



31 March 2006

Summary Funding Statement

ICI Pension Fund (the "Fund")

Summary Funding Statement for the Period Ending 31 March 2006

This statement is being sent to you on behalf of ICI Pensions Trustee Limited, who is the Trustee responsible for looking after the Fund.

As a person entitled to benefits from the Fund, we are writing to give you an update of the Fund's financial position. We will send you a statement like this each year so that you have updated information about the funding position of the Fund, wherever possible, as part of the annual Pensions Newsletter issued in November each year.

The content of this statement is defined by government regulations and so what we cover in it may vary from year to year where the regulations change:

The latest ongoing funding valuation

The most recent funding valuation of the Fund showed that on 31 March 2005 the funding position was as follows:

Assets	£6,568 million
Amount needed to provide benefits	£7,225 million
Shortfall	£657 million
Funding level	91%

As a result, ICI is paying additional contributions (£122 million a year for four years, followed by £62 million a year for the next five years) to eliminate the shortfall of £657 million disclosed by the funding valuation. There is no change in the rate of active members' contributions.

Valuation on a solvency – or 'winding up' – basis

The estimated amount needed to ensure that all members' benefits could have been paid in full if the Fund had started winding up (full solvency) was approximately £9,100 million and the corresponding funding level was 72%.

Under the Trust Deed of the Fund, ICI cannot choose to wind up the Fund unless it is itself in liquidation, and under the Pensions Act 2004 ICI would then be liable to contribute the amount necessary to secure members' benefits in full – though the Company would be likely to have very limited capacity to pay any such contribution in those circumstances.

Change in funding position

Estimates show that between 31 March 2005 and 31 March 2006 the ongoing funding position has improved, as a result of the additional £122 million in contributions paid by ICI over this period.

No payments back to ICI

There has not been any payment to ICI out of Fund's assets in the previous twelve months.

Important: *If you are thinking of leaving the Fund for any reason, you should consult a professional advisor, such as an independent financial advisor, before taking any action.*

The importance of ICI's support

The Trustee's ongoing funding target is to have enough money in the Fund to pay pensions now and in the future, assuming that ICI is able to continue to support the Fund:

- ICI will be paying the cost of employed members' benefit accrual as well as the expenses of running the scheme;
- the funding level can fluctuate as a result of changes in investment conditions, and when there is a funding shortfall, ICI will usually need to put in more money; and
- the target funding level may turn out to be too low – for instance as a result of improved life expectancy – so that ICI will need to put in more money.
- If you have not yet retired and wish to transfer your pension to another pension fund, it is possible that the funding level could affect the level of future transfer payments. The government has recently announced a review of the regulations governing the calculation of transfer payments and we will tell members affected if there is any significant change.

Whilst the scheme remains ongoing, even though funding is temporarily below target, pensions will continue to be paid in full.

What would happen if the scheme started to wind up?

As explained, the Fund can only be wound up if ICI goes into liquidation and ICI would then be required to pay enough into the Fund to enable members' benefits to be completely secured with an insurance company. It is unlikely, however, that ICI would be able to pay this amount in full in such circumstances, and therefore likely that you would not receive the full amount of pension you have built up, even if the Fund is fully funded on an ongoing basis.

However, the Pension Protection Fund should, in those circumstances, ensure that members receive a statutory minimum level of compensation. Further information and guidance is available on the Pension Protection Fund's website at: www.pensionprotectionfund.org.uk Or you can write to the Pension Protection Fund at Knollys House, 17 Addiscombe Road, Croydon, Surrey, CR0 6SR.

Where can I get more information?

This Summary Funding Statement is based on the actuarial valuation report of the scheme Actuary as at 31 March 2005. If you would like any more information on this subject, copies of this report are available to members (price £5 or free by e-mail) from ICI Pensions Services, at the address given below. You can also request further information about any other aspect of your pension from ICI Pensions Services.

In future, the Summary Funding Statement will be incorporated into the annual pensions newsletter, which is normally issued in November each year. This year's Pensions News will therefore contain a further update on the position as at 31 March 2006.

Address for further enquiries:

ICI Pensions Services
PO Box 545
Redhill
Surrey RH1 1YX

Telephone: 01707 607500

E-mail: membership.secretarial@eu.watsonwyatt.com