



PPG Industries, Inc. First Quarter 2008 Financial Results

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

Good morning and thank you for your time and interest in PPG. I will review PPG's first quarter 2008 performance and comment on various industry and economic trends that are impacting our performance. If you turn to slide 3, let me quickly recap the quarter.

Financial Highlights – Q1, 2008



- ❖ All-time record sales
 - Acquisition growth
 - Solid volume growth in difficult economic conditions
 - Largest selling price increase since 2006
- ❖ SigmaKalon acquisition
 - Integration going very well
 - Low- to mid-single-digit percentage growth
- ❖ 2008 EPS includes net unfavorable \$0.07 versus 2007 due to non-recurring tax items
- ❖ 17% growth in segment earnings
- ❖ Cash from operations increased ~\$150MM over 1Q07

Financial Highlights

- Our sales from continuing operations were \$3.7 billion, up over 40 percent from last year easily establishing a new PPG record for any quarter in the company's history. For twenty consecutive quarters, or five years in a row, we have delivered a year-over-year quarterly sales record. Our acquisition of SigmaKalon represented a sizable portion of our sales gain, but volumes, pricing and currency were all positive contributors as well.
 - We delivered solid overall volume growth of over 2 percent in the quarter. As a result of slower economic activity our U.S. and Canadian volumes were flat. European volumes were down 1 percent reflecting, in part, strong comparables last year and a slowing in some European economic segments or regions. We more than offset these slightly lower volume results with very robust growth in Asia and Latin America, each advancing by about 18 percent.
- Pricing was an additional positive of 3 percent, which was our largest quarterly sales price increase since mid-2006. Also, currency added about 6 percent to sales.
- Regarding the SigmaKalon acquisition, integration is going very well and the business has continued to grow. Although we report all the 2008 SigmaKalon sales as acquisition gains for PPG, on a year-over-year basis, excluding currency gains, overall sales were up low-to-mid single digit percentages. Also, as we communicated earlier, during the quarter we recognized \$117 million in pre-tax, non-recurring acquisition related costs and we finalized our long-term financing of the deal. I will discuss specifics regarding the acquisition in a few moments.
 - Our earnings-per-share from continuing operations for the quarter were \$0.53, which included a \$0.54 reduction related to the non-recurring acquisition costs I just mentioned.

First quarter 2007 earnings-per-share from continuing operations were \$1.06 which included a \$0.03 reduction relating to our proposed asbestos settlement.

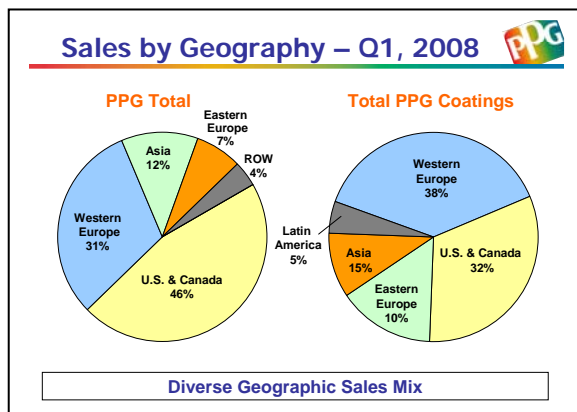
Our adjusted earnings-per-share from continuing operations were \$1.07 in 2008 versus \$1.09 in 2007. Of note when comparing these figures is a net unfavorable impact of \$0.07 in 2008 due to non-recurring tax items in both years.

A key measure of our business growth is our total segment earnings which increased by 17 percent versus last year.

- Regarding cash, our cash from operations increased by about \$150 million dollars versus the first quarter of 2007.

To quickly recap our performance, we are very pleased with our organic growth and double-digit segment earnings growth, especially in the light of today's economic backdrop. This performance provides a clear measure of the success of our prior actions taken to expand our geographic footprint and broaden our end-markets served, which has resulted in a stronger, more resilient company. Also, we are delivering on our commitments relative to the SigmaKalon acquisition. Finally, we remain focused on increasing even further our historically strong cash generation with the primary use of this cash in the near-term to grow our earnings through the paying down of our debt.

Now let's review some of the details.

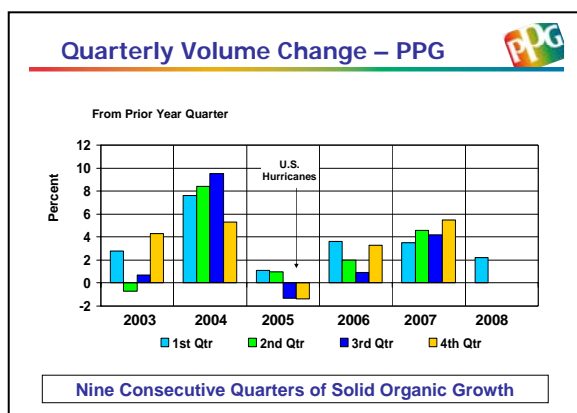


Sales by Geography

The next slide illustrates our new geographic mix of sales. As displayed, we have excellent geographic diversity. Of note is that our sales in the U.S. and Canada have segued from nearly 75 percent of our total reported just two years ago, to about 45 percent today.

