10 Report for 2010 and the 4th quarter

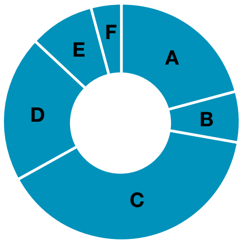
AkzoNobel

Tomorrow's Answers Today

AkzoNobel around the world
Revenue by destination
(39 percent in high growth markets)

	%
A North America	20
B Emerging Europe	6
C Mature Europe	39
D Asia Pacific	21
E Latin America	10
F Other regions	4
	100

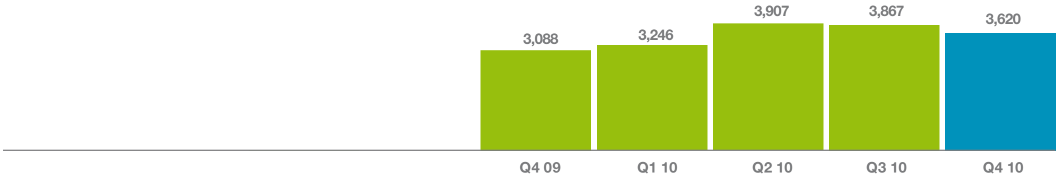
(Based on the full year 2010)



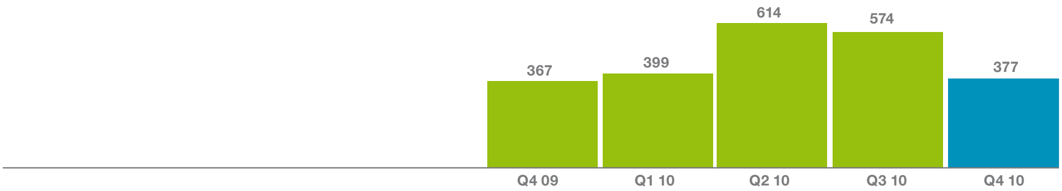
Our results at a glance

- 2010 revenue growth at 12 percent in line with medium-term ambitions
- 2010 EBITDA before incidentals 16 percent higher
- Q4 revenue up 17 percent, Q4 EBITDA up 3 percent
- Operating return on invested capital: 27.7 percent (2009: 23.2 percent)
- Net income: €754 million (2009: €285 million)
- 2010 adjusted earnings per share: €3.71 (2009: €2.06)
- Total dividend for 2010: €1.40 (2009: €1.35) proposed
- Outlook: aiming for more than 5 percent revenue and EBITDA growth in 2011, in line with strategic ambitions

Revenue
IN € MILLIONS



EBITDA
IN € MILLIONS

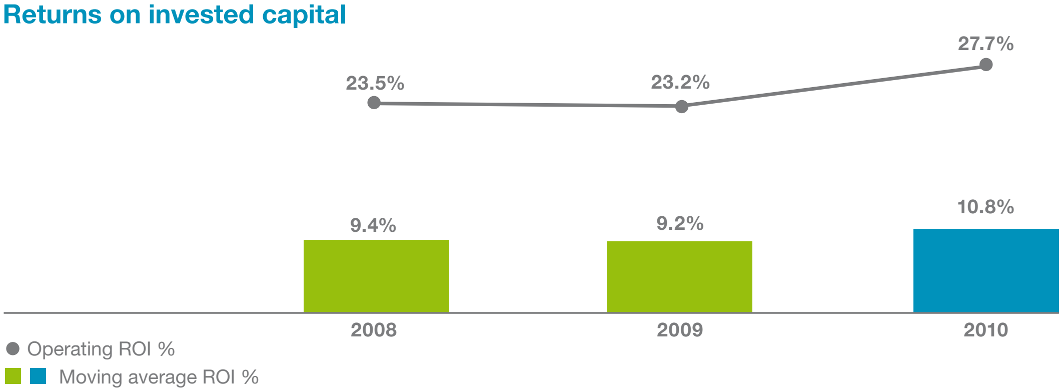


Financial highlights

4th quarter			In € millions	January - December		
2010	2009 [1]	Δ%		2010	2009 [1]	Δ%
			Continuing operations before incidentals			
3,620	3,088	17	Revenue	14,640	13,028	12
377	367	3	EBITDA	1,964	1,690	16
10.4	11.9		EBITDA margin (in %)	13.4	13.0	
222	230	(3)	EBIT	1,374	1,131	21
6.1	7.4		EBIT margin (in %)	9.4	8.7	
			Moving average ROI (in %)	10.8	9.2	
			Operating ROI (in %)	27.7	23.2	
0.82	0.22		Adjusted earnings per share (in €)	3.71	2.06	
			After incidentals			
159	88	81	Operating income	1,219	855	43
130	(75)		Net income from continuing operations	664	253	
32	15		Net income from discontinued operations	90	32	
162	(60)		Net income total operations	754	285	
0.55	(0.32)		Earnings per share from continuing operations (in €)	2.85	1.09	
0.69	(0.26)		Earnings per share from total operations (in €)	3.23	1.23	
198	160		Capital expenditures	534	513	
275	411		Net cash from operating activities	519	1,220	
			Interest coverage	3.7	2.1	
			Invested capital	12,718	11,732	
			Net debt	936	1,744	
			Number of employees	55,590	54,740	

[1] Restated for comparative presentation.

Returns on invested capital



Financial highlights

Revenue up 12 percent for the year and 17 percent for Q4. During 2010, demand recovered and volumes increased, notably in the high growth markets.

EBITDA up 16 percent for the year and 3 percent for Q4. During the second half of the year we have been impacted by higher raw material costs, which we have partly offset by pricing.

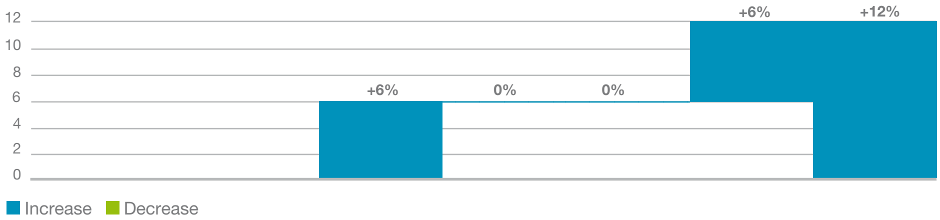
Revenue

- Decorative Paints full-year revenue growth was 9 percent (in constant currencies: 3 percent). Demand in the high growth markets showed a robust recovery in 2010 after a challenging 2009. Our growth strategy of investing in brands, distribution and people, and expanding into mid-tier markets in high growth regions, is progressing well. Growth rates achieved in China and South East Asia have significantly outpaced markets, while demand in most of the mature markets declined during the year. As a result, our revenue in mature markets declined, apart from the UK where we continued to strengthen the Dulux market position and gained share in the trade segment.
  Q4 revenue development followed a similar regional pattern as the rest of 2010. Revenue increased 11 percent, primarily driven by Asia and Latin America and by a positive foreign currency translation impact.
- Performance Coatings had a good year, with revenue up 16 percent (in constant currencies: 9 percent). Volume increases were seen in all businesses and all geographic regions, especially in Eastern Europe, Latin America and Asia. Powder Coatings showed the largest increase due to an acquisition, followed by Industrial Coatings, driven by good performances in Coil and Packaging Coatings. Wood Finishes and Adhesives and Marine and Protective Coatings had slower volume growth due to continued weak demand in the US housing market and lower investment levels in the European and US markets.
  Q4 revenue was up 13 percent before positive currency translation impact.
- A broad recovery in demand, combined with the success of our strategic growth platforms, led to a volume increase across nearly all business lines in our Specialty Chemicals portfolio. In particular, volumes in the Americas and Asia returned to pre-crisis levels. Revenue increased 13 percent for the year, driven by the volume improvement, stable pricing and favorable currency effects.
  In Q4, we continued to see the same strong business trend of prior quarters, with volumes up 3 percent.

Revenue

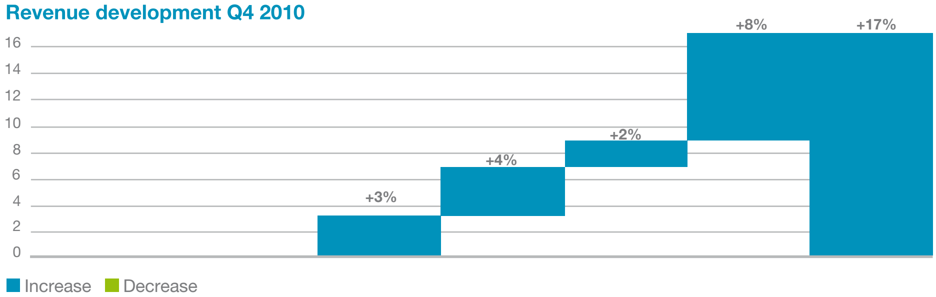
4th quarter 2010	4th quarter 2009	Δ%	In € millions	January - December 2010	January - December 2009	Δ%
1,139	1,022	11	Decorative Paints	4,968	4,573	9
1,238	1,014	22	Performance Coatings	4,786	4,112	16
1,259	1,055	19	Specialty Chemicals	4,943	4,359	13
(16)	(3)		Other activities/eliminations	(57)	(16)	
3,620	**3,088**	**17**	**Total**	**14,640**	**13,028**	**12**

Revenue development 2010



In % versus 2009	Volume	Price	Acquisitions/ divestments	Exchange rates	Total
Decorative Paints	2	1	–	6	9
Performance Coatings	7	(1)	3	7	16
Specialty Chemicals	11	–	(4)	6	13
Total	**6**	**–**	**–**	**6**	**12**

Revenue development Q4 2010



In % versus Q4, 2009	Volume	Price	Acquisitions/ divestments	Exchange rates	Total
Decorative Paints	1	2	–	8	11
Performance Coatings	5	3	5	9	22
Specialty Chemicals	3	8	–	8	19
Total	**3**	**4**	**2**	**8**	**17**

Financial highlights

Acquisitions and divestments

The acquisition and divestment effect on individual business areas revenue during the year was due to the following:

- In Performance Coatings, we consolidated the acquired powder coatings activities as of June 1. We acquired the Lindgens Metal Decorating business in Q3 and on October 1, we acquired Changzhou Prime Automotive Paint Co., Ltd to grow our Car Refinishes business in China. In Q4, these acquisitions contributed 5 percent to revenue in Performance Coatings.
- In Specialty Chemicals, we divested PTA Pakistan in September 2009. This impacted 2010 revenue in Specialty Chemicals by 4 percent. During 2010, National Starch was classified as a discontinued operation and was sold on October 1, 2010 at a gain of €53 million.

