



PPG Industries, Inc. Second Quarter 2007 Financial Results

William H. Hernandez, Senior Vice President, Finance - July 19, 2007, Recorded Comments

First, thank you for your time and interest in PPG. In the next few minutes, I'll review our second quarter 2007 performance and comment on various industry and economic trends underlying our performance. Before getting into all the details, let me quickly characterize our excellent quarter for you.

For the first time ever our quarterly sales eclipsed the \$3 billion mark, growing by 12 percent over last year's second quarter. This also establishes a new all-time quarterly sales figure for PPG for any quarter, topping by about 9 percent our prior mark set last quarter.

We have continued our consistency in delivering top line growth as our average sales growth the past four quarters is 11 percent, and this marks the 17th consecutive quarter in which we have delivered a year-over-year quarterly sales record.

Once again, our excellent sales performance was led by our strongest operating-margin businesses. Our Performance and Applied Coatings segment grew sales over 25 percent for the second consecutive quarter. Also our Industrial Coatings sales grew by about 16 percent, and our Optical and Specialty Materials segment grew by 13 percent despite lower sales in specialty chemicals.

Our total organic volume growth in the quarter was \$86 million or 3 percent, as all regions posted solid growth despite several challenged North American end-markets.

Our second quarter earnings per share was \$1.50 which includes a charge of \$0.03 per share for our proposed asbestos settlement. Last year earnings per share was \$1.68 and included earnings of \$0.07 per share for net legal and insurance matters and a charge of \$0.03 per share for the asbestos settlement. Also, earnings in the second quarter of 2006 benefited by \$0.13 per share from a favorable, one-time tax item.

Segment earnings in the quarter totaled \$446 million which was level with a year ago. Our segment earnings improved notably in both coatings segments and in our Optical and Specialty Materials segment despite lower specialty chemicals earnings. Segment earnings fell versus last year in both Commodity Chemicals and Glass. I will discuss the specifics on all these segments a bit later.

Our prior year acquisitions continued to deliver results, and we remain on track to hit our previously communicated financial full year milestones for these acquisitions. Of most significance this quarter was the operating-margins from these acquisitions were above 10 percent, which is the high-end of our communicated range.

During the quarter we repurchased about \$120 million of PPG stock, bringing our year-to-date purchases to about \$175 million.

To quickly summarize our excellent second quarter performance, we once again delivered profitable growth and did so despite continued softness in several U.S. end markets. Our global reach, excellent customer profile and our leading technologies and services remained key ingredients allowing us to deliver this excellent performance.

Now let's review the details.

Business Segment Sales			
Sales	2nd Quarter		
	2007	2006	% Change
Performance & Applied Coatings	\$ 974 *	\$ 774	26%
Industrial Coatings	943 *	811	16%
Optical & Specialty Materials	296 *	262	13%
Commodity Chemicals	380	372	2%
Glass	580	605	-4%
Total PPG	\$ 3,173 *	\$ 2,824	12%

*All-time PPG quarterly sales record

Business Segment Sales

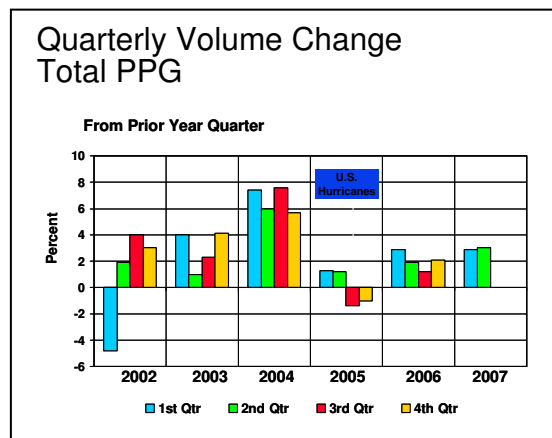
Our second quarter sales results by segment are presented on slide #3.

