2007 PROFORMA COMBINED FINANCIAL INFORMATION FOR AKZO NOBEL AND ICI

Financial highlights

Millions of euros	Akzo Nobel stand alone	Akzo Nobel with ICI proforma
Revenue	10,217	14,442
EBITDA before incidentals	1,271	1,870
– EBITDA margin	12.4	12.9
EBIT before incidentals and amortization of intangibles related to ICI acquisition	916	1,410
EBIT before incidentals	916	1,264
– EBIT margin	9.0	8.8
Net income before incidentals	580	796
Earnings per share	2.10	2.88
Net income before incidentals and fair value adjustment charge related to the ICI acquisition		942

All figures concern continuing operations. Discontinued operations include the business sold to Henkel, Specialty Starches and the Akzo Nobel Decorative Coatings businesses in the United Kingdom, Ireland, Belgium, and Canada to be divested in order to obtain merger clearance.

- Proforma EBITDA of EUR 1.9 billion; EBITDA margin 12.9%
- In Q-1 2008 incidental charge for fair value inventory step-up of EUR 44 million pre-tax
- Fair value charge in 2008 – 2010 estimated to be in the order of magnitude of EUR 125 – 130 million pre-tax
- Combined pension deficit of EUR 1,475 million

Introduction

Akzo Nobel is providing the following unaudited proforma combined financial information and explanatory notes, to show the impact of the acquisition and certain other transactions with an impact on the financial position and results on the company's financial position and results of operations. The proforma financial information as of and for the year ended December 31, 2007, is based on the historical financial information as of and for the year ended December 31, 2007, of Akzo Nobel and ICI, and adjusted to give our best estimate of the effects of the acquisition and certain other transactions with an impact on financial position and results of operations.

The proforma combined condensed balance sheet of the company shows the combined financial position of Akzo Nobel and ICI as at December 31, 2007, assuming that the acquisition and certain other transactions with an impact on financial position and results were consummated as at that date. The proforma combined condensed statement of income of the continuing operations before incidentals for the year ended December 31, 2007 indicates the effects of the acquisition and certain other transactions with an impact on financial position and results as if this had occurred on January 1, 2007.

The aggregated individual figures of Akzo Nobel and ICI have been adjusted as explained further in the notes. The proforma financial information should be read in conjunction with Akzo Nobel's audited financial statements for the financial year ended December 31, 2007, including the notes thereto, that have been prepared in accordance with IFRS as adopted by the European Union, as well as ICI's audited financial statements for the financial year ended December 31, 2007, that have been prepared in accordance with IFRS as adopted by the European Union. Both annual reports will be published on March 19, 2008.

The financial information in this report is presented for proforma purposes only. Because of its nature, the proforma financial information addresses a hypothetical situation and, therefore, does not represent any actual financial position or any actual results of operations. The company does not claim or represent that the proforma financial information is indicative of its financial position or results that would have been achieved had the acquisition taken place as of the date indicated or that may be achieved in the future.

PROFORMA COMBINED CONDENSED STATEMENT OF INCOME OF THE CONTINUING OPERATIONS BEFORE INCIDENTALS FOR 2007

Millions of euros	**Akzo Nobel**	**ICI** GBP million	**ICI** EUR million	**Amortization fair value adjustments**	**Discontinued operations**	**Akzo Nobel proforma**
Revenue	**10,217**	**4,899**	**7,123**		**(2,898)**	**14,442**
Operational expenses	(8,946)	(4,216)	(6,130)		2,504	(12,572)
EBITDA before incidentals	**1,271**	**683**	**993**		**(394)**	**1,870**
Depreciation and amortization	(355)	(123)	(179)		74	(460)
EBIT before incidentals and amortization of fair value adjustments related to the ICI acquisition	**916**	**560**	**814**		**(320)**	**1,410**
Amortization of fair value adjustments related to the ICI acquisition				(146)		(146)
EBIT before incidentals	**916**	**560**	**814**	**(146)**	**(320)**	**1,264**
Net interest expenses	(80)	(3)	(4)		(8)	(92)
Income from associates	27	4	6		4	37
Profit before tax and incidentals	863	561	816	(146)	(324)	1,209
Tax	(252)	(97)	(141)	39	10	(344)
Minority interest	(31)	(30)	(44)		6	(69)
Net income before incidentals	**580**	**434**	**631**	**(107)**	**(308)**	**796**
Earnings per share	**2.10**					**2.88**
Net income before incidentals and amortization of fair value adjustments related to the ICI acquisition						**942**

The results of ICI have been translated into euro using average exchange rates for 2007 (EUR 1.00 = GBP 0.688).

