



News

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PPG makes revised proposal to combine with AkzoNobel

- Proposal of €90.00 (cum dividend) per ordinary share is a 40 percent premium to the unaffected AkzoNobel stock price of March 8, 2017
- PPG has provided its proposal to the Boards of AkzoNobel and has repeatedly offered to meet to discuss the proposal and negotiate a recommended transaction
- AkzoNobel refused to meet and rejected PPG's significantly enhanced proposal one day after it was delivered
- PPG has advised AkzoNobel that there are clear paths to regulatory approval based on the broad, complementary geographic footprint of the businesses, and AkzoNobel has rejected PPG's proposal that the companies' respective antitrust experts meet to confirm approach
- Combined company to maintain a solid investment grade credit rating
- Combined company enhances global breadth and financial growth prospects
- Compelling opportunity with benefits for stakeholders of both companies
- Comprehensive proposal addresses all relevant non-financial matters to the benefit of AkzoNobel and its stakeholders
- PPG remains willing to meet with AkzoNobel

PITTSBURGH, March 22, 2017 – PPG (NYSE:PPG) today announced that it made a revised proposal on March 20, 2017 to acquire Akzo Nobel N.V. (AKZA.AS; AKZOY) for €90.00 (cum dividend) per ordinary share, comprised of cash of €57.50 and 0.331 share of PPG common stock. This represents an increase of €7.00 per ordinary share from PPG's initial offer. Including the assumption of net debt and minority interests, the proposed transaction is valued at approximately €24.5 billion, or \$26.3 billion.

PPG was informed today that AkzoNobel rejected this latest proposal. To date, the Boards of AkzoNobel have not accepted PPG's multiple invitations to discuss its proposals and negotiate a recommended transaction.

PPG believes this revised proposal strengthens a very attractive and highly compelling opportunity for both AkzoNobel and PPG, their respective shareholders and other stakeholders, and comprehensively addresses all relevant non-financial matters. PPG continues to believe strongly that a combination of the two companies presents a unique opportunity to build on the heritage and legacies of the respective businesses,

and that the combination is in the best interest of both companies' shareholders and other stakeholders.

Michael McGarry, Chairman and CEO of PPG, said, "We believe the revised proposal presents an opportunity for AkzoNobel's shareholders to realize extraordinary value, by any measure, for their shares in AkzoNobel. It provides them with a premium valuation and the opportunity to receive substantial and immediate cash consideration and participate in the success of the enterprise through ownership of shares in the combined company."

The €90.00 (cum dividend) per ordinary share proposal would provide a 40 percent premium to AkzoNobel shareholders based on AkzoNobel's unaffected closing stock price of €64.42 on March 8, 2017, and is 39 percent above AkzoNobel's 52-week high stock price prior to disclosure of PPG's earlier proposal. The acquisition is expected to be immediately accretive to PPG's earnings per share, excluding expected one-time transaction related costs, and value enhancing to PPG's shareholders. PPG's revised proposal provides a premium valuation for all of AkzoNobel as presently constituted, including the coatings businesses and the specialty chemical business.

PPG's revised proposal reflects annual run rate synergies of at least \$750 million, which could be achieved from a combination of the two companies. A substantial portion of these synergies relate to raw material purchasing, supply-chain management and optimizing distribution networks based upon PPG's experience in acquiring AkzoNobel's North American Decorative Coatings business.

"A combination of PPG and AkzoNobel would result in enhanced financial growth prospects for the combined company in the coming years, which will also accrue to the benefit of all stakeholders of the combined business," McGarry said. "PPG has continued to carefully consider the interests of all AkzoNobel stakeholders, including shareholders, employees, customers and the communities it serves. We look forward to the opportunity to engage in dialogue with AkzoNobel leadership, members of its supervisory board and other stakeholders to further discuss the merits of this revised proposal, negotiate a transaction and work together towards an agreement on mutually acceptable terms. We are respectful of the questions and concerns that have been raised and look forward to addressing these in a collaborative manner.

"We are hopeful that AkzoNobel engages with us promptly in order to further discuss and explore the benefits of a combination for its stakeholders, including substantial commitments regarding employees in The Netherlands, research and development and sustainability."