- In total, sales increased 12 percent, with volume growth of 3 percent and acquisitions adding 7 percent. A stronger Euro drove favorable currency impacts and pricing was flat. Once again, our quarterly sales performance was an all-time PPG record for the second quarter or any quarter in PPG history.
- Our Performance and Applied Coatings segment delivered robust sales growth of 26 percent, reflecting 18 percent growth from the acquisitions we completed in both 2006 and 2007, 3 percent organic growth and 5 percent combined growth from price and currency. The organic growth in this segment includes the strength and our position within the global aerospace industry and improved architectural coatings sales in the home center channel.
- The Industrial Coatings segment also realized double-digit percentage growth, posting a 16 percent year-over-year gain with half the growth stemming from acquisitions, 4 percent organic growth and the remainder from favorable currency. The organic growth was due to strong automotive OEM and packaging gains along with continued strength in emerging regions. Partially offsetting the overall volume growth, North American volumes were down due to slowness primarily centered around customers serving the U.S. domestic auto makers and the U.S. residential housing market.
- Sales in our Optical and Specialty Materials segment improved by 13 percent on the strength of 8 percent organic volume growth. Currency added 4 percent. Organic sales of Transitions lenses grew in all regions at well above the overall segment percentage growth, but were offset by specialty chemicals sales declines year-over-year reflecting the lumpiness that has characterized this business.
- Our Commodity Chemicals segment sales were up 2 percent as slightly stronger volumes driven by solid demand were offset by lower year-over-year pricing. It is important to note that while pricing is down from last year's near all-time high level, pricing did improve nicely from March to June of 2007. Our sales volume was negatively impacted by several transitory production issues during the quarter.
- Our Glass segment sales declined by 4 percent, which was primarily driven, once again, by the impact of lower U.S. domestic auto manufacturers production levels. Also, as we

mentioned last quarter, pricing in our Performance Glazings business fell versus last year due to a reduction in an energy surcharge relating to lower year-over-year first quarter natural gas prices.

To summarize, we once again delivered record sales despite a slower pace to several markets in the U.S. economy. We achieved these exceptional results through our global presence, results from our disciplined acquisitions, successful execution of our various organic growth strategies, and continued strength in industries such as optical and aerospace. Looking ahead, we will believe that these same performance drivers will continue into next quarter.

I'll discuss our results in some of our individual businesses later. Now let's take a look at our overall sales growth trends.



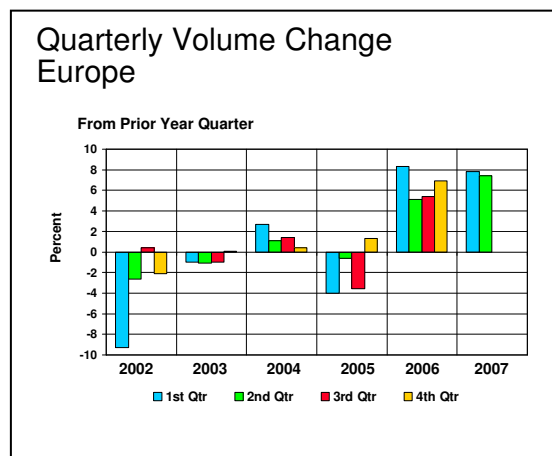
Quarterly Organic Volume Change – Total PPG

As slide #4 clearly illustrates, our organic volume growth in this quarter was solid, and even more impressive when considered against the backdrop of the North American economy.

Despite these economic headwinds, and another difficult comparison period, we posted a 3 percent year-over-year volume gain during the quarter which, as is visible on the graph, was one of our best quarters in the past three years. Also, we are very pleased with the increasing trend since the third quarter of 2006.

This organic growth demonstrates the continued acceptance of our excellent products and technologies by our customers. In addition, our outstanding geographic breadth, especially in our coatings and Optical Products businesses, and market share gains in several key businesses, continue to provide benefits.

Now let's review our results in select regions.

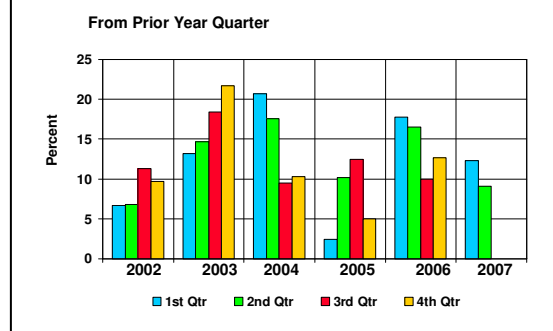


Quarterly Volume Change – Europe

The next slide depicts our European volumes where our excellent performance trend which began over a year ago has continued. Although it is evident from the chart, I will remind you that our results this quarter are also on top of a very strong comparable period a year ago.

Nearly every one of our coatings business units and our Optical Products business unit posted high single digit percentage volume growth in this region. This performance evidences PPG's market share gains in the region as well as overall solid European economic growth.

Quarterly Volume Change Asia



Quarterly Volume Change – Asia

Moving to the slide depicting our Asian performance, you can see that our exceptional organic growth in this region continues. Here, once again, our prior year comparables were exceedingly difficult. Also, while not depicted on this slide, during the quarter our total Asian sales grew by over 65 percent year-over-year, as excellent volume growth was supplemented by sales from our prior year acquisitions.

