



PPG Industries, Inc. Second Quarter 2008 Financial Results

William H. Hernandez, Sr. Vice President, Finance – July 17, 2008, Recorded Comments

Highlights – Q2, 2008



- ↔ Strong financial performance
 - > Double-digit percent growth in sales & segment earnings
 - > Adjusted earnings-per-share up 12 percent
 - > One of the largest selling price increases in years
 - > Year-to-date cash generation >\$125 million ahead of prior year
- ↔ Past strategic actions paying dividends
 - > Portfolio shift minimizing impacts of weak regional end-markets
 - > Enhanced global presence aiding results
 - > SigmaKalon acquisition ahead of targets
- ↔ Automotive Glass & Services business sale
 - > Deal reached, closing pending

Highlights – Q2, 2008

Good morning and thank you for your time and interest in PPG. Today I will review PPG's second quarter 2008 performance and comment on various trends that are impacting our results. Let me quickly recap the quarter.

First, let me state that we are very proud to deliver strong financial performance this quarter. We achieved double-digit percentage growth in sales, segment earnings and adjusted earnings-per-share,

despite a higher inflationary environment and overall slower economic conditions including severe recessions in U.S. residential construction and U.S. automotive production.

We were able to deliver this performance due to the strength and diversity of our business portfolio. Some of the main contributors were our growth drivers of Aerospace, Optical, Protective and Marine Coatings and our coatings businesses in Asia, Latin America and Eastern Europe, which continued to grow at very high rates. Our commodity chemical business had yet another solid quarter. Also, across all our businesses, we achieved one of our largest selling price increases in the past several years.

Many of our strategic actions over the past several years were to diversify our business and geographic sales mix. These actions had more complexity versus remaining or expanding predominantly in the United States and not exploring new end-markets. But we were successful in executing and we are realizing the dividends today as indicated by the financial performance we posted this quarter. This includes our recent SigmaKalon acquisition which is currently tracking ahead of our 2008 financial targets.

Also, earlier this month we signed an agreement to sell approximately 60 percent of our Automotive Glass and Services businesses and we expect the deal to close in the third quarter. Since the third quarter of 2007, this business had been classified in our financial statements as a discontinued operation because of our intent to sell the entire business. Because we are retaining 40 percent interest in the business, generally accepted accounting principles require us to report this business as part of our continuing operations for both the second quarter and in our historical financial results.

Therefore, included in today's presentation is second quarter and June year-to-date financial information which identifies the operating results of the Automotive Glass and Services businesses and one-time charges, including those related to the pending sale of the business. We believe this provides investors with all the pertinent details relating to our financial results both with and without the Automotive Glass and Services businesses.

| Business Segment Results | | | | | | |
|-----------------------------|----------|----------|------|------------------|--------|------|
| Second Quarter | | | | | | |
| SMM (USD) | | | | | | |
| | Sales | | | Segment Earnings | | |
| | 2008 | 2007 | Chg. | 2008 | 2007 | Chg. |
| Performance Coatings | \$ 1,269 | \$ 974 | 30% | \$ 171 | \$ 159 | 8% |
| Industrial Coatings | 1,152 | 943 | 22% | 109 | 109 | 0% |
| Architectural Coatings EMEA | 667 | - | - | 71 | - | - |
| Optical & Specialty Mtls. | 310 | 278 | 12% | 76 | 71 | 7% |
| Commodity Chemicals | 495 | 380 | 30% | 68 | 57 | 19% |
| Sub-Total | \$ 3,893 | \$ 2,575 | 51% | \$ 495 | \$ 396 | 25% |
| Glass | | | | | | |
| Fiber Glass & P/Glazings | \$ 328 | \$ 302 | 9% | \$ 20 | \$ 28 | -29% |
| Auto Glass & Services | 253 | 278 | -9% | 10 | 22 | -55% |
| Grand-Total | \$ 4,474 | \$ 3,155 | 42% | \$ 525 | \$ 446 | 18% |

Double-digit percent growth in sales and segment earnings

Business Segment Results

And now if you turn to the next slide, let me quickly recap our strong operating performance in the quarter.

- First regarding sales, our reported sales were nearly \$4.5 billion, up over 40 percent from last year and easily establishing a new PPG record for any quarter in the company's history. Demonstrating the consistency of our growth, this is the twenty first consecutive quarter, or over five

years in a row now, where we have delivered a year-over-year quarterly sales record.

All eight of our coatings business units, both Optical and Specialty Materials business units, our commodity chemicals business and our Performance Glazing glass business unit posted second quarter sales records. Many of these business units also delivered second quarter earnings records as well.

- We delivered overall organic growth of 5 percent in the quarter, with both volume and price contributing. Also, currency added an additional 5 percent to sales.

We experienced extremely weak U.S. end-market demand in automotive OEM and residential construction, with our volumes in businesses directly serving these markets down over 10 percent. However, we more than offset those volume declines with solid organic volume growth in Asia, Latin American and Europe, along with solid volume gains in several businesses including Commodity Chemicals, Aerospace, Optical, and Specialty Materials.

