

***Case No COMP/M.4779 -
AKZO NOBEL / ICI***

Only the English text is available and authentic.

**REGULATION (EC) No 139/2004
MERGER PROCEDURE**

Article 6(2) NON-OPPOSITION
Date: 13/12/2007

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 13.12.2007

SG-Greffe(2007) D/207843

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION IN
CONJUNCTION WITH
ARTICLE 6(2)

To the notifying party

Dear Sir/Madam,

**Subject: Case No COMP/M.4779 - Akzo/ ICI
Notification of 24/10/2007 pursuant to Article 4 of Council Regulation
No 139/2004¹, OJ C 257 of 30/10/2007**

1. On 24/10/2007, the Commission received a notification of a proposed concentration by which Akzo Nobel N.V. ("Akzo", Netherlands) acquires control of the whole of Imperial Chemical Industries PLC ("ICI", United Kingdom) by way of purchase of shares.
2. In the course of the proceedings, the notifying party submitted undertakings designed to eliminate competition concerns identified by the Commission, in accordance with Article 6(2) of the Merger Regulation. In particular, on 23 November 2007, Akzo submitted a first set of remedies. The Commission assessed the appropriateness of the remedies offered and carried out a market test. On this basis, on 4 December 2007, Akzo submitted an amended set of undertakings.
3. In light of these modifications, the Commission concludes that the notified operation falls within the scope of the Merger Regulation and does not raise serious doubts as to its compatibility with the common market and with the functioning of the EEA Agreement.

¹ OJ L 24, 29.1.2004 p. 1.

I. THE PARTIES

4. Akzo is a publicly listed company headquartered in the Netherlands active in the fields of healthcare products, coatings, adhesives and chemicals. In the field of decorative coatings, Akzo Nobel's main brands include *Astral, Crown, Herbol, Levis, Marshall, Sadolin, Sikkens*.
5. ICI is a publicly listed company headquartered in the United Kingdom active in the fields of coatings, industrial adhesives, specialty starches and polymers and electronic materials. In the field of decorative coatings, ICI's main brands include *Coral, Corona, Cuprinol, Dulux, Hammerite*.

II. THE OPERATION

6. On 13/08/2007, Akzo and ICI entered into an Agreement under which Akzo will acquire sole control over the whole of ICI by purchase of shares in a court approved scheme of arrangement. This operation forms the object of this decision.
7. Akzo also entered into a back-to-back on-sale agreement with Henkel AG ("Henkel", Germany). It is intended that Henkel will acquire, from Akzo, ICI's adhesives and electronic manufacturing division subject to regulatory approvals in various jurisdictions. For the purposes of EC Merger control, the on-sale of certain parts of ICI to Henkel will be subject to a separate merger control procedure.

III. CONCENTRATION

8. The proposed transaction by which Akzo intends to acquire sole control over ICI constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

IV. COMMUNITY DIMENSION

9. The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 billion² (Akzo: € 13,737 million, ICI € 7,108 million). Each of them have a Community-wide turnover in excess of EUR 250 million (Akzo € [...] million, ICI € [...] million), but they do not achieve more than two-thirds of their aggregate Community-wide turnover within one and the same Member State. The notified operation therefore has a Community dimension.

V. COMPETITIVE ASSESSMENT

10. The proposed concentration leads to overlaps of activities in the field of production and distribution of decorative coatings and in relation to fillers for walls or wood. Further overlaps occur in the market for industrial adhesives for woodworking and for engineered wood.

² Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Notice on the calculation of turnover (OJ C66, 2.3.1998, p25).

1. Decorative coatings

1.1. Product market

11. Akzo and ICI are active in the production of decorative coatings. Decorative coatings are coatings for walls, ceilings, doors, window frames and other surfaces, which are normally used on-site both internally and externally during the construction or refurbishment of architectural structures. Akzo considers that the overall market for decorative coating is the relevant product market without the need for further distinctions. Akzo bases its view on supply-side considerations. In particular, it claims that no distinctions should be made between decorative paints and decorative wood care products as all producers are able to produce both types of products with the same equipment. Also, no distinction should be made between decorative coatings for professional users distributed through trade outlets or decorative coatings for non-professional users distributed through retail outlets (Do-it-yourself markets, supermarkets etc). Finally, AKZO claims that no distinction should be made between branded products and private labels.
12. The Commission's previous decisions establish that decorative coatings are a distinct market from other types of coatings³. This distinction has been confirmed by the present market investigation.
13. Within the overall market for decorative coatings, the Commission in the past considered potential submarkets for paints and for woodcare products⁴. The Commission further considered whether a distinction should be made between the trade segment (products for professional users) and the retail segment (products for non professional users) sold mainly through Do-it-yourself supermarkets⁵. The product market definition was left open in these cases. In the case at hand, the Commission also investigated the appropriateness of a distinction between branded products and private label.
14. The market investigation indicates that no distinction should be made between paints and woodcare products on the basis of supply-side substitutability. A large majority of competitors replied that they are producing both paint and woodcare products and that there are no significant hurdles to switch from paint to woodcare and vice versa. Concerning a potential distinction between trade/professional use and retail/non-professional use the situation is similar. Most competitors consider that - in view of supply-side substitutability for the products and the fact that no clear distinction between trade and retail distribution channels exist - no such distinction would be appropriate. The market investigation also did not find any grounds for a distinction between branded or private label products. Many producers produce both types, branded products and private labels, and customers regard both

³ Case M.390 *Akzo/Nobel Industrier*, Case M.1167 *ICI/Williams* and Case M.1182 *Akzo Nobel/Courtaulds*).

⁴ Case M.1167 *ICI/Williams*, paras 8 et seq.

⁵ Case M.390 *Akzo /Nobel Industrier*, para39 et seq.

types of products as interchangeable. Also, the Commission notes that many customers consider paint and woodcare products to a significant extent interchangeable from a demand perspective.

15. In any event, as in previous cases, the product market definition can be left open since the assessment will not change under any of those potential distinctions.

1.2. Geographic market – decorative coatings

16. Akzo considers that the markets for decorative coatings (and for all possible submarkets) are national with the exception of UK and Ireland, BeNeLux and, Greece and Cyprus.
17. In its previous decisions⁶ the Commission considers the decorative coatings market to be national. The phase I market investigation in this case broadly confirms this assessment. The markets are perceived as national by most competitors and customers. This is mainly due to different branding between countries; only few brands are used in several countries. Like most of their competitors the merging parties use most of their brands in only one country. For instance, Akzo uses the De Keyn brand only in Belgium. For the UK and Ireland a number of brands exist that are used in both countries, like for example the Crown brand which is used in the United Kingdom and Ireland as well as in Cyprus. In general, also language and labelling requirements point to national markets. Costs of transport seem to be less important.
18. In response to the Commission's inquiries during the phase I market investigation, most respondents considered the UK and Ireland to be a single relevant geographic market. On the other hand for Belgium and the Netherlands, most respondents from these countries consider the markets to be separate. The reason for this may be largely different branding in these countries. In addition prices seem to differ considerably between Belgium and The Netherlands. Finally the investigation suggested that Greece and Cyprus also constituted separate markets, particularly as most of the supply to Cyprus (which has no decorative coating production facilities) came from countries other than Greece.
19. With regard to UK/Ireland the geographic market definition can be left open since the results of the competition analysis and the effect of the remedies proposed are the same irrespective of whether one considers both countries together or as separate markets. In the case of the possible geographic markets involving Cyprus and Greece the question can be left open because the proposed remedy for the United Kingdom and Ireland will lead to a reduction of Akzo's market share in Cyprus (a significant part of Akzo's sales in Cyprus are sourced from its UK operations which will be divested). Concerning Belgium, the market appears to be national and, as will be explained below, the transaction raises serious doubts as to its compatibility with the common market given its effects on competition within Belgium.

⁶ Case M.390 *Akzo/Nobel Industrier*, Case M.1167 *ICI/Williams* and Case M.1182 *Akzo Nobel/Courtaulds*.

1.3. Competitive Assessment for decorative coatings

20. The market investigation has confirmed the market sizes estimated by the parties. For the overall market for decorative coatings the transaction leads to market shares of [60-70]% for Ireland, based on a market size of € [100-150] million. In the UK the market share is [55-65]%, based on a market size of € [1,200-1,400] million. For a combined market UK/Ireland the market share is [55-65]% (market size € [1,300-1,550] million).
21. The Commission notes that the parties have high combined market shares in the UK and Ireland, the prospect of which has led to many complaints being received from these countries. Moreover, with Sigma Kalon (ca 20-30% in UK, 0-5% in Ireland), Sherwin Williams (0-5% in UK, 5-10% in Ireland), Fleetwood (10-20% Ireland only) as well as a number of private labels of retailers only few competitors of any significant size remain, all of which have much smaller market shares, in particular as regards Sherwin Williams' and Fleetwood's shares on a UK, or combined UK/Ireland market. Therefore, the Commission on the basis of the phase I market investigation considers it likely that the proposed concentration will significantly impede effective competition on the UK and Irish markets, or the combination of both, thereby raising serious doubts as to its compatibility with the common market.
22. In Belgium the combined market share is [40-50]% (market size € [200-300] million) with an increment of [5-10]% stemming from ICI's activities. On an overall BeNeLux market the combined market share would be [30-40]% (market size € [550-700] million), with an increment of [0-5]% from ICI.
23. Concerning Belgium, the market investigation points at a national market. Again, the Commission notes that the parties have high combined market shares, with many Belgian customers complaining that Akzo would become dominant. In fact, with Sigma Kalon (ca. 10-20%), V 33 (0-5%), Bossuyt (0-5%), RPM (0-5%), Materis (0-5%) and Dyrup (0-5%) only competitors with relatively low market shares remain. On the basis of the information available to the Commission at this stage it thus appears highly doubtful that they would be able to exercise effective competitive constraints on the parties. Therefore, the Commission on the basis of the phase I market investigation considers it likely that the concentration would lead to a significant impediment of effective competition in Belgium, thereby raising serious doubts as to its compatibility with the common market.
24. In Cyprus, the transaction will lead to a combined market share of ca. [35-45]% (market size of € [5-20] million). A number of competitors are active in Cyprus, among which are Peletico (20-30%), Sherwin Williams (5-10%), Sigma Kalon (0-5%) and many small suppliers adding up to a market share of 20-30%. While the competitive situation thus appears less of a concern than in, e.g., Belgium, it is not necessary to clarify further whether the concentration could nonetheless cause a significant impediment to effective competition on the Cyprus market. The reason is that the divestment remedy for the UK and Ireland, in particular the divestment of the Crown brand, will reduce the combined entity's market share in Cyprus on the overall decorative coatings' market to around [30-40] %, thereby removing any

possible doubts as to the compatibility of the concentration with the common market in this respect.

25. In Estonia the market shares will amount to ca. [35-45]% (market size € [10-25] million); however, ICI is hardly active in Estonia and had only minimal sales in Estonia of a value of ca. € [...]. The Commission therefore does not consider it likely that the concentration will lead to a significant impediment of effective competition in Estonia. In other EEA countries the market shares in the overall decorative coatings are significantly lower (below [25-35]%) and several important competitors are active; therefore, the competitive structure of the market post-transaction does not lead to competition concerns.