Discontinued operations include the businesses to be sold to Henkel, Specialty Starches, and the Decorative Coatings businesses in the United Kingdom, Ireland, Belgium, and Canada.

PROFORMA CONDENSED COMBINED BALANCE SHEET AS AT DECEMBER 31, 2007

Millions of euros	Akzo Nobel	ICI at fair value	Acquisi-tion	Hedge/ swap	Proforma
PP&E	2,203	976			3,179
Goodwill	463		4,417		4,880
Other intangible assets	206	3,394			3,600
Deferred tax assets	630	120			750
Investment in associates and joint ventures	142	63			205
Other financial noncurrent assets	630	144			774
Noncurrent assets	**4,274**	**4,697**			**13,388**
Inventories	1,177	495			1,672
Income tax receivable	25	9			34
Trade and other receivable	2,139	856			2,995
Cash and cash equivalents	11,628	1,081	(11,528)	349	1,530
Assets held for sale		5,633			5,633
Current assets	**14,969**	**8,074**	**(11,528)**	**349**	**11,864**
Total assets	**19,243**	**12,771**	**(7,111)**	**349**	**25,252**
Shareholders equity	11,032	7,111	(7,111)	527	11,559
Minority interest	97	499			596
Equity	**11,129**	**7,610**	**(7,111)**	**527**	**12,155**
Provisions	1,598	1,110			2,708
Deferred tax liabilities	133	896			1,029
Long-term borrowings	1,954	367			2,321
Noncurrent liabilities	**3,685**	**2,373**			**6,058**
Short-term borrowings	1,635	406			2,041
Income tax payable	278	212			490
Trade and other payables	1,998	1,174		(178)	2,994
Current portion of provisions	518	253			771
Liabilities held for sale		743			743
Current liabilities	**4,429**	**2,788**		**(178)**	**7,039**
Equity & liabilities	**19,243**	**12,771**	**(7,111)**	**349**	**25,252**

The balance sheet positions of ICI have been translated into euro using the exchange rates of January 2, 2008 (EUR 1.00 = GBP 0.744).

PROFORMA COMBINED SEGMENT REPORTING 2007

Revenues per segment

Millions of euros	Akzo Nobel	ICI, excl. business to be divested	Decorative Coatings business to be divested	Akzo Nobel proforma
Decorative Paints	2,081	3,184		5,265
Performance Coatings	4,191	369		4,560
Specialty Chemicals	3,639	980		4,619
Other/eliminations	306	(10)	(298)	(2)
Akzo Nobel	10,217	4,523	(298)	14,442

The decorative coatings activities of both Akzo Nobel and ICI have been combined in the Decorative Paints segment. This excludes the businesses in the United Kingdom, Ireland, Belgium, and Canada to be divested in order to obtain merger clearance.
ICI's Packaging Coatings activities have been included in the Performance Coatings segment. The Polymer Specialties and Regional and Industrial activities have been combined with Akzo Nobel's Chemicals activities in the Specialty Chemicals segment.

Revenues by destination

Millions of euros	Akzo Nobel	ICI, excl. business to be divested	Decorative Coatings business to be divested	Akzo Nobel proforma
The Netherlands	777	32		809
Germany	907	167		1,074
Sweden	472	7		479
United Kingdom	552	726	(221)	1,057
Other European countries	3,147	557	(50)	3,654
United States and Canada	1,855	1,234	(27)	3,062
Latin America	606	513		1,119
Asia	1,471	1,229		2,700
Other regions	430	58		488
	10,217	4,523	(298)	14,442

Note 1 – Basis of Preparation

The proforma financial information as of and for the year ended December 31, 2007 is based on the historical financial information as of and for the year ended December 31, 2007 of Akzo Nobel and ICI, and adjusted to give our best estimate of the effects of the acquisition and certain other transactions with an impact on financial position and results.

Transactions between Akzo Nobel and ICI

The proforma financial information is prepared on the expectation that there have been no (significant) transactions between the combining entities and therefore no transactions or balances have been eliminated.

Acquisition Accounting

At January 2, 2008, provisional figures for the purchase price allocation have been prepared in accordance with IFRS 3, 'Business Combinations" and are presented below. The results of the purchase price allocation could be subject to subsequent amendment.

The basis for allocating the purchase price to individual assets and liabilities is the fair value of those assets and liabilities. This means that, compared to the carrying amounts of assets and liabilities as reported by ICI, Akzo Nobel will remeasure those assets and liabilities to the fair value as at the acquisition date. Generally this means that the value of assets and liabilities is increased. Moreover, the purchase price allocation involves the recognition of intangible assets that were previously not recognized by ICI but that have substantial fair value. Typical examples of the latter are brand names, customer relationships, and technology. Similarly, the purchase price allocation may involve the recognition of liabilities that were previously not recognized, or that were recognized at an amount below their fair value.

