

Base Prospectus dated 25 February 2016



## AKZO NOBEL N.V.

*(incorporated in the Netherlands as a public company with limited liability having its corporate seat in Amsterdam)*

## AKZO NOBEL SWEDEN FINANCE AB (PUBL)

*(incorporated as a public limited liability company in the Kingdom of Sweden (with registration number 556768-4062))*

### *Guaranteed Euro Medium Term Note Programme*

Under the Guaranteed Euro Medium Term Note Programme described in this Prospectus (the “**Programme**”), each of Akzo Nobel N.V. (“**AkzoNobel**”) and Akzo Nobel Sweden Finance AB (publ) (“**AkzoNobel Sweden**”) (in such capacity, each an “**Issuer**”) subject to compliance with all relevant laws, regulations and directives, may from time to time issue Guaranteed Euro Medium Term Notes (the “**Notes**”). Notes issued by AkzoNobel will be guaranteed by AkzoNobel Sweden and Notes issued by AkzoNobel Sweden will be guaranteed by AkzoNobel (respectively a “**Guarantor**” and a “**Guarantee**”, as the case may be).

Application has been made to the *Commission de Surveillance du Secteur Financier* (the “**CSSF**”) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities (the “**Luxembourg Law**”), for the approval of this Prospectus as a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”). By approving this Prospectus, the CSSF does not give any undertaking as to the economic or financial soundness of the operation or the quality or solvency of the Issuers or the Guarantors in line with the provisions of article 7(7) of the Luxembourg Law. Application has also been made to the Luxembourg Stock Exchange for the Notes issued under the Programme to be admitted to the official list of the Luxembourg Stock Exchange (the “**Official List**”) and to be admitted to trading on the Luxembourg Stock Exchange’s regulated market. References in this Prospectus to Notes being “listed” (and all related references) shall mean that such Notes have been admitted to the Official List and admitted to trading on the Luxembourg Stock Exchange’s regulated market. The Luxembourg Stock Exchange’s regulated market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. However, unlisted Notes may be issued pursuant to the Programme. The relevant Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the Luxembourg Stock Exchange’s regulated market (or any other stock exchange).

Each Series (as defined in “*General Description of the Programme – Method of Issue*”) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a “**temporary Global Note**”) or a permanent global note in bearer form (each a “**permanent Global Note**” and, together with a temporary Global Note, the “**Global Notes**”). If the Global Notes are stated in the applicable Final Terms (as defined in “*General Description of the Programme – Method of Issue*”) to be issued in new global note (“**NGN**”) form, the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche (as defined in “*General Description of the Programme – Method of Issue*”) to a common safekeeper (the “**Common Safekeeper**”) for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”). Notes in registered form will be represented by registered certificates (each a “**Certificate**”), one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Registered Notes (as defined in “*General Description of the Programme – Form of Notes*”) issued in global form will be represented by registered global certificates (“**Global Certificates**”). If a Global Certificate is held under the New Safekeeping Structure (the “**NSS**”) the Global Certificate will be delivered on or prior to the original issue date of the relevant Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg.

Global Notes which are not issued in NGN form (“**Classic Global Notes**” or “**CGNs**”) and Global Certificates which are not held under the NSS will be deposited on the issue date of the relevant Tranche with (i) in the case of a Series of Notes intended to be cleared through Euroclear and/or Clearstream, Luxembourg, a common depositary on behalf of Euroclear and Clearstream, Luxembourg or (ii) in the case of a Series of Notes intended to be cleared through the Central Money Markets Unit Service, operated by the Hong Kong Monetary Authority (the “**CMU**”, and such Notes, “**CMU Notes**”), with a sub-custodian for the CMU.

The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in “*Overview of Provisions relating to the Notes while in Global Form*”.

As at the date of this Prospectus, AkzoNobel has a long term senior unsecured debt rating of “**BBB+**” by Standard & Poor’s Credit Market Services Europe Limited (“**S&P**”) and “**Baa1**” by Moody’s Investors Service Limited (“**Moody’s**”). The Programme has been rated “**BBB+**” by S&P and “**Baa1**” by Moody’s. Each of Moody’s and S&P is established in the European Union and is registered under Regulation (EC) No 1060/2009 on credit rating agencies as amended (the “**CRA Regulation**”). Further information relating to the registration of rating agencies under the CRA Regulation can be found on the website of the European Securities and Markets Authority. Notes issued pursuant to the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will be specified in the relevant Final Terms and may not necessarily be the same as the rating of the Programme. Whether or not a rating in relation to any Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. A suspension, reduction or withdrawal of the rating assigned to any Notes may adversely affect the market price of the Notes.

Prospective investors should have regard to the factors described under the section headed “*Risk Factors*” in this Prospectus.

**Arranger for the Programme**

**THE ROYAL BANK OF SCOTLAND**

**Dealers**

**BOFA MERRILL LYNCH**

**BARCLAYS**

**BNP PARIBAS**

**CITIGROUP**

**DEUTSCHE BANK**

**HSBC**

**ING**

**J.P. MORGAN**

**MIZUHO SECURITIES**

**MORGAN STANLEY**

**SANTANDER GLOBAL BANKING & MARKETS**

**SOCIÉTÉ GÉNÉRALE CORPORATE &  
INVESTMENT BANKING**

**THE ROYAL BANK OF SCOTLAND**

In this Prospectus, references to the “**Issuer**” or the “**Guarantor**” are to either AkzoNobel or AkzoNobel Sweden, as the case may be, in their relevant capacities, as either the relevant issuer or relevant guarantor or the relevant proposed issuer or the relevant proposed guarantor, of the Notes under the Programme as specified in the relevant Final Terms and references to “**Group**” are to AkzoNobel and its subsidiaries and affiliates taken as a whole and references in this Prospectus to the “**Issuer**”, the “**Guarantor**” and the “**Group**” shall be construed accordingly.

This Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC, as amended, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area (the “**Prospectus Directive**”) in respect of each Issuer and for the purpose of giving information with regard to the Issuers, the Guarantors, the Group and the Notes which, according to the particular nature of the Issuers, the Guarantors and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuers and the Guarantors.

The Issuers and the Guarantors (the “**Responsible Persons**”) accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuers and the Guarantors (each having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “*Documents Incorporated by Reference*”).

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

**In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive or where the Issuer is Akzo Nobel N.V., the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).**

**The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuers, the Guarantors, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the “*Securities Act*”) and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States of America or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see “*Subscription and Sale*”.**

**This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuers, the Guarantors or the Dealers to subscribe for, or purchase, any Notes.**

To the fullest extent permitted by law, none of the Dealers or the Arranger or the Trustee (as defined in “*General Description of the Programme – Trustee*”) accept any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuers, the Guarantors, or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuers, the Guarantors, the Arranger or the Dealers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger or the Trustee undertakes to review the financial condition or affairs of the Issuers or the Guarantors during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the stabilising manager(s) (the “*Stabilising Manager(s)*”) (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and regulations.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to (i) “**€**” and “**euro**” are to the currency introduced at the start of the third stage of European economic and monetary union as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro; (ii) “**U.S.\$**” and “**U.S. dollars**” are to the lawful currency of the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia (the “**U.S.**” and the “**United States**”); (iii) “**CNY**”, “**RMB**” and “**Renminbi**” are to the lawful currency of the People’s Republic of China (the “**PRC**”); (iv) “**£**” and “**pounds sterling**” are to the lawful currency for the time being of Great Britain and Northern Ireland; and (v) “**HK\$**” and “**Hong Kong dollar**” are to the currency of the Hong Kong Special Administrative Region of the PRC.

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## RISK FACTORS

*The Issuers and the Guarantors believe that the following factors may affect their ability to fulfil their respective obligations under the Notes (or the Guarantee) issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuers and the Guarantors are not in a position to express a view on the likelihood of any such contingency occurring. Risk factors which are specific to the Notes are also described below.*

*The Issuers and the Guarantors believe that the factors described below represent the principal risks inherent in investing in the Notes issued under the Programme, but the inability of the Issuers and Guarantors to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuers and the Guarantors do not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.*

*Words and expressions defined elsewhere in this Prospectus have the same meanings in this section. In this Prospectus, references to “we”, “us” or “our” refer to the Group.*

### **Risk Factors relating to AkzoNobel and its businesses**

Unless otherwise specified by reference to AkzoNobel, the risks described below apply in the Group context.

#### ***Strategic risks***

##### *Economic downturn*

The Group operates in over 80 countries and is affected by the prevailing economic conditions in each, including risks of continued economic slowdown in mature markets and decreasing growth rates in high growth markets. Macroeconomic factors that have an impact on expenditure by customers, demand for the Group’s products and the availability and cost of credit will have an effect on the Group’s business and results of operations.

One of the principal uncertainties facing the Group is the development of the global economy, how this will affect the Group’s business and results of operations, and the timing of that impact. Economic recovery remains fragile in many territories and it continues to be difficult to predict customer demands. In addition, fiscal imbalances continue to drive instability in the financial markets, which may further adversely affect the global, regional or national economies in the markets in which we operate.

A prolonged downturn, whether on a global basis or in regional or national markets, may adversely affect the Group’s business and results of operations.

By way of examples:

- (a) the Decorative Paints business area, which, as at 31 December 2015, accounted for 27 per cent. of our revenue, is susceptible to downturns, particularly since its primary market is what we call the Buildings and Infrastructure market end-user segment. This segment uses a wide variety of AkzoNobel products to build, decorate, protect, maintain and renovate building interiors and exteriors. The segment has experienced a significant contraction since 2006 with limited recovery since then; and
- (b) the Specialty Chemicals business area, which, as at 31 December 2015, accounted for 33 per cent. of our revenue, is susceptible to downturns, in particular in the Industrial end-user market segment. Prolonged downturns could adversely affect the Group’s business and results of operations.

### *Conditions in the capital markets*

Adverse conditions in the domestic and international debt and equity markets may result in a rise in the cost of capital and the risk of not being able to access the global capital markets when capital is required to fund the Group. In such circumstances, the Group's ability to raise capital in a timely and cost effective manner could be adversely affected.

Adverse constraints in the supply of liquidity, including an increase in the cost of bank credit and a contraction in the supply of bank credit, may adversely affect the cost of funding the Group and extreme liquidity constraints may limit growth possibilities.

### *Counterparty risk*

We contract with a large number of commercial and financial counterparties including customers, suppliers and financial institutions. The global financial crises have placed strains on the global financial markets, reduced liquidity and impacted business conditions generally. Our initial counterparty credit controls may not prevent a material loss due to credit exposure to a major customer or financial counterparty. In addition, customers, suppliers, contractors or joint venture partners may fail to perform against existing contracts and obligations. Reduced liquidity and available sources of capital in financial markets may impact the cost and ability to fund planned investments. These factors could negatively affect our financial condition and results of operations.

### *Implementation of strategic agenda*

A failure to properly and fully implement our strategic agenda could adversely affect the Group and its businesses. As a result, we might not be able to improve our operations and/or grasp opportunities arising.

### *International operations*

We operate internationally in over 80 countries and we conduct business in many currencies. As a result, we are exposed to a variety of risks, many of them beyond our control, which could adversely affect our business. Growth of our business in emerging markets will further expose us to these risks. Risks associated with international operations include, but are not limited to:

- (a) slowdown or recession in global, regional or national economic growth (as described further in “– *Economic downturn*” above);
- (b) tariffs and trade barriers;
- (c) exchange controls;
- (d) fluctuations in national currencies (as described further in “*Financial Risks – Exchange rate fluctuations*” below);
- (e) geo-political or social developments;
- (f) national and regional labour disputes;
- (g) compliance with local laws, regulations and standards (as described further in “*Legal and regulatory risks*” below); and
- (h) the difficulty of enforcing legal claims and agreements through some foreign legal systems.

Unfavourable developments in one or more of these areas could adversely affect the Group's business and results of operations.

### *Stakeholder support*

We endeavour to define and implement a clear strategy and seek dialogue with internal and external stakeholders, being amongst others, our customers, suppliers, investors and employees. Failure to obtain the support of our stakeholders for our strategy and its execution could adversely affect the Group and its business.

### *Acquisitions and disposals*

From time to time the Group makes acquisitions and disposals of businesses and brands. The rationale for these may be based on incorrect assumptions or conclusions and they may not realise the anticipated benefits or there may be other unanticipated or unintended effects. In addition, significant liabilities may not be identified in due diligence or may come to light after the expiry of warranty or indemnity periods, or it may not prove practicable to secure or enforce warranty or indemnity protection. (See “*Description of the Business of the Group – Litigation – Anti-trust cases and other claims and litigation*”). These factors may adversely affect the Group’s business and results of operations.

### *Competition*

We have a wide portfolio of business units competing across a diverse range of geographical and product markets and we compete with other multinational corporations which have significant financial resources. We may be unable to compete effectively if our competitors’ resources are applied to change their areas of focus, enter new markets, reduce prices, or to increase investments in marketing or the development and launch of new products. Increased competition in the markets in which we operate may adversely affect the Group’s business and results of operations.

### *New technology, research and development*

Our success depends upon sustainable growth of our business through research and development, innovation, production and sale of new products. If we are not able to identify and adopt or exploit transforming technologies in a timely manner, this may lead to the loss of our leadership positions and adversely affect the Group’s business and results of operations. This could also arise as a result of infringements in our intellectual property or loss of key personnel and their technological knowledge.

### ***Operational risks***

#### *Loss of customers*

The future of our customers is an important consideration for the Group. Loss of major customers or many small customers could adversely affect our businesses and results of operations.

#### *The price, availability and possible discontinuation of supply of chemicals and raw materials*

Our business and results of operations may be adversely affected by the price, availability and possible discontinuation of our supply of chemicals and raw materials.

We use significant amounts of various chemicals and raw materials in manufacturing our products. Prices for some of these chemicals and raw materials can be volatile and are affected by cyclical movements in commodity prices, availability of such chemicals and raw materials, demand for a variety of products which are produced using these chemicals and raw materials, levels of price competition among local and global suppliers, general economic conditions and regulations. We are, to some extent, able to pass on higher input prices to our customers, but this ability is, to a large extent, dependent on market conditions. However, there may be times when we are not able to recover increases in the cost of chemicals and raw materials for some products due to weakness in demand for such products or the actions of our competitors. We also may be impacted by inability to access sufficient raw materials or business



interruptions or product discontinuation at some of our key suppliers. The risk may increase as a result of a non-level playing field for energy, chemicals and raw materials on a global level (for example shale gas, national policies and subsidies) and emission trading rights, which affect the competitive position of our businesses and the competitive position of our customers' businesses.

#### *The price and supply of energy and emission trading rights*

The Group's Specialty Chemicals business operates two energy-intensive businesses, Pulp and Paper Chemicals and Industrial Chemicals. The latter conducts its business primarily in Europe. Although we have long-term purchase contracts and hedging and other policies in place which seek to mitigate the effects of price increases from natural gas and electricity, we are particularly sensitive to energy price movements which may adversely affect our business and results of operations.

#### *Seasonality*

Seasonality may adversely affect our business and results of operations. A portion of our business is seasonal due to weather conditions. In particular, the Decorative Paints business area is sensitive to seasonality, with business often stronger in the second and third quarters of the calendar year than in the first or fourth quarters. Consequently, seasonal lags in earnings may not be offset during the corresponding financial year and this may affect our business and results of operations.

#### *Reputation*

Negative publicity could damage our brands. We have created a strong reputation over many years and many of the businesses have a high local profile. However, any negative publicity could adversely affect our business and results of operations.

#### *Product liability*

Product liability claims could adversely affect our company's business and results of operations. Our operations in consumer markets expose us to legal risks, regulation and potential liabilities from product liability claims asserted by consumers and claims with high impact on our organisation could follow from the usage of former, current or new technologies and compounds.

#### *Information Technology*

Information Technology ("IT") is important to the Group's business. One effect of AkzoNobel's longer term IT strategy is the increased reliance on fewer consolidated, critical applications and platforms, including our industrial process control systems. The amount of digital exchanges of business transactions with customers, suppliers and other stakeholders is increasing. Non-availability or failure of our critical IT systems, applications or platforms, or unauthorised access through cybercrime or other events, could have a direct impact on, and adversely affect, our production processes, our competitive position and the reputation of the Group, as well as our business and results of operations.

#### *Production process risk*

There are personal health and safety, process safety and product safety risks in our various production processes. Were these risks to materialise, it could result in major incidents with the potential for a significant impact on our organisation as well as the reputation of the Group, and could adversely affect our business and results of operations.

### *Other operational risks*

Our revenues are dependent on the continued operation of our various manufacturing facilities. Operational risks include:

- (a) failure to comply with applicable regulations and standards and to maintain necessary permits and approvals;
- (b) a failure in any of our chemical or other production processes;
- (c) raw material and chemical supply disruptions;
- (d) labour force shortages or work stoppages typically referred to as industrial action;
- (e) events impeding or increasing the cost of transporting products;
- (f) extreme weather events or natural disasters; and
- (g) terrorist attacks.

While we maintain insurance at levels that we believe are appropriate, some of these operational risks could result in losses and liabilities in excess of our insurance coverage, in respect of insurance that is not available at commercially acceptable terms, or in uninsured losses or liabilities, which could adversely affect our business and results of operations.

### *Environmental, health and safety legislation*

Our businesses use, and/or have used in the past, materials, chemicals and biological and toxic, organic and inorganic compounds (some of which are hazardous) in product development programmes and manufacturing processes and resultant waste materials. We have been, and still can be, exposed to risks of accidental contamination. We are subject to a broad range of laws, regulations and standards in each of the jurisdictions where we operate, including those relating to pollution, the health and safety of employees, protection of the public, protection of the environment and the generation, storage handling, transportation, treatment, disposal and remediation of hazardous substances and waste materials. These regulations and standards are becoming increasingly stringent in many jurisdictions, and increasingly expose us to liability including in respect of damage to property and personal injury. While it is not feasible to predict the outcome of all pending environmental exposures, it is possible that there will be a need for future provisions for environmental costs. Provisions of this sort could be material to the Group results of operations in any one accounting period. Moreover, there can be no assurance that we will not be exposed to additional environmental liabilities in the future which could adversely affect our business and results of operations.

### *Change initiatives*

In order to implement our strategy, we have changed and continue to change AkzoNobel's operating model across all functions and businesses. We may undertake restructuring projects which require significant change and stakeholder management and project management expertise. Failure to manage such projects appropriately, or to implement such projects, may lead to loss of key staff and/or knowledge or other business disruption, which could have a negative effect on our productivity and levels of service and thereby adversely affect our business and results of operations.

### *Cost structure*

Rapid changes in macroeconomic conditions (as described further in "*Strategic risks – Economic downturn*" above) may require adjustments to the local cost structures of the Group. To the extent that these cost structures are fixed in nature, such changes in macroeconomic conditions may adversely affect our business and results of operations.

## *People*

The Group faces the challenge of ensuring the continued alignment between a rapidly evolving business environment and qualifications, capabilities and talent of our workforce. This is an increasingly complex process as the labour market poses different challenges across disciplines and regions. There can be no guarantee that we will be able to attract, develop and retain high quality individuals at an appropriate cost level and ensure that the capabilities of the Group's human resources meet its business needs. Any failure to do so may adversely affect our business and results of operations.

## ***Financial risks***

### *Exchange rate fluctuations*

We have operations in more than 80 countries and report in euros. Although we have a hedging policy which seeks to mitigate certain currency exchange rate risks, our results of operations are particularly sensitive to the relationships between the euro and U.S. dollar, pound sterling, Swedish krona and Latin American and Asian currencies. Fluctuations in currency prices which are not successfully mitigated by our hedging policy could adversely affect our capital structure, business and results of operations.

### *Credit ratings*

As at the date of this Prospectus, AkzoNobel has a long term senior unsecured debt rating of "BBB+" by S&P and "Baa1" by Moody's. The outlook in relation to the rating by both S&P and Moody's is stable. A decision by any rating agency to downgrade AkzoNobel's credit rating could be caused by a variety of factors including, amongst other things, weakening financial ratios or increased business risk of the Group. A ratings downgrade could reduce our funding options, increase our cost of borrowings and adversely affect our business and results of operations.