Potential submarkets of the decorative coatings markets

26. Concerning the potential submarkets of the decorative coatings market, competition concerns exist in the same geographic areas as for the overall decorative coatings market, i.e. UK/Ireland and Belgium.
27. Apart from UK/Ireland and Belgium the transaction leads to relatively high market shares in the woodcare segment in Austria and Hungary where the market shares reach ca. [25-40] %. However, in these countries a number of viable competitors are active, for instance in Austria ULZ (10-20%), Adlerwerk (5-10%), DAW (5-10%), Dyrup (5-10%), and in Hungary Sigma Kalon (10-20%), Dyrup (5-10%), Helios (0-5%). In addition, no competition concerns were raised in the market investigation. Therefore the Commission does not consider it likely that the concentration will lead to a significant impediment of effective competition on potential woodcare markets in Austria or Hungary.
28. In the paint segment (without woodcare products), the combined market share in Cyprus reaches about [40-50]%. However, this market share is reduced due to the divestment of Akzo's UK business since Akzo imports paint from the UK to Cyprus. Following the divestment the combined market share in the paint segment will be at ca. [30-40]%.
29. Concerning the potential distinction between trade/professional users and retail/non-professional the combined market shares and/or the fact that there a few remaining significant competitors raise competition concerns only in the UK, Ireland and in Belgium but in no other country. In the UK and Ireland the combined market shares are well above 50% for both sub-segments trade and retail. In Belgium the combined market shares are at about [50-60]% in the trade/professional segment and [30-40]% in the retail/non-professional segment. In view of the high market shares the Commission would therefore consider it likely that the concentration would lead to a significant impediment to effective competition, thereby raising serious doubts as to its compatibility with the common market, should these segments represent separate markets.
30. In Cyprus, Akzo's market shares are at ca. [25-35]% in the trade/professional segment; ICI is not active in the trade/professional segment in Cyprus. In the retail/non-professional segment the combined market share reaches [45-55]% in

Cyprus. However, in this segment Akzo's previous activities are small and represent a market share of about [0-5]%. The remedy for UK and Ireland will reduce Akzo's position in the retail/non-professional segment further, so that the increment will be less than [0-5]% representing sales of less than € [...].

31. A distinction between branded products and private label, would not lead to a different outcome either. ICI is only active in the production of private label in the UK and has minor sales. The parties combined UK market share would be [0-10]% for private label. For branded products, the parties' combined market shares are above [35-45]% only in Belgium, Cyprus (35-45%), the UK and Ireland.

1.4. Remedies offered and assessment

UK, Ireland

32. In order to solve the competition concerns in the UK and Ireland, Akzo has offered commitments to divest essentially all of its UK and Irish decorative coatings activities including the manufacturing plants and the distribution outlets. The divestiture proposal also covers all brands used in the UK and Ireland with the exception of the brands Sikkens, Sadolin and International. Akzo's initial proposal did not include any commitment for licensing of the woodcare brand Sadolin. Akzo further points out that the divestment will reduce Akzo's market presence in Cyprus since products are shipped from the UK to Cyprus.
33. The market investigation of the remedy proposal for the UK and Ireland was to a large extent positive. However, some replies point to the fact that the divested business hardly included woodcare products. These respondents considered that the lack of woodcare products would affect the ability of the acquirer of the business to compete effectively on the decorative coatings market.
34. In view of this, Akzo improved the proposed remedy package by committing to add licences for the UK and Ireland for the woodcare brand Sadolin. The licences will be granted for a [...] period and may be used by the acquirer during this time. In addition there is a [...] black-out period during which Akzo may not introduce any products under this brand name in these countries.
35. The improved remedy proposal for the UK and Ireland removes the Commission's serious doubts as to the compatibility of the concentration with the common market in view of its effects on competition in the UK and Irish decorative coatings markets as it will entirely remove the parties' competitive overlap in terms of production capacity for decorative coatings. Only if market shares are calculated by attributing sales to the different brands, a negligible addition in market share of not more than ca.[0-5] % on the overall market or on any potential segment - remains for the UK and Ireland due to the fact that the brands International and Sikkens are not included in the divestment package.
36. Also, there are no doubts as to the viability of the divestment business as it involves essentially all of Akzo's UK and Irish decorative coatings activities which are currently operated as a separate business.

Belgium

37. Concerning the Belgian market, Akzo initially proposed to divest the De Keyn brand as well as the brands Linitop and Linitane.
38. The Commission carried out a market investigation of the proposed remedies for Belgium. While most of the respondents did not object to the proposal some respondents expressed the concern that the commitment would not be sufficient to limit Akzo's market presence. Also the De Keyn brand would not be sufficiently attractive.
39. In order to address these concerns Akzo added a licensing commitment to the initial commitment package for Belgium. In particular Akzo proposed to licence the woodcare brand Sadolin for a [...] period in which it may be used by the acquirer. In addition there is a [...] black-out period during which Akzo may not introduce products under the Sadolin brand in Belgium.
40. The divestiture of Akzo's De Keyn, Linitop and Linitane brand as well as the licensing of Akzo's Sadolin brand is equivalent in size to the parties' competitive overlap and, by this, removes the market share addition [...]in its entirety.
41. As the package does not include manufacturing facilities in Belgium, the Commission considers that suitable buyers would need to be active as producers of decorative coatings in order to compete effectively with Akzo. The Commission has no indication that such industrial buyer could not be found; in fact, in the market investigation some respondents indicated their interest in purchasing the brands and the parties have had an approach for the De Keyn brand. Therefore, the proposed remedy removes the Commission's serious doubts as to the compatibility of the concentration with the common market in view of its effects on competition in the Belgian decorative coatings market.

2. Fillers

42. The parties' activities overlap for fillers for walls and wood. Akzo states that fillers form part of a larger market for repair, maintenance and improvement ("RMI") products. In any event, the exact product and geographic market definition can be left open in the present case since the combined market shares remain moderate even on the basis of the most narrow market definition with the highest market share in the United Kingdom of [30-40]%. Furthermore, no concerns were raised by respondents during the Commission's market investigation. The Commission therefore considers it not likely that the proposed concentration will significantly impede effective competition with regard to fillers for walls or for wood.

3. Distribution of decorative coatings and other RMI products

43. Only in the United Kingdom are both parties active in the distribution of decorative coatings. Akzo is active through its Crown Decorator Centres; ICI is active through its Dulux Decorator Centres. Apart from decorative coatings Akzo's and ICI's outlets sell a range of other decorating accessories and equipment and other RMI (Repair Maintenance Improvement) products in addition to decorative coatings.

Both parties' integrated distribution outlets sell primarily to trade customers, although they also sell to end consumers.

44. In line with previous Commission decisions⁷, the parties consider the relevant product market to be the overall market for the sale of RMI products for the home, of which the sales of decorative coatings forms a part. In geographic terms the markets are national. The market investigation confirmed the notifying party's submission.
45. In any event the market definition can be left open since the proposed remedy for the UK and Ireland includes Akzo's distribution outlets and thus removes, in its entirety, the overlap between the parties' distribution activities.

4. Industrial Adhesives

4.1 Market definitions

46. Industrial adhesives are used to bond wood, metal, plastic or other substrates. In *Henkel/Sovereign*⁸ the Commission considered that distinct markets for industrial adhesives should be defined according to their application rather than based on the adhesive technologies. Applying this approach, the notifying party submits that the only affected markets (in which the parties' activities overlap in the EEA) concern industrial wood adhesives and more specifically adhesives for woodworking and adhesives for engineered wood. Woodworking includes the manufacture of furniture, windows, doors, flooring, panels and wood assembly. Engineered wood is a composite created by bonding pieces of wood with adhesive to create structural elements for buildings.
47. The market investigation confirms the market definitions proposed by Akzo. In particular, the market investigation identifies a separate market for engineered wood adhesives since special approvals/certification are needed to allow the use of an adhesive for this application.
48. Concerning the geographic scope of the markets for woodworking adhesives and for adhesives for engineered wood Akzo considers that these markets are EEA-wide in view of low costs of transport and the fact that customers source throughout the EEA.
49. In *Henkel/Sovereign*, the Commission left open whether the relevant geographic market for adhesives for woodworking is national, regional or EEA-wide in scope. The market investigation for both markets points strongly at an EEA-wide market. However, the geographic market definition can be left open since the proposed remedy will remove the Commission's competition concerns.

⁷ E.g. Case M.3021 *Apax/Duke/Focus Wickes/JV*, Case M.2804 *Vendex KBB/Brico Belgium*, Case M.2285 *Schroder Ventures Limited/Homebase* and Case M.1333 *Kingfisher/Castorama*.

⁸ Case M.3612 *Henkel/Sovereign*.

4.2. Competitive Assessment

50. On an EEA market for *woodworking* adhesives the parties combined market share is about [10-20]%. On national markets the market shares would be higher, but would at maximum reach [30-40]% (in Latvia). Moreover, the respondents to the market investigation did not raise any concerns, be it on an EEA or on a national level. The Commission therefore considers it unlikely that the concentration will lead to a significant impediment of effective competition within the common market as far as woodworking adhesives are concerned.
51. For adhesives for *engineered wood* the combined market share on an EEA wide market would be [35-45]% and only two major competitors to Akzo would remain, Dynea (30-40%) and BASF(10-20%). The rest of the market consists of small players (largest JOWAT 0-5%). The concentration therefore leads to a reduction of the number of main players in the market from four to three on an EEA-wide level. Also, if national markets would be considered, the market shares would be above [35-45]% in a number of countries.
52. On the basis of the parties' high combined market shares and the few large competitors remaining the Commission considers it likely that the concentration will lead to a significant impediment of effective competition, thereby raising serious doubts as to its compatibility with the common market.

4.3. Remedy proposal and assessment thereof

53. Akzo proposed to divest ICI's shareholding in Purbond AG which currently is a 50/50 joint venture between ICI and Collano AG. Purbond AG is ICI's only activity in the field of engineered wood adhesives. The divestiture will therefore entirely remove the overlap of activities by the parties. Akzo commits to sell the shareholding in Purbond to any third party. However, it should be noted that Akzo has already agreed with Henkel KaGA to sell to it all of ICI's adhesives businesses. The acquisition of ICI's adhesives business including the shareholding in Purbond AG will give rise to a concentration that will be assessed separately.
54. The market test confirmed that the divestiture of the shareholding in Purbond AG is a suitable remedy. It therefore removes the Commission's competition concerns.

5. Vertical Relationships

55. Akzo submits that the proposed concentration leads only to limited vertical relationships. These occur downstream of Akzo's and ICI's decorative coatings activities through the distribution of RMI (Repair Maintenance and Improvement) products. Akzo has an integrated distribution channel through its Crown Decorator Centres in the UK as well as equivalent trade outlets in France, Germany, Ireland and the Netherlands (with a small presence also in Sweden and Spain). ICI has integrated distribution channels through its Dulux Decorator Centres only in the UK.
56. For the UK and Ireland, Akzo has committed to divest its distribution outlets along with the divestment of the production facilities and brands. In none of the other national RMI distribution markets the market shares exceed [20-30]%. In the

Netherlands, Akzo's market share post transaction will remain below [25-35]% and therefore is not likely to give rise to any competition concern concerning the vertical relationship. On a BeNeLux market for decorative coatings Akzo's market share would be at[30-40]% with a large number of competitors active so that also on the basis of a wider definition for the upstream market competition downstream will not be significantly impeded.

57. The transaction will not give rise to upstream vertical issues. Akzo sources nearly all of their raw materials and other inputs for their decorative coatings businesses from third parties. In relation to resins (otherwise known as polymers) Akzo is no longer a significant player as it has sold its resins business in 2004. It produces limited amounts of specialised resins and occasionally sells material surplus to its requirements to third parties. It sources its solvent and the bulk of its additives requirements from third parties. In relation to colorants/tintants, an ingredient in decorative coatings, Akzo is largely self sufficient; however it currently uses all its available capacity and purchases small amounts from third parties. The new combined entity will be unable to restrict supplies of raw materials to its competitors and in fact will continue to be dependent on third party suppliers.