VOLUME DEVELOPMENT PER QUARTER (YEAR-ON-YEAR)	Q4 09	Q1 10	Q2 10	Q3 10	Q4 10
Decorative Paints	–	5	1	–	1
Performance Coatings	(2)	8	12	5	5
Specialty Chemicals	4	15	15	10	3
Total	**1**	**10**	**8**	**4**	**3**

PRICE DEVELOPMENT PER QUARTER (YEAR-ON-YEAR)	Q4 09	Q1 10	Q2 10	Q3 10	Q4 10
Decorative Paints	(1)	(1)	–	1	2
Performance Coatings	(3)	(3)	(3)	–	3
Specialty Chemicals	(9)	(6)	(2)	2	8
Total	**(5)**	**(4)**	**(2)**	**1**	**4**

EBITDA

4TH QUARTER			IN € MILLIONS	JANUARY - DECEMBER		
2010	2009	Δ%		2010	2009	Δ%
63	70	(10)	Decorative Paints	548	487	13
147	154	(5)	Performance Coatings	647	594	9
221	189	17	Specialty Chemicals	939	738	27
(54)	(46)		Other activities/eliminations	(170)	(129)	
377	**367**	**3**	**Total**	**1,964**	**1,690**	**16**

EBITDA

EBITDA was up 16 percent for the year and 3 percent for Q4, where the positive currency impact was 8 percent and 10 percent respectively. During the second half of the year we have been impacted by higher raw material costs, which we have partly offset by pricing.

- In Decorative Paints, we continued to invest in the future of the business, with absolute A&P spending increased by 30 percent and A&P spending as a percentage of revenue increasing to 6 percent (2009: 5 percent). During the year, we maintained our focus on costs, margin improvement and operating working capital efficiency. We continued the restructuring programs in our European business to counter soft market demand, while our margin management programs enabled us to maintain overall margins, despite higher raw material prices. EBITDA was up 13 percent for the year and down 10 percent for Q4, where the positive currency impact was 7 percent and 10 percent respectively. The EBITDA margin improved from 10.6 percent in 2009 to 11.0 percent in 2010.
  Q4 EBITDA was below last year due to weak performance in Continental Europe.
- Full-year EBITDA in Performance Coatings increased 9 percent, where the positive currency impact was 7 percent, and ended at €647 million. The EBITDA margin was 13.5 percent (2009: 14.4 percent).
  Q4 showed a similar trend as Q3, with improved activity levels in all businesses. Costs were kept under control, however, margins were impacted by higher raw material prices. As a result, EBITDA in the quarter was down 5 percent (positive currency impact 7 percent) to €147 million (€154 million in 2009).
- In Specialty Chemicals, improved volume, firm margins and limited cost growth resulted in an EBITDA growth of 27 percent to €939 million for 2010 (in constant currencies 20 percent), surpassing all previous performance levels for the portfolio. With the National Starch divestment having been completed and our Ningbo site in China operational, the business area was even better positioned at the close of the year.
  While Q4 EBITDA was €221 million, 17 percent above the strong comparative of last year (in constant currencies 9 percent), margins in the quarter were slightly lower at 17.6 percent. Industrial Chemicals did not book any major result from secondary use of caverns and Surface Chemistry was impacted by shortages in raw materials in their personal care business.

Net debt

Net debt decreased from €1,744 million at year-end 2009 to €936 million at year-end 2010 mainly due to the divestment of National Starch generating €1 billion of cash. Net cash from operating activities was €519 million (2009: €1,220 million) reflecting investment in working capital facilitating growth and higher restructuring payments in 2010. For further details please see page 19.

Raw materials
Raw material prices increased in 2010, particularly in the second half of the year. The company expects 2011 prices to increase further. Pricing and cost reduction actions are ongoing and AkzoNobel is confident that it will be able to compensate for these increases during 2011.

Incidental items included in operating income
During 2010, we continued to restructure:
- In Decorative Paints, mainly in Continental Europe and the US.
- In Performance Coatings, we closed several sites in connection with the acquired powder coatings activities.
- In Specialty Chemicals, we closed an incinerator in Rotterdam.

Apart from restructuring costs, we took a €32 million provision for environmental cleanup costs for a site in Sweden. In addition, we reported gains in connection with the acquired powder coatings activities in Q3 and the divestment of a captive insurance company in Q4.

EBIT in "other"
Corporate costs ended below the previous year. The pension cost impact is due to IAS 19 corridor accounting. We saw fewer insurance claims in 2010, leading to a better result in this year in insurance. Other costs are higher than the previous year, mainly due to increased project activity in line with our strategy to drive functional excellence.

Incidentals included in operating income

4TH QUARTER 2010	4TH QUARTER 2009	IN € MILLIONS	JANUARY - DECEMBER 2010	JANUARY - DECEMBER 2009
(29)	(115)	Restructuring costs	(120)	(349)
(48)	(49)	Results related to major legal, antitrust and environmental cases	(49)	(38)
16	17	Results on acquisitions and divestments	33	48
(2)	5	Other incidental results	(19)	63
(63)	**(142)**	**Incidentals included in operating income**	**(155)**	**(276)**

EBIT in "other"

4TH QUARTER 2010	4TH QUARTER 2009	IN € MILLIONS	JANUARY - DECEMBER 2010	JANUARY - DECEMBER 2009
(29)	(16)	Corporate costs	(96)	(99)
(12)	7	Pensions	(7)	29
4	(9)	Insurances	2	(9)
(23)	(33)	Other	(87)	(70)
(60)	**(51)**	**EBIT in "other"**	**(188)**	**(149)**

Net financing expenses
Net financing charges for the year decreased by €78 million from €405 million to €327 million, due to decreased financing expenses on pensions (€71 million mainly due to higher returns on plan assets). In addition:
- Interest on provisions decreased by €15 million due to lower discount rates.
- Interest on net debt increased by €11 million due to higher cost of refinanced bonds in 2009 and lower rates on our cash position during 2010.

For the fourth quarter, the main changes were related to the lower financing expenses on pensions (€16 million) and the lower discount rate for provisions (€32 million). For further detail on financing charges, please refer to page 21.

Tax
The year-to-date tax rate is 19 percent (2009: 30 percent). The tax rate is low because of several adjustments to previous years, partly related to settlements with tax authorities. Furthermore there were tax-exempt gains related to acquisitions and divestments. Excluding these and other incidental items, the year-to-date tax rate would have been 28 percent (2009: 30 percent).

Discontinued operations
On October 1, we completed the divestment of National Starch with a gain of €53 million. The operating results for 2010 were €74 million. In 2010, we also incurred €37 million related to further settlements and tax-related costs from the divestments of the businesses sold to Henkel in 2008. In total, we reported a gain from discontinued operations of €90 million for 2010 and of €32 million for Q4.

Decorative Paints

- Full-year revenue increased 9 percent and EBITDA increased 13 percent
- All three regions reported higher revenue and profit in 2010
- Strong revenue growth and increased investment in brands and distribution in high growth markets
- Soft demand in most mature markets, particularly in Continental Europe and Canada
- Walmart supply contract roll-out on track

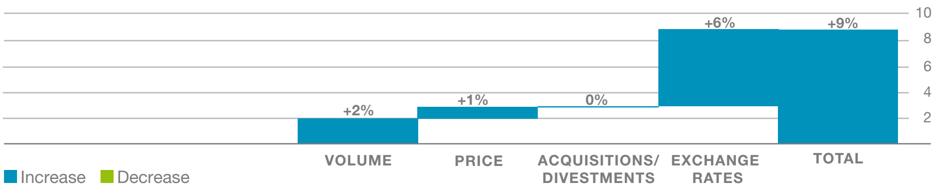
Full-year revenue growth was 9 percent (in constant currencies: up 3 percent). Demand in the high growth markets showed a robust recovery in 2010 after a challenging 2009. Our growth strategy of investing in brands, distribution and people, and expanding into mid-tier markets in high growth regions is progressing well. Growth rates achieved in China and South East Asia have significantly outpaced markets, whilde demand in most of the mature markets declined during the year. As a result, our revenue in mature markets declined, apart from the UK where we continued to strengthen the Dulux market position and gained share in the trade segment.

Q4 revenue development followed a similar regional pattern as the rest of 2010. Revenue increased 11 percent, primarily driven by Asia and Latin America and a positive foreign currency translation effect.
We continued to invest in the future of the business, with absolute A&P spending increased by 30 percent and A&P spending as a percentage of revenue increasing to 6 percent (2009: 5 percent). In addition, a large number of countries, including Canada, China, India, Germany, France, Sweden, the Netherlands and Belgium completed successful SAP roll-outs during the year.

