finance LLC pursuant to the Tenderco Receivable or is otherwise applied as required by the Intercreditor Agreement;

(12) to the extent constituting Restricted Payments, the Fluor Business Disposal Payments;

(13) to the extent constituting Restricted Payments, any Holdco Group Transactions; and

(14) any other Restricted Payment; *provided* that the total aggregate amount of Restricted Payments made under this clause (14) does not exceed €25.0 million.

(d) In determining the amount of Restricted Payments made after the date of the Indenture, cash amounts expended pursuant to clauses (2), (3), (4), (6) (to the extent described in clauses (b) through (g) of the definition of Specified Affiliate Payments), (10), (11), (12) and (13) of the immediately preceding paragraph shall be excluded from such calculation. The amount of any non-cash Restricted Payment shall be deemed to be equal to the Fair Market Value thereof at the date of the making of such Restricted Payment.

Restrictions on Transactions with Holdco Group Guarantors

Notwithstanding anything contained in the Indenture, upon the designation of any Person as a Holdco Group Guarantor in connection with any Holdco Group Transactions, the Company will not and will not permit any Subsidiary of the Company that is a Restricted Subsidiary to:

(1) transfer any tangible fixed assets of the Company or any of its Subsidiaries that is a Restricted Subsidiary to any Holdco Group Guarantor; or

(2) directly or indirectly, to guarantee, assume or in any other manner become liable with respect to any Indebtedness of a Holdco Group Guarantor for which such Holdco Group Guarantor is the primary obligor or issuer.

Limitation on Transactions with Affiliates

(a) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, enter into any transaction or series of related transactions (including, without limitation, the sale, purchase, exchange or lease of assets, property or services) with any Affiliate of the Company (other than the Company or a Restricted Subsidiary) unless such transaction or series of related transactions is entered into in good faith and in writing and:

(1) such transaction or series of related transactions is on terms that are no less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that would be available in a comparable transaction in arm's length dealings with an unrelated third party;

(2) with respect to any transaction or series of related transactions involving aggregate value in excess of €25.0 million, the Company delivers to the Notes Trustee either (x) a resolution of the Board of Directors of the Company set forth in an Officer's Certificate certifying that such transaction or series of related transactions has been approved by a majority of the Disinterested Directors of the board of directors of the Company, or in the event there is only one Disinterested Director, by such Disinterested Director, or (y) the

Company delivers to the Notes Trustee a written opinion of an accounting, appraisal or investment banking firm of international standing, or other recognized independent expert with experience, appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that the transaction or series of related transactions is fair from a financial point of view taking into account all relevant circumstances; *provided* that the liability of such investment bank or accounting firm in giving such opinion may be limited to the amount of its fees in respect of such engagement; and

(3) with respect to any transaction or series of related transactions involving aggregate value in excess of €50.0 million, the Company delivers to the Notes Trustee (x) a resolution of the Board of Directors of the Company set forth in an Officer's Certificate certifying that such transaction or series of related transactions has been approved by a majority of the Disinterested Directors of the board of directors of the Company, or in the event there is only one Disinterested Director, by such Disinterested Director and (y) the Company delivers to the Notes Trustee a written opinion of an accounting, appraisal or investment banking firm of international standing, or other recognized independent expert with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that the transaction or series of related transactions is on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate.

(b) The restrictions in paragraph (a) shall not apply to:

(1) any employment agreement, collective bargaining agreement, consultant agreement, employee benefit arrangements with any employee, consultant, officer or director of the Company or any Restricted Subsidiary, including under any stock option, stock appreciation rights, stock incentive or similar plans, entered into in the ordinary course of business;

(2) payment of compensation to employees, consultants, officers or directors in the ordinary course of business;

(3) maintenance in the ordinary course of business (and payments required thereby) of benefit programs, or arrangements for employees, consultants, officers or directors, including vacation plans, health and life insurance plans, deferred compensation plans, severance plans, employees', consultants', directors' and officers' indemnification agreements and retirement or savings plans and similar plans so long as the board of directors of the Company approved the terms thereof and deemed the services thereto fair, or thereafter to be performed for such compensation or payments (including fees and expenses) to be fair, consideration therefor;

(4) Management Advances;

(5) transactions between or among the Company and its Restricted Subsidiaries or among Restricted Subsidiaries;

(6) any Restricted Payment or Permitted Investment; *provided* that in the case of clause (p) of the definition of Permitted Investments, such transaction must be fair to the Company and its Restricted Subsidiaries in the reasonable determination of the board of directors of the Issuer or the senior management of the Company, or otherwise comply with paragraph (a)(1) above;

(7) any Permitted Payment;

(8) any transaction in the ordinary course of business between or among the Company or any Restricted Subsidiary and any Affiliate of the Company or a joint venture or similar Person that would otherwise be subject to this covenant solely because the Company or a Restricted Subsidiary owns any of the Capital Stock of or otherwise controls such Affiliate, joint venture or similar Person;

(9) any payments or other transactions pursuant to Tax Sharing Agreements between the Company and any other Person or a Restricted Subsidiary and any other Person with which the Company or a Restricted Subsidiary files a consolidated tax return or with which the Company or a Restricted Subsidiary is part of a group for tax purposes or any tax advantageous group contribution made pursuant to applicable legislation; *provided*, *however*, that any such tax sharing or arrangement and payment does not permit or require payments in excess of the amounts of tax that would be payable by the Issuer and its Restricted Subsidiaries on a stand alone basis;

(10) the indenture relating to the Existing Parent Notes, the Existing Parent Notes Proceeds Loan, the Existing Intercreditor Agreement and any other agreement relating to the guarantee by the Issuer and the Guarantors of the Existing Parent Notes and any Permitted Refinancing Indebtedness related thereto;

(11) (a) issuances or sales of Qualified Capital Stock of the Company or options, warrants or other rights to acquire such Qualified Capital Stock or issuances of Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the board of directors in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding is in compliance with the other provisions of the Indenture and the Intercreditor Agreement or any additional intercreditor agreement, as applicable;

(12) any transaction effected in connection with a Permitted Receivables Financing;

(13) the performance by the Company or any of its Restricted Subsidiaries of its obligations under the terms of the Tenderco Receivable and the Existing Senior Credit Facility as in effect on the Issue Date, the Tenderco Guarantee, the Parent Guarantee and the Tenderco Security Documents; and

(14) Specified Affiliate Payments.

Limitation on Liens

The Company will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly, create, incur, assume, affirm or suffer to exist any Lien (the "**Initial Lien**") of any kind securing any Indebtedness upon any property or assets of the Company or any Restricted Subsidiary, including any shares of stock or intercompany notes or other indebtedness of any Restricted Subsidiary, owned on the date of the Indenture or acquired after the date of the Indenture, or any income, profits or proceeds therefrom, or assign or convey any right to receive any income or profits therefrom, except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Notes (or a Guarantee in the case of Liens of a Guarantor) are directly secured equally and ratably or on a prior basis with the Indebtedness secured by such Initial Lien (and if such Indebtedness so secured is subordinated in right of payment to either the Notes or a Guarantee, on a senior priority basis), and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any Lien created for the benefit of the holders of the Notes pursuant to clause (a)(2) of the preceding paragraph of this covenant will provide by its terms that such Lien will be automatically and unconditionally released and discharged (a) upon the release and discharge of the Initial Lien, (b) upon the sale or other disposition of the assets subject to such Initial Lien (or the sale or other disposition of the Person that owns such assets) in compliance with the terms of the Indenture, (c) with respect to any Guarantor the assets or the Capital Stock of which are encumbered by such Lien, upon the release of the Guarantee of such Guarantor in accordance with the terms of the Indenture, (d) upon the designation of a Restricted Subsidiary whose property or assets secure such Initial Lien as an Unrestricted Subsidiary in accordance with the terms of the Indenture, (e) upon the effectiveness of any defeasance or satisfaction and discharge of the Notes as specified in the Indenture or (f) as otherwise provided under "*Security—Release of Security*".

Limitation on Sale of Assets

(a) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

(1) at least 75% of the consideration from such Asset Sale or series of Asset Sales is received (A) in cash or Temporary Cash Investments or (B) in the form of the assumption by the purchaser of the liabilities of the Company or those of any of its Restricted Subsidiaries (other than the liabilities (or the guarantees thereof) that are by their terms subordinated to the Notes) as a result of which the Company and its Restricted Subsidiaries are no longer obligated with respect to such liabilities; and

(2) the Company or such Restricted Subsidiary receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the shares or assets subject to such Asset Sale (including, for the avoidance of doubt, if such Asset Sale is a Permitted Asset Swap).

(b) If all or a portion of the Net Cash Proceeds of any Asset Sale is not required to be applied to repurchase or repay permanently any Indebtedness under the Senior Secured Credit Facilities (or any Permitted Refinancing Indebtedness in respect thereof) then outstanding as required by the terms thereof, or the Company or any Restricted Subsidiary determines not to apply such Net Cash Proceeds to the permanent prepayment of such Indebtedness under the Senior Secured Credit Facilities (or any Permitted Refinancing Indebtedness in respect thereof) or other Indebtedness of any Restricted Subsidiary that is not *Pari Passu* Indebtedness or Subordinated Indebtedness of the type described in clause (b) of the definition thereof, or if no such Indebtedness is then outstanding, then the Company or a Restricted Subsidiary may within 365 days of the Asset Sale invest, or commit to invest (provided that it actually invests within the later of 365 days of the Asset Sale and 90 days of the commitment), the Net Cash Proceeds in properties and other assets (including Capital Stock of a business) that (as determined by the board of directors of the Company) replace the properties and assets that were the subject of the Asset Sale or in properties and assets that will be used in or are related to the businesses of the Company or its Restricted Subsidiaries existing on the date of the Indenture. The amount of Net Cash Proceeds not used or invested within 365 days of the Asset Sale or invested within the later of 365 days of the Asset Sale and 90 days of a commitment to invest as set forth in this paragraph constitutes "Excess Proceeds." Pending the final application of the Net Cash Proceeds, the Company or any Restricted Subsidiary may temporarily reduce Indebtedness or otherwise invest such Net Cash Proceeds in Temporary Cash Investments.

(c) When the aggregate amount of Excess Proceeds exceeds €25.0 million, the Issuer (or the Company on the Issuer's behalf) will apply the Excess Proceeds to the repayment of Indebtedness under the Notes and any other *Pari Passu* Indebtedness (which shall be deemed to include any Permitted Receivables Financing) outstanding with similar provisions requiring the Company or a Restricted Subsidiary to make an offer to purchase such Indebtedness with the proceeds from any Asset Sale as follows:

(1) the Company or a Restricted Subsidiary will make an offer to purchase (an "**Offer**") from all holders of the Notes in accordance with the procedures set forth in the Indenture in the maximum principal amount (expressed as a multiple of €1,000 in the case of Euro Notes

and $1,000 in the case of Dollar Notes) of Notes that may be purchased out of an amount (the "**Note Amount**") equal to the product of such Excess Proceeds multiplied by a fraction, the numerator of which is the outstanding principal amount of the Notes, and the denominator of which is the sum of the outstanding principal amount of the Notes and such *Pari Passu* Indebtedness (subject to proration in the event such amount is less than the aggregate Offered Price (as defined herein) of all Notes tendered);

(2) to the extent required by such *Pari Passu* Indebtedness to permanently reduce the principal amount of such *Pari Passu* Indebtedness, the Company or a Restricted Subsidiary, as the case may be, will make an offer to purchase or otherwise repurchase or redeem *Pari Passu* Indebtedness (a "***Pari Passu* Offer**") in an amount (the "***Pari Passu* Debt Amount**") equal to the excess of the Excess Proceeds over the Note Amount; *provided* that in no event will the Issuer, the Company or a Restricted Subsidiary be required to make a *Pari Passu* Offer in a *Pari Passu* Debt Amount exceeding the principal amount of such *Pari Passu* Indebtedness plus the amount of any premium required to be paid to repurchase such *Pari Passu* Indebtedness; and

(3) the offer price for the Notes will be payable in cash in an amount equal to 100% of the principal amount of the Notes plus accrued and unpaid interest, if any, to the date (the "**Offer Date**") such Offer is consummated (the "**Offered Price**"), in accordance with the procedures set forth in the Indenture. To the extent that the aggregate Offered Price of the Notes tendered pursuant to the Offer is less than the Note Amount relating thereto or the aggregate amount of *Pari Passu* Indebtedness that is purchased in a *Pari Passu* Offer is less than the *Pari Passu* Debt Amount, the Company or any Restricted Subsidiary may use any remaining Excess Proceeds for general corporate purposes. If the aggregate principal amount of Notes and *Pari Passu* Indebtedness surrendered by holders thereof exceeds the amount of Excess Proceeds, the Notes Trustee shall select the Notes to be purchased on a pro rata basis. Upon the completion of the purchase of all the Notes tendered pursuant to an Offer and the completion of a *Pari Passu* Offer, the amount of Excess Proceeds, if any, shall be reset at zero.

(d) If the Company or a Restricted Subsidiary becomes obligated to make an Offer pursuant to clause (c) above, the Notes and the *Pari Passu* Indebtedness shall be purchased by the Company or a Restricted Subsidiary, at the option of the holders thereof, in whole or in part (in a principal amount of €50,000, in the case of Euro Notes, or $100,000, in the case of Dollar Notes, or an integral multiple of €1,000 or $1,000, as applicable, in excess thereof, such that no Euro Note of less than €50,000 or Dollar Note of less than $100,000 remains outstanding thereafter) on a date that is not earlier than 30 days and not later than 60 days from the date the notice of the Offer is given to holders, or such later date as may be necessary for the Company or a Restricted Subsidiary to comply with the requirements under the U.S. Exchange Act or other applicable laws or regulations (including, without limitation, those of any securities exchange on which the Notes are listed).

(e) The Indenture will provide that, if the Company or a Restricted Subsidiary is required to make an Offer, the Company and such Restricted Subsidiary will comply with the applicable tender offer rules, including Rule 14e-1 under the U.S. Exchange Act, and any other applicable securities laws or regulations (including those of the United States and the United Kingdom) in connection with an Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the provisions of this covenant (other than the obligation to make an Offer pursuant to this covenant), the Company and such Restricted Subsidiary, as the case may be, will comply with the securities laws and regulations and will not be deemed to have breached its obligations described in this covenant by virtue thereof.

(f) If the Offer Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest will be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest will be payable to holders of the Notes who tender Notes pursuant to the Offer.

(g) For the purposes of clause (a)(1) of this covenant, the following will be deemed to be cash:

(1) securities, notes or other obligations received by the Company or any Restricted Subsidiary of the Company from the transferee that are converted by the Company or such Restricted Subsidiary into cash or Temporary Cash Investments within 90 days following the closing of such Asset Sale;

(2) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, *provided* that that the Company and each other Restricted Subsidiary are released from any Guarantee of payment of such Indebtedness in connection with such Asset Sale;

(3) consideration consisting of Indebtedness of the Company or any Restricted Subsidiary (other than Subordinated Indebtedness of the type described in clause (b) of the definition thereof) received after the Issue Date from Persons who are not the Company or any Restricted Subsidiary; and

(4) any Designated Non-Cash Consideration received by the Parent of any Restricted Subsidiary in such Asset Sale having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed 2.5% of Total Assets.

Limitation on Issuance of Guarantees of Indebtedness by Restricted Subsidiaries

(a) The Company will not cause or permit any Restricted Subsidiary (which is not a Guarantor or the Issuer), directly or indirectly, to guarantee, assume or in any other manner become liable with respect to (i) any Indebtedness of the Company or any Restricted Subsidiary under any Credit Facilities or (ii) any Public Debt (including, for the avoidance of doubt, any guarantee of Public Debt) of the Issuer or any Guarantor, unless such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for a Guarantee of the Notes on the same terms as the other Guarantees of the Notes by the Guarantors, except that:

(1) no Guarantee shall be required as a result of any guarantee of Indebtedness that existed at the time such Person became a Restricted Subsidiary if the guarantee was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary;

(2) no Guarantee shall be required as a result of any guarantee in connection with a Permitted Receivables Financing;

(3) such Guarantee need not be secured unless required pursuant to the "*Limitation on Liens*" covenant;

(4) if such Indebtedness is by its terms expressly subordinated to the Notes or any Guarantee, any such assumption, guarantee or other liability of such Restricted Subsidiary with respect to such Indebtedness shall be subordinated to such Restricted Subsidiary's Guarantee of the Notes at least to the same extent as such Indebtedness is subordinated to the Notes or any other Guarantee;

(5) no Guarantee shall be required as a result of any guarantee given to a bank or trust company incorporated in any member state of the European Union as of the date of the Indenture or any commercial banking institution that is a member of the U.S. Federal Reserve System (or any branch, Subsidiary or Affiliate thereof), in each case having

combined capital and surplus and undivided profits of not less than €500.0 million, whose debt has a rating, at the time such guarantee was given, of at least A or the equivalent thereof by Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("**S&P**") and at least A2 or the equivalent thereof by Moody's Investors Service, Inc. ("**Moody's**"), in connection with the operation of cash management programs established for the Company's benefit or that of any Restricted Subsidiary;

(6) no Guarantee shall be required if such Guarantee could reasonably be expected to give rise to or result in (A) personal liability for the officers, directors or shareholders of such Restricted Subsidiary, (B) any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available to the Company or such Restricted Subsidiary or (C) any significant cost, expense, liability or obligation (including with respect of any Taxes) other than reasonable out of pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (B) undertaken in connection with, such Guarantee, which cannot be avoided through measures reasonably available to the Company or the Restricted Subsidiary; and

(7) each such Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

(b) Notwithstanding the foregoing, any Guarantee by a Restricted Subsidiary of the Notes created pursuant to the provisions in paragraph (a) above may provide by its terms that it shall be automatically and unconditionally released and discharged upon:

(1) any sale, exchange or transfer, directly or indirectly, to any Person that is not the Parent or any of its Subsidiaries, of all of the Capital Stock held by the Company and other Restricted Subsidiaries in, or all or substantially all the assets of, such Restricted Subsidiary (which sale, exchange or transfer is not prohibited by the Indenture) and such Restricted Subsidiary is released from all guarantees, if any, by it of other Indebtedness of the Company or any Restricted Subsidiaries;

(2) (with respect to any Guarantees created after the date of the Indenture) the release by the holders of the Indebtedness of the Company or Restricted Subsidiary described in clause (a) above of their security interest or their Guarantee by such Restricted Subsidiary at such time as (A) no other Indebtedness of the Company or any other Restricted Subsidiary has been secured or guaranteed by such Restricted Subsidiary, as the case may be, or (B) the holders of all such other Indebtedness which is secured or guaranteed by such Restricted Subsidiary also release their security interest in or Guarantee by such Restricted Subsidiary;

(3) any defeasance or discharge of the Notes as provided in "Defeasance or Covenant Defeasance of Indenture" or "Satisfaction and Discharge;" or

(4) the satisfaction of the requirements of any of the other provisions described under "The Guarantees—Release of the Guarantees."

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(a) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distribution on its Capital Stock or any other interest or participation in, or measured by, its profits to the Company or any Restricted Subsidiary;

(2) pay any Indebtedness owed to the Company or any other Restricted Subsidiary;

(3) make any loans or advances to the Company or any other Restricted Subsidiary; or

(4) transfer any of its properties or assets to the Company or any other Restricted Subsidiary,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness incurred by the Company or any Restricted Subsidiary, shall not be deemed to constitute such an encumbrance or restriction.

(b) the provisions of clauses (1) to (4) of paragraph (a) above will not prohibit:

(1) any encumbrance or restriction pursuant to (A) any agreement in effect on the date of the Indenture (including the Senior Facilities Agreement) and (B) any indenture for any Public Debt of the Company or any Restricted Subsidiary;

(2) any encumbrance or restriction with respect to a Restricted Subsidiary that is not a Restricted Subsidiary of the Company on the date of the Indenture in existence at the time such Person becomes a Restricted Subsidiary of the Company and not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary; *provided* that such encumbrances and restrictions are not applicable to the Company or any Restricted Subsidiary or the properties or assets of the Company or any Restricted Subsidiary other than such Subsidiary which is becoming a Restricted Subsidiary;

(3) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person which is assumed by the Company or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which the Company or any Restricted Subsidiary entered into such transaction) and outstanding on such date, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or property or assets or capital stock of the Person, so acquired;

(4) any encumbrance or restriction under the Indenture and the Notes (including Additional Notes);

(5) any encumbrance or restriction under Purchase Money Obligations and Capital Lease Obligations in the ordinary course of business that impose restrictions with respect only to the property the subject thereof of the nature described in clause (6) of this paragraph (b) on the property so acquired or any restriction pursuant to a joint venture agreement that imposes restrictions on the transfer of the assets of the joint venture;

(6) with respect to clause (4) of paragraph (a) above only, any encumbrance or restriction (A) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, (B) by virtue of any transfer of, agreement to transfer, option or right with respect to or Lien on, any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Indenture, (C) contained in security agreements or mortgages securing Indebtedness to the extent such encumbrance or restriction restricts the transfer of the property subject to such security agreements or mortgages or (D) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any Restricted Subsidiary;

(7) contracts for the sale of assets, including any restriction with respect to a Restricted Subsidiary imposed pursuant to an agreement entered into for the sale or disposition of all or substantially all of the Capital Stock or assets of such Restricted Subsidiary pending the closing of such sale or disposition;

(8) restrictions on cash or other deposits or net worth imposed by leases or other agreements entered into in the ordinary course of business;

(9) any customary encumbrances or restrictions created under any agreement (A) with respect to Indebtedness permitted to be incurred subsequent to the date of the Indenture pursuant to the provisions of the covenant described under the caption "—*Limitation on Indebtedness*" if (i) the encumbrances and restrictions are not materially less favorable to the holders of the Notes than those contained in the Senior Facilities Agreement on the date of the Indenture or (ii) the encumbrances and restrictions are materially less favorable to the holders of the Notes than is customary in comparable financings (as determined in good faith by the Company) and the Company determines at the time of the incurrence of such Indebtedness that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes or the Company's ability to make principal or interest payments on the Funding Loans or (B) constituting an additional intercreditor agreement entered into in compliance with the covenant described under "—*Additional Intercreditor Agreements*" below;

(10) any encumbrances or restrictions required by any governmental, local or regulatory authority having jurisdiction over the Company or any of its Restricted Subsidiaries or any of their businesses;

(11) customary provisions in joint venture agreements; *provided*, *however*, that any such encumbrance or restriction is applicable only to such Restricted Subsidiary and *provided*, *further*, that the Company determines that any such encumbrance or restriction will not materially affect the ability of the Issuer and the Company to make any anticipated principal or interest payments on the Notes and the Funding Loans, as applicable;

(12) with respect to clauses (1) and (4) of paragraph (a) above only, encumbrance or restrictions existing by reason of any lien permitted under "—*Limitation on Liens*;"

(13) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;

(14) any encumbrance or restriction pursuant to Hedging Obligations;

(15) any encumbrance or restriction effected in connection with a Permitted Receivables Financing that, in the good faith determination of the board of directors of the Company, is necessary or advisable to effect such Permitted Receivables Financing;

(16) contracts entered into in the ordinary course of business, not relating to Indebtedness, and that do not, individually or in the aggregate, (a) detract from the value of property or assets of the Company or any Restricted Subsidiary of the Company in any manner material to the Company or such Restricted Subsidiary or (b) materially interfere with the Issuer's ability to make payments of principal or interest in respect of the Notes; and

(17) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (16) or in this clause (17); *provided* that the terms and conditions of any such encumbrances or restrictions are no more restrictive in any material respect than those under or pursuant to the agreement evidencing the Indebtedness so extended, renewed, refinanced or replaced.

Limitation on Layered Debt

The Issuer will not, and the Company will not permit any other Guarantor to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise in any manner become directly or indirectly liable for or with respect to or otherwise permit to exist any Indebtedness (including Permitted Indebtedness) that is subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes or the Guarantor's Guarantee (as applicable) and, if such Guarantor is the Company, the Funding Loans, on substantially identical terms; *provided*, *however*, that no Indebtedness will be deemed to be subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured or by virtue of being secured with different collateral, by virtue of being secured on a first or junior priority basis or by virtue of not being guaranteed. In addition, junior liens, second liens and other contractual arrangements that provide for priorities among holders of the same or different issues of Indebtedness with respect to any collateral or the proceeds of collateral or tranching of debt under Credit Facilities shall not constitute subordination in right of payment.

Limitation on Unrestricted Subsidiaries

The Parent may designate, after the date of the Indenture, any Subsidiary (other than the Company, Tenderco, the Issuer or any Holdco Group Guarantor) as an "**Unrestricted Subsidiary**" under the Indenture (a "**Designation**") only if:

(a) no Default or Event of Default shall have occurred and be continuing at the time of or after giving effect to such Designation or would occur as a consequence of such Designation;

(b) either (i) the Subsidiary to be so designated has total assets of €1,000 or less or (ii) the Company would be permitted to make an Investment at the time of Designation (assuming the effectiveness of such Designation) pursuant to the covenant described under "*—Limitation on Restricted Payments*" above in an amount (the "**Designation Amount**") equal to the greater of (1) the net book value of the Company's interest in such Subsidiary calculated in accordance with IFRS or (2) the Fair Market Value of the Parent's interest in such Subsidiary;

(c) such Unrestricted Subsidiary does not own any Capital Stock of the Company or any Restricted Subsidiary of the Company which is not simultaneously being designated an Unrestricted Subsidiary; and

(d) such Unrestricted Subsidiary is not a party to any agreement, contract, arrangement or understanding at such time with the Company or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company or any Restricted Subsidiary or would be permitted to the extent described under "*—Limitation on Transactions with Affiliates*" or, in the event such condition is not satisfied, the value of such agreement, contract, arrangement or understanding to such Unrestricted Subsidiary shall be deemed a Restricted Payment.

In the event of any such Designation, the Company will be deemed to have made an Investment constituting a Restricted Payment pursuant to the covenant "*Limitation on Restricted Payments*" for all purposes of the Indenture in the Designation Amount.

The Indenture will also provide that the Company will not and will not cause or permit any Restricted Subsidiary to at any time (a) provide a guarantee of, or similar credit support for, or subject any of its property or assets (other than the Capital Stock of any Unrestricted Subsidiary) to the satisfaction of, any Indebtedness of any Unrestricted Subsidiary (including any undertaking, agreement or instrument evidencing such Indebtedness) or (b) be directly or indirectly liable for any Indebtedness of any Unrestricted Subsidiary, except to the extent permitted under the covenant "*—Limitation on Indebtedness*." For purposes of the foregoing, the Designation of a Subsidiary of the Company as an Unrestricted Subsidiary shall be deemed to be the Designation of all of the Subsidiaries of such Subsidiary as Unrestricted Subsidiaries.

The Company may redesignate an Unrestricted Subsidiary as a Restricted Subsidiary (a "**Redesignation**") if:

(a) no Default or Event of Default shall have occurred and be continuing at the time of and after giving effect to such Redesignation or would occur as a consequence of such Redesignation;

(b) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately following such Redesignation would, if incurred at such time, have been permitted to be incurred for all purposes of the Indenture; and

(c) unless such redesignated Subsidiary shall not have any Indebtedness outstanding (other than Indebtedness that would be Permitted Indebtedness), immediately after giving effect to such proposed Redesignation, and after giving *pro forma* effect to the incurrence of any such

> Indebtedness of such redesignated Subsidiary as if such Indebtedness was incurred on the date of the Redesignation, the Company could incur €1.00 of additional Indebtedness (other than Permitted Indebtedness) pursuant to the covenant described under "*—Limitation on Indebtedness*."

All Designations and Redesignations must be evidenced by a resolution of the Board of Directors of the Company delivered to the Notes Trustee certifying compliance with the foregoing provisions.

Suspension of Covenants on Achievement of Investment Grade Status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "**Suspension Event**"), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status, the provisions of the Indenture summarized under the following captions will not apply to the Notes: "*—Certain Covenants—Limitation on Indebtedness*," "*—Certain Covenants—Limitation on Restricted Payments*," "*—Certain Covenants—Limitation on Transactions with Affiliates*," "*—Certain Covenants—Limitation on Sale of Assets*," "*—Certain Covenants—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries*," the provisions of clause (c) of the covenant described under "*—Consolidation, Merger, Sale of Assets—Issuer,*" clause (c) of the covenant described under "*—Consolidation, Merger, Sale of Assets—Company and the Parent*" and clause (c) of the covenant described under "*—Consolidation, Merger, Sale of Assets—Guarantors other than the Company and the Parent*" and any related default provisions of the Indenture will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries. Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company properly taken during the continuance of the Suspension Event, and the "*Limitation on Restricted Payments*" covenant will be interpreted as if it had been in effect since the date of the Indenture except that no default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended.

Impairment of Security Interest

The Parent, the Company and Tenderco will not, and the Company will not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take, any action which action or omission might or would have the result of materially impairing the security interest with respect to the Collateral for the benefit of the Notes Trustee and the holders of the Notes, and the Parent, the Company and Tenderco will not, and the Company will not permit any Restricted Subsidiary to, grant to any Person other than the Security Trustee or Notes Trustee, for the benefit of the Notes Trustee and the holders of the Notes (other than Additional Notes) and the other beneficiaries described in the Security Documents, any interest whatsoever in any of the Collateral, except as permitted in the Security Documents, but subject to the succeeding paragraph, the Parent, Tenderco, the Company and its Restricted Subsidiaries may (i) incur Permitted Collateral Liens and (ii) implement any transaction permitted under the second paragraph under the caption "*Consolidation, Merger, Sale of Assets—General*."

The Indenture will provide that, at the direction of the Company and without the consent of the holders of the Notes, the Notes Trustee and the Security Trustee may from time to time enter into one or more amendments to the Security Documents to: (i) cure any ambiguity, omission, defect or inconsistency therein or reflect changes of a minor, technical or administrative nature, (ii) provide for Permitted Collateral Liens, (iii) add to the Collateral, (iv) make any change necessary or desirable, in the good faith determination of the Board of Directors of the Company, in order to implement any transactions permitted under the second paragraph under the caption "*Consolidation, Merger, Sale of Assets—General*" or (v) make any other change thereto that does not adversely affect the holders of the Notes in any material respect; *provided*, *however*, that no Security Document may be amended and no waiver of any of the requirements of, or granting of any consent under, any Security Document may be made unless any such amendment, waiver or consent applies equally to the holders of all security granted under the Security Document.

Additional Intercreditor Agreements

The Indenture will provide that, at the request of the Company, at the time of, or prior to, the incurrence of any Indebtedness that is permitted to share the Collateral pursuant to the definition of Permitted Collateral Liens, the Issuer, each Guarantor, any other Restricted Subsidiary and the Notes Trustee and the Security Trustee are authorized (without any further consent of the holders of the Notes) to enter into an additional intercreditor agreement on terms substantially the same as the Intercreditor Agreement (or terms more favorable to holders of the Notes) or an amendment to the Intercreditor Agreement to permit such Indebtedness to be subject to (and benefit from) substantially the same terms with respect to the release of the Collateral and Guarantees, enforcement of security interests, turnover, limitations on enforcement and other rights and limitations of the creditors of Senior Secured Indebtedness as contained in the Intercreditor Agreement in effect as of the Issue Date (or, in the case of any such terms, terms more favorable to the holders of the Notes).

The Indenture will also provide that, at the direction of the Company and without the consent of the holders of the Notes, the Notes Trustee and the Security Trustee will upon direction of the Company from time to time enter into one or more amendments to the Intercreditor Agreement or any additional intercreditor agreement or deed to: (i) cure any ambiguity, omission, defect or inconsistency therein; (ii) increase the amount of Indebtedness or the types covered thereby that may be incurred by the Company, a Restricted Subsidiary or the Parent that is subject thereto and to provide for Permitted Liens; (iii) add Guarantors or other parties (such as representatives of new issuances of Indebtedness) thereto; (iv) further secure the Notes (including Additional Notes); (v) make provision for equal and ratable grants of Liens on the Collateral to secure Additional Notes or to implement any Permitted Collateral Liens; (vi) make any change necessary or desirable, in the good faith determination of the Board of Directors of the Company, in order to implement any transactions permitted under the second paragraph under the caption "*Consolidation, Merger, Sale of Assets—General;*" *provided* that such change does not adversely affect the rights of the holders of the Notes in any material respect or (vii) make any other such change thereto that does not adversely affect the rights of the holders of the Notes in any material respect. The Company shall not otherwise direct the Notes Trustee or the Security Trustee to enter into any amendment to the Intercreditor Agreement or, if applicable, any additional intercreditor agreement or deed, without the consent of the holders of a majority in principal amount of the outstanding Notes.

Each holder of a Note, by accepting such Note, will be deemed to have:

(a) appointed and authorized the Notes Trustee and the Security Trustee to give effect to such provisions;

(b) authorized each of the Notes Trustee and the Security Trustee to become a party to any future intercreditor arrangements described above;

(c) agreed to be bound by such provisions and the provisions of any future intercreditor arrangements described above; and

(d) irrevocably appointed the Notes Trustee and the Security Trustee to act on its behalf to enter into and comply with such provisions and the provisions of any future intercreditor arrangements described above.

Provision of Financial Statements

For so long as any Notes are outstanding, the Parent will provide to the Notes Trustee the following reports:

(1) within 120 days after the end of the Parent's fiscal year beginning with the fiscal year ending December 31, 2010, annual reports containing, to the extent applicable, a level of detail that is comparable in all material respect to this offering memorandum (with appropriate revisions, as reasonably determined by the Parent, to reflect changes in segment reporting) and the following information: (a) audited consolidated balance sheets of the Parent as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the

Parent for the three most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) *pro forma* income statement and balance sheet information of the Parent (which need not comply with Article 11 of Regulation S-X under the U.S. Exchange Act, "**Regulation S-X**"), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year unless *pro forma* information has been provided in a previous report pursuant to clause 2(b) or 2(c) below; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources of the Parent, and a discussion of material commitments and contingencies and critical accounting policies; (d) a description of the business, management and shareholders of the Parent, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments; (e) a description of material risk factors and material recent developments; (f) earnings before interest, taxes, depreciation and amortization; (g) capital expenditures; and (h) depreciation and amortization; *provided* that any item of disclosure that complies in all material respects with the requirements that would be applicable under Form 20-F under the U.S. Exchange Act with respect to such item will be deemed to satisfy the Parent's obligations under this clause (1) with respect to such item;

(2) within 60 days following the end of the first three fiscal quarters in each fiscal year of the Parent beginning with the quarter ending March 31, 2010, all quarterly financial statements of the Parent containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year periods, together with condensed footnote disclosure; (b) *pro forma* income statement and balance sheet information of the Parent (which need not comply with Article 11 of Regulation S-X), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year unless *pro forma* information has been provided in a previous report pursuant to clause 2(a) or 2(c); (c) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources of the Parent, and a discussion of material commitments and contingencies and critical accounting policies; and (d) material recent developments and any material changes to the risk factors disclosed in the most recent annual report; *provided* that that any item of disclosure that complies in all material respects with the requirements that would be applicable under Form 10-Q under the U.S. Exchange Act with respect to such item will be deemed to satisfy the Parent's obligations under this clause (2) with respect to such item; and

(3) promptly after the occurrence of any material acquisition, disposition or restructuring of the Parent and the Restricted Subsidiaries, taken as a whole, or any senior executive officer changes at the Parent or the Issuer or change in auditors of the Parent or the Issuer or any other material event that the Parent or any of its Restricted Subsidiaries announces publicly, a report containing a description of such event.

All financial statements and *pro forma* financial information shall be prepared in accordance with IFRS on a consistent basis for the periods presented; *provided*, *however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in IFRS, present earlier periods on a basis that applied to such periods, subject to the provisions of the Indenture. Except as provided for above, no report need include separate financial statements for Subsidiaries of the Parent or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this offering memorandum.

Contemporaneously with the furnishing of each such report discussed above, the Parent will also (a) file a press release with the appropriate internationally recognized wire services (including, without limitation, through the newswire service of Bloomberg, or if Bloomberg does not then operate, any similar agency) in connection with such report and (b) post such report on the Parent's website. In the event that the Parent becomes subject to the reporting requirements of Section 13(a) or 15(d) of the U.S. Exchange Act, or elects to comply with such provisions, the

Parent will, for so long as it continues to file the reports required by Section 13(a) with the Commission, make available to the Notes Trustee the annual reports, information, documents and other reports that the Parent is required to file with the Commission pursuant to such Section 13(a) or 15(d). Upon complying with the foregoing requirement, the Parent will be deemed to have complied with the provisions contained in the preceding three paragraphs.

The Indenture will also provide that, so long as any of the Notes remain outstanding, the Parent will make available to any prospective purchaser of Notes or beneficial owner of Notes in connection with any sale thereof the information required by Rule 144A(d)(4) under the U.S. Securities Act. The Parent and the Issuer will also make any of the foregoing information available during normal business hours at the offices of the listing agent in Luxembourg if and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Luxembourg Stock Exchange's Euro MTF Market and the rules of the stock exchange so require.

Listing

Application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be traded on the Luxembourg Stock Exchange's Euro MTF Market. Each of the Company and the Issuer will use its commercially reasonable efforts to obtain the listing of the Notes as promptly as practicable and to maintain the listing of the Notes on the Official List of the Luxembourg Stock Exchange for trading on the Luxembourg Stock Exchange's Euro MTF Market; *provided*, *however*, that if the Issuer is unable to list the Notes on the Official List of the Luxembourg Stock Exchange for trading on the Luxembourg Stock Exchange's Euro MTF Market, or if maintenance of such listing becomes unduly onerous, it will, prior to the delisting of the Notes from the Official List of the Luxembourg Stock Exchange for trading on the Luxembourg Stock Exchange's Euro MTF Market, use all commercially reasonable efforts to list and maintain a listing of such Notes on another internationally recognized stock exchange.

Tenderco Activities

Limitation on Tenderco Activities

Notwithstanding any other provision of the Indenture, Tenderco:

(1) will not engage in any business activity or undertake any other activity, except any activity: (a) relating to the guarantee of any Indebtedness permitted by the covenant described under "—*Certain Covenants—Limitation on Indebtedness*" and the guarantee of the Existing Parent Notes, *provided* that if the Indebtedness being guaranteed is subordinated in right of payment to its Guarantee of the Notes, then such guarantee will be subordinated to the Notes substantially to the same extent as the relevant Indebtedness guaranteed, (b) undertaken with the purpose of, and directly related to, consummating the offering or fulfilling any other obligations under any Indebtedness of Tenderco permitted under the Indenture, the Existing Senior Facilities Agreement, the Intercreditor Agreement (or any additional intercreditor agreement or priority agreement entered into pursuant to the terms of the Intercreditor Agreement or the Indenture), any Security Document to which it is a party or any other document relating to the Notes and the Guarantees or (c) directly related or reasonably incidental to the establishment and/or maintenance of Tenderco's corporate existence;

(2) shall not (a) incur any Indebtedness other than (i) Indebtedness pursuant to the Tenderco Receivable incurred on the Issue Date, (ii) guarantees of any Indebtedness permitted by the covenant described under "—*Certain Covenants—Limitation on Indebtedness*" and (iii) the guarantee of the Existing Parent Notes, *provided* that if the Indebtedness being guaranteed is subordinated in right of payment to its Guarantee of the Notes, then such guarantee will be subordinated to the Notes substantially to the same extent as the relevant Indebtedness guaranteed or (b) issue any Capital Stock other than to the Parent or any Restricted Subsidiary of the Company that is a Guarantor; and

(3) will at all times remain a wholly-owned Subsidiary of the Parent or any Restricted Subsidiary that is a Guarantor.

Consents under the Existing Intercreditor Agreement

Tenderco in its capacity as a lender under the Existing Senior Facilities Agreement shall, pursuant to clause 7.1 (Payment) and paragraph (b) of clause 10.4 (Payments to the Intra-Group Creditors) and notwithstanding clause 27.2 (Deemed Consent) of the Existing Intercreditor Agreement, consent to and otherwise approve any payments in respect of the Funding Loans required, permitted or contemplated by the terms of such Funding Loans.

Limitation on Issuer Activities

Notwithstanding anything contained in the Indenture:

(1) the Issuer will not engage in any business activity or undertake any other activity, except any activity (i) reasonably relating to the offering, sale, issuance and servicing, purchase, redemption, amendment, exchange, refinancing or retirement of the Notes or the incurrence of other Indebtedness permitted by the terms of the Indenture and distributing, lending or otherwise advancing funds to the Company or any of its Restricted Subsidiaries, (ii) undertaken with the purpose of fulfilling any other obligations under the Notes, the Indenture, the Funding Loan Agreement, other Indebtedness permitted by the terms of the Indenture, any Security Document to which it is a party, the Intercreditor Agreement (or any additional intercreditor agreement entered into pursuant to the terms of the Intercreditor Agreement or the Indenture) or the Existing Intercreditor Agreement; (iii) directly related or reasonably incidental to the establishment and/or maintenance of the Issuer's corporate existence or (iv) other activities not specifically enumerated above that are *de minimis* in nature;

(2) the Issuer shall not (a) incur any Indebtedness other than the Notes, Additional Notes, other Public Debt, Hedging Obligations and guarantees of any Indebtedness, in each case, permitted by the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and the guarantee of the Existing Parent Notes *provided* that if the Indebtedness being guaranteed is subordinated in right of payment to the relevant Guarantee of the Notes, then such guarantee will be subordinated to the Notes substantially to the same extent as the relevant Indebtedness guaranteed or (b) issue any Capital Stock other than to the Company, the Issuer or any Restricted Subsidiary of the Company that is a Guarantor; and

(3) except in accordance with the covenant described under the caption "*—Consolidation, Merger, Sale of Assets—The Issuer*", the Issuer (a) will not merge, consolidate, amalgamate or otherwise combine with or into another Person (whether or not the Issuer is the surviving corporation) or, (b) sell, convey, assign, transfer, lease or otherwise dispose of all or substantially all of its properties or assets to any Person or group of Persons, and (c) will remain a wholly-owned Restricted Subsidiary of the Company.

Limitation on Parent Activities

Notwithstanding anything contained in the Indenture:

(1) the Parent will not engage in any business activity or undertake any other activity, except any activity (i) reasonably relating to the offering, sale, issuance and servicing, purchase, redemption, amendment, exchange, refinancing, incurring or retirement of the Notes or other Indebtedness permitted by the terms of the Indenture; (ii) undertaken with the purpose of fulfilling any other obligations under the Existing Parent Notes, the Notes, the Indenture, the Guarantee, the Senior Facilities Agreement, Hedging Obligations, other Indebtedness permitted by the terms of the Indenture, any Security Document to which it is a party or the Intercreditor Agreement (or any additional intercreditor agreement entered into pursuant to the terms of the Intercreditor

Agreement or the Indenture); (iii) involving the provision of administrative services (excluding treasury services) to its Subsidiaries of a type customarily provided by a holding company to its Subsidiaries and the receipt of any amounts related thereto to the extent expressly permitted under the Intercreditor Agreement; (iv) directly related or reasonably incidental to the establishment and/or maintenance of the Parent's corporate existence; or (v) other activities not specifically enumerated above that are *de minimis* in nature;

(2) the Parent shall not own any assets or property other than the Capital Stock of the Company, Topco and Tenderco, intercompany Indebtedness and other assets that are *de minimis* in nature; and

(3) except in accordance with the covenant described under the caption "—*Consolidation, Merger, Sale of Assets—The Company and the Parent*", the Parent will not (a) merge, consolidate, amalgamate or otherwise combine with or into another Person (whether or not the Parent is the surviving corporation) or (b) sell, convey, assign, transfer, lease or otherwise dispose of all or substantially all of its properties or assets to any Person or group of Persons.

Limitation on Topco Activities

Notwithstanding anything contained in the Indenture:

(1) Topco will not engage in any business activity or undertake any other activity, except any activity (i) reasonably relating to the offering, sale, issuance and servicing, purchase, redemption, amendment, exchange, incurring or retirement of the Notes or other Indebtedness permitted by the terms of the Indenture, (ii) undertaken with the purpose of fulfilling any other obligations under the Existing Parent Notes, the Notes, the Indenture, the Guarantee, other Indebtedness permitted by the terms of the Indenture, any Security Document to which it is a party or the Intercreditor Agreement (or any additional intercreditor agreement entered into pursuant to the terms of the Intercreditor Agreement or the Indenture); (iii) involving the provision of administrative services (excluding treasury services) to its Subsidiaries of a type customarily provided by a holding company to its Subsidiaries and the receipt of any amounts related thereto; (iv) directly related or reasonably incidental to the establishment and/or maintenance of Topco's corporate existence; or (v) other activities not specifically enumerated above that are *de minimis* in nature;

(2) Topco shall not own any assets or property other than the Capital Stock of the Company or any Holdco Group Guarantor and other assets that are *de minimis* in nature; and

(3) except in accordance with the covenant described under the caption "—*Consolidation, Merger, Sale of Assets—General*", Topco will not (a) merge, consolidate, amalgamate or otherwise combine with or into another Person (whether or not Topco is the surviving corporation) or, (b) sell, convey, assign, transfer, lease or otherwise dispose of all or substantially all of its properties or assets to any Person or group of Persons.

Limitations on Amendments For so long as any Notes are outstanding, the Issuer will not, except as expressly permitted by the Indenture, (i) change the Stated Maturity of the principal of, or any installment of interest on any Funding Loan; (ii) reduce the rate of interest on any Funding Loan; (iii) change the currency for payment of any amount under any Funding Loan; (iv) prepay or otherwise reduce or permit the prepayment or reduction of any Funding Loan (save to facilitate a corresponding payment of principal on the Notes); (v) assign or novate any Funding Loan or any rights or obligations under the Funding Loan Agreement (other than to secure the Notes and the Note Guarantees or to grant any Permitted Collateral Lien); (vi) amend, modify or alter any Funding Loan or the Funding Loan Agreement in any manner adverse to the holders of the Notes or (v) amend the following provisions relating to subordination, payment blockage and release of the Intercreditor Agreement in any manner that would be adverse to the holders of the Notes: Sections 13.1 and 17.1 and Clause 11. Notwithstanding the foregoing, the Funding Loans may be prepaid or reduced to facilitate or otherwise accommodate or reflect a repayment, redemption or repurchase of outstanding Notes and may be released and discharged as provided in the last paragraph of the covenant described under "—*Consolidation, Merger, Sale of Assets—The Issuer*."

Additional Covenants

The Indenture also contains covenants with respect to the following matters: (a) payment of principal, premium, any Additional Amounts and interest; (b) maintenance of an office or agency in London and (c) arrangements regarding the handling of money held in trust.

Consolidation, Merger, Sale of Assets

The Company and the Parent

Neither the Company nor the Parent will, in a single transaction or through a series of related transactions, consolidate with or merge with or into any other Person (whether or not the Company or the Parent is the surviving corporation) or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets to any Person or group of Persons, or permit any of its Restricted Subsidiaries to enter into any such transaction or series of transactions, if such transaction or series of transactions, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries or the Parent and its Restricted Subsidiaries, as the case may be, on a Consolidated basis to any other Person or group of Persons, unless at the time of the transaction and after giving effect thereto:

(a) either:

(1) the Company or the Parent, as the case may be, will be the continuing corporation; or

(2) the Person (if other than the Parent or the Company, as the case may be) formed by such consolidation or into which the Parent or the Company is merged or the Person which acquires by sale, assignment, conveyance, transfer, lease or disposition all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries or of the Parent and its Restricted Subsidiaries, as the case may be, on a Consolidated basis (the "**Surviving Entity**") will be a corporation duly organized and validly existing under the laws of any EU state which is a member of the EU on the date of the Indenture, Switzerland or the United States of America, any state thereof or the District of Columbia and such Person expressly assumes all the obligations of the Company or the Parent, as the case may be, under the Notes, the Indenture, the Intercreditor Agreement, the Funding Loan Agreement and the Security Documents to which the Parent or the Company, as the case may be, is a party pursuant to agreements reasonably satisfactory to the Trustee (and the Guarantees will be confirmed as applying to such Surviving Entity's obligations);

(b) immediately after giving effect to such transaction on a *pro forma* basis (and treating any Indebtedness not previously an obligation of the Company or any of its Restricted Subsidiaries which becomes the obligation of the Company or any of its Restricted Subsidiaries as a result of such transaction as having been incurred at the time of such transaction), no Default or Event of Default will have occurred and be continuing;

(c) immediately after giving effect to such transaction on a *pro forma* basis (on the assumption that the transaction occurred on the first day of the four-quarter period for which financial statements are available ending immediately prior to the consummation of such transaction with the appropriate adjustments with respect to the transaction, including treating any obligation incurred by the Company or any Restricted Subsidiary in connection with or as a result of such transaction or series of transactions as having been incurred by the Company or such Restricted Subsidiary at the time of such transaction, being included in such *pro forma* calculation), the Company (or the Surviving Entity if the Company is not the continuing obligor under the Indenture) could incur €1.00 of additional Indebtedness (other than Permitted Indebtedness) under the provisions of "—*Certain Covenants—Limitation on Indebtedness*;"

(d) at the time of the transaction, the Issuer and each Guarantor, if any, unless it is the other party to the transactions described above, will have by supplemental indenture confirmed the Notes or that its Guarantee shall apply to such Person's obligations under the Indenture and the Notes; and

(e) at the time of the transaction, the Company or the Surviving Entity will have delivered, or caused to be delivered, to the Notes Trustee, in form and substance reasonably satisfactory to the Notes Trustee, an Officer's Certificate and an opinion of independent legal counsel, each to the effect that such consolidation, merger, transfer, sale, assignment, conveyance, lease or other transaction and the supplemental indenture in respect thereof comply with the Indenture and that all conditions precedent therein provided for relating to such transaction have been complied with; *provided* that in giving an opinion of counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

In the event of any transaction (other than a lease) described in and complying with the conditions listed in the immediately preceding paragraph in which the Company is not the continuing corporation, the successor Person formed or remaining or to which such transfer is made shall succeed to, and be substituted for, and may exercise every right and power of the Company or the Parent, as the case may be, and the Company or the Parent, as applicable, will be discharged from all obligations and covenants under the Indenture, the Notes and, with respect to the Company, the Funding Loan Agreement.

The Issuer

The Issuer will not, in a single transaction or through a series of related transactions, consolidate with or merge with or into any other Person or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets to any Person or group of Persons if such transaction or series of transactions, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets of the Issuer to any other Person or group of Persons, unless at the time of the transaction and after giving effect thereto:

(a) either:

(1) the Issuer or the Company will be the continuing corporation; or

(2) the Person (if other than the Issuer or the Company) formed by such consolidation or into which the Issuer is merged or the Person which acquires by sale, assignment, conveyance, transfer, lease or disposition all or substantially all of the properties and assets of the Company (for the purposes of this covenant, or as otherwise applicable, the "**Surviving Entity**") will be a corporation duly organized and validly existing under the laws of any EU state which is a member of the EU on the date of the Indenture, Switzerland or the United States of America, any state thereof or the District of Columbia and such Person expressly assumes all the obligations of the Issuer under the Notes, the Indenture, the Intercreditor Agreement and the Security Documents to which the Issuer is a party pursuant to agreements reasonably satisfactory to the Trustee (and the Guarantees will be confirmed as applying to such Surviving Entity's obligations);

(b) immediately after giving effect to such transaction on a *pro forma* basis (and treating any Indebtedness not previously an obligation of the Company or any of its Restricted Subsidiaries which becomes the obligation of the Company or any of its Restricted Subsidiaries as a result of such transaction as having been incurred at the time of such transaction), no Default or Event of Default will have occurred and be continuing;

(c) immediately after giving effect to such transaction on a *pro forma* basis (on the assumption that the transaction occurred on the first day of the four-quarter period for which financial statements are available ending immediately prior to the consummation of such transaction with the appropriate adjustments with respect to the transaction, including treating any obligation incurred by the Company or any Restricted Subsidiary in connection with or as a result of such transaction or series of transactions as having been incurred by the Issuer or such Restricted Subsidiary at the time of such transaction, being included in such *pro forma* calculation), the Company could incur €1.00 of additional Indebtedness (other than Permitted Indebtedness) under the provisions of "—*Certain Covenants—Limitation on Indebtedness*;"

(d) at the time of the transaction, the Issuer and each Guarantor, if any, unless it is the other party to the transactions described above, will have by supplemental indenture confirmed the Notes or that its Guarantee shall apply to such Person's obligations under the Indenture and the Notes; and

(e) at the time of the transaction, the Issuer, the Company or the Surviving Entity will have delivered, or caused to be delivered, to the Notes Trustee, in form and substance reasonably satisfactory to the Notes Trustee, an Officer's Certificate and an opinion of independent counsel, each to the effect that such consolidation, merger, transfer, sale, assignment, conveyance, lease or other transaction and the supplemental indenture in respect thereof comply with the Indenture and that all conditions precedent therein provided for relating to such transaction have been complied with; *provided* that in giving an opinion of counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

In the event of any transaction (other than a lease) described in and complying with the conditions listed in the immediately preceding paragraph in which the Issuer is not the continuing corporation, the successor Person formed or remaining or to which such transfer is made shall succeed to, and be substituted for, and may exercise every right and power of the Issuer and the Issuer would be discharged from all obligations and covenants under the Indenture and the Notes.

Notwithstanding clauses (a) and (c) of the second paragraph above, the Issuer is permitted to consolidate with or merge with or into the Company, or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets to the Company. Upon the completion of such transaction, the Funding Loans shall be released and discharged, the Notes shall be the obligations of the Company, and the provisions of the Indenture summarized under the caption "—*Certain Covenants—Limitation on Issuer Activities*" and any related default provisions will cease to be effective and will not be applicable to the Parent, the Company or any other Restricted Subsidiaries.

Guarantors other than the Company and the Parent

A Guarantor (other than the Company or the Parent or a Guarantor whose Guarantee is to be released in accordance with the terms of the Guarantee and the Indenture as described under "—*Release of Guarantees*") will not, in a single transaction or through a series of related transactions, consolidate with or merge with or into any other Person or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets to any Person or group of Persons, or permit any of its Restricted Subsidiaries to enter into any such transaction or series of transactions, if such transaction or series of transactions, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets of the Guarantor and its Restricted Subsidiaries on a Consolidated basis to any other Person or group of Persons, unless at the time of the transaction and after giving effect thereto:

(a) either:

(1) such Guarantor will be the continuing corporation; or

(2) the Person (if other than the Guarantor) formed by such consolidation or into which the Guarantor is merged or the Person which acquires by sale, assignment, conveyance, transfer, lease or disposition all or substantially all of the properties and assets of the Guarantor (for the purposes of this covenant, or as otherwise applicable, the "**Surviving Entity**") will be a corporation duly organized and validly existing under the laws of any EU state which is a member of the EU on the date of the Indenture, Switzerland or the

United States of America, any state thereof or the District of Columbia and such Person expressly assumes all the obligations of the Guarantor under its Guarantee, the Indenture, the Intercreditor Agreement and the Security Documents to which such Guarantor is a party pursuant to agreements reasonably satisfactory to the Trustee (and the Guarantees will be confirmed as applying to such Surviving Entity's obligations);

(b) immediately after giving effect to such transaction on a *pro forma* basis (and treating any Indebtedness not previously an obligation of the Guarantor or any of its Restricted Subsidiaries which becomes the obligation of the Guarantor or any of its Restricted Subsidiaries as a result of such transaction as having been incurred at the time of such transaction), no Default or Event of Default will have occurred and be continuing;

(c) at the time of the transaction, the Guarantor, unless it is the other party to the transactions described above, will have by supplemental indenture confirmed that its Guarantee shall apply to such Person's obligations under its Guarantee and the Indenture; and

(d) at the time of the transaction, the Guarantor or the Surviving Entity will have delivered, or caused to be delivered, to the Notes Trustee, in form and substance reasonably satisfactory to the Notes Trustee, an Officer's Certificate and an opinion of independent counsel, each to the effect that such consolidation, merger, transfer, sale, assignment, conveyance, lease or other transaction and the supplemental indenture in respect thereof comply with the Indenture and that all conditions precedent therein provided for relating to such transaction have been complied with; *provided* that in giving an opinion of counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

In the event of any transaction (other than a lease) described in and complying with the conditions listed in the immediately preceding paragraph in which the Guarantor is not the continuing corporation, the successor Person formed or remaining or to which such transfer is made shall succeed to, and be substituted for, and may exercise every right and power of the Guarantor and the Guarantor will be discharged from all obligations and covenants under the Indenture and its Guarantee.

General

Notwithstanding clauses (b) and (c) under "*—The Company and the Parent*", clauses (b) and (c) under "*—The Issuer*" and clause (b) under "*—Guarantors other than the Company and the Parent*" above (which do not apply to transactions referred to in this sentence and subject to the covenant under "*—Certain Covenants—Limitation on Issuer Activities*"), (i) any Restricted Subsidiary of the Company may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Issuer, the Company or any other Subsidiary Guarantor, (ii) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Restricted Subsidiary and (iii) the Parent, the Company or the Issuer may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Parent, the Company or the Issuer, reincorporating the Parent, the Company or the Issuer in another jurisdiction, or changing the legal form of the Parent, the Company or the Issuer.

Any Holdco Group Guarantor, the Company, the Parent and any other Restricted Subsidiary of the Company may implement the Holdco Group Transactions.

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, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Events of Default

An Event of Default will occur under the Indenture if:

(a) there shall be a default in the payment of any interest or Additional Amounts on any Note when it becomes due and payable, and such default shall continue for a period of 30 days;

(b) there shall be a default in the payment when due (at maturity, upon redemption or otherwise) of the principal of (or premium, if any, on) any Note;

(c) (1) there shall be a default in the performance, or breach, of any covenant or agreement of the Issuer or any Guarantor under the Indenture or any Guarantee (other than a default in the performance, or breach, of a covenant or agreement which is specifically dealt with in clause (a), (b) or in clause (2), (3) or (4) of this clause (c)) and such default or breach shall continue for a period of 60 days after written notice has been given, by certified mail, (x) to the Issuer by the Notes Trustee or (y) to the Issuer and the Notes Trustee by the holders of at least 25% in aggregate principal amount of the outstanding Notes voting as a single class,

(2) there shall be a default in the performance or breach of the provisions described in "—*Consolidation, Merger, Sale of Assets*,"

(3) the Issuer or the Company shall have failed to make or consummate an Offer in accordance with the provisions of "—*Certain Covenants—Limitation on Sale of Assets*," or

(4) the Issuer or the Company shall have failed to make or consummate a Change of Control Offer in accordance with the provisions of "—*Certain Covenants—Purchase of Notes Upon a Change of Control*;"

(d) any default in the payment of the principal, premium, if any, or interest on any Indebtedness shall have occurred under any of the agreements, indentures or instruments under which the Issuer, any Guarantor or any Significant Restricted Subsidiary then has outstanding Indebtedness in excess of €40.0 million when the same shall become due and payable in full and such default shall have continued after any applicable grace period and shall not have been cured or waived and, if not already matured at its final maturity in accordance with its terms, the holder of such Indebtedness shall have accelerated such Indebtedness;

(e) any Guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be, or shall for any reason be asserted in writing by any Guarantor or the Issuer not to be, in full force and effect and enforceable in accordance with its terms, except to the extent contemplated by the Indenture and any such Guarantee;

(f) (i) one or more of the Security Documents shall, at any time, cease to be in full force and effect, or a Security Document shall be declared invalid or unenforceable by a court of competent jurisdiction, other than, in each case, pursuant to limitations on enforceability, validity or effectiveness imposed by applicable law or the terms of such Security Document or except in accordance with the terms of such Security Document, the Intercreditor Agreement, any additional intercreditor agreement or the Indenture, including the release provisions thereof and such failure to be in full force and effect shall have continued uncured for a period of 15 days after the Issuer becomes aware of such failure or (ii) repudiation or disaffirmation by the Issuer or any Guarantor of any of their respective obligations under the Security Documents;

(g) one or more judgments, orders or decrees of any court or regulatory or administrative agency for the payment of money in excess of €40.0 million, either individually or in the aggregate, shall be rendered against the Issuer, any Guarantor or any Significant Restricted Subsidiary or any of their respective properties and shall not be discharged and there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal or otherwise, shall not be in effect;

(h) except in accordance with the Indenture, the Funding Loan Agreement ceases to be in full force and effect or is declared fully or partially void in a judicial proceeding or the Company asserts that any Funding Loan is fully or partially invalid; or

(i) certain events of bankruptcy or insolvency described in the Indenture with respect to the Issuer, any Guarantor or any Significant Restricted Subsidiary shall have occurred.

If an Event of Default (other than as specified in clause (i) of the prior paragraph) shall occur and be continuing with respect to the Indenture, the Notes Trustee or the holders of not less than 25% in aggregate principal amount of the Notes then outstanding may, and the Notes Trustee, at the request of such holders, shall declare all unpaid principal of, premium, if any, any Additional Amounts and accrued interest on all Notes to be due and payable immediately, by a notice in writing to the Company (and to the Notes Trustee if given by the holders of the Notes) and upon any such declaration, such principal, premium, if any, any Additional Amounts and interest shall become due and payable immediately.

If an Event of Default specified in clause (i) of the prior paragraph occurs and is continuing, then all the Notes shall *ipso facto* become and be due and payable immediately in an amount equal to the principal amount of the Notes, together with any Additional Amounts and accrued and unpaid interest, if any, to the date the Notes become due and payable, without any declaration or other act on the part of the Notes Trustee or any holder. Thereupon, the Notes Trustee may, at its discretion, proceed to protect and enforce the rights of the holders of the Notes by appropriate judicial proceedings. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (d) of the prior paragraph has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (d) shall be remedied or cured, or waived by the holders of the Indebtedness that gave rise to such Event of Default, or such Indebtedness shall be discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except non-payment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

After a declaration of acceleration, but before a judgment or decree for payment of the money due has been obtained by the Notes Trustee, the holders of a majority in aggregate principal amount of Notes outstanding by written notice to the Issuer and the Notes Trustee may rescind an acceleration and annul such declaration and its consequences under the Indenture if:

(a) the Issuer has paid or deposited with the Notes Trustee a sum sufficient to pay:

(1) all sums paid or advanced by the Notes Trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the Notes Trustee, its agents and counsel,

(2) all overdue interest and Additional Amounts on all Notes then outstanding,

(3) the principal of and premium, if any, on any Notes then outstanding which have become due otherwise than by such declaration of acceleration and interest thereon at the rate borne by the Notes, and

(4) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate borne by the Notes;

(b) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction; and

(c) all Events of Default, other than the non-payment of principal of, premium, if any, and any Additional Amounts and interest on the Notes, which have become due solely by such declaration of acceleration, have been cured or waived as provided in the Indenture. No such rescission shall affect any subsequent default or impair any right consequent thereon.

The holders of not less than a majority in aggregate principal amount of the Notes outstanding may on behalf of the holders of all outstanding Notes waive any past default under the Indenture and its consequences, except a default:

(a) in the payment of the principal of, premium, if any, any Additional Amounts or interest on any Note (which may only be waived with the consent of each holder of Notes affected) or

(b) in respect of a covenant or provision which under the Indenture cannot be modified or amended without the consent of the holders of not less than 90% of the then outstanding amount of the Notes, in which case the consent of the holders of at least 90% of the then outstanding Notes shall be required.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Notes Trustee in its exercise of any trust of power. The Notes Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any.

No holder of any of the Notes has any right to institute any proceedings with respect to the Indenture or any remedy thereunder, unless the holders of at least 25% in aggregate principal amount of the outstanding Notes have made written request, and offered reasonably satisfactory indemnity, to the Notes Trustee to institute such proceeding as the Notes Trustee under the Notes and the Indenture, the Notes Trustee has failed to institute such proceeding within 60 days after receipt of such notice and the Notes Trustee, during such 60-day period, has not received directions inconsistent with such written request from the holders of a majority in aggregate principal amount of the outstanding Notes. Such limitations do not, however, apply to a suit instituted by a holder of a Note for the enforcement of the payment of the principal of, premium, if any, and any Additional Amounts or interest on such Note on or after the respective due dates expressed in such Note.

The Company is required to notify the Notes Trustee within 15 Business Days of the occurrence of any Default that has not otherwise been cured in such 15 Business Day period. If a Default or an Event of Default occurs and is continuing and is known to the Notes Trustee, the Notes Trustee will mail to each holder of the Notes notice of the Default or Event of Default within five Business Days after being notified of its occurrence. Except in the case of a Default or an Event of Default in payment of principal of, premium, if any, Additional Amounts or interest on any Notes, the Notes Trustee may withhold the notice to the holders of such Notes if a committee of its Trust

Officers in good faith determines that withholding the notice is in the interests of the holders of the Notes. The Issuer is required to deliver to the Notes Trustee, on or before a date not more than 120 days after the end of each fiscal year, a written statement as to compliance with the Indenture, including whether or not any Default has occurred. The Notes Trustee is under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the holders of the Notes unless such holders offer to the Notes Trustee security or indemnity satisfactory to the Notes Trustee against the costs, expenses and liabilities which might be incurred thereby.

Defeasance or Covenant Defeasance of Indenture

The Issuer may, at its option and at any time, elect to have all of its obligations terminated with respect to the outstanding Notes and all obligations of the Guarantors discharged with respect to the Guarantees ("**Legal Defeasance**") and cure all then existing Events of Default, except for, among other things, certain obligations, including those respecting the defeasance trust, obligations to transfer or exchange Notes, to replace mutilated, destroyed, lost or stolen Notes and to maintain a paying agent, and obligations with respect to the rights, powers, trusts, duties and immunities of the Notes Trustee.

In addition, the Issuer may, at its option and at any time, elect to have its obligations and the obligations of the Guarantors released with respect to certain covenants that are described in the Indenture and the Guarantees ("**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, and, solely with respect to the Issuer, bankruptcy 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,

(a) the Issuer must irrevocably deposit in trust with the Notes Trustee, for the benefit of the holders of the Notes, cash in euros, European government obligations, or a combination thereof (in the case of the Euro Notes) or in dollars or U.S. government obligations, or a combination thereof (in the case of the Dollar Notes), in such aggregate amounts as will be sufficient to pay the principal of, interest and premium, if any, on the Notes to maturity

(b) in the case of Legal Defeasance, the Issuer must deliver to the Notes Trustee:

  (1) an opinion of United States counsel reasonably acceptable to the Notes Trustee confirming that (A) the Issuer has received from, or there has been published by, the US Internal Revenue Service a ruling or (B) since the Issue Date, there has been a change in the applicable US federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for US federal income tax purposes as a result of such Legal Defeasance and will be subject to 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; and

  (2) an opinion of counsel in the jurisdiction of incorporation of the Issuer and reasonably acceptable to the Notes Trustee to the effect that the holders of the Notes will not recognize income, gain or loss for tax purposes of such jurisdiction as a result of such deposit and defeasance and will be subject to tax in such jurisdiction on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred; and

(c) in the case of Covenant Defeasance, the Issuer must deliver to the Notes Trustee, among other things:

(1) an opinion of United States counsel reasonably acceptable to the Notes Trustee confirming that the holders of the outstanding Notes will not recognize income, gain or loss for US federal income tax purposes as a result of such Covenant Defeasance and will be subject to US 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

(2) an opinion of counsel in the jurisdiction of incorporation of the Issuer and reasonably acceptable to the Notes Trustee to the effect that the holders of the Notes will not recognize income, gain or loss for tax purposes of such jurisdiction as a result of such deposit and defeasance and will be subject to tax in such jurisdiction on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes as expressly provided for in the Indenture) as to all outstanding Notes issued under the Indenture when:

(a) either:

(1) all such Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid or Notes whose payment has been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust as provided for in the Indenture) have been delivered to the Notes Trustee for cancellation, or

(2) all Notes not theretofore delivered to the Notes Trustee for cancellation (A) have become due and payable, (B) will become due and payable at their Stated Maturity within one year, or (C) are to be called for redemption within one year under arrangements satisfactory to the Notes Trustee for the giving of notice of redemption by the Notes Trustee in the name, and at the expense, of the Issuer; and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Notes Trustee as trust funds in trust an amount in Euro or European government obligations or a combination thereof (in the case of the Euro Notes) or in dollars or U.S. government obligations, or a combination thereof (in the case of the Dollar Notes) sufficient to pay and discharge the entire indebtedness on the Notes not theretofore delivered to the Notes Trustee for cancellation, including the principal of, premium, if any, any Additional Amounts and accrued interest on, such Notes at such Maturity, Stated Maturity or redemption date;

(b) the Issuer or any Guarantor has paid or caused to be paid all other sums payable under the Indenture by the Issuer and any Guarantor; and

(c) the Issuer has delivered to the Notes Trustee an Officer's Certificate and an opinion of independent counsel, each stating that

(1) all conditions precedent under the Indenture relating to the satisfaction and discharge of such Indenture have been complied with, and

(2) such satisfaction and discharge will not result in a breach or violation of, or constitute a default under, the Indenture or any other material agreement or instrument to which the Issuer, any Guarantor or any Subsidiary is a party or by which the Issuer, any Guarantor or any Subsidiary is bound;

provided that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (a), (b) and (c)).

Modifications and Amendments

Modifications and amendments of the Indenture, any Guarantee, the Intercreditor Agreement, any additional intercreditor agreement and/or the Security Documents may be made by the Issuer, each Guarantor and the Notes Trustee with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding; *provided*, *however*, that no such modification or amendment may, without the consent of the holders of not less than 90% of the then outstanding aggregate principal amount of the Notes:

(a) change the Stated Maturity of the principal of, or any installment of any Additional Amounts or interest on, or change to an earlier date the time at which any Note may be redeemed, or waive a default in the payment of the principal of, premium, if any, any Additional Amounts or interest on, any such Note or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or change the coin or currency in which the principal of any such Note or any premium or any Additional Amounts or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment after the Stated Maturity thereof (or, in the case of redemption, on or after the redemption date);

(b) reduce the percentage in principal amount of such outstanding Notes, the consent of whose holders is required for any such supplemental indenture, or the consent of whose holders is required for any waiver or compliance with certain provisions of the Indenture;

(c) modify any of the provisions relating to the supplemental indentures requiring the consent of holders or relating to the waiver of past defaults or relating to the waiver of certain covenants, except to increase the percentage of such outstanding Notes required for such actions or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each such Note affected thereby;

(d) except as otherwise permitted under "*—Certain Covenants—Consolidation, Merger, Sale of Assets*," consent to the assignment or transfer by the Issuer or any Guarantor of any of its rights and obligations under the Indenture;

(e) make any change in the ranking or priority of any Note or Guarantee that would adversely affect the holders of the Notes;

(f) make any change to any provision of the Indenture or the Intercreditor Agreement affecting the ranking of the Notes or the Guarantees, in each case in a manner that adversely affects the rights of the holders of the Notes;

(g) make any change in the provisions of the Indenture described under "*—Payment of Additional Amounts*" that adversely affects the holder's entitlement to (x) any exemption, in whole or in part, from withholding Taxes or (y) Additional Amounts, in each case as described thereunder, unless the Issuer agrees to pay Additional Amounts (if any) in respect thereof; or

(h) except as permitted by the Indenture or the Intercreditor Agreement, release the Guarantee of the Parent, the Company or any Parent Holdco.