The proportion of the purchase price that Akzo Nobel is not able to allocate to assets and liabilities is defined to be goodwill, which is capitalized as a remaining amount that is subject to an annual impairment test.

The proforma financial information does not take into account any synergy benefits and one-off costs of realizing such synergies, nor any adjustments for liabilities that may result from integration activities.

The proforma combined accruals for corporate income tax do not reflect the amounts that would have resulted had the Company and ICI filed consolidated income tax returns during the periods presented.

The provisional acquisition balance sheet at carrying value and fair value as of the acquisition date is shown below:

Millions of euros	**Carrying Values**	**Total Fair Value Adjustments**	**Fair Values**
Property, plant and equipment	766	210	976
Intangible assets:			
– Goodwill	401	(401)	–
– Brand names	–	2,288	2,288
– Other intangible assets	56	1,050	1,106
Deferred tax assets	370	(250)	120
Investments in associates and joint ventures	19	44	63
Other financial noncurrent assets	144	–	144
Total Noncurrent Assets	**1,756**	**2,941**	**4,697**
Inventories	451	44	495
Current tax assets	9	–	9
Trade and other receivables	856	–	856
Cash and cash equivalents	1,081	–	1,081
Assets held for sale	1,797	3,836	5,633
Total Current Assets	**4,194**	**3,880**	**8,074**
Total Assets	**5,950**	**6,821**	**12,771**
Provisions	965	145	1,110
Deferred tax liabilities	40	856	896
Long-term borrowings	363	4	367
Total Noncurrent Liabilities	**1,368**	**1,005**	**2,373**
Short-term borrowings	401	5	406
Current tax liabilities	198	14	212
Trade and other payables	1,163	11	1,174
Current portion of provisions	249	4	253
Liabilities held for sale	728	15	743
Total Current Liabilities	**2,739**	**49**	**2,788**
Total Liabilities	**4,107**	**1,054**	**5,161**
Net Assets	**1,843**	**5,767**	**7,610**
Minority Interests			(499)
Net Assets after Minority Interests			**7,111**
Goodwill			**4,417**
Consideration			**11,528**

The balance sheet positions of ICI have been translated into euro using the exchange rates of January 2, 2008 (EUR 1.00 = GBP 0.744).

Purchase consideration

The purchase consideration breaks down as follows:

Millions of euros	
Cash paid to ICI shareholders	10,736
Loan notes issued to ICI shareholders	141
Total value paid to ICI Shareholders	10,877
Cash effects purchase price hedging	628
Total transaction costs	23
Total purchase consideration	**11,528**

Costs directly related to the acquisition comprise the Company's financial advisory, legal, and other professional service fees.

For the forward exchange and swap contracts concluded for the acquisition of ICI, EUR 349 million was paid during 2007. An amount of EUR 590 was deferred in equity at December 31, 2007.

Intangible Assets
The intangible assets, which have been recognized as a result of the Acquisition, include, amongst others, the intangible assets described below.

(a) Brand Names
The decorative paints business of ICI has well-established brands in paint, wood care, metal care, adhesives, and fillers. These include ‘Dulux’, ‘Glidden’, ‘Devoe’, ‘Valentine’, ‘Coral’, ‘Alba’, ‘Xyladecor’, ‘Hammerite’, ‘Polycell’, ‘Polyfilla’ and ‘Alabastine’. Other brand names of ICI include the corporate brand name ‘ICI’ as well as various brand names in Specialty Polymers and Packaging Coatings. ICI has numerous trademark registrations which help to protect its brands.

(b) Customer Relationships and Distribution Network
ICI maintains its own sales distribution network in over 30 countries. ICI also sells through agents and distributors. ICI’s customer relationships include relationships with major retail chains, relationships with producers of personal care products, and relationships with packaging producers

(c) Technology
ICI has many patents and patent applications which help to protect its technology. Additionally, ICI has developed unpatented technology.

(d) Favorable Contracts
ICI has optimized the mix of central procurement contracts using ICI's total purchasing power and local procurement contracts.

(e) Goodwill
Goodwill represents the payment made by Akzo Nobel in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognized. The factors that contribute to the recognition of goodwill include synergies from cost-savings and increased sales across the combined portfolio, the geographical presence of ICI, the assembled workforce, and the recognition of deferred tax liabilities associated with acquisition accounting.