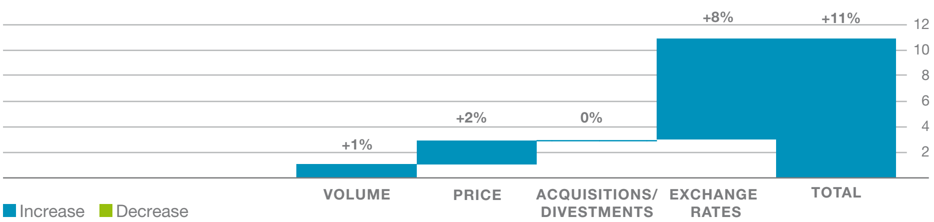
Our US business marked a key milestone in our turnaround strategy by securing a supply contract with Walmart. We will be the primary paint supplier to more than 3,500 Walmart stores. This will involve developing and manufacturing a portfolio of interior and exterior paints under the Glidden and Walmart Colorplace brands. The successful relaunch of our Glidden brand also resulted in a higher Glidden market share in 2010.

During the year, we maintained our focus on costs, margin improvement and operating working capital efficiency. We continued the restructuring programs in our European business to counter soft market demand, while our margin management programs enabled us to maintain overall margins despite higher raw material prices. EBITDA was up 13 percent for the year and down 10 percent for Q4, where the positive currency impact was 7 percent and 10 percent respectively. The EBITDA margin improved from 10.6 percent in 2009 to 11.0 percent in 2010.

Revenue development 2010



Revenue development Q4 2010



Europe

In Europe, revenue was up 2 percent (in constant currencies: down 1 percent). Performance in various parts of the region was mixed. Turkey and Russia recovered quickly from the economic downturn and experienced robust revenue growth in 2010. Revenues in mature European markets declined with the exception of the UK, where paint demand declined slightly but revenue in the UK was up compared with 2009. We strengthened our Dulux market positions and grew our share in trade markets. Western and Northern Europe experienced challenging market conditions due to low customer confidence, a weak construction and renovation industry and lower trade demand. Revenue in this part of Europe was lower as a result. In mature European

Decorative Paints

markets, we continued to focus on operational efficiency, complexity reduction, margin management and operating working capital improvement. Full-year EBITDA in Europe improved from last year despite generally weaker markets.

In Q4, revenue was 2 percent higher than in 2009 (in constant currencies down 1 percent). The revenue development in Q4 followed a similar trend as the full year. EBITDA in Q4 declined, primarily due to a weak performance in Continental Europe. During the fourth quarter, we acquired the paints distributor Sofip in France. Earlier in the year, we completed three other distributor acquisitions: Peintures de France, Peintures Chartraines, and Joyes.

Americas

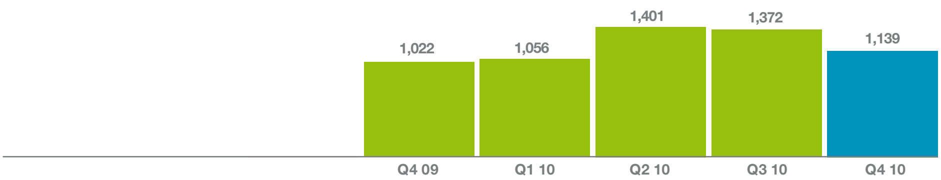
Revenue in the US was flat versus 2009 (in constant currencies down 5 percent). 2010 marked the third year in a row of declining paint demand, with non-residential markets being particularly weak. We continued to invest in the Glidden brand and increased Glidden sales and market share in the retail segment. The company-owned stores have been rebranded into Glidden professional Paint Centers. Partnering with Home Depot, we also successfully launched the Martha Stewart Living brand. In September, we were selected by Walmart to be the primary paint supplier for their US stores. Walmart shipments started in the last quarter of 2010 and included the initial shipments of Better Homes and Gardens (BH&G) and Glidden brands in preparation for the store resets beginning in January 2011.

In Canada, 2010 revenue was 14 percent above 2009 (in constant currencies: down 1 percent). We started the year strongly, especially in retail. However, due to changes in the Canadian government's home purchase credit and tax incentive, we experienced lower demand in the second half of the year. We continued to open new stores in Canada in order to further strengthen our stores network. Additionally, we signed a new five-year contract with a key customer in Canada, RONA, in Q4 and we introduced new product lines in Canadian Tire and The Home Depot. Both the US and Canada experienced higher raw

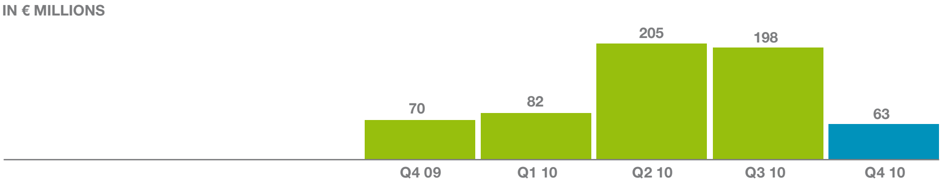
4th quarter			In € millions	January - December		
2010	2009 [1]	Δ%		2010	2009 [1]	Δ%
			Revenue			
543	532	2	Decorative Paints Europe	2,585	2,531	2
366	319	15	Decorative Paints Americas	1,547	1,413	9
231	172	34	Decorative Paints Asia	841	632	33
(1)	(1)		Other/intragroup eliminations	(5)	(3)	
1,139	**1,022**	**11**	**Total**	**4,968**	**4,573**	**9**
			Before incidentals			
63	70	(10)	EBITDA	548	487	13
5.5	6.8		EBITDA margin (in %)	11.0	10.6	
8	25		EBIT	343	298	15
0.7	2.4		EBIT margin (in %)	6.9	6.5	
			Moving average ROI (in %)	5.2	4.7	
			After incidentals			
(26)	(67)		Operating income	275	133	
63	40		Capital expenditures	154	112	
			Invested capital	6,404	6,206	
			Number of employees	21,950	21,940	

[1] Restated.

Revenue
IN € MILLIONS



EBITDA
IN € MILLIONS



material costs and shortages, particularly titanium dioxide and latex resins in the summer.

In Latin America, full-year revenue was 25 percent above 2009 (in constant currencies: 10 percent). All regions contributed to the growth, which was driven by improved market conditions and investments in brands and distribution. Volume was positively impacted by new product launches. During 2010, we accelerated the Tudo de Cor Minha Casa (I want colors for my house) program. This initiative stimulates consumers to enter into a neighborhood-based contest to win a free repaint of the front of their house. More than 500 of these community projects were completed. In October, we launched the Color Futures 2011 book with a regional approach in our main growth regions. The campaign has reached approximately 800 architects and other clients.

Q4 revenue in the Americas increased by 15 percent (in constant currencies: 3 percent), mainly driven by Latin America. Volume development in the US stabilized in Q4. EBITDA improved significantly from prior year due to improved performance in the US and Latin America.

Asia

In 2010, our business growth in Asia was strong. Revenue increased 33 percent from 2009 (in constant currencies 22 percent). All countries in Asia contributed to this growth. Our revenue growth in China significantly outpaced market growth in 2010. Investment in brand building has started to come to fruition, with increased brand awareness across China. As part of the successful global program, the Let's Color campaign was launched in selected cities to further extend our color leadership. We have opened and upgraded close to 1,000 Dulux customer stores this year to accelerate the expansion of our controlled distribution footprint. Further to this, a new Dulux Decorator Center Network store with state-of-the-art design was introduced in Ningbo, emphasizing our continuous drive for innovation, not only in the traditional territory of new product launches, but also in the areas of service improvement and channel development. Helped by increased coverage in the mass distribution channel, as well as successful penetration into more tier 2 and tier 3 cities, our mid-tier range products have enjoyed the highest growth rate among all product segments. The above strategic thrusts have been fully supported by our commitment in people development, while at the same time we are continuing to build organizational and system capabilities for future growth. We have welcomed more than 500 new colleagues to our organization, with the majority being deployed in field sales. We have continued to build capability in our Dulux Easy Paint service and started to establish a stronger foundation in the project channel, a relatively under-developed market for us, but one which offers unparalleled opportunities for the future. Our successful implementation of SAP in June will also provide a better system platform to deliver our strategic ambitions in the future.

In South East Asia and Pacific we had a record year. In almost every country in South East Asia we grew faster than the market and improved our competitive position, cementing our overall number one position in the region. Performance in the key markets of Indonesia and Vietnam was particularly strong. This was achieved through continuing to invest in the Dulux brand across the region, especially through key product and innovation launches such as WeatherShield Keep Cool and our new Dulux offering in Indonesia designed for the mid-market. We continued to invest in our business partners – painters, architects, interior designers – and our channels and customers, including continued expansion of our tinting machine footprint. In order to stay ahead of our growth, we made a major transition in our distribution system in Indonesia and continued to build up our supply chain footprint and capabilities accordingly.
Growth in India continued to be healthy in 2010. We revised our product portfolio and re-established Dulux as a quality leader in the market.

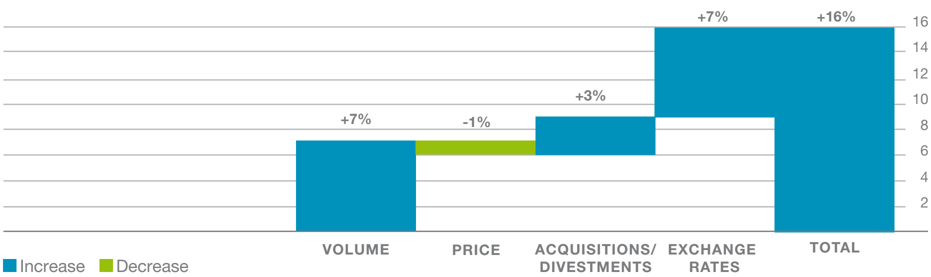
The growth momentum in Asia continued in Q4. However, the China growth rate moderated as a result of measures introduced by the central government to curb rising property prices. Asia revenue increased by 34 percent in Q4 (in constant currencies 20 percent), while maintaining healthy profit levels. We completed the acquisition of the non-controlling interest in our joint venture partner in Thailand in Q4.