As the chart depicts, we have experienced substantial organic sales growth in this region over the past five years, assisted by the region's significant industrial and infrastructure development. As a result of this growth, sales in Asia are now approaching 20 percent of total business unit sales for several of our businesses, with several likely to or already actually exceeding that figure.

Also, our reported sales for the region do not tell the entire story, as those sales do not include sales from certain joint ventures where we are not the majority partner. Last year these unconsolidated joint ventures had sales in Asia equal to roughly 55 percent of our total consolidated Asian sales, so you can see our participation in this high growth region is even greater.

Now let's move to our earnings performance.

Second Quarter Comparisons

	2007		2006	
	Million	EPS	Million	EPS
Net Income As Reported	\$ 249	\$ 1.50	\$ 280	\$ 1.68
Net Income Includes the Following Charges:				
Asbestos Settlement - Net	\$ (6)	\$ (0.03)	\$ (4)	\$ (0.03)
Legal Settlements, net of insurance	—	—	\$ 12	\$ 0.07
Note: Tax Rate		31.3%		26.4%

Second Quarter Earnings Comparison

As depicted on slide #7, we reported second quarter earnings-per-share of \$1.50 that included a reduction of six million dollars after-tax, or three cents a share related to our proposed asbestos settlement.

Last year our reported earnings per share was \$1.68. This figure included \$0.07 of earnings stemming from net insurance and legal matters and a \$0.03 charge related to our asbestos settlement. Also, our tax rate in the second quarter last year was 26.4 percent due to the favorable impact of a

settlement with IRS of our years 2001 through 2003 tax returns, which equated to a \$0.13 benefit included in last year's quarterly EPS figure.

Our second quarter 2007 tax rate was just under 31.5 percent which is indicative of the tax rate we expect for the remainder of the year.

Our total segment earnings in the second quarter were level with those of a year ago. Lower second quarter earnings in our Commodity Chemicals and Glass segments were

offset by stronger performance in both of our coatings segments and our Optical and Specialty Materials segment. As a result of this earnings mix shift over 75 percent of our second quarter segment earnings are from our core businesses of coatings and optical and specialty materials.

I will provide a brief outlook on several key future business segment metrics when I review each segment in a few minutes.

Economic Indicators	
	<u>2Q 2007</u> <u>(change from 2Q 2006)</u>
U.S. Real GDP*	2%
EEC Real GDP*	3%
China Real GDP*	10%
U.S. Industrial Production	2%
N.A. Vehicle Production	-3%
N.A. Light Vehicle Sales	-2%
Western Europe Auto Production*	0%
Western Europe, New Registrations	-2%
U.S. Housing Starts*	-22%
U.S. Commercial Const. (Real Inv.)*	8%
*Estimates	

Economic Indicators

The next slide provides an overview of either our or Global Insight's current estimates of the relevant historic economic statistics. I will briefly discuss these and how they relate to our business performance, and I will also comment on our economic outlook.

In summary year-over-year U.S. GDP growth is estimated to be about 2 percent, while GDP in Western Europe advanced approximately 3 percent. Meanwhile GDP in China continues at a blistering 10 percent growth rate.

To shed even further light on our excellent European performance, our volume growth in Europe was roughly double GDP in that region.

With respect to automotive production, let me first state once again that global automotive production continues to expand. Due to the overemphasis placed on issues faced by the U.S. domestic automakers, we continue to believe the ongoing global expansion in the auto market is both misunderstood and undervalued by the equity market.

Global Insight estimates that global vehicle builds grew by 4 percent last year and about 12.5 percent over the past three years. This is consistent growth and is driven by substantial growth in emerging regions, including over 20 percent growth in China this year alone.

In the second quarter, North American light vehicle production is estimated to have fallen by about 3 percent. Also, Western European vehicle production is estimated to have been flat, while Eastern European and Asian production grew by double-digit percentages.

This quarter, our Automotive Coatings business has performed well above the global market with 8 percent global volume growth. Meanwhile our North American Automotive Glass business performed below the North American market with a 16 percent volume decline. I will once again explain the reasons for these diverse performances when I discuss our business performance.

As we said entering the year, we expect North American automotive softness in the early part of this year, followed by an upward tick later in the year. The second quarter automotive industry production figures were an improvement versus the first quarter, and the third quarter projections, while lower seasonally, have production gains projected versus

prior year levels. This is consistent with our initial forecast. One noteworthy wildcard on the horizon is labor negotiations between the domestic automakers and the UAW labor union.

