



# PPG Industries, Inc. Second Quarter 2009 Financial Results

Recorded Commentary – July 16, 2009

**Comments by: Charles E. Bunch, Chairman & CEO**

## Agenda



- ❖ Opening Remarks
- ❖ Financial Review
- ❖ Question & Answer Session

I will provide a brief overview of PPG's performance in the second quarter. Bill Hernandez will then review some of the financial details and then I will add some closing remarks before we field questions.

In the second quarter, we experienced a traditional seasonal sales increase versus the first quarter. Our total sales this quarter remained fairly consistent month-to-month, with some slight strengthening in June, and were also steady within each major region. This gives us a degree of confidence that most markets have stabilized, albeit at considerably lower levels than prior years.

## Second Quarter Recap



- ❖ Seasonal sales gain (Q1 to Q2) intact
- ❖ Consistent demand each month during the quarter
- ❖ Global end-use market demand down year-over-year
  - Automotive OEM & industrial declines similar to Q109 (Y-O-Y)
  - Commodity chemical declines (lower U.S. industrial activity)
  - Architectural coatings (both Europe and U.S.) Y-O-Y volume trend improved versus Q109
- ❖ Cost/restructuring benefits accelerating
- ❖ Large currency translation headwind (Euro peaked in Q208)
- ❖ Strong cash from operations (~\$400MM); \$1B cash on hand

However, we continued to experience very challenging conditions in several markets, such as the U.S. automotive OEM sector and certain general industrial OEM markets. In these industries, there was little improvement from the extremely difficult environment we saw in the first quarter.

In other markets, such as those for European and U.S. architectural coatings, we did see some improvement versus the late fourth quarter 2008

and first quarter levels, even though demand was still down in comparison with the prior year's second quarter.

As for earnings our results are still down considerably versus last year, but we're pleased our profitability improved substantially versus the previous two quarters despite weaker results in our Commodity Chemicals business.

Clearly, the improved bottom-line results in our coatings businesses reflect the very aggressive cost-cutting measures we've taken combined with increased savings from restructuring actions. This is particularly evident in our Industrial Coatings segment where global demand levels have remained depressed. Yet, we delivered substantial segment earnings improvements of \$68 million and \$44 million versus the fourth and first quarters respectively, on a relatively similar sales base.

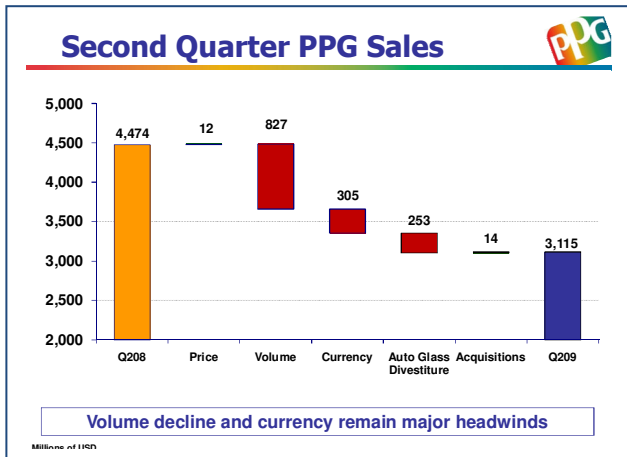
A major factor in the quarter that negatively impacted sales and earnings was currency conversion. In the second quarter of 2008, the Euro peaked versus the U.S. dollar. As a result,

year-over-year currency translation in this year's second quarter was a significant headwind. In Architectural Coatings EMEA and Performance Coatings specifically, the negative impact from currency translation nearly equaled the year-over-year earnings decline. So, in local currencies, these segments had nearly flat year-over-year earnings performance, a very noteworthy achievement given the volume headwinds related to the weakened economy.

Lastly, we remain focused on cash. We generated nearly \$400 million in cash from operations this quarter, up 25 percent versus last year, driven by improvements in our businesses' working capital levels. As a result, we once again ended the quarter with a very solid cash position with over \$1 billion of cash on hand. While our cash position is high compared to historic PPG standards, we have been – and intend to remain – very prudent in our uses of cash.

Now here is Bill to review some of the financial details.

**Comments by: William H. Hernandez, Sr. Vice President Finance**



**Second Quarter PPG Sales**

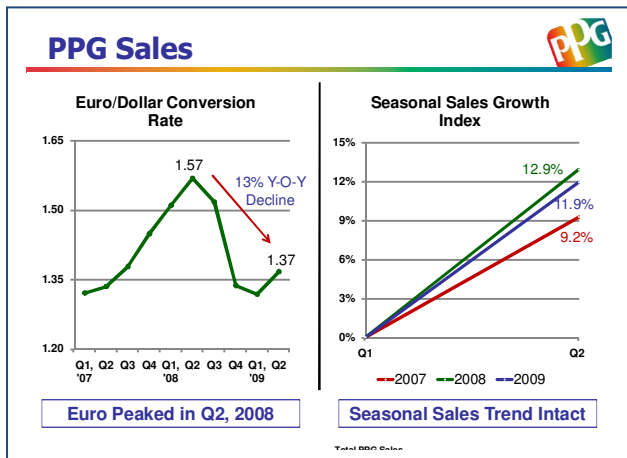
Thanks Chuck.

I will start by reviewing our sales results which are detailed on slide 5. Overall sales for the company were down nearly \$1.4 billion versus the second quarter of last year, which includes a reduction of just over \$250 million stemming from our third quarter 2008 divestiture of a majority interest in the Automotive Glass and Services business.

