



News

PPG Media Contact:
Bryan Iams
Corporate Communications
+1-412-434-2181
bryan.iams@ppg.com

PPG Investor Contact:
Scott Minder
Investor Relations
+1-412-434-3466
sminder@ppg.com
investor.ppg.com

PPG submits revised proposal to AkzoNobel to combine companies

Creates significant value for shareholders of both companies

- Revised proposal includes increased price of Eur 96.75 (cum dividend) per AkzoNobel ordinary share, an increase of Eur 6.75 per share
- One last invitation to AkzoNobel boards to work with PPG on creating value for shareholders and other stakeholders of AkzoNobel
- PPG is prepared to commit to a significant reverse break-up fee to demonstrate confidence that required antitrust approvals can be obtained
- PPG believes market reaction to AkzoNobel's new strategic plan confirms that PPG's proposal offers higher value creation
- Revised proposal provides additional details and significant commitments to ensure the combined business serves the best interests of all AkzoNobel stakeholders

PITTSBURGH, April 24, 2017 – PPG (NYSE:PPG) today announced that it submitted a revised proposal on April 24, 2017 for a combination with Akzo Nobel N.V. (AKZA.AS; AKZOY). The comprehensive proposal letter, which was provided to Messrs. Antony Burgmans, Chairman of the Supervisory Board and Ton Büchner, Chief Executive Officer and Chairman of the Board of Management, detailed PPG's increased price of Eur 96.75 (cum dividend) per outstanding ordinary share of AkzoNobel, comprised of cash of Eur 61.50 and 0.357 shares of PPG common stock. Including the assumption of net debt and minority interests, the proposed transaction is now valued at approximately Eur 26.9 billion, or \$28.8 billion.

To read PPG's complete revised proposal letter, [click here](#).

In the letter, PPG Chairman and Chief Executive Officer Michael McGarry said, "We are extending this one last invitation to you and the AkzoNobel boards to reconsider your stance and to engage with us on creating extraordinary value and benefits for all of AkzoNobel's stakeholders.

"Our revised proposal represents a second increase in price along with significant and highly-specific commitments that we are confident AkzoNobel's stakeholders will find compelling. We stand ready to work with you expeditiously to complete a targeted due diligence review and to negotiate a definitive agreement for the combination."

Key Details of PPG's Revised Proposal Include:

PPG would acquire all of AkzoNobel's outstanding ordinary shares (including ordinary shares represented by American depositary shares) at a value of Eur 96.75 (cum dividend), consisting of Eur 61.50 in cash and 0.357 shares of common stock of PPG per outstanding ordinary share (or for each three American depositary shares). The total value of our proposal of Eur 96.75 per share is based on PPG's closing stock price of \$105.94 and the prevailing exchange rate (\$1.0726/Euro) on April 21, 2017.

PPG's revised proposal represents:

- An increase of Eur 6.75, or 8%, over our prior proposal on March 22, 2017 and Eur 13.75, or 17%, over our original proposal on March 2, 2017;
- A value for the total outstanding equity of AkzoNobel of approximately Eur 24.6 billion;
- A premium of 50% over the unaffected closing price of AkzoNobel of Eur 64.42 on March 8, 2017;
- A premium of 42% over the unaffected 12-month median broker target price per AkzoNobel share of Eur 68.00; and
- A premium of 24% (cum dividend) over the closing price of AkzoNobel of Eur 78.20 on April 21, 2017, including the impact of AkzoNobel's new standalone strategy, and 26% over the calculated ex dividend price as adjusted for the payment of the proposed 2016 final dividend and 2017 enhanced regular and special dividends outlined as part of the new standalone plan. (Please refer to [Annex B](#) within the revised proposal letter for further illustration of these premiums).

PPG believes its revised proposal is vastly superior to AkzoNobel's new standalone plan, as articulated on April 19, 2017. As evidenced by the decline in AkzoNobel's stock price since its investor update, the capital markets have not recognized any additional value from its new standalone plan, including the enhanced regular dividend and special dividend that AkzoNobel has proposed for 2017.

