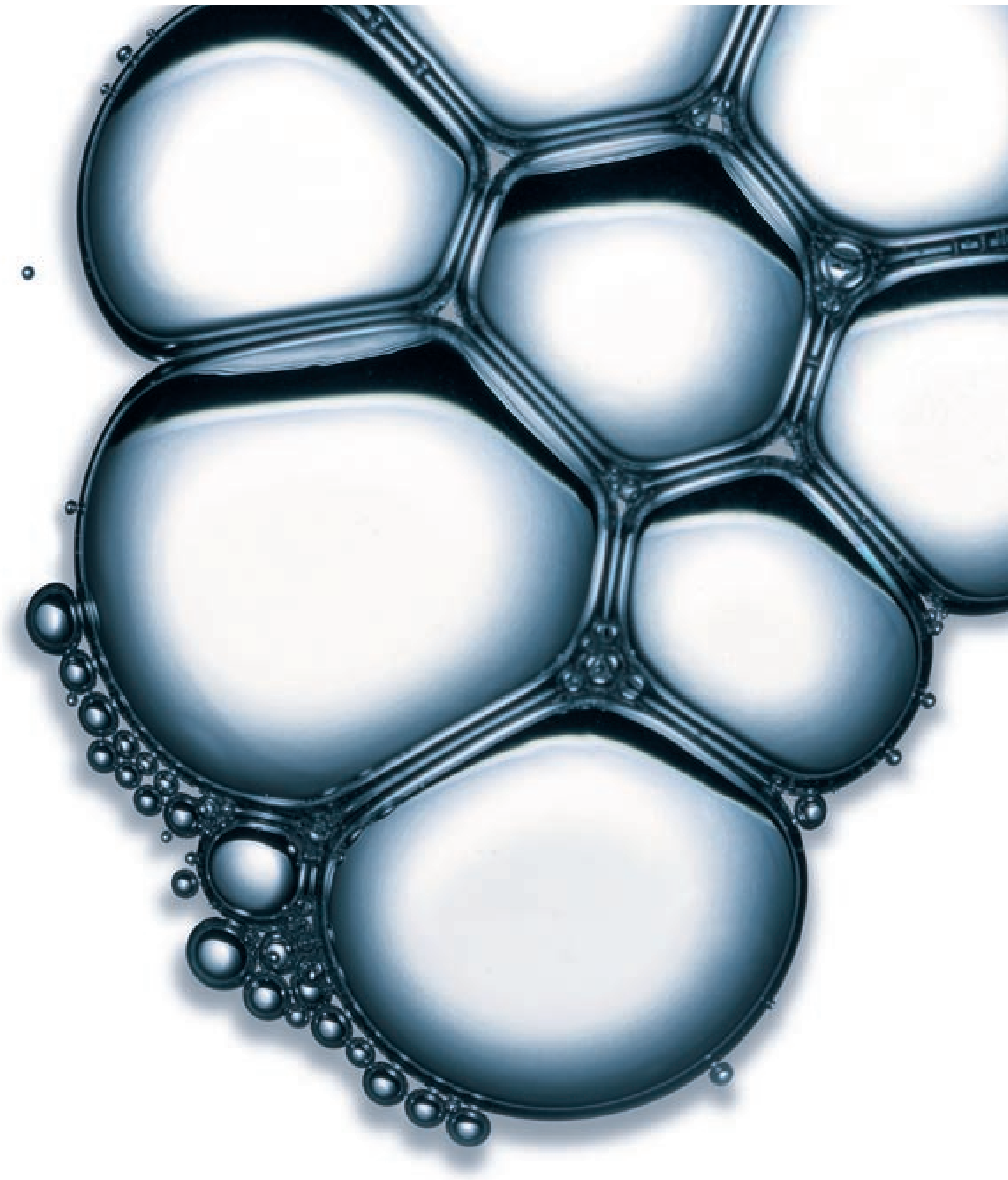
Resilient performance underlines fundamental strength

Report for the 3rd quarter of 2008

AkzoNobel
Tomorrow's Answers Today



Contact details

AkzoNobel
Strawinskylaan 2555
P.O. Box 75730
1070 AS Amsterdam, the Netherlands
Tel: +31 20 502 7555
Fax: +31 20 502 7666
Internet: www.akzonobel.com

For more information:
The explanatory sheets used by the CFO during the press conference can be viewed on AkzoNobel's corporate website www.akzonobel.com

AkzoNobel Corporate Communications
Tel: +31 20 502 7833
Fax: +31 20 502 7604
E-mail: info@akzonobel.com

AkzoNobel Investor Relations
Tel: +31 20 502 7854
Fax: +31 20 502 7605
E-mail: investor.relations@akzonobel.com

Financial calendar

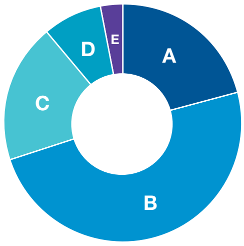
Quotation ex 2008 interim dividend: *October 30, 2008*
Payment of 2008 interim dividend: *November 10, 2008*
Report for the 4th quarter and the year 2008: *February 24, 2009*
Report for the 1st quarter 2009: *April 23, 2009*
Annual General Meeting 2009: *April 27, 2009*
Report for the 2nd quarter 2009: *July 29, 2009*
Report for the 3rd quarter 2009: *October 28, 2009*
Report for the 4th quarter and the year 2009: *February 18, 2010*

What's inside

AkzoNobel around the world
Revenue by destination
(35 percent in emerging markets)

	%
A North America	21
B Europe	49
C Asia Pacific	19
D Latin America	8
E Other regions	3
	100

Based on 2007 pro formas



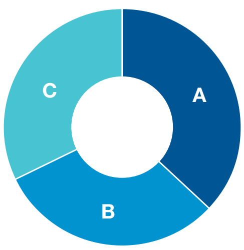
Our results at a glance

- Q3 revenue, at constant currencies, ahead 8 percent (reported: up 3 percent)
- Resilient EBITDA performance throughout all business areas
- Decorative Paints: good results
- Performance Coatings: a solid quarter
- Specialty Chemicals: revenue growth supports healthy margin
- “Other” costs impacted EBITDA by €72 million
- Incidental charges of €79 million before tax
- Net income from continuing operations, before incidentals and fair value adjustments €219 million (2007: €258 million)
- ICI integration continues to be ahead of schedule
- Ranked as a chemicals industry leader on the Dow Jones Sustainability Indexes
- Interim dividend of €0.40 maintained
- Outlook for 2008 reconfirmed