In addition, without the consent of the holders of not less than 75% of the then outstanding aggregate principal amount of the Notes, no amendment or waiver may (a) release a Lien on the Collateral described under "*—Security*" or (b) release any Guarantee other than pursuant to the terms of the Intercreditor Agreement, any additional intercreditor agreement or the Security Documents, as applicable, or as otherwise permitted by the Indenture.

Notwithstanding the preceding two paragraphs, the Indenture will provide that certain Guarantees or Liens on Collateral may be released in connection with certain sales or other dispositions of property or assets (including Capital Stock) that complies with the requirement of the covenants described under the caption "*—Certain Covenants—Restricted Payments*" or "*—Certain Covenants—Limitation on Sale of Assets*" of the Indenture as such provision or covenant may be amended from time to time with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding and in such case the consent of at least a majority in aggregate principal amount of the Notes then outstanding will suffice for such release.

Notwithstanding the foregoing, without the consent of any holders of the Notes, the Issuer and the Notes Trustee (without the need for any consent of or authorization or execution by any other party to the Indenture) may modify or amend the Indenture, any Guarantee, the Intercreditor Agreement, any additional intercreditor agreement or any Security Document:

(a) to evidence the succession of another Person to the Issuer or any Guarantor or any other obligor under the Notes and the assumption by any such successor of the covenants of the Issuer or such Guarantor in the Indenture and in the Notes and in any Guarantee in accordance with "*—Certain Covenants—Consolidation, Merger, Sale of Assets*;"

(b) to add to the covenants of the Issuer, any Guarantor or any other obligor upon the Notes for the benefit of the holders of the Notes or to surrender any right or power conferred upon the Issuer or any Guarantor or any other obligor upon the Notes, as applicable, in the Indenture, in the Notes or in any Guarantee;

(c) to cure any ambiguity, or to correct or supplement any provision in the Indenture or in any supplemental indenture, the Notes, any Guarantee, the Intercreditor Agreement, any additional intercreditor agreement or any Security Document which may be defective or inconsistent with any other provision in the Indenture or in any supplemental indenture, the Notes, any Guarantee, the Intercreditor Agreement, any additional intercreditor agreement or any Security Document or to make any other provisions with respect to matters or questions arising under the Indenture, the Notes, any Guarantee, the Intercreditor Agreement, any additional intercreditor agreement or any Security Document that shall not adversely affect the rights of the holders of the Notes in any material respect or that shall improve or increase the rights of the holders of the Notes;

(d) to add a Guarantor under the Indenture;

(e) to evidence and provide the acceptance of the appointment of a successor Notes Trustee under the Indenture;

(f) to mortgage, pledge, hypothecate or grant a security interest in favor of the Notes Trustee for the benefit of the holders of the Notes as additional security for the payment and performance of the Issuer's or any Guarantor's obligations under the Indenture, in any property, or assets, including any of which are required to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Notes Trustee pursuant to the Indenture or otherwise (any such additional security shall be deemed to be Collateral for all purposes under the Indenture);

(g) to provide for the issuance of Additional Notes in accordance with the Indenture;

(h) to conform the text of the Indenture or the Notes to any passage in the "*Description of the Notes*" to the extent that such passage was intended to be a verbatim recitation of a provision of the Indenture or the Notes;

(i) to make, complete or confirm any grant of Collateral permitted or required by the Indenture or any release of Collateral permitted under the terms of the Indenture, the Intercreditor Agreement or the Security Documents; or

(j) to provide for uncertificated Notes in addition to or in place of certificated Notes (*provided* that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 163(f)(2)(B) of the Code).

Notwithstanding anything to the contrary in the paragraph above, in order to effect an amendment authorized by clause (d) above to add a Guarantor under the Indenture, it shall only be necessary for the supplemental indenture providing for the accession of such additional Guarantor to be duly authorized and executed by (i) the Issuer, (ii) such additional Guarantor and (iii) the Notes Trustee.

The holders of a majority in aggregate principal amount of the Notes outstanding may waive compliance with certain restrictive covenants and provisions of the Indenture.

Governing Law

The Indenture, the Notes and the Guarantees will be governed by, and construed in accordance with, the laws of the State of New York. The Intercreditor Agreement will be governed by English law.

Consent to Jurisdiction and Service

The Indenture will provide that the Issuer and each Guarantor will appoint CT Corporation System as its agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Guarantees and for actions brought under U.S. federal or New York state securities laws brought in any U.S. federal or New York state court located in the City of New York and will submit to such jurisdiction.

Enforceability of Judgments

Since many of the assets of the Issuer and the Guarantors are outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator, member or shareholder of the Issuer, any Guarantor, any of their respective parent companies or any of their respective Subsidiaries or Affiliates as such, shall have any liability for any obligations of the Issuer under the Indenture (including the Guarantees), the Notes or the Security Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the Commission that such a waiver is against public policy.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal, or premium, if any, on the Notes will be prescribed 10 years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Concerning the Notes Trustee

The Indenture will contain certain limitations on the rights of the Notes Trustee, should it become a creditor of the Issuer or any Guarantor, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Notes Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days or resign as Notes Trustee.

The holders of a majority in principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Notes Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default occurs (which has not been cured), the Notes Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions the Notes Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes unless such holder shall have offered to the Notes Trustee security and indemnity satisfactory to it against any loss, liability or expense.

Certain Definitions

"**Acquired Indebtedness**" means Indebtedness of a Person:

(a) existing at the time such Person becomes a Restricted Subsidiary;

(b) assumed in connection with the acquisition of assets from such Person; or

(c) at the time it merges or consolidates with the Company or any Restricted Subsidiary,

in each case, other than Indebtedness incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary or such acquisition, as the case may be.

Acquired Indebtedness shall be deemed to be incurred on the date of the related acquisition of assets from any Person, the date the acquired Person becomes a Restricted Subsidiary or at the time of such merger or consolidation, as the case may be.

"**Affiliate**" means, with respect to any specified Person, any other 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" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"**Applicable Redemption Premium**" means, with respect to any Note on any redemption date, the greater of (a) one percent of the principal amount of the Note and (b) with respect to any Dollar Note, the excess of:

(x) the present value at such redemption date of the redemption price of such Dollar Note at May 15, 2013, plus all required interest payments that would otherwise be due to be paid on such Dollar Note during the period between the redemption date and May 15, 2013 excluding accrued but unpaid interest, computed using a discount rate equal to the Treasury Rate at such redemption date plus 50 basis points, over

(y) the principal amount of such Dollar Note,

and with respect to any Euro Note, the excess of:

(x) the present value at such redemption date of the redemption price of such Euro Note at May 15, 2013, plus all required interest payments that would otherwise be due to be paid on such Euro Note during the period between the redemption date and May 15, 2013 excluding accrued but unpaid interest, computed using a discount rate equal to the Bund Rate at such redemption date plus 50 basis points, over

(y) the principal amount of such Euro Note.

"**Asset Sale**" means any sale, issuance, conveyance, transfer, lease or other disposition (including, without limitation, by way of merger, consolidation or sale and leaseback transaction) (collectively, a "**transfer**"), directly or indirectly, in one or a series of related transactions, of:

(a) any Capital Stock of any Restricted Subsidiary (other than directors' qualifying shares);

(b) all or substantially all of the properties and assets of any division or line of business of the Company or any Restricted Subsidiary; or

(c) any other properties or assets of the Company or any Restricted Subsidiary other than in the ordinary course of business.

For the purposes of this definition, the term "**Asset Sale**" shall not include any transfer of properties and assets:

(i) that is governed by the provisions described under "*—Certain Covenants—Consolidation, Merger, Sale of Assets*;"

(ii) that is by the Company to any Restricted Subsidiary, or by any Restricted Subsidiary to the Company or any Restricted Subsidiary in accordance with the terms of the Indenture;

(iii) that is a disposition of cash, Cash Equivalents or Temporary Cash Investments;

(iv) that is a disposition of inventory, trading stock or other assets in the ordinary course of business, including for the avoidance of doubt, in connection with performing any obligations under an Underlying Agreement (as defined in the Credit Support Deed);

(v) that is of obsolete equipment or other assets that are no longer useful in the conduct of the business of the Company or any Restricted Subsidiary;

(vi) for purposes of the "*Limitation on Sale of Assets*" covenant, the Fair Market Value of which in the aggregate does not exceed €10 million in any transaction or series of related transactions;

(vii) that is a Restricted Payment permitted by the covenant under the caption "*—Certain Covenants—Limitation on Restricted Payments*" or a Permitted Payment or Permitted Investment;

(viii) that is a disposition in connection with any Permitted Liens;

(ix) that is a disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(x) that is a foreclosure, condemnation or any similar action with respect to any property or other assets or a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(xi) that is a sale or disposition of receivables in connection with any Permitted Receivables Financing or in the ordinary course of business or the conversion or exchange of accounts receivable for notes receivable; or

(xii) that is by the Company or a Restricted Subsidiary by way of lease or license in respect of land to a trading counterparty to whom the Company or Restricted Subsidiary, as applicable, provides services on that land in the ordinary course of its trading.

"**Attributable Debt**" means with respect to any sale and leaseback transaction at the time of determination, the present value (discounted at the interest rate implicit in the lease determined in accordance with IFRS, or, if not known, at the Issuer's incremental borrowing rate) of the total obligations of the lessee of the property subject to such lease for rental payments during the remaining term of the lease included in such sale and leaseback transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended, or until the earliest date on which the lessee may terminate such lease without penalty or upon payment of penalty (in which case the rental payments shall include such penalty), after excluding from such rental payments all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water, utilities and similar charges.

"**Average Life**" means, as of the date of determination with respect to any Indebtedness, the quotient obtained by dividing

(a) the sum of the products of

(x) the number of years from the date of determination to the date or dates of each successive scheduled principal payment of such Indebtedness multiplied by

(y) the amount of each such principal payment by

(b) the sum of all such principal payments.

"**Bankruptcy Law**" means (a) Title 11, United States Bankruptcy Code of 1978, as amended, (b) the U.K. Insolvency Law 1985 and (c) any other law of the United States, the U.K. (or, in each case, any political subdivision thereof), or the laws of any other jurisdiction or any political subdivision thereof relating to bankruptcy, insolvency, receivership, winding-up, liquidation, reorganization or relief of debtors or any amendment to, succession to or change in any such law.

"**BP Creditor Liabilities**" has the meaning given to it in the Intercreditor Agreement.

"**BP Creditors**" has the meaning given to it in the Intercreditor Agreement.

"**BP Shared Collateral**" means the BP Receivables as defined in the Intercreditor Agreement.

"**Bund Rate**" means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (*Bunds* or *Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that have become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Company in good faith)) most nearly equal to the period from the redemption date to May 15, 2013; *provided*, *however*, that if the period from the redemption date to May 15, 2013 is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to May 15, 2013 is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.

"**Business Day**" means each day that is not a Saturday, Sunday or other day on which banking institutions in Luxembourg, London, United Kingdom, or New York, United States are authorized or required by law to close.

"**Capital Lease Obligation**" of any Person means any obligation of such Person and its Restricted Subsidiaries on a Consolidated basis under any capital lease of (or other agreement conveying the right to use) real or personal property which, in accordance with IFRS, is required to be recorded as a capitalized lease obligation.

"**Capital Stock**" of any Person means any and all shares, interests, participations, rights in or other equivalents (however designated) of such Person's capital stock, other equity interests whether now outstanding or issued after the date of the Indenture, partnership interests (whether general or limited), any other interest or participation that confers on a Person that right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person and any rights (other than debt securities convertible into Capital Stock), warrants or options exchangeable for or convertible into such Capital Stock.

"**Cash Equivalents**" means marketable debt securities with a maturity of three months or less and with a short term debt rating of at least A1+ granted by S&P or P1 granted by Moody's to which the Company or a Restricted Subsidiary is beneficially entitled, and which can be promptly realized by the Company or such Restricted Subsidiary without condition.

"**Change of Control**" means the occurrence of any of the following events:

(a) prior to the consummation of an initial Public Equity Offering, any event the result of which is that the Permitted Holders are or become the "beneficial owners" (as defined in Rules 13d-3 and 13d-5 under the U.S. Exchange Act, except that a Person shall be deemed to have beneficial ownership of all shares 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 less than 50% (or, with respect to James A. Ratcliffe and the Specified Investors, less than 35%) of the total outstanding Voting Stock of the Company;

(b) on and after the consummation of an initial Public Equity Offering, any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the U.S. Exchange Act), other than Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the U.S. Exchange Act, except that a Person shall be deemed to have beneficial ownership of all shares 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 more than 35% of the total outstanding Voting Stock of the Company and Permitted Holders do not beneficially own a larger percentage of such Voting Stock than such Person (and James A. Ratcliffe and the Specified Investors are not the "beneficial owners" of 25% or more of the Company);

(c) the Company consolidates with or merges with or into any Person or sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets to any Person, or any Person consolidates with or merges into or with the Company, in any such event pursuant to a transaction in which the outstanding Voting Stock of the Company is converted into or exchanged for cash, securities or other property, other than any such transaction where (1) the outstanding Voting Stock of the Company is changed into or exchanged for Voting Stock of the surviving corporation which is not Redeemable Capital Stock and (2) immediately after such transaction, no "person" or "group," other than Permitted Holders, is the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the U.S. 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 more than 35% of the total outstanding Voting Stock of the surviving corporation;

(d) the Issuer, the Parent or the Company is liquidated or dissolved or adopts a plan of liquidation or dissolution other than in a transaction which complies with the provisions described under "—*Certain Covenants—Consolidation, Merger, Sale of Assets*"; or

(e) the first day on which the Company fails to own, directly or indirectly through Subsidiaries, 100% of the Capital Stock of the Issuer other than in a transaction which complies with the provisions described under "—*Certain Covenants—Consolidation, Merger, Sale of Assets*".

For purposes of this definition, any transfer of an equity interest of an entity that was formed for the purpose of acquiring Voting Stock of the Company will be deemed to be a transfer of such portion of such Voting Stock as corresponds to the portion of the equity of such entity that has been so transferred.

"**Code**" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time, including the regulations proposed or promulgated thereunder.

"**Commission**" means the U.S. Securities and Exchange Commission, as from time to time constituted, created under the U.S. Exchange Act, or if at any time after the execution of the Indenture such Commission is not existing and performing the duties now assigned to it under the U.S. Securities Act, U.S. Exchange Act and U.S. Trust Indenture Act, as amended, then the body performing such duties at such time.

"**Commodity Price Protection Agreement**" means any forward contract, commodity swap, commodity option or other similar financial agreement or arrangement relating to, or the value of which is dependent upon, fluctuations in commodity prices.

"**Consolidated Fixed Charge Coverage Ratio**" of any Person means, for any period, the ratio of (a) the sum of Consolidated Net Income (Loss), plus, in each case to the extent deducted in computing Consolidated Net Income (Loss) for such period, Consolidated Interest Expense, Consolidated Income Tax Expense and Consolidated Non-cash Charges for such period, of such Person and its Restricted Subsidiaries on a Consolidated basis, all determined in accordance with IFRS, less all non-cash items increasing Consolidated Net Income for such period and less all cash payments during such period relating to non-cash charges that were added back to Consolidated Net Income in determining the Consolidated Fixed Charge Coverage Ratio in any prior period to (b) the sum of Consolidated Interest Expense for such period plus cash and noncash dividends due (whether or not declared) on any Preferred Stock of such Person or its Restricted Subsidiaries during such period, in each case after giving *pro forma* effect to:

(1) the incurrence of the Indebtedness giving rise to the need to make such calculation and (if applicable) the application of the net proceeds therefrom, including to refinance other Indebtedness, as if such Indebtedness was incurred, and the application of such proceeds occurred, on the first day of such period;

(2) the incurrence, repayment or retirement of any other Indebtedness by such Person and its Restricted Subsidiaries since the first day of such period as if such Indebtedness was incurred, repaid or retired at the beginning of such period (except that, in making such computation, the amount of Indebtedness under any revolving credit facility shall be computed based upon the average daily balance of such Indebtedness during such period); *provided*, *however*, that the *pro forma* calculation of Consolidated Interest Expense shall not give effect to (i) any Indebtedness Incurred on the date of determination pursuant to subparagraph (b) of the covenant set forth in "—*Certain Covenants—Limitation on Indebtedness*" and (ii) any discharge on the date of termination of any Indebtedness to the extent such discharge results from the proceeds of Indebtedness incurred pursuant to subparagraph (b) of the covenant set forth in "—*Certain Covenants—Limitation on Indebtedness*;"

(3) in the case of Acquired Indebtedness or any acquisition occurring at the time of the incurrence of such Indebtedness, the related acquisition, assuming such acquisition had been consummated on the first day of such period; and

(4) any acquisition or disposition by such Person and its Restricted Subsidiaries of any company or any business or any assets out of the ordinary course of business, whether by merger, stock purchase or sale or asset purchase or sale, or any related repayment of Indebtedness, in each case since the first day of such period, assuming such acquisition or disposition had been consummated on the first day of such period; *provided* that:

    (A) whenever *pro forma* effect is to be given to an acquisition of assets, the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense attributable to any Indebtedness incurred in connection therewith, the *pro forma* calculations shall be determined in good faith;

(B) in making such computation, the Consolidated Interest Expense attributable to interest on any Indebtedness computed on a *pro forma* basis and (i) bearing a floating interest rate shall be computed as if the rate in effect on the date of computation had been the applicable rate for the entire period and (ii) which was not outstanding during the period for which the computation is being made but which bears, at the option of such Person, a fixed or floating rate of interest, shall be computed by applying at the option of such Person either the fixed or floating rate (in the case of (i) and (ii) taking into account any Interest Rate Agreement applicable to such Indebtedness for a period equal to the remaining term of such Interest Rate Agreement); and

(C) in making such computation, the Consolidated Interest Expense of such Person attributable to interest on any Indebtedness under a revolving credit facility computed on a *pro forma* basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period.

For purposes of this definition, whenever *pro forma* effect is to be given to any transaction or calculation under this definition, the *pro forma* calculations will be as determined in good faith by a responsible financial or accounting officer of the Parent (including in respect of anticipated expense and cost reduction synergies).

"**Consolidated Income Tax Expense**" of any Person means, for any period, the provision for federal, national, state and local income taxes of the United States, United Kingdom or any other jurisdiction of such Person and its consolidated Restricted Subsidiaries for such period as determined in accordance with IFRS.

"**Consolidated Interest Expense**" of any Person means, without duplication, for any period, the sum of:

(a) the interest expense (net of interest income) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis in accordance with IFRS (excluding any amortization of debt issuance costs, currency translation differences, and in each case any amortization thereof, and any amortization of discount in relation to pension liabilities) including, without limitation:

(1) amortization of debt discount;

(2) the net costs associated with Interest Rate Agreements, Currency Hedging Agreements and Commodity Price Protection Agreements;

(3) the interest portion of any deferred payment obligation;

(4) all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers acceptance financing; and

(5) accrued interest;

(b) plus

(1) the interest component of the Capital Lease Obligations paid, accrued and/or scheduled to be paid or accrued by such Person and its Restricted Subsidiaries during such period; and

(2) all capitalized interest of such Person and its Restricted Subsidiaries, in each case determined on a consolidated basis in accordance with IFRS; plus

(c) the interest expense under any Guaranteed Debt of such Person and any Restricted Subsidiary to the extent not included under clause (a)(4) above, to the extent paid by such Person or its Restricted Subsidiaries determined on a consolidated basis in accordance with IFRS (excluding any amortization of debt issuance costs); *provided* that such payments have been made in compliance with the covenant described in "*—Certain Covenants—Limitation on Restricted Payments*."

"**Consolidated Net Income (Loss)**" of any Person means, for any period, the Consolidated net income (or loss) of such Person and its Restricted Subsidiaries for such period on a Consolidated basis as determined in accordance with IFRS, adjusted, to the extent included in calculating such net income (or loss), by excluding, without duplication:

(a) all extraordinary or exceptional gains or losses net of taxes (less all fees and expenses relating thereto);

(b) the portion of net income (or loss) of such Person and its Restricted Subsidiaries on a consolidated basis allocable to interests in unconsolidated Persons or Unrestricted Subsidiaries to the extent that cash dividends or distributions have not actually been received by such Person or one of its consolidated Restricted Subsidiaries (except to the extent any loss has been funded with cash from the Company or a Restricted Subsidiary);

(c) net income (or loss) of any Person combined with such Person or any of its Restricted Subsidiaries on a "pooling of interests" basis attributable to any period prior to the date of combination;

(d) any gain or loss, net of taxes, realized upon the termination of any employee pension benefit plan;

(e) gains or losses, net of taxes (less all fees and expenses relating thereto), in respect of dispositions of assets other than in the ordinary course of business;

(f) the net income of any Restricted Subsidiary to the extent that the declaration of dividends or similar distributions by that Restricted Subsidiary of that income is not at the time permitted, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its shareholders other than by encumbrances which are permitted under the covenant "*—Certain Covenants—Limitation on Dividend and other Payment Restrictions Affecting Restricted Subsidiaries*;"

(g) any restoration to net income of any contingency reserve, except to the extent provision for such reserve was made out of income accrued at any time following the date of the Indenture;

(h) any net gain arising from the acquisition of any securities or extinguishment, under IFRS, of any Indebtedness of such Person;

(i) any inventory holding gains or losses generated by the Refining Business operating segment;

(j) any non-cash compensation charge arising from any grant of stock, stock options or other equity based awards;

(k) all deferred financing costs written off and premiums paid in connection with any early extinguishment of Indebtedness;

(l) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Parent or any Restricted Subsidiary owing to the Parent or any Restricted Subsidiary;

(m) the impact of capitalized or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding;

(n) to the extent included, any losses arising on the sale or a writedown of fixed assets or deducting any profit from a sale or revaluation of a fixed asset; and

(o) the cumulative effect of a change in accounting principles.

"**Consolidated Non-cash Charges**" of any Person means, for any period, the aggregate depreciation, amortization and other non-cash charges of such Person and its Restricted Subsidiaries on a Consolidated basis for such period, as determined in accordance with IFRS (excluding any non-cash charge which requires an accrual or reserve for cash charges for any future period).

"**Consolidated Senior Secured Leverage Ratio**" of any Person means, as at any date of determination, the ratio of (a) the outstanding Senior Secured Indebtedness of such Person and its Restricted Subsidiaries as of such date to (b) the sum of Consolidated Net Income (Loss) for the four most recent full fiscal quarters ending immediately prior to such date for which financial statements are available, plus, in each case to the extent deducted in computing Consolidated Net Income (Loss) for such period, Consolidated Interest Expense, Consolidated Income Tax Expense and Consolidated Non-cash Charges for such period, of such Person and its Restricted Subsidiaries on a Consolidated basis, all determined in accordance with IFRS, less all non-cash items increasing Consolidated Net Income for such period and less all cash payments during such period relating to non-cash charges that were added back to Consolidated Net Income in determining the Consolidated Fixed Charge Coverage Ratio in any prior period of such Person, in each case after giving *pro forma* effect to:

(1) the incurrence of the Indebtedness giving rise to the need to make such calculation and (if applicable) the application of the net proceeds therefrom, including to refinance other Indebtedness, as if such Indebtedness was incurred, and the application of such proceeds occurred, on the first day of such period;

(2) the incurrence, repayment or retirement of any other Indebtedness by such Person and its Restricted Subsidiaries since the first day of such period as if such Indebtedness was incurred, repaid or retired at the beginning of such period (except that, in making such computation, the amount of Indebtedness under any revolving credit facility shall be computed based upon the average daily balance of such Indebtedness during such period), *provided*, *however*, that the *pro forma* calculation of Consolidated Interest Expense shall not give effect to (i) any Indebtedness Incurred on the date of determination pursuant to subparagraph (b) of the covenant set forth in "*Certain Covenants—Limitation on Indebtedness*" and (ii) any discharge on the date of termination of any Indebtedness to the extent such discharge results from the proceeds of Indebtedness incurred pursuant to subparagraph (b) of the covenant set forth in "*Certain Covenants—Limitation on Indebtedness*;"

(3) in the case of Acquired Indebtedness or any acquisition occurring at the time of the incurrence of such Indebtedness, the related acquisition, assuming such acquisition had been consummated on the first day of such period; and

(4) any acquisition or disposition by such Person and its Restricted Subsidiaries of any company or any business or any assets out of the ordinary course of business, whether by merger, stock purchase or sale or asset purchase or sale, or any related repayment of Indebtedness, in each case since the first day of such period, assuming such acquisition or disposition had been consummated on the first day of such period; *provided* that:

   (A) whenever *pro forma* effect is to be given to an acquisition of assets, the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense attributable to any Indebtedness incurred in connection therewith, the *pro forma* calculations shall be determined in good faith;

   (B) in making such computation, the Consolidated Interest Expense attributable to interest on any Indebtedness computed on a *pro forma* basis and (i) bearing a floating interest rate shall be computed as if the rate in effect on the date of computation had been the applicable rate for the entire period and (ii) which was not outstanding during the period for which the computation is being made but which bears, at the option of such Person, a fixed or floating rate of interest, shall be computed by applying at the option of such Person either the fixed or floating rate (in the case of (i) and (ii) taking into account any Interest Rate Agreement applicable to such Indebtedness for a period equal to the remaining term of such Interest Rate Agreement); and

   (C) in making such computation, the Consolidated Interest Expense of such Person attributable to interest on any Indebtedness under a revolving credit facility computed on a *pro forma* basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period.

For purposes of this definition, whenever *pro forma* effect is to be given to any transaction or calculation under this definition, the *pro forma* calculations will be as determined in good faith by a responsible financial or accounting officer of the Parent (including in respect of anticipated expense and cost reduction synergies).

"**Consolidation**" means, with respect to any Person, the consolidation of the accounts of such Person and each of its subsidiaries if and to the extent the accounts of such Person and each of its subsidiaries would normally be consolidated with those of such Person, all in accordance with IFRS. The term "**Consolidated**" shall have a similar meaning.

"**Credit Facilities**" means one or more debt facilities (including, without limitation, debt facilities made available under, or in accordance with, the Senior Facilities Agreement) or commercial paper facilities, agreements, credit facility documentation, notes, bonds, debentures, indentures, trust deeds, fiscal agency agreements, note purchase agreements, debt instruments or arrangements with banks, insurance companies or other institutional lenders or investors providing for revolving credit loans, term loans, receivables financing (including through the sale or factoring of receivables to such lenders or investors or to special purpose entities formed to borrow from or issue securities to such lenders against such receivables), letters of credit or other forms of guarantees and assurances, notes, bonds, debentures, indentures, trust deeds, fiscal agency agreements, note purchase agreements, debt instruments or other indebtedness, including overdrafts, in each case, as amended, restated, modified, renewed, refunded, replaced, refinanced, increased or extended in whole or in part from time to time, and whether or not with the original administrative agent and lenders or another administrative agent or agents or trustee or trustees or fiscal agents or agents or other banks or other institutional lenders or investors and whether provided under the original Senior Facilities Agreement or one or more other credit agreements or financing agreements or indentures or trust deeds or fiscal agency agreements or note purchase agreements or other debt instruments and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes, bonds, debentures and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (a) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (b) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (c) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (d) otherwise altering the terms and conditions thereof.

"**Currency Hedging Agreements**" means one or more of the following agreements: foreign exchange contracts, currency swap agreements or other similar agreements or arrangements designed to protect against the fluctuations in currency values.

"**Custodian**" means any receiver, trustee, assignee, liquidator, custodian, administrator or similar official under any Bankruptcy Law.

"**Default**" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"**Designated Non-Cash Consideration**" means the fair market value (as determined in good faith by the Company) of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets*."

"**Disinterested Director**" means, with respect to any transaction or series of related transactions, a member of the Board of Directors of the Company who does not have any material direct or indirect financial interest in or with respect to such transaction or series of related transactions. A member of the Board of Directors of the

Company shall not be deemed to have such a financial interest by reason of such member's holding Capital Stock of the Company or any Parent Holdco or any options, warrants or other rights in respect of such Capital Stock.

"**Euro Equivalent**" means, with respect to any monetary amount in a currency other than Euro, at any time of determination thereof, the amount of Euro obtained by translating such other currency involved in such computation into Euro at the spot rate for the purchase of Euro with the applicable other currency as published in *The Financial Times* (or, if *The Financial Times* is no longer published, or if such information is no longer available in *The Financial Times*, a comparable source as may be selected in good faith by the Company) on the date two Business Days prior to such determination.

"**Existing Intercreditor Agreement**" means the intercreditor deed entered into on December 16, 2005 among, amongst others, the Company each of the parties to the Existing Senior Facilities Agreement, the Hedge Counterparties and Barclays Bank PLC as Security Trustee, as amended and restated on January 31, 2006 and as further waived or consented to from time to time.

"**Existing Parent Notes**" means the $7^{7}/_{8}$% Senior Notes due 2016 and $8^{1}/_{2}$% Senior Notes due 2016 issued by the Parent on February 7, 2006.

"**Existing Parent Notes Proceeds Loan**" means, collectively, (a) the loan of the gross proceeds of the Existing Parent Notes pursuant to the Existing Parent Notes Proceeds Loan Agreement and (b) any other loan from the Parent to the Company of the gross proceeds from the issuance of additional Existing Parent Notes permitted by the Indenture and, in each case, all loans directly or indirectly replacing or refinancing such loan or any portion thereof.

"**Existing Parent Notes Proceeds Loan Agreement**" means that certain loan agreement made on February 7, 2006 by and among the Company as borrower and the Parent as lender.

"**Existing Parent Notes Shared Collateral**" means (a) that certain security assignment over the Existing Parent Notes Proceeds Loan dated as of February 7, 2006 and (b) that certain pledge over the shares of the Company, dated as of February 7, 2006.

"**Existing Senior Facilities Agreement**" means that certain facility agreement made on December 14, 2005 and as amended from time to time (including as amended and restated on or about the Issue Date) by, among others, the Company, as principal obligor, and certain of its subsidiaries, as borrowers and/or guarantors, Barclays Capital, Merrill Lynch International and Morgan Stanley Bank International Limited, as Joint Mandated Lead Arrangers and Joint Bookrunners and Barclays Bank PLC, as Facility Agent and Security Trustee and all documentation relating thereto, including notes, collateral documents, letters of credit and guarantees and any Interest Rate Agreement.

"**Fair Market Value**" means, with respect to any asset or property, the sale value that would be obtained in an arm's length free market transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy. Fair Market Value shall be determined by the Company acting in good faith.

"**Fluor Business Disposal Payments**" means the payment of a dividend or distribution to employees or former employees of the Parent or its Restricted Subsidiaries in connection with shares which are subject to rules regarding the disposal of the business and exit and/or leaving the INEOS Group which are applicable as a result of such disposals, in a maximum aggregate amount not exceeding €14.0 million (or its currency equivalent).

"**Funding Loans**" means the loan or loans between the Company, as borrower, and the Issuer, as lender, for the amount of the proceeds received by the Issuer from the offering of the Notes on the Issue Date and described in "—*The Funding Loans*."

"**Funding Loan Agreement**" means that certain funding loan agreement, dated as of the Issue Date, by and between the Issuer and the Company pursuant to which the Funding Loans were made, as the same may be amended from time to time in accordance with the terms of the Indenture.

"**Guarantee**" means the guarantee by any Guarantor of the Issuer's Indenture Obligations.

"**Guaranteed Debt**" of any Person means, without duplication, all Indebtedness of any other Person referred to in the definition of Indebtedness below guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement:

(a) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness;

(b) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss;

(c) to supply funds to, or in any other manner invest in, the debtor (including any agreement to pay for property or services without requiring that such property be received or such services be rendered);

(d) to maintain working capital or equity capital of the debtor, or otherwise to maintain the net worth, solvency or other financial condition of the debtor or to cause such debtor to achieve certain levels of financial performance; or

(e) otherwise to assure a creditor against loss; *provided* that the term "guarantee" shall not include endorsements for collection or deposit, in either case in the ordinary course of business.

"**Guarantor**" means each of:

(a) the Parent, Tenderco, the Company;

(b) each Subsidiary Guarantor;

(c) any Holdco Group Guarantor; and

(d) any Person that is required after the date of the Indenture to execute a guarantee of the Notes pursuant to the "*Limitation on Issuance of Guarantees of Indebtedness by Restricted Subsidiaries*" covenant and any other Person that executes a guarantee of the Notes after the date of the Indenture,

until (i) the Guarantee of such person has been released in accordance with the provisions of the Indenture or (ii) a successor replaces such party pursuant to the applicable provisions of the Indenture and, thereafter, shall mean such successor.

"**Hedge Counterparties**" has the meaning set forth in the Intercreditor Agreement.

"**Hedging Agreement**" has the meaning set forth in the Intercreditor Agreement.

"**Hedging Liabilities**" has the meaning set forth in the Intercreditor Agreement.

"**Hedging Obligations**" means with respect to any Person, the obligations of such Person under Interest Rate Agreements, Currency Hedging Agreements or Commodity Price Protection Agreements.

"**Holdco Group Guarantor**" means any wholly-owned Subsidiary of the Parent that is not a Subsidiary of the Company that:

(a) is designated by the Company as a Holdco Group Guarantor and at the time of such designation:

(1) no Default or Event of Default shall have occurred and be continuing at the time of and after giving effect to such designation or creation or would occur as a consequence of such designation or creation;

(2) all Liens and Indebtedness of such Person outstanding immediately following such designation or creation would, if incurred at such time, have been permitted to be incurred for all purposes of the Indenture; and

(3) unless such designated Holdco Group Guarantor shall not have any Indebtedness outstanding (other than Indebtedness that would be Permitted Indebtedness), immediately after giving effect to such proposed designation or creation, and after giving pro forma effect to the incurrence of any such Indebtedness of such designated Holdco Group Guarantor as if such Indebtedness was incurred on the date of the designation or creation, the Company could incur €1.00 of additional Indebtedness (other than Permitted Indebtedness) pursuant to the covenant described under "—*Limitation on Indebtedness*;"

(b) is organized under the laws of Luxembourg, Switzerland or the U.K.;

(c) executes a Guarantee of the Notes on the same terms as the other Guarantees of the Notes by the Guarantors pursuant to the applicable provisions of the Indenture (which will be subject to certain guarantee limitations set forth in the supplemental indenture) and accedes to the Intercreditor Agreement as an "Obligor" and, if applicable, as an "Intra-Group Creditor" (in each case as defined in the Intercreditor Agreement or the corresponding term in any additional intercreditor agreement);

(d) grants a Lien over its property and assets, including any shares of stock or intercompany notes or other indebtedness to secure the obligations under the Indenture on a senior priority basis; and

(e) all of the equity interests of such entity are pledged by the holders thereof to secure the obligations under the Indenture on a senior priority basis,

and *provided* that any Indebtedness under the Term D Facility or the Existing Parent Notes shall be subordinated to the Guarantee of the Notes on substantially similar terms as then in effect under the Intercreditor Agreement.

Any such designation by the Company's Board of Directors will be evidenced to the Notes Trustee by filing with the Notes Trustee a board resolution giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions.

"**Holdco Group Transactions**" means (a) any direct or indirect distributions, dividends, sales, purchases, exchanges or transfers of assets, property and liabilities of the Company and any Restricted Subsidiary (other than tangible fixed assets) to any Holdco Group Guarantor and (b) any activities and transactions (other than the distribution, transfer, exchange or sale of tangible fixed assets) by and among any Holdco Group Guarantor and the Company and its Restricted Subsidiaries, in each case, deemed reasonably necessary or desirable by the Company to implement the transactions described in this offering memorandum under the caption "*Business—Entrepreneurial and Finance Reorganization.*"

"**Holdco Group Transaction Date**" means the first date on which any Person is designated as a Holdco Group Guarantor in connection with any Holdco Group Transaction.

"**IFRS**" means the accounting standards issued by the International Accounting Standards Board and its predecessors, as adopted by the European Union, as in effect from time to time.

"**Immaterial Subsidiary**" means a Subsidiary which has not traded or has ceased trading and which does not own assets or have liabilities in either case with an aggregate value greater than €200,000 (or its equivalent); *provided* that any asset or liability shall be ignored which consists solely of a claim by a Subsidiary ("**A**") upon another Subsidiary ("**B**") where but for that asset or liability, both A and B would be Immaterial Subsidiaries under this definition.

"**Indebtedness**" means, with respect to any Person, without duplication:

(a) all indebtedness, obligations and liabilities of such Person for borrowed money or for the principal component of all obligations of such Person to pay the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities arising in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such Person in connection with any letters of credit issued under letter of credit facilities, acceptance facilities or other similar facilities (including reimbursement obligations with respect thereto except to the extent such reimbursement obligation relates to a trade payable and such obligation is satisfied within 30 days of incurrence);

(b) all obligations of such Person evidenced by bonds, notes, debentures or other similar instruments;

(c) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business;

(d) all obligations under Interest Rate Agreements, Currency Hedging Agreements or Commodity Price Protection Agreements of such Person (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time);

(e) all Capital Lease Obligations of such Person;

(f) all indebtedness referred to in clauses (a) through (e) above of other Persons and all dividends of other Persons, the payment of which is secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien, upon or with respect to property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such indebtedness (*provided*, *however*, that the amount of such indebtedness will be the lesser of (1) the Fair Market Value of such asset at the date of determination and (2) the amount of such indebtedness of such other Person);

(g) all Guaranteed Debt of such Person;

(h) all Attributable Debt;

(i) all Redeemable Capital Stock issued by such Person valued at the greater of its voluntary or involuntary maximum fixed repurchase price plus accrued and unpaid dividends;

(j) Preferred Stock of any Restricted Subsidiary of the Company or any Guarantor; and

(k) any amendment, supplement, modification, deferral, renewal, extension, refunding or refinancing of any liability of the types referred to in clauses (a) through (j) above.

The term “**Indebtedness**” shall not include:

(i) Subordinated Shareholder Funding;

(ii) any lease of property (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Issue Date;

(iii) contingent obligations incurred in the ordinary course of business;

(iv) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 90 days thereafter; or

(v) for the avoidance of doubt, any obligations in respect of workers’ compensation claims, early retirement obligations, pension fund obligations or contributions or social security or wage Taxes.

For purposes hereof, the “**maximum fixed repurchase price**” of any Redeemable Capital Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Redeemable Capital Stock as if such Redeemable 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 Redeemable Capital Stock, such Fair Market Value is to be determined as set forth herein.

“**Indenture Obligations**” means the obligations of the Issuer and any other obligor under the Indenture or under the Notes, including any Guarantor, to pay principal of, premium, if any, any Additional Amounts and interest when due and payable, and all other amounts due or to become due under or in connection with the Indenture, the Notes and the performance of all other obligations to the Notes Trustee and the holders of Notes under the Indenture and the Notes, according to the respective terms thereof.

“**Independent Financial Advisor**” means a firm which, in the judgment of the Board of Directors of the Company, is independent and qualified to perform the task for which it is to be engaged.

“**INEOS Group Limited**” means INEOS Group Limited, a company incorporated England and Wales with registered number 3534631.

“**INEOS Headquarters Rental Payments**” means rental payments made by the Company and the Restricted Subsidiaries under leases and sub-leases all being on arm’s length terms in respect of the INEOS Group headquarters or other offices or facilities in a maximum aggregate amount not exceeding £1 million (or its equivalent) per annum for the Company and the Restricted Subsidiaries.

“**Initial Guarantors**” means the Parent, the Company, Tenderco, INEOS Europe Limited, INEOS Manufacturing Belgium NV, INEOS NV, INEOS Phenol Belgium NV, INEOS Manufacturing Deutschland GmbH, INEOS Phenol GmbH, INEOS Manufacturing Scotland Limited, INEOS Americas LLC, INEOS USA LLC, INEOS US Finance LLC.

“**Intercreditor Agreement**” means the intercreditor deed entered into on or about the Issue Date among, amongst others, the Issuer, the Notes Trustee, the Guarantors, each of the parties to the Senior Facilities Agreement, the Hedge Counterparties and Barclays Bank PLC as Security Trustee, as amended and restated, waived or consented to from time to time and, to the extent applicable, any new intercreditor agreement entered into that is permitted under “*—Certain Covenants—Additional Intercreditor Agreements*”.

"**Interest Rate Agreements**" means one or more of the following agreements: interest rate protection agreements (including, without limitation, interest rate swaps, caps, floors, collars and similar agreements) and/or other types of interest rate hedging agreements from time to time.

"**Intra-Group Liabilities**" means Intra-Group Liabilities as defined in the Intercreditor Agreement.

"**Investment**" means, with respect to any Person, directly or indirectly, any advance (other than advances to customers in the ordinary course of business), loan (including guarantees), or other extension of credit (including guarantees) 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, acquisition or ownership by such Person of any Capital Stock, bonds, notes, debentures or other securities issued or owned by any other Person; *provided* that:

(a) Hedging Obligations entered into in the ordinary course of business and in compliance with the Indenture; and

(b) endorsements of negotiable instruments and documents in the ordinary course of business;

shall in each case not be deemed to be an Investment.

For purposes of "*—Certain Covenants—Limitation on Restricted Payments*:"

(a) "Investment" will include the portion (proportionate to the Company's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the Fair Market Value of the net assets of such Restricted Subsidiary of the Company at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided*, *however*, that upon a Redesignation of such Subsidiary as a Restricted Subsidiary, the Company will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (1) the Company's "Investment" in such Subsidiary at the time of such Redesignation less (2) the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time that such Subsidiary is so Redesignated a Restricted Subsidiary; and

(b) any property transferred to or from an Unrestricted Subsidiary will be valued at its Fair Market Value at the time of such transfer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment plus the cost of all additional Investments therein 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 (at the Company's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"**Investment Grade Status**" shall occur when the Notes receive both of the following:

(a) a rating of "BBB−" or higher from S&P; and

(b) a rating of "Baa3" or higher from Moody's;

or the equivalent of such rating by either such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other "nationally recognized statistical ratings organization" (within the meaning of Rule 436 under the U.S. Securities Act).

"**Issue Date**" means the original issue date of the Notes under the Indenture.

"**Lien**" means any mortgage or deed of trust, charge, pledge, lien (statutory or otherwise), privilege, security interest, assignment, easement, hypothecation, claim, preference, priority or other encumbrance upon or with respect to any property of any kind (including any conditional sale, capital lease or other title retention agreement, real or personal, movable or immovable, now owned or hereafter acquired). A Person will be deemed to own subject to a Lien any property which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, Capitalized Lease Obligation or other title retention agreement.

"**Management Advances**" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers or employees of any Parent Holdco, the Company or any Restricted Subsidiary:

(1) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business;

(2) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility or office; or

(3) in the ordinary course of business and (in the case of this clause (3)) not exceeding €5.0 million in the aggregate outstanding at any time.

"**Maturity**" means, when used with respect to the Notes, the date on which the principal of the Notes becomes due and payable as therein provided or as provided in the Indenture, whether at Stated Maturity, the Offer Date or the redemption date and whether by declaration of acceleration, offer in respect of Excess Proceeds, Change of Control Offer in respect of a Change of Control, call for redemption or otherwise.

"**Net Cash Proceeds**" means:

(a) with respect to any Asset Sale by any Person, the proceeds thereof (without duplication in respect of all Asset Sales) in the form of cash or Temporary Cash Investments including payments in respect of deferred payment obligations when received in the form of, or stock or other assets or any Designated Non-Cash Consideration when disposed of for, cash or Temporary Cash Investments, but only as and when received and excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Sale (except to the extent that such obligations are financed or sold with recourse to the Company or any Restricted Subsidiary) net of:

  (1) brokerage commissions and other reasonable fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale;

  (2) provisions for all taxes payable as a result of such Asset Sale;

  (3) payments made to retire Indebtedness where payment of such Indebtedness is secured by the assets or properties the subject of such Asset Sale;

  (4) amounts required to be paid to any Person (other than the Company or any Restricted Subsidiary) owning a beneficial interest in the assets subject to the Asset Sale; and

  (5) appropriate amounts to be provided by the Company or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with IFRS, 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, all as reflected in an Officers' Certificate delivered to the Notes Trustee; and

(b) with respect to any capital contributions, issuance or sale of Capital Stock or options, warrants or rights to purchase Capital Stock, or debt securities or Capital Stock that have been converted into or exchanged for Capital Stock as referred to under "*—Certain Covenants—Limitation on Restricted Payments*," the proceeds of such issuance or sale in the form of cash or Temporary Cash Investments including payments in respect of deferred payment obligations when received in the form of, or stock or other assets when disposed of for, cash or Temporary Cash Investments (except to the extent that such obligations are financed or sold with recourse to the Company or any Restricted Subsidiary), net of attorney's fees, accountant's fees and brokerage, consultation, underwriting and other fees (including placement agents' fees, listing fees, or other discounts and commissions) and expenses actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"**Officer's Certificate**" means a certificate signed by an officer of the Issuer, or Guarantor or a Surviving Entity, as the case may be, and delivered to the Notes Trustee.

"**Parent**" means INEOS Group Holdings plc or any successor entity that, after the Issue Date, assumes all of the obligations of INEOS Group Holdings plc under the Existing Parent Notes and the related Existing Parent Notes Indenture and Existing Parent Notes Proceeds Loan pursuant to a supplemental indenture and other agreements reasonably satisfactory to the Existing Parent Notes trustee and as permitted by the Existing Parent Notes Indenture; *provided* that such entity has executed a Guarantee of the Notes on the same terms as the other Guarantees of the Notes by the Guarantors (which will be subject to certain guarantee limitations set forth in the supplemental indenture) and accedes to the Intercreditor Agreement as an "Obligor" and, if applicable, as an "Intra-Group Creditor" (in each case as defined in the Intercreditor Agreement or the corresponding term in any additional intercreditor agreement).

"**Parent Holdco**" means any Person (other than a natural person) of which the Company is or becomes a direct or indirect Subsidiary after the Issue Date; *provided* that the primary purpose of such Person is to serve as a direct or indirect holding company of the Company.

"***Pari Passu* Indebtedness**" means (a) any Indebtedness of the Issuer that is *pari passu* in right of payment to the Notes and (b) with respect to any Guarantee, Indebtedness which ranks *pari passu* in right of payment to such Guarantee.

"**Paying Agent**" means any Person authorized by the Issuer to pay the principal of (and premium, if any), or interest on any Notes on behalf of the Issuer.

"**Permitted Asset Swap**" means the concurrent purchase and sale or exchange of assets used or useful in a business, service or activity relating to the business of the Company and the Restricted Subsidiaries or a combination of such assets and cash, Cash Equivalents or Temporary Cash Investments between the Company or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets*."

"**Permitted Collateral Liens**" means:

(a) Liens on the Collateral to secure the Notes (and the Guarantees) issued on the Issue Date;

(b) Liens on the Collateral to secure Senior Indebtedness that is (i) also *Pari Passu* Indebtedness and (ii) permitted to be incurred by clause (1) under the definition of "Permitted Indebtedness;" *provided* that, subject to the Security Principles, all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secures the Notes or the Guarantees on a senior or *pari passu* basis; *provided further* that each of the parties thereto will have entered into the Intercreditor Agreement as "Senior Creditors" (or the corresponding term in any additional intercreditor agreement);

(c) Liens on the Collateral to secure Indebtedness under the Term D Facility that is permitted to be incurred by clause (2) under the definition of "Permitted Indebtedness;" *provided* that, subject to the Security Principles, all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secures the Notes or the Guarantees on a senior priority basis; *provided further* that each of the parties thereto will have entered into the Intercreditor Agreement as "Second Secured Creditors" (or the corresponding term in any additional intercreditor agreement);

(d) Liens on the BP Shared Collateral to secure the BP Creditor Liabilities; *provided* that such Liens may be first priority and the BP Shared Collateral also secures the Notes or the Guarantees on a second priority basis as set forth in the Intercreditor Agreement; *provided further* that each of the relevant BP Creditors that are parties thereto will have entered into the Intercreditor Agreement as "BP Creditors" (or the corresponding term in any additional intercreditor agreement);

(e) Liens on the Collateral to secure any Indebtedness that is permitted to be incurred by clause (b)(23) under the definition of "Permitted Indebtedness;" *provided* that, subject to the Security Principles, all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secures the Notes or the Guarantees, if such Indebtedness is *Pari Passu* Indebtedness, on a senior or *pari passu* basis or, if such Indebtedness is Subordinated Indebtedness of the type described in clause (b) of the definition thereof, on a junior priority basis; *provided further* that each of the parties thereto will have entered into the Intercreditor Agreement as "Senior Creditors" or "Second Secured Creditors," as applicable (or the corresponding terms in any additional intercreditor agreement);

(f) Liens on the Collateral to secure any Indebtedness that is permitted to be incurred under the first paragraph under the definition of "Permitted Indebtedness;" *provided* that on the date of the incurrence of such Indebtedness and after giving *pro forma* effect thereto, the Parent's Consolidated Senior Secured Leverage Ratio (which for the purposes hereof shall be calculated assuming that the maximum amount of Indebtedness (i.e., as of the Issue Date, €4.2 billion) permitted to be secured with Lien on the Collateral pursuant to the preceding clause (b) has been incurred and so secured with a Lien on the Collateral) for the four most recent full fiscal quarters for which financial statements are available immediately preceding the incurrence of such Indebtedness taken as one period is not greater than 2.75 to 1.0; *provided* that, subject to the Security Principles, all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secures the Notes or the Guarantees, if such Indebtedness is *Pari Passu* Indebtedness, on a senior or *pari passu* basis or, if such Indebtedness is Subordinated Indebtedness of the type described in clause (b) of the definition thereof, on a junior priority basis; *provided further* that each of the parties thereto will have entered into the Intercreditor Agreement as "Senior Creditors" or "Second Secured Creditors," as applicable (or the corresponding terms in any additional intercreditor agreement);

(g) any Lien on the Existing Parent Notes Collateral to secure Indebtedness under the Existing Parent Notes; *provided* that such Lien ranks junior to the Liens on the Existing Parent Notes Collateral securing the Notes and the Guarantees; *provided further* that each of the parties thereto will have entered into the Intercreditor Agreement;

(h) Liens on the Collateral to secure Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace or discharge, any Indebtedness which is secured by a Lien on the Collateral pursuant to clauses (a), (c), (f), (g) or this clause (h); *provided* that, subject to the Security Principles, all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secures the Notes or the Guarantees with priority with respect to the Permitted Refinancing Indebtedness substantially similar to that of the Indebtedness which is being exchanged renewed, refunded, refinanced, replaced or discharged; *provided further* that each of the parties thereto will have entered into the Intercreditor Agreement;

(i) Liens on the Collateral securing obligations under Hedging Agreements that relate solely to Indebtedness referred to in clauses (a) through (d) above; *provided* that, subject to the Security Principles, all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secures the Notes or the Guarantees on a senior or *pari passu* basis; *provided further* that each of the parties thereto will have entered into the Intercreditor Agreement as "Senior Creditors" (or the corresponding term in any additional intercreditor agreement); and

(j) Liens on the Collateral that are described in one or more of clauses (b), (e), (j), (l), (n), (p), (q), (r), (s) and (v) of the definition of "Permitted Liens" and that, , in each case, would not materially interfere with the ability of the Security Trustee to enforce the Security Interest in the Collateral.

"**Permitted Holders**" means James A. Ratcliffe, Andrew Currie, John Reece, and any Affiliate thereof and the Specified Investors.

"**Permitted Investment**" means:

(a) Investments in (1) the form of loans or advances to the Issuer or the Company, (2) any Restricted Subsidiary (including the purchase of Capital Stock of any Restricted Subsidiary from a Person other than an Affiliate of the Issuer) or (3) any Person which, as a result of such Investment, (A) becomes a Restricted Subsidiary or (B) is merged or consolidated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or any Restricted Subsidiary;

(b) Indebtedness of the Company or a Restricted Subsidiary described under clauses (7), (8), (9) and (10) of the definition of "Permitted Indebtedness;"

(c) Investments in any of the Notes;

(d) cash, Cash Equivalents and Temporary Cash Investments;

(e) Investments acquired by the Company or any Restricted Subsidiary in connection with an Asset Sale permitted under "*—Certain Covenants—Limitation on Sale of Assets*" to the extent such Investments are non-cash proceeds or deemed cash proceeds as permitted under such covenant;

(f) Investments in existence on the date of the Indenture, including Investments in the Tenderco Receivable by the Company and INEOS Finance LLC;

(g) receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; *provided*, *however*, that such trade terms may include such concessionary trade terms as the Company or any such Restricted Subsidiary deems reasonable under the circumstances;

(h) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(i) loans or advances to employees made in the ordinary course of business consistent with past practices of the Company or such Restricted Subsidiary not to exceed €5.0 million in the aggregate at any one time outstanding;

(j) stock, obligations or securities received in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of a debtor;

(k) Hedging Obligations, which transactions or obligations are incurred in compliance with "*—Certain Covenants—Limitation on Indebtedness*;"

(l) any Restricted Payment required by any agreement in respect of a Permitted Joint Venture;

(m) Investments in Permitted Loans;

(n) loans or other Investments required to be entered into in connection with a Permitted Receivables Financing;

(o) Guarantees not prohibited by the covenant described under "*—Certain Covenants—Limitations on Indebtedness*" and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business; and

(p) Investments by the Company or any Restricted Subsidiary, together with all other Investments under this clause (p), in an aggregate amount at the time of such Investment not to exceed €100.0 million outstanding at any one time.

In connection with any assets or property contributed or transferred to any Person as an Investment, such property and assets shall be equal to the Fair Market Value at the time of Investment.

"**Permitted Joint Venture**" means:

(a) each of the joint ventures of INEOS Jersey Limited, INEOS LLC, INEOS Solutions N.V., INEOS Belgium Holdco N.V., INEOS Singapore Pte. Ltd and INEOS Korea Limited existing on Issue Date in which the interest of a Guarantor or a directly or indirectly wholly-owned Subsidiary of a Guarantor is less than 90%;

(b) (i) a joint venture pursuant to which the liability of the Parent and the Restricted Subsidiaries is limited in amount; or (ii) a joint venture in which the Parent or a Restricted Subsidiary participates through special purpose companies with limited liability and no other business or assets, and, in the case of sub-clause (i) and (ii), in which the interest of a Guarantor or a directly or indirectly wholly-owned Restricted Subsidiary of a Guarantor is less than 90% but more than 20%;

(c) GEOSEL Manosque SNC, in which the interest of a Guarantor or a directly or indirectly wholly-owned Restricted Subsidiary of a Guarantor is less than 90% but more than 20%;

(d) each of Seminole Pipeline Company and Geosud SAS, in which the interest of a Guarantor or a directly or indirectly wholly-owned Restricted Subsidiary of a Guarantor is less than 90% but more than or equal to 10%;

(e) Aethylen Rohrleitungs GmbH & Co.KG, in which the interest of a Guarantor or a directly or indirectly wholly-owned Restricted Subsidiary of a Guarantor is less than 90% but more than 16%;

(f) Societe Civile Immobiliere Khariessa, in which the interest of a Guarantor or a directly or indirectly wholly-owned Restricted Subsidiary of a Guarantor is less than 90% but more than 9%;

(g) (i) a joint venture pursuant to which the liability of the Parent and the Restricted Subsidiaries is limited in amount; or (ii) a joint venture in which the Parent or a Restricted Subsidiary participates through special purpose companies with limited liability and no other assets, and, in the case of sub-clauses (i) and (ii), in which the interest of a Guarantor or a directly or indirectly wholly-owned Restricted Subsidiary of a Guarantor is less than 20% in connection with the payment of license fees,

and, in each case under (a) to (g) above, on condition that:

(i) each such Permitted Joint Venture is in a business relating to the business of the Parent and the Restricted Subsidiaries;

(ii) the aggregate (without double counting) of:

(A) any amount advanced, lent, contributed or subscribed for, or otherwise invested in, such Permitted Joint Ventures by the Parent and the Restricted Subsidiaries;

(B) the market value of any asset transferred or contributed to such Permitted Joint Venture by the Parent or any Restricted Subsidiary;

(C) any liability incurred (whether by way of guarantee or otherwise) in relation to such Permitted Joint Venture by the Parent or any Restricted Subsidiary; and

(D) any obligation of the Parent or any Restricted Subsidiary directly or indirectly pursuant to any agreement or arrangement to lend to or guarantee or transfer assets to or otherwise fund or incur any liability in relation to such Permitted Joint Ventures or acquire any shares or other interest therein or assets thereof,

shall not exceed €100 million (or its equivalent) in any fiscal year, and no more than €250 million (or its equivalent) in the aggregate at any time after the Issue Date.

"**Permitted Lien**" means:

(a) any Lien existing as of the date of the Indenture;

(b) any Lien arising by reason of:

(1) any judgment, decree or order of any court and any Liens that are required to protect or enforce any rights in any administrative, arbitration or other court proceedings in the ordinary course of business;

(2) taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith;

(3) security for payment of workers' compensation or other insurance (including general liability exposure of the Company and its Restricted Subsidiaries);

(4) good faith deposits in connection with tenders, bids, leases and contracts (other than contracts for the payment of money);

(5) zoning restrictions, easements, licenses, reservations, title defects, rights of others for rights of way, utilities, sewers, electric lines, telephone or telegraph lines, and other similar purposes, provisions, covenants, conditions, waivers, restrictions on the use of property or minor irregularities of title (and with respect to leasehold interests, mortgages, obligations, liens and other encumbrances incurred, created, assumed or permitted to exist and arising by, through or under a landlord or owner of the leased property, with or without consent of the lessee), none of which materially impairs the use of any parcel of property material to the operation of the business of the Company or any Restricted Subsidiary or the value of such property for the purpose of such business;

(6) deposits to secure public or statutory obligations, or in lieu of surety or appeal bonds; or

(7) operation of law in favor of mechanics, carriers, warehousemen, landlords, materialmen, laborers, employees or suppliers, incurred in the ordinary course of business for sums which are not yet overdue for a period of more than 60 days or are being contested in good faith by negotiations or by appropriate proceedings which suspend the collection thereof;

(c) any Lien securing Hedging Obligations (other than Hedging Obligations that are secured by Permitted Collateral Liens on the Collateral);

(d) any Lien securing Acquired Indebtedness created prior to (and not created in connection with, or in contemplation of) the incurrence of such Indebtedness by the Company or any Restricted Subsidiary; *provided* that such Lien does not extend to any property or assets of the Company or any Restricted Subsidiary other than the assets acquired in connection with the incurrence of such Acquired Indebtedness;

(e) any Lien to secure the performance bids, trade contracts, leases (including, without limitation, statutory and common law landlord's liens), statutory obligations, surety and appeal bonds, letters of credit and other obligations of a like nature and incurred in the ordinary course of business of the Company or any Restricted Subsidiary;

(f) any Lien securing Capital Lease Obligations or Purchase Money Obligations incurred in accordance with the Indenture (including clause (12) of the definition of "Permitted Indebtedness") and which are incurred or assumed solely in connection with the acquisition, development or construction of real or personal, moveable or immovable property within 180 days of such incurrence or assumption; *provided* that such Liens only extend to such acquired, developed or constructed property, such Liens secure Indebtedness in an amount not in excess of the original purchase price or the original cost of any such assets or repair, addition or improvement thereto, and the incurrence of such Indebtedness is permitted by the "*Limitation on Indebtedness*" covenant;

(g) Liens on assets of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary that is not a Guarantor;

(h) Liens in favor of the Company or any Restricted Subsidiary;

(i) Liens arising solely by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary institution; *provided* that such deposit account is not intended by the Company or any Restricted Subsidiary to provide collateral to the depository institution;

(j) Liens arising from Uniform Commercial Code financing statement filings regarding operating leases entered into by the Company and its Restricted Subsidiaries in the ordinary course of business;

(k) (1) mortgages, liens, security interests, restrictions, encumbrances or any other matters or record that have been placed by any developer, landlord or other third party on property over which the Parent or any Restricted Subsidiary has easement rights or on any real property leased by the Company or any Restricted Subsidiary and subordination or similar agreements relating thereto and (2) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;

(l) any provision for the retention of title to any asset by the vendor or transferor of such asset which asset is acquired by the Company or any Restricted Subsidiary in a transaction entered into in the ordinary course of business of the Company or such Restricted Subsidiary and for which kind of transaction it is normal market practice for such retention of title provision to be included;

(m) Liens provided the maximum amount of Indebtedness secured in the aggregate at any one time pursuant to this clause (m) does not exceed €350.0 million;

(n) leases (including operating leases), licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(o) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(p) Liens on Receivables Assets created or incurred in connection with a Permitted Receivables Financing;

(q) Liens on assets of a Receivables Subsidiary to secure Indebtedness or other obligations incurred in connection with one or more Permitted Receivables Financings;

(r) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

(s) Liens on Capital Stock or other securities of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(t) any limited recourse Lien to secure Indebtedness incurred in connection with any project financing; *provided* that the assets or revenues which are subject to that Lien are:

  (1) assets which are the subject of the applicable project; or

  (2) claims, revenues or proceeds which arise from the use or operation, failure to meet specifications, failure to complete, expropriation, sale, or loss of or damage to, those assets;

(u) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of the Company's or any Restricted Subsidiary's business or operations as Liens only for Indebtedness to a bank or financial institution directly relating to the goods or documents on or over which that pledge exists;

(v) Liens created on any asset acquired by the Company or a Restricted Subsidiary or developed by the Company or a Restricted Subsidiary after the Issue Date for the sole purpose of financing or refinancing that acquisition or development and securing not more than 100% of the cost of acquisition or development; *provided* such Lien is released within 6 months of such acquisition;

(w) Liens (other than floating charges) constituting finance leases over the assets leased pursuant to such permitted finance leases;

(x) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement as part of any permitted disposal by the Company or a Restricted Subsidiary on condition that the cash paid into such escrow account in relation to a disposal does not represent more than 15% of the net proceeds of such disposal;

(y) limited recourse Liens in respect of the ownership interest or assets owned by joint ventures securing obligations of joint ventures; *provided* that the liability secured by such Lien constitutes Permitted Indebtedness;

(z) Liens in favor of BP plc and its Subsidiaries created pursuant to, and in accordance with, and as expressly contemplated by, the Credit Support Documents;

(aa) Permitted Collateral Liens;

(bb) Liens on any proceeds loan made by the Company or any Restricted Subsidiary in connection with any future incurrence of Indebtedness (other than Additional Notes) permitted under the Indenture and securing that Indebtedness (without any requirement to secure the Notes with a Lien on such proceeds loan);

(cc) Liens incurred to secure cash management services or to implement cash pooling arrangements in the ordinary course of business; and (dd) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (a) through (cc); *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is the security for a Permitted Lien hereunder.

"**Permitted Loan**" means the loan of up to €11.0 million to be made by the Company to Screencondor Limited (a company incorporated in England and Wales with registered number 4109627) to finance the acquisition of 150 hectares of land situated at Jade Bay, Wilhelmshaven, Germany; *provided*, that any Permitted Loan to be made after the date of the Indenture shall be made in good faith and *provided*, *further*, that any modification or amendment to the terms of, or (if applicable) the instrument, agreement or other documentation governing, the foregoing Permitted Loan shall not be materially less favorable to the holders of the Notes than any such terms, instruments, agreements or other documentation existing on the date of the Indenture.

"**Permitted Receivables Financing**" means any financing pursuant to which the Company or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to any other Person or grant a security interest in, any accounts receivable (and related assets) in an aggregate principal amount equivalent to the Fair Market Value of such accounts receivable (and related assets) of the Company or any of its Restricted Subsidiaries; *provided* that (a) the covenants, events of default and other provisions applicable to such financing shall be customary for such transactions and shall be on market terms (as determined in good faith by the Company's Board of Directors) at the time such financing is entered into, (b) the interest rate applicable to such financing shall be a market interest rate (as determined in good faith by the Company's Board of Directors) at the time such financing is entered into and (c) such financing shall be non-recourse to the Company or any of its Restricted Subsidiaries except to a limited extent customary for such transactions.

"**Permitted Refinancing Indebtedness**" means any Indebtedness that renews, extends, repays, substitutes, refinances or replaces (collectively, "**refinances**," "**refinanced**" and "**refinancing**" shall have correlative meanings) any Indebtedness, including any successive refinancings, so long as:

(a) such Indebtedness is in an aggregate principal or commitment amount (or if incurred with original issue discount, an aggregate issue price) not in excess of the sum of (1) the aggregate principal or commitment amount (or, if incurred with original issue discount, the aggregate accreted value) then outstanding or in effect, respectively, of the Indebtedness being refinanced and (2) an amount necessary to pay any fees and expenses, including premiums and defeasance costs, related to such refinancing;

(b) (1) the Average Life of such Indebtedness is equal to or greater than the Average Life of the Indebtedness being refinanced, (2) the Stated Maturity of such Indebtedness is no earlier than the Stated Maturity of the Indebtedness being refinanced, and (3) in the case of a refinancing of Subordinated Indebtedness of the type described in clause (b) of the definition thereof, such Indebtedness being refinanced is subordinated to, and subject to any other intercreditor provisions applicable to, the Notes and the Guarantees thereof on substantially the same terms as provided in the Intercreditor Agreement;

provided that Permitted Refinancing Indebtedness shall not include (i) Indebtedness of the Company or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary or (ii) Indebtedness of a non-Guarantor Subsidiary that refinances Indebtedness of the Issuer or a Guarantor.

"**Person**" means any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"**Post-Closing Guarantors**" means INEOS European Holdings Limited, INEOS Fluor Holdings Limited, INEOS Fluor Limited, INEOS Investments International Limited, INEOS Investment Holdings (Fluor & Silicas) Limited, INEOS Overseas Company I Limited, INEOS Overseas Company II Limited, INEOS Oxide Limited, INEOS Phenol Limited, INEOS Silicas Holdings Limited, INEOS Silicas Limited, INEOS (Malta) Company, INEOS Manufacturing (Hull) Limited, INEOS Nitriles (UK) Limited, INEOS Belgium Holdco NV, INEOS Belgium NV, INEOS Feluy SPRL, INEOS Canada Company, INEOS Canada Investment Company, INEOS Canada Partnership, INEOS Canada Preferred Holdings Limited, INEOS Deutschland GmbH, INEOS Köln Beteiligungs GmbH & Co. KG, INEOS Köln GmbH, INEOS Köln Verwaltungs GmbH, INEOS Phenol Verwaltungsgesellschaft mbH, INEOS Deutschland Holding GmbH, INEOS UK Holdings 1, INEOS UK Holdings 2, INEOS Jersey Limited, INEOS Financing (Malta) Limited, INEOS Holdings (Malta) Limited, INEOS Holdings Norge AS, INEOS Singapore Pte. Ltd., INEOS Delaware Corporation, INEOS Delaware LLC, INEOS Fluor Americas LLC, INEOS Holding Company LLC, INEOS LLC, INEOS Partners, INEOS Polypropylene LLC, INEOS US Holding Company II LLC, INEOS US Intermediate Holding Company LLC, INEOS Partners, INEOS Polypropylene LLC, INEOS U.S. Holding Company II LLC and INEOS U.S. Intermediate Holding Company.

"**Preferred Stock**" means, with respect to any Person, any Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over the Capital Stock of any other class in such Person.

"**Public Debt**" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (a) a public offering registered under the U.S. Securities Act or (b) a private placement to institutional investors whether or not it is underwritten for resale in accordance with Rule 144A or Regulation S, and whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the Commission.

"**Public Equity Offering**" means an underwritten public offering of ordinary shares (other than Redeemable Capital Stock) of the Company or a direct or indirect parent company of the Issuer (which shall include an offering pursuant to Rule 144A and/or Regulation S under the U.S. Securities Act to professional market investors or similar Persons) and, with respect to offerings by a Parent Holdco, pursuant to which the net cash proceeds are contributed to the Company in the form of a subscription for, or a capital contribution in respect of, Qualified Capital Stock or as Subordinated Shareholder Funding.

"**Purchase Money Obligation**" means any Indebtedness secured by a Lien on assets related to the business of the Company and its Restricted Subsidiaries and any additions and accessions thereto, which are purchased by the Company or any Restricted Subsidiary at any time after the Notes are issued; *provided* that

(a) the security agreement or conditional sales or other title retention contract pursuant to which the Lien on such assets is created (collectively a "**Purchase Money Security Agreement**") shall be entered into within 180 days after the purchase or substantial completion of the construction of such assets and shall at all times be confined solely to the assets so purchased or acquired, any additions and accessions thereto and any proceeds therefrom,

(b) at no time shall the aggregate principal amount of the outstanding Indebtedness secured thereby be increased, except in connection with the purchase of additions and accessions thereto and except in respect of fees and other obligations in respect of such Indebtedness and

(c) (1) the aggregate outstanding principal amount of Indebtedness secured thereby (determined on a per asset basis in the case of any additions and accessions) shall not at the time such Purchase Money Security Agreement is entered into exceed 100% of the purchase price to the Company or any Restricted Subsidiary of the assets subject thereto or (2) the Indebtedness secured thereby shall be with recourse solely to the assets so purchased or acquired, any additions and accessions thereto and any proceeds therefrom.

"**Qualified Capital Stock**" of any Person means any and all Capital Stock of such Person other than Redeemable Capital Stock.

"**Receivables Assets**" means any assets that are or will be the subject of a Permitted Receivables Financing.

"**Receivables Fees**" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Permitted Receivables Financing.

"**Receivables Repurchase Obligation**" means any obligation of a seller of receivables in a Permitted Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"**Receivables Subsidiary**" means a Subsidiary of the Company that engages in no activities other than in connection with a Permitted Receivables Financing and that is designated by the Company's Board of Directors (as provided below) as a Receivables Subsidiary:

(a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which:

(1) is guaranteed by the Company or any Restricted Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to representations, warranties, covenants, and indemnities entered into in the ordinary course of business in connection with a Permitted Receivables Financing);

(2) is recourse to or obligates the Company or any Restricted Subsidiary in any way other than pursuant to representations, warranties, covenants and indemnities entered into in the ordinary course of business in connection with a Permitted Receivables Financing; or

(3) subjects any property or asset of the Company or any Restricted Subsidiary (other than accounts receivable and related assets as provided in the definition of Permitted Receivables Financing), directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to representations, warranties, covenants and indemnities entered into in the ordinary course of business in connection with a Permitted Receivables Financing;

(b) with which neither the Company nor any Restricted Subsidiary has any material contract, agreement, arrangement or understanding other than on terms no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company, other than fees payable in the ordinary course of business in connection with servicing accounts receivable; and

(c) with which neither the Company nor any Restricted Subsidiary has any obligation to maintain or preserve such Subsidiary's financial condition or cause such Subsidiary to achieve certain level of operating results.

Any such designation by the Company's Board of Directors will be evidenced to the Notes Trustee by filing with the Notes Trustee a board resolution giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions.