Our total coatings sales are even more diverse with the U.S. and Canada accounting for about 30 percent of our total, Western Europe accounts for about 40 percent, and combined the emerging regions of Asia, Eastern Europe and Latin America now account for about 30 percent.

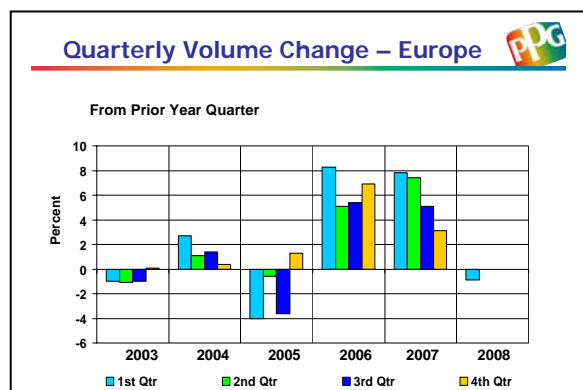
Our past strategic actions have provided us with this broad geographic distribution, which enables us to take advantage of regional growth and also minimize the impact of economic slowing in any individual region.



Quarterly Volume Change - PPG

The next slide provides details on PPG's organic volume trend. This was our ninth consecutive quarter of positive volume growth, but our growth slowed from the prior year's trend. Factored into the slower rate of growth were a variety of headwinds this past quarter including the weakening U.S. economy, a major supplier strike which impacted General Motors production in the United States, and a shift of the Easter holiday into the first quarter this year.

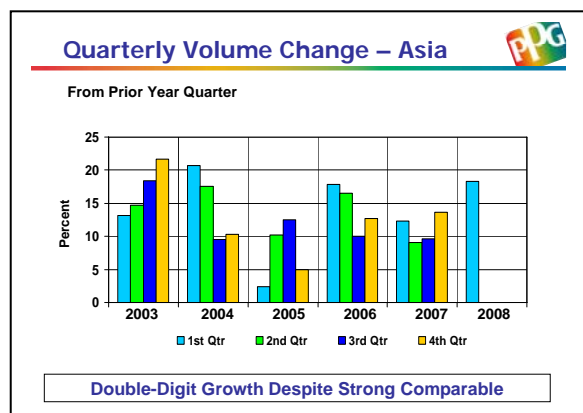
Our strong growth in the Asian and Latin American regions, and in businesses such as Optical and Aerospace, more than offset the impact of these headwinds.



Quarterly Volume Change – Europe

The following slide shows our volume trend in Europe. Volumes were down slightly this year due to some slowing in Western Europe combined with some difficult comparables from solid growth in several businesses the past two years as evidenced by the chart. These comparables included strong 2007 results in Automotive Refinish bolstered by customer conversions to our new water-based product last year following government regulations eliminating solvent-based product.

Our SigmaKalon results are not included in this chart as all their sales are classified as acquisition sales. However, as noted earlier, our Architectural EMEA business, which represents the major portion of the acquired SigmaKalon business, enjoyed low-to-mid single digit percentage growth versus 2007, exclusive of currency gains.



Quarterly Volume Change – Asia

Next is a slide detailing our Asian volume performance. Once again our comparables were exceedingly difficult, and once again we have grown by double-digit percentages. Our 18 percent growth was our best performance in the past four years despite a much larger sales base and frankly excellent performance in many of the previous quarters.

Our total sales in this region are more than three times what they were just two years ago, and are now a very meaningful portion of both sales and earnings for PPG.

Now let's review our overall segment results detailed on the next slide.

Business Segment Results

First Quarter

SMM (USD)

	Sales			Earnings		
	2008	2007	Chg.	2008	2007	Chg.
Performance Coatings	\$ 1,114	\$ 855	30%	\$ 120	\$ 121	-1%
Industrial Coatings	1,058	869	22%	95	95	-
Architectural Coatings EMEA	536	-	-	9	-	-
Optical & Specialty Mtls.	295	251	18%	74	63	17%
Commodity Chemicals	423	371	14%	68	44	55%
Glass	294	286	3%	19	6	216%
Total PPG	\$ 3,720	\$ 2,632	41%	\$ 385	\$ 329	17%

Solid Organic Growth Supplemented by Acquisitions

Business Segment Results

I will discuss each segment in further detail later, but let me summarize a few key items.