Higher year-over-year selling prices added just about \$90 million to our sales, again one of our largest increases in the past several years.

- Our acquisition of SigmaKalon added about 30 percent to PPG's total sales, and increased the sales in our combined coatings segments by 50 percent. All SigmaKalon sales for 2008 will be reported as acquisition gains for PPG since we closed on the purchase January 2, 2008. However, on a year-over-year basis, overall SigmaKalon sales were up double-digit percentages aided by favorable currency and low-to-mid single digit organic growth.
- Our segment earnings grew by double-digit percentages, which is a direct result of the global breadth of our businesses portfolio and the solid performance of our commodity chemical business.

Once again, we are proud of our business growth and overall solid performance given today's economic conditions. Now let me compare our total company results.

| Adjusted Financial Results | | | |
|---------------------------------------|-------|-------|--------|
| Adjusted Q2 Results ** | 2008 | 2007 | Change |
| Sales | 4,221 | 2,877 | 47% |
| Segment Income | 515 | 424 | 21% |
| Net income | 269 | 242 | 11% |
| Earnings-Per-Share, assuming dilution | 1.62 | 1.45 | 12% |

** Excludes operating results of Automotive Glass & Services business and unusual/one-time charges.
Please refer to the presentation appendix for reconciliation details.

Adjusted Financial Results

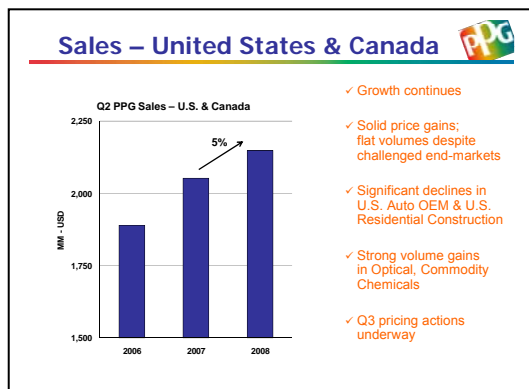
The next slide provides a recap of our adjusted financial results for both this year and last, excluding the Automotive Glass & Services business results and unusual and one-time charges. A detailed reconciliation from our reported results to this recap, for both years, is available in the appendix of today's presentation.

The results provide a clear illustration of our growth this quarter with our adjusted earnings-per-share for the quarter of \$1.62, which is 17 cents or 12 percent higher than our prior year results. I will remind you this performance is despite a variety of headwinds including softer economic conditions and higher inflation.

Also, although it is not reflected on this slide, let me also comment that our cash generation results are impressive. On a year-to-date basis we have generated over \$350 million of cash from operations which is about 60 percent higher than last year.

As I mentioned earlier, we are very proud of our financial results for the second quarter given the prevailing environment, as they reflect the strength of our business portfolio and also demonstrate in a clear and measurable fashion the success of our past strategic actions.

Now let's review some of the details.



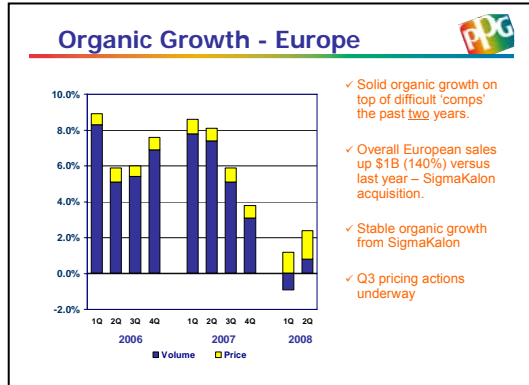
Sales - United States and Canada

Looking quickly at our sales results by region, our sales in the United States and Canada grew by 5 percent, with 4 percent price gains and 1 percent due to Canadian currency.

We experienced flat volumes in the quarter in the United States and Canada. As I mentioned previously, the U.S. automotive OEM and U.S. architectural paint end-markets in this region were very weak and our businesses, while outperforming

the end-markets, experienced low double-digit percentage declines. Meanwhile high volume growth in other businesses, including excellent results in commodity chemicals and optical and specialty materials, provided for a complete offset.

Looking ahead into the third quarter, we expect current market conditions to remain and we are not anticipating much volume growth in this region. However, we have a variety of selling price actions either announced or already implemented, and expect higher pricing gains in the third quarter.



Organic Growth - Europe

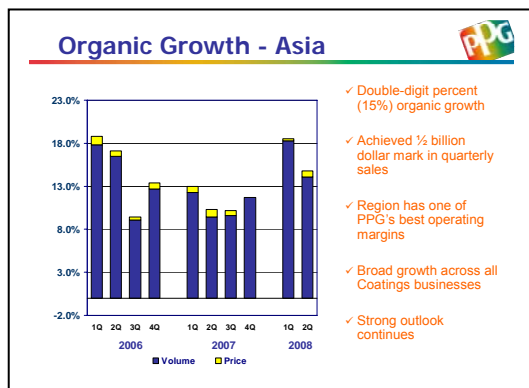
Moving to the next slide, our European sales grew by just under one billion dollars, up 140 percent primarily due to our SigmaKalon acquisition and currency. We also recorded higher selling prices of about 2 percent.