"**Redeemable Capital Stock**" means any Capital Stock that, either by its terms or by the terms of any security into which it is convertible or exchangeable or otherwise, is or upon the happening of an event or passage of time would be, required to be redeemed prior to the final Stated Maturity of the principal of the Notes or is redeemable at the option of the holder thereof at any time prior to such final Stated Maturity (other than upon a change of control of the Company in circumstances where the holders of the Notes would have similar rights), or is convertible into or exchangeable for debt securities at any time prior to such final Stated Maturity at the option of the holder thereof.

"**Responsible Officer**" means any officer within the Corporate Trust Administration group of the Notes Trustee (or any successor group of the Notes Trustee) or any other officer of the Notes Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"**Restricted Subsidiary**" means (a) any Subsidiary of the Company (or, if the context requires, such other Person as such context requires) other than an Unrestricted Subsidiary and (b) any Holdco Group Guarantor and any Subsidiary of any Holdco Group Guarantor (which, unless expressly provided otherwise, such Holdco Group Guarantor shall be considered a Restricted Subsidiary of the Company for all purposes of the Indenture).

"**RPI**" means the index entitled "General Index of Retail Prices" prepared by the Office for National Statistics from time to time (or, if that index ceases to be so prepared, such other comparable index as is generally accepted).

"**Second Secured Creditors**" means holders of interests representing Second Secured Indebtedness.

"**Second Secured Indebtedness**" means Indebtedness (including any Public Debt) of the Issuer or any Guarantor that is secured by one or more liens that (a) rank junior to the liens that secure the Term A, B and C facilities under the Senior Facilities Agreement (and any other Indebtedness that is secured on an equal and ratable basis with such facilities pursuant to the Intercreditor Agreement) and (b) rank equally and ratably with the liens that secure the Term D Facility under the Senior Facilities Agreement (and any other Indebtedness that is secured on an equal and ratable basis with such facility).

"**Security Documents**" means the documents listed in a schedule to the Indenture and any other document that provides for a Lien over any Collateral for the benefit of the holders of the Notes, in each case, as amended, supplemented or restated from time to time.

"**Security Principles**" means the Security Principles set forth in the Indenture (or a schedule thereto), as applied reasonably and in good faith by the Company and the Issuer.

"**Senior Facilities Agreement**" means that certain facility agreement to be entered into on or about the Issue Date by, among others, the Company, as principal obligor, the Parent and certain of the Company's subsidiaries, as borrowers and/or guarantors, Tenderco and Barclays Bank PLC, as facility agent and security agent and all documentation relating thereto, including notes, collateral documents, letters of credit and guarantees and any Interest Rate Agreement, as such documentation, in whole or in part, may be amended, renewed, extended, substituted, refinanced, restructured, replaced, supplemented or otherwise modified from time to time under one or more Credit Facilities (including, without limitation, any successive renewals, extensions, substitutions, refinancings, restructurings, replacements, supplementations or other modifications of the foregoing).

"**Senior Indebtedness**" means any Indebtedness of the Company or any of its Restricted Subsidiaries that is not Subordinated Indebtedness.

"**Senior Management**" means James A. Ratcliffe, John Reece or Andrew Currie and each member of the Board of Directors of INEOS Group Limited or the Company from time to time.

"**Senior Secured Credit Facilities**" means the Credit Facilities made available pursuant to the Senior Facilities Agreement other than the Term D Facility.

"**Senior Secured Indebtedness**" means any Senior Indebtedness that is secured by a Lien on the Collateral as permitted by the Indenture, excluding the Existing Parent Notes to the extent secured on a junior priority basis by a Lien on the Capital Stock of the Company and the Existing Parent Notes Proceeds Loan.

"**Service Contracts**" means the service contracts of each member of Senior Management.

"**Significant Restricted Subsidiary**" means, at the date of determination, any Restricted Subsidiary that together with its Restricted Subsidiaries (a) for the most recent fiscal year, accounted for more than 5% of the Consolidated revenues of the Parent or (b) as of the end of the most recent fiscal quarter, was the owner of more than 5% of the Consolidated assets of the Parent.

"**Specified Affiliate Payments**" means:

(a) the repurchase of any (1) Capital Stock of the Company, any Restricted Subsidiary or any Parent Holdco or (2) employee loan stock of the Company, any Restricted Subsidiary or any Parent Holdco for a repurchase price not greater than the original purchase price paid for such loan stock, in each case held by any future, present or former employee, director or officer of the Company or any of its Restricted Subsidiaries (or their estates or beneficiaries under their estates) pursuant to any management equity subscription agreement, stock option agreement, put agreement, consulting agreement, stockholder agreement or similar agreement or employee loan stock scheme that may be in effect from time to time (or dividends from the Company to the parent of the Company to effect the same in respect of Capital Stock and employee loan stock of such parent held pursuant to any such agreement or scheme by any future, present or former employee, director or officer of the Company or any of its Restricted Subsidiaries (or their estates or beneficiaries under their estates)); *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Capital Stock and employee loan stock shall not exceed €5.0 million in any calendar year (with unused amounts in any calendar year being carried over to succeeding calendar years subject to a maximum amount of repurchases, redemptions or other acquisitions pursuant to this clause (a) of €10.0 million in any calendar year);

(b) transactions with customers, clients, suppliers, and distributors and 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 the Company and its Restricted Subsidiaries in the reasonable determination of the Board of Directors of the Company or the senior management of the Company, or are on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate;

(c) dividends, bonus, distributions or other amounts paid to a direct or indirect parent of the Company in amounts equal to amounts required for such Person to pay (i) audit fees and expenses, (ii) directors' fees, remuneration and expenses (including customary indemnification obligations and director and officer insurance premia), (iii) corporate overhead and salary or other compensation to employees allocable to the Company and the Restricted Subsidiaries (including the INEOS Headquarters Rental Payments and payments made pursuant to the Service Contracts), (iv) other normal course expenses required to maintain its corporate existence, (v) amounts required in relation to public reporting and registration and on-going administration of any securities and (vi) payments of fees under management agreements to INEOS Capital pursuant to agreements in effect on the date of the Indenture and any amendment or modifications thereof; *provided* that any amendments or modifications to the terms thereof are not more disadvantageous to the holders of the Notes in any material respect than the original agreement as in effect on the date of the Indenture;

(d) the payment of dividends or distributions, or loans, by the Company to a direct or indirect parent in amounts equal to amounts required by the parent to pay income or corporation taxes or VAT, but only to the extent such income or corporation taxes or VAT are attributable to the business of the Parent or its Restricted Subsidiaries;

(e) the payment of any other Specified Affiliate Payments; *provided* that the total aggregate amount of Specified Affiliate Payments made under this clause (e) does not exceed €25.0 million in any fiscal year; and

(f) the payment of an annual management fee to any direct or indirect Parent Holdco; *provided* that the total amount of Specified Affiliate Payments made under this clause (f) does not exceed € 73.5 million (adjusted in accordance with the RPI) in any fiscal year.

"**Specified Investor**" means

(a) any Person that is directly or indirectly solely owned by James A. Ratcliffe;

(b) any Person having a relationship with James A. Ratcliffe by blood, marriage or adoption not more remote than first cousin;

(c) any trust held solely on behalf of James A. Ratcliffe or any Person mentioned in (b) above; *provided* that James A. Ratcliffe retains sole control over the voting rights of the Capital Stock held by such trust; or

(d) the heirs of James A. Ratcliffe or beneficiaries of his estate or any trust or similar arrangement established in respect of his estate.

"**Stated Maturity**" means, when used with respect to any Indebtedness or any installment of interest thereon, the dates specified in such Indebtedness as the fixed date on which the principal of such Indebtedness or such installment of interest, as the case may be, is due and payable.

"**Subordinated Indebtedness**" means Indebtedness of the Company or any of its Restricted Subsidiaries that is either (a) unsecured or (b) subordinated in right of payment to the Notes or a Guarantee, including, without limitation, Second Secured Indebtedness, the guarantees of the Existing Parent Notes and the Existing Parent Notes Proceeds Loan.

"**Subordinated Shareholder Funding**" means Subordinated Indebtedness of (i) prior to the Holdco Group Transaction Date, the Company and (ii) after the Holdco Group Transaction Date, Topco issued to any Parent Holdco (other than a Holdco Group Guarantor) or any Affiliate of any Parent Holdco (other than a Holdco Group Guarantor or any other Restricted Subsidiary):

(a) which, by its terms or pursuant to the terms of any subordination agreement to which it is subject:

(i) does not (including upon the happening of any event) mature or require any amortization and is not (including upon the happening of any event) mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder, in whole or in part, and does not include any provision requiring repurchase by the Company or any Restricted Subsidiary (including upon the happening of any event) prior to the first anniversary of the Stated Maturity of the Notes;

(ii) does not (including upon the happening of any event) require or provide for the payment, in cash or otherwise, of interest, cash withholding amounts or other cash gross-ups or any other amounts prior to its final Stated Maturity (*provided* that interest may accrete while such Subordinated Indebtedness is outstanding and accreted interest may become due upon acceleration of maturity as permitted by clause (b)(ii) below and any interest may be satisfied at any time by the issue to the holders thereof of additional Subordinated Shareholder Funding);

(iii) contains no change of control or similar provisions, has no right to declare a default or event of default, does not provide (including upon the happening of any event) for the acceleration of its maturity, the ability to take any enforcement action or the exercise of remedies prior to the date on which the Notes mature and are repaid;

(iv) does not require or provide for, and is not secured by, a Lien on any assets of the Company or any Restricted Subsidiary and is not guaranteed by any Subsidiary;

(v) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes or compliance by the Issuer with its obligations under the Notes and the Indenture;

(vi) does not contain any covenants (financial or otherwise) other than a covenant to pay such Subordinated Indebtedness;

(vii) does not (including upon the happening of an event) constitute Voting Stock; and

(viii) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder, in whole or in part, prior to the date on which the Notes mature other than into or for Capital Stock (other than Redeemable Capital Stock) of the Company or Topco, as the case may be; and

(b) is contractually subordinated (by its terms in favor of, or pursuant to an agreement with, the Notes Trustee) and junior in right of payment to the prior payment in full in cash of all obligations (including principal, interest, premium (if any) and Additional Amounts (if any)) of the Company or Topco, as the case may be, under the relevant Guarantee of the Notes and the Indenture such that:

(i) neither the Company nor Topco, as the case may be, shall make any payment in respect of such Subordinated Indebtedness (whether in cash, securities or otherwise, except as permitted by clause (a)(ii) above) and may not acquire such Subordinated Indebtedness except as permitted by the Indenture until the prior payment in full in cash of all obligations in respect of the relevant Guarantee of the Notes and the Indenture;

(ii) upon any total or partial liquidation, dissolution or winding up of the Issuer or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or Topco, as the case may be, or its property, the holders of the Notes will be entitled to receive payment in full in cash of the obligations under the Notes and the Indenture, including Additional Amounts, if any, before the holders of such Subordinated Indebtedness will be entitled to receive any payment in respect of such Subordinated Indebtedness;

(iii) such Subordinated Indebtedness may not be amended such that it would cease to qualify as Subordinated Shareholder Funding until a date that is after the prior payment in full in cash of all obligations in respect of the Notes and the Indenture;

(iv) the holders of such Subordinated Indebtedness shall assign any rights to vote, including by way of proxy, in a bankruptcy, insolvency or similar proceeding to the Notes Trustee to the extent necessary to give effect to the priority and subordination provisions described in this definition; and

(v) the holders of such Subordinated Indebtedness shall agree that, in the event any payment on such Subordinated Indebtedness is received by such holder in contravention of the terms of the Indenture and any applicable subordination agreement, then such payment shall be held in trust for the benefit of, and shall be paid over or delivered to, the Notes Trustee, on behalf of the holders of the Notes;

provided that any event or circumstance that results in such Subordinated Indebtedness ceasing to qualify as Subordinated Shareholder Funding shall (x) constitute an incurrence of such Indebtedness by the Company and

(y) reduce the sum described in clause (b)(3)(B) of "*—Certain Covenants—Limitation on Restricted Payments*," by an amount equal to the principal amount of such Indebtedness, and any and all Restricted Payments made since the date of the original issuance of such Subordinated Shareholder Funding shall constitute new Restricted Payments that must satisfy the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*" at a time on or after the date of the original issuance of such Subordinated Shareholder Funding after giving effect to the reduction referred to above in clause (y) of this sentence.

"**Subsidiary**" of a Person means (a) any corporation more than 50% of the outstanding voting power of the Voting Stock of which is owned or controlled, directly or indirectly, by such Person or by one or more other Subsidiaries of such Person, or by such Person and one or more other Subsidiaries thereof, (b) any limited partnership of which such Person or any Subsidiary of such Person is a general partner, or (c) any other Person in which such Person, or one or more other Subsidiaries of such Person, or such Person and one or more other Subsidiaries, directly or indirectly, has more than 50% of the outstanding partnership or similar interests or has the power, by contract or otherwise, to direct or cause the direction of the policies, management and affairs thereof.

"**Subsidiary Guarantor**" means:

(a) each Initial Guarantor, but excluding the Parent, Tenderco and the Company;

(b) each Post-Closing Guarantor; and

(c) any other Subsidiary which is a Guarantor of the Notes, including any Person that is required after the date of the Indenture to execute a guarantee of the Notes pursuant to the "*Limitation on Issuance of Guarantees of Indebtedness by Restricted Subsidiaries*" covenant,

until (i) the Guarantee of such person has been released in accordance with the provisions of the Indenture or (ii) a successor replaces such party pursuant to the applicable provisions of the Indenture and, thereafter, shall mean such successor.

"**Tax Sharing Agreement**" means any tax sharing agreement with customary terms entered into with any Parent Holdco, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture.

"**Tenderco Receivable**" means the indebtedness owed by Tenderco to the Company and INEOS Finance LLC in respect of an intercompany loan that provides for back-to-back payments of amounts paid to Tenderco under the Existing Senior Facilities Agreement.

"**Tenderco Security Documents**" means that certain English law governed debenture to be entered in by INEOS Tenderco Limited and Barclays Bank PLC on the Issue Date.

"**Temporary Cash Investments**" means

(a) any evidence of Indebtedness, maturing not more than one year after the date of acquisition, issued by the United States of America, Switzerland or any state that was a member state of the European Union on December 31, 2003 or an instrumentality or agency thereof, and guaranteed fully as to principal, premium, if any, and interest by any of the foregoing;

(b) any certificate of deposit, maturing not more than one year after the date of acquisition, issued by, or time deposit of, a commercial banking institution that is a member of the U.S. Federal Reserve System or a bank or trust company organized in the United States of America, Switzerland or any state that was a member state of the European Union on December 31, 2003 and that has combined capital and surplus and undivided profits of not less than $500.0 million, whose debt has a rating, at the time as of which any investment therein is made, of "P-1" (or higher) according to Moody's or any successor rating agency or "A-1" (or higher) according S&P or any successor rating agency;

(c) commercial paper, maturing not more than one year after the date of acquisition, issued by a corporation (other than an Affiliate or Subsidiary of the Company) organized and existing under the laws of the United States of America, any state thereof or the District of Columbia, Switzerland or any state that was a member state of the European Union on December 31, 2003 with a rating, at the time as of which any investment therein is made, of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P;

(d) any money market deposit accounts issued or offered by a commercial bank organized in the United States of America, Switzerland or any state that was a member state of the European Union on December 31, 2003 having capital and surplus in excess of $500.0 million; *provided* that the short term debt of such commercial bank has a rating, at the time of Investment, of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P;

(e) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (a) and (b) entered into with any bank meeting the qualifications specified in clause (b) above;

(f) interests in any investment company or money market fund which invests 95% or more of its assets in instruments of the type specified in clauses (a) through (e) above; and

(g) other short-term investments utilized by Restricted Subsidiaries in accordance with normal investment practices for cash management not exceeding €2.0 million (or an equivalent amount in other currencies) in aggregate principal amount outstanding at any time.

"**Term D Facility**" means the second lien secured term loan D credit facility made available under the Senior Facilities Agreement.

"**Topco**" means any Holdco Group Guarantor which is or becomes the direct Subsidiary of the Parent (or any successor) upon completion of the Holdco Group Transactions.

"**Total Assets**" means the total consolidated assets of the Parent and its Restricted Subsidiaries, as shown on the most recent balance sheet of the Parent.

"**Treasury Rate**" means the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such statistical release is not so published or available, any publicly available source of similar market date selected by the Company in good faith)) most nearly equal to the period from the redemption date to May 15, 2013; *provided*, however, that if the period from the redemption date to May 15, 2013 is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the redemption date to May 15, 2013 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

"**Unrestricted Subsidiary**" means any Subsidiary of the Company (other than the Issuer) designated as such pursuant to and in compliance with the covenant described under "*—Certain Covenants—Limitation on Unrestricted Subsidiaries*."

"**U.S. Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

"**U.S. Securities Act**" means the U.S. Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

"**U.S. Trust Indenture Act**" means the U.S. Trust Indenture Act of 1939, as amended, or any successor statute.

"**Voting Stock**" of a Person means Capital Stock of such Person of the class or classes pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of such Person (irrespective of whether or not at the time Capital Stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

"**Wholly Owned Restricted Subsidiary**" means a Restricted Subsidiary all the Capital Stock of which is owned by the Company or another Wholly Owned Restricted Subsidiary.

DESCRIPTION OF THE COLLATERAL AND THE GUARANTEES

The notes and the guarantees will be secured by security interests in the assets described below (the "Collateral"). The security interests in the Collateral will be first-ranking security interests (subject to Permitted Collateral Liens), other than for the security interests in the BP Receivables, in respect of which BP has a first-ranking security interest. Upon the completion of the implementation of the security interests in the Collateral, the notes and the guarantees will, subject to the terms and conditions of the Indenture, be secured by security interests in all of the assets and property that will secure the obligations under the Senior Facilities Agreement, other than the assets and property held by INEOS Manufacturing France SAS. Upon the completion of the granting of the guarantees, the notes will be guaranteed by all of those entities that have guaranteed the obligations under the Senior Facilities Agreement, other than INEOS Manufacturing France SAS and the Issuer.

As described in "The Transactions", on the Issue Date (which will be the same date as the Transaction Completion Date), the existing guarantors (other than guarantors which are also borrowers) under the Existing Facilities Agreement and all security interests that secure the Existing Facilities Agreement will be released.

The following is a country-by-country summary description of the Collateral that is expected to secure the Senior Facilities Agreement and the notes as of the date of this offering memorandum. This summary is not complete and does not describe any of the limitations of, existing encumbrances on, and defects in respect of the Collateral, or any of the specific assets, properties and rights that will be excluded from the Collateral. The granting of the guarantees and the security interests in the Collateral is subject to compliance with the agreed security principles (the "Security Principles") set forth in the Senior Facilities Agreement, which embody the recognition that there may be certain legal and practical difficulties in obtaining guarantees and security interests in every jurisdiction in which obligors under the Senior Facilities Agreement are incorporated and hold assets. In addition, prior to the execution by the parties thereto of the security documents in respect of the notes, the composition of the Collateral may change (including due to the application of the Security Principles), and any such change or changes could be material.

As described herein, the guarantees and security in respect of the Senior Facilities Agreement and the notes will be implemented in two or more stages. Not all of the guarantees and the Collateral that will secure the notes will be implemented as of the Issue Date. In addition, there may be delays in the implementation of the guarantees and the Collateral.

Transaction Completion Date

On the Transaction Completion Date, the following companies (the "Original Senior Facilities Guarantors") will provide guarantees and grant new security in respect of the Senior Facilities Agreement:

- INEOS Holdings Limited;
- INEOS Europe Limited;
- INEOS Finance plc;
- INEOS Group Holdings plc;
- INEOS Tenderco Limited;
- INEOS Manufacturing Belgium NV;
- INEOS NV;
- INEOS Phenol Belgium NV;
- INEOS Manufacturing France SAS;

- INEOS Manufacturing Deutschland GmbH;
- INEOS Phenol GmbH;
- INEOS Manufacturing Scotland Limited;
- INEOS Americas LLC;
- INEOS U.S. Finance LLC; and
- INEOS USA LLC.

On the Transaction Completion Date, it is expected that (i) the aggregate unconsolidated total assets of the Original Senior Facilities Guarantors will represent at least 70% of the consolidated total assets of the INEOS Group and (ii) the aggregate unconsolidated EBITDA of the Original Senior Facilities Guarantors will represent at least 70% of the consolidated EBITDA of the INEOS Group (in each case, as the term EBITDA is defined under the Senior Facilities Agreement). All of the Original Senior Facilities Guarantors, other than INEOS Finance plc and INEOS Manufacturing France SAS, will provide guarantees in respect of the notes on the Transaction Completion Date. INEOS Finance plc is the issuer of the notes and will provide security in respect of the notes. Due to limitations under French law, INEOS Manufacturing France SAS will not provide a guarantee or security in respect of the notes. The assets of INEOS Manufacturing France SAS include the Lavéra refinery. Therefore, the level of asset and EBITDA coverage on (and following) the Transaction Completion Date will be less for the notes than for the Senior Facilities Agreement.

To the extent it is not possible to implement certain mortgages or deeds of trust and deliver related real estate documents in respect of real property located in Belgium and the United States on the Transaction Completion Date, these will be due within 90 days of the Transaction Completion Date. The relevant real estate security will be granted in respect of the notes and the Senior Facilities Agreement at the same time under the same security document.

Post-Transaction Completion Date

No later than 30 days after the Transaction Completion Date, the following companies (referred to herein as the "Post-Closing Date Guarantors") are required to provide guarantees and grant security in respect of the Senior Facilities Agreement:

- INEOS European Holdings Limited;
- INEOS Fluor Holdings Limited;
- INEOS Fluor Limited;
- INEOS Investments International Limited;
- INEOS Investment Holdings (Fluor & Silicas) Limited;
- INEOS Overseas Company I Limited;
- INEOS Overseas Company II Limited;
- INEOS Oxide Limited;
- INEOS Phenol Limited;
- INEOS Silicas Holdings Limited;

- INEOS Silicas Limited;
- INEOS (Malta) Company;
- INEOS Manufacturing (Hull) Limited;
- INEOS Nitriles (UK) Limited;
- INEOS Belgium Holdco NV;
- INEOS Belgium NV;
- INEOS Feluy SPRL;
- INEOS Canada Company;
- INEOS Canada Investment Company;
- INEOS Canada Partnership;
- INEOS Canada Preferred Holdings Limited;
- INEOS Deutschland GmbH;
- INEOS Köln Beteiligungs GmbH & Co. KG;
- INEOS Köln GmbH;
- INEOS Köln Verwaltungs GmbH;
- INEOS Phenol Verwaltungsgesellschaft mbH;
- INEOS Deutschland Holding GmbH;
- INEOS UK Holdings 1;
- INEOS UK Holdings 2;
- INEOS Jersey Limited;
- INEOS Financing (Malta) Limited;
- INEOS Holdings (Malta) Limited;
- INEOS Holdings Norge AS;
- INEOS Singapore Pte. Ltd.;
- INEOS Delaware Corporation;
- INEOS Delaware LLC;
- INEOS Fluor Americas LLC;
- INEOS Holding Company LLC;

- INEOS LLC;
- INEOS Partners;
- INEOS Polypropylene LLC;
- INEOS U.S. Holding Company II LLC; and
- INEOS U.S. Intermediate Holding Company LLC.

Once the granting of the guarantees and security by the Post-Closing Date Guarantors is completed, it is expected (i) the aggregate unconsolidated total assets of the Original Senior Facilities Guarantors and the Post-Closing Date Guarantors will represent at least 85% of the consolidated total assets of the INEOS Group and (ii) the aggregate unconsolidated EBITDA of the Original Senior Facilities Guarantors and the Post-Closing Date Guarantors will represent at least 85% of the consolidated EBITDA of the INEOS Group (in each case, as the term EBITDA is defined under the Senior Facilities Agreement). All of the Post-Closing Date Guarantors will provide guarantees and security in respect of the notes at the same time that such guarantees and security are granted in respect of the Senior Facilities Agreement. However, since one of the Original Senior Facilities Guarantors, INEOS Manufacturing France SAS, will not provide a guarantee or security in respect of the notes, the level of asset and EBITDA coverage will be less for the notes than for the Senior Facilities Agreement.

The deadline for implementation of the security to be granted by INEOS Feluy SPRL under a mortgage and irrevocable mandates in respect of certain real property held by it in Belgium may be extended up to 120 days from the Transaction Completion Date, if the company is unable, for local law reasons, to enter into these Security Documents at the time it becomes a Post-Closing Date Guarantor. This security will be granted in respect of the notes and the Senior Facilities Agreement at the same time.

Summary of the Collateral and the Guarantees for the notes

The following is a country-by-country summary of the Collateral and the guarantees in respect of the notes that will be in place following the completion of the grants of the guarantees and the Collateral.

Belgium

The notes will be guaranteed by the following Belgian companies: INEOS Manufacturing Belgium NV, INEOS NV, INEOS Phenol Belgium NV, INEOS Belgium Holdco NV, INEOS Belgium NV and INEOS Feluy SPRL.

The notes will be secured by the following security interests, each governed by Belgian law:

- pledges over shares in INEOS Belgium Holdco NV, INEOS Sales Belgium NV, INEOS Belgium NV, INEOS NV, INEOS Services Belgium NV, INEOS Manufacturing Belgium NV, INEOS Feluy SPRL, INEOS Phenol Belgium NV and INEOS C2T NV;
- mortgages over various properties of INEOS Feluy SPRL for the amount of €10,500,000.00, INEOS NV for the amount of € 11,750,000.00, INEOS Phenol Belgium NV for the amount of € 10,500,000.00 and INEOS Manufacturing Belgium NV for the amount of € 10,500,000.00;
- mortgage mandates over various properties of INEOS Feluy SPRL for the amount of €342,600,000.00, INEOS NV for the amount of € 600,150,000.00, INEOS Phenol Belgium NV for the amount of € 256,500,000.00 and INEOS Manufacturing Belgium NV for the amount of € 336,100,000.00;
- pledges over various receivables of INEOS Belgium NV, INEOS Belgium Holdco NV, INEOS NV, INEOS Feluy SPRL, INEOS Manufacturing Belgium NV and INEOS Phenol Belgium NV;

- pledges over various bank accounts of INEOS Belgium NV, INEOS NV, INEOS Feluy SPRL, INEOS Manufacturing Belgium NV, INEOS Belgium Holdco NV, INEOS Phenol Belgium NV, INEOS Phenol GmbH and INEOS Oxide Limited;

- pledges over the business assets of INEOS Belgium NV for the amount of €2,000,000.00 EUR, INEOS NV for the amount of € 11,000,000.00, INEOS Feluy SPRL for the amount of €11,000,000.00, INEOS Manufacturing Belgium NV for the amount of €11,000,000.00 and INEOS Phenol Belgium NV for the amount of €11,000,000.00;

- mandates to establish pledges over the business assets of INEOS Belgium NV for the amount of €6,640,000.00, INEOS NV for the amount of €41,200,000.00, INEOS Feluy SPRL for the amount of € 89,000,000.00, INEOS Manufacturing Belgium NV for the amount of € 194,000,000.00 and INEOS Phenol Belgium NV for the amount of € 89,000,000.00 and INEOS Belgium Holdco NV for the amount of € 300,000,000.00; and

- pledges over trademarks and patents of INEOS Manufacturing Belgium NV.

Canada

The notes will be guaranteed by INEOS Canada Company, INEOS Canada Investment Company, INEOS Canada Partnership and INEOS Canada Preferred Holdings Limited.

The notes will be secured by security interests over (i) the shares of INEOS Canada Investment Company, INEOS Canada Company, INEOS Canada Holdings Company and INEOS Canada Preferred Holdings Limited, (ii) the partnership interests of INEOS Canada Partnership and (iii) the leasehold interest held by INEOS Canada Company on behalf of INEOS Canada Partnership in real property near Joffre, Alberta.

The notes will also be secured pursuant to the following Security Documents:

- general security agreement governed by Alberta law granted by each of INEOS Canada Company, INEOS Canada Investment Company and INEOS Canada Partnership in respect of all present and future after-acquired personal and real property (subject to certain exceptions);

- general security agreement granted by INEOS Canada Preferred Holdings Limited and governed by Nova Scotia law in respect of all present and after-acquired personal property (subject to certain exceptions); and

- security agreement (over its Citibank Canada bank accounts) granted by INEOS European Holdings Limited and governed by Ontario law.

England and Wales

The notes will be guaranteed by the following companies incorporated in England and Wales: INEOS Holdings Limited, INEOS Europe Limited, INEOS European Holdings Limited, INEOS Fluor Holdings Limited, INEOS Fluor Limited, INEOS Group Holdings plc, INEOS Investments International Limited, INEOS Investment Holdings (Fluor & Silicas) Limited, INEOS Overseas Company I Limited, INEOS Overseas Company II Limited, INEOS Oxide Limited, INEOS Phenol Limited, INEOS (Malta) Company, INEOS Manufacturing (Hull) Limited, INEOS Nitriles (UK) Limited, INEOS Silicas Holdings Limited, INEOS Silicas Limited and INEOS Tenderco Limited.

Each of the above companies (other than the Parent) will be a party to an English law debenture creating a legal mortgage in respect of all real property of which it is a registered proprietor and fixed (or floating) charges over substantially all its other assets (including shares in any subsidiary, intellectual property rights, monies credited to certain bank accounts, plant, equipment and other personal property).

The notes will also be secured by certain additional English law security interests as follows:

- share charges granted by the Parent (in respect of its shares in IHL and INEOS Tenderco Limited), INEOS Jersey Limited (in respect of its shares in INEOS European Holdings Limited), INEOS U.S. Finance LLC (in respect of its shares in INEOS Finance Company) and INEOS Financing (Malta) Limited (in respect of its shares in INEOS (Malta) Company);

- an assignment by the Parent of all its rights in respect of any intercompany loans;

- a mortgage over real property owned by INEOS Manufacturing Scotland Limited in England and Wales;

- a charge over bank accounts held by INEOS Manufacturing Scotland Limited and INEOS U.S. Finance LLC in England and Wales;

- charges over intellectual property rights by INEOS USA LLC, INEOS Americas LLC, INEOS Manufacturing Belgium NV and INEOS Phenol GmbH;

- a security assignment by INEOS Europe Limited in respect of its rights under the Refineries Documents (subject to any rights of set off or netting arrangements with Morgan Stanley under or in connection with the Refineries Agreement); and

- a second ranking charge and security assignment by each of INEOS Polypropylene LLC, INEOS Europe Limited and INEOS USA LLC relating to contractual arrangements between these entities and BP.

France

There will be no guarantor of the notes incorporated in France. However, the notes will be secured by French law governed share pledges granted by INEOS Investments International Limited over the shares it owns in INEOS Manufacturing France SAS, Appryl SNC, INEOS France SAS, INEOS Refining France SAS, Naphtachimie SA and Oxochimie SAS.

Germany

The notes will be guaranteed by the following German companies: INEOS Deutschland GmbH, INEOS Phenol Verwaltungsgesellschaft mbH, INEOS Phenol GmbH, INEOS Köln GmbH, INEOS Manufacturing Deutschland GmbH, INEOS Köln Verwaltungs GmbH, INEOS Deutschland Holding GmbH and INEOS Köln Beteiligungs GmbH & Co. KG.

The notes will be secured by the following German law security interests:

- pledges over shares in INEOS Deutschland GmbH, INEOS Phenol Verwaltungsgesellschaft mbH, INEOS Phenol GmbH, INEOS Köln GmbH, INEOS Manufacturing Deutschland GmbH, INEOS Köln Verwaltungs GmbH and INEOS Deutschland Holding GmbH;

- pledges over limited partnership interests in INEOS Köln Beteiligungs GmbH & Co. KG;

- land charges on real estate owned by INEOS Phenol GmbH and INEOS Manufacturing Deutschland GmbH, and security purpose agreements with respect to such land charges;

- security transfers in respect of movable assets of INEOS Phenol GmbH, INEOS Köln GmbH and INEOS Manufacturing Deutschland GmbH;

- account pledges over certain bank accounts of INEOS Phenol Verwaltungsgesellschaft mbH, INEOS Phenol GmbH, INEOS Köln GmbH, INEOS Manufacturing Deutschland GmbH, INEOS Köln Verwaltungs GmbH, INEOS Deutschland GmbH, INEOS Köln Beteiligungs GmbH & Co. KG, INEOS Deutschland Holding GmbH and INEOS Oxide Limited; and

- global assignment agreement in respect of receivables of INEOS Phenol Verwaltungesellschaft mbH, INEOS Phenol GmbH, INEOS Köln GmbH, INEOS Manufacturing Deutschland GmbH, INEOS Deutschland GmbH, INEOS Köln Beteiligungs GmbH & Co. KG, INEOS Köln Verwaltungs GmbH and INEOS Deutschland Holding GmbH.

Ireland

INEOS UK Holdings 1 and INEOS UK Holdings 2 will guarantee the notes and enter into an Irish law debenture (modeled closely on the form of the English law debenture) to secure the notes. No Irish law security is being provided over the shares in the Irish guarantors on the basis that they are unlimited liability companies.

Jersey

The notes will be guaranteed by INEOS Jersey Limited. The notes will be secured by a Jersey law security interest over all of the shares of INEOS Jersey Limited (as security for the guarantee of the notes by INEOS Jersey Limited) held by INEOS Holdings Limited.

Malta

The notes will be guaranteed by INEOS Financing (Malta) Limited and INEOS Holdings (Malta) Limited.

The notes will be secured by a Maltese law security interest over:

- all of the shares of (x) INEOS Holdings (Malta) Limited, granted by INEOS Holdings Limited and INEOS Phenol Limited and (y) INEOS Financing (Malta) Limited, granted by INEOS Holdings (Malta) Limited and INEOS Phenol Limited; and

- certain receivables of (x) INEOS Holdings (Malta) Limited, including trade receivables and monies held in a Maltese bank account and (y) INEOS Financing (Malta) Limited, including intercompany receivables, trade receivables and monies deposited in a Maltese bank account. In the case of the pledge over trade receivables and monies deposited in a Maltese bank account granted by each of INEOS Holdings (Malta) Limited and INEOS Financing (Malta) Limited, the said receivables have not, as at the date hereof, come into existence. Accordingly, the existence and validity of the pledge granted thereon is dependent upon their coming into existence.

Norway

The notes will be guaranteed by INEOS Holdings Norge AS. The notes will be secured by Norwegian law security interests over:

- shares of INEOS Holdings Norge AS, granted by INEOS Holdings Limited;

- shares of INEOS Bamble AS and INEOS Sales Norge AS, granted by INEOS Holdings Norge AS;

- trade receivables, bank accounts held in Norway, claims under intercompany loans and claims under certain acquisition documents for INEOS Bamble AS (formerly Borealis AS) granted by INEOS Holdings Norge AS; and

- bank accounts of INEOS Holdings (Malta) Limited and INEOS Financing (Malta) Limited held in Norway.

Scotland

The notes will be guaranteed by INEOS Manufacturing Scotland Limited.

The notes will be secured by (i) a pledge of the shares of INEOS Manufacturing Scotland Limited held by INEOS European Holdings Limited, (ii) a bond and floating charge granted by INEOS Manufacturing Scotland Limited over its whole assets and undertaking and (iii) a standard security granted by INEOS Manufacturing Scotland Limited over certain of its heritable and leasehold property situated in Scotland, including the Grangemouth refinery and petrochemicals site.

Singapore

The notes will be guaranteed by INEOS Singapore Pte. Ltd.

The notes will be secured by a security interest over the shares of (i) INEOS Phenol Asia Pte. Ltd., held by INEOS Phenol GmbH and (ii) INEOS Singapore Pte. Ltd., held by INEOS Holdings Limited. The notes will also be secured by a security interest over substantially all of the assets of INEOS Singapore Pte. Ltd. pursuant to a Singapore law debenture.

United States of America

The notes will be guaranteed by the following companies organized under the laws of states of the United States of America: INEOS U.S. Finance LLC, INEOS U.S. Intermediate Holding Company LLC, INEOS Americas LLC, INEOS Fluor Americas LLC, INEOS Partners, INEOS U.S. Holding Company II LLC, INEOS Delaware LLC, INEOS Delaware Corporation, INEOS LLC, INEOS Holding Company LLC, INEOS Polypropylene LLC and INEOS USA LLC.

The notes will be secured by (i) a security interest in substantially all of the tangible and intangible personal property of the aforementioned companies, (ii) pledges of shares of certain subsidiaries of the aforementioned companies and (iii) mortgages on certain owned real property, including a mortgage granted by INEOS Americas LLC on real property located at Theodore, Alabama and mortgages granted by INEOS USA LLC on real property located at Lima, Ohio, Chocolate Bayou, Texas, Battleground, Texas and Green Lake, Texas.

Various companies incorporated outside the United States will also grant a security interest in respect of certain assets they hold in the United States, including INEOS Overseas Company I Limited and INEOS Overseas Company II Limited (each in respect of their partnership interest in INEOS Partners), INEOS European Holdings Limited (in respect of bank accounts), INEOS UK Holdings 2 (in respect of its holding in INEOS Delaware LLC) and INEOS Europe Limited, INEOS Phenol GmbH and INEOS Manufacturing Belgium NV (in respect of intellectual property rights). These companies will also grant a security interest in certain other present or future acquired classes of U.S. assets.

Limitations on Guarantees and Collateral

The indenture for the notes, the Senior Facilities Agreement and certain of the security documents in respect of the Senior Secured Credit Facilities and the notes will contain customary language as to limitations on the amount and enforceability of the guarantees and the Collateral. For a description of certain of these limitations, see "Description of the Notes" and "Limitations on Validity and Enforceability of the Guarantees and the Security Interests."

Future Guarantees and Security

The indenture will include provisions that generally require that INEOS Group companies that guarantee or grant security in respect of the Senior Facilities Agreement and certain other indebtedness simultaneously guarantee the notes and grant security in respect of the notes. However, these provisions are subject to a variety of exceptions and limitations. See "Description of the Notes."

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE GUARANTEES AND THE SECURITY INTERESTS

Set out below is a summary of certain limitations on the enforceability of the guarantees and the security interests in each of the jurisdictions in which guarantees or Collateral are being provided. It is a summary only, and proceedings of bankruptcy, insolvency or a similar event could be initiated in any of these jurisdictions and in the jurisdiction of organization of a future Guarantor of the notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply, and could adversely affect your ability to enforce your rights and to collect payment in full under the notes, the guarantees and the security interests on the Collateral.

Also set out below is a brief description of certain aspects of insolvency law in Belgium, Canada, England and Wales, France, Germany, Ireland, Jersey, Malta, Norway, Scotland, Singapore and the United States. In the event that any one or more of the Issuer, the Guarantors or any other of IGH or IHL's subsidiaries experienced financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

European Union

The Issuer and several of the Guarantors are organized under the laws of Member States of the European Union.

Pursuant to Council Regulation (EC) no. 1346/2000 on insolvency proceedings (the "E.U. Insolvency Regulation"), the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the Member State (other than Denmark) where the company concerned has its "centre of main interests" (as that term is used in Article 3(1) of the E.U. Insolvency Regulation). The determination of where any such company has its "centre of main interests" is a question of fact on which the courts of the different Member States may have differing and even conflicting views.

The term "centre of main interests" is not a static concept and may change from time to time. Although there is a rebuttable presumption under Article 3(1) of the E.U. Insolvency Regulation that any such company has its "centre of main interests" in the Member State in which it has its registered office, Preamble 13 of the E.U. Insolvency Regulation states that the "centre of main interests" of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and "is therefore ascertainable by their parties." In that respect, factors such as where board meetings are held, the location where the company conducts the majority of its business and the location where the large majority of the company's creditors are established may all be relevant in the determination of the place where the company has its "centre of main interests." The point at which a company's "centre of main interests" is determined is at the time that the relevant insolvency proceedings are opened.

If the centre of main interests of a company is and will remain located in the state in which it has its registered office, the main insolvency proceedings in respect of the company under the E.U. Insolvency Regulation would be commenced in such jurisdiction, and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the E.U. Insolvency Regulation. Insolvency proceedings opened in one Member State under the E.U. Insolvency Regulation are to be recognized in the other Member States (other than Denmark), although secondary proceedings may be opened in another Member State. If the "centre of main interests" of a debtor is in one Member State (other than Denmark) under Article 3(2) of the E.U. Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open "territorial proceedings" only in the event that such debtor has an "establishment" (in the meaning of the EU Insolvency Regulation) in the territory of such other Member State. The effects of those territorial proceedings are restricted to the assets of the debtor situated in the territory of such other Member State. If the company does not have an establishment in any other Member State, no court of any other Member State has jurisdiction to open territorial proceedings in respect of such company under the E.U. Insolvency Regulation.

Belgium

Insolvency

A number of the Guarantors are incorporated under the laws of Belgium (the "Belgian Guarantors"). Consequently, in the event of an insolvency of any of the Belgian Guarantors, insolvency proceedings may be initiated in Belgium. Such proceedings would then be governed by Belgian law. Under certain circumstances, Belgian law also allows bankruptcy proceedings to be opened in Belgium over the assets of companies that are not established under Belgian law.

The following is a brief description of certain aspects of Belgian insolvency law.

Belgian insolvency laws provide for two insolvency procedures: a judicial restructuring procedure (*gerechtelijke reorganisatie/réorganisation judiciaire*) and a bankruptcy procedure (*faillissement/faillite*).

Judicial Restructuring

A debtor may file a petition for judicial restructuring if the continuity of the enterprise is at risk, whether immediately or in the future. If the net assets of the debtor have fallen below 50% of the debtor's registered capital, the continuity of the enterprise is always presumed to be at risk.

As long as the court overseeing a judicial restructuring has not issued a ruling on the restructuring petition, the debtor cannot be declared bankrupt or wound up by court order. In addition, during the period between the filing of the petition and the court's decision, none of the debtor's assets may be disposed of by any of its creditors as a result of the enforcement of any security interests that such creditors may hold with respect to such assets.

Within a period of ten days as from the filing of the petition and subject to the satisfaction of the filing conditions, the court will declare the judicial restructuring procedure open, allowing a temporary moratorium for a maximum period of six months. At the request of the debtor and pursuant to the report issued by the delegated judge, the moratorium period can be extended by six months. In exceptional circumstances (such as due to the size of the business, the complexity of the case or the impact of the procedure on employment), and in the interest of the creditors, the court may order an additional extension of the moratorium period for six months.

The granting of the moratorium operates as a stay. No enforcement measures with respect to pre-existing claims in the moratorium can be continued or initiated against any of the debtor's assets from the time that the moratorium is granted until the end of the period. During the duration of the moratorium, no attachments can be made with regard to pre-existing claims.

Conservatory attachments that existed prior to the opening of the judicial restructuring retain their conservatory character, but the court may order their release, provided that such release does not have a material adverse effect on the situation of the creditor concerned.

Receivables pledged by the debtor in favor of a creditor prior to the opening of the judicial restructuring procedure are not covered by the moratorium, and the holder of such pledged receivables is permitted to take enforcement measures against the estate of the initial counterparty of the debtor (*e.g.*, the debtor's customers) during the moratorium. A pledge on financial instruments or cash held on accounts in the meaning of the Financial Collateral Law of 15 December 2004 can be enforced notwithstanding the enforcement prohibition imposed by the moratorium. Personal guarantees granted by third parties in favor of the debtor's creditors are not covered by the enforcement prohibition imposed by the moratorium, nor are the debts payable by co-debtors. The moratorium also does not prevent the voluntary payment by the debtor of claims covered by the moratorium.

During the judicial restructuring procedure, the board of directors and management of the debtor continue to exercise their management functions. However, upon request of the debtor or any other interested party and to the extent it is deemed useful for reaching the aims of the restructuring, the court may appoint, in its decision to open the judicial restructuring procedure or at any other point in time during the course of the procedure, a judicial administrator (*gerechtsmandataris/mandataire de justice*) to assist the debtor during the restructuring.

The restructuring procedure aims to preserve the continuity of a company as a going concern. Consequently, the initiation of the procedure does not terminate any contracts, and contractual provisions which provide for the early termination or acceleration of the contract upon the initiation or approval of a restructuring procedure, and certain contractual terms such as default interest, may not be enforceable during such a procedure. The Belgian law on judicial restructuring provides that a creditor may not terminate a contract on the basis of a debtor's default that occurred prior to the restructuring procedure if the debtor remedies such default within a 15-day period following the notification of such default.

As an exception to the general rule of continuity of contracts, the debtor may cease performing a contract during the restructuring procedure, provided that the debtor notifies the creditor, and the decision is necessary for the debtor to be able to propose a reorganization plan to its creditors or to transfer all or part of the company or its assets.

Judicial Restructuring by Amicable Settlement by Collective Agreement, or by Court-ordered Transfer of Enterprise

A judicial restructuring procedure may result in an amicable settlement between the debtor and two or more of its creditors, or a collective agreement.

In the case of a judicial restructuring by collective agreement, the creditors agree to a restructuring plan during the restructuring procedure. The plan must be filed with the Clerk's Office of the Commercial Court at least 14 days in advance of the date on which the creditors will vote on the approval of the restructuring plan. The court needs to ratify the restructuring plan prior to its taking effect.

Within a period of 14 days following the ruling declaring the judicial restructuring procedure open, the debtor must inform each of its creditors individually of the amount of its claims against the debtor as recorded in the books of the debtor, as well as of details regarding security interests, if applicable. Creditors with pre-existing claims, as well as any other interested party that claims to be a creditor, can challenge the amounts and the ranking of the secured claims declared by the debtor. The court can determine the disputed amounts and the ranking of such claims on a preliminary basis for the purpose of the restructuring procedure, or definitively, on the condition that it has jurisdiction in that respect, but that the decision relating to the dispute cannot be taken in a sufficiently short time frame.

The debtor must use the moratorium period to complete and finalize a restructuring plan, with the assistance of the court-appointed administrator, as the case may be.

The court-ordered transfer of all or part of the debtor's enterprise can be requested by the debtor in his petition or at a later stage in the procedure. It can be requested by the public prosecutor, by a creditor or by any party who has an interest in acquiring, in whole or in part, the debtor's enterprise, and the court can order such transfer in specific circumstances.

Bankruptcy

A bankruptcy procedure may be initiated by the debtor, by unpaid creditors or upon the initiative of the Public Prosecutor's office, or the provisional administrator of the merchant's assets or the liquidator of "main insolvency proceedings" opened in another EU member state (except Denmark) according to the EU Insolvency Regulation.

Conditions for a bankruptcy order (*declaration de faillite/aangifte van faillissement*) are that the debtor must be in a situation of cessation of payments (*cessation de paiements/staking van betaling*) and be unable to obtain further credit (*ebranlement de credit/wiens krediet geschokt is*). Cessation of payments is generally accepted to mean that the debtor is not able to pay its debts as they fall due. Such situation must be persistent and not merely temporary. In bankruptcy, the debtor loses all authority and decision rights concerning the management of the bankrupt business. The bankruptcy receiver (*curateur/curator*) becomes responsible for the operation of the business and implements the sale of the debtor's assets, the distribution of the sale proceeds to creditors and the liquidation of the debtor. The rights of creditors in the process are limited to being informed of the course of the bankruptcy proceedings on a regular basis by the receiver. Creditors may oppose the sale of assets by bringing an action before the court, or may request the temporary continued operation of the business.

The receiver must decide whether or not to continue performance under ongoing contracts (*i.e.*, contracts existing before the bankruptcy order). The receiver may elect to continue the business of the debtor, provided the receiver obtains the authorization of the court and such continuation does not cause any prejudice to the creditors. However, two exceptions apply:

(a) the parties to an agreement may contractually agree that the occurrence of a bankruptcy constitutes an automatic early termination or acceleration event; and

(b) *intuitu personae* contracts (*i.e.*, contracts whereby the identity of the other party constitutes an essential element upon the signing of the contract) are automatically terminated as of the bankruptcy judgment, since the debtor is no longer responsible for the management of the company. Parties can agree to continue to perform under such contracts.

The bankruptcy receiver may elect not to perform the obligations of the bankrupt party which are still to be performed after the bankruptcy under any agreement validly entered into by the bankrupt party prior to the bankruptcy if such decision is necessary for the management and liquidation of the bankrupt estate. The counterparty to that agreement may make a claim for damages in the bankruptcy (and such claim will rank *pari passu* with claims of all other unsecured creditors) and/or seek a court order to have the relevant contract dissolved. The counterparty may not seek injunctive relief or require specific performance of the contract.

The enforcement rights of individual creditors are suspended upon the rendering of the court order opening bankruptcy proceedings, and after such order is made, only the bankruptcy trustee may proceed against the debtor and liquidate its assets. However, such suspension does not apply to a pledge of financial instruments or cash held on account.

For creditors with claims secured by movable assets, such suspension would normally be limited to the period required for the first report of verification of the claims. At the request of the bankruptcy receiver, the suspension period may be extended for up to one year from the bankruptcy judgment. Such extension requires a specific order of the court, which can only be made if the further suspension will allow for a realization of the assets in the interest of all creditors but without prejudicing the secured creditors, and provided that those secured creditors have been given the opportunity to be heard by the court.

For creditors with claims secured by immovable assets, the intervention of the bankruptcy receiver is necessary to pursue the sale of the assets. The receiver will do so upon an order of the court, given either at its request or at the request of a mortgagee. A first-ranking mortgagee will generally be entitled to pursue the enforcement of its mortgage as soon as the first report of claims has been finalized; the court may suspend such enforcement for a period of not more than one year from the date of the bankruptcy if the suspension will allow for a realization of the assets without prejudicing the mortgagee, provided that the mortgagee has been given the opportunity to be heard by the court. However, a pledge on financial instruments or cash held on accounts can be enforced during the suspension period.

As from the date of the bankruptcy judgment, no further interest accrues against the bankrupt debtor on its unsecured debt, or debts secured by a general privilege, like tax administration or social security.

The debts of the bankrupt estate generally will be ranked as to priority on the basis of complex rules. The following is a general overview of such rules:

(a) Estate debt: Costs and indebtedness incurred by the receiver during the bankruptcy proceedings, the so-called “estate debts”, have a senior priority. In addition, if the receiver has contributed to the realization and enforcement of secured assets, such costs will be paid to the receiver in priority out of the proceeds of the realized assets before distributing the remainder to the secured creditors;

(b) Security interests: Creditors that hold a security interest have a priority right over the secured asset (whether by means of appropriation of the asset or on the proceeds upon realization);

(c) Privileges: Creditors may have a particular privilege on certain or all assets (*e.g.*, tax claims, claims for social security premiums, etc.). Privileges on specific assets rank before privileges on all assets of the debtor; and

(d) *Pari passu*: Once all estate debts and creditors having the benefit of security interests and privileges have been satisfied, the proceeds of the remaining assets will be distributed by the receiver among the unsecured creditors who rank *pari passu* (unless a creditor agreed to be subordinated).

Limitation on Enforcement

The grant of a guarantee or collateral by a Belgian company for the obligations of another group company must be for the corporate benefit of the granting company.

The question of corporate benefit is determined on a case-by-case basis and consideration has to be given to any direct and/or indirect benefit that the company would derive from the transaction. Two principles apply to such evaluation: (i) the risk taken by the company in issuing the guarantee must be proportional to the direct and/or indirect benefit derived from the transaction and (ii) the financial support granted by the company should not exceed its financial capabilities.

If the corporate benefit requirement is not met, the directors of the company may be held liable (i) by the company for negligence in the management of the company and (ii) by third parties in tort. Moreover, the guarantee or collateral could be declared null and void and, under certain circumstances, the creditor that benefits from the guarantee or collateral could be held liable for up to the amount of the guarantee. Alternatively, the guarantee or collateral could be reduced to an amount corresponding to the corporate benefit, or the creditor may be held liable for any guarantee amount in excess of such amount. These rules have been seldom tested under Belgian law, and there is only limited case law on this issue.

In order to enable Belgian subsidiaries to grant a guarantee and collateral to secure liabilities of a direct or indirect parent or sister company without the risk of violating Belgian rules on corporate benefit, it is standard market practice for indentures, credit agreements, guarantees and security documents to contain so-called “limitation language” in relation to subsidiaries incorporated or established in Belgium. Accordingly, the Purchase Agreement, the Indenture and the security documents will contain such limitation language and the security and the guarantees of the Belgian Guarantors will be so limited.

The Indenture will expressly provide, substantially to the effect that, the obligations of each Belgian Guarantor under the guarantee clause of the Indenture:

(a) shall not include any liability which would constitute unlawful financial assistance (as determined in article 329/430/629 of the Belgian Company Code); and

(b) shall be limited to a maximum aggregate amount equal to the greater of (a) 90% of such Belgian Guarantor’s net assets (as defined in article 320/429/617 of the Belgian Company Code) as shown in its most recent audited annual financial statements as approved at its meeting of shareholders, and (b) the aggregate of the amounts, either directly or through one or more other companies of the INEOS Group, made available to such Belgian Guarantor and its subsidiaries (if any) using all or part of the proceeds of the notes (increased by all interests, commissions, costs, fees, expenses and other sums accruing or payable in connection with such amount).

Mandates and third party rights

Due to the registration and other fees payable in connection with the grant of Belgian law mortgages in respect of real property and p ledges over business assets, the amounts secured under these security documents will be capped. Additional amounts will be secured by way of a mortgage mandate or business pledge mandate (as applicable). Pursuant to such mandates, the respective Belgian Guarantors will grant a power of attorney for the purposes of creating one or more mortgages or pledges over the relevant property or business assets on behalf of the Security Trustee.

The creation of mortgages and business pledges pursuant to these mandates will not have any retroactive effect, i.e. the security interest will be created as of the date of conversion of the mortgage mandate into a mortgage and the date of conversion of the business pledge mandate into a business pledge and will take rank at that date. In addition, if a mortgage mandate or a business pledge mandate is converted into a mortgage or a business pledge during the hardening period (*verdachte periode/période suspecte*) as security interest for a pre-existing debt, such security interest will not be enforceable against the bankrupt estate (*niet tegenwerpelijk aan de boedel/ inopposable à la masse*).

In addition, various rights may have been granted or may exist in favour of third parties on some parcels of immovable goods on which mortgages will be granted. These rights could either limit the rights of the Security Trustee under the mortgage or impose an obligation that the prior consent of the relevant third party is obtained before the mortgage is granted.

Trust

As there is no established concept of “trust” or “trustee” under the present Belgian legal system, the precise nature, effect and enforceability of the duties, rights and powers of a security agent as agent or trustee for noteholders in respect of security interests such as pledges are debated under Belgian law.

Hardening Periods and Fraudulent Transfer

In the event that bankruptcy proceedings are governed by Belgian law, certain business transactions may be declared ineffective against third parties if concluded or performed during a so-called “hardening period.”

In principle, the cessation of payments (which constitutes a condition for filing for bankruptcy) is deemed to have occurred as of the date of the bankruptcy order. The court issuing the bankruptcy order may determine, based on serious and objective indications, that the cessation of payments occurred on an earlier date. Such earlier date may not be earlier than six months before the date of the bankruptcy order, except in cases where the bankruptcy order relates to a company that was dissolved more than six months before the date of the bankruptcy order in circumstances suggesting an intent to defraud its creditors, in which case the date of cessation of payments may be determined as being the date of such decision to dissolve the company. The period from the date of cessation of payments up to the declaration of bankruptcy is referred to as the “hardening period” (*période suspecte/verdachte periode*).

The business transactions entered into during the hardening period which may be declared ineffective against third parties include, among others, (i) transactions entered into on extremely beneficial terms, (ii) payments other than in money for debts due, and (iii) security provided for existing debt.

The Belgian receiver may request the court to declare payments of a Belgian Guarantor during the hardening period for debts due ineffective against third parties, provided that it can be proven that the creditor concerned was aware of the cessation of payment of the company.

Finally, regardless of any declaration by the commercial court of a hardening period, transactions of which it can be demonstrated that they have been entered into with fraudulent prejudice to third creditors may be declared ineffective against third parties.

Canada

INEOS Canada Investment Company, INEOS Canada Company, and INEOS Canada Holdings Company are unlimited liability companies organized under the laws of the Province of Nova Scotia, Canada, INEOS Canada Preferred Holdings Limited is a limited company organized under the laws of the Province of Nova Scotia, Canada and INEOS Canada Partnership is a general partnership organized under the laws of the Province of Alberta, Canada (collectively, the "Canadian Guarantors" and individually, a "Canadian Guarantor"). Bankruptcy and insolvency matters are within the jurisdiction of the federal government of Canada, but provincial laws can affect bankruptcy and insolvency proceedings relating to those entities. In the event of the insolvency of any Canadian Guarantor, insolvency proceedings with respect to that Canadian Guarantor may be initiated in Canada. Canadian insolvency laws and applicable provincial legislation would govern those proceedings (subject to laws or protocols that may be applicable to international insolvencies if proceedings also occur in other jurisdictions in respect of those Guarantors). The insolvency laws of Canada and related provincial legislation may restrict, delay or limit certain of your rights and remedies, including in respect of priority of creditors, the ability to obtain post-filing interest and other amounts and the duration of the insolvency proceedings, and hence may limit your ability to recover payments due on the notes to an extent exceeding the limitations arising under insolvency laws of other jurisdictions.

On September 18, 2009, significant amendments to Canadian insolvency law went into force, and apply to Canadian insolvency proceedings commenced on or after September 18, 2009.

In Canada, there are two primary federal statutes that govern insolvency and restructuring proceedings of corporate debtors. The Bankruptcy and Insolvency Act (the "BIA") contains provisions for the liquidation of insolvent companies (in a manner loosely akin, in substance, to U.S. Chapter 7 proceedings, although there are important distinctions) and for the restructuring of corporations (in a manner loosely akin, in substance, to U.S. Chapter 11 proceedings, although there are important distinctions). Similar to bankruptcy proceedings in the U.S., a corporate debtor may be petitioned into bankruptcy (*i.e.*, involuntary proceedings) or file for bankruptcy or reorganization (*i.e.*, voluntary proceedings). In addition to the BIA, Canada also has the Companies' Creditors Arrangement Act ("CCAA"), which is a restructuring statute that operates, in practice, in a manner loosely akin to U.S. Chapter 11 proceedings (with important distinctions). CCAA proceedings are only available to insolvent debtor companies having debts in excess of CDN$5 million (or such other amount prescribed by regulation under the CCAA). Insolvency proceedings in Canada, whether under the BIA or the CCAA, are court-supervised.

Upon the bankruptcy of a debtor corporation, whether voluntarily or upon the application of a creditor, the BIA imposes a stay of any action, execution or other proceeding by unsecured creditors in respect of the debtor, unless the creditors first obtain leave of the applicable court. In a liquidation (as opposed to restructuring) context, the stay of proceedings does not generally apply to secured creditors, who are free to exercise their rights of self-help or to otherwise realize on their security outside of the BIA. However, upon the application of the debtor, the court may, in exceptional cases, stay the rights of a secured creditor for up to six months. Upon becoming bankrupt, whether voluntarily or involuntarily, all of a debtor's assets (subject to very limited exceptions) vest in a trustee in bankruptcy (subject to the rights of secured creditors with validly perfected security interests), at which point the debtor no longer has any ability to deal with those assets. The trustee typically proceeds to liquidate the assets and distribute the proceeds of the assets in accordance with the provisions of the BIA.

The BIA sets out the priority scheme for the payment of claims against a bankrupt debtor, which priority scheme takes precedence over any operative priority scheme outside of bankruptcy. Subject to certain statutory priority claims enumerated in the BIA (including, without limitation, "super priority" charge under the BIA against a debtor's current assets for employee wages of up to CDN$2,000 per employee, expenses up to 1,000 per employee and certain pension plan contribution) and true trust claims, secured creditors have the right to look first to the assets charged by their validly perfected security for payment. Thereafter, the BIA provides a list of preferred creditors who recover their debts in priority to the general body of unsecured creditors. Preferred claims are paid in full, in order of their ranking. before any payments to lower ranking preferred creditors or general unsecured creditors. All other claims will be considered general unsecured claims and rank *pari passu*. If there is any surplus after payment to the unsecured creditors, the balance will be used to pay interest from the date of the bankruptcy at 5% per annum on all claims proved in the bankruptcy according to their priority. Any remaining amount would then be available for shareholders.

In the present instance, the proceeds resulting from the realization of the estate of an insolvent Canadian debtor that has guaranteed the notes may not be sufficient to satisfy secured claims or your deficiency claims as unsecured creditors under the guarantees granted by each Canadian Guarantor after the applicable Canadian Guarantor's prior-ranking secured creditors and other claims that rank in priority to claims of holders of notes have been satisfied.

Corporate restructurings in Canada may be implemented under either the BIA or the CCAA, with the latter being more commonly used by larger corporations. In either case, a broad stay of creditors' rights and enforcement proceedings is generally implemented (in the case of the BIA by a statutory stay, and in the case of the CCAA by a court-ordered stay). The stay generally applies to secured creditors, subject to certain limited exceptions. Under this court-ordered protection, the debtor will typically formulate a restructuring proposal or plan or conduct an orderly wind-down or a sale as a going concern. In the event of a restructuring proposal or plan, a double majority of the creditors (*i.e.*, a simple majority in number having two-thirds in value of the claims in question) present and voting either in person or by proxy at a meeting of creditors for each designated class must approve the proposal or plan, and the proposal or plan must be sanctioned by the court. Secured creditors may be included in such a proposal or plan (in which case they may have a right to vote in a separate class) or may be dealt with outside of the proposal or plan. In the event of a liquidation, proceeds are generally distributed in accordance with the priority established by statute and the court (which may differ in some respects from those in a bankruptcy under the BIA). The court may also authorize the creation of priority charges ranking ahead of other creditors in both CCAA and BIA restructurings (for example, for DIP financings, directors' and officers' indemnification and administration costs).

In the present instance, the proposed treatment of secured and unsecured creditors under the guarantee granted by the Canadian Guarantors in a restructuring proposal or plan is generally at the discretion of the Canadian Guarantors, subject to the rights of creditors affected by the proposal or plan to vote on such proposal or plan.

Where a debtor deals with his property in a manner that prejudices its creditors (particularly where such debtor is or becomes thereafter insolvent), such transactions by the debtor may be subject to challenge by creditors and the scrutiny of the court. Under Canadian federal and provincial law, there are a number of statutory means to challenge or avoid such transactions. Where a transaction subject to review is held to be contrary to Canadian law, the transaction is subject to be impugned and a wide variety of possible remedies may be imposed. Should the Canadian Guarantors become insolvent within applicable time periods, the granting of the guarantees, and the grant of security in connection therewith, could be subject to challenge and the guarantees and security potentially avoided, and any amounts obtained under the guarantee or security in support thereof that is avoided would have to be repaid. Should the holders of the notes be repaid or otherwise recover from the Canadian Guarantors at a time when such Guarantors are insolvent, or if the Canadian Guarantors thereafter become insolvent within applicable time periods, the repayment or recovery may be subject to challenge.

Secured creditors may enforce their security by applying to the court for the appointment of a receiver or a receiver/manager. Where the debtor is insolvent, the conduct of the receivership will be governed by provincial law and the relevant provisions of the BIA and will be under the supervision of the Court.

England and Wales

The Issuer of the notes and a number of the Guarantors are companies incorporated under the laws of England and Wales (the "English Obligors"). Therefore, any insolvency proceedings by or against the English Obligors would likely be based on English insolvency laws. However, pursuant to the EU Insolvency Regulation, where an English company conducts business in another member state of the European Union, the jurisdiction of the English courts may be limited if the company's "centre of main interests" is found to be in a member state other than the United Kingdom (please see "European Union"). There are a number of factors that are taken into account to ascertain the centre of main interests. The centre of main interests should correspond to the place where the company conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties. The place of the registered office of the company is presumed to be the centre of main interests in the absence of proof to the contrary. The point at which this issue falls to be determined is at the time that the relevant insolvency proceedings are opened. Similarly, the U.K. Cross-Border Insolvency Regulations 2006, which implement the UNCITRAL Model Law on Cross-Border Insolvency in the United Kingdom, provide that a foreign (*i.e.*, non-European) court may have jurisdiction where any English company has a centre of its main interests in such foreign jurisdiction, or where it has an "establishment" (being a place of operations in such foreign jurisdiction, where it carries out non-transitory economic activities with human means and assets or services).

Fixed and Floating Charges

There are a number of ways in which fixed charge security has an advantage over floating charge security: (a) an administrator appointed to a charging company can convert floating charge assets to cash and use such cash, or use cash subject to a floating charge, to meet administration expenses (which can include the costs of continuing to operate the charging company's business) while in administration in priority to the claims of the floating charge holder; (b) a fixed charge, even if created after the date of a floating charge, may have priority as against the floating charge over the charged assets; (c) general costs and expenses (including the liquidator's remuneration) properly incurred in a winding-up are payable out of the company's assets (including the assets the subject of the floating charge) in priority to floating charge claims; (d) until the floating charge security crystallizes, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of business, meaning that such assets can be effectively disposed of by the charging company so as to give a third party good title to the assets free of the floating charge and so as to give rise to the risk of security being granted over such assets in priority to the floating charge security; (e) floating charge security is subject to certain challenges under English insolvency law (please see "—Grant of Floating Charge"); and (f) floating charge security is subject to the claims of preferential creditors (such as occupational pension scheme contributions and salaries owed to employees) and to ring-fencing (please see "—Administration and Floating Charges").

Under English law there is a possibility that a court could find that the fixed security interests expressed to be created by a security document could take effect as floating charges because the description given to them as fixed charges is not determinative. Whether fixed security interests will be upheld as fixed interests rather than floating security interest will depend, among other things, on whether the chargee has the requisite degree of control over the relevant chargor's ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the chargee in practice. Where the chargor is free to deal with the secured assets without the consent of the chargee, the court is likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

Administration and Floating Charges

The relevant English insolvency statutes empower English courts to make an administration order in respect of an English company in certain circumstances. An administrator can also be appointed out of court by the company, its directors or the holder of a qualifying floating charge and different procedures apply according to the identity of the appointor. During the administration, in general no proceedings or other legal process may be commenced or continued against the debtor, or security enforced over the company's property, except with leave of the court or the consent of the administrator. Certain creditors of a company in administration may be able to realize their security over that company's property notwithstanding the statutory moratorium. This is by virtue of the disapplication of the moratorium in relation to a "security financial collateral agreement" (generally, cash or financial instruments such as shares, bonds or tradable capital market debt instruments) under the Financial Collateral Arrangements (No. 2) Regulations 2003. If an English Obligor were to enter administration, it is possible that the security granted by it or the guarantee granted by it may not be enforced while it is in administration. In addition, other than in limited circumstances, no administrative receiver can be appointed by a secured creditor in preference to an administrator, and any already appointed must resign if requested to do so by the administrator. Where the company is already in administration no other receiver may be appointed.

In order to empower the Security Trustee to appoint an administrative receiver or an administrator to the company, the floating charge granted by the relevant English Obligor must constitute a "qualifying floating charge" for purposes of English insolvency law and, in the case of the ability to appoint an administrative receiver, the qualifying floating charge must, unless the security document pre-dates September 15, 2003, fall within one of the exceptions in the Enterprise Act 2002 to the prohibition on the appointment of administrative receivers. In order to constitute a qualifying floating charge, the floating charge must be created by an instrument which (a) states that the relevant statutory provision applies to it; (b) purports to empower the holder to appoint an administrator of the company or (c) purports to empower the holder to appoint an administrative receiver within the meaning given by Section 29(2) of the U.K. Insolvency Act 1986. The Security Trustee will be the holder of a qualifying floating charge if such floating charge security, together (if necessary) with the fixed charge security interests, relate to the whole or substantially the whole of the relevant English Obligor's property and at least one such security interest is a qualifying floating charge. The most relevant exception to the prohibition on the appointment of an administrative receiver is the exception relating to "capital market arrangements" (as defined in the U.K. Insolvency Act 1986, as amended), which will apply if the issuer of the notes creates a debt of at least £50,000,000 for the relevant company during the life of the arrangement and the arrangement involves the issue of a "capital markets investment" (which is defined in the U.K. Insolvency Act 1986, as amended, but is generally a rated, listed or traded debt instrument). An administrator, receiver (including administrative receiver) or liquidator of the company will be required to ring-fence a certain percentage of the proceeds of enforcement of floating charge security for the benefit of unsecured creditors. Under current law, this applies to 50% of the first £10,000 of floating charge realizations and 20% of the remainder over £10,000, with a maximum aggregate cap of £600,000. Whether the assets that are subject to the floating charges and other security will constitute substantially the whole of the relevant English Obligor's assets at the time that the floating charges are enforced will be a question of fact at that time.

In addition, under English insolvency law any debt payable in a currency other than pounds sterling (such as euro or U.S. dollars in the case of the notes) must be converted into pounds sterling at the "official exchange rate" prevailing at the date when the debtor went into liquidation or administration. This provision overrides any agreement between the parties. The "official exchange rate" for these purposes is the middle market rate at the London Foreign Exchange Market at close of business as published for the date in question or, if no such rate is published, such rate as the court determines. Accordingly, in the event that an English Obligor goes into liquidation or administration, holders of the notes may be subject to exchange rate risk between the date that such English Obligor went into liquidation or administration and receipt of any amounts to which such holders of the notes may become entitled.

There are circumstances under English insolvency law in which the granting by an English company of security and guarantees can be challenged. In most cases this will only arise if the company is placed into administration or liquidation within a specified period (as set out in more detail below) of the granting of the guarantee or security. Therefore, if during the specified period an administrator or liquidator is appointed to an English company, he may challenge the validity of the guarantee or security given by such company.

The following potential grounds for challenge may apply to guarantees and charges:

Transaction at an Undervalue

Under English insolvency law, a liquidator or administrator of an English company could apply to the court for an order to set aside the creation of a security interest or a guarantee if such liquidator or administrator believes that the creation of such security interest or guarantee constituted a transaction at an undervalue. It will only be a transaction at an undervalue if at the time of the transaction or as a result of the transaction, the English company is insolvent (as defined in the U.K. Insolvency Act 1986, as amended). The transaction can be challenged if the English company enters into liquidation or administration proceedings within a period of two years from the date the English company grants the security interest or the guarantee. A transaction might be subject to being set aside as a transaction at an undervalue if the company makes a gift to a person, if the company receives no consideration or if the company receives consideration of significantly less value, in money or money's worth, than the consideration given by such company. However, a court generally will not intervene if it is satisfied that the company entered into the transaction in good faith and for the purpose of carrying on its business and that, at the time it did so, there were reasonable grounds for believing the transaction would benefit it. If the court determines that the transaction was a transaction at an undervalue the court can make such order as it thinks fit to restore the position to what it would have been in if the transaction had not been entered into. In any proceedings, it is for the administrator or liquidator to demonstrate that the English company was insolvent unless a beneficiary of the transaction was a connected person (as defined in the U.K. Insolvency Act 1986, as amended), in which case there is a presumption of insolvency and the connected person must demonstrate the solvency of the English company in such proceedings.