Performance Coatings

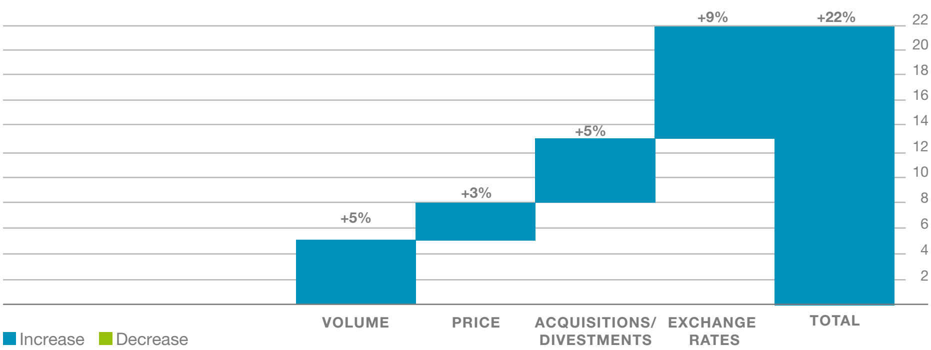
- Full-year revenue up 16 percent, with volumes up 7 percent
- EBITDA up 9 percent for the year
- Margin management mitigating higher raw material costs
- Better trading conditions in 2010, especially in Industrial Coatings, Car Refinishes and Powder Coatings
- Integration of acquired activities delivering results

Performance Coatings had a good year, with revenue up 16 percent (in constant currencies: 9 percent). Volume increases were seen in all businesses and all geographic regions, especially in Eastern Europe, Latin America and Asia. Powder Coatings showed the largest increase due to an acquisition followed by Industrial Coatings, driven by good performances in Coil and Packaging Coatings. Wood Finishes and Adhesives and Marine and Protective Coatings had slower volume growth due to continued weak demand in the US housing market and lower investment levels in the European and US markets. Raw material price increases had a negative impact on the full-year results in all businesses, showing a significant increase in the second half of the year. Margin management programs, including selling price increase, and restructuring efforts in mature markets, are ongoing and continue to support performance. Full-year EBITDA in Performance Coatings increased 9 percent, where the positive currency impact was 7 percent, and ended at €647 million. The EBITDA margin was 13.5 percent (2009: 14.4 percent).

Revenue development 2010



Revenue development Q4 2010



Q4 showed a similar trend as Q3, with improved activity levels in all business. Revenue ended up 22 percent over last year, supported by currencies (9 percent), acquisitions (5 percent) and volume (5 percent). Costs were kept under control, however, margins were impacted by higher raw material prices. As a result, EBITDA in the quarter was down 5 percent (positive currency impact 7 percent) to €147 million (€154 million in 2009).

Marine and Protective Coatings

Revenue for Marine and Protective Coatings was up 7 percent, positively impacted by currencies. In Marine, volume development has been positive, with the year finishing ahead of last year's level. Record activity levels in new construction in China and Korea were the driving force behind this. New construction finished the year ahead of 2009, more than compensating for weaker performance in deep sea maintenance markets, which was down on 2009 as cash conscious owners look to delay maintenance and repair expenditure. This change in mix, combined with significant levels of raw material price inflation, caused margins to fall below last year's levels. In Protective Coatings, we saw modest volume growth towards the end of the year, an indication of some recovery. In Heavy Industry, the high value infrastructure sector suffered from the unwinding of infrastructure stimulus programs, while growth in Oil & Gas markets was also impacted by the prevailing economic climate. In Yacht, volumes were up overall, with prices holding up well, although margins saw some negative impact from increasing raw material costs, especially during the final quarter. In the European super yacht market, new project signings were made, but the North American production OEM sector and super

Performance Coatings

yacht newbuild sector remained weak. In Singapore, we officially opened our new worldwide product development laboratory focused on developing the next generation of marine paints.
The final quarter has seen improvement in activity levels with volumes 14 percent ahead of Q4 2009. Marine New Construction, Deep Sea and Protective generated volumes above the level seen during the last quarter of previous year.

Wood Finishes and Adhesives

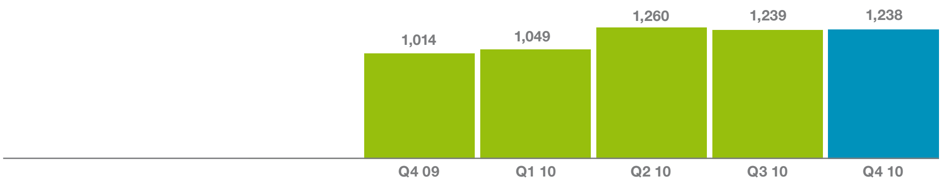
Revenue for Wood Finishes and Adhesives increased by 13 percent over the prior year, supported by currencies. Volume levels increased 6 percent over 2009 for the year, but the rate of growth began slowing in Q3 and fell below prior year in Q4. This was due to the fragile economic recovery in our end markets and the volatility which still exists in the wood finishes and adhesives markets. The main demand drivers for the industrial wood and adhesives markets include residential construction and remodeling activity, which has been severely impacted by the global economic recession. The North American housing market remains weak, which has resulted in limited growth opportunities for our North American and Asian indirect export businesses.

The European and Latin American wood finishes markets recovered faster and both realized double digit volume growth in 2010. In particular, Turkey showed strong growth in the first half of the year, while the Northern European business gained momentum as the year progressed. Adhesives had a strong year led by the European business, which was aided by a strong export market for structural elements. Despite the difficult economic conditions, we continue to invest in high growth markets. During the year, we began construction of a new manufacturing facility in Vietnam for wood, coil and specialty plastics.

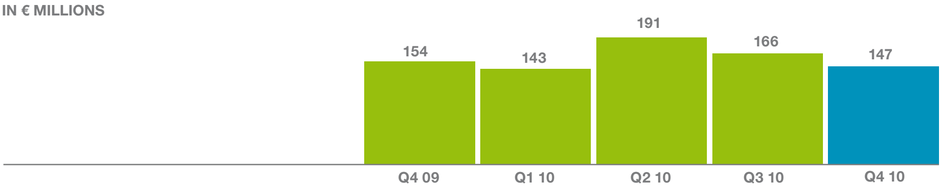
4TH QUARTER			IN € MILLIONS	JANUARY - DECEMBER		
2010	2009 [1]	Δ%		2010	2009 [1]	Δ%
			Revenue			
349	300	16	Marine and Protective Coatings	1,345	1,260	7
185	172	8	Wood Finishes and Adhesives	776	684	13
256	219	17	Car Refinishes	994	872	14
230	150	53	Powder Coatings	804	573	40
222	176	26	Industrial Coatings	882	725	22
(4)	(3)		Other/intragroup eliminations	(15)	(2)	
1,238	1,014	22	**Total**	**4,786**	4,112	16
			Before incidentals			
147	154	(5)	EBITDA	647	594	9
11.9	15.2		EBITDA margin (in %)	13.5	14.4	
119	128	(7)	EBIT	540	492	10
9.6	12.6		EBIT margin (in %)	11.3	12.0	
			Moving average ROI (in %)	26.5	25.3	
			After incidentals			
104	117		Operating income	487	433	
36	21		Capital expenditures	87	61	
			Invested capital	2,122	1,817	
			Number of employees	21,020	19,940	

[1] Restated.

Revenue
IN € MILLIONS



EBITDA
IN € MILLIONS



Car Refinishes

Revenue in 2010 ended 14 percent higher than the previous year. Growth was most evident in the vehicle repair segment in Asia – supported by the acquisition of Changzhou Prime Automotive Paint Co. Ltd in China – as well as in South America and Turkey. We also experienced increased demand in our commercial vehicle OEM and automotive plastic coatings segments, which benefited from the recovery in the automotive market. Despite the change in mix and an increase in raw material prices, margins remained stable. Operating costs have increased over the last year, partly as a result of acquisitions and partly due to investments made in high growth markets.

In Q4, total volumes ended higher than in Q4 2009, aided by newly won contract volumes in the premium vehicle repair segment in Europe and North America, and driven by strong growth in the premium vehicle repair segments in Asia and South America. Volumes in the trade vehicle repair segment also increased in Q4, supported by the aforementioned Prime acquisition in China. The commercial vehicle OEM segment continued its recovery, mainly in the US and Brazil, albeit not at the same pace as in previous quarters. Volumes and revenue at our Automotive Plastic Coatings business grew versus Q4 2009, mainly due to a favorable mix.

Aerospace Coatings' volumes and revenue improved versus the previous year, mainly due to recovery in the US OEM and maintenance markets and strong sales growth in the Asia Pacific region. We underlined our commitment to strengthen our color leadership position by announcing the relaunch of our highly regarded Colormap in Q4. We bought out a joint venture partner and assumed full responsibility for the marketing and distribution of the Sikkens, Lesonal, U-Tech and Wanda brands in Mexico. Toyota Motor Europe (TME) also became the first global automotive manufacturer to offer stickerfix – our innovative DIY repair solution for minor paint damage – to its customers. stickerfix is a unique, ultra-thin, hi-tech adhesive film coated with a perfect match of the original vehicle color, which uses professional, high quality automotive refinish paint.

Following the business reorganizations within Performance Coatings in 2010, the business unit Car Refinishes changed its name to Automotive and Aerospace Coatings on January 1, 2011 to better reflect its activities.