VI. CONDITIONS AND OBLIGATIONS

58. The Commitments under Sections B and F (and the corresponding Schedules) of the attached Commitment texts constitute conditions of this decision, as only through full compliance therewith (subject to any change pursuant to the review clause), can the structural change on the relevant markets be achieved. The remaining commitments constitute obligations, as they concern the implementing steps which are necessary to achieve the sought structural change.

VII. CONCLUSION

59. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) in conjunction with Article 6(2) of Council Regulation (EC) No 139/2004.

For the Commission
signed
Neelie KROES
Member of the Commission

Case M.4779 - Akzo Nobel/ICI**COMMITMENTS TO THE EUROPEAN COMMISSION**

Pursuant to Article 6(2) of Council Regulation (EC) No. 139/2004 as amended (the “**Merger Regulation**”), Akzo Nobel N.V. (the “**Notifying Party**”) hereby provides the following Commitments (the “**Commitments**”) in order to enable the European Commission (the “**Commission**”) to declare the acquisition of Imperial Chemical Industries PLC by the Notifying Party (the “**Notified Concentration**”) compatible with the common market and the EEA Agreement by its decision pursuant to Article 6(1)(b) of the Merger Regulation (the “**Decision**”).

The Commitments shall take effect upon the date of adoption of the Decision.

This text shall be interpreted in the light of the Decision to the extent that the Commitments are attached as conditions and obligations, in the general framework of Community law, in particular in the light of the Merger Regulation, and by reference to the Commission Notice on remedies acceptable under Council Regulation (EEC) No 4064/89 and under Commission Regulation (EC) No 447/98 and its draft revised Notice on remedies acceptable under Council Regulation (EC) No 139/2004 and under Commission Regulation (EC) No 802/2004.

SECTION A. DEFINITIONS

For the purpose of the Commitments, the following terms shall have the following meanings:

Affiliated Undertakings: undertakings controlled by the Parties and/or by the ultimate parents of the Parties, whereby the notion of control shall be interpreted pursuant to Article 3 of the Merger Regulation and in the light of the Commission’s Consolidated Jurisdictional Notice.

Closing: the transfer of the legal title of the Divestment Businesses to the Purchaser.

Divestment Businesses: the business or businesses as defined in Section B and Schedules I and II that the Notifying Party commits to divest.

Divestiture Trustee: one or more natural or legal person(s), independent from the Parties, who is/are approved by the Commission and appointed by the Notifying Party and who has/have received from the Notifying Party the exclusive Trustee Mandate to sell the Divestment Businesses to a Purchaser at no minimum price.

Effective Date: the date of adoption of the Decision.

EWA Business: the engineered wood adhesives business as defined in Schedule III, being part of the On-Sale Businesses

First Divestiture Period: the period of [...] from the Effective Date.

Henkel: Henkel KGaA whose registered office is at Henkelstraße 67, 40589 Düsseldorf, Germany (registered at the Amtsgericht Düsseldorf with number HRB4724).

Hold Separate Manager: the person(s) appointed by the Notifying Party in accordance with paragraph 7 to manage the day-to-day business of the Divestment Businesses under the supervision of the Monitoring Trustee.

ICI: Imperial Chemical Industries PLC incorporated in the United Kingdom, with its registered office at 20 Manchester Square, London, W1U 3AN, United Kingdom.

Key Personnel: all personnel necessary to maintain the viability and competitiveness of the Divestment Business, as referred to in Schedules I and II and related Annexes.

Monitoring Trustee: one or more natural or legal person(s), independent from the Parties, who is/are approved by the Commission and appointed by the Notifying Party, and who has/have the duty to monitor the Notifying Party's compliance with the conditions and obligations attached to the Decision.

On-Sale Agreement: the on-sale agreement dated 13 August 2007 pursuant to which Henkel has agreed to purchase the On-Sale Businesses from the Notifying Party following the Effective Date.

On-Sale Businesses: the businesses known within ICI as the "Adhesives" business and the "Electronic Materials" business (both of which form part of the "National Starch" business of ICI) as defined in the On-Sale Agreement.

Parties: the Notifying Party and ICI.

Personnel: all personnel currently employed by the Divestment Businesses, including Key Personnel, staff seconded to the Divestment Businesses, shared personnel and the additional personnel referred to in Schedules I and II and related Annexes.

Pre-Sale Reorganisation: any reorganisation or restructuring step relating to the On-Sale Businesses taken by the Notifying Party prior to closing of the sale of the On-Sale Businesses to Henkel, including any step taken in order to separate the On-Sale Businesses from the businesses the Notifying Party is retaining, as envisaged by the On-Sale Agreement (in particular at clause 6).

Purchaser: the entity or entities approved by the Commission as acquirer of the Divestment Businesses in accordance with the criteria set out in Section D.

Scheme of Arrangement: the scheme of arrangement to be made under Section 425 of the Companies Act 1985 between ICI and its shareholders, as set out in the offer document sent to shareholders on 1 October 2007, with or subject to any modification, addition or condition approved or imposed by the High Court of Justice in London and agreed to by ICI and the Notifying Party.

Trustee(s): the Monitoring Trustee and the Divestiture Trustee.

Trustee Divestiture Period: the period of [...] from the end of the First Divestiture Period.

SECTION B. THE DIVESTMENT BUSINESSES

Commitment to divest

1. In order to restore effective competition, the Notifying Party commits to divest, or procure the divestment of, the Divestment Businesses by the end of the Trustee Divestiture Period as a going concern to either the same purchaser or to different purchasers on terms of sale approved by the Commission in accordance with the procedure described in paragraph 14. To carry out the divestiture, the Notifying Party commits to find one or more purchasers and to enter into final binding sale and purchase agreements for the sale of the Divestment Businesses within the First Divestiture Period. If the Notifying Party has not entered into such agreements at the end of the First Divestiture Period, the Notifying Party shall grant the Divestiture Trustee an exclusive mandate to sell the Divestment Businesses before the end of the Trustee Divestiture Period in accordance with the procedure described in paragraph 23.
2. The Notifying Party shall be deemed to have complied with this commitment if, by the end of the Trustee Divestiture Period, the Notifying Party has entered into a final binding sale and purchase agreement, if the Commission approves the Purchaser and the terms in accordance with the procedure described in paragraph 14, and if the closing of the sale of the Divestment Businesses takes place within a period not exceeding 3 months after the approval of the Purchaser and the terms of sale by the Commission.
3. In order to maintain the structural effect of the Commitments, the Notifying Party shall, for a period of 10 years after the Effective Date, not acquire direct or indirect influence over the whole or part of any of the Divestment Businesses the divestment of which is a condition of the Decision, unless the Commission has previously found that the structure of the market has changed to such an extent that the absence of influence over the Divestment Businesses is no longer necessary to render the proposed concentration compatible with the common market.

Structure and definition of the Divestment Businesses

4. The Divestment Businesses consist of:
 - A. a viable and competitive business operated by wholly-owned subsidiaries of Akzo Nobel, in particular Akzo Nobel Decorative Coatings Limited with its registered office at Crown House, Hollins Road, Darwen, Lancashire BB3 OBG (registered in England and Wales under number 139914), and Akzo Nobel Decorative Coatings Ireland Ltd with its registered office at Malahide Road, Coolock, Dublin (registered in Dublin under number 174960). It is described in more detail in Schedule I, and includes:

- (i) all tangible and intangible assets (including intellectual property rights), which contribute to the current operation or are necessary to ensure the viability and competitiveness of this Divestment Business;
 - (ii) all licences, permits and authorisations issued by any governmental organisation for the benefit of this Divestment Business;
 - (iii) all contracts, leases, commitments and customer orders of this Divestment Business; all customer, credit and other records of this Divestment Business (items referred to under (a)-(c) hereinafter collectively referred to as “Assets”);
 - (iv) the Personnel; and
 - (v) the benefit, for a transitional period, the duration of which is to be determined by the Purchaser but which is limited to a maximum period of [...] after Closing and on terms and conditions equivalent to those at present afforded to this Divestment Business, of all current arrangements under which the Notifying Party or Affiliated Undertakings supply products or services to this Divestment Business, as detailed in Schedule I, unless otherwise agreed with the Purchaser.
- B. that part of the Akzo Nobel decorative coatings business in Belgium that is operated under the brand names *De Keyn*, *Linitop* and *Linitane*, and a [...] exclusive licence to use the *Sadolin* brand on decorative coatings products in Belgium. This Divestment Business is described in more detail in Schedule II and includes:
- (i) all intangible assets (including intellectual property rights), which contribute to the current operation or are necessary to ensure the viability and competitiveness of this Divestment Business;
 - (ii) the Key Personnel; and
 - (iii) the benefit for a transitional period, the duration of which is to be determined by the Purchaser but limited to a maximum period of [...] after Closing and on terms and conditions equivalent to those at present afforded to this Divestment Business, of all current arrangements under which the Notifying Party or Affiliated Undertakings supply products or services to this Divestment Business, as described in Schedule II, unless otherwise agreed with the Purchaser.

SECTION C. RELATED COMMITMENTS

Preservation of Viability, Marketability and Competitiveness

5. From the Effective Date until Closing, the Notifying Party shall preserve the economic viability, marketability and competitiveness of the Divestment Businesses, in accordance with good business practice, and shall minimise as far as possible any risk of loss of competitive potential of the Divestment Businesses. In particular the Notifying Party undertakes:
 - A. not to carry out any act upon its own authority that might have a significant adverse impact on the value, management or competitiveness of the Divestment Businesses or that might alter the nature and scope of activity, or the industrial or commercial strategy or the investment policy of the Divestment Businesses;
 - B. to make available sufficient resources for the development of the Divestment Businesses, on the basis and continuation of the existing business plans;
 - C. to take all reasonable steps, including appropriate incentive schemes (based on industry practice), to encourage all Key Personnel to remain with the Divestment Businesses.

Hold-separate obligations

6. The Notifying Party commits, from the Effective Date until Closing, to keep the Divestment Businesses separate from the businesses it is retaining and to ensure that Key Personnel of the Divestment Businesses – including the Hold Separate Manager – have no involvement in any business retained and vice versa. The Notifying Party shall also ensure that the Personnel do not report to any individual outside the Divestment Businesses.
7. Until Closing, the Notifying Party shall assist the Monitoring Trustee in ensuring that the Divestment Businesses are managed as distinct and saleable entities separate from the businesses retained by the Notifying Party. The Notifying Party shall appoint a Hold Separate Manager who shall be responsible for the management of the relevant Divestment Business under the supervision of the Monitoring Trustee. The Hold Separate Manager shall manage the Divestment Business independently and in the best interest of the business with a view to ensuring its continued economic viability, marketability and competitiveness and its independence from the businesses retained by the Notifying Party.

Ring-fencing

8. The Notifying Party shall implement all necessary measures to ensure that it does not after the Effective Date obtain any business secrets, know-how, commercial information, or any other information of a confidential or

proprietary nature relating to the Divestment Businesses. In particular, the participation of the Divestment Businesses in a central information technology network shall be severed to the extent possible, without compromising the viability of the Divestment Businesses. The Notifying Party may obtain information relating to the Divestment Businesses which is reasonably necessary for the divestiture of the Divestment Businesses. The Notifying Party may also obtain information relating to the Divestment Businesses where disclosure to the Notifying Party is required by law.

Non-solicitation clause

9. The Notifying Party undertakes, subject to customary limitations, not to solicit, and to procure that Affiliated Undertakings do not solicit, the Key Personnel transferred with the Divestment Businesses for a period of [...] after Closing.