Preference

Under English insolvency law, a liquidator or administrator of an English company could apply to the court for an order to set aside the creation of a security interest or a guarantee if such liquidator or administrator believed that the creation of such security interest or such guarantee constituted a preference. It will only be a preference if at the time of the transaction or as a result of the transaction the English company is insolvent. The transaction can be challenged if the English company enters into liquidation or administration proceedings within a period of six months (if the beneficiary of the security or the guarantee is not a connected person) or two years (if the beneficiary is a connected person) from the date the English company grants the security interest or the guarantee. A transaction may constitute a preference if it has the effect of putting a creditor of the English company (or a surety or guarantor for any of the company's debts or liabilities) in a better position (in the event of the company going into insolvent liquidation) than such creditor, guarantor or surety would otherwise have been in had that transaction not been entered into. If the court determines that the transaction was a preference, the court has very wide powers for restoring the position to what it would have been if that preference had not been given, which could include reducing payments under the notes and the guarantees (although there is protection for a third party who enters into one of the transactions in good faith and without notice). However, for the court to determine a preference, it must be shown that the English company was influenced by a desire to produce the preferential effect. In any proceedings, it is for the administrator or liquidator to demonstrate that the English company was insolvent and that the company was influenced by a desire to produce the preferential effect, unless the beneficiary of the transaction was a connected person, in which case there is a presumption that the company was influenced by a desire to produce the preferential effect and the connected person must demonstrate in such proceedings that there was no such influence.

Transaction Defrauding Creditors

Under English insolvency law, where it can be shown that a transaction was at an undervalue and was made for the purposes of putting assets beyond the reach of a person who is making, or may make, a claim against a company, or of otherwise prejudicing the interests of a person in relation to the claim, which that person is making or may make, the transaction may be set aside by the court as a transaction defrauding creditors. This provision may be used by any person who claims to be a "victim" of the transaction and is not therefore limited to liquidators or administrators. There is no time limit in the English insolvency legislation within which the challenge must be made and the relevant company does not need to be insolvent at the time of the transaction. If the court determines that the transaction was a transaction defrauding creditors, the court can make such orders as it thinks fit to restore the position to what it would have been if the transaction had not been entered into and to protect the interests of the victims of the transaction.

Grant of Floating Charge

Under English insolvency law, if an English Obligor is insolvent at the time of (or as a result of) granting the floating charge then such floating charge is invalid except to the extent of the value of the money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, the relevant English Obligor at the same time as or after the creation of the floating charge. The requirement for the English Obligor to be insolvent at the time of (or as a result of) granting the floating charge does not apply where the floating charge is granted to a connected person. If the floating charge is granted to a connected person then the floating charge is invalid except to the extent of the value of the money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, the relevant English Obligor at the same time as or after the creation of the floating charge, whether the relevant English Obligor is solvent or insolvent. The transaction can be challenged if the relevant English Obligor enters into liquidation or administration proceedings within a period of one year (if the beneficiary is not a connected person) or two years (if the beneficiary is a connected person) from the date the relevant English Obligor grants the floating charge. However, if the Floating Charge qualifies as a "security financial collateral agreement" under the Financial Collateral Arrangements (No. 2) Regulations 2003, the floating charge will not be subject to challenge as described in this paragraph.

France

Security over shares held by INEOS Investments International Limited in certain of its French subsidiaries (or its joint venture interests) shall be pledged under French law. In the event of an insolvency event affecting such French subsidiaries or joint venture interests, insolvency proceedings may be initiated in France. Such proceedings would then be governed by French law.

In the case of the joint venture interests, it will not be possible to effectively enforce the security over the shares in the joint venture interests without the consent of the other joint venture partners.

INEOS related companies incorporated in France whose shares shall be pledged to secure the notes shall not have to guarantee such notes nor shall they provide any collateral to secure such notes. Such companies may however become subject to certain insolvency proceedings governed by French law under circumstances further described below and affecting their own liabilities.

In addition, even though INEOS Investments International Limited is incorporated in the United Kingdom, French courts may have jurisdiction, in accordance with the EU Insolvency Regulation, to open insolvency proceedings if the centre of INEOS Investments International Limited's main interests is located in France. However, as noted above, in the absence of proof to the contrary, the place of INEOS Investments International Limited's registered office shall be presumed to be the centre of its main interests.

The following is a brief description of certain aspects of insolvency law in France.

French entities may request the opening of pre-insolvency proceedings (such as *mandat ad hoc* and *conciliation* which are voluntary non judicial amicable settlement of debts proceedings). However, the opening of pre-insolvency proceedings should have no impact on the security granted by INEOS Investments International Limited over the shares of these French entities. Also, in the event where INEOS Investments International Limited's centre of main interests would be situated in France, INEOS Investments International Limited would not be eligible to French pre-insolvency proceedings (mainly *mandat ad hoc* and *conciliation*) but only to voluntary safeguard proceedings (*sauvegarde*), reorganization and liquidation (*redressement or liquidation judiciaire*) proceedings.

French insolvency law was amended following the adoption of the law n° 2005-845 on the safeguard of enterprises (*sauvegarde des enterprises*) and its implementing decree n° 2005-1677 of December 28, 2005 (re-amended by ordinance n° 2008-1345 dated 18 December 2008 which came into force on 15 February 2009 and its implementing decree n° 2009 160 of February 12, 2009), which essentially modified the former voluntary settlement procedure (*reglement amiable*), created a new "safeguard" procedure inspired by the U.S. bankruptcy system's Chapter 11 process to facilitate workouts and avoid liquidation where possible.

Safeguard procedure (procedure de sauvegarde)

The safeguard procedure allows for the establishment of a restructuring plan negotiated with the creditors under court supervision before the company becomes insolvent. It is available only at the request of a debtor company. The debtor must be solvent (i.e. not unable to pay its due debts out of its available assets) but experiencing difficulties that cannot be overcome. The safeguard proceedings are public and include an automatic stay of all actions against the debtor for up to six months, renewable for an additional six months with court approval and which can be extended to a maximum of 18 months upon request of the public prosecutor. During the safeguard procedure, payments by the debtor of any debts incurred prior to the opening of the procedure are prohibited, subject to limited exceptions. The bankruptcy judge can authorize payments for prior debts in order to discharge a lien on property needed for the continued operation of the business or get back goods or rights transferred as collateral in a fiduciary estate (*patrimoine fiduciaire*). Debts arising after the commencement of the safeguard procedure will be given priority over debts incurred prior to the commencement of the safeguard procedure if they relate to expenses necessary for the business's ordinary activities or are for the requirements of the procedure. One of the main features of the safeguard procedure consists in the creation of two creditors'committees (mandatory for companies employing more than 150 persons or with a turnover exceeding twenty million euros, optional below such thresholds), one consisting of banks and financial institutions and the other of trade creditors, and a general meeting of noteholders in the event the concerned debtor would have issued bonds, to which the debtor submits proposals to reach agreement on a recovery plan. The committees must accept or reject proposals for a plan within a minimum of 15 days of such proposals. The plan is approved where members of each committee voting in favor of the plan account for at least two-thirds of the outstanding claims of the creditors expressing a vote. In cases where bonds have been issued by the concerned French company, the plan, if approved by the committees, is then submitted to the general meeting of noteholders (majority of two-thirds of the outstanding claims of the noteholders expressing a vote). The committees and the general meeting of noteholders, if any, shall vote on the plan within 6 months from the date of the judgment opening the procedure. The plan submitted to the committees and the noteholders, if any, may include rescheduling of debts but also cancellation of debts and debt-for equity swaps. Following approval by the creditors' committees and the general meeting of noteholders, if any, and subject to verification by the court that creditors' interests are adequately preserved, the court can approve the plan, in which case the plan will be binding on dissenting members of the committees and the general assembly of noteholders (if any) though not on creditors who are not members of one of the committees and who are not noteholders.

Creditors who are not members of committees and who are not noteholders are consulted on an individual basis. For those individual creditors who have not reached a negotiated agreement, the court can reschedule repayment of their claims over a maximum period of 10 years, except for debts with maturity dates of more than 10 years, in which case the maturity date may remain the same. The court cannot oblige such creditors to waive part of their claim. The first payment must be made within a year of the judgment adopting the plan (in the third and subsequent years, the amount of each annual installment must be of at least 5% of the total admitted pre-filing liabilities).

The court can also impose a plan if one or both of the committees, or the general meeting of noteholders, does not approve the debtor company's proposed plan, either by failing to vote within the specified 6-month period or by rejecting the plan. In such a case, the rules are the same as the one applicable to creditors who are not members of the committees and who are not noteholders (in particular, the court can only impose a rescheduling of the repayment of the debts over a maximum period of 10 years, except for debts with maturity dates of more than 10 years, in which case the maturity date may remain the same).

Judicial reorganization (redressement judiciaire)

A judicial reorganization may be initiated with respect to a company incorporated in France (or a foreign company whose center of main interest is situated in France) if it cannot pay its due debts out of its available assets (it is in *cessation des paiements*) provided that its financial situation is capable of improving.

Such proceedings may be initiated by the company, a creditor, the court or the public prosecutor.

The debtor is required to petition for insolvency proceedings within 45 days of becoming in cessation des paiements unless it initiated a conciliation procedure within the same period. If it does not, directors and, as the case may be, de facto managers, are subject to civil liability.

The aims of judicial reorganization proceedings are, in order of priority, to safeguard the debtor's activity and prospects of recovery, to save jobs and to pay creditors. Most of the rules applicable to safeguard proceedings apply to judicial reorganization proceedings. In particular, the opening of judicial reorganization proceedings triggers an automatic stay of proceedings against the debtor for up to a maximum of 18 months (subject to the same limited exceptions). As with safeguard proceedings, there are two classes of creditors (credit institutions and major trade creditors) which are organized through committees (these committees are automatically appointed for companies of a certain size and at the option of the debtor, and with the court approval, for small companies).

The rehabilitation plan can combine all of the following: a debt restructuring, a re-capitalization of the company, a debt-for-equity swap and the sale of certain assets or of portions of the business.

If it appears the debtor is not able to ensure the recovery of its business, a total or partial sale of the business can be ordered by the court, at the request of the court-appointed administrator. In this case, the sale is conducted by the court appointed representative of the creditors in accordance with rules applicable to the liquidation procedure.

Judicial liquidation (liquidation judiciaire)

Such proceedings may be initiated by the company, a creditor, the court or the public prosecutor. The aim of these proceedings is to liquidate a company by selling its business, as a whole or per branch of activity, or its assets one by one.

The debtor is required to petition for insolvency proceedings within 45 days of becoming in *cessation des paiements*. The bankruptcy judge opens a judicial liquidation rather than a judicial reorganization when it considers that the debtor is unable to continue its business or that there are no serious chances of improving the company's prospects through restructuring. The court may open a liquidation procedure on its own following the failure of a conciliation procedure.

Liquidation proceedings trigger an automatic stay of proceedings against the company. Secured creditors benefiting from a pledge are, however, where the applicable security arrangements so contemplate, entitled to enforce their security interest through a court-monitored allocation process (*attribution judiciaire*) that is, request the court to transfer ownership of the pledge asset(s).

Void and voidable transactions

Transactions can be challenged by the administrateur, court agent, liquidator or Public prosecutor if they are entered into during the suspect period before an insolvency judgment (*période suspecte*). This runs from the date on which the company is deemed to be insolvent and can be backdated by the court up to 18 months before the judgment opening the relevant insolvency proceedings but not before the court order approving a conciliation agreement (*homologation*).

Transactions that are automatically void if performed during the suspect period include transactions or payments that may constitute voluntary preferences for the benefit of some creditors to the detriment of other creditors. These include transfers of assets for no consideration, contracts under which the reciprocal obligations of the company significantly exceed those of the other party, payments of debts not due at the time of payment, payments made in a manner which is not commonly used in the ordinary course of business, security granted for debts previously incurred and provisional measures, unless the writ of attachment or seizure predates the date of *cessation des paiements*.

Voidable transactions include transactions or payments made when due after the date of *cessation des paiements*, if the party dealing with the company knew, or was in position to know, that it was in a state of *cessation des paiements*. Transactions relating to the transfer of assets for no consideration are also voidable when realized during the six-month period prior to the beginning of the suspect period.

Status of creditors

As a general rule, creditors domiciled in France whose debts arose prior to the commencement of the proceedings must file a claim with the creditors' representative within two months of the publication of the court order in the *Bulletin Officiel des Annonces Civiles et Commerciales*; this period is extended to four months for creditors domiciled outside France. Creditors who have not submitted their claims during the relevant period are barred from receiving distributions made in connection with the proceedings and their unasserted claims are extinguished. Employees are not subject to such limits and are preferential creditors under French law.

From the date of the court order commencing the insolvency proceedings (*sauvegarde, redressement* or *liquidation judiciaire* proceedings), the company is prohibited from paying debts outstanding prior to that date, subject to specified exceptions, which essentially concern the set-off of inter-related debts and payments made to recover assets for which recovery is justified by the continued operation of the business provided that such payments are authorized by the court. During this period, creditors may not pursue any legal action against the company with respect to any claim arising prior to the court order commencing the proceedings if the objective of such legal action is:

(a) to obtain an order for or payment of a sum of money by the company to the creditor (however, the creditor may require that a court fix the amount due); or

(b) to terminate a contract for non-payment of amounts owed by the company; or to enforce the creditor's rights against any assets of the company.

Contractual provisions that would accelerate the payment of the company's obligations upon the occurrence of (i) the opening of safeguard, or judicial reorganization proceedings or (ii) a state of *cessation des paiements*, are not enforceable under French law. The opening of liquidation proceedings, however, automatically accelerates the maturity of the company's obligations. If, however, the court authorizes the company to continue its activity because a sale of all or part of the business is feasible, the company's obligations which have not yet arrived at maturity shall only mature as at the date of the judgment ordering such sale.

The administrator may elect to terminate or continue on-going contracts (*contrats en cours*) provided that the company fully performs its post-petition contractual obligations.

French insolvency law assigns priority to the payment of certain preferential creditors, including employees, the bankruptcy court, officials appointed by the insolvency court as required by the insolvency proceedings, post-petition creditors, certain secured creditors and the French treasury.

Trust

As there is no established concept of "trust" or "trustee" under the present French legal system, the precise nature, effect and enforceability of the duties, rights and powers of a security agent as agent or trustee for noteholders in respect of security interests such as pledges are debated under French law.

Germany

Insolvency

Certain Guarantors of the notes are organized under the laws of in Germany ("German Guarantors"). Consequently, in the event of an insolvency of any such Guarantor, insolvency proceedings may be initiated in Germany. Such proceedings would then be governed by German law. However, pursuant to the EU Insolvency Regulation, where a German company conducts business in more than one member state of the European Union, the jurisdiction of the German courts may be limited if the company's "centre of main interests" is found to be in a member state other than Germany (see—"European Union"). There are a number of factors that are taken into account to ascertain the "centre of main interests", which should correspond to the place where the company conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties. The point at which this issue falls to be determined is at the time that the relevant insolvency proceedings are opened.

Under German law, insolvency proceedings can be initiated either by the debtor or by a creditor in the event of over-indebtedness (*Überschuldung*) or illiquidity (*Zahlungsunfähigkeit*) of the debtor. The debtor is over-indebted if its liabilities exceed the value of its assets (according to temporary legislation being in force until the end of 2013, the debtor is not considered over-indebted if its continuation as a going concern is highly likely). The debtor is illiquid if it is unable to pay its debts as and when they fall due. In addition, the debtor can file for insolvency proceedings if it is imminently at risk to be unable to pay its debts as and when they fall due (*drohende Zahlungsunfähigkeit*). The insolvency proceedings are court controlled, and the court opens the insolvency proceedings if certain formal requirements are met and if there are sufficient assets to cover at least the costs of the proceedings. If insolvency proceedings are opened, the court appoints an insolvency administrator (*Insolvenzverwalter*) who has full power to manage the business and dispose of the debtor's assets, whereas the debtor is no longer entitled to manage the business or dispose of its assets. The insolvency administrator may raise new financial indebtedness and incur other liabilities to continue the debtor's operations, and satisfaction of these liabilities as preferential debts of the estate (*Masseschulden*) will be preferred to any insolvency liabilities created by the debtor (including secured debt).

All creditors, whether secured or unsecured, who wish to assert claims against the debtor need to participate in the insolvency proceedings. Any individual enforcement action brought against the debtor by any of its creditors is subject to an automatic stay once insolvency proceedings have been opened. Secured creditors are generally not entitled to enforce their security interests outside the insolvency proceedings. However, secured creditors have certain preferential rights. The enforcement proceeds minus certain contributory charges for (i) assessing the value of the secured assets and (ii) realizing the secured assets are paid to the creditor holding a security interest in the relevant collateral up to an amount equal to its secured claims. Remaining amounts are distributed among the unsecured creditors. If the German Guarantors grant security over their assets to other creditors than the holders of the notes, such security may result in a preferred treatment of creditors secured by such security. The proceeds resulting from such collateral may not be sufficient to satisfy the holders of the notes under the guarantees granted by the German Guarantors after such secured creditors have been satisfied. A different distribution of enforcement proceeds can be proposed in an insolvency plan (*Insolvenzplan*) that can be submitted by the debtor or the insolvency administrator and requires the consent of the debtor as well as the consent of each class of creditors in accordance with specific majority rules.

Under German insolvency law, there is no consolidation of the assets and liabilities of a group of companies in the event of insolvency. In case of a group of companies, each entity, from an insolvency law point of view, has to be dealt with separately (*i.e.*, there is no group insolvency concept under German insolvency law). As a consequence, there is, in particular, no pooling of claims among the respective entities of a group, but rather claims of and vis-à-vis each entity have to be dealt with separately.

Limitation on Enforcement

The Guarantors of the notes that are organized under German law are incorporated or established in the form of a GmbH (Limited Liability Company), or (in the case of one of the Guarantors) as a GmbH & Co. KG, a limited partnership with a GmbH (Limited Liability Company) as its sole general partner. Consequently, the grant of collateral by these Guarantors is subject to certain provisions of the GmbH-Gesetz (Limited Liability Company Act).

Sections 30 and 31 of the GmbH-Gesetz ("Sections 30 and 31") prohibit a GmbH from disbursing its assets to its shareholders to the extent that the amount of the GmbH's net assets (*i.e.*, assets minus liabilities and liability reserves) is or would fall below the amount of its stated share capital. Guarantees, share pledges and any other collateral granted by a GmbH in order to guarantee or secure liabilities of a direct or indirect parent or sister company are considered disbursements under Sections 30 and 31. Therefore, in order to enable German subsidiaries to grant collateral to secure liabilities of a direct or indirect parent or sister company without the risk of violating Sections 30 and 31, it is standard market practice for credit agreements, guarantees and security documents to contain so-called "limitation language" in relation to subsidiaries in the legal form of a GmbH or a limited partnership with a GmbH as its sole general partner incorporated or established in Germany. Pursuant to such limitation language, the secured parties agree to enforce the collateral and the beneficiaries of the guarantees agree to enforce the guarantees against the German subsidiary only to the extent that such enforcement does not result in the subsidiary's net assets falling below its stated share capital. Accordingly, the documentation in relation to the guarantees and the security interests, to the extent they concern the German Guarantors, contains such limitation language and such guarantees and security interests are limited in the manner described.

In addition to the limitations resulting from the capital maintenance rules, the guarantees and most of the security interests granted by the German subsidiaries of the Issuer will contain additional provisions limiting the enforcement in the event the enforcement would result in an illiquidity of the relevant German subsidiary.

German capital maintenance rules are subject to ongoing court decisions. We can not assure you that future court rulings may not further limit the access of shareholders to assets of its subsidiaries constituted in the form of a limited liability company or of a limited partnership, the general partner or general partners of which is or are a limited liability company, which can negatively affect the ability of the Issuer to make payment on the notes, of the subsidiaries to make payments on the guarantees, of the secured parties to enforce the collateral or of the beneficiaries of the guarantees to enforce the guarantees.

Under German law it is unclear whether all of the security interests in the Collateral give the Security Trustee a right to prevent other creditors of the German Guarantors from foreclosing into and realizing the Collateral. Some courts have held that certain types of security interests only give their holders priority (according to their rank) in the distribution of any proceeds of such realization. Accordingly, the Security Trustee and the noteholders may not be able to avoid foreclosure by unsecured creditors into the Collateral, even if they consider such foreclosure untimely.

Parallel Debt

Under German law, certain "accessory" security interests such as pledges (*Pfandrechte*) require that the pledgee and the creditor be the same person. Such security interests cannot be held for the benefit of a third party by a pledgee who does not itself hold the secured claim. The holders of interests in the notes from time to time will not be party to the security documents. In order to permit the holders of the notes from time to time to have a secured claim the security documents provide for the creation of a "parallel debt." Pursuant to the parallel debt, the Security Trustee becomes the holder of a claim equal to each amount payable by an obligor under the notes. The pledges governed by German law will directly secure the parallel debt. The parallel debt procedure has not been tested under German law, and there is no certainty that it will eliminate or mitigate the risk of unenforceability posed by German law.

Hardening Periods and Fraudulent Transfer

In the event that insolvency proceedings with respect to a German Guarantor, which would most likely be based on and governed by the insolvency laws of Germany, the security interests granted as well as the guarantee provided by that entity could be subject to potential challenges by an insolvency administrator (*Insolvenzverwalter*) under the rules of avoidance as set out in the German Insolvency Code (*Insolvenzordnung*).

Based on these rules, an insolvency administrator may challenge transactions that are deemed detrimental to insolvency creditors and were effected prior to the commencement of insolvency proceedings. Such transactions can include the payment of any amounts to the holders of the notes as well as granting them any security interest. The administrator's right to challenge transactions can, depending on the circumstances, extend to transactions during the ten-year period prior to the filing of the petition for commencement of insolvency proceedings. In the event such a transaction is successfully avoided, the holders of the notes would be under an obligation to repay the amounts received or to waive the guarantee or security interest.

In particular, an act (*Rechtshandlung*) or a transaction (*Rechtsgeschäft*) (which term includes the provision of security or the repayment of debt) may be avoided in the following cases:

- any act granting an insolvency creditor, or enabling an insolvency creditor to obtain, security or satisfaction (i) if such act was performed during the last three months prior to the filing of the petition for the commencement of the insolvency proceedings and the debtor was illiquid (*zahlungsunfähig*) at the time when such act was taken and the creditor had knowledge of such illiquidity at such time, or (ii) if such act was performed after the filing of the petition for the commencement of the insolvency proceedings and the creditor had knowledge of the illiquidity of the debtor or the filing of such petition;

- any act granting an insolvency creditor, or enabling an insolvency creditor to obtain, security or satisfaction to which such creditor was not entitled or which was granted or obtained in a form or at a time to which or at which such creditor was not entitled to such security or satisfaction if (i) such act was performed during the last month prior to the filing of the petition for the commencement of the insolvency proceedings or after such filing, (ii) such act was performed during the second or third month prior to the filing of the petition and the debtor was illiquid at such time, or (iii) such act was performed during the second or third month prior to the filing of the petition for the commencement of the insolvency proceedings and the creditor knew at the time such act was taken that such act was detrimental to the other insolvency creditors;

- any transaction by the debtor that is directly detrimental to the insolvency creditors if (i) it was entered into during the three months prior to the filing of the petition of the commencement of the insolvency proceedings, the debtor was illiquid at the time of such transaction and the counterparty to such transaction had knowledge of the illiquidity at such time or (ii) it was entered into after such filing and the counterparty to such transaction had knowledge of either the debtor's illiquidity or such filing at the time of the transaction;

- any act whereby a debtor grants security for a third-party debt, which might be regarded as having been granted gratuitously (*unentgeltlich*), if it was effected in the four years prior to the filing of a petition for the commencement of insolvency proceedings against the debtor;

- any act performed by the debtor during the ten years prior to the filing of the petition for the commencement of insolvency proceedings with the intent to prejudice the insolvency creditors and the other party knew of such intention at the time of such act;

- any act that provides security or satisfaction for a shareholder loan made to the debtor or a similar claim if (i) in the case of the provision of security, the act occurred during the ten years prior to the filing of the petition for the commencement of the insolvency proceedings or after the filing of such petition, or (ii), in the case of satisfaction, the act occurred during the last year prior to the filing of the petition for the commencement of the insolvency proceedings or after the filing of such petition; and

- any act whereby the debtor grants satisfaction for a loan claim or an economically equivalent claim to a third party if (i) the transaction was effected in the last year prior to the filing of a petition for commencement of insolvency proceedings or thereafter and (ii) a shareholder of the debtor had granted security or was liable as a Guarantor (*Bürge*) (in which case the shareholder has to compensate the debtor for the amounts paid (subject to further conditions)).

If any of the guarantees given or any security interest granted by any of the German Guarantors were avoided or held unenforceable for any reason, you would cease to have any claim in respect thereof. Any amounts received from a transaction that has been avoided would have to be repaid to the insolvent estate.

Furthermore, even in the absence of an insolvency proceeding, a third-party creditor who has obtained an enforcement order but has failed to obtain satisfaction or its enforceable claims by a levy of execution, under certain circumstances, has the right to avoid certain transactions, such as the payment of debt and the granting of security pursuant to the German Code on Avoidance (*Anfechtungsgesetz*).

Ireland

Difference in Insolvency Law

A number of the Guarantors are incorporated under the laws of Ireland (the "Irish Guarantors"). Any insolvency proceedings applicable to any of them will be likely to be governed by Irish insolvency laws. Irish insolvency laws differ from the insolvency laws of the United States and may make it more difficult for holders of the notes to recover the amount in respect of the notes or of an Irish Guarantor's guarantee of the notes and/or the Collateral securing the same than they would have recovered in a liquidation or bankruptcy proceeding in the United States.

Priority of Secured Creditors

Irish insolvency laws generally recognize the priority of secured creditors over unsecured creditors. The lenders under the Senior Facilities Agreement and the holders of the notes have, or will have, security interests on certain of the assets of the Irish Guarantors. The priority attaching to those security interests will be governed from a contractual perspective by the Intercreditor Deed. The notes will be secured by security interests on the Collateral and will rank on a *pari passu* basis in the manner set out in the Intercreditor Deed. See "Description of Other Indebtedness—Intercreditor Deed."

Security over Book Debts

Where security is taken over the book debt of an Irish company to the extent that security purports to be a "fixed charge" over a book debt, the Irish Revenue Commissioners are given super preferential treatment in relation to monies owed to them in respect of value added tax (VAT) and certain employee/employer related taxes, namely PAYE and PRSI pursuant to section 1001 of the Irish Taxes Consolidation Act 1997 (as amended). In this regard, the holder of a fixed charge over the book debts of an Irish company may be required by notice from the Irish Revenue Commissioners to pay to them sums equivalent to those which the holder receives from the company following such notification.

Attachment of Debts

Any debt to a party (including any deposit with a financial institution) may be attached by the Irish Revenue Commissioners in order to discharge any liabilities of that party in respect of outstanding tax whether the liabilities are due on its own account or as an agent or trustee. This right of the Revenue Commissioners may override the rights of holders of security (whether fixed or floating) in relation to the debt in question.

Fixed/Floating Charges

Amounts received in a winding-up or receivership from the realization of assets subject to a floating charge must first be used to pay the holders of any fixed charge over such assets and then certain preferential creditors (explained below) before any distribution is made to the holders of a floating charge.

It is open to a court to find that assignments and charges described as fixed charges constitute floating charges rather than fixed charges, the description given to them as fixed charges not being determinative. One of the key characteristics of a floating charge is the ability of the chargor to carry on dealing with the particular class of assets in question until some further step is taken by or on behalf of the chargee. Where the chargor is free to deal with the assets or the proceeds of such assets that form the subject matter of the charge, the court would be likely to hold that the charge in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge and contractual restrictions on dealing with the assets are specified (but not enforced). In addition, to the extent that any of the assets secured by the Collateral are not specifically identified, an insolvency official may assert that such assets, which are expressed to be subject to a fixed charge, may in fact be subject to a floating charge.

To the extent that the security documents contain automatic crystallization clauses, these have not, to our knowledge, been tested in the Irish courts.

Nature of Floating Charges

A floating charge or equitable charge is more vulnerable than a fixed charge or legal transfer/assignment including, inter alia, to being set aside in a winding-up and to losing its priority to other rights and interests. A floating charge and equitable charge will take effect after a fixed charge subject to, *inter alia*:

(a) third party interests and rights (including rights of set off);

(b) any execution or attachment completed before crystallization; and

(c) any distress, whether levied on or after crystallization.

Preferential Creditors

Under Section 285 of the Irish Companies Act 1963, as amended (the "1963 Act"), in a winding-up of an Irish company certain preferential debts are required to be paid in priority to all other debts other than those secured by a fixed charge. Preferential debts therefore have priority over debts secured by a floating charge. If the assets of the relevant company available for payment of general creditors are insufficient to pay the preferential debts, they are required to be paid out of the property subject to the floating charge.

Furthermore, in the case of the application of monies arising from the realization of secured assets that are subject to a floating charge, or in a winding-up, the costs of the liquidation and the liquidator's fees will take priority over the claims of floating chargeholders in respect of relevant assets as will the remuneration, costs and expenses of an examiner (if any) appointed to the Irish company which have been sanctioned by the Irish High Court as reasonable expenses properly incurred by such examiner in the course of the examinership (which may include borrowings incurred by an examiner during the period of examinership if the examiner seeks to have them sanctioned by the Irish High Court under Section 29 of the Companies (Amendment) Act 1990 as amended by the Companies (Amendment) (No.2) Act 1999 (the "1990 Amendment Act")).

Fraudulent Preference

Under Irish insolvency law, if an Irish company goes into liquidation, a liquidator may apply to the court to have certain transactions disclaimed if the related contract amounted to a fraudulent preference. Section 286 of the 1963 Act provides that any conveyance, mortgage, delivery of goods, payment, execution or other act relating to property made or done by or against an Irish company, which is unable to pay its debts as they become due in favor of any creditor or any person on trust for any creditor, with a view of giving such creditor (or any guarantor for the debt due to such creditor) a preference over the other creditors within six months (or in the case of a connected person, two years) of the commencement of a winding-up of the Irish company, shall be invalid. Section 286 is only applicable if, at the time of the conveyance, mortgage or other relevant act, the Irish company was unable to pay its debts as they became due.

Floating Charges

Section 288 of the 1963 Act renders invalid (except to the extent of monies actually advanced or paid or the actual price or value of the goods or services sold or supplied to the Irish company at the time of or subsequently to the creation of, and in consideration for, the charge, together with interest on that amount at the rate of 5% per annum) a floating charge on the undertaking or property of an Irish company created within 12 months before the commencement of its winding-up, unless it is proved that the Irish company immediately after the creation of the charge was solvent. Section 288 also provides that where a floating charge is created in favor of a "connected person", the period of 12 months is extended to two years.

Improperly Transferred Assets

Under section 139 of the Companies Act 1990, if it can be shown, on the application of a liquidator, creditor or contributory of an Irish company which is being wound up, to the satisfaction of the High Court that any property of such company was disposed of (which would include by way of conveyance, transfer, mortgage, security, loan or in any way whatsoever) and the effect of such a disposal was to "perpetrate a fraud" on the company, its creditors or members, the High Court may, if it deems it just and equitable, order any person who appears to have "use, control or possession" of such property or the proceeds of the sale or development thereof to deliver it or pay a sum in respect of it to the liquidator on such terms as the High Court sees fit. The ability to use section 139 to challenge the transfer of assets has been extended to receivers and examiners.

Disclaimer of Onerous Contracts

Section 290 of the 1963 Act confers power on a liquidator, with leave of the court, at any time within 12 months after the commencement of the winding-up or such extended period as may be allowed by the court, to disclaim any property of the Irish company being wound up which consists of, among other things, (i) unprofitable contracts or (ii) any property which is unsaleable or not readily saleable by reason of its binding the possessor to the performance of any onerous act or to the payment of money.

Examinership

In addition, a court protection procedure, known as examinership, is available under the 1990 Amendment Act to facilitate the survival of an Irish company and the whole or any part of its undertaking through the appointment of an examiner and the formulation by the examiner of proposals for a compromise or scheme of arrangement. Provided an Irish company can demonstrate a reasonable prospect of its survival (and all or part of its undertaking) as a going concern, and can satisfy certain tests, the High Court appoints an independent examiner whose function is to supervise the restructuring process.

If any Irish Guarantor is placed in examinership, you may not be able to enforce your rights any guarantee of the notes and/or the Collateral.

Effect of Appointment of Examiner

The effect of the appointment of an examiner is to suspend the rights of a secured creditor for the protection period. For as long as a company is under the protection of the High Court, no attachment, sequestration, distress or execution shall be put into force against the property or effects of the relevant company except with the consent of the examiner. Section 5 of the 1990 Amendment Act provides:

(a) where any claim against the company is secured by a mortgage, charge, lien or other encumbrance or a pledge of, on or affecting the whole or any part of the property, effects or income of the Irish company, no action may be taken to realize the whole or any part of such security except with the consent of the examiner;

(b) no receiver over any part of the property or undertaking of the Irish company shall be appointed; and

(c) no proceedings for the winding-up of the Irish company may be commenced or resolution for winding-up passed in relation to the company in examination and any resolution so passed shall have no effect.

No other proceedings in relation to the Irish company may be commenced except by leave of the court and subject to such terms as it may impose.

In addition, no payment may be made by an Irish company during the period when it is under protection of the court by way of satisfaction or discharge of the whole or any part of a liability incurred by the company before the date of presentation of the petition for the appointment of the examiner, except in certain limited circumstances.

Examiner's Powers in Relation to Security

The 1990 Amendment Act empowers the High Court to authorize an examiner of a company under court protection:

(a) in the case of property subject to a floating charge, to exercise his powers in relation to it or to dispose of it as if it were not subject to the security; or

(b) in the case of property which is subject to a fixed charge (the "fixed security"), to dispose of it as if the property were not subject to that security,

and in each case provided that the High Court is satisfied that such disposal by the examiner or (in the case of property subject to a floating charge) exercise by him of his powers would be likely to facilitate the survival of the whole or any part of the Irish company under court protection as a going concern.

Impact on Floating and Other Charges

Where property the subject of a security which, as created, was a floating charge is disposed of by the examiner, the holder of the security is to have the same priority in respect of any property directly or indirectly representing the property disposed of as he would have had in respect of the property subject to such security.

In relation to property the subject of a fixed security, the 1990 Amendment Act provides that the net proceeds of the disposal of such property (plus, where those proceeds are less than the net amount which would be realized on a sale of the property in the open market by a willing vendor, the sum required to make up the deficiency) must be applied towards discharging the sums secured by such security.

Liability of Guarantors

The 1990 Amendment Act provides, inter alia, that no proceedings of any sort may be commenced against a guarantor in respect of the debts of the Irish company in examinership.

There are specific rules regarding the enforcement of guarantees in an examinership and there are certain steps which a creditor will have to strictly observe in order to maintain its rights to enforce the obligations of the Irish Guarantors under the guarantees (which will protect the creditor's right to pursue the Irish Guarantor even if the underlying debt is crammed down in the examiner's proposals). In this respect, a notice containing an offer by the Security Trustee to transfer its rights to vote on the examiner's proposals to the Irish Guarantors must be served on the Irish Guarantors within certain prescribed time limits. It is essential to note that there is no flexibility in relation to the prescribed time limits and they must be strictly adhered to. If a creditor does not comply with the notification procedure, it may not enforce, by legal proceedings or otherwise, the obligations of the Irish Guarantors in respect of the liability.

Priority of Examiner Payments

The 1990 Amendment Act allows for the remuneration, costs and expenses of the examiner to be paid prior to any other claims including secured claims. Section 10 of the 1990 Amendment Act provides that any liabilities incurred by a company in examinership which are certified by the examiner have been incurred in circumstances where, in the opinion of the examiner, the survival of the company under court protection as a going concern during the period would otherwise be seriously prejudiced, shall be treated as expenses properly incurred for the purposes of Section 29 but will rank behind the claims of creditors secured by a mortgage, charge, lien or other encumbrance of a fixed nature or a pledge. Nonetheless, if the court sanctions borrowings by an examiner as part of the expenses of the examiner pursuant to Section 29, such borrowings will rank ahead of the claims of both unsecured and secured creditors of the company under court protection.

Jersey

Insolvency

There are two principal regimes for corporate insolvency in Jersey: désastre and winding-up. The principal type of insolvency procedure available to creditors under Jersey law is the application for an Act of the Royal Court of Jersey under the Bankruptcy (Désastre) (Jersey) Law 1990, as amended (the "Jersey Bankruptcy Law") declaring the property of a debtor to be "en désastre" (a "declaration"). On a declaration of désastre, title and possession of the property of the debtor vest automatically in the Viscount, an official of the Royal Court (the "Viscount"). With effect from the date of declaration, a creditor has no other remedy against the property or person of the debtor, and may not commence or continue any legal proceedings to recover the debt.

Additionally, the shareholders of a Jersey company (but not its creditors) can instigate a winding-up of an insolvent company which is known as a "creditors' winding up" pursuant Chapter 4 of Part 21 of the Jersey Companies Law the Companies (Jersey) Law 1991, as amended (the "Jersey Companies Law") (a "creditors' winding up"). On a creditors' winding up, liquidators are appointed, usually by the creditors. The liquidators will stand in the shoes of the directors and administer the winding up, gathering assets, settle claims and distribute assets as appropriate. After the commencement of the winding up, no action can be taken or continued against the company except with the leave of court. The corporate state and capacity of the company continues until the end of the winding up procedure, when the company is dissolved. The Jersey Companies Law requires a creditor of a company (subject to appeal) to be bound by an arrangement entered into by the company and its creditors immediately before or in the course of its winding up if (inter alia) three quarters in number and value of the creditors acceded to the arrangement.

Transactions at an undervalue

Under Article 17 of the Jersey Bankruptcy Law and Article 176 of the Jersey Companies Law the court may, on the application of the Jersey Viscount (in the case of a company whose property has been declared "en désastre") or liquidator (in the case of a creditors' winding up), a procedure which is instigated by shareholders not creditors, set aside a transaction (including any guarantee or security interest) entered into by a company with any person (the "other party") at an undervalue. There is a five-year look-back period from the date of commencement of the winding up or declaration of "désastre" during which transactions are susceptible to examination pursuant to this rule (the "relevant time"). The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) those that define what constitutes a transaction at an undervalue, the operation of the relevant time and the effect of entering into such a transaction with a person connected with the company or with an associate of the company.

Preference

Under Article 17A of the Jersey Bankruptcy Law and Article 176A of the Jersey Companies Law, the court may, on the application of the Viscount (in the case of a company whose property has been declared "en désastre") or liquidator (in the case of a creditors' winding up), set aside a preference (including any guarantee or security interest) given by the company to any person (the "other party"). There is a twelve-month look-back period from the date of commencement of the winding up or declaration of "désastre" during which transactions are susceptible to examination pursuant to this rule (the "relevant time"). The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) those that define what constitutes a preference, the operation of the relevant time and the effect of entering into a preference with a person connected with the company or with an associate of the company.

Extortionate Credit Transactions

Under Article 17C of the Jersey Bankruptcy Law and Article 179 of the Jersey Companies Law, the court may, on the application of the Viscount (in the case of a company whose property has been declared "en désastre") or liquidator (in the case of a creditors' winding up), set aside a transaction providing credit to the debtor company which is or was extortionate. There is a three-year look-back period from the date of commencement of the winding up or declaration of "désastre" during which transactions are susceptible to examination pursuant to this rule (the "relevant time"). The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) those that define what constitutes a transaction which is extortionate.

Disclaimer of Onerous Property

Under Article 15 of the Jersey Bankruptcy Law, the Viscount may within six months following the date of the declaration of désastre and under Article 171 of the Jersey Companies Law, a liquidator may within six months following the commencement of a creditors' winding up, disclaim any onerous property of the company. "Onerous property" is defined to include any moveable property, a contract lease or other immoveable property if it is situated outside of Jersey that is unsaleable or not readily saleable or is such that it might give rise to a liability to pay money or perform any other onerous act, and includes an unprofitable contract.

A disclaimer operates to determine, as of the date it is made, the "rights, interests and liabilities of the company in or in respect of the property disclaimed" but "does not, except so far as is necessary for the purpose of releasing the company from liability, affect the rights or liabilities of any other person." A person sustaining loss or damage in consequence of a disclaimer is deemed to be a creditor of company to the extent of the loss or damage and may prove for the same in the désastre or creditors' winding up. The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) in relation to the power to disclaim onerous property.

Fraudulent Dispositions

In addition to the Jersey statutory provisions referred to above, there are certain principles of Jersey customary law (for example a Pauline action) under which dispositions of assets with the intention of defeating creditors claims may be set aside.

Floating Charges

Under the laws of Jersey, a person incorporated, resident or domiciled in Jersey is deemed to have capacity to grant security governed by foreign law over property situated outside the Island of Jersey, but to the extent that any floating charge is expressed to apply to any asset, property and undertaking of a person incorporated, resident or domiciled in Jersey such floating charge is not likely to be held valid and enforceable by the Courts of Jersey in respect of Jersey situs assets.

Administrators, Receivers and Statutory and Non-statutory Requests for Assistance

The Insolvency Act 1986 (either as originally enacted or as amended, including by the provisions of the Enterprise Act 2002) does not apply in Jersey and receivers, administrative receivers and administrators are not part of the laws of Jersey. Accordingly, the Courts of Jersey may not recognize the powers of an administrator, administrative receiver or other receiver appointed in respect of Jersey situs assets.

However, under Article 49(1) of the Jersey Bankruptcy Law, the Jersey court may assist the courts of prescribed countries and territories in all matters relating to the insolvency of any person to the extent that the Jersey court thinks fit. These prescribed jurisdictions include the United Kingdom. Further, in doing so, the Royal Court may have regard to the UNCITRAL model law, even though the model law has not been (and is unlikely to be) implemented as a separate law in Jersey.

If the request comes from a prescribed country but not by a court-made request or from a non-prescribed country, then common law and principles of comity will be considered by the Royal Court by virtue of its inherent jurisdiction. If insolvency proceedings are afoot in another jurisdiction in relation to the company, the nature and extent of the cooperation from Jersey is likely to depend on the nature of the requesting country's insolvency regime. If the requesting country adheres to principals of territoriality, as opposed to universality, and, for instance, ring-fences assets for local creditors, full cooperation is highly unlikely. If, however, the jurisdiction applies similar fundamental principles as Jersey the Royal Court's approach is more likely to be similar to the position where prescribed countries are involved.

In the case of both statutory and non-statutory requests for assistance, it should not be assumed that the UNCITRAL provisions will automatically be followed. That is a matter for the discretion of the Royal Court. It would also be wrong to assume for European countries that the position will be in accordance with EU Insolvency Regulation. Jersey does not form part of the European Community for the purposes of implementation of its directions. Accordingly, the EU Insolvency Regulation does not apply as a matter of Jersey domestic law and the automatic test of centre of main interests does not apply as a result.

Malta

Insolvency

A number of the Guarantors are incorporated under the laws of Malta (the "Malta Guarantors"). Consequently, in the event of an insolvency of any of the Malta Guarantors, insolvency proceedings may be initiated in Malta. Such proceedings would then be governed by Maltese law. The following is a brief description of certain aspects of Maltese insolvency law.

In general once insolvency proceedings are set in motion, a creditor will be precluded from pursuing his claim other than through the winding up process. When insolvency sets in, by law any benefit of time which may have been afforded to the debtor/borrower for the performance of obligations or the repayment of a loan, ceases and thus the obligations of the debtor accelerate in terms of law.

Under the Companies Act, Cap 386 of the laws of Malta, the causes of dissolution can be divided into 3 main categories: those situations under which the company is voluntarily dissolved and consequently wound up, those situations where the company *may* be dissolved and wound up by the Court and those situations where the company *shall* be dissolved by the Court.

For a Maltese company to be considered insolvent it must satisfy either of the following tests (a) if a debt due by the company has remained unsatisfied in whole or in part after twenty-four weeks from the enforcement of an executive title against the company by any of the executive acts in terms of the Code of Organization and Civil Procedure, Cap 12 of the laws of Malta; or (b) if it is proved to the satisfaction of the Court that the company is unable to pay its debts, account being taken also of contingent and prospective liabilities of the company. Obviously, if both tests are satisfied then it should be clearer for the Court that there is an impellent need for winding up. However, it is enough for a Maltese company to satisfy just one of these two tests outlined below in order for it to be considered insolvent.

Compulsory Winding Up

In Malta, the First Hall Civil Court has jurisdiction to order the winding up of any company that is registered under the Companies Act, Cap 386 of the laws of Malta. An application to the Court to order the winding up of a Maltese company may be presented by the company itself (acting in the General Meeting), the directors, any creditor or creditors, any debenture holder, any one or more of the company's creditors' or contributories, the Official Receiver or the Registrar of Companies. The Court has wide powers on the hearing of a petition. It may dismiss the application or make an order acceding thereto (this is referred to as a "winding up order") and make such other orders including provisional orders and adjourn the hearing conditionally or otherwise as it thinks fit.

The consequences of a winding up order are:

(1) any disposal of the Maltese company's property, any transfer of shares, and any alteration in the status of members of the company made after the date of its deemed dissolution, is void, unless the Court orders otherwise;

(2) any act or warrant, whether precautionary or executive, other than a warrant of prohibitory injunction, issued or carried into effect against the Maltese company after the date of its deemed date of dissolution, is void;

(3) a copy of the winding up order must be forwarded by the Registrar of Courts to the Registrar of Companies for registration;

(4) judicial actions against the Maltese company are stayed, unless the Court orders otherwise;

(5) on a winding up order being made, the Official Receiver becomes the liquidator and he continues to act until another person becomes liquidator; and

(6) on a winding up order being made, the powers of the directors cease and are assumed by the liquidator.

Immediately after a winding up order is made, the Official Receiver is appointed by the Court to act as a liquidator for the Maltese company until the appointment of a liquidator by the creditors. The Official Receiver also acts as liquidator for the Maltese company during any vacancy.

The Official Receiver's primary role at the initial stage of the winding up is to decide whether to summon meetings of the company's creditors and contributories so that they may resolve whether one or more persons shall be appointed as liquidator/s in place of the Official Receiver; and whether to constitute a liquidation committee to supervise the liquidator's conduct. Secondly, the Official Receiver is obliged to investigate the causes of the company's insolvency or its failure to pay its debts. Furthermore, the Official Receiver shall also investigate the promotion, formation, business dealings, and affairs of the company, and make a report/s to the Court as he may deem fit.

Once a liquidator is appointed, such liquidator is in fact bound to give to the Official Receiver such information and such access to and facilities for inspecting the accounts, accounting records and documents of the company and generally, such aid as may be requisite for enabling the Official Receiver to perform his duties under the Companies Act, 1995, Cap 386 of the laws of Malta. Moreover, on certain occasions, the Official Receiver is even empowered to replace the Liquidation Committee by sanctioning the liquidator's acts.

Company Rescue

The court is empowered to place a company under a company recovery procedure and to appoint a special controller to take over, manage and administer the business of a company for a period to be specified by the court, which period however may not exceed twelve (12) months; provided that, at any time during which the company recovery procedure is in force, the court may, upon good cause being shown, extend the period by such additional period or periods which in aggregate do not exceed a further twelve (12) months.

The court will grant such an order if it is satisfied that the financial and economic situation of the Maltese company can be improved in the interest of its creditors, employees and of the company itself as a viable going concern.

Suspect Periods

The basic company law rule as set out in Article 303 of the Companies Act, 1995 is that there is a six month period before the effective date of the dissolution of the company whereby a transaction can be deemed to be a fraudulent preference against its creditors if it constitutes a transaction at an undervalue or if a preference is given.

The law stipulates that:

(a) a Maltese company enters into a transaction at an undervalue if:

  (i) the company makes a gift or otherwise enters into a transaction on terms that provide for the company to receive no consideration; or

  (ii) the company enters into a transaction for a consideration the value of which, in money or money's worth, is significantly less than the value in money or money's worth of the consideration provided by the company;

(b) a company gives a preference to a person if:

  (i) that person is one of the company's creditors or a surety or guarantor for any of the company's debts or other liabilities; and

  (ii) the company does anything or suffers anything to be done which, in either case, has the effect of putting that person into a position which, in the event of the company going into insolvent winding-up, will be better than the position he would have been had that act or omission not occurred.

There is also another general rule found in the Civil Code, Cap 16 of the Laws of Malta, which may be applicable. This rule, called the *actio pauliana*, basically establishes that it is competent to any creditor to impeach any act made by the debtor-in-fraud of his claims.

Limitation on Enforcement

Under Maltese law, a person who guarantees a commercial obligation is, saving any stipulation to the contrary, presumed to be jointly and severally liable with the principal debtor. As a result, the borrower and the guarantors are jointly and severally liable to make payments in terms of the agreements. When debtors are jointly and severally liable they are all bound for the same obligation in such a way that each of them may be compelled to discharge the whole debt, and the payment made by one of them operates so as to release the others as against the creditor. In terms of the Civil Code, this kind of guarantee is regulated by the institute of 'suretyship' and a guarantor is known as a surety. A number of provisions relating to suretyship are of direct relevance to us, including that:

(i) a suretyship can only exist in respect of a valid obligation;

(ii) a suretyship which exceeds the debt or is contracted under more onerous conditions shall only be valid to the extent of the principal obligation;

(iii) a surety who has paid the principal debt succeeds ipso jure to all the rights which the creditor had against the debtor;

(iv) a surety may set up against the creditor all the pleas which appertain to the principal debtor and which are inherent in the debt;

(v) a surety, even if jointly and severally bound, is released if the subrogation to the rights, hypothecs and privileges of the creditor cannot take place in his favor owing to the creditor's fault; and

(vi) if the creditor releases one of his sureties without the consent of the other sureties, such release operates also in favor of the other sureties to the extent of the share of the surety so released.

Of the above, the most important provisions to keep in mind is that under the laws of Malta, guarantees and pledges are accessory to the principal obligation they secure and consequently, should the principal obligation being secured be null, the guarantees and pledges would also be null. This rule that a surety cannot be liable for more than the principal debtor is likely to be treated as a rule of public policy by Maltese courts.

Norway

Insolvency

Norwegian insolvency legislation is regulated by the Norwegian Bankruptcy Act of June 8, 1984 No. 58 (the "Bankruptcy Act"), which sets out the various procedures to be followed both in case of court administered debt negotiations and bankruptcy proceedings, and the Creditors Recovery Act of 8 June 1984 No. 59 (the "Recovery Act") containing provisions on, among things, the priority of claims.

The key features of the Norwegian bankruptcy proceedings are (i) the seizure and subsequent disposal of debtor's assets, (ii) assessment and ranking of claims, (iii) testing and revocation of transactions (including securing of existing claims) made prior to bankruptcy, (iv) handling of the debtor's contractual relationships and (v) distribution of funds (if any) in accordance with the priority rules. If the business operations of the bankrupt company are continued, they are in practice continued at the risk of, and only to the extent guaranteed by, the creditors.

Bankruptcy proceedings may be opened provided that the debtor is insolvent. Both the debtor and the creditors (holding or pretending to hold a claim) can petition for bankruptcy.

There are two requirements for a debtor to be deemed to be insolvent. The debtor must (i) be unable to service its debt as it becomes due (the "cash flow test"), and (ii) the debtor must be in "deficit" (the company's debts must exceed the sum of its assets and revenues) (the "balance sheet test").

During bankruptcy proceedings the debtor's assets are controlled by the court appointed liquidator (generally a lawyer), on behalf of the bankruptcy estate. The main task of the liquidator is to turn all the debtor's assets into cash in the manner assumed to be most profitable for the estate (the creditors), and then distribute the available cash to the rightful creditors.

All the debtor's assets will in practice be seized by the bankruptcy estate, and the debtor may not dispose of the seized assets in any way while the bankruptcy proceedings are ongoing. The bankruptcy estate may also seize assets held by third parties, if these assets are acquired from the debtor in an unlawful manner, or if the acquisition lacks legal protection, or if the transaction can be reversed according to the Recovery Act. The bankruptcy estate is a separate legal entity, which is authorized to exercise all ownership interests/rights with respect to the seized assets, including but not limited to the realization of assets.

Secured creditors are, in principle, not deemed to be part of the bankruptcy proceedings to the extent the value of the security is sufficient to cover the underlying obligations of the debtor. The secured creditors may, in principle, realize the security and cover their claims, however, keeping in mind that the realization of a number of categories of security the first six months after the opening of a bankruptcy will be subject to the approval of the bankruptcy estate (the same principles apply to official debt negotiations). The bankruptcy estate may, subject to certain conditions being fulfilled, also decide to realize the security and divide the proceeds between the secured creditors and others holding legal rights in the assets.

Any under-secured amount (any amount exceeding the value of the secured assets) will be deemed as an ordinary (unsecured) trade claim.

In a Norwegian bankruptcy, the creditors will be paid according to the following priority:

- Secured claims (valid and perfected security covered up to the value of the secured asset—either after the realization by the secured creditor itself or after realization undertaken by the bankruptcy estate).

- Super priority claims (claims which arise during the bankruptcy proceedings, liquidator's costs, obligations of the estate).

- Salary claims (within certain limitations).

- Tax claims (such as withholding tax and value-added tax within certain limitations).

- Ordinary unsecured claims (all other claims unless subordinated, including unsecured debt, trade creditors and indemnity claims).

- Subordinated claims (including interest incurred after the opening of bankruptcy proceedings, claims subordinated by agreement, liquidated damages and penalty claims).

Pursuant to the Recovery Act, the bankruptcy estate may be entitled to set aside or reverse transactions carried out in the three up to twelve month period (and in respect of transactions in favor of related parties up to two years) before the opening of the bankruptcy, such as extraordinary payments of certain creditors, security established for old debt and transaction at under-value. The bankruptcy estate may also, under certain circumstances, be entitled to set aside or reverse transactions made in bad faith or negligently which in an improper manner increase the debtor's debt, favor one creditor at the expense of others or deprive the debtor of assets which may otherwise have served to cover the creditors' claims, in which case the time limit for challenges by the estate is increased to ten years.

It should also be noted that the bankruptcy estate has a statutory first lien of up to five per cent of the respective asset's estimated value or sales value over assets mortgaged/pledged by the debtor or mortgaged/pledged by a third party for the debtor's indebtedness (limited however to the Norwegian Court Fee (presently being in the amount of 860 Norwegian krone) multiplied by 700 for assets registered in an asset register (*"realregister"*)). Such statutory lien is not applicable to financial security pursuant to the Norwegian Financial Security Act no. 17/2004 (cash deposits and financial instruments), cf. the Norwegian Liens Act no. 2/1980 section 6-4 (9).

Limitations on guarantees and securities provided by Guarantors incorporated in Norway

Section 8-7 of the Norwegian Private Limited Companies Act 1997 (the "Norwegian Companies Act") restricts a Norwegian limited liability company from granting credit to, guaranteeing or providing security for the obligations of, its shareholders or a party related to the shareholder beyond its distributable reserves (free equity) and then, further provided, that satisfactory security for repayment/recovery has been established.

The above restriction does not, however, apply to credit or security/guarantee for the obligations of a parent company or another company within the same "group." This exemption must be read in conjunction with the group definition in Section 1-3 of the Norwegian Companies Act which, broadly speaking, includes Norwegian limited liability companies. The group exemption is, according to Section 1-4 of the Norwegian Companies Act, extended to limited liability companies established within the European Economic Area, but only to the extent such European Economic Area group companies are subject to laws that are correspondent to or more stringent than the Norwegian rules with respect to lending to, guaranteeing or providing security for the obligations of shareholders or a related party (a qualification which is difficult to apply in practice). Without having made a comparative analysis between Norwegian and English law on those issues, it should be deemed that a PLC company or a limited company subject to English law is not regarded as subject to laws that are equivalent to or more stringent than the Norwegian rules in this respect.

In addition to the restrictions with regard to, among others, upstream and cross-stream guarantees and security as outlined above, Section 8-10 of the Norwegian Companies Act prohibits a Norwegian private or public limited liability company from providing financial assistance in connection with the acquisition of its shares or the shares in the parent company. The prohibition against financial assistance applies irrespective of whether the company in which shares are acquired is a Norwegian or foreign company, and there are no general exemptions available. The assistance is prohibited if made "in connection with" the acquisition of the shares, which may also cover financial assistance after completion of the acquisition, for instance by way of a refinancing of acquisition debt.

A loan, guarantee or security interest infringing the limitations set out in Section 8-7 and Section 8-10 of the Norwegian Companies Act is void and any funds paid out will have to be repaid. In addition, loans, securities and guarantees of Guarantors incorporated in Norway may be deemed void for failing to comply with the provisions in Chapter 3 of the Norwegian Companies Act.

The principle of corporate benefit also exists in Norway and may in some situations impose a restriction on a Norwegian company's ability to offer credits or a guarantee and provide security to shareholders (or close associates of the shareholders) in addition to the restrictions on financial assistance and upstream/cross-stream guarantees and security described above.

Accordingly, any guarantees and security for the notes provided by Guarantors incorporated in Norway may be void under Norwegian law as infringing one or more of the above limitations.

Foreclosure of Security Interest

Enforcement of the Norwegian law share pledges will be subject to the mandatory provisions of the Norwegian Financial Securities Act 2004 no. 17 which stipulates that enforcement must be implemented on commercially reasonable terms. Enforcement of the other Norwegian law security in Norway will be subject to the mandatory provisions of the Norwegian Enforcement Act 1992 no. 86.

Under the Norwegian Companies Act, section 5-2, a shareholder may at any time revoke a power of attorney to exercise voting rights. Accordingly, provisions in the Share Pledges giving the holder of the security power of attorney to vote for the relevant shares may therefore be rendered ineffective against the relevant company whose shares are pledged in the event the pledgor of the relevant shares were to revoke the power of attorney while he remains the registered owner of the shares.

A pledge in future shares is only to be read as an obligation to pledge future shares and not a pledge in itself, consequently a share declaration by the pledgor must be issued and notified to the issuer of the shares, upon issuance of the shares, in order to receive a perfected security interest.

Only creditors of a claim may have active judicial standing in a Norwegian court, therefore, a security agent may seek enforcement of a claim but such claim may have to be supported by the actual creditors of such claim. A security agent has standing to be sued in Norway and it is believed that a security agent may enforce any security being subject to the Financial Collateral Act of 2004 implementing the EU Financial Collateral Directive.

Scotland

One of the Guarantors is a company incorporated under the laws of Scotland (the "Scottish Guarantor"). Therefore, any insolvency proceedings by or against the Scottish Guarantor would likely be based on Scottish insolvency laws. However, pursuant to the EU Insolvency Regulation, where a Scottish company conducts business in another member state of the European Union, the jurisdiction of the Scottish courts may be limited if the company's "centre of main interests" is found to be in a member state other than the United Kingdom. There are a number of factors that are taken into account to ascertain the centre of main interests. The centre of main interests should correspond to the place where the company conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties. The place of the registered office of the company is presumed to be the centre of main interests in the absence of proof to the contrary. The point at which this issue falls to be determined is at the time that the relevant insolvency proceedings are opened. Similarly, the U.K. Cross-Border Insolvency Regulations 2006, which implement the UNCITRAL Model Law on Cross-Border Insolvency in the United Kingdom, provide that a foreign (*i.e.*, non-European) court may have jurisdiction where any Scottish company has a centre of its main interests in such foreign jurisdiction, or where it has an "establishment" (being a place of operations in such foreign jurisdiction, where it carries out non-transitory economic activities with human means and assets or services).

Fixed and Floating Charges

There are a number of ways in which fixed charge security has an advantage over floating charge security: (a) an administrator appointed to a charging company can convert floating charge assets to cash and use such cash, or use cash subject to a floating charge, to meet administration expenses (which can include the costs of continuing to operate the charging company's business) while in administration in priority to the claims of the floating charge holder; (b) a fixed charge, even if created after the date of a floating charge, may have priority as against the floating charge over the charged assets; (c) general costs and expenses (including the liquidator's remuneration) properly incurred in a winding-up are payable out of the company's assets (including the assets the subject of the floating charge) in priority to floating charge claims; (d) until the floating charge security crystallizes, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of business, meaning that such assets can be effectively disposed of by the charging company so as to give a third party good title to the assets free of the floating charge and so as to give rise to the risk of security being granted over such assets in priority to the floating charge security; (e) there are particular challenge risks in relation to floating charge security (please see "—Grant of Floating Charge"); and (f) floating charge security is subject to the claims of preferential creditors (such as occupational pension scheme contributions and salaries owed to employees) and to ring-fencing (please see "—Administration and Floating Charges").

In Scotland, forms of security are closely tied to specific types of property. Since Scots law does not recognize the English law concept of 'equity' there is more focus on the legal formalities rather than the intention of the parties with respect to the creation of security interests. If the strict legal requirements under Scots law are not met, there will be no security over the subject notwithstanding the intention of the parties.

In respect of movable property, it is essential that the security holder has some form of possession (which may take different forms) over the subject in order to create a valid security interest. Scots law does not differentiate between legal and equitable ownership of property so, for instance, in order to create a security interest over shares in companies incorporated in Scotland, the security holder (or its nominee) must be registered as the shareholder. Furthermore, there is no Scottish equivalent of an English law of equitable assignment, a Scottish interest in incorporeal property will only be created when the assignation is notified to the relevant parties.

Fixed charges over land and buildings situated in Scotland may only be created using a standard security (which is the English law equivalent of a legal mortgage over an interest of land) and is governed by statute.

Administration and Floating Charges

The relevant Scottish insolvency statutes empower Scottish courts to make an administration order in respect of a Scottish company in certain circumstances. An administrator can also be appointed out of court by the company, its directors or the holder of a qualifying floating charge and different procedures apply according to the identity of the appointor. During the administration, in general no proceedings or other legal process may be commenced or continued against the debtor, or security enforced over the company's property, except with leave of the court or the consent of the administrator. Certain creditors of a company in administration may be able to realize their security over that company's property notwithstanding the statutory moratorium. This is by virtue of the disapplication of the moratorium in relation to a "security financial collateral agreement" (generally, cash or financial instruments such as shares, bonds or tradable capital market debt instruments) under the Financial Collateral Arrangements (No. 2) Regulations 2003. If the Scottish Guarantor were to enter administration, it is possible that the security granted by it or the guarantee granted by it may not be enforced while it is in administration. In addition, other than in limited circumstances, no administrative receiver can be appointed by a secured creditor in preference to an administrator, and any already appointed must resign if requested to do so by the administrator. Where the company is already in administration no other receiver may be appointed.

In order to empower the Security Trustee to appoint an administrative receiver or an administrator to the company, the floating charge granted by the relevant Scottish Guarantor must constitute a "qualifying floating charge" for purposes of Scottish insolvency law and, in the case of the ability to appoint an administrative receiver, the qualifying floating charge must, unless the security document pre-dates September 15, 2003, fall within one of the exceptions in the Enterprise Act 2002 to the prohibition on the appointment of administrative receivers. In order to constitute a qualifying floating charge, the floating charge must be created by an instrument which (a) states that the relevant statutory provision applies to it; (b) purports to empower the holder to appoint an administrator of the company; (c) purports to empower the holder to appoint an administrative receiver; or (d) purports to empower the holder of a floating charge in Scotland to appoint a receiver who on appointment would be an administrative receiver (although this is only permitted under limited circumstances). The Security Trustee will be the holder of a qualifying floating charge if such floating charge security, together (if necessary) with the fixed charge security interests, relates to the whole or substantially the whole of the Scottish Guarantor's property and at least one such security interest is a qualifying floating charge. The most relevant exception to the prohibition on the appointment of an administrative receiver is the exception relating to "capital market arrangements" (as defined in the U.K. Insolvency Act 1986, as amended), which will apply if the issue of the notes creates a debt of at least £50,000,000 for the relevant company during the life of the arrangement and the arrangement involves the issue of a "capital markets investment" (which is defined in the U.K. Insolvency Act 1986, but is generally a rated, listed or traded debt instrument). An administrator, receiver or liquidator of the company will be required to ring-fence a certain percentage of the proceeds of enforcement of floating charge security for the benefit of unsecured creditors. Under current law, this applies to 50% of the first £10,000 of net floating charge realizations and 20% of the remainder over £10,000, with a maximum aggregate cap of £600,000. Whether the assets that are subject to the floating charges and other security will constitute substantially the whole of the Scottish Guarantor's assets at the time that the floating charges are enforced will be a question of fact at that time.

In addition, under Scottish insolvency law any debt payable in a currency other than pounds sterling (such as euro or U.S. dollars in the case of the notes) must be converted into pounds sterling at the rate of exchange for that currency at the mean of the buying and selling spot rates prevailing in the London market at close of business on the date of commencement of winding up. Accordingly, in the event that the Scottish Guarantor goes into liquidation or administration, holders of the notes may be subject to exchange rate risk between the date that went into liquidation or administration and receipt of any amounts to which such holders of the notes may become entitled.

There are circumstances under Scottish insolvency law in which the granting by a Scottish company of security and guarantees can be challenged. In most cases this will only arise if the company is placed into administration or liquidation within a specified period of the granting of the guarantee or security. Therefore, if during the specified period an administrator or liquidator is appointed to a Scottish company, he may challenge the validity of the guarantee or security given by such company.

The following potential grounds for challenge may apply to guarantees and charges:

Gratuitous Alienations

Under Scottish insolvency law, a liquidator, administrator or creditor of a Scottish company could apply to the court for an order to set aside the creation of a security interest or a guarantee if such liquidator, administrator or creditor believes that the creation of such security interest or guarantee constituted a gratuitous alienation. It will only be a gratuitous alienation if at the time of the transaction or as a result of the transaction, the Scottish company is insolvent (as defined in the U.K. Insolvency Act 1986, as amended). The transaction can be challenged if the Scottish company enters into liquidation or administration proceedings within a period of two years from the date the Scottish company grants the security interest or the guarantee or five years in the case of an 'associate' of the Scottish Company. A transaction might be subject to being set aside as a gratuitous alienation if the company makes a gift to a person (save in certain specified circumstances), if the company receives no consideration or if the company receives consideration of significantly less value, in money or money's worth, than the consideration given by such company. However, a court generally will not intervene if the person seeking to uphold the alienation establishes (i) that immediately or at any other time or after the alienation the company's assets were greater than its liabilities, (ii) the alienation was made for adequate consideration; or (iii) the alienation was a birthday, Christmas or other gift for a charitable purpose to a person not an associate of the company, which in all circumstances it was reasonable for the company (without prejudice to any right or interest acquired in good faith and for value from the recipient of the alienation) to make. If the court determines that the transaction was a gratuitous alienation the court can grant a reduction or for restoration of the property or assets or such other redress as may be appropriate. In any proceedings, it is for the administrator or liquidator to demonstrate that the Scottish company was insolvent (the test for which is set out in (i) above).

A transaction made at a time when a company is insolvent may also constitute a gratuitous alienation at common law. In there circumstances, no time limits apply in relation to challenging it. A gratuitous alienation may constitute wrongful (or indeed fraudulent) trading, or a breach of duty, and lead to action being raised against directors personally.

Unfair Preferences

Under Scottish insolvency law, a liquidator, administrator or creditor of a Scottish company could apply to the court for an order to set aside the creation of a security interest or a guarantee if such liquidator, administrator or creditor believed that the creation of such security interest or such guarantee constituted an unfair preference. It will only be an unfair preference if at the time of the transaction or as a result of the transaction the Scottish company is insolvent. The transaction can be challenged if the Scottish company enters into liquidation or administration proceedings within a period of six months from the date the Scottish company grants the security interest or the guarantee. A transaction may constitute an unfair preference if it has the effect of putting a creditor of the Scottish company (or a surety or Guarantor for any of the company's debts or liabilities) in a better position (in the event of the company going into insolvent liquidation) than such creditor, Guarantor or surety would otherwise have been in had that transaction not been entered into. If the court determines that the transaction was an unfair preference, the court may grant a reduction or restoration of the property or assets or such other redress as may be appropriate (although there is protection for a third party who enters into one of the transactions in good faith and without notice). An unfair preference may also constitute wrongful (or indeed fraudulent) trading or a breach of duty and lead to actions being raised against directors personally.

A transaction made at a time the company is insolvent may constitute an unfair preference at law. In these circumstances, no time limits apply in relation to challenging it. It may also constitute a fraudulent preference at common law.

Grant of Floating Charge

Under Scottish insolvency law, if the Scottish Guarantor is insolvent at the time of (or as a result of) granting the floating charge then such floating charge is invalid except to the extent of the value of the money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, the Scottish Guarantor at the same time as or after the creation of the floating charge. The requirement for the Scottish Guarantor to be insolvent at the time of (or as a result of) granting the floating charge does not apply where the floating charge is granted to a connected person. If the floating charge is granted to a connected person then the floating charge is invalid except to the extent of the value of the money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, the Scottish Guarantor at the same time as or after the creation of the floating charge, whether the Scottish Guarantor is solvent or insolvent. The transaction can be challenged if the Scottish Guarantor enters into liquidation or administration proceedings within a period of one year (if the beneficiary is not a connected person) or two years (if the beneficiary is a connected person) from the date the Scottish Guarantor grants the floating charge.

Singapore

Difference in Insolvency Law

One of the Guarantors is incorporated under the laws of Singapore ("Singapore Guarantor").

Any insolvency proceedings applicable to it will be likely to be governed by Singapore insolvency laws. Singapore insolvency laws differ from the insolvency laws of the United States and may make it more difficult for holders of the notes to recover the amount in respect of the Singapore Guarantor's guarantee of the notes and/or the Collateral securing the same than they would have recovered in a liquidation or bankruptcy proceeding in the United States.

Priority of Secured Creditors

Singapore insolvency laws generally recognize the priority of secured creditors over unsecured creditors. The lenders under the Senior Facilities Agreement and the holders of the notes have, or will have, security interests on certain of the assets of the Singapore Guarantor.

Security over Book Debts

Where security is taken over the book debt of a Singapore company by way of an assignment, the Civil Law Act (Cap 43) of Singapore prescribes that a statutory assignment must be by way of an absolute assignment in writing under hand of the assignor and express notice in writing thereof must be given to the debtor, trustee or other person from whom the assignor would have been entitled to receive or claim such book debt. Where such notice is not given, the assignment is only effective as an equitable assignment.

Fixed/Floating Charges

Fixed charges are superior to floating charges in a number of aspects. Until the floating charge security crystallizes, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of business, meaning that such assets can be effectively disposed of by the charging company so as to give a third party good title to the assets free of the floating charge and so as to give rise to the risk of security being granted over such assets in priority to the floating charge security. In addition, a floating charge security created within six months of the commencement of winding up of the chargor company may be invalid, unless it is proved that the chargor company was solvent immediately after the creation of the charge. Where the assets of the chargor company are insufficient to pay certain preferential debts (these include winding up costs, wages and salaries and retrenchment benefits), those preferential debts would have priority over assets secured by a floating charge.

