London, September 28, 2010
Capital Markets Day

Tomorrow’s Answers Today
Making it happen
# Agenda

1. **Making it happen**  
   Hans Wijers  
   Q&A

2. **Financial strategy**  
   Keith Nichols  
   Q&A

3. **Research, Development & Innovation**  
   Graeme Armstrong  
   Q&A

   **Coffee break**

4. **Specialty Chemicals**  
   Rob Frohn

5. **Performance Coatings**  
   Leif Darner

6. **Decorative Paints**  
   Tex Gunning  
   Q&A

7. **Wrap up & closing**  
   Hans Wijers

   **Lunch**
We want to be the world’s leading Coatings and Specialty Chemicals company
Our medium term strategic ambitions

Value – accelerated growth
- Grow to €20 billion revenues
- Increase EBITDA* each year, maintaining a 13-15% margin level
- Reduce OWC percent of revenues** year-on-year by 0.5 towards a 12% level
- Pay a stable to rising dividend

Values – sustainable growth
- Top quartile safety performance
- Top 3 in DJSI***
- Top quartile performance in diversity, employee engagement and talent development
- Top quartile eco-efficiency improvement rates

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* Absolute earnings before interest, tax, depreciation and amortization, before incidentals
** Operating Working Capital at year end as a percentage of quarter*4 revenue
*** Dow Jones Sustainability Index
Delivering on our 2011 strategic ambitions

✓ **EBITDA margin target reached**
  - 14% EBITDA margin delivered, 1.5 year ahead of schedule
  - Performance driven by margin management, ICI synergies and additional restructuring measures

✓ **ICI fully integrated, synergies achieved**
  - €340 million structural cost savings will be achieved in 2010
  - Footprint rationalized, key people retained
  - Portfolio optimized after divestment of National Starch

✓ **Operating Working Capital structurally improves**
  - As % of revenue, OWC Q409 lowered to 13.7% (Q408: 16.4%)

✓ **Sustainability profile confirmed**
  - Ranked #1 in 2010 Dow Jones Sustainability Index
We are embarking on the next chapter of our journey to industry leadership.
How global megatrends affect our industry

**Population growth** from 6.8 billion people today to >9 billion in 2050* is a strong driver for global demand

**Quality of life** will improve for a new middle class of around 3 billion people emerging over the next 20 years*

**Climate change** will increase the need for energy efficiency and for low carbon & renewable energy sources*

**Scarcity of natural resources** will drive innovation since today we already use the replenishment capacity of 1.4 planets*

* Sources: UN World Population prospects, OECD, IPCC, World resources institute, WBCSD
We are very well positioned to benefit from megatrends

- Strong portfolio with leading positions
- Excellent geographical spread and ambitious growth plans
- Exciting RD&I pipeline with innovative solutions for key market segments
- Clear sustainability focus
- Growth agenda to be supported by functional excellence
- Strong executive leadership team
Strong portfolio with leading positions

2009 Revenue

No. 1 position 59%
No. 2 or 3 22%
Other 12%

2009 EBITDA*

No. 1 position 63%
No. 2 or 3 35%
Other 3%

Leading market position results in superior level of profitability

* Before incidentals
Excellent geographic spread of both revenue and profits

High-growth markets are important (37% of revenue)

% of 2009 revenue

- ‘Mature’ Europe: 39%
- North America: 21%
- ME&A: 9%
- Latin America: 9%
- ‘Higher-growth’ Europe: 7%
- Asia Pacific: 20%

High-growth markets profitability is above average
How we will grow in both mature and high-growth markets

Organic growth
• Expand focus from high to mid market segments
• Fuelling growth in high-growth markets

Innovation pipeline
• Spend of around 2.5% of revenue makes us the clear peer group leader in absolute spend
• Emphasis on focused, bolder, sustainable innovation

Acquisitions
• Wide range of opportunities
• All Business Areas qualify
• Value creating no later than in year 3
Aspirations for high-growth markets

Double revenues in China
• Grow from $1.5 to $3 billion of revenues
• Make a step change in people development

Create significant footprint in India
• Grow from €0.25 to €1 billion of revenues
• Increasing footprint for all business areas

Outgrow the competition in Brazil
• Grow from €0.75 to €1.5 billion of revenues
• Become clear market leader in all our activities