In Western Europe we expect modest expansion and high single-digit growth in Eastern Europe. Lastly, we believe the emerging regions will continue to grow rapidly.

Moving to industrial production, we continue to see robust industrial growth occurring in emerging regions, such as China which is posting figures close to 20 percent. This has been offsetting lower or even negative growth in some of the more mature regions. We have been focusing our investments in growth, both acquisitions and expansions of existing businesses, in these emerging economies.

North American industrial production is estimated to have improved by only about 2 percent year-over-year, in the second quarter. We believe this figure was aided by high production levels resulting from low inventory levels exiting last quarter and also higher exports aided by current currency exchange rates. Western Europe also produced a positive industrial production figure.

Looking ahead, we expect similar activity levels in industrial production in all major regions, with a slight improvement in the year-over-year comparisons in the U.S., due slower economic growth which was evidenced in the second half of last year.

Finally in the construction markets, for another quarter the U.S. commercial and U.S. residential construction markets moved in opposite directions.

The dramatic slowdown in residential construction which began in mid-2006, is still underway with housing starts contracting over 20 percent this quarter. Conversely, commercial construction has grown about 8 percent over the same period.

We are very pleased to have posted positive volume growth in our Architectural Coatings business, which achieved 2 percent growth, and also in our Performance Glazings, architectural glass business. We have stated continuously that these businesses have large commercial construction content and our performance certainly reflects that fact.

Looking at the remainder of the year, we don't expect to see any substantive recovery in the residential construction market until at least early 2008, further out than our prior expectations. Regarding commercial construction, we still expect the recent activity levels to carry forward for the remainder of 2007 for the products that we supply.

Moving to Slide #9, let's discuss our overall economic outlook and several other key topics.

Key Topics

- Economy
- Energy & Raw Materials
- Legacy Issues

Key Topics and Outlook

We expect many of the economic statistics to remain fairly steady as we move into the third quarter. We anticipate low growth rates in North America, sustained growth in Europe and continued high growth in China and other emerging regions.

We continue to emphasize what we mentioned at the outset of the year, that the overall economy is on sound footing. Employment remains stable and inflationary pressures are still at a minimum. Most important, consumer spending continues at fairly

consistent levels. As we look at these statistics, the only concern we have in the short-term is consumer spending levels which may shift downward in the coming months.

The European economy has proven solid, but has shown some recent indications of slight slowing including industrial production in certain countries which has ticked down slightly. Also, higher interest rates and a stronger Euro moving forward will act to temper some economic activity. Overall, however, as this year continues we don't expect material changes in the European economic climate outside of more difficult comparisons versus prior year.

Although we sound redundant with respect to Asia, we expect the region to continue to post very high growth. Of interest to many global industries is the change in China taxation which effectively reduces export subsidies on many products by possibly up to 18 percent. The end result may be price increases in a variety of the industries we participate or even less competition from Chinese competitors.

To summarize, as we stated as our base case coming into this year, we have in fact continued and expect to see continuing solid global growth. Let me conclude my economic discussion by stating that our current expectation of stable economic conditions gives us continued optimism regarding the prospects for our businesses. Our organic sales growth over the past year provides true indications of our abilities to grow profitably in these economic times.

Now let's shift our discussion to energy costs and raw materials.

In the quarter, our primary energy cost, natural gas, was about 10 percent higher than the second quarter of 2006, as our second quarter 2007 unit cost for natural gas was about \$7.70 versus second quarter of 2006 unit costs of \$7.00.

For those of you who are 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 about one dollar per million BTU, our pre-tax costs change by about 60 to 70 million dollars on an annual basis. In the second quarter our year-over-year natural gas costs increased by just under \$10 million.

In addition to natural gas, we experienced increases in our second quarter coatings raw material costs. The cost of raw materials, which includes petroleum-based materials, is the largest component of production costs for coatings. These costs remained stubbornly high as a result of, among many other things, consistently high oil prices.

We expected these costs to increase in 2007, but very modestly. During both the first and second quarter this year, our overall coatings raw material costs increased, by just about one percent, however, the increase in some regions and for some materials was higher.

As we said last quarter, we believe we will continue to see price volatility in energy prices driven, at least partially, by geopolitical issues and speculation. Regarding natural gas costs, as we exited the quarter we had hedged the cost of about one-third of our third quarter 2007 natural gas purchases at a unit price of about \$7.75.

With respect to coatings raw materials, recent oil price trends have kept pricing intact, however, lower demand continues to favor buyers. Our original 2007 forecast was for only slight raw material escalation in 2007, and that forecast still appears accurate.

