



PPG Industries, Inc. Third Quarter 2008 Financial Results

William H. Hernandez, Sr. Vice President, Finance – October 16, 2008, Recorded Comments

Highlights – Q3, 2008



- ❖ **Continued financial performance**
 - Double-digit percentage growth in sales & segment earnings
 - Adj. EPS comparable Y-O-Y, despite weather impacts & auto market
 - Largest selling price increase in over 10 years
 - Year-to-date cash generation >\$250 million (~50%) ahead of prior year
- ❖ **Operating excellence continues**
 - Completed sale of Automotive Glass & Services business
 - SigmaKalon acquisition remains ahead of financial targets
 - Announced restructuring - reduce cost & secure '09 S/Kalon synergies
- ❖ **Financial discipline once again paying dividends**
 - Year-to-date debt reduction >\$650 million, double our target
 - Cash (>\$500MM) exceeds U.S. commercial paper (~\$175MM)

Highlights – Q3, 2008

Good morning and thank you for your time and interest in PPG. Today I will review PPG's third quarter 2008 operating performance and comment on various trends that impacted our results. Before I recap the quarter, let me quickly discuss a few strategic updates.

First, we completed the sale of our automotive glass and services business within our originally communicated timeline, despite challenging market

conditions. I will discuss a few details on the deal later, but once again we are pleased to have followed through on our commitments.

Also, we recorded a business restructuring reserve in the third quarter, which focuses on adjusting the cost structure of our ongoing operations to reflect current market conditions, and will aid in achieving the year 2009 synergy targets that we set-forth for our SigmaKalon acquisition. We anticipate the restructuring will result in a \$100 million cash outlay, and expect to achieve savings at a \$100 million annual run-rate by the end of 2009.

Last, we repaid net debt of over \$650 million, which puts us on pace to more than double our 2008 debt reduction target. Also, as you would expect from PPG, we remain financially disciplined as we ended the quarter with cash of \$500 million which exceeds our short-term commercial paper of about \$175 million. We have been able to deliver these results due to our excellent cash generation which is about \$250 million or 50% ahead of a strong 2007 performance, including about \$450 million of cash from operations in the third quarter.

Now let me discuss our ongoing operations. As we communicated toward the end of the third quarter, several of our businesses were hampered by non-recurring items including weather related events such as the two hurricanes, Gustav and Ike, which struck the U.S. Gulf Coast, and an employee work stoppage at The Boeing Company which is a large PPG Aerospace customer. Additionally, overall economic conditions resulted in a significant drop in production levels in the automotive OEM industry and adjacent industries.

Despite these challenges, we delivered double-digit percentage growth in both sales and segment earnings. Our adjusted earnings per share, which include the negative impacts from weather, the considerably slower automotive OEM end-market, and continued cost inflation, was \$1.37, which is comparable with a year ago. Achieving these results despite the items I mentioned and in today's increasingly difficult economic climate, validates the strategic progress we have made in both transforming the company and making the company less prone to negative earnings shocks due to individual end-markets or regions.

Collectively, the weather related events and Boeing strike, negatively impacted our results this quarter by about \$17 million pre-tax, or 7 cents per share. The negative weather impact

to our financial results was less severe than we originally anticipated and communicated in September, due to better end-of-month performance in our commodity chemical business, as customer demand in the Gulf Coast region returned more quickly and stronger than we expected.

Meanwhile, the lower automotive OEM activity levels, which are primarily reflected in our Industrial Coatings reporting segment, combined with higher cost inflation, resulted in the majority of the substantial operating earnings decline for that segment versus last year as segment earnings fell 46 percent. And, although we sold the business at quarter-end, the third quarter automotive glass operating results were included in our reported earnings and also dropped versus last year.

Again, despite these notable headwinds, the company still delivered comparable results as the remainder of our business portfolio performed well despite slowing in the overall economy, and our results were aided by our largest quarterly selling price increase in at least a decade.

Our Commodity Chemical business, despite some negative impact from the weather related events, performed exceptionally well with year-over-year earnings up about 30 percent. Additionally, our Optical and Specialty Materials segment grew earnings by nearly 11 percent and our Performance Coatings segment, despite the Boeing work stoppage in September, still grew earnings by about 6 percent.

Finally our SigmaKalon acquisition remains ahead of our financial targets supported by the continued growth of our Architectural EMEA segment, which consists of the majority of the SigmaKalon acquisition. Third quarter year-over-year sales were up over 12 percent to \$632 million as organic growth, comprised of higher prices and stronger volumes, accelerated further this quarter, and was supplemented by currency gains. Segment earnings were \$61 million, which includes a reduction of \$30 million for depreciation and ongoing amortization stemming from acquisition accounting.