Terms of the Revised Proposal

PPG continues to believe that its initial proposal presented a unique and compelling value for AkzoNobel and its shareholders. Under its comprehensive revised proposal, PPG would acquire all of AkzoNobel's outstanding ordinary shares (including ordinary shares represented by American depository shares), at a value of €90.00 (cum

dividend), consisting of €57.50 in cash and 0.331 share of common stock of PPG per outstanding ordinary share (or for each three American depositary shares). The total value of €90.00 is based on PPG's closing stock price of \$105.57 and the prevailing exchange rate (\$1.074/Euro) on March 20, 2017.

PPG's revised proposal represents:

- A value for the total outstanding equity of AkzoNobel of approximately €22.7 billion;
- A premium of 40 percent over the unaffected closing price of AkzoNobel of €64.42 on March 8, 2017;
- A premium of 39 percent over the 52-week high unaffected closing price of AkzoNobel of €64.81 on March 2, 2017;
- A premium of 45 percent over the volume weighted average price per AkzoNobel share of €62.07 over the three months ending March 8, 2017;
- A premium of 32 percent over the unaffected 12-month median broker target price per AkzoNobel share of €68.00; and
- An attractive implied EV/EBITDA multiple of 11.6x for 2016 (based on 2016 reported financials).

Strategic Rationale to Combine Companies

Strategically, the combination of AkzoNobel and PPG would create an enhanced global paints, coatings and specialty materials company, combining complementary products, technologies and geographies, and would:

- Create a stronger competitor in a highly competitive global marketplace, offering a broader line of products and technologies cost-effectively to a more diverse customer base;
- Establish an expanded portfolio of flagship technologies and brands, including combining PPG's electrocoat, compact process, waterborne and light-weighting technologies with AkzoNobel's advances in sustainable formulations and practices and its global Dulux, Sikkens and International Paint brands;
- Enhance the breadth and speed of research, development and delivery of new products with extensive geographic scope and technological reach;
- Create significant cross-selling opportunities along with a diversified combined sales force to drive incremental organic sales growth;

- Optimize our combined operational capabilities and footprint with world-class people and facilities;
- Be a complementary cultural fit and continue both companies' longstanding commitment to being good employers and corporate citizens that operate in a sustainable and socially responsible manner. By adding PPG's Sustainability focus and its COLORFUL COMMUNITIES™ projects together with AkzoNobel's Planet Possible and Human Cities initiatives, the combined company can enhance the benefits to customers, the environment and the communities in which people live and operate; and
- Create a larger enterprise that will provide more personal growth opportunities for all our combined employees while enhancing our presence and importance in more communities around the world.

PPG Commitment and Focus

In considering its proposal, PPG believes it is important to underscore the following:

- *Strong Cultural Fit:* As a peer of AkzoNobel with a global presence, including in The Netherlands, PPG has great familiarity with and appreciation for AkzoNobel's history and culture. PPG has long admired and continues to admire the great value that AkzoNobel places in its employees, customers, suppliers and other stakeholders. PPG's values bear remarkable similarity to AkzoNobel's – holding a deep appreciation for how vital each of these stakeholders is to the success of the company and the communities where it operates. Like AkzoNobel, PPG understands the importance of being a responsible corporate citizen, and places great emphasis on doing so throughout the organization. Based on what PPG knows and has seen through the interactions of the two companies, including through PPG's acquisition of AkzoNobel's North American Decorative Coatings business and watching AkzoNobel successfully acquire and integrate ICI Plc in the United Kingdom, PPG is convinced that a business combination of the two companies would bring together two cultures that emulate one another in important ways, enabling the two companies to continue and reinforce both companies' longstanding commitment to being good employers and corporate citizens that operate in a sustainable and socially responsible manner.
- *Proven Ability to Complete Complex Transactions:* PPG's management team has a demonstrated ability to structure and complete large, global and complex transactions spanning a variety of jurisdictions. PPG has successfully integrated more than 50 acquisitions in the last 15 years, including the acquisitions of SigmaKalon, AkzoNobel's North American Decorative Coatings business and Comex. PPG, along with its financial and legal advisors, has spent considerable time and effort in preparation of the revised proposal, to enable the companies to expeditiously agree on and complete this transaction. PPG's track record and

the care with which it has prepared its revised proposal should provide a high level of comfort regarding the completion of a transaction with PPG.