Demand remained weak, resulting in a decline of about \$825 million in sales volumes. Volumes

declined year-over-year in each region with Asia down the least, dropping 7 percent, driven by weak Asian exports offset by strong consumption within China. Our U.S. and Canadian volume fell by over slightly more than 20 percent driven by weak automotive and industrial activity levels. Our European volume was down 18 percent with drops well in excess of 30 percent in many industrial markets, combined with mid-single digit declines in Architectural coatings.

I will remind you that the Easter holiday shifted into the second quarter this year, but was in the first quarter in 2008.



**PPG Sales**

Also, as Chuck mentioned, negative currency translation was sizable, resulting in a headwind of over \$300 million. Turning to the next slide you will see that one key benchmark of the currency headwinds is the Euro which peaked against the dollar in the second quarter of 2008, with the exchange rate 13 percent lower this year. This translation impact also hits earnings. Our year-over-year earnings fell by about \$22 million versus last year due to currency translation, or about \$0.09 per share.

I will also point out that we are facing a similar, but smaller headwind in the third quarter based on current exchange rates.

Also on the slide is our seasonal sales index trend for the past several years between our first and second quarters. The second quarter is typically our best quarter seasonally and as illustrated, we experienced fairly comparable sequential sales growth this year compared with last. However, as Chuck mentioned, this is from a much lower absolute sales level.

We typically experience a single digit percentage volume drop due to seasonality between the second and third quarters, and we are expecting that trend to continue.

## PPG Segment Sales



|                               | Q2, 2009     | Q2, 2008     | Change        | %           |
|-------------------------------|--------------|--------------|---------------|-------------|
| Performance Coatings          | 1,066        | 1,269        | -203          | -16%        |
| Industrial Coatings           | 741          | 1,152        | -411          | -36%        |
| Architectural Coatings EMEA   | 527          | 667          | -140          | -21%        |
| Optical & Specialty Materials | 255          | 310          | -55           | -18%        |
| Commodity Chemicals           | 319          | 495          | -176          | -36%        |
| Glass                         | 207          | 328          | -121          | -37%        |
| <b>Sub-Total</b>              | <b>3,115</b> | <b>4,221</b> | <b>-1,106</b> | <b>-26%</b> |
| Auto Glass (divested 9/2008)  | --           | 253          | -253          | -100%       |
| <b>Total PPG</b>              | <b>3,115</b> | <b>4,474</b> | <b>-1,359</b> | <b>-30%</b> |

Millions of USD

## PPG Segment Sales

The next slide details our sales by segment and I will review each segment in detail later. In summary, total sales were down about 25 percent excluding the impact of our Automotive Glass divestiture late last year.

Sales in all of our segments were down, with more pronounced declines in excess of 35 percent in Industrial Coatings, Commodity Chemicals and Glass. Similar to the first quarter, our Industrial Coatings segment drop was driven by continued end-use market weakness for light vehicles and for

general industrial products. As I will discuss shortly, many of these markets remained at similar, depressed activity levels in comparison with the first quarter. Also, lower industrial production dampened our Commodity Chemicals and Glass results, and a slumping U.S. commercial construction market also contributed to the Glass decline.

As I mentioned previously, currency conversion was a large factor in the overall company results and specifically in the Architectural Coatings EMEA segment where currency was easily the largest single factor in the reduction in sales, accounting for just over \$100 million of the \$140 million difference.

Both the Performance Coatings and Optical and Specialty Materials segments experienced mid-teen percentage declines. In specialty materials, our Silicas business experienced volume drops of about 35 percent in comparison with last year, which was even worse than the first quarter, reflecting weakness of the automotive and general industrial markets that it serves. Volumes in our Performance Coatings segment, which has a notable after-market component, fared somewhat better, and this segment was also negatively impacted by currency.

## PPG Segment Earnings



|                               | Q2, 2009   | Q2, 2008   | Change      | %           |
|-------------------------------|------------|------------|-------------|-------------|
| Performance Coatings          | 158        | 171        | -13         | -8%         |
| Industrial Coatings           | 28         | 109        | -81         | -74%        |
| Architectural Coatings EMEA   | 55         | 71         | -16         | -23%        |
| Optical & Specialty Materials | 61         | 76         | -15         | -20%        |
| Commodity Chemicals           | 42         | 68         | -26         | -38%        |
| Glass                         | -7         | 20         | -27         | -135%       |
| <b>Sub-Total</b>              | <b>337</b> | <b>515</b> | <b>-178</b> | <b>-35%</b> |
| Auto Glass (divested 9/2008)  | --         | 10         | -10         | -100%       |
| <b>Total PPG</b>              | <b>337</b> | <b>525</b> | <b>-188</b> | <b>-36%</b> |

Millions of USD

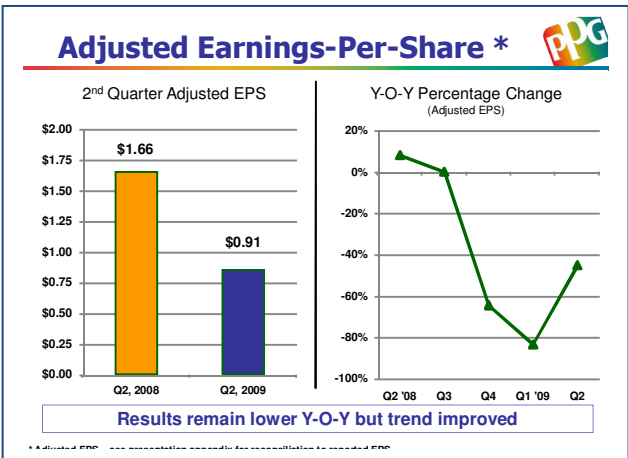
## PPG Segment Earnings

Our segment earnings are detailed on the next slide. These results reflect the significant impact that the global economic downturn has had on our sales volumes.