One of the more notable risks of AkzoNobel's new standalone plan is that it creates two smaller, unproven standalone companies with uncertain market valuations and substantial risks for reaching its 2020 guidance, especially given many of the annual targets that AkzoNobel has identified have not been achieved previously. AkzoNobel's standalone plan also will require substantial restructuring; potentially decreases free cash flow, putting future and accelerated growth plans of the demerged companies at risk; and could require a regulatory review that would extend the timeline and create uncertainty.

PPG believes the long-term value creation from a combination of the two companies will be significant for shareholders of both companies, including the benefits of annual synergies of at least \$750 million, which PPG has estimated based on publicly available information.

PPG's revised proposal offers a value to AkzoNobel's shareholders that is well in excess of AkzoNobel's ability or track record to create value on a standalone basis, including via its revised strategy, in the near future as well as in the medium and long term.

PPG is prepared to make significant commitments to AkzoNobel's stakeholders, as set forth in the revised proposal letter, that provide greater value and certainty than AkzoNobel's new standalone plan.

Antitrust Commitment

PPG has performed a significant review and analysis of the expected antitrust approval risks and requirements in connection with the proposed transaction, and is confident that all required antitrust approvals can be obtained in a timely manner. In connection with obtaining such approvals, PPG is ready to commit to a mutually agreed level of divestitures as may be reasonably necessary to meet those requirements.

To provide further evidence of PPG's confidence that the required approvals can be obtained, and even in the absence of receiving any information from AkzoNobel or working with AkzoNobel's antitrust experts, PPG is prepared to commit to a significant reverse break-up fee.

PPG repeats its numerous offers to make available its antitrust experts to meet with AkzoNobel's antitrust experts to share the detailed analysis that PPG has completed.

Commitment to Maintaining AkzoNobel's Strong Ties to the Netherlands

Upon the closing of the proposed transaction, AkzoNobel's strong ties to the Netherlands, and Europe more broadly, will be maintained. In addition to the commitments set forth in other sections of PPG's revised proposal letter relating to, among other things, employees, pensioners, research and development, sustainability and community investment, PPG would be willing to commit to the following:

- PPG anticipates that AkzoNobel's current European locations will continue to play an important and meaningful role in the combined company. The combined company's architectural/decorative coatings and specialty materials businesses would continue to be headquartered in the Netherlands and the marine and protective coatings business would continue to be based in both the U.K. and the Netherlands.
- PPG is prepared to have a dual listing of the combined company's shares with trading both on the NYSE and Euronext Amsterdam.

- PPG will not relocate any of AkzoNobel's production facilities in Europe to the U.S.
- Local suppliers to AkzoNobel in the Netherlands and U.K. will be given a full and fair opportunity to sell to the larger, combined new company.

Employees – Critical to Long-term Success of the Combined Company

PPG strongly believes that the future of AkzoNobel's employees in a combined company will be more secure, with many exciting opportunities for future growth, than under AkzoNobel's new plan which includes a separation of the specialty chemicals business.

- The combined company will continue to respect the existing rights and benefits of AkzoNobel's employees, including under existing employment agreements, collective labor agreements and social plans, and including covenants made with the works councils and trade unions.
- PPG is willing to commit that no AkzoNobel employee currently working in a Netherlands specialty chemicals plant will lose their job as direct result of this acquisition.
- PPG will extend its charitable matching gifts program to all employees of the new company, including those employees in the Netherlands.
- Any displaced PPG or legacy AkzoNobel employee will be eligible to apply for any current vacancy in the newly combined, enlarged company.
- Existing redundancy arrangements of AkzoNobel, including the recently agreed social plan, will be respected by the post-closing combined company, unless more favorable redundancy arrangements (from an employee's point of view) are agreed upon in connection with the integration of the two companies.
- The mitigated large company regime (*gemitigeerd structuurregime*), as currently established at AkzoNobel Nederland B.V., will be maintained.
- PPG's revised proposal contains commitments to ensure that the combined entity continues to provide strong support for AkzoNobel's pensions.