Amounts received in a winding-up or receivership from the realization of assets subject to a floating charge must first be used to pay the holders of any fixed charge over such assets and then certain preferential creditors if applicable (explained above) before any distribution is made to the holders of a floating charge.

It is open to a court to find that assignments and charges described as fixed charges constitute floating charges rather than fixed charges, the description given to them as fixed charges not being determinative. One of the three characteristics of a floating charge is the ability of the chargor to carry on business in the ordinary course so far as concerns the particular class of assets in question until some further step is taken by or on behalf of the chargee. Where the chargor, without the consent of the chargee, is free to deal with the assets or the proceeds of such assets that form the subject matter of the charge, the court would be likely to hold that the charge in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge. In addition, to the extent that any of the assets secured by the Collateral are not specifically identified, an insolvency official may hold that such assets, which are expressed to be subject to a fixed charge, may in fact be subject to a floating charge.

Preferential Creditors

Under Section 328 of the Singapore Companies Act (Cap 50) (the "Singapore Companies Act"), in a winding-up of an Singapore company preferential debts are required to be paid in priority to all other debts other than those secured by a fixed charge. Certain preferential debts therefore have priority over debts secured by a floating charge (those listed in paragraphs (a) to (c) and (e) to (f) below) if the assets of the chargor company are insufficient to satisfy such preferential debts. The preferential debts covered by Section 328 of the Singapore Companies Act are described briefly below:-

(a) costs and expenses of the winding up;

(b) employees' wages and salaries;

(c) retrenchment benefits under employment contracts;

(d) work injury compensation under the Work Injury Compensation Act (Cap 354) of Singapore;

(e) certain amounts due under employee's superannuation or provident funds or under any scheme of superannuation which is an approved scheme under the Income Tax Act (Cap 134) of Singapore;

(f) other remuneration payable to employees such as vacation leave and death benefits;

(g) taxes assessed and goods and services tax; and

(h) gratuity or other sum of money due and owing to an employee on his retirement or on termination of his services pursuant to a collective agreement or an award.

Transactions at undervalue or unfair Preference

Under Singapore insolvency law, if a Singapore company goes into liquidation, and has entered into certain transactions at an undervalue within the last 5 years, or has entered into a transaction by way of unfair preference in the past 6 months (a 2-year period applies in the case of a transaction with a connected party), those transactions may be liable to be made void or voidable.

Disclaimer of Onerous Contracts

Section 332 of the Singapore Companies Act provides that where any property of a company consists of either an estate or interest in land that is burdened with onerous covenants, shares in corporations, unprofitable contracts or any other property that is unsaleable by reason of its binding the company to any onerous act or payment, the liquidator may apply to disclaim such property within 12 months of commencement of winding up.

Enforcement Process

Receivership

Receivership arises principally by way of enforcement of the right of the holders of security under mortgage or charges, as set out in the security document. The receiver is, in effect, an agent of the chargor company. Its rights and obligations are usually set out in the security document itself.

Appointment

Receivers can be appointed on the basis of the powers set out in the security document. A person appointed on the basis of a fixed charge over specific assets will act as receiver in respect of those assets. However, mortgages containing a floating charge over all of the assets and undertaking typically provide for enforcement by means of the appointment of a receiver having full powers as a receiver and manager over all of the secured assets (i.e., all of the assets and undertaking of a chargor), including the power of sale of the assets.

USA

Under the U.S. Bankruptcy Code or comparable provisions of state fraudulent transfer or fraudulent conveyance laws, the incurrence of the obligations under the notes, the issuance of the guarantees and the grant of security, whether now or in the future, by the Issuer and the Guarantors (together, the "Obligors") could be avoided, if, among other things, at the time the Obligors incurred the obligations, issued the related guarantee or gave the security, the Obligors intended to hinder, delay or defraud any present or future creditor; or received less than reasonably equivalent value or fair consideration for the incurrence of such indebtedness or the grant of such security and either:

- were insolvent or rendered insolvent by reason of such incurrence or grant of security;
- were engaged in a business or transaction for which the Obligors' remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that they would incur, debts beyond their ability to pay such debts as they mature.

The right of a holder of the notes to enforce its security interests against the Obligors upon the occurrence of an event of default under the indenture governing the notes is likely to be significantly impaired by applicable U.S. bankruptcy law if we became subject to a case under the U.S. Bankruptcy Code before such security interest was enforced. Upon the commencement of a case under the U.S. Bankruptcy Code, a secured creditor such as a holder of notes is prohibited by the automatic stay imposed by the U.S. Bankruptcy Code from obtaining possession or exercising control over its collateral or enforcing its security interest against a debtor in a U.S. bankruptcy case, without bankruptcy court approval, which may not be given. Moreover, the U.S. Bankruptcy Code permits the debtor to continue to retain and use collateral even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given "adequate protection." The term "adequate protection" is not defined in the U.S. Bankruptcy Code, but it includes making periodic cash payments, providing an additional or replacement lien or granting other relief, in each case to the extent that the collateral decreases in value during the pendency of the bankruptcy case as a result of, among other things, the use, sale or lease of such collateral or the imposition of the automatic stay. The type of adequate protection provided to a secured creditor may vary according to circumstances. A U.S. bankruptcy court may determine that a secured creditor may not require additional adequate protection for a diminution in the value of its collateral if the value of the collateral exceeds the amount of the debt that it secures.

In view of the automatic stay, the lack of a precise definition of the term "adequate protection" and the broad discretionary power of a U.S. bankruptcy court, it is impossible to predict:

- whether or when a holder of the notes could enforce its security interests;

- the value of the collateral at the time of the bankruptcy petition; or

- whether or to what extent holders of the notes would be compensated for any delay in payment or loss of value of the collateral through the requirement of "adequate protection."

Any future grant of security interest with regard to the collateral in favor of the notes, including pursuant to security documents delivered after the date of the indenture governing the notes, might be avoidable by the grantor (as debtor in possession) or by its trustee in bankruptcy as a preference if certain events or circumstances exist or occur, including, among others, if the grantor is insolvent at the time of the grant, the security interest permits the holders of the notes to receive a greater recovery than if the bankruptcy case were a case under chapter 7 of the Bankruptcy Code and the security had not been given and a bankruptcy case in respect of the grantor is commenced within 90 days following the grant, or in certain circumstances, a longer period.

BOOK-ENTRY, DELIVERY AND FORM

General

Each series of the notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by a global Note in registered form without interest coupons attached (the "Regulation S Global Note"). The Regulation S Global Note representing the Euro Notes (the "Euro Regulation S Global Note") will be deposited, on the closing date, with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream. The Regulation S Global Note representing the Dollar Notes (the "Dollar Regulation S Global Note") will be deposited upon issuance with The Bank of New York Mellon as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Each series of the notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by a global Note in registered form without interest coupons attached (the "144A Global Note" and, together with the Regulation S Global Note, the "Global Notes"). The 144A Global Note representing the Euro Notes (the "Euro 144A Global Note" and, together with the Euro Regulation S Global Note, the "Euro Global Notes"), will be deposited, on the closing date, with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream. The 144A Global Note representing the Dollar Notes (the "Dollar 144A Global Note" and, together with the Dollar Regulation S Global Note, the "Dollar Global Notes") will be deposited upon issuance with The Bank of New York Mellon as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Ownership of interests in the 144A Global Notes ("144A Book-Entry Interests") and ownership of interests in the Regulation S Global Notes (the "Regulation S Book-Entry Interest," and together with the 144A Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with DTC, Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by DTC, Euroclear and Clearstream and their participants. The Book-Entry Interests in Euro Global Notes will be issued only in denominations of €50,000 and in integral multiples of €1,000 in excess thereof and the Book-Entry Interests in Dollar Global Notes will be issued only in denominations of $100,000 and integral multiples of $1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, DTC, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the notes are in global form, owners of interest in the Global Notes will not have the notes registered in their names, will not receive physical delivery of the notes in certificated form and will not be considered the registered owners or "holder" of the notes under the Indenture for any purpose.

So long as the notes are held in global form, DTC, Euroclear and/or Clearstream, as applicable (or their respective nominees), will be considered the holders of Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of DTC, Euroclear and/or Clearstream and indirect participants must rely on the procedures of DTC, Euroclear and/or Clearstream and the participants through which they own Book-Entry Interests in order to exercise any rights of holders under the Indenture.

Neither the Issuer, the Registrar, The Bank of New York Mellon as custodian for DTC nor the Trustee under the Indenture nor any of the Issuer's respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Issuance of Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive definitive notes in registered form (the "Definitive Registered Notes"):

- if DTC (with respect to the Dollar Global Notes) or Euroclear and Clearstream (with respect to the Euro Global Notes) notify the Issuer that it is unwilling or unable to continue to act as depository and a successor depository is not appointed by the Issuer within 120 days;

- if the Issuer, at its option, notifies the Trustee in writing that it elects to exchange in whole, but not in part, the Global Note for Definitive Notes; or

- if DTC, Euroclear or Clearstream so requests following an event of default under the Indenture.

In such an event, the registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of DTC, Euroclear and/or Clearstream or the Issuer, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend referred to in "Notice to Investors," unless that legend is not required by the Indenture or applicable law.

Redemption of the Global Notes

In the event any Global Note, or any portion thereof, is redeemed, DTC, Euroclear and/or Clearstream, as applicable, will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by DTC, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of DTC, Euroclear and Clearstream, if fewer than all of the notes are to be redeemed at any time, DTC, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; *provided*, *however*, that no Book-Entry Interest of less than €50,000 or $100,000, as applicable, principal amount at maturity, or less, may be redeemed in part.

Payments on Global Notes

Payments of amounts owing in respect of the Global Notes (including principal, premium, interest, additional interest and additional amounts) will be made by the Issuer to the Principal Paying Agent. The Principal Paying Agent will, in turn, make such payments to the common depository for Euroclear and Clearstream (in the case of the Euro Global Notes) and to DTC or its nominee (in the case of the Dollar Global Notes), which will distribute such payments to participants in accordance with their respective procedures.

Under the terms of the Indenture governing the notes, the Issuer and the Trustee will treat the registered holder of the Global Notes (for example, DTC, Euroclear or Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer, the Trustee, the Registrar nor the U.S. Paying Agent or any of their respective agents has or will have any responsibility or liability for:

- any aspects of the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest, for any such payments made by DTC, Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or

- payments made by DTC, Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest; or

- DTC, Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in "street name."

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Euro Global Notes will be paid to holders of interest in such notes (the "Euroclear/Clearstream Holders") through Euroclear and/or Clearstream in euros. The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Dollar Global Notes will be paid to holders of interest in such notes (the "DTC Holders") through DTC in dollars.

Notwithstanding the payment provisions described above, Euroclear/Clearstream Holders may elect to receive payments in respect of the Euro Global Notes in dollars and DTC Holders may elect to receive payments in respect of the Dollar Global Notes in euros.

If so elected, a Euroclear/Clearstream Holder may receive payments of amounts payable in respect of its interest in the Euro Global Notes in dollars in accordance with Euroclear or Clearstream's customary procedures, which include, among other things, giving to Euroclear or Clearstream, as appropriate, a notice of such holder's election. All costs of conversion resulting from any such election will be borne by such holder.

If so elected, a DTC Holder may receive payment of amounts payable in respect of its interest in the Dollar Global Notes in euros in accordance with DTC's customary procedures, which include, among other things, giving to DTC a notice of such holder's election to receive payments in euro. All costs of conversion resulting from any such election will be borne by such holder.

Action by Owners of Book-Entry Interests

DTC, Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of the notes only at the direction of one or more participants to whose account the Book-Entry 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. DTC, Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the notes, each of DTC, Euroclear and Clearstream reserves the right to exchange the Global Notes for Definitive Registered Notes in certificated form, and to distribute such Definitive Registered Notes to their respective participants.

Transfers

Transfers between participants in DTC will be done in accordance with DTC rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of DTC and in accordance with the provisions of the Indenture.

The Global Notes will bear a legend to the effect set forth in "Notice to Investors." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in "Notice to Investors."

Through and including the 40th day after the later of the commencement of the offering of the notes and the closing of the offering (the "40-day Period"), beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note denominated in the same currency only if such transfer is made pursuant to Rule 144A and the transferor first delivers to the Trustee a certificate (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under

"Notice to Investors" and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

After the expiration of the 40-day Period, beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Rule 144A Global Note denominated in the same currency without compliance with these certification requirements.

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Note denominated in the same currency only upon receipt by the Trustee of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the Securities Act (if available).

Subject to the foregoing, and as set forth in "Notice to Investors," Book-Entry Interests may be transferred and exchanged as described under "Description of the Notes—Transfer and Exchange." Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note of the same denomination will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in the other Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it retains such a Book-Entry Interest.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "Description of the Notes—Transfer and Exchange" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such notes. See "Notice to Investors."

This paragraph refers to transfers and exchanges with respect to Dollar Global Notes only. Transfers involving an exchange of a Regulation S Book-Entry Interest for 144A Book-Entry Interest in a Dollar Global Note will be done by DTC by means of an instruction originating from the Trustee through the DTC Deposit/Withdrawal Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the relevant Regulation S Global Note and a corresponding increase in the principal amount of the corresponding 144A Global Note. The policies and practices of DTC may prohibit transfers of unrestricted Book-Entry Interests in the Regulation S Global Note prior to the expiration of the 40 days after the date of initial issuance of the notes. Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Information Concerning DTC, Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of DTC, Euroclear and Clearstream, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer nor the initial purchasers are responsible for those operations or procedures. DTC has advised the Issuer that it is:

- a limited purpose trust company organized under New York Banking Law;
- a "banking organization" under New York Banking Law;
- a member of the Federal Reserve System;
- a "clearing corporation" within the meaning of the New York Uniform Commercial Code; and
- a "clearing agency" registered under Section 17A of the U.S. Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of transactions among its participants. It does this through electronic book-entry changes in the accounts of securities participants, eliminating the need for physical movement of securities certificates. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC's owners are the New York Stock Exchange, Inc., the American Stock Exchange, Inc., the National Association of Securities Dealers, Inc. and a number of its direct participants. Others, such as banks, brokers and dealers and trust companies that clear through or maintain a custodial relationship with a direct participant also have access to the DTC system and are known as indirect participants.

Like DTC, Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others, such as banks, brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because DTC, Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the DTC, Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited. In addition, owners of beneficial interests through the DTC, Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through DTC, Euroclear or Clearstream participants.

Global Clearance and Settlement Under the Book-Entry System

The notes represented by the Global Notes are expected to be admitted to trading on the Euro MTF and listed on the official list of the Luxembourg Stock Exchange and to trade in DTC's Same-Day Funds 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. The Issuer expects that secondary trading in any certificated notes will also be settled in immediately available funds. Subject to compliance with the transfer restrictions applicable to the Global Notes, cross-market transfers between participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be done through DTC in accordance with DTC's rules on behalf of each of Euroclear or Clearstream by its common depository; however, such cross market transactions will require delivery of instructions to Euroclear or Clearstream by the counterparty in such system in accordance with the rules and regulations and within the established deadlines of such system (Brussels time). Euroclear or Clearstream will, if the transaction meets its settlement requirements, deliver instructions to the common depository to take action to effect final settlement on its behalf by delivering or receiving interests in the Global Notes by DTC, and making and receiving payment in accordance with normal procedures for same-day funds settlement application to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the common depository.

Because of the time zone differences, the securities account of a Euroclear or Clearstream 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 Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. Cash received in Euroclear and Clearstream as a result of a sale of an interest in a Global Note by or through a Euroclear or Clearstream 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 Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

Although DTC, Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, any Guarantor, the Trustee, the Registrar or the Principal Paying Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the notes will be made in euros and dollars. Book-Entry Interests owned through DTC, Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of DTC, Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and DTC and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

CERTAIN TAX CONSIDERATIONS

United Kingdom Tax Considerations

The following is a general description of certain UK tax consequences of acquiring, holding and disposing of the notes and is based on the Issuer's understanding of current UK law and Her Majesty's Revenue and Customs' ("HMRC") practice as at the date hereof, both of which are subject to change, possibly with retrospective effect. This description is not exhaustive and relates only to the position of persons who are the absolute beneficial owners of the notes and may not apply to certain classes of persons, such as brokers, dealers in securities, persons connected with the Issuer or certain professional investors, to whom special rules may apply. This description does not purport to constitute legal or tax advice and any holders who are in any doubt as to their tax position should consult their independent professional advisors. Further, these comments do not deal with holders of the notes who are individuals treated as non-domiciled and resident or ordinarily resident in the United Kingdom for UK tax purposes. Any such holders of the notes who are subject to tax in a jurisdiction other than the United Kingdom should consult their professional advisors.

Interest on the notes

The notes will constitute "quoted Eurobonds" within the meaning of Section 987 of the Income Tax Act 2007 ("ITA") while they are and remain listed on a "recognized stock exchange" within the meaning of Section 1005 ITA. While the notes are, and continue to be, quoted Eurobonds, payments of interest on the notes may be made without deduction or withholding for or on account of UK income tax. Securities that have been admitted to the Official List by the Société de la Bourse de Luxembourg and are admitted to trading on the Euro MTF Market will meet the requirement to be listed on a recognized stock exchange. So long as this remains the case with respect to the notes, they will therefore constitute quoted Eurobonds.

If the notes do not constitute "quoted Eurobonds," an amount may, subject to any relief available under any applicable double taxation treaty and to the availability of any other relief, have to be withheld on account of UK income tax from payments of interest on the notes at the "basic rate" of UK income tax (currently 20%).

If interest were to be paid under deduction of UK income tax, holders of the notes who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.

The interest will have a UK source and accordingly may be chargeable to UK income or corporation tax by direct assessment even where paid without withholding. However, where the interest is paid without deduction or withholding, the interest will not be assessed to UK tax in the hands of holders of the notes who are not resident in the United Kingdom, except where the holder carries on a trade, profession or vocation through a branch or agency (or, in the case of a corporate holder, a permanent establishment) in the United Kingdom in connection with which the interest is received or to which the notes are attributable, in which case (subject to exemptions for interest received by certain categories of agent) tax may be levied on the UK branch, agency or permanent establishment.

Holders of the notes may wish to note that the provisions referred to in "Description of the Notes—Payment of Additional Amounts" would not apply if HMRC sought to assess directly the person entitled to the relevant interest to UK tax. However, exemption from, or reduction of, such UK tax liability might be available under an applicable double taxation treaty.

Holders of the notes who are individuals may wish to note that HMRC has power to obtain information (including the name and address of the recipient or beneficial owner of the relevant payment) from any person in the United Kingdom who either pays interest to, or receives interest for the benefit of, an individual. Any information obtained may, in certain circumstances, be provided by HMRC to the tax authorities of other jurisdictions.

United Kingdom holders subject to corporation tax

In general, holders of the notes who are within the charge to UK corporation tax will be charged a tax on income in respect of all profits, gains and losses on, and fluctuations in value of, the notes (whether attributable to currency fluctuations or otherwise) measured and recognized in each accounting period broadly in accordance with their statutory accounting treatment.

United Kingdom holders not subject to corporation tax

HMRC may consider that the notes constitute "deeply discounted securities" for the purposes of Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 by virtue of the provisions set out under "Description of the Notes—Purchase of the Notes Upon a Change of Control." If the notes do constitute deeply discounted securities, individual holders who are resident for tax purposes in the United Kingdom or who carry on a trade, profession or vocation in the United Kingdom through a branch or agency to which the notes are attributable will generally be held liable to UK income tax on any gain made on the sale or other disposal (including redemption) of the notes.

If the notes do not constitute deeply discounted securities, the disposal of the notes by an individual holder who is resident or ordinarily resident for tax purposes in the United Kingdom or who carries on a trade, profession or vocation in the United Kingdom through a branch or agency to which the notes are attributable may give rise to a chargeable gain or allowable loss for the purposes of UK tax on chargeable gains, depending on individual circumstances. In calculating any gain or allowable loss on the disposal of the notes, sterling values are compared at acquisition and transfer. Accordingly, a taxable gain can arise even where the euro or dollar amount received on a disposal is less than or the same as the euro or dollar amount paid for the notes.

Special rules may apply to individuals who have ceased to be resident or ordinarily resident in the United Kingdom and who dispose of their notes before becoming once again resident or ordinarily resident in the United Kingdom. Noteholders are advised to consult their own professional advisors if they require any advice or further information relating to residency.

On the disposal of the notes by a holder (if they do not constitute deeply discounted securities), any interest which has accrued since the last interest payment date may be chargeable to tax on income under the rules relating to accrued income profits as set out in Chapter 2 of Part 12 of ITA if that holder is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the notes are attributable. Further, if the notes are regarded as variable rate securities for the purposes of the accrued income scheme, the holder may be subject to income tax on such amount as HMRC deems just and reasonable and the transferee of the notes would not be entitled to any corresponding allowance under the accrued income scheme. A note is deemed to be a variable rate security unless throughout the period from issue to redemption the note carries: (i) interest at a fixed rate; (ii) interest bearing a fixed relationship to a standard, published base rate; or (iii) interest bearing a fixed relationship to a published index of prices. Holders of the notes are advised to consult their own professional advisors if they require any advice or further information about the rules relating to accrued income profits in general and the potential tax consequences of holding variable rate securities.

Stamp Duty and Stamp Duty Reserve Tax

No UK stamp duty or stamp duty reserve tax is payable on issue of or on a transfer of the notes.

EU Savings Tax Directive

The European Union has adopted a directive (Council Directive 2003/48/EC, the "Directive") regarding the taxation of savings income. The Directive provides for member states of the European Union (each, a "Member State") to provide to the tax authorities of another Member State details of certain payments of interest and other similar income paid by a person to an individual in that other Member State, except that Austria and Luxembourg may instead impose a withholding system for a transitional period unless during such period they elect otherwise. The Directive does not preclude Member States from levying other types of withholding tax.

On November 13, 2008 the European Commission published a proposal for amendments to the Directive. The European Parliament approved an amended version of this proposal on April 24, 2009. If any of the proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

U.S. Federal Income Tax Considerations

Internal Revenue Service ("IRS") Circular 230 Disclosure

To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. Federal tax advice contained in this offering memorandum is not intended or written by us to be used, and cannot be used, (i) by any taxpayer for the purpose of avoiding tax penalties under the U.S. Internal Revenue Code or (ii) for promoting, marketing or recommending to another party any transaction or matter addressed herein. You should seek advice based on your particular circumstances from an independent tax advisor.

The following discussion is a summary based on present law of certain U.S. Federal income tax considerations relevant to the purchase, ownership and disposition of the notes. This discussion addresses only U.S. Holders (as defined below) who purchase the notes in the original issuance at the original offering price, hold the notes as capital assets and use the U.S. dollar as their functional currency. This summary does not address the tax consequences to subsequent purchasers of the notes. This discussion is not a complete description of all U.S. tax considerations relating to the notes. It also does not address the tax treatment of prospective purchasers subject to special rules, such as banks, dealers, traders that elect to mark to market, insurance companies, investors liable for the alternative minimum tax, U.S. expatriates, tax-exempt entities or persons holding the notes as part of a hedge, straddle, conversion or other integrated financial transaction. This summary does not discuss any tax consequences arising under the U.S. Federal estate and gift tax laws or the laws of any state, local, non-U.S. or other taxing jurisdiction.

EACH PROSPECTIVE PURCHASER IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE U.S. FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF PURCHASING, HOLDING AND DISPOSING OF THE NOTES.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner that is, for purposes of U.S. Federal income taxation, (i) a citizen or resident alien of the United States, (ii) a corporation or other business entity treated as a corporation created or organized in or under the laws of the United States or its political subdivisions, (iii) a trust (a) that is subject to the control of a U.S. person and the primary supervision of a U.S. court or (b) which has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person or (iv) an estate, the income of which is subject to U.S. Federal income taxation regardless of its source.

No rulings from the IRS have been or will be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the notes or that any such position would not be sustained. If a partnership (or an entity or arrangement treated as a partnership for U.S. Federal income tax purposes) acquires or holds the notes, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner or partnership that acquires or holds the notes should consult its own tax advisors.

Stated Interest

Interest paid on the notes generally will constitute stated interest and should be included in the gross income of a U.S. Holder as ordinary income at the time the interest accrues or is received, in accordance with the holder's regular method of accounting for U.S. Federal income tax purposes. Interest (including original issue discount, if any, as discussed below) generally will be income from sources outside the United States and, for purposes of the U.S. foreign tax credit, generally will be considered passive category income.

In the event that Additional Amounts are paid in respect of withholding or deductions for taxes imposed on payments on the notes (as described under "Description of the Notes—Payment of Additional Amounts"), such

Additional Amounts will be taxable to a U.S. Holder as ordinary income, as received or accrued, in accordance with such U.S. Holder's method of accounting for U.S. Federal income tax purposes. The amount taxable to a U.S. Holder will also include all taxes withheld or deducted in respect thereof. Thus, a U.S. Holder may be required to report income in an amount greater than the cash it receives in respect of payments on the notes. A U.S. Holder may be eligible to claim a credit or deduction in respect of such taxes for purposes of computing such U.S. Holder's U.S. Federal income tax liability, subject to certain limitations.

In the case of a Euro Note, a cash basis U.S. Holder must include in income a U.S. dollar amount equal to the U.S. dollar value of the stated interest paid in euros at the spot exchange rate on the date of receipt, whether or not the payment is converted into U.S. dollars, and an accrual basis U.S. Holder generally must include in income the U.S. dollar value of the accrued stated interest paid in euros at the average exchange rate for the accrual period in which the interest accrued (or, if any accrual period spans two taxable years, the partial period within each taxable year). Upon receipt of the interest (including amounts received upon the sale, exchange, retirement or other taxable disposition of a note attributable to accrued but unpaid interest), an accrual basis U.S. Holder generally will recognize foreign currency exchange gain or loss equal to the difference, if any, between the U.S. dollar amount of the interest previously accrued and the U.S. dollar value of the euro received at the spot exchange rate on the date of receipt, regardless of whether the payment is converted into U.S. dollars. Foreign currency exchange gain or loss generally will be U.S. source ordinary income or loss.

An accrual basis U.S. Holder may elect to convert accrued euro interest into a U.S. dollar value at the spot exchange rate on the last day of the accrual period (or, if an accrual period spans two taxable years, at the spot exchange rate on the last day of the part of the accrual period within each taxable year). If accrued interest actually is received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead convert the accrued interest at the spot exchange rate on the date of receipt. Any currency conversion election will apply to all debt instruments that the electing U.S. Holder holds or acquires at or after the beginning of the first taxable year to which the election applies. The election cannot be revoked without the consent of the IRS.

Disposition

A U.S. Holder generally will recognize gain or loss on a sale, redemption or other taxable disposition of a note in an amount equal to the difference between the U.S. dollar value of the amount realized (less any accrued but unpaid interest, which is taxed as interest) and the U.S. Holder's adjusted tax basis in the note. In the case of a Euro Note, the U.S. dollar amount realized will be the value of the euro received at the spot exchange rate on the date of disposition (or, if the notes are traded on an established securities market and the holder is a cash basis or an electing accrual basis U.S. Holder, the settlement date). A U.S. Holder's adjusted tax basis in a note generally will be the amount paid for the note increased by the amount of any OID previously included in income by such holder less any principal payments previously received by the U.S. Holder. In the case of a Euro Note, the amount paid for a Euro Note will be the U.S. dollar value of the euro used to purchase it at the spot exchange rate on the purchase date (or, if the Euro Notes are traded on an established securities market and the holder is a cash basis or an electing accrual basis U.S. Holder, the settlement date).

Gain or loss on disposition of a note generally will be U.S. source capital gain or loss except, in the case of a Euro Note, to the extent of any foreign currency exchange gain or loss (discussed below). Any capital gain or loss will be long-term capital gain or loss if the U.S. Holder has held the note for more than one year at the time of disposition. A non-corporate U.S. Holder may be eligible for reduced rates of taxation on any long-term capital gain recognized. Deductions for capital losses are subject to limitations.

Currency Gain or Loss

In the case of a Euro Note, a U.S. Holder generally will recognize foreign currency exchange gain or loss on a taxable disposition of a Euro Note equal to the difference between the U.S. dollar value of the principal amount of such note on the date of acquisition and the date of such disposition (or possibly, if the Euro Notes are traded on an established securities market and the holder is a cash basis or an electing accrual basis U.S. Holder, the settlement date). Foreign currency gain or loss cannot exceed overall gain or loss on the Euro Note. Foreign currency gain or loss generally will be ordinary income or loss from sources within the United States.

A U.S. Holder will have a tax basis in euro received as interest on a note or on the disposition of a Euro Note equal to the U.S. dollar value of the euro received translated at the spot exchange rate on the date of receipt. A U.S. Holder will have a tax basis in euro received on the disposition of a Euro Note equal to the U.S. dollar amount realized. Any gain or loss realized by a U.S. Holder on a sale or other taxable disposition of the euro generally will be U.S. source ordinary income or loss.

Reportable Transactions

Certain U.S. Treasury Regulations on tax shelter transactions could be interpreted to require a U.S. Holder of the Euro Notes specifically to disclose with its U.S. Federal income tax return loss from certain transactions involving a sale, exchange, retirement or other taxable disposition of a Euro Note or foreign currency received in respect of such note in excess of certain thresholds. U.S. Holders are urged to consult their tax advisors about these and all other specific reporting requirements.

Information Reporting and Backup Withholding

Payments of interest and proceeds from the sale, redemption or other taxable disposition of a note may be reported to the IRS unless the holder establishes a basis for exemption. Backup withholding tax may apply to amounts subject to reporting if the holder fails to provide an accurate taxpayer identification number or, in the case of interest payments, fails either to report in full dividend and interest income or, in either case, fails to make certain certifications. Backup withholding is not an additional tax. A holder generally can claim a credit against its U.S. Federal income tax liability for the amount of any backup withholding tax and a refund of any excess, provided that the required information is timely furnished to the IRS.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of the notes. Prospective purchasers of the notes should consult their own tax advisors concerning the tax consequences of their particular situations.

NOTICE TO INVESTORS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the notes offered hereby.

The notes and the guarantees have not been and will not be registered under the Securities Act, or the securities laws of any other jurisdiction, and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or the securities laws of any other jurisdiction. Accordingly, the notes offered hereby are being offered and sold only to qualified institutional buyers (as defined in Rule 144A under the Securities Act) in reliance on Rule 144A under the Securities Act and in offshore transactions in reliance on Regulation S under the Securities Act.

We have not registered and will not register the notes or the guarantees under the Securities Act and, therefore, the notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Issuer is offering and selling the notes to the initial purchasers for re-offer and resale only:

- in the United States to "qualified institutional buyers," commonly referred to as "QIBs," as defined in Rule 144A in compliance with Rule 144A; and
- outside the United States in accordance with Regulation S.

We use the terms "offshore transaction," "U.S. person" and "United States" with the meanings given to them in Regulation S.

Each purchaser of the notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the initial purchasers as follows:

(1) You understand and acknowledge that the notes and the guarantees have not been registered under the Securities Act or any other applicable securities laws and that the notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A under the Securities Act, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below.

(2) You are not our "affiliate" (as defined in Rule 144 under the Securities Act) or acting on our behalf and you are either:

(a) a QIB, within the meaning of Rule 144A under the Securities Act and are aware that any sale of these notes to you will be made in reliance on Rule 144A under the Securities Act, and such acquisition will be for your own account or for the account of another QIB; or

(b) you are purchasing the notes in an offshore transaction in accordance with Regulation S under the Securities Act.

(3) You acknowledge that none of the Issuer, the Guarantors, or the initial purchasers, nor any person representing any of them, has made any representation to you with respect to us or the offer or sale of any of the notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the notes. You acknowledge that neither the initial purchasers nor any person representing the initial purchasers make any representation or warranty as to the accuracy or completeness of this offering memorandum. You have had access to such financial

and other information concerning us and the notes as you have deemed necessary in connection with your decision to purchase any of the notes, including an opportunity to ask questions of, and request information from, us and the initial purchasers.

(4) You are purchasing the notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act or the securities laws of any other jurisdiction, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within its or their control and subject to your or their ability to resell such notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the Securities Act.

(5) You agree on your own behalf and on behalf of any investor account for which you are purchasing the notes, and each subsequent holder of the notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such notes prior to the date (the "Resale Restriction Termination Date") that is one year (in the case of Rule 144A Notes) or 40 days (in the case of Regulation S Notes) after the later of the date of the original issue and the last date on which the Issuer or any of its affiliates was the owner of such notes (or any predecessor thereto) only (i) to the Issuer, (ii) pursuant to a registration statement that has been declared effective under the Securities Act, (iii) for so long as the notes are eligible pursuant to Rule 144A under the Securities Act, to a person you reasonably believe is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A under the Securities Act, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the Securities Act or (v) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer's and the trustee's rights prior to any such offer, sale or transfer (I) pursuant to clauses (iv) and (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

Each purchaser acknowledges that each note will contain a legend substantially to the following effect:

> THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.
>
> THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR] [IN THE CASE OF REGULATION S NOTES: 40 DAYS] AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) ONLY (A) TO THE ISSUER, THE

GUARANTORS OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (III) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

If you purchase notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these notes as well as to holders of these notes.

(6) You agree that you will give to each person to whom you transfer the notes notice of any restrictions on the transfer of such notes.

(7) You acknowledge that until 40 days after the commencement of the offering, any offer or sale of the notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.

(8) You acknowledge that the trustee will not be required to accept for registration or transfer any notes acquired by you except upon presentation of evidence satisfactory to us and the trustee that the restrictions set forth therein have been complied with.

(9) You acknowledge that we, the initial purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations, warranties and agreements and agree that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by your purchase of the notes are no longer accurate, it shall promptly notify the initial purchasers. If you are acquiring any notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each such investor account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(10) You understand that no action has been taken in any jurisdiction (including the United States) by the Issuer or the initial purchasers that would result in a public offering of the notes or the

possession, circulation or distribution of this offering memorandum or any other material relating to the Issuer or the notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the notes will be subject to the selling restrictions set forth under "Plan of Distribution."

ERISA Considerations

Any purchaser, including, without limitation, any fiduciary purchasing on behalf of (i) an employee benefit plan (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) subject to the provisions of part 4 of subtitle B of Title I of ERISA or a plan to which Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code") applies (each, a "Plan"), (ii) an entity whose underlying assets include "plan assets" by reason of a Plan's investment in such entity (each, a "Benefit Plan Investor"), or (iii) a governmental, church or non-U.S. plan which is subject to any Federal, state, local, non-U.S. or other laws or regulations that are substantially similar to the fiduciary responsibility or prohibited transaction provisions of ERISA or the provisions of Section 4975 of the Code ("Similar Laws"), transferee or holder of the notes will be deemed to have represented, in its corporate and fiduciary capacity, that:

(a) With respect to the acquisition, holding and disposition of the notes, or any interest therein, (1) either (A) it is not, and it is not acting on behalf of (and for so long as it holds such notes or any interest therein will not be, and will not be acting on behalf of), a Plan, a Benefit Plan Investor, or a governmental, church or non-U.S. plan which is subject to Similar Laws, and no part of the assets used or to be used by it to acquire or hold such notes or any interest therein constitutes the assets of any such Plan, Benefit Plan Investor or governmental, church or non-U.S. plan which is subject to Similar Laws, or (B) (i) its acquisition, holding and disposition of such notes or any interest therein does not and will not constitute or otherwise result in a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan, a non-exempt violation of any Similar Laws); and (ii) none of the Issuer, the guarantors, the initial purchasers, Trustee or any of their respective affiliates, is a sponsor of, or a fiduciary (within the meaning of Section 3(21) of ERISA or, with respect to a governmental, church or non-U.S. plan, any definition of "fiduciary" under Similar Laws) with respect to, the acquirer, transferee or holder in connection with any acquisition or holding of such notes, or as a result of any exercise by the Issuer or any of its affiliates of any rights in connection with such notes, and no advice provided by the Issuer or any of their affiliates has formed a primary basis for any investment or other decision by or on behalf of the acquirer or holder in connection with such notes and the transactions contemplated with respect to such notes; and (2) it will not sell or otherwise transfer such notes or any interest therein other than to a purchaser or transferee that is deemed (or if required by the applicable indenture, certified) to make these same representations, warranties and agreements with respect to its acquisition, holding and disposition of such notes or any interest therein.

(b) The acquirer and any fiduciary causing it to acquire an interest in any notes agrees to indemnify and hold harmless the Issuer, the guarantors, the initial purchasers, the Trustee and their respective affiliates, from and against any cost, damage or loss incurred by any of them as a result of any of the foregoing representations and agreements being or becoming false.

(c) Any purported acquisition or transfer of any note or beneficial interest therein to an acquirer or transferee that does not comply with the requirements of the above provisions shall be null and void *ab initio*.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in the purchase agreement dated May 5, 2010 among us and the initial purchasers (the "Purchase Agreement"), we have agreed to sell to the initial purchasers, and each of the initial purchasers has agreed, severally and not jointly, to purchase from us the respective principal amount of the notes set forth opposite its name in the table below.

Initial Purchasers[1]	Principal Amount of Euro Notes	Principal Amount of Dollar Notes
Barclays Bank PLC	€123,750,000	$235,125,000
J.P. Morgan Securities Ltd.	€123,750,000	$—
J.P. Morgan Securities Inc.	€—	$235,125,000
Morgan Stanley & Co. International plc	€22,500,000	$42,750,000
Citigroup Global Markets Limited	€15,000,000	$28,500,000
Lloyds TSB Bank plc[2]	€15,000,000	$28,500,000
Total	€300,000,000	$570,000,000

(1) Sales in the United States will be made through affiliates of the initial purchasers listed above or through U.S. registered broker dealers.

(2) Lloyds TSB Bank plc is not a U.S. registered broker dealer and, therefore, to the extent they intend to effect any sales of the notes in the United States, they will do so through one or more U.S. registered broker-dealers as permitted by the regulations of the Financial Industry Regulatory Authority.

Subject to the terms and conditions set forth in the Purchase Agreement, the initial purchasers have agreed, severally and not jointly, to purchase all of the notes sold under the Purchase Agreement if any of the notes are purchased. If an initial purchaser defaults, the Purchase Agreement provides that the purchase commitments of the non-defaulting initial purchasers may be increased or the Purchase Agreement may be terminated.

We have agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the initial purchasers may be required to make in respect of those liabilities.

The initial purchasers are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other conditions contained in the Purchase Agreement, such as the receipt by the initial purchasers of officer's certificates and legal opinions. The initial purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

Commissions and Discounts

The initial purchasers propose initially to offer the notes at the offering price set forth on the cover page of this offering memorandum. After the initial offering of the notes, the offering price and other selling terms of the notes may from time to time be varied by the initial purchasers without notice. Sales in the United States will be made through certain affiliates of the initial purchasers.

Notes Are Not Being Registered

The notes and the guarantees have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except to qualified institutional buyers in reliance on Rule 144A under the Securities Act and to certain persons in offshore transactions in reliance on Regulation S under the Securities Act. In addition, until 40 days following the later of (i) the commencement of this offering and (ii) the issue date of the notes, an offer or sale of the notes initially sold in reliance on Regulation S within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities

Act. Each purchaser of the notes will be deemed to have made acknowledgments, representations and agreements as described under “Notice to Investors.”

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us or the initial purchaser that would permit a public offering of the notes or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the notes in any jurisdiction where action for this purpose is required. Accordingly, the notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This offering memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the notes, the distribution of this offering memorandum and resale of the notes. See “Notice to Investors.”

The Issuer and the Guarantors have agreed that they will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(2) of the Securities Act or the safe harbor of Rule 144A and Regulation S under the Securities Act to cease to be applicable to the offer and sale of the notes.

New Issue of Securities

The notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on any U.S. securities exchange or for inclusion of the notes on any automated dealer quotation system. We have been advised by the initial purchasers that they presently intend to make a market in the notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market making activities at any time without any notice. We cannot assure the liquidity of the trading market for the notes. If an active trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors. See “Risk Factors—Risks related to the Notes and Our Capital Structure—Lack of public market—There may not be an active trading market for the notes, in which case your ability to sell the notes may be limited.”

We have applied, through our listing agent, to list the notes on the Official List of the Luxembourg Stock Exchange and trade the notes on the Euro MTF market, however, we cannot assure you that the notes will be approved for listing or that such listing will be maintained.

Settlement

We expect that delivery of the notes will be made to investors on or about the date specified in the last paragraph of the cover page of this offering memorandum, which will be five business days (as such term is used for purposes of Rule 15(c)6-1 of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”)) following the date of this offering memorandum (such settlement being referred to as “T+5”). Under Rule 15(c)6-1 under the Exchange Act, trades in the secondary market are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the notes on the date of this offering memorandum or the next succeeding business day will be required, by virtue of the fact that the notes initially settle in T+5, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to make such trades should consult their own advisors.

No Sales of Similar Securities

We have agreed that we will not, for a period of 120 days after the date of this offering memorandum, without the prior written consent of the Representatives, directly or indirectly, pledge, issue, sell, offer to sell, grant any option for the sale of, or otherwise dispose of any of our other debt securities having a maturity of more than one year from the date of issue, except for debt securities (A) issued or guaranteed in accordance with, or as permitted under, the Senior Facilities Agreement, (B) issued or guaranteed in connection with the sales of receivables pursuant to securitization or factoring arrangements or issuances of debt securities pursuant to sales of such receivables, or the implementation of any receivables securitization or factoring facility or (C) issued or guaranteed in immaterial amounts in the ordinary course of business.

Price Stabilization and Short Positions

In connection with the offering, the initial purchasers (or persons acting on their behalf) may engage in transactions that stabilize the market price of the notes. Such transactions consist of bids or purchases to peg, fix or maintain the price of the notes. Purchases of a security to stabilize the price or to reduce a short position may cause the price of the security to be higher than it might be in the absence of such purchases.

In connection with the offering, the initial purchasers may purchase and sell the notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the initial purchasers of a greater principal amount of the notes than they are required to purchase in the offering. The initial purchasers must close out any short position by purchasing the notes in the open market. A short position is more likely to be created if the initial purchasers are concerned that there may be downward pressure on the price of the notes in the open market after pricing that could adversely affect investors who purchase in the offering.

Similar to other purchase transactions, the initial purchasers' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the notes or preventing or retarding a decline in the market price of the notes. As a result, the price of the notes may be higher than the price that might otherwise exist in the open market.

Neither we nor any of the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, neither we nor any of the initial purchasers make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Any stabilizing action, if commenced, must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the notes. See "Risk Factors—Risks Relating to the Notes and Our Capital Structure—There may not be an active trading market for the notes, in which case your ability to sell the notes may be limited" and "Stabilization."

Other Relationships

The initial purchasers or their respective affiliates have engaged in, and may in the future engage in, investment banking, financial advisory, consulting, commercial banking and other commercial dealings in the ordinary course of business with us, our principal shareholders or our affiliates. They have received, and expect to receive, customary fees, commissions and expense reimbursements for these transactions. In addition, the initial purchasers or their respective affiliates are, and, until the completion of the Transactions, will be lenders under the Existing Senior Secured Credit Facilities. Upon completion of the Transaction, affiliates of Barclays Bank PLC., J.P. Morgan Securities Ltd., Citigroup Global Markets Limited, Morgan Stanley & Co. International plc and Lloyds TSB Bank plc will be lenders under the Senior Secured Credit Facilities. The proceeds from the offering of the notes will be used to repay certain amounts outstanding thereunder, including certain amounts owed to the initial purchasers or their affiliates. See "Use of Proceeds" and "The Transactions." Affiliates of Barclays Bank PLC and J.P. Morgan Securities Ltd. are also acting as mandated lead arrangers and bookrunners and as lenders under the Senior Secured Credit Facilities and will receive customary fees for their services in such capacities. Affiliates of Barclays Bank PLC, Citigroup Global Markets Limited and Lloyds TSB Bank plc are lenders under the Securitization Program.

Affiliates of Barclays Bank PLC and J.P. Morgan Securities Ltd. acted as solicitation agents in connection with the solicitation of consents from holders of our 2016 Notes and bookrunners in connection with the Exchange

Offer and Consent Request to lenders under the Existing Facility Agreement, as described under "The Transactions." In addition, Barclays Bank PLC acts as security agent and facility agent for the Existing Senior Secured Credit Facilities and security agent for our 2016 Notes and will act as security agent for the notes and the Senior Secured Credit Facilities.

Affiliates of Morgan Stanley & Co. International plc act as sole and exclusive trading partner for crude, refined oil products and provide trading services related to the refineries at Grangemouth and Lavéra through the Refineries Agreement. See "Business—Agreements with BP and Morgan Stanley—the Refineries Agreement."

Other Information

Certain affiliates of INEOS AG or members of their family or other related persons may receive allocations in the offering expected to total up to € 2.0 million. Please see "Notice to Investors" for a description of resale restrictions in particular in respect of securities that were owned by the Issuer or any affiliate of the Issuer.

LEGAL MATTERS

Certain legal matters in connection with this offering will be passed upon for us by Cravath, Swaine & Moore LLP, as to matters of U.S. Federal and New York state law, and by Slaughter and May, as to matters of English law. Certain legal matters in connection with this offering will be passed upon for the initial purchasers by Latham & Watkins (London) LLP, as to matters of U.S. Federal, New York state and English law.

INDEPENDENT AUDITORS

The consolidated financial information of INEOS as of December 31, 2007, 2008 and 2009 and for each of the three years in the period ended December 31, 2009 included in this offering memorandum has been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report appearing herein.

WHERE YOU CAN FIND MORE INFORMATION

We are not currently subject to the periodic reporting and other information requirements of the Exchange Act.

Each purchaser of the notes from the initial purchasers will be furnished with a copy of this offering memorandum and, to the extent provided to the initial purchasers by us for such purpose, any related amendment or supplement to this offering memorandum. Each person receiving this offering memorandum acknowledges that: (1) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein; (2) such person has not relied on any of the initial purchasers or any person affiliated with any initial purchaser in connection with its investigation of the accuracy of such information or its investment decision; and (3) except as provided pursuant to (1) above, no person has been authorized to give any information or to make any representation concerning the notes or the guarantees offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or any initial purchaser. We have agreed in the Indenture governing these notes that, for so long as the notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, we will, during any period in which we are neither subject to Section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) of the Exchange Act, upon written request of a holder or beneficial owner of the notes, furnish to such holder or beneficial owner or to the Trustee or any relevant paying agent for delivery to such holder or beneficial owner or prospective purchaser of the notes, as the case may be, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act, to permit compliance with Rule 144A thereunder in connection with resales of the notes. Any such request should be directed to the Issuer at INEOS Finance plc, Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom, Attention: Finance Director (telephone number +44 (0)2380 287067).

So long as the notes are admitted to trading on the Euro MTF market and to listing on the Official List of the Luxembourg Stock Exchange, and the rules and regulations of such stock exchange so require, copies of such information will also be available for review during the normal business hours on any business day at the specified office of the paying agent in Luxembourg.

SERVICE OF PROCESS AND ENFORCEMENT OF JUDGMENTS

We and many of the Guarantors are companies incorporated in England and Wales. Other Guarantors are organized under the laws of Belgium, Canada, England and Wales, Germany, Ireland, Jersey, Malta, Norway, Scotland, Singapore and the United States, and future Guarantors may also be organized under the laws of non-U.S. jurisdictions. All of our directors and executive officers and many of the directors and officers of the Guarantors are non-residents of the United States. Although we and each of the Guarantors have submitted to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States on our directors and executive officers and the directors and executive officers of the Guarantors or security providers. In addition, as many of our and the Guarantors' assets and the assets of our and their directors and executive officers are located outside of the United States, you may be unable to enforce against them or us judgments obtained in the U.S. courts predicated on civil liability provisions of the Federal securities laws of the United States.

If a judgment is obtained in a U.S. court against us or a Guarantor or a security provider, investors will need to enforce such judgment in jurisdictions where the relevant company has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for the countries in which our Guarantors are located, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

Belgium

The United States currently does not have a treaty with Belgium providing for the reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Consequently, a final judgment rendered by any Federal or state court in the United States, whether or not predicated solely upon U.S. Federal or state securities laws, would not automatically be enforceable in Belgium.

Our Belgian legal advisers have advised us that a U.S. judgment is recognized without prior proceedings in Belgium but may only be enforced upon request by the courts of Belgium. The enforcement of the U.S. judgment will be refused if:

- the enforcement is incompatible with the principles of public policy in Belgium or rules of Belgian public law;
- process rights of the defendant are violated;
- the judgment is still subject to further appeal under U.S. law; in that event, the Belgian courts can declare the judgment provisionally enforceable (the court has the ability to request a caution in such event);
- the U.S. court accepted its jurisdiction solely on the basis of presence of the defendant or its assets in the United States, without any direct relation with the dispute;
- the judgment has been obtained only to evade the applicable law in matters in which parties cannot dispose freely of their rights;
- the judgment is incompatible with a Belgian judgment or a prior foreign judgment that can be recognized in Belgium;
- the claim has been introduced in the United States after it has been introduced in Belgium and the claim in Belgium is still pending between the same parties and with the same subject;
- the Belgian courts had exclusive jurisdiction concerning the matter at stake;

- the recognition or enforcement violates articles 39, 57, 72, 95, 115 or 121 of the Belgian Code on Private International Law; or

- the judgment submitted to it is not authentic (if the judgment has been rendered *in absentia,* evidence must be provided that the defendant has been summoned).

A Belgian court will not reconsider the substantive correctness of the U.S. judgment.

With regard to the enforcement of a judgment through legal proceedings in Belgium (including the exequatur of foreign court decisions in Belgium), a registration tax at the rate of 3% of the amount of the judgment is payable by the debtor, if the sum of money which the debtor is ordered to pay by a Belgian court, or by a foreign court judgment that is either (i) automatically enforceable and registered in Belgium or (ii) rendered enforceable by a Belgian court, exceeds €12,500. The registration tax is payable by the debtor. The creditor is jointly liable up to a maximum of one-half of the amount the creditor recovers from the debtor.

It is questionable whether a Belgian court would accept jurisdiction and impose civil liability if proceedings were commenced in Belgium predicated solely upon U.S. Federal securities laws.

Canada

The following summary with respect to the enforceability of certain U.S. court judgments in the Canadian provinces of Alberta, Nova Scotia and Ontario (individually a "Canadian Province" and collectively the "Canadian Provinces") is based upon advice provided to us by U.S. and Canadian legal advisors. None of the Canadian Provinces currently have a treaty with the United States of America or any state thereof providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any Federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. Federal securities laws, would not automatically be recognized or enforceable in the Canadian Provinces. In order to enforce any such U.S. judgment in any Canadian Province, proceedings must first be initiated before a court of competent jurisdiction in such Canadian Province (a "Canadian Court"). In such an action, the Canadian Court would not generally reinvestigate the merits of the original matter decided by the U.S. court (subject to what is said below) and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defense to it). Recognition and enforcement of a U.S. judgment by a Canadian Court in such an action is conditional upon (amongst other things) the following:

- the U.S. court having had jurisdiction over the original proceedings according to conflicts of laws principles of the relevant Canadian Province;

- the U.S. judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a definite sum of money;

- the U.S. judgment not contravening public policy of such Canadian Province;

- the U.S. judgment not being for a sum payable in respect of taxes, or other charges of a like nature, or in respect of a penalty or fine;

- the judgment not being contrary to an order made by the Attorney General of Canada under the *Foreign Extraterritorial Measures Act* (Canada), or the Competition Tribunal under the *Competition Act* (Canada) in respect of certain judgments referred to in these statutes or the Governor in Council under the *United Nations Act* (Canada) or the *Special Economics Measures Act* (Canada);

- the U.S. judgment not having been obtained by fraud or in breach of principles of natural justice as understood under the laws of such Canadian Province;

- there not having been a prior inconsistent decision of a Canadian Court of such Canadian Province in respect of the same matter; and

- the enforcement proceedings being commenced within the applicable limitation period in the Canadian Province in which the proceeding is brought.

Subject to the foregoing, investors may be able to enforce in the Canadian Provinces judgments in civil and commercial matters that have been obtained from U.S. Federal or state courts. However, we cannot assure you that those judgments will be recognized or enforceable in any of the Canadian Provinces. In addition, it is questionable whether a Canadian Court would accept jurisdiction and impose civil liability if the original action was commenced in any of the Canadian Provinces, instead of the United States, and predicated solely upon U.S. Federal securities laws.

England

The following summary with respect to the enforceability of certain U.S. court judgments in England is based upon advice provided to us by U.S. and English legal advisors. The United States and England currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any Federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. Federal securities laws, would not automatically be recognized or enforceable in England. In order to enforce any such U.S. judgment in England, proceedings must first be initiated before a court of competent jurisdiction in England. In such an action, an English court would not generally reinvestigate the merits of the original matter decided by the U.S. court (subject to what is said below) and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defense to it). Recognition and enforcement of a U.S. judgment by an English court in such an action is conditional upon (among other things) the following:

- the U.S. court having had jurisdiction over the original proceedings according to English conflicts of laws principles;

- the U.S. judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a definite sum of money;

- the U.S. judgment not contravening English public policy;

- the U.S. judgment not being for a sum payable in respect of taxes, or other charges of a like nature, or in respect of a penalty or fine;

- the U.S. judgment not having been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained and not being otherwise in breach of Section 5 of the Protection of Trading Interests Act 1980;

- the U.S. judgment not having been obtained by fraud or in breach of English principles of natural justice;

- there not having been a prior inconsistent decision of an English court in respect of the same matter; and

- the English enforcement proceedings being commenced within six years from the date of the U.S. judgment.

Subject to the foregoing, investors may be able to enforce in England judgments in civil and commercial matters that have been obtained from U.S. Federal or state courts. However, we cannot assure you that those judgments will be recognized or enforceable in England. In addition, it is questionable whether an English court would accept jurisdiction and impose civil liability if the original action was commenced in England, instead of the United States, and predicated solely upon U.S. Federal securities laws.

Germany

The following discussion with respect to the enforceability of certain U.S. court judgments in Germany is based upon advice provided to us by German legal advisors.

The United States and Germany currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. Consequently, a final judgment for a payment rendered by any court in the United States would not automatically be enforceable in Germany.

Notwithstanding the preceding, a final judgment for payment rendered by any Federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. Federal securities laws, would generally be recognized in an action before a German court, and such German court generally will not investigate the merits of the original matter decided by a U.S. court. The recognition of the U.S. judgment by a German court would be conditional upon all of the following:

- U.S. courts could take jurisdiction of the case in accordance with the principles on jurisdictional competence according to German law;
- the document introducing the proceedings was duly made known to the defendant in a timely manner that allowed for adequate defense;
- the judgment is not contrary to (i) any prior judgment which became *res judicata* rendered by a German court or (ii) any prior judgment which became *res judicata* rendered by a foreign court which is recognized in Germany and the procedure leading to the respective judgment is not in contradiction to any such prior judgment;
- the effects of its recognition will not be in conflict with material principles of German law, including, without limitation, fundamental rights under the constitution of Germany (*Grundrechte*). In this context, it should be noted that any component of a U.S. Federal or state court civil judgment awarding punitive damages or any other damages which do not serve a compensatory purpose, such as treble damages, will not be enforced in Germany. They are regarded to be in conflict with material principles of German law;
- the reciprocity of enforcement of judgments is guaranteed; and
- the judgment became *res judicata* in accordance with the law of the place where it was pronounced.

Enforcement and foreclosure based on U.S. judgments may be sought against German defendants after having received an enforcement decision from a competent German court in accordance with the above principles. Subject to the foregoing, investors may be able to enforce judgments in Germany in civil and commercial matters obtained from U.S. Federal or state courts. However, we cannot assure you that those judgments will be enforceable. In addition, it is doubtful whether a German court would accept jurisdiction and impose civil liability in an original action predicated solely upon U.S. Federal securities laws.

Ireland

The following summary with respect to the enforceability of certain U.S. court judgments in Ireland is based upon advice provided to us by U.S. and Irish legal advisors. The United States and Ireland currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any Federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. Federal securities laws, would not automatically be recognized or enforceable in Ireland. In order to enforce any such U.S. judgment in Ireland, proceedings must first be initiated before a court of competent jurisdiction in Ireland. In such an action, an Irish court would not generally reinvestigate the merits of the original matter decided by the U.S. court (subject to what is said below) and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defense to it). Recognition and enforcement of a U.S. judgment by an Irish court in such an action is conditional upon (among other things) the following:

- the U.S. court having had jurisdiction over the original proceedings according to Irish conflicts of laws principles;
- the U.S. judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a definite sum of money;
- the U.S. judgment not contravening Irish public policy;
- the U.S. judgment not being for a sum payable in respect of taxes, or other charges of a like nature, or in respect of a penalty or fine;
- the U.S. judgment not having been obtained or alleged to have been obtained by fraud or a trick;
- the U.S. judgment and the enforcement thereof was not and would not be contrary to natural or constitutional justice under Irish law;
- there not having been a prior inconsistent decision of an Irish court between the same parties;
- the procedural rules of the U.S. courts and the Irish courts having been observed; and
- the Irish enforcement proceedings being commenced within six years from the date of the U.S. judgment.

Subject to the foregoing, investors may be able to enforce in Ireland judgments in civil and commercial matters that have been obtained from U.S. Federal or state courts. However, we cannot assure you that those judgments will be recognized or enforceable in Ireland. In addition, it is questionable whether an Irish court would accept jurisdiction and impose civil liability if the original action was commenced in Ireland, instead of the United States, and predicated solely upon U.S. Federal securities laws.

Jersey

The following discussion with respect to the enforceability of certain foreign and U.S. court judgments in Jersey is based upon advice provided to us by Jersey legal advisors.

Recognition of Foreign Judgments

As a general rule, foreign judgments, including judgments obtained in courts outside of Jersey predicated upon civil liabilities and any judgment obtained in courts outside of Jersey predicated upon United States Federal securities laws, cannot be directly enforced in Jersey, although an exception to this rule occurs where the Judgments (Reciprocal Enforcement) (Jersey) Law 1960, as amended (the "1960 Law"), applies.

The 1960 Law provides for the registration and enforcement in Jersey of judgments given in the superior courts of countries which accord reciprocal treatment to judgments given in Jersey. Presently, the reciprocating countries and their superior courts are as follows:

- England and Wales House of Lords, Court of Appeal, High Court of Justice;
- Scotland Court of Session, Sheriff Court;
- Northern Ireland Supreme Court of Judicature;
- Isle of Man Her Majesty's High Court of Justice (including the Staff of Government Division); and

- Guernsey Royal Court, Court of Appeal.

Not all judgments given by such superior courts can be registered. The registration procedure set out in Part 2 of the 1960 Law applies only to judgments or orders given or made in civil proceedings, or in criminal proceedings for the payment of a sum of money in respect of compensation or damages to an injured party. It does not apply to judgments given by such superior courts on appeal from an inferior court nor, for example, to an English County Court judgment given in proceedings later transferred to the High Court for enforcement. In addition, the judgment must:

- be final and conclusive as between the parties (whether or not an appeal in the foreign court is pending or possible);

- provide for the payment of a sum of money, but not in respect of taxes or similar charges, or a fine or other penalty;

- be for a moneys sum which has not been wholly satisfied; and

- be able to be enforced by execution.

Further detailed provisions in relation to the enforcement of foreign judgments in Jersey are contained in the 1960 Law. If a foreign judgment falls within Part 2 of the 1960 Law, the judgment creditor must use the registration procedure, as further described in the 1960 Law.

Where registration under the 1960 Law is not available, it will be necessary for a holder of a foreign judgment to commence fresh proceedings in Jersey, which proceedings might, *inter alia*, involve a reexamination of the merits of the case.

Malta

The United States and Malta currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. Consequently, a final judgment for payment rendered by any Federal or state court in the United States would not automatically be recognized or enforceable in Malta.

Notwithstanding the above, Article 826 of the Code of Organization and Civil Procedure (Chapter 12 of the Laws of Malta) (the "Code of Organization and Civil Procedure") provides that any judgment delivered by a competent court outside Malta and constituting a *res judicata* may be enforced by the competent court in Malta, in the same manner as judgments delivered in Malta, upon an application containing a demand that the enforcement of such judgment be ordered. Article 826 shall not have effect in each of the following instances:

- if the judgment sought to be enforced may be set aside on any of the grounds of retrial mentioned in Article 811 of the Code of Organization and Civil Procedure;

- in the case of a judgment by default, if the parties were not contumacious according to foreign law; and

- if the judgment contains any disposition contrary to public policy or to the internal public law of Malta.

Norway

A judgment against the Issuer or any Guarantor in the courts of a state which is not, under the terms of the Lugano Convention on the Recognition of Judgments in Civil and Commercial Matters, a Contracting State (as defined in the Lugano Convention) or a state with which Norway has entered into a convention on the mutual recognition and enforcement of judgments, would not be recognized or enforceable in Norway as a matter of right unless the jurisdiction of such court has been specifically agreed between the parties in a civil matter in accordance with the Norwegian Civil Procedure Act section 19-16 cfr. section 4-6 or the recognition and enforcement of such judgments is otherwise accepted under Norwegian law. However, such judgments may be admissible as evidence in the courts of law, executive or other public authorities of Norway and may in such capacity carry persuasive authority depending on the merits of the judgment without a retrial on its merits. The foregoing could imply, *inter alia*, that judgments by U.S. courts would not be recognized or enforceable in Norway as a matter of right. A judgment against an Issuer or any Guarantor in the courts of a state which is, under the terms of the Lugano Convention on the Recognition of Judgments in Civil and Commercial Matters, a Contracting State (as defined in the Lugano Convention) or a state with which Norway has entered into a convention on the mutual recognition and enforcement of judgments, and judgments rendered by a court whose jurisdiction have been expressly agreed to and accepted by the party, in writing and in a particular civil matter, in accordance with the Norwegian Civil Procedure Act, and such judgments for which the recognition and enforcement is otherwise accepted under Norwegian law, would be recognized and enforceable in Norway, but only insofar as such recognition and enforcement would not be in breach of mandatory law or contrary to public policy in Norway.

Scotland

The following summary with respect to the enforceability of certain U.S. court judgments in Scotland is based upon advice provided to us by U.S. and Scottish legal advisors. The United States and Scotland currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any Federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. Federal securities laws, would not automatically be recognized or enforceable in Scotland. In order to enforce any such U.S. judgment in Scotland, proceedings must first be initiated before a court of competent jurisdiction in Scotland. In such an action, a Scottish court would not generally reinvestigate the merits of the original matter decided by the U.S. court (subject to what is said below) and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defense to it). Recognition and enforcement of a U.S. judgment by a Scottish court in such an action is conditional upon (among other things) the following:

- the U.S. court having had jurisdiction over the original proceedings according to Scottish conflicts of laws principles;
- the U.S. judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a definite sum of money;
- the U.S. judgment not contravening Scottish public policy;
- the U.S. judgment not being for a sum payable in respect of taxes, or other charges of a like nature, or in respect of a penalty or fine;
- the U.S. judgment not having been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained and not being otherwise in breach of Section 5 of the Protection of Trading Interests Act 1980;
- the U.S. judgment not having been obtained by fraud;
- the U.S. judgment resulted from proceedings which displayed a substantial degree of unfairness or irregularity against the parties to the action;
- there not having been a prior inconsistent decision of a Scottish court between the same parties; and
- the U.S. judgment is affected by Section 32 of the Civil Jurisdiction and Judgments Act 1982 where (1) the bringing of the proceedings was contrary to an agreement under which the dispute in question was to be settled otherwise than by proceedings in the courts of that country, (2) those proceedings were not brought in that court by or with the agreement of the person against whom the judgment was given, and (3) that person did not counterclaim in the proceedings or otherwise submit to the jurisdiction of the court.

Subject to the foregoing, investors may be able to enforce in Scottish judgments in civil and commercial matters that have been obtained from U.S. Federal or state courts. However, we cannot assure you that those judgments will be recognized or enforceable in Scotland. In addition, it is questionable whether a Scottish court would accept jurisdiction and impose civil liability if the original action was commenced in Scotland, instead of the United States, and predicated solely upon U.S. Federal securities laws.

Singapore

A final and conclusive judgment on the merits properly obtained against (as the case may be) us or a Guarantor or a security provider in any competent court of the United States of America for a fixed sum of money in respect of any legal suit or proceeding and which could be enforced by execution against (as the case may be) us or a Guarantor or a security provider in the jurisdiction of the relevant court and has not been stayed or satisfied in whole may be sued on in Singapore as a debt due from (as the case may be) us or a Guarantor or a security provider if:

- the relevant court had jurisdiction over (as the case may be) us or a Guarantor or a security provider in that (as the case may be) us or a Guarantor or a security provider was, at the time such proceeding was instituted, resident in the jurisdiction in which such proceeding had been commenced or had submitted to the jurisdiction of the relevant court;

- that judgment was not obtained by fraud;

- the enforcement of that judgment would not be contrary to public policy of Singapore;

- that the judgment had not been obtained in contravention of the principles of natural justice; and

- that the judgment of the relevant court does not include the payment of taxes, a fine or penalty.

LISTING AND GENERAL INFORMATION

1. The Issuer was incorporated in England and Wales on November 23, 2009. It is registered at Companies House with Company Number 07084307. The address of the Issuer's registered office is Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom.

2. Application has been made for the notes to be listed on the Official List of the Luxembourg Stock Exchange and to be traded on the Luxembourg Stock Exchange's Euro MTF Market.

3. So long as the notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Luxembourg Stock Exchange's Euro MTF Market and the rules of such exchange shall so require, copies of the Issuer's Articles of Association and those of the Guarantors and the Indenture will be available free of charge at the specified office of the Paying Agent in Luxembourg referred to in paragraph 8 below. So long as the notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Luxembourg Stock Exchange's Euro MTF Market and the rules of such exchange shall so require, copies of IGH's audited annual financial information and the consolidated audited annual financial information, consolidated quarterly financial information and all subsequent fiscal years will be available free of charge during normal business hours on any weekday at the offices of such Paying Agent in Luxembourg referred to in paragraph 8 below.

4. We accept responsibility for the information contained in this offering memorandum. To the best of our knowledge, except as otherwise noted, the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect the import of this offering memorandum.

5. Save as disclosed herein, there has been no material adverse change in IGH's consolidated financial position since December 31, 2009.

6. Neither we nor any of our subsidiaries is a party to any litigation that, in our judgment, is material in the context of the issue of the notes, except as disclosed herein.

7. The Trustee for the Notes is The Bank of New York Mellon and its address is One Canada Square, London, E14 5AW. The Trustee will be acting in its capacity as trustee for the holders of the Notes and will provide such services to the holders of the Notes as described in the Indenture.

8. We have appointed The Bank of New York Mellon (Luxembourg) S.A. as our Luxembourg Listing Agent, Paying Agent and Transfer Agent. We reserve the right to vary such appointment and shall publish notice of such change of appointment in a newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the Luxembourg Stock Exchange's website, *www.bourse.lu*. The Paying Agent in Luxembourg will act as intermediary between the holders of the notes and us and so long as the notes are listed on the Euro MTF Market we will maintain paying agents and transfer agents in Luxembourg.

9. The issue of the notes was authorized by resolutions of the Issuer's board of directors passed at meetings held on May 5, 2010. The guarantees of the Closing Date Guarantors were authorized by resolutions of the respective boards of directors of such Guarantors passed at meetings held on or about May 5, 2010.

10. The Euro Global Notes sold pursuant to Regulation S and Rule 144A under the Securities Act have been accepted for clearance through the facilities of Clearstream and Euroclear under common codes 050855376 and 050855392, respectively. The ISIN number for the Euro Global Notes sold pursuant to Regulation S is XS0508553764 and the ISIN number for the Euro Global Notes sold pursuant to Rule 144A is XS0508553921.

The Dollar Global Notes sold pursuant to Regulation S and Rule 144A under the Securities Act have been accepted for clearance through the facilities of DTC under common codes 050882063 and 050882098, respectively. The ISIN number for the Dollar Global Notes sold pursuant to Regulation S is USG47718AA20 and the ISIN number for the Dollar Global Note sold pursuant to Rule 144A is US44984WAA53. The CUSIP number for the Dollar Global Notes sold pursuant to Regulation S is G47718 AA2 and the CUSIP number for the Dollar Global Notes sold pursuant to 144A is 44984W AA5.

11. Set forth below is certain information with respect to the Closing Date Guarantors.

INEOS Manufacturing Belgium NV is a limited liability company organized under the laws of Belgium. It is registered with the RPR of Antwerpen under Company Number 0869.926.088 and the address of its registered office is Scheldelaan 482, 2040 Antwerpen (Belgium).

INEOS NV is a limited liability company organized under the laws of Belgium. It is registered with the RPR of Antwerpen under Company Number 0454.443.614 and the address of its registered office is Haven 1053—Nieuwe Weg 1, 2070 Zwijndrecht (Belgium).

INEOS Phenol Belgium NV is a limited liability company organized under the laws of Belgium. It is registered with the RPR of Dendermonde under Company Number 0888.947.788 and the address of its registered office is Haven 1930—Geslecht 1, 9130 Beveren (Belgium).

INEOS Europe Limited is a limited company organized under the laws of England and Wales incorporated on December 10, 2004. It is registered at Companies House with Company Number 05310655 and the address of its registered office is Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom.

INEOS Group Holdings plc is a public limited company organized under the laws of England and Wales incorporated on May 14, 2001. It is registered at Companies House with Company Number 04215862 and the address of its registered office is Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom.

INEOS Holdings Limited is a limited company organized under the laws of England and Wales incorporated on May 14, 2001. It is registered at Companies House with Company Number 04215887 and the address of its registered office is Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom.

INEOS Tenderco Limited is a limited company organized under the laws of England and Wales incorporated on March 10, 2010. It is registered at Companies House with Company Number 07185465 and the address of its registered office is Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom.

INEOS Manufacturing Deutschland GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany registered for the first time on July 5, 2002. It is presently registered with the Commercial Register of local court of Köln Number HRB 57260 and the address of its registered office is Alte Straße 201, 50769 Köln.

INEOS Phenol GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany registered for the first time on April 23, 1997, originally in the legal form of a limited partnership under the name of Phenolchemie GmbH & Co. Kommanditgesellschaft. It is presently registered with the Commercial Register of local court of Gelsenkirchen Number HRB 9687 and the address of its registered office is Dechenstraße 3, 45966 Gladbeck.

INEOS Manufacturing Scotland Limited is a limited company organized under the laws of Scotland incorporated on September 3, 1919. It is registered at Companies House with Company Number SCO10612 and the address of its registered office is Bo'Ness Road, Grangemouth, Stirlingshire FK3 9XQ, United Kingdom.

INEOS Americas LLC is a limited liability company formed under the laws of Alabama. Its registered office is at 5 Dauphin Street, Suite 201, Mobile, AL 36602, United States.

INEOS US Finance LLC is a limited liability company formed under the laws of Delaware. Its registered office is at Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, United States.

INEOS USA LLC is a limited liability company formed under the laws of Delaware. Its registered office is at Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, United States.