In aggregate our second quarter segment earnings fell by about 35 percent versus last year, and while this is a fairly steep drop, it is important to note that our first quarter segment results were down about 50 percent. This improvement was primarily in our coatings segments, and reflects the progress we made in implementing our cost and restructuring actions.

I will review all our segments in further detail later, but the largest earnings decline was in Industrial Coatings, again reflecting the severe deterioration in industrial production, including automotive OEM. The segment was down over \$80 million in the quarter, and represented over 40 percent of the corporation's total decline. Equally important to mention, however, is the segment was solidly profitable this quarter after incurring losses in the previous two quarters.

Earnings in both Performance Coatings and Architectural Coatings EMEA would have been flat but for the negative impacts of currency translation.



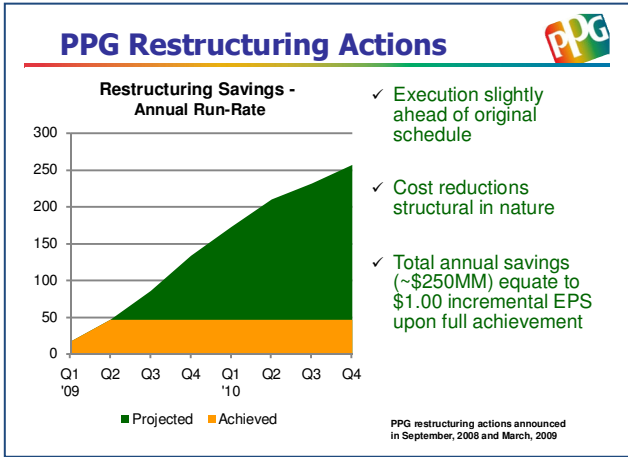
**Adjusted Earnings-Per-Share**

The next slide presents our adjusted earnings-per-share. A reconciliation of these amounts to our reported earnings-per-share is included in the appendix of today’s presentation materials which is available at the investor center on our website at [www.ppg.com](http://www.ppg.com).

In the quarter, our adjusted earnings-per-share was 91 cents. This is down from \$1.66 in 2008, and which results from the impact of volume from a continued sluggish global economy, partly offset by our cost actions.

One take-away from our results this quarter is illustrated on the trend chart on the right side of the slide. As you can see our second quarter performance, while down over 40 percent year-over-year, easily outpaced similar comparisons for both the fourth quarter of 2008 and first quarter of this year. To add further perspective, the sequential earnings improvement is despite a nearly equal year-over-year sales decline this quarter versus last.

As Chuck noted, our aggressive cost management in addition to the savings we are yielding from our restructuring actions are important factors in our improving relative earnings performance.

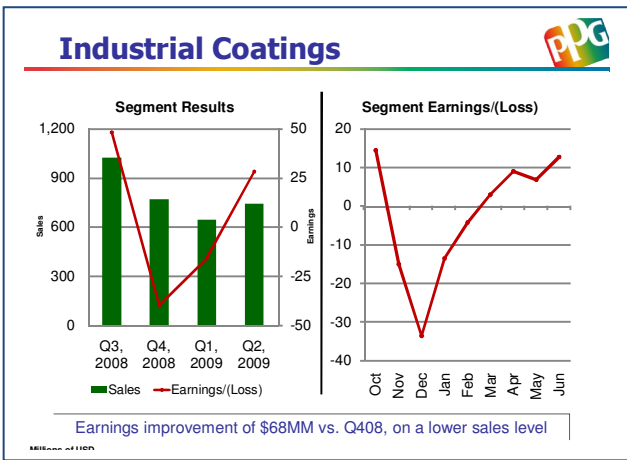


**PPG Restructuring Actions**

Our restructuring savings are detailed on the next slide. Depicted on the slide is the anticipated annual run-rate of our cumulative savings from the restructuring actions. As detailed, we expect to achieve about a \$250 million annual savings run rate by the end of 2010, when our restructuring programs will be fully implemented. This annual savings level at completion equals nearly \$1.00 in earnings-per-share accretion.

The restructuring actions are generally structural in nature as we are permanently modifying the way

we conduct business. To date, we have achieved about 20 percent of the targeted savings which puts us slightly ahead of our original schedule, but obviously we still have a sizable portion of savings that will be accretive in future quarters.



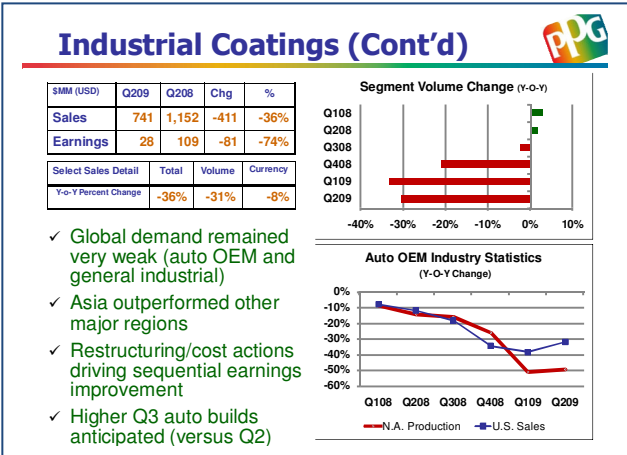
### Industrial Coatings

Moving to our business segment review on the next slide, the impact of our cost management and restructuring actions are most apparent in our Industrial Coatings segment. This segment has business units serving the global automotive OEM, general industrial and packaging end-use markets.