### *Potential deterioration of cash flow*

The potential for further deterioration of economic conditions and the volatility of financial markets may have an impact on the free cash flow generation of our businesses, and could have an impact on our access to funding. Furthermore, we are potentially exposed to additional funding liabilities in connection with our pension schemes. These matters, amongst others, may lead to insufficient free cash flow generation of the Group which could in turn limit our strategic flexibility, as well as having an adverse effect on the Group's business, results of operations and financial condition.

### *Risk of losses in treasury operations*

We have a centralised treasury function to manage the liquidity and debt financing of the Group and the financial risks associated with exposure to foreign currencies, interest rates and counterparty credit. The treasury department works within a robust framework of internal control procedures to seek to minimise losses due to error or fraud, and to protect the Group against unforeseen events. However losses in relation to treasury activities could be caused, amongst other things, by the occurrence of one or more of the following events:

- (a) unexpected extraordinary movements in money or foreign exchange markets could make short-term or long-term funding more difficult and/or more expensive to obtain (as described further in "*Strategic risks – Economic downturn*" above), and an appropriate currency mix of funding difficult to achieve;
- (b) human error could result in inappropriate activity being undertaken in the markets which will incur a cost to be reversed; and
- (c) incorrect settlement of a third party payment could lead to unexpected losses and/or claims.

Our business and results of operations could be adversely affected if we do not successfully mitigate these risks.

#### *Post-retirement and healthcare benefits*

The Group policy is to sponsor defined contribution pensions and other post-retirement benefits wherever possible but the Group has a number of defined benefit pension and healthcare schemes from the past. Generally, these schemes have been funded through external trusts or foundations. The total amount of post-retirement benefit provisions consists of total defined benefit obligations of €17 billion offset by total plan assets amounting to €16 billion as at 31 December 2015. The most significant risks that the Group runs in relation to the defined benefit schemes are that investment returns fall short of expectations, there is a decline in discount rates, that inflation exceeds expectations and that retirees live longer than expected.

The most significant defined benefit schemes are the ICI Pension Fund and the Akzo Nobel Pension Scheme in the UK, which together amount to 83 per cent. of the defined benefit obligation and 91 per cent. of plan assets. The UK schemes are governed by trustees who must act in the best interests of the scheme beneficiaries. A number of pension de-risking transactions have been implemented either by the trustees or the Group in relation to the Group's retirement benefit schemes. For further details of certain of these transactions see "*Business Description of AkzoNobel – Recent developments*". In common with some of the de-risking actions already taken, future de-risking transactions if undertaken could have both a cash flow and balance sheet impact on the Group which may be substantial. The cost of fully removing the risk associated with these schemes could likely exceed the estimated funding deficits.

The Group is at risk from potential funding shortfalls in these defined benefit schemes due to a variety of factors:

- (a) the value of liabilities is calculated using prudent assumptions about, for example, life expectancy as well as the expected return on assets which is used to set the discount rates. The discount rates reflect the actual investment strategies adopted by the trustees in the UK schemes;
- (b) asset values are dependent on, among other things, the performance of debt, equity and real estate markets, which can be volatile;
- (c) the funded status of the UK schemes can also be affected by the decisions of the trustees e.g. to adopt more prudent investment strategies due to regulatory or other external factors; and
- (d) decisions to change investment strategies, to de-risk pension schemes (such as purchasing insurance policies in respect of all or some of the scheme's liabilities) or setting a funding recovery plan are all based on a complex range of assumptions which may prove to be inaccurate or any such investment strategies or de-risking transactions may not realise the returns or benefits anticipated or may realise other unanticipated or unintended effects (for example, adverse tax consequences) or they may need to be unwound.

Any of such factors could increase the Group's funding obligations whilst reducing its financial flexibility and/or adversely affect the Group's business and results of operations.

Additional funding may, in the case of the UK defined benefit schemes, also result from a determination by the UK Pensions Regulator or, in certain situations, by the scheme actuary and the trustees, subject to the powers of the UK Pensions Regulator. In each case, such additional funding may adversely affect the Group's business and results of operations.

#### *Impairments*

In the current financial market conditions, further asset value decline can offer both opportunities and risks to AkzoNobel. We are selectively participating in industry consolidation, and in so doing, we may look to carry out

selective acquisitions and we may hold assets for sale. Acquisition and divestment opportunities and the management of assets held for sale are kept under review by the Executive Committee of AkzoNobel.

We perform impairment tests for intangibles with indefinite lives (goodwill and certain brands) every year as well as whenever a certain impairment trigger occurs. For tangible and other fixed assets, with a finite life, we perform impairment tests only when an impairment trigger occurs. Impairments and book losses could adversely affect our financial position and results of operations.

### ***Legal and regulatory risks***

We may be held responsible for any liabilities arising out of non-compliance with laws and regulations. We seek to monitor and adapt to significant and rapid changes in the legal systems, regulatory controls and customs and practices in the countries in which we operate. These affect a wide range of areas including the composition, production, packaging, labelling, distribution and sale of the Group's products; the Group's property rights; its ability to transfer funds and assets within the Group or externally; employment practices; data protection; environment, health and safety issues; and accounting, taxation and stock exchange regulation. Accordingly, changes to, or violation of, these systems, controls or practices could increase costs, involve actions such as product recalls, seizure of products and other sanctions and adversely affect our business and results of operations, as well as potential liabilities and fines.

For example, AkzoNobel is involved in investigations by anti-trust authorities into alleged violations of the respective anti-trust laws. We are engaged in court proceedings and civil litigation resulting from alleged involvement in anti-competitive behaviour in the past. AkzoNobel believes that the aggregate amount of any fines and civil damages to be paid in respect of existing or pending anti-trust cases will not materially adversely affect the Group's financial position. Such aggregate amount could, however, be material to the Group's results of operations or cash flows in any one accounting period. Moreover, there can be no assurance that we will not be exposed to additional legal and regulatory liabilities in the future which could adversely affect our business and results of operations.

### ***Litigation and regulatory action***

The outcome of litigation, tax disputes, indemnification and guarantees, and regulatory action could adversely affect our business and results of operations. A number of claims are currently pending which are contested. We are also involved in disputes with tax authorities. While the outcome of these claims and disputes cannot be predicted with certainty, AkzoNobel believes, based upon legal advice and information received, that the final outcome will not materially affect the consolidated financial position of the Group but could be material to the Group's results of operations or cash flows in any one accounting period. Moreover, there can be no assurance that we will not be exposed to additional litigation or regulatory action in the future which could adversely affect our business and results of operations.

### ***Risks associated with holding companies***

#### ***Dependence on subsidiaries***

As at the date of this Prospectus, AkzoNobel is a holding company and AkzoNobel Sweden is a holding and wholly-owned finance subsidiary of AkzoNobel and owns certain Group entities in Sweden. Each of AkzoNobel and AkzoNobel Sweden relies on a combination of interest and principal payments under intercompany loan agreements and dividends and other payments from the entities owned by it, in each case to make any payment under the Notes issued by it or the Guarantee. Accordingly, AkzoNobel's and AkzoNobel Sweden's ability to make any payments under the Notes or the Guarantee depends upon the ability of members of the Group to service such intercompany loans and the performance of these subsidiaries. Therefore, in meeting their payment obligations under the Notes or the Guarantee, AkzoNobel and AkzoNobel Sweden are dependent on the business and results of operations of members of the Group and the entities owned by it.

*Our non-controlled assets may not comply with our standards*

Some of our assets are controlled and managed by joint venture partners or by other companies. Some joint venture partners may have divergent business objectives which may impact business and financial results. Management of our non-controlled assets may not comply with our management and operating standards, controls and procedures (including our health, safety and environment standards). Failure to adopt equivalent standards, controls and procedures at these assets could lead to higher costs and reduced production and adversely impact our results and reputation.

***Other risk factors***

Our businesses are exposed to varying degrees of risk and uncertainty related to other factors including competitive pricing, consumption levels, physical risks, rates of inflation, legislative, fiscal, tax and regulatory developments and economic, political and social conditions in the environment where we operate. All of these risks could adversely affect the Group's business and results of operations. Furthermore, there may be risks which are unknown to us or which are currently believed to be immaterial.

**Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

***The Notes may not be a suitable investment for all investors***

Each potential investor in Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall financial portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Notes can be relatively complex financial instruments. Sophisticated institutional investors generally do not purchase these sorts of financial instruments as stand-alone investments. They purchase them as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how such Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

## **Risks related to the structure of a particular issue of Notes**

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

### *Notes subject to optional redemption by the Issuers*

An optional redemption feature is likely to limit the market value of Notes. During any period when an Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

An Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that an Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. An Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since such Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If such Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If such Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing market rates.

### *Investors will not be able to calculate in advance their rate of return on Floating Rate Notes*

A key difference between Floating Rate Notes and Fixed Rate Notes is that interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having fixed interest periods. If the Conditions (as defined in "Terms and Conditions of the Notes") provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

### *Zero Coupon Notes are subject to higher price fluctuations than non-discounted Notes*

Changes in market interest rates have a substantially stronger impact on the prices of Zero Coupon Notes than on the prices of Notes bearing fixed or floating rate interest because the discounted issue prices are substantially below par. If market interest rates increase, Zero Coupon Notes can suffer higher price losses than other Notes having the same maturity and credit rating. Due to their leverage effect, Zero Coupon Notes are a type of investment associated with a particularly high price risk.

### *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

## **Risks related to Notes generally**

### ***Change of law***

The Conditions are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus.

### ***Withholding taxes***

The Notes may be subject to withholding taxes in circumstances where the Issuer or the Guarantor is not obliged to make gross up payments and this would result in holders receiving less interest than expected and could significantly adversely affect their return on the Notes.

### ***U.S. Foreign Account Tax Compliance Act***

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, and U.S. Treasury regulations promulgated thereunder (together “**FATCA**”) impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments made to, broadly, (i) a non-U.S. financial institution (a “foreign financial institution” or “**FFI**” as defined by FATCA)) that has not entered into an agreement with the U.S. Internal Revenue Service (“**IRS**”) to provide the IRS with certain information in respect of its account holders (and is therefore not a “Participating FFI”) or is not otherwise exempt from or in deemed compliance with FATCA and (ii) an account holder (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether such account holder is a U.S. person or should otherwise be treated as holding a “United States account” (as defined under FATCA).

The Netherlands signed an intergovernmental agreement in relation to FATCA with the United States on 18 December 2013 and Sweden signed an intergovernmental agreement in relation to FATCA with the United States on 8 August 2014. However, each Issuer and each Guarantor believes that it is not an FFI for FATCA purposes and accordingly does not currently expect to be required to make any withholding under FATCA from the payments it makes (however, there can be no assurance that any Issuer and/or any Guarantor would not in the future be required to withhold under FATCA from future payments).

If withholding under FATCA were to be made from interest, principal or other payments made in respect of the Notes, no Issuer, Guarantor nor any paying agent nor any other person would, pursuant to the Conditions, be required to pay any additional amounts as a result of the withholding under FATCA. As a result, investors may receive less interest or principal than expected.

In the case of Notes which are in global form and held within a clearing system, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer or Guarantor (as applicable) or any paying agent and the common depository for such clearing system. Notes may be issued in definitive form and therefore not held, or may be exchanged for Notes in definitive form and therefore may cease to be held, through a clearing system. If this were to happen then, depending on the circumstances, payments to a non-FATCA compliant holder could be subject to withholding under FATCA.

However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of withholding under FATCA. It may also affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of withholding under FATCA. Investors should choose the custodians or intermediaries with care (to ensure that each is compliant with



FATCA or other laws or agreements related to FATCA, including any legislation implementing intergovernmental agreements relating to FATCA, if applicable), and provide each custodian or intermediary with any information, forms and/or other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of withholding under FATCA. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The obligations of the Issuer or the Guarantor (as applicable) under the Notes are discharged once it has paid the common depositary for the clearing system (as registered owner of the Notes) and neither the relevant Issuer nor the relevant Guarantor has therefore any responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries.

FATCA is particularly complex and its application is uncertain at this time. Each potential Noteholder should consult its own tax adviser to obtain a more detailed explanation of FATCA and to learn how this legislation might affect that Noteholder in its particular circumstance.

***Modification, waivers and substitution***

The Trust Deed contains provisions for calling meetings of Noteholders to consider matters affecting their interests generally and to obtain Written Resolutions on matters relating to the Notes from Noteholders without calling a meeting. A Written Resolution signed by or on behalf of the holders of not less than 80 per cent. in principal amount of the Notes of the relevant Series who for the time being are entitled to receive notice of a meeting in accordance with the provisions of the Trust Deed and whose Notes are outstanding shall, for all purposes, take effect as an Extraordinary Resolution.

In certain circumstances, where the Notes are held in global form in the clearing systems, the Issuer, the Guarantor and the Trustee (as the case may be) will be entitled to rely upon:

- (a) where the terms of the proposed resolution have been notified through the relevant clearing system(s), approval of a resolution proposed by the Issuer, the Guarantor or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing systems in accordance with their operating rules and procedures by or on behalf of the holders of not less than 80 per cent. in nominal amount of the Notes of the relevant Series for the time being outstanding; and
- (b) where electronic consent is not being sought, consent or instructions given in writing directly to the Issuer, the Guarantor and/or the Trustee (as the case may be) by accountholders in the clearing systems with entitlements to such global note or certificate or, where the accountholders hold such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held (directly or via one or more intermediaries), provided that the Issuer, the Guarantor and the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and taken reasonable steps to ensure such holding does not alter following the giving of such consent/instruction and prior to effecting such resolution.

A Written Resolution or an electronic consent as described above may be effected in connection with any matter affecting the interests of Noteholders, including the modification of the Conditions, that would otherwise be required to be passed at a meeting of Noteholders satisfying the special quorum in accordance with the provisions of the Trust Deed, and shall for all purposes take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Trust Deed also provides that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed (except as mentioned in the Trust Deed) which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders or is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to

correct a manifest or proven error or (ii) determine without the consent of the Noteholders that any Event of Default or Potential Event of Default shall not be treated as such and the Trust Deed provides that the Trustee may, without the consent of Noteholders, agree to the substitution of certain entities (as provided in the Trust Deed) as principal debtor under any Notes in place of the Issuer or Guarantor, in the circumstances described in Condition 11.

***Notes where denominations involve integral multiples: definitive Notes***

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a nominal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

***The Notes may be represented by Global Notes and holders of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system(s)***

Notes may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depository for Euroclear and Clearstream, Luxembourg or lodged with the CMU. Except in the circumstances described in the relevant Global Note, Noteholders will not be entitled to receive definitive Notes. The relevant clearing system(s) will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, Noteholders will be able to trade their beneficial interests only through the clearing system(s).

While the Notes are represented by one or more Global Notes, the Issuers will discharge their payment obligations under the Notes by making payments to the common depository for Euroclear and Clearstream, Luxembourg or, in the case of Notes denominated in RMB, to the Issuing and Paying Agent for distribution to the holders as appearing in the CMU instrument report provided by the CMU. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system(s) to receive payments under the relevant Notes. The Issuers have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system(s) to appoint appropriate proxies.

**Risks related to the market generally**

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

*The secondary market generally*

Although application may be made to admit the Notes to trading on the Luxembourg Stock Exchange's regulated market, the Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for

specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

#### *Exchange rate risks and exchange controls*

The relevant Issuer will pay principal and interest on the Notes and the relevant Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency (as defined in Condition 5(h)). These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer or the Guarantor to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### *Interest rate risks*

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

#### *Inflation risk*

The value of future payments of interest and principal may be reduced as a result of inflation as the real rate of interest on an investment in the Notes will be reduced at rising inflation rates and may be negative if the inflation rate rises above the nominal rate of interest on the Notes.

#### *Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to the Notes or the Group. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to AkzoNobel's ratings, the ratings of the Programme and the credit rating agencies which have assigned such ratings is set out on the front page of this Prospectus. Where a Tranche of Notes is rated, such rating will be specified in the

applicable Final Terms and may not necessarily be the same as the rating assigned to AkzoNobel or the Programme generally.

### **Legal investment considerations may restrict certain investments**

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

### **Risks related to Notes denominated in Renminbi**

Notes denominated in RMB (“**RMB Notes**”) may be issued under the Programme. RMB Notes are subject to particular risks:

#### ***Renminbi is not freely convertible and there are significant restrictions on remittance of Renminbi into and outside the PRC***

Renminbi is not freely convertible at present (see “*PRC Currency Controls*”). The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite the significant reduction over the years by the PRC government of control over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions (known as current account items). Participating banks in Hong Kong have been permitted to engage in the settlement of RMB trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in June 2010 to cover 20 provinces and cities in the PRC. The pilot scheme was further extended in August 2011 to cover all provinces and cities in the PRC and to make RMB trade and other current account item settlement available in all countries worldwide. Subject to limited exceptions described in “*PRC Currency Controls – Capital Account Items*”, there is currently no specific PRC regulation on the remittance of Renminbi into the PRC for settlement of capital account items. Foreign investors may only remit offshore Renminbi into the PRC for capital account purposes such as shareholders’ loans or capital contribution upon obtaining specific approvals from the relevant authorities on a case-by-case basis as described in “*PRC Currency Controls – Capital Account Items*”.

Subject to the prior receipt of all necessary governmental approvals, an Issuer and/or the Guarantor may remit the net proceeds from the offering of RMB Notes into the PRC. There is no assurance that such approvals will be granted and, if granted, will not be revoked or amended in the future. There is no assurance that the PRC government will continue to gradually liberalise the control over cross-border RMB remittances in the future, that the pilot scheme introduced in July 2009 will not be discontinued or that new PRC regulations will not be promulgated in the future which would have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. An Issuer and/or the Guarantor may need to source Renminbi offshore to finance its obligations under RMB Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

Noteholders may be required to provide certifications and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong, Singapore and Taiwan.

#### **There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of RMB Notes and the Issuer’s and the Guarantor’s ability to source Renminbi outside the PRC to service such RMB Notes**

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited.

While the People's Bank of China ("PBOC"), the central bank of China, has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the "RMB Clearing Banks"), including but not limited to Hong Kong, London, Frankfurt and Singapore, and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the "Settlement Arrangements"), the current size of Renminbi-denominated financial assets outside the PRC is limited.

Renminbi business participating banks do not have direct Renminbi liquidity support from PBOC. The RMB Clearing Banks only have access to onshore liquidity support from the PBOC to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement. RMB Clearing Banks are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and, in such cases, the participating banks will need to source Renminbi from the offshore market to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of RMB Notes. To the extent the relevant Issuer and/or the relevant Guarantor is required to source Renminbi in the offshore market to service its RMB Notes, there is no assurance that such Issuer and/or such Guarantor will be able to source such Renminbi on satisfactory terms, if at all. If Renminbi is not available in certain circumstances as described under Condition 7(i) (*Payment of Relevant Currency Equivalent*), the relevant Issuer and/or the relevant Guarantor can make payments under the RMB Notes in a currency other than Renminbi.

**Investment in RMB Notes is subject to exchange rate risks and the Issuer may make payments of interest and principal in U.S. dollars in certain circumstances**

The value of Renminbi against the U.S. dollar, the Hong Kong dollar and other foreign currencies fluctuates and is affected by changes in the PRC, international political and economic conditions and by many other factors. All payments of interest and principal will be made with respect to RMB Notes in Renminbi. As a result, the value of these Renminbi payments in U.S. dollar terms may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of investment in U.S. dollar or other applicable foreign currency terms will decline. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in RMB Notes.