Akzo Nobel will continue to assess the business and assets acquired from ICI, which may result in the recognition of other or additional intangible assets or result in different valuations of intangible assets recognized in this provisional purchase price allocation,

Property Plant & Equipment
The adjustment for property, plant and equipment partially concerns in a higher fair value than the book value for real estate, the remainder concerns machinery and equipment, which was almost completely depreciated and still fully in operations. Geographically the largest FV adjustments appear in the United States followed by the United Kingdom.

In addition, the assets of the PTA Pakistan activities were impaired at January 2, 2008. The positive effect on depreciation going forward, has not been included in the 2007 proforma numbers as the operations were still profitable in that year.

Inventory
The adjustment for inventory is primarily driven by a step-up for ICI Paints finished goods inventory. The adjustment was calculated based on selling price less cost of disposal and a reasonable profit allowance. This resulted in a step-up in inventory that will unwind in the first quarter of 2008 and reduce profit margins accordingly.

Taxes
The fair value adjustments for tax mainly relate to deferred tax liabilities for taxable temporary differences that result from the fair value step-ups whereas the tax basis remains the same. The deferred tax assets decrease as a result of the carve-out of businesses to be divested, due to the change of ownership implications, and as a result of offsetting procedures. The decrease is offset by the recognition of previously unrecognized deferred tax assets and as a result of fair value increases of liabilities.

Note 2 – Reclassifications to Conform to Akzo Nobel's Presentation Format

Reclassifications have been made to the ICI historical financial information to conform to Akzo Nobel's presentation. None of these reclassification adjustments has an impact on profit for the period or shareholders' equity. The reclassifications comprise the following:

- Net postretirement financing cost that were presented as finance income and expense by ICI are reclassified to operating expenses to conform with Akzo Nobel's presentation; and
- Foreign currency translation of ICI regarding loans and net investment hedging have been reclassified from financial income and expense to operating expense to conform with Akzo Nobel's presentation.

Note 3 – Adjustments to Conform ICI's Accounting policies to Akzo Nobel's Accounting Policies

The proforma financial information has been prepared taking into account the following two differences between accounting policies as applied by Akzo Nobel in preparing its audited financial statements for the financial year ended December 31, 2007 and the accounting policies as applied by ICI. The Company will continue to assess ICI's accounting policies for any additional adjustments that may be required to conform ICI's accounting policies to that of the Company, other than those noted in the proforma adjustments described below.

Pension Accounting

Whereas Akzo Nobel applies the corridor-approach to actuarial gains and losses, ICI has historically recognized actuarial gains and losses directly in equity, i.e. it reported actuarial gains and losses in a Statement of Recognized Income or Expense. In order to conform ICI accounting policies to Akzo Nobel accounting policies, ICI's postretirement liabilities as at December 31, 2007 should be adjusted in order to reverse the recognition of net actuarial gains and losses. However, in the context of the accounting for the acquisition, where liabilities have to be recognized at their fair value, such adjustment would be reversed again. It is assumed that actuarial gains and losses fell within the corridor for each of the pension plans of ICI. Therefore, no adjustment has been made to the statements of income and balance sheet in the proforma financial information.

Joint Venture Accounting

ICI applies the equity method to joint ventures and Akzo Nobel proportionately consolidates joint ventures. However, the Company estimates that the related adjustment would be insignificant.

The Use of Estimates

The proforma financial information is prepared on the assumption that the accounting estimates by the Company and ICI are the best unbiased estimates as of the relevant dates. No attempt is made to align Akzo Nobel's and ICI's expectations and accounting estimates or to update accounting estimates. Accounting estimates may change due to information that has or will become available or due to the alignment of expectations between the Company and ICI.

Note 4 – Adjustments relating to the On-Sale to Henkel, the Intended Divestment of Specialty Starches, and the divestment of certain Decorative Coatings businesses

Certain assets and liabilities have been allocated to the business to be sold to Henkel under the on-sale based on assumptions that are deemed to reflect a reasonable and consistent basis of allocation. Similarly certain items of income and expense have been allocated to the business to be sold under the on-sale based on assumptions that are deemed to reflect a reasonable and consistent basis of allocation. The Company will continue to assess the basis on which these assets, liabilities, and items of income and expenses are allocated to this business and will adjust the allocation accordingly when required. A similar approach has been followed for the assets, liabilities, and results of Specialty Starches and of the Decorative Coatings businesses in the United Kingdom, Ireland, Belgium, and Canada, which Akzo Nobel had to commit to divest in order to obtain merger clearance.

Note 5 – Other Comments

No Interest Adjustment
No adjustments have been made for any potential changes in the financing structure of the combined company.

Safe Harbor Statement
This report contains statements which address such key issues as Akzo Nobel'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.