Now before I review our business results in more detail, I typically provide an update on our proposed asbestos settlement. As we said in our previous update, we are analyzing a variety of options which may include plan modifications, and reconsideration or appeals of the bankruptcy court opinion from last December. Given the overall complexity of the issue, we are not able to offer any time line upon which any next step will be taken. For those not familiar with the details of the proposed settlement, please refer to page 16 of our first quarter 2007 form 10-Q.

Now let's discuss our businesses performance.

Business Performance – Performance & Applied Coatings					
	2nd Quarter				
	2007	2006	\$ Change	% Change	
Sales	\$ 974	\$ 774	\$ 200	26%	
Segment Earnings	\$ 159	\$ 145	\$ 14	10%	
Yr. To Yr. % Change - Sales					
	Sales	Volume	Price	Currency	Acq./Other
Total Performance & Applied Coatings	26%	3%	2%	3%	18%
Architectural Finishes	31%	2%			
Aerospace	33%	13%			
Automotive Refinish	19%	1%			

Business Segment Performance – Performance and Applied Coatings

Slide #10 illustrates our excellent results in our Performance and Applied Coatings segment. Second quarter sales grew by a robust \$200 million, marking our second consecutive quarter of greater than 25 percent growth. Naturally we achieved both a second quarter and an all-time sales record. Acquisitions added about 18 percent growth, volumes added 3 percent and both price and currency also contributed. Also, all regions contributed at least 15 percent sales growth.

Our segment earnings grew about 10 percent or \$14 million to a new all-time record for any quarter, reflecting our very solid volume growth, incremental acquisition earnings and higher selling prices.

- Our Architectural Coatings business sales were both second quarter and all-time records, growing 31 percent. This growth was principally from acquisitions, with volume, price and currency all positives as well.

Volumes improved by about 2 percent, certainly an impressive figure given the residential construction industry market declines. We experienced lower volumes in our professional channels, both in our stores and distributors. These lower volumes were offset by volume improvements in our national accounts channel in the range of double-digit percentages.

For the remainder of the year we expect our substantial sales growth to continue supported primarily by our acquisitions. We expect the organic volume activities to remain constant due primarily to fairly stable residential and commercial construction levels. However, the year-over-year comparable figures should improve as we began to realize lower volume levels in the second half of last year.

Also, our new television advertising of the Olympic brand at Lowe's began airing the last week of the quarter, and our environmentally friendly paints are also receiving increased attention in this channel.

- In Aerospace, our excellent double-digit growth continued with sales improving by 33 percent, supported by both volume growth and acquisitions. This resulted in establishment of a new second quarter and all-time quarterly sales record. The growth was equally impressive geographically. We have now achieved double-digit growth in this business in nine of the last eleven quarters. Our future growth prospects remain even brighter as we draw ever closer to the production ramp-up of the new Boeing 787 Dreamliner, upon which our sales content is double versus previous similar aircraft.
- Our Automotive Refinish business also posted excellent results this quarter growing 19 percent, with about one-half attributed to acquisitions. A strong Euro also benefited sales, as did positive volumes. Meanwhile, our Asian sales were once again up over 50 percent, partly reflecting our acquisitions in that region.

In summary, we once again delivered stellar sales growth in this segment and, as you would expect from PPG, this sales growth yielded excellent earnings growth as well. We continue to have very high growth expectations in the near term for this segment moving forward.

Business Performance – Industrial Coatings

	2nd Quarter			
	2007	2006	\$ Change	% Change
Sales	\$ 943	\$ 811	\$ 132	16%
Segment Earnings	\$ 109	\$ 104	\$ 5	5%

	Yr. To Yr. % Change - Sales				
	Sales	Volume	Price	Currency	Acq./Other
Total Industrial Coatings	16%	4%	0%	4%	8%
Packaging	18%	9%			
Industrial	12%	-3%			
Automotive OEM	20%	8%			

Business Segment Performance – Industrial Coatings

Moving to the next slide detailing our Industrial Coatings segment, our sales rose by about \$130 million or 16 percent and we set a new second quarter and all-time quarterly sales record. Acquisitions contributed 8 percent, with both volume and currency each adding 4 percent. Pricing was flat.

Our Asian sales are up over 80 percent year-over-year and account for just below 20 percent of this entire segment. In Europe, our sales grew by nearly 20 percent, supported by strong volume gains, while North American sales dropped slightly.

We delivered 5 percent earnings growth in the segment, driven by organic growth and our prior year acquisitions. Meanwhile, pricing and manufacturing efficiencies did not fully offset higher inflation in these businesses.