Let me conclude my recap of the quarter by stating once again the strong execution which you have come to expect from PPG, our broad geographic reach and diverse end-markets, and our prudent approach toward managing our cash has once again produced solid financial performance despite a variety of headwinds. Also, with our recently announced restructuring, we are taking further action to adjust our cost structure to the shifts in the global markets we serve.

And now if you turn to the next slide let me review some of the details for the quarter.

Business Segment Results							PPG	
Third Quarter								
SMM (USD)								
	Sales			Segment Earnings				
	2008	2007	Chd.	2008	2007	Chd.		
Performance Coatings	\$ 1,229	\$ 963	28%	\$ 148	\$ 140	6%		
Industrial Coatings	1,022	901	13%	48	89	-46%		
Architectural Coatings EMEA	632	-	-	61	-	-		
Optical & Specialty Mtls.	290	257	13%	61	55	11%		
Commodity Chemicals	500	400	25%	116	89	30%		
Sub-Total	\$ 3,673	\$ 2,521	46%	\$ 434	\$ 373	16%		
Glass								
Fiber Glass & P/Glazings	\$ 323	\$ 303	7%	\$ 22	\$ 27	-19%		
Auto Glass & Services	229	249	-8%	(5)	8	-163%		
Grand-Total	\$ 4,225	\$ 3,073	37%	\$ 451	\$ 408	11%		

Double-digit-percent growth in sales and segment earnings

Segment Results

First, our reported sales exceeded \$4.2 billion, up about 37 percent from last year, establishing a new PPG third quarter record. Despite the challenging economic backdrop, we delivered for the twenty-second consecutive quarter a year-over-year quarterly sales record. Every one of our segments, except Glass, posted double-digit sales growth.

Our acquisitions, primarily SigmaKalon, added about 30 percent to PPG's total sales and increased the sales in our combined coatings segments by about 50 percent.

We also delivered our best quarterly pricing results in at least a decade, as year-over-year selling prices added about \$175 million to our sales.


Our volumes were down less than one percent. We experienced extremely weak U.S. end-market demand in automotive OEM and lower demand in residential construction. We offset those volume declines with solid volume growth in several businesses including optical and aerospace, as well as continued growth in emerging regions.

Currency was also slightly incremental, adding an additional 2 percent to sales.

Our segment earnings grew by over 10 percent, which is a result of the earnings of acquired businesses, the double-digit growth in the commodity chemical and optical and specialty materials segments, and the growth we delivered in emerging regions. Many of our business units delivered third quarter earnings records as well.

Once again, we are proud of our growth and overall solid performance in today's economy.

Now let's review our earnings per share results.

Adjusted Financial Results 		
Third quarter earnings-per-share Reg G Reconciliation	2008	2007
Reported Earnings per Share, Continuing Operations, Fully Diluted	\$0.70	\$1.29
Add: 2008 Business Restructuring	0.67	--
Less: 2008 Auto Glass Gain on Business Sale	(0.02)	--
Add: Asbestos	0.02	0.02
Add: 2007 Acquisition Related Charges	--	0.03
Add: 2007 Auto Glass Charges	--	0.06
Adjusted Earnings per Share, Continuing Operations, Fully Diluted	<u>\$1.37</u>	<u>\$1.40</u>

Quarterly EPS Reconciliation - 2007 & 2008

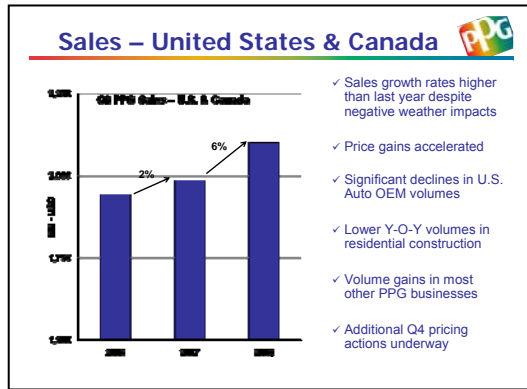
The next slide provides a reconciliation of our continuing operations reported earnings per share to our adjusted earnings per share for both this year and last, adjusting for unusual charges.

Our reported earnings per share in the quarter was \$0.70. We had unusual charges of \$0.67 for business restructuring and \$0.02 for our proposed asbestos settlement. We also had a one-time gain of \$0.02 relating to our completed automotive glass

divestiture. Our third quarter adjusted earnings per share excluding the one-time and unusual items is \$1.37. This compares with \$1.40 last year.

