

Akzo Nobel and BASF to form chelates production joint venture

Arnhem, the Netherlands, December 19, 2003 – Akzo Nobel and BASF today announced that they will form a 50-50 equity joint venture to produce chelates in North America. The agreement, subject to closing, is scheduled to be effective February 1, 2004.

The joint venture will own and operate Akzo Nobel's recently upgraded production facilities at Lima, Ohio. The joint venture will sell chelates exclusively to Akzo Nobel and BASF.

Sales and marketing of chelates in North America will continue to be separately managed by BASF and Akzo Nobel. Firewalls will ensure complete confidentiality of business and competitive information.

"This investment reinforces BASF's long-term commitment to the North American chelates markets," said Patrick Prevost, Executive Vice President of BASF Corporation and President of its chemicals businesses in North America. "While Akzo Nobel and BASF will be partners on the production side, we will continue to compete aggressively on the marketing side," added Gerry Podesta, Group Vice President, Performance Chemicals, for BASF in North America. "We'll still have different product portfolios, pricing and service levels that will reflect the independent marketing strategies of both companies."

After the completion of a major expansion in 2000 Akzo Nobel further invested in the expansion and modernization of the Lima site. "Key raw material supply over the fence along with our strong investment in manufacturing and technology enable the manufacturing site to meet future production requirements of the joint venture. Customers of both companies will have the benefit of high-quality products made in the state-of-the-art production facilities in Lima," said Werner Fuhrmann, General Manager for Akzo Nobel's worldwide Chelates business. "In this way Akzo Nobel fully maintains its capabilities and dedication to the chelates business in the Americas," said Dag Strömqvist, Member of the Board of Management of Akzo Nobel.

Chelates and chelating agents encapsulate metal ions and are used in a very wide range of applications: chemical processes, household cleaning, water treatment, scale prevention, in the paper industry, in photography and agriculture.

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Note for the editor

Akzo Nobel, based in the Netherlands, serves customers throughout the world with healthcare products, coatings and chemicals. Consolidated sales for 2002 totaled EUR 14 billion. The Company currently employs approximately 65,200 people in more than 80 countries. Financial results for 2003 will be published on February 3, 2004.

Akzo Nobel Functional Chemicals is a multi-faceted business unit, headquartered in Amersfoort, the Netherlands. It includes a number of different product groups and technologies. Besides being the world's largest supplier of mono-chloroacetic acid (MCA), Functional Chemicals is a major producer of ethylene amines, organophosphorus-based chemicals, chelates and micronutrients, PVC additives, methylamines, choline chloride and carbon disulfide. Functional Chemicals employs 1,850 people, operates 17 production sites, and has 11 sales offices around the world. Sales in 2002 totaled EUR 769 million.

BASF is the world's leading chemical company, offering its customers a range of high-performance products, including chemicals, plastics, performance products, agricultural products, fine chemicals as well as crude oil and natural gas. Its distinctive approach to integration, known in German as "Verbund," is its strength. It enables BASF to achieve cost leadership and gives the company a competitive advantage. BASF conducts its business in accordance with the principles of sustainable development. In 2002, BASF had sales of \$34 billion and more than 89,000 employees worldwide. BASF Corporation is the North American affiliate of BASF AG, Ludwigshafen, Germany. In North America, 2002 sales were approximately \$8.2 billion and the company employs approximately 12,000 people.

Internet: www.akzonobel.com; www.functionalchemicals.com; www.basf.com/usa

Not for publication – for more information

Akzo Nobel N.V.

John Jennings, Manager Corporate Communications, tel. +31 26 366 4343

BASF Corporation

Hartmut Lang, Communications Manager, tel. +1 973 426 2843

Akzo Nobel: Safe Harbor Statement*

This press release may contain statements which address such key issues as Akzo Nobel's growth strategy, future financial results, market positions, product development, pharmaceutical products in the pipeline, and product approvals. Such statements should be carefully considered, and it should be understood that many factors could cause forecasted and actual results to differ from these statements. These factors include, but are not limited to, price fluctuations, currency fluctuations, developments in raw material and personnel costs, pensions, physical and environmental risks, legal issues, and legislative, fiscal, and other regulatory measures. Stated competitive positions are based on management estimates supported by information provided by specialized external agencies. For a more complete discussion of the risk factors affecting our business please refer to our Annual Report on Form 20-F filed with the United States Securities and Exchange Commission. A copy of which can be found on the Company's website www.akzonobel.com.

*Pursuant to the U.S. Private Securities Litigation Reform Act 1995.

BASF: Forward-looking statements

This release contains forward-looking statements under the U.S. Private Securities Litigation Reform Act of 1995. These statements are based on current expectations, estimates and projections of BASF management and currently available information. They are not guarantees of future performance, involve certain risks and uncertainties that are difficult to predict and are based upon assumptions as to future events that may not prove to be accurate. Many factors could cause the actual results, performance or achievements of BASF to be materially different from those that may be expressed or implied by such statements. Such factors include those discussed in BASF's Form 20-F filed with the Securities and Exchange Commission. We do not assume any obligation to update the forward-looking statements contained in this release.