

PPG Industries, Inc.



Fourth Quarter and Full Year 2008 Financial Results

**Charles E. Bunch, Chairman and
Chief Executive Officer**

**William H. Hernandez, Sr. Vice President
and Chief Financial Officer**

**Information current as of
January 16, 2009**

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 global economic conditions, 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, integration of acquisitions and achievement of expected synergies therefrom, 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 January 16, 2009, and any distribution of this presentation after that date is not intended and will not be construed as updating or confirming such information.

Agenda



- ❖ Opening Remarks
- ❖ Financial Review
- ❖ 2008 Recap & 2009 Perspectives
- ❖ Question & Answer Session

Highlights – Fourth Quarter



- ❖ Rapid deterioration in end-use markets (30% of portfolio)
 - Industrial end-use markets
 - Automotive OEM

- ❖ Stable/growing results in other segments (70% of portfolio)

- ❖ Executing on restructuring program

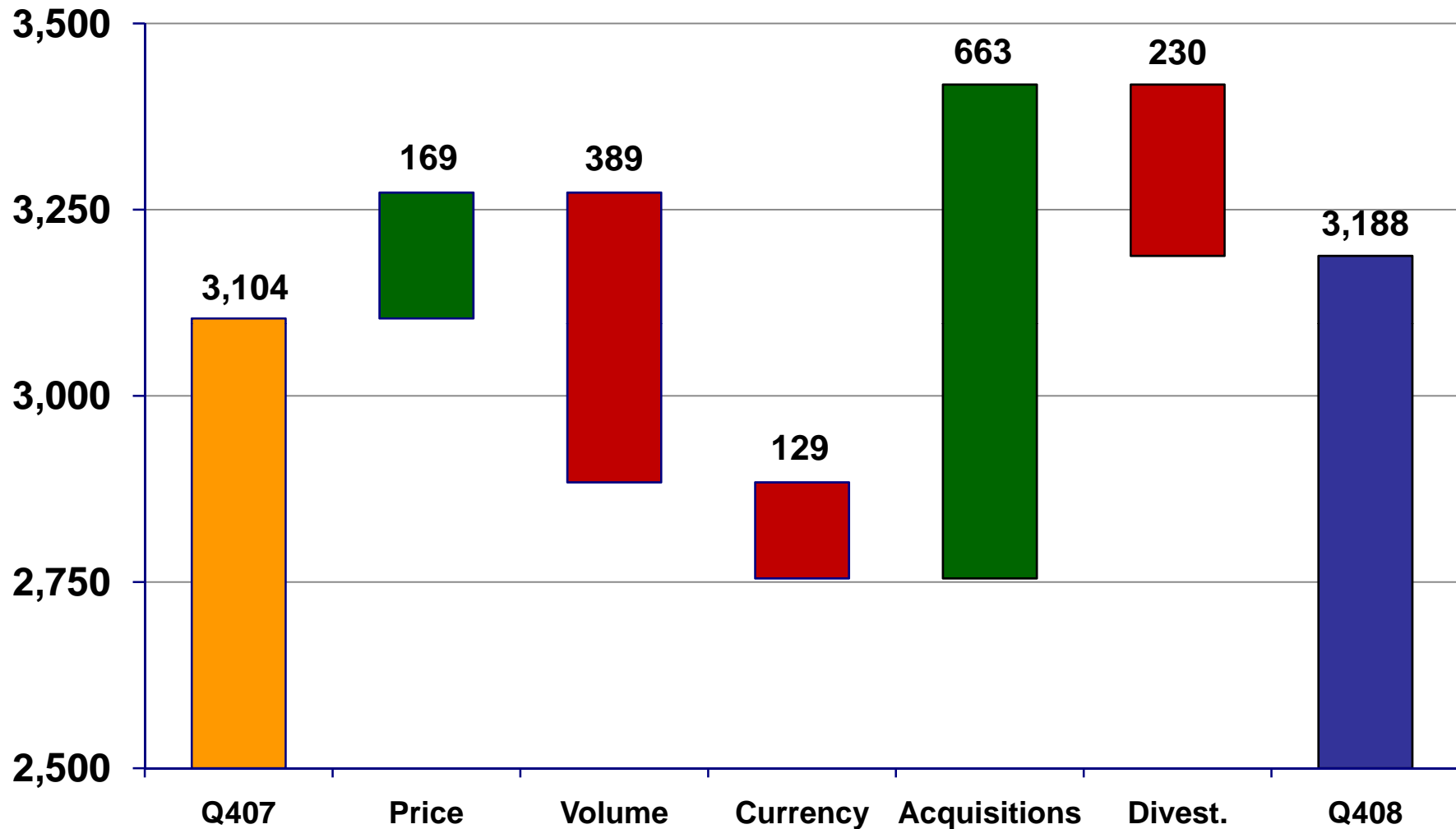
- ❖ Strong cash performance

Highlights – Full Year 2008



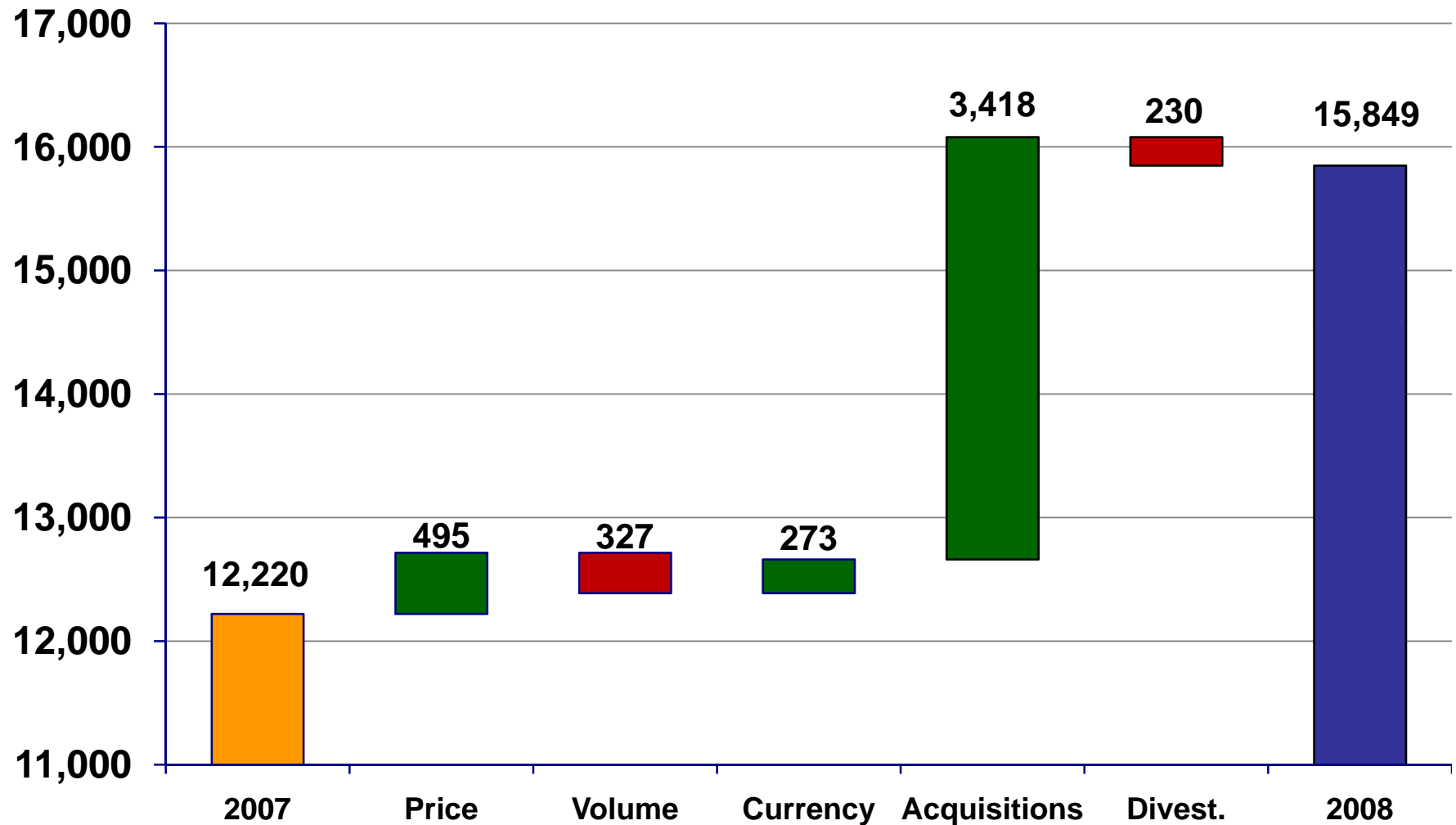
- ❖ All-time record sales
 - Sales in coatings segments up nearly 50%
 - Double-digit percent growth in Optical & Specialty Materials
- ❖ 40% increase in cash generation
- ❖ Improved liquidity; debt repayment ahead of schedule
- ❖ SigmaKalon acquisition exceeding targets
- ❖ Dividend increased for 37th consecutive year