Once again all SigmaKalon sales, including organic growth versus their 2007 performance, are classified as increases due to acquisition. Again, I will discuss SigmaKalon in detail in a few minutes, but

SigmaKalon grew organically low-to-mid single digit percentages.

In the region, our 2 percent selling price increase was supplemented by volumes in the quarter which rose by 1 percent. Of note and illustrated in the trend graph, our second quarter comparables from both 2007 and 2006 were exceedingly difficult. Obviously we are pleased in maintaining our cumulative gains from these prior years.

We are anticipating some moderation of overall economic growth in Europe in the third quarter, which is historically a seasonally slower quarter in Europe. However, we expect our year-over-year performance to remain fairly similar to the second quarter. Similar to the United States, we also have current pricing initiatives in this region which will provide benefits during the third quarter.



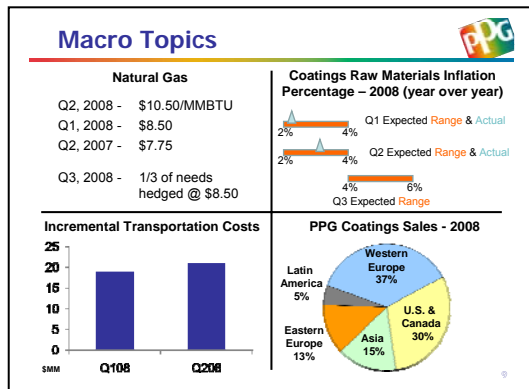
Organic Growth - Asia

Our Asian results are detailed on the next slide and our overall sales are up about 80 percent this year. Our quarterly sales in this region were right at \$500 million, up over 325 percent from just two years ago providing a quantification of the rapid and material growth we are driving in this region. Also, this region remains one of the best in terms of operating margins.

Acquisitions were a sizable component of this growth, but our sustained growth in volumes in this region continued, advancing 14 percent. Prices added an additional 1 percent to our organic results.

Each of our coatings businesses in the region is contributing towards our solid volume performance, and despite transportation changes in certain areas in China ahead of the 2008 Summer Olympics, we expect commensurate performance next quarter due to the continuation of strong demand in the broad end-markets that we serve.

Now before I discuss each of our business segments, let me discuss a few macro topics.



Macro Topics

As detailed on the next slide, the rising cost of energy and raw materials remains a dominant topic globally.

In the quarter, our primary energy cost, natural gas, inflated to about \$10.50 per unit, compared with just under \$7.75 in the second quarter of last year, and \$8.50 in the first quarter of this year.

For those of you less familiar with PPG, we use 60 to 70 trillion BTUs of natural gas a year to generate power for the production of chlorine and caustic soda, and to produce glass and fiber glass. So if natural gas unit costs change by one dollar per million BTU, our pre-tax costs change by about 60-to-70 million dollars on an annual basis.

Looking ahead we have about one-third of our third quarter gas needs hedged at about \$8.50 per MMBTU, and current unit market price for the remainder is about \$12.00. As a reference point, our third quarter 2007 natural gas costs were about \$6.75.

We have also experienced inflation in our coatings raw material cost, which include petroleum-based materials, and is by far the largest component of production costs for coatings. Our expectation at the onset of the second quarter was for inflation in the range of 2-to-4 percent and our actual inflation was slightly over 3 percent.

We communicated a few weeks back that feedstock pressures have elevated further and we expected our third quarter 2008 raw material inflation to be in the range of 4-to-6 percent and this remains our expectation. It is very important to note that this is a blended rate for all of PPG coatings businesses and geographies. The range differs greatly by geography, with a higher range in the United States, and generally lower ranges outside the United States. As detailed on the pie chart, only about 30 percent of our coatings sales are in the U.S. and Canada.

In addition to raw materials and direct energy costs, we also experienced continued inflationary pressures in transportation costs and surcharges associated with rising gasoline costs. Our total transportation costs in the quarter increased by an additional \$20 million versus last year, an increase of about 20 percent.

Regarding inflation overall, we are not anticipating any easing from the current environment. We have increased our efforts to identify and qualify new and more cost effective sources of raw materials. Also, as I mentioned earlier, selling pricing was up 3 percent this past quarter and our businesses are working to secure further pricing to offset these rising costs.

Now before I review our business results in more detail, I typically provide an update on our proposed asbestos settlement. For those not familiar with the details of the proposed settlement, please refer to the disclosures beginning on page 22 of our first quarter 2008 form 10-Q.

