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Press release

AkzoNobel
Tomorrow's Answers Today

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Stable performance in testing economic environment

Financial highlights[1]

In € millions	**Q1 2008**	Q1 2007[2]	% change
Revenue	**3,506**	3,486	1
EBITDA	**398**	403	(1)
EBITDA margin (in %)	**11.4**	11.6	
EBIT	**257**	254	1
EBIT margin (in %)	**7.3**	7.3	
Earnings per share (in €)	**0.52**	0.49	6
Net income	**136**	142	(4)

[1] Continuing operations before incidentals
[2] Pro forma

Operational highlights for the quarter

- Ongoing trend of underlying growth, in local currencies, in most businesses
- Autonomous growth of 6 percent offset by currency headwind
- ICI integration and synergies on track
- Earnings per share of continuing operations up 6 percent
- Total net income €118 million, up €40 million

AkzoNobel today reported 6 percent autonomous growth for the first quarter of 2008, indicating a strong underlying trend. However, this was offset by a similar negative currency impact. Operational margins of continuing operations were flat.

Although net income from continuing operations of €136 million was down 4 percent, earnings per share increased 6 percent, due to the share buyback programs.

The company achieved underlying growth in local currencies in most of its businesses, reaching double digit levels in emerging markets. Autonomous top line growth of 6 percent was reduced to a positive benefit of just 1 percent due to the currency translation impact.

AkzoNobel CFO Keith Nichols commented: "I am pleased with the stable performance which demonstrates the strength of our transformed company. The testing environment continued in the first quarter, as expected. However, I remain confident for the remainder of the year that we will deliver on our promises of outgrowing our markets, and continuing with the successful integration of ICI."

Looking at the results in more detail, Specialty Chemicals realized strong autonomous growth of 11 percent, supported by almost all businesses. Growth at Performance Coatings was offset by currency pressure, although Marine & Protective Coatings produced another strong quarter.

There was double digit revenue growth at Decorative Paints in the emerging markets, but due to negative currency effects, total revenue was down 4 percent. The first quarter is not traditionally strong within the decorative sector. This seasonality was compounded by the poor weather conditions and an early Easter holiday.

Total revenue developed as follows:

In % versus Q1 2007 pro forma	Total	Volume	Price	Currency	Acquisitions/ divestments
Decorative Paints	(4)	(2)	3	(6)	1
Performance Coatings	–	2	2	(6)	2
Specialty Chemicals	5	4	7	(6)	–
AkzoNobel	1	2	4	(6)	1

Decorative Paints
The year began well, but adverse weather conditions in Europe and eastern Canada towards the end of the quarter resulted in a delay in market demand. Performance was strong in the emerging markets, with double digit growth in Asia and Latin America. Growth was also healthy in most Central and East European countries. In the US, the trading environment continued to be soft. In most mature markets, the trade business performed well, while the retail segment faced weaker market conditions. Despite the significant currency impact on the top line, EBITDA and EBIT margins improved compared with the first quarter of 2007, benefiting from changes in product mix and a continuing focus on cost control.

Performance Coatings
Although the achievement of 4 percent autonomous growth was encouraging, this was offset by the currency headwind of 6 percent, which was felt by all businesses. Acquisitions added 2 percent to revenue, resulting in flat total first quarter revenue. Despite the tough currency conditions, Marine & Protective Coatings delivered another strong quarter, with all activities contributing. Industrial Activities' performance was impacted by currencies and the soft economic conditions in the US. EBITDA and EBIT margins were down compared with last year, mainly due to the impact of currencies.

Specialty Chemicals
It was another good quarter, with revenue up 5 percent on last year. Autonomous growth was 11 percent, indicating that most businesses have continuing high asset utilization. Higher raw material and energy prices were compensated by price increases of 7 percent. Before incidentals, EBITDA increased to €205 million (up 1 percent), while the EBITDA margin amounted to 17.1 percent, slightly below the first quarter of 2007. The Surfactants, Polymer Chemicals and Chemicals Pakistan businesses in particular are operating at a clearly improved level.

Net income

Net income from continuing operations before incidentals amounted to €136 million, down 4 percent compared with last year. During the quarter there were incidental charges of €151 million (2007: €90 million), largely related to ICI integration costs (€84 million), and an amortization of the step-up of acquired inventories totaling €42 million. Net income including incidentals from continuing operations was €36 million (2007: €78 million). Discontinued operations realized a net income of €82 million. Total net income for the first quarter of 2008 was €118 million, up €40 million compared with the previous year.

Cash position – strong financial position

On January 2, 2008, ICI was acquired for a gross price of €11.5 billion, of which €5 billion related to assets and liabilities held for sale. Prior to the Henkel on sale at the beginning of April – for cash proceeds of €4 billion – AkzoNobel concluded a legal restructuring of National Starch. This explains a relatively high cash and short-term borrowing position at the end of the first quarter of 2008. Invested capital increased due to the ICI acquisition and the related goodwill and intangibles of €8.1 billion. In mid-March, AkzoNobel embarked on a new €1 billion share buyback program as a first tranche of a €3 billion program. It is expected that the full €3 billion program will be completed in approximately 12 months.

Trading conditions

Despite softer economic conditions in the mature markets and the negative impact of currencies, AkzoNobel remains confident of outgrowing its markets and at least maintaining results in line with 2007.

The first quarter results are unaudited. Pro forma numbers are used as comparatives in the texts of this press release. The Report for the first quarter is attached and can be read on the company's corporate website www.akzonobel.com/quarterlyresults

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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 totaled €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, 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.