Revenue by business area

	%
A Decorative Paints	37
B Performance Coatings	31
C Specialty Chemicals	32
	100

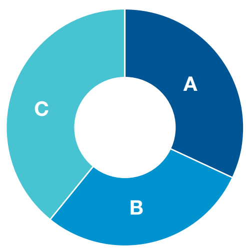
Based on 2007 pro formas



EBITDA by business area

	%
A Decorative Paints	32
B Performance Coatings	29
C Specialty Chemicals	39
	100

Based on 2007 pro formas

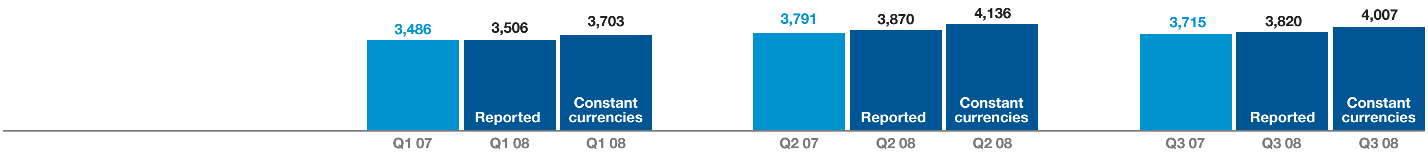


Financial highlights

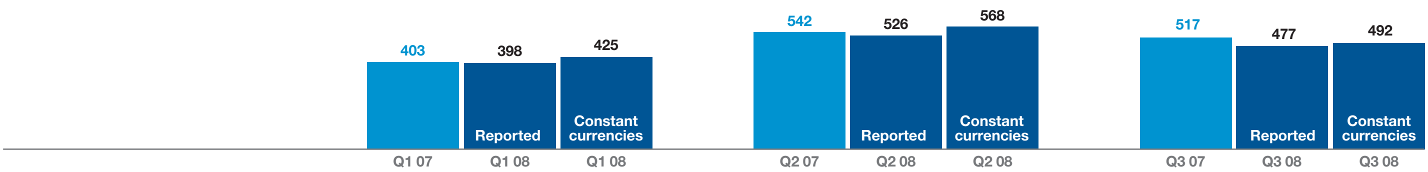
3RD QUARTER 2008	2007[1]	Δ%	IN € MILLIONS	JANUARY - SEPTEMBER 2008	2007[1]	Δ%
			Continuing operations before incidentals			
4,007	3,715	8	Revenue in constant currencies	11,846	10,992	8
3,820	3,715	3	Revenue	11,196	10,992	2
492	517	(5)	EBITDA in constant currencies	1,485	1,462	2
477	517	(8)	EBITDA	1,401	1,462	(4)
12.5	13.9		EBITDA margin (in %)	12.5	13.3	
367	402	(9)	EBIT before fair value adjustments	1,070	1,122	(5)
341	365	(7)	EBIT after fair value adjustments	983	1,010	(3)
219	258	(15)	Net income from continuing operations before fair value adjustments	633	701	(10)
200	230	(13)	Net income from continuing operations	570	619	(8)
0.83	0.85	(2)	Earnings per share from continuing operations (in €)	2.25	2.21	2
			After incidentals			
262	329		EBIT (operating income)	667	852	
126	203		Net income from continuing operations	327	506	
31	–		Net income from discontinued operations	132	–	
157	203	(23)	Net income total operations	459	506	(9)
			Earnings per share			
0.52	0.76		From continuing operations (in €)	1.29	1.82	
0.65	0.76		Total operations (in €)	1.81	1.82	
115	121		Capital expenditures	335	334	
7.7	10.3		Interest coverage	6.7	8.3	
			Invested capital	14,400	14,400[2]	
			Net cash from operating activities	(176)	26	
			Net interest-bearing borrowings	1,781	2,832[2]	
			Number of employees (continuing operations)	59,090	59,475[2]	

[1] Pro forma
[2] At year-end

Revenue
IN € MILLIONS



EBITDA before incidentals
IN € MILLIONS



All three business areas achieved underlying growth. Revenue in constant currencies was up 8 percent, and in reported currencies, up 3 percent. Autonomous growth contributed 7 percent to revenue, but was offset by adverse currency translation effects of 5 percent, mainly from the British pound and US dollar.

Constant currency growth in all businesses

We realized strong underlying revenue growth of 8 percent, in constant currencies. Despite weak economic conditions, particularly in the US and UK, Decorative Paints achieved 4 percent autonomous growth and increased their EBITDA margin, before incidentals, by 0.4 percent to 14.6 percent.

Performance Coatings delivered a stable result overall with Industrial Finishes continuing to face pressure on margins and Car Refinishes seeing lower activity levels in mature economies.

Specialty Chemicals' autonomous revenue growth of 9 percent supported an EBITDA margin, before incidentals, of 16.4 percent. Polymer Chemicals fell short of the previous year, while Functional Chemicals were ahead and Pulp & Paper Chemicals recovered from a weak second quarter.

Year-to-date EBITDA, in constant currencies, is in line with previous year

All business areas increased EBITDA in constant currencies in the quarter with Decorative Paints standing out at 8 percent. However, on a consolidated basis, EBITDA, in constant currencies, decreased by 5 percent (reported 8 percent) due to increased charges in the "other" category. Year-to-date EBITDA, in constant currencies, is in line with the previous year.

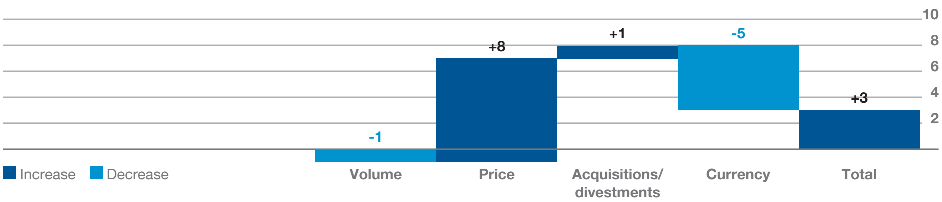
The "other" category

The "other" costs in EBITDA were €72 million in the quarter (2007: €37 million). The increase of €35 million was mainly due to lower results in our captive insurance companies (€30 million), and fair value changes from energy derivatives (€18 million), which we use for hedging our energy cost and for which we do not apply hedge accounting.

Revenue growth

IN % VERSUS Q3, 2007 PRO FORMA	VOLUME	PRICE	ACQUISITIONS/ DIVESTMENTS	CURRENCY	TOTAL
Decorative Paints	(1)	5	1	(5)	–
Performance Coatings	–	5	–	(5)	–
Specialty Chemicals	(3)	12	1	(5)	5
AkzoNobel	**(1)**	**8**	**1**	**(5)**	**3**

Total revenue growth AkzoNobel



Incidental charges included in operating income

IN € MILLIONS	3RD QUARTER 2008	2007[1]
Transformation cost	(9)	–
Restructuring charges	(28)	(45)
Results on divestments	(19)	–
Charges related to major legal, antitrust and environmental cases	(4)	–
Special benefits/(charges)	(19)	9
Incidentals included in operating income	**(79)**	**(36)**

[1] Pro forma

Composition of net income during the third quarter

IN € MILLIONS	NET INCOME BEFORE INCIDENTALS 2008	2007[1]	Δ%	NET INCOME 2008	2007[1]	Δ%
Continuing operations	200	230	(13)	126	203	(38)
Discontinued operations[2]	31	–		31	–	
Total	**231**	**230**	**–**	**157**	**203**	**(23)**

[1] Pro forma
[2] Mainly Specialty Starches

Financial highlights

Operating income declined due to incidentals

Incidental charges of €79 million (2007: €36 million) reduced operating income, after incidentals, in the third quarter to €262 million. Completion of the divestment of the AkzoNobel Decorative Paints businesses that were sold due to the commitment packages agreed with European authorities, resulted in a loss of €16 million. We accelerated the integration of ICI and the transformation of our company, which also resulted in additional costs for restructuring.

Income tax

The Q3 income tax expenses at 38 percent are higher than in the previous year (29 percent) due to tax-exempt incidental charges. Excluding incidentals, the tax rate was 30 percent.

Earnings per share down 2 percent

Net income from continuing operations before incidentals declined due to costs in the "other" category. Its effect on earnings per share from continued operations, however, was mitigated significantly by the share buyback program in 2007 and 2008.

Interim dividend maintained at €0.40

An interim 2008 dividend of €0.40 per common share, will be paid on November 10, 2008. AkzoNobel shares will trade ex-dividend from October 30, 2008.

Sustainability leadership

We have been ranked as a chemicals industry leader on the Dow Jones Sustainability Indexes (DJSI), underlining our ongoing commitment to improving our sustainability performance. The latest rankings reveal that we achieved a leading position. AkzoNobel topped the chemicals index in 2007 and has now been listed for the last four years. We are committed to doing business in a sustainable way because it is crucial to our economic future and the success of our customers.

Medium-term targets announced

After a major transformation process which streamlined and refocused our company, it is now time for us to deliver on what we promised and, in today's very different economic landscape, significantly improve our performance. The initiatives we have announced mark the start of a far-reaching operational excellence process designed to make us even stronger by building on what we have created – a solid foundation for sustainable, profitable growth.

We operate from strong positions in diverse, highly attractive sectors with good growth potential. This is particularly evident in emerging markets, which represent 35 percent of total revenue and 40 percent of total EBIT. Our positions of strength are underpinned by our widespread market leadership and the fact that up to 75 percent of the new AkzoNobel operates in markets with low to very low cyclicality.

The world economy has now clearly entered a phase of lower growth, particularly in the mature markets. In these challenging markets, only lean companies succeed. We have therefore started a rigorous drive to further reduce our cost base.