Enhancing the Strength of AkzoNobel's Core Business Strategies

PPG is committed to supporting AkzoNobel's current business strategy of delivering a "continuous improvement culture," building "further operational excellence" and driving "organic growth and innovation." To further these business strategies, the combined entity would:

- Commit to developing and implementing best practices across the combined organization irrespective of the origin to the new enterprise;
- Pursue global growth in both developed and emerging markets; and
- Remain a valued partner to customers through continued investments in research and development, technical service and supply chain management, delivering improved sustainable product and technology solutions that efficiently and cost-effectively meet evolving needs.

Driving Innovation with Significant Commitments to Research & Development

PPG and AkzoNobel share a commitment to research and development. PPG's investment in research and development is significant, averaging approximately 3% of its net sales and totaling nearly \$5 billion invested in research and development in the past 10 years. Like AkzoNobel, PPG is committed to investing to discover and develop new products, technologies and processes that benefit our customers and the communities in which we all live and operate. To that end, PPG would commit:

- To, for the foreseeable future, research and development spending in the Netherlands and the U.K. of the amount at least equal to AkzoNobel's current research and development spending in the Netherlands and the U.K.
- To maintain AkzoNobel's existing partnerships with universities in the Netherlands, which PPG recognizes can be vital to the community as well as to the innovation of the company.
- That it will not reduce the current research and development capital related spending commitments related to the Felling, U.K. facility.
- That AkzoNobel's research and development center in China will become the center for research and development in China of the combined company.
- To continue any current AkzoNobel commitments to the Netherlands government in regards to renewable energy purchases.

Other Compelling Commitments Regarding Specific Stakeholder Interests

In addition to the commitments set out above, the revised proposal letter contains various other commitments that provide comfort and certainty to AkzoNobel's stakeholders, including but not limited to those listed below.

- The combined company, and hence AkzoNobel, will remain prudently financed to safeguard business continuity and to support the success of the business. PPG is confident that the combination would maintain a solid investment grade rating.

- The combined company will emphasize many of AkzoNobel's brands going forward, including, among others, the world recognized Dulux, Sikkens and International Paint brands.
- PPG and AkzoNobel share a commitment to sustainability and corporate social responsibility, and the best practices of each will be applied to the combined company.

PPG expects that AkzoNobel and its stakeholders appreciate the time and effort that PPG has put into preparing its revised proposal. PPG expects that AkzoNobel will carefully and objectively consider that proposal, the will of AkzoNobel's shareholders and the Boards' governance obligations, and engage with PPG for a thorough and fulsome review of the revised proposal. Each of the commitments PPG describes would be better informed, and potentially improved, through engagement with AkzoNobel leadership, and PPG is confident that it can address any additional specific concerns.

Path Forward

PPG remains ready to move swiftly and is in a position to complete a confirmatory due diligence simultaneously with the negotiation of a merger agreement with a view to come to a recommended transaction within a short period of time. PPG expects such merger agreement to be customary for transactions of this nature, in particular with respect to non-financial covenants relating to employees, integration, governance, strategy and post-closing restructurings. No agreement has been reached and there can be no assurances that any transaction will result from this proposal

PPG has submitted a proposal to the Boards of AkzoNobel to achieve the combination of 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.

PPG remains confident in its ability to execute and complete the proposed transaction and to obtain all necessary regulatory approvals.

PPG will make further announcements if and when appropriate.

This is a public announcement by PPG pursuant to the provisions of section 4 paragraph 3 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 reported in its recently published 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 "Sustainability Supplier of the Year" for the Europe, Middle East and Africa region. More information regarding PPG's sustainability performance is available at sustainability.ppg.com.

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 ("SEC"). The forward-looking statements contained in this press release include statements about the proposed business combination with AkzoNobel N.V. ("AkzoNobel") (such proposed business combination, 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; whether AkzoNobel's management or supervisory boards will endorse the Transaction and uncertainties as to successful implementation of the Transaction. 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 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/>.