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**Michael H. McGarry**  
Chairman and Chief Executive Officer

29 May 2017

Antony Burgmans  
Chairman of the Supervisory Board  
Akzo Nobel N.V.  
AkzoNobel Center  
Christian Neefestraat 2  
1077 WW Amsterdam  
The Netherlands

Dear Mr. Burgmans,

Thank you for your reply to my email last week requesting a call with you. We continue to believe that having in-person discussions, with each party negotiating in good faith, is the only path to ensuring that AkzoNobel secures the most beneficial outcome for its stakeholders. Although you declined to have my requested 5 minute call, you indicated you would be open to receiving our views in writing. As a result, I am providing you with this letter.

We will not go into detail about the many benefits we believe would inure to AkzoNobel and all of its stakeholders through a transaction with PPG. Our previous letters adequately convey our enthusiasm for a business combination and genuine view of the benefits of a potential transaction, as well as the many strong commitments we are willing to make to provide comfort that a transaction will indeed be beneficial to AkzoNobel and its stakeholders. However, we wish in this letter to make the following points clear:

*Value*

Despite the fact that your shareholders are strongly supportive of the price proposed in our previous offer, which would deliver a 50% premium to your undisturbed trading price, we are willing to discuss a further increase to obtain the support of the Supervisory Board and Management Board of AkzoNobel for an agreed deal. Clearly a good faith engagement to both due diligence and confirmation of a joint work plan for the antitrust review process would enable us to offer the highest price. Accordingly, we are only willing to discuss a nominal increase in price in the context of in-person negotiations in which all other non-price issues have been resolved. Any adjustment in price would take into consideration the value of the non-price commitments that we have mutually agreed upon. We would need clear evidence that you have authorized a team to seek an agreement on the combination of our companies.

### *Timing of Closing*

In your public responses to our previous offers, you have cited concern about the time it would take to consummate a transaction. As we have said, and as we have offered to demonstrate to you in private discussions between our respective antitrust counsels, we are confident that a business combination can be consummated on a timely basis if we act in a coordinated and constructive manner. Our target for closing in an agreed deal would be 15 months from signing. The agreement between the parties would reflect a 12-month timeline with two 3 month extensions to receive regulatory approvals. To demonstrate our confidence in our analysis thus far, and in our ability and commitment to obtain the necessary approvals on a timely basis, we are willing to commit to a ticking fee payable to AkzoNobel shareholders in the amount of Eur 0.10 per share each month that would start to accrue upon the 15-month anniversary of the execution of a merger agreement.

### *Certainty*

As we have stated previously, we are prepared to commit to an agreed level of divestitures to the extent necessary to obtain antitrust approvals for the transaction. We believe the agreed level should be part of the negotiation following discussions between our respective antitrust counsel, but to give you a sense of the order of magnitude, we would expect the agreed level would be approximately 10% of the paints and coatings revenues of the combined company and we would be willing to have our experts share our analysis with appropriate arrangements. To give you additional assurance on our commitment, we have also stated previously that we are willing to agree to a significant reverse break-up fee that would be payable if the transaction failed to be consummated as for antitrust reasons. To provide further specificity, we are willing to agree to a break-up fee in the amount of Eur 600 million.

To further ameliorate any concerns about the risk of losing key employees during the pendency of a transaction, we would be willing to establish a management retention pool of Eur 20-50 million to incentivize key employees to remain with the combined company. The amount we would be willing to commit would depend on the number of employees involved. However we would expect this retention pool would include only your top talent. We would hope to get your input on the most effective way to implement such a retention pool so that the combined company will have the benefit of the expertise and experience of the AkzoNobel management team after the closing of the transaction.

### *Stakeholder Commitments*

In your response to our previous offer, you noted specifically that we had not proposed a mechanism by which the many non-financial covenants we have proposed would be enforced. To the extent it was not entirely clear to AkzoNobel that we would be willing to ensure that the non-financial commitments are enforceable, we make that clear now. We of course would expect that the customary enforcement mechanism for non-financial covenants would be in place in a business combination between our two companies. Specifically, after the closing, the Supervisory Board would retain two independent, continuing members from the AkzoNobel Supervisory Board. Any deviation from the non-financial covenants for the

duration of those covenants would require the consent of these independent Supervisory Board members.

We would be willing to make more specific stakeholder commitments in other areas, including, research and development, sustainability and employment, but in order to mutually agree on the proper ones, we would like due diligence and your involvement in this process. At a minimum, PPG is prepared to honor any and all commitments that AkzoNobel has previously made.

*Conclusion*

As you know, time is short for our companies to enter into a consensual transaction for the benefit of our stakeholders, and so we would appreciate your prompt response and good faith engagement.

Sincerely,

A handwritten signature in blue ink, appearing to read "M H McGarry". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Michael H. McGarry  
Chairman and Chief Executive Officer

cc: Mr. Ton Büchner