12. Set forth below is certain information with respect to the entities that we expect will constitute the Post-Closing Date Guarantors. For more information, see “Description of the Collateral and the Guarantees.”

INEOS Belgium Holdco NV is a limited liability company organized under the laws of Belgium. It is registered with the RPR of Brussels under Company Number 0871.523.521 and the address of its registered office is Ransbeekstraat 310, 1120 Neder-over-Heembeek (Belgium).

INEOS Belgium NV is a limited liability company organized under the laws of Belgium. It is registered with the RPR of Antwerpen under Company Number 0463.251.511 and the address of its registered office is Haven 1053—Nieuwe Weg 1, 2070 Zwijndrecht (Belgium).

INEOS Feluy SPRL is a private limited company organized under the laws of Belgium. It is registered with the RPR of Charleroi under Company Number 0862.492.029 and the address of its registered office is Parc de Feluy Nord-Zone C, 7181 FELUY (Belgium).

INEOS Canada Company is an unlimited liability company organized under the laws of Nova Scotia, Canada registered on June 1, 2005. It is registered under the Companies Act (Nova Socotia) under Corporation Number 3101804 and the address of its registered office is 900-1959 Upper Water Street, Halifax, Nova Scotia B3J 3N2.

INEOS Canada Investment Company is an unlimited liability company organized under the laws of Nova Scotia, Canada registered on November 29, 2005. It is registered under the Company Act (Nova Scotia) under Corporation Number 3119614 and the address of its registered office is 900-1959 Upper Water Street, Halifax, Nova Scotia B3J 3N2.

INEOS Canada Partnership is a partnership organized under the laws of the Province of Alberta, Canada registered on January 29, 2004. It is registered under the Partnership Act (Alberta) under registration number PT10888030 and the address of the registered office of its partners is Suite 900, 1959 Upper Water Street, Halifax, Nova Scotia, B3J 3N2.

INEOS Canada Preferred Holdings Limited is a limited company organized under the laws of Nova Scotia, Canada registered on July 17, 2008. It is registered under the Companies Act (Nova Scotia) under Corporation Number 3229777 and the address of its registered office is 1100-1959 Upper Water Street, Halifax, Nova Scotia B3J 3E5.

INEOS European Holdings Limited is a limited company organized under the laws of England and Wales incorporated on December 10, 2004. It is registered at Companies House with Company Number 05310700 and the address of its registered office is Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom.

INEOS Fluor Holdings Limited is a limited company organized under the laws of England and Wales incorporated on August 9, 2000. It is registered at Companies House with Company Number 04049690 and the address of its registered office is Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom.

INEOS Fluor Limited is a limited company organized under the laws of England and Wales incorporated on July 26, 2000. It is registered at Companies House with Company Number 04041123 and the address of its registered office is Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom.

INEOS Investment Holdings (Fluor & Silicas) Limited is a limited company organized under the laws of England and Wales incorporated on April 27, 2000. It is registered at Companies House with Company Number 03982231 and the address of its registered office is Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom.

INEOS Investments International Limited is a limited company organized under the laws of England and Wales incorporated on March 2, 2000. It is registered at Companies House with Company Number 03938607 and the address of its registered office is Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom.

INEOS (Malta) Company is an unlimited Company organized under the laws of England and Wales incorporated on June 26, 2008. It is registered at Companies House with Company Number 06631578 and the address of its registered office is Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom.

INEOS Manufacturing (Hull) Limited is a limited company organized under the laws of England and Wales incorporated on January 22, 2008. It is registered at Companies House with Company Number 06480046 and the address of its registered office is Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom.

INEOS Nitriles (UK) Limited is a limited company organized under the laws of England and Wales incorporated on May 4, 2007. It is registered at Companies House with Company Number 06238238 and the address of its registered office is PO BOX 62, Seal Sands, Middlesbrough TS2 1TX, United Kingdom.

INEOS Overseas Company I Limited is a limited company organized under the laws of England and Wales incorporated on October 13, 2000. It is registered at Companies House with Company Number 04092648 and the address of its registered office is Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom.

INEOS Overseas Company II Limited is a limited company organized under the laws of England and Wales incorporated on October 13, 2000. It is registered at Companies House with Company Number 04092597 and the address of its registered office is Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom.

INEOS Oxide Limited is a limited company organized under the laws of England and Wales incorporated on April 6, 1998. It is registered at Companies House with Company Number 03545207 and the address of its registered office is Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom.

INEOS Phenol Limited is a limited company organized under the laws of England and Wales incorporated on December 11, 2000. It is registered at Companies House with Company Number 04122347 and the address of its registered office is Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom.

INEOS Silicas Holdings Limited is a limited company organized under the laws of England and Wales incorporated on June 12, 2000. It is registered at Companies House with Company Number 04012355 and the address of its registered office is Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom.

INEOS Silicas Limited is a limited company organized under the laws of England and Wales incorporated on July 11, 1896. It is registered at Companies House with Company Number 00048745 and the address of its registered office is Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom.

INEOS Deutschland GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany registered for the first time on May 9, 2005. It is presently registered with the Commercial Register of local court of Köln Number HRB 61258 and the address of its registered office is Alte Straße 201, 50769 Köln.

INEOS Deutschland Holding GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany registered for the first time on June 6, 2008. It is presently registered with the Commercial Register of local court of Köln Number HRB 64857 and the address of its registered office is Alte Straße 201, 50769 Köln.

INEOS Köln Beteiligungs GmbH & Co. KG is a limited partnership (*Kommanditgesellschaft*) organized under the laws of Germany registered for the first time on February 1, 2007. It is registered with the Commercial Register of local court of Köln Number HRA 24630 and the address of its office is Alte Straße 201, 50769 Köln.

INEOS Köln GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany registered for the first time on December 1, 1998, originally under the name of "CAROLINE" Siebzehnte Vermögensverwaltungsgesellschaft mbH. It is presently registered with the Commercial Register of local court of Köln Number HRB 37428 and the address of its registered office is Alte Straße 201, 50769 Köln.

INEOS Köln Verwaltungs GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany registered for the first time on November 16, 2006. It is presently registered with the Commercial Register of local court of Köln Number HRB 59517 and the address of its registered office is Alte Straße 201, 50769 Köln.

INEOS Phenol Verwaltungsgesellschaft mbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany registered for the first time on December 13, 1996, originally under the name of Phenolchemie Verwaltungsgesellschaft mit beschränkter Haftung. It is presently registered with the Commercial Register of local court of Gelsenkirchen Number HRB 4099 and the address of its registered office is Dechenstraße 3, 45966 Gladbeck.

INEOS UK Holdings 1 is a private unlimited company organized under the laws of Ireland registered on December 13, 2006. It is registered with the Companies Registration Office under Company Number 431558 and the address of its registered office is Riverside One, Sir John Rogerson's Quay, Dublin 2, Ireland.

INEOS UK Holdings 2 is a private unlimited company organized under the laws of Ireland registered on December 13, 2006. It is registered with the Companies Registration Office under Company Number 431571 and the address of its registered office is Riverside One, Sir John Rogerson's Quay, Dublin 2, Ireland.

INEOS Jersey Limited is a private limited liability company organized under the laws of Jersey incorporated on November 8, 2005. It is registered at the JFSC Companies Registry with Company Number 91677 and the address of its registered office is 22 Grenville Steet, St Helier, Jersey, JE4 8PX, Channel Islands.

INEOS Financing (Malta) Limited is a private limited liability company organized under the laws of Malta incorporated on August 20, 2007. It is registered at the Registry of Companies with Company Number C42141 and the address of its registered office is 171, Old Bakery Street, Valletta, VLT 1455, Malta.

INEOS Holdings (Malta) Limited is a private limited liability company organized under the laws of Malta incorporated on August 20, 2007. It is registered at the Registry of Companies with Company Number C42138 and the address of its registered office is 171, Old Bakery Street, Valletta, VLT 1455, Malta.

INEOS Holdings Norge AS is a private limited liability company organized under the laws of Norway registered on April 28, 2007. It is registered with the Norwegian Register of Business Enterprises (*Foretaksregisteret*) with Company Number 991192328 and the address of its registered office is Asdalstrand 291, 3960 Stathelle, Norway.

INEOS Singapore Pte. Ltd. is a private limited liability company organized under the laws of Singapore incorporated on 20th January 2005. It is incorporated with the Accounting and Corporate Regulatory Authority in Singapore with Registration Number 200501012G and the address of its registered office is 435 Orchard Road, #19-04 Wisma Atria, Singapore 238877.

INEOS Delaware Corporation is a corporation incorporated under the laws of Delaware. Its registered office is at Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, United States.

INEOS Delaware LLC is a limited liability company formed under the laws of Delaware. Its registered office is at Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, United States.

INEOS Holding Company LLC is a limited liability company formed under the laws of Delaware. Its registered office is at Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, United States.

INEOS LLC is a limited liability company formed under the laws of Delaware. Its registered office is at Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, United States.

INEOS Partners is a general partnership formed under the laws of Delaware. Its registered office is at Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, United States.

INEOS Polypropylene LLC is a limited liability company formed under the laws of Delaware. Its registered office is at Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, United States.

INEOS US Holding Company II LLC is a limited liability company formed under the laws of Delaware. Its registered office is at Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, United States.

INEOS US Intermediate Holding Company LLC is a limited liability company formed under the laws of Delaware. Its registered office is at Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, United States.

INEOS Fluor Americas LLC is a limited liability company formed under the laws of Louisiana. Its registered office is at 8550 United Plaza Blvd, Baton Rouge, LA 70809, United States.

13. As of the date of this offering memorandum, the Guarantors represent 85.4% of the Parent's consolidated EBITDA for the year ended December 31, 2009 and hold 85.6% of the Parent's consolidated total assets as of December 31, 2009.

GLOSSARY OF SELECTED TERMS

Term	Definition
Acetone	Byproduct of the production of phenol. Is used in the production of methylmethacrylate, polymethylmethacrylate, acrylate and Bisphenol A and acetone-based solvents.
Acetonitrile	Co-produced in the manufacture of acrylonitrile and is largely used in solvents.
Acrylic acid	Produced from propylene and used in manufacturing absorbent polymers, coatings and adhesives/sealants.
Acrylonitrile	A commodity used in a wide variety of consumer applications. Used in the production of acrylic fiber, acrylonitrile butadiene styrene and styrene acrylonitrile. Is manufactured from propylene, ammonia and air with the use of a catalyst.
Acrylonitrile-butadienes tyrene (ABS)	A tough thermoplastic that has a variety of consumer appliance and automotive component uses. Made from acrylonitrile, butadiene and styrene.
Additive	An ingredient added to a chemical reaction, usually in polymerization reactions, to impart additional performance properties on the resulting product. For the Refining industry refers to components added to transport and heating fuel blends to enhance blend properties.
Alkylation	A process for refining light products from the fluid catalytic cracker to make high-octane gasoline.
Alpha olefins	See "Linear alpha olefins" and "Poly alpha olefins."
Ammonia	Used in the manufacture of acrylonitrile, although its largest end use is in the manufacture of fertilizers. Made from nitrogen and hydrogen with the use of a catalyst.
Aromatics	Hydrocarbons that are in a ring formation instead of a linear formation. The major products comprising this group are: benzene, toluene, mixed xylenes, ortho-xylene and para-xylene.
Asphalt	A refinery product; is a liquid used for road surfacing and roofing.
Barrel or bbl	Barrel of crude oil, 159 liters by volume.
Benzene	A building block for styrene and is also used to make cumene and nylon. Mainly produced from refinery processes or as a co-product of steam cracker operations.
Bisphenol A	An intermediate product produced from acetone and phenol used to produce polycarbonate and epoxy- resins.
BTX Extraction	The separation of benzene, toluene and xylenes by fractionation.
Butadiene	A gas, one of the co-products of the steam cracking process and is used primarily in the production of polymers, principally synthetic rubbers, such as styrene butadiene rubber, which is used to manufacture tires and other rubber products.
Catalyst	An ingredient added to facilitate a chemical reaction, but which does not itself get consumed during the reaction process.
Comonomer	An additional monomer used in a polymerization reaction to offer additional properties to a polymer.
Complexity	A key industry measure referring to an oil refinery's ability to process feedstocks, such as heavier and higher sulphur content crude oils, into value-added products. Generally, the higher the complexity and more flexible the feedstock slate, the better positioned the refinery is to take advantage of the more cost-effective crude oils, resulting in incremental gross margin opportunities for the refinery.
Condensates	Natural gas liquids used as feedstocks in oil refining.
Copolymer	A polymer created by the polymerization of one or more additional monomers (comonomers) to offer additional properties to the resulting polymer.
Cracker	See "Olefins cracker."

Cracking	The conversion of large hydrocarbon molecules into smaller ones. Carried out either at high temperatures (thermal cracking), or with the aid of a catalyst and high pressure (catalytic cracking and hydrocracking). The cracking process enables greater quantities of saturated hydrocarbons suitable for gasoline and other light hydrocarbon fractions to be recovered from crude oil.
Crack Spread	A proxy, or a benchmark, for refining margins and refers to the margin that would accrue from the simultaneous purchase of crude oil and the sale of refined petroleum products, in each case at the then prevailing price.
Cumene	Produced from benzene and propylene and is used as a feedstock for producing phenol/acetone, which have a large number of uses in the manufacture of plastics and resins.
Ethanolamine	An ethylene oxide derivative. Major applications are herbicides, surfactants (used in personal care products and detergent formulations), cement additives, textile chemicals and pigments.
Ethylbenzene	An intermediate made from benzene and ethylene and used to make styrene. Virtually all worldwide ethylbenzene production is consumed in the manufacture of styrene.
Ethylene	A flammable gas obtained in a process called steam cracking. Itself has no consumer applications, but is the basic feedstock for a large number of industrial uses, including the manufacture of polyethylene. Is a key building block for polyethylene, polystyrene, ethylene oxide and other derivatives.
Ethylene glycol	An industrial chemical, primarily used in the manufacture of polyesters and antifreeze/coolants. Produced from ethylene oxide.
Ethylene oxide	A commodity monomer used as a building block for the manufacture of a wide range of products and intermediates in the chemical industry. Mainly used to produce ethylene glycol and industrial detergents. The products derived from ethylene oxide have many familiar applications and coolants for auto engines, polyester fibers and film. Manufactured from ethylene and oxygen.
Ethylene propylene diene monomer	Made from a combination of ethylene, propylene and another monomer containing two double bonds. Key end use applications after further processing and reaction, are for roofing materials and automotive seals.
Ethylidene norbornene monomer	Made by reacting butadiene with dicyclopentadiene and is used as a termonomer in ethylene propylene diene monomer rubber.
Feedstocks	Crude oil and other hydrocarbons used as basic materials in a refining or manufacturing process.
Fluidized catalytic cracker (FCC)	A type of oil refining cracker that makes gasoline components with high-octane levels and some co-produced lighter products.
Forties blend	Means the blend of crude oil supplied to Cruden Bay, Aberdeenshire via the Forties Pipeline System.
Forties Pipeline System	The pipeline that carries crude oil from a variety of oil fields in the North Sea to the mainland.
Fractionator	Splits gas into its components ethane, propane, butane and other natural gas liquids.
Gas	Includes methane, ethane, butane and propane.
Gasoil	A liquid petroleum product with a boiling range temperature of 200°-370°C and an ignition temperature over 55°C that is typically used as a fuel for boilers, furnaces and internal combustion engines. The type of gasoil suitable for use in oil-fired heating plants and boilers is called heating oil, while the type suitable for internal combustion engines is called diesel.
Gasoline	A light liquid petroleum product that is typically used as a fuel for internal combustion engines.
Glycol ethers	Used as solvents in paints, inks and cleaning fluids and are derivatives of ethylene oxide.
Heating gasoil	A refinery product. See also "Gasoil."
Heavy crude	High density crude; requires more refining to produce lighter refined products.

Heavy liquids	Include crude oil-based naphtha and gasoil, as well as condensate, a very light crude oil resulting from natural gas production.
High-density polyethylene	A type of polyethylene and is a relatively tough thermoplastic. Most common household use is container plastics. Also commonly used for molding, pipe and thin film applications.
Homopolymers	Polymers that are created by the polymerization of a single monomer.
Hydrocarbons	All compounds that consist of hydrogen and carbon. These include crude oil, natural gas, gas, olefins and their derivatives.
Hydrocracker (HCK)	A type of oil refining cracker which makes refined products, such as diesel and jet fuel, as well as some co-product quantities of liquefied petroleum gas.
Hydrogen cyanide	Manufactured as a co-product of acrylonitrile. Is an extremely hazardous gas used mainly to produce polymers, coatings and nylon, and for chemicals used in gold extraction.
Light crude	Low density crude; requires less refining to produce lighter refined products.
Linear alpha olefins	Hydrocarbons in a straight chain formation which have physical characteristics and commercial uses that vary according to the length of the hydrocarbon chain. Are co-monomers for certain types of polyethylene. They also have applications as surfactant intermediates, base oil for synthetic lubricants and drilling fluids. They are made from ethylene.
Linear low-density polyethylene	A type of polyethylene and has basic properties similar to low-density polyethylene. Low-density polyethylene and linear low-density polyethylene are to a certain extent substitutes. The most significant end use for linear low-density polyethylene is film.
Liquefied petroleum gas	A mixture of gases, usually propane and butane, used as fuel in heating appliances and vehicles and also as a petrochemical feedstock.
Low-density polyethylene	The first type of polyethylene invented. Its most common household use is in plastic bags.
Methylmethacrylate	Produced from acetone and is used to manufacture polymethylmethacrylate resins.
Monomer	Feedstock material for the manufacture of polymers and derivative products.
Naphtha	A refinery product that is used as a gasoline component, but also serves as feedstock for petrochemical plants.
Natural gas liquids	Generally comprise a mixture of ethane, propane, butanes and smaller amounts of other lighter hydrocarbons.
Nelson Complexity Index	Refinery complexity is commonly measured by the Nelson Complexity Index. This assigns a complexity factor to each major piece of refinery equipment based on its complexity and cost in comparison to crude distillation, which is assigned a complexity factor of 1.0. The complexity of each piece of refinery equipment is then calculated by multiplying its complexity factor by its throughput ratio as a percentage of crude distillation capacity. Adding up the complexity values assigned to each piece of equipment, including crude distillation, determines a refinery's complexity on the Nelson Complexity Index. A refinery with a complexity of 10.0 on the Nelson Complexity Index is considered ten times more complex than crude distillation for the same amount of throughput. See also "Complexity."
Nitriles	Used to describe acrylonitrile, its co-products and other products produced from ammonia feedstock.
NPS	The NATO pipeline system (NPS) is 11,500km of pipeline linking 13 NATO countries to enable delivery of fuel and lubricants to military storage locations.
Olefins	Including ethylene and propylene, are the key building blocks of the petrochemical industry and produce a large range of derivative products.
Olefins cracker	Breaks down naphtha or other gas feedstocks into olefins, principally ethylene and propylene.
Organoleptic products	Impart no taste or odor to the contents of the container and include caps and closures made from polyethylene.

Oxo-alcohols.................................... A feedstock for intermediates which are used in many soft plastic products and solvent applications. They are largely produced from propylene feedstock.

Ppm... Parts per million.

Phenol... Produced from cumene, and is used in the production of Bisphenol A, as well as phenolic resins and capralactam.

Poly alpha olefins .... Made by polymerizing, or merging, several linear alpha olefins together and are used in a large number of automotive and industrial applications (mainly as synthetic lubricants).

Polycarbonate .... An engineering thermoplastic polymer which, due to its superior optical qualities, structural strength and weight, has a wide range of uses, including CDs and DVDs, optic-fibers, optical lenses, structural parts in cars and trucks and housings for electrical household appliances and office equipment.

Polyethylene .... The world's most used thermoplastic (including high-density polyethylene, low-density polyethylene and linear low-density polyethylene). Manufactured by the polymerization of ethylene and co-monomers. Used primarily to produce films for packaging, agricultural applications, molded products, pipes and coatings.

Polyethylene terephthalate (PET)...... Made by the combination of ethylene glycol and terephthalic acid. Typical end uses include films for packaging and fibers.

Polyisobutylene .... A synthetic polymer available in a wide variety of viscosities for use in a broad range of industrial applications, including lubricants, sealants, cling film, cables and adhesives.

Polymer .... A chemical compound usually made up of a large number of identical components linked together into long molecular chains.

Polymethylmethacrylate resins.......... Used in a wide range of architectural and industrial applications, ranging from point of sale retail displays to glazing and decorative light panels, and compounds for molding and extrusion.

Polypropylene................................. The world's second most widely used thermoplastic after polyethylene. It is manufactured by the polymerization of propylene. It is used mainly for molding, filaments, fibers and films and is the most significant thermoplastic material used in molded containers and automotive applications.

Propane... A gaseous hydrocarbon in its natural state but can be easily liquefied. Its major end uses are as a fuel and as a feedstock for petrochemicals.

Propylene.. A flammable gas which is largely derived either as a co-product of the refinery fluid catalytic cracker process used to make gasoline or as a co-product of the steam cracking process used to make ethylene. Has virtually no independent end use, but is an important input for a significant number of industrial products, and is the main feedstock used to make polypropylene and acrylonitrile.

Propylene glycols .... An industrial chemical, mainly used to produce polyester, paints and coatings, airplane de-icers, antifreeze and industrial coolants, made from propylene oxide.

Propylene oxide................................ Used in manufacture of polyurethane foams and to make propylene glycols. Primarily made from propylene feedstock.

Pygas .... A by-product of olefins production from steam crackers and is used by refineries as a liquid gasoline blending component.

Refining margin................................ The difference, for any particular quantity of crude oil, between the value of all the refined petroleum products a refinery is able to produce from such crude oil minus the cost of the crude oil (including associated costs such as transport, insurance, etc.).

Reformate .... The components from the refining process used for blending to create gasoline.

Solvents .... Used to dissolve solids and keep them in liquid form.

Sour crude... Crude oil with a high sulphur content.

SPMR pipeline.................................. The Société du Pipeline Méditerranée Rhône pipeline system in France.

SPSE pipeline .... La Société du Pipeline Sud-Européen: south European pipeline system connecting refineries and petrochemicals facilities along the route Fos to Karlsruhe.

Spot market....................................... A term used to describe the international trade in one-off cargoes or shipments of commodities, such as crude oil, in which prices closely follow demand and availability.

Styrene-acrylonitrile .... Made from styrene and acrylonitrile, used in variety of applications, including housewares and appliances.

Styrene-butadiene latex .... A polymer derivative made from styrene and butadiene, used mainly in paper coatings and carpet backing applications.

Styrene-butadiene rubber................... A polymer derivative made from styrene and butadiene, used mainly in manufacture of tires and other rubber products.

Sweet crude .... Crude oil with sulphur content of less than 1%.

Synthetic ethanol .... A solvent used in personal care products, inks, household chemicals and industrial applications, as well as in the manufacture of other chemical products.

Thermoplastic .... A plastic which softens when heated and hardens again when cooled. Include polyethylene, polypropylene and polystyrene.

Turnaround .... Temporary shutdown of a refinery or petrochemical production facility for required maintenance. Can be scheduled (planned, routine maintenance, inspections and tests to comply with industry regulations) or unscheduled (in response to an unexpected outage or plant failure).

INDEX TO CONSOLIDATED FINANCIAL INFORMATION

PricewaterhouseCoopers LLP
89 Sandyford Road
Newcastle upon Tyne NE1 8HW

The Directors
INEOS Group Holdings plc
Hawkslease
Chapel Lane
Lyndhurst
Hampshire, SO43 7FG
United Kingdom

28 April 2010

Dear Sirs

Introduction

We report on the financial information set out on pages F-4 to F-100 of this offering memorandum (the "Offering Memorandum"). The financial information as at 31 December 2009, 2008 and 2007 and for the three years ended 31 December 2009 of INEOS Group Holdings plc (the "Company" and, together with its subsidiaries, the "Group") have been prepared for inclusion in the Offering Memorandum of senior secured notes (the "Notes") of INEOS Finance plc (the "Issuer") in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

This report has been prepared for the purpose of the Offering Memorandum and for no other purpose. An application has been made to list the Notes offered on the Official List of the Luxembourg Stock Exchange and to be traded on the Luxembourg Stock Exchange's Euro MTF Market, in accordance with the Rules and Regulations of the Luxembourg Stock Exchange.

Responsibilities

The Directors of the Company are responsible for preparing the financial information in accordance with IFRS.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Offering Memorandum and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising to the investors and initial purchasers, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or its inclusion in the Offering Memorandum.

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Services Authority for designated investment business.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing standards generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

Opinion

In our opinion, the financial information gives, for the purposes of the Offering Memorandum, a true and fair view of the state of affairs of the Group as at the dates stated and of its profits and losses, cash flows and recognised income and expense for the periods then ended in accordance with IFRS.

Yours faithfully

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants

CONSOLIDATED INCOME STATEMENT

FOR THE YEARS ENDED 31 DECEMBER 2009, 2008 AND 2007

	Note	2009	2008	2007
			€m	
Revenue	2	**18,077.3**	**29,073.3**	**27,515.8**
Cost of sales before exceptional items		(16,707.9)	(28,140.8)	(25,182.7)
Exceptional cost of sales	5	—	(130.3)	(45.9)
Total cost of sales		(16,707.9)	(28,271.1)	(25,228.6)
Gross profit		**1,369.4**	**802.2**	**2,287.2**
Distribution costs		(425.5)	(543.7)	(532.4)
Administrative expenses before exceptional items		(361.5)	(403.9)	(462.6)
Exceptional administrative expenses	5	(41.9)	(80.7)	(56.9)
Exceptional administrative gain	5	—	29.0	106.6
Total administrative expenses		(403.4)	(455.6)	(412.9)
Total expenses		(828.9)	(999.3)	(945.3)
Operating profit/(loss)	6	**540.5**	**(197.1)**	**1,341.9**
Share of profit/(loss) of associates and jointly controlled entities using the equity accounting method, before exceptional items		23.7	(53.3)	0.9
Share of exceptional loss of associates and jointly controlled entities using the equity accounting method	5	—	(4.5)	(48.5)
Total share of profit/(loss) of associates and jointly controlled entities using the equity accounting method		23.7	(57.8)	(47.6)
(Loss)/profit on disposal of businesses	3	(276.5)	143.0	(29.6)
Profit/(loss) before net finance costs		**287.7**	**(111.9)**	**1,264.7**
Finance income before exceptional items	9	95.1	173.9	129.9
Exceptional finance income	5	89.0	—	—
Total finance income	9	184.1	173.9	129.9
Finance costs before exceptional item	9	(863.8)	(946.2)	(870.9)
Exceptional finance cost	5	(209.2)	—	—
Total finance costs	9	(1,073.0)	(946.2)	(870.9)
Net finance costs	9	(888.9)	(772.3)	(741.0)
(Loss)/profit before tax		**(601.2)**	**(884.2)**	**523.7**
Tax (charge)/credit	10	(13.9)	311.6	(121.2)
(Loss)/profit for the year		**(615.1)**	**(572.6)**	**402.5**
Attributable to:				
Owners of the parent		(617.3)	(572.3)	402.6
Minority interest		2.2	(0.3)	(0.1)
(Loss)/profit for the year		**(615.1)**	**(572.6)**	**402.5**

All amounts relate to continuing operations.

The notes on the following pages are an integral part of this consolidated financial information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER 2009, 2008 AND 2007

	Note	2009	2008	2007
			€m	
(Loss)/profit for the year		**(615.1)**	**(572.6)**	**402.5**
Other comprehensive income:				
Foreign exchange translation differences net of tax		56.8	(184.1)	(472.3)
Foreign exchange differences recycled on disposal of subsidiaries net of tax	3	(25.0)	13.5	2.8
Changes in the fair value of assets classified as available for sale net of tax		22.9	—	—
Net gain/(loss) on hedge of net investment in foreign operations net of tax	26.e	13.9	(40.0)	240.5
Net change in fair value of cash flow hedges net of tax		—	76.3	—
Cash flow hedge recycled from hedging reserve net of tax		(76.3)	—	—
Actuarial gains and losses on defined benefit pension schemes net of tax	22	(2.1)	(241.5)	9.4
Other comprehensive loss for the year net of tax		**(9.8)**	**(375.8)**	**(219.6)**
Total comprehensive loss for the year		**(624.9)**	**(948.4)**	**182.9**
Total comprehensive (loss)/income for the year is attributable to:				
Owners of the parent		(624.2)	(946.0)	183.0
Minority interest		(0.7)	(2.4)	(0.1)
		(624.9)	**(948.4)**	**182.9**

The notes on the following pages are an integral part of this consolidated financial information.

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2009, 2008 AND 2007

	Note	2009	2008	2007
			€m	
Non-current assets				
Property, plant and equipment	11	5,093.2	5,440.6	6,073.2
Intangible assets	12	949.6	1,046.6	1,001.3
Investments in equity-accounted investees	13.a	109.6	115.5	159.5
Other investments	14	129.7	123.5	—
Other financial assets	15	82.2	49.0	53.3
Other receivables	19	168.9	168.2	160.5
Deferred tax assets	17	458.9	437.8	126.6
		6,992.1	7,381.2	7,574.4
Current assets				
Inventories	18	1,544.7	1,593.6	2,608.3
Trade and other receivables	19	1,918.0	1,991.9	3,313.3
Other financial assets	15	2.9	159.4	29.8
Cash and cash equivalents	29	662.1	651.8	951.4
		4,127.7	4,396.7	6,902.8
Total assets		**11,119.8**	**11,777.9**	**14,477.2**
Equity attributable to owners of the parent				
Share capital	24	17.7	17.7	17.7
Share premium		51.1	51.1	51.1
Other reserves		(600.2)	(593.3)	(219.6)
Retained earnings		(38.7)	578.6	1,150.9
Total shareholders' (deficit)/funds		**(570.1)**	**54.1**	**1,000.1**
Minority interest		12.9	17.7	13.7
Total equity		**(557.2)**	**71.8**	**1,013.8**
Non-current liabilities				
Interest-bearing loans and borrowings	20	6,910.0	7,333.8	8,034.0
Trade and other payables	21	78.2	102.6	97.0
Employee benefits	22	824.1	782.1	553.2
Provisions	23	55.4	163.4	182.0
Deferred tax liabilities	17	161.1	195.1	296.6
		8,028.8	8,577.0	9,162.8
Current liabilities				
Interest-bearing loans and borrowings	20	839.3	615.6	196.7
Trade and other payables	21	2,731.5	2,451.6	3,979.2
Tax payable		38.4	8.4	45.9
Other financial liabilities	16	6.5	0.5	0.6
Provisions	23	32.5	53.0	78.2
		3,648.2	3,129.1	4,300.6
Total liabilities		**11,677.0**	**11,706.1**	**13,463.4**
Total equity and liabilities		**11,119.8**	**11,777.9**	**14,477.2**

The notes on the following pages are an integral part of this consolidated financial information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2009, 2008 AND 2007

	Share capital	Share premium	Other reserves	Retained earnings	Shareholders' funds	Minority interest	Total equity
				€m			
Balance at 1 January 2007	**17.7**	**51.1**	**—**	**773.3**	**842.1**	**13.8**	**855.9**
Profit for the year	—	—	—	402.6	402.6	(0.1)	402.5
Other comprehensive income:							
Foreign exchange translation differences	—	—	(472.3)	—	(472.3)	—	(472.3)
Foreign exchange differences recycled on disposal of subsidiaries	—	—	2.8	—	2.8	—	2.8
Net gain on hedge of net investment in foreign operations	—	—	240.5	—	240.5	—	240.5
Actuarial gains on defined benefit plan schemes net of tax	—	—	9.4	—	9.4	—	9.4
Transactions with owners, recorded directly in equity:							
Dividends	—	—	—	(25.0)	(25.0)	—	(25.0)
Balance at 31 December 2007	**17.7**	**51.1**	**(219.6)**	**1,150.9**	**1,000.1**	**13.7**	**1,013.8**
Loss for the year	—	—	—	(572.3)	(572.3)	(0.3)	(572.6)
Other comprehensive income:							
Foreign exchange translation differences	—	—	(182.0)	—	(182.0)	(2.1)	(184.1)
Foreign exchange differences recycled on disposal of subsidiaries	—	—	13.5	—	13.5	—	13.5
Net loss on hedge of net investment in foreign operations	—	—	(40.0)	—	(40.0)	—	(40.0)
Net change in fair value of cash flow hedges, net of tax	—	—	76.3	—	76.3	—	76.3
Actuarial losses on defined benefit plan schemes net of tax	—	—	(241.5)	—	(241.5)	—	(241.5)
Transactions with owners, recorded directly in equity:							
Acquisitions (see Note 4)	—	—	—	—	—	6.4	6.4
Balance at 31 December 2008	**17.7**	**51.1**	**(593.3)**	**578.6**	**54.1**	**17.7**	**71.8**
Loss for the year	—	—	—	(617.3)	(617.3)	2.2	(615.1)
Other comprehensive income:							
Foreign exchange translation differences	—	—	59.7	—	59.7	(2.9)	56.8
Foreign exchange differences recycled on disposal of subsidiaries	—	—	(25.0)	—	(25.0)	—	(25.0)
Changes in the fair value of assets classified as available for sale	—	—	22.9	—	22.9	—	22.9
Net gain on hedge of net investment in foreign operations	—	—	13.9	—	13.9	—	13.9
Cash flow hedge recycled from hedging reserve net of tax	—	—	(76.3)	—	(76.3)	—	(76.3)
Actuarial losses on defined benefit plan schemes net of tax	—	—	(2.1)	—	(2.1)	—	(2.1)
Transactions with owners, recorded directly in equity:							
Disposals (see Note 3)	—	—	—	—	—	(4.1)	(4.1)
Balance at 31 December 2009	**17.7**	**51.1**	**(600.2)**	**(38.7)**	**(570.1)**	**12.9**	**(557.2)**

The notes on the following pages are an integral part of this consolidated financial information.

Analysis of other reserves

	Translation reserve	Fair value reserve	Hedging reserve	Actuarial gains/losses	Total other reserves
			€m		
Balance at 1 January 2007	**—**	**—**	**—**	**—**	**—**
Foreign exchange translation differences	(472.3)	—	—	—	(472.3)
Foreign exchange differences recycled on disposal of subsidiaries	2.8	—	—	—	2.8
Net gain on hedge of net investment in foreign operation	240.5	—	—	—	240.5
Actuarial gains and losses on defined benefit plan schemes net of tax	—	—	—	9.4	9.4
Balance at 31 December 2007	**(229.0)**	**—**	**—**	**9.4**	**(219.6)**
Foreign exchange translation differences	(182.0)	—	—	—	(182.0)
Foreign exchange differences recycled on disposal of subsidiaries	13.5	—	—	—	13.5
Net loss on hedge of net investment in foreign operations	(40.0)	—	—	—	(40.0)
Net change in fair value of cash flow hedges, net of tax	—	—	76.3	—	76.3
Actuarial gains and losses on defined benefit plan schemes net of tax	—	—	—	(241.5)	(241.5)
Balance at 31 December 2008	**(437.5)**	**—**	**76.3**	**(232.1)**	**(593.3)**
Foreign exchange translation differences	59.7	—	—	—	59.7
Foreign exchange differences recycled on disposal of subsidiaries	(25.0)	—	—	—	(25.0)
Changes in the fair value of assets classified as available for sale	—	22.9	—	—	22.9
Net gain on hedge of net investment in foreign operations	13.9	—		—	13.9
Cash flow hedge recycled from hedging reserve net of tax	—	—	(76.3)	—	(76.3)
Actuarial losses on defined benefit plan schemes net of tax	—	—	—	(2.1)	(2.1)
Balance at 31 December 2009	**(388.9)**	**22.9**	**—**	**(234.2)**	**(600.2)**

The notes on the following pages are an integral part of this consolidated financial information.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2009, 2008 AND 2007

	Note	2009	2008	2007
			€m	
Cash flows from operating activities				
(Loss)/profit for the year		(615.1)	(572.6)	402.5
Adjustments for:				
Depreciation and impairment	11	595.7	755.5	893.5
Amortisation	12	20.4	21.5	16.0
Negative goodwill	5	—	(29.0)	(106.6)
Net finance costs	9	888.9	772.3	741.0
Share of (profits)/losses of equity-accounted investees		(23.7)	57.8	47.6
Loss on sale of property, plant and equipment	6	10.5	21.2	2.9
Loss/(profit) on disposal of businesses	3	276.5	(143.0)	29.6
Tax charge/(credit)	10	13.9	(311.6)	121.2
(Increase)/decrease in trade and other receivables		(105.9)	1,306.6	(813.4)
(Increase)/decrease in inventories		(44.4)	1,164.1	(500.8)
Increase/(decrease) in trade and other payables		222.0	(1,673.9)	1,353.6
(Decrease)/increase in provisions and employee benefits		(23.4)	(1.8)	0.1
Tax (received)/paid		11.1	(121.7)	(106.9)
Net cash from operating activities		**1,226.5**	**1,245.4**	**2,080.3**
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		24.6	—	2.4
Proceeds from sales of investments		—	—	7.2
Interest and other finance income received		6.0	36.3	31.6
Dividends received		7.3	3.7	6.5
Disposal of businesses, net of cash disposed of	3	(31.5)	190.3	11.5
Acquisition of subsidiaries, net of cash acquired	4	(1.0)	(106.7)	(222.4)
Acquisition of intangible assets		—	(25.3)	—
Acquisition of property, plant and equipment		(264.0)	(624.0)	(639.1)
Acquisition of other investments		(3.3)	(3.4)	(0.1)
Net cash used in investing activities		**(261.9)**	**(529.1)**	**(802.4)**
Cash flows from financing activities				
Securitisation		(148.4)	(348.2)	25.5
Proceeds from new loans		167.9	410.0	—
Issue costs		(2.3)	(40.2)	—
Interest paid		(729.5)	(646.6)	(673.8)
Repayment of loans		(230.5)	(384.0)	(284.4)
Dividends paid	25	—	—	(25.0)
Dividends paid to minority interests		—	(0.3)	—
Capital element of finance lease payment		(1.6)	(2.8)	(1.4)
Net cash used in financing activities		**(944.4)**	**(1,012.1)**	**(959.1)**
Net increase/(decrease) in cash and cash equivalents	29	20.2	(295.8)	318.8
Cash and cash equivalents at 1 January	29	651.8	951.4	659.7
Effect of exchange rate fluctuations on cash held		(9.9)	(3.8)	(27.1)
Cash and cash equivalents at 31 December	29	**662.1**	**651.8**	**951.4**

The notes on the following pages are an integral part of this consolidated financial information.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

FOR THE YEARS ENDED 31 DECEMBER 2009, 2008 AND 2007

(FORMING PART OF THE FINANCIAL INFORMATION)

1. ACCOUNTING POLICIES

Overview

INEOS Group Holdings plc (the "Company") is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The nature of the operations and principal activities of the Company and its subsidiaries are the manufacture and sale of a range of chemicals and refined products used in a variety of applications.

Basis of accounting

This consolidated financial information consolidates those financial statements of the Company and its subsidiaries (together referred to as the "Group") and equity account the Group's interest in associates and jointly controlled entities.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in this consolidated financial information.

Measurement convention

This consolidated financial information has been prepared on the historical cost basis except that derivative financial instruments and financial instruments classified as fair value through the profit or loss are stated at their fair value and non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

Functional and presentation currency

This consolidated financial information is presented in euro, which is the functional currency of the majority of operations. The Group's primary products are sold in an international commodities market which is priced and invoiced primarily in euros.

All financial information presented in euro has been rounded to the nearest €0.1 million.

Changes in accounting policies

The Group has applied the following accounting standards for the first time in 2009 with effect from 1 January 2009 (with prior period comparative information restated, to the extent required and as explained below):

- IAS 23 Revised 2007—Borrowing costs ("IAS23");
- IAS1 Revised 2007—Presentation of financial statements ("IAS1 (Revised)");
- Amendments to IFRS 7—Financial Instruments: Disclosures;
- IFRS3 Revised 2008—Business Combinations and IAS 27 Revised 2008—Consolidated and Separate Financial Statements; and
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation".

IAS23 requires the capitalisation of borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset, in respect of qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. Previously the Group expensed all borrowing costs immediately. IAS 23 does not require prior periods to be restated. During the year ended 31 December 2009 the Group capitalised €nil of borrowing costs.

IAS 1 (Revised) introduces changes to the presentation of the primary financial statements but does not impact on the underlying measurement of transactions, assets or liabilities and accordingly net income, total assets, total liabilities, total equity and cash flows are not affected. Comparative information has been re-presented on a consistent basis.

The amendment to IFRS7 requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on the consolidated statements of income, comprehensive income, financial position or cash flows.

The revisions to IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements introduce a variety of changes to the accounting for acquisitions, including requirements to charge transaction costs to the income statement and in relation to contingent consideration. However, adoption of the revisions had no material impact on the net income for the year ended 31 December 2009 given that no significant acquisitions occurred during that year. The revisions have been applied for all business combinations occurring after 1 January 2009. The change in accounting policy is applied prospectively and accordingly comparative information has not been restated.

IFRIC 16 “Hedges of a Net Investment in a Foreign Operation” applies to an entity that hedges the foreign exchange risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. The main expected change in practice is to eliminate the possibility of an entity qualifying for hedge accounting for a hedge of the foreign exchange differences between the functional currency of a foreign operation and the presentation currency of the parent’s consolidated financial statements. The IFRIC recognises the difficulty that entities would face in preparing adequate documentation from the inception of the hedge relationship and therefore requires prospective application of the guidance. This interpretation has had no material impact on this consolidated financial information.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial information of subsidiaries are included in this consolidated financial information from the date that control commences until the date that control ceases.

Special purpose entities (“SPE”)

An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE’s risks and rewards, the Group concludes that it controls the SPE.

The Group has established an SPE, INEOS Finance Ireland Limited, for a debt securitisation programme. The Group does not have any direct or indirect shareholdings in this SPE. INEOS Finance Ireland Limited is controlled by the Group as it was established under terms that impose strict limitations on the decision-making powers of the SPE’s management that result in the Group receiving the majority of the benefits related to the SPE’s operations and net assets, being exposed to the majority of risks arising from the SPE’s activities, and retaining the majority of the residual or ownership risks related to the SPE and its assets. INEOS Finance Ireland Limited is therefore regarded as an SPE and has been consolidated in this consolidated financial information.

Associates and jointly controlled entities (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring the venturers' unanimous consent for strategic financial and operating decisions.

Associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost.

The Group's investment in associates and jointly controlled entities includes goodwill identified on acquisition, net of any accumulated impairment losses.

The consolidated financial information include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Foreign exchange

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated income statement except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign exchange are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, euros, at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated at exchange rates prevailing at the dates of the transactions. The Group applies an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are taken directly to the translation reserve. They are recycled into the consolidated income statement upon disposal.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve. Foreign exchange differences arising on the retranslation of a borrowing designated as a hedge of a net investment in a foreign operation are recognised directly in equity, in the translation reserve, to the extent that the hedge is effective. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is transferred to profit or loss as an adjustment to the profit or loss on disposal.

The Group has taken advantage of the relief available in IFRS 1 to deem the cumulative translation differences for all foreign operations to be zero at the date of transition to IFRSs (1 January 2007).

Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in this consolidated financial information for called up share capital and share premium account exclude amounts in relation to those shares.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition or issue. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value less transaction costs that are directly attributable to the acquisition or issue. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities

Investments in loans and receivables are stated at amortised cost less impairment.

Other investments in debt and equity securities held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity (in a fair value reserve), except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss. Where no reliable measurement of fair value is available, available-for-sale investments are stated at historic acquisition cost (see Note 15).

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Debt restructuring

The Group derecognises financial liabilities in accordance with the provisions in IAS 39. When debt is modified, the Group analyses the modifications from both a quantitative and qualitative perspective to determine if the modifications are substantial and meet the IFRS requirements for derecognition, in which case the debt is treated as extinguished. All fees paid in connection with a debt extinguishment are expensed immediately. When a modification is accounted for as a non-substantial modification, associated fees incurred are deferred as an adjustment to the carrying value of the liability and amortised using the effective interest method.

Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the consolidated income statement as finance income or expense. Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the consolidated income statement as finance income or expense.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial carrying amount of the non-financial asset or liability.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss, e.g. when interest income or expense is recognised.

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and included in the consolidated income statement as an adjustment to turnover and cost of sales in the same period or periods during which the hedged forecast transaction affects turnover and cost of sales in the consolidated income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the Group revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the consolidated income statement immediately.

Hedge of net investment in foreign operation

The Group applies hedge accounting to foreign exchange differences arising on the retranslation of a foreign currency loan where the loan is designated as a hedge of a net investment in a foreign operation in accordance with IAS 21 and IAS 39.

Exchange differences arising on retranslation of foreign currency loans designated as a net investment hedge are taken directly to equity via the consolidated statement of comprehensive income. Gains and losses accumulated in the translation reserve will be recycled to the statement of comprehensive income when the foreign operation is sold.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Cost may include the cost of materials, labour and other costs directly attributable to bringing the assets to a working condition for their intended use. Cost may also include the cost of dismantling and removing items and restoring the site on which they are located.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation commences from the date an asset is brought into service. Land and assets in the course of construction are not depreciated. The estimated useful lives are as follows:

- Buildings... 10 - 40 years
- Plant and equipment and fixtures and fittings.. 3 - 40 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Where an indicator of impairment exists, the Group makes an estimate of the recoverable amount, which is the higher of the asset’s fair value less cost to sell and value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Assets are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated income statement in the period in which the item is derecognised.

Business combinations, goodwill and intangible assets

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and jointly controlled entities. In respect of business acquisitions that have occurred since 1 January 2007, goodwill represents the difference between the cost of the acquisition and the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. For any acquisitions occurring on or after 1 January 2009, all transaction costs are expensed as incurred.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to groups of cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

IFRS 1 grants certain transition exemptions from the full requirements of IFRSs in the transition period. The Group elected not to restate business combinations that took place prior to 1 January 2007. In respect of acquisitions prior to 1 January 2007, goodwill is included at 1 January 2007 on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable to IFRS save that only separable intangible assets were recognised and goodwill was amortised. On transition to IFRS amortisation of goodwill has ceased and negative goodwill recognised under UK GAAP is included within retained earnings.

Negative goodwill arising on an acquisition is recognised immediately in the consolidated income statement.

Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses. These intangible assets principally comprise intellectual property rights, customer relationships, non-compete agreements and license fees.

Intangible assets acquired separately from a business are carried initially at cost. The initial cost is the aggregate amount paid and the fair value of other consideration given to acquire the assets. An intangible asset acquired as part of a business combination is recognised separately from goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

Amortisation

Amortisation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each reporting date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Customer relationships.. 3 years
- Intellectual property rights .... 10 - 15 years
- Non-compete agreements.. life of the agreement
- Licenses .... up to 15 years

These intangible assets are tested for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying value may not be recoverable. Useful lives are examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Research and development

Expenditure on research activities is recognised in the consolidated income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Where regulatory and other uncertainties are such that the criteria are not met, the expenditure is recognised in the income statement. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Impairment excluding inventories and deferred tax assets

The carrying amounts of the Group's assets are assessed at the end of the reporting period to determine whether there is any indication of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill and other intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at the end of the reporting period.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the consolidated income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use were tested for impairment as at 1 January 2007, the date of transition to IFRSs, even though no indication of impairment existed.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

FOR THE YEARS ENDED 31 DECEMBER 2009, 2008 AND 2007

(FORMING PART OF THE FINANCIAL INFORMATION)

1. ACCOUNTING POLICIES

Calculation of recoverable amount

The recoverable amount of the Group's receivables is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables are not discounted where their duration is less than one year or where the effect of discounting is not material.

The recoverable amount of other assets is the greater of their fair values less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Provision is made for obsolete, slow-moving or defective items where appropriate.

Items owned by the Group that are held on consignment at another entity's premises are included as part of the Group's inventory.

Commodities

Contracts that are entered into and continue to be held for the purpose of receipt or delivery of non-financial items in accordance with the company's expected purchase, sale or usage requirements (own-use contracts) are not accounted for as derivative financial instruments, but rather as executory contracts.

Employee benefits

The Group operates a number of defined contribution plans and funded and unfunded defined benefit pension schemes. The Group also provides unfunded early retirement benefits, long service awards and an incentive plan for certain employees.

The Group provides health care insurance to eligible retired employees and their dependants, primarily in the United States and Belgium.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the consolidated income statement as incurred.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans and other post employment benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The liability discount rate is the yield at the reporting date on AA credit rated bonds denominated in the currency of, and that have maturity dates approximating to the terms of, the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the consolidated income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the consolidated income statement.

All actuarial gains and losses as at 1 January 2007, the date of transition to IFRSs, were recognised. In respect of actuarial gains and losses that arise subsequent to 1 January 2007, the Group recognises them in the period they occur directly in equity through the statement of comprehensive income.

Where the calculation results in a benefit to the Group, the asset recognised is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between:

- cost of sales,
- net finance costs and,
- in net expense recognised directly in equity, the actuarial gains and losses.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Incentive plan

Certain employees of the Group are eligible to participate in an incentive plan (the Plan) operated by INEOS Limited, the ultimate parent of INEOS Group Holdings plc in the United Kingdom. INEOS Limited issues "Business Tracker Shares" in relation to each of the businesses operated by INEOS Limited and its subsidiaries, including those businesses within the INEOS Group Holdings plc group. These Business Tracker Shares entitle the holder of the share to appreciation in market value (rather than the totality of the market value) of the relevant business compared with the market value at the date of acquisition of the relevant share. Determination of market values, and any discretionary adjustments, is made by a committee (the Special Committee) of INEOS Limited.

The Plan is considered to be in the nature of a Share-based Payment arrangement within the scope of IFRS 2. The INEOS Group Holdings plc group neither receives nor makes any payments and incurs no liabilities in respect of its employees' participation in the Plan. Under IFRS 2 (as amended in June 2009 for "Group Cash-settled Share-based Payment Transactions" which the Directors have elected to adopt early) the Group recognises any deemed cost of the arrangement in accordance with the requirements applicable to equity-settled share-based payment transactions, with a corresponding increase in equity as a contribution from the parent. Participating employees purchase Business Tracker Shares from the Trust which administers the Plan at a price which is related to the approximate market value of the relevant Business Unit. Accordingly the Directors believe that the net fair value of the benefit at the date of grant after taking account of the payment for the shares is not significant and no cost has been recognised in this consolidated financial information.

Provisions

A provision is recognised in the consolidated balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Revenue

Revenue represents the invoiced value of products sold or services provided to third parties net of sales discounts, value added taxes and duties. Revenue is recognised when the significant risks and rewards of ownership have passed to the buyer and it can be reliably measured.

The pricing for products sold is determined by market prices (market contracts and arrangements) or is linked by a formula to published raw material prices plus an agreed additional amount (formula contracts). Revenue arising from the sale of goods is recognised when the goods are either dispatched or delivered depending on the relevant delivery terms and the point at which risks and rewards have been transferred to the buyer when the prices are determinable and when collectability is considered probable.

Services provided to third parties include administrative and operational services provided to other chemical companies with units on our sites and services under tolling arrangements. Under tolling arrangements, customers pay for or provide raw materials to be converted into a certain specified product, for which the Group charges a toll fee. The Group only recognises the toll fee as revenue earned under such arrangements upon shipment of the converted product to the customer as this is the point at which risks and rewards have been transferred to the buyer. For all other services, revenue is recognised upon completion of the service provided.

Government grants

Government grants are shown in the consolidated balance sheet as deferred income. This income is amortised on a straight line basis over the same period as the tangible fixed asset to which it relates or the life of the related project.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated income statement as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Finance income and expenses

Interest income and interest payable is recognised in the consolidated income statement as it accrues, using the effective interest method. Dividend income is recognised in the consolidated income statement on the date the entity's right to receive payments is established. Foreign exchange gains and losses are reported on a net basis.

Finance costs comprise interest payable, finance charges on finance leases, unwinding of the discount on provisions, net fair value losses derivatives and net foreign exchange losses that are recognised in the consolidated income statement (see foreign exchange accounting policy). Finance income comprise interest receivable on funds invested, expected return on defined benefit pension plan assets, net fair value gain on derivatives and net foreign exchange gains.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Segmental analysis

The Group determines its operating segments in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.

The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure and the aggregation criteria set out in IFRS 8.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and liabilities (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than as acquired through business combinations.

Emission trading scheme

The Group participates in the EU Emissions Trading Scheme. The Scheme encourages companies to reduce carbon emissions by offering financial incentives if they achieve their annual reduction targets. If a company reduces emissions beyond their target then the surplus may be traded in the form of emissions permits.

The incentive money due from the EU Emissions Trading Scheme is recognised in the consolidated income statement once the reduction targets have been met. The emissions permits allocated under the Scheme are at nil cost. The Group recognises the revenue from such permits upon their sale to third parties.

The Kyoto Protocol sets legally binding targets for cutting emissions and provides for three international "flexible mechanisms" to be used by developed countries in cost effectively meeting their greenhouse gas emissions targets, one of which is the Clean Development Mechanism ("CDM"). This permits industrialised countries to meet part of their commitments through projects in developing countries. The CDM programme provides incentives for the project participants in the form of Certified Emissions Reductions ("CERs"). It is the trading of these CERs that provides the market incentive to reduce emissions. The Group is involved in a number of CDM projects. CERs produced from these projects are recorded at nil cost. CERs purchased from third parties are recognised within stock on the basis of purchased cost. The Group recognises the revenue from sale of CERs upon their sale to third parties.

The Group recognises a provision for emissions produced. The provision is measured at the carrying amount of the emission rights held (nil if granted, otherwise at cost) or, in the case of a shortfall, at the current fair value of the emission rights needed.

Exceptional items

The presentation of the Group's results separately identifies the effect of profits and losses on the disposal of businesses, the impairment of non-current assets, the cost of restructuring acquired businesses and the impact of one off events such as legal settlements as exceptional items. Results excluding disposals, impairments, restructuring costs and one off items are used by management and are presented in order to provide readers with a clear and consistent presentation of the underlying operating performance of the Group's ongoing business.

Accounting standards not applied

The following IFRSs relevant to the Group were available for early application but have not been applied by the Group in this consolidated financial information. Their adoption is not expected to have a material effect on this consolidated financial information unless otherwise indicated:

- Improvement to IAS 36 "Impairment of Assets" (effective prospectively for periods beginning on or after 1 January 2010). This improvement clarified that each unit or group of units to which goodwill is allocated should not be larger than an operating unit as defined by paragraph 5 of IFRS 8 'Operating Segments' before aggregation. The standard is only applicable prospectively. The Group is assessing the impact of this improvement.

- IFRIC 17 "Distribution of non-cash assets to owners (effective on or after 1 July 2009). The interpretation is part of the IASB's annual improvement project published in April 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The Group will apply IFRIC 17 from 1 January 2010. The Group is assessing the impact of this interpretation.

2. OPERATING SEGMENTS

The determination of the Group's operating segments is based on the business units for which information is reported to the Group's Chief Operating Decision Maker. The Group has four reportable segments, as described below.

- The Group's Olefins and Polymers business units produce olefins and related products and a broad range of polymers. The Group's olefins businesses are focused on ethylene and propylene, which are the two largest volume olefins globally and are key building blocks for polymers. These olefins are primarily used as feedstock for the Group's polymers business. In addition, the Group sells olefins to third party customers for a variety of industrial and consumer applications, including plastics, rubber and fibre.

O&P North America segment—In North America, the group's Olefins and Polymers business comprises five sites including major facilities in Chocolate Bayou, Texas, and Battleground, Texas.

O&P Europe segment—In Europe, the Group owns and operates three major cracker complexes, two that are integrated with our refineries in Grangemouth, United Kingdom and Lavéra, France and one in Cologne, Germany. Each of these sites includes polymers and derivatives units.

- Refining—Oil refining is the process of separating, converting and treating hydrocarbon molecules present in crude oil to produce marketable finished petroleum products, such as gasoline, diesel, liquefied petroleum gas ('LPG'), naphtha, heating and fuel oils and bitumen. Refining is primarily a margin based business where both the feedstocks and refined petroleum products are commodities. The Group owns and operates two refineries which are both fully integrated with petrochemical plants located at the same sites. The Group's principal refining products are transport fuels (particularly diesel fuel and gasoline), LPG, naphtha, and heating and fuel oils.

- Chemical Intermediates—This reportable segment is the aggregation, in compliance with IFRS 8, of a number of different business units with similar economic and other characteristics. Chemical Intermediates are high-value added chemical products used as key components in a variety of consumer and industrial products. The Group's chemical intermediates businesses are exposed to similar key commodities, namely oil and gas. They produce a range of products including phenol, alpha olefins, solvents, industrial chemicals, chlorine, PVC, hydrofluorocarbons, specialty fluorochemicals and nitriles. The Chemical Intermediates processes are similar in that they are all capital intensive and based upon processing and mixing chemical raw materials to produce chemical products for the next stage along the value chain. The Chemical Intermediates products are distributed on a business-to-business basis across the world. This is performed using similar conventional methods of pipeline, truck, rail or ship container depending on the customer location and size of the order. The Chemical Intermediates customer base is similar in that the customers are generally manufacturers of consumer and industrial products in developed markets and mature industrial economies.

The accounting policies of all of the reportable segments are as described in Note 1.

Information regarding the operations of each reportable segment is included in the following tables. Performance is measured based on earnings before interest, tax, depreciation and amortisation and exceptional items other than exceptional cost of sales items, measured under UK GAAP ("Segment EBITDA") except that share of associate's revenue is not allocated to segments as would be the case under UK GAAP. Segment EBITDA is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis. Information regarding segments reviewed by management includes management accounts comprising the balance sheet, profit or loss, cash flows and other financial and non financial information used to manage the business.

Adjustments in the following tables comprise the following items:

- Corporate assets and liabilities such as the Group headquarters, investments in associates and joint ventures and the major group borrowings;
- Elimination of inter-segmental transactions and balances; and
- Differences arising from conversion of UK GAAP to IFRS. These include treatment of negative goodwill, amortisation of goodwill, accounting for derivatives, treatment of deferred tax on pensions and accounting for joint ventures.

Segment information—2009

	Reportable segments						
	O&P North America	**O&P Europe**	**Refining**	**Chemical Intermediates**	**Total of reportable segments**	**Adjustments**	**Total**
				€m			
Reportable segment revenue	2,166.3	4,634.3	6,941.7	7,354.4	21,096.7	(3,019.4)	18,077.3
Reportable segment EBITDA	276.5	170.8	228.7	546.2	1,222.2	—	1,222.2
Depreciation and impairment of property, plant and equipment and intangible assets	(103.4)	(148.6)	(92.1)	(266.3)	(610.4)	(5.7)	(616.1)
Exceptional items (excluding items relating to impairment and financing)	(19.0)	(7.9)	—	(15.0)	(41.9)	—	(41.9)
Loss on disposal of businesses	—	—	—	(220.1)	(220.1)	(56.4)	(276.5)
Net finance costs							(888.9)
Loss before tax							(601.2)
Share of profit of associates and jointly controlled entities	0.9	6.6	—	13.8	21.3	2.4	23.7
Reportable segment assets	964.0	2,559.4	1,564.2	3,835.2	8,922.8	2,197.0	11,119.8
Payments for capital expenditure	31.4	48.0	70.7	113.9	264.0	—	264.0

	O&P North America	O&P Europe	Refining	Chemical Intermediates	Total of reportable segments	Adjustments	Total
Reportable segment liabilities	489.6	694.8	1,012.3	2,018.2	4,214.9	7,462.1	11,677.0

Major items in the adjustments column include:

- Reportable segment revenues: the elimination of inter-segmental revenues: 2009: €3,019 million (2008: €8,424 million, 2007 €7,698 million)
- Reportable segment assets: assets not allocated to segments, including goodwill: 2009: €852 million (2008: €902 million, 2007: €865 million), cash: 2009: €544 million (2008: € 470 million, 2007 €663 million) and deferred tax: 2009: € 459 million (2008: €438 million, 2007: €127 million).
- Reportable segment liabilities: liabilities not allocated to segments including corporate borrowings under the Senior Facilities Agreement € 5,004 million (2008: €4,929 million, 2007: €4,897 million), Senior Notes €1,970 million (2008: €2,089 million, 2007: €2,063 million), accrued interest of €186 million (2008: €157 million, 2007: €146 million) and deferred tax €161 million (2008: €195 million, 2007: €297 million).

Segment information—2008

	Reportable segments						
	O&P North America	O&P Europe	Refining	Chemical Intermediates	Total of reportable segments	Adjustments	Total
				€m			
Reportable segment revenue	2,950.9	9,946.6	11,757.7	12,842.3	37,497.5	(8,424.2)	29,073.3
Reportable segment EBITDA	26.2	101.4	43.4	422.5	593.5	(15.2)	578.3
Depreciation and impairment of property, plant and equipment and intangible assets	(114.7)	(190.6)	(93.2)	(398.6)	(797.1)	20.1	(777.0)
Exceptional items (excluding items relating to impairment and financing)	(3.5)	(12.8)	—	(35.4)	(51.7)	(4.5)	(56.2)
Profit on disposal of businesses	—	—	—	143.0	143.0	—	143.0
Net finance costs							(772.3)
Loss before tax							(884.2)
Share of (loss) / profit of associates and jointly controlled entities	0.4	8.6	—	(49.2)	(40.2)	(17.6)	(57.8)
Reportable segment assets	1,133.6	2,945.8	1,510.2	4,061.3	9,650.9	2,127.0	11,777.9
Payments for capital expenditure	57.8	152.0	90.5	323.7	624.0	—	624.0
Reportable segment liabilities	573.9	741.7	951.9	1,902.9	4,170.4	7,535.7	11,706.1

Segment information—2007

	Reportable segments						
	O&P North America	O&P Europe	Refining	Chemical Intermediates	Total of reportable segments	Adjustments	Total
				€m			
Reportable segment revenue	3,036.8	9,696.9	9,426.5	13,053.1	35,213.3	(7,697.5)	27,515.8
Reportable segment EBITDA	242.0	526.2	427.4	1,025.2	2,220.8	(18.2)	2,202.6

Depreciation and impairment of property, plant and equipment and intangible assets	(189.8)	(156.0)	(115.6)	(424.4)	(885.8)	(23.7)	(909.5)
Exceptional items (excluding items relating to impairment and financing)	—	(28.3)	(4.6)	82.6	49.7	(48.5)	1.2
Loss on disposal of businesses	—	—	—	—	—	(29.6)	(29.6)
Net finance costs							(741.0)
Loss before tax							523.7
Share of profit/(loss) of associates and jointly controlled entities	0.1	1.1	—	11.2	12.4	(60.0)	(47.6)
Reportable segment assets	1,287.6	4,125.0	2,249.2	4,877.6	12,539.4	1,937.8	14,477.2
Payments for capital expenditure	39.7	170.3	87.7	341.4	639.1	—	639.1
Reportable segment liabilities	396.3	1,532.0	1,277.2	2,783.5	5,989.0	7,474.4	13,463.4

2. OPERATING SEGMENTS

For analysis of impairment by segment, see Note 5.

Geographic segments

	Revenues		
	2009	2008	2007
		€m	
Geographical information by location of customers:			
Europe	13,215.2	22,002.5	20,375.0
Americas	3,255.3	5,429.3	5,614.2
Rest of World	1,606.8	1,641.5	1,526.6
Total	**18,077.3**	**29,073.3**	**27,515.8**
Geographical information by location from which the Group derives revenue:			
Europe	14,229.6	23,217.1	20,881.2
Americas	3,420.0	5,365.8	6,308.8
Rest of World	427.7	490.4	325.8
Total	**18,077.3**	**29,073.3**	**27,515.8**

In presenting information on the basis of geographic analysis of segments, segment revenue is based on the geographical location of customers and geographical locations from which the Group derives revenues.

Revenues from external customers for each product and service or each group of similar products and services and a geographic analysis of segment assets are also not presented as the necessary information is not available and the Directors are of the opinion that the cost to develop it would be excessive.

Major customer

Revenues from one customer of the Group's Refining segment represent € 2,918.5 million (2008: €7,614.5 million, 2007: €6,563.8 million) of the Group's total revenues.

3. DISPOSALS

2009 disposals

Summary:

	2009
	€m
Disposals to INEOS Industries	(169.6)
Additional commitment to entities sold to INEOS Industries	(75.0)
Disposal of Compounds Italia	(43.5)
Further consideration from the disposal of the Silicas business in 2008	11.6
Net loss on disposal of businesses	**(276.5)**

INEOS Industries

During 2009, the Group made a number of disposals to a related party, INEOS Industries Limited, an entity held under common control by the Group's ultimate shareholders. The Group received no consideration for the disposals which included the Group's ABS, Styrenics, Melamines and Films Italia businesses, together with 80% of the Group's Bio and Healthcare businesses. The remaining 20% of Bio and Healthcare businesses, which the Group still owns at 31 December 2009, are accounted for as associated undertakings (see Note 13.a). Of the total loss on these disposals €5.0 million is attributable to the recognition of the retained interests at their estimated fair value of €nil.

Effect of the aggregated disposals on individual assets and liabilities

	2009
	€m
Goodwill	45.7
Property, plant and equipment	76.4
Intangible assets	29.2
Provisions against joint ventures	(20.2)
Inventories	81.2
Cash	29.8
Trade and other receivables	252.2
Employee benefits	(29.4)
Trade and other payables	(215.6)
Provisions, including net deferred tax liability	(52.1)
Minority interests	(4.1)
Net assets disposed of	193.1
Costs of disposal	1.5
Proceeds	—
Deficit of net assets over proceeds received	194.6
Exchange differences recycled on disposal	(25.0)
Loss on disposals of businesses	**169.6**

As part of the disposal agreement the Group has committed to provide further support to the businesses disposed of for the purpose of working capital management of €75 million and has therefore included this amount within the loss on disposal. Management believe it is likely that this amount will be called upon by the businesses within one year and have therefore provided for it on disposal as a current liability. If any amount is not called upon within five years the Group must remit the remaining balance at that point. The amount has been included in the loss on disposal in the income statement but is not included within the net assets above.

Compounds Italia

On 22 January 2009, the Group completed the sale of the Compounds Italia business to a third party. The Group disposed of its entire investment for nominal consideration.

Effect of the disposal on individual assets and liabilities

	2009
	€m
Property, plant and equipment	26.6
Inventories	9.9
Cash	1.7
Trade and other receivables	24.3
Trade and other payables	(15.2)
Provisions	(4.7)
Net assets disposed	42.6

Costs of disposal	0.9
Proceeds	—
Loss on disposal	**43.5**

Other

During 2009, the Group received further consideration from the disposal of the Silicas business which occurred in the prior year. The additional consideration received from PQ Corporation, the entity which acquired the Silicas business during 2008, was €11.6 million and was settled by PQ Corporation waving a liability owed to the Group. This amount has been offset against the loss on disposal of businesses presented in the income statement.

2008 disposals

INEOS Silicas

On 2 July 2008 the Group completed the sale of the INEOS Silicas business to PQ Corporation, the speciality chemical company owned by The Carlyle Group and INEOS Investments LLP (see Note 14), for a total consideration of €304.0 million, of which €198.5 million was received in cash. A pre-tax gain of €143.0 million was recorded.

Effect of the disposal on individual assets and liabilities

	2008
	€m
Goodwill	2.6
Property, plant and equipment	103.7
Investments	0.5
Inventories	22.9
Cash	13.1
Trade and other receivables	109.5
Employee benefits	(0.7)
Trade and other payables	(70.0)
Provisions	(7.1)
Net assets disposed	174.5
Excess of sale proceeds over net assets	129.5
Total sales proceeds	**304.0**
Sales proceeds satisfied by:	
Cash	198.5
Preferred partnership investment in INEOS Investments LLP	105.5
Total sales proceeds	**304.0**
Profit recognised in the consolidated income statement:	
Excess of sale proceeds over net assets	129.5
Exchange differences recycled on disposal	13.5
Profit on disposal of businesses	**143.0**

Other disposals

During 2008 the Group received cash of €4.9 million being deferred consideration on the disposal of the Emulsion PVC (E-PVC) business which took place on 2 July 2007.

2007 disposals

On 2 July, 2007 the Group completed its disposal of the Emulsion PVC (E-PVC) business to Vinnolit GmbH & Co. KG, for a total consideration of €16.6 million. The sale consisted of the commercial goodwill of the INEOS ChlorVinyls E-PVC business along with its E-PVC production facilities at Hillhouse (UK) and Schkopau (Germany). The deal also included an agreement for Vinnolit to take off the entire E-PVC output at Porto Torres (Italy).

On 1 October, 2007 the Group entered into a 50:50 joint venture with Nova Chemicals in North America. The Group contributed its North American styrene and polystyrene assets (Styrenics) at its Texas City and Joliet sites, whilst Nova Chemicals contributed its Styrenics business unit and other styrenics polymer assets. Together with the existing joint venture in Europe, the enlarged joint venture is called INEOS Nova.

Effect of the disposal on individual assets and liabilities

	E-PVC	Styrenics	Total
		€m	
Property, plant and equipment	45.0	—	45.0
Inventories	7.6	85.8	93.4
Trade and other receivables	1.8	92.1	93.9
Trade and other payables	(1.5)	(71.2)	(72.7)
Net assets disposed	52.9	106.7	159.6
Deficit of sale proceeds over net assets	(36.3)	(2.5)	(38.8)
Total sales proceeds	**16.6**	**104.2**	**120.8**
Sales proceeds satisfied by:			
Cash	11.5	—	11.5
Deferred consideration	5.1	—	5.1
Share of joint venture (Note 13.a)	—	104.2	104.2
Total sales proceeds	**16.6**	**104.2**	**120.8**
(Loss)/profit recognised in the income statement:			
Deficit of sale proceeds over net assets	(36.3)	(2.5)	(38.8)
Exchange differences recycled on disposal	—	2.8	2.8
(Loss)/profit on disposal of businesses	**(36.3)**	**0.3**	**(36.0)**

The net loss on disposal of businesses in the consolidated income statement includes a gain of €6.4 million in relation to other investments.

4. ACQUISITIONS OF SUBSIDIARIES

2009 Acquisitions

No acquisitions were made in 2009. A further €1.0 million was paid with regard to acquisitions made in prior years.

2008 Acquisitions

Acquisitions were made in 2008 for a total consideration of €120.2 million including acquisition expenses. These acquisitions gave rise to positive goodwill of €19.1 million and negative goodwill of € 29.0 million. Negative goodwill has been recognised in administrative expenses in the consolidated income statement. All acquisitions have been accounted for using the purchase method, as required by IFRS 3.

