

**Orica Limited**  
ABN: 24 004 145 868

**Registered Office**  
Level 3  
1 Nicholson Street  
East Melbourne VIC 3002

21 July 2010

Dear Shareholder

**AUSTRALIAN RESIDENT ORICA ORDINARY SHAREHOLDERS  
CAPITAL GAINS TAX IMPLICATIONS OF DULUXGROUP DEMERGER**

I would like to thank you for your support of Orica's recently completed demerger of DuluxGroup which commenced deferred-settlement trading on the Australian Securities Exchange on Monday, 12 July 2010.

This letter sets out how an Orica shareholder should allocate the capital gains tax (CGT) cost base of their Orica shares now that Orica has demerged DuluxGroup.

This letter is only relevant for Eligible Shareholders. For the purposes of this letter an Eligible Shareholder is:

- a holder of Orica ordinary shares; and
- an Australian tax resident; and
- a shareholder that acquired their Orica shares after 19 September 1985.

Orica shareholders who fall outside these criteria can disregard this letter and seek independent financial and tax advice.

Orica has applied for a class ruling from the Australian Taxation Office (ATO) for capital gains roll-over relief. If granted, this relief means that Eligible Shareholders who choose roll-over will not immediately incur a capital gains tax liability (or benefit) as a result of the demerger of DuluxGroup. Instead Eligible Shareholders can allocate the cost base of their original Orica shares between their new DuluxGroup shares and their original Orica shares and incur a capital gains tax liability (or benefit) when they dispose of their Orica or DuluxGroup shares.

The information in this letter is provisional only, and subject to confirmation by the ATO.

For personal use only

The tax cost base of Orica shares for Eligible Shareholders will be apportioned between their Orica and DuluxGroup shares on a reasonable basis having regard to the respective market value of each share.

As a guide to assist Eligible Shareholders in determining the market value of Orica and DuluxGroup shares, Eligible Shareholders may apportion on the basis of the volume weighted average prices (VWAP) of Orica and DuluxGroup shares over the first five days of trading after the effective date of the demerger (i.e. 12 to 16 July 2010). The five day VWAPs for Orica and DuluxGroup were as follows:

Orica	\$24.42	90.4%
DuluxGroup	\$2.59	9.6%
Total		100%

As an illustrative example, if an Eligible Shareholder's Orica shares held immediately prior to the demerger had a cost base of \$20.00, the cost base of each Orica share after the demerger would be 90.4% of \$20.00 or \$18.08 per share and the cost base of each DuluxGroup share would be 9.6% of \$20.00 or \$1.92 per share.

On the basis that the ATO provides confirmation of these tax arrangements in the form of a final tax ruling, a copy of this ruling will be placed on the Orica website. Orica expects this to occur in mid-August.

All Orica shareholders should seek their own advice in relation to the tax consequences of the demerger, however general information regarding the tax implications of the demerger and demerger tax relief is contained in section 4.4.5 (page 46) and section 13 (page 137) of the scheme booklet. The scheme booklet was previously sent to shareholders and is available on the Orica website: [www.orica.com](http://www.orica.com).

If you have any other questions in relation to this information, please call the Orica Shareholder Information Line on 1300 301 253 (within Australia) or +61 2 8280 7754 (international) on weekdays between 8:30am and 7:30pm (AEST).

Yours sincerely,



Peter Duncan  
Chairman

For personal use only