Fourth Quarter PPG Sales



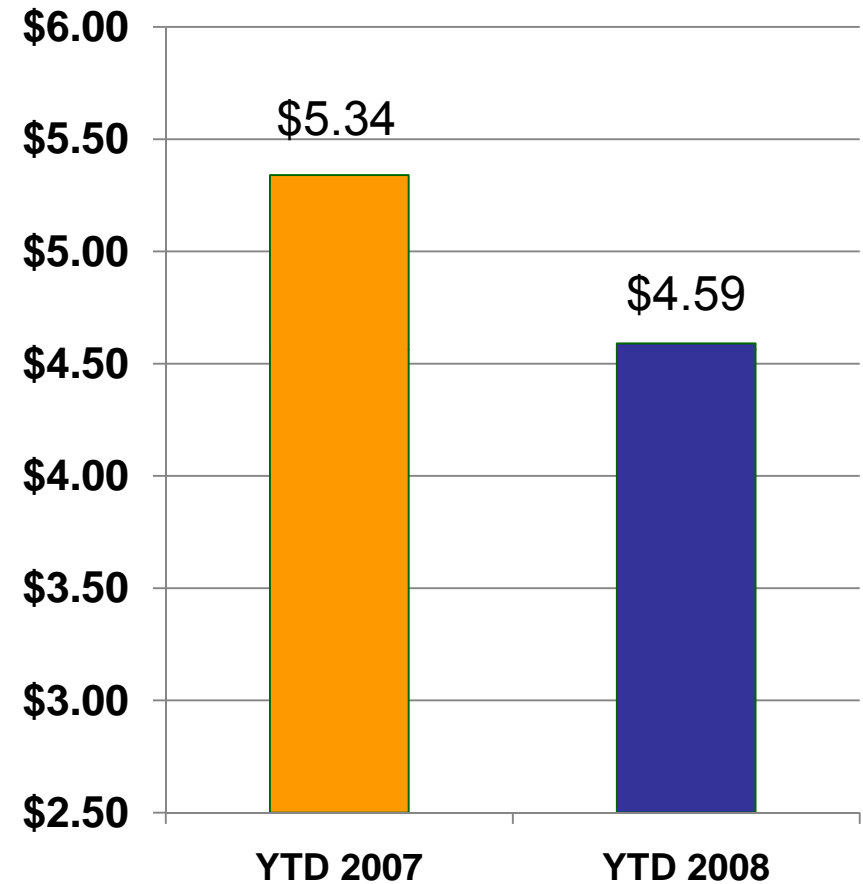
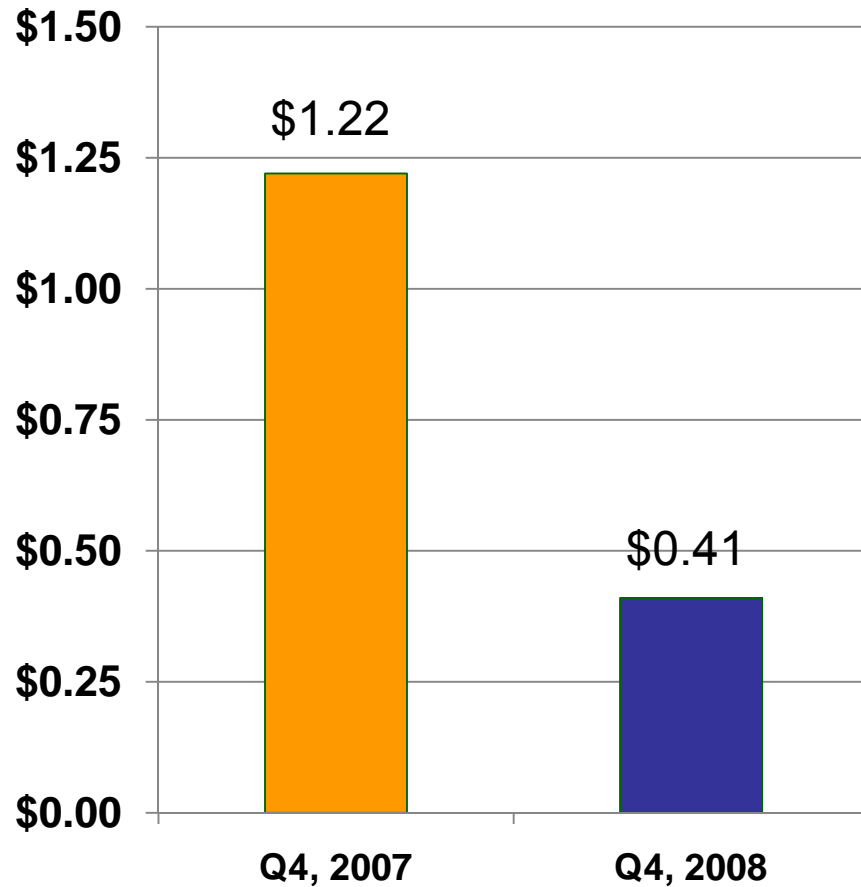
Volume decline was major factor in the quarter

Full Year PPG Sales