- Total sales grew over 40 percent, driven by a 30 percent gain due to our acquisitions. Favorable currency added about 6 percent to sales. Despite various headwinds, organic growth was achieved in every segment except Glass, which was down slightly. We established sales records in several segments and most of our individual business units.
- Segment earnings improved by \$56 million or 17 percent. Earnings in Performance and Industrial coatings were level with last year, as growth outside the United States, offset

lower U.S. results due to a difficult U.S. economy. Architectural EMEA earnings are all incremental and reflect results for a seasonally slower period for the business. These earnings also include the majority of the \$20 million in intangible amortization expense stemming from the acquisition.

Optical & Specialty Materials posted a 17 percent improvement in earnings based on strong sales growth stemming from introduction in the United States of our new generation Transitions Optical product. Chlor-Alkali delivered meaningful earnings growth driven by higher pricing, while Glass earnings were aided by better Fiber Glass results.

Now let's review our earnings-per-share results.

First Quarter Comparisons				
Regulation G Reconciliation - (Results from Operations)				
	2008		2007	
	Million	EPS	Million	EPS
Income from continuing operations, as reported	\$ 87	\$ 0.53	\$ 176	\$ 1.06
Net income includes the following charges:				
Acquisition - related costs	\$ 89	\$ 0.54	-	-
Asbestos settlement - net	-	-	\$ 5	\$ 0.03
Adjusted income from continuing operations	\$ 176	\$ 1.07	\$ 181	\$ 1.09
Memo: Tax Rate	30%		23%	

	2008		2007	
	Million	EPS	Million	EPS
Income from continuing operations, as reported	\$ 87	\$ 0.53	\$ 176	\$ 1.06
Income from discontinued operations, as reported	\$ 13	\$ 0.08	\$ 18	\$ 0.11
Net income, as reported	\$ 100	\$ 0.61	\$ 194	\$ 1.17

All amounts: US\$

First Quarter Comparisons

As depicted on slide #9, we reported first quarter earnings per share of \$0.61 comprised of earnings from continuing operations, net of tax of \$0.53, and earnings from discontinued operations, net of tax of \$0.08.

The reported net earnings from continuing operations include a reduction of \$89 million after-tax, or \$0.54 cents per share, related to non-recurring acquisition related costs from the flow

through cost of sales of the step-up to fair value of the inventory acquired in the SigmaKalon acquisition and the write-off of in process research and development costs. The impact of our proposed asbestos settlement on our first quarter results was not material.

As noted earlier, our adjusted earnings-per-share from continuing operations was \$1.07, which was achieved due to our double-digit segment earnings growth.

Last year our reported first quarter earnings-per-share from continuing operations was \$1.06. This figure included a 3 cent charge related to the asbestos settlement.

Our tax rate on continuing operations in the first quarter last year was 23 percent, and is about 30 percent in the first quarter of 2008. Tax rates in both years included adjustments due to non-recurring items. The net unfavorable impact of these non-recurring tax items on 2008 earnings-per-share is \$0.07 when comparing results versus last year.

Income from discontinued operations, net of tax was \$13 million or \$0.08 per share in the first quarter this year, compared with \$18 million and \$0.11 per share a year ago.

Please refer to slide number 9 of this presentation on the investor center section of our website for a reconciliation of these adjusted earnings amounts to the comparable GAAP financial measures.

Let me now discuss some relevant economic statistics.

Economic Indicators	
	<u>1Q 2008</u> (change from 1Q 2007)
U.S. Real GDP*	2%
EEC Real GDP*	2%
Western Europe	2%
Emerging Europe	6%
China Real GDP*	11%
N.A. Vehicle Production	-6%
Western Europe Auto Production*	-2%
Eastern Europe Auto Production*	16%
China Auto Production*	21%
U.S. Industrial Production*	1%
U.S. Housing Starts*	-30%
U.S. Commercial Const. (Real Inv.)*	12%
*Estimates	

Economic Indicators

The next slide provides an overview of either our or Global Insight's current estimates of relevant economic statistics. I will also provide our outlook for the coming quarter.

Year-over-year U.S. GDP growth is estimated to be about two percent, but activity has softened throughout the quarter. This figure differs from the well documented GDP comparison versus the last quarter of 2007 which is expected to be flat or

possibly even negative, however we have historically utilized the year-over-year figure as it is a better proxy for sales comparisons versus last year's first quarter.

Year-over-year GDP growth in Western Europe was also estimated to be about 2 percent, with Emerging Europe growth estimated to be three times that figure. Meanwhile, GDP in China advanced by about 11 percent, while Latin America grew by mid single-digit percentages.

In the second quarter we expect growth in the North American economy to slow even more. Exports should continue to provide an economic boost, offset by the drag from higher energy costs, lower consumer spending and tighter credit markets.