Expand in Middle East and Sub-Saharan Africa
High-growth markets will become significantly more important

% of revenue, indicative

High-growth markets will be around 50% of revenue in this decade
Exciting RD&I pipeline with innovative solutions for key market segments

Current innovation strategy delivering:

- 9% of revenue from “breakthrough” innovations*
- 20% of revenue from Eco-premium solutions**

How innovation will support our growth agenda:

- Functional solutions in key market segments
- Increase spend in Big R&D
- >15% of revenue from “breakthrough” innovation*
- >30% of revenue from Eco-premium solutions**

Revenue by key market segment:

- Residential construction: 43%
- Consumer goods: 32%
- Non-residential construction: 13%
- Transport: 12%

* Major innovations that result in a significant competitive advantage
** Higher eco-efficiency than main competitive product
Current sustainability strategy delivering:

- Safety at 3.6 injuries/ million hours
- 20% of revenue from Eco-premium solutions
- Energy savings
- Pioneering carbon footprint measurement
- 85% raw materials from suppliers with vendor policy signed

Accelerated sustainability strategy will deliver:

- Safety at 2.0 injuries/ million hours
- 30% of revenue from Eco-premium solutions
- Sustainable fresh water management
- 10% eco-efficiency improvement
- 10% carbon footprint reduction
- 20% executives from high-growth economies
- Key supplier partnerships delivering footprint reduction
### Growth agenda to be supported by functional excellence

| HR | • Strong HR function to optimize support to our business  
   |   | • Facilitate “One AkzoNobel” culture  
   |   | • Employer of choice  
<table>
<thead>
<tr>
<th></th>
<th>• Capitalize on diversity; 20% executives from high-growth economies</th>
</tr>
</thead>
</table>
| Supply chain | • Sourcing, manufacturing & distribution integrated in one supply chain function: leveraging our scale  
   |   | • Develop sourcing strategies for key raw materials  
   |   | • Build on a network of regional strategic sites |
| Finance | • Become “One Finance” organization  
   |   | • Simplify & integrate systems  
   |   | • Harmonize & standardize processes  
   |   | • Pro-active & continuous people development  
   |   | • Achieve 25% cost savings |
Strong executive leadership team

Sven Dumoulin  
General Counsel

Keith Nichols  
CFO

Werner Fuhrmann  
Supply Chain

Rob Frohn  
BA Specialty Chemicals

Graeme Armstrong  
RD&E

Leif Darner  
BA Performance Coatings

Hans Wijers  
CEO

Marjan Oudeman  
HR & OD

Tex Gunning  
BA Decorative Paints

AkzoNobel Capital Markets Day - Making it happen - 28 September 2010
Strategic and financial reasons to accelerate growth in mature markets

EBITDA margin vs. market share
Decorative Paints mature market example

Focus on EBITDA margin increase
Pursue additional restructuring
Downsize lower margin stores

Focus on market share increase
Invest in brand building
Invest in channel management

EBITDA impact (€ million)

AkzoNobel Capital Markets Day - Making it happen - 28 September 2010
In high growth markets such as India, focusing on the mid-tier is crucial.

India market relevant for AkzoNobel, 2009

- **Premium** ~20%
  Typical focus for AkzoNobel (and other multinationals)

- **Mid-tier** ~50%
  Intense battle between global multi-nationals ‘moving down’ and local companies ‘moving up’

- **Low price** ~30%
  Low cost local value propositions, low end technology, and ‘service-lite’ business models
EBITDA margin vs. market share issue in the mid-tier segment

**Focus on EBITDA margin increase**
- Stay in the premium segment
- Restrict cost growth

**Focus on market share increase**
- Pursue higher volume mid-tier business models

**EBITDA impact** (€ million)

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**EBITDA margin vs. market share**
**AkzoNobel (all Business Areas) high growth market example**

2009 | 2015 | 2009 | 2015
---|---|---|---

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AkzoNobel Capital Markets Day - Making it happen - 28 September 2010
We want to be the world’s leading Coatings and Specialty Chemicals company

Our medium-term strategic ambitions are:

Value – accelerated growth
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Values – sustainable growth
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* Absolute earnings before interest, tax, depreciation and amortization, before incidentals
** Operating Working Capital at year end as a percentage of quarter*4 revenue
*** Dow Jones Sustainability Index
Thank you
Financial Strategy