- *Strong Financial Capability:* PPG is committed to maintaining a solid investment grade credit rating for the combined company. PPG has a strong balance sheet, ample liquidity and solid investment grade ratings from all three major U.S.-based credit rating agencies. The company has reliable and ready access to low-cost capital through cash on hand, and both the public debt and equity capital markets. PPG does not require and its proposal would not be subject to a financing contingency.
- *History of Strong Performance:* Over the past five years, PPG has delivered total shareholder return of 146 percent, outperforming its industry peer group. PPG has paid uninterrupted annual dividends since 1899, including approximately \$1.9 billion in dividends in the last five years, and 45 consecutive years of annual per share increases. PPG's businesses generate top-tier financial returns and consistently generate strong cash flow. This history of delivering above-market returns to shareholders, together with PPG's strong financial performance, demonstrates that, following a combination of the two companies, PPG can continue to deliver the returns that shareholders have come to expect.
- *Commitment to Employees:* At PPG, we understand the importance of employees to the long-term success of our company, and the importance of investing in our employees and providing more opportunities. PPG will respect the existing employment terms of the employees of AkzoNobel, including any existing social plans, pension plans and covenants, as well as the terms of the existing individual employment agreements between AkzoNobel and its employees, in accordance with their terms. PPG looks forward to engaging with the AkzoNobel works councils to present its vision and commitment to them.
- *Commitment to Research and Development:* Like AkzoNobel, PPG is embedded in the communities in which we operate and committed to investing to discover and develop new products and technologies. Far from weakening AkzoNobel's long-term commitment to research and development initiatives at major European universities and research centers, PPG has every intention of continuing the substantial investment in research and development.
- *Commitment to the Netherlands:* While the overall combined company will be headquartered in Pittsburgh, we expect AkzoNobel's current locations in The Netherlands and throughout Europe to continue to play a significant and meaningful role in the future operations of the combined company. PPG is willing to reconfirm its commitment to AkzoNobel that, at a minimum, the global protective and marine business leadership will be based in Europe and the global architectural and specialty materials leadership, including their specialty chemicals business would be based in The Netherlands.

- *Commitment to Communities:* PPG has a history of dedicating its financial resources, applying its products and using the energy of its passionate employee volunteers to address the needs of the communities where it operates. In 2016, PPG supported hundreds of community organizations across 25 countries, including 15 *Colorful Communities* projects throughout Europe, with another 15 projects identified for the region in 2017.
- *Governance and Management:* PPG anticipates that the stewardship provided by AkzoNobel's leadership would continue at the combined company. In addition to adding an AkzoNobel director to PPG's current Board of Directors to help guide the future direction and strategy of the enlarged, global company, PPG would anticipate significant opportunities for AkzoNobel's management team to contribute to the long-term success of the combined company. PPG has a history of providing opportunities for leadership and growth to employees of acquired businesses, including the management teams. As a point of reference, approximately twenty-five (25) of PPG's current one hundred (100) leaders, including two (2) of the seven (7) executive officers, joined PPG via an acquisition of their company and play critical roles in the company today.
- *Brands:* The combined company will continue the legacies of both companies, including the use of flagship brands and technologies and investment in research, development and innovation.
- *Corporate Social Responsibility:* The combined company will also continue to maintain a commitment to operate in a sustainable and socially-responsible manner. PPG has demonstrated a strong commitment to sustainability, with more than 30 percent of its net sales from sustainable products, and significant reductions in energy intensity and greenhouse gas emissions. To aid PPG in addressing the concerns of employees and other stakeholders, PPG would expect to form an integration committee with representatives from both companies to help manage a successful integration of the two companies and preserve the strengths and cultures of each.

“Like PPG, AkzoNobel has a long, proud history and a demonstrated commitment to innovation, sustainability, community engagement and people development,” added McGarry. “We would look to continue to build on these commitments and demonstrate the positive difference that the combined company can make with all stakeholders, including customers, employees and society in general. We are excited at the possibilities that can be accomplished together in the future.”