We anticipate the economy in Western Europe will continue at a level consistent with the first quarter. Unemployment in Western Europe is at one of its lowest levels in the past decade, but higher inflation and flattening-to-declining results in some sectors continue to mitigate growth advances. Solid growth will continue in Emerging Europe supported by growing infrastructure needs and continued manufacturing expansions.

We expect other emerging economies, including China and Latin America, to continue to experience rapid growth.

Last, we continue to closely watch two U.S. economic statistics, employment and consumer spending, which at present are close to but not at levels signaling a U.S. recession. Over the past several months, these statistics have continued to drift downward which has created a contraction of the overall growth rate. We continue to believe these will remain the two most relevant economic figures in today's economy.

Next is automotive production, which on a global basis continued to advance with mid-single digit percentage gains. In the quarter, North American light vehicle production is estimated to have declined about 6 percent, due in part to a General Motors supplier strike. Total European vehicle production is estimated to have increased by about 3 percent, with a 2 percent decline in Western Europe offset by growth exceeding 15 percent in Eastern Europe. Asian growth is estimated to have exceeded 20 percent.

Our global automotive OEM coatings business grew organically once again, posting mid-single digit percentage volume gains despite negative U.S. volumes. Our growth is a result of both the global reach of our business and our excellent customer relationships supported by innovative technologies and services.

Looking ahead we again expect global vehicle production growth next quarter, but still anticipate a decline in the U.S. market.

Shifting to overall industrial production, we continue to see and benefit from the continued globalization of the industrial base. North American industrial production improved by about 1 percent year-over-year. Western Europe is estimated to have produced growth of about 3 percent. China is expected to have grown by nearly fifteen percent. I will remind you that both a shift in the Easter holiday and, specific to the U.S., the G.M. supplier strike weighed on the quarter's results.

Our industry projections in the U.S. for next quarter are for slower growth year-over-year, but up slightly sequentially.

Finally in the construction markets, the U.S. commercial and residential construction markets moved once again in drastically opposite directions. Residential construction softened even further, contracting by about 30 percent year-over-year. Conversely, commercial construction has grown by more than 10 percent over the same period.

Looking ahead, we are not anticipating any recovery in the U.S. housing market in the near term. Regarding commercial construction, there is anecdotal evidence of certain sub-segments hitting a plateau, while other sub-segments continue to grow nicely. While our organic North American architectural business results have outpaced the combined market, this has and will remain a very challenging environment.

Let me conclude our economic discussion by mentioning that we have evidenced notable contraction in several U.S. economic sectors, including residential housing and automotive production. Both of these U.S. segments are already in recession, and have been for some time. We are working hard to effectively manage our businesses serving these markets. At the same time, we have continued to benefit from growth in other economic segments such as Aerospace, along with broad industrial growth supporting higher exports.

There is no question that the U.S. economy is, at a minimum, flirting with an overall recession. However, our past strategic actions to significantly change our geographic footprint and broaden our end-markets served, have allowed PPG to continue to grow despite the U.S. economic slowdown. While there will likely be some contagion in other regions from the weakening U.S. economy, for PPG we expect continued growth in these other regions to more than offset any negative U.S. impacts.

We have years of experience managing the ups and downs of the business cycle. If the U.S. economy does slip into a potentially prolonged recession, we will manage our businesses appropriately, with the intent of minimizing any impacts to PPG and our shareholders.

Key Topics and Outlook

Now moving to slide #11, let me discuss a few other key topics.

Key Topics



- ❖ Energy / Natural Gas
- ❖ Coatings Raw Materials
- ❖ Freight
- ❖ Asbestos

Energy costs remain a focal issue. In the quarter, our primary energy cost, natural gas, inflated to \$8.50 per unit, up from a comparative of \$7.50 in both the first and fourth quarters of last year.

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

by about 60-to-70 million dollars on an annual basis.

We have also experienced increases in our coatings raw material costs, which includes petroleum-based materials and is by far the largest component of production costs for coatings. Our expectation at the outset of the quarter was for inflation in the range of 2-to-4 percent and our actual inflation was right at 2 percent.

In addition, we also experienced rapid inflationary impacts in freight costs due primarily to direct costs and surcharges associated with rising gasoline costs. Our total freight costs in the quarter increased by approximately \$20 million versus last year, an increase of more than 15 percent.

As we look ahead, the energy markets remain volatile due in part, in our opinion, to speculation. Accordingly, we expect no relief in our energy or freight costs.

Regarding natural gas costs, based on pricing at the beginning of the quarter, we have about 30 percent of our second quarter costs hedged at about \$8.75 per million BTU. As a reminder, comparable per unit costs were \$8.50 in the first quarter of 2008 and \$7.70 in the second quarter of 2007.