Increase of 30% in full year sales

Adjusted Earnings-Per-Share *



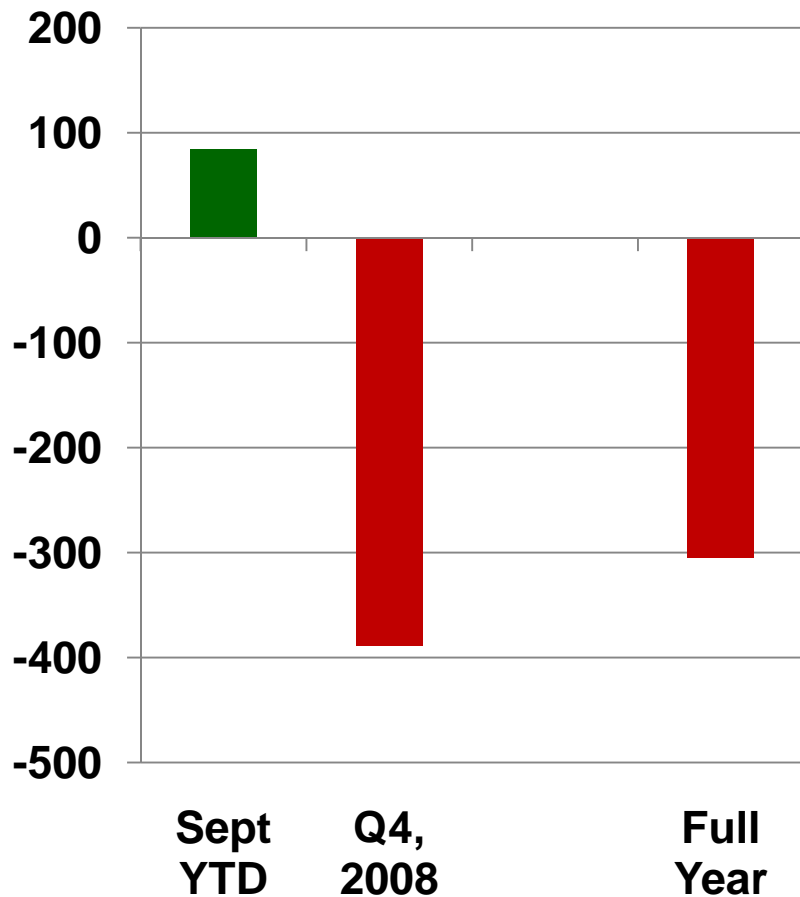
Solid performance in difficult economic environment

