

Antony Burgmans
Chairman Supervisory Board

Ton Büchner
Chief Executive Officer

Strictly Private and Confidential

Mr. Michael H. McGarry
Chairman and Chief Executive Officer
PPG Industries, Inc.
One PPG Place
Pittsburgh, PA 15272
United States of America

9 March 2017

Dear Mr. McGarry,

On behalf of the Board of Management and the Supervisory Board of Akzo Nobel N.V. ("**AkzoNobel**") (together the "**Boards**"), we respond to your letter of 2 March 2017 outlining your unsolicited, non-binding and highly conditional proposal to acquire AkzoNobel through a public offer by PPG Industries, Inc. ("**PPG**") for all issued and outstanding ordinary shares of AkzoNobel (the "**Proposal**").

The Boards have carefully reviewed your Proposal, together with our financial and legal advisors, taking into account the interests of our shareholders, employees, customers and all other stakeholders. After thorough consideration, the Boards unanimously reject PPG's Proposal. The Proposal is not in the interest of AkzoNobel and its stakeholders, including AkzoNobel's shareholders. The Proposal carries unacceptable uncertainties and risks and substantially undervalues AkzoNobel and its future prospects.

In particular, we highlight a number of key considerations that form the basis of our unanimous rejection of your Proposal.

Strategy and risk

The Boards are confident in the strategy of AkzoNobel to deliver leading market positions and leading performance, and in AkzoNobel's ability to drive significant and sustainable long-term value creation for stakeholders. This will build further operational excellence and drive growth including value generating acquisitions.

The proposed acquisition represents over five times the aggregate value of all acquisitions you have made since 2010 and includes significant complexity on a global scale. The complexity, size and risks of the transaction you propose raise significant concerns for our Boards.

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Stakeholders

AkzoNobel has a long history in the societies in which it operates, going back over four centuries. Especially in the Netherlands, the United Kingdom and Sweden, AkzoNobel has strong ties with numerous communities, including universities and other scientific bodies. AkzoNobel's contribution to innovation and sustainability within and beyond its sector is significant. AkzoNobel is one of the leading companies in the Netherlands and therefore of high importance to the Dutch people and its economy. Your Proposal will be subject to broad negative stakeholder reaction, especially given current national and political sentiment.

AkzoNobel is embedded in all the societies in which it operates – for instance in relation to supporting R&D initiatives at major European universities and research centres – and we believe the proposal would materially weaken that deeply-held, long term commitment. Your proposal will have a significant adverse impact on all our stakeholders, socially, economically and scientifically.

We are, at our core, a “people” business that has succeeded by effectively motivating our more than 46,000 employees. Our employees and other stakeholders continue to contribute significantly to the success of AkzoNobel. Your Proposal brings significant uncertainties for our employees and fails to properly address the value our employees add to our business. We do not believe the proposal is in the interest of our employees, particularly in relation to the uncertainty your Proposal will bring for thousands of jobs worldwide. This of course will be of high interest to our works councils and unions, including in the Netherlands, Germany, France, Sweden and the US, who we believe will not support it.

Financial

Your Proposal of €54.00 in cash and 0.3 PPG share per AkzoNobel share, corresponding to a value of €83.00 as per 28 February 2017, substantially undervalues AkzoNobel. It fails to reflect the long-term value creation potential of our strategy and prospects, as well as the long-term growth potential of our end-user segments. Furthermore, it fails to reflect AkzoNobel's ability to create shareholder value over the long term with its leading global brands, capabilities and employees.

Stock consideration PPG

We consider the share component of your Proposal as a risk due to (i) the limited potential of your share price, (ii) the high leverage of the combined business, (iii) the execution and lead time risks of your Proposal in light of the potentially required anti-trust clearances and related remedies, and (iv) the deliverability of your synergy estimates as a consequence of these remedies.

Anti-trust assessment

There is a significant overlap in several already concentrated markets in which we both operate. This would result in divestitures of this overlap, bringing into question value leakage and the size and execution of achievable synergies on the remainder, having a significant negative impact on employees and customers and affecting the integrity of the AkzoNobel business. These anti-trust issues would also result in a prolonged pre-closing approval process, which would have a significant negative impact on our business. We believe that the acquisition you are proposing would reduce rather than enhance long-term value creation for our stakeholders.

Pensions

In your letter, you already highlighted the pension issues. We have managed over the last years to come to arrangements with pension trustees that strikes a delicate balance between the interests of AkzoNobel

and those of our pensioners. As you know this is an issue of high sensitivity, and rightly so, to our pensioners, regulators and governments in all the countries where we work as well as to the company. The transaction will cause very substantial issues which may have a material adverse impact on both the financial situation of the company and our pensioners. That is certainly not in the best interest of AkzoNobel and its stakeholders.

Conclusion

The Boards strongly and unanimously believe that AkzoNobel has a strong position as an independent company and nothing in your 2 March 2017 letter provides a basis for AkzoNobel to alter its course. Accordingly, your Proposal is not in the interest of our stakeholders, including our shareholders and employees. The Boards unanimously reject the Proposal.

Our Boards, our executive team and our thousands of employees are dedicated to creating significant and sustainable long-term value for all of our stakeholders, now and in the future. That is exactly what we will continue to do.

Lastly, we have noted that you have engaged Allen & Overy as your counsel. We were highly surprised by this choice, as Allen & Overy has advised our CEO, including recently on the terms of his employment, and also acts as counsel to our UK Pension Trustee.

Very truly yours,



Antony Burgmans
Chairman Supervisory Board



Ton Büchner
Chief Executive Officer