As detailed on the slide, while we are still at a very low earnings level, we have dramatically improved the segment earnings performance the past few quarters despite consistently low sales levels. Our sales are still below our fourth quarter sales level,

but our quarterly earnings have improved by a dramatic \$68 million in comparison.

Also reviewing results on a monthly basis, we have been solidly profitable for the past four consecutive months and are now approaching monthly profit levels we last achieved early in the fourth quarter of 2008, despite sales this quarter being 30 percent lower.



### Industrial Coatings (Cont'd)

Some additional details on our Industrial Coatings segment are included in the next slide. Sales in the quarter totaled about \$740 million, down 36 percent versus last year.

Lower volumes accounted for the lion's share of the decline, but currency was also a sizable headwind.

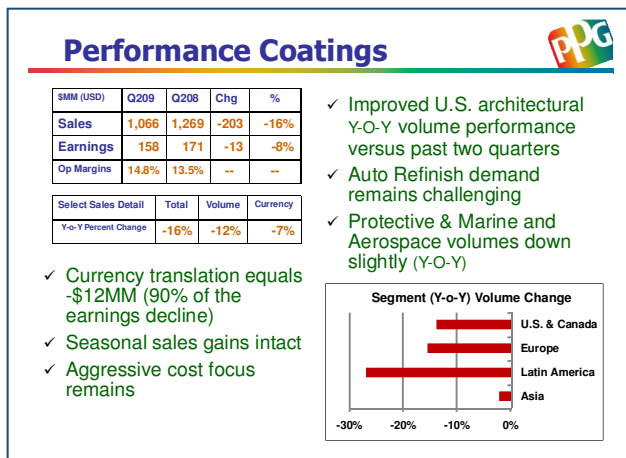
As displayed on the segment volume chart, second quarter volume declines nearly matched the steep first quarter drops. Global industrial demand remained very weak although Asia, primarily China,

easily outperformed the other major regions.

The global industrial weakness was most intense in the U.S. auto OEM market, where year-over-year production dropped a remarkable 50 percent for the second consecutive quarter. This is also where we have instituted the most significant cost actions, and our September 2008 restructuring announced before the severe end-use market collapse, was focused on this segment and is now delivering positive earnings results.

Also, as illustrated on the bottom graph, North American vehicle production is actually running well below the depressed level of U.S. auto sales. We expect production to move closer to sales levels in future quarters as had been the case early last year.

That being said, the end-use markets in this segment are still likely to remain some of our most challenging, and we will continue to execute on our announced cost reduction actions to incrementally improve profitability and position this business to benefit when market demand recovers.



## Performance Coatings

Performance Coatings segment results are detailed on the next slide. Sales were down about \$200 million, or 16 percent, from last year's sales level, but reflect normal seasonal gains versus the first quarter.

Earnings declined slightly, slipping \$13 million which is equal to the negative impact of currency translation. As Chuck mentioned, we are pleased with the segment's ability to achieve earnings parity in local currencies in light of today's economic climate.

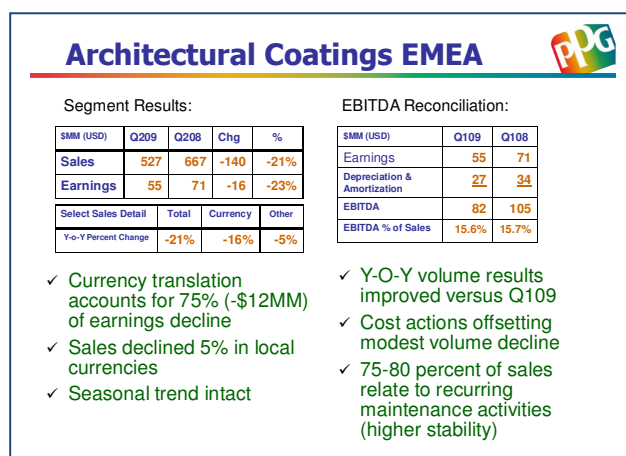
Segment volumes fell low double-digit percentages, which is much less than most of our other segments and, in part, reflects the important after-market component of the businesses in this segment. Operating margins improved as aggressive cost management helped to offset the volume declines.

Looking individually at each of our business units, our Architectural Coatings Americas and Asia business had volume declines of low-double digit percentages. This was a solid improvement over the past several quarters led by our U.S. results where volumes improved versus the previous two quarters but were down high-single digit percentages.

Our stores and dealer channels were down more while our national accounts or do-it-yourself channel delivered growth in the low double-digit percent range. Asia volumes were down mid-single digits, while Latin American volumes were down 30 percent.

Our Automotive Refinish business continued to experience lower sales volumes falling double-digit percentages as a result of continued distributor destocking and less collision repairs, which are due, in part, to fewer miles driven versus last year. Our volume results this quarter were only moderately different than the first quarter.

Both Protective and Marine Coatings and Aerospace sales were down mildly, excluding currency impacts. These businesses support end-use markets which have a sizable after-market, and both still have considerable OEM backlogs. Also, the protective coatings market supports global infrastructure projects. And, while Aerospace is doing fine overall, the business jet market is experiencing extreme volume declines.



## Architectural Coatings EMEA

Results for our Architectural Coatings Europe, Middle East and Africa or "EMEA" business are on the next slide. Sales were about \$525 million, down \$140 million versus last year with over \$100 million of the decline related to currency conversion.

Sales were down only about 5 percent in local currencies.

Earnings declined \$16 million, due largely to the impact of currency.

From a seasonal perspective, the second quarter is traditionally our highest sales quarter and we did experience a typical seasonal bounce versus the first quarter.