Due diligence

10. In order to enable potential purchasers to carry out a reasonable due diligence of the Divestment Businesses, the Notifying Party shall, subject to customary confidentiality assurances and dependent on the stage of the divestiture process:
 - A. provide to potential purchasers sufficient information as regards the Divestment Businesses;
 - B. provide to potential purchasers sufficient information relating to the Personnel and allow them reasonable access to the Personnel.

Reporting

11. The Notifying Party shall submit written reports in English on potential purchasers of the Divestment Businesses and developments in the negotiations with such potential purchasers to the Commission and the Monitoring Trustee no later than 10 days after the end of every month following the Effective Date (or otherwise at the Commission's request).
12. The Notifying Party shall inform the Commission and the Monitoring Trustee on the preparation of the data room documentation and the due diligence procedure and shall submit a copy of an information memorandum to the Commission and the Monitoring Trustee before sending the memorandum out to potential purchasers.

SECTION D. THE PURCHASER

13. In order to ensure the immediate restoration of effective competition, the Purchaser, in order to be approved by the Commission, must:
 - A. be independent of and unconnected to the Parties;

- B. have the financial resources, proven expertise and incentive to maintain and develop the relevant Divestment Business as a viable and active competitive force in competition with the Parties and other competitors;
 - C. neither be likely to create, in the light of the information available to the Commission, *prima facie* competition concerns nor give rise to a risk that the implementation of the Commitments will be delayed, and must, in particular, reasonably be expected to obtain all necessary approvals from the relevant regulatory authorities for the acquisition of the relevant Divestment Business (the before-mentioned criteria for the purchaser hereafter the “**Purchaser Requirements**”).
14. The final binding sale and purchase agreements shall be conditional on the Commission’s approval. When the Notifying Party has reached an agreement with a purchaser, it shall submit a fully documented and reasoned proposal, including a copy of the final agreement(s), to the Commission and the Monitoring Trustee. The Notifying Party must be able to demonstrate to the Commission that the purchaser meets the Purchaser Requirements and that the relevant Divestment Business is being sold in a manner consistent with the Commitments. For the approval, the Commission shall verify that the purchaser fulfils the Purchaser Requirements and that the relevant Divestment Business is being sold in a manner consistent with the Commitments. The Commission may approve the sale of each Divestment Business without one or more Assets or parts of the Personnel, if this does not affect the viability and competitiveness of the Divestment Business after the sale, taking account of the proposed purchaser.

SECTION E. THE TRUSTEE

I. Appointment Procedure

15. The Notifying Party shall appoint a Monitoring Trustee to carry out the functions specified in the Commitments for a Monitoring Trustee. If the Notifying Party has not entered into a binding sale and purchase agreement for the Divestment Businesses one month before the end of the First Divestiture Period or if the Commission has rejected a purchaser proposed by the Notifying Party at that time or thereafter, the Notifying Party shall appoint a Divestiture Trustee to carry out the functions specified in the Commitments for a Divestiture Trustee. The appointment of the Divestiture Trustee shall take effect upon the commencement of the Trustee Divestiture Period.
16. The Trustee shall be independent of the Parties, possess the necessary qualifications to carry out its mandate, for example as an investment bank or consultant or auditor, and shall neither have nor become exposed to a conflict of interest. The Trustee shall be remunerated by the Notifying Party in a way that does not impede the independent and effective fulfilment of its mandate. In particular, where the remuneration package of a Divestiture Trustee includes a success premium linked to the final sale value of the Divestment Businesses, the fee shall also be linked to a divestiture within the Trustee Divestiture Period.

Proposal by the Notifying Party

17. No later than one week after the Effective Date, the Notifying Party shall submit a list of one or more persons whom the Notifying Party proposes to appoint as the Monitoring Trustee to the Commission for approval. No later than one month before the end of the First Divestiture Period, the Notifying Party shall submit a list of one or more persons whom the Notifying Party proposes to appoint as Divestiture Trustee to the Commission for approval. The proposal shall contain sufficient information for the Commission to verify that the proposed Trustee fulfils the requirements set out in paragraph 16 and shall include:
- A. the full terms of the proposed mandate, which shall include all provisions necessary to enable the Trustee to fulfil its duties under these Commitments;
 - B. the outline of a work plan which describes how the Trustee intends to carry out its assigned tasks;
 - C. an indication whether the proposed Trustee is to act as both Monitoring Trustee and Divestiture Trustee or whether different trustees are proposed for the two functions.

Approval or rejection by the Commission

18. The Commission shall have the discretion to approve or reject the proposed Trustee(s) and to approve the proposed mandate subject to any modifications it deems necessary for the Trustee to fulfil its obligations. If only one name is approved, the Notifying Party shall appoint or cause to be appointed, the individual or institution concerned as Trustee, in accordance with the mandate approved by the Commission. If more than one name is approved, the Notifying Party shall be free to choose the Trustee to be appointed from among the names approved. The Trustee shall be appointed within one week of the Commission's approval, in accordance with the mandate approved by the Commission.

New proposal by the Parties

19. If all the proposed Trustees are rejected, the Notifying Party shall submit the names of at least two more individuals or institutions within one week of being informed of the rejection, in accordance with the requirements and the procedure set out in paragraphs 15 and 18.

Trustee nominated by the Commission

20. If all further proposed Trustees are rejected by the Commission, the Commission shall nominate a Trustee, whom the Notifying Party shall appoint, or cause to be appointed, in accordance with a trustee mandate approved by the Commission.

II. Functions of the Trustee

21. The Trustee shall assume its specified duties in order to ensure compliance with the Commitments. The Commission may, on its own initiative or at the request of the Trustee or the Notifying Party, give any orders or instructions to the Trustee in order to ensure compliance with the conditions and obligations attached to the Decision.

Duties and obligations of the Monitoring Trustee

22. The Monitoring Trustee shall:
- A. propose in its first report to the Commission a detailed work plan describing how it intends to monitor compliance with the relevant obligations and conditions attached to the Decision;
 - B. oversee the on-going management of the Divestment Businesses with a view to ensuring their continued economic viability, marketability and competitiveness and monitor compliance by the Notifying Party with the conditions and obligations attached to the Decision. To that end the Monitoring Trustee shall:
 - (i) monitor the preservation of the economic viability, marketability and competitiveness of the Divestment Businesses, and the keeping separate of the Divestment Businesses from the businesses retained by the Parties, in accordance with paragraphs 5 and 6 of the Commitments;
 - (ii) supervise the management of the Divestment Businesses as distinct and saleable entities, in accordance with paragraph 7 of the Commitments;
 - (iii) (a) in consultation with the Notifying Party, determine all necessary measures to ensure that the Notifying Party does not after the Effective Date obtain any business secrets, know-how, commercial information, or any other information of a confidential or proprietary nature relating to the Divestment Businesses, in particular strive for the severing of the Divestment Businesses' participation in a central information technology network to the extent possible, without compromising the viability of the Divestment Businesses, and (b) decide whether such information may be disclosed to the Notifying Party as the disclosure is reasonably necessary to allow the Notifying Party to carry out the divestiture or as the disclosure is required by law;
 - (iv) monitor the splitting of assets and the allocation of Personnel between the Divestment Businesses and the Parties or Affiliated Undertakings;

- C. assume the other functions assigned to the Monitoring Trustee under the conditions and obligations attached to the Decision;
- D. propose to the Notifying Party such measures as the Monitoring Trustee considers necessary to ensure the Notifying Party's compliance with the conditions and obligations attached to the Decision, in particular the maintenance of the full economic viability, marketability or competitiveness of the Divestment Businesses, the holding separate of the Divestment Businesses and the non-disclosure of competitively sensitive information;
- E. review and assess potential purchasers as well as the progress of the divestiture process and verify that, dependent on the stage of the divestiture process:
 - (i) potential purchasers receive sufficient information relating to the Divestment Businesses and their Personnel in particular by reviewing, if available, the relevant data room documentation, information memorandum and due diligence process; and
 - (ii) potential purchasers are granted reasonable access to the relevant Personnel;
- F. provide to the Commission, sending the Notifying Party a non-confidential copy at the same time, a written report within 15 days after the end of every month. The report shall cover the operation and management of the Divestment Businesses so that the Commission can assess whether each business is held in a manner consistent with the Commitments and the progress of the divestiture process as well as potential purchasers. In addition to these reports, the Monitoring Trustee shall promptly report in writing to the Commission, sending the Notifying Party a non-confidential copy at the same time, if it concludes on reasonable grounds that the Notifying Party is failing to comply with these Commitments;
- G. within one week after receipt of the documented proposal referred to in paragraph 14, submit to the Commission a reasoned opinion as to:
 - (i) the suitability and independence of the proposed purchaser and the viability of the relevant Divestment Business after the sale; and
 - (ii) whether the relevant Divestment Business is sold in a manner consistent with the conditions and obligations attached to the Decision, in particular (if relevant) whether the sale of the Divestment Business without one or more Assets or not all of the Personnel affects the viability of the Divestment Business after the sale, taking account of the proposed purchaser.

Duties and obligations of the Divestiture Trustee

23. Within the Trustee Divestiture Period, the Divestiture Trustee shall sell at no minimum price the Divestment Business to a purchaser, provided that the Commission has approved both the relevant purchaser and the relevant final binding sale and purchase agreement in accordance with the procedure laid down in paragraph 14. The Divestiture Trustee shall include in the sale and purchase agreement such terms and conditions as it considers appropriate for an expedient sale in the Trustee Divestiture Period. In particular, the Divestiture Trustee may include in the sale and purchase agreement such customary representations and warranties and indemnities as are reasonably required to effect the sale. The Divestiture Trustee shall protect the legitimate financial interests of the Notifying Party, subject to the Notifying Party's unconditional obligation to divest at no minimum price in the Trustee Divestiture Period.
24. In the Trustee Divestiture Period (or otherwise at the Commission's request), the Divestiture Trustee shall provide the Commission with a comprehensive monthly report written in English on the progress of the divestiture process. Such reports shall be submitted within 15 days after the end of every month with a simultaneous copy to the Monitoring Trustee and a non-confidential copy to the Notifying Party.

III. Duties and obligations of the Parties

25. The Notifying Party shall provide and shall cause its advisors to provide the Trustee with all such cooperation, assistance and information as the Trustee may reasonably require to perform its tasks. The Trustee shall have full and complete access to any of the Notifying Party's or the Divestment Businesses' books, records, documents, management or other personnel, facilities, sites and technical information necessary for fulfilling its duties under the Commitments and the Notifying Party and the Divestment Businesses shall provide the Trustee upon request with copies of any such document. The Notifying Party and the Divestment Businesses shall make available to the Trustee one or more offices on their premises and shall be available for meetings in order to provide the Trustee with all information necessary for the performance of its tasks.
26. The Notifying Party shall provide the Monitoring Trustee with all managerial and administrative support that it may reasonably request on behalf of the management of the Divestment Businesses. This shall include all administrative support functions relating to the Divestment Businesses which are currently carried out at headquarters level. The Notifying Party shall provide and shall cause its advisors to provide the Monitoring Trustee, on request, with the information submitted to potential purchasers, in particular giving the Monitoring Trustee access to the data room documentation and all other information granted to potential purchasers in the due diligence procedure. The Notifying Party shall inform the Monitoring Trustee on possible purchasers, submit a list of potential purchasers, and keep the Monitoring Trustee informed of all developments in the divestiture process.
27. The Notifying Party shall grant or procure Affiliated Undertakings to grant comprehensive powers of attorney, duly executed, to the Divestiture Trustee to

effect the sale, the Closing and all actions and declarations which the Divestiture Trustee considers necessary or appropriate to achieve the sale and the Closing, including the appointment of advisors to assist with the sale process. Upon request of the Divestiture Trustee, the Notifying Party shall cause the documents required for effecting the sale and the Closing to be duly executed.