As we said in previous updates, we have filed motions asking the court to reconsider, alter or amend its ruling from December, 2006. Also, various parties, including PPG, are currently working toward a third amended plan of reorganization to address issues the court raised in its ruling. While we believe we are closer to a potential resolution this quarter versus last quarter, given the overall complexity of the issue, we are not able to offer any time line upon which any next step will be taken.

Now let's discuss the performance in each of our business segments.

| Performance Coatings | | PPG | | | | |
|--|--|------------------------------------|--------|-------|----------|---|
| Second Quarter 2008 | | | | | | |
| <ul style="list-style-type: none"> ✓ Very difficult U.S. Architectural market continues ✓ Offset with Aerospace, Asia and Protective & Marine volumes ↑ ✓ Double-digit organic growth in acquired SigmaKalon business | | | | | | |
| | | SMM (USD) | Q208 | Q207 | Chg | % |
| | | Sales | 1,269 | 974 | 295 | 30% |
| | | Earnings | 171 | 159 | 12 | 8% |
| | | <u>Yr. To Yr. % Change - Sales</u> | | | | |
| | | Sales | Volume | Price | Currency | Acq./Other |
| Total Performance Coatings | | 30% | -2% | 2% | 6% | 24% |
| Architectural (Americas & Asia) | | 9% | -11% | | | |
| Aerospace | | 11% | 6% | | | |
| Automotive Refinish | | 17% | 2% | | | |
| Protective & Marine | | 192% | 6% | | | (Volume growth excludes SigmaKalon acquired business) |

Performance Coatings

The next slide illustrates the results in our Performance Coatings segment. Second quarter sales grew by almost \$300 million or 30 percent. Acquisitions added about 24 percent growth, currency added 6 percent, volumes slipped by 2 percent and price added 2 percent. Also I will add that regionally, we delivered 20 percent organic growth in Asia, with each business unit contributing nicely.

Our segment earnings were \$171 million, up 8 percent versus the prior year. The acquisition of SigmaKalon's Protective & Marine Coatings business was nicely accretive to earnings. Also, strong organic volume gains in our legacy Protective & Marine coatings business and Aerospace, along with favorable currency impacts, offset the earnings impact of significantly lower volumes in our United States architectural coatings business. Inflation was mitigated by cost reduction actions and pricing gains.

Let me review a few key items in our business units:

- Our Architectural Coatings Americas and Asia business unit grew sales by 9 percent. This growth was principally due to Non-U.S. acquisitions and currency. Our volumes in the United States and Canada were down slightly more than 10 percent, with declines in all channels. This performance is reflective of the significant residential housing recession and slower home remodeling market.

Looking ahead we are not expecting any improvement for, at a minimum, the remainder of 2008 in this end-market. Due to cost actions, we minimized the overall earnings impact of the lower volumes, and will continue to manage cost aggressively in the business. In addition, we have already secured and are seeking further selling price increases.

- In Aerospace, our sales grew 11 percent, supported by volume and pricing gains, and currency. This remains a solid growth driver and we continue to expect similar performance looking ahead.
- Our Automotive Refinish sales grew 17 percent with price, volumes, currency and acquisitions all contributing. As evidenced this quarter, this business is a very reliable contributor, and we anticipate similar consistency in the future.

- Protective & Marine Coatings was added as a separate business unit in this reportable segment this year, as the SigmaKalon acquisition more than doubled our sales into this end-market. In addition to acquisition growth, we also achieved solid organic growth from our base business with both pricing and volume gains. As we mentioned last quarter, sizable growth opportunities remain in the future as the global shipping market and large scale civil infrastructure construction projects served by this business remain robust.

To summarize the quarter for this segment, despite lower activity levels in our Architectural Coatings business, we still delivered organic sales growth and posted 8 percent earnings growth. This performance was due, in large part, to consistent organic growth in the Aerospace and Protective and Marine businesses, strong Asian growth and nicely accretive acquisition results from the Protective and Marine portion of SigmaKalon which is ahead of our expectations.

| Industrial Coatings | | P&M | | | |
|---|------------|--------|-------|----------|------------|
| Second Quarter 2008 | | | | | |
| <ul style="list-style-type: none"> ✓ Diverse, expanding global footprint offsetting U.S. weakness ✓ Auto OEM volumes ↑ ✓ SigmaKalon nicely accretive | | | | | |
| | \$MM (USD) | Q208 | Q207 | Chg | % |
| Sales | | 1,152 | 943 | 209 | 22% |
| Earnings | | 109 | 109 | 0 | 0% |
| Yr. To Yr. % Change - Sales | | | | | |
| | Sales | Volume | Price | Currency | Acq./Other |
| Total Industrial Coatings | 22% | 2% | 0% | 8% | 12% |
| Automotive OEM | 11% | 3% | | | |
| Industrial | 44% | 0% | | | |
| Packaging | 15% | 2% | | | |

Industrial Coatings

Moving to the next slide detailing our Industrial Coatings segment, our sales rose by about \$200 million or 22 percent. Similar to last quarter, about half of the gain was due to the acquisition of SigmaKalon's industrial coatings business with the remainder due to favorable currency, positive volume growth and a slight pricing improvement.