Let me comment just briefly on each of our Industrial Coatings segment businesses:

- First let me discuss our Packaging Coatings where we also set a new second quarter and all-time quarterly sales record. Our sales grew by 18 percent, with excellent volume growth once again reflecting our market share gains in this business. Currency also contributed by mid-single digits percentages.
- Industrial Coatings business sales improved by 12 percent, to a new second quarter and all-time quarterly sales record. Acquisitions and currency gains more than offset slightly negative volumes. Our volume results in North America were down due to lower sales into automotive parts and accessories and other challenged domestic end-markets. Our European and Asian volumes both grew nicely.

Asia is now our second largest region in this business and sales grew about 65 percent year-over-year, assisted by our prior year acquisitions.

Looking ahead, we expect an equally challenging North American market in the third quarter, but also anticipate solid European and Asian markets.

- Next, our Automotive OEM Coatings business grew by 20 percent to new second quarter and all-time quarterly sale records. Volumes grew an impressive 8 percent while acquisitions and currency added 8 percent and 5 percent respectively. Pricing was down, but just slightly.

We delivered excellent volume growth in all regions, including 6 percent volume growth in North America despite negative overall industry light vehicle production figures. We have and continue to outpace the North American industry figures due to our diverse customer base and excellent technology and service. Also, in Europe we posted double-digit volume gains partially due to market share gains.

As I discussed earlier, we expect the North American automotive market to improve slightly in the third quarter. We expect the other regional markets to remain fairly stable in comparison with the past quarter.

Overall in our Industrial Coatings segment we posted very solid sales growth supported by organic growth and our prior year acquisitions. This growth occurred despite several industrial segments and customers supporting U.S. end-markets that remain challenged.

Looking ahead, we see some positive short-term trends in North American automotive production, and stability in industrial activity levels in Europe and Asia. We expect these dynamics will allow us to continue to deliver strong financial performance in this segment in the upcoming quarter.

Business Performance – Optical & Specialty

	2nd Quarter			
	2007	2006	\$ Change	% Change
Sales	\$ 296	\$ 262	\$ 34	13%
Segment Earnings	\$ 71	\$ 61	\$ 10	16%

	Yr. To Yr. % Change - Sales				
	Sales	Volume	Price	Currency	Acq./Other
Total Optical & Specialty Materials	13%	8%	0%	4%	1%
Optical Products	18%	13%			
Specialty Materials	-1%	-5%			

Business Segment Performance – Optical Products and Specialty Materials

As detailed on slide 12, our Optical and Specialty Materials segment generated top-line growth of over 13 percent driven by excellent volume performance in our Optical Products business unit. Currency also contributed toward the establishment of a new second quarter and all-time quarterly sales record.

Earnings for the quarter were up 16 percent driven by strong organic growth in Optical Products, which more than offset lower year-over-year earnings in our specialty materials businesses.

- Optical Products sales grew by 18 percent with the primary driver being high organic growth rates in all regions. Acquisitions also added slightly to our sales. We remain pleased with the continuing impact our brand building efforts have on our volume results. Naturally, given our growth track record in this business we feel fairly confident about our future prospects.
- In Specialty Materials, our Silicas business recognized growth driven by both pricing and volume gains. Any improvement in automobile production levels will assist volumes further. Meanwhile, Fine Chemicals sales dropped by double-digit percentages. We mentioned following last quarter's dramatic sales increase that this business tends to be "lumpy" due to order and ship patterns. On a year-to-date basis, sales in this business are still up over 25 percent versus last year.

As we expected, our Optical and Specialty Materials segment grew nicely and once again produced our highest operating-margins. Our long track record of profitable growth in this segment certainly supports our enthusiasm regarding our future prospects here.

Business Performance – Commodity Chemicals

	2nd Quarter			
	2007	2006	\$ Change	% Change
Sales	\$ 380	\$ 372	\$ 8	2%
Segment Earnings	\$ 57	\$ 86	\$ (29)	-34%

	Yr. To Yr. % Change - Sales				
	Sales	Volume	Price	Currency	Acq./Other
Total Commodity Chemicals	2%	8%	-6%	0%	0%

Business Segment Performance – Commodity Chemicals

Shifting to the next slide detailing our Commodity Chemicals segment, year-over-year sales increased by about 2 percent as pricing moved down from the prior years near all-time record levels. As I mentioned earlier, pricing increased nicely versus the first quarter of 2007 for both chlorine and caustic soda.

Year-over-year volumes improved 8 percent as customer demand remains very solid. We did experience a few transitory production issues at the end of the quarter which have already been resolved, but did negatively impact our sales and operating results versus even our most recent expectations.