With respect to coatings raw materials, feedstock pressures will remain, but we expect second quarter inflation to remain within our previously communicated range of 2- to-4 percent. Our substantial organic growth and acquisitions, geographic diversity, broadening of our supplier base and ability to reformulate our products have continued to aid us in minimizing these inflationary impacts.

As I mentioned earlier, our selling pricing was up 3 percent this past quarter which was our largest increase in a few years, but we did not fully offset these higher costs. Our businesses will continue to work to secure pricing to offset these inflationary items.

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 58 of our 2007 form 10-k.

As we said in previous updates, we have filed motions asking the court to reconsider, alter or amend its ruling from December, 2006. Also, various parties, including PPG, are currently working toward a third amended plan of reorganization to address issues the court raised in its ruling. 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 our businesses performance.

Performance Coatings																																													
First Quarter 2008																																													
<ul style="list-style-type: none"> ✓ Difficult U.S. Architectural market ✓ Volume growth ↑1% ✓ Aerospace volumes ↑ ✓ Protective & Marine volumes ↑ 																																													
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<table border="1"> <thead> <tr> <th rowspan="2"></th> <th rowspan="2">Sales</th> <th colspan="4">Yr. To Yr. % Change - Sales</th> </tr> <tr> <th>Volume</th> <th>Price</th> <th>Currency</th> <th>Acq./Other</th> </tr> </thead> <tbody> <tr> <td>Total Performance Coatings</td> <td>30%</td> <td>1%</td> <td>2%</td> <td>6%</td> <td>21%</td> </tr> <tr> <td>Architectural (Americas & Asia)</td> <td>16%</td> <td>-4%</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Aerospace</td> <td>12%</td> <td>7%</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Automotive Refinish</td> <td>14%</td> <td>-1%</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Protective & Marine</td> <td>196%</td> <td>11%</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>							Sales	Yr. To Yr. % Change - Sales				Volume	Price	Currency	Acq./Other	Total Performance Coatings	30%	1%	2%	6%	21%	Architectural (Americas & Asia)	16%	-4%				Aerospace	12%	7%				Automotive Refinish	14%	-1%				Protective & Marine	196%	11%			
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Business Segment Performance – Performance Coatings

Slide #12 illustrates the results in our Performance Coatings segment. First quarter sales grew by slightly more than \$250 million or about 30 percent. Acquisitions added about 21 percent growth, currency added 6 percent, volumes grew 1 percent and price added 2 percent.

Our segment earnings were \$120 million, comparable to last year. As I will discuss shortly, earnings were negatively impacted by lower volumes in certain regions or businesses, offset by favorable growth elsewhere. Also, the favorable impact of currency offset higher future growth focused costs in certain business including Protective & Marine Coatings and Automotive Refinish.

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

- Our Architectural Coatings Americas and Asia business unit grew sales by 16 percent. This growth was principally due to acquisitions and currency, as our total U.S. volumes were down mid-single digits where we experienced sharp volume declines in our professional channels, both in our company-owned stores and in independent dealers. These lower volumes were partially offset by volume gains in our national accounts or “big-box” channel.

Looking ahead we are not projecting any improvement, and actually may see some further deterioration in this business in the second quarter based on continued end-market weakness. We have been and will remain diligent on managing our costs, and are focused on pricing to offset raw material increases.

- In Aerospace, our excellent double-digit growth continued with sales improving by 12 percent, supported by volume and pricing gains, and currency. This is one of our strongest end-markets and we expect it to remain strong in the foreseeable future.
- Our Automotive Refinish sales grew by 14 percent driven by both currency and acquisitions. Pricing was also up, offsetting slight volumes declines. These volume declines were driven by lower European volumes, based on a strong comparable from last year. We anticipate this business will deliver both positive pricing and volumes in the second quarter.
- We added this year our Protective & Marine Coatings business unit to this segment, as the SigmaKalon acquisition more than doubled our sales into this end-market. In addition to the acquisition gains, we also experienced organic growth from our base business with pricing gains and double-digit volume gains. Similar to Aerospace, sizable growth opportunities remain due to the robust end-markets served by this business.

To summarize the quarter for this segment, our organic growth in Aerospace and Protective & Marine allowed us to absorb and offset the impacts of lower activity levels elsewhere. Additionally, we were able to invest in future growth initiatives which will begin to provide benefits as early as next quarter. Last, our acquisitions are meeting our expectations and also provide another basis for additional growth in the future.