Keith Nichols
Focus on Customers, Costs and Cash has paid off …

- Delivery of cost reduction programs
- Strong balance sheet position maintained
- Pro-active pension risk management reducing volatility
- Prudent financing strategy ensuring liquidity
- Capital efficiency improvement on-going
- Significant improvement of OWC as a % of revenue
- Leveraging scale, reducing cost & complexity, and increasing collaborative efficiency

... financial focus & discipline will continue
Making it happen: supporting the growth agenda

- Maintain EVA and cash focus
- Delivering further operating working capital improvement
- Disciplined capital allocation for organic growth
- Selective acquisitions
- Building capabilities and processes to support “leading” ambition
- Prudent financing policy in still challenging capital markets
- Paying a stable to rising dividend
Year-on-year Operating Working Capital % of revenue to reduce towards 12%

OWC
€ million

2,185 2,341 2,238 2,007 1,691 2,037 2,346

16.4% 19.1% 16.2% 14.6% 13.7% 15.6% 15.0%

4Q08 1Q09 2Q09 3Q09 4Q09 1Q10 2Q10

10% 11% 12% 13% 14% 15% 16% 17% 18% 19% 20%

OWC
OWC as % of LQ revenue*4
Sustainable supply of raw materials underpins growth

- Cooperate with our key suppliers on innovation and sustainability
- Leverage key supplier agreements to secure raw material volumes
- Further integrate the supply chain between our key suppliers and our company

Around 5% inflation expected 2010 vs 2009 in the total mix
Capital expenditure prioritization for growth

- Capex 2010 expected to be around 3% of revenue (excluding Ningbo €100 million and €40 million National Starch)

- Medium term: Capex level to be around 4% of revenues

Capex as a % of revenue
Unchanged ambition to maintain strong balance sheet

<table>
<thead>
<tr>
<th>€ million</th>
<th>Jun 30, 2010</th>
<th>Dec 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Equity</td>
<td>9,444</td>
<td>8,245</td>
</tr>
<tr>
<td>Net debt*</td>
<td>2,339</td>
<td>1,744</td>
</tr>
</tbody>
</table>

- Credit ratings confirmed in August at BBB+/Baa1, outlook improved to stable
- National Starch proceeds will fund growth and potentially partly be used to further optimize capital structure, for example by repaying 2011 debt maturity and/or de-risking pensions where possible

* Before net pension deficit of €1.8 billion June 30 2010 (December 31, 2009 €1.9 billion)
Successful extension of debt duration will be further optimized over time

**Debt maturity**
€ million (nominal amounts)

<table>
<thead>
<tr>
<th>Year</th>
<th>€ bonds</th>
<th>$ bonds</th>
<th>GBP bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2011</td>
<td>800</td>
<td>50</td>
<td>0</td>
</tr>
<tr>
<td>2012</td>
<td>400</td>
<td>50</td>
<td>0</td>
</tr>
<tr>
<td>2013</td>
<td>400</td>
<td>50</td>
<td>0</td>
</tr>
<tr>
<td>2014</td>
<td>1200</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>2015</td>
<td>1200</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>2016</td>
<td>800</td>
<td>50</td>
<td>0</td>
</tr>
</tbody>
</table>

*At the end of Q2 2010

**Significant liquidity headroom**

- Undrawn* revolving credit facility of €1.5 billion available (2013)
- €1.5 & $1 billion commercial paper programs in place
- Net cash and cash equivalents €1.5 billion*

*At the end of Q2 2010
Incidental charges, pension top-ups and “Other”

- Existing mature markets footprint drives restructuring charges
  - Unchanged 2010 incidentals guidance of around €150 million

- Cash pension top-ups around €350 million in 2010, similar in 2011

- Outflow for legacies to reduce over time

Free cash flow generation will improve
A stable to rising dividend

We are simplifying our dividend policy*

We intend to pay a stable to rising dividend:

• a cash interim and a final dividend will be paid

2010 interim dividend €0.32 per share - up 6.7% from 2009*

• Interim dividend to be paid on 3 November, 2010
• We intend to grow the 2010 total dividend by around € 0.05 per share*
• Therefore we are guiding towards a total 2010 dividend of € 1.40*

*The new dividend policy and dividend pay-out will be discussed at the 2011 Annual General Meeting
2010 Outlook