PPG is ready to move swiftly and is in a position to complete a confirmatory due diligence simultaneously with the negotiation of a merger protocol with a view to come to a recommended transaction within a short period of time. PPG expects such merger protocol to be customary for transactions of this nature, in particular with respect to non-financial covenants relating to employees, integration, governance, strategy, organization and post-closing restructurings.

PPG has submitted a proposal to the Boards of AkzoNobel to combine their respective businesses by way of a public offer for all issued and outstanding ordinary shares of AkzoNobel. The offer will be subject to pre-offer and offer conditions customary for transactions of this nature, including but not limited to a minimum acceptance level, required regulatory clearances having been obtained, PPG's shareholders having approved the issuance of PPG common stock and no material adverse change having occurred. PPG will determine and confirm the conditions to the offer in accordance with applicable laws.

No agreement has been reached and there can be no assurances that any transaction will result from this proposal.

PPG will make further announcements if and when appropriate.

This is a public announcement by PPG pursuant to the provisions of section 5 paragraph 2 of the Decree on Public Takeover Bids (Besluit openbare biedingen Wft) of the Netherlands in connection with a potential voluntary public offer by PPG for all the issued and outstanding ordinary shares in the capital of AkzoNobel. This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities. Any offer will be made only by means of an offer memorandum. This announcement is not for release, publication or distribution, in whole or in part, in, into or from, directly or indirectly, any other jurisdiction in which such release, publication or distribution would be unlawful.

PPG Overview and its History and Commitment in The Netherlands

PPG: WE PROTECT AND BEAUTIFY THE WORLD™

PPG is a leading global supplier of paints, coatings and specialty materials. PPG has annual revenues of approximately \$15 billion and a current market capitalization of approximately \$27 billion. Over \$4.1 billion of PPG's annual revenues is in Europe, with approximately \$360 million in annual revenues in The Netherlands where it has a deep commitment and a long history in the country, dating back nearly 300 years.

Today, PPG employs more than 45,000 employees worldwide, with nearly 1,000 in The Netherlands and another 14,000 across the rest of Europe, the Middle East and Africa. PPG operates over 150 plants globally, including 45 plants across 15 countries in Europe, with facilities in Tiel, Delfzijl, Amsterdam, Uithoorn, and Den Bosch in The Netherlands.

At PPG, employees work every day to develop and deliver the paints, coatings and materials that customers trust to protect and beautify their products. Through dedication and creativity, PPG employees solve their customers' biggest challenges, collaborating closely to find the right path forward.

PPG serves the construction, consumer products, industrial and transportation markets and aftermarkets. Ranked 182 on the FORTUNE 500, PPG was named Fortune's most admired company in the chemicals sector in 2017.

Every day, PPG collaborates with employees and community partners to make its vision of bringing color and brightness to communities a reality. PPG dedicates its financial resources, products and its passionate employee volunteers to address the needs of communities and to help transform and brighten lives.

In 2016, PPG supported hundreds of community organizations across 25 countries. PPG's signature program is its COLORFUL COMMUNITIES™ initiative, which increases its commitment to invest in communities and supports projects that transform community spaces, providing PPG volunteers and donated PPG products. Since the program's launch, PPG employee volunteers completed nearly 60 *Colorful Communities* projects, positively impacting 1.8 million people. This included 15 projects in Europe, including the beautification of the Amsta Karaad residential care facility in Amsterdam. PPG has approximately 80 *Colorful Communities* projects planned for 2017, with more than 15 identified within Europe.

PPG also has been a significant financial contributor to the NEMO Science Center in Amsterdam, and the company matches employee charitable contributions in The Netherlands and across Europe in addition to our North American operations.

PPG will soon be reporting in its 2016 Sustainability Report that since 2012, the company has reduced its waste disposal intensity by 11% and reduced its greenhouse gas intensity by 29%, to mention just a few of the accomplishments. PPG's efforts and activities have been recognized worldwide, including in 2015, when Fiat Chrysler Automobiles Group named PPG its "Sustainability Supplier of the Year" for the Europe, Middle East and Africa region.

For a copy of the revised proposal letter from PPG to AkzoNobel, [click here](#). To learn more about PPG, visit www.ppg.com.