This performance provides both validation of the strength of our portfolio as well as a milepost on the progress of the company's transformation to a coatings, optical and specialty materials company.

Now let's review some of the details.

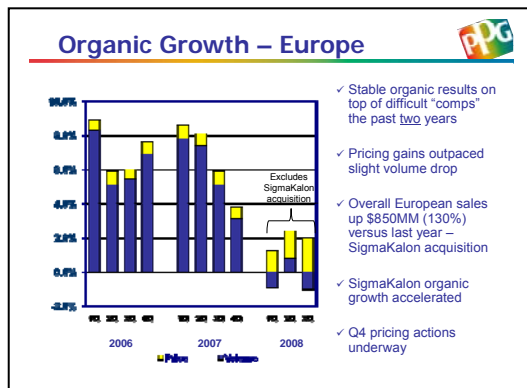


Sales U.S. and Canada

Looking quickly at our sales results by region, our year-over-year sales in the U.S. and Canada grew by 6 percent in the third quarter, which is a much higher growth rate than last year despite volumes being hampered by weather related issues. Pricing improved by 8 percent with every business, except our automotive OEM businesses, posting fairly solid pricing gains as we continue to work to offset cost inflation.

Volumes in the region were down 2 percent including the negative weather and Boeing strike effects. As mentioned, the U.S. automotive OEM industry weakened even further this quarter, while residential construction remained weak. Many of our other business units did experience higher volumes in this region highlighted by optical and aerospace.

We anticipate the fourth quarter to be equally challenging from an automotive OEM volume perspective, but we also expect to gain additional pricing.

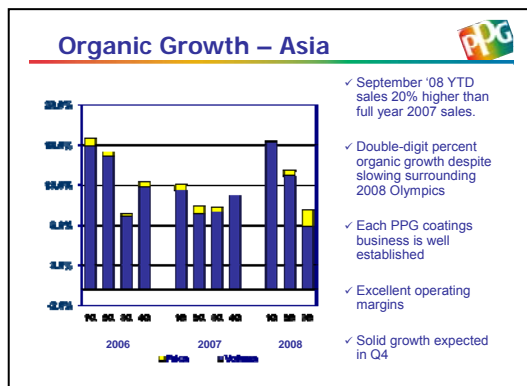


Organic Growth - Europe

Moving to the next slide, our European sales grew by about \$850 million dollars, up more than 130 percent, primarily due to our SigmaKalon acquisition and currency. All SigmaKalon sales, including organic growth versus their 2007 performance, are classified as increases due to acquisition and thus not illustrated on this chart. As I mentioned SigmaKalon's organic growth rate accelerated during the quarter.

Excluding SigmaKalon, our selling prices increased by 2 percent which offset slightly negative volumes which were down 1 percent. As you can see on the graph, activity in the region has been fairly comparable all year. Also, as with the last few quarters, our quarterly comparables from both 2007 and 2006 were exceedingly difficult so maintaining these prior year gains is pleasing.

Regarding the fourth quarter, we are currently expecting additional slowing of general industrial growth in Western Europe, which will be partially offset by solid growth in Eastern Europe. We also expect to realize higher selling prices in this region.



Sales by Region Asia

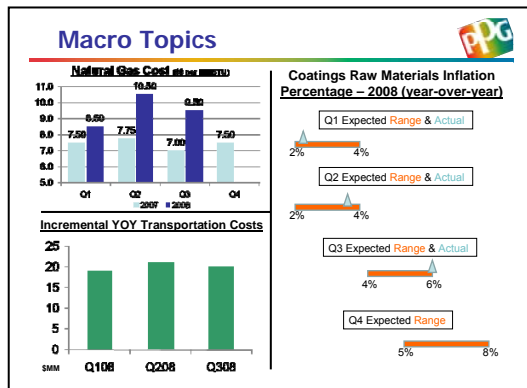
Our Asian results are detailed on the next slide and our year-to-date sales in this region through September have already eclipsed, by about 20 percent, our full year sales from 2007 exemplifying our continued rapid growth in the region.

During the quarter we still delivered double-digit organic growth despite lower activity levels around the 2008 Summer Olympics held in Beijing.

In the region, we have established a good market presence in each of our coatings businesses and our profitability remains at a high level when compared with both overall coatings industry margins and even PPG's other regions.

We expect similar growth rates to continue in this region in the fourth quarter.