Powder Coatings

Performance was strong in 2010, with volume levels up in all businesses and markets. Revenue increased 40 percent, mainly due to the acquired powder coatings activities (20 percent) and favorable currencies. Raw material increases put pressure on margins in all sectors, but margin management initiatives and restructuring activities in mature markets partly offset this effect. Asia and Eastern Europe had another year of outstanding performance, with double digit growth driven by volume. In the Americas, we not only profited from the acquired powder coatings activities, but the underlying business also showed a strong improvement. In Western Europe, we experienced a solid recovery and were close to double digit growth. The acquired activities contributed greatly to our performance in 2010. All markets showed improvement over the previous year, with our General Industrial, Furniture and Automotive activities showing the strongest performance. The integration of the acquired powder coatings activities is proceeding according to plan and we have announced the closure and downsizing of a number of manufacturing sites in Europe and China.

Revenue in Q4 was up 53 percent over last year, mainly as a result of the acquired powder coatings activities (32 percent) and improved business activities. In Q4 we announced plans for a new manufacturing site in Monterrey, in order to strengthen our position in the rapidly growing Mexican market. Plans have also been finalized for the construction of a new research and development laboratory in Izmir, Turkey. Our commitment to powder coatings in China was highlighted in October when the sixth production facility in the country was opened. Located in the Wuhan Economic and Technological Development Zone, this new site boosts the ability to meet market needs and also geographic spread in China. New sales teams and offices have been established in NanNing and LiuZhou in order to exploit the growing architectural, industrial and automotive markets in the GuangXi region.

Industrial Coatings

Industrial Coatings had a good start to the year with revenue increasing 22 percent during the year, mainly due to higher volumes, improved margins and a positive impact from currencies. In the first half of 2010 we saw a strong recovery of business activities compared with 2009. Raw material costs rose substantially, but margin management initiatives mitigated part of the increased costs. Our continuous focus on costs in mature markets reduced costs as a percentage of revenue. Coil Coatings showed strong volume and revenue growth in 2010 in all regions, driven mainly by activity in Asia Pacific and high growth regions of Europe, particularly Russia and Turkey. Compared with last year, Specialty Plastics saw a volume and revenue drop in Asia in its main businesses (wireless and IT) while the Automotive and Cosmetics businesses booked increased volume and revenue. In addition, the Film business showed strong revenue growth. Packaging Coatings' more stable beverage and food-related business saw a robust increase in volume and revenue, particularly in high growth markets such as Asia Pacific and Latin America. The Lindgens acquisition was completed in September, adding technology and expertise to our Packaging Coatings activities, particularly in the market for inks printed on the outside of two-piece metal packaging.

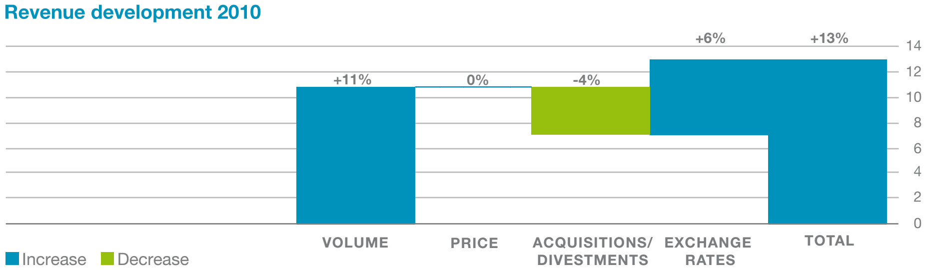
In Q4, we encountered a better trading environment and delivered a strong Q4 result. Revenue was up 26 percent over last year, mainly driven by increases in selling prices in all businesses. In Packaging Coatings, notably in Europe and Asia, business did well mainly due to increased volumes.

Specialty Chemicals

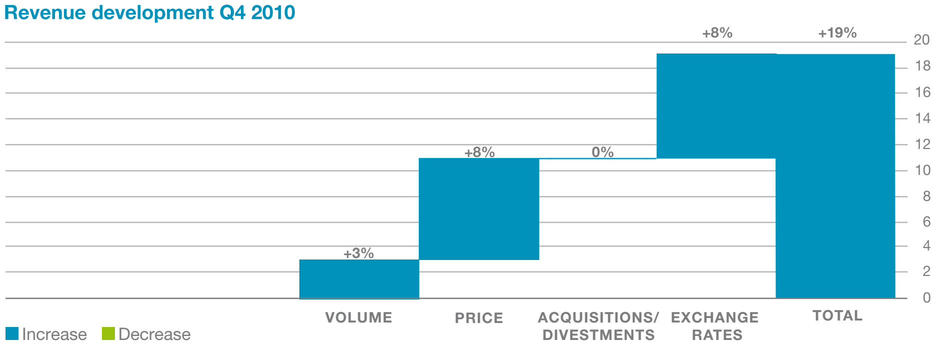
- Full-year revenue increased 13 percent
- Broad demand improvement in both mature and high growth markets
- Performance improvement in all business units
- Full-year EBITDA increased 27 percent
- National Starch divestment completed
- Ningbo China site commissioned

A broad recovery in demand, combined with the success of our strategic growth platforms, led to a volume increase across nearly all business lines in our Specialty Chemicals portfolio. In particular, volumes in the Americas and Asia returned to pre-crisis levels. Revenue increased 13 percent for the year, driven by the volume improvement, stable pricing and favorable currency effects. As a result of cost structure reductions implemented in 2009 and our cost containment actions in 2010, cost growth was limited this year, largely driven by improved volume and strategic investments. Consequently, the conversion of incremental margin to EBITDA was exceptionally strong. Improved volume, firm margins and limited cost growth resulted in an EBITDA growth of 27 percent to €939 million for 2010, where the positive currency impact was 8 percent. With the National Starch divestment having been completed and our Ningbo site in China operational, the Specialty Chemicals business area was even better positioned at the close of the year.

Revenue development 2010



Revenue development Q4 2010



While Q4 EBITDA was €221 million, 17 percent above the strong comparative of last year (in constant currencies 9 percent), margins in the quarter were slightly lower at 17.6 percent. Industrial Chemicals did not book any major result from secondary use of caverns and Surface Chemistry was impacted by shortages in raw materials in their personal care business.

Functional Chemicals

The performance of our Functional Chemicals business was consistently strong throughout 2010. Broad recovery in our end-use markets, combined with geographic expansion initiatives (China) and commercial momentum in our key growth platforms (Chelates and High Polymers) resulted in a 14 percent increase in volume for the year. Revenue increased a corresponding 23 percent, driven by the volume increase, improved pricing and a favorable currency effect. Real growth, effective margin management and cost containment actions all contributed to a significantly improved bottom line for the business in 2010. In addition, the merger of the Polymer business unit was completed as planned.

The fourth quarter showed strong results, with the traditional December slowdown being much less pronounced than the previous year. Demand remained high in many product lines and supply picked up, but the overall supply/ demand balance remained favorable, which lead to a positive development of margins. The High Polymer business has seen extraordinary growth. Through fast capacity increases, we were able to capitalize on strong demand

Specialty Chemicals

increases for LEDs in screen and lighting. On November 8, 2010, we celebrated the opening of our Ningbo production site and are now close to bringing all initial plants to full operation. During 2010, we also announced additional investment in the Ningbo site with the construction of a new organic peroxides plant.

Industrial Chemicals

As the year progressed, volume and pricing strengthened across our Industrial Chemicals portfolio. Volume increased 10 percent in 2010 as demand for caustic, chlorine derivatives and salt recovered strongly. Improved pricing across all businesses, led by caustic, and the revenue recognized from the secondary use of salt caverns were key drivers of the 13 percent top line growth. The performance in MCA significantly increased during the year, largely as a result of a reduced cost structure and improved asset utilization. The overall business performance is now benefiting from the site rationalization actions of 2009 and the integration of the LII acquisition.

Q4 revenue increased 16 percent on improved margins and volume. Volume increases were driven by Salt and MCA. Salt benefited from the early start of the winter in Europe. MCA demand was high, leading to record production volumes in both Europe and China. The production facilities in Skoghall were closed according to plan.

Surface Chemistry

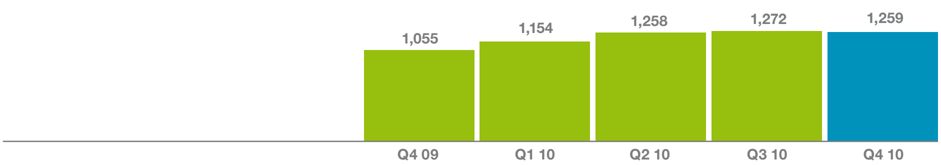
The performance of our Surface Chemistry business reached a new level in 2010. Regionally, the significant performance improvement was led by the business in the Americas. Demand in the personal care, agricultural, mining and other performance application segments improved sharply from the lowest point in 2009. Volume increased 12 percent, driven by the improved end-use demand and excellent progress on strategic market initiatives. Increased volume, margin management and cost containment resulted in a notable improvement in performance during the year.