28. The Notifying Party shall indemnify the Trustee and its employees and agents (each an “**Indemnified Party**”) and hold each Indemnified Party harmless against, and hereby agrees that an Indemnified Party shall have no liability to the Notifying Party for any liabilities arising out of the performance of the Trustee’s duties under the Commitments, except to the extent that such liabilities result from the wilful default, recklessness, gross negligence or bad faith of the Trustee, its employees, agents or advisors.
29. At the expense of the Notifying Party, the Trustee may appoint advisors (in particular for corporate finance or legal advice), subject to the Notifying Party’s approval (this approval not to be unreasonably withheld or delayed) if the Trustee considers the appointment of such advisors necessary or appropriate for the performance of its duties and obligations under the Mandate, provided that any fees and other expenses incurred by the Trustee are reasonable. Should the Notifying Party refuse to approve the advisors proposed by the Trustee the Commission may approve the appointment of such advisors instead, after having heard the Notifying Party. Only the Trustee shall be entitled to issue instructions to the advisors. Paragraph 28 shall apply mutatis mutandis. In the Trustee Divestiture Period, the Divestiture Trustee may use advisors who served the Notifying Party during the Divestiture Period if the Divestiture Trustee considers this in the best interest of an expedient sale.

IV. Replacement, discharge and reappointment of the Trustee

30. If the Trustee ceases to perform its functions under the Commitments or for any other good cause, including the exposure of the Trustee to a conflict of interest:
 - A. the Commission may, after hearing the Trustee, require the Notifying Party to replace the Trustee; or
 - B. the Notifying Party, with the prior approval of the Commission, may replace the Trustee.
31. If the Trustee is removed according to paragraph 30, the Trustee may be required to continue in its function until a new Trustee is in place to whom the Trustee has effected a full hand over of all relevant information. The new Trustee shall be appointed in accordance with the procedure referred to in paragraphs 15-20.
32. Beside the removal according to paragraph 30, the Trustee shall cease to act as Trustee only after the Commission has discharged it from its duties after all the Commitments with which the Trustee has been entrusted have been implemented. However, the Commission may at any time require the

reappointment of the Monitoring Trustee if it subsequently appears that the relevant remedies might not have been fully and properly implemented.

SECTION F. THE EWA BUSINESS

Commitment to divest the EWA Business

33. In order to restore effective competition and remove any concerns regarding the EWA Business, the Notifying Party commits to divest, or procure the divestment of, the EWA Business by the end of the Trustee Divestiture Period as a going concern to a purchaser on terms of sale approved by the Commission in accordance with the procedure described in paragraph 14. To carry out the divestiture, the Notifying Party commits to find a purchaser and to enter into a final binding sale and purchase agreement for the sale of the EWA Business within the First Divestiture Period. If the Notifying Party has not entered into such an agreement at the end of the First Divestiture Period, the Notifying Party shall grant the Divestiture Trustee an exclusive mandate to sell the EWA Business before the end of the Trustee Divestiture Period in accordance with the procedure described in paragraph 23.
34. The Notifying Party shall be deemed to have complied with this commitment if, by the end of the Trustee Divestiture Period:
 - A. the Commission has approved Henkel's acquisition of the On-Sale Businesses (in accordance with the terms of the On-Sale Agreement) and if the closing of the sale of the EWA Business to Henkel takes place within a period not exceeding 3 months after such approval; or
 - B. the Notifying Party has entered into a final binding sale and purchase agreement with a third party purchaser approved by the Commission in accordance with the procedure described in paragraph 14, and if the closing of the sale of the EWA Business takes place within a period not exceeding 3 months after the approval of the Purchaser and the terms of sale by the Commission.
35. In order to maintain the structural effect of the Commitments, the Notifying Party shall, for a period of 10 years after the Effective Date, not acquire direct or indirect influence over the whole or part of the EWA Business the divestment of which is a condition of the Decision, unless the Commission has previously found that the structure of the market has changed to such an extent that the absence of influence over the EWA Business is no longer necessary to render the proposed concentration compatible with the common market.

Preservation of Viability, Marketability and Competitiveness of the EWA Business

36. From the Effective Date until Closing, the Notifying Party shall preserve the economic viability, marketability and competitiveness of the EWA Business, in accordance with good business practice, and shall minimise as far as possible any risk of loss of competitive potential of the EWA Business. In particular the Notifying Party undertakes:
- A. not to carry out any act upon its own authority that might have a significant adverse impact on the value, management or competitiveness of the EWA Business or that might alter the nature and scope of activity, or the industrial or commercial strategy or the investment policy of the EWA Business;
 - B. to make available sufficient resources for the development of the EWA Business, on the basis and continuation of the existing business plans;
 - C. to take all reasonable steps, including appropriate incentive schemes (based on industry practice), to encourage all key personnel to remain with the EWA Business.

Hold-separate obligations regarding the EWA Business

37. The Notifying Party commits, from the Effective Date until Closing, to keep the EWA Business separate from its existing activities in the field of engineered wood adhesives and to ensure that key personnel of the EWA Business have no involvement in those existing activities and vice versa.
38. Until closing of the sale of the EWA Business, the Notifying Party shall assist the Monitoring Trustee in ensuring that the EWA Business is managed separately from the Notifying Party's existing activities in the field of engineered wood adhesives.

Ring-fencing regarding the EWA Business

39. The Notifying Party shall implement all necessary measures to ensure that it does not after the Effective Date obtain any business secrets, know-how, commercial information, or any other information of a confidential or proprietary nature relating to the EWA Business. In particular, the participation of the EWA Business in a central information technology network shall be severed to the extent possible (as part of the pre-Sale Reorganisation envisaged by the On-Sale Agreement) without compromising the viability of the EWA Business. The Notifying Party may obtain information relating to the EWA Business which is reasonably necessary for the divestiture of the EWA Business. The Notifying Party may also obtain information relating to the EWA Business where disclosure to the Notifying Party is required by law.

Non-solicitation clause regarding the EWA Business

40. The Notifying Party undertakes, subject to customary limitations, not to solicit, and to procure that Affiliated Undertakings do not solicit, the key personnel

transferred with the EWA Business for a period of [...] after closing of the sale of the EWA Business.

SECTION G. Dispute Resolution

41. Should a dispute arise between the Notifying Party and the Purchaser regarding the implementation of any term of the transitional arrangement or trademark licensing referred to in the Schedules, such dispute shall be submitted to a fast track resolution procedure (the “Fast Track Resolution Procedure”).
42. The Fast Track Resolution Procedure will operate as follows:
 - A. the party who seeks to initiate the Fast Track Resolution Procedure (the “Initiating Party”) shall notify the other party (the “Responding Party”) of its request and specify the reasons why it believes that a failure by the Responding Party to meet such request would be inconsistent with these Commitments;
 - B. the Purchaser and the Notifying Party (including the relevant Affiliated Undertaking) shall use their best efforts to resolve all differences of opinion and to settle all disputes that may arise through co-operation and consultation within a reasonable period of time not to exceed [...] calendar days;
 - C. should the Purchaser and the Notifying Party fail to resolve their differences of opinion through co-operation and consultation, the Initiating Party shall within [...] calendar days initiate an arbitration process;
 - D. to initiate the arbitration process, the Initiating Party shall give written notice to the Responding Party nominating an arbitrator and stating the specific nature of the claim, the factual basis of its position and the relief requested. In such case, the Responding Party shall appoint another arbitrator within [...] calendar days after receipt of the written notice. The arbitrators so appointed shall appoint a third arbitrator to be president of the arbitration tribunal within [...] calendar days after both arbitrators have been nominated. If the arbitrators nominated by the Initiating Party and the Requesting Party cannot agree on the nomination of a third arbitrator, they shall request that the London Court of International Arbitration appoint the third arbitrator;
 - E. any of the arbitrators will be entitled to request any relevant information from the Purchaser, the Notifying Party or the relevant Affiliated Undertaking(s). The arbitrators shall agree in writing to keep any confidential information and business secrets disclosed to them in confidence. Throughout these Commitments the standards attributed to confidential information and business secrets are those as set out in accordance with European Community law;

- F. the burden of proof in any dispute governed by this Section G shall be as follows:
 - (i) the Initiating Party must produce evidence of a prima facie case; and
 - (ii) if the Initiating Party produces evidence of a prima facie case, the arbitrators must find in favour of the Initiating Party unless the Responding Party can produce evidence to the contrary.
 - G. the arbitration procedure shall follow the rules of the London Court of International Arbitration. The arbitration shall be conducted in London. The language of the arbitration shall be English. In the event of disagreement between the parties to the arbitration regarding the interpretation of the Commitments, the arbitrators shall inform the Commission and may seek the Commission's interpretation of the Commitments before finding in favour of any party to the arbitration. The Commission may, at any time, issue a submission during the arbitration procedure;
 - H. the arbitration award shall, in addition to dealing with the merits of the claim, impose the fees and costs of the prevailing party upon the party that is unsuccessful;
 - I. decisions of the arbitrators shall be final and binding on all persons submitting to arbitration; and
 - J. nothing in the above-described arbitration procedure shall affect the powers of the Commission to take decisions in relation to the Commitments in accordance with its powers under the Merger Regulation and the EC Treaty.
43. The Notifying Party and the Purchaser shall submit a written report in English to the Commission on any matters which the Commission reasonably requests in order to determine whether they have complied with the commitments with regard to dispute resolution. Any such report shall be sent to the Commission within fifteen (15) working days from the date the Commission makes a request.

SECTION H. THE REVIEW CLAUSE

44. The Commission may, where appropriate, in response to a request from the Notifying Party showing good cause and accompanied by a report from the Monitoring Trustee:
- A. grant an extension of the time periods foreseen in the Commitments, or
 - B. waive, modify or substitute, in exceptional circumstances, one or more of the undertakings in these Commitments.
45. Where the Notifying Party seeks an extension of a time period, it shall submit a request to the Commission no later than one month before the expiry of that period, showing good cause. Only in exceptional circumstances shall the Notifying Party be entitled to request an extension within the last month of any period.

Brussels, 4 December 2007

.....
duly authorised for and on behalf of
Akzo Nobel N.V.