* Adjusted EPS from continuing operations – see presentation appendix for reconciliation to reported EPS

Volume Performance

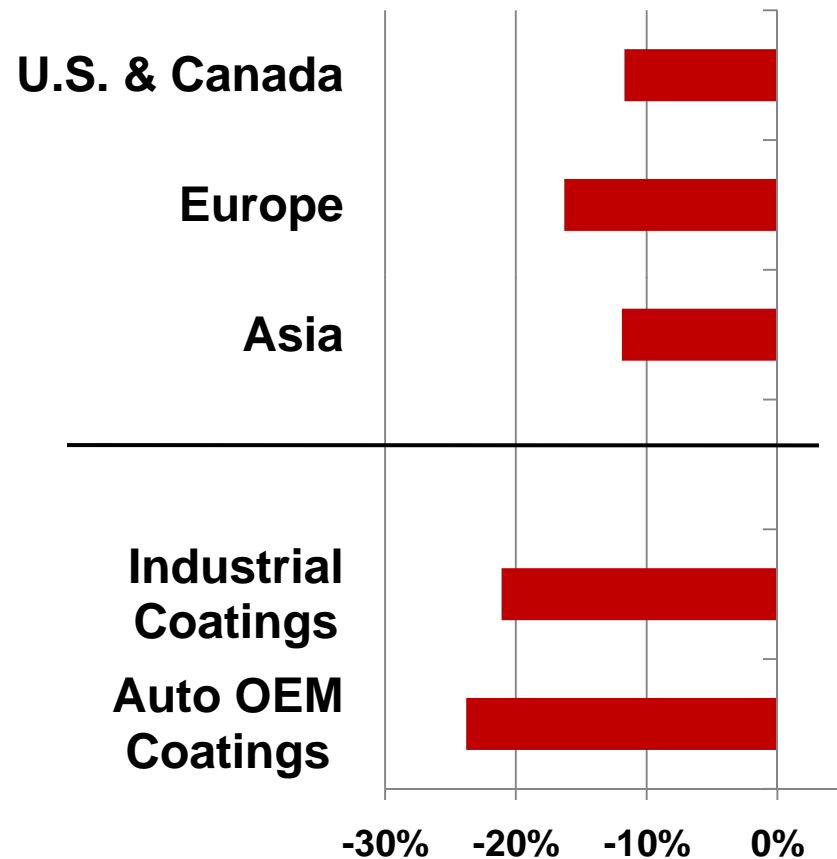


Total PPG Volumes



Millions of USD

Regional / Business Unit Volumes
Q4, 2008