We aim for an EBITDA margin target of at least 14 percent by the end of 2011. This will be achieved by:

- Autonomous growth and selective acquisitions
- Delivering the ICI synergies faster, with 100 percent to be realized by 2010
- Driving margin management programs across the company, improving pricing and procurement
- Rigorous cost management at both corporate and business level, leading to at least an additional €100 million in net cost savings
- The above cost savings, and delivering ICI synergies will result in a total reduction of 3,500 jobs by 2011. We have a strong restructuring track record and, as always, we will work closely with our social partners in this process.

Outlook 2008 reconfirmed

On a year-to-date basis, EBITDA before incidentals, in constant currencies, is in line with 2007. For the full year 2008, we expect this figure for 2008 to be close to the 2007 pro forma level of €1,870 million.

Looking closer, seeing further

The AkzoNobel fact file – Looking closer, seeing further – published on September 29, 2008, gives a comprehensive overview of the company's business. A full video webcast of the recent Analyst & Investor Day can be viewed on our corporate website.

This report presents pro forma outcomes to allow for comparison with the hypothetical situation that AkzoNobel acquired ICI on January 1, 2007. Pro forma numbers are used as comparatives in the texts of this report, unless indicated otherwise. Pro forma outcomes for 2007 per quarter and per business area are found on our website www.akzonobel.com.

Decorative Paints

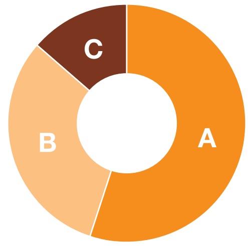
- Internal and external wall paints and lacquers
- A full range of interior and exterior decoration and protection products for professional and DIY markets
- Woodcare and specialty products
- Lacquers and varnishes for wood protection and decoration
- Specialty paints for metal, concrete and other critical building materials
- Adhesives for the building and renovation industry
- Tile and floor adhesives and floor leveling compounds used in the building and renovation industry
- Offers services such as mixing machines, color concepts and expertise
- Customers range from trade distributors to large scale outlets

Passionate about bringing color to the world

Q3 2008 revenue split

		€ million	%
A	Decorative Paints Europe[1]	780	55
B	Decorative Paints Americas[2]	445	32
C	Decorative Paints Asia	189	13
	Intragroup/Other	(1)	
		1,413	100

[1] Including UK €162 million
[2] Including US €224 million



Good results for the quarter

- Revenue up 5 percent in constant currencies (reported: stable)
- EBITDA in constant currencies up 8 percent
- Double-digit growth in Asia and Latin America in constant currencies
- Revenue growth of 3 percent in Europe achieved, despite a difficult UK market
- Challenging market conditions in the US prevail
- Price increases successfully implemented and compensated for higher raw material costs

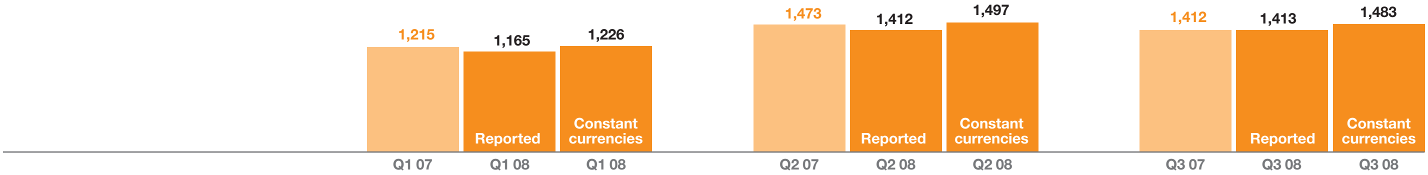
Decorative Paints

3RD QUARTER 2008	2007[1]	Δ%	IN € MILLIONS	JANUARY - SEPTEMBER 2008	2007[1]	Δ%
			Revenue			
780	759	3	Decorative Paints Europe	2,254	2,253	–
445	474	(6)	Decorative Paints Americas	1,231	1,371	(10)
189	179	6	Decorative Paints Asia	507	478	6
(1)			Intragroup revenue/other	(2)	(2)	
1,413	1,412	–	**Total**	**3,990**	4,100	(3)
1,483	1,412	5	**Total in constant currencies**	**4,206**	4,100	3
			Before incidentals			
218	201	8	EBITDA in constant currencies	527	504	5
207	201	3	EBITDA	504	504	–
14.6	14.2		EBITDA margin (in %)	12.6	12.3	
177	171	4	EBIT before fair value adjustments	415	417	–
157	147	7	EBIT after fair value adjustments	355	343	3
			After incidentals			
135	121	12	EBIT (operating income)	285	273	4
9.6	8.6		EBIT margin (in %)	7.1	6.7	
28	28		Capital expenditures	88	80	
			Invested capital	7,483	7,865[2]	
			Number of employees	25,050[3]	25,615[2]	

[1] Pro forma
[2] At year-end
[3] Including 220 seasonal staff

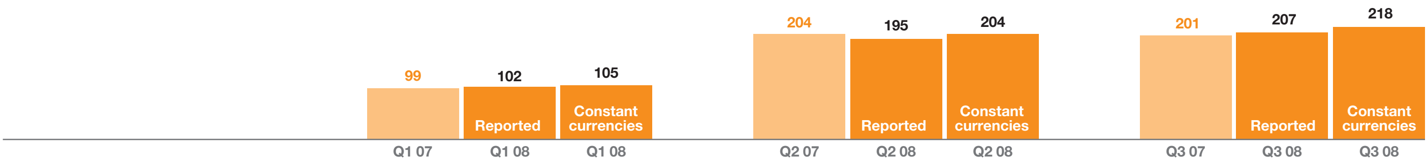
Revenue

IN € MILLIONS



EBITDA before incidentals

IN € MILLIONS



Good results for the quarter

Decorative Paints reported 4 percent autonomous growth and 1 percent growth from the acquisition in South Africa. Asia and Latin America continuously demonstrated strong double-digit growth in constant currencies. Revenue from our European business increased, despite the volume drop in the UK market. The performance in the US was impacted by the continued soft trading environment with weak construction markets, underpinned by recessionary conditions. Price increases together with tight cost control contributed to an increase of EBITDA in constant currencies of 8 percent.

Europe

We protected our market share in Continental Europe where demand declined due to lower construction activities and reduced consumer confidence. Revenue exceeded last year's level despite lower volumes. The margin improved due to a richer product mix and implementation of price increases to offset higher raw material costs.

Our business in Northern and Eastern Europe demonstrated continued healthy growth despite a more difficult marketplace. In the Baltic States we experienced a contracting market, while certain indications suggest a similar situation for the Nordics. Eastern and Central Europe achieved the highest growth rate, with the introduction of price increases and cost control leading to a higher overall margin for both of these regions.

The trade market in the UK and Ireland declined during the quarter, which had a negative impact on the margin for our business mix. But despite the worsening of the economic environment, we have been able to keep revenue development flat in the UK Retail market, aided by strong promotional activities and a successful introduction of innovations such as the Dulux® PaintPod™. PaintPod™ is a powered paint roller system which includes a self-cleaning facility, rated by consumers as "easy, fast and clean". Dulux Trade also introduced its new Ecosure® range, which now offers a portfolio of environmentally sustainable paint products for the professional market.

Americas

Revenue for the region in constant currencies was 2 percent up on last year. Our revenue in the US reflected the recessionary conditions and continued softness in the housing market, driven by lower sales volume and poor mix due to a shift to lower priced products. Extreme weather conditions, including hurricanes and tropical storms, contributed to a temporary disturbance in the business. Significant restructuring programs are being implemented in order to redesign the business for future requirements. The first results of reduced costs and headcounts were realized during the quarter. The Freshaire Choice® – the first and only tinted paint to contain no VOCs – was launched in 2,000 stores and sales exceeded the Q3 target. The marketing focus will continue to expand on the launch plan to further build brand awareness and encourage consumer involvement. From television and magazine ads to direct mail and grassroots marketing, an extensive program has been designed to build excitement around The Freshaire Choice® brand.

In Canada, our Decorative Paints business maintained its 2007 revenue level, with the EBITDA margin also remaining unchanged. The divestment of the industrial activity and the Para® and Crown® brands were completed, while the ICI integration remains on schedule. Further integration developments included a major restructuring in the supply chain and the Retail sales teams is progressing well and we have also developed a new brand strategy.

