Akzo Nobel N.V.

Antony Burgmans
Chairman Supervisory Board

Ton Büchner
Chief Executive Officer

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

1 June 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 received on Tuesday afternoon, 30 May 2017. In accordance with their fiduciary duties, the Boards have thoroughly reviewed and evaluated what you described as your additional 'thoughts' on a possible business combination between PPG and AkzoNobel. After extensive consideration, the Boards have concluded that your additional 'thoughts' set out in your letter of Tuesday, 30 May 2017, have not meaningfully changed your third proposal and therefore did not change our position as stated in our letter to you on 8 May 2017.

We note that the level and nature of your public communications in the last few weeks further increased our concerns regarding the notable cultural differences and negatively impacted the level of trust.

As we have communicated to you on Wednesday, 31 May 2017, the Boards were evaluating your letter and we informed you that we would get back to you when this process had been concluded. During our review, we noted on Thursday morning, 1 June 2017, that PPG decided to withdraw its proposal and not pursue an offer for AkzoNobel. We note that our potential answer to your letter could not have been part of PPG's decision not to pursue an offer for AkzoNobel. For completeness, and given the fact that you have made your letter public, we are responding accordingly.

We outline below the following points in relation to the 'thoughts' raised in your letter.

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Price

Your letter did not include a revised price. It only referred to a 'nominal' price increase combined with various caveats. Apart from the lack of a specific price, you were only willing to discuss price after all the non-financial elements would have been resolved.

Instead of increasing the price and detailing the non-financial commitments, you effectively retracted from your third proposal of 24 April 2017, by stating that in relation to price you would take into account 'the value' of the non-financial covenants. This was not substantiating, but actually re-qualifying your third proposal. Instead of standing by the commitments, however unclear, in your third proposal, your letter now demonstrated that these 'commitments' indeed were not tangible and making them tangible would come at an extra cost, which would have had an adverse price effect. We do not perceive this as constructive. Both price and non-financial elements are equally and independently important.

Timing

AkzoNobel's strategic plan contains a clear road map to deliver significant shareholder value, including EUR 1.6 billion in dividends for 2017, the return of the vast majority of net proceeds from the separation of our Specialty Chemicals business, and our increased financial guidance for 2020. The separation of our Specialty Chemicals business is scheduled to take place within 12 months and we have already started executing our plans aimed at accelerating sustainable growth and enhanced profitability.

By contrast, based on your own expectations, the proposed combination would take 15 months until completion with the likely possibility that the antitrust approval process would be extended by three months. Apart from the significant and value eroding disposals to achieve antitrust approval, the complex and lengthy antitrust process would result in a disruption of AkzoNobel's businesses and a dislocation of integrated manufacturing facilities and supply chains as a result of forced divestitures, thereby creating a lot of uncertainty for AkzoNobel's stakeholders, including our customers and thousands of employees worldwide.

The proposed ticking fee of EUR 25 million per month after 15 months is significantly below comparable transactions, representing less than 0.16% of group revenue, and would not compensate for the damage caused by a prolonged antitrust approval process. Moreover, EUR 25 million per month would be insignificant compensation for our shareholders as a result of any delay.

Certainty

In your letter, you effectively suggested a cap to the level of divestments that PPG would be willing to offer to obtain the necessary antitrust approvals at approximately 10% of the paints and coatings revenues of the combined company. Such significant and value eroding divestitures would represent approximately EUR 2.3 billion of revenue and are clearly not in the best interests of AkzoNobel and its stakeholders. This level of divestments is still below our own estimates of what would be necessary to obtain the necessary antitrust approvals.

Furthermore, you mention a potential break-up fee of EUR 600 million, which represents only around 2.5% of the transaction value. This falls significantly short of what one would expect in comparable complex transactions where such fees reach up to 10%. Regardless of the size of such a break-up fee, and similar to the ticking fee, this would not neutralise the inherent antitrust risks for our stakeholders. It would be inadequate to compensate for the harm that would be done to AkzoNobel over the prolonged period of 15 to 18 months, which would have caused damage to our business and all its stakeholders, including our people and the communities in which we operate.

Stakeholder commitments

We have noted that your letter failed to provide more clarity or detail on the wide range of relevant stakeholder interests, as we detailed in our previous letters. As already explained, you now qualify any 'commitments' on the price to be offered. Moreover, we continue to have concerns on the impact your proposal would have on the future of AkzoNobel's 46,000 strong workforce, following your confirmation at our meeting on 6 May 2017 that 35% of your synergy target would come from 'people'.

Following careful and thorough analysis, and the reasons set out above, we have to conclude your letter did not present any substantial additions to your third proposal. On the basis of your 'thoughts' in the letter of 30 May 2017, we do not come to a different conclusion than drawn on the basis of your third proposal.

Sincerely,

Antony Burgmans
Chairman Supervisory Board

Ton Büchner
Chief Executive Officer