“Cautiously optimistic”

**Reasons for caution**
- Global economic outlook
- Construction and housing markets remain soft in mature markets
- Potential bubbles in high growth markets

**Reasons for optimism**
- Leading positions, scale and diversified markets
- Strong balance sheet to fund growth
- Evidence of sustained industrial demand beyond re-stocking
- Delivery beyond ICI synergies
Agenda

RD& I in AkzoNobel

• Ambition
• Progress

Growth accelerators

Summary
Innovation highlights from 2009/10

**Dulux® Weathershield SunReflect™**
Lowers the temperature of external walls by up to 5° C and reduces the need for air conditioning by reflecting up to 90 percent more infrared radiation that comparable exterior paints.

**Compozil® Fx**
A wet end management system for the largest and fastest paper machines. Top quality paper can be produced with higher productivity, better economy and reduced environmental impact.

**Colour Click®**
A web image tool, based on unique technology to help consumers accurately choose colors to match and coordinate with their home environment.

**Autoclear® LV Exclusive**
A high-gloss clear-coat paint for car refinishing. Based on proprietary resin technology, it is not only highly resistant to scratches and easy to apply, it features remarkable self-healing properties when exposed to gentle heat.
The RD&I journey

Integration
- Merging Akzo Nobel & ICI
- Significant synergy delivery

Transformation
- Focused innovation portfolio
- Model to leverage One AkzoNobel

Well underway

Completed

In progress ...

Growth
- Deep insight
- Bolder innovations
- Capability building
- Scale advantage
- Open innovation
- Innovative culture

2008 | 2009 | 2010 | 2011 ...

Fewer, Bigger, Better, Faster
How it works
Three key elements

Bigger innovations

Business Resources

Expert centers in six core sciences

Expert Capability Groups

Novel powder coatings

Communities of Practice

Environmentally friendly polysulfides

Networks to leverage knowledge

In-line mixing and dispersion of slurries

Business specific capability & applications knowledge

Sustainability assessment tools

Faster solutions

Hazardous chemical handling

Anti-corrosion additives knowledge
## Delivering results

### KPIs

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010E</th>
<th>Medium Term ambition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Innovation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Revenue from Breakthrough Innovations*</td>
<td>5</td>
<td>7</td>
<td>9</td>
<td>&gt;15</td>
</tr>
<tr>
<td><strong>R&amp;D Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Spend on ‘Big R + D’</td>
<td>39</td>
<td>40</td>
<td>46</td>
<td>&gt;60</td>
</tr>
<tr>
<td><strong>Sustainability</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Revenue from Eco-Premium Solutions**</td>
<td>18</td>
<td>20</td>
<td>22</td>
<td>&gt;30</td>
</tr>
</tbody>
</table>

* Major innovations that result in a significant competitive advantage

** Higher eco-efficiency than main competitive product
Growth accelerators

- Insight into global trends & innovation needs
- Right balance of bolder innovation with incremental development
- Capitalizing on AkzoNobel’s scale and building global capability & talent
- Open innovation & strategic partnering
- Inter-dependent collaborative culture
Insight into global mega-trends

- A more sustainable planet
- Social accountability & transparency
- Global economic & population growth
- Accelerating technology development
- A specializing, solution-driven world
- Well-being & personalization
- Convenience

Mega-trend example

The world’s population grows and wealth increases, with significant mid-market development in emerging economies

Serving the needs of the global mid-market

Affordable solutions in powders and machine-less tinting
AkzoNobel Solution Promises

- Serving the needs of the global mid-market
- Bringing products for well-being and identity
- Achieving zero footprint
- Saving you time and effort
- Creating new horizons in functionality
- Surfaces to control vector-borne diseases
- Rapid curing and totally water-borne
- Coatings and energy management
Market Insight
into Sustainable Construction

Insights

Materials

Energy Management

Design, Maintenance & End-of-Life

Health & Wellness

Water Management

Innovative Solutions

Seasonally responsive coatings

‘Release-on-command’ bonding materials

Therapeutic/mood-controlling color scheming

Self-repairing coatings

Thin film solar panels for roofing & glazing
Scale & capability

‘Big R & D’ in global laboratories:
- Deventer (NL)
- Felling (UK)
- Sassenheim (NL)
- Slough (UK)
- Songjiang (CN)
- Strongsville (USA)