By region, we continued to experience headwinds in the United States and Canada with volumes declining about 10 percent, but that region now only accounts for slightly more than 25 percent of this segment's total. We more than offset these negative impacts with organic growth of just under 10 percent in every one of our other regions, Europe, Asia and Latin America, which combined now account for about 75 percent of the segment .

Our segment earnings were flat reflecting the impact of the rising inflation and a notably weaker U.S. automotive OEM end-market. We offset these headwinds with strong results outside the United States and positive SigmaKalon acquisition related earnings. Also of importance is we continued to fund our growth initiatives in key end-markets and regions.


Let me quickly comment on each of the businesses comprising the Industrial Coatings segment:

- Our Automotive OEM Coatings business grew by 11 percent and not only set a new second quarter sales record but a new record for any quarter. Currency added 8 percent and pricing was flat. Volumes were up 3 percent, despite severely negative results in the U.S. and Canadian market, a region which represents about 30 percent of the business unit sales. Our Non-U.S. regions averaged double-digit percentage growth in recognition of our strong customer base and overall global growth in the industry.

We continue to communicate to the equity markets the growth performance and overall strength of the global auto OEM industry, and our results this quarter provide yet another measurable milestone of this. However, we remain convinced that the global growth potential is vastly misunderstood and incorrectly valued by the equity markets.

- Industrial Coatings business unit sales improved by 44 percent, with the SigmaKalon acquisition the main contributor of the growth. Overall volumes were flat, as softer U.S. volumes, which approached double-digit percentage declines, were offset by solid growth in all other regions.
- Packaging Coatings sales grew by 15 percent with currency the main factor, although volumes and price also contributed.

Overall our Industrial Coatings segment results truly reflect the geographic diversity of the segment as we were able to offset appreciably lower U.S. market results. Looking ahead we expect generally similar results in all regions in the third quarter.

Architectural Coatings EMEA 

Second Quarter 2008

- ✓ Low- to mid-single-digit organic growth versus 2007
- ✓ Earnings include ~\$20MM of non-cash intangible amortization and ~\$20MM of depreciation

| MM (USD) | Q208 | Q207 | Chg | % |
|----------|------|------|-----|-----|
| Sales | 667 | n/a | n/a | n/a |
| Earnings | 71 | n/a | n/a | n/a |

Overall SigmaKalon Acquisition Update

- ✓ Ahead of PPG mid-year financial expectations
- ✓ Solid, stable growth
- ✓ On pace for annual cost synergy targets
- ✓ Core element of PPG financial results and growth potential

Architectural Coatings EMEA

Our next slide is Architectural Europe, Middle East and Africa or EMEA, and it represents about three-quarters of the acquired SigmaKalon business. Segment sales in a seasonally strong quarter were \$667 million. Excluding positive currency impacts, sales grew by low-to-mid single digit percentages versus pre-acquisition SigmaKalon results last year, reflecting continued organic growth in several regions.

Earnings for the segment were \$71 million. These earnings include the majority of the \$20 million quarterly, non-cash amortization of intangibles stemming from the acquisition. In addition, this segment incurs about \$20 million of non-cash depreciation per quarter as well.

This business remains very healthy and is well ahead of their strong 2007 financial performance. And while construction activities in a few countries in Europe, such as Spain, Ireland, Italy and the U.K., are slowing, we generally and historically have very minimal participation in most of these regions. The U.K. is a market in which we do participate and our year-to-date sales into that market are flat. Based on our geographic footprint, including strong positions in several Eastern European countries, we anticipate the overall business will continue to post good results in the third quarter.

Now let me take this opportunity to provide you with a mid-year update on the overall SigmaKalon acquisition. This update includes our Architectural EMEA business, along with the SigmaKalon businesses which we merged into our Industrial and Performance Coatings segments.

As we mentioned previously, during the first quarter we secured permanent debt financing within the interest rate guidance we set forth last November. Also, our integration efforts are on schedule and we remain on our target to achieve roughly \$50 million of cost

synergies this year. On top of that we have through the first two quarters of the year achieved an additional \$20 to \$40 million of raw material cost mitigation due to our enhanced purchasing power.

Looking at combined operating financial results from all businesses, I am happy to report that we are exceeding our original 2008 financial targets at mid-year due to strong performance in all three business segments, and this does not include the \$20-to-40 million in raw material cost mitigation I just mentioned.