The adjustments required to the book values of the assets and liabilities of the businesses acquired during the year in order to present the net assets of the business at fair values, together with the resultant amount allocated to goodwill, are set out below:

VAM/EtAc

	Book value	Fair value adjustments	Fair value
		€m	
Property, plant and equipment	21.6	—	21.6
Inventory	24.4	1.8	26.2
Trade and other receivables	6.8	—	6.8
Net assets acquired	52.8	1.8	54.6
Goodwill			0.6
Consideration (including acquisition expenses)			55.2

On 31 March 2008 the Group acquired the European VAM and EtAc businesses, together with the TSEP pipeline from BP. The production assets acquired are based at Saltend in the United Kingdom. The newly acquired business now forms part of the Chemical Intermediates segment.

A revaluation of inventories by €1.8 million was made to reflect the fair value of catalyst inventories acquired at acquisition.

In the period from acquisition date to 31 December 2008 the European VAM and EtAc businesses, together with the TSEP pipeline contributed revenue of €206.1 million and profit before tax of €8.4 million. It is not practicable to provide information regarding revenue and profit before tax since 1 January 2008 as this information was not provided by the vendor.

Goodwill arising on the acquisition relates to expected future business improvement, expected synergies of the acquisition and the quality of the workforce in the business.

Seal Sands

	Book value	Fair value adjustments	Fair value
		€m	
Property, plant and equipment	40.7	(6.8)	33.9
Inventory	24.7	—	24.7
Provisions	(3.3)	—	(3.3)
Deferred tax liability	—	(10.7)	(10.7)
Net assets acquired	62.1	(17.5)	44.6
Negative goodwill recognised as an administrative gain			(29.0)
Consideration (including acquisition expenses)			15.6

On 18 August 2008 the Group acquired the Seal Sands business on Teesside in the United Kingdom from BASF. The Seal Sands site provides large-scale production facilities for acrylonitrile (AN) and hexamethylenediamine (HMD), along with by-product plants. The total consideration, including acquisition expenses was €15.6 million. The newly acquired business now forms part of the Nitriles business within the Chemical Intermediates segment.

A revaluation of tangible fixed assets by €6.8 million was made to reflect the lower of depreciated replacement cost and the value in use based on discounted cash flows for the assets. A deferred tax liability is recognised regarding negative goodwill arising on the acquisition and is included as a fair value adjustment.

The assets acquired were carved out of an existing business and as such there is no historic financial information available for these assets prior to acquisition. In the period from acquisition date to 31 December 2008 the Seal Sands business contributed revenue of €85.5 million and a loss before tax of €23.0 million. Had the Seal Sands business been acquired at the beginning of the period it would have contributed revenue of €294.3 million.

The contribution to profit or loss from 1 January 2008 cannot be presented as no separate profit information for this business was prepared by the vendor prior to the acquisition date.

This acquisition, on which negative goodwill arose, was a bargain purchase due to its poor trading performance and future earnings expectations which would continue until a change plan could be implemented by the Group.

ABS India

	Book value	Fair value adjustments	Fair value
		€m	
Property, plant and equipment	5.9	17.4	23.3
Inventory	10.4	—	10.4
Trade and other receivables	16.4	—	16.4
Cash	13.5	—	13.5
Trade and other payables	(26.3)	—	(26.3)
Net assets acquired	19.9	17.4	37.3
Minority interest			(6.4)
Net assets acquired (net of minority interest)			30.9
Goodwill			18.5
Consideration (including acquisition expenses)			49.4

On 2 October 2007 the Group acquired 100% of the Lanxess ABS plastic business, Lustran Polymers (see 2007 below). At that time the Indian part of the business was not acquired, although a public offer was launched for the remaining Indian shares that were traded publicly on the Bombay Stock Exchange and the National Stock Exchange in India. On 13 March 2008 the Group acquired an 83.33% shareholding in the Indian part of the business.

A revaluation of tangible fixed assets by €17.4 million was made to reflect the carrying value of the assets based on the lower of depreciated replacement cost and the value in use based on discounted cash flows for the assets.

In its last financial year to 31 December 2007, ABS India made a profit after taxation of €6.2 million (INR 349.5 million). For the period from 1 January 2008 until the date of acquisition, ABS India made a profit after taxation of €0.7 million (INR 43.6 million).

Goodwill on acquisition relates to the expected synergies on acquisition and the strong market position of the business in Asia.

2007 acquisitions

Borealis AS

On 31 August, 2007 the Group acquired the Borealis AS petrochemical business in Norway, which included the integrated polyolefins businesses at Bamble, together with a 50% interest in the Noretyl ethylene cracker at Rafnes, Norway. The total consideration, including acquisition expenses after working capital adjustments, was €237.7 million (NOK 1,891.8 million). The business was acquired debt free with cash balances of € 48.6 million (NOK 386.8 million). The purchase has been accounted for as an acquisition in this consolidated financial information. The newly acquired business forms part of the O&P Europe business segment.

The total adjustments required to the book values of the assets and liabilities of the business acquired in order to present the net assets of the business at fair values, together with the resultant amount to goodwill, are set out below:

	Book value	Revaluation	Fair value
	€m	€m	€m
Intangible fixed assets	0.9	—	0.9
Property, plant and equipment	48.6	—	48.6
Investments	55.9	—	55.9
Inventory	30.1	(0.2)	29.9
Trade and other receivables	11.7	(0.1)	11.6
Cash	48.6	—	48.6
Trade and other payables	(56.1)	(2.7)	(58.8)
Pensions	(22.5)	2.5	(20.0)
Deferred taxation on pensions	4.5	(4.5)	—
Net assets acquired	121.7	(5.0)	116.7
Goodwill			121.0
Consideration (including acquisition expenses)			237.7

An independent actuarial valuation of the pension plans was performed as at the date of the acquisition, which resulted in a decrease in the pension deficit of €2.5 million.

In its past financial year to 31 December, 2006, Borealis AS made a profit after taxation of €6.4 million (NOK 52.3 million). For the period from 1 January, 2007 until the date of acquisition, Borealis AS made a profit after taxation of €18.0 million (NOK 142.6 million).

Goodwill relates to the expected synergies on acquisition and the forecast potential acquired business.

Lanxess ABS

The Group acquired 100% of the Lanxess ABS plastics business, Lustran Polymers on 2 October 2007.

The initial acquisition excludes the Indian part of the business which completed in March 2008. The business is the world's third largest and Europe's leading supplier of ABS plastics and has sites in Dormagen (Germany), Tarragona (Spain), Map Ta Phut (Thailand), Ualodara (India) and Addyston (USA). The business was renamed INEOS ABS and forms part of the Chemical Intermediates business segment.

The total adjustments required to the book values of the assets and liabilities of the business in order to present the net assets of the business at fair values are set out below:

	Book value	Fair value adjustments	Final fair value
		€m	
Property, plant and equipment	42.5	(42.5)	—
Intangible fixed assets	0.4	(0.4)	—
Customer relationships	—	20.2	20.2
Inventory	139.2	(0.7)	138.5
Trade and other receivables	159.0	1.0	160.0
Cash	21.0	—	21.0
Provisions	—	(88.1)	(88.1)
Trade and other payables	(96.4)	(10.9)	(107.3)
Pensions	(8.6)	(12.7)	(21.3)
Deferred taxation	—	10.9	10.9
Net assets	257.1	(123.2)	133.9
Negative goodwill	—	—	(106.6)
Consideration (including acquisition expenses and contingent consideration)	—	—	27.3

The business in Germany was acquired with an onerous raw material supply contract and provision of €88.1 million was recognised for the expected losses on this contract. Following a detailed review of acquired contracts, a finance lease for storage facilities of €10.4 million was recognised within trade and other payables. The independent actuarial valuation of the pension plan liabilities on acquisition was finalised, which resulted in an increase in the pension deficit of €12.7 million. Customer relationships were also identified on the acquisition of € 20.2 million. These relationships are being amortised over three years.

The revaluation of tangible fixed assets by €42.5 million represents an adjustment to reflect the lower of depreciated replacement cost and the value in use based on discounted cash flows for the individual asset groupings.

At the acquisition date contingent consideration of €43.4 million was included within the provisional consideration. Contingent consideration is linked to the future profitability of the business and adjustments to the provisional fair value of net assets acquired. By 31 December, 2007 contingent consideration was reassessed as a receivable of €27.9 million.

In its last financial year to 31 December, 2006, Lanxess ABS made a profit before interest and taxation of €4.6 million. For the period from 1 January, 2007 until the date of acquisition Lanxess ABS made a profit before interest and taxation of €11.5 million. A profit after taxation figure is not available as the business acquired was carved out from various divisions, so no allocation or taxation was made.

The significant negative goodwill arising in the acquisition was due to the business being in a distressed state at acquisition and requiring significant investment by any purchaser.

Acquisition of Nova Joint Venture

On 1 October 2007 the group acquired a 50% interest in INEOS Nova, a joint venture operated with Nova Chemicals. In return for its interest in the joint venture the Group contributed its North American styrene and polystyrene assets (Styrenics). The Group contributed working capital balances into INEOS Nova of €104.2m which the Group estimates to be the initial fair value of its interest in the joint venture. For further details of this transaction please see Note 3 and Note 13.

Other acquisitions

On 18 October, 2007 the Group acquired INEOS Chlor Atlantik GmbH from INEOS Enterprises, a legally separate group of companies held under common control with INEOS Group Holdings plc. INEOS Chlor Atlantik GmbH operates a chlorine plant in Withelmshaven, Germany. On 16 November, 2007 the Group acquired Glebe Mines Limited. Glebe Mines Limited is the UK's only indigenous fluorspar mining company, based in the Peak District.

The total adjustments required to the book values of the assets and liabilities of the business acquired in order to present the net assets of the business at fair values, together with the resultant amount of goodwill, are set out below:

	Total
	€m
Book value	2.6
Revaluation/accounting policy alignments	4.3
Net assets acquired	6.9
Goodwill	11.0
Consideration (including acquisition expenses)	17.9

Updates to prior year acquisitions

The Group received an additional €13.0m in 2007 in settlement of working capital balances relating to the acquisition of Innovene from BP. This is recognised as a reduction in the consideration paid for Innovene with a consequent reduction in the goodwill recognised on acquisition.

5. EXCEPTIONAL ITEMS

	2009	2008	2007
		€m	
Exceptional cost of sales	—	(130.3)	(45.9)
Exceptional administrative expenses:			
Restructuring of Innovene operations	(29.9)	(20.4)	(43.3)
Restructuring of other acquired businesses	(12.0)	(26.5)	(13.6)
Settlement of legal claim	—	(33.8)	—
Total exceptional administrative expenses	(41.9)	(80.7)	(56.9)
Share of exceptional loss of associates and jointly controlled entities using the equity accounting method	—	(4.5)	(48.5)
Exceptional finance cost: loss on extinguishment of debt	(209.2)	—	—
Total exceptional expenses	(251.1)	(215.5)	(151.3)
Exceptional administrative gain: negative goodwill	—	29.0	106.6
Exceptional finance income	89.0	—	—
Total exceptional gains	89.0	29.0	106.6

Exceptional cost of sales

The charge to cost of sales for the year ended 31 December 2008 reflects the non cash write-down of certain tangible fixed assets. The charge reflects the closure of the polypropylene assets in Bamble, Norway (O&P Europe segment) during the year together with the planned closures of the Per and Trichloroethylene plants in Runcorn, England (Chemical Intermediates segment) and the polypropylene assets in Battleground, Texas (O&P North America segment) in early 2009. Costs incurred on the planned expansions of the polypropylene assets in Geel and Lillo, Belgium (O&P Europe segment) have also been written off as these projects were suspended. An impairment charge has also been taken against the HFC 125 assets in Runcorn (Chemical Intermediates segment) after a review of the business was carried out during the year ended 31 December 2008.

The charge to cost of sales for the year ended 31 December 2007 reflects the non cash write-down of the North American tangible fixed assets at the Texas City and Joliet sites after an impairment review of these businesses was carried out during the year. This impairment charge relates entirely to the O&P North America segment.

5. EXCEPTIONAL ITEMS

Exceptional administrative expenses

The Innovene business was acquired in 2005 and the Group has subsequently undertaken a restructuring programme which is focused on the operations at the main sites in the business at Grangemouth, Lavéra, Cologne and Chocolate Bayou. In addition two of the production lines at the Sarralbe site were closed in 2009 which has result in a corresponding reduction in the workforce there. The restructuring costs of €29.9 million (2008: €20.4 million, 2007: €43.3 million) largely relate to severance and early retirement costs.

Other restructuring costs of €12.0 million charged in 2009 primarily relate to restructuring and the provision of severance payments in the Compounds and ABS businesses. In 2008, other restructuring costs of € 26.5 million were charged in relation to other acquired businesses in 2008 and primarily relate to severance costs, early retirement costs and contract termination penalties at Bamble, Norway.

In the year ended 2008 the Group agreed to an out of court settlement of €33.8 million (including costs) to settle the case involving damages awarded to Dr Mannsfeld in Alabama, USA for allegedly patenting his ideas. The Group denied the accusation. The Group acquired Phenolchemie in 2001. Dr Mannsfeld's claim against the Group was based on the contention that Phenolchemie took his idea of using phenol residue as a feedstock for making carbon black in the late nineties. Dr Mannsfeld was an employee of Degussa at that time and has never been an employee of either Phenolchemie or the Group.

Restructuring costs during the year ended 31 December 2007 include €9.1 million in respect of severance costs, contract termination penalties and general site clearance costs for the closure of the Films manufacturing facility in Monfalcone, Italy.

Exceptional loss in associates and jointly controlled entities using the equity accounting method

During the year ended 31 December 2007 the INEOS Nova joint venture restructured some of its operations in North America during the year. The restructuring related to the closure of their facilities in Montreal, Canada and Belpre, USA. In addition the joint venture acquired the exclusive production rights from Sterling Chemical's Texas City, USA styrene plant and then nominated zero production volumes, so that the Sterling plant was then permanently shut down. The restructuring charges of €nil in 2009 (2008: €4.5 million, 2007: €48.5 million) relate to the Group's share of the asset write downs and severance costs incurred by the joint venture.

Exceptional finance cost: loss on extinguishment of debt

On 17 July 2009 the Group successfully reached agreement with its senior lenders on a package of amendments to the Group's Senior Facilities Agreement. The Group has assessed that the package of amendments to the Senior Facilities Agreement represents a substantial modification and result in the extinguishment of the existing debt (see Note 20).

As a result, the existing debt has been derecognised and the modified debt recognised at fair value. The Group has estimated the fair value of the modified debt by reference to a valuation technique as the Senior Facilities Agreement debt is not quoted and information about transactions in the Group's debt is not available. The valuation technique used a discounted cash flow technique using an estimated yield for similar debt to determine the fair value of the modified debt. The estimated yield was determined by reference to consensus pricing in respect of the Existing Facilities Agreement debt as adjusted for market illiquidity and other factors distorting prices during July 2009 due to the impact of the global financial crisis.

Accordingly the Group has recognised a charge of €209.2 million as an exceptional finance expense which includes the write-off of the deferred issue costs on the Existing Facilities Agreement debt and the costs associated with the July 2009 modification.

Exceptional administrative gain

For the acquisitions of Lanxess ABS in 2007 and Seal Sands in 2008, the fair value of identifiable assets, liabilities and contingent liabilities exceeded the consideration paid giving rise to negative goodwill recognised directly in the consolidated income statement (see Note 4).

Exceptional finance income

In July 2009 the Group finalised the settlement of a legal claim against a third party. The defendant agreed to acquire Senior Notes issued by the Group and to then transfer them to the Group by way of settlement. The total settlement value was $35 million (€25.1 million) and the Group received Senior Notes with a book value of €114.1 million. The resulting gain of €89.0 million has been included as exceptional finance income (see Note 20).

6. EXPENSES AND AUDITORS' REMUNERATION

Included in (loss)/profit are the following:

	2009	2008	2007
		€m	
Exceptional restructuring costs—included in administrative expenses	41.9	46.9	56.9
Research and development expensed as incurred	59.0	66.6	85.9
Amortisation of other intangible assets	20.4	21.5	16.0
Loss on disposal of property, plant and equipment	10.5	21.2	2.9
Amortisation of government grants	(8.7)	(4.9)	(3.0)
Depreciation and impairment of tangible fixed assets:			
Owned assets	589.1	749.2	886.8
Finance leased assets	6.6	6.3	6.7
Operating lease rental charges:			
Plant, machinery and equipment	63.4	46.1	45.9
Other	11.3	8.3	17.4

Auditors' remuneration:

	2009	2008	2007
		€m	
Audit of the INEOS Group Holding plc financial statements	0.7	0.7	0.7
Amounts receivable by auditors and their associates in respect of:			
Audit of financial statements of subsidiaries pursuant to legislation	2.8	2.5	2.7
Other services relating to taxation	2.0	1.7	2.5
Services relating to corporate finance transactions	3.3	0.8	1.5
All other services	0.6	1.4	1.3
	9.4	7.1	8.7

Amounts paid to the company's auditors and their associates in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis. This consolidated financial information does not constitute statutory financial statements within the meaning of sections 434 and 435 of the Companies Act 2006.

7. STAFF NUMBERS AND COSTS

The monthly average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees		
	2009	2008	2007
Operations	8,614	11,651	11,221
Administration	2,804	2,741	1,859
Research and development	531	579	602
	11,949	**14,971**	**13,682**

The aggregate payroll costs of these persons were as follows:

	2009	2008	2007
		€m	
Wages and salaries	675.3	797.1	959.5
Social security costs	123.0	180.5	147.2
Expenses related to defined contribution pension plans	7.4	15.7	12.9
Expenses related to defined benefit pension plans	101.3	61.3	70.9
	907.0	**1,054.6**	**1,190.5**

8. DIRECTORS' REMUNERATION

	2009	2008	2007
		€m	
Aggregate emoluments	1.0	0.6	0.6
Company contribution to money purchase scheme	0.1	0.1	0.1
	1.1	**0.7**	**0.7**

Retirement benefits are accruing to two directors (2008: two directors, 2007: two directors) under a money purchase scheme. No directors (2008: no directors, 2007: no directors) have retirement benefits accruing under a defined benefit pension scheme.

The total amount of emoluments payable to the highest paid director for the year was €0.5 million (2008: €0.4 million, 2007: € 0.4 million). Pension contributions of €32,000 (2008: €35,000, 2007: €41,000) were paid into a personal pension scheme in relation to the highest paid director.

9. FINANCE INCOME AND COSTS

Recognised in profit or loss

	2009	2008	2007
		€m	
Finance income			
Interest income on bank balances	1.6	30.6	31.3
Other interest receivable	11.7	9.3	—
Total interest income on financial assets not at fair value through profit or loss	13.3	39.9	31.3
Exchange movements.	16.0	31.8	—
Net fair value gain on derivatives	—	12.9	4.6
Expected return on defined benefit pension plan assets	58.5	85.6	87.5
Dividend income	7.3	3.7	6.5
Total finance income before exceptional items	95.1	173.9	129.9
Exceptional finance income (see Note 5)	89.0	—	—
Total finance income	**184.1**	**173.9**	**129.9**
Finance costs			
Interest payable on senior notes	178.0	182.0	188.4
Interest payable on bank loans and overdrafts	474.6	390.8	401.9
Interest payable on securitisation	32.0	53.1	70.2
Amortisation of issue costs	20.4	28.6	28.7
Interest payable on finance leases	0.2	0.2	0.9
Other finance charges	27.6	32.6	5.4
Exchange movements	12.4	158.0	79.1
Net fair value loss on derivatives	23.2	—	—
Interest on employee benefit liabilities	93.4	96.2	90.5
Unwind of discount on provisions	2.0	4.7	5.8
Total finance cost before exceptional items	863.8	946.2	870.9
Exceptional loss on extinguishment of debt (see Note 5)	209.2	—	—
Total finance costs	**1,073.0**	**946.2**	**870.9**
Net finance costs	**888.9**	**772.3**	**741.0**

Net gains and losses on financial instruments are included in Note 26.b.

10. TAXATION

Taxation recognised in the consolidated income statement

	2009	2008	2007
		€m	
Current tax expense			
Current year	37.6	74.3	91.9
Adjustments in respect of prior years	(1.0)	(12.7)	(53.4)
Current tax expense	36.6	61.6	38.5
Deferred tax expense			

Origination and reversal of temporary differences	11.1	(294.2)	46.5
Adjustments in respect of prior years	(33.8)	(79.0)	36.2
Deferred tax (credit)/charge	(22.7)	(373.2)	82.7
Total tax charge/(credit)	**13.9**	**(311.6)**	**121.2**

Reconciliation of effective tax rate

	2009	2008	2007
		€m	
(Loss)/profit before taxation	(601.2)	(884.2)	523.7
Tax on above using the UK corporation tax rate of 28% (2008: 28%, 2007: 30%)	(168.4)	(247.6)	157.1
Non-deductible expenses/tax exempt revenues	87.9	(4.3)	(3.7)
Disposal of businesses	8.2	9.7	—
Effect of tax rates in foreign jurisdictions	29.7	9.8	7.7
Deferred tax not recognised	61.7	42.1	(20.5)
Utilisation of tax losses brought forward	29.6	(29.6)	(3.2)
Adjustments for prior years	(34.8)	(91.7)	(16.2)
Total tax charge/(credit)	**13.9**	**(311.6)**	**121.2**

Taxation recognised in other comprehensive income

	2009			2008			2007		
	Gross	Tax	Net	Gross	Tax	Net	Gross	Tax	Net
					€m				
Foreign exchange translation differences	56.8	—	56.8	(184.1)	—	(184.1)	(472.3)	—	(472.3)
Foreign exchange differences recycled on disposal of subsidiaries	(25.0)	—	(25.0)	13.5	—	13.5	2.8	—	2.8
Changes in the fair value of assets classified as available for sale	22.9	—	22.9	—	—	—	—	—	—
Net gain/(loss) on hedge of net investment in foreign operations	13.9	—	13.9	(40.0)	—	(40.0)	240.5	—	240.5
Net change in fair value of cash flow hedges	—	—	—	105.8	(29.5)	76.3	—	—	—
Cash flow hedge recycled from hedging reserve	(105.9)	29.6	(76.3)	—	—	—	—	—	—
Actuarial gains and losses on defined benefit pension schemes	(18.9)	16.8	(2.1)	(321.2)	79.7	(241.5)	50.3	(40.9)	9.4
Total	**(56.2)**	**46.4**	**(9.8)**	**(426.0)**	**50.2**	**(375.8)**	**(178.7)**	**(40.9)**	**(219.6)**

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and equipment Fixtures and fittings	Under construction	Total
		€m		
Cost				
Balance at 1 January 2007	467.7	7,284.9	476.5	8,229.1
Acquisitions through business combinations	14.7	36.0	6.8	57.5
Additions	0.9	252.6	386.9	640.4
Disposals	(52.6)	(46.3)	(2.6)	(101.5)
Transfers	55.0	460.6	(515.6)	—
Effect of movements in foreign exchange	(9.7)	(409.9)	(3.7)	(423.3)
Balance at 31 December 2007	476.0	7,577.9	348.3	8,402.2

Acquisitions through business combinations	6.6	72.0	0.2	78.8
Additions	6.2	238.7	356.5	601.4
Disposals	(48.0)	(223.5)	(24.4)	(295.9)
Transfers	9.9	222.9	(232.8)	—
Effect of movements in foreign exchange	(3.4)	(548.2)	24.8	(526.8)
Balance at 31 December 2008	447.3	7,339.8	472.6	8,259.7
Additions	0.4	103.9	159.3	263.6
Disposals	(22.3)	(148.8)	(23.0)	(194.1)
Transfers	6.4	254.1	(273.1)	(12.6)
Reclassifications	—	—	(1.7)	(1.7)
Effect of movements in foreign exchange	0.6	153.0	5.8	159.4
Balance at 31 December 2009	**432.4**	**7,702.0**	**339.9**	**8,474.3**
Accumulated depreciation and impairment				
Balance at 1 January 2007	102.0	1,515.5	—	1,617.5
Depreciation charge for the year	28.3	819.3	—	847.6
Impairment losses	—	45.9	—	45.9
Transfers	35.7	(35.7)	—	—
Disposals	(52.6)	(3.0)	—	(55.6)
Effect of movements in foreign exchange	—	(126.4)	—	(126.4)
Balance at 31 December 2007	113.4	2,215.6	—	2,329.0
Depreciation charge for the year	21.4	603.8	—	625.2
Impairment losses	—	130.3	—	130.3
Disposals	(10.5)	(160.5)	—	(171.0)
Effect of movements in foreign exchange	(1.3)	(93.1)	—	(94.4)
Balance at 31 December 2008	123.0	2,696.1	—	2,819.1
Depreciation charge for the year	21.1	574.6	—	595.7
Transfers	0.7	(13.3)	—	(12.6)
Disposals	(2.3)	(53.7)	—	(56.0)
Effect of movements in foreign exchange	(0.6)	35.5	—	34.9
Balance at 31 December 2009	**141.9**	**3,239.2**	**—**	**3,381.1**
Net book value				
At 1 January 2007	365.7	5,769.4	476.5	6,611.6
At 31 December 2007	362.6	5,362.3	348.3	6,073.2
At 31 December 2008	324.3	4,643.7	472.6	5,440.6
At 31 December 2009	**290.5**	**4,462.8**	**339.9**	**5,093.2**

Impairment losses

The impairment losses for the year ended 31 December 2008 of € 130.3 million reflect the closure of polypropylene assets in Bamble, Norway during the year and the closures of the Per and Trichloroethylene plants in Runcorn, England and the polypropylene assets in Battleground, Texas in early 2009. Costs incurred to date on the planned expansions of the polypropylene assets in Geel and Lillo, Belgium were also written off as these projects were suspended. An impairment charge was also taken against the HFC 125 assets in Runcorn after a review of the business was carried out during 2008.

The impairment loss for the year ended 31 December 2007 of € 45.9 million is in relation to tangible fixed assets at the Texas City and Joliet sites in the USA.

These impairment losses were recognised in cost of sales as exceptional charges. The items of property, plant and equipment were subsequently written off.

Leased plant and machinery

Included in the above are assets held under hire purchase and finance leases with a net book value of €43.6 million (2008: €50.0 million, 2007: €56.2 million). The leased equipment secured lease obligations (see Note 20).

Property, plant and equipment under construction

During 2009, construction work at Koln on the overhaul of the two catalytic cracking units was completed and the assets were transferred to other classes of property, plant and equipment. Construction work continued at the KG cracker unit in Grangemouth whilst work on the polypropylene plant in Belgium was halted until a decision to complete the project has been taken.

Additions to property, plant and equipment that were treated as assets under construction during 2008 arose from a number of investments. The material ones included: the new furnace constructed for the cracker at the Koln site; the expansion of a polypropylene plant in Belgium; the expansion of feedstock capabilities of the KG cracker unit in Grangemouth, Scotland; and overhaul of the two Fluidised Catalytic Cracking units, Crude distillation unit No.2, Hydrocracker Treatments.

Additions to assets under constructions included investment to meet future regulations with the first phase of construction of a new Sulfur Recovery Unit coupled with a Tail Gas Treatment and a new Waste Water Treatment Plant. Other notable investments include the electrical and hydrocracker substations, new tankage, tank farm fire protection, cross- country pipeline integrity gauging and expansion projects including acid crude processing.

12. INTANGIBLE ASSETS

	Intellectual property rights	Customer relationships	Other	Goodwill	Total
		€m			
Cost					
Balance at 1 January 2007	139.2	2.9	9.8	865.1	1,017.0
Acquisitions through business combinations	0.3	20.2	—	119.0	139.5
Other acquisitions	0.3	—	0.4	—	0.7
Disposals	(0.6)	—	(1.6)	—	(2.2)
Effect of movements in foreign exchange	(5.0)	—	(0.3)	(74.5)	(79.8)
Balance at 31 December 2007	134.2	23.1	8.3	909.6	1,075.2
Acquisitions through business combinations	—	—	—	19.1	19.1
Other acquisitions	27.3	—	0.7	—	28.0
Disposals	—	—	—	(2.6)	(2.6)
Effect of movements in foreign exchange	1.9	—	0.1	19.9	21.9
Balance at 31 December 2008	163.4	23.1	9.1	946.0	1,141.6
Additions	—	—	—	1.0	1.0
Other additions	—	—	1.0	—	1.0
Reclassifications	1.7	—	—	—	1.7
Disposals	(25.8)	(20.2)	(0.3)	(80.6)	(126.9)
Effect of movements in foreign exchange	(0.6)	—	—	(6.1)	(6.7)
Balance at 31 December 2009	**138.7**	**2.9**	**9.8**	**860.3**	**1,011.7**
Accumulated amortisation and impairment					
Balance at 1 January 2007	8.1	2.3	5.7	47.8	63.9
Amortisation for the year	12.5	1.7	1.8	—	16.0
Disposals	(0.6)	—	(1.6)	—	(2.2)
Effect of movements in foreign exchange	(0.8)	—	(0.2)	(2.8)	(3.8)
Balance at 31 December 2007	19.2	4.0	5.7	45.0	73.9
Amortisation for the year	14.1	6.7	0.7	—	21.5
Effect of movements in foreign exchange	0.2	—	—	(0.6)	(0.4)
Balance at 31 December 2008	33.5	10.7	6.4	44.4	95.0
Amortisation for the year	14.5	5.2	0.7	—	20.4
Disposal	(3.3)	(13.5)	(0.3)	(34.9)	(52.0)
Effect of movements in foreign exchange	(0.3)	—	—	(1.0)	(1.3)
Balance at 31 December 2009	**44.4**	**2.4**	**6.8**	**8.5**	**62.1**
Net book value					
At 1 January 2007	131.1	0.6	4.1	817.3	953.1
At 31 December 2007	115.0	19.1	2.6	864.6	1,001.3
At 31 December 2008	129.9	12.4	2.7	901.6	1,046.6
At 31 December 2009	**94.3**	**0.5**	**3.0**	**851.8**	**949.6**

Other intangible assets include non-compete agreements and licence fees.

Amortisation and impairment charge

The amortisation charge is recognised in administrative expenses in the consolidated income statement.

Impairment

Goodwill has been allocated to cash generating units (CGU) or groups of cash generating units as follows:

	2009	2008	2007
		€m	
O&P Europe	243.1	245.0	237.5
O&P North America	244.8	245.5	241.1
Refining	300.6	300.1	296.7
Chemical Intermediates	63.3	111.0	89.3
Total	**851.8**	**901.6**	**864.6**

The recoverable amount is based on the value in use of each segment based on the latest board approved five year plan. The forecasts are based on current performance and management's assumptions regarding the future development of individual parameters including raw material prices and profit margins, utilising available market pricing forecasts. Future assumptions regarding market demand are based on external macroeconomic sources and specific data relevant to the petrochemical industry and management's knowledge of the local markets in which it operates.

The cash flows after the plan period are based on an average of each of the years in the five year plan to take account of the cyclical nature of the industry extrapolated using long term growth rates as set out in the table below.

No impairment charge has been recorded in these accounts as a result of the annual impairment test. Trading performance in 2009 was in line with plan despite the market turbulence at the end of 2008 which had a significant effect in 2009. The market has recovered steadily throughout 2009 and this is forecast to continue over the plan period.

The key assumptions underlying the value in use calculation are shown below:

	2009	2008	2007
Period on which management approved forecasts are based	5 years	5 years	5 years
Discount rate	11.0%	10.5%	10.0%
Growth rate	3.0%	3.0%	3.0%

A terminal value is calculated based on the average cash flows over the five year forecasting period assuming compound growth of 3% and is discounted over the expected lives of the assets.

The discount rate is based upon the pre-tax weighted average cost of capital of the group as at each respective period end.

The growth rate used includes inflationary growth across our various markets.

Sensitivity of recoverable amounts

The following table presents, for each CGU or group of CGUs, the change in the discount rate for the tests as of 31 December 2009 that would be required in order for the recoverable amount to equal carrying value.

	Applied rate	Change in discount rate in order for the recoverable amount to be equal to carrying value	Required rate

		%		
O&P Europe	11.0		4.6	15.6
O&P North America	11.0		11.5	22.5
Refining	11.0		12.5	23.5
Chemical Intermediates	11.0		18.4	29.4

The following table presents, for each CGU or group of CGUs, the change in the growth rate for the tests as of 31 December 2009 that would be required in order for the recoverable amount to equal carrying value. For all segments except Chemical Intermediates there would need to be negative growth in order for an impairment to be recognised. For the Chemical Intermediates segment growth sensitivity is not relevant as a €nil terminal value would not result in impairment.

	Applied rate	**Change in growth rate in order for the recoverable amount to be equal to carrying value**	**Required rate**
		%	
O&P Europe	3.0	(10.1)	(7.1)
O&P North America	3.0	(37.4)	(34.4)
Refining	3.0	(46.7)	(43.7)
Chemical Intermediates	3.0	n/a	n/a

13. INVESTMENTS

13.a Investments In Equity—Accounted Investees

	Joint ventures	**Associated undertakings**	**Total**
		€m	
At 1 January 2007	81.0	0.7	81.7
Transfer from provisions for liabilities	(24.1)	—	(24.1)
Share of losses retained	(42.9)	—	(42.9)
Acquired on disposal of Styrenics (Note 3)	104.2	—	104.2
Acquisitions	55.9	—	55.9
Disposals	(7.6)	—	(7.6)
Exchange adjustments	(7.7)	—	(7.7)
At 31 December 2007	158.8	0.7	159.5
Transfer to provisions for liabilities	32.3	—	32.3
Share of losses retained	(60.9)	—	(60.9)
Additions	3.9	—	3.9
Share capital repayment	(6.7)	—	(6.7)
Loan repayment	(6.4)	—	(6.4)
Reclassifications	2.7	—	2.7
Dividends received	(1.0)	—	(1.0)
Disposals	—	(0.5)	(0.5)
Exchange adjustments	(7.2)	(0.2)	(7.4)
At 31 December 2008	115.5	—	115.5
Share of profits retained	5.0	—	5.0
Additions	1.4	0.1	1.5
Loan repayment	(6.6)	—	(6.6)
Reclassifications	(10.3)	—	(10.3)
Dividends received	(1.1)	—	(1.1)
Disposals	(1.6)	—	(1.6)
Exchange adjustments	7.2	—	7.2
At 31 December 2009	**109.5**	**0.1**	**109.6**

Joint ventures

During the year ended 31 December 2007, the Group contributed its North American styrene and polystyrene assets into a new joint venture, INEOS Nova LLC. This created a new enlarged INEOS Nova joint venture covering both Europe and North America. This enlarged joint venture resulted in the Group's prior share of the net liabilities of the existing INEOS Nova European joint venture of €24.1 million being transferred from provisions for liabilities to investments in 2007. The Group recognised the interest in the joint venture initially at fair value which it determined to be equal to the carrying value of the assets contributed into the joint venture.

During the year ended 31 December 2008, the Group's share of the losses retained on the enlarged Styrenics joint venture resulted in a transfer to provisions as the Group had an obligation to fund future losses of the venture.

In 2009 the Group disposed of its interests in the Nova joint ventures for nil consideration; see Note 3.

The Group has a loan investment with Noretyl AS. At 31 December 2009 the balance was €19.9 million (2008: €21.7 million, 2007: €32.1 million).

Details of investments in joint ventures are set out below:

Company	Class of shares held	Place of business and country of incorporation	Percentage held	Principal activities
Appryl SNC	Ordinary	Lavéra, France	50%	Chemicals
Naphthachimie SNC	Ordinary	Lavéra, France	50%	Chemicals
Oxochimie SA	Ordinary	Lavéra, France	50%	Chemicals
INEOS Nova European Holding BV (disposed of in 2009)	Class A Ordinary	Breda, Netherlands	50%	Chemicals
INEOS Nova International SA (disposed of in 2009)	Class A Ordinary	Fribourg, Switzerland	50%	Chemicals
INEOS Nova LLC (disposed of in 2009)	Common	Illinois, USA	50%	Chemicals
Southern Ridge Pipeline GP LLC	Partnership	Illinois, USA	50%	Pipeline/ Transportation
Jiangxi In-Tech Chemical Company Limited	Ordinary	Jiangxi, China	50%	Chemicals
Noretyl AS	Ordinary	Rafnes, Norway	50%	Chemicals

Summary aggregated financial information for equity accounted joint ventures—50 per cent of the balances:

	2009	2008	2007
		€m	
Current assets	64.1	285.4	593.8
Long-term assets	168.3	299.5	312.9
Current liabilities	(48.4)	(259.5)	(226.6)
Long-term liabilities	(55.4)	(65.0)	(88.7)
Income	844.4	1,551.7	1,101.5
Expenses	(831.6)	(1,600.8)	(983.2)

Associated undertakings

During the year ended 31 December 2009 the Group retained interests in associated undertakings on disposal of the Bio and Healthcare businesses (see Note 3) and as a result of the Group entering into an agreement to construct a waste energy plant in Runcorn.

Details of the associated undertakings are set out below:

Company	Class of shares held	Place of business and country of incorporation	Percentage held	Principal activities
INEOS Bio Limited	Ordinary	UK	20%	Chemicals
INEOS Bio US LLC	Ordinary	USA	20%	Chemicals
INEOS Healthcare Limited	Ordinary	UK	20%	Healthcare
INEOS Runcorn (TPS) Limited	Ordinary Class 'A and Class 'B'	UK	25%	Waste processing

The Group has not recognised its share of losses relating to the INEOS Bio or Healthcare businesses of €0.8 million and €2.4 million respectively since the Group has no obligation in respect of these losses additional to that already provided for on disposal (see Note 3). The Group has adopted IAS 27 (revised 2008) *Consolidated and Separate Financial Statements* and has recognised these investments at their fair value on the date of reorganisation of these businesses, estimated by the Group to be €nil.

Summary aggregated financial information for equity accounted associated undertakings—share of the balances:

	2009
	€m
Total assets	23.7
Total liabilities	(26.8)
Income	—
Expenses	(3.2)

13.b Investments in Subsidiary Undertakings

The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length.

The following information relates to the principal subsidiary undertakings of the Company. The full list of subsidiary undertakings at 31 December 2009 will be annexed to the Company's annual return:

Company	Country of incorporation and operation	Percentage holding	Principal activity
INEOS Holdings Limited*	England	100%	Holding Company
INEOS US Finance LLC	US	100%	Finance
INEOS Industrial Investment Limited	England	100%	Finance
INEOS Oxide Limited	England	100%	Chemicals
INEOS NV	Belgium	100%	Chemicals
INEOS Belgium NV	Belgium	100%	Chemicals
INEOS Italia Srl	Italy	100%	Chemicals
INEOS Phenol GmbH	Germany	100%	Chemicals
INEOS Fluor Limited	England	100%	Chemicals
INEOS Fluor Japan Limited	Japan	100%	Chemicals
IFJ Korea Limited	Korea	100%	Chemicals
INEOS Fluor Canada Inc	Canada	100%	Chemicals
INEOS Fluor Americas LLC	US	100%	Chemicals
INEOS Silicas Limited	England	100%	Chemicals
INEOS Silicas Netherlands BV	The Netherlands	100%	Chemicals
INEOS Americas LLC	US	100%	Chemicals
INEOS Manufacturing Deutschland GmbH	Germany	100%	Chemicals
INEOS Koln GmbH	Germany	100%	Chemicals
INEOS France SAS	France	100%	Chemicals
INEOS Europe Limited	England	100%	Chemicals
INEOS Manufacturing Belgium NV	Belgium	100%	Chemicals

INEOS Feluy SPRL	Belgium	100%	Chemicals
INEOS Manufacturing Scotland Limited	Scotland	100%	Chemicals
INEOS Sales Belgium NV	Belgium	100%	Chemicals
INEOS Sales Italia s.r.l.	Italy	100%	Chemicals
INEOS Manufacturing France SAS	France	100%	Chemicals
INEOS Manufacturing Italia s.p.a.	Italy	100%	Chemicals
INEOS USA LLC	US	100%	Chemicals
INEOS Polymers Inc	US	100%	Chemicals
INEOS Canada Company	Canada	100%	Chemicals
INEOS Canada Partnership	Canada	100%	Chemicals
INEOS Chlor Limited	England	100%	Chemicals
INEOS Chlor Atlantik GmbH	Germany	100%	Chemicals
INEOS Vinyls Finance Plc	England	100%	Finance
INEOS Vinyls UK Limited	England	100%	Chemicals
INEOS Vinyls Belgium NV	Belgium	100%	Chemicals
INEOS Vinyls Deutschland GmbH	Germany	100%	Chemicals
INEOS Vinyls Sales GmbH	Germany	100%	Chemicals
INEOS Compounds UK Limited	England	100%	Chemicals
INEOS Compounds Switzerland AG	Switzerland	100%	Chemicals
INEOS Films s.p.a.	Italy	100%	Chemicals
INEOS Films Inc	US	100%	Chemicals
INEOS Films GmbH	Germany	100%	Chemicals
INEOS Films Staufen GmbH	Germany	100%	Chemicals
Caprihans India Limited	India	59%	Chemicals
INEOS Bamble AS	Norway	100%	Chemicals
INEOS Nitriles (UK) Limited	England	100%	Chemicals
INEOS Manufacturing (Hull) Limited	England	100%	Chemicals
INEOS Fuels Limited	England	100%	Chemicals
INEOS Refining France SAS	France	100%	Chemicals
INEOS Technologies (Vinyls) Limited	England	100%	Chemicals

* Held directly by the Company

14. OTHER INVESTMENTS

	2009	2008	2007
		€m	
At 1 January	123.5	—	—
Additions	—	105.5	—
Interest receivable	6.5	4.6	—
Exchange adjustments	(0.3)	13.4	—
At 31 December	**129.7**	**123.5**	**—**

During the year ended 31 December 2008 the Group acquired a preferred partnership interest in INEOS Investments LLP (see Note 3), an entity held under common control by the Group's ultimate shareholders, which owns 40% of the share capital of the PQ Corporation, a silicas business incorporated in the USA. INEOS Investments LLP is a limited liability partnership.

15. OTHER FINANCIAL ASSETS

	2009	2008	2007
		€m	
Non-current			
Financial assets designated as fair value through profit or loss (see Note 26.a)	—	—	5.6
Available for sale financial assets (see below and Note 26.a)	82.2	49.0	47.7

	82.2	49.0	53.3
Current			
Financial assets designated as fair value through profit or loss	—	0.3	—
Derivative commodity contracts designated as fair value through profit or loss (see Note 26.a)	2.9	25.4	1.9
Derivative commodity contracts designated as cash flow hedges (see Note 26.e)	—	105.8	—
Other receivables	—	27.9	27.9
	2.9	159.4	29.8

Available for sale financial assets

Available for sale financial assets relate to a 19.9% investment in Geosel Manosque and a 13.9% investment in Geosud, companies registered in France whose principal activities are the provision of underground storage facilities for liquid hydrocarbons in Southern France; a 16.7% investment in Aethylen Rohrleitungs Gesellschaft ('ARG') mbH and Co. KG, a company registered in Germany whose principal activity is the transportation of ethylene via pipelines in Northern Europe; and a 10% investment in Seminole Pipeline Company, a company registered in the USA whose principal activity is the provision of pipelines.

The investment in Geosel Manosque was valued at its aggregate acquisition cost of €23.0 million in 2007 and 2008. As a result of a partial demerger of the business into Geosel Manosque and Geosud in 2009 further information became available that allowed the valuation of these investments in 2009 to an estimated fair value for Geosel Manosque (€26.0 million) and Geosud (€19.9 million).

Investments in ARG mbH and Co. KG and Seminole Pipeline Company have been classified as available for sale financial assets but are recorded at their acquisition cost. These financial instruments comprise shares in private limited companies and partnerships. The carrying amount of these investments was €36.0 million at 31 December 2009 (2008: € 26.0 million, 2007: €24.7 million). These shares are not listed and there is no active market. A reliable determination of fair value would only be practicable if there were equity sales transactions on which fair values could be based. A disposal of these investments is not currently anticipated.

16. OTHER FINANCIAL LIABILITIES

	2009	2008	2007
		€m	
Current			
Financial liabilities designated as fair value through profit or loss	—	0.2	—
Derivative commodity contracts designated as fair value through profit or loss (see Note 26.a)	6.5	0.3	0.6
	6.5	0.5	0.6

17. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2009		
	Assets	Liabilities	Total
		€m	
Property, plant and equipment	—	189.7	189.7
Employee benefits	(239.3)	—	(239.3)
Tax value of loss carry-forwards	(216.4)	—	(216.4)
Other	(31.8)	—	(31.8)
Tax (assets)/liabilities	(487.5)	189.7	(297.8)
Set off of tax	28.6	(28.6)	—
Net tax (assets)/liabilities	(458.9)	161.1	(297.8)

	2008		
	Assets	Liabilities	Total
		€m	
Property, plant and equipment	—	269.1	269.1
Employee benefits	(223.8)	—	(223.8)
Tax value of loss carry-forwards	(290.1)	—	(290.1)
Other	—	2.1	2.1
Tax (assets)/liabilities	(513.9)	271.2	(242.7)
Set off of tax	76.1	(76.1)	—
Net tax (assets)/liabilities	(437.8)	195.1	(242.7)

	2007		
	Assets	Liabilities	Total
		€m	
Property, plant and equipment	—	403.9	403.9
Employee benefits	(147.9)	—	(147.9)
Tax value of loss carry-forwards	(45.6)	—	(45.6)
Other	(40.4)	—	(40.4)
Tax (assets)/liabilities	(233.9)	403.9	170.0
Set off of tax	107.3	(107.3)	—
Net tax (assets)/liabilities	(126.6)	296.6	170.0

Movement in deferred tax

	Property, plant and equipment	Employee benefits	Tax value of loss carry-forward utilised	Other	Total
			€m		
At 1 January 2007	397.0	(183.8)	(165.4)	8.9	56.7
Recognised in profit or loss	17.2	(5.0)	119.8	(49.3)	82.7
Recognised in other comprehensive income	—	40.9	—	—	40.9
Acquired in business combinations	(10.3)	—	—	—	(10.3)

At 31 December 2007	403.9	(147.9)	(45.6)	(40.4)	170.0
Recognised in profit or loss	(145.5)	3.8	(244.5)	13.0	(373.2)
Recognised in other comprehensive income	—	(79.7)	—	29.5	(50.2)
Acquired in business combinations	10.7	—	—	—	10.7
At 31 December 2008	269.1	(223.8)	(290.1)	2.1	(242.7)
Recognised in profit or loss	(84.8)	(7.3)	73.7	(4.3)	(22.7)
Recognised in other comprehensive income	—	(16.8)	—	(29.6)	(46.4)
Included in businesses disposed of	5.4	8.6	—	—	14.0
At 31 December 2009	189.7	(239.3)	(216.4)	(31.8)	(297.8)

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise gross deductible temporary differences of €1,039.2 million (2008: €483.3 million, 2007: €492.7 million). These relate to depreciation in excess of capital allowances of €217.9 million (2008: €162.3 million, 2007: €209.3 million), tax losses amounting to €707.4 million (2008: €321.0 million, 2007: €283.3 million) and other temporary differences amounting to €113.9 million (2008: €nil, 2007: €nil) that can be carried forward indefinitely against future taxable income.

The Group has not provided deferred tax in relation to temporary differences on its overseas subsidiaries, joint ventures or associates as the Group can control the timing and realisation of these temporary differences, and it is probable that no material unprovided tax liability would arise.

18. INVENTORIES

	2009	2008	2007
		€m	
Raw materials and consumables	418.7	421.0	1,071.7
Work in progress	36.6	39.7	62.8
Finished goods	1,089.4	1,132.9	1,473.8
	1,544.7	1,593.6	2,608.3

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to € 11,174.4 million (2008: €18,100.4 million, 2007: €17,454.5 million). The net write-down of inventories to net realisable value amounted to €46.8 million (2008: €140.7 million, 2007: €15.3 million) after the reversal of previous write downs of €22.8 million (2008: €25.5 million, 2007: €14.4 million).

19. TRADE AND OTHER RECEIVABLES

	2009	2008	2007
		€m	
Current			
Trade receivables	1,536.3	1,574.1	2,888.1
Amounts due from related parties	115.9	100.4	51.4
Other receivables	179.4	245.0	288.7
Prepayments	86.4	72.4	85.1
	1,918.0	1,991.9	3,313.3
Non-current			
Amounts due from related parties	138.2	138.2	138.2
Other receivables	15.3	5.9	1.7
Prepayments	15.4	24.1	20.6
	168.9	168.2	160.5

Credit quality of financial assets and impairment losses

The ageing of trade and other receivables at the end of the reporting period was:

	Trade receivables		Amounts due from related parties		Other receivables	
	Gross	Impairment	Gross	Impairment	Gross	Impairment
	2009	2009	2009	2009	2009	2009
			€m			
Not past due	1,453.0	(23.1)	254.1	—	190.9	—
Past due 0-30 days	101.9	(1.9)	—	—	—	—
Past due 31-90 days	7.8	(1.4)	—	—	—	—
More than 90 days	22.9	(22.9)	—	—	3.8	—
	1,585.6	(49.3)	254.1	—	194.7	—

	Trade receivables		Amounts due from related parties		Other receivables	
	Gross	Impairment	Gross	Impairment	Gross	Impairment
	2008	2008	2008	2008	2008	2008
			€m			
Not past due	1,435.9	(15.3)	238.6	—	249.5	—
Past due 0-30 days	138.2	(3.4)	—	—	0.5	—
Past due 31-90 days	16.7	(5.8)	—	—	0.8	—
More than 90 days	32.3	(24.5)	—	—	0.1	—
	1,623.1	(49.0)	238.6	—	250.9	—

	Trade receivables		Amounts due from related parties		Other receivables	
	Gross	Impairment	Gross	Impairment	Gross	Impairment
	2007	2007	2007	2007	2007	2007
			€m			
Not past due	2,330.8	(21.2)	189.6	—	286.2	—
Past due 0-30 days	137.6	(0.8)	—	—	2.9	—
Past due 31-90 days	16.7	(2.5)	—	—	0.7	—
More than 90 days	446.7	(19.2)	—	—	0.6	—
	2,931.8	(43.7)	189.6	—	290.4	—

The accounts receivable not yet due after impairment losses as of the end of the reporting period are deemed to be collectible on the basis of established credit management processes such as regular analyses of the credit worthiness of our customers and external credit checks where appropriate for new customers (see Note 26.c). At 31 December 2007, 2008 and 2009 there were no significant trade, related party or other receivable balances not past due that were subsequently impaired.

Due to the global activities and diversified customer structure of the Group, there is no significant concentration of credit risk other than with BP Plc ('BP') which represents approximately 14% of trade receivables. The concentration of credit risk arises due to the number of commercial agreements that the Group has with BP. The credit risk associated with these receivables is managed through a master bilateral netting agreement where, in the event of termination of commercial agreements, balances owed from BP will be offset against the Group's balances payable to BP. During the normal course of business amounts owed by BP are normally less than the Group's payable to BP in relation to purchases of crude oil, feed stocks and other inputs.

During 2007, 2008 and 2009 there were no significant trade, related party or other receivable balances that were subject to renegotiation of terms. Credit enhancements are held in respect of trade and other receivables in the form of €295.7 million (2008: €255.5 million, 2007: € 464.9 million) of assets pledged as security against amounts owed to the Group of which €12.0 million (2008: €33.8 million, 2007: €31.2 million) is in respect of amounts falling overdue.

Trade receivable balances totalling €1,096.7 million (2008: € 1,118.5 million, 2007: €1,858.6 million) have been pledged as security against amounts drawn down under the Receivables Securitisation Facility, described in Note 20, totalling €605.5 million (2008: €750.6 million, 2007: €1,089.7 million). In accordance with IAS 39

'Financial Instruments: Recognition and Measurement' the trade receivable balances pledged as security do not qualify for derecognition and are included within the trade receivable balances above.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2009	2008	2007
		€m	
Balance at 1 January	49.0	43.7	37.1
Impairment loss recognised	0.3	5.3	6.6
Balance at 31 December	**49.3**	**49.0**	**43.7**

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

During the year the Group has not experienced a significant deterioration in the quality of receivable balances due to the current economic conditions. The significant falls in the price of crude oil and related products during 2008 increased the reported level of the allowance for impairment to the total receivable balance in that year due to a consequential deterioration in the creditworthiness of certain customers.

There were no allowances made against amounts due from related parties or other receivables during the years ended 31 December 2009, 2008 and 2007.

20. INTEREST-BEARING LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see Note 26.f.

	2009	2008	2007
		€m	
Non-current liabilities			
Senior Facilities Agreement	4,165.8	4,317.3	4,702.0
Senior Notes	1,969.9	2,088.8	2,062.6
INEOS Vinyls Senior Notes	159.9	160.4	160.4
Securitisation Facility	603.4	748.4	1,084.6
Other bank loans	—	0.3	1.1
Finance lease liabilities	10.1	17.7	22.6
Other loans	0.9	0.9	0.7
	6,910.0	**7,333.8**	**8,034.0**
Current liabilities			
Current portion of borrowings under Senior Facilities Agreement	837.9	612.0	194.8
Current portion of other bank loans	—	0.4	0.4
Current portion of finance lease liabilities	1.4	3.2	1.5
	839.3	**615.6**	**196.7**

Gross debt and issue costs

	Gross loans and borrowings	Issue costs	Net loans and borrowings
	2009	2009	2009
		€m	
Senior Facilities Agreement	5,003.7	—	5,003.7

Senior Notes	2,005.9	(36.0)	1,969.9
INEOS Vinyls Senior Notes	161.2	(1.3)	159.9
Securitisation Facility	605.6	(2.2)	603.4
Other	12.4	—	12.4
Total	**7,788.8**	**(39.5)**	**7,749.3**

	Gross loans and borrowings	Issue costs	Net loans and borrowings
	2008	2008	2008
		€m	
Senior Facilities Agreement	5,079.8	(150.5)	4,929.3
Senior Notes	2,125.0	(36.2)	2,088.8
INEOS Vinyls Senior Notes	161.7	(1.3)	160.4
Securitisation Facility	750.6	(2.2)	748.4
Other	22.5	—	22.5
Total	**8,139.6**	**(190.2)**	**7,949.4**

	Gross loans and borrowings	Issue costs	Net loans and borrowings
	2007	2007	2007
		€m	
Senior Facilities Agreement	5,020.2	(123.4)	4,896.8
Senior Notes	2,110.6	(48.0)	2,062.6
INEOS Vinyls Senior Notes	162.4	(2.0)	160.4
Securitisation Facility	1,089.7	(5.1)	1,084.6
Other	26.3	—	26.3
Total	**8,409.2**	**(178.5)**	**8,230.7**

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity
Senior Facilities Agreement	$/€	LIBOR / EURIBOR plus 6.0%-8.0%	2012-2015
Senior Notes	$/€	7.9%-8.5%	2016
INEOS Vinyls Senior Notes	€	9.1%	2011
Securitisation Facility	$/€/£	Variable	2011
Other	€/¥	7.0 - 9.0%	2009-2016

Senior Facilities Agreement

The Group has outstanding borrowings under a facilities agreement (the "Senior Facilities Agreement") which consists of Term Loans ("Term Loan A", "Term Loan B", "Term Loan C" and "Term Loan D"), and a revolving credit facility (the "Revolving Credit Facility"). The Term Loans outstanding at 31 December 2009 before issues costs were €4,425.8 million (2008: €4,669.8 million, 2007: €5,020.2 million), of which €260.0 million (2008: €231.9 million, 2007: € 224.7 million) is due within one year. The total amounts outstanding on Term Loan A were €727.2 million (2008: €929.0 million, 2007: €1,151.8 million), Term Loan B were €1,524.3 million (2008: €1,545.4 million, 2007: €1,609.2 million), Term Loan C were €1,524.3 million (2008: €1,545.4 million, 2007: € 1,609.2 million), Term Loan D were €650.0 million (2008: € 650.0 million, 2007: €650.0 million). The Revolving Credit Facility outstanding at 31 December 2009 before issues costs was € 577.9 million (2008: €410.0 million, 2007: €nil).

As a result of the substantial modification of the Existing Facilities Agreement Debt on 17 July 2009 (see below and Note 5), the unamortised issue costs at this date were written off.

Term Loan A is repayable in 14 semi-annual instalments beginning on 31 December 2006 ranging from 6.0% to 10.0% of the principal amount of the loan up until the final repayment on 16 December 2012. Term Loan B is repayable in 9 instalments beginning on 31 December 2006 ranging from 1.0% to 46.5% of the principal amount of the loan up until the final repayment on 16 December 2013. Term Loan C is repayable in 10 instalments beginning on 31 December 2006 ranging from 1.0% to 46.5% of the principal amount of the loan up until the final repayment on 16 December 2014. Term Loan D is repayable in full on 16 December 2015.

On 19 December 2008, the Group obtained a waiver from its senior banking syndicate of its Debt Service Cover and Interest Cover tests, together with an amendment to its Leverage test for the period ending 31 December 2008. The amended leverage test was subsequently met. The Group also obtained an agreement to defer the testing of the Interest Cover and Leverage tests for the period ending 31 March 2009 until 31 May 2009.

On 17 July 2009 the Group successfully reached agreement with its senior lenders on a package of amendments to the Group's financing arrangements, including a reset of the Group's financial covenants. The remuneration for the senior lenders consisted of a consent fee of € 79.0 million. The Group has assessed that the package of amendments to the Senior Facilities Agreement represents a substantial modification and results in the extinguishment of the existing debt. As a result, the existing debt has been derecognised and the modified debt recognised at fair value. The Group has estimated the fair value of the modified debt by reference to a valuation technique as the Senior Facilities Agreement debt is not quoted and information about transactions in the Group's debt is not available. The valuation technique used a discounted cash flow model using an estimated yield for similar debt to determine the fair value of the modified debt. The estimated yield was determined by reference to consensus pricing in respect of the Existing Facilities Agreement debt as adjusted for market illiquidity and other factors distorting prices during July 2009 due to the impact of the global financial crisis.

The leverage, interest cover and debt service cover covenants have now been reset for the remaining term of the Senior Facilities Agreement. In addition, a new senior leverage covenant and a minimum available liquidity covenant have been introduced. There have also been a number of amendments to the definitions used for the financial covenants. Net debt denominated in currencies other than the euro will be translated at the average rate for the period rather than the period end rate to match the rates used to translate the operating results for the same period. The operating results of the Group will now be measured on the basis of replacement cost EBITDA for Refining and historical cost EBITDA for the rest of the Group, rather than just historical cost EBITDA. This change will remove most of the current volatility in our operating results caused by unpredictable fluctuations in crude oil prices.

The Term Loans and Revolving Credit Facility bear interest at a rate equal to a margin plus either EURIBOR or LIBOR. The applicable per annum cash margins as at December 31, 2009 are 4.00% per annum for the Term Loan A facility; 4.50% per annum for the Term Loan B facility; 5.00% per annum for the Term Loan C facility; 6.00% per annum for Revolving Credit Facility; and 6.00% per annum for the Term D Loan Facility. With effect from July 17, 2009 the Term Loans are also subject to a Payment in Kind ('PIK') margin of 2.00% per annum.

The cash margins on Term Loans A and B are subject to a reduction based on certain financial tests. The PIK margin is subject to a reduction based upon achieving certain reductions in total leverage, together with achieving certain credit ratings with Moody's and Standard and Poor.

A US dollar LIBOR floor of 3.00% applies to all US dollar denominated Term Loans and is payable in cash. A EURIBOR floor of 3.25% applies to all Euro denominated Term Loans. The difference between actual EURIBOR at the start of each interest period and the floor will be accrued over the period and is not payable in cash until the final repayment dates of the applicable loans. If available liquidity (cash and amounts available under the Revolving Credit Facility) of the Group exceeds €750 million the EURIBOR floor reduces to 3.00% and will become payable in cash.

INEOS Group Holdings plc and substantially all of its material subsidiaries are guarantors of the Senior Facilities Agreement. Their obligations are secured by fixed and floating charges over all of the assets of INEOS Holdings Limited and substantially all of the assets of those material subsidiaries.

The Senior Facilities Agreement contains numerous customary operating and financial covenants including requirements to maintain minimum coverage of interest expense, minimum coverage of total debt service and a maximum leverage ratio. In addition, the Senior Facilities Agreement includes covenants relating to, among other things, limitations on indebtedness, ability to give guarantees, creation of security interests, making acquisitions and investments, disposing of assets and paying dividends.

Senior Notes

The Senior Notes are listed on the Luxembourg Stock Exchange and comprise €1,532.1 million (2008: €1,630 million, 2007: €1,630 million) Senior Notes due 2016 (the “Euro Notes”) and $677.5 million (2008: $700 million, 2007: $700 million) Senior Notes due 2016 (the “Dollar Notes”). The Senior Notes bear interest at 7.875% per annum for the Euro Notes and 8.5% for the Dollar Notes, payable semi-annually in arrears on 15 February and 15 August of each year. Unless previously redeemed as noted below, the Senior Notes will be redeemed by the Group at their principal amount on 15 February 2016.

In July 2009 the Group finalised the settlement of a legal claim against a third party. The defendant agreed to acquire Senior Notes issued by the Group and to then transfer them to the Group by way of settlement. The total settlement value was $35 million (€25.1 million) and the Group received Senior Notes with a book value of €114.1 million. The transaction resulted in a gain of €89.0 million which has been accounted for as exceptional finance income (see Note 5).

The Senior Notes will be subject to redemption at any time on or after 15 February 2011, at the option of the Group, in whole or in part, at the following redemption prices (expressed as percentages of the principal amount), if redeemed during the 12-month period beginning 15 February of the years indicated below:

Year	Euro Notes redemption price	Dollar Notes redemption price
2011	103.938%	104.250%
2012	102.625%	102.833%
2013	101.313%	101.417%
2014 and thereafter	100.0%	100.0%

In each case, the redemption premium will be in addition to accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

The Senior Notes are secured by junior pledges of all of the shares of INEOS Group Holdings plc. The Senior Notes are guaranteed by INEOS Group Holdings plc and its material operating subsidiaries on an unsecured senior subordinated basis (excluding any INEOS Vinyls operating subsidiaries). Such guarantees only become due 179 days after an event of default on the Senior Notes has occurred or earlier under certain circumstances.

The Indenture contains a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

INEOS Vinyls Senior Notes

The INEOS Vinyls Senior Notes of €161.2 million (2008: €161.7 million, 2007: €162.4 million) bear interest at 9.125% per annum, payable semi-annually in arrears on 1 June and 1 December of each year. The INEOS Vinyls Senior Notes are listed on the Luxembourg Stock Exchange. Unless previously redeemed, the INEOS Vinyls Senior Notes will be redeemed by the Group at their principal amount on 1 December 2011.

The payments due under the INEOS Vinyls Senior Notes are unconditionally guaranteed by the Group. The guarantee is a senior, unsubordinated obligation of the Group, ranking pari passu with its obligations under the Senior Notes, except that it will not be secured by the shares of INEOS Group Holdings plc and the Funding Loans from the Group to INEOS Group Holdings plc. The INEOS Vinyls Senior Notes are not guaranteed by the guarantors of the Senior Notes.

The INEOS Vinyls Indenture contains a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

The INEOS Vinyls Senior Notes are stated net of debt issue costs of € 1.3 million (2008: €1.3 million, 2007: €2.0 million). These costs are allocated to the profit and loss account over the term of the Senior Notes in accordance with IAS 39—Financial Instruments: Recognition and Measurement.

Receivables Securitisation Facility

The Group has entered into a five year €1,500 million receivables securitisation facilities agreement ("Receivables Securitisation Facility"). On 9 April 2009, the Group entered into an amendment agreement to reduce the overall facility to €1,200 million for the remaining term of the facility and to increase margins on amounts drawn and the commitment fee on amounts undrawn. The total amount outstanding at 31 December 2009 was €607.0 million (2008: €750.6 million, 2007: €1,089.7 million).

The Receivables Securitisation Facility is stated net of debt issue costs of €2.2 million (2008: €2.2 million, 2007: €5.1 million).

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payments	Interest	Principal
		2009	
		€m	
Less than one year	1.6	(0.2)	1.4
Between one and five years	6.9	(6.3)	0.6
More than five years	10.6	(1.1)	9.5
	19.1	**(7.6)**	**11.5**

	Minimum lease payments	Interest	Principal
		2008	
		€m	
Less than one year	4.8	(1.6)	3.2
Between one and five years	15.7	(11.0)	4.7
More than five years	14.8	(1.8)	13.0
	35.3	**(14.4)**	**20.9**

	Minimum lease payments	Interest	Principal
		2007	
		€m	
Less than one year	2.3	(0.8)	1.5
Between one and five years	15.5	(6.8)	8.7
More than five years	15.0	(1.1)	13.9
	32.8	**(8.7)**	**24.1**

21. TRADE AND OTHER PAYABLES

	2009	2008	2007
		€m	
Current			
Trade payables	896.3	707.0	2,429.0
Amounts due to related parties	161.9	104.7	56.1
Other payables	672.5	572.2	515.0
Deferred consideration	30.3	30.8	30.4
Accruals and deferred income	970.5	1,036.9	948.7
	2,731.5	2,451.6	3,979.2
Non-current			
Amounts due to related parties	4.0	3.6	4.9
Other payables	30.3	69.5	51.2
Accruals and deferred income	43.9	29.5	40.9
	78.2	102.6	97.0

22. EMPLOYEE BENEFITS

Pension plans

The Group operates a number of pension plans throughout the world, devised in accordance with local conditions and practices. The plans are generally of the defined benefit type and are funded by payments to separately administered funds or insurance companies. The principal funded plans are in the United Kingdom, North America, Belgium and Norway.

The Group also operates a number of unfunded defined benefit pension schemes in Germany and France.

The most recent full valuations of the significant defined benefit plans were carried out as follows:

Plan	Country	Valuation date
Chlor	United Kingdom	31 December 2007
Innovene	United Kingdom	31 December 2008
All Plans	North America	1 January 2009
All Plans	Belgium	31 December 2009
Borealis	Norway	31 December 2007
Noretyl	Norway	31 December 2009
All plans	France	31 December 2009
All Plans	Germany	31 December 2009

These valuations have been updated where appropriate to 31 December 2009 by independent qualified actuaries.

The Group's pension schemes have been disclosed on a geographical basis as those schemes in the United Kingdom, North America and Other European. Other European principally includes the Group's pension plans in Germany, Belgium, Norway and France.

Pension plan assumptions

The principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	United Kingdom			North America			Other European		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
							%		
Major assumptions									
Rate of general increase in salaries	4.6	4.6	4.8	3.5	4.0	4.0	2.7-5.0	2.8-4.5	2.8-4.5
Rate of increase to pension in payment	3.5	3.1	3.3	0.0	0.0	0.0	1.0-2.0	1.0-4.3	1.0-4.3
Discount rate for scheme liabilities	5.7	6.1	5.8	6.0	5.8	6.3	4.5-5.8	4.0-6.0	4.8-5.5
Inflation	3.6	3.1	3.3	2.5	2.5	0.0	2.0-2.3	2.0-2.5	2.0-2.3

The assumptions relating to longevity underlying the pension liabilities at the reporting date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

	United Kingdom			North America			Other European		
	2009 years	2008 years	2007 years	2009 years	2008 years	2007 years	2009 years	2008 years	2007 years
Longevity at age 65 for current pensioners	19.1-21.1	18.9-20.9	18.8-20.8	18.1-19.5	18.1-19.5	16.1-19.8	18.0-23.2	17.0-23.0	17.0-23.0

Expected long-term rate of return is as follows:

	United Kingdom			North America			Other European		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
							%		
Equities	8.1	8.2	8.0	8.8	9.6	9.3	7.0-7.8	7.3-7.8	7.0
Bonds	5.1	5.2	5.1	4.4	5.7	6.8	4.0-4.5	5.0-5.5	4.8
Property	8.1	8.2	8.0	7.2	6.6	N/A	6.5-7.0	6.5	5.8
Other	4.3	4.0	4.5	N/A	N/A	N/A	3.0-5.6	3.5-5.9	4.5-5.3

Post-retirement health care plans

The Group also operates a number of post retirement healthcare plans, primarily in the United States and Europe, which provide employees with other post-employment benefits in respect of health care. The plans are unfunded and the liability in respect of these benefits is included in provisions. The liability is assessed by qualified independent actuaries under the projected unit method, assuming the following rates:

Rate	Country	2009	2008	2007
			%	
Liability discount rate	USA	6.0	5.8	6.3
Liability discount rate	Europe	N/A	5.8	5.5
Long-term healthcare trend rate	USA	5.0	5.0	4.5
Long-term healthcare trend rate	Europe	N/A	2.8	2.0

History of plans

The Group has taken the exemption in IFRS 1 that permits it to elect to provide disclosures prospectively from the date of transition to IFRS of 1 January 2007.

The history of the plans for the current and prior periods is as follows:

Consolidated balance sheet

	2009	2008	2007
		€m	
Present value of the defined benefit obligation in respect of pension plans	(1,733.4)	(1,512.6)	(1,758.3)
Present value of obligations in respect of post retirement health care plan	(37.8)	(48.2)	(32.7)
Unrecognised Past Service Cost	5.7	—	—
Fair value of plan assets	941.4	778.7	1,237.8
Deficit	**(824.1)**	**(782.1)**	**(553.2)**

The Group's net liability in respect of defined benefit obligations is as follows:

	2009	2008	2007
		€m	
Obligations in respect of pension plans			
United Kingdom	388.2	290.3	195.9
North America	66.7	56.9	1.0
Other European	337.1	386.7	323.6
	792.0	733.9	520.5
Obligations in respect of post-retirement health care plans	37.8	48.2	32.7
Unrecognised past service cost	(5.7)	—	—
Recognised liability for defined benefit obligations	**824.1**	**782.1**	**553.2**

Experience adjustments

	2009	2008	2007
		€m/%	
Experience adjustments (loss)/gain on plan liabilities	(12.9)	(51.2)	(10.7)
Experience adjustments as a percentage of plan liabilities	(0.7)%	(3.4)%	(0.6)%
Experience adjustments gain/(loss) on plan assets	84.9	(379.8)	(19.3)
Experience adjustments as a percentage of plan assets	9.0%	(48.8)%	(1.6)%

The Group expects to contribute approximately €72.7 million to its funded defined benefit plans in the next financial year. This excludes direct company benefit payments and payments in relation to unfunded defined benefit plan schemes.