Latin America realized double-digit revenue growth and the margin was improved. Operating costs also increased, due to higher labor costs in all Latin American countries and the appreciation of local currencies, mainly in Brazil and Uruguay. A new Brand Architecture was launched, which received a great reception from customers, with the roll-out starting in Brazil and Argentina. Our new generation of waterbased enamels exceeded all expectations in terms of sales value, indicating an increasing trend among consumers towards more environmentally-friendly products.

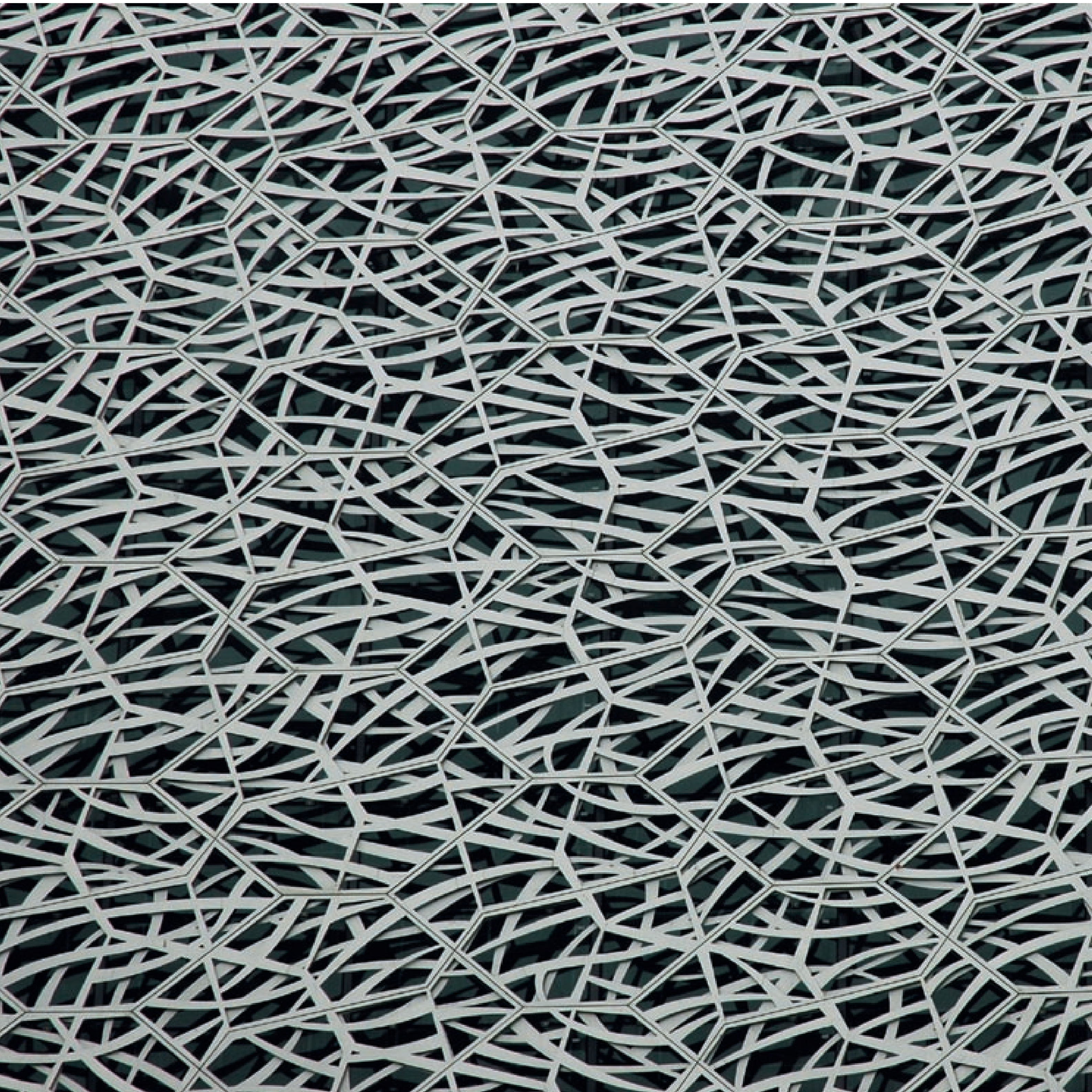
Asia

The growth rate in Asia remained at double-digit levels in constant currencies, led by China and India. A temporary slowdown was noted due to forward-buying by retailers in June and July in anticipation of steep price increases driven by inflationary fears, mainly in Indonesia and Vietnam. The post-China Olympics impact and the lower rate of growth in the property market affected the modern trade and professional channels. Despite this disturbance we were able to improve our business in China and India significantly, resulting in improved operational results for the region. With our leadership position, we were able to implement price increases to compensate the inflation in raw material costs. Operating costs were well under control which allowed us to further invest in advertising and promotion in order to build our brand values and gain market share.

Performance Coatings

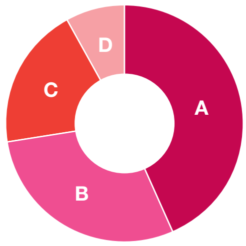
- The leading player in the performance coatings sector
- Strong growth platforms in emerging markets
- Supplies a wide range of industries and sectors including automotive, consumer electronics, aviation, shipping and leisure craft, sport equipment, construction, furniture, and food and beverage

Creating special paints for high performance



Q3 2008 revenue split

		€ million	%
A	Industrial Activities	498	44
B	Marine & Protective Coatings	336	29
C	Car Refinishes	222	19
D	Packaging Coatings	91	8
	Intragroup/Other	(9)	
		1,138	100



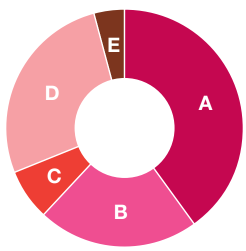
A solid quarter

- Revenue in constant currencies up 5 percent (reported: stable)
- EBITDA in constant currencies increased by 1 percent (reported: decrease by 1 percent)
- Good quarter for Marine & Protective, Powder and Packaging Coatings
- Industrial Finishes continues to face pressure on margins
- Car Refinishes affected by market conditions in mature economies

Revenue by destination

		%
A	Europe	40
B	North America	22
C	Latin America	7
D	Asia Pacific	27
E	Middle East and Africa	4
		100

Based on 2007 pro formas

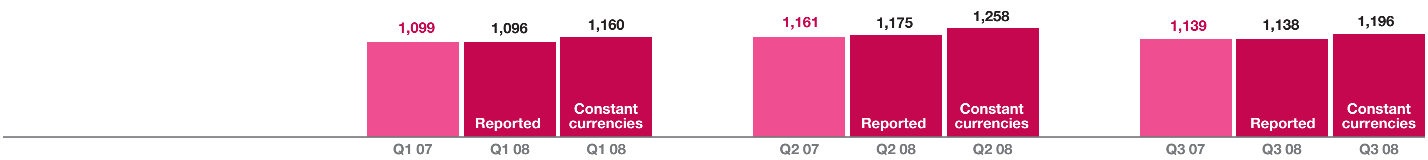


Performance Coatings

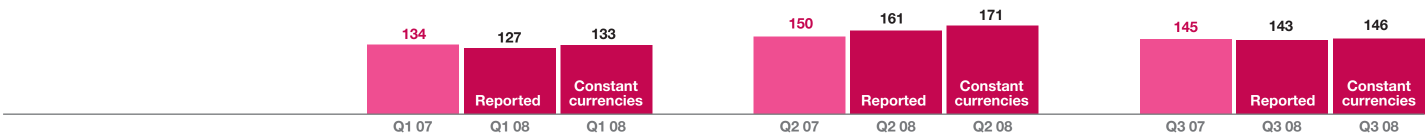
3RD QUARTER			IN € MILLIONS	JANUARY - SEPTEMBER		
2008	2007[1]	Δ%		2008	2007[1]	Δ%
			Revenue			
498	525	(5)	Industrial Activities	1,497	1,532	(2)
336	308	9	Marine & Protective Coatings	998	940	6
222	226	(2)	Car Refinishes	677	693	(2)
91	88	3	Packaging Coatings	265	262	1
(9)	(8)		Intragroup revenue/other	(28)	(28)	
1,138	1,139	–	**Total**	**3,409**	3,399	–
1,196	1,139	5	**Total in constant currencies**	**3,614**	3,399	6
			Before incidentals			
146	145	1	EBITDA in constant currencies	450	429	5
143	145	(1)	EBITDA	431	429	–
12.6	12.7		EBITDA margin (in %)	12.6	12.6	
122	125	(2)	EBIT before fair value adjustments	370	368	1
118	120	(2)	EBIT after fair value adjustments	358	354	1
			After incidentals			
117	109	7	EBIT (operating income)	344	334	3
10.3	9.6		EBIT margin (in %)	10.1	9.8	
20	28		Capital expenditures	58	72	
			Invested capital	2,021	2,131[2]	
			Number of employees	21,170	20,905[2]	