**Payments in respect of RMB Notes will only be made to investors in the manner specified in such RMB Notes**

All payments to investors in respect of RMB Notes will be made solely by (i) when RMB Notes are represented by a Global Note, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and procedures of Euroclear, Clearstream, Luxembourg or CMU, as applicable, or (ii) when RMB Notes are in definitive form, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. Other than as provided in Condition 7(i) (*Payment of Relevant Currency Equivalent*), neither the relevant Issuer nor the relevant Guarantor can be required to make payment by any other means (including in any other currency (unless this is specified in the Final Terms of the RMB Notes) or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with:

- (a) the audited consolidated financial statements of AkzoNobel as at, and for the financial years ended, 31 December 2014 and 31 December 2015, respectively;
- (b) the audited consolidated financial statements of AkzoNobel Sweden as at, and for the financial years ended, 31 December 2013 and 31 December 2014 respectively;
- (c) the unaudited financial statements of AkzoNobel Sweden as at, and for the six months from 1 January 2015 to and including 30 June 2015; and
- (d) the terms and conditions of the Notes set out in the Base Prospectuses dated 1 March 2013 and 4 April 2014,

which have been previously published or are published simultaneously with this Prospectus and which have been approved by the CSSF or filed with it together with, in each case of audited financial statements, the audit report thereon. Such documents shall be incorporated by reference in and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and from the website of AkzoNobel ([www.akzonobel.com](http://www.akzonobel.com)).

The tables below set out the relevant page references for (i) the audited consolidated financial statements of AkzoNobel for the financial years ended 31 December 2014 and 31 December 2015, respectively, as set out in AkzoNobel's annual report for each relevant financial year, (ii) the audited consolidated financial statements of AkzoNobel Sweden for the financial years ended 31 December 2013 and 31 December 2014, respectively, as set out in AkzoNobel Sweden's report for the financial year then ended, (iii) the unaudited financial statements of AkzoNobel Sweden as at, and for the six months ended, 30 June 2015, as set out in AkzoNobel Sweden's report for the first half of 2015 and (iv) the terms and conditions of the Notes set out in the Base Prospectuses dated 1 March 2013 and 4 April 2014. The parts of the above-mentioned reports which are not incorporated by reference into this Prospectus are either not relevant for the investor or are covered elsewhere in this Prospectus.

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## **PROSPECTUS SUPPLEMENT**

If at any time the Issuers shall be required to prepare a prospectus supplement pursuant to Article 13 of the Luxembourg Act dated 10 July 2005 (as amended) relating to prospectuses for securities, the Issuers will prepare and make available an appropriate supplement to this Prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Luxembourg Stock Exchange's regulated market, shall constitute a prospectus supplement as required by Article 13 of the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities.

Each of the Issuers and the Guarantors has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment by investors of the assets and liabilities, financial position, profits and losses and prospects of the Issuers and the Guarantors and/or the rights attaching to the Notes and/or the Guarantee, the relevant Issuer shall prepare a supplement to this Prospectus or publish a replacement Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer and the Trustee such number of copies of such supplement hereto as such Dealer and the Trustee may reasonably request.

## GENERAL DESCRIPTION OF THE PROGRAMME

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus.*

<b>Issuers:</b>	Akzo Nobel N.V. and  Akzo Nobel Sweden Finance AB (publ)
<b>Guarantors:</b>	Akzo Nobel N.V., in the case of Notes issued by Akzo Nobel Sweden Finance AB (publ) and  Akzo Nobel Sweden Finance AB (publ), in the case of Notes issued by Akzo Nobel N.V.
<b>Description:</b>	Guaranteed Euro Medium Term Note Programme
<b>Arranger:</b>	The Royal Bank of Scotland plc
<b>Dealers:</b>	Banco Santander, S.A. Barclays Bank PLC BNP Paribas Citigroup Global Markets Limited Deutsche Bank AG, London Branch HSBC Bank plc ING Bank N.V. J.P. Morgan Securities plc Merrill Lynch International Mizuho International plc Morgan Stanley & Co. International plc Société Générale The Royal Bank of Scotland plc  The Issuers may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Prospectus to “ <b>Permanent Dealers</b> ” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “ <b>Dealers</b> ” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
<b>Trustee:</b>	The Law Debenture Trust Corporation p.l.c.

**Issuing and Paying Agent, Registrar, Transfer Agent and Calculation Agent:** Citibank, N.A., London Branch

**CMU Lodging Agent:** Citicorp International Limited

**Method of Issue:** The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “**Series**”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “**Tranche**”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant Conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms (the “**Final Terms**”).

**Issue Price:** Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.

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

**Clearing Systems:** Clearstream, Luxembourg, Euroclear, CMU and, in relation to any Tranche, such other clearing system as may be agreed between the relevant Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer.

**Initial Delivery of Notes:** On or before the issue date for each Tranche, if the relevant Global Note is a NGN or the relevant Global Certificate is held under the NSS, the Global Note or Global Certificate will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, if the

relevant Global Note is a CGN or the relevant Global Certificate is not held under the NSS or is not intended to be cleared through CMU, the Global Note representing Bearer Notes or the Global Certificate representing Registered Notes may (or, in the case of Notes listed on the Luxembourg Stock Exchange, shall) be deposited with a common depository for Euroclear and Clearstream, Luxembourg and in the case of a Tranche of Notes intended to be cleared through the CMU, deposited with a sub-custodian for the CMU. Global Notes or Global Certificates relating to Notes that are not listed on the Luxembourg Stock Exchange may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the relevant Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

**Currencies:**

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer, the Guarantor and the relevant Dealers.

**Maturities:**

Subject to compliance with all relevant laws, regulations and directives, the Notes will have a minimum maturity of one month.

**Specified Denomination:**

Definitive Notes will be in such denominations as may be specified in the relevant Final Terms save that (i) in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive (2003/71/EC), as amended, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area or where the Issuer is Akzo Nobel N.V., the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of such Notes) and (ii) unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in pounds sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuers in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 (“FSMA”) will have a minimum denomination of

£100,000 (or its equivalent in other currencies).

**Fixed Rate Notes:**

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

**Floating Rate Notes:**

Floating Rate Notes will bear interest determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. or
- (ii) by reference to LIBOR or EURIBOR or EONIA as adjusted for any applicable margin.

Interest periods will be specified in the relevant Final Terms.

**Zero Coupon Notes:**

Zero Coupon Notes (as defined in “*Terms and Conditions of the Notes*”) may be issued at their nominal amount or at a discount to it and will not bear interest.

**Interest Periods and Interest Rates:**

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.

**Redemption:**

The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in pounds sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

**Optional Redemption:**

The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the relevant Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.

**Redemption upon a Change of Control Put Event:**

The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Noteholders upon the occurrence of a Change of Control as further described in “*Terms and Conditions – Redemption at the Option of Noteholders on a Put Event*”.

**Status of Notes and Guarantee:**

Subject always to the conditions described in “*Terms and Conditions – Negative Pledge*”, the Notes will constitute unsecured and unsubordinated obligations of the Issuer and the Guarantee will constitute unsecured and unsubordinated obligations of the Guarantor, respectively, all as described in “*Terms and Conditions of the Notes – Guarantee and Status*”.

**Negative Pledge:**

See “*Terms and Conditions of the Notes – Negative Pledge*”.

**Cross Default:**

See “*Terms and Conditions of the Notes – Events of Default*”.

**Ratings:**

The Programme has been rated “BBB+” by S&P and “Baa1” by Moody’s.

Tranches of Notes will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Final Terms.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Early Redemption:**

Except as provided in “*Optional Redemption*” above, Notes will be redeemable at the option of the Issuers prior to maturity only for tax reasons. See “*Terms and Conditions of the Notes – Redemption, Purchase and Options*”.

**Withholding Tax:**

All payments of principal and interest in respect of the Notes and the Coupons (as defined in “*Terms and Conditions of the Notes*”) will be made free and clear of withholding taxes of The Netherlands or The Kingdom of Sweden, as the case may be, unless the withholding is required by law. In such event, the Issuer or the Guarantor, as the case may be, shall, subject to customary exceptions, pay such additional amounts as shall result in receipt by the Noteholders or Couponholders of such amounts as would have been received by them had no such withholding been required, all as described in “*Terms and Conditions of the Notes – Taxation*”.

**Additional Issuers and Guarantors:**

The Trust Deed contains provisions permitting additional issuers and guarantors to be added to the Programme.

**Governing Law:**

The Notes, and any non-contractual obligations arising out of or in connection with them, will be governed by, and shall be construed in accordance with, English law.

**Listing and Admission to Trading:**

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to the Official List and to be admitted to trading on the Luxembourg Stock Exchange's regulated market or as otherwise specified in the relevant Final Terms and references to listing shall be construed accordingly. As specified in the relevant Final Terms, a Series of Notes may be unlisted.

**Selling Restrictions:**

The United States, the European Economic Area, the United Kingdom, The Netherlands, The Kingdom of Sweden, France, Japan, Hong Kong, The People's Republic of China and Taiwan. See "*Subscription and Sale*".

Each of the Issuers and the Guarantors is Category 2 for the purposes of Regulation S under the Securities Act.

The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") unless (i) the relevant Final Terms states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the Conditions that, subject to completion in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of the Conditions together with the relevant provisions of Part A of the Final Terms or (ii) the Conditions as so completed shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme and references to the “Issuer” and any “Guarantor” shall be to the Issuer and each Guarantor, respectively, of the Notes named in the heading of the relevant Final Terms.*

The Notes are constituted by an amended and restated Trust Deed (as amended or supplemented as at the date of issue of the Notes (the “**Issue Date**”), the “**Trust Deed**”) dated 25 February 2016 between Akzo Nobel N.V. (“**AkzoNobel**”), Akzo Nobel Sweden Finance AB (publ) (“**AkzoNobel Sweden**”) and The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An amended and restated Agency Agreement (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) dated 25 February 2016 has been entered into in relation to the Notes between AkzoNobel, AkzoNobel Sweden, the Trustee, Citibank, N.A., London Branch as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the CMU lodging agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Issuing and Paying Agent**”, the “**CMU Lodging Agent**”, the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent), the “**Registrar**”, the “**Transfer Agents**” (which expression shall include the Registrar) and the “**Calculation Agent(s)**”. For the purposes of these Conditions, all references to “**CMU**” means the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority and all references to the “**Issuing and Paying Agent**” shall, with respect to a Series of Notes to be held in the CMU, be deemed to be a reference to the CMU Lodging Agent and all such references shall be construed accordingly. Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the registered office of the Trustee (presently at Fifth Floor, 100 Wood Street, London EC2V 7EX, United Kingdom) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders and the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

As used in these Conditions, “**Tranche**” means Notes which are identical in all respects.

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

The Notes are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) in each case in the Specified Denomination(s) shown hereon provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a Prospectus under the Prospectus Directive or where the Issuer is AkzoNobel, the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest and Redemption/Payment Basis shown hereon.



Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

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

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

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

## 2 **No Exchange of Notes and Transfers of Registered Notes**

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.
- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer’s or Noteholders’ option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(b) or 2(c) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).
- (e) **Transfers Free of Charge:** Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

### 3 **Guarantee and Status**

- (a) **Guarantee:** Each Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and the Coupons. Its obligations in that respect (the “**Guarantee**”) are contained in the Trust Deed.
- (b) **Status of Notes and Guarantee:** The Notes and the Coupons relating to them constitute (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Coupons relating to them and of each Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and unsecured and unsubordinated monetary obligations of the Issuer and each Guarantor respectively, present and future.

### 4 **Negative Pledge**

So long as any of the Notes or Coupons remains outstanding (as defined in the Trust Deed), neither the Issuer nor any Guarantor will create or have outstanding any mortgage, charge, lien, pledge or other security interest (a “**Security Interest**”) upon any of its present or future assets or revenues to secure any Public Debt, or any guarantee or indemnity in respect of any Public Debt, without, at the same time or prior thereto, according to the Notes and the Coupons the same security as is created or subsisting to secure any such Public Debt or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders or (ii) as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders, except that the foregoing shall not apply to any of the following:

- (a) any Security Interest arising solely by mandatory operation of law;
- (b) any Security Interest over or affecting any asset either (i) acquired by the Issuer or any Guarantor after the date of issue of the first Tranche of the Notes and subject to which such asset is acquired or (ii) comprised within the assets of any company merged with the Issuer or any Guarantor after the date of issue of the first Tranche of the Notes, where such Security Interest is created prior to the date of such merger; and
- (c) any Security Interest over assets arising pursuant to the “*Algemene Voorwaarden*” (General Terms and Conditions of the Dutch Bankers’ Association), if and insofar as applicable to the Issuer or any Guarantor.

In this Condition 4, “**Public Debt**” means any loan, debt or other obligation of the Issuer or any Guarantor in the form of or represented by bonds, notes, debentures or any other publicly-issued debt securities which are, or are capable under the relevant regulatory provisions in force as at the date of issue of the first Tranche of the Notes of, being traded or listed on any stock exchange, over-the-counter or other recognised securities market and which by their terms have an initial stated maturity of more than 12 months.

## 5 Interest and other Calculations

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f).
- (b) **Interest on Floating Rate Notes:**
  - (i) *Interest Payment Dates:* Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
  - (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest*: The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (I) the Floating Rate Option is as specified hereon;
- (II) the Designated Maturity is a period specified hereon; and
- (III) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination

(I) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR or EONIA) on the Interest Determination Date in question as determined by the Calculation Agent. Where applicable, if five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

(II) if the Relevant Screen Page is not available or if, sub-paragraph (I)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub- paragraph (I)(2) above applies and fewer than three such

offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR or EONIA, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR or EONIA, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

- (III) if paragraph (II) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR or EONIA, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR or EONIA, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR or EONIA, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR or EONIA, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) Linear Interpolation

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

“**Applicable Maturity**” means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate and, in relation to ISDA Determination, the Designated Maturity.

- (c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).
- (d) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).
- (e) **Margin, Maximum/Minimum Rates of Interest and Redemption Amounts and Rounding:**
- (i) If any Margin is specified hereon (either (A) generally, or (B) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (A), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (B), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
  - (ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
  - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (A) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (B) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant figure shall be rounded up) and (C) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For

these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

- (f) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.
- (g) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Change of Control Redemption Amounts:** The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Change of Control Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Change of Control Redemption Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.
- (h) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Business Day**”, except in Condition 6(f) and 7(h), means:

- (i) in the case of a currency other than euro and Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a “**TARGET Business Day**”) and/or
- (iii) in the case of Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong and/or
- (iv) in the case of a currency and/or one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual – ISDA**” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “**Actual/365 (Fixed)**” is specified hereon, the actual number of days in the Calculation Period divided by 365
- (iii) if “**Actual/365 (Sterling)**” is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366
- (iv) if “**Actual/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360
- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;



“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30

- (vi) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30

- (vii) if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Calculation Period, unless (A) that day is the last day of February or (B) such number would be 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (A) that day is the last day of February but not the Maturity Date or (B) such number would be 31, in which case D2 will be 30

- (viii) if “**Actual/Actual-ICMA**” is specified hereon,
- (A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Periods normally ending in any year; and
  - (B) if the Calculation Period is longer than one Determination Period, the sum of:
    - (I) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
    - (II) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date and

“**Determination Date**” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s)

“**Euro-zone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“**Interest Amount**” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken

Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

**“Interest Commencement Date”** means the Issue Date or such other date as may be specified hereon.

**“Interest Determination Date”** means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is pounds sterling or Renminbi or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is not pounds sterling, euro or Renminbi or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

**“Interest Period”** means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date, unless otherwise specified hereon.

**“Interest Period Date”** means each Interest Payment Date unless otherwise specified hereon.

**“ISDA Definitions”** means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

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

**“Reference Banks”** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR or EONIA, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

**“Reference Rate”** means the rate specified as such hereon.

**“Relevant Screen Page”** means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of such particular information service).

**“Specified Currency”** means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

**“TARGET System”** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

- (i) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent

performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Change of Control Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

## 6 Redemption, Purchase and Options

### (a) Final Redemption:

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which is its nominal amount, unless a higher amount is provided hereon).

### (b) Early Redemption:

#### (i) *Zero Coupon Notes:*

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to Condition 6(c), 6(d), 6(e) or 6(f) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c), 6(d), 6(e) or 6(f) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

- (ii) *Other Notes*: The Early Redemption Amount payable in respect of any Note (other than Notes described in paragraph (i)), upon redemption of such Note pursuant to Condition 6(c), 6(d), 6(e) or 6(f) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.
  
- (c) **Redemption for Taxation Reasons**: The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if the Note is a Floating Rate Note) or at any time (if the Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if the Issuer satisfies the Trustee immediately before the giving of such notice that (i) it, or if the Guarantee were called, the Guarantor has or will become obliged to pay additional amounts provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of The Netherlands (in the case of a payment by Akzo Nobel or the Kingdom of Sweden (in the case of a payment by Akzo Nobel Sweden) or any political subdivision or, in each case, any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer (or any Guarantor, as the case may be) taking reasonable measures available to it at a cost acceptable to it (acting reasonably), provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or any Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or either Guarantee, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories (as defined in the Trust Deed), at least one of whom is a director, of the Issuer (or any Guarantor, as the case may be) stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or any Guarantor, as the case may be) taking reasonable measures available to it at a cost acceptable to it (acting reasonably) and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above, in which event it shall be conclusive and binding on Noteholders and Couponholders and the Trustee shall not be responsible for any loss occasioned by acting on such certificate.
  
- (d) **Redemption at the Option of the Issuer**:
  - (i) If "**Issuer Call**" is specified hereon, the Issuer may, unless the Issuer has given notice under Condition 6(c) to redeem the Notes or a Put Notice has been given by the Noteholder pursuant to Condition 6(f), on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above)), together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.
  
  - (ii) If "**Adjusted Redemption Price**" is specified in the applicable Final Terms as the Optional Redemption Amount, the Optional Redemption Amount per Note shall be the higher of:

- (x) the nominal amount of the Note; and
  - (y) the nominal amount of the Note multiplied by the price (as reported in writing to the Issuer and the Trustee by a financial adviser selected by the Issuer and approved by the Trustee (the “**Financial Adviser**”)) expressed as a percentage (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up)), at which the Gross Redemption Yield on the Notes on the Optional Redemption Calculation Date is equal to the Gross Redemption Yield at the Determination Time on the Optional Redemption Calculation Date of the Reference Bond (or, where the Financial Adviser advises the Issuer and the Trustee that, for reasons of illiquidity or otherwise, such Reference Bond is not appropriate for such purpose, such other government debt security as such Financial Adviser may recommend), plus any applicable Margin.
- (iii) For the purposes of this paragraph, “**Optional Redemption Calculation Date**”, “**Determination Time**”, “**Reference Bond**” and “**Margin**” shall have the meanings specified hereon in the Final Terms and “**Gross Redemption Yield**” means a yield calculated in accordance with generally accepted market practice at such time, as advised to the Issuer and the Trustee by the Financial Adviser. All Notes in respect of which any such notice is given under this Condition 6(d) shall be redeemed on the date specified in such notice in accordance with this Condition 6(d).
- (iv) In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place as the Issuer may approve and in such manner as may be fair and reasonable in the circumstances, taking into account prevailing market practices as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.
- (e) **Redemption at the Option of Noteholders:** If “**Investor Put**” is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days’ notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above)), together with interest accrued to the date fixed for redemption.

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

- (f) **Redemption at the option of Noteholders on a Put Event:**
- (i) If Change of Control Put Option is specified hereon and, at any time while any of the Notes remains outstanding, a Change of Control Event occurs and within the Change of Control Period (A) (if at the time that Change of Control Event occurs there are Rated Securities) a Rating Downgrade in respect of that Change of Control Event occurs or (B) (if at such time there are no Rated Securities) a Negative Rating Event in respect of that Change of Control

Event occurs (that Change of Control Event and, where applicable, Rating Downgrade or Negative Rating Event, as the case may be, occurring within the Change of Control Period, together called a “**Put Event**”), the holder of each Note will have the option (unless, prior to the giving of the Put Event Notice referred to below, the Issuer gives notice under Condition 6(c) or 6(d) to redeem the Notes) to require the Issuer to redeem or, at the Issuer’s option, purchase (or procure the purchase of) that Note on the date which is seven days after the expiry of the Put Period (defined below) (or such other date as may be specified hereon, the “**Put Date**”) at the Change of Control Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above)), together with (or, where purchased, together with an amount equal to) interest (if any) accrued to but excluding the Put Date.