SCHEDULE I – The Crown Divestment Business

1. This Divestment Business as operated to date has the following legal and functional structure:
 - A. The UK activities and interests are mainly held by the legal entity, Akzo Nobel Decorative Coatings Limited (registered in England and Wales under number 139914); it owns a number of subsidiaries, including Crown Trade Centres Ltd (which holds the Crown Decorator Centres) as well as various trading and dormant companies. The Irish activities and interests are held mainly by another sister company Akzo Nobel Decorative Coatings Ireland Ltd (although some Irish interests are held under AN Coatings (Holdings) Limited and intermediate companies in the UK). The legal structure is illustrated by the corporate structure charts at Annex 1. Descriptions of the main legal entities are provided at Annex 2.
 - B. This Divestment Business is managed by a dedicated local management. Detailed organisational/management charts are provided at Annex 3.
2. In accordance with paragraph 4 of these Commitments, this Divestment Business includes, but is not limited to:
 - A. the following main tangible assets:
 - facilities located on a freehold site owned by Akzo Nobel Decorative Coatings Limited at Darwen, Lancashire, as indicated on the plan at Annex 4 and described in detail at Annex 5, including:
 - head office function;
 - the production facilities (comprising a solvent based department and a water based department). Certain non-decorative coatings manufacturing, warehouse, laboratory and office facilities at this site (as operated by Akzo Nobel's Industrial Finishes business unit) will be ring-fenced and excluded from the Divestment Business;
 - R&D facilities;
 - distribution/logistics warehouse and centre;
 - facilities located on a freehold site owned by Akzo Nobel Decorative Coatings Limited at Hull, Humberside, as indicated on the plan at Annex 6 and described in detail at Annex 7, including:
 - the production facilities (comprising a solvent based department and two water based departments);
 - distribution/logistics warehouse and centre;

- distribution/logistics facilities located on a leasehold site at Warrington, as further described in Annex 8;
- distribution/logistics facilities including one Crown Decorator Centre located in Dublin and two further Crown Decorator Centres located on freehold sites in the Republic of Ireland. [...]. The freehold of these facilities will not be included in the Divestment Business, but will be retained by the Notifying Party which will enter into property leases with the Divestment Business (in particular Akzo Nobel Decorative Coatings Ireland Ltd) on arm's length terms;
- distribution/logistics facilities located on a leasehold site in Belfast, Northern Ireland as further described in Annex 9;
- the whole of the Crown Decorator Centre business, including all the outlets as listed at Annex 10, comprising:
 - 113 centres in the UK;
 - 11 centres in the Republic of Ireland.
- all tangible assets owned by the legal entities comprising the Divestment Business and located at the facilities identified above used to serve its customers in the UK and Ireland and in export markets.

B. the following main intangible assets:

- (i) assignment of rights in the following trade marks throughout the EEA: Cashel, Crown, Crown Trade, Sandtex, Sandtex Trade, Berger, Brolac, Permoglaze, Macpherson, Magicote and Decorators Choice (as further described in Annex 11);
- (ii) the grant of a [...] licence for the use of the Sadolin trademark for the marketing and sale of decorative coatings products in the UK and Ireland by way of a royalty-free exclusive and irrevocable licence (the "UK and Ireland Sadolin Licence"). The UK and Ireland Sadolin Licence would permit the Purchaser to use the Sadolin trademark alone or together with the Purchaser's own trademarks during the period of the UK and Ireland Sadolin Licence ("Co-branding"). The Purchaser would be allowed to change from Co-branding to the Purchaser's own trademark at any time before the end of the UK and Ireland Sadolin Licence. The Notifying Party also commits not to re-introduce decorative coatings under the Sadolin brand in the UK and Ireland within a period of [...] after the termination of the UK and Ireland Sadolin Licence (the "**Blackout Period**"). Should the Purchaser decide not to use the UK and Ireland Sadolin Licence for the full period [...], the Blackout Period will be extended accordingly to allow for a

total protection period of [...]. During the period of the UK and Ireland Sadolin Licence and in the event the Purchaser uses the *Sadolin* trademark, the Purchaser must sell the products without modifying the *Sadolin* logo design, or damage the overall value of the *Sadolin* trademark, or violate any necessary administrative permits and authorisations. Should the Notifying Party realise that any of these events occur, it will immediately require from the Purchaser, by registered letter with acknowledgement of receipt, to remedy this situation. The Notifying Party will also inform the Monitoring Trustee who will address the matter. Should the Notifying Party and the Purchaser disagree with the Monitoring Trustee's decision, they will refer the matter to an arbitration proceeding in accordance with the dispute resolution provisions set out in Section G of the Commitments;

- (iii) all other Intellectual Property Rights (especially design rights) used in conducting the Divestment Business (e.g. formulations, colour names, packaging), either by way of assignment (in the case of Intellectual Property Rights used exclusively by the Divestment Business) or by way of royalty-free licence (in the case of Intellectual Property Rights also used by the Notifying Party outside the Divestment Business) as further described in Annex 12;
- C. all licences, permits and authorisations owned by the legal entities comprising the Divestment Business, including all the necessary licences, permits and authorisations to operate the facilities identified above and to carry on the business in the UK and Ireland;
- D. all contracts, agreements, leases, commitments and understandings entered into by the legal entities comprising the Divestment Business (to the extent this is not hindered by change of control clauses and the subsequent termination of such agreements). These include in particular all customer contracts and also supply contracts with third party suppliers, including:
- (i) special contracts for the supply of coatings to the following customers:
 - [...]
 - [...]
 - (ii) various supply contracts with suppliers of raw materials and other inputs;
 - (iii) logistics contracts with [...];
- E. all records relating to the Divestment Business's customers, credit and other records;

- F. all Personnel that are employed by the Divestment Business, as described at Annex 13;
- G. the Key Personnel identified at Annex 14;
- H. to the extent that the Purchaser of the Divestment Business wishes, the Notifying Party would be prepared to put in place a contract with the Purchaser to replicate the following current arrangements for the supply or purchase of products or services by the Notifying Party or Affiliated Undertakings for a transitional period of [...] after Closing, including:
- access to Information Technology to the extent required by the Divestment Business, continued Inter Company Deliveries from and to the Divestment Business, purchase or supply of raw materials, purchasing of packaging materials, and services required for the continued operation of the Industrial Finishes business.
 - Supply of decorative coatings under the Sikkens, and International brands to the Crown Decorator Centres.
3. The Divestment Business shall not include:
- 3.1.1. the *Sikkens* brand and related technology and know-how used exclusively for products sold under that brand (together with all inventory and stocks of finished products held under that brand, and of packaging materials intended for products to be sold under that brand). [...].
- 3.1.2. the International brand and related technology and know-how used exclusively for products sold under that brand (together with all inventory and stocks of finished products held under that brand, and of packaging materials intended for products to be sold under that brand). The small range of International branded decorative coatings sold in the UK and Ireland has been manufactured both at Darwen and Hull and on a toll-manufacturing basis at an Akzo Nobel marine coatings facility at Felling, Tyneside.
- 3.1.3. any rights to the *Akzo Nobel* name; any legal entities which include the Akzo Nobel name will change their name prior to Closing.
4. For data on the Divestment Business's export sales (to destinations outside the UK and Ireland), see Annex 15.
5. For financial data on the Divestment Business, see Annex 16.

THE CROWN DIVESTMENT BUSINESS - LEGAL STRUCTURE CHART

[Confidential]

THE CROWN DIVESTMENT BUSINESS - DESCRIPTION OF MAIN LEGAL ENTITIES

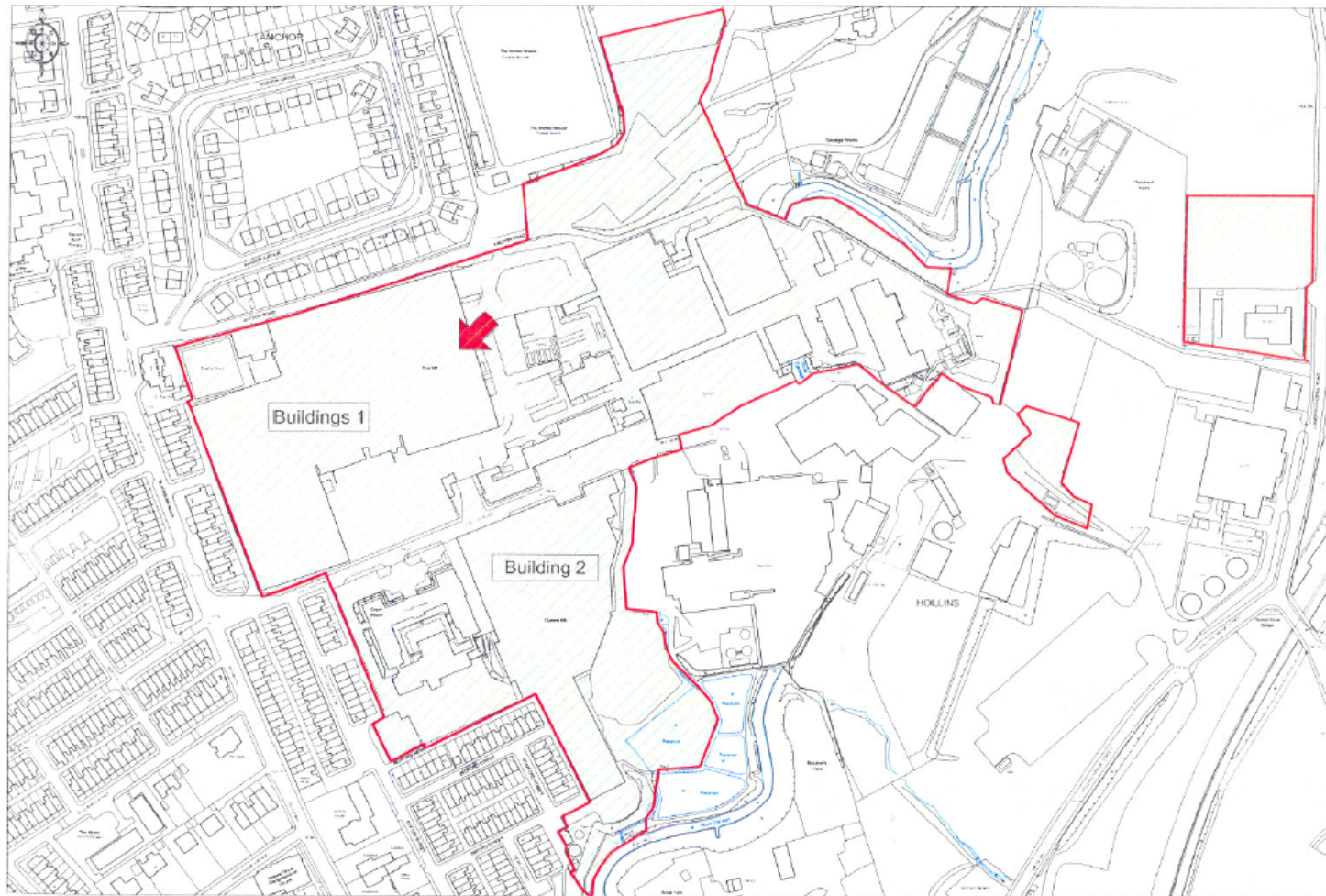
[...]

**THE CROWN DIVESTMENT BUSINESS - ORGANISATION/MANAGEMENT
STRUCTURE**

[Confidential]

THE DARWEN FACILITIES - PLAN

Site and Premises Hollins Road Darwen



THE DARWEN FACILITIES - DESCRIPTION

1. LOCATION

The Darwen site and premises are situated on either side of Hollins Road, which links to Blackburn Road (A666), north of Darwen town centre.

Blackburn Road is the main arterial route linking Darwen to Blackburn town centre and provides access to junction 4 of the M65, approximately 2.5 km to the North.

Darwen itself is situated approximately 5 km from Blackburn and lies 24 km from the city of Preston and 32 km from Manchester.

2. DESCRIPTION

The site at Darwen contains a series of offices, laboratories, warehouse and manufacturing units used in conjunction with the manufacture and storage of paints. Total land area of the site is 149,700 m².

The Divestment Business currently shares this site with Akzo Nobel's Industrial Finishes business unit which will be excluded from the divestment; it is envisaged that the Divestment Business will grant a temporary lease to the Industrial Finishes business to permit it to remain on the site pending its relocation.

There are over 60 buildings currently existing on site dating from the early 1900s. The site has been enhanced through redevelopment and improvements over this period and it has grown organically as the business has developed.

A description of the buildings is provided below.