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



Macro Topics and Outlook

As detailed on the next slide, during the quarter we continued to experience year-over-year inflationary increases in the cost of energy and raw materials.

In the quarter, our primary energy cost, natural gas, inflated to just above \$9.50 per unit, compared with slightly under \$7.00 in the third quarter of last year. Our cost did move down from the second quarter of this year when it was about \$10.50 per unit.

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 forty percent of our fourth quarter gas needs hedged at about \$8.75 per MMBTU. As a reference point, our fourth quarter 2007 unit costs were about \$7.50.

We have also experienced inflation in our coatings raw material costs which include petroleum based materials. Raw materials are the largest major component of production costs for coatings. Our expectation at the outset of the third quarter was for year-over-year inflation in the range of 4 to 6 percent and our actual inflation was right at 6 percent.

Our expectation for the fourth quarter is for year-over-year inflation in the range of 5 to 8 percent, but I will comment that it is a dynamic market today with both energy costs falling, but remaining very volatile, and our suppliers growing concerned about demand levels.

In addition to raw materials and direct energy costs, we also experienced higher year-over-year transportation costs and surcharges associated with higher gasoline and diesel costs. Our total transportation costs in the quarter increased by about \$20 million versus last year.

Regarding inflation overall, we have continually increased efforts to identify and qualify new and more cost effective sources of raw materials. Also, as I mentioned earlier, our selling price was up 6 percent this past quarter and our businesses are working to secure additional pricing to further offset the higher 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 second 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 an amended PPG settlement agreement to address issues the court raised in its ruling. We continue to believe we are close to a potential resolution, however 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																		
Third Quarter 2008																				
<ul style="list-style-type: none"> ✓ Aerospace sales +10% despite Boeing employee work stoppage ✓ Protective & Marine volumes ↑ ✓ Double-digit organic growth in acquired SigmaKalon business ✓ U.S. Architectural pricing offsets lower volumes ✓ Active sales pricing efforts continue in all businesses 		<table border="1"> <thead> <tr> <th>\$MM (USD)</th> <th>Q308</th> <th>Q307</th> <th>Chg</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>1,229</td> <td>963</td> <td>266</td> <td>28%</td> </tr> <tr> <td>Earnings</td> <td>148</td> <td>140</td> <td>8</td> <td>6%</td> </tr> </tbody> </table>	\$MM (USD)	Q308	Q307	Chg	%	Sales	1,229	963	266	28%	Earnings	148	140	8	6%			
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		Yr. To Yr. % Change - Sales																		
	Sales	Volume	Price	Currency	Acq./Other															
Total Performance Coatings	28%	0%	4%	3%	21%															
Aerospace	10%	6%																		
Automotive Refinish	12%	1%																		
Architectural (Americas & Asia)	9%	-6%																		
Protective & Marine	181%	4%																		
<small>(Volume growth excludes SigmaKalon acquired business)</small>																				

Business Segment Performance – Performance Coatings

The next slide illustrates the results in our Performance Coatings segment. Third quarter sales grew by over \$250 million or 28 percent. Acquisitions added 21 percent growth, currency added 3 percent, volumes were flat and price added 4 percent.

Our segment earnings were \$148 million, up 6 percent versus the prior year. A few key elements driving the increased earnings were our pricing

efforts, our continued growth in Aerospace despite the negative impact of the Boeing work stoppage, cost management in our U.S. Architectural business and our protective & marine coatings business results which include a portion acquired in the SigmaKalon acquisition.

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

- In aerospace, our sales grew 10 percent, resulting primarily from our volume and pricing gains. Volume growth outside the U.S. was up double-digit percentages, with U.S. growth up moderately despite the Boeing work stoppage which started in early September. This remains a solid business with continued growth prospects, but the level of growth next quarter will depend on the length of the Boeing work stoppage.
- Our automotive refinish sales grew 12 percent supported by moderate gains in price, volumes, currency and acquisitions. Share gains are offsetting industry volume declines in the mature regions. Of note is the fact that we are delivering double-digit volume growth in Asia and our quarter-end acquisition of the Chinese refinish paint company Bonny will further expand our offering into that rapidly growing market.
- Our architectural coatings Americas and Asia business unit grew sales by 9 percent. Our non-U.S. markets grew primarily as a result of a prior year acquisition and favorable currency.

Our U.S. and Canadian sales were flat. Volumes were down mid-single digits as volume in our national accounts rose, while company owned store and independent dealer

volumes were down. We did achieve price increases in most channels as we continue to work to offset raw material inflation. We remain at a very low activity level in the U.S, and we continue to aggressively manage costs in this business.