Industrial Coatings		P&G			
First Quarter 2008					
<ul style="list-style-type: none"> ✓ Strong global growth more than offset slower U.S. economy ✓ Diverse, expanding global footprint ✓ Auto OEM volumes ↑ outperform industry 					
	\$MM (USD)	Q108	Q107	Chg	%
Sales		1,058	869	189	22%
Earnings		95	95	-	-
		<u>Yr. To Yr. % Change - Sales</u>			
	Sales	Volume	Price	Currency	Acq./Other
Total Industrial Coatings	22%	3%	0%	9%	10%
Automotive OEM	13%	4%			
Industrial	41%	1%			
Packaging	14%	2%			

Business Segment Performance – Industrial Coatings

Moving to the next slide detailing our Industrial Coatings segment, our sales rose by just under \$190 million or 22 percent. About half of the gain was due to the acquisition of SigmaKalon's industrial coatings business. The remainder of the increase was due to favorable currency and positive volume growth in all businesses.


This segment has our greatest geographic diversity. We continued to experience headwinds in the U.S. and Canada with volumes declining high-single digits, but that region now accounts for less than 30 percent of the segment total. We more than offset these negative impacts with very strong organic growth in Europe, Asia and Latin America. Combined, these regions averaged a robust 10 percent volume growth, and account for 70 percent of the segment.

Our segment earnings were flat reflecting the impact of the weaker U.S. market and higher inflation, offset by strong results in our Non-U.S. regions and positive acquisition related earnings.

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

- Our Automotive OEM Coatings business grew by 13 percent and set a new first quarter sales record, despite the negative impact of a U.S. General Motors supplier strike and the calendar impact of the Easter holiday. Volume increases of 4 percent once again validate the growth potential of this business supporting global growth in this end-market.
- Industrial Coatings business unit sales improved by 41 percent, with the SigmaKalon acquisition contributing about three-fourths of that growth. Overall volumes grew slightly, despite U.S. volumes which were down by about 10 percent, as double-digit percentage growth was achieved in emerging regions.
- Packaging Coatings sales grew by 14 percent with currency the main factor, although volumes and price also contributed.

Overall our Industrial Coatings segment results truly reflect the geographic diversity of the segment as we were able to offset appreciably lower U.S. market results. Looking ahead, we expect a continuation of the current market conditions in all of these regions.

Architectural Coatings EMEA 

First Quarter 2008

- ✓ Seasonally slow quarter
- ✓ Low- to mid-single-digit percentage growth versus 2007
- ✓ Earnings include non-cash intangible amortization

\$MM (USD)	Q108	Q107	Chg	%
Sales	536	n/a	n/a	n/a
Earnings	9	n/a	n/a	n/a

Acquisition Update

- ✓ Integration underway, going well
- ✓ Final financing in place
- ✓ On pace for annual cost synergy targets

Business Performance – Architectural EMEA
Our next segment 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 slow quarter were \$536 million. Excluding positive currency impacts, sales grew by low-to-mid single digit percentages versus SigmaKalon results last year, reflecting continued organic growth in several regions.


Earnings for the segment were \$9 million which included the reduction of earnings associated with the majority of the \$20 million non-cash intangible amortization stemming from the acquisition.

We mentioned previously that the first quarter was a seasonally slow quarter for this segment, with 15-to-20 percent of annual sales and about 10-to-15 percent of the annual earnings in this quarter. Historically the second quarter represents 30-to-35 percent of the annual totals, which will result in a material sales and earnings increase versus the first quarter.

Also, I will quickly comment on the overall SigmaKalon integration which is going extremely well. I have been very impressed with the energy and enthusiasm exhibited by both our existing and our new colleagues.

And, despite a fairly volatile credit market, we were successful during the quarter in placing our permanent financing within in the interest rate range we previously stipulated upon announcing the deal last July.

Last, we remain on target to achieve our full year 2008 cost synergy target of \$25-to-\$75 million, with measurable progress already achieved this past quarter despite this being the first quarter of integration.

Optical & Specialty Materials 

First Quarter 2008

- ✓ Successful launch of new Transitions Optical product
- ✓ Double-digit volume growth
- ✓ 17% earnings growth

\$MM (USD)	Q108	Q107	Chg	%
Sales	295	251	44	18%
Earnings	74	63	11	17%

Yr. To Yr. % Change - Sales

	Sales	Volume	Price	Currency	Acq./Other
Total Optical & Specialty Materials	18%	10%	1%	6%	1%

Business Segment Performance – Optical Products and Specialty Materials

Shifting to our Optical and Specialty Materials segment on slide #15, we once again delivered record sales supported by the introduction of our new generation Transitions Optical product.

Segment earnings improved 17 percent driven by volume growth in Optical which offset lower earnings in our Specialty businesses due to higher raw material costs. Segment operating margins remained in the mid-20's.

Looking ahead, we will likely experience additional increases in our Specialty businesses input costs, but are very pleased with the excitement and growth rates driven by our new Transitions technology and anticipate this carrying forward into next quarter.