(a) Offices

Crown House: This is a four storey office building, close to the entrance of Hollins Road, which provides the main administration function for the site. It houses the following departments: sales and marketing, customer services, finance, human resources management, purchasing and IT. Constructed in 1955, the building contains a series of cellular and open plan offices, meeting rooms and a canteen facility (together with ancillary storage). The building also contains a separate training centre, lecture theatre and dedicated parking area.

Queens Mill: This is a four storey office building which houses the following central departments: Quality Assurance, Supply Chain Management, Internal Auditing, Health and Safety Environment, operations management and technical services.

There is also a separate medical centre.

(b) Research and development

There is a separate building on site which houses the offices and laboratories of the R&D department.

(c) Distribution centre retail

The main warehouse and distribution facilities are located at the front of the site,. This warehouse is also used as central stock point for both Ireland and Northern Ireland. The units comprise a series of high bay units of steel portal frame construction. Total floor space is 19,246 m². There are 18,479 pallet locations in the warehouse of which 2500 are pick locations.

The units interconnect and are serviced by a series of dock levellers providing access from a dedicated loading apron. Within this complex is a separate office facility.

Adjacent to Crown House is a small additional warehouse currently used for storage of discontinued products.

(d) Production facilities

Adjacent to the distribution centre there is the water-based (WB) manufacturing department. This department is connected to the distribution centre with an automatic conveyor. [...].

Further down the site is the building which houses the solvent-based (SB) manufacturing department.[...].

Detached from the main body of the site is the “polymer” plant which consists of a stand alone facility situated on a site of 8,100 m². [...].

Waste water from the water based production process is collected in separate tanks and treated in a state-of-the art effluent treatment plant before it is discharged into the public sewage system.

There is a separate building at the bottom of the site which houses the maintenance department, as well as buildings for storage of empty packaging.

3. PRODUCTS MANUFACTURED AT DARWEN

The following table lists the decorative coatings production volumes by brand for the Darwen facilities, distinguishing between the brands to be included in the Divestment Business and those to be excluded from the Divestment Business (including inter-company sales outside of the UK and Ireland). [...].

(i) Brands sold in the UK and Ireland included in the Divestment Business

Brand	WB volume/ 000s litres	SB volume/ 000s litres	Total volume/ 000s litres
Albany*	[...]	[...]	[...]
Berger	[...]	[...]	[...]
Cashel	[...]	[...]	[...]
Crown	[...]	[...]	[...]
Crown Trade	[...]	[...]	[...]

Macpherson	[...]	[...]	[...]
My Home*	[...]	[...]	[...]
Permoglaze	[...]	[...]	[...]
Sandtex	[...]	[...]	[...]
Sandtex Trade	[...]	[...]	[...]
Total (litres)	[...]	[...]	[...]
% of total production	72.7%	25.2%	97.9%

* *Albany* and *My Home* are private label products manufactured by Akzo Nobel. The contracts under which these products are supplied will be included with the Divestment Business.

(ii) Brands sold in the UK and Ireland excluded from the Divestment Business

Brand	WB volume/ 000s litres	SB volume/ 000s litres	Total volume/ 000s litres
International	[...]	[...]	[...]
Total (litres)	[...]	[...]	[...]
% of total production	0.0%	1.7%	1.7%

(ii) Inter Company Deliveries outside the UK and Ireland from the Divestment Business

Brand	WB volume/ 000s litres	SB volume/ 000s litres	Total volume/ 000s litres
Various			
% of total production			

4. [...]

5. [...]

THE HULL FACILITIES - PLAN

AKZO NOBEL PREMISES- SCULCOATES LANE, KINGSTON UPON HULL



THE HULL FACILITIES - DESCRIPTION

1. LOCATION

The Hull site is located off Sculcoates Lane, and lies approximately 1.6 km to the north of Hull city centre in West-Yorkshire.

The site is situated in a predominately industrial area with well established factory and warehouse buildings to the north, east and south. The subject site is bound by railway lines to the northern boundary and the River Hull to the east.

There is an existing residential area towards the west end of Sculcoates Lane with a new residential development underway to the west of the subject site.

2. DESCRIPTION

The site consists of a number of buildings including manufacturing, warehouses for raw materials and packaging, offices and staff facilities together with plant and machinery related to the production of water and solvent based coatings. The oldest buildings on site date back to the 1930s; the most recent development was in 2003. The total floor area amounts to approximately 21,117 m² on a site area of 8.34 hectares.

A list and description of the buildings is provided below.

(a) Offices

The main administrative offices and associated accommodation are situated to the South entrance to the site and front Sculcoates Lane. Constructed during the 1960s, the two storey building provides a series of cellular and open plan offices on the ground floor and a mix of cellular offices and meeting rooms to the first floor. In addition a canteen facility adjoins the office building.

(b) Warehouse

Also situated to the front of the site is the main warehouse, which provides the largest floor area on the site. The building was developed in 1994 and consists of a modern single storey warehouse with 5,940 pallet places. The building is divided into two areas: the larger is utilised for storage of packaging and redundant goods to be reworked; the second area is primarily utilised for despatch of finished products to the Akzo Nobel distribution centres in the UK and Ireland.

(c) Production facilities

Further within the complex are buildings of varying specification and construction.

The main manufacturing and production is split into:

- (i) a solvent-based department (SB - mainly transparent wood coatings);
- (ii) a large water-based department for large batches (WB1); and

(iii) a water-based department, mainly for small batches (WB2).

[...]

The site has a silo system consisting of 10 silos with automatic transfer to the dissolvers in the main WB1 production building.

In addition, there is an emulsion polymer tank farm with 11 bulk tanks and a resin/solvents tank farm with 10 bulk tanks.

Waste water from the water-based production process is collected in separate tanks and treated in a state-of-the art effluent treatment plant before being discharged into the public sewage system.

In addition, there are a number of smaller buildings on site which are being used to store various quantities of raw materials and packaging; one of them is used as a maintenance workshop.

3. PRODUCTS MANUFACTURED AT HULL

The following table lists the decorative coatings production volumes by brand for the Hull facilities, distinguishing between the brands to be included in the Divestment Business and those to be excluded from the Divestment Business (including inter-company sales outside of the UK and Ireland). [...]

(i) Brands sold in the UK and Ireland included in the Divestment Business

Brand	WB1 volume / 000s litres	WB2 volume / 000s litres	SB volume / 000s litres	Total volume / 000s litres
Albany*	[...]	[...]	[...]	[...]
Berger	[...]	[...]	[...]	[...]
Crown	[...]8	[...]	[...]	[...]
Crown Trade	[...]	[...]	[...]	[...]
Macpherson	[...]	[...]	[...]	[...]
Magicote	[...]	[...]	[...]	[...]
My Home*	[...]	[...]	[...]	[...]
Permoglaze	[...]	[...]	[...]	[...]
Sadolin**	[...]	[...]	[...]	[...]
Sandtex	[...]	[...]	[...]	[...]
Sandtex Trade	[...]	[...]	[...]	[...]
Total (litres)	[...]	[...]	[...]	[...]
% of total production	87.2%	6.6%	5.0%	98.8%

* *Albany* and *My Home* are private label products manufactured by Akzo Nobel. The contracts under which these products are supplied will be included with the Divestment Business.

** This Divestment Business includes a [...] exclusive licence to sell decorative coatings products under the *Sadolin* brand in the UK and Ireland.

(ii) Brands sold in the UK and Ireland excluded from the Divestment Business

Brand	WB1 volume / 000s litres	WB2 volume / 000s litres	SB volume / 000s litres	Total volume / 000s litres
International	[...]	[...]	[...]	[...]
Total (litres)	[...]	[...]	[...]	[...]
% of total production	0.4%	0%	0%	0.4%

(ii) Inter Company Deliveries outside the UK and Ireland from the Divestment Business

	WB1 volume / 000s litres	WB2 volume / 000s litres	SB volume / 000s litres	Total volume/ 000s litres
Various	[...]	[...]	[...]	[...]
% of total production	0.2%	0.04%	0.0%	0.3%

4. [...]

**THE WARRINGTON DISTRIBUTION LOGISTICS FACILITIES -
DESCRIPTION**

1. LOCATION

The Warrington site is located in the Gemini industrial park just off the M62 in Warrington, Cheshire.

2. DESCRIPTION

The site consists of a single building which is leased by Akzo Nobel Decorative Coatings Limited from NFU Mutual & Avon Group. The lease expires on 24 June 2017. The total floor area amounts to approximately 12,077 m² on a site area of 26,000 m². This warehouse is used for storage and distribution of paint for Trade customers in Great-Britain as well as being a central stock point for Ireland.

(a) Offices

Integrated in the main building are the administrative offices. This is a series of cellular and open plan offices on the ground floor and first floor as well as a meeting room and a canteen facility.

(b) Warehouse

The main part of the building is the warehouse. It has 16,500 pallet places of which 3,750 are picking locations. It is a state of the art building with wide aisles and high bays and a separate floor space for loading. It has a tinting department where paint is tinted to customer order.

THE DUBLIN DISTRIBUTION LOGISTICS FACILITIES – DESCRIPTION

1. LOCATION

The Dublin site is located on Malahide Road in Coolock, to the north of Dublin city centre.

2. DESCRIPTION

The site consists of a number of warehouses built at various times over the past forty years. There are a series of interconnecting decorative coatings warehouses and a separate warehouse for vehicle refinish products, as well as a head office, a sales office and space for finance, marketing and administrative functions. Fronting Malahide Road is a Crown Decorator Centre.

In total, the site covers approximately 8,361 m². [...].

FREEHOLD CROWN DECORATOR CENTRES IN IRELAND

1. LOCATION

In addition to the Crown Decorator Centre identified above, there are two further Crown Decorator Centres located on freehold sites, these are located in Dublin (Cardiff Lane Road and Camden Street).

2. DESCRIPTION

The freehold of the Crown Decorator Centre located at Cardiff Lane Road is owned by Crown Berger Distribution Limited whilst the freehold of the Crown Decorator Centre located at Camden Street is owned by Akzo Nobel Decorative Coatings Limited. [...].

THE BELFAST DISTRIBUTION FACILITIES – DESCRIPTION

1. LOCATION

The Belfast site is located in the Mallusk Park Industrial Estate, in Newtownabbey, approximately seven kilometres to the north of Belfast city centre.

2. DESCRIPTION

The site consists of a single, self-contained warehouse unit which incorporates some office space. The site covers approximately 2,787 m². [...].

THE CROWN DECORATOR CENTRES IN THE UK AND IRELAND

Trademark	Country	Type	Appl. No.	Reg. No.
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]

OTHER IP RIGHTS

1. Other Intellectual Property Rights included in this Divestment Business comprise:
 - (a) assignment or licence of the product formulations and recipes for production of the current range of products sold under the brands included in this Divestment Business. In the case of the products currently sold under the *Sadolin* brand in the UK and Ireland, the UK and Ireland Sadolin Licence includes a non-exclusive right to use the product formulations and recipes currently used for their production for the duration of the UK and Ireland Sadolin Licence. Thereafter, at the Purchaser's request, the Notifying Party will extend the non-exclusive licence (on an arm's length basis) to allow the Purchaser to continue to use those product formulations and recipes
 - (b) assignment of the trademark colour names currently used exclusively by this Divestment Business
 - (c) a licence to use (for a period of [...]) the trademark colour names included in this Divestment Business also used more widely by the Notifying Party
 - (d) the IP addresses for the websites owned by this Divestment Business (including www.crown.co.uk). The UK and Ireland Sadolin Licence will also grant the Purchaser exclusive use of the Sadolin IP addresses (www.sadolin.co.uk, www.sadolin.ie and www.sadolininthegarden.co.uk) for the duration of the UK and Ireland Sadolin Licence
 - (e) assignment of the packaging and design rights therein currently used exclusively on products sold under the brands included in this Divestment Business. To the extent that packaging and design rights are also used by the Notifying Party, the Notifying Party will grant a licence for [...]. In the case of the packaging and design rights currently used on *Sadolin products*, for its duration the UK and Ireland Sadolin Licence will include the exclusive right to use these in the UK and Ireland to the extent they are used exclusively on *Sadolin* products and a non-exclusive right to use them in the UK and Ireland to the extent they are also used by the Notifying Party
 - (f) assignment of the active patents pertaining to a closed loop continuous emulsion polymerisation reactor and process

PERSONNEL

1. AS AT 31 OCTOBER 2007 THE TOTAL NUMBER OF EMPLOYEES WITHIN THE Divestment Business was 1,570.

2. It should be noted that in addition there are currently a number of employees who are on the payroll of Akzo Nobel Decorative Coatings Limited but who either do not work for the UK/Irish decorative coatings business or otherwise perform functions either partially or wholly outside the Divestment Business, such that they will not be included within the Divestment Business. These employees' contracts will be transferred to other Akzo Nobel legal entities prior to closing. [...].
 - [...]