Looking ahead we are continuing to seek further pricing to offset inflationary impacts, and don't expect any material changes in the overall activity level outside of the normal seasonal decline.

- We continue to achieve high growth rates in our protective & marine coatings business unit. The SigmaKalon acquisition has more than doubled our sales into this end-market and the acquired business grew organically this quarter by mid-teen percentages, while our legacy business grew both pricing and volumes by mid-single digits. We expect end-market activity to remain strong for the foreseeable future.

To summarize the quarter for this segment, we offset lower activity levels in our U.S. architectural coatings business with continued growth in aerospace, protective & marine and in all businesses in emerging regions. Also, we realized a notable portion of our initial pricing efforts which were intended to offset current year inflationary impacts. Finally, as I have mentioned all this year, the protective & marine portion of SigmaKalon has been nicely accretive and is performing ahead of our expectations both in end-market results and in synergies.

Industrial Coatings		P&G				
Third Quarter 2008						
✓ Significant auto OEM industry production volume declines		\$MM (USD)	Q308	Q307	Chg	%
✓ Slower general industrial activity in mature regions		Sales	1,022	901	121	13%
✓ Stable Packaging coatings		Earnings	48	89	-41	-46%
✓ Emerging regions now larger than U.S. & Canada						
✓ Restructuring targeting slower end-markets						
			Yr. To Yr. % Change - Sales			
		Sales	Volume	Price	Currency	Acq./Other
Total Industrial Coatings	13%	-2%	1%	3%	11%	
Automotive OEM	2%	-2%				
Industrial	36%	-2%				
Packaging	9%	-1%				

Business Segment Performance – Industrial Coatings

Moving to the next slide detailing our Industrial Coatings segment, our sales rose by about \$120 million or 13 percent. The gain was due primarily to our acquisitions, including the SigmaKalon industrial coatings business. Favorable currency and price outpaced lower volumes.

Our segment earnings were down significantly, dropping from \$89 million to \$48 million. A major


factor in this decline was the rapid deterioration in automotive OEM industry production levels. In the quarter, U.S. auto OEM industry production declined by about 20 percent, a sizable downward shift from just last quarter. Other impacts were from higher inflation and industrial sales in the mature regions which slowed slightly. Continued growth in emerging regions partially offset the slower end-markets and mature regions. Of note is that our sales in emerging regions of Asia, Latin America and Eastern Europe, are now collectively much larger than the sales in the U.S. and Canadian region.

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

- Our automotive OEM coatings sales were up 2 percent as volumes fell 2 percent, including a 15 percent drop in the U.S. and Canadian market. The U.S. and Canadian region represents about 30 percent of the business unit sales. Our combined non-U.S. regions continued to grow by mid-single digit percentages, but growth rates in all these regions moderated. Looking ahead, we expect at a minimum, an equally challenging end-market in the fourth quarter.

- Industrial coatings business unit sales improved over 35 percent, as the SigmaKalon acquisition remained the main growth factor. Overall volumes were down 2 percent due to softer demand in mature regions, partially offset by growth in emerging regions which now account for over 40 percent of this business unit. Price gains accelerated to 2 percent for the business. We anticipate overall global activity levels to soften further in the fourth quarter.
- Packaging coatings sales grew by 9 percent aided by currency and price, with slightly lower volumes.

Overall our Industrial Coatings segment experienced a very difficult end-market decline. We are reacting quickly to this decline and announced a business restructuring late in the quarter which, in part, is targeted to lower this segment's ongoing cost structure in regions with lower ongoing activity levels. We will continue to focus on managing costs and will respond to as any other challenges that arise in the end-markets served.

Architectural Coatings EMEA 

Third Quarter 2008

- ✓ Organic growth vs. 2007 accelerated to mid-single digit percentages
- ✓ Earnings include depreciation and non-cash amortization of ~\$30MM
- ✓ Business is seasonally lighter in fourth quarter

\$MM (USD)	Q308	Q207	Chg	%
Sales	632	n/a	n/a	n/a
Earnings	61	n/a	n/a	n/a

Overall SigmaKalon Acquisition Update

- ✓ Ahead of financial expectations
- ✓ Organic growth accelerated this quarter
- ✓ On pace for 2008 cost synergy target
- ✓ Announced restructuring targeted to deliver 2009 cost synergies

Business Performance – Architectural 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 \$632 million. Organic sales growth accelerated to mid-single digit percentages versus pre-acquisition SigmaKalon results last year, reflecting continued growth in most regions.