Revenue in Q4 was 12 percent higher than the previous year, driven by currency effects. Q4 of the previous year was a strong comparative, when the economic recovery and inventory

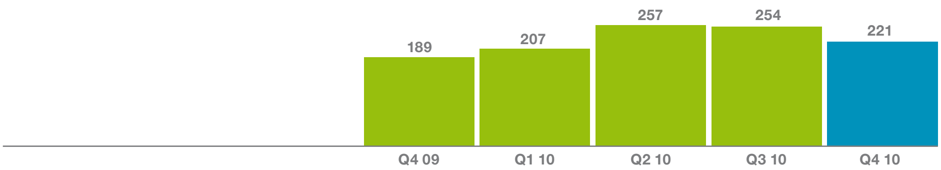
4th quarter			In € millions	January - December		
2010	2009 [1]	Δ%		2010	2009 [1]	Δ%
			Revenue			
461	363	27	Functional Chemicals	1,813	1,479	23
282	243	16	Industrial Chemicals	1,070	949	13
200	179	12	Surface Chemistry	847	701	21
270	242	12	Pulp and Paper Chemicals	1,044	935	12
82	55	49	Chemicals Pakistan	305	405	(25)
(36)	(27)		Other/intragroup eliminations	(136)	(110)	
1,259	1,055	19	**Total**	**4,943**	4,359	13
			Before incidentals			
221	189	17	EBITDA	939	738	27
17.6	17.9		EBITDA margin (in %)	19.0	16.9	
155	128	21	EBIT	679	490	39
12.3	12.1		EBIT margin (in %)	13.7	11.2	
			Moving average ROI (in %)	19.9	15.6	
			After incidentals			
119	116		Operating income	604	422	
91	96		Capital expenditures	273	319	
			Invested capital	3,457	3,106	
			Number of employees	11,080	11,140	

[1] Restated.

Revenue
IN € MILLIONS



EBITDA
IN € MILLIONS



restocking resulted in revenue above structural demand. Demand in some markets slowed down in Q4, while oilfield, mining and organoclay experienced strong growth. Raw material prices continued to increase during the quarter and are now at 2008 peak levels. Strong cost control and active margin management helped to maintain our bottom line.

Pulp and Paper Chemicals

For the full year, the performance in our Pulp and Paper Chemicals business was driven by encouraging results in the Americas and in our Specialty Products activities. The market strengthened as the year progressed although demand lagged in Europe. Paper Chemicals performance improved as a result of successful new product launches in retention and sizing. Although pricing in the mature markets remained under pressure, volume growth and cost containment offset the price pressure, leading to a performance improvement in our Pulp and Paper business.

Demand continued to be strong during the fourth quarter and revenue increased in all regions. Demand for bleaching chemicals was high in both the US market and export markets, while the Brazilian market continued to be stable. The investments in Brazil that came on line last year are running at capacity.

Chemicals Pakistan

Domestic issues, energy shortages and a devastating natural disaster made business conditions exceptionally difficult in 2010. Adjusting for the PTA divestment in 2009, revenue increased 27 percent, with the Soda Ash and Polyester businesses being very strong performers. Both businesses recorded their highest ever sales volumes. Volume growth and margin improvements resulted in an increased bottom line result.

Revenue growth in Q4 was 49 percent compared with last year. The growth was a result of higher prices in all businesses and improved volumes in polyester, life sciences and the deco business. Soda ash was impacted by the shortage of gas, but we were able to maintain our leadership position in the market.

Condensed financial statements

Consolidated statement of income

4th quarter 2010	4th quarter 2009 [1]	In € millions	January - December 2010	January - December 2009 [1]
		Continuing operations		
3,620	3,088	Revenue	14,640	13,028
(2,230)	(1,826)	Cost of sales	(8,672)	(7,788)
1,390	**1,262**	**Gross profit**	**5,968**	**5,240**
(857)	(778)	Selling expenses	(3,341)	(3,086)
(314)	(258)	General and administrative expenses	(1,103)	(1,024)
(83)	(83)	Research and development expenses	(334)	(327)
23	(55)	Other operating income/(expenses)	29	52
159	**88**	**Operating income**	**1,219**	**855**
(56)	(118)	Net financing expenses	(327)	(405)
4	5	Results from associates and joint ventures	25	21
107	**(25)**	**Profit before tax**	**917**	**471**
40	(33)	Income tax	(170)	(141)
147	**(58)**	**Profit for the period from continuing operations**	**747**	**330**
		Discontinued operations		
32	15	Profit for the period from discontinued operations	90	32
179	**(43)**	**Profit for the period**	**837**	**362**
		Attributable to		
162	(60)	Shareholders of the company	754	285
17	17	Non-controlling interests	83	77
179	**(43)**	**Profit for the period**	**837**	**362**

[1] Restated to present National Starch as a discontinued operation.

Consolidated statement of comprehensive income

4th quarter 2010	4th quarter 2009	In € millions	January - December 2010	January - December 2009
179	**(43)**	**Profit for the period**	**837**	**362**
		Other comprehensive income		
198	176	Exchange differences arising on translation of foreign operations	827	383
(16)	1	Cash flow hedges	50	48
–	(3)	Revaluation related to step acquisitions	–	7
(16)	(19)	Tax relating to components of other comprehensive income	(35)	(38)
166	**155**	**Other comprehensive income for the period (net of tax)**	**842**	**400**
345	**112**	**Comprehensive income for the period**	**1,679**	**762**
		Comprehensive income attributable to		
279	89	Shareholders of the company	1,523	688
66	23	Non-controlling interests	156	74
345	**112**	**Comprehensive income for the period**	**1,679**	**762**

Shareholders' equity

Shareholders' equity as at December 31, 2010 increased to €9.0 billion, due to the net effect of:

- Net income of €754 million.
- Increased cumulative translation reserves by €734 million due to the weakening euro.
- Payment of the final 2009 dividend of €245 million and the 2010 interim dividend of €75 million.

Dividend policy

We have announced a simplified dividend policy and intend to pay a stable to rising dividend, whereby a cash interim and final dividend will be paid. We will propose a 2010 final dividend of €1.08 per share, which would make a total 2010 dividend of €1.40 (2009: €1.35).

Condensed consolidated balance sheet

IN € MILLIONS	DECEMBER 30 2010	DECEMBER 31 2009
Intangible assets	7,308	7,388
Property, plant and equipment	3,384	3,474
Other financial non-current assets	1,977	1,783
Total non-current assets	**12,669**	**12,645**
Inventories	1,678	1,441
Trade and other receivables	2,788	2,564
Cash and cash equivalents	2,851	2,128
Other current assets	108	102
Total current assets	**7,425**	**6,235**
Total assets	**20,094**	**18,880**
Total equity	**9,509**	**8,245**
Provisions and deferred tax liabilities	2,444	2,593
Long-term borrowings	2,880	3,488
Total non-current liabilities	**5,324**	**6,081**
Short-term borrowings	907	384
Trade and other payables	3,305	2,866
Other short-term liabilities	1,049	1,304
Total current liabilities	**5,261**	**4,554**
Total equity and liabilities	**20,094**	**18,880**

Changes in equity

IN € MILLIONS	SUBSCRIBED SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	CASHFLOW HEDGE RESERVE	REVALUATION RESERVES	CUMULATIVE TRANSLATION RESERVES	OTHER RESERVES	SHARE-HOLDERS' EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at January 1, 2009	463	–	(49)	–	(1,130)	8,179	7,463	450	7,913
Profit for the period	–	–	–	–	–	285	285	77	362
Other comprehensive income	–	–	43	7	353	–	403	(3)	400
Comprehensive income for the period	**–**	**–**	**43**	**7**	**353**	**285**	**688**	**74**	**762**
Dividend paid	–	–	–	–	–	(395)	(395)	(59)	(454)
Equity-settled transactions	–	–	–	–	–	15	15	–	15
Issue of common shares	2	2	–	–	–	–	4	–	4
Acquisitions and divestments	–	–	–	–	–	–	–	5	5
Balance at December 31, 2009	465	2	(6)	7	(777)	8,084	7,775	470	8,245
Profit for the period	–	–	–	–	–	754	754	83	837
Other comprehensive income	–	–	35	–	734	–	769	73	842
Comprehensive income for the period	**–**	**–**	**35**	**–**	**734**	**754**	**1,523**	**156**	**1,679**
Dividend paid	–	–	–	–	–	(320)	(320)	(83)	(403)
Equity-settled transactions	–	–	–	–	–	27	27	–	27
Issue of common shares	2	7	–	–	–	–	9	–	9
Acquisitions and divestments	–	–	–	–	–	(30)	(30)	(18)	(48)
Balance at December 31, 2010	**467**	**9**	**29**	**7**	**(43)**	**8,515**	**8,984**	**525**	**9,509**

Invested capital

IN € MILLIONS	DECEMBER 31 2010	DECEMBER 31 2009
Trade receivables	2,101	1,762
Inventories	1,678	1,314
Trade payables	(1,763)	(1,385)
Operating working capital in business areas	**2,016**	**1,691**
Other working capital items	(1,203)	(957)
Non-current assets	12,669	12,645
Deferred tax liabilities	(589)	(574)
Less investments in associates and joint ventures	(175)	(175)
Discontinued operations	–	(898)
Invested capital	**12,718**	11,732

Invested capital

Invested capital at year-end 2010 totaled €12.7 billion, €1 billion higher than at year-end 2009. Invested capital was impacted by the following items:

- Foreign currency effects on intangibles and property, plant and equipment, due to the weakening euro. In total, equity increased by €0.8 billion due to the currency translation impact.
- An increase of €269 million of long-term receivables related to pension funds in an asset position.
- Acquisitions, primarily the acquired powder coatings activities.
- An increase of operating working capital due to currencies and increased business activities. Expressed as a percentage of revenue, operating working capital was 13.9 percent (year-end 2009: 13.7 percent).
- Payments of accrued interest of €159 million in January 2010, being the first payment under bonds refinanced in late 2008 and the first half of 2009. The normalized cash outflow for these bonds is €148 million.

