



PPG Industries

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News

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PPG reports record sales, earnings for any quarter

PITTSBURGH, July 20, 2006 – PPG Industries today reported record sales and earnings for any quarter with second quarter net income of \$280 million, or \$1.68 a share. Net income includes aftertax earnings of \$12 million, or 7 cents a share, for net legal and insurance matters, and an aftertax charge of \$4 million, or 3 cents a share, to reflect the net increase in the current value of the company’s obligation under its asbestos settlement agreement reported in May 2002. Sales were \$2.82 billion, surpassing the old record set in the second quarter of 2005 by 6 percent.

That compares with second quarter 2005 net income of \$231 million, or \$1.34 a share, including aftertax charges of \$12 million, or 7 cents a share, for debt refinancing, and \$2 million, or 1 cent a share, to reflect the net increase in value of the asbestos settlement agreement. Sales for the second quarter of 2005 were \$2.66 billion.

For the first six months of 2006, PPG recorded net income of \$464 million, or \$2.79 a share, which includes aftertax earnings of \$12 million, or 7 cents a share, for net legal and insurance matters; and aftertax charges of \$23 million, or 14 cents a share, for business restructuring; and \$10 million, or 6 cents a share, to reflect the net increase in the current value of the company’s obligation under the asbestos settlement agreement. Sales for the first half of 2006 were \$5.46 billion.

For the first six months of 2005, PPG recorded net income of \$326 million, or \$1.89 a share, which included aftertax charges of \$91 million, or 52 cents a share, for a legal settlement; \$12 million, or 7 cents a share, for debt refinancing; and \$7 million, or 4 cents a share, to reflect the net increase in the value of the company’s obligation under the asbestos settlement agreement. Sales for the first half of 2005 were \$5.15 billion.

“Our results demonstrate that we’re achieving our objective of delivering profitable growth,” said Charles E. Bunch, chairman and chief executive officer. “In coatings and optical products, which represent nearly two-thirds of our portfolio, our momentum continues. Collectively, coatings and optical products grew at more than 10 percent this quarter.

“Looking ahead, funding growth initiatives, such as the five acquisitions we announced in the second quarter, remains a priority for our free cash flow. Although growth is moderating to more

sustainable levels in North America, we see continued economic expansion worldwide. As we have proven this past quarter, these economic conditions create meaningful opportunities for us to generate value for our customers and shareholders.”

Coatings sales increased \$129 million, or 9 percent, as a result of higher volumes, especially in Asia and Europe; improved selling prices across all businesses; the impact of acquisitions; and the positive impact of stronger foreign currencies. Operating earnings were up \$62 million due to the benefits of the higher selling prices and volumes mentioned above and higher other income due to the favorable impact of insurance settlements. These increases were partially offset by the negative impact of inflation, primarily higher raw material costs, and higher overhead expenses, primarily related to growth initiatives in architectural coatings.

Glass sales increased \$30 million, or 5 percent, because of higher volumes across most businesses. Operating earnings were down \$4 million due to the impact of inflation, lower equity earnings and legal matters. These were substantially offset by lower manufacturing and overhead costs.

Chemical sales increased \$9 million, or 1 percent, due to higher selling prices for chlor-alkali products and increased optical sales due to organic growth and acquisitions. These increases were partially offset by lower volumes for chlor-alkali products. Operating earnings were down \$15 million due to the impact of higher inflation, higher environmental charges and higher manufacturing costs. These decreases were partially offset by the benefit of the higher selling prices discussed above.

Additional Information

Recorded comments by William H. Hernandez, senior vice president and chief financial officer, regarding second quarter 2006 results may be heard by telephone at 412-434-2816 until 5 p.m. ET on Friday, July 28. The commentary will also be available online at Financial, Financial Commentary, on PPG’s Web site (www.ppg.com). The commentary may include forward-looking statements or other material information. Additional information, including historical performance, is also available at Financial on PPG’s Web site.

Forward-Looking Statements

Statements in this news release relating to matters that are not historical facts are forward-looking statements reflecting the company’s current view with respect to future events and financial performance. These matters involve risks and uncertainties that could affect the company’s operations, as discussed in PPG Industries’ periodic reports on Form 10-K and Form 10-Q filed with the Securities and Exchange Commission. Accordingly, many factors could cause actual results to differ materially from the company’s forward-looking statements.

Among these factors are 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, and the unpredictability of possible future litigation, including litigation that could result if the asbestos settlement discussed in PPG’s filings with the SEC 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 as 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.

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