Earnings for the segment were \$61 million. These earnings include \$30 million each quarter in ongoing depreciation and non-cash amortization of intangibles stemming from the acquisition.

The business is performing well and is pacing well ahead of a solid 2007 financial performance. As I mentioned last quarter, we have minimal participation in several of the most negatively impacted construction markets in Europe, such as Spain, Italy and Ireland. We do participate in the U.K. market and that was our only major market with negative growth when compared with last year. However, solid pricing gains and strong positions in other, more stable regions and several Eastern European countries resulted in our accelerated organic growth.

Looking ahead, I will remind you that the fourth quarter is traditionally our slowest quarter seasonally in this business with about 20 percent of our annual sales in the fourth quarter versus roughly 27 to 29 percent in the second and third quarters.

As with last quarter, I will take this opportunity to provide you with an 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 protective & marine businesses.

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

remain on schedule to achieve over \$50 million of cost synergies this year. On top of that we have through the first three quarters of the year achieved additional raw material cost mitigation due to our enhanced purchasing power. This quarter, we announced business restructuring plans within the acquired businesses that will aid us in delivering our 2009 synergies.

Looking at the combined financial results from all the acquired SigmaKalon businesses, I am happy to report that we are exceeding our original 2008 financial targets due to stronger performance by all three business segments, and this does not include the incremental raw material cost mitigation I just mentioned.

Obviously we are pleased with the acquisition results and the notable impact on our financial results this year.

Optical & Specialty Materials																						
Third Quarter 2008																						
<ul style="list-style-type: none"> ✓ Double-digit percent sales and earnings growth ✓ Double-digit optical volume growth ✓ European launch of new Transitions product in October 																						
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Total Optical & Specialty Materials	13%	7%	2%	4%	0%																	

Business Segment Performance – Optical Products and Specialty Materials

Shifting to our Optical and Specialty Materials segment on the next slide, we achieved double-digit segment sales and earnings growth. This was a result of 10 percent volume growth in optical products, including Transitions. The growth rate accelerated versus the second quarter. Our specialty materials business delivered strong price gains, but posted volume declines reflecting lower automotive demand for our silica products in tires and batteries.

As we communicated last quarter we increased, yet again, our marketing investments with notably higher selling and marketing costs. The investments continued to drive profitable growth as segment earnings grew 11 percent driven by optical volume gains.

Looking ahead, the roll-out of our new generation Transition Optical lens product in certain European countries is now underway. As a result of this and continued strong demand in general, we anticipate further growth in this segment in a seasonally slower fourth quarter.

Commodity Chemicals																						
Third Quarter 2008																						
<ul style="list-style-type: none"> ✓ 30% earnings improvement, despite lost production/volumes due to U.S. hurricanes ✓ Increased selling prices in Q3, 2008 and announced for Q4, 2008 ✓ Low inventory position due to outages ✓ Louisiana plant back to operating at normal rates by end of September 																						
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Total Commodity Chemicals	25%	1%	24%	0%	0%																	

Business Segment Performance – Commodity Chemicals

The next slide details our Commodity Chemicals segment. This segment was negatively affected by both U.S. hurricanes Ike and Gustav, which resulted in two voluntary shutdowns of our largest facility which is located in Louisiana. While our facility sustained minimal damage, production was curtailed by difficulties in securing critical raw materials and transportation equipment, and similar issues for our customer's including inability to secure energy to power their facilities.

Our facility returned to normal operating rates toward the end of September and the hurricane impacts on the business were not as severe as we initially projected as customer demand returned sooner and stronger than anticipated.

In the quarter our sales increased by 25 percent to a new all-time quarterly record. Pricing, in response to industry supply and demand dynamics plus higher costs for both natural gas and ethylene, drove the majority of the sales gain.

Segment earnings improved by 30 percent, which includes negative effects from the hurricanes.

As we look ahead, the fourth quarter is traditionally slower than the third quarter due to seasonality. As we exited the third quarter, several products remained on force majeure do to our low inventory position resulting from the outages and continued strong demand. Last, price increases have been announced for select products for the fourth quarter.