Expense recognised in the consolidated income statement

	Pension Plan								
	United Kingdom			North America			Other European		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
					€m				
Current service cost	31.5	47.9	47.7	9.0	9.0	7.7	23.2	23.2	19.1
Past service cost	0.5	—	0.5	(0.2)	—	0.2	—	4.7	6.4
Losses/(gains) on curtailments and settlements	2.3	(7.6)	(3.8)	23.1	(3.2)	4.1	8.9	(9.7)	—
Interest on obligation	57.0	61.2	60.6	9.7	10.0	10.3	24.3	22.5	17.2
Expected return on plan assets	(45.2)	(66.6)	(69.1)	(8.0)	(12.6)	(13.3)	(5.3)	(6.4)	(5.1)
	46.1	**34.9**	**35.9**	**33.6**	**3.2**	**9.0**	**51.1**	**34.3**	**37.6**

Post retirement health care plans	Total

	2009	2008	2007	2009	2008	2007
				€m		
Current service cost	2.3	2.4	2.6	66.0	82.5	77.1
Past service cost	0.7	0.3	(13.6)	1.0	5.0	(6.5)
Losses/(gains) on curtailments and settlements	—	(5.7)	—	34.3	(26.2)	0.3
Interest on obligation	2.4	2.5	2.4	93.4	96.2	90.5
Expected return on plan assets	—	—	—	(58.5)	(85.6)	(87.5)
	5.4	**(0.5)**	**(8.6)**	**136.2**	**71.9**	**73.9**

The expense is recognised in the following line items in the consolidated income statement:

	2009	2008	2007
		€m	
Cost of sales	101.3	61.3	70.9
Finance income	(58.5)	(85.6)	(87.5)
Finance cost	93.4	96.2	90.5
	136.2	**71.9**	**73.9**

Actuarial gains and losses, before tax, recognised directly in equity in the statement of comprehensive income since 1 January 2007, the transition date to IFRSs:

	2009	2008	2007
		€m	
Cumulative amount at 1 January	(270.9)	50.3	—
(Loss)/gain recognised in the year	(18.9)	(321.2)	50.3
Cumulative amount at 31 December	**(289.8)**	**(270.9)**	**50.3**

Pension plans

	United Kingdom			North America		
	2009	2008	2007	2009	2008	2007
				€m		
Present value of funded obligations	1,152.1	855.1	1,166.9	140.8	185.3	166.2
Present value of unfunded obligations	—	—	—	—	—	—
	1,152.1	855.1	1,166.9	140.8	185.3	166.2
Fair value of plan assets	(763.9)	(564.8)	(971.0)	(74.1)	(128.4)	(165.2)
Deficit	**388.2**	**290.3**	**195.9**	**66.7**	**56.9**	**1.0**

	Other European			Total		
	2009	2008	2007	2009	2008	2007
				€m		
Present value of funded obligations	139.7	162.0	145.6	1,432.6	1,202.4	1,478.7
Present value of unfunded obligations	300.8	310.2	279.6	300.8	310.2	279.6
	440.5	472.2	425.2	1,733.4	1,512.6	1,758.3
Fair value of plan assets	(103.4)	(85.5)	(101.6)	(941.4)	(778.7)	(1,237.8)
Deficit	**337.1**	**386.7**	**323.6**	**792.0**	**733.9**	**520.5**

Movements in present value of defined benefit obligation:

	United Kingdom			North America		
	2009	2008	2007	2009	2008	2007
				€m		
At 1 January	855.1	1,166.9	1,218.9	185.3	166.2	187.4
Interest cost	57.0	61.2	60.6	9.7	10.0	10.3

Current service cost	31.5	47.9	47.7	9.0	9.0	7.7
Special termination cost and past service cost	3.1	—	0.5	(0.2)	—	0.2
Member contributions	4.5	5.6	6.5	—	—	—
Curtailments	(0.1)	(7.6)	(3.8)	(0.2)	(0.2)	(1.4)
Settlements	(0.4)	—	—	(45.2)	(3.0)	5.5
Benefits paid	(20.2)	(12.7)	(11.8)	(2.1)	(16.7)	(22.3)
Reclassifications	—	(0.4)	—	—	(1.7)	(5.3)
Acquisitions	2.7	2.4	—	—	2.3	16.0
Disposals	—	—	—	(14.8)	(6.4)	—
Actuarial loss/(gain)	136.4	(117.2)	(45.4)	0.6	20.2	(13.4)
Exchange movements	82.5	(291.0)	(106.3)	(1.3)	5.6	(18.5)
At 31 December	**1,152.1**	**855.1**	**1,166.9**	**140.8**	**185.3**	**166.2**

	Other European			Total		
	2009	2008	2007	2009	2008	2007
				€m		
At 1 January	472.2	425.2	365.7	1,512.6	1,758.3	1,772.0
Interest cost	24.3	22.5	17.2	91.0	93.7	88.1
Current service cost	23.2	23.2	19.1	63.7	80.1	74.5
Special termination cost and past service cost	8.9	4.7	6.4	11.8	4.7	7.1
Member contributions	—	—	—	4.5	5.6	6.5
Curtailments	—	(5.7)	—	(0.3)	(13.5)	(5.2)
Settlements	—	(4.0)	—	(45.6)	(7.0)	5.5
Benefits paid	(29.4)	(26.6)	(30.0)	(51.7)	(56.0)	(64.1)
Reclassifications	(27.9)	(5.6)	(7.4)	(27.9)	(7.7)	(12.7)
Acquisitions	—	10.7	57.2	2.7	15.4	73.2
Disposals	(9.8)	—	—	(24.6)	(6.4)	—
Actuarial loss/(gain)	(29.7)	36.8	(3.3)	107.3	(60.2)	(62.1)
Exchange movements	8.7	(9.0)	0.3	89.9	(294.4)	(124.5)
At 31 December	**440.5**	**472.2**	**425.2**	**1,733.4**	**1,512.6**	**1,758.3**

Movements in fair value of plan assets:

	United Kingdom			North America		
	2009	2008	2007	2009	2008	2007
				€m		
At 1 January	564.8	971.0	977.0	128.4	165.2	175.3
Benefit payments	(20.2)	(12.7)	(11.8)	(2.1)	(16.7)	(22.3)
Group contributions	45.5	35.5	41.1	12.7	28.7	1.4
Member contributions	4.5	5.6	6.5	—	—	—
Expected return on plan assets	45.2	66.6	69.1	8.0	12.6	13.3
Actuarial gain/(loss)	67.1	(293.5)	(23.2)	5.1	(58.9)	6.8
Acquisitions	2.7	2.4	—	—	2.3	8.9
Disposals	—	—	—	(9.3)	(5.7)	—
Settlements	(0.3)	—	—	(68.5)	(2.3)	—
Reclassifications	—	—	—	—	—	—
Exchange movements	54.6	(210.1)	(87.7)	(0.2)	3.2	(18.2)
At 31 December	**763.9**	**564.8**	**971.0**	**74.1**	**128.4**	**165.2**

	Other European			Total		
	2009	2008	2007	2009	2008	2007
				€m		
At 1 January	85.5	101.6	78.7	778.7	1,237.8	1,231.0
Benefit payments	(29.4)	(26.6)	(30.0)	(51.7)	(56.0)	(64.1)
Group contributions	28.3	31.5	24.9	86.5	95.7	67.4

Member contributions	—	—	—	4.5	5.6	6.5
Expected return on plan assets	5.3	6.4	5.1	58.5	85.6	87.5
Actuarial gain/(loss)	12.7	(27.4)	(2.9)	84.9	(379.8)	(19.3)
Acquisitions	—	10.7	28.9	2.7	15.4	37.8
Disposals	—	—	(3.3)	(9.3)	(5.7)	(3.3)
Settlements	—	(4.0)	—	(68.8)	(6.3)	—
Reclassifications	(4.7)	—	—	(4.7)	—	—
Exchange movements	5.7	(6.7)	0.2	60.1	(213.6)	(105.7)
At 31 December	**103.4**	**85.5**	**101.6**	**941.4**	**778.7**	**1,237.8**

The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

The fair value of the plan assets and the return on those assets were as follows:

	United Kingdom			North America		
	2009	2008	2007	2009	2008	2007
			€m			
Equities	574.2	397.6	767.1	47.0	79.7	104.5
Corporate bonds	174.5	144.6	177.5	20.3	37.8	60.7
Property	4.3	7.4	8.1	6.8	10.9	—
Other	10.9	15.2	18.3	—	—	—
	763.9	564.8	971.0	74.1	128.4	165.2
Actual return on plan assets	**112.3**	**(226.9)**	**45.8**	**13.1**	**(46.3)**	**20.2**

	Other European			Total		
	2009	2008	2007	2009	2008	2007
			€m			
Equities	43.8	27.2	55.5	665.0	504.5	927.1
Corporate bonds	19.2	26.3	32.9	214.0	208.7	271.1
Property	1.9	1.2	4.2	13.0	19.5	12.3
Other	38.5	30.8	9.0	49.4	46.0	27.3
	103.4	85.5	101.6	941.4	778.7	1,237.8
Actual return on plan assets	**18.0**	**(21.0)**	**2.2**	**143.4**	**(294.2)**	**68.2**

Post-retirement health care plans

Reconciliation of present value of scheme liabilities:

	2009	2008	2007
		€m	
At 1 January	48.2	32.7	49.8
Current service cost	2.3	2.4	2.6
Past service cost / (credit)	6.5	0.3	(13.6)
Curtailment/settlement	—	(5.7)	—
Contributions	(0.3)	(0.4)	(0.1)
Interest cost	2.5	2.5	2.4
Actuarial (gain)/loss	(3.5)	1.6	(7.5)
(Disposals)/acquisitions	(14.1)	13.2	6.5
Reclassifications	(3.2)	—	(3.8)
Exchange adjustments	(0.6)	1.6	(3.6)
At 31 December	**37.8**	**48.2**	**32.7**

The post-retirement healthcare plans do not hold any assets.

The sensitivity of the present value of scheme liabilities and aggregate of service and interest cost to changes in the medical trend rate is set out below:

	2009		2008		2007	
	Sensitivity to a change in medical trend rate		Sensitivity to a change in medical trend rate		Sensitivity to a change in medical trend rate	
	Increase of 1%	Decrease of 1%	Increase of 1%	Decrease of 1%	Increase of 1%	Decrease of 1%
Impact on scheme liabilities	5.3	(4.4)	6.9	(5.6)	5.1	(4.1)
Impact on aggregate of service and interest cost	0.6	(0.5)	0.8	(0.6)	1.2	(0.9)

The above sensitivity information for 2007 is calculated for the principal plan in the USA. It excludes any impact arising from the smaller scheme in France for which no information was available to the actuary for that year.

23. PROVISIONS

	Severance and restructuring costs	Remediation	Joint ventures	Other	Total
			€m		
At 1 January 2009	52.1	46.9	32.3	85.1	216.4
Reclassifications	2.6	1.7	—	(1.2)	3.1
Disposals	(1.5)	—	(20.3)	(60.7)	(82.5)
Charged to the consolidated income statement	17.7	0.2	(11.2)	8.1	14.8
Discount unwinding	—	2.0	—	—	2.0
Utilised in the year	(39.0)	(18.4)	—	(12.5)	(69.9)
Released in the year	(0.1)	(0.2)	—	—	(0.3)
Exchange adjustments	0.2	5.0	(0.8)	(0.1)	4.3
At 31 December 2009	32.0	37.2	—	18.7	87.9
Non-current	22.6	76.7	—	82.7	182.0
Current	42.1	10.2	—	25.9	78.2
Balance at 31 December 2007	64.7	86.9	—	108.6	260.2
Non-current	22.5	41.3	32.3	67.3	163.4
Current	29.6	5.6	—	17.8	53.0
Balance at 31 December 2008	52.1	46.9	32.3	85.1	216.4
Non-current	23.3	24.1	—	8.0	55.4
Current	8.7	13.1	—	10.7	32.5
Balance at 31 December 2009	**32.0**	**37.2**	**—**	**18.7**	**87.9**

Severance and restructuring costs

As described in Note 5, the Group has implemented a restructuring programme of the Innovene business. The restructuring costs largely relate to severance and early retirement costs and the programme is expected to continue for another 2 years.

Other restructuring charged in 2009 primarily relate to restructuring and the provision of severance payments in the Compounds and ABS businesses.

Remediation costs

The Group has provided for the cost of remediation works where there is a legal or constructive obligation for such work to be carried out. The provision was established to meet the clean up costs of contaminated soil and groundwater, the removal of potentially hazardous substances and rectification work required to ensure compliance with license to operate obligations. These costs relate mainly to the Group's production facilities at the Runcorn, Warrington, Cologne, Grangemouth, Lavéra, Chocolate Bayou, Green Lake, Lima and Texas City sites. The provision only covers items of specific work for which a reasonable estimate can be determined. The required work is expected to be completed within the next four year period. The interest rate used to determine the obligation in the balance sheet at 31 December 2009 was 9.0% (2008: 8.0%, 2007: 7.5%). By their nature the amounts and timing of any outflows in respect of remediation costs are difficult to predict.

Other provisions

At 31 December 2008 Other provisions included an amount in respect of expected losses on an onerous raw material supply contract. This contract was with the ABS business in Germany for the period until the end of the contract in 2012. The ABS business was sold in 2009. Other provisions also include a number of provisions for other loss making contracts and commercial disputes.

24. SHARE CAPITAL

	2009	2008	2007
		€m	
Fully paid			
11,500,231 (2008: 11,500,231, 2007: 11,500,231) Ordinary shares of £1 each	17.7	17.7	17.7

As the reporting currency of the Company is in euro, share capital has been converted to euro at the effective rate of exchange ruling at the date of issuance.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

25. DIVIDENDS

The following dividends were recognised during the year:

	2009	2008	2007
		€m	
€nil (2008: €nil , 2007: €2.17) per ordinary share	—	—	25.0

26. FINANCIAL INSTRUMENTS

26.a Fair value of financial instruments

Investments in debt and equity securities

The fair value of other investments shown as loans and receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Available for sale financial assets are accounted for at fair value based on the present value of future cash flows where such information is readily available. However, as explained in Note 15, the Group's available for sale financial assets include certain equity interests which are not quoted and for which there is no active market. In these circumstances, in the absence of reliable information, the Group considers that a reliable determination of fair value is not practicable and such investments are recorded at their acquisition cost. The fair value has therefore been presented as the equivalent to the carrying value at the reporting date. The remainder of available for sale financial assets are valued at fair value based on the present value of future cash flows estimated from financial information made available during the year as a result of a recent transaction in the investment.

Trade and other receivables

The carrying amount of trade and other receivables generally approximates to fair value due to their short maturities. Where settlement is not due in the short term and where the effect is material, fair value is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date.

Trade and other payables

The carrying amount of trade and other payables generally approximates to fair value due to their short maturities. Where settlement is not due in the short term and where the effect is material, fair value is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Interest-bearing borrowings

The fair value of the Senior Notes and INEOS Vinyls Senior Notes are based on the prices of recent transactions on the Luxembourg Stock Exchange where they are listed. The fair value of other interest-bearing borrowings, which after initial recognition is determined for disclosure purposes only, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Market discount rates applied range from 5% to 10% (2008: 6% to 9%, 2007: 5% to 8%). The fair value of finance leases is determined by reference to market rates for similar lease agreements. The significant decline in the fair value of these financial liabilities at 31 December 2008 was as a result of the impact of the global financial crisis on the markets that the Group's debt is traded within and the impact on the wider economy resulting in significant declines in commodity prices.

Derivative financial instruments

The fair value of forward exchange contracts is based on market quotes where they are available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps and commodity contracts are based on market or broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. The interest rates used to discount estimated cash flows were between 1.6% and 3.6% (2008: 3.7% to 5.7%, 2007: 4.7% to 5.1%).

Fair values

The fair values for each class of financial assets and financial liabilities together with their carrying amounts shown in the consolidated balance sheet are as follows:

	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	2009		2008		2007	
			€m			
Financial assets held for trading at fair value through profit or loss:						
Derivative Commodity contracts	2.9	2.9	25.4	25.4	1.9	1.9
Interest rate swaps	—	—	—	—	5.6	5.6
Forward exchange contracts	—	—	0.3	0.3	—	—
	2.9	2.9	25.7	25.7	7.5	7.5
Derivative commodity contracts designated as cash flow hedges:						
Carried at fair value	—	—	105.8	105.8	—	—
	—	—	105.8	105.8	—	—
Available for sale equity investments:						
Carried at fair value	45.8	45.8	—	—	—	—
Carried at cost	36.4	36.4	49.0	49.0	47.7	47.7
Total available for sale equity investments	82.2	82.2	49.0	49.0	47.7	47.7
Loans and receivables carried at amortised cost:						
Trade receivables	1,536.3	1,536.3	1,574.1	1,574.1	2,888.1	2,888.1
Amounts due from related parties	254.1	254.1	238.6	238.6	189.6	189.6
Other receivables	194.7	194.7	250.9	250.9	290.4	290.4
Other investments	129.7	124.8	123.5	122.1	—	—
Loans and receivables	2,114.8	2,109.9	2,187.1	2,185.7	3,368.1	3,368.1
Cash and cash equivalents	662.1	662.1	651.8	651.8	951.4	951.4
	2,776.9	2,772.0	2,838.9	2,837.5	4,319.5	4,319.5
Total financial assets	**2,862.0**	**2,857.1**	**3,019.4**	**3,018.0**	**4,374.7**	**4,374.7**
Financial liabilities held for trading at fair value through profit and loss:						

Derivative Commodity contracts	6.5	6.5	0.3	0.3	0.6	0.6
Forward exchange contracts	—	—	0.2	0.2	—	—
	6.5	6.5	0.5	0.5	0.6	0.6
Financial liabilities carried at amortised cost:						
Senior Facilities Agreement	5,003.7	5,003.7	4,929.3	2,467.2	4,896.8	4,802.4
Senior Notes	1,969.9	1,084.9	2,088.8	268.8	2,062.6	1,788.7
INEOS Vinyls Senior Notes	159.9	139.4	160.4	16.2	160.4	154.4
Securitisation Facility	603.4	603.4	748.4	748.4	1,084.6	1,084.6
Other bank loans	0.9	0.9	1.6	1.6	2.2	2.2
Finance lease liabilities	11.5	11.5	20.9	20.9	24.1	24.1
Trade payables	896.3	896.3	707.0	707.0	2,429.0	2,429.0
Amounts due to related parties	165.9	165.9	108.3	108.3	61.0	61.0
Other payables	702.8	702.8	641.2	641.2	565.7	565.7
	9,514.3	8,608.8	9,405.9	4,979.6	11,286.4	10,912.1
Total financial liabilities	**9,520.8**	**8,615.3**	**9,406.4**	**4,980.1**	**11,287.0**	**10,912.7**

The fair value of the Senior Facilities Agreement has been determined using a level 3 valuation technique and non-observable inputs for the discount rate of equivalent debt. The movement in the fair value during the year not recognised in these accounts includes an increase of € 2,768.5 million (2008: decrease of €2,176.3 million, 2007: decrease of €203.2 million).

The table below analyses financial instruments carried at fair value, by valuation method. The different levels, determined in accordance with IFRS 7 "Financial Instruments: Disclosure", have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2009				**2008**				**2007**			
	Fair Value	**Level 1**	**Level 2**	**Level 3**	**Fair Value**	**Level 1**	**Level 2**	**Level 3**	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial assets held for trading at fair value through profit or loss:												
Derivative Commodity contracts	2.9	—	2.9	—	25.4	—	25.4	—	1.9	—	1.9	—
Interest rate swaps	—	—	—	—	—	—	—	—	5.6	—	5.6	—
Forward exchange contracts	—	—	—	—	0.3	—	0.3	—	—	—	—	—
Derivative commodity contracts designated as cash flow hedges carried at fair value	—	—	—	—	105.8	—	105.8	—	—	—	—	—
Available for sale equity investments carried at fair value	45.8	—	—	45.8	—	—	—	—	—	—	—	—
Financial liabilities held for trading at fair value through profit and loss:												
Derivative Commodity contracts	(6.5)	—	(6.5)	—	(0.3)	—	(0.3)	—	(0.6)	—	(0.6)	—
Forward exchange contracts	—	—	—	—	(0.2)	—	(0.2)	—	—	—	—	—
Total financial assets and liabilities held at fair value	**42.2**	**—**	**(3.6)**	**45.8**	**131.0**	**—**	**131.0**	**—**	**6.9**	**—**	**6.9**	**—**

There have been no transfers from Level 2 to Level 1 in 2009 (2008: no transfers in either direction).

26.b Net gains and losses from financial instruments

Net gains and losses from financial instruments comprise the results of valuations, the amortisation of discounts, the recognition and derecognition of impairment losses, results from the translation of foreign currencies, interest, dividends and all effects on profit or loss of financial instruments.

Net gains from receivables and loans relate primarily to recognition and derecognition of impairment losses, results from the translation of foreign currencies and interest income.

Net losses from financial liabilities measured at amortised cost relate primarily to amortisation of discounts, results from the translation of foreign currencies, interest expense and other financing related expenses.

The item 'financial instruments at fair value through profit or loss' comprise valuation gains and losses, and only includes gains and losses from instruments which are not designated as hedging instruments as defined by IAS 39.

No gains or losses on items measured at fair value have been recognised in the income statement in respect of fair values determined based on a level 3 valuation technique using non-observable inputs. Gains totalling € 33.2 million (2008: €nil, 2007: €nil) on available for sale equity investments have been recognised in the Statement of Comprehensive Income for the year ended 31 December 2009 based on a level 3 valuation technique using non-observable inputs. There have been no other movements in financial assets and liabilities held at fair value based on a level 3 valuation technique so a reconciliation table has not been presented.

	Loans and receivables			**Available for sale financial assets**		
	2009	**2008**	**2007**	**2009**	**2008**	**2007**
			€m			
Interest income	13.3	39.9	31.3	—	—	—
Dividend income	—	—	—	7.3	3.9	6.5
Foreign exchange gains/(losses)	34.7	16.4	(86.7)	—	—	—
Net result	**48.0**	**56.3**	**(55.4)**	**7.3**	**3.9**	**6.5**
Carrying value at 31 December	**2,776.9**	**2,838.9**	**4,319.5**	**82.2**	**49.0**	**47.7**

	Liabilities measured at amortised cost			**Financial instruments at fair value through profit or loss**		
	2009	**2008**	**2007**	**2009**	**2008**	**2007**
			€m			
Redemption premium on early settlement of Senior Bonds	89.0	—	—	—	—	—
Interest cost	(715.8)	(681.7)	(696.1)	—	—	—
Loss on extinguishment of Senior Facilities Agreement Debt	(209.2)	—	—	—	—	—
Other finance cost	(11.2)	(7.8)	(2.1)	—	—	—
Net fair value gains/(losses) on derivatives	—	—	—	(23.2)	12.9	4.6
Foreign exchange gains/(losses)	(31.1)	(142.8)	7.6	—	—	—
Net result	**(878.3)**	**(832.3)**	**(690.6)**	**(23.2)**	**12.9**	**4.6**
Carrying value at 31 December	**(9,514.3)**	**(9,405.9)**	**(11,286.4)**	**(3.6)**	**131.0**	**6.9**

26.c Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, deposits with financial institutions and derivatives.

Group Treasury policy and objectives in relation to credit risk is to minimise the likelihood that the Group will experience financial loss due to counterparty failure and to ensure that in the event of a single loss, the failure of any single counterparty would not materially impact the financial wellbeing of the Group.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances. Management considers that there is no geographical concentration of credit risk.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered or are adjusted accordingly. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Investments, cash and cash equivalent

Surplus cash investments are only made with banks with which the Group has a relationship. Occasionally deposits are made with banking counterparties that provide financing arrangements, reducing the credit exposure of the Group.

Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. At 31 December 2009 no guarantees were outstanding (2008: none, 2007: none).

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the reporting date was the carrying amount of financial assets. Further details on the Group's exposure to credit risk are given in Note 19.

26.d Liquidity risk

Financial risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group. The Group's exposure to liquidity risk is limited by the fact that it operates with significant cash resources, and it maintains the most appropriate mix of short, medium and long-term borrowings from the Group's lenders.

The Group is reliant on committed funding from a variety of sources at Group and subsidiary company level to meet the anticipated needs of the Group for the period covered by the Group's budget.

The Group forecasts on a regular basis the expected cash flows that will occur on a weekly and monthly basis. This information is used in conjunction with the weekly reporting of actual cash balances at bank in order to calculate the level of funding that will be required in the short and medium term. On a monthly basis the level of headroom on existing facilities is reported and forecast forward until the end of the financial period. In addition, the Group maintains the following lines of credit:

- Senior Facilities Agreement—€3,915.8 million (2008: € 3,926.4 million, 2007: €3,804.8 million) and $1,555.8 million (2008: $1,629.2 million, 2007: $1,770.7 million) facility that is secured. Interest is payable at rates of EURIBOR and $LIBOR plus 6-8% (2008: EURIBOR and $LIBOR plus 4-6%, 2007: EURIBOR and $LIBOR plus 4-6%).

- Receivables Securitisation Facility—€1,200 million (2008: €1,500 million, 2007: €1,500 million) that can be drawn down to meet short-term financing needs. The facility renews automatically at the option of the Group and expires in 2011. Interest is payable at a variable rate and the margin is linked to the credit rating of the receivables included in the securitisation.

The maturity profile of the Group's undrawn committed facilities at 31 December 2009, 2008 and 2007 was as follows:

	2009 Undrawn facilities	**2008 Undrawn facilities**	**2007 Undrawn facilities**
		€m	
In one year	—	—	2.5
In more than one year, but not more than two years	—	—	—
In more than two years, but not more than five years	8.7	66.0	36.7
In more than five years	—	—	425.0
	8.7	**66.0**	**464.2**

The undrawn committed facilities are in respect of overdraft facilities of €nil (2008: €nil, 2007: €2.5 million), unused committed Revolving Credit Facilities of €8.7 million (2008: €66.0 million, 2007: €425.0 million) and unused committed Securitization Facilities of €nil (2008: €nil, 2007 €36.7 million).

26. FINANCIAL INSTRUMENTS

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	2009					
	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
	€m					
Non-derivative financial liabilities						
Senior Facilities Agreement	5,003.7	(7,059.8)	(1,171.3)	(603.9)	(4,407.0)	(877.6)
Senior Notes	1,969.9	(3,025.8)	(170.0)	(170.0)	(509.9)	(2,175.9)
INEOS Vinyls Senior Notes	159.9	(189.2)	(14.6)	(174.6)	—	—
Securitisation Facility	603.4	(635.2)	(24.9)	(610.3)	—	—
Other loans	0.9	(40.8)	(13.5)	(13.3)	(14.0)	—
Finance lease liabilities	11.5	(26.7)	(1.8)	(5.0)	(8.2)	(11.7)
Trade payables	896.3	(901.4)	(901.4)	—	—	—
Amounts due to related parties	165.9	(178.5)	(164.0)	(6.1)	(6.3)	(2.1)
Other payables	702.8	(702.8)	(646.8)	(56.0)	—	—
Derivative financial liabilities						
Forward exchange contracts	6.5	(6.5)	(6.5)	—	—	—
	9,520.8	**(12,766.7)**	**(3,114.8)**	**(1,639.2)**	**(4,945.4)**	**(3,067.3)**

	2008					
	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
	€m					
Non-derivative financial liabilities						
Senior Facilities Agreement	4,929.3	(6,810.9)	(995.4)	(599.1)	(1,422.0)	(3,794.4)
Senior Notes	2,088.8	(3,318.0)	(170.4)	(170.4)	(511.3)	(2,465.9)
INEOS Vinyls Senior Notes	160.4	(205.5)	(14.6)	(14.6)	(176.3)	—
Securitisation Facility	748.4	(839.4)	(35.5)	(35.5)	(768.4)	—
Other loans	1.6	(1.6)	(0.4)	(0.2)	—	(1.0)
Finance lease liabilities	20.9	(49.7)	(6.4)	(8.9)	(17.8)	(16.6)
Trade payables	707.0	(707.0)	(707.0)	—	—	—
Amounts due to related parties	108.3	(144.3)	(110.7)	(9.6)	(18.0)	(6.0)
Other payables	641.2	(641.2)	(571.7)	(69.5)	—	—
Derivative financial liabilities						
Forward exchange contracts	0.5	(0.5)	(0.5)	—	—	—
	9,406.4	**(12,718.1)**	**(2,612.6)**	**(907.8)**	**(2,913.8)**	**(6,283.9)**

	2007					
	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
	€m					
Non-derivative financial liabilities						
Senior Facilities Agreement	4,896.8	(7,177.7)	(606.4)	(599.4)	(1,823.5)	(4,148.4)
Senior Notes	2,062.6	(3,464.2)	(169.2)	(169.2)	(507.6)	(2,618.2)
INEOS Vinyls Senior Notes	160.4	(220.8)	(14.6)	(14.6)	(191.6)	—

Securitisation Facility	1,084.6	(1,333.6)	(69.7)	(69.7)	(1,194.2)	—
Other bank loans	2.2	(2.2)	(0.4)	(0.4)	(0.3)	(1.1)
Finance lease liabilities	24.1	(41.5)	(3.1)	(7.0)	(15.3)	(16.1)
Trade payables	2,429.0	(2,429.0)	(2,429.0)	—	—	—
Amounts due to related parties	61.0	(97.0)	(62.1)	(10.9)	(18.0)	(6.0)
Other payables	565.7	(565.7)	(514.5)	(51.2)	—	—
Derivative financial liabilities						
Forward exchange contracts	0.6	(0.6)	(0.6)	—	—	—
	11,287.0	**(15,332.3)**	**(3,869.6)**	**(922.4)**	**(3,750.5)**	**(6,789.8)**

26.e Net investment and cash flow hedges

The Group has derivative commodity contracts that qualify as cash flow hedges at 31 December 2009 with a carrying value of €nil (2008: €105.8 million, 2007: €nil). No gains or losses were taken to the hedge reserve in respect of these contracts during 2009 (2008: gain of €105.8 million, 2007: €nil). The amount of gains recycled from the hedge reserve during the year totalled €105.8 million before tax or €76.3 million net of tax (2008: €nil, 2007: €nil). These cash flow hedges are used to manage the price risk in respect of certain forecast purchases of raw materials and sales of petrochemical-based products from the Group's refining activities. The forecast purchases and sales are hedged using forward and swap contracts linked to the oil price. The cash flows associated with cash flow hedging instruments are all expected to occur and impact on the profit or loss within less than one year.

The Group has US$ and Sterling financial liabilities in respect of the Senior Facilities Agreement and Securitisation Facility that are designated net investment hedges of US$ and Sterling operations in accordance with the requirements of IAS 21 "The effects of changes in Foreign Exchange Rates". The US$ and Sterling net investment hedges had a carrying value and fair value as follows:

	Carrying amounts 2009	Fair value 2009	Carrying amounts 2008	Fair value 2008	Carrying amounts 2007	Fair value 2007
			€m			
US$	(699.5)	(485.9)	(777.9)	(317.8)	(960.8)	(893.8)
Sterling	(40.8)	(40.6)	(47.2)	(47.1)	(68.2)	(67.9)
	(740.3)	**(526.5)**	**(825.1)**	**(364.9)**	**(1,029.0)**	**(961.7)**

For the year ended 31 December 2009 gains totalling €13.9 million were taken directly to reserves and reported in the Statement of Comprehensive Income for the year then ended (2008: losses €40.0 million, 2007: gains €240.5 million). There was no ineffectiveness recognised in the income statement for the year ended 31 December 2009 (2008: €nil, 2007: €nil).

26.f Market risk

Financial risk management

Market risk reflects the possibility that changes in market prices, such as crude oil, feedstock refined products, chemicals or currency exchange rates or changes in interest rates will adversely affect the value of the Group's assets, liabilities or expected future cash flows. The Group holds interest rate swaps, forward foreign exchange contracts, currency swaps and commodity contracts in order to manage market risk. The use of derivative instruments is confined to specialist teams that have the appropriate skills, experience, supervision, control and reporting systems.

(i) Market risk—Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and Sterling.

Foreign exchange risk arises from net investments in foreign operations, future commercial transactions, and recognised assets and liabilities.

The Group applies hedge accounting to foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation. When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item is considered to form part of a net investment in a foreign operation and changes in the fair value are recognised directly within equity.

A substantial portion of the Group's revenue is generated in, or linked to, the US dollar and the euro. In the refining business the prices of finished products and of the underlying raw materials are primarily denominated in US dollars, while the costs are largely denominated in euros and sterling. In the European petrochemical business, product prices, certain feedstock costs and most other costs are denominated in euro and sterling. In the US petrochemical and specialty chemicals businesses, product prices, raw materials costs and most other costs are primarily denominated in US dollars.

The Group generally does not enter into foreign currency exchange instruments to hedge foreign currency transaction exposure, although the Group has done so in the past and may do so in the future. The Group benefits from natural hedging, to the extent that currencies in which net cash flows are generated from the Group's operations, are matched against long-term indebtedness.

The foreign currency exposure where the Group's financial assets / (liabilities) are not denominated in the functional currency of the operating unit involved is shown below. Foreign exchange differences on retranslation of these assets and liabilities are taken to the income statement of the Group.

	2009	2008	2007
		€m	
Euros	223.3	36.8	60.1
US Dollars	(570.6)	(634.7)	(944.1)
Sterling	(586.8)	(215.5)	(291.0)
Other	2.7	2.4	(1.7)
	(931.4)	**(811.0)**	**(1,176.7)**

Sensitivity analysis

A 10% percent weakening of the following currencies at 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the reporting date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for the comparative period.

	Equity			Profit or loss		
	2009	2008	2007	2009	2008	2007
				€m		
Euros	74.0	71.9	102.9	19.1	9.2	14.8
US Dollars	70.0	67.2	96.1	(12.9)	(3.7)	(1.7)
Sterling	4.1	4.7	6.8	54.6	16.8	22.3
Other	—	—	—	(0.3)	(0.2)	0.2

A 10% percent strengthening of the above currencies against the euro at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(ii) Market risk—Interest rate risk

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2009	2008	2007
		€m	
Carrying amount—asset / (liability)			
Fixed rate instruments			
Financial assets	211.9	172.5	47.7
Financial liabilities	(2,142.2)	(2,271.7)	(2,249.3)
	(1,930.3)	**(2,099.2)**	**(2,201.6)**
Variable rate instruments			
Financial assets	662.1	651.8	951.4
Financial liabilities	(5,607.1)	(5,677.7)	(5,981.4)
	(4,945.0)	**(5,025.9)**	**(5,030.0)**

Sensitivity analysis

A change of 1% in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the reporting date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instrument at fair value through profit or loss or available for sale with fixed interest rates and the fixed rate element of interest rate swaps. The analysis is performed on the same basis for 2009, 2008 and 2007.

	2009	2008	2007
		€m	
Equity			
Increase	—	—	—
Decrease	—	—	—
Profit or loss			
Increase in interest rates by 1%	(49.4)	(51.8)	(51.6)
Decrease in interest rates by 1%	49.4	51.8	51.6

(iii) Market risk—Commodity price risk

The Group is exposed to commodity price risk through fluctuations in raw material prices and sales of products. The raw material exposures result primarily from the price of crude oil and base chemicals linked to the price of crude. The sales price exposures are primarily related to petrochemicals where prices are in general linked to the market price of crude oil.

The Group enters into contracts to supply or acquire physical volumes of commodities at future dates during the normal course of business that may be considered derivative contracts. Where such contracts exist and are in respect of the normal purchase or sale of products to fulfil the Group's requirements, the own use exemption from derivative accounting is applied.

The Group manages commodity price exposures through trading crude oil, refined products and chemical feedstock and using commodity swaps, options and futures as a means of managing price and timing risks. The Group operates within procedures and policies designed to ensure that risks, including those relating to the default of counterparties, are minimised. At 31 December 2009 the Group had swap and option contracts with a nominal exposure to purchase 1.4 million barrels of crude oil and other commodities (2008: 19.8 million barrels, 2007: 4.1 million barrels) and to sell the refined product generated from those barrels of crude oil.

A 10 percent increase/decrease in commodity prices at the reporting date would have decreased/increased the loss for the year by:

	2009	2008	2007
		€m	
Equity			
Increase in commodity prices by 10%	—	6.3	—
Decrease in commodity prices by 10%	—	(6.3)	—
Profit or loss			
Increase in commodity prices by 10%	(25.3)	(16.7)	(15.1)
Decrease in commodity prices by 10%	25.3	16.7	15.1

Management consider that a change of 10 percent gives an appropriate benchmark to assess the risks that the Group might reasonably be exposed to. This calculation assumes that the change occurred at the reporting date and had been applied to risk exposures existing at that date. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 31 December 2007, 31 December 2008 and 31 December 2009.

(iv) Market risk—Equity price risk

The Group's exposure to equity price risk arises from its investment in equity securities which are classified as available for sale financial assets and are shown on the consolidated balance sheet as other financial assets. Available for sale financial assets are accounted for at fair value based on the present value of future cash flows where such information is readily available. However, as explained in Note 15, the Group's available for sale financial assets include certain equity interests which are not quoted and for which there is no active market. In these circumstances, in the absence of reliable information, the Group considers that a reliable determination of fair value is not practicable and such investments are recorded at their acquisition cost. The fair value has therefore been presented as the equivalent to the carrying value at the reporting date. The remainder of available for sale financial assets are valued at fair value based on the present value of future cash flows estimated from financial information made available during the year as a result of a recent transaction in the investment.

For the available for sale investments carried at fair value a 10 percent increase and decrease in transaction prices at the reporting date would have decreased and increased the loss for the year by €4.6 million. Management consider that a change of 10 percent gives an appropriate benchmark to assess the risks that the INEOS Group is expected to be exposed to. This calculation assumes that the change occurred at the reporting date and had been applied to risk exposures existing at that date. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

26.g Capital management

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group defines its capital employed of €6,517.1 million (2008: €7,351.7 million, 2007: €8,279.4 million) as shareholders' equity of €(570.1) million (2008: €54.1 million, 2007: €1,000.1 million) and net debt (net of debt issue costs) of €7,087.2 million (2008: €7,297.6 million, 2007: € 7,279.3 million). The significant reduction in capital employed during the year arises in respect of the loss for the year, actuarial losses on defined benefit pension schemes and foreign exchange losses.

The principal sources of debt available to the Group at 31 December 2009 include the Senior Facilities Agreement, Senior Notes, INEOS Vinyls Senior Notes and Receivables Securitisation Facility and are described in Note 20 along with the key operating and financial covenants that apply to these facilities.

As described in Note 20, on 19 December 2008 the Group obtained a waiver in respect of certain covenants in the Senior Facilities Agreement. On 19 July 2009 the Group successfully reached agreement with its senior lenders on a package of amendments to the Senior Facilities Agreement, including the reset of financial covenants (see Note 20). These amendments are key to the Group meeting its objectives for managing capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, raise new debt or sell assets to reduce debt. The ability of the Group to pay dividends and provide appropriate facilities to the Group is restricted by the terms of principal financing agreements to which members of the Group are party.

27. OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	2009	2008	2007
		€m	
Less than one year	81.3	116.3	81.2
Between one and five years	295.3	369.5	270.4
More than five years	255.3	220.0	398.1
	631.9	**705.8**	**749.7**

The Group has certain operating lease arrangements in respect of manufacturing facilities and combined heat and power plants where the Group has the option to acquire at fair value or depreciated cost to the lessor in certain circumstances either during the life of the lease or at the end of the lease term.

28. CAPITAL COMMITMENTS

Outstanding capital expenditure authorised by the Board and for which contracts had been placed as at 31 December 2009 by the Group amounted to approximately €98.4 million (2008: €60.9 million, 2007: € 209.0 million).

29. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2009	2008	2007
		€m	
Increase/(decrease) in cash and cash equivalents in the year	20.2	(295.8)	318.8
Cash outflow from change in debt financing	212.8	365.2	260.3
Change in net debt resulting from cash flows	233.0	69.4	579.1
Finance leases acquired/disposed of with subsidiary	7.1	—	(10.4)
Other net non-cash transactions	(29.7)	(87.7)	186.7
Movement in net debt in year	**210.4**	**(18.3)**	**755.4**

	1 Jan 2007	Cash Flow	Acquisitions (excluding charges)	Other Non Cash Changes	31 Dec 2007
			€m		
Cash at bank and in hand	659.7	318.8	—	(27.1)	951.4
Debt due within one year	(189.0)	—	—	(6.2)	(195.2)
Debt due after more than one year	(8,489.5)	258.9	—	219.2	(8,011.4)
Finance leases	(15.9)	1.4	(10.4)	0.8	(24.1)
	(8,694.4)	260.3	(10.4)	213.8	(8,230.7)
Net debt	**(8,034.7)**	**579.1**	**(10.4)**	**186.7**	**(7,279.3)**

	1 Jan 2008	Cash Flow	Other Non Cash Changes	31 Dec 2008
		€m		
Cash at bank and in hand	951.4	(295.8)	(3.8)	651.8
Debt due within one year	(195.2)	(369.8)	(47.4)	(612.4)

Debt due after more than one year	(8,011.4)	732.2	(36.9)	(7,316.1)
Finance leases	(24.1)	2.8	0.4	(20.9)
	(8,230.7)	365.2	(83.9)	(7,949.4)
Net debt	**(7,279.3)**	**69.4**	**(87.7)**	**(7,297.6)**

	1 Jan 2009	Cash Flow	Disposals	Other Non Cash Changes	31 Dec 2009
			€m		
Cash at bank and in hand	651.8	20.2	—	(9.9)	662.1
Debt due within one year	(612.4)	(167.7)	—	(57.8)	(837.9)
Debt due after more than one year	(7,316.1)	378.9	—	37.3	(6,899.9)
Finance leases	(20.9)	1.6	7.1	0.7	(11.5)
	(7,949.4)	212.8	7.1	(19.8)	(7,749.3)
Net debt	**(7,297.6)**	**233.0**	**7.1**	**(29.7)**	**(7,087.2)**

30. RELATED PARTIES

Identity of related parties with which the Group has transacted

Related parties comprise:

- Parent entities and their subsidiaries not included within the INEOS Group Holdings plc group;
- Entities controlled by the partners of INEOS Capital Partners ("INEOS Capital") which owns the controlling interest in the share capital of INEOS Limited, the ultimate parent company of INEOS Group Holdings plc; and
- Key management personnel

The Group has a management services agreement with INEOS Capital. INEOS Capital management fees of €65.8 million (2008: €79.9 million, 2007: €71.2 million) and deal advisory fees of €nil (2008: €nil, 2007: €4.0 million) were charged to the income statement during the year. The Group recovered costs of €0.2 million (2008: €1.2 million, 2007: €0.9 million). At 31 December 2009 amounts owed to INEOS Capital were €4.1 million (2008: € 21.9 million, 2007: €27.8 million). Amounts due from INEOS Capital Limited, a company controlled by the partners of INEOS Capital, were € nil (2008: €44.1 million, 2007: €44.0 million).

The partners of INEOS Capital own a controlling interest in Vinyls Italia SpA. The Group made sales to this company of €nil (2008: €4.5 million, 2007: €21.7 million), recovered costs of €nil (2008: €0.4 million, 2007: €0.7 million) and made purchases of € nil (2008: €51.8 million, 2007: €56.8 million). At 31 December, 2009 €nil (2008: €7.1 million, 2007: €9.5 million) was owed by and €nil (2008: €6.0 million, 2007: € 6.9 million) was owed to Vinyls Italia SpA.

During the year INEOS Industries Limited, a business owned controlled by INEOS Capital, acquired a controlling interest in various businesses from the Group (see Note 3). Subsequent to the businesses ceasing to be part of the Group, the Group has made sales to the INEOS Industries Group of € 71.1 million, recovered costs of €2.7 million and made purchases of €6.2 million. At 31 December, 2009 €200.0 million was owed by and €84.5 million was owed to the INEOS Industries Group, INEOS Intermediate Holdings Ltd, INEOS Group Ltd and other fellow subsidiaries of the INEOS Ltd Group.

On 18 October, 2007 the Group acquired INEOS Chlor Atlantik GmbH from INEOS Enterprises, a legally separate group of companies held under common control with INEOS Group Holdings plc. INEOS Chlor Atlantik GmbH operates a chlorine plant in Wilhelmshaven, Germany.

The Group has entered into a number of leases for office space with INEOS Capital on terms no less favourable to us than what we would expect to negotiate with disinterested third parties. The Group currently pay rent and service charges of approximately €1.8 million per year.

There were a number of transactions with joint ventures, all of which arose in the normal course of business. The Group has made sales to joint ventures of €162.9 million (2008: €383.3 million, 2007: € 501.7 million), recovered costs of €38.7 million (2008: € 35.1 million, 2007: €50.8 million) and made purchases of € 429.4 million (2008: €29.6 million, 2007: €25.7 million). At 31 December, 2009 €32.5 million (2008: €46.4 million, 2007: €47.6 million) was owed by joint ventures and € 43.7 million (2008: €36.3 million, 2007: €7.8 million) was owed to joint ventures.

Compensation to key management personnel (including directors)

The Group defines key management as the directors of the Company. Details of Directors' remuneration are given in Note 8.

Other transactions with related parties

INEOS Limited and its subsidiaries operate certain benefits for designated employees for which no charge is made to INEOS Group Holdings plc. No charge is made in this consolidated financial information for these transactions:

1. The Group operates a number of pension plans throughout the world. Further details of the schemes are given in Note 22.

2. The Group operates an incentive plan (refer Note 1) for certain employees. Directors are excluded from this scheme. The Directors have determined that any charge calculated in accordance with IFRS 2 (revised) would be immaterial.

31. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is INEOS Group Limited. The ultimate parent undertaking at 31 December 2009 was INEOS Limited, a company registered in England and Wales. As of 26 March 2010, INEOS AG, a Swiss corporation, became the ultimate parent undertaking. The ultimate controlling party is Mr Ratcliffe, director and majority shareholder of the ultimate parent undertaking.

32. SUBSEQUENT EVENTS

Disposals

On 28 January 2010 the Group disposed of the ChlorVinyls and Compounds Switzerland businesses to Kerling plc, a new holding company formed to combine together INEOS Enterprises, ChlorVinyls and the INEOS Norwegian Polymers business. The Group received €65 million cash consideration from the disposal of the ChlorVinyls business. As part of the disposal transaction, the Group transferred the €160m INEOS Vinyls Notes to Kerling, together with net pension liabilities of approximately €170m. The Group incurred a non cash loss on the disposal. The ChlorVinyls business is part of the Chemical Intermediates segment.

On 31 March 2010 the Group completed the sale of its fluorochemicals business (part of the INEOS Fluor business unit) to Mexichem SAB de CV for approximately $350 million. INEOS Fluor was part of the Chemical Intermediates segment.

As at 31 December 2009, the Group was not committed to disposing of either investment. As a result, in accordance with IFRS 5, these businesses do not meet the criteria to be accounted for as assets held for sale.

On 16 April 2010 the Group obtained senior lender consent for a number of amendments to the Senior Facilities Agreement which included an increase in the level of headroom on the financial covenants and the ability to refinance some of the senior secured debt with senior secured notes.

33. ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group has prepared this consolidated financial information in accordance with IFRSs, which require management to make judgements, estimates and assumptions which affect the application of the accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates change and in any future periods.

The following areas are considered to involve a significant degree of judgement or estimation:

Fair value measurement on business combination

The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets and liabilities acquired. The determination of the fair value of the acquired assets and liabilities is to a considerable extent based upon management's judgement, and estimates and assumptions made.

Allocation of the purchase price affects the results of the Group as intangible assets are amortised over their estimated useful lives, whereas goodwill, is not amortised. This could lead to differing amortisation charges based on the allocation to indefinite and finite lived intangible assets.

On acquisition of a business, the identifiable intangible assets may include customer contracts, customer relationships and preferential supply contracts. The fair value of these assets is determined by discounting estimated future net cash flows generated by the asset. The use of different estimates and assumptions for the expectations of future cash flows and the discount rate would change the valuation of these intangible assets.

The carrying amount of intangibles is disclosed in Note 12.

Taxation

Management is required to estimate the tax payable in each of the jurisdictions in which the Group operates. This involves estimating the actual current tax charge or credit together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which may be included on the consolidated balance sheet of the Group. Management have performed an assessment as to the extent to which future taxable profits will allow the deferred asset to be recovered. The calculation of the Group's total tax charge necessarily involves a significant degree of estimation in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process.

The Group has, from time to time, contingent tax liabilities arising from trading and corporate transactions in the UK and overseas jurisdictions. After appropriate consideration, management makes provision for these liabilities based on the probable level of economic loss that may be incurred and which is reliably measurable.

The breadth of the Group's structure with operations in many geographic locations makes the use of estimates and assumptions more challenging. The resolution of issues is not always within the control of the Group and can be reliant upon the efficiency of the legal processes in the relevant jurisdictions in which the Group operates, and as a result, issues can, and often do take many years to resolve.

Details of amounts recognised with regard to taxation are disclosed in Notes 10 and 17.

Post-retirement benefits

The Group operates a number of defined benefit post employment schemes. Under IAS 19 Employee Benefits, management is required to estimate the present value of the future defined benefit obligation of each of the defined benefit schemes. The costs and year end obligations under defined benefit schemes are determined using actuarial valuations. The actuarial valuations involve making numerous assumptions, including:

- Future rate of increase in salaries;
- Inflation rate projections
- Discount rate for scheme liabilities;
- Expected rates of return on the scheme assets.

Details of post-retirement benefits are set out in Note 22.

Provisions

Provisions are recognised for the cost of remediation works where there is a legal or constructive obligation for such work to be carried out. Where the estimated obligation arises upon initial recognition of the related asset, the corresponding debit is treated as part of the cost of the related asset and depreciated over its estimated useful life.

Other provisions are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can be reasonably estimated. The

timing of recognition requires the application of judgement to existing facts and circumstances, which can be subject to change.

Estimates of the amounts of provisions recognised are based on current legal and constructive requirements, technology and price levels. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

In relation to remediation costs, the estimated interest rate used in discounting the cash flows is reviewed at least annually. The interest rate used to determine the obligation in the balance sheet at 31 December 2009 was 9% (2008: 8.0%, 2007: 7.5%).

The nature and amount of provisions included within this consolidated financial information are detailed in Note 23.

Impairment reviews

IFRSs require management to test for impairment of goodwill and other intangible assets with indefinite lives, on an annual basis, and of tangible and intangible assets with finite lives if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

An impairment test requires an assessment as to whether the carrying value of assets can be supported by its recoverable amount. Management calculates the recoverable amount based on the net present value of the future cash flows derived from the relevant assets, using cash flow projections which have been discounted at an appropriate discount rate.

In calculating the net present value of the future cash flows, certain assumptions and estimates are required to be made in respect of highly uncertain matters, including management's expectations of:

- Growth rates of various revenue streams;
- Long term growth rates;
- Future margins;
- The selection of an appropriately risk adjusted discount rate; and
- The determination of terminal values.

Changing the assumptions selected by management, in particular the discount rate used in the present value calculation, could significantly affect the Group's impairment evaluation and results.

The Group has property, plant and equipment with a carrying value of € 5,093.2 million (2008: €5,440.6 million, 2007: €6,073.2 million) as disclosed in Note 11 and intangible assets with a carrying value of €949.6 million (2008: €1,046.6 million, 2007: € 1,001.3 million) as disclosed in Note 12. All of these assets are assessed annually for impairment as described above.

For the purpose of impairment testing (when required), to assess whether any impairment exists, estimates are made of the future cash flows expected to result from the use of the asset and its eventual disposal. Actual outcomes could vary significantly from such estimates of discounted future cash flows. Factors such as changes in the planned use of buildings, plant or equipment, or closure of facilities, the presence or absence of competition, lower than expected asset utilisation from events such as unplanned outages, strikes and hurricanes, technical obsolescence or lower than anticipated sales of products with capitalised intellectual property rights could result in shortened useful lives or impairment. Changes in the discount rates used could also lead to impairments.

Further details on the impairment review performed on the goodwill and intangible assets are provided in Note 12, including sensitivity analysis in relation to key assumptions.

Loss on the extinguishment of debt

On 17 July 2009 the Group successfully reached agreement with its senior lenders on a package of amendments to the Group's Senior Facilities Agreement. The Group has assessed that the package of amendments to the Senior Facilities Agreement represents a substantial modification in accordance with the provisions of IAS 39. As a result, the existing debt has been derecognised and the modified debt recognised at fair value.

In order to recognise the modified debt the Group is required to estimate the fair value of the modified debt by reference to a valuation technique as the Senior Facilities Agreement debt is not quoted and information about transactions in the Group's debt is not available. The valuation technique used a discounted cash flow technique using an estimated yield for similar debt to determine the fair value of the modified debt. The estimated yield was determined by reference to consensus pricing in respect of the Existing Facilities Agreement debt as adjusted for market illiquidity and other factors distorting prices during July 2009 due to the impact of the global financial crisis.

The estimation of the fair value of the modified debt required management to exercise significant judgment. Management estimate that a 1 percent increase and decrease in the fair value of the modified debt would increase and decrease the loss on extinguishment of debt by €51.4 million respectively. This calculation assumes that the change occurred on 17 July 2009 and assumes that all other variables, in particular interest rates, remain constant.

Segment aggregation

IFRS 8 "Operating Segments" permits two or more operating segments to be aggregated into one for disclosure purposes when individual segments have characteristics so similar that they can be expected to have essentially the same future prospects. Management apply this judgment taking into account aspects such as economic characteristics, the nature of products and services, the type of customers etc.

INEOS GROUP HOLDINGS
INCOME STATEMENT (UNAUDITED)

	Six-Month Period Ended June 30,	
	2010	2009
	(€ in millions)	
Revenue	**11,169.6**	**8,238.0**
Cost of sales	(10,194.4)	(7,569.1)
Gross profit	**975.2**	**668.9**
Distribution costs	(139.2)	(224.7)
Administrative expenses before exceptional items	(153.1)	(200.6)
Exceptional administrative expenses	(3.8)	(8.5)
Operating profit	**679.1**	**235.1**
Share of profit/(loss) of associates and jointly controlled entities using the equity accounting method	7.0	17.4
Profit/(loss) on disposal of businesses	39.7	(25.9)
Profit before net finance costs	**725.8**	**226.6**
Finance income	16.9	10.9
Finance costs	(552.6)	(301.9)
Profit / (loss) before tax	**190.1**	**(64.4)**
Tax (charge)/credit	(77.3)	21.8
Profit / (loss) for the period	**112.8**	**(42.6)**
Attributable to:		
Owners of the parent	112.7	(42.6)
Minority interest	0.1	(0.0)
Profit / (loss) for the period	**112.8**	**(42.6)**

All amounts relate to continuing operations.

INEOS GROUP HOLDINGS
STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Six-Month Period Ended June 30,	
	2010	2009
	(€ in millions)	
Profit / (loss) for the period	112.8	(42.6)
Other comprehensive income:		
Foreign exchange translation differences net of tax	358.2	63.6
Foreign exchange differences recycled on disposal of subsidiaries net of tax	(48.6)	-
Changes in the fair value of assets classified as available for sale net of tax	-	22.9
Net gain/(loss) on hedge of net investment in foreign operations net of tax	-	13.9
Net change in fair value of cash flow hedges net of tax	-	-
Cash flow hedge recycled from hedging reserve net of tax	-	(56.1)
Actuarial gains and losses on defined benefit pension schemes net of tax	-	(2.1)
Other comprehensive income for the period net of tax	**309.6**	**42.2**
Total comprehensive income / (loss) for the period	**422.4**	**(0.4)**
Total comprehensive income / (loss) for the period is attributable to:		
Owners of the parent	422.3	(0.4)
Minority interest	0.1	(0.0)
	422.4	**(0.4)**

INEOS GROUP HOLDINGS
CONSOLIDATED BALANCE SHEETS

	June 30, 2010 (Unaudited)	December 31, 2009 (Audited)
	(€ in millions)	
Non-current assets		
Property, plant and equipment	4,721.8	5,093.2
Intangible assets	1,072.9	949.6
Investments in equity-accounted investees	116.6	109.6
Other investments	160.8	129.7
Other financial assets	82.2	82.2
Other receivables	173.2	168.9
Deferred tax assets	514.6	458.9
	6,842.1	6,992.1
Current assets		
Inventories	1,968.2	1,544.7
Trade and other receivables	2,384.0	1,918.0
Other financial assets	2.9	2.9
Cash and cash equivalents	677.0	662.1
	5,032.1	4,127.7
Total assets	**11,874.2**	**11,119.8**
Equity attributable to owners of the parent		
Share capital	17.7	17.7
Share premium	51.1	51.1
Other reserves	(178.0)	(600.2)
Retained earnings	(38.7)	(38.7)
Total shareholders' (deficit) / funds	**(147.9)**	**(570.1)**
Minority interest	13.8	12.9
Total equity	**(134.1)**	**(557.2)**
Non-current liabilities		
Interest-bearing loans and borrowings	7,330.8	6,910.0
Trade and other payables	78.2	78.2
Employee benefits	706.6	824.1
Provisions	40.2	55.4
Deferred tax liabilities	161.1	161.1
	8,316.9	8,028.8
Current liabilities		
Interest-bearing loans and borrowings	682.9	839.3
Trade and other payables	2,901.8	2,731.5
Tax payable	52.3	38.4
Other financial liabilities	21.9	6.5
Provisions	32.5	32.5
	3,691.4	3,648.2
Total liabilities	**12,008.3**	**11,677.0**
Total equity and liabilities	**11,874.2**	**11,119.8**

INEOS GROUP HOLDINGS
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	€ in millions
Balance at December 31, 2009	**(557.2)**
Profit for the period	112.8
Foreign exchange translation differences	358.2
Foreign exchange differences recycled on disposal of subsidiaries	(48.6)
Minority interest	0.7
Balance at June 30, 2010	**(134.1)**

INEOS GROUP HOLDINGS
STATEMENT OF CASH FLOWS (UNAUDITED)

	Six-Month Period Ended June 30,	
	2010	2009
	(€ in millions)	
Cash flows from operating activities		
Profit/(loss) for the period	112.8	(42.6)
Adjustments for:		
Depreciation and impairment	281.8	291.5
Net finance costs	535.7	291.0
Share of (profits)/losses of equity-accounted investees	(7.0)	(17.4)
(Profit)/loss on disposal of businesses	(39.7)	25.9
Tax charge/(credit)	77.3	(21.8)
(Increase)/decrease in trade and other receivables	(319.4)	(181.3)
(Increase)/decrease in inventories	(277.2)	130.6
Increase/(decrease) in trade and other payables	(195.5)	20.2
(Decrease)/increase in provisions and employee benefits	(33.8)	(41.7)
Tax received/(paid)	(32.7)	31.2
Net cash from operating activities	**102.3**	**485.4**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	-	24.5
Interest and other finance income received	2.0	8.2
Dividends received	2.4	3.3
Disposal of businesses, net of cash disposed of	323.6	(1.7)
Acquisition of subsidiaries, net of cash acquired	-	(0.1)
Acquisition of property, plant and equipment	(156.4)	(136.3)
Acquisition of other investments	-	(5.6)
Net cash used in investing activities	**171.6**	**(107.7)**
Cash flows from financing activities		
Securitisation facility	133.5	(243.6)
Proceeds from new loans	730.4	158.2
Issue costs	(68.8)	-
Interest paid	(403.2)	(367.6)
Repayment of loans	(711.6)	(99.4)
Capital element of finance lease payment	(0.3)	(1.3)
Net cash used in financing activities	**(320.0)**	**(553.7)**
Net increase/(decrease) in cash and cash equivalents	(46.1)	(176.0)
Cash and cash equivalents at 1 January	662.1	651.8
Effect of exchange rate fluctuations on cash held	61.0	(12.7)
Cash and cash equivalents at June 30	**677.0**	**463.1**

INEOS GROUP HOLDINGS
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

1. BASIS OF PREPARATION

Ineos Group Holdings plc (Ineos Group Holdings or the "Group"), was incorporated on May 14, 2001 as a holding company to house the ownership interests in certain chemical businesses acquired and controlled by a common owner. Our results of operations reflect the transfer of the following businesses out of the Group in the second and third quarters of 2009: ABS, Styrenics, Melamines, Healthcare, Bio and Films Italia Srl businesses, together with our shareholding in the INEOS Nova JV. In addition they reflect the disposal of the ChlorVinyls business at the end of January 2010 and the fluorochemicals business (part of the Ineos Fluor business unit) at the end of March 2010.

The consolidated financial statements include all subsidiaries of the Group. Intra-group transactions and balances have been eliminated on consolidation. The financial and operating results for any period less than a year are not necessarily indicative of the results that may be expected for a full year.

The accompanying consolidated financial statements of the Group are unaudited.

2. PRINCIPAL ACCOUNTING POLICIES

The financial information has been prepared and approved by the directors in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union in response to the IAS regulation (EC 1606/2002) effective as of March 31, 2010, with the exception that the provisions of IAS 34 "Interim Financial Reporting" have not been applied. The accounting policies are set out in the Company's annual report for the year ended December 31, 2009.

3. SEGMENTAL INFORMATION

Class of business

The Group reports under the following four business segments: Refining, O&P North America, O&P Europe and Chemical Intermediates.

The revenue and operating profit attributable to each different class of business as measured under IFRS is as follows:

	Three-Month Period Ended June 30,		Six-Month Period Ended June 30,	
	2010	2009	2010	2009
	(€ in millions)		*(€ in millions)*	
Revenue				
Refining	2,242.7	1,394.0	4,684.2	3,142.2
O&P North America	844.3	498.9	1,642.0	882.3
O&P Europe	1,702.5	1,134.0	3,256.9	2,398.2
Chemical Intermediates	2,240.5	1,780.1	4,471.3	3,501.7
Eliminations	(1,448.0)	(353.1)	(2,884.8)	(1,686.4)
	5,582.0	4,453.9	11,169.6	8,238.0
EBITDA before exceptionals				
Refining	(32.4)	82.8	5.5	181.8
O&P North America	78.1	66.4	179.1	102.7
O&P Europe	157.1	46.5	226.3	52.3
Chemical Intermediates	275.0	156.1	560.8	215.7
	477.8	351.8	971.7	552.5

3. SEGMENTAL INFORMATION (Continued)

Reconciliation of earnings before operating exceptional items, interest, taxation, depreciation and amortisation ('EBITDA') to operating profit:

	Three-Month Period Ended June 30,		Six-Month Period Ended June 30,	
	2010	2009	2010	2009
	(€ in millions)		*(€ in millions)*	
EBITDA before exceptionals	477.8	351.8	971.7	552.5
Depreciation and amortisation	(148.0)	(145.6)	(281.8)	(291.5)
Exceptional administrative expenses	(3.0)	(6.3)	(3.8)	(8.5)
Share of profits of associates	(6.6)	(11.7)	(7.0)	(17.4)
Operating profit	320.2	188.2	679.1	235.1

4. INVENTORY

	June 30, 2010	December 31, 2009
	(€ in millions)	
Raw materials and consumables	478.5	418.7
Work in progress	29.1	36.6
Finished products	1,460.6	1,089.4
	1,968.2	1,544.7

5. BORROWINGS

Borrowing obligations as of June 30, 2010 and December 31, 2009 are as follows:

	June 30, 2010	December 31, 2009
	(€ in millions)	
Non-current liabilities		
Senior Facilities Agreement	3,730.7	4,165.8
Senior Secured Notes	753.8	-
Senior Notes	2,055.3	1,969.9
Ineos Vinyls Senior Notes	-	159.9
Securitisation Facility	780.4	603.4
Finance lease liabilities	9.6	10.1
Other loans	1.0	0.9
	7,330.8	6,910.0
Current liabilities		
Current portion of borrowings under Senior Facilities Agreement	681.6	837.9
Current portion of finance lease liabilities	1.3	1.4
	682.9	839.3

5. BORROWINGS (Continued)

Term Loan A is repayable in semi-annual installments ranging from 15.5% to 17.5% of the principal amount of the loan up until the final repayment on December 16, 2012. Term Loan B is repayable in annual installments ranging from 1.0% to 48.5% of the principal amount of the loan up until the final repayment on December 16, 2013. Term Loan C is repayable in annual installments ranging from 1.0% to 48.0% of the principal amount of the loan up until the final repayment on December 16, 2014. Term Loan D is repayable in full on December 16, 2015.

The Term Loans and Revolving Credit Facility bear interest at a rate equal to a margin plus either EURIBOR or LIBOR. The applicable per annum cash margins as at June 30, 2010 are 4.00% per annum for the Term Loan A facility; 4.50% per annum for the Term Loan B facility; 5.00% per annum for the Term Loan C facility; 6.00% per annum for Revolving Credit Facility; and 6.00% per annum for the Term D Loan Facility. With effect from July 17, 2009 the Term Loans are also subject to a Payment in Kind ('PIK') margin of 2.00% per annum.

The cash margin on the Revolving Credit Facility is subject to a reduction based on certain financial tests. The PIK margin on the Term Loans is subject to a reduction based upon achieving certain reductions in total leverage, together with achieving certain credit ratings with Moody's and Standard and Poor.

A US dollar LIBOR floor of 3.00% applies to all US dollar denominated Term Loans and is payable in cash. A EURIBOR floor of 3.00% applies to all Euro denominated Term Loans. The EURIBOR floor is payable in cash with effect from May 12, 2010. Prior to that date, the difference between the actual EURIBOR at the start of each interest period and the floor was accrued over the period and is not payable in cash until the final repayment dates of the applicable loans.

Ineos Group Holdings plc and substantially all of its material subsidiaries are guarantors of the Senior Facilities Agreement. Their obligations are secured by fixed and floating charges over all of the assets of Ineos Holdings Limited and substantially all of the assets of those material subsidiaries.

The Senior Facilities Agreement contains numerous customary operating and financial covenants including requirements to maintain minimum coverage of interest expense, minimum coverage of total debt service and a maximum leverage ratio. In addition, the Senior Facilities Agreement includes covenants relating to, among other things, limitations on indebtedness, ability to give guarantees, creation of security interests, making acquisitions and investments, disposing of assets and paying dividends.

The term loans are stated net of debt issue costs of €56.0 million (December 31, 2009: €nil million). These costs are allocated to the profit and loss account over the term of the Senior Notes in accordance with IAS 39 – Financial Instruments: Recognition and Measurement.

Senior Secured Notes

The Senior Notes are listed on the Luxembourg Stock Exchange and comprise €300.0 million (December 31, 2009: €nil million) Senior Secured Notes due 2015 (the "Secured Euro Notes") and $570.0 million (December 31, 2009: $nil million) Senior Secured Notes due 2015 (the "Secured Dollar Notes"). The Senior Secured Notes bear interest at 9.25% per annum for the Secured Euro Notes and 9.0% for the Secured Dollar Notes, payable semi-annually in arrears on May 15 and November 15 of each year. Unless previously redeemed as noted below, the Senior Secured Notes will be redeemed by the Group at their principal amount on May 15, 2015.

The Senior Notes will be subject to redemption at any time on or after May 15, 2013, at the option of the Group, in whole or in part, at the following redemption prices (expressed as percentages of the principal amount), if redeemed during the 12-month period beginning May 15, of the years indicated below:

5. BORROWINGS (Continued)

Year	Secured Euro Notes Redemption Price	Secured Dollar Notes Redemption Price
2013	104.625%	104.500%
2014 and thereafter	100.000%	100.000%

In each case, the redemption premium will be in addition to accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

The Senior Secured Notes rank pari passu with the Term Loans under the Senior Facilities Agreement and are structurally senior to the Senior Notes due 2016. The notes are guaranteed by Ineos Group Holdings plc, Ineos Holdings Limited and certain of their subsidiaries on a senior secured basis. The notes and the guarantees are secured by first ranking liens on the same assets (subject to certain exceptions) that secure Ineos Holdings Limited's obligations under the senior secured credit facility.

The Indenture contains a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

The Senior Secured Notes are stated net of debt issue costs of €14.3 million (December 31, 2009: €nil million). These costs are allocated to the profit and loss account over the term of the Senior Notes in accordance with IAS 39 – Financial Instruments: Recognition and Measurement.

Senior Notes

The Senior Notes are listed on the Luxembourg Stock Exchange and comprise €1,532.1 million (December 31, 2009: €1,532.1 million) Senior Notes due 2016 (the "Euro Notes") and $677.5 million (December 31, 2009: $677.5 million) Senior Notes due 2016 (the "Dollar Notes"). The Senior Notes bear interest at 7.875% per annum for the Euro Notes and 8.5% for the Dollar Notes, payable semi-annually in arrears on February 15 and August 15 of each year. Unless previously redeemed as noted below, the Senior Notes will be redeemed by the Group at their principal amount on February 15, 2016.

In July 2009 the Group finalised the settlement of a legal claim against a third party. The defendant agreed to acquire Senior Notes issued by the Group and to then transfer them to the Group by way of settlement. The total settlement value was $35 million (€25.1 million) and the Group received Senior Notes with a book value of €114.1 million.

The Senior Notes will be subject to redemption at any time on or after February 15, 2011, at the option of the Group, in whole or in part, at the following redemption prices (expressed as percentages of the principal amount), if redeemed during the 12-month period beginning February 15, of the years indicated below:

Year	Euro Notes Redemption Price	Dollar Notes Redemption Price
2011	103.938%	104.250%
2012	102.625%	102.833%
2013	101.313%	101.417%
2014 and thereafter	100.000%	100.000%

5. BORROWINGS (Continued)

In each case, the redemption premium will be in addition to accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

The Senior Notes are secured by junior pledges of all of the shares of Ineos Holdings Limited. The Senior Notes are guaranteed by Ineos Holdings Limited and its material operating subsidiaries on an unsecured senior subordinated basis. Such guarantees only become due 179 days after an event of default on the Senior Notes has occurred or earlier under certain circumstances.

The Indenture contains a number of operating and financial covenants including limitations on indebtedness, restricted payments, transactions with affiliates, liens, sale of assets and dividend payments.

The Senior Notes are stated net of debt issue costs of €33.2 million (December 31, 2009: €36.0 million). These costs are allocated to the profit and loss account over the term of the Senior Notes in accordance with IAS 39 – Financial Instruments: Recognition and Measurement.

Ineos Vinyls Senior Notes

The Ineos Vinyls Senior Notes bear interest at 9.125% per annum, payable semi-annually in arrears on June 1 and December 1 of each year. As part of the disposal of ChlorVinyls, the Group transferred the Ineos Vinyls Senior Notes to Kerling plc in January 2010. The Notes were subsequently redeemed on March 1, 2010.

Receivables Securitisation Facility

The Company has entered into a €1,000 million receivables securitisation facilities agreement ("Receivables Securitisation Facility") which matures in July 2013. The total amount outstanding (before issue costs) at June 30, 2010 was €789.0 million (December 31, 2009: €605.6 million).

The Receivables Securitisation Facility is stated net of debt issue costs of €8.6 million (December 31, 2009: €2.2 million).

6. CONTINGENCIES

The Company is subject to various proceedings instituted by governmental authorities arising under the provisions of applicable laws or regulations relating to the discharge of materials into the environment or otherwise relating to the protection of the environment. In management's opinion, none of the proceedings is material to the financial condition or results of operation of the Company.

7. SUBSEQUENT EVENTS

On August 2, 2010 the Group announced it had agreed terms for the sale of its Films business to Bilcare, one of the world's leading providers of research lead packaging to the global pharmaceuticals sector. The cash consideration will be approximately €100 million and the sale is expected to be completed at the end of August, subject to the necessary regulatory approvals. For the Group, the sale will contribute to further reducing net debt and increasing available liquidity.

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$570,000,000 9% Senior Secured Notes due 2015

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Citi
Morgan Stanley
Lloyds TSB Corporate Markets

September 7, 2010