- (ii) Promptly upon, and in any event within 21 days after, the Issuer or any Guarantor becoming aware that a Put Event has occurred, the Issuer or any Guarantor shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders the Trustee shall (subject in each case to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction), give notice (a “**Put Event Notice**”) to the Noteholders in accordance with Condition 16 specifying the nature of the Put Event and the procedure for exercising the put option contained in this Condition 6(f).
- (iii) To exercise the put option under this Condition 6(f), the holder of a Note must (in the case of Bearer Notes) deposit such Note (together (where applicable) with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) deposit the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, in each case, on any Business Day falling within the period of 30 days after a Put Event Notice is given (the “**Put Period**”), accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent, Registrar or Transfer Agent, as the case may be (a “**Put Notice**”). No Note or Certificate so deposited and option so exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.
- (iv) If 80 per cent. or more in nominal amount of the Notes then outstanding have been redeemed or purchased pursuant to the foregoing provisions of this Condition 6(f), the Issuer may, on not less than 30 or more than 60 days’ notice to the Noteholders given within 30 days after the Put Date, redeem, at its option, the remaining Notes as a whole (but not some only) at the Change of Control Redemption Amount specified hereon together with interest (if any) accrued to but excluding the date of such redemption.
- (v) If the rating designations employed by any of S&P, Moody’s or Fitch Ratings are changed from those which are described in paragraph (B) of the definition of “**Negative Rating Event**” below, or if a rating is procured from another Rating Agency, AkzoNobel shall determine, with the agreement of the Trustee, the rating designations of S&P, Moody’s, Fitch Ratings or such other Rating Agency (as appropriate) as are most nearly equivalent to the prior rating designations of S&P, Moody’s or Fitch Ratings, and this Condition 6(f) shall be construed accordingly.
- (vi) The Trustee is under no obligation to ascertain or monitor whether a Change of Control Event, Negative Rating Event or Put Event or any event which could lead to the occurrence of or could constitute a Change of Control Event, Negative Rating Event or Put Event has

occurred and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Change of Control Event, Negative Rating Event or Put Event or other such event has occurred.

(vii) In this Condition 6(f):

“**Business Day**” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the place of the specified office of the Paying Agent, Registrar or Transfer Agent (as the case may be) at which the relevant Note or Certificate representing the relevant Note is deposited.

A “**Change of Control Event**” shall be deemed to have occurred if at any time a person or group of persons acting in concert, other than a holding company (as defined in section 1159 of the Companies Act 2006) whose shareholders are or are to be the same as (or the same save for the initial subscriber of the shares of the holding company), and who hold the shares in the same proportion (save for any holding of any such initial subscriber) as, the pre-existing shareholders of AkzoNobel, gains control of more than 50 per cent. of the issued shares of AkzoNobel or of the voting rights attached to the issued shares of AkzoNobel (for these purposes, “**acting in concert**” means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate through the acquisition by any of them, either directly or indirectly, of shares in AkzoNobel to obtain or consolidate control of AkzoNobel);

“**Change of Control Period**” means the period beginning on the date that is (A) the date of the first public announcement of the Change of Control Event or, if earlier, (B) the date of the earliest Potential Change of Control Event Announcement (if any) and ending 90 days after the occurrence of the Change of Control Event (if any) (or such longer period in which the Rated Securities are under consideration (announced publicly within the period ending 90 days after the occurrence of the Change of Control Event) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration);

A “**Negative Rating Event**” shall be deemed to have occurred if the Issuer or the Guarantor (A) does not, either prior to or not later than 21 days after the relevant Change of Control Event, seek, and thereupon use all reasonable endeavours to obtain, a rating of the Notes or any other unsecured and unsubordinated debt of AkzoNobel (or any subsidiary of the Issuer or the Guarantor which is guaranteed on an unsecured and unsubordinated basis by the Issuer or the Guarantor) having an initial maturity of five years or more from a Rating Agency or (B) does so seek and use such endeavours, but is unable, as a result of such Change of Control Event, to obtain such a rating of at least “**investment grade**” (being a rating of BBB- (in the case of Standard & Poor’s Credit Market Services Europe Limited (“**S&P**”)), Baa3 (in the case of Moody’s Investors Service Limited (“**Moody’s**”)) or BBB- (in the case of Fitch Ratings Ltd (“**Fitch Ratings**”)), or their respective equivalents for the time being) from at least one Rating Agency, provided that a Negative Rating Event shall not be deemed to have occurred in respect of a particular Change of Control Event if the Rating Agency declining to assign a rating of at least investment grade (as defined above) does not announce or publicly confirm or inform the Issuer, the Guarantor or the Trustee in writing that its declining to assign a rating of at least investment grade was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control Event (whether or not the Change of Control Event shall have occurred at the time such investment grade rating is declined);



“**Potential Change of Control Event Announcement**” means any public announcement or statement by AkzoNobel, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control Event where, within 90 days following the date of such announcement or statement, a Change of Control Event occurs;

“**Rated Securities**” means the Notes so long as they shall have an effective rating which was solicited by the Issuer or the Guarantor from any Rating Agency and otherwise any unsecured and unsubordinated debt of the Issuer or the Guarantor (or any subsidiary of the Issuer or the Guarantor which is guaranteed on an unsecured and unsubordinated basis by the Issuer or the Guarantor) having an initial maturity of five years or more which is rated by one of the Rating Agencies at the invitation of the Issuer or the Guarantor;

“**Rating Agency**” means S&P and its successors or Moody’s and its successors or Fitch Ratings and its successors or any other rating agency of equivalent standing specified by the Issuer or the Guarantor from time to time and approved in writing by the Trustee; and

A “**Rating Downgrade**” shall be deemed to have occurred in respect of a Change of Control Event if any solicited current rating assigned to the Rated Securities by a Rating Agency at the invitation of the Issuer or the Guarantor (A) is withdrawn and is not within the Change of Control Period replaced by a rating of another Rating Agency at least equivalent to that which was current immediately before the occurrence of the Change of Control Event or (B) is reduced from a rating of investment grade (as defined above) or better to a non-investment grade rating of BB+ (in the case of S&P), Ba1 (in the case of Moody’s) or BB+ (in the case of Fitch Ratings) (or their respective equivalents for the time being) or worse and not subsequently upgraded to an investment grade rating during the Change of Control Period; provided that a Rating Downgrade otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular Change of Control Event if the Rating Agency making the reduction in rating to which this definition would otherwise apply does not announce or publicly confirm or inform the Issuer or the Guarantor or the Trustee in writing that the reduction was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control Event (whether or not the applicable Change of Control Event shall have occurred at the time of the Rating Downgrade).

- (g) **Purchases:** Each of the Issuer, each Guarantor and each of their respective subsidiaries may at any time purchase Notes (provided that all unmatured Coupons and unmatured Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.
- (h) **Cancellation:** All Notes purchased by or on behalf of the Issuer, any Guarantor or any of their subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and each Guarantor in respect of any such Notes shall be discharged.

## Payments and Talons

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition 7(f)(v)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be:
- (i) in the case of a currency other than Renminbi, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank; and
  - (ii) in the case of Renminbi, by transfer to a Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong.

In this Condition 7(a), “**Bank**” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

- (b) **Registered Notes:**
- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
  - (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (in the case of a currency other than Renminbi) or on the fifth business day before the due date for payment thereof (in the case of Renminbi) (the “**Record Date**”). Payments of interest on each Registered Note shall be made:
    - (A) in the case of a currency other than Renminbi, in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank; and
    - (B) in the case of Renminbi, by transfer to the registered account of the Noteholder.

In this Condition 7(b)(ii)(B), “**registered account**” means the Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear in the Register at the close of business on the fifth business day before the due date for payment.

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

- (d) **Payments subject to Fiscal Laws:** All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments. Any such amounts withheld or deducted will be treated as paid for all purposes under the Notes, and no additional amounts will be paid on the Notes with respect to any such withholding or deduction.
- (e) **Appointment of Agents:** The Issuing and Paying Agent, the CMU Lodging Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and each Guarantor and their respective specified offices are listed below. The Issuing and Paying Agent, the CMU Lodging Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and each Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and each Guarantor reserve the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, the CMU Lodging Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a CMU Lodging Agent in relation to Notes accepted for clearance through the CMU, (v) one or more Calculation Agent(s) where the Conditions so require, and (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee.

In addition, the Issuer and each Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 7(c) above.

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

- (f) **Unmatured Coupons and unmaturing Talons:**
- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes, such Notes should be surrendered for payment together with all unmaturing Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Change of Control Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unmaturing Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

- (iii) Upon the due date for redemption of any Bearer Note, any unmatured Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Non-Business Days:** If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7(h), “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “**Financial Centres**” hereon and:
  - (i) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or
  - (ii) (in the case of a payment in euro) which is a TARGET Business Day or
  - (iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.
- (i) **Payment of Relevant Currency Equivalent:** Notwithstanding all other provisions in these Conditions, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer or the Guarantor is not able, or it would be impracticable for it, to satisfy payments due under the Notes or Coupons (or the Guarantee, as the case may be) in Renminbi in Hong Kong, the Issuer shall, on giving not less than five and not more than 30 days’ irrevocable notice to the Noteholders prior to the due date for payment, settle any such payment in the Relevant Currency on the due date for payment at the Relevant Currency Equivalent of any such Renminbi denominated amount.

In such event, payments of the Relevant Currency Equivalent of the relevant amounts due under the Notes or Coupons (or the Guarantee) shall be made in accordance with Condition 7(a)(i) or Condition 7(b), as applicable.

In this Condition 7(i):

“**Governmental Authority**” means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

“**Illiquidity**” means the general Renminbi exchange market in Hong Kong becomes illiquid as a result of which the Issuer (or the Guarantor, as the case may be) cannot obtain sufficient Renminbi in order to satisfy its obligation to make a payment under the Notes or Coupons (or the Guarantee);

“**Inconvertibility**” means the occurrence of any event that makes it impossible for the Issuer (or the Guarantor, as the case may be) to convert into Renminbi any amount due in another currency into the amount of Renminbi in respect of the Notes or Coupons (or the Guarantee) in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer, the Guarantor and/or any of their respective affiliates to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer, the Guarantor and/or their respective affiliates due to an event beyond its or their control, to comply with such law, rule or regulation);

“**Non-transferability**” means the occurrence of any event that makes it impossible for the Issuer (or the Guarantor, as the case may be) to deliver Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer, the Guarantor and/or any of their respective affiliates to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer, the Guarantor and/or their respective affiliates due to an event beyond its or their control, to comply with such law, rule or regulation);

“**Rate Calculation Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and the principal financial centre of the Relevant Currency (which is, in the case of euro, a day on which the TARGET System is operating);

“**Rate Calculation Date**” means the day which is two Rate Calculation Business Days before the due date of the relevant amount under these Conditions;

“**Relevant Currency**” means the currency specified in the Final Terms;

“**Relevant Currency Equivalent**” means the Renminbi amount converted into the Relevant Currency using the Spot Rate for the relevant Rate Calculation Date; and

“**Spot Rate**”, for a Rate Calculation Date, means the spot rate between Renminbi and the Relevant Currency, as determined by the Calculation Agent (or if none has been appointed, an agent appointed by the Issuer for this purpose) at or around 11.00 a.m. (Hong Kong time) on such date in good faith and in a reasonable commercial manner; and if a spot rate is not readily available, the Calculation Agent or such agent appointed under this Condition may determine the rate taking into consideration all available information which the Calculation Agent or such agent deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in Hong Kong or elsewhere and the PRC domestic foreign exchange market.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7(i) by the Calculation Agent or such agent appointed under this Condition, will (in the absence of manifest error) be conclusive and binding on the Issuer, the Paying Agents and all holders of the Notes.

The Calculation Agent or such agent appointed under this Condition shall not be responsible or liable to the Issuer, the Guarantor or any holders of the Notes for any determination of any Spot Rate in accordance with this Condition 7(i).

## 8 Taxation

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

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with The Netherlands (in the case of payments by AkzoNobel) or the Kingdom of Sweden (in the case of payments by AkzoNobel Sweden) other than the mere holding of the Note or Coupon; or
- (b) **Holder able to avoid:** to a holder who would have been able to avoid such withholding or deduction (i) by presenting any form or certificate or (ii) by making a declaration of non-residence or other similar claim for exception to the relevant tax authority; or
- (c) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date (defined below) except to the extent that the holder would have been entitled to such additional amounts on presenting their Note or Coupon for payment on the thirtieth day after the Relevant Date.

Notwithstanding any other provision of these Conditions, any amounts to be paid on the Notes by or on behalf of the Issuers, will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuers nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made,

provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Change of Control Redemption Amount, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

## 9 **Prescription**

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

## 10 **Events of Default**

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall, subject, in each case, to its being indemnified and/or secured and/or prefunded to its satisfaction, (but, in the case of the happening of any of the events mentioned in paragraphs (b) and (f) below, only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice to the Issuer that the Notes are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early Redemption Amount together (if applicable) with accrued interest if any of the following events (each an “**Event of Default**”) shall have occurred (unless such event has been remedied to the satisfaction of the Trustee):

- (a) default is made in the payment of principal or interest on the Notes on the due date for payment thereof and such failure continues, in the case of principal, for a period of seven days and, in the case of interest, for a period of 14 days; or
- (b) the Issuer or any Guarantor fails to perform or observe any of its other obligations under the Notes or the Trust Deed and (except where the Trustee shall have certified to the Issuer in writing that it considers such failure to be incapable of remedy, in which case no such notice or continuation as is hereinafter mentioned will be required) such failure continues for the period of 30 days (or such longer period as the Trustee may in its absolute discretion permit) following the service by the Trustee of notice on the Issuer or any Guarantor, as the case may be, specifying such failure and requiring the same to be remedied; or
- (c) the Issuer or any Guarantor is dissolved or wound up; or
- (d) the Issuer or any Guarantor enters into a composition with its creditors, files a petition for a suspension of payments, admits in writing that it cannot pay its debts generally as they become due, initiates a proceeding in bankruptcy or is adjudicated bankrupt; or
- (e) the Issuer and/or any Guarantor and/or any Major Subsidiary (as defined below) defaults in the making of any payment in respect of Indebtedness for Borrowed Moneys (as defined below) of, assumed or guaranteed by, the Issuer and/or any Guarantor and/or any Major Subsidiary, as the case may be, when and as the same shall become due and payable, if such default shall continue for more than the period of grace, if any, applicable thereto and the time for such payment has not been effectively extended, or if any Indebtedness for Borrowed Moneys of, or assumed by, the Issuer

and/or any Guarantor and/or any Major Subsidiary shall have become repayable before the due date thereof as a result of acceleration of maturity by reason of the occurrence of an event of default thereunder, provided that the aggregate amount of the relevant Indebtedness for Borrowed Moneys in respect of which one or more of the events mentioned above in this paragraph (e) have occurred is greater than €60,000,000 or the equivalent thereof in any other currency or currencies.

In this paragraph (e):

“**Indebtedness for Borrowed Moneys**” shall mean any indebtedness for borrowed money having an original maturity of 12 months or more; and

“**Major Subsidiary**” shall mean at any relevant time any company or entity of which AkzoNobel directly or indirectly has control and (i) whose total sales shall have exceeded 10 per cent. of AkzoNobel’s consolidated sales for the immediately preceding financial year, all as calculated by reference to the then latest audited accounts of the relevant company or entity and the then latest consolidated audited accounts of AkzoNobel, or (ii) to which is transferred all or substantially all the assets and undertaking of any company or entity of which AkzoNobel directly or indirectly has control which immediately prior to such transfer is a Major Subsidiary. A report by two Authorised Signatories, at least one of whom is a director, of AkzoNobel (whether or not addressed to the Trustee) that in their opinion any company or entity is or is not or was or was not at any particular time or throughout any specified period a Major Subsidiary may be relied upon by the Trustee without liability to any person and without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all relevant parties; or

- (f) if the Issuer or any Guarantor merges or otherwise amalgamates with any other incorporated or unincorporated legal entity, unless the legal entity surviving such merger or amalgamation expressly assumes all obligations of the Issuer or such Guarantor, as applicable, in respect of the Notes (in the case of the Issuer) or the Guarantee (in the case of such Guarantor) and has obtained all necessary authorisations therefor; or
- (g) if for any reason the Guarantee ceases to be in full force and effect.

## 11 **Meetings of Noteholders, Modification, Waiver and Substitution**

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of or any premium payable on redemption of the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount or the Change of Control Redemption Amount, including the method of calculating the



Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution or (viii) to modify or cancel the Guarantee, in which case the necessary quorum shall be two or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 80 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) **Modification of the Trust Deed:** The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error or an error which is, in the opinion of the Trustee, proven, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, and may determine that any Event of Default or Potential Event of Default (as defined by the Trust Deed) shall not be treated as such, which in any such case is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation, waiver or determination shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.
- (c) **Substitution:** The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of certain other entities (as provided in the Trust Deed) in place of the Issuer or any Guarantor, or of any previous substituted company, as principal debtor or guarantor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.
- (d) **Entitlement of the Trustee:** In connection with the exercise of its functions (including, but not limited to, those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer or any Guarantor any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders. The Trustee may rely, without liability to Noteholders, on a report, confirmation or certificate of any accountants, financial advisers or investment bank, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee shall be obliged to accept and be entitled to rely on any such report, confirmation or certificate where the Issuer or any Guarantor procures delivery of the same pursuant to its obligation to do so under a condition hereof and such report, confirmation or certificate shall be binding on the Issuer, each Guarantor, the Trustee and the Noteholders in the absence of manifest or proven error.

## 12 **Enforcement**

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer and/or each Guarantor as it may think fit to enforce the terms of the Trust Deed, the Notes and the Coupons, but it need not take any such proceedings or take any step or action unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-quarter in nominal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction in respect of all costs, claims, expenses and liabilities to or for which it may, in its opinion, thereby become liable. No Noteholder or Couponholder may proceed directly against the Issuer or any Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

## 13 **Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including relieving it from taking proceedings or any step or action unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer, each Guarantor and any entity related to the Issuer or each Guarantor without accounting for any profit.

## 14 **Replacement of Notes, Certificates, Coupons and Talons**

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

## 15 **Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

## 16 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). So long as the Notes are listed on the Luxembourg Stock Exchange, notices to the holders of the Notes shall also be published either on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) or in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

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

## 17 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

## 18 Governing Law and Jurisdiction

- (a) **Governing Law:** The Trust Deed, the Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
- (b) **Jurisdiction:** The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, any Notes, Coupons or Talons or the Guarantee and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, any Notes, Coupons or Talons or the Guarantee (“**Proceedings**”) may be brought in such courts. Pursuant to the Trust Deed, each of the Issuer and any Guarantor has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.
- (c) **Service of Process:** Each of the Issuer and each Guarantor has in the Trust Deed irrevocably appointed an agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.

## OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### 1 Initial Issue of Notes

If the Global Notes are or the Global Certificate is stated in the applicable Final Terms to be issued in NGN form or to be held under the NSS (as the case may be), (i) the Global Notes or the Global Certificate (as the case may be) will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper; and (ii) the relevant clearing systems will be notified whether or not such Global Notes are or Global Certificate is intended to be held in a manner which would allow Eurosystem eligibility. Depositing the Global Notes or the Global Certificate with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Notes which are issued in CGN form and a Global Certificate which is not held under the NSS may be delivered on or prior to the original issue date of the Tranche, (i) to a Common Depositary (defined below) or (ii) in relation to Notes accepted for clearance through the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the “**CMU**”), to a sub-custodian for the CMU.

If the relevant Global Note is a CGN, upon the initial deposit of a Global Note with a common depositary for Euroclear and Clearstream, Luxembourg (the “**Common Depositary**”) or with a sub-custodian for the CMU or registration of Registered Notes in the name of any nominee for (i) Euroclear and Clearstream, Luxembourg or (ii) the CMU and delivery of the relative Global Certificate to the Common Depositary or the sub-custodian for the CMU (as the case may be), Euroclear or Clearstream, Luxembourg or the CMU (as the case may be) will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is a NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### 2 Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other permitted clearing system (“**Alternative Clearing System**”) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

If a Global Note or a Global Certificate is lodged with a sub-custodian for or registered with the CMU, the person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in accordance with the CMU Rules as notified by the CMU to the CMU Lodging Agent in a relevant CMU Instrument Position Report or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU save in the case of manifest error) shall be the only person(s) entitled (in the case of Registered Notes, directed or deemed by the CMU as entitled) to receive payments in respect of Notes represented by such Global Note or Global Certificate and the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in respect of each amount so paid. Each of the persons shown in the records of the CMU, as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Certificate, must look solely to the CMU Lodging Agent for his share of each payment so made by the Issuer in respect of such Global Note or Global Certificate.