Also during the quarter we converted a portion of our Louisiana plant to membrane production, replacing less efficient and more costly mercury cell production. This conversion was completed earlier than initially anticipated, with about one-half the production online at quarter's end. The conversion and start-up of the new unit also resulted in slight negative volume and cost impacts.

Earnings in the segment were down primarily as a result of lower pricing and higher natural gas and manufacturing costs.

Looking ahead, dynamics similar to last quarter exist in the market place including very strong customer demand for chlorine and caustic soda, low product inventories and announced price increases.

Business Performance – Glass				
	2nd Quarter			
	2007	2006	\$ Change	% Change
Sales	\$ 580	\$ 605	\$ (25)	-4%
Segment Earnings	\$ 50	\$ 53	\$ (3)	-6%

	Yr. To Yr. % Change - Sales				
	Sales	Volume	Price	Currency	Acq./Other
Total Glass	-4%	-4%	-1%	1%	0%
Automotive OEM Glass	-15%	-16%			
ARG & Services	-1%	-1%			
Fiber Glass	3%	1%			
Performance Glazings	-3%	1%			

Business Segment Performance - Glass

As detailed on slide #14, Glass segment sales dropped by about 4 percent on lower volumes. Glass segment earnings were down slightly versus a year ago.

Earnings in the segment were down due to lower pricing, natural gas and raw material inflation, and lower volumes.

Looking individually at our Glass business units:

- Automotive OEM Glass volumes dropped by a notable 16 percent, reflecting production declines at several domestic U.S. automotive customers.
- Next, Automotive Replacement Glass and Services sales decreased just slightly during the quarter.
- Overall Fiber Glass volumes increased slightly driven by demand in Europe, while U.S. volumes were basically flat. Currency aided sales.
- Lastly, Performance Glazings sales declined 3 percent and, similar to the first quarter, the decline was due largely to the absence of an energy surcharge. Last year, the energy surcharge, which is on a quarter lag versus natural gas pricing, contributed \$5 million more than this year as first quarter 2007 natural gas costs were down compared with a year ago. A surcharge price delta is not an issue in the third quarter, given last year's second quarter natural gas price declines. Volumes were positive due to commercial construction demand which, once again, more than offset the negative impact of the slump in residential construction.

In summary for the Glass Segment, we remain focused on improving financial results. Although the first quarter was positive, the year-over-year results this past quarter did not meet our expectations. We will remain focused on improving results in the coming quarters.

Now let's move to our cash uses during the quarter.

Uses of Cash

- Prudently Fund Businesses
- Dividends
- Debt
 - Pensions
- Acquisitions
- Stock Repurchase

Cash

Slide #15 details our prioritized cash uses, which most of you have heard us discuss for some time. Our overriding goals for our cash deployment are to strengthen our businesses and provide for sustainable benefits to shareholders.

Consistency in cash generation remains a PPG hallmark, and our results this year are holding true to form. We generated roughly \$225 million in cash from operations this year, approximately \$100 million less than last year. This delta is primarily

due to our \$100 million pension contribution which we made in the first quarter of this year. We made a similar pension contribution in the third quarter of 2006.

Our uses of cash remain consistent as well:

- First is prudently funding our businesses through organic capital spending necessary to keep the businesses healthy and competitive. Our year-to-date capital spending, excluding acquisitions, was right about \$180 million. Our annual target is about 3 percent to 4 percent of our sales.
- Next, we continue our tradition of rewarding shareholders with annual returns in the form of dividends as evidenced by the fact that we have paid uninterrupted dividends for over 100 years. We paid \$165 million year-to-date in dividends, a 5 percent increase over last year.
- Regarding debt, our debt-to-capital is about 27 percent which is slightly below our desired rate of 30 percent to 40 percent.

With respect to pensions, in addition to our first quarter contribution I mentioned, year-to-date our asset balances have been assisted by a buoyant equity market. We will continue to measure our pension funding status and we may opt to make additional, nominal contributions this year.

- Next on our list are acquisitions and year-to-date we spent about \$170 million. The largest acquisition occurred in the first quarter which was the architectural and industrial coatings business of Renner Sayerlack S.A. We will continue to evaluate appropriate acquisitions.
- Regarding our last prioritized use of cash, share repurchases, we spent about \$175 million year-to-date including \$125 million during the second quarter. Year-to-date we repurchased 2.4 million shares of PPG stock, and currently have about 5.2 million shares remaining on our current board authorized share repurchase program.

Let me conclude our discussion on cash by just reiterating that we have an excellent legacy of cash generation, and an equally excellent and important legacy of using that cash to reward our shareholders.