Commodity Chemicals		PPG			
First Quarter 2008					
<ul style="list-style-type: none"> ✓ 55% earnings improvement ✓ Increased selling prices ✓ Higher input costs 					
	SMM (USD)	Q108	Q107	Chg	%
Sales		423	371	52	14%
Earnings		68	44	24	55%
<u>Yr. To Yr. % Change - Sales</u>					
	Sales	Volume	Price	Currency	Acq./Other
Total Commodity Chemicals	14%	1%	12%	1%	0%

Business Segment Performance – Commodity Chemicals

Shifting to the next slide detailing our Commodity Chemicals segment, sales increased by about 14 percent to a new first quarter record. Most of the sales gain was due to positive pricing which has been on an upward trend since the beginning of 2007 as customer demand remained strong.

Earnings in the segment improved by over 50 percent, with favorable manufacturing

performance adding to the price gains. Meanwhile, natural gas, ethylene and freight costs experienced significant year-over-year inflation, which acted to moderate the earnings improvement.

Price increases have been announced for select products for the second quarter. Also, we are planning on some minor maintenance outages, which will impact our production volumes.

Glass		PPG			
First Quarter 2008					
<ul style="list-style-type: none"> ✓ Improved Fiber Glass results ✓ Higher input costs ✓ Difficult external market conditions likely to remain 					
	SMM (USD)	Q108	Q107	Chg	%
Sales		294	286	8	3%
Earnings		19	6	13	216%
<u>Yr. To Yr. % Change - Sales</u>					
	Sales	Volume	Price	Currency	Acq./Other
Total Glass	3%	-2%	1%	4%	0%
Performance Glazings	5%	2%			
Fiber Glass	1%	-5%			

Business Segment Performance - Glass

Slide #17 details our Glass segment. During the quarter, our sales grew by 3 percent driven primarily by currency gains. Positive pricing did not fully offset volumes which were down 2 percent.

Earnings in the segment improved by \$13 million, driven by improved manufacturing. The absence of our prior year joint venture write-down was offset by higher inflation, including natural gas.

Looking at results by business unit:

- Performance Glazings sales improved 5 percent due to positive volumes, price and currency. Volume growth continued as weaker sales to the residential market were more than offset by higher commercial construction market sales.
- Fiber Glass sales advanced slightly as favorable currency offset weaker volumes.

This segment continues to face challenging market conditions and higher input costs. As our improved manufacturing results indicate, we have and will continue to manage costs in this business very aggressively.

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

Prioritized Cash Uses



- ❖ Capital Spending
- ❖ Dividends
- ❖ Debt / Pension
- ❖ Acquisitions
- ❖ Share Repurchases

Prioritized Cash Uses

Slide #18 details our prioritized cash uses, which most of you have heard us discuss for some time. We generated roughly \$50 million in cash from operations this quarter which is an increase of \$150 million versus last year. Our prioritized uses of cash remain balanced and are as follows:

- First is prudently funding our businesses through organic capital spending necessary to keep the businesses healthy and competitive.

We spent \$90 million, excluding acquisitions, in the quarter. Our annual target remains about 4 percent of sales.

- Next, we once again rewarded shareholders in the form of dividends and our payout was up 4 percent over last year.
- Regarding debt, our debt-to-capital is about 50 percent reflecting the increased debt relating to the SigmaKalon acquisition. The total debt at the end of the quarter associated with the final acquisition financing is about \$3.1 billion. This includes the \$1.5 billion related to our senior note issuance completed during the quarter. Our intentions remain to pay down an average of \$250- to-\$450 million per year in 2008 through 2010. Debt payments this year will occur later in the year.

With respect to pensions, it is likely we will make contributions ranging from \$100-to-\$200 million this year.

- Next on our list are acquisitions, and while we are reviewing potential acquisitions, any we make this year will likely be fairly small.
- Our last prioritized use of cash is share repurchases, and it is likely any buybacks completed this year will be done with the intention of offsetting dilution.

Let me conclude our cash discussion by reiterating that our overriding goals for our cash deployment remain to strengthen our businesses and provide for sustainable earnings growth opportunities for the benefit of our shareholders.

Conclusion

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

- We have substantially increased our penetration into the global coatings market with an increase in total coatings sales of 57 percent. Also, our Optical and Specialty Materials segment grew sales by 18 percent. This is significant growth in our core business segments which has and will continue to benefit PPG.

Our past strategic actions to build a globally diverse coatings and Optical and Specialty Materials company are now paying dividends. We have increased our share of the

coatings market in each major region of the world which makes us a more resilient company as evidenced this quarter. Equally important is that these sizable beachheads outside of North America also provide for future growth.