[1] Pro forma
[2] At year-end

Revenue
IN € MILLIONS



EBITDA before incidentals
IN € MILLIONS



A solid quarter

Autonomous growth of 5 percent was strong, but was counter-balanced by currencies (5 percent). Growth was achieved mainly by price increases, while volumes were fairly stable. EBITDA in constant currencies slightly increased by 1 percent (reported: decrease by 1 percent). The EBITDA margin was 12.6 percent, in line with the previous year.

Industrial Activities

Q3 revenue was down 5 percent compared with last year, but was stable at constant currencies. The Industrial Finishes business continued to be affected by weak global demand in its markets, with the residential housing construction market in North America particularly affecting our Wood Coatings activities. Increases in petrochemical costs also continued to exert downward pressure on margins, especially in the Coil and Wood Coatings businesses. We are therefore paying close attention to cost containment measures and restructuring within our Industrial Finishes business. At the same time, we are continuing to invest in green technologies and are working hand in hand with our customers to commercialize more environmentally-friendly and energy efficient coating systems. Our Powder Coatings business put in another satisfactory quarter, despite the economic slowdown in Europe and North America. Improvement in margins, combined with active management of costs, is driving improved profitability. During the quarter we successfully launched new powder coating ranges in China and the rest of Asia Pacific. Because we supply our customers domestically from our global organization, we were able to avoid some of the adverse effects of shifting exchange rates.

Marine & Protective Coatings

It was a good quarter overall. Revenue was up 9 percent, mainly from Protective Coatings, where volume growth was driven by China, India, Brazil and the Middle East. The results were supported by growth in the more established markets. We also achieved good volume growth in our Marine business, mainly through new construction activity, including newbuilds at yards in China. Intersleek® in particular had another satisfactory quarter in terms of increased volumes.

Activity in Yacht was mixed during Q3, with the US business suffering from the economic slowdown in that region, while trading in Europe and Asia remained steady. It was also a slower third quarter for Aerospace, particularly in the maintenance sector, which was exacerbated by strikes in the US. The strong growth for Aerospace in Asia Pacific continued. In October, we acquired Enviroline, a specialist supplier of corrosion-resistant linings, predominantly in the oil and gas industries.

Car Refinishes

Revenue was slightly up at constant currencies. Market conditions softened in our global vehicle refinishes business, which was impacted by a reduction in the amount of kilometers driven – this has a direct correlation to collisions and repairs. Cost control led to improved overall results in Europe, despite pressure on volumes in certain territories. Sales deteriorated in North America, but we are gaining new customers in a tough business environment. The South American business also continued its relatively strong performance. Reduced car builds impacted our North American and European markets for our automotive plastic coatings (APC) activities, but this was offset by a significant cost base reduction. South America in particular continues to be strong for APC. During the third quarter we acquired Soliant LLC, an American company and a leading manufacturer of decorative paint films and "bright" films used as a substitute for chrome plating or chrome-effect paint.

Packaging Coatings

Revenue was up 3 percent and the business achieved autonomous growth of 9 percent. Volume growth was strong in Europe, both for the Beer & Beverage and the Food, Caps & Closure (FCG) segments. In North America, sales volume was down mainly in the Beer & Beverage sector. South America developed well in the third quarter, due to strong demand in the FCG sector. The Asian region experienced lower volumes.

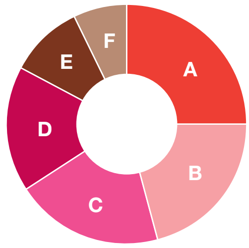
Specialty Chemicals

- A focused player in the chemicals industry with leading positions in selected market segments
- Operational performance among the best in class
- Our chemicals can be found in a wide variety of everyday products such as ice cream, soups, disinfectants, plastics, soaps, detergents, cosmetics, paper and asphalt

Quality ingredients for life's essentials

Q3 2008 revenue split

		€ million	%
A	Functional Chemicals	306	25
B	Pulp & Paper Chemicals	256	21
C	Base Chemicals	252	20
D	Surface Chemistry	210	17
E	Polymer Chemicals	132	10
F	Chemicals Pakistan	90	7
	Intragroup/Other	(34)	
		1,212	100



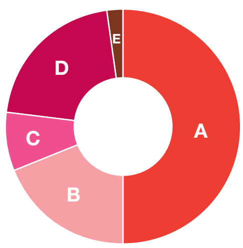
Revenue growth supports healthy margin

- 9 percent autonomous growth, driven by price increases
- EBITDA margin remained strong at more than 16 percent
- Functional Chemicals: positive volume development
- Pulp bleaching business holding up, paper chemicals market softening
- Polymer Chemicals fell short against previous year
- Chemicals Pakistan revenue impacted by tariff changes and currency translation
- Demand remained healthy in our Base Chemicals and Surface Chemistry businesses

Revenue by destination

		%
A	Europe	50
B	North America	19
C	Latin America	8
D	Asia Pacific	21
E	Middle East and Africa	2
		100

Based on 2007 pro formas

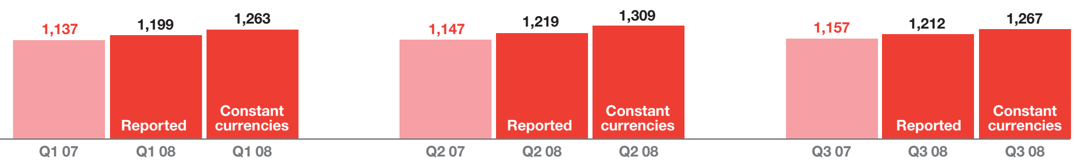


Specialty Chemicals

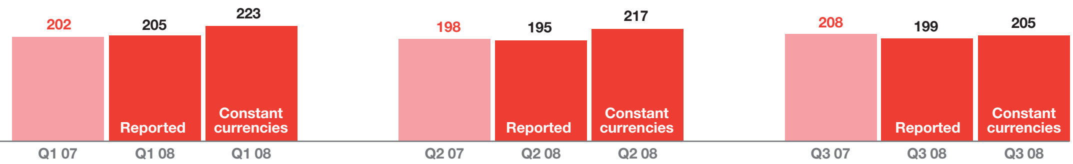
3RD QUARTER 2008	2007[1]	Δ%	IN € MILLIONS	JANUARY - SEPTEMBER 2008	2007[1]	Δ%
			Revenue			
306	269	14	Functional Chemicals	868	800	9
256	243	5	Pulp & Paper Chemicals	751	735	2
252	223	13	Base Chemicals	719	658	9
210	193	9	Surface Chemistry	622	583	7
132	130	2	Polymer Chemicals	403	398	1
90	129	(30)	Chemicals Pakistan	368	367	–
(34)	(30)		Intragroup revenue/other	(101)	(100)	
1,212	1,157	5	**Total**	**3,630**	3,441	5
1,267	1,157	10	**Total in constant currencies**	**3,839**	3,441	12
			Before incidentals			
205	208	(1)	EBITDA in constant currencies	645	608	6
199	208	(4)	EBITDA	599	608	(1)
16.4	18.0		EBITDA margin (in %)	16.5	17.7	
146	150	(3)	EBIT before fair value adjustments	439	434	1
141	142	(1)	EBIT after fair value adjustments	415	410	1
			After incidentals			
138	132	5	EBIT (operating income)	406	394	3
11.4	11.4		EBIT margin (in %)	11.2	11.5	
63	45		Capital expenditures	176	146	
			Invested capital	3,438	3,380[2]	
			Number of employees	11,070	10,965[2]	

[1] Pro forma (adjusted for Specialty Polymers)
[2] At year-end

Revenue
IN € MILLIONS



EBITDA before incidentals
IN € MILLIONS



Revenue growth supports healthy margin

Specialty Chemicals achieved third quarter performance in line with the previous year's result, despite a currency headwind and pockets of weak demand. Revenue rose 5 percent compared with 2007. EBITDA was slightly lower in constant currencies (reported: 4 percent lower). EBITDA margin continued to be strong at more than 16 percent.