### 3 Exchange

#### 3.1 Temporary Global Notes

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

- (i) if the relevant Final Terms indicate that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “*General Description of the Programme – Selling Restrictions*”), in whole, but not in part, for the Definitive Notes defined and described in paragraph 3.5 below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership substantially in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

The CMU may require that any such exchange for a permanent Global Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Instrument Position Report (as defined in the rules of the CMU) or any other relevant notification supplied to the CMU Lodging Agent by the CMU) have so certified.

#### 3.2 Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or the CMU or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a nominal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a nominal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

### 3.3 Global Certificates

If the Final Terms state that the Notes are to be represented by a Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or the CMU or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.3(i) or 3.3(ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

### 3.4 Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes if so provided in, and in accordance with, the Conditions.

### 3.5 Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent (or in the case of Notes lodged with the CMU, the CMU Lodging Agent). In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes or if the Global Note is a NGN, the Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Prospectus, “**Definitive Notes**” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that has not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

### 3.6 Exchange Date

“**Exchange Date**” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

## 4 Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the Conditions set out in this Prospectus. The following is a summary of certain of those provisions:

### 4.1 Payments

No payment falling due after the Exchange Date will be made on any temporary Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership substantially in the form set out in the Agency Agreement. Except with respect to a Global Note held through the CMU, all payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 7(f)(v) will apply to the Definitive Notes only. If the Global Note is a NGN or if the Global Certificate is held under the NSS, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under a NGN will be made to its holder. Each payment so made will discharge the Issuer’s obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of “**business day**” set out in Condition 7(h) (*Non-Business Days*).

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January.

In respect of a Global Note or Global Certificate held through the CMU, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Global Note are credited (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging Agent by the CMU as at the business day before the date for payment) and, save in the case of final payment, no presentation of the relevant bearer Global Note or Global Certificate shall be required for such purpose.

#### 4.2 **Prescription**

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

#### 4.3 **Meetings**

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

#### 4.4 **Cancellation**

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

#### 4.5 **Purchase**

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

#### 4.6 **Issuer's Option**

Any option of the Issuer provided for in the Conditions while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or the CMU or any other Alternative Clearing System (as the case may be).

#### 4.7 **Noteholders' Options**

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



has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN or in the case of a Global Certificate, presenting the permanent Global Note or Global Certificate to the Issuing and Paying Agent or the Registrar or Transfer Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging Agent) for notation. Where the Global Note is a NGN or where the Global Certificate is held under the NSS, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

#### 4.8 **NGN nominal amount**

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

#### 4.9 **Trustee's Powers**

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes represented in the form of a Global Certificate are registered in the name of any nominee for, a clearing system, the Trustee may have regard to and rely on any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

#### 4.10 **Events of Default**

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in, and in accordance with, Condition 10 by stating in the notice to the Issuing and Paying Agent or the CMU Lodging Agent the nominal amount of such Global Note that is becoming due and repayable.

#### 4.11 **Notices**

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of (i) Euroclear and/or Clearstream, Luxembourg or any other clearing system, except as provided in (ii) below, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or (ii) the CMU, notices to the holders of Notes of that Series may be given by the delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Note or Global Certificate, except that so long as the Notes are listed on the Luxembourg Stock Exchange's regulated market and the rules of that exchange so require, notices shall also be published either on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*).

## 5 **Electronic Consent and Written Resolution**

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, Euroclear, Clearstream, Luxembourg or any Alternative Clearing System, then:

- (a) approval of a resolution proposed by the Issuer, the Guarantor or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 80 per cent. in nominal amount of the Notes outstanding (an “**Electronic Consent**” as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the special quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons and Talons whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer, the Guarantor and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer, the Guarantor and/or the Trustee, as the case may be, by accountholders in the clearing system with entitlements to such Global Note or Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer, the Guarantor and/or the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, “**commercially reasonable evidence**” includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg, the CMU or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. None of the Issuer, the Guarantor or the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

## **USE OF PROCEEDS**

The net proceeds from the issue of each Tranche of Notes will be applied by the Issuer for the general corporate purposes of the Group.

## BUSINESS DESCRIPTION OF AKZONOBEL

### History and Development

Akzo Nobel N.V. (“**AkzoNobel**” or the “**Company**”) is a public limited liability company (naamloze vennootschap) incorporated under the law of The Netherlands, having its corporate seat in Amsterdam, The Netherlands. AkzoNobel was incorporated on 8 May 1911 with the name N.V. Nederlandsche Kunstzijdefabriek. AkzoNobel’s registered office is at Christian Neefestraat 2, 1077 WW Amsterdam, The Netherlands (telephone number +31 88 969 7555). AkzoNobel is registered with the Chamber of Commerce for Amsterdam under registration number 09007809.

As at the date of this Prospectus, AkzoNobel is the top holding company in the Group. AkzoNobel’s common shares are admitted to listing and trading on Euronext Amsterdam. As at the date of this Prospectus, AkzoNobel has subsidiaries in approximately 80 countries and employs approximately 45,600 people through its various business units worldwide.

AkzoNobel’s objects, as set out in Article 3 of its Articles of Association, are as follows:

*“The objects of the Company are to participate directly or indirectly in partnerships, and in companies and other legal entities; to manage and finance such partnerships, companies, and legal entities; and to do all such things as are incidental to the attainment of the above objects, including providing security, whether or not for debts of third parties entering into and providing loans as well as the holding and administering of patents and other rights of intellectual property.”*

N.V. Nederlandsche Kunstzijdefabriek was renamed AKU N.V. (“**AKU**”), and in the years from its incorporation in 1911 grew into an international concern with interests in cellulose fibres and, following the Second World War, synthetic textiles, carpet fibres and industrial fibres. In 1969, AKU merged with Koninklijke Zout-Organon N.V., and in 1994 was renamed AkzoNobel, after the merger with Nobel Industries AB (“**Nobel**”).

Koninklijke Zout-Organon N.V. was set up in 1967 as a holding company in connection with the merger of Koninklijke Zout-Ketjen N.V. and N.V. Koninklijke Zwanenberg-Organon, with interests in companies active in salt refining, basic chemicals, specialty chemicals and coatings on the one hand, and in food/non-food products, chemical products, brand-name drugs, non-prescription products and raw materials for the pharmaceutical industry on the other.

Nobel was formed in 1984 through the merger of Bofors (established in 1646) and KemaNobel, which had been founded in 1871 with the name Stockholms Superfosfat Fabriks AB. At the time of the merger with AkzoNobel in 1994, Nobel was a leading European producer of chemicals (including pulp and paper chemicals and surfactants) and coatings (including paints for professional and consumer markets, industrial coatings and industrial products).

In July 1998, AkzoNobel acquired Courtaulds plc (“**Courtaulds**”), an international chemical company operating in the markets for high tech industrial coatings and man-made fibres. Several brands, such as International Paints, Courtelle acrylic fibres and Tencel®, at that time, a new cellulosic fibre, were included in the acquisition. In the 1960s, Courtaulds acquired The International Paint Company Limited (formerly Pinchin Johnson & Associates Limited).

After the Courtaulds acquisition, the fibres operations of AkzoNobel and Courtaulds were combined into a newly established company named Acordis B.V. (“**Acordis**”). On 31 December 1999, the Acordis business was sold, with AkzoNobel retaining a 21 per cent. stake in the business at that date.

Between 2004 and 2006, AkzoNobel disposed of the non-core assets in its chemicals business, including businesses operating in the catalysts and phosphorus chemicals industry, the resins industry and 14 smaller operations.

In March 2007, AkzoNobel sold its pharmaceuticals business, Organon BioSciences N.V. (“**Organon**”), including the “**Intervet**” veterinary businesses to the American pharmaceutical firm Schering-Plough Company for €11.0 billion.

AkzoNobel used the proceeds of the sale of Organon to purchase UK-based firm Imperial Chemical Industries plc (“ICI”) for a gross acquisition price of €11.5 billion (of which €5 billion was related to assets and liabilities held for sale), significantly increasing the presence of its core businesses in the coatings and specialty chemicals markets. This acquisition was completed on 2 January 2008.

In April 2008, AkzoNobel sold ICI’s Adhesives and Electronic Material businesses to Henkel KG a.A for an amount of €4 billion before final settlement adjustments.

In October 2010, AkzoNobel sold its National Starch business (formerly ICI’s Specialty Starches business) for U.S.\$1.3 billion to Corn Products International.

On 1 April 2013, AkzoNobel finalised the sale of its North American Decorative Paints business to PPG Industries, Inc. with net cash proceeds of €779 million. The sale included AkzoNobel’s Decorative Paints business in the US, Canada and Puerto Rico.

On 4 May 2015, AkzoNobel completed the sale of its global paper chemicals business to Kemira for €153 million. Paper Chemicals was part of the Company’s Pulp and Performance Chemicals business, and the sale followed strategic review of the business’ fit within AkzoNobel’s wider portfolio.

In recent years, AkzoNobel acquired or divested many other smaller businesses, which were not significant to the consolidated financial statements.

## **Recent developments**

### ***Acquisition of BASF Group’s Industrial Coatings business***

On 17 February 2016, AkzoNobel made an agreed offer to acquire BASF Group’s Industrial Coatings business for €475 million.

The transaction, if concluded, would include the acquisition of technologies, patents and trademarks, as well as securing supply to customers worldwide. Two manufacturing plants (one in the UK and one in South Africa) would also be transferred to AkzoNobel as part of the transaction. The industrial coatings business generated revenue of about €300 million in 2015 and supplies products for a number of end uses, including coil, furniture foil and panel coatings, wind energy and general industry, and commercial transport.

The planned transaction is expected to be completed in the second half of 2016, subject to the required consultation with employee representatives and the satisfaction of certain conditions to closing, including receipt of required regulatory approval.

### ***Pension fund transactions***

In March and June 2015, the Trustee of the ICI Pension Fund in the UK entered into three additional non-cash buy-in transactions in line with its strategy of de-risking. The agreement in March 2015 and one of the agreements in June 2015 were entered into with Legal & General plc, and a second agreement in June 2015 was entered into with Prudential Retirement Income Limited and collectively covered, in aggregate, £1.5 billion (€2.0 billion) of pension liabilities (local plan value).

The Trustee of the ICI Specialty Chemicals Pension Fund entered into two buy-in transactions, one in August 2015 and one in November 2015, both with Prudential Retirement Income Limited covering £235 million (€317 million) of pension liabilities (local plan value).

## Management structure

AkzoNobel has a two-tier board structure consisting of a Board of Management and a Supervisory Board. Of these, the Board of Management is the highest executive authority and the Supervisory Board is constituted of non-executive directors. The Board of Management operates in the context of an Executive Committee. The members of the Executive Committee are the two members of the Board of Management, together with five senior executives who hold delegated responsibilities for Human Resources, Legal, Specialty Chemicals, Performance Coatings and Decorative Paints.

As at the date of this Prospectus, the Members of the Board of Management, Executive Committee and the Supervisory Board, whose business addresses are AkzoNobel, Christian Neefestraat 2, 1077 WW Amsterdam, The Netherlands and their functions and their principal activities outside AkzoNobel and its subsidiaries, where these are significant, are as follows:

<b>Board of Management</b>	<b>Position within Company</b>
Ton Büchner	Chief Executive Officer and Chairman of the Board of Management and the Executive Committee
Maëlys Castella	Chief Financial Officer and Member of the Board of Management and the Executive Committee
<b>Other members of the Executive Committee</b>	<b>Position within Company</b>
Marten Booisma	Member of the Executive Committee Responsible for Human Resources
Sven Dumoulin	Member of the Executive Committee General Counsel
Werner Fuhrmann	Member of the Executive Committee Responsible for Specialty Chemicals
Ruud Joosten	Member of the Executive Committee Responsible for Decorative Paints
Conrad Keijzer	Member of the Executive Committee Responsible for Performance Coatings
<b>Supervisory Board</b>	<b>Principal activities outside AkzoNobel</b>
Antony Burgmans Chairman Supervisory Board	<ul style="list-style-type: none"><li>• Former Chairman and CEO of Unilever N.V. and Unilever plc.</li><li>• Non-executive Director of BP plc.</li><li>• Member of the Supervisory Boards of SHV Holdings N.V. and Jumbo Group Holding B.V.</li><li>• Chairman of the Supervisory Board of TNT Express N.V.</li></ul>
Sari Baldauf	<ul style="list-style-type: none"><li>• Former member of the Group Executive Board of</li></ul>

Board Member

Nokia Oyj

- Non-executive Director of F-Secure Oyj
- Chairman of the Board of Fortum Oyj
- Member of the Supervisory Boards of Daimler AG and Deutsche Telekom

Peggy Bruzelius  
Board Member

- Former CEO ABB Financial Services
- Former Executive Vice-President SEB
- Non-executive Director of Axfood AB, Diageo plc, Lundin Petroleum AB and Skandia Mutual Life Insurance
- Chairman of Lancelot Asset Management AB

Byron E. Grote  
Board Member

- Non-executive director at Unilever N.V. and Unilever plc.
- Non-executive director at Anglo American plc.
- Non-executive director at Standard Chartered plc.
- Former Board member BP plc.

Louis Hughes  
Board Member

- Former President and COO of Lockheed Martin
- Former Executive Vice-President of General Motors
- Chairman of In ZeroSystems LLC
- Member of the Boards of Directors of ABB Group AG and Alcatel-Lucent SA
- Executive Advisor of Wind Point Partners

Dick Sluimers  
Board Member

- CEO of APG Group
- Member of the Supervisory Board of Atradius NV, Chairman of the Supervisory Board of Atradius Credit Insurance
- Trustee of the International Financial Reporting Standards Foundation
- Member of the Advisory Board of Netspar
- Member of the Board of Governors of the State Academy of Finance and Economics

Ben Verwaayen  
Board Member

- Trustee of the Erasmus University Trust
- Former CEO Alcatel-Lucent SA
- Former Chief Executive/Chairman of the Board's Operating Committee BT group
- Non-Executive Director of Akamai Technologies Inc. and Bharti Airtel Ltd.

None of the members of the Supervisory Board or the Board of Management have any potential conflicts of interests between duties to the Issuers and the Guarantors and their private interests or other duties.



## BUSINESS DESCRIPTION OF AKZONOBEL SWEDEN

### History and Development

Akzo Nobel Sweden Finance AB (publ) (“**AkzoNobel Sweden**”) was incorporated as a private limited liability company under the laws of the Kingdom of Sweden on 13 October 2008 with registration number 556768-4062. On 30 October 2013, AkzoNobel Sweden changed its company category from a private limited liability company to a public limited liability company. It is domiciled in the Kingdom of Sweden. The registered office of AkzoNobel Sweden is at Akzo Nobel Sweden Finance AB (publ) c/o Akzo Nobel Pulp and Performance Chemicals AB, SE-445 80 Bohus, Sweden and the telephone number of its registered office is +46 31 58 70 00.

The objects of AkzoNobel Sweden (which can be found in Section 3 of its Articles of Association) are to carry on the business of a finance company, including lending, borrowing and the issuing of guarantees; to directly or indirectly own and manage movable and immovable property including holding subsidiaries; and any other activities compatible therewith, as well as to provide administrative and other corporate services to companies in which the company directly or indirectly owns shares and to carry on any other activities compatible therewith. However, AkzoNobel Sweden shall not carry on such business as is subject to regulatory authorisation in accordance with the Swedish Act (2004: 297) on Banking Business and Financing Operations (*lag (2004:297) om bank- och finansieringsrörelse*).

As at the date of this Prospectus, AkzoNobel Sweden is a holding and finance company for the Group and lends funds to other companies in the Group. AkzoNobel Sweden is a wholly-owned direct subsidiary of AkzoNobel. It is also a holding company for the following Swedish members of the Group: Akzo Nobel AB, Akzo Nobel Bygglim AB, Akzo Nobel Car Refinishes AB, Akzo Nobel Decorative Coatings AB, Akzo Nobel Functional Chemicals AB, Anholmen Fastighets AB, Fastighets AB Hammarö Vidön, Akzo Nobel Industrial Coatings AB, Akzo Nobel Industrial Finishes AB, Akzo Nobel Surface Chemistry AB, Carbide Sweden AB, Casco Adhesives AB, Akzo Nobel Pulp and Performance Chemicals AB and International Färg AB.

As at 30 June 2015, AkzoNobel Sweden’s authorised share capital was €208,000. As at 30 June 2015, AkzoNobel Sweden’s issued share capital was €52,000, divided into 1,000 shares with a nominal value of €52 each.

By a deed poll guarantee dated 18 December 2008, AkzoNobel Sweden guaranteed certain payment obligations of AkzoNobel in respect of AkzoNobel’s public debt and external credit arrangements as well as certain pensions funding obligations.

AkzoNobel Sweden prepares and publishes audited financial statements on the basis of International Financial Reporting Standards as adopted by the EU on an annual basis which will be filed in accordance with Swedish law. AkzoNobel Sweden also prepares half yearly reports.

### Management structure

In accordance with applicable Swedish law, AkzoNobel Sweden has a Board of Directors consisting of six members. The Board of Directors is responsible for managing the business of AkzoNobel Sweden in accordance with Swedish law. The Board of Directors also represents AkzoNobel Sweden in its dealings with third parties and in court.

As at the date of this Prospectus, the members of the Board of Directors of AkzoNobel Sweden, whose business addresses are Akzo Nobel Sweden Finance AB (publ) c/o Akzo Nobel Pulp and Performance Chemicals AB, SE-445 80 Bohus, Sweden, and their functions and their principal activities outside AkzoNobel Sweden and its subsidiaries, where these are significant, are as follows:

Name	Principal activities outside AkzoNobel Sweden
Remko van der Peppel Chairman	Manager Corporate Finance – AkzoNobel
Gijsberth de Ruyter Director	Controller Business Unit Pulp and Performance Chemicals
Jacobus Derckx Director	Director Specialist Accounting & Governance – AkzoNobel
Anita Lindqvist Director	Country HR Director, Sweden
Anna-Lena Palm Director	HSE Supervisor, AN Surface Chemistry EMEIA Plant Stenungsund
Rolf Eriksson Director	Employee Representative
Rolf Eriksson Director	Property technician, Infrastructure, AN PPC Plant Stockvik
	Employee Representative

Dennis Ljunggren and Esbjörn Boman have been elected as deputy members of the Board of Directors of AkzoNobel Sweden. The Managing Director of AkzoNobel Sweden is Bjarne Kristiansson.

None of the members of the Board of Directors have any potential conflict of interests between duties to AkzoNobel Sweden or AkzoNobel and their private interests or other duties.

## DESCRIPTION OF THE BUSINESS OF THE GROUP

### Overview of Business Areas

AkzoNobel's operations are carried out in business units grouped into three business areas on the basis of affinities between activities: Decorative Paints, Performance Coatings and Specialty Chemicals. Based on revenue in 2015, the three business areas represent 27 per cent., 40 per cent. and 33 per cent. of the Group, respectively.

At the AkzoNobel corporate level, key tasks are coordinated across the Group in the fields of strategy; finance and control; human resources; technology; legal affairs and intellectual property; communications; health, safety, and environment; information management; and risk and insurance management.

The business units and their main products (as at the date of this Prospectus) are summarised below.

### *Decorative Paints*

The Decorative Paints unit includes businesses focusing on a full range of interior and exterior decoration and protection products for both the professional and do-it-yourself markets. These include paints, lacquers, varnishes, as well as products for surface preparation (pre-deco products). The Decorative Paints business is divided into three geographical reporting units: Europe, Asia and Latin America.