So obviously, we are very pleased with the performance of this acquired business. It is a core element of our successful financial performance this year, and also of our growth moving forward.

| Optical & Specialty Materials | | | | | | | | | | | | | | | | | | | | | | |
|---|-----------------------------|--------|-------|----------|------------|-----------|-----------------------------|------|-----|---|-------|-------|--------|-------|----------|------------|-------------------------------------|-----|----|----|----|----|
| Second Quarter 2008 | | | | | | | | | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> ✓ Strong Optical volume growth ✓ 25% segment operating margins ✓ European launch of new Transitions product accelerated from 2009 to Q4, 2008 | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1"> <thead> <tr> <th>SMM (USD)</th> <th>Q208</th> <th>Q207</th> <th>Chg</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>310</td> <td>278</td> <td>32</td> <td>12%</td> </tr> <tr> <td>Earnings</td> <td>76</td> <td>71</td> <td>5</td> <td>7%</td> </tr> </tbody> </table> | | | | | | SMM (USD) | Q208 | Q207 | Chg | % | Sales | 310 | 278 | 32 | 12% | Earnings | 76 | 71 | 5 | 7% | | |
| SMM (USD) | Q208 | Q207 | Chg | % | | | | | | | | | | | | | | | | | | |
| Sales | 310 | 278 | 32 | 12% | | | | | | | | | | | | | | | | | | |
| Earnings | 76 | 71 | 5 | 7% | | | | | | | | | | | | | | | | | | |
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| | Yr. To Yr. % Change - Sales | | | | | | | | | | | | | | | | | | | | | |
| | Sales | Volume | Price | Currency | Acq./Other | | | | | | | | | | | | | | | | | |
| Total Optical & Specialty Materials | 12% | 5% | 1% | 6% | 0% | | | | | | | | | | | | | | | | | |

Optical and Specialty Materials

Shifting to our Optical and Specialty Materials segment on the next slide, our next generation Transitions VI lens product which we introduced in the United States at the onset of this year continues to drive strong sales growth. In addition, our Specialty Materials businesses posted solid sales gains as well.

Segment earnings improved 7 percent driven by volume growth in Optical and higher segment pricing,

which offset inflation in our Specialty Materials businesses due to higher raw material costs along with higher advertising spending at Transitions Optical. Segment operating margins were 25 percent.

Looking ahead, we are accelerating to the fourth quarter of this year, the roll-out of our new generation Transition Optical VI lens product in certain European countries. We will likely incur slightly higher year-over-year ad spending in the third quarter, but also anticipate strong year-over-year sales gains during the quarter.

| Commodity Chemicals | | | | | | | | | | | | | | | | | | | | | | |
|---|-----------------------------|--------|-------|----------|------------|-----------|-----------------------------|------|-----|---|-------|-------|--------|-------|----------|------------|---------------------------|-----|-----|-----|----|----|
| Second Quarter 2008 | | | | | | | | | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> ✓ ~20% earnings improvement ✓ Increased selling prices in Q2, 2008 and announced for Q3, 2008 ✓ Low inventory position | | | | | | | | | | | | | | | | | | | | | | |
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| SMM (USD) | Q208 | Q207 | Chg | % | | | | | | | | | | | | | | | | | | |
| Sales | 495 | 380 | 115 | 30% | | | | | | | | | | | | | | | | | | |
| Earnings | 68 | 57 | 11 | 19% | | | | | | | | | | | | | | | | | | |
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| | Yr. To Yr. % Change - Sales | | | | | | | | | | | | | | | | | | | | | |
| | Sales | Volume | Price | Currency | Acq./Other | | | | | | | | | | | | | | | | | |
| Total Commodity Chemicals | 30% | 15% | 14% | 1% | 0% | | | | | | | | | | | | | | | | | |

Commodity Chemicals

Shifting to the next slide detailing our Commodity Chemicals segment, sales increased by about 30 percent to a new quarterly record. Volumes and price contributed equally to the sales gain.

Segment earnings improved by about 20 percent, with favorable manufacturing and overhead cost performance contributing to the volume gains. Meanwhile, natural gas, ethylene and freight costs experienced significant year-over-year inflation,

which equally offset higher pricing.

Toward quarter-end we declared force majeure due to a weather related incident which reduced production capacity at our largest chlor-alkali facility and strained our inventory

levels. We were able to continue to manage our order book, however we are carrying a significant backlog. We expect our low inventory position to continue into the third quarter, compounded by river transportation issues due to the flooding in the mid-west. Also, price increases have been announced for select products for the third quarter.

| Glass | | P&G | | | |
|---|------------|--------|-------|----------|------------|
| Second Quarter 2008 | | | | | |
| <ul style="list-style-type: none"> ✓ Higher input costs ✓ Difficult external market conditions likely to remain | | | | | |
| | \$MM (USD) | Q208 | Q207 | Chg | % |
| Sales | | 581 | 580 | 1 | 0 |
| Earnings | | 30 | 50 | -20 | -40% |
| Yr. To Yr. % Change - Sales | | | | | |
| | Sales | Volume | Price | Currency | Acq./Other |
| Total Glass | 0% | -3% | 0% | 3% | 0% |
| Performance Glazings | 9% | 6% | | | |
| Fiber Glass | 5% | -3% | | | |
| Automotive Glass & Svcs. | -7% | -7% | | | |

Glass

Our next business segment slide details our Glass segment. During the quarter, our reported sales, including Automotive Glass and Services, were flat. Positive currency equally offset negative volumes.