Functional Chemicals
The business' operations performed above last year's level, with a mixed picture developing across the various activities. Ethylene Amines is experiencing favorable broad market demand and hence benefited from good volumes and price increases. Chelates delivered an improved third quarter result in a market environment which was tight due to disruption in the raw material supply chain. Cellulosic Specialties realized top-line growth despite a difficult economic environment in the US and southern Europe. Elotex continued to operate well below the previous year due to soft market volumes in all regions (construction-related), as well as pricing pressure brought on by the supply and demand imbalance.

Pulp & Paper Chemicals
The top line grew by a healthy 5 percent. Autonomous growth of 10 percent and the impact from the Levasil acquisition (silica sol business from H.C. Starck in Germany) offset the negative currency impact of 7 percent. However, the performance in the quarter was hindered by weakening demand and an increased cost of raw material and energy. The current signals from the market indicate that demand appears to be softening.

Base Chemicals
An excellent third quarter, with the top line improving 13 percent, all due to autonomous growth. Healthy demand for chlorine and caustic and high asset availability in our Chlor-Alkali business contributed to the strong Q3 result. The MCA business also continued its positive result development over the previous year. Favorable energy contract results of €10 million helped the business' results.

Surface Chemistry
Revenue increased by 9 percent compared with last year, driven primarily by price increases. Demand for surfactants in all regions was at a good level during the quarter, but the business was negatively impacted by two hurricanes that hit the Gulf Coast of the US. Gustav shut down key raw material suppliers, forcing the business to declare force majeure in certain product segments, while the Houston plant was later hit by Ike and was down for nine days. Nevertheless, operating performance improved significantly. The Alco and Personal Care businesses were operating slightly below last year's third quarter performance.

Polymer Chemicals
Performance fell short compared with last year due to disruptions in demand and pressure on margins. Shipment restrictions in China due to the Beijing Olympics lowered our organic peroxides sales. In addition, reduced construction activity and hurricanes in the US also negatively affected performance in our High Polymer Specialties unit. We implemented key elements of our geographic expansion strategy in China with the acquisition of Qiangsheng and a planned capacity expansion in Ningbo.

Chemicals Pakistan
In our Pakistan business, PTA volumes were especially weak due to low demand from domestic industries. The 50% decline in the PTA tariff, effective July 1, 2008, also resulted in a significantly lower profit level in Q3 compared with the previous year. Revenue in local currency in Polyester and Soda Ash developed strongly, although the high depreciation of the Pakistan rupee versus the euro eroded most of this favorable development.

Condensed financial statements

Consolidated statement of income

3RD QUARTER	3RD QUARTER PRO FORMA	3RD QUARTER	IN € MILLIONS	JANUARY - SEPTEMBER	JANUARY - SEPTEMBER PRO FORMA	JANUARY - SEPTEMBER
2008	2007[1]	2007		2008	2007[1]	2007
			Continuing operations			
3,820	3,715	2,600	Revenue	11,196	10,992	7,786
(2,395)	(2,271)	(1,599)	Cost of sales	(7,029)	(6,763)	(4,759)
1,425	**1,444**	**1,001**	**Gross profit**	**4,167**	**4,229**	**3,027**
(803)	(794)	(554)	Selling expenses	(2,407)	(2,404)	(1,671)
(84)	(88)	(70)	Research and development expenses	(247)	(264)	(210)
(237)	(256)	(172)	General and administrative expenses	(801)	(803)	(499)
(39)	23	8	Other operating income	(45)	94	29
262	**329**	**213**	**Operating income (EBIT)**	**667**	**852**	**676**
36	52	17	Financing income	115	174	87
(70)	(84)	(56)	Financing expenses	(215)	(277)	(178)
228	**297**	**174**	**Operating income less financing income and expenses**	**567**	**749**	**585**
4	7	7	Results from associates and joint ventures	13	30	(24)
232	**304**	**181**	**Profit before tax**	**580**	**779**	**561**
(89)	(88)	(38)	Income tax	(200)	(222)	(141)
143	**216**	**143**	**Profit for the period from continuing operations**	**380**	**557**	**420**
			Discontinued operations			
31	–	145	Profit for the period from discontinued operations	132	–	403
174	216	288	**Profit for the period**	**512**	557	823
			Attributable to:			
157	203	281	- Equity holders of the company (net income)	459	506	797
17	13	7	- Minority interests	53	51	26
174	216	288	**Profit for the period**	**512**	557	823
			Income per share from continuing operations before incidentals (in €):			
0.83	0.85	0.58	- Basic	2.25	2.21	1.62
0.83	0.85	0.58	- Diluted	2.24	2.19	1.61
			Income per share from continuing operations after incidentals (in €):			
0.52	0.76	0.50	- Basic	1.29	1.82	1.40
0.51	0.76	0.50	- Diluted	1.28	1.82	1.39
			Income per share from discontinued operations (in €):			
0.13	–	0.54	- Basic	0.52	–	1.44
0.13	–	0.54	- Diluted	0.52	–	1.43
			Income per share from total operations (in €):			
0.65	0.76	1.04	- Basic	1.81	1.82	2.84
0.64	0.76	1.04	- Diluted	1.80	1.82	2.82

[1] Pro forma figures adjusted for comparative presentation

Information on segments and incidentals

3RD QUARTER 2008	3RD QUARTER PRO FORMA 2007	Δ%	IN € MILLIONS	JANUARY - SEPTEMBER 2008	JANUARY - SEPTEMBER PRO FORMA 2007	Δ%
			Revenue			
1,413	1,412	–	Decorative Paints	3,990	4,100	(3)
1,138	1,139	–	Performance Coatings	3,409	3,399	–
1,212	1,157	5	Specialty Chemicals	3,630	3,441	5
57	7		Other activities/eliminations	167	52	
3,820	3,715	3	**Total**	**11,196**	10,992	2
			EBITDA before incidentals			
207	201	3	Decorative Paints	504	504	–
143	145	(1)	Performance Coatings	431	429	–
199	208	(4)	Specialty Chemicals	599	608	(1)
(72)	(37)		Other activities/eliminations	(133)	(79)	
477	517	(8)	**Total**	**1,401**	1,462	(4)
12.5	13.9		**EBITDA margin (in %)**	**12.5**	13.3	
			EBIT before incidentals and amortization/depreciation of fair value adjustments related to the ICI acquisition			
177	171	4	Decorative Paints	415	417	–
122	125	(2)	Performance Coatings	370	368	1
146	150	(3)	Specialty Chemicals	439	434	1
(78)	(44)		Other activities/eliminations	(154)	(97)	
367	402	(9)	**Total**	**1,070**	1,122	(5)
9.6	10.8		**EBIT margin (in %)**	**9.6**	10.2	
			EBIT before incidentals and after amortization/depreciation of fair value adjustments related to the ICI acquisition			
157	147	7	Decorative Paints	355	343	3
118	120	(2)	Performance Coatings	358	354	1
141	142	(1)	Specialty Chemicals	415	410	1
(75)	(44)		Other activities/eliminations	(145)	(97)	
341	365	(7)	**Total**	**983**	1,010	(3)
8.9	9.8		**EBIT margin (in %)**	**8.8**	9.2	
			EBIT (operating income)			
135	121	12	Decorative Paints	285	273	4
117	109	7	Performance Coatings	344	334	3
138	132	5	Specialty Chemicals	406	394	3
(128)	(33)		Other activities/eliminations	(368)	(149)	
262	329	(20)	**Total**	**667**	852	(22)
6.9	8.9		**EBIT margin (in %)**	**6.0**	7.8	
			Incidentals included in EBIT			
(9)	–		Transformation cost	(165)	–	
–	–		Fair value adjustment of inventories	(42)	(48)	
(28)	(45)		Restructuring charges	(68)	(126)	
(19)	–		Results on divestments	(15)	(3)	
(4)	–		Charges related to major legal, antitrust and environmental cases	(7)	(2)	
(19)	9		Special benefits/(charges)	(19)	21	
(79)	(36)		**Total**	**(316)**	(158)	