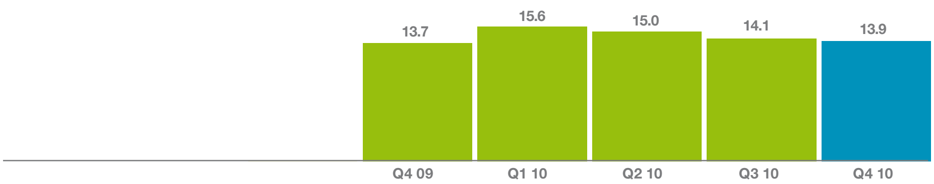
Return on invested capital

We monitor our return on investments (ROI) by two measures:

- By (moving average) ROI, being EBIT divided by average invested capital.
- By (moving average) operating ROI, being EBIT before amortization of intangibles divided by average invested capital excluding intangibles.

Both measures have developed positively during 2010.

Operating working capital
IN % OF REVENUE



Operating working capital

IN € MILLIONS, % OF REVENUE	DECEMBER 31 2010		2009	
Decorative Paints	651	14.3	532	13.0
Performance Coatings	714	14.4	594	14.6
Specialty Chemicals	651	12.9	565	13.4
Total	**2,016**	**13.9**	1,691	13.7

Pensions

The funded status of the pension plans at year-end 2010, was estimated to be a deficit of €1.0 billion (year-end 2009: €1.9 billion). The movement is due to lower discount rates increasing the pension obligation, compensated by:

- Increased asset values.
- Lower inflation expectations.
- Top-up payments of €375 million into certain defined benefit pension plans.

Workforce

At year-end 2010, we employed 55,590 staff for ongoing activities (year-end 2009: 54,740 employees). The net increase was due to:

- A net increase of 870 due to acquisitions and divestments, mainly from the acquired powder coatings activities (670 employees)
- A decrease of 1,770 employees due to ongoing restructuring.
- An increase of 1,750 employees due to new hires and other changes.

Condensed consolidated statement of cash flows

4TH QUARTER 2010	4TH QUARTER 2009 [1]	IN € MILLIONS	JANUARY - DECEMBER 2010	JANUARY - DECEMBER 2009 [1]
1,630	1,750	**Cash and cash equivalents opening balance**	**1,919**	1,449
147	(58)	Profit for the period from continuing operations	747	330
166	152	Amortization, depreciation and impairments	640	622
87	380	Changes in working capital	(95)	650
(20)	(110)	Changes in provisions	(651)	(493)
(105)	47	Other changes	(122)	111
275	411	**Net cash from operating activities**	**519**	1,220
(198)	(160)	Capital expenditures	(534)	(513)
6	(20)	Acquisitions and divestments [2]	2	(55)
(1)	(3)	Other changes	53	39
(193)	(183)	**Net cash from investing activities**	**(479)**	(529)
(4)	8	Changes from borrowings	(33)	175
(97)	(89)	Dividends	(403)	(454)
(51)	2	Other changes	(45)	4
(152)	(79)	**Net cash from financing activities**	**(481)**	(275)
(70)	149	**Net cash used for continuing operations**	**(441)**	416
1,095	(1)	Cash flows from discontinued operations	1,095	19
1,025	148	**Net change in cash and cash equivalents of total operations**	**654**	435
28	21	Effect of exchange rate changes on cash and cash equivalents	110	35
2,683	1,919	**Cash and cash equivalents at December 31**	**2,683**	1,919

[1] Restated to present National Starch as a discontinued operation.
[2] Net of cash.

Cash flows

Operating activities in 2010 resulted in a cash inflow of €519 million (2009: €1,220 million). The change compared with 2009 is due to €0.4 billion higher operating results offset by the following changes in working capital and changes in provisions:

- During 2009, we released €0.5 billion cash from operating working capital, whereas during 2010 we invested €0.1 billion in operating working capital to facilitate growth.
- During 2009, we incurred high costs for restructuring, resulting in higher restructuring payments during 2010.
- In 2009 we received €75 million from tax authorities on a contingent basis for ongoing tax litigation. In 2010 we paid an additional amount to tax authorities. In addition, early 2010, we made the first payment of accrued interest of bonds refinanced in 2009.

Net debt

Net debt decreased from €1,744 million at year-end 2009 to €936 million at year-end 2010, mainly due to:

- The divestment of National Starch, generating €1 billion of cash.
- Operating cash inflows of €519 million.
- Dividend payments of €403 million (including to non-controlling interests) and
- Capital expenditures of €534 million.

A bond totaling €539 million will mature in June 2011 and is recorded under short-term borrowings. In August, our credit ratings were confirmed at BBB+/Baa1 with outlook improved to stable.

The proceeds from the disposal of National Starch will fund growth and will potentially partly be used to realize our growth plans, strengthen the company's capital structure by, for example, repaying the 2011 €539 million debt maturity or de-risking pensions where possible.

Medium-term ambitions

We have the aspiration to be the world's leading Coatings and Specialty Chemicals company. On September 28, we announced our medium-term ambitions to grow to €20 billion revenue, increase EBITDA each year while maintaining a 13 to 15 percent margin, reduce OWC percent of revenue year-on-year by 0.5 percent towards a 12 percent level, and pay a stable to rising dividend.

The sustainability ambitions are to remain a top three leader in our industry, to be top quartile in our peer group in terms of safety performance, diversity, employee engagement and development, and eco-efficiency improvement rates.

Outlook

We are aiming for more than 5 percent revenue and EBITDA growth in 2011, in line with strategic ambitions.

Amsterdam, February 16, 2011
Board of Management

Quarterly statistics

2009 Q1	2009 Q2	2009 Q3	2009 Q4	2009 year	IN € MILLIONS	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2010 year
					Revenue					
988	1,292	1,271	1,022	4,573	Decorative Paints	1,056	1,401	1,372	1,139	4,968
986	1,061	1,051	1,014	4,112	Performance Coatings	1,049	1,260	1,239	1,238	4,786
1,092	1,103	1,109	1,055	4,359	Specialty Chemicals	1,154	1,258	1,272	1,259	4,943
(1)	(6)	(6)	(3)	(16)	Other activities/eliminations	(13)	(12)	(16)	(16)	(57)
3,065	3,450	3,425	3,088	13,028	**Total**	**3,246**	**3,907**	**3,867**	**3,620**	**14,640**
					EBITDA					
48	171	198	70	487	Decorative Paints	82	205	198	63	548
105	166	169	154	594	Performance Coatings	143	191	166	147	647
151	201	197	189	738	Specialty Chemicals	207	257	254	221	939
(15)	(32)	(36)	(46)	(129)	Other activities/eliminations	(33)	(39)	(44)	(54)	(170)
289	506	528	367	1,690	**Total**	**399**	**614**	**574**	**377**	**1,964**
9.4	14.7	15.4	11.9	13.0	**EBITDA margin (in %)**	**12.3**	**15.7**	**14.8**	**10.4**	**13.4**
					Depreciation					
(29)	(31)	(30)	(28)	(118)	Decorative Paints	(29)	(32)	(31)	(32)	(124)
(19)	(20)	(19)	(20)	(78)	Performance Coatings	(19)	(21)	(20)	(21)	(81)
(52)	(53)	(53)	(50)	(208)	Specialty Chemicals	(52)	(53)	(54)	(55)	(214)
(5)	(4)	(6)	(5)	(20)	Other activities/eliminations	(5)	(4)	(2)	(5)	(16)
(105)	(108)	(108)	(103)	(424)	**Total**	**(105)**	**(110)**	**(107)**	**(113)**	**(435)**
					Amortization					
(18)	(16)	(20)	(17)	(71)	Decorative Paints	(19)	(20)	(19)	(23)	(81)
(6)	(6)	(6)	(6)	(24)	Performance Coatings	(6)	(7)	(6)	(7)	(26)
(10)	(10)	(9)	(11)	(40)	Specialty Chemicals	(11)	(12)	(12)	(11)	(46)
–	–	–	–	–	Other activities/eliminations	–	1	(2)	(1)	(2)
(34)	(32)	(35)	(34)	(135)	**Total**	**(36)**	**(38)**	**(39)**	**(42)**	**(155)**
					EBIT					
1	124	148	25	298	Decorative Paints	34	153	148	8	343
80	140	144	128	492	Performance Coatings	118	163	140	119	540
89	138	135	128	490	Specialty Chemicals	144	192	188	155	679
(20)	(36)	(42)	(51)	(149)	Other activities/eliminations	(38)	(42)	(48)	(60)	(188)
150	366	385	230	1,131	**Total**	**258**	**466**	**428**	**222**	**1,374**
4.9	10.6	11.2	7.4	8.7	**EBIT margin (in %)**	**7.9**	**11.9**	**11.1**	**6.1**	**9.4**
					Operating income					
(15)	90	125	(67)	133	Decorative Paints	19	146	136	(26)	275
75	119	122	117	433	Performance Coatings	101	153	129	104	487
71	136	99	116	422	Specialty Chemicals	126	195	164	119	604
(21)	(34)	–	(78)	(133)	Other activities/eliminations	(22)	(39)	(48)	(38)	(147)
110	311	346	88	855	**Total**	**224**	**455**	**381**	**159**	**1,219**