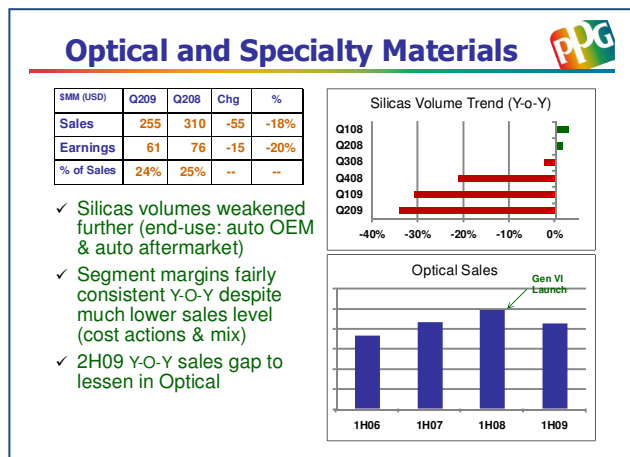
Also, our year-over-year volume results improved nicely in comparison to the first quarter. Volumes in the entire segment declined mid-single digit percents and were partially offset by price gains. Volumes in the first quarter were down double-digit percents. As is customary, volume results differed greatly throughout the various regions, with all major regions down year-over-year, but some less so than others.

As with the first quarter, exclusive of currency, there was minimal earnings erosion compared to last year due in large part to very strong cost management. Also, illustrated on the slide are the earnings before interest, taxes, depreciation and amortization or EBITDA, and our EBITDA margins were flat.

We believe EBITDA is a relevant measure for this business given the ongoing non-cash amortization stemming from the acquisition.

We estimate between 75 and 80 percent of architectural coatings in many of our major regions are related to recurring maintenance applications which are less sensitive to economic swings and allow this segment to deliver more stable financial results.

Looking ahead we expect currency to remain a headwind in the third quarter, but to a lesser degree. Also we anticipate a similar stable business profile in the coming quarters, and anticipate normal seasonal sales patterns.



### Optical and Specialty Materials

Our Optical and Specialty Material segment results are detailed on the next slide. Sales were \$255 million, down \$55 million from last year. Earnings were about \$60 million, about 20 percent lower year-over-year.

Segment operating margins remained fairly constant year-over-year.

Year-over-year declines in the segment financial results were very similar to the first quarter. I will remind you that our year-over-year comparables

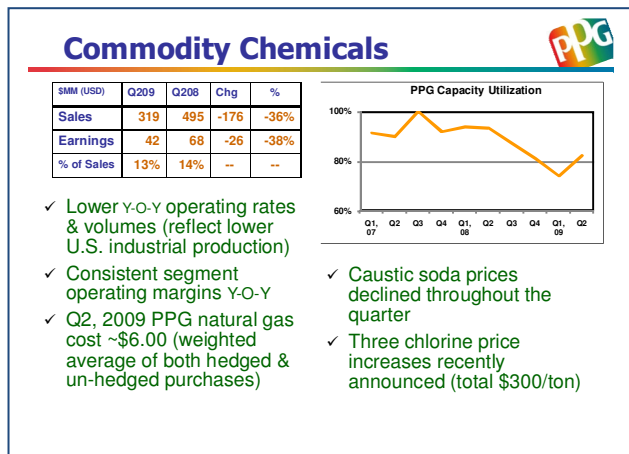
are very difficult as the optical products business experienced record sales and earnings in the first half of 2008 due largely to our Generation VI Transitions product introduction and pipeline fill in North America.

Looking individually at the businesses in the quarter, Silicas, which is a raw material used in the production of tires and car batteries, experienced even steeper volume declines than in the first quarter, with volumes falling nearly 35 percent based on collapsing demand in both the automotive OEM and auto aftermarkets.

Our Optical Products sales were impacted by both negative currency and the lower volume impacts I mentioned earlier, along with continuing difficult economic conditions in our major regional markets.

Glancing ahead, we expect the year-over-year volume declines in Silicas to lessen somewhat, due to improved automotive production and easier comparables from the second half of 2008.

Also, we anticipate year-over-year sales declines in the second half of 2009 in our Optical Products business to moderate based on a less significant effect in the second half of 2008 from our next generation Transitions lens product introduction.



## Commodity Chemicals

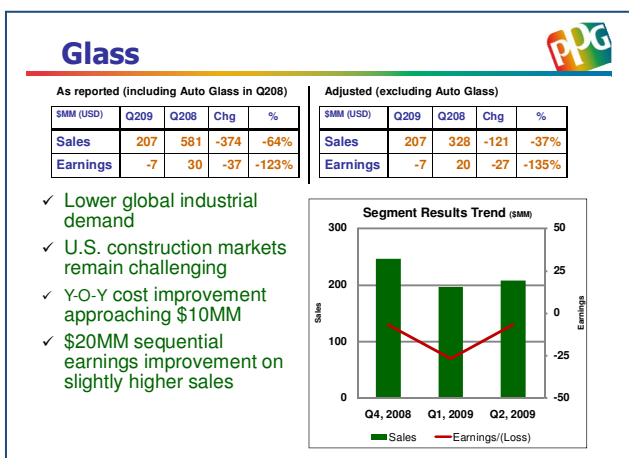
On the next slide are our Commodity Chemicals segment results. Sales declined about \$175 million versus last year driven by both lower volumes and pricing.

Earnings fell by \$26 million, due to lower volumes and the related impact of lower capacity utilization on our manufacturing costs. Our operating rate this past quarter was in the low 80 percent range, down from the low-to-mid 90 percent range last year. This lower utilization is a reflection of lower market demand driven primarily by similar declines

in the rate of U.S. industrial production, which is the economic statistic that serves as a good measure for caustic soda market demand.