Condensed consolidated balance sheet

IN € MILLIONS	SEPTEMBER 30	DECEMBER 31 PRO FORMA	DECEMBER 31
	2008	2007	2007
Property, plant and equipment	3,173	3,179	2,203
Goodwill	4,851	4,880	463
Other intangible assets	3,443	3,600	206
Deferred tax assets	797	750	630
Investments in associates and joint ventures	194	205	142
Other financial non-current assets	710	774	630
Total non-current assets	**13,168**	**13,388**	**4,274**
Inventories	1,776	1,672	1,177
Current tax assets	42	34	25
Trade and other receivables	3,256	2,995	2,139
Cash and cash equivalents	1,844	1,530	11,628
Assets held for sale	1,629	5,633	–
Total current assets	**8,547**	**11,864**	**14,969**
Total assets	**21,715**	25,252	19,243
Shareholders' equity	9,908	11,559	11,032
Minority interest	535	596	97
Total equity	**10,443**	**12,155**	**11,129**
Provisions	2,158	2,708	1,598
Deferred tax liabilities	785	1,029	133
Long-term borrowings	1,302	2,321	1,954
Total non-current liabilities	**4,245**	**6,058**	**3,685**
Short-term borrowings	2,323	2,041	1,635
Current tax liabilities	634	490	278
Trade and other payables	3,014	2,994	1,998
Current portion of provisions	761	771	518
Liabilities held for sale	295	743	–
Total current liabilities	**7,027**	**7,039**	**4,429**
Total equity and liabilities	**21,715**	25,252	19,243
Shareholders' equity per share (in €)	42.77	44.07	42.06
Number of shares outstanding (in millions)	231.7	262.3	262.3
Invested capital	14,400	14,400	5,197

Highlights

- During Q2, a €1 billion bond was approaching maturity date and was transferred to short-term borrowings
- During Q2, the bridge facility and commercial paper loans were redeemed with proceeds from the Henkel on-sale
- Invested capital includes €8.3 billion goodwill and other intangibles, mainly from the ICI acquisition
- Assets held for sale include the Specialty Starches business from ICI and entities that are sold to Henkel and not yet disentangled

Condensed consolidated statement of cash flows

IN € MILLIONS	JANUARY - SEPTEMBER	JANUARY - SEPTEMBER PRO FORMA	JANUARY - SEPTEMBER
	2008	2007	2007[1]
Profit for the period	512	557	823
Income from discontinued operations	(132)	–	(403)
Amortization and depreciation	331	340	265
Amortization/depreciation fair value adjustments	87	112	–
Inventory step-up	42	48	–
Impairment losses	68	15	15
Financing income and expenses	(35)	(186)	(59)
Results from associates and joint ventures	(13)	(30)	(26)
Pre-tax result on divestments	15	3	62
Income tax	(2)	21	30
Changes in working capital	(540)	(575)	(257)
Changes in provisions	(509)	(279)	(169)
Net cash from operating activities	**(176)**	**26**	**281**
Capital expenditures	(335)	(334)	(240)
Interest received	87	190	105
Associates and joint ventures	23	25	25
Acquisition of consolidated companies[2]	(10,502)	(245)	(154)
Proceeds from sale of interests[3]	3,650	66	150
Other changes	(6)	(159)	(80)
Net cash from investing activities	**(7,083)**	**(457)**	**(194)**
Proceeds from borrowings	(197)		(61)
Issue of shares	11		74
Buyback of shares	(1,418)		(1,600)
Termination of currency swap	–		68
Dividends	(394)		(286)
Net cash from financing activities	**(1,998)**		**(1,805)**
Net cash used for continuing operations	**(9,257)**		(1,718)
Cash flows from discontinued operations	(89)		328
Net change in cash and cash equivalents of continued and discontinued operations	**(9,346)**		(1,390)
Cash and cash equivalents at January 1	11,067		1,631
Effect of exchange rate changes on cash and cash equivalents	(81)		(8)
Cash and cash equivalents at September 30	**1,640**		233

[1] Reclassified for comparative purposes
[2] Net of € 1.1 billion cash
[3] Net of cash

Highlights

- Operating cash outflow of €176 million
- Changes in provisions for an amount of € 115 million are due to a pension settlement in Sweden
- Proceeds from on-sale to Henkel were €3.6 billion after a pension settlement and before final settlement adjustments
- Cash and cash equivalents at September 30, 2008, include €1.8 billion assets and €0.2 billion overdrafts, classified as liabilities

Changes in equity

IN € MILLIONS	SUBSCRIBED SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	CHANGE IN FAIR VALUE OF DERIVATIVES	CUMULATIVE TRANSLATION RESERVES	OTHER (STATUTORY) RESERVES AND UNDISTRIBUTED PROFIT	SHAREHOLDERS' EQUITY	MINORITY INTERESTS	TOTAL EQUITY
Balance at January 1, 2007	574	1,841	(2)	30	1,701	4,144	119	4,263
Changes in fair value of derivatives	–	–	(165)	–	–	(165)	–	(165)
Changes in exchange rates in respect of foreign operations	–	–	–	(39)	–	(39)	–	(39)
Income/(expenses) directly recognized in equity	**–**	**–**	**(165)**	**(39)**	**–**	**(204)**	**–**	**(204)**
Profit for the period	–	–	–	–	797	797	26	823
Total income/(expenses)	**–**	**–**	**(165)**	**(39)**	**797**	**593**	**26**	**619**
Dividend paid	–	–	–	–	(259)	(259)	(27)	(286)
Equity-settled transactions	–	–	–	–	15	15	–	15
Issue of common shares	4	70				74	–	74
Buyback of shares	–	–	–	–	(1,600)	(1,600)	–	(1,600)
Changes in minority interest in subsidiaries	–	–	–	–	–	–	(10)	(10)
Balance at September 30, 2007	**578**	**1,911**	**(167)**	**(9)**	**654**	**2,967**	**108**	**3,075**
Balance at January 1, 2008	525	363	(510)	(51)	10,705	11,032	97	11,129
Changes in fair value of derivatives	–	–	(25)	–	–	(25)	–	(25)
Transfer to goodwill	–	–	551	–	–	551	–	551
Changes in exchange rates in respect of foreign operations	–	–	–	(349)	–	(349)	(17)	(366)
Income/(expenses) directly recognized in equity	**–**	**–**	**526**	**(349)**	**–**	**177**	**(17)**	**160**
Profit for the period	–	–	–	–	459	459	53	512
Total income/(expenses)	**–**	**–**	**526**	**(349)**	**459**	**636**	**36**	**672**
Dividend paid	–	–	–	–	(365)	(365)	(29)	(394)
Equity-settled transactions	–	–	–	–	31	31	–	31
Issue of common shares	2	9	–	–	–	11	–	11
Buyback of shares	–	–	–	–	(1,437)	(1,437)	–	(1,437)
Acquisition and divestments	–	–	–	–	–	–	421	421
Changes in minority interest in subsidiaries	–	–	–	–	–	–	10	10
Balance at September 30, 2008	**527**	**372**	**16**	**(400)**	**9,393**	**9,908**	**535**	**10,443**

Notes to condensed financial statements

Invested capital

Invested capital at September 30, 2008 remained at €14.4 billion, the same level as the previous year (on a pro forma basis).

