

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

22 March 2017

Dear Mr. McGarry,

On behalf of the Board of Management and the Supervisory Board of AkzoNobel (the "**Boards**"), we respond to your letter of 20 March 2017, outlining PPG's revised unsolicited and highly conditional proposal to acquire AkzoNobel (the "**Revised Proposal**") and inviting the Boards to discuss the Revised Proposal.

The Boards have thoroughly reviewed your Revised Proposal, together with our financial and legal advisors, taking into consideration the interests of AkzoNobel and its stakeholders, including its shareholders, customers, employees, communities and other stakeholders. The Boards unanimously reject PPG's Revised Proposal and decline your invitation to discuss the Revised Proposal. The Boards have concluded that the Revised Proposal not only fails to reflect the current and future value of AkzoNobel, it also neglects to address the significant uncertainties and risks for our shareholders and other stakeholders. As such, it does not address with tangible steps and commitments the concerns and considerations expressed by the Boards in their rejection of 9 March 2017.

First of all, your Revised Proposal is not in the best interest of our shareholders. It substantially undervalues AkzoNobel and fails to reflect the value creating opportunities of the new strategic direction and focus for both our Specialty Chemicals business and our Paints and Coatings businesses, allowing them to build further on their respective leadership positions. The Revised Proposal also contains significant risks related to the increased stock component and the high leverage of the proposed combined businesses.

Secondly, the Revised Proposal does not address the uncertainty created by the significant anti-trust implications of the combination of PPG and AkzoNobel and the large negative impact thereof on AkzoNobel's business. The Revised Proposal and your desired synergies bring significant uncertainties for our employees and fail to properly address the value our employees add to our business.

Thirdly, the Revised Proposal still does not adequately address and safeguard the interests of all of AkzoNobel's stakeholders, including for example in relation to community contribution and sustainability. It does not address fundamental stakeholder concerns and uncertainties, nor does it substantiate any tangible solutions in relation to, among others, R&D, pensions and employees.

Finally, the Revised Proposal does not meaningfully address our concerns of a significant culture gap between both companies and how any issues arising from this would be addressed.

As the Revised Proposal fails to recognize the value of AkzoNobel for all its stakeholders, we see no merit in engaging with you in relation to your unsolicited Revised Proposal.

Very truly yours,



Antony Burgmans
Chairman Supervisory Board



Ton Büchner
Chief Executive Officer