Glass					Total Glass Segment					
Third Quarter 2008										
✓ Solid pricing gains										
✓ Divested Auto Glass – Sept. 30th										
✓ Q3 - auto market very challenging										
Fiber Glass & Performance Glazings				Automotive Glass & Services						
	Q308	Q307	Chg	%	SMN (USD)	Q308	Q307	Chg	%	
Sales	323	303	20	7%	Sales	552	552	0	0%	
Earnings	22	27	-5	-19%	Earnings	17	35	-18	-51%	
					Yr. To Yr. % Change - Sales					
Total Glass	Sales	0%	Volume	-5%	Price	4%	Currency	1%	Acq./Other	0%
Performance Glazings	8%	-2%								
Fiber Glass	5%	-2%								
Automotive Glass & Svcs.	-8%	-3%								

Business Segment Performance - Glass

Our next business segment slide details our Glass segment. We sold the automotive glass and services business on September 30, so our reported results for the quarter include the automotive glass business results. However, to aid in the understanding of the remaining glass businesses, we are providing financial figures both including and excluding the automotive glass business.

Looking at the businesses which remain:

- Performance glazings sales improved 8 percent. Pricing was favorable as higher prices in a few end-markets were combined with our energy surcharge. Volumes dropped slightly as volumes into the commercial construction segment were up, while residential construction volumes sagged.
- Fiber glass sales advanced 5 percent mostly due to pricing gains.

Combined earnings from these two businesses declined by about \$5 million versus last year as lower volumes and inflation more than countered the improved pricing and lower manufacturing costs. Looking ahead we anticipate some additional, moderate demand erosion in some industrial end-markets of these businesses in the fourth quarter.

Now let me quickly describe our automotive glass and services operating results. Automotive glass and services sales decreased 8 percent, stemming, in part, from lower end-market demand. Earnings were down by \$13 million.

The business sale was completed on September 30, and on an ongoing basis we will hold about a 40 percent minority share in the new entity. Also, PPG retained liabilities for pension and retirement benefits which were earned up to the business sale date, and we will recognize earnings and balance sheet impacts from these liabilities going forward based on GAAP requirements.

Now let's move to the company's cash results.

Cash Generation and Cash Uses

Cash From Operations:

- ❖ Strong Q3 and YTD performance
- ❖ YTD cash from operations >\$800MM
- ❖ 2008 YTD results ~50% higher than 2007

Cash / Liquidity:

- ❖ Debt reduction (\$650MM) on pace for more than double full year target
- ❖ Cash (>\$500MM) exceeds U.S. commercial paper (~\$175MM)

Cash

The subsequent slide provides some details on our cash position and year-to-date cash uses. For the quarter we generated about \$450 million in cash from operations. On a year-to-date basis our cash from operations exceeds \$800 million, and is more than \$250 million, or about 50 percent ahead of last year's pace. Our uses of cash through September are as follows:

- Year-to-date we have spent approximately \$260 million on organic capital spending, excluding acquisitions, or about 2 percent of sales.
- Our dividend payments year-to-date totaled about \$256 million, as dividends per share are up 3 percent versus last year.
- Regarding debt, we assumed about \$1.5 billion in the first quarter as a result of our SigmaKalon acquisition. Year-to-date we have paid down net debt of over \$650 million which has already nearly doubled our debt reduction target for the entire year. Regarding pensions, we made pre-tax contributions of about \$100 million this year.
- Next are acquisitions, and outside of SigmaKalon we have made a few bolt-on acquisitions this year.
- Finally are share repurchases and through the third quarter our focus remained on offsetting dilution from options.

Let me conclude my cash discussion by reiterating what I stated in my opening comments. Our culture as a company, both historically and currently, is one of financial discipline. Given the recent issues in the credit markets our long-standing financial policies are providing us with an even larger benefit today. We currently have \$500 million of cash which well outpaces our commercial paper outstanding of about \$175 million. Additionally, the fourth quarter is traditionally a strong cash generation quarter for us, so we remain extremely comfortable in our liquidity position and have actually been receiving interest on our excess cash at rates higher than our short-term debt interest rates.

Conclusion

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

- As I mentioned at the outset, we are proud to deliver comparable year-over-year adjusted earnings per share despite weather related issues and a generally more difficult economic environment.

- Our SigmaKalon acquisition performance continues to demonstrate how successful that acquisition has been.
- We continue to execute on our transformation strategy with this quarter's highlight being the completion of the sale our automotive glass and services business.
- We are managing some difficult end-markets and, as you would expect us to do, have reacted by quickly announcing business restructuring targeted at reducing our cost footprint serving those markets.
- And a key measure of any company's success is cash generation, and the level of our year-over-year increase is providing us benefits and flexibility today and will do so into the future.

In conclusion, we are experiencing one of the most tumultuous economic environments in recent history. A time where a broad business portfolio and extended geographic reach, traits that we have successfully built into PPG, are providing stability and continued growth potential. Our performance this quarter and year-to-date confirms this, and we expect to continue our solid performance including our pace of record cash generation.