Segment operating margins remained fairly consistent with the prior year as lower pricing was offset by lower input costs, including natural gas. Our natural gas cost in the quarter was about \$6.00 per MMBTU. This included the impact from our natural gas hedge position, as we had half of our normal purchases hedged at about \$8.00 per unit in the quarter. Pricing declined versus the prior year as a result of weaker demand.

As we look ahead, caustic soda pricing fell by double-digit percentages in each month during the quarter, so our second quarter results did not fully reflect an entire quarter's impact from the lower pricing. Separately, we announced three chlorine price increases totaling \$300 per ton, which will be implemented in the second half of the year. Also, the business would benefit in both sales volume and capacity utilization from an increase in U.S. industrial production.



## Glass

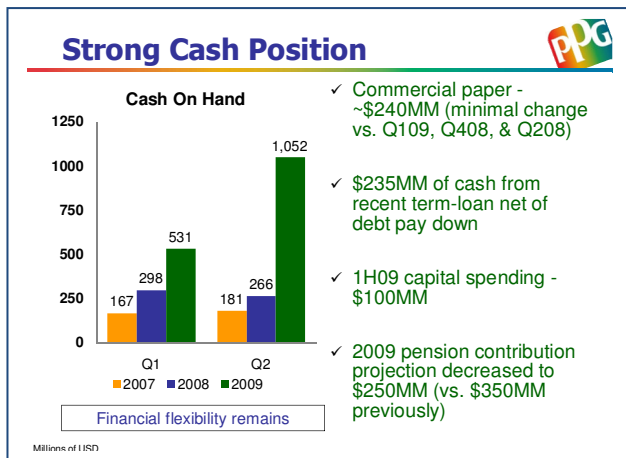
Our Glass segment details are on the following slide. As was the case last quarter, we included 2008 results both with and without the Automotive Glass and Services business we divested late in 2008. My comparison comments will be against the 2008 results excluding auto glass.

Sales this quarter were \$207 million, down about \$120 million or 37 percent from last year. Fiber Glass sales were down nearly 50 percent due to

severely lower global industrial demand. Performance Glazings sales dropped by over 30 percent due to continued weakness in U.S. residential construction and a deteriorating U.S. commercial construction market.

Earnings dropped \$27 million year-over-year to a loss of \$7 million driven by the lower volumes and related lower manufacturing utilization. We continue to execute on our restructuring and cost reduction actions, and achieved total year-over-year cost reductions approaching \$10 million. Our second quarter earnings results were \$20 million better than our first quarter results despite only a slight seasonal sales increase.

Although we are seeing a slight improvement in demand, market conditions remain very difficult. We will continue to aggressively pursue cost savings in these businesses.



## Cash

Let me conclude my remarks by reviewing cash which is detailed on the next slide. We ended the quarter with over \$1.0 billion of cash on hand. In the quarter we generated just under \$400 million from cash from operations, which was up about 25 percent from last year's second quarter driven by strong working capital results.

Our ending cash balance includes about \$235 million of cash from a \$400 million multi-year term loan we obtained in late June at favorable interest rates. We immediately used about \$165 million of

the loan proceeds to repay existing debt, and intend to use the remainder in the third quarter for similar purposes.

Excluding the excess cash from the term loan, our cash balance is still up about a half billion dollars from the prior years' second quarter levels. As with the past several quarters, we maintained about \$240 million of commercial paper outstanding. Based on our anticipated strong second half cash generation, we will likely pay down a good portion of this commercial paper.

We remain on or favorable to our full year targets in our uses of cash and let me discuss a few of them.

We originally targeted \$200 million in full year capital spending, excluding acquisitions, and we have spent \$100 million through the first half of the year. Relative to acquisitions, we will likely remain cautious in that area.

Regarding other cash uses, we have about \$115 million of term debt maturing in the third quarter with no other maturities of size this year. And last, we have already made pension contributions of nearly \$200 million for the year, most of which are voluntary, and have actually decreased our full year funding projection from \$350 million to \$250 million. I will remind you that the pension contribution figures are pre-tax, and we do receive a tax benefit.

We are pleased with our cash performance and growth year-over-year, particularly in light of today's economy. Given today's economic times, we intend to continue our focus on managing


our cash and will likely maintain a larger than normal cash balance for the financial flexibility it provides in the current environment.

With that I now will turn it back over to Chuck for some closing comments.

**Comments by: Charles E. Bunch, Chairman & CEO**

Thanks Bill.

Let me summarize the quarter by recapping a few key items.

|  |   |
|--|---|
| <p><b>Summary</b></p> <ul style="list-style-type: none"> <li>❖ Challenging external environment continues</li> <li>❖ Executing on restructuring and cost initiatives</li> <li>❖ Well positioned to capitalize on recovery; excellent operating leverage expected as volumes return</li> <li>❖ Prudent management approach remains</li> </ul> |  |
|--|---|

**Summary**

In most markets, demand levels remain depressed in comparison with the past several years and improved only mildly from the first quarter.

However demand was stable during the second quarter and our businesses' earnings performance improved.

Our coatings and Optical & Specialty Materials segments, which combined accounted for 90 percent of the company's segment earnings during the quarter, delivered improved earnings performance versus the first quarter in absolute dollars and in year-over-year percentage change.

Conversely our Commodity Chemicals business, while still performing solidly, experienced declines from what were truly excellent results the past several years.

In total, I was pleased with the partial recovery in earnings back towards last year's level in light of the continuing difficulties in the economy. And, as I mentioned at the outset, this was a result of our strong execution, and aggressive cost-cutting and restructuring actions we are taking across all of our businesses. We believe that because of these actions, we are well-positioned and will have excellent operating leverage which will enable us to fully capitalize as economic conditions and demand improve.