150 labs performing incremental ‘little d’ for regional & local customers

11% of R&D capability in China

Planning global R&D center in India
Open Innovation

**AkzoNobel Networked Innovation (ANNI)**

A structured approach to acquiring solutions to unmet technology & know-how needs from within and outside AkzoNobel

*(with NineSigma, global leaders in open innovation)*

**Strategic Partnerships with Key Suppliers**

Establishing long-term relationships in strategically important and mutually beneficial areas of research & development
Summary

• Strategic ambitions defined and innovation is a key driver for top- and bottom-line growth

• Transformed organization in place – and working

• Right balance of bold innovation with incremental development

• We have a clear innovation project agenda

• Trend insight and Solution Promises are catalyzing the development of our future innovation programs

• Global capability is strong

• Open innovation journey has started
Making it happen in Specialty Chemicals

- Demographic trends support our business
- Excellent “Innovator and operator” profile
- Capitalizing on technology and market positions
- Sustainability embedded in our approach
Functional Chemicals to deliver on Ningbo Chelates and Ethylene amines startups

AkzoNobel’s new €300 million site offers ideal opportunities for future growth
Innovation success in phosphate-free dish wash cleaning – Dissolvine GL

Market requirement for a *readily* bio-degradable chelate
Close cooperation with big soapers
Specialty Chemicals
Achievements 2008 – 2010

Completed portfolio optimization
• Sold National Starch and PTA
• Well balanced portfolio – all units contributing

Integrated ICI chemical businesses
• Elotex, Personal Care, Alco

Improved margin management and OWC

Responded quickly to recession
• Site closures, organizational changes
Our Specialty Chemicals portfolio

- Functional Chemicals
- Surface Chemistry
- Pulp and Paper Chemicals
- Industrial Chemicals
- Chemicals Pakistan
The chemical industry value chain

- Mining, oil, biomaterials
- Base chemicals
- Chemical intermediates
- Performance functional chemicals
- ‘End’ products

Industrial Chemicals
- Pulp and Paper Chemicals
- Functional Chemicals
- Surface Chemistry
- Chemicals Pakistan
We built many market leadership positions in attractive niches

<table>
<thead>
<tr>
<th>Functional Chemicals</th>
<th>Industrial Chemicals</th>
<th>Pulp and Paper</th>
<th>Surface Chemistry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chelates, sulfur products, polysulfides, organic peroxides</td>
<td>Salt Specialties (N. Europe)</td>
<td>Bleaching chemicals</td>
<td>Industrial Agricultural</td>
</tr>
<tr>
<td>Ethylene amines, metal alkyls, Elotex, Bermocoll</td>
<td>Chlorine merchant, Caustic merchant, Salt (all Europe)</td>
<td></td>
<td>Home &amp; Personal care</td>
</tr>
<tr>
<td>CMC</td>
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</tbody>
</table>

Chemicals Pakistan holds strong positions in various markets in Pakistan
Serving many market segments, driven by higher per capita income

2/3 of revenue driven by consumer demand
- Varying from cleaning products to paper products
- Innovative sustainable solutions
- Strong position in high-growth markets

1/3 of revenue driven by construction & transport
- Varying from PVC to asphalt additives
- Innovative energy-saving solutions
- Strong position in high-growth markets
Attractive operating margins over the cycle

€ billion


H1

revenue EBITDA margin
Different business approaches

**Industrial Chemicals**
- Strategy: Protect and selectively grow

**Pulp and Paper Chemicals**
- Strategy: Grow, preferably in high-growth markets

**Surface Chemistry and Functional Chemicals**
- Strategy: Aggressively grow
Pulp & Paper is the specialist in chemical islands, also in Brazil

Tres Lagoas opened in April 2009; one of more than 20 successful Eka Chemical Islands
Industrial Chemicals to consolidate in Europe: acquisition Frankfurt site

Taking advantage of the economic down turn
Adding to the network
Surface Chemistry to expand Rediset™ WMX concept

Reducing emissions and saving energy as well as improving road durability and lifetime
Summary

- “The trend is our friend”
- Leadership positions in market and technology
- Excellent “Innovator and operator” profile
- Sound financials in terms of growth and returns
- Well positioned for further growth
Performance Coatings

