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Press release

AkzoNobel
Tomorrow's Answers Today

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AkzoNobel expresses confidence in transformed portfolio

Management announces new operational targets and additional cost savings

Summary:

- EBITDA margin target of at least 14 percent by the end of 2011
- Continue to outgrow markets
- ICI synergies delivered faster
- Additional net cost savings of €100 million
- At least 3,500 jobs cut
- Prudent financial policy – share buy back program deferred due to uncertainty in financial markets
- Outlook for 2008 unchanged

Speaking at a company analyst conference in London, CEO Hans Wijers and his fellow Board members explained how the new AkzoNobel is taking aggressive action to accelerate the synergies of the new combination and to further improve operational effectiveness.

Said Wijers: "After a major transformation process which streamlined and refocused the company, it's 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 are announcing today 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."

He added: "We operate from strong positions in diverse, highly attractive sectors with good growth potential. This is particularly evident in emerging markets, which now 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," continued Wijers. "In these challenging markets, only lean companies succeed. We have therefore started a rigorous drive to further reduce our cost base."

Improving operational performance
AkzoNobel has today announced an EBITDA margin target of at least 14 percent by the end of 2011. This will be achieved by:

- organic 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
- ICI synergies, combined with these additional net cost savings, will result in a total reduction of 3,500 jobs by 2011.

Added Wijers: "AkzoNobel has a strong restructuring track record and, as always, we will work closely with our social partners in this process."

To reach the company's ambitious targets, the even stronger focus on operational effectiveness will be supported by organic growth, which differs per business area.

Decorative Paints – raising targets in emerging markets
AkzoNobel has an excellent geographic spread, holding leading positions with strong brands such as Dulux®, Sikkens® and Glidden®. Dulux® represents more than 25 percent of our total Decorative Paints revenue. In 2007, emerging markets accounted for 25 percent of total Decorative Paints revenue. By 2012, that number will have increased to 35 percent. The company has adopted a new brand strategy – driving towards fewer, stronger brands in the medium term – with an even stronger focus on our global approach to innovation.

Performance Coatings – strong position in a broad range of segments
Growth potential is high – notably in the emerging markets – with further opportunities being targeted through organic growth and active participation in industry consolidation. Close to 50 percent of the business is conducted in emerging markets, which provides a strong platform for organic growth.

Specialty Chemicals – investing in emerging markets
Investing in emerging markets such as Brazil and China will help to drive further growth – current projects account for more than €300 million. Moving forward, the main focus will be on margin management through procurement, value pricing and further energy efficiency.

Share buy back program & dividends
Since 2007, AkzoNobel has embarked on share buy back programs totaling €4.6 billion. By the end of September 2008, €3.0 billion had been completed. With €1.8 billion of our net debt due to mature in the next eight months – and given the current volatile situation in the global financial markets – the company has decided to defer the remaining €1.6 billion of the current program until the refinancing of the bonds has been completed. The company remains committed to maintaining its dividend and its A-minus credit rating.

Outlook 2008 reconfirmed
AkzoNobel has today repeated that it expects 2008 EBITDA before incidentals, in constant currencies, to be close to the 2007 pro forma level of €1,870 million.

AkzoNobel fact file – Looking closer, seeing further
Published today, the AkzoNobel fact file gives a comprehensive overview of the company's business and will provide the investment community with details of AkzoNobel's leadership positions; market and business characteristics; operational excellence; key raw materials and innovations.

A full video webcast of the Analyst & Investor Day can be viewed on the company's corporate website www.akzonobel.com.

Note to editors – not for publication

AkzoNobel is proud to be one of the world's leading industrial companies. Based in Amsterdam, the Netherlands, we make and supply a wide range of paints, coatings and specialty chemicals - pro forma 2007 revenue totalled €14.4 billion. In fact, we are the largest global paints and coatings company. As 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 introducing new ideas and developing sustainable answers for our customers. That's why our 60,000 employees - who are based in more than 80 countries - are committed to excellence and delivering Tomorrow's Answers Today™.

Not for publication – for more information

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Safe Harbor Statement
This press release 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, 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.