In the third quarter, excluding the impacts of a normal seasonal drop, we expect overall market conditions to improve but only mildly. And, as Bill mentioned, the direction and magnitude of change will differ among the various pieces of our portfolio. For example, we expect sequential improvement in U.S. automotive OEM, but anticipate the opposite for commodity chemicals. I will assure you that we will continue to execute on our cost-reduction actions and the relating benefit will grow again next quarter.

Also, because it deserves mentioning again, we intend to remain very prudent in how we manage our cash position.

That concludes our prepared remarks. Operator, would you please give instructions and open the phone lines for questions.

## Appendix



## Adjusted EPS Reconciliation



Amounts in Millions of USD except EPS

| First Quarter                                     | 2009    |          | 2008  |        | 2007  |        |
|---|---------|----------|-------|--------|-------|--------|
|   | \$      | EPS      | \$    | EPS    | \$    | EPS    |
| Net (Loss)/Income Attributable to PPG as Reported | \$(111) | \$(0.68) | \$100 | \$0.61 | \$194 | \$1.17 |
| Net Charge for Asbestos Settlement                | 2       | 0.01     | -     | -      | 5     | 0.03   |
| Business Restructuring Charge                     | 141     | 0.86     | -     | -      | -     | -      |
| Acquisition-Related Costs                         | -       | -        | 89    | 0.54   | -     | -      |
| Adjusted Net Income                               | \$32    | \$0.19   | \$189 | \$1.15 | \$199 | \$1.20 |

## Adjusted EPS Reconciliation



Amounts in Millions of USD except EPS

| Second Quarter                                   | 2009  |        | 2008  |        | 2007  |        |
|--|-------|--------|-------|--------|-------|--------|
|  | \$    | EPS    | \$    | EPS    | \$    | EPS    |
| Net Income Attributable to PPG as Reported       | \$146 | \$0.89 | \$250 | \$1.51 | \$249 | \$1.50 |
| Net Charge for Asbestos Settlement               | 2     | 0.02   | 2     | 0.01   | 6     | 0.03   |
| Auto Glass & Services Depreciation catch-up      | -     | -      | 11    | 0.07   | -     | -      |
| Auto Glass & Services Divestiture benefits costs | -     | -      | 12    | 0.07   | -     | -      |
| Adjusted Net Income                              | \$148 | \$0.91 | \$275 | \$1.66 | \$255 | \$1.53 |

## Adjusted EPS Reconciliation



Amounts in Millions of USD except EPS

| Third Quarter                                     | 2008  |        | 2007  |        |
|---|-------|--------|-------|--------|
|   | \$    | EPS    | \$    | EPS    |
| Net Income Attributable to PPG as Reported        | \$117 | \$0.70 | \$191 | \$1.15 |
| Net Charge for Asbestos Settlement                | 3     | 0.02   | 3     | 0.02   |
| Restructuring charge                              | 110   | 0.67   | -     | -      |
| Gain on sale of Auto Glass & Services divestiture | (3)   | (0.02) | -     | -      |
| Acquisition related costs                         | -     | -      | 4     | 0.03   |
| Glass divestiture costs                           | -     | -      | 11    | 0.06   |
| Fine Chemicals divestiture                        | -     | -      | 19    | 0.11   |
| Adjusted Net Income                               | \$227 | \$1.37 | \$228 | \$1.37 |

## Adjusted EPS Reconciliation



Amounts in Millions of USD except EPS

| Fourth Quarter                             | 2008 |        | 2007  |        |
|--|------|--------|-------|--------|
|  | \$   | EPS    | \$    | EPS    |
| Net Income Attributable to PPG as Reported | \$71 | \$0.43 | \$200 | \$1.21 |
| Net Charge for Asbestos Settlement         | (3)  | (0.02) | 1     | 0.01   |
| Adjusted Net Income                        | \$68 | \$0.41 | \$201 | \$1.22 |

**PPG INDUSTRIES, INC.**  
**Condensed Statement of Operations**  
**2nd Quarter Results**  
(Millions of Dollars)

|  | <b>3 Months Ended</b> |                 |                 |
|--|-----------------------|-----------------|-----------------|
|  | <b>June 30,</b>       |                 |                 |
|  | <u>2009</u>           | <u>2008</u>     | <u>% Change</u> |
| <b>Net Sales</b>   | <b>\$ 3,115</b>       | <b>\$ 4,474</b> | <b>(30.4)</b>   |
| Cost of Sales  | 1,898                 | 2,829           |                 |
| Selling and Other (Note A)   | 828                   | 1,054           | (21.4)          |
| Depreciation (Note B)  | 88                    | 128             | (31.3)          |
| Interest Expense   | 49                    | 65              |                 |
| Amortization   | 31                    | 37              | (16.2)          |
| Asbestos Settlement - Net  | 3                     | 4               |                 |
| Other - net  | (35)                  | (37)            |                 |
| <b>Income Before Income Taxes</b>  | <b>253</b>            | <b>394</b>      |                 |
| Income Tax Expense   | 84                    | 116             | (27.6)          |
| <b>Net Income Attributable to the Controlling and Noncontrolling Interests</b> | <b>169</b>            | <b>278</b>      |                 |
| Less: Net Income Attributable to Noncontrolling Interests                      | (23)                  | (28)            |                 |
| <b>Net Income (attributable to PPG)</b>  | <b>\$ 146</b>         | <b>\$ 250</b>   | <b>(41.6)</b>   |
| <b>Earnings per common share (attributable to PPG)</b>                         | <b>\$ 0.89</b>        | <b>\$ 1.52</b>  | <b>(41.4)</b>   |
| <b>Earnings per common share -- assuming dilution (attributable to PPG)</b>    | <b>\$ 0.89</b>        | <b>\$ 1.51</b>  | <b>(41.1)</b>   |
| <b>Average shares outstanding</b>  | <b>163.8</b>          | <b>164.6</b>    | <b>(0.5)</b>    |
| <b>Average shares outstanding -- assuming dilution</b>                         | <b>164.4</b>          | <b>165.6</b>    | <b>(0.7)</b>    |

\* - On January 1, 2009, PPG Industries, Inc., adopted Statement of Financial Accounting Standards No. 160, "Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No. 51," which requires that "minority interests" be renamed "noncontrolling interests" and that a company present a consolidated net income measure that includes the amount attributable to such noncontrolling interests for all periods presented.