Leif Darner
Making it happen in Performance Coatings

- Leading positions
- Global Network
- Technology differentiation
- Exciting growth drivers
Growth opportunities in construction
Growth opportunities in transportation
Growth opportunities in consumer goods
AkzoNobel is the world’s largest Coatings supplier

2009 revenue in € billion

- AkzoNobel
- PPG
- Sherwin-Williams
- DuPont
- BASF
- Valspar
- Nippon Paint
- Kansai Paint
- Jotun
- Masco
The global coatings market is €70 billion

Decorative Paints
€ 30 billion

Performance Coatings
€ 40 billion

- Marine
- Wood/Coil/Packaging (OEM)
- Protective
- Vehicle refinish
- Powder
- Automotive OEM
- General industries

Country/Regional markets

Global market segments serving the
- Transportation
- Construction
- Consumer goods industries
Performance Coatings has a balanced exposure to different end markets

Revenue by key market segment:
- Transportation
- Non-residential construction
- Consumer goods
# AkzoNobel’s competitive portfolio leaves room for growth

<table>
<thead>
<tr>
<th>Market segments</th>
<th>Global market size (€ billion)</th>
<th>Global market share %</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marine</td>
<td>3</td>
<td>20 – 25</td>
<td>1</td>
</tr>
<tr>
<td>Wood/ Coil/ Packaging</td>
<td>7</td>
<td>15 – 20</td>
<td>1</td>
</tr>
<tr>
<td>Protective</td>
<td>6</td>
<td>10 – 15</td>
<td>1</td>
</tr>
<tr>
<td>Vehicle refinish</td>
<td>5</td>
<td>10 – 15</td>
<td>3</td>
</tr>
<tr>
<td>Powder</td>
<td>5</td>
<td>10 – 15</td>
<td>1</td>
</tr>
<tr>
<td>Automotive OEM</td>
<td>6</td>
<td>&lt; 5</td>
<td>&lt; 5</td>
</tr>
<tr>
<td>General industrial</td>
<td>8</td>
<td>&lt; 5</td>
<td>&lt; 5</td>
</tr>
</tbody>
</table>
We will grow using different approaches for both mature and high growth markets

<table>
<thead>
<tr>
<th></th>
<th>High growth</th>
<th>Mature</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organic</strong></td>
<td>Geographic expansion</td>
<td>Segment based growth</td>
</tr>
<tr>
<td><strong>Innovation based</strong></td>
<td>Mid-tier expansion</td>
<td>Functional/ sustainability</td>
</tr>
<tr>
<td></td>
<td></td>
<td>improvements</td>
</tr>
<tr>
<td><strong>Selective acquisitions</strong></td>
<td>Covering geo white space or mid-tier development</td>
<td>Consolidation or segment expansion</td>
</tr>
</tbody>
</table>
The Protective Coatings case

Market share (%)  
100% = €6 billion

Oil & gas  
Power

Mining  
Water & waste

High value infrastructure  
Regional markets

Market growth rate 3-5%, driven by high-growth countries

AkzoNobel
Growth in Protective Coatings

Segment focus
• Engineering/Specification selling
• RD&I investment
• Selective acquisitions

Geographic expansion
• Sales & service
• Distribution
• Expand manufacturing footprint
The Vehicle Refinish case

Market share (%)
100% = €5 billion

Market growth rate linked to GDP growth and miles driven
Growth in Vehicle Refinish

Mid-market expansion
• Prime acquisition (China)
• ICI acquisition (India – local brands)
• Organic growth (Brazil: Wanda)

Leading edge technology
• Color measurement (6i)
• Stickerfix
• Self healing paint (Autoclear LV)
The Powder Coatings case

Market share (%)
100% = €5 billion

Market growth rate linked to GDP in high-growth markets
Growth in Powder Coatings

China expansion
  • Opening new factories and new laboratories
  • Automotive OEM opportunity

Dow Powder – consolidation
  • Market share gain and rationalization in Europe and North America
  • Adding new technology for wood
  • and automotive
## Summarizing our growth agenda