### *Performance Coatings*

AkzoNobel is one of the world's leading manufacturers and suppliers of performance coatings. Its brands include Sikkens®, International® and Interpon®.

The activities of the Performance Coatings business are divided into seven Strategic Market Units, being Vehicle Refinishes, Wood Coatings, Metal Coatings, Powder Coatings, Marine Coatings, Specialty Coatings, and Protective Coatings. Together, they supply businesses in industries as diverse as construction, consumer electronics, shipping and sports equipment.

Performance Coatings is active in research and development and product stewardship, including in the field of sustainable technology.

### *Specialty Chemicals*

The Specialty Chemicals business manufactures more than 2,000 different products used for a wide variety of consumer and industrial applications and products. Its activities are grouped into five businesses: Ethylene and Sulfur Derivatives, Polymer Chemistry, Industrial Chemicals, Pulp and Performance Chemicals and Surface Chemistry.

### *Decorative Paints – Description*

Decorative Paints activities have long been a core part of both AkzoNobel's and ICI's businesses and supply a full range of interior and exterior decoration and protection products for both the professional and do-it-yourself markets, including paints, lacquers and varnishes. The extensive product range is marketed under international and local brand names, including Dulux®, Sikkens®, Astral®, Alabastine®, Levis®, Marshall® and Flexa®. AkzoNobel has a single global brand identity for its retail consumer paint range, "Let's Colour", which includes the brands Dulux®, Flexa®, Levis®, Alba®, Coral®, Marshall®, Astral®, Bruguer®, Dulux Valentine®, Inca®, Sadolin®, Nordsjö® and Vivechrom®. Decorative Paints also offers services such as mixing machines, colour concepts and advice, as well as training courses for applicators.

Decorative Paints has its own sales distribution network in addition to selling through agents and distributors.

## *Performance Coatings – Description*

### Vehicle Refinishes

AkzoNobel's Vehicle Refinishes unit provides coatings and services for collision repairers and commercial vehicle refinishers. It also provides coatings and services to the manufacturers of bus and trucks and other specialised commercial vehicle builders. Brands include Sikkens®, Lesonal®, Dynacoat® and Wanda®.

### Wood Coatings

AkzoNobel's Wood Coatings unit comprises the Group's wood finishes and adhesives activities.

The wood finishes business provides coatings for wood furniture, cabinetry and wood building products (flooring, panelling, windows, doors and exterior siding). The wood adhesives business supplies adhesives and bonding solutions for the wood working industry (furniture, flooring, structural elements and wood panels). The board resins business sells and produces bonding resins for the manufacturers of engineered wood panels such as particleboard, MDF and HDF, oriented strand board and plywood.

### Metal Coatings

AkzoNobel's metal coatings decorate and protect products made from steel or aluminium. The packaging coatings business supplies coatings and inks for metal packaging: for beer and beverage cans, food cans, caps and closures and general line cans. The coil and extrusion coatings business produces and sells coatings for metal building products (commercial and residential) and home appliances.

### Powder Coatings

AkzoNobel's Powder Coatings unit supplies powder coatings to original equipment manufacturers (OEM) and coaters of the appliance, architectural, automotive, furniture, IT and general industrial markets. Powder coatings are solvent-free paints applied to metal and other conductive surfaces which are used on products ranging from metal furniture to window frames, radiators, pipes, cars and wood and plastic products. AkzoNobel Powder Coatings' brands include Interpon® and Resicoat®.

### Marine Coatings

AkzoNobel's Marine Coatings unit provides coatings and services for ships. The markets for Marine Coatings are new-building, repair and maintenance of deep sea, coastal and navy vessels. AkzoNobel's Marine Coating's brands include International®.

### Specialty Coatings

AkzoNobel's Specialty Coatings unit include specialty and automotive plastics, aerospace coatings and yacht coatings. The specialty plastics coatings business provides coatings and film for consumer electronics, cosmetic packaging, automotive components and sporting goods. The business provides coatings for the automotive components industry. For the aerospace industry the business focuses on external and internal coatings for commercial, general aviation and defence markets for both original equipment manufacturer application and maintenance and repair. In the yacht market the business provides products to the superyacht industry and the general professional (original equipment and maintenance and repair), retail and do-it-yourself yacht businesses.

## Protective Coatings

AkzoNobel's Protective Coatings business produces protective coatings and fire protection products for steel structures in a wide range of industries, including power generation, upstream and downstream oil and gas facilities, chemical and petrochemical installations, high value infrastructure (including airports and sports stadia), mining and minerals and water and water treatment markets.

## *Specialty Chemicals – Description*

### Ethylene and Sulfur Derivatives

AkzoNobel Ethylene and Sulfur Derivatives business unit operates in a variety of chemical intermediates, formulation ingredients and process aids that serve a broad range of industries, including: paints, detergents, automotive parts, agricultural products, building materials, pharmaceuticals, foods, adhesives and cosmetics. It is a leading supplier worldwide of chelates, ethylene amines, sulfur derivatives and performance additives for a wide variety of industrial and agricultural uses and consumer products.

### Polymer Chemistry

AkzoNobel Polymer Chemistry produces several initiators, crosslinkers and additives for the polymer industry and for the production of light emitting diodes and solar cells.

### Industrial Chemicals

The Industrial Chemicals business unit produces salt and energy, chlor-alkali products, and derivatives such as monochloroacetic acid. It is Europe's largest producer of vacuum salt and a leading supplier of chlorine, chlorine derivatives and caustic lye in Europe. Its products are used in the manufacture of, for example, vehicles, glass, pharmaceuticals, textiles, disinfectants and salt specialties. Cogeneration units, partly operated jointly with a Dutch energy company, enable the Industrial Chemicals businesses to make efficient use of combined heat and power to assist in the production of chlorine and vacuum salt.

### Pulp and Performance Chemicals

AkzoNobel Pulp and Performance Chemicals business unit, which trades as Eka Chemicals, is a leading producer of bleaching chemicals used in the manufacture of paper pulp. Eka Chemicals supplies process chemicals and performance chemicals that improve the properties of paper, as well as systems and integrated services for the pulp and paper industry. Eka Chemicals also produces specialty chemicals, having synergies in the pulp and paper business, with applications in areas such as water treatment, explosives, coatings and the pharmaceutical industry.

### Surface Chemistry

The Surface Chemistry business unit develops, manufactures and markets a spectrum of specialty surfactants and polymers. Its products are used in agricultural chemicals and processes, consumer products (including personal care products) and industrial applications. Surfactants are used to combine or separate two different materials to emulsify, disperse, clean, wet, anti-cake, aggregate, foam, defoam, disinfect and soften. Key markets include agro-chemicals, household and institutional cleaning, oil field applications and petroleum additives. In addition, surfactants products are used in fabric care, personal care, asphalt paving, mining and coatings.

## **Litigation**

### ***Environmental matters***

The Group is confronted with substantial costs arising out of environmental laws and regulations, which include obligations to eliminate or limit the effects on the environment of the disposal or release of certain wastes or substances at various sites. Proceedings involving environmental matters, such as the alleged discharge of chemicals or waste materials into the air, water, or soil, are pending against us in various countries. In some cases this concerns sites divested in prior years or derelict sites belonging to companies acquired in the past. It is the Company's policy to accrue and charge against earnings environmental clean-up costs when it is probable that a liability has materialised and an amount is reliably estimable. These accruals are reviewed periodically and adjusted, if necessary, as assessments and clean-ups proceed and additional information becomes available. Environmental liabilities can change substantially due to the emergence of additional information on the nature or extent of the contamination, the geological circumstances, the necessity of employing particular methods of remediation, actions by governmental agencies or private parties, or other factors. Cash expenditures often lag behind the period in which an accrual is recorded by a number of years. While it is not feasible to predict the outcome of all pending environmental exposures, it is possible that there will be a need for future provisions for environmental costs which, in management's opinion, based on information currently available, would not have a material effect on the Company's consolidated financial position but could be material to the Company's results of operations in any one accounting period.

### ***Anti-trust cases and other claims and litigation***

AkzoNobel is – together with others – involved in civil proceedings initiated by Cartel Damages Claims HP SA/NV before the Dortmund court in Germany in relation to the alleged Hydrogen Peroxide infringement in the 1990s. This claim is disputed by AkzoNobel.

An appeal by the Company is pending with the European Court of Justice against the ruling of the General Court against the decision by the European Commission to impose fines on the Company for violations of EU competition laws regarding Heat Stabilisers in the 1980s and 1990s.

AkzoNobel has provided various indemnities and guarantees in respect of historic disposals to the relevant purchasers and their permitted assigns (if applicable), which in general are subject to time limits in which claims can be made and/or limits on the amount which can be claimed (generally by reference to the value received). These indemnities and guarantees have varying maturity periods. AkzoNobel has received various claims under these indemnities and guarantees. In some instances, AkzoNobel has been named as a direct defendant despite the divestments.

A number of other claims are pending, all of which are contested. The Group is also involved in disputes with tax authorities in several jurisdictions.

Provisions are recognised when an outflow of economic benefits for settlement is probable and the amount is reliably estimable. It should be understood that, in light of possible future developments, such as (a) potential additional lawsuits, (b) possible future settlements, and (c) rulings or judgments in pending law suits, certain cases may result in additional liabilities and related costs. At this point in time, we cannot estimate any additional amount of loss or range of loss in excess of recorded amounts with sufficient certainty to allow such amount or range of amounts to be meaningful. Moreover, if and to the extent that the contingent liabilities materialise, they are typically paid over a number of years and the timing of such payments cannot be predicted with confidence.

While the outcome of these cases, claims and disputes cannot be predicted with certainty, management believes, based upon legal advice and information received, that the final outcome will not materially affect the Company's consolidated financial position but could be material to our results of operations or cash flows in any one accounting period.

## TAXATION

*The comments below are of a general nature and are based on the Issuers' understanding of certain aspects of current tax laws and practice, regulations, rulings and decisions in The Netherlands, the Kingdom of Sweden, Luxembourg and Hong Kong, respectively, as at the date of this Prospectus, all of which are subject to change (with or without retroactive effect). The comments relate to the position of persons (other than Dealers) who are the absolute beneficial owners of the Notes and interest thereon, but are not exhaustive and may not apply to certain classes of persons. Further, the summary does not address the credit of foreign taxes. Neither the comments below nor any other statements in this Prospectus are to be regarded as advice on the tax position of any Noteholder or any person acquiring, selling or otherwise dealing in Notes. Prospective holders of Notes and Noteholders who may be unsure of their tax position or who may be subject to tax in any other jurisdiction should consult their own professional advisers.*

### **The Netherlands**

For Dutch tax purposes, a Noteholder may include an individual who or an entity that does not have the legal title of the Notes, but to whom nevertheless the Notes are attributed based either on such individual or entity owning a beneficial interest in the Notes or based on specific statutory provisions. These include statutory provisions pursuant to which Notes are attributed to an individual who is, or who has directly or indirectly inherited from a person who was, the settlor, grantor or similar originator of a trust, foundation or similar entity that holds the Notes.

For the purpose of this paragraph, “**Dutch Taxes**” shall mean taxes of whatever nature levied by or on behalf of the Netherlands or any of its taxing authorities. The Netherlands means the part of the Kingdom of the Netherlands located in Europe.

The statements below are based on the assumption that the Final Terms of any Series of Notes will not materially deviate from the Conditions as set out in this Prospectus, in particular with regard to the status of the Notes and the Guarantee.

### ***Withholding Tax***

Any payments made under the Notes will not be subject to withholding or deduction for, or on account of, any Dutch Taxes.

### ***Taxes on Income and Capital Gains***

This section does not describe the possible Dutch tax considerations or consequences that may be relevant to a Noteholder who is an individual and for whom the income or capital gains derived from the Notes are attributable to employment activities, the income from which is taxable in the Netherlands.

This section does not describe the possible Dutch tax considerations or consequences that may be relevant to a Noteholder which is (i) a corporate entity and an exempt investment institution (*vrijgestelde beleggingsinstelling*) or investment institution (*beleggingsinstelling*) for the purposes of Netherlands corporate income tax, a pension fund, or otherwise not a taxpayer or exempt for tax purposes; or (ii) which is a corporate entity and a resident of Aruba, Curaçao or Sint Maarten.

A Noteholder will not be subject to any Dutch Taxes on any payment made to the Noteholder under the Notes or on any capital gain made by the Noteholder from the disposal, or deemed disposal, or redemption of, the Notes, except if:

- (i) the Noteholder is, or is deemed to be, resident in the Netherlands for Dutch (corporate) income tax purposes;
- (ii) the Noteholder derives profits from an enterprise, whether as entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise other than as an entrepreneur or a shareholder, which

enterprise is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands to which permanent establishment or permanent representative the Notes are attributable;

- (iii) the Noteholder is an individual and has a substantial interest (*aanmerkelijk belang*), or a fictitious substantial interest (*fictief aanmerkelijk belang*), in the Issuer or derives benefits from miscellaneous activities (*overige werkzaamheden*) carried out in the Netherlands in respect of the Notes, including (without limitation) activities which are beyond the scope of active portfolio investment activities;
- (iv) the Noteholder is not an individual and (a) the Noteholder has a substantial interest, or a fictitious substantial interest, in the Issuer, (b) which (fictitious) substantial interest is held with the main purpose or one of the main purposes to evade the levy of income tax or dividend withholding tax on someone other than the Noteholder and (c) there is an artificial arrangement or series of artificial arrangements;
- (v) the Noteholder is not an individual and is entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, other than by way of the holding of securities, which is effectively managed in the Netherlands and to which enterprise the Notes are attributable; or
- (vi) the Noteholder is an individual and is entitled to a share in the profits of an enterprise, other than by way of securities, which is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

Generally, a Noteholder has a substantial interest if such Noteholder, alone or together with his partner, directly or indirectly:

- (i) owns, or holds certain rights on, shares representing five per cent. or more of the total issued and outstanding capital of the Issuer, or of the issued and outstanding capital of any class of shares of the Issuer;
- (ii) holds rights to, directly or indirectly, acquire shares, whether or not already issued, representing five per cent. or more of the total issued and outstanding capital of the Issuer, or of the issued and outstanding capital of any class of shares of the Issuer; or
- (iii) owns, or holds certain rights on, profit participating certificates that relate to five per cent. or more of the annual profit of the Issuer or to five per cent. or more of the liquidation proceeds of the Issuer.

A Noteholder who owns shares of the Issuer will also have a substantial interest if his partner or one of certain relatives of the Noteholder or of his partner has a (fictitious) substantial interest.

For Dutch tax purposes, the ownership of the shares of the Issuer is attributed to the Noteholder based either on the Noteholder owning a beneficial interest in the shares or based on specific statutory provisions. These include statutory provisions pursuant to which shares are attributed to an individual who is, or who has directly or indirectly inherited from a person who was, the settlor, grantor or similar originator of a trust, foundation or similar entity that holds the shares, although the Noteholder does not have the legal title of the shares.

Generally, a Noteholder has a fictitious substantial interest if without having an actual substantial interest in the Issuer:

- (i) an enterprise has been contributed in exchange for shares of the Issuer on an elective non- recognition basis;
- (ii) the shares have been obtained under gift law, inheritance law or matrimonial law, on a non- recognition basis, while the previous shareholder had a substantial interest in the Issuer;



- (iii) the shares have been acquired pursuant to a share merger, legal merger or legal demerger, on an elective non-recognition basis, while the Noteholder prior to this transaction had a substantial interest in an entity that was party thereto; or
- (iv) the shares held by the Noteholder, prior to dilution, qualified as a substantial interest and, by election, no gain was recognised upon disqualification of these shares.

#### ***Gift tax or inheritance tax***

No Dutch gift tax or inheritance tax is due in respect of any gift of the Notes by, or inheritance of the Notes on the death of, a Noteholder, except if:

- (i) at the time of the gift or death of the Noteholder, the Noteholder is a resident, or is deemed to be a resident, in the Netherlands;
- (ii) the Noteholder passes away within 180 days after the date of the gift of the Notes and is not, or not deemed to be, at the time of the gift, but is, or deemed to be, at the time of his death, resident in the Netherlands; or
- (iii) the gift of the Notes is made under a condition precedent and the Noteholder is resident, or deemed to be resident, in the Netherlands at the time the condition is fulfilled.

#### ***Other Taxes***

No other Dutch Taxes, including turnover tax and taxes of a documentary nature, such as capital tax, stamp or registration tax or duty, are payable by or on behalf of a Noteholder by reason only of the issue, acquisition or transfer of the Notes.

#### ***Residency***

Subject to the exceptions above, a Noteholder will not become resident, or a deemed resident, in the Netherlands for tax purposes, or become subject to Dutch Taxes, by reason only of the Issuer's performance, or the Noteholder's acquisition (by way of issue or transfer to it), holding and/or disposal of the Notes.

#### **The Kingdom of Sweden**

##### ***Noteholders not tax resident in the Kingdom of Sweden***

Payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes to a Noteholder are normally not subject to Swedish income tax, provided that such Noteholder (i) is not resident in the Kingdom of Sweden for Swedish tax purposes and (ii) does not have a permanent establishment in the Kingdom of Sweden for Swedish tax purposes to which the Notes are effectively connected.

Swedish withholding tax, or Swedish tax deduction, is not imposed on payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes, except for certain payments of interest (and other return on Notes) to a private individual (or an estate of a deceased individual) who is resident in the Kingdom of Sweden for Swedish tax purposes (see “– *Noteholders tax resident in the Kingdom of Sweden*” below).

##### ***Noteholders tax resident in the Kingdom of Sweden***

In general, for Swedish corporations and private individuals (and estates of deceased individuals) with residence in the Kingdom of Sweden for Swedish tax purposes, all capital income (for example, income that is considered to be interest for Swedish tax purposes and capital gains on Notes) will be taxable in Sweden. Specific tax consequences may be applicable to certain categories of corporations, for example, life insurance companies and in respect of Notes

that are held in an investment savings account (Sw. investeringssparkonto). Moreover, specific tax consequences may be applicable if, and to the extent that, a holder of Notes realises a capital loss on the Notes and to any currency exchange gains or losses.

If amounts that are deemed as interest for Swedish tax purposes are paid by a legal entity domiciled in the Kingdom of Sweden, including a Swedish branch, to a private individual (or an estate of a deceased individual) with residence in the Kingdom of Sweden for Swedish tax purposes, Swedish preliminary taxes are normally withheld by the legal entity on such payments. Swedish preliminary taxes should normally also be withheld on other return on Notes (but not capital gains), if the return is paid out together with such a payment of interest referred to above.

## **Luxembourg Taxation**

### ***Interest Withholding Tax – General***

Under Luxembourg tax law currently in force and with the possible exception of interest paid to individual Noteholders and to certain residual entities, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to individual Noteholders and to certain residual entities, upon repayment of principal in the case of reimbursement, redemption or repurchase of the Notes.

### ***Interest Withholding Tax – Luxembourg non-resident***

In accordance with the Luxembourg law of 25 November 2014, Luxembourg elected out of the withholding tax system in favour of an automatic exchange of information under the European Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income (the “**Savings Directive**”) as from 1 January 2015. Payments of interest or repayments of principal by Luxembourg paying agents to non-resident individual Noteholders or certain so-called residual entities are thus no longer subject to any Luxembourg withholding tax.

### ***Interest Withholding Tax – Luxembourg resident***

Under the Luxembourg law of 23 December 2005 (the “**Law**”), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is resident of Luxembourg or to certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS (as defined below) recognised in accordance with the European Council Directive 85/611/EEC of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (“**UCITS**”) (as replaced by the European Council Directive 2009/65/EC (the “**UCITS Directive**”)) or for the exchange of information regime) will be subject to a withholding tax of 10 per cent. (the “**10 per cent. Withholding Tax**”). Responsibility for the withholding of the tax will be assumed by a Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to the 10 per cent. Withholding Tax.

Pursuant to the Law, Luxembourg resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a 10 per cent. tax on interest payments made after 31 December 2007 by paying agents (defined in the same way as in the Savings Directive) located in an EU Member State other than Luxembourg, a Member State of the European Economic Area or in a State or territory which has concluded an international agreement directly related to the UCITS Directive.