Note A: The three months ended June 30, 2008, includes a pretax expense of \$19 million for the impact of benefit changes including accelerated vesting negotiated as part of the pending sale of the automotive glass and services business.

Note B: The three months ended June 30, 2008, includes a pretax expense of \$17 million for the catch-up of depreciation expense, which was suspended when the automotive glass and services business was classified as a discontinued operation in September 2007.

**PPG INDUSTRIES, INC.**  
**Business Segment Information**  
**2nd Quarter Results**  
(Millions of Dollars)

|  | Net Sales              |                        | Segment Income (Loss) |                      |
|--|------------------------|------------------------|-----------------------|----------------------|
|  | <u>2009</u>            | <u>2008</u>            | <u>2009</u>           | <u>2008</u>          |
| PERFORMANCE COATINGS                             | \$ 1,066               | \$ 1,269               | \$ 158                | \$ 171               |
| INDUSTRIAL COATINGS                              | 741                    | 1,152                  | 28                    | 109                  |
| ARCHITECTURAL COATINGS EMEA                      | 527                    | 667                    | 55                    | 71                   |
| OPTICAL and SPECIALTY MATERIALS                  | 255                    | 310                    | 61                    | 76                   |
| COMMODITY CHEMICALS                              | 319                    | 495                    | 42                    | 68                   |
| GLASS (NOTE A)                                   | 207                    | 581                    | (7)                   | 30                   |
| <b>SUBTOTAL</b>                                  | <b><u>\$ 3,115</u></b> | <b><u>\$ 4,474</u></b> | <b><u>\$ 337</u></b>  | <b><u>\$ 525</u></b> |
| LEGACY ITEMS (NOTE B)                            |                        |                        | (12)                  | (3)                  |
| DEPRECIATION CATCH-UP CHARGE (NOTE C)            |                        |                        | -                     | (17)                 |
| DIVESTITURE RELATED BENEFIT COSTS (NOTE D)       |                        |                        | -                     | (19)                 |
| ASBESTOS SETTLEMENT - NET                        |                        |                        | (3)                   | (4)                  |
| INTEREST EXPENSE, NET OF INTEREST INCOME         |                        |                        | (42)                  | (60)                 |
| UNALLOCATED STOCK BASED<br>COMPENSATION (NOTE E) |                        |                        | (6)                   | (6)                  |
| OTHER UNALLOCATED CORP. EXPENSE - NET            |                        |                        | (21)                  | (22)                 |
| <b>INCOME BEFORE INCOME TAXES</b>                |                        |                        | <b><u>\$ 253</u></b>  | <b><u>\$ 394</u></b> |

## Note A:

Glass net sales and segment income include the results of the automotive glass and services business for the three months ended June 30, 2008.

## Note B:

Legacy items include current costs related to former operations of the Company, including certain environmental remediation, pension and other postretirement benefit costs and certain charges that are considered to be unusual or non-recurring. Legacy items also include equity earnings/(loss) from PPG's 40-percent investment in the former automotive glass and services business.

## Note C:

Represents the catch-up of depreciation expense, which was suspended when the automotive glass and services business was classified as a discontinued operation in September 2007.

## Note D:

Represents the impact of benefit changes including accelerated vesting negotiated as part of the sale of the automotive glass and services business.

## Note E:

Unallocated stock-based compensation includes the cost of stock options, restricted stock units and contingent share grants which are not allocated to the operating segments.

### Forward-Looking Statement

Statements contained herein relating to matters that are not historical facts are forward-looking statements reflecting PPG's current view with respect to future events and financial performance. These matters involve risks and uncertainties that may affect PPG's operations, as discussed in PPG's filings with the Securities and Exchange Commission pursuant to Sections 13(a), 13(c) or 15(d) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder. Accordingly, many factors could cause actual results to differ materially from the forward-looking statements contained herein. Such factors include global economic conditions, increasing price and product competition by foreign and domestic competitors, fluctuations in cost and availability of raw materials, the ability to maintain favorable supplier relationships and arrangements, difficulties in integrating acquired businesses and achieving expected synergies there-from, economic and political conditions in international markets, the ability to penetrate existing, developing and emerging foreign and domestic markets, which also depends on economic and political conditions, foreign exchange rates and fluctuations in such rates,, the impact of environmental regulations, unexpected business disruptions, and the unpredictability of existing and possible future litigation, including litigation that could result if the asbestos settlement discussed in PPG's filings with the Securities and Exchange Commission does not become effective. 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. Consequences of material differences in results compared with those anticipated in the forward-looking statements could include, among other things, business disruption, operational problems, financial loss, legal liability to third parties and similar risks, any of which could have a material adverse effect on PPG's consolidated financial condition, results of operations or liquidity. All information in this presentation speaks only as of July 16, 2009, and any distribution of this presentation after that date is not intended and will not be construed as updating or confirming such information.