Earnings in the segment declined by about \$20 million due to lower volumes and higher inflation, partially offset by lower manufacturing costs.

Looking at results by business unit:

- Performance Glazing's sales improved 9 percent due to positive volumes, price and currency. Volumes are up over 5 percent as, similar to last quarter, continued weaker sales to the residential market were more than offset by higher commercial construction market sales.
- Fiber Glass sales advanced slightly as favorable currency and price offset weaker volumes.
- Automotive Glass and Services sales were down due to lower volumes.

This segment continues to face challenging end-market conditions and higher input costs. We will continue to aggressively manage costs in this business. Also, as noted earlier, we signed a sales agreement for the controlling interest in our Automotive Glass and Services business and expect that transaction to close in the third quarter.

Now let's move to our cash results.

| Cash Generation and Cash Uses | | P&G | |
|--|--|-----|--|
| Cash From Operations: | | | |
| ❖ Solid Q2 and YTD performance | | | |
| ❖ YTD cash from operations >\$350MM | | | |
| ❖ 2008 YTD results ~60% higher than 2007 | | | |
| YTD Cash Uses: | | | |
| ❖ Continued to fund businesses & reward shareholders | | | |
| ❖ Debt repayment proceeding | | | |

Cash Generation and Cash Uses

The next slide details our prioritized cash uses, which most of you have heard us discuss for some time. For the quarter we generated over \$300 million in cash from operations. On a year-to-date basis our cash from operations exceeds \$350 million, and is more than \$125 million, or about 60 percent ahead of last year's pace. Our uses of cash through the first six months are as follows:

- Year-to-date we have spent approximately \$150 million on organic capital spending, excluding acquisitions, necessary to keep the businesses healthy and competitive.

- Our dividend payments year-to-date totaled about \$170 million, up 4 percent over last year.
- Regarding debt, we increased our debt by about \$1.5 billion in the first quarter to partially finance the SigmaKalon acquisition. Since the beginning of the year, we repaid about \$250 million of debt from cash from operations.

Separately regarding the pensions, it is likely we will make pre-tax contributions of about \$100 million this year.

- Next are acquisitions, and outside of SigmaKalon we have not completed any sizable acquisition this year.
- We use share repurchases for any excess cash, and through the second quarter our focus remained to offset dilution from option exercises.

I will conclude our cash discussion by commenting that we are delivering, once again, strong performance in cash generation. We have been and will remain focused on balancing our uses of cash with overriding goals to strengthen and grow our businesses and providing for sustainable earnings growth opportunities for the benefit of our shareholders.

Conclusion

Now let me conclude my commentary on our second quarter results by highlighting a few key takeaways from the quarter:

- As I mentioned at the onset to today's call, our financial results remain solid with double-digit percentage growth in sales, segment earnings and adjusted earnings-per-share, and these results continue to validate the success of our past strategic actions. This success is amplified when considering today's economic backdrop.
- Our SigmaKalon acquisition is tracking ahead of our mid-year financial performance targets.
- We continue to advance our transformation strategy, and signed a sale agreement for controlling interest in our Automotive Glass and Services businesses.
- And our cash generation, a PPG hallmark, remains well ahead of a solid prior year figure.

In conclusion, as we look ahead we are even more confident in the direction of our company and expect our performance to compare favorably versus our industry groups.

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

| | 3 Months Ended | | |
|--|-----------------------|-----------------|-----------------|
| | June 30, | | |
| | <u>2008</u> | <u>2007</u> | <u>% Change</u> |
| Net Sales | \$ 4,474 | \$ 3,155 | 41.8 |
| Cost of Sales | 2,829 | 2,001 | |
| Selling and Other (Note A) | 1,054 | 651 | 61.9 |
| Depreciation (Note B) | 128 | 88 | 45.5 |
| Interest Expense | 65 | 23 | |
| Amortization | 37 | 15 | 146.7 |
| Asbestos Settlement - Net | 4 | 8 | |
| Other - net | (37) | (29) | |
| Income Before Income Taxes, and Minority Interest | 394 | 398 | |
| Income Tax Expense | 116 | 125 | (7.2) |
| Minority Interest | 28 | 23 | |
| Income from continuing operations | 250 | 250 | |
| Income from discontinued operations, net of tax | - | (1) | |
| Net Income | \$ 250 | \$ 249 | 0.4 |
| Earnings per common share | | | |
| Income from continuing operations | \$ 1.52 | \$ 1.51 | |
| Income from discontinued operations | \$ - | \$ - | |
| Net Income | \$ 1.52 | \$ 1.51 | 0.7 |
| Earnings per common share -- assuming dilution | | | |
| Income from continuing operations | \$ 1.51 | \$ 1.50 | |
| Income from discontinued operations | \$ - | \$ - | |
| Net Income | \$ 1.51 | \$ 1.50 | 0.7 |
| Average shares outstanding | 164.6 | 164.8 | (0.1) |
| Average shares outstanding -- assuming dilution | 165.6 | 166.4 | (0.5) |