<table>
<thead>
<tr>
<th></th>
<th>High growth</th>
<th>Mature</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organic</strong></td>
<td>Wanda, Car Refinish (Brazil) Powder (China) Protective Coatings manufacturing (China)</td>
<td>Performance coatings engineering &amp; Specification selling</td>
</tr>
<tr>
<td><strong>Innovation based</strong></td>
<td>Mid-tier expansion in China Investment in fire protection R&amp;D</td>
<td>Adding new powder technology for wood and automotive 6i, Stickerfix Autoclear LV</td>
</tr>
<tr>
<td><strong>Selective acquisitions</strong></td>
<td>Prime, Car Refinish (China) ICI acquisition (India – local brands)</td>
<td>Dow Powder, Ceilcote, Lindgens, Packaging</td>
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<tr>
<td>Track record</td>
<td>Current focus</td>
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<tr>
<td>Margin management</td>
<td>Sourcing Pricing</td>
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<tr>
<td></td>
<td>Increasing share of higher value segments</td>
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<tr>
<td>Expense control</td>
<td>Restructuring program</td>
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<td></td>
<td>Focus mature markets</td>
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<tr>
<td>Capital management</td>
<td>Capex</td>
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<td></td>
<td>OWC</td>
<td></td>
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<tr>
<td>Sustainability</td>
<td>Behavior Based Safety</td>
<td></td>
</tr>
<tr>
<td>improvement</td>
<td>Operational eco-efficiency</td>
<td></td>
</tr>
</tbody>
</table>
Summary

Well balanced portfolio

Strong market positions

Proven track record

Positioned to grow
Decorative Paints

Tex Gunning
Making it happen in Decorative Paints

AkzoNobel Decorative Paints Leadership

• We are the clear global market leader in Decorative Paints
• We will extend leadership in greater Europe
• We will build leadership positions in China, South East Asia, Brazil, Russia and Poland

AkzoNobel Decorative Paints Stewardship

• Integration is a major success
• We are fixing the US and Germany
• We will invest to deliver growth and profit
We are the clear global market leader in Decorative Paints

Decorative Paints 2009 revenue
€ billion

* 2008 figure
Europe is the biggest market for Decorative Paints

% of Decorative Paints market*
100 % = €22 billion

* Only includes markets where AkzoNobel is active.
Does not include non-paints sales or integrated distribution
Europe will continue to be the biggest market for decorative paints

Decorative Paints market*
€ billion

* Only includes markets where AkzoNobel is active. Estimates made in 2009. Does not include non-paints sales or integrated distribution.
We have a strong overall leadership position in Europe

Total Europe 2009 (%)
100% = €10.1 billion

Relative market share to our nearest competitor is 2.5 times

* Italy, Germany, France, United Kingdom, Spain, Netherlands, Belgium, Sweden, Switzerland, Norway, Denmark
We will strengthen our leadership position in Europe

Gain market share in “mature” Europe
• UK, Benelux, France, Spain, Greece, etc

Capture market growth in “higher growth” Europe
• Poland, Russia, Turkey, etc

We are leveraging our global scale, brands & best practices
Build leadership position in China

A strong AkzoNobel competitive position
- Strong second overall
- Market leadership today in the 4 ‘Tier 1’ cities
- Market leadership today in the premium segment

Large market today
- 2010 market ~ €2.5 billion

Strong growth potential
- 2010 growth rate = 9%
- 2010-2015 growth rate = ~10%

Exciting growth potential
Aggressive investment in China to capitalize on potential

- Increase positioning into the mid-tier markets and cities
- Continue to build our Dulux brand
- Extend distribution through ‘controlled stores’: grow around 700 annually (year-end 2009: 3,000)

5 years ago
382 Tier 2 and 3 cities

Today
588 Tier 2 and 3 cities

5 years from now
647 Tier 2 and 3 cities
Build leadership position in Brazil

Above average market growth (>5% p.a.) + Strong AkzoNobel competitive position

- Expand distribution from 7,500 outlets to 17,500
- Invest in brand building for Coral (Dulux ‘brand cluster’)
- ‘Own’ point-of-sale

Significant organic growth potential in Brazil
Building global leadership in R&D

Global innovation

The ‘Big 17’
• Functionality
• Affordability
• Sustainability

Simplification

Reducing complexity
• Limited architectures
• Considerable raw material, SKU, and cost reduction

Organization and process
Repeatable models
• Sharing best practices & people

Fewer, bigger, better, faster
We are leveraging our scale through global brand positioning