## **Hong Kong**

### ***Withholding Tax***

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

### ***Profits Tax***

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest on the Notes is derived from Hong Kong and is received by or accrues to a company carrying on a trade, profession or business in Hong Kong; or
- (ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a company, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business; or
- (iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong) and arises through or from the carrying on by the financial institution of its business in Hong Kong.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of Notes will be subject to profits tax.

Sums derived from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed.

### ***Stamp Duty***

Stamp duty will not be payable on the issue of Bearer Notes provided either:

- (i) such Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable it is payable by the Issuer on the issue of Bearer Notes at a rate of 3 per cent. of the market value of the Notes at the time of issue.

No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfers of Registered Notes provided either:

- (a) the Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (b) the Registered Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the consideration or its value. If, in the case of either the sale or purchase of such Registered Notes, stamp duty is not paid, both the seller and the purchaser may be liable jointly and severally to pay any unpaid stamp duty and also any penalties for late payment. If stamp duty is not paid on or before the due date (two days after the sale or purchase if effected in Hong Kong or 30 days if effected elsewhere) a penalty of up to 10 times the duty payable may be imposed. In addition, stamp duty is payable at the fixed rate of HK\$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

***Estate Duty***

No estate duty will be payable in respect of Notes.

## PRC CURRENCY CONTROLS

*The following is a general description of certain currency controls in the PRC and is based on the law and relevant interpretations thereof in effect as at the date of this Prospectus, all of which are subject to change, and does not constitute legal advice. It does not purport to be a complete analysis of all applicable currency controls in the PRC relating to the Notes. Prospective holders of Notes who are in any doubt as to PRC currency controls are advised to consult their own professional advisers.*

### **Remittance of Renminbi into and outside the PRC**

The Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to controls imposed under PRC law.

### **Current Account Items**

Under PRC foreign exchange control regulations, current account item payments refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies. In July 2009, the PRC commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. In June 2010 and August 2011, respectively, the PRC Government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades and the Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement (together, the “**2009-2011 Circulars**”) with regard to the expansion of designated cities and offshore jurisdictions implementing the pilot Renminbi settlement scheme for cross-border trades. Pursuant to the 2009-2011 Circulars, (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible; (ii) the list of designated pilot districts was expanded to cover all provinces and cities in the PRC; and (iii) the restriction on designated offshore districts has been lifted. Accordingly, PRC enterprises and offshore enterprises are entitled to use Renminbi to settle imports of goods and services and other current account items between them, and Renminbi remittance for exports of goods from the PRC may only be effected by approved pilot enterprises in designated pilot districts in the PRC.

On 1 February 2012, PBOC and five other PRC Authorities (the “**Six Authorities**”) jointly issued the Notice on Matters Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods (the “**2012 Circular**”). Under the 2012 Circular, any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports, provided that the relevant provincial government has submitted to the Six Authorities a list of key enterprises subject to supervision and the Six Authorities have verified and signed off on such list. On 12 June 2012, the PBOC issued a notice stating that the Six Authorities had jointly verified and announced a list of 9,502 exporting enterprises subject to supervision and, as a result, any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports.

On 5 July 2013, the PBOC promulgated the Circular on Simplifying the Procedures for Cross-Border Renminbi Transactions and Improving Related Policies (the “**2013 PBOC Circular**”) with the intent to improve the efficiency of cross-border Renminbi settlement and facilitate the use of Renminbi for the settlement of cross-border transactions under current accounts or capital accounts. In particular, the 2013 PBOC Circular simplifies the procedures for cross-border Renminbi trade settlement under current account items. For example, PRC banks, based on due diligence review to know their clients (i.e., PRC enterprises), may conduct settlement for such PRC enterprises upon the PRC enterprises presenting the payment instruction, with certain exceptions. PRC banks may also allow PRC enterprises to make/receive payments under current account items prior to the relevant PRC bank’s verification of underlying transactions (noting that verification of underlying transactions is usually a precondition for cross-border remittance).

On 1 November 2014, the PBOC promulgated the Notice on Matters concerning Centralised Cross-Border RMB Fund Operation conducted by Multinational Enterprise Groups, which provides that qualified multinational enterprise groups (“MEGs”) may carry out cross-border Renminbi fund centralised operations via a group member incorporated in the PRC, which operations include (i) two-way Renminbi cash-pooling arrangement and (ii) centralised receipt and payment of cross-border Renminbi under the current account. A qualified MEG shall have an aggregate revenue generated by domestic participating group members of no less than RMB 5 billion, and an aggregate revenue generated by foreign participating group members of no less than RMB 1 million. The group parent company of a qualified MEG may be incorporated in or outside of the PRC.

As new regulations, the 2009-2011 Circulars, the 2012 Circular and the 2013 PBOC Circular will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the use of Renminbi for payment of transactions categorised as current account items, then such settlement will need to be made subject to the specific requirements or restrictions set out in such rules. Local authorities may adopt different practices in applying the 2009-2011 Circulars, the 2012 Circular and the 2013 PBOC Circular and impose conditions for the settlement of current account items.

### **Capital Account Items**

Under the applicable PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments have been generally subject to the approval of the relevant PRC authorities. However, as set out below, it has been announced that from 1 June 2015, the capital account regulation in relation to direct investment has been delegated by the governmental authority (i.e. the local branches of the State Administration of Foreign Exchange (“SAFE”)) to designated foreign exchange banks.

Prior to October 2011, settlements for capital account items were generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) were required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties were also generally required to make capital item payments, including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment, to foreign investors in a foreign currency. The relevant PRC authorities may, however, have granted approvals for a foreign entity to make a capital contribution or a shareholder’s loan to a foreign invested enterprise with Renminbi lawfully obtained by it outside the PRC and for the foreign invested enterprise to service interest and principal repayment to its foreign investor outside the PRC in Renminbi on a trial basis. The foreign invested enterprise may, however, have been required to complete a registration and verification process with the relevant PRC authorities before such Renminbi remittances.

On 13 October 2011, the PBOC issued the Administrative Measures on RMB Settlement of Foreign Direct Investment (“PBOC RMB FDI Measures”) which set out operating procedures for PRC banks to handle Renminbi settlement relating to Renminbi foreign direct investment (“RMB FDI”) and borrowing by foreign invested enterprises of offshore Renminbi loans. Prior to the PBOC RMB FDI Measures, cross-border Renminbi settlement for RMB FDI has required approvals on a case-by-case basis from the PBOC. The new rules replace the PBOC approval requirement with less onerous post-event registration and filing requirements. The PBOC RMB FDI Measures provide that, among other things, foreign invested enterprises are required to conduct registrations with the local branch of PBOC within 10 working days after obtaining business licences for the purpose of Renminbi settlement; a foreign investor is allowed to open a Renminbi expense account to reimburse some expenses before the establishment of a foreign invested enterprise and the balance in such an account can be transferred to the Renminbi capital account of such foreign invested enterprise when it is established; commercial banks can remit a foreign investor’s Renminbi proceeds from distribution (dividends or otherwise) by its PRC subsidiaries out of the PRC after reviewing certain requisite documents; if a foreign investor intends to use its Renminbi proceeds from distribution (dividends or otherwise) by its PRC subsidiaries to reinvest onshore or increase the registered capital of the PRC subsidiaries, the foreign investor

may open a Renminbi reinvestment account to receive such Renminbi proceeds; and the PRC parties selling a stake in domestic enterprises to foreign investors can open Renminbi accounts and receive the purchase price in Renminbi paid by foreign investors by submitting certain documents as required by the guidelines of PBOC to the commercial banks. The PBOC RMB FDI Measures also state that the foreign debt quota of a foreign invested enterprise applies to both its Renminbi debt and foreign currency debt owed to its offshore shareholders, offshore affiliates and offshore financial institutions, and a foreign invested enterprise may open a Renminbi account to receive its Renminbi proceeds borrowed offshore by submitting the Renminbi loan contract and the letter of payment order to the commercial bank and make repayments of principal and interest on such debt in Renminbi by submitting certain documents as required by the guidelines of the PBOC to the commercial bank.

On 14 June 2012, the PBOC further promulgated the Notice on Clarifying the Detailed Operating Rules for RMB Settlement of Foreign Direct Investment (“**PBOC RMB FDI Notice**”) to provide more detailed rules relating to cross-border Renminbi direct investments and settlement. This PBOC RMB FDI Notice details the rules for opening and operating the relevant accounts and reiterates the restrictions upon the use of the funds within different Renminbi accounts.

On 5 July 2013, the PBOC promulgated the 2013 PBOC Circular (together with the PBOC RMB FDI Measures and the PBOC RMB FDI Notice, the “**PBOC Rules**”) which, among other things, provide more flexibility for funds transfers between the Renminbi accounts held by offshore participating banks at PRC onshore banks and offshore clearing banks, respectively.

On 3 December 2013, MOFCOM promulgated the Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment (the “**MOFCOM Circular**”), which became effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Circular, written approval from the appropriate office of MOFCOM and/or its local counterparts is required for each FDI, specifying “**Renminbi Foreign Direct Investment**” and the amount of capital contribution required for each FDI. Unlike the previous MOFCOM regulations on FDI, the MOFCOM Circular has also removed the approval requirement for foreign investors who intend to change the currency of their existing capital contribution from a foreign currency to Renminbi. Consistent with the previous MOFCOM regulations on FDI, the MOFCOM Circular still expressly prohibits the FDI Renminbi funds from being used for any investment in securities and financial derivatives (except for investment in PRC listed companies by strategic investors) or for entrusted loans in the PRC.

On 13 February 2015, SAFE promulgated the Notice on Further Simplifying and Improving Foreign Exchange Administration on Policies for Foreign Direct Investment (the “**2015 SAFE Notice**”), which became effective on 1 June 2015. Under the 2015 SAFE Notice, the SAFE delegates the authority for approval/registration of foreign currency (including cross-border Renminbi) related matters for direct investment (inbound and outbound) to designated foreign exchange banks.

On 30 March 2015, SAFE promulgated the Circular on Reforming Foreign Exchange Capital Settlement for Foreign Invested Enterprises (the “**SAFE Circular**”, together with the 2015 SAFE Notice, the “**SAFE Rules**”), which became effective on and from 1 June 2015. The SAFE Circular allows foreign-invested enterprises to settle 100 per cent. (tentative) of the foreign currency capital (that has been processed through SAFE’s equity interest confirmation proceedings for capital contribution in cash or registered by a bank on SAFE’s system for account-crediting for such capital contribution) into Renminbi according to their actual operational needs, though SAFE reserves its authority to reduce the proportion of foreign currency capital that is allowed to be settled in such manner in the future. On the other hand, it is notable that the SAFE Circular continues to require that capital contributions should be applied within the business scope of the company for true and the company’s own operational purposes; with respect to the Renminbi proceeds obtained through the aforementioned settlement, the SAFE Circular prohibits such proceeds from being applied outside the business scope of the company or for any prohibitive purposes in law, or applied directly or indirectly to securities investments (unless otherwise permitted in law), to granting entrusted loans or repaying of inter-company lending (including advance payment made by third parties) or bank loans that have been on lent to third parties, or to purchasing non-self-use real estates (unless it is a real estate company). In addition, the SAFE Circular

allows foreign-invested investment companies, foreign-invested venture capital firms and foreign-invested equity investment companies to make equity investment through Renminbi funds to be settled, or those already settled, from their foreign currency capital by transferring such settled Renminbi funds into accounts of invested enterprises, according to the actual investment scale of the proposed equity investment projects.

On 29 May 2015, PBOC promulgated an order to revise certain existing PBOC regulations, which is to reflect the reform to a new registered capital system of PRC-incorporated companies under the PRC Company Law effective as of 1 March 2014 (the “**PBOC Order**”). Among other things, PBOC confirmed in the PBOC Order that capital verification of a foreign-invested enterprise under article 10 of the PBOC RMB FDI Measures is no longer a mandatory procedure before the establishment, and the requirement under the PBOC RMB FDI Notice that a foreign-invested enterprise is not allowed to borrow offshore RMB funds until its registered capital is paid up in full and as scheduled is also abolished.

As the MOFCOM Circular, the PBOC Rules, the SAFE Rules and the PBOC Order are relatively new regulations, they will be subject to interpretation and application by the relevant PRC authorities. There is no assurance that approval of such remittances, borrowing or provision of external guarantee in Renminbi will continue to be granted or will not be revoked in the future. Further, since the remittance of Renminbi by way of investment or loans are now categorised as capital account items, such remittances will need to be made subject to the specific requirements or restrictions set out in the relevant SAFE rules.

If any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.



## SUBSCRIPTION AND SALE

### Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 25 February 2016 (the “**Dealer Agreement**”) between the Issuers, the Guarantors, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuers to the Permanent Dealers. However, the Issuers have reserved the right to sell Notes directly on their own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuers through the Dealers, acting as agents of the Issuers. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuers will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by them. The Issuers have agreed to reimburse the Arranger for certain of its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

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

### United States

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

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Issuing and Paying Agent by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Issuing and Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

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

## **Public Offer Selling Restriction under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iii) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (i) to (iii) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in each Relevant Member State.

## **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## The Netherlands

- (a) Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not make an offer of Notes that are not to be admitted to trading to a regulated market within the European Economic Area to the public in The Netherlands in reliance on Article 3(2) of the Prospectus Directive unless:
- (i) such offer is made exclusively to legal entities which are qualified investors as defined in the Prospectus Directive; or
  - (ii) standard exemption wording and a logo is disclosed as required by Section 5:20(5) of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*),

provided that no such offer of Notes shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expressions an “**offer of Notes to the public**” in relation to any Notes in the Netherlands and “**Prospectus Directive**” have the meanings given to them above in the paragraph headed “*Public Offer Selling Restriction under the Prospectus Directive*”.

- (b) Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Bearer Zero Coupon Notes and other Notes which qualify as savings certificates as defined in the Savings Certificates Act (*Wet inzake spaarbewijzen*) may only be transferred or accepted through the intermediary of the Issuer of those Notes or a Member of Euronext in Amsterdam and with due observance of the Savings Certificates Act (including registration requirements). However, no such intermediary services are required in respect of (i) the initial issue of those Notes to the first holders thereof, (ii) any transfer and acceptance by individuals who do not act in the conduct of a profession or trade, and (iii) the transfer or acceptance of those notes, if they are physically issued outside the Netherlands and are not distributed in the Netherlands in the course of primary trading or immediately thereafter.

## The Kingdom of Sweden

Each Dealer has confirmed and agreed, and each further Dealer appointed under the Programme will be required to confirm and agree, that it will not (directly or indirectly) offer for subscription or purchase or issue invitations to subscribe for or purchase or sell Notes or distribute any draft or definitive document in relation to any such offer, invitation or sale in the Kingdom of Sweden, except in circumstances that will not result in a requirement to prepare a prospectus pursuant to the provisions of the Swedish Financial Instruments Trading Act (*lag (1991:980) om handel med finansiella instrument*), including but not limited to that it may make an offer of such Notes to the public in the Kingdom of Sweden provided that:

- (i) the offer is directed exclusively to “**qualified investors**” (as defined in the Swedish Financial Instruments Trading Act (*lag (1991:980) om handel med finansiella instrument*));
- (ii) the offer is directed to fewer than 150 individuals or legal entities in an EEA-member state, which do not qualify as qualified investors;
- (iii) the minimum investment amount is at least the equivalent of €100,000 per investor;
- (iv) each such Note has a minimum denomination of the equivalent of €100,000; or

- (v) the aggregate sum which the investors shall pay during a 12-month period within the EEA is not more than the equivalent of €2,500,000.

## France

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account, and/or (c) a limited circle of investors (*cercle restreint*) acting for their own account, as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1 and D.411-4 of the French Code *monétaire et financier*.

## Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

## Hong Kong

In relation to each Tranche of Notes to be issued by an Issuer under the Programme, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “**professional investors**” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “**prospectus**” as defined in the Companies (Winding Up and Miscellaneous Provision) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “**professional investors**” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

## The People’s Republic of China

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that neither it nor any of its affiliates has offered or sold or will offer or sell

any of the Notes in the People's Republic of China (which, for such purposes, shall not include Hong Kong, Macau and Taiwan) or to residents of the People's Republic of China unless such offer or sale is made in compliance with all applicable laws and regulations of the People's Republic of China.

### **Taiwan**

The Notes offered have not been and will not be registered with the Financial Supervisory Commission, and will not be offered, sold or delivered at any time, directly or indirectly, in the Republic of China or to, or for the account or benefit of, any resident of the Republic of China. No person or entity in the Republic of China has been authorised to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Notes.

### **General**

These selling restrictions may be modified by the agreement of the Issuers, the Guarantors and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in a supplement to this Prospectus.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus, any other offering material or any Final Terms in all cases at its own expense and none of the Issuers, the Guarantors nor any other Dealer shall have responsibility therefor.

## FORM OF FINAL TERMS

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

**Final Terms dated [●]**

**[Akzo Nobel N.V.]/[Akzo Nobel Sweden Finance AB (publ)]<sup>1</sup>**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**

**Guaranteed by [Akzo Nobel N.V.]/[Akzo Nobel Sweden Finance AB (publ)]<sup>2</sup>**

**under the**

**Guaranteed Euro Medium Term Note Programme**

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 25 February 2016 (the “**Prospectus**”) [and the supplement(s) to the Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [and the supplement(s) to the Prospectus] [is] [are] available for viewing during normal business hours at the specified office of the Issuing and Paying Agent at 21st Floor, Citigroup Centre 2, Canada Square, Canary Wharf, London E14 5LB, United Kingdom and on the Luxembourg Stock Exchange’s website at *www.bourse.lu* and copies may be obtained from the specified office of the Issuing and Paying Agent.

*(The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.)*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated [1 March 2013]/[4 April 2014] which are incorporated by reference in the Prospectus dated 25 February 2016. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”) and must be read in conjunction with the Prospectus dated 25 February 2016 [and the supplement(s) thereto dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “**Prospectus**”), save in respect of the Conditions which are extracted from the Prospectus dated [1 March 2013]/[4 April 2014]. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [and the supplements thereto dated [●]]. The Prospectus [and the supplement(s) thereto] are available for viewing during normal business hours at the specified office of the Issuing and Paying Agent at 21st Floor, Citigroup Centre 2, Canada Square, Canary Wharf, London E14 5LB, United Kingdom and on the Luxembourg Stock Exchange’s website at *www.bourse.lu* and copies may be obtained from the specified office of the Issuing and Paying Agent.

*(Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted) or sub-paragraphs. Italics denote guidance for completing the Final Terms.)*

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<sup>1</sup> Delete as applicable, depending on Issuer.

<sup>2</sup> Delete as applicable, depending on Guarantor.

*(When completing final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)*

- |   |        |  |  |
|---|--------|--|--|
| 1 | (i)    | Series Number:                           | [•]  |
|   | (ii)   | Tranche Number:                          | [•]  |
|   | (iii)  | Date on which the Notes become fungible: | [Not Applicable]/[The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the <i>[insert title of the Series]</i> on <i>[insert date/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [21] below [which is expected to occur on or about [insert date]]]</i> .] |
| 2 | [(i)]  | Specified Currency:                      | [•]  |
|   | [(ii)] | Relevant Currency:                       | [•] <i>(N.B. only relevant in relation to Condition 7(i) when the Specified Currency is Renminbi, otherwise, delete)</i>   |
| 3 |        | Aggregate Nominal Amount:                | [•]  |
|   | (i)    | Series:                                  | [•]  |
|   | (ii)   | Tranche:                                 | [•]  |
| 4 |        | Issue Price:                             | [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> (if applicable)]  |
| 5 | (i)    | Specified Denominations:                 | [•]  |

*(N.B. where multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:*

*“[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]”*)

*(N.B. Unless Akzo Nobel N.V. is the issuer, if an issue of Notes is (i) NOT admitted to trading on a European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, the €100,000 minimum denomination is not required)*

*(N.B. Notes issued by Akzo Nobel N.V. must have a minimum denomination of €100,000 (or its equivalent*

*in other currencies))*

*(N.B. Notes (including Notes denominated in pounds sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies)*

- (ii) Calculation Amount: [●]
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. NB: There must be a common factor in the case of two or more Specified Denominations)*
- 6 (i) Issue Date: [●]
- (ii) Interest Commencement Date: [Specify]/[Issue Date]/[Not Applicable]
- 7 Maturity Date (see Condition 6(a)): [Specify date]/[(for Floating Rate Notes) Interest Payment Date falling in or nearest to [specify the relevant month and year]]<sup>3</sup>
- 8 Interest Basis: [[●] per cent. Fixed Rate]  
[[●]-month [specify reference rate] +/- [●] per cent. Floating Rate]  
[Zero Coupon]
- (further particulars specified below in paragraph [13]/[14]/[15], as applicable)
- 9 Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100]/[●] [latter possible for Zero Coupon Notes only] per cent. of their Aggregate Nominal Amount
- 10 Change of Interest / Payment Basis: [Specify the date when any fixed to floating rate change occurs or refer to paragraphs 13 and 14 below and identify there]/[Not Applicable]
- 11 Put/Call Options: [Issuer Call]  
[Investor Put]  
[Change of Control Put Option]  
[Not Applicable]  
(further particulars specified below in paragraph [16]/

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<sup>3</sup> Note that for Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification, it will be necessary to use the second option here.