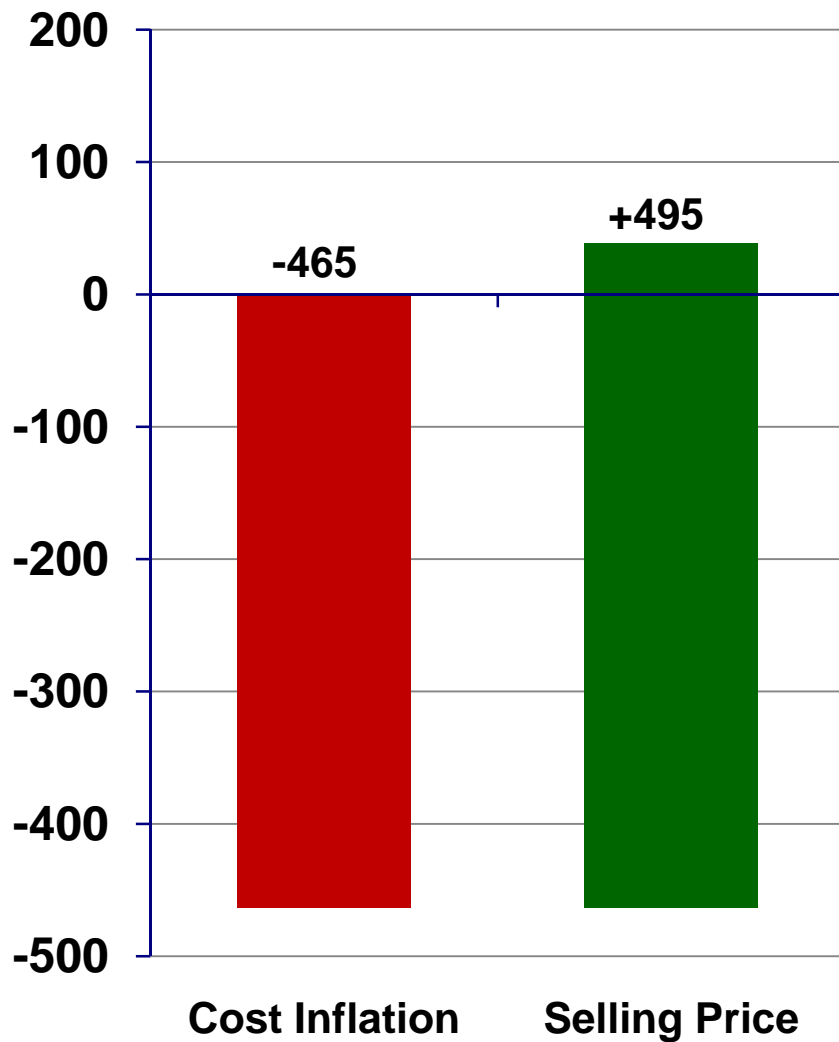
Q4 - YOY change

Severe and broad Q4 declines resulted in negative full year

2008 Inflation & Selling Price

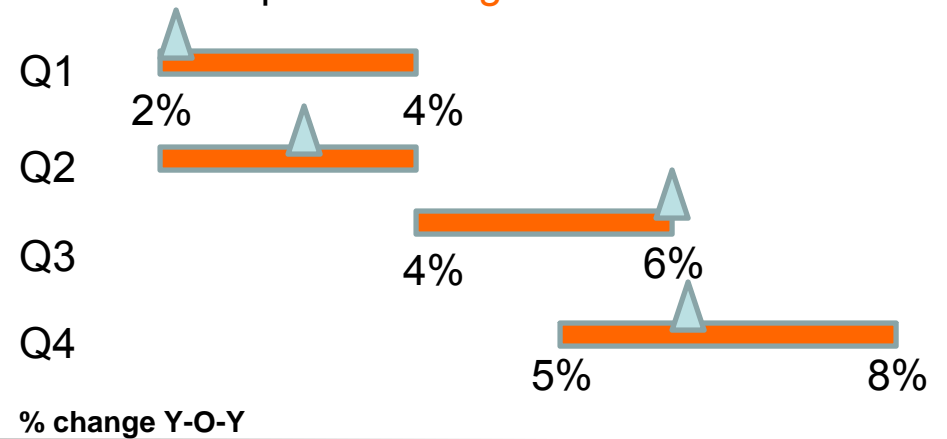


Selling price gains exceed inflation

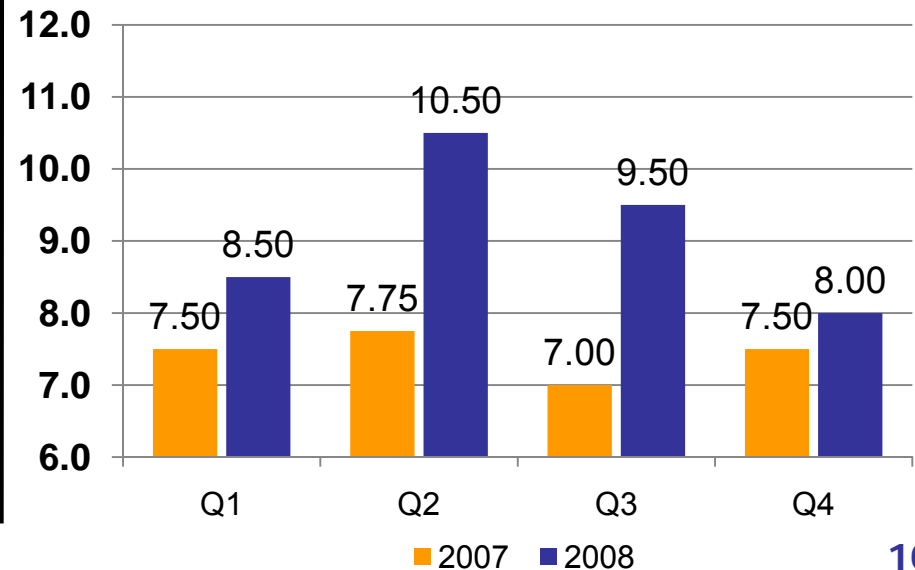