Validated global segmentation

<table>
<thead>
<tr>
<th>Brand clusters</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dulux Consumer</td>
<td>[Image of logos]</td>
</tr>
<tr>
<td>Dulux/Sikkens Pro</td>
<td>[Image of logos]</td>
</tr>
<tr>
<td>Mid-tier</td>
<td>[Image of logos]</td>
</tr>
<tr>
<td>Wood care specialist</td>
<td>[Image of logos]</td>
</tr>
<tr>
<td>Pre-deco specialist</td>
<td>[Image of logos]</td>
</tr>
<tr>
<td>Metal paint/specialist paint</td>
<td>[Image of logos]</td>
</tr>
</tbody>
</table>

Scale leverage in advertising and promotion
The ICI integration is a major success

<table>
<thead>
<tr>
<th>Area</th>
<th>Beginning 2008</th>
<th>End 2010</th>
<th>End (Generally 2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost reductions</td>
<td>N/A</td>
<td>&gt; €190 million</td>
<td>&gt; €220 million</td>
</tr>
<tr>
<td>FTEs*</td>
<td>25,800</td>
<td>+/- 3,800</td>
<td>ongoing</td>
</tr>
<tr>
<td>Brands</td>
<td>100</td>
<td>75</td>
<td>&lt;50</td>
</tr>
<tr>
<td>SKUs</td>
<td>&gt;90,000</td>
<td>75,000</td>
<td>&lt;60,000</td>
</tr>
<tr>
<td>Raw materials</td>
<td>&gt;8,000</td>
<td>6,000</td>
<td>&lt;3,000</td>
</tr>
<tr>
<td>Factories</td>
<td>80</td>
<td>58</td>
<td>&lt;50</td>
</tr>
<tr>
<td>Warehouses</td>
<td>160</td>
<td>130</td>
<td>&lt;110</td>
</tr>
<tr>
<td>Packaging Types</td>
<td>&gt;900</td>
<td>600</td>
<td>&lt;300</td>
</tr>
</tbody>
</table>

* Clearly, we are adding FTEs, particularly in the high growth markets, to support growth. The reductions are estimated reductions due to synergy and related restructuring.
Market structure and dynamics drove need for a turnaround

The Home Depot  Lowes  Independent dealers  Company-owned stores

Retail channel size

% of gallons sold
The US turnaround story

- Take $150 million costs out of the business
- Relaunch Glidden through ‘Glidden Gets You Going’
  - Quality
  - Packaging
  - Campaign film
- Strengthen relationship with The Home Depot including Martha Stewart
- Relaunch Glidden Pro and increase Stores business profitability
Glidden at Wal-Mart puts us ahead in the retail channel

- Wal-Mart opts for icon brand Glidden to strengthen its paint category at all of its 3,500 stores
- Wal-Mart is a major player in total US DIY market, including paint
- Complete program including, over time, all interior and exterior paints for both ColorPlace brand and Glidden
- Significant additional sales potential of around $250 million
- Financially sound transaction
- Start up costs of $25-30 million (2010/2011) to stores/color centers reset
- Optimal utilization of supply chain: no major additional investments required

Winning new business generates the highest returns
Making it happen in Decorative Paints

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Winning globally

Let's Color project

Dulux Let's Color Project
March/April 2010
Wrap up

Hans Wijers
2010 Outlook

“Cautiously optimistic”

Reasons for caution
• Global economic outlook
• Construction and housing markets remain soft in mature markets
• Potential bubbles in high growth markets

Reasons for optimism
• Leading positions, scale and diversified markets
• Strong balance sheet to fund growth
• Evidence of sustained industrial demand beyond re-stocking
• Delivery beyond ICI synergies
We want to be the world’s leading Coatings and Specialty Chemicals company

Our medium-term strategic ambitions are:

**Value – accelerated growth**
- Grow to €20 billion revenues
- Increase EBITDA* each year, maintaining a 13-15% margin level
- Reduce OWC percent of revenues** year-on-year by 0.5 towards a 12% level
- Pay a stable to rising dividend

**Values – sustainable growth**
- Top quartile safety performance
- Top 3 in DJSI***
- Top quartile performance in diversity, employee engagement and talent development
- Top quartile eco-efficiency improvement rates

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* Absolute earnings before interest, tax, depreciation and amortization, before incidentals
** Operating Working Capital at year end as a percentage of quarter*4 revenue
*** Dow Jones Sustainability Index
Thank you
Safe Harbor Statement

This presentation 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.