[17]/[18], as applicable)

- 12 Date [Board] approval for issuance of Notes [and Guarantee] obtained: [●] [and [●], respectively]/[Not Applicable]

*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)*

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 13 Fixed Rate Note Provisions [Applicable]/[Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Rate[s] of Interest: [●] per cent. per annum [payable [annually]/[semi-annually]/[quarterly] in arrear on each Interest Payment Date]

- (ii) Interest Payment Date(s): [●]/[●] and [●]/[●], [●], [●] and [●] in each year [adjusted in accordance with the Business Day Convention set out in (iii) below]<sup>4</sup>

- (iii) Business Day Convention: [Floating Rate Business Day Convention]/[Following Business Day Convention]/[Modified Following Business Day Convention]/[Preceding Business Day Convention]/[Not Applicable]

- (iv) Business Centre(s): [●]

- (v) Fixed Coupon Amount[s]: [●] per Calculation Amount

[Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY 0.01, CNY 0.005 for the case of Renminbi denominated Fixed Rate Notes, being rounded upwards]<sup>5</sup>

- (vi) Broken Amount(s): [[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]]/[Not Applicable]

[The Broken Amount payable on the Interest Payment Date falling [in]/[on] [●] shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resulting figure to nearest CNY0.01, CNY0.005 being rounded upwards]<sup>6</sup>

<sup>4</sup> Appropriate for Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification. No adjustment or Business Day Convention required for vast majority of other currencies.

<sup>5</sup> Appropriate for Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification.

<sup>6</sup> Appropriate for Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification.

(vii)	Day Count Fraction:	[Actual/Actual]/[Actual/Actual – ISDA]/[Actual/365 (Fixed)]/[Actual/365 (Sterling)]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]/[Actual/Actual (ICMA)]
(viii)	[Determination Dates:	[•] in each year <i>(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))</i>
14	Floating Rate Note Provisions	[Applicable]/[Not Applicable]  <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Interest Period(s):	[•][, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment[, as the Business Day Convention in (iv) below is specified to be Not Applicable]]/[Not Applicable]
(ii)	Specified Interest Payment Dates:	[•] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment[, as the Business Day Convention in (iv) below is specified to be Not Applicable]]
(iii)	Interest Period Date:	[Not Applicable]/[•] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment[, as the Business Day Convention in (iv) below is specified to be Not Applicable]]  <i>(Not applicable unless different from Interest Payment Date)</i>
(iv)	Business Day Convention:	[Floating Rate Business Day Convention]/[Following Business Day Convention]/[Modified Following Business Day Convention]/[Preceding Business Day Convention]/[Not Applicable]
(v)	Business Centre(s):	[•]
(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination]/[ISDA Determination]
(vii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent):	[•]

(viii)	Screen Rate Determination:	
	– Reference Rate:	[●]-month [LIBOR]/[EURIBOR]/[EONIA]
	– Interest Determination Date(s):	[●]
	– Relevant Screen Page:	[●]
		<i>(For example, if not Reuters LIBOR01/ EURIBOR01/ EONIA)</i>
	– Reference Banks:	[●]/[Not Applicable]
(ix)	ISDA Determination:	
	– Floating Rate Option:	[●]
	– Designated Maturity:	[●]
	– Reset Date:	[●]
	– ISDA Definitions:	2006
(x)	Linear Interpolation:	[Not Applicable]/[Applicable – the Rate of Interest for the [long/short] [first/last] Interest Accrual Period shall be calculated using Linear Interpolation ( <i>specify for each short or long interest period</i> )]
(xi)	Margin(s):	[+/-][●] per cent. per annum
(xii)	Minimum Rate of Interest:	[●] per cent. per annum
(xiii)	Maximum Rate of Interest:	[●] per cent. per annum
(xiv)	Day Count Fraction:	[Actual/Actual]/[Actual/Actual – ISDA]/[Actual/365 (Fixed)]/[Actual/365 (Sterling)]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]/[Actual/Actual (ICMA)]
15	Zero Coupon Note Provisions	[Applicable]/[Not Applicable]
		<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Amortisation Yield:	[●] per cent. per annum
(ii)	Day Count Fraction (Condition 5(h))	[Actual/Actual]/[Actual/Actual – ISDA]/[Actual/365 (Fixed)]/[Actual/365 (Sterling)]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]/[Actual/Actual (ICMA)]

## PROVISIONS RELATING TO REDEMPTION

16	Issuer Call	[Applicable]/[Not Applicable]
		<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Optional Redemption Date(s):	[•]
	(ii) Optional Redemption Amount(s) of each Note:	[[•] per Calculation Amount]/[Condition 6(b) applies]/[Adjusted Redemption Price]
	– Optional Redemption Calculation Date:	[[•] Business Days prior to the Optional Redemption Date]
	– Determination Time:	[•]
	– Reference Bond:	[•]
	– Margin:	[•]
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	[•] per Calculation Amount
	(b) Maximum Redemption Amount:	[•] per Calculation Amount
	(iv) Notice period:	[•]
17	Investor Put	[Applicable]/[Not Applicable]
		<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Optional Redemption Date(s):	[•]
	(ii) Optional Redemption Amount(s) of each Note:	[[•] per Calculation Amount]/[Condition 6(b) applies]
	(iii) Notice period:	[•]
18	Change of Control Put	[Applicable]/[Not Applicable]
		<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Put Date:	[7 days after the Put Period]/[specify]
	(ii) Change of Control Redemption Amount(s) of each Note:	[•] per Calculation Amount]/[Condition 6(b) applies]

- 19 Final Redemption Amount of each Note [Par]/[*other amount higher than par*] per Calculation Amount
- 20 Early Redemption Amount [●]/[Par] per Calculation Amount  
 Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption:

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- 21 Form of Notes

(i) Form:

**[Bearer Notes:**

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on or after the Exchange Date]<sup>7</sup>

[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]]

**[Registered Notes:**

[Global Certificate registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg]/[a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure)]]]

(ii) New Global Note:

[Yes]/[No]

(iii) CMU Note:

[Yes]/[No] (*If the Notes are intended to be cleared through the Central Moneymarkets Unit Service, the CMU Note should be used*)

- 22 Financial Centre(s) or other special provisions relating to payment dates:

[Not Applicable]/[●]

*(Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub- paragraphs [13(ii)] and [14(v)] relate)*

<sup>7</sup> If the Temporary Global Note is exchangeable for Definitive Notes at the option of the holder, the Notes shall be tradable only in amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) provided in paragraph 5 and multiples thereof.

23 Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):

[No]/[Yes. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made.]

Signed on behalf of [*insert name of the Issuer*]:

By: .....

Duly authorised

Signed on behalf of [*insert name of the Guarantor*]:

By: .....

Duly authorised

## PART B – OTHER INFORMATION

### 1 LISTING AND ADMISSION TO TRADING

- (i) Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Luxembourg Stock Exchange’s Regulated Market and listed on the Official List of the Luxembourg Stock Exchange with effect from [●].]
- [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Luxembourg Stock Exchange’s Regulated Market and listed on the Official List of the Luxembourg Stock Exchange with effect from [●].]
- [Not Applicable.]
- [The Notes will be consolidated and form a single Series with the existing Notes which are admitted to trading on the Luxembourg Stock Exchange’s Regulated Market.] *(Include where documenting a fungible issue whereby original Notes are already admitted to trading.)*
- (ii) Estimate of total expenses related to admission to trading: [●]

### 2 RATINGS

The Notes to be issued [have been/are expected to be] rated:

[S&P: [●]]

[Moody’s: [●]]

[Fitch: [●]]

[[Other]: [●]]

[Not Applicable]

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

*Insert one (or more) of the following options, as applicable:*

**Option 1: CRA is (i) established in the EU and (ii) registered under the CRA Regulation:**

*[Insert legal name of particular credit rating agency entity providing rating]* is established in the EU and registered under Regulation (EC) No 1060/2009 (the

“CRA Regulation”).

**Option 2: CRA is (i) established in the EU, (ii) not registered under the CRA Regulation; but (iii) has applied for registration:**

*[Insert legal name of particular credit rating agency entity providing rating]* is established in the EU and has applied for registration under Regulation (EC) No 1060/2009 (the “CRA Regulation”), although notification of the registration decision has not yet been provided.

**Option 3: CRA is (i) established in the EU; and (ii) has not applied for registration and is not registered under the CRA Regulation:**

*[Insert legal name of particular credit rating agency entity providing rating]* is established in the EU and is neither registered nor has it applied for registration under Regulation (EC) No 1060/2009 (the “CRA Regulation”).

**Option 4: CRA is not established in the EU but the relevant rating is endorsed by a CRA which is established in the EU and registered under the CRA Regulation:**

*[Insert legal name of particular credit rating agency entity providing rating]* is not established in the EU but the rating it has given to the [Notes] is endorsed by *[insert legal name of credit rating agency]*, which is established in the EU and registered under Regulation (EC) No 1060/2009 (the “CRA Regulation”).

**Option 5: CRA is not established in the EU and the relevant rating is not endorsed under the CRA Regulation, but the CRA is certified under the CRA Regulation:**

*[Insert legal name of particular credit rating agency entity providing rating]* is not established in the EU but is certified under Regulation (EC) No 1060/2009 (the “CRA Regulation”).

**Option 6: CRA is neither established in the EU nor certified under the CRA Regulation and the relevant rating is not endorsed under the CRA Regulation:**

*[Insert legal name of particular credit rating agency entity providing rating]* is not established in the EU



and is not certified under Regulation (EC) No 1060/2009 (the “**CRA Regulation**”) and the rating it has given to the [Notes] is not endorsed by a credit rating agency established in the EU and registered under the CRA Regulation.

3 **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

*(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:)*

[Save for any fees payable to the [Managers]/[Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers]/[Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and the Guarantor and their affiliates in the ordinary course of business.]/[Not Applicable]

4 **Fixed Rate Notes only – YIELD**

Indication of yield: [●]/[Not Applicable]

5 **OPERATIONAL INFORMATION**

ISIN Code: [●]

Common Code: [●]

CMU Instrument Number: [●]

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the CMU and the relevant identification number(s): [Not Applicable]/[give name(s) and number(s) [and address(es)]]

Delivery: Delivery [against]/[free of] payment

Names and addresses of initial Paying Agent(s): [●]

Names and addresses of additional Paying Agent(s) (if any): [●]/[Not Applicable]

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes]/[No]

*[Include this text if “yes” selected: Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)] [include this text for registered notes] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the*

Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

*[Include this text if “no” selected:* Whilst the designation is set at “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)]*[include this text for registered notes]*. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

## 6 **DISTRIBUTION**

If syndicated, names of Managers:	[Not Applicable]/[give names]
Stabilising Manager(s) (if any):	[Not Applicable]/[give name]
If non-syndicated, name of Dealer:	[Not Applicable]/[give name]
U.S. Selling Restrictions:	[Reg. S Compliance Category [1]/[2]; [TEFRA C]/[TEFRA D]/[TEFRA not applicable]

## GENERAL INFORMATION

- (1) Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to the Official List and to be admitted to trading on the Luxembourg Stock Exchange's regulated market.
- (2) Each of the Issuers and the Guarantors has obtained all necessary consents, approvals and authorisations in connection with the establishment and update of the Programme and the Guarantee. The establishment and update of the Programme and the giving of the Guarantee was authorised by resolutions of the Board of Management of AkzoNobel passed on 23 November 2011 and 29 January 2016 and resolutions of the Supervisory Board of AkzoNobel passed on 29 November 2011 and 9 February 2016 and resolutions of the Board of Directors of AkzoNobel Sweden passed on 25 November 2011 and 15 February 2016.
- (3) In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.
- (4) There has been no significant change in the financial or trading position of AkzoNobel or of AkzoNobel and its subsidiaries, taken as a whole, since 31 December 2015 and no material adverse change in the prospects of AkzoNobel or of AkzoNobel and its subsidiaries, taken as a whole, since 31 December 2015.
- (5) There has been no significant change in the financial or trading position of AkzoNobel Sweden or of AkzoNobel Sweden and its subsidiaries, taken as a whole, since 30 June 2015 and no material adverse change in the prospects of AkzoNobel Sweden or of AkzoNobel Sweden and its subsidiaries, taken as a whole, since 31 December 2014.
- (6) Except as disclosed in "*Description of the Business of the Group — Litigation*" on page 73 of this Prospectus, neither AkzoNobel nor AkzoNobel Sweden has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which AkzoNobel or AkzoNobel Sweden is aware) during the 12 months preceding the date of this Prospectus which may have or has had in the recent past significant effects on the financial position or profitability of AkzoNobel or AkzoNobel Sweden or of their respective subsidiaries, taken as a whole.
- (7) Each Bearer Note having a maturity of more than one year, Coupon and Talon will bear the following legend: "*Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code*".
- (8) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The Common Code, the International Securities Identification Number and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms. In addition, the Issuer has also applied to have Notes accepted for clearance through the CMU. The relevant CMU instrument number will be set out in the relevant Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.

- (9) The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on the prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.
- (10) For so long as Notes may be issued pursuant to this Prospectus, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Issuing and Paying Agent on 21st Floor, Citigroup Centre 2, Canada Square, Canary Wharf, London E14 5LB, United Kingdom:
- (i) the Trust Deed (which includes the Guarantee and the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons and the Talons);
  - (ii) the Agency Agreement;
  - (iii) the constitutional documents of AkzoNobel and AkzoNobel Sweden;
  - (iv) the published annual report and audited financial statements of AkzoNobel for the two financial years most recently ended 2015, the published annual report and audited financial statements of AkzoNobel Sweden for the two financial years most recently ended 2014 and the unaudited financial statements of AkzoNobel Sweden as at, and for the six months ended, 30 June 2015;
  - (v) each Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Issuing and Paying Agent as to its holding of Notes and identity); and
  - (vi) a copy of this Prospectus together with any prospectus supplement to this Prospectus or further Prospectus.

This Prospectus and the Final Terms for Notes that are listed on the Official List and admitted to trading on the Luxembourg Stock Exchange's regulated market will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

- (11) Copies of the latest annual report and consolidated audited financial statements of AkzoNobel and AkzoNobel Sweden and the latest interim unaudited financial statements of AkzoNobel Sweden may be obtained, and copies of the Trust Deed (including the Guarantee) and the Agency Agreement will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.
- (12) KPMG Accountants N.V. have audited the consolidated financial statements of AkzoNobel for the two years ended 31 December 2014 and 31 December 2015, incorporated by reference in this Prospectus, as stated in their reports appearing therein.

The business address of KPMG Accountants N.V. is Laan van Langerhuize 1, 1186 DS Amstelveen, The Netherlands and KPMG Accountants N.V. is registered with the Royal Dutch Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*).

- (13) KPMG AB have audited the financial statements of AkzoNobel Sweden for the two years ended 31 December 2013 and 31 December 2014, incorporated by reference in this Prospectus, as stated in their reports appearing therein.

The business address of KPMG AB is Norra Hamngatan 22, 40439, Göteborg, Sweden and KPMG AB is registered with the Swedish Supervisory Board of Public Accountants (*Revisorsnämnden*).

- (14) Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, AkzoNobel, AkzoNobel Sweden and/or their affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of AkzoNobel, AkzoNobel Sweden and their affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuers or Issuers' affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuers routinely hedge their credit exposure to the Issuers consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of Notes. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

**REGISTERED OFFICE OF AKZO NOBEL N.V.**

**Akzo Nobel N.V.**  
Christian Neefestraat 2  
1077 WW Amsterdam  
The Netherlands

**REGISTERED OFFICE OF AKZO NOBEL SWEDEN FINANCE AB (PUBL)**

**Akzo Nobel Sweden Finance AB (publ)**  
c/o Akzo Nobel Pulp and Performance Chemicals AB  
SE-445 80 Bohus  
Sweden

**ARRANGER**

**The Royal Bank of Scotland plc**  
135 Bishopsgate  
London EC2M 3UR  
United Kingdom

**DEALERS**

**Banco Santander, S.A.**  
Ciudad Grupo Santander  
Edificio Encinar  
Avda de Cantabria s/n 28660  
Boadilla del Monte  
Madrid  
Spain

**Barclays Bank PLC**  
5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

**BNP PARIBAS**  
10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**Citigroup Global Markets Limited**  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**Deutsche Bank AG, London Branch**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**ING Bank N.V.**  
Foppingadreef 7  
1102 BD Amsterdam  
The Netherlands

**J.P. Morgan Securities plc**  
25 Bank Street  
Canary Wharf  
London E14 5JP  
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**Merrill Lynch International**  
2 King Edward Street  
London EC1A 1HQ

**Mizuho International plc**  
Bracken House  
One Friday Street

United Kingdom

London EC4M 9JA  
United Kingdom

**Morgan Stanley & Co. International plc**

25 Cabot Square  
Canary Wharf  
London E14 4QA  
United Kingdom

**Société Générale**

29, Boulevard Haussmann  
75009 Paris  
France

**The Royal Bank of Scotland plc**

135 Bishopsgate  
London EC2M 3UR  
United Kingdom

**TRUSTEE**

**The Law Debenture Trust Corporation p.l.c.**

Fifth Floor  
100 Wood Street  
London EC2V 7EX  
United Kingdom

**ISSUING AND PAYING AGENT, REGISTRAR, TRANSFER AGENT AND CALCULATION AGENT**

**Citibank, N.A., London Branch**

21st Floor  
Citigroup Centre 2  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**CMU LODGING AGENT**

**Citicorp International Limited**

50/F Citibank Tower  
Citibank Plaza  
3 Garden Road  
Central  
Hong Kong

**LISTING AGENT**

**Deutsche Bank Luxembourg S.A.**

2 Boulevard Konrad Adenauer  
L-1115 Luxembourg  
Grand Duchy of Luxembourg

## LEGAL ADVISERS

*To Akzo Nobel N.V. and Akzo Nobel Sweden Finance AB (publ)*

*as to English law*

*as to Swedish law*

*as to Dutch law*

**Slaughter and May**

One Bunhill Row  
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**Advokatfirman Vinge KB**

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Sweden

**De Brauw Blackstone Westbroek**

**London B.V.**  
17th Floor  
125 Old Broad Street  
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United Kingdom

*To the Dealers and the Trustee*

*as to English law*

*as to Dutch law*

**Simmons & Simmons LLP**

CityPoint  
One Ropemaker Street  
London EC2Y 9SS  
United Kingdom

**Simmons & Simmons LLP**

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1082 MC Amsterdam  
The Netherlands

## AUDITORS OF AKZO NOBEL N.V.

**KPMG Accountants N.V.**

Laan van Langerhuize 1  
1186 DS Amstelveen  
The Netherlands

## AUDITORS OF AKZO NOBEL SWEDEN FINANCE AB (PUBL)

**KPMG AB**

Norra Hamngatan 22  
40439  
Göteborg  
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