 - [...]

 - [...]

KEY PERSONNEL

[...]

EXPORT SALES AND INTER COMPANY DELIVERIES

1. The Divestment Business includes export sales to a number of destinations outside the UK, as detailed in the table below.

Export Sales of Decorative Coatings made outside the UK and Ireland

Country	Value (£ million)	Of which sold under brands included in the Divestment Package (including Sadolin) (£ million)	Of which sold under brands not included in the Divestment Package (£ million)
Total	1.9	1.9	less than 0.1

2. For sales of products being made to third parties (not Akzo Nobel companies) under the brands included within the Divestment Business, the benefit of supply contracts will be transferred to the Divestment Business.
3. The value of sales to third parties under the brands which are not included in the Divestment Business are minimal as shown in the table above.
4. For Inter Company Deliveries being made by the Divestment Business to other Akzo Nobel companies (other than under the brands owned and retained by Akzo Nobel), to the extent that the Purchaser of the Divestment Business wishes, the Notifying Party would be prepared to put in place a contract with the Purchaser to replicate the current supply arrangements for a transitional period of [...] after Closing. This may be on a reciprocal basis to the extent that the Purchaser of the Divestment Business wishes to replicate current supply arrangements under which products are supplied by the Notifying Parties to the Divestment Business (as envisaged at paragraph 2(h) of the Schedule to the Commitments), including arrangements for the supply of products under the retained brands for on-sale in the Crown Decorator Centres.

Inter Company Deliveries of Decorative Coatings made from the UK and Ireland

Country	Value (£ million)	Of which sold under brands included in the Divestment Business (including Sadolin) (£ million)	Of which sold under brands not included in the Divestment Business (£ million)
Total	2.6	1.0	1.7

Inter Company Deliveries of Decorative Coatings made to the UK and Ireland*

Country	Value (£ million)	Of which sold under brands included in the Divestment Business (including Sadolin) (£ million)	Of which sold under brands not included in the Divestment Business (£ million)
Total	7.6	2.7	4.9

FINANCIAL DATA

Divestment Business in €million	2004	2005	2006	2007 YTD Sept	2007 Forecast	2008
Total Revenues	286	258	263	218	273	287
[...]	[...]	[...]	[...]	[...]	[...]	[...]
█ [...]	[...]	[...]	[...]	[...]	[...]	[...]

[...]

The Revenues for the Divestment Business include Inter Company Deliveries from and to UK/Ireland. Subject to the Purchaser's wishes to continue these arrangements for a transitional period as outlined above, these Inter Company Deliveries will be phased out during the course of 2008.

[...]

SCHEDULE II – The De Keyn, Linitop and Linitane Divestment Business

This Divestment Business comprises the assignment of all rights to the *De Keyn* brand and the *Linitop* and *Linitane* sub-brands in the EEA. Also included are key personnel and transitional arrangements for the continuation of production by the Notifying Party.

- The *De Keyn* brand is a well established and growing (see Annex 3) decorative coatings brand in Belgium [...]. A variety of products are offered under the *De Keyn* brand including wall paint, masonry paint, metal paint and lacquers.
- The *Linitop* and *Linitane* brands are used (mainly in Belgium) on a range of woodcare decorative coatings, currently as sub-brands of Akzo Nobel's *Levis* brand. Sales of products under these sub-brands [...]. There are also significant export sales of *Linitop* and *Linitane* from Belgium to France and other countries within the EEA. Promptly following the Commission's Decision, Akzo Nobel will embark on an internal transfer of these sub-brands to *De Keyn*.

The *De Keyn* brand and the *Linitop* and *Linitane* sub-brands have a long heritage on the Belgian market for decorative coatings and as a result are well trusted by Belgian consumers. General information on the *De Keyn* product range is available at its dedicated website (www.dekeyn.be) which underlines the brand's strengths and product offering. Information on both the *Linitop* and *Linitane* sub-brands is currently available at the *Levis* website (www.levis.info). Given its current role within the Belgian market and retailers' preferences for multi-sourcing, the Notifying Party believes that this Divestment Business is a viable divestment with growth potential and one that will remove any competitive concerns in Belgium arising from the transaction.

This Divestment Business also includes a [...] exclusive licence to use the *Sadolin* brand for decorative coatings products in Belgium. The *Sadolin* brand is a well established and growing (see Annex 3) decorative coatings brand in Belgium [...]. General information on the *Sadolin* product range is available at its dedicated website (www.sadolin.be).

1. In accordance with paragraph 4(b) of these Commitments, this Divestment Business encompasses:
 - A. the following main intangible assets:
 - (i) assignment of rights in the *De Keyn*, *Linitop* and *Linitane* brands (including rights in registered trade marks) in the EEA (as further described in Annex 1);
 - (ii) the grant of a [...] licence for the use of the *Sadolin* trademark for the marketing and sale of decorative coatings products in Belgium by way of a royalty-free exclusive and irrevocable licence (the "Belgian *Sadolin* Licence"). The Belgian *Sadolin* Licence would permit the Purchaser to use the *Sadolin* trademark alone or together with the Purchaser's own trademarks during the period of the Belgian *Sadolin* Licence ("Co-branding"). The Purchaser would be allowed to change from Co-branding to the Purchaser's own trademark at any time before the end of the Belgian *Sadolin* Licence. The Notifying Party also commits not to re-introduce

decorative coatings under the *Sadolin* brand in Belgium within a period of [...] after the termination of the Belgian Sadolin Licence (the “**Blackout Period**”). Should the Purchaser decide not to use the Belgian Sadolin Licence for the full period [...], the Blackout Period will be extended accordingly to allow for a total protection period of [...]. During the period of the Belgian Sadolin Licence and in the event the Purchaser uses the *Sadolin* trademark, the Purchaser must sell the products without modifying the *Sadolin* logo design, or damage the overall value of the *Sadolin* trademark, or violate any necessary administrative permits and authorisations. Should the Notifying Party realise that any of these events occur, it will immediately require from the Purchaser, by registered letter with acknowledgement of receipt, to remedy this situation. The Notifying Party will also inform the Monitoring Trustee who will address the matter. Should the Notifying Party and the Purchaser disagree with the Monitoring Trustee's decision, they will refer the matter to an arbitration proceeding in accordance with the dispute resolution provisions set out in Section G of the Commitments;

(iii) all other Intellectual Property rights exclusively used in conducting this Divestment Business (in particular formulations and packaging), as further described in Annex 2;

- B. the Key Personnel [...];
- C. the arrangements for the supply by the Notifying Party of decorative coatings to be sold under the De Keyn, Linitop, Linitane and Sadolin brands for a period determined by the Purchaser, but limited to a maximum period of [...];
- D. transitional arrangements for the continuation of current logistics and distribution services for a period determined by the Purchaser but limited to a maximum period of [...];
- E. the customer base for the De Keyn, Linitop, Linitane and Sadolin branded decorative coatings products in Belgium, i.e. details of all customers in Belgium that have purchased *De Keyn*, *Linitop*, *Linitane* and *Sadolin* branded decorative coatings products from the Notifying Party during the 12 month period prior to the Effective Date.

2. For financial data on this Divestment Business, see Annex 3.

TRADE MARKS

EEA trade marks included in this Divestment Business

Trademark	Country	Type	Appl. No.	Reg. No.
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]

Belgian trade marks included in the Belgian Sadolin Licence

Trademark	Country	Type	Appl. No.	Reg. No.
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]

Trademark	Country	Type	Appl. No.	Reg. No.
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]
[...]	[...]	[...]	[...]	[...]

OTHER IP RIGHTS

1. Other Intellectual Property Rights included in this Divestment Business comprise:
 - A. assignment or licence of the product formulations and recipes for production of the current range of De Keyn, Linitop and Linitane branded products. In the case of the products currently sold under the Sadolin brand in Belgium, the Belgian Sadolin Licence includes a non-exclusive right to use the product formulations and recipes currently used for their production for the duration of the Belgian Sadolin Licence. Thereafter, at the Purchaser's request, the Notifying Party will extend the non-exclusive licence (on an arm's length basis) to allow the Purchaser to continue to use those product formulations and recipes;
 - B. the IP addresses for the De Keyn website (www.dekeyn.be, www.dekeyn.eu, www.dekeyn.com, www.dekeyn.info, www.dekeynpaint.be, www.dekeynpaint.info) and the registered domain names for Linitop (www.linitop.be and www.linitop.info). The Belgian Sadolin Licence will also grant the Purchaser exclusive use of the Sadolin IP address (sadolin.be) for the duration of the Belgian Sadolin Licence; and
 - C. assignment of the packaging and design rights therein currently used exclusively on De Keyn, Linitop and Linitane products. To the extent that packaging and design rights are also used by the Notifying Party, the Notifying Party will grant a licence for [...]. In the case of the packaging and design rights currently used on *Sadolin products*, for its duration the Belgian Sadolin Licence will include the exclusive right to use these in Belgium to the extent they are used exclusively on *Sadolin* products and a non-exclusive right to use them in Belgium to the extent they are also used by the Notifying Party.

FINANCIAL DATA

<i>De Keyn</i>	2004	2005	2006	2007 Estimate	2008 Plan
Total Revenues (€million)	3.9	4.9	5.1	4.8	4.7
[...]	[...]	[...]	[...]	[...]	[...]
█	█				
[...]	[...]	[...]	[...]	[...]	[...]

<i>Linitop / Linitane</i>	2004	2005	2006	2007 Estimate	2008 Plan
Total Revenues (€million)	4.2	3.8	3.8	3.8	3.8
[...]	[...]	[...]	[...]	[...]	[...]
█	█	█	█	█	█
[...]	[...]	[...]	[...]	[...]	[...]

<i>Sadolin</i>	2004	2005	2006	2007 Estimate	2008 Plan
Total Revenues (€million)	3.8	4.4	5.2	5.0	5.3
[...]	[...]	[...]	[...]	[...]	[...]
█	█	█	█	█	█
[...]	[...]	[...]	[...]	[...]	[...]

Total Divestment Business	2004	2005	2006	2007 Estimate	2008 Plan
Total Revenues (€million)	12.0	13.1	14.0	13.6	13.8
[...]	[...]	[...]	[...]	[...]	[...]
█	█	█	█	█	█
[...]	[...]	[...]	[...]	[...]	[...]

SCHEDULE III – The EWA Business

1. [...]
2. [...]
3. [...]
4. [...]
5. [...]
6. [...]
7. [...]
8. [...]

■

[...]