2009 Q1	Q2	Q3	Q4	year	IN € MILLIONS	2010 Q1	Q2	Q3	Q4	year
					Incidentals per business area					
(16)	(34)	(23)	(92)	(165)	Decorative Paints	(15)	(7)	(12)	(34)	(68)
(5)	(21)	(22)	(11)	(59)	Performance Coatings	(17)	(10)	(11)	(15)	(53)
(18)	(2)	(36)	(12)	(68)	Specialty Chemicals	(18)	3	(24)	(36)	(75)
(1)	2	42	(27)	16	Other activities/eliminations	16	3	–	22	41
(40)	(55)	(39)	(142)	(276)	**Total**	(34)	(11)	(47)	(63)	(155)
					Incidentals included in operating income					
(47)	(71)	(116)	(115)	(349)	Restructuring costs	(17)	(21)	(53)	(29)	(120)
6	7	(2)	(49)	(38)	Results related to major legal, antitrust and environmental cases	(9)	8	–	(48)	(49)
9	3	19	17	48	Results on acquisitions and divestments	1	1	15	16	33
(8)	6	60	5	63	Other incidental results	(9)	1	(9)	(2)	(19)
(40)	(55)	(39)	(142)	(276)	**Total**	(34)	(11)	(47)	(63)	(155)
					Incidentals per line item					
(15)	(20)	(85)	(24)	(144)	Cost of sales	(16)	(20)	(37)	(53)	(126)
(6)	(21)	(23)	(44)	(94)	Selling expenses	(5)	(3)	(7)	(28)	(43)
(13)	(24)	(10)	(16)	(63)	General and administrative expenses	(7)	1	(3)	(4)	(13)
–	–	(3)	(5)	(8)	Research and development expenses	–	–	(2)	1	(1)
(6)	10	82	(53)	33	Other operating income/ (expenses)	(6)	11	2	21	28
(40)	(55)	(39)	(142)	(276)	**Total**	(34)	(11)	(47)	(63)	(155)
					Reconciliation net financing expense					
10	15	19	14	58	Financing income	12	12	16	11	51
(61)	(50)	(70)	(55)	(236)	Financing expenses	(67)	(72)	(53)	(48)	(240)
(51)	**(35)**	**(51)**	**(41)**	**(178)**	**Net interest on net debt**	**(55)**	**(60)**	**(37)**	**(37)**	**(189)**
					Other interest movements					
(45)	(45)	(42)	(39)	(171)	Financing expenses related to pensions	(25)	(26)	(26)	(23)	(100)
(9)	(9)	(8)	(28)	(54)	Interest on provisions	(8)	(29)	(6)	4	(39)
–	4	4	(10)	(2)	Other items	–	2	(1)	–	1
(54)	**(50)**	**(46)**	**(77)**	**(227)**	**Net other financing charges**	**(33)**	**(53)**	**(33)**	**(19)**	**(138)**
(105)	(85)	(97)	(118)	(405)	**Net financing expenses**	(88)	(113)	(70)	(56)	(327)
					Quarterly net income analysis					
4	6	6	5	21	Result form associates and joint ventures	5	7	9	4	25
(18)	(20)	(22)	(17)	(77)	Profit attributable to non-controlling interests	(18)	(26)	(22)	(17)	(83)
9	232	255	(25)	471	Profit before tax	141	349	320	107	917
(5)	(71)	(32)	(33)	(141)	Income tax	(53)	(76)	(81)	40	(170)
4	161	223	(58)	330	Profit for the period from continuing operations	88	273	239	147	747
56	31	13	(132)	30	Effective tax rate (in%)	38	22	25	(37)	19
231.8	232.1	232.2	232.2	232.1	Weighted average number of shares (in millions)	232.7	233.3	233.4	233.5	233.2

2009 Q1	2009 Q2	2009 Q3	2009 Q4	2009 year		2010 Q1	2010 Q2	2010 Q3	2010 Q4	2010 year
					Earnings per share from continuing operations (in €)					
(0,06)	0.61	0.87	(0.32)	1.09	Basic	0.30	1.06	0.93	0.55	2.85
(0,06)	0.60	0.86	(0.32)	1.08	Diluted	0.30	1.05	0.92	0.55	2.83
					Earnings per share from discontinued operations (in €)					
0.03	0.06	(0.02)	0.06	0.14	Basic	0.05	0.11	0.09	0.14	0.38
0.03	0.06	(0.02)	0.06	0.13	Diluted	0.05	0.11	0.09	0.14	0.38
					Earnings per share from total operations (in €)					
(0,03)	0.67	0.85	(0.26)	1.23	Basic	0.35	1.17	1.02	0.69	3.23
(0,03)	0.66	0.84	(0.26)	1.21	Diluted	0.35	1.16	1.01	0.69	3.21
					Adjusted earnings (in € millions)					
9	232	255	(25)	471	Profit before tax from continuing operations	141	349	320	107	917
40	55	39	142	276	Incidentals reported in operating income	34	11	47	63	155
34	32	35	34	135	Amortization of intangible assets	36	38	39	42	155
(39)	(98)	(109)	(82)	(328)	Adjusted income tax	(71)	(97)	(107)	(4)	(279)
(18)	(20)	(22)	(17)	(77)	Non-controlling interests	(18)	(26)	(22)	(17)	(83)
26	201	198	52	477	Adjusted net income for continuing operations	122	275	277	191	865
0.11	**0.87**	**0.85**	**0.22**	**2.06**	**Adjusted earnings per share (in €)**	**0.52**	**1.18**	**1.19**	**0.82**	**3.71**

Notes to the condensed financial statements

Accounting policies

The full year 2010 financial figures of AkzoNobel included in the primary statements in this report are derived from the financial statements 2010. These financial statements have been authorized for issue. The financial statements have not yet been published by law and still have to be adopted by the general meeting of shareholders. In accordance with section 2:393 BW, KPMG Accountants N.V. has issued an unqualified auditor's opinion on these financial statements, which will be published on February 24, 2011. All quarterly figures are unaudited.

Compared with the accounting principles as applied in the 2009 financial statements, the main change was the adoption of the revised IFRS 3 “Business Combinations". This has not materially affected the computation of our results. The accounting principles as applied in 2009 can be found in note 1 of the financial statements.

Reclassification comparative figures

- We have adjusted the 2009 comparative figures to align with our business structure as from 2010 (see press release of April 7, 2010).
- We have redefined invested capital to also include deferred tax liabilities. Our former definition only included deferred tax assets, which we considered to be inconsistent.
- In accordance with the requirements in IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations", we have reclassified National Starch into discontinued operations, as we have agreed to divest our National Starch business. As a consequence, the statements of income and cash flows have been restated. More details are on page 18 of our Q1 report for 2010.

Seasonality

Revenue and results in Decorative Paints are impacted by seasonal influences. Revenue and profitability tend to be higher in the second and third quarter of the year as weather conditions determine whether paints and coatings can be applied. In Performance Coatings, revenue and profitability vary with building patterns from original equipment manufacturers. In Specialty Chemicals, the Functional Chemicals and the Surface Chemistry businesses experience seasonal influences. Revenue and profitability are affected by developments in the agricultural season and tend to be higher in the first half of the year.

The "other" category

In the category "other" we report activities which are not allocated to a particular business area. Corporate costs are the unallocated costs of our head office and shared services center in the Netherlands (including our Central Research and Technology and Engineering activities). Also reported in the "other" category are the results from our captive insurance companies, Technology and Engineering activities, pension costs after the elimination of interest cost (reported as financing expenses), the cost of share-based compensation, the results of a small business and of treasury and legacy operations.

Glossary

Adjusted earnings per share are the basic earnings per share from continuing operations excluding incidentals in operating income, amortization of intangible assets and tax on these adjustments.

Comprehensive income is the change in equity during a period resulting from transactions and other events other than those changes resulting from transactions with shareholders in their capacity as shareholders.

Constant currencies information excludes foreign currency translation effects assuming foreign currency exchange rates have not changed between the prior year period and the current period.

EBIT is operating income before incidentals.

EBIT margin is EBIT as percentage of revenue.

EBITDA is EBIT before depreciation and amortization and refers to EBITDA before incidentals.

Emerging Europe: Czech Republic, Estonia, Hungary, Poland, Romania, Russian Federation, Slovenia, Turkey and Ukraine.

Incidentals are special charges and benefits, results on acquisitions and divestments, restructuring and impairment charges, and charges related to major legal, antitrust, and environmental cases. EBITDA and EBIT before incidentals are key figures we use to assess our performance, as these figures better reflect the underlying trends in the results of the activities.

Interest coverage is operating income divided by net financing expenses.

Invested capital is total assets (excluding cash and cash equivalents, investments in associates, assets held for sale) less current income tax payable, deferred tax liabilities and trade and other payables.

Mature markets comprise of Western Europe, the US, Canada, Japan and Oceania.

Moving average ROI is calculated as EBIT of the last twelve months divided by average invested capital.

Net debt is defined as long-term borrowings plus short-term borrowings less cash and cash equivalents.

Operating income is defined in accordance with IFRS and includes the relevant incidental results.

Operating ROI is calculated as EBIT before amortization of the last twelve months divided by average invested capital excluding intangible assets.

Operating working capital is defined as the sum of inventories, trade receivables and trade payables in the business areas. When expressed as a ratio, operating working capital is measured against four times last quarter revenue.

Revenue consists of sales of goods, services, and royalty income.

Safe Harbor Statement

This report 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 forecast 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.

Brands and trademarks

In this report, reference is made to brands and trademarks owned by, or licensed to, AkzoNobel. Unauthorized use of these is strictly prohibited.

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Financial calendar

Report for the 1st quarter 2011	April 21, 2011
Annual General Meeting	April 27, 2011
Ex-dividend date of 2010 final dividend	April 29, 2011
Record date of 2010 final dividend	May 3, 2011
Payment date of 2010 final dividend	May 10, 2011
Report for the 2nd quarter 2011	July 21, 2011
Report for the 3rd quarter 2011	October 20, 2011
Report for 2011 and the 4th quarter	February 16, 2012

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AkzoNobel is the largest global paints and coatings company and a major producer of specialty chemicals. We supply industries and consumers worldwide with innovative products and are passionate about developing sustainable answers for our customers. Our portfolio includes well known brands such as Dulux, Sikkens, International and Eka. Headquartered in Amsterdam, the Netherlands, we are a Global Fortune 500 company and are consistently ranked as one of the leaders in the area of sustainability. With operations in more than 80 countries, our 55,000 people around the world are committed to excellence and delivering Tomorrow's Answers Today™.

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