As at September 30, 2008, invested capital included the following amounts of goodwill and other intangibles per segment:

IN € MILLIONS	GOODWILL	OTHER INTANGIBLES
Decorative Paints	3,442	2,712
Performance Coatings	771	251
Specialty Chemicals	638	480
AkzoNobel	**4,851**	**3,443**

Impact of the ICI acquisition

The purchase price of ICI was at the end of the third quarter of 2008 still allocated to assets and liabilities on a preliminary basis. The major intangibles recognized are acquired brands, the most significant being Dulux®. Several brands are expected to have an indefinite life. As a result, they will not be amortized but tested for impairment. Measuring ICI's assets and liabilities at fair value increased amortization and depreciation for the assets with a definite useful life. The amount for the third quarter of 2008 was €26 million (2007: €37 million). For the years 2008-2010, a charge of €125-130 million per annum is expected.

Update Specialty Starches

In view of the current financial market conditions, the intended sale of National Starch (the former ICI Specialty Starch business) is not expected to take place in 2008. In accordance with IFRS, the financial results of the business will be re-classified as "continuing operations". The 2007 pro forma figures and the 2008 quarterly figures will be adjusted as part of our 2008 year-end reporting process. The full year 2007 revenue for National Starch amounted to €813 million ($1.1 billion), while the 2008 Q3 year-to-date revenue totaled €658 million ($1.0 billion). National Starch is a global leading supplier of specialty starches, mainly to the food industry.

Working capital

Working capital increased by €0.5 billion, due to the seasonal pattern at Decorative Paints and increased inventories.

Equity

Shareholders' equity at the end of the third quarter of 2008 amounted to €9.9 billion. The change in equity between the end of the third quarter of 2007 and the beginning of 2008 – apart from operational profit – resulted mainly from the gain on the Organon BioSciences divestment, the 2007 share buyback program and a deferred loss of €551 million from hedging activities related to the ICI acquisition. After the acquisition of ICI, this deferred loss was transferred to goodwill. Other changes in equity related mainly to dividends paid and to foreign currency translation.

Share buyback program

In 2007, we embarked on share buyback programs totaling €4.6 billion. By the end of September 2008, €3.0 billion had been completed, of which €1.4 billion during 2008 (Q3: €0.7 billion). With €1.8 billion of our net debt due to mature in the next seven months – and given the current volatile situation in the global financial markets – we have decided to postpone the remaining €1.6 billion of the current program until refinancing has been completed. We remain committed to maintaining our dividend and our A-minus credit rating.

Cash and debt management

Our debt position is strong, as the acquisition of ICI was financed by the proceeds from the Organon BioSciences divestment in 2007. In Q4, 2008, bonds of an amount of approximately €0.9 billion will mature. In October 2008, we borrowed short-term cash under our revolving credit facility to bridge the period until refinancing via the bond market becomes available. Cash decreased during the quarter mainly due to the share buyback program (€0.7 billion during the third quarter). To reduce our counterparty risk, our policy is that cash can only be placed at counterparties with a defensive long-term credit rating. Secondly, all new placed deposits have a duration appropriate to the new market circumstances.

Workforce

Our workforce at September 30, 2008, for continuing operations decreased from 59,475 to 59,090 employees. Around 2,200 employees worked for businesses to be divested. We announced a planned reduction of 3,500 jobs by 2011, primarily in mature markets.

Amsterdam, October 29, 2008
The Board of Management

Additional information

Notes

The report for the 4th quarter and the year 2008 will be published on February 24, 2009.

This report is unaudited.

This interim financial report is in compliance with IAS 34 – Interim Financial Reporting. The same accounting policies and methods of computation have been applied as in the 2007 financial statements, a copy of which can be found on the company's website www.akzonobel.com.

Pro forma information

In addition to the quarterly figures as issued by AkzoNobel in 2007, this report presents pro forma comparatives for 2007. These reflect the AkzoNobel outcomes as if it acquired ICI at January 1, 2007, and include the effects of the preliminary purchase price allocation. The main impact of the purchase price allocation on the statement of income is higher amortization of intangibles, higher depreciation of property, plant and equipment, and higher cost of sales. The latter is due to the fair value of inventories recognized on acquisition date which results in higher cost of sales as inventories are sold, mainly in the first quarter. Due to the fact that the purchase price allocation is determined on a provisional basis, the pro forma outcomes are subject to change. The pro forma information for the full year 2007, per quarter, and per business area was published on April 18, 2008, and can be found on the company's website www.akzonobel.com. The published pro forma outcomes were adjusted to reflect the integration of Specialty Polymers into Surface Chemistry and Functional Chemicals, and to present EBIT on a comparative basis.

Glossary

Revenue consists of sales of goods, services, and royalty income.

Autonomous growth is defined as the change in revenue attributable to changed volumes and selling prices. It excludes effects from currency and acquisition and divestment.

Incidentals are transformation costs, special charges and benefits, results on divestments, restructuring and impairment charges, and charges related to major legal, antitrust, and environmental cases. EBIT and EBITDA before incidentals and EBIT before incidentals and amortization and depreciation of fair value adjustments are key figures management uses to assess the company's performance, as these figures better reflect the underlying trends in the results of the activities.

EBIT margin is operating income (EBIT) as percentage of revenue.

EBITDA is EBIT before depreciation and amortization and refers in this report to EBITDA before incidentals.

Constant currencies information excludes foreign currency translation effects assuming foreign currency exchange rates have not changed between the prior year period and the current period.

Invested capital is total assets (excluding cash and cash equivalents, investments in associates, assets held for sale) less current income tax payable and less trade and other payables.

Net interest-bearing borrowings are long-term borrowings plus short-term borrowings less cash and cash equivalents.

Interest coverage is EBIT devided by the sum of financing income and expenses.

Transformation costs are acquisition-related costs, cost related to sell businesses as agreed with the European and Canadian authorities, and costs for the new corporate identity.

Safe Harbor Statement

This report contains statements which address such key issues as AkzoNobel's growth strategy, future financial results, market positions, product development, products in the pipeline and product approvals. Such statements should be carefully considered, and it should be understood that many factors could cause forecasted and actual results to differ from these statements. These factors include, but are not limited to, price fluctuations, currency fluctuations, changes in the final purchase price allocation for ICI, developments in raw material and personnel costs, pensions, physical and environmental risks, legal issues, and legislative, fiscal, and other regulatory measures. Stated competitive positions are based on management estimates supported by information provided by specialized external agencies. For a more comprehensive discussion of the risk factors affecting our business, please see our latest Annual Report, a copy of which can be found on the company's corporate website www.akzonobel.com.

Painting a greener picture

AkzoNobel's environmentally-friendly Ecosure® paint range has been selected as a finalist at the UK's prestigious Green Business Awards 2008.

Developed by Dulux Trade in conjunction with Forum for the Future – the leading independent sustainability experts – the product has been nominated in the "Best Industrial/Resources Company or Manufacturer" category.

The awards – organized by leading UK business magazine Management Today – are designed to highlight and reward leadership on environment, sustainability and climate change. The entry criteria state that products must advance environmental sustainability, be outstanding in terms of efforts made and results achieved, while benefits must be substantive, measurable and quantified.

Using a so-called Environmental Impact Analyzer (a cradle to factory gate analytical tool), Dulux Trade was able to measure Ecosure®'s reduction in environmental impact in three key sustainability criteria – embodied carbon, waste created and water consumed – in addition to lowering VOCs.

"Ecosure® is a really exciting range which enables appliers to choose products that are proven to have a lower environmental impact, without compromising on performance", explains David Shepherd, Brand Manager for Dulux® Trade®.

Launched earlier this year, the Ecosure® range has achieved the optimum combination of sustainability and performance. The choice of matt, gloss and undercoat formulations takes a real step towards greener products and demonstrates AkzoNobel's long-term commitment to increasingly sustainable products.

The launch also confirmed AkzoNobel as the first major paint manufacturer to make a significant move towards creating a credible environmentally sustainable paint product for the professional market. Even the packaging for the range is made from at least 25 percent recycled materials.

The award ceremony is due to be held on November 5, 2008, at the Grosvenor House in London.

AkzoNobel
Tomorrow's Answers Today

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We're the largest global paints and coatings company and a major producer of specialty chemicals. We supply industries worldwide with quality ingredients for life's essentials. We think about the future, but act in the present. We're passionate about developing sustainable answers for our customers. Based in Amsterdam, the Netherlands, we have 60,000 employees working in more than 80 countries – all committed to excellence and delivering Tomorrow's Answers Today™.

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