Conclusion

In conclusion, we have delivered strong financial results in both the second quarter and year-to-date. We mentioned the following items last quarter, and as a reflection of our consistent execution and delivery on our strategic goals, these same items are relevant this quarter, specifically:

- In both quarters, we delivered all-time record quarterly sales and our earnings-per-share ranked with some of our best quarters on record,
- In both quarters, both of our coatings segments and our Optical and Specialty Materials segment delivered double-digit sales growth
- In both quarters, we have continued to more than weather a significant U.S. downturn in residential construction and also lower North American automotive production,
- In both quarters, we posted strong organic growth results in both Europe and Asia. Also, our penetration into emerging regions, either organically or through acquisition, continues with year-to-date sales growth of about 70 percent in Asia and about 40 percent in Latin America,
- Next, we continued to successfully integrate and are delivering on our financial commitments relating to our acquisitions, including the achievement of double-digit percentage operating-margins this past quarter.
- And, as has been our long standing heritage, we once again rewarded our shareholders repurchasing over \$175 million in PPG stock year-to-date and this year we extended our dividend legacy and raised our quarterly dividend in the first quarter.

Lastly, as many of you know we are undergoing a business portfolio transformation focused on expanding the portion of the company focused in our core businesses of coatings and optical and specialty materials. We remain very active in this process and expect tangible results within the next few months.

In conclusion, we remain pleased to deliver on our profitable growth initiatives, especially with today's economic backdrop. Our long-standing virtues of delivering superior technology and service to our customers, coupled with our demonstrated abilities to continue to expand our market presence, either through market share growth, geographic expansion, or via acquisition, remained keys to our success. We expect these same elements to deliver similar results in the coming quarter.

The primary focus of all our efforts remains providing superior value to our customers and to our shareholders.

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

	Net Sales		Segment Income	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
PERFORMANCE and APPLIED COATINGS	974	\$ 774	159	\$ 145
INDUSTRIAL COATINGS	\$ 943	811	\$ 109	104
OPTICAL and SPECIALTY MATERIALS	296	262	71	61
COMMODITY CHEMICALS	380	372	57	86
GLASS	580	605	50	53
SUBTOTAL	<u>\$ 3,173</u>	<u>\$ 2,824</u>	<u>\$ 446</u>	<u>\$ 449</u>
LEGACY COSTS (NOTE A)			(6)	11
ASBESTOS SETTLEMENT - NET			(8)	(8)
INTEREST - NET			(20)	(18)
RESTRUCTURING			-	(2)
UNALLOCATED STOCK BASED COMPENSATION (NOTE B)			(9)	(10)
OTHER UNALLOCATED CORP. EXPENSE - NET			(7)	(17)
INCOME BEFORE INCOME TAXES, AND MINORITY INTEREST			<u>\$ 396</u>	<u>\$ 405</u>

Note A:

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 which are considered to be unusual or non-recurring. In the second quarter of 2006, these costs included pretax income of \$28 million for an insurance recovery.

Note B:

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
2nd Quarter Results
(Millions of Dollars)

	3 Months Ended		
	June 30		
	<u>2007</u>	<u>2006</u>	<u>% Change</u>
Net Sales	\$ 3,173	\$ 2,824	12.4
Cost of Sales	2,017	1,747	
Selling and Other	653	573	14.0
Depreciation	90	84	7.1
Interest	23	21	
Amortization	15	10	50.0
Asbestos Settlement - Net	8	8	
Business Restructuring	-	2	
Other - Net (a)	(29)	(26)	
Income Before Income Taxes and Minority Interest	396	405	
Income Tax Expense (b)	124	107	15.9
Minority Interest	23	18	
Net Income (c)	\$ 249	\$ 280	(11.1)
Earnings per common share	\$ 1.51	\$ 1.69	(10.7)
Earnings per common share -- assuming dilution	\$ 1.50	\$ 1.68	(10.7)
Average shares outstanding	164.8	165.9	(0.7)
Average shares outstanding -- assuming dilution	166.4	166.9	(0.3)

(a) The three months ended June 30, 2006, includes pretax earnings of \$20 million for net legal and insurance matters.

(b) Income tax expense for the three months ended June 30, 2006 includes the favorable impact of a settlement with the IRS of our 2001 - 2003 tax returns totaling \$22 million or \$0.13 per share.

(c) The three months ended June 30, 2006, includes aftertax earnings of \$12 million for net legal and insurance matters.

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 19, 2007, and any distribution of this presentation after that date is not intended and will not be construed as updating or confirming such information.