- We remain focused on continuing to solidify our portfolio. Obviously the successful integration and delivering of value from our recent acquisitions, including SigmaKalon, remains a focal point. Additionally, our intentions remain to sell our Automotive Glass and Services business this year.
- Last, we are not resting on our heritage of strong cash generation. We have sharpened our focus in this area once again, and expect even further improvements in this hallmark of PPG performance. The additional cash we generate will be utilized to grow earnings, initially through the payment of debt.

In conclusion, given the economic backdrop, we are pleased to deliver sales and double-digit segment earnings growth, supplemented by the positive performance of our acquisitions. Our geographic diversity and broad customer and end-market coverage have been and will remain key contributors despite slowing economic sectors or regions and high inflation rates. We remain confident in our ability to grow in today's environment due to our past actions, while concurrently laying the foundation and investing for tomorrow.

PPG INDUSTRIES, INC.
Condensed Statement of Operations
1st Quarter Results
(Millions of Dollars)

	3 Months Ended		
	March 31,		
	<u>2008</u>	<u>2007</u>	<u>% Change</u>
Net Sales	\$ 3,720	\$ 2,632	41.3
Cost of Sales (Note A)	2,424	1,677	
Selling and Other	933	583	60.0
Depreciation	107	78	37.2
Interest	66	22	
Amortization	34	14	142.9
Asbestos Settlement - Net	-	9	
Other - net (Note B)	(6)	(2)	
Income Before Income Taxes, and Minority Interest (Notes A and B)	162	251	
Income Tax Expense	49	57	(14.0)
Minority Interest	26	18	
Income from continuing operations	87	176	
Income from discontinued operations, net of tax	13	18	
Net Income	\$ 100	\$ 194	(48.5)
Earnings per common share			
Income from continuing operations	\$ 0.53	\$ 1.07	
Income from discontinued operations	\$ 0.08	\$ 0.11	
Net Income	\$ 0.61	\$ 1.18	(48.3)
Earnings per common share -- assuming dilution			
Income from continuing operations	\$ 0.53	\$ 1.06	
Income from discontinued operations	\$ 0.08	\$ 0.11	
Net Income	\$ 0.61	\$ 1.17	(47.9)
Average shares outstanding	164.5	164.6	(0.1)
Average shares outstanding -- assuming dilution	165.6	165.9	(0.2)

Note A:

Includes expense of \$94 million in the three months ended March 31, 2008 for the flow-through cost of sales of the step up to fair value of acquired inventory related to the SigmaKalon acquisition.

Note B:

Includes expense of \$23 million in the three months ended March 31, 2008 for the write-off of in-process research and development related to the SigmaKalon acquisition.

PPG INDUSTRIES, INC.
Business Segment Information
1st Quarter Results
(Millions of Dollars)

	Net Sales		Segment Income (Loss)	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
PERFORMANCE COATINGS	\$ 1,114	\$ 855	\$ 120	\$ 121
INDUSTRIAL COATINGS	1,058	869	95	95
ARCHITECTURAL COATINGS EMEA	536	-	9	-
OPTICAL and SPECIALTY MATERIALS	295	251	74	63
COMMODITY CHEMICALS	423	371	68	44
GLASS	294	286	19	6
SUBTOTAL	<u>\$ 3,720</u>	<u>\$ 2,632</u>	<u>\$ 385</u>	<u>\$ 329</u>
			(10)	(11)
LEGACY COSTS (Note A)			(117)	-
ACQUISITION - RELATED COSTS (B)			-	(9)
ASBESTOS SETTLEMENT - NET			(59)	(19)
INTEREST EXPENSE - NET (NOTE C)				
UNALLOCATED STOCK BASED COMPENSATION (NOTE D)			(9)	(9)
OTHER UNALLOCATED CORP. EXPENSE - NET			(28)	(30)
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST			<u>\$ 162</u>	<u>\$ 251</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.

Note B:

Represents costs related to the SigmaKalon acquisition, including \$94 million of the flow-through cost of sales of the step up to fair value of acquired inventory and \$23 million for the write-off of in-process research and development. 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 C:

The increase in Interest - net for the three months ended March 31, 2008 as compared to March 31, 2007 is due to increased interest costs related to the financing of the SigmaKalon acquisition.

Note D:

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

Forward-Looking Statement

Statements contained herein relating to matters that are not historical facts are forward-looking statements reflecting PPG's current view with respect to future events and financial performance. These matters involve risks and uncertainties that may affect PPG's operations, as discussed in PPG's filings with the Securities and Exchange Commission pursuant to Sections 13(a), 13(c) or 15(d) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder. Accordingly, many factors 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 April 17, 2008, and any distribution of this presentation after that date is not intended and will not be construed as updating or confirming such information.