Forward-Looking Statements

This press release contains certain statements about PPG Industries, Inc. ("PPG") that are "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These matters involve risks and uncertainties as discussed in PPG's periodic reports on Form 10-K and Form 10-Q, and its current reports on Form 8-K, filed from time to time with the Securities and Exchange Commission. The forward-looking statements contained in this press release include statements about the proposed acquisition of AkzoNobel N.V. ("AkzoNobel") by PPG (such proposed acquisition, the "Transaction"), the terms of the proposed Transaction and the expected benefits of the Transaction for PPG, AkzoNobel and their respective shareholders. Without limitation, any statements preceded or followed by or that include the words "targets," "plans," "believes," "expects," "intends," "will," "likely," "may," "anticipates," "estimates," "projects," "should," "would," "could," "positioned," "strategy," "future," or words, phrases or terms of similar substance or the negative thereof, are forward-looking statements. These statements are based on the current expectations of the management of

PPG and are subject to uncertainty and to changes in circumstances and involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied in such forward-looking statements. In addition, these statements are based on a number of assumptions that are subject to change. Such risks, uncertainties and assumptions include: whether an agreement in respect of the Transaction will be negotiated and executed; uncertainties as to whether AkzoNobel will cooperate with PPG regarding the Transaction and whether AkzoNobel's management or supervisory boards will endorse the Transaction; the effect of the announcement of the Transaction on the ability of PPG and AkzoNobel to retain customers, to retain and hire key personnel and to maintain favorable relationships with suppliers; the terms of the proposed Transaction; the timing of the proposed Transaction; the satisfaction of any conditions to the completion of the Transaction and other risks related to the completion of the Transaction and actions related thereto; risks relating to any unforeseen liabilities, future capital expenditures, revenues, expenses, earnings, economic performance, indebtedness, financial condition, future credit ratings, future prospects; business and management strategies; the expansion and growth of PPG's and AkzoNobel's operations; PPG's ability to integrate AkzoNobel's business successfully after the closing of the Transaction and to achieve anticipated synergies and benefits; and the risk that disruptions from the Transaction will harm the combined companies' business. However, it is not possible to predict or identify all such factors. Consequently, while the list of factors presented here is considered representative, no such list should be considered to be a complete statement of all potential risks and uncertainties. Unlisted factors may present significant additional obstacles to the realization of forward-looking statements. Forward-looking statements included herein are made as of the date hereof, and PPG undertakes no obligation to update publicly such statements to reflect subsequent events or circumstances.

Additional Information About the Proposed Transaction and Where To Find It

An agreement in respect of the Transaction described in this press release has not yet been executed, and this press release is neither an offer to sell securities, a solicitation of a proxy, nor a substitute for a registration statement or proxy statement or other filings that may be made with the SEC. Any proxy solicitation of PPG's shareholders will be made through materials filed with the Securities and Exchange Commission ("SEC") and no offer of securities to U.S. security holders or holders of ADRs representing AkzoNobel shares shall be made except by means of a prospectus meeting the requirements of the Securities Act of 1933, as amended. Should an agreement with respect to the Transaction be reached, PPG expects to file relevant materials with the SEC, including a registration statement on Form S-4 and a proxy statement. Investors and security holders are urged to read all relevant documents filed with the SEC (if and when they become available), including the prospectus and proxy statement, because they will contain important information about the Transaction. Investors and security holders will be able to obtain these documents (if and when available) free of charge at the SEC's website <http://www.sec.gov>, or from PPG's website <http://investor.ppg.com/>.

Participants in the Solicitation

This press release is neither a solicitation of a proxy nor a substitute for any proxy statement or other filings that may be made with the SEC. Nonetheless, PPG and its affiliates and their directors and executive officers and certain employees may be deemed to be participants in the solicitation of proxies from the holders of PPG common stock with respect to the Transaction. Information about such parties and a description of their interests are set forth in PPG's 2017 Annual Report. Additional information regarding the interests of such participants will also be included in the materials that PPG would file with the SEC in connection with a

Transaction. These documents (if and when available) may be obtained free of charge from the SEC's website <http://www.sec.gov> or PPG's website <http://investor.ppg.com/>.