PPG INDUSTRIES, INC.
Business Segment Information
3rd Quarter Results
(Millions of Dollars)

	Net Sales		Segment Income (Loss)	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
PERFORMANCE COATINGS	\$ 1,229	\$ 963	\$ 148	\$ 140
INDUSTRIAL COATINGS	1,022	901	48	89
ARCHITECTURAL COATINGS EMEA	632	-	61	-
OPTICAL and SPECIALTY MATERIALS	290	257	61	55
COMMODITY CHEMICALS	500	400	116	89
GLASS (NOTE A)	<u>552</u>	<u>552</u>	<u>17</u>	<u>35</u>
SUBTOTAL	<u>\$ 4,225</u>	<u>\$ 3,073</u>	<u>\$ 451</u>	<u>\$ 408</u>
			(4)	(20)
LEGACY COSTS (NOTE B)			(163)	-
BUSINESS RESTRUCTURING (NOTE C)				-
GAIN ON AUTOMOTIVE GLASS AND SERVICES				-
DIVESTITURE			15	-
ACQUISITION RELATED COSTS (NOTE D)			-	(6)
ASBESTOS SETTLEMENT - NET			(5)	(5)
INTEREST EXPENSE, NET OF INTEREST INCOME (NOTE E)			(57)	(19)
UNALLOCATED STOCK BASED				(13)
COMPENSATION (NOTE F)			(12)	(13)
OTHER UNALLOCATED CORP. EXPENSE - NET			<u>(22)</u>	<u>(9)</u>
INCOME BEFORE INCOME TAXES AND			<u>\$ 203</u>	<u>\$ 336</u>
MINORITY INTEREST				

Note A:

Glass net sales and segment income include the results of the automotive glass and services business for the three months ended September 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. For the three months ended Sept. 30, 2007, these costs included a pretax charge of \$17 million, primarily representing curtailment losses on certain defined benefit pension plans related to automotive glass and services business.

Note C:

In the three months ended Sept. 30, 2008, business restructuring includes total charges of \$42 million for the Performance Coatings segment, \$53 million for the Industrial Coatings segment, \$13 million for the Commodity Chemicals segment, and \$55 million for the Glass segment. These costs are considered to be unusual and non-recurring and will not reduce the segment earnings used to evaluate the performance of the operating segments.

Note D:

Represents the flow through costs of sales of the step up to fair value of acquired inventory related to the inventory acquired in the Barloworld Coatings Australia transaction for the three months ended September 30, 2007. These costs are considered to be unusual and non-recurring and will not reduce the segment earnings used to evaluate the performance of the operating segments.

Note E:

The increase in Interest expense, net of interest income, for the three months ended September 30, 2008, as compared to September 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.

PPG INDUSTRIES, INC.
Condensed Statement of Operations
3rd Quarter Results
(Millions of Dollars)

	3 Months Ended		
	September 30,		
	<u>2008</u>	<u>2007</u>	<u>% Change</u>
Net Sales	\$ 4,225	\$ 3,073	37.5
Cost of Sales	2,701	1,947	
Selling and Other	991	681	45.5
Depreciation	105	89	18.0
Interest Expense	62	22	
Amortization	34	15	126.7
Asbestos Settlement - Net	5	5	
Business restructuring	163	-	
Other - net (Note A)	(39)	(22)	
Income Before Income Taxes, and Minority Interest	203	336	
Income Tax Expense	65	105	(38.1)
Minority Interest	21	18	
Income from continuing operations	117	213	
Income from discontinued operations, net of tax	-	(22)	
Net Income	\$ 117	\$ 191	(38.7)
Earnings per common share			
Income from continuing operations	\$ 0.71	\$ 1.30	
Income from discontinued operations	\$ -	\$ (0.14)	
Net Income	\$ 0.71	\$ 1.16	(38.8)
Earnings per common share -- assuming dilution			
Income from continuing operations	\$ 0.70	\$ 1.29	
Income from discontinued operations	\$ -	\$ (0.14)	
Net Income	\$ 0.70	\$ 1.15	(39.1)
Average shares outstanding	164.7	164.4	0.2
Average shares outstanding -- assuming dilution	165.6	166.0	(0.2)

Note A

The three months ended September 30, 2008, include a pretax gain of \$15 million for the divestiture of the automotive glass and services business.

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 October 16, 2008, and any distribution of this presentation after that date is not intended and will not be construed as updating or confirming such information.