Note A: 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: 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>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> |
| PERFORMANCE COATINGS | \$ 1,269 | \$ 974 | \$ 171 | \$ 159 |
| INDUSTRIAL COATINGS | 1,152 | 943 | 109 | 109 |
| ARCHITECTURAL COATINGS EMEA | 667 | - | 71 | - |
| OPTICAL and SPECIALTY MATERIALS | 310 | 278 | 76 | 71 |
| COMMODITY CHEMICALS | 495 | 380 | 68 | 57 |
| GLASS (NOTE A) | 581 | 580 | 30 | 50 |
| SUBTOTAL | <u>\$ 4,474</u> | <u>\$ 3,155</u> | <u>\$ 525</u> | <u>\$ 446</u> |
| | | | (3) | (6) |
| LEGACY COSTS (NOTE B) | | | (17) | - |
| DEPRECIATION CATCH-UP CHARGE (NOTE C) | | | (19) | - |
| DIVESTITURE RELATED BENEFIT COSTS (NOTE D) | | | (4) | (8) |
| ASBESTOS SETTLEMENT - NET | | | (60) | (20) |
| INTEREST EXPENSE, NET OF INTEREST INCOME (NOTE E) | | | | |
| UNALLOCATED STOCK BASED | | | (6) | (9) |
| COMPENSATION (NOTE F) | | | (22) | (5) |
| OTHER UNALLOCATED CORP. EXPENSE - NET | | | <u> </u> | <u> </u> |
| INCOME BEFORE INCOME TAXES AND | | | <u>\$ 394</u> | <u>\$ 398</u> |
| MINORITY INTEREST | | | | |

Note A:

Glass net sales and segment income include the results of the automotive glass and services business for the three and six months ended June 30, 2008 and 2007, respectively.

Note B:

Legacy costs 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.

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 pending sale of the automotive glass and services business.

Note E:

The increase in Interest expense, net of interest income, for the three months ended June 30, 2008, as compared to June 30, 2007, is due to increased interest costs related to the financing of the SigmaKalon acquisition.

Note F:

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.

| Regulation G Reconciliation - Results From Operations | Total PPG (as Reported) | + | Plus: One-Time Charges (including asbestos) | - | Less: Automotive Glass and Services Operating Results* | = | Adjusted PPG Total |
|--|----------------------------|---|---|---|---|---|-----------------------|
| Second Quarter 2008 | | | | | | | |
| Sales | \$ 4,474 | | \$ - | | \$ 253 | | \$ 4,221 |
| Segment income | 525 | | - | | 10 | | 515 |
| Net income | 250 | | 25 | A | 6 | | 269 |
| Earnings per common share – assuming dilution | 1.51 | | 0.15 | A | 0.04 | | 1.62 |
| Second Quarter 2007 | | | | | | | |
| Sales | 3,155 | | - | | 278 | | 2,877 |
| Segment income | 446 | | - | | 22 | | 424 |
| Net income | 249 | | 6 | B | 13 | | 242 |
| Earnings per common share – assuming dilution | 1.50 | | 0.03 | B | 0.08 | | 1.45 |

All amounts are reported in millions of dollars, except per-share amounts.

* For purposes of comparing the current and historical operating results of the AG&S business, the table reflects adjustment for the entire AG&S business. However, as noted above, upon closing of the AG&S divestiture transaction, PPG will retain a minority ownership of approximately 40 percent of this business, and this interest will be presented in PPG's future financial statements in accordance with GAAP.

A – Income from continuing operations, net of tax, and Earnings per common share – assuming dilution include one-time aftertax charges related to the pending sale of PPG's AG&S business of \$11 million, or 7 cents per share, to reflect a catch-up of depreciation expense, which was suspended when the business was classified previously as a discontinued operation, and \$12 million, or 7 cents per share, relating to the impact of benefit changes including accelerated vesting negotiated as part of the sale. In addition, the company recorded an aftertax charge of \$2 million, or 1 cent per share, to reflect the net increase to current value of the company's obligation under its proposed asbestos settlement agreement reported in May 2002, which is subject to pending court proceedings.

B – Income from continuing operations, net of tax, and Earnings per common share – assuming dilution include an aftertax charge of \$6 million, or 3 cents per share, to reflect the net increase in the value of the company's obligation under its proposed asbestos settlement agreement.

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 may cause actual results to differ materially from the forward-looking statements contained herein. Such factors include increasing price and product competition by foreign and domestic competitors, fluctuations in cost and availability of raw materials and energy, the ability to maintain favorable supplier relationships and arrangements, economic and political conditions in international markets, 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, operations or liquidity. All information in this presentation speaks only as of July 17, 2008, and any distribution of this presentation after that date is not intended and will not be construed as updating or confirming such information.