Millions of USD

Coatings Raw Materials Inflation Expected Range & Actual



Natural Gas Cost (\$\$ per MMBTU)



Industrial Coatings



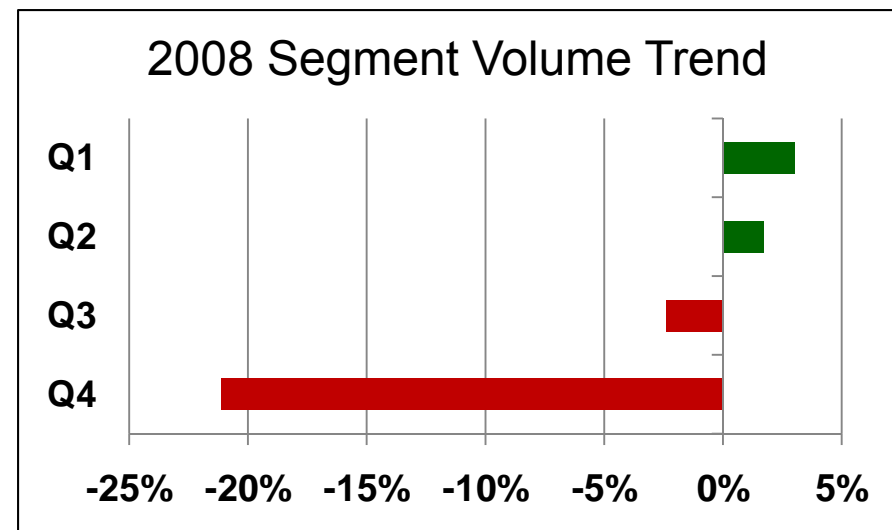
\$MM (USD)	Q408	Q407	Chg	%		2008	2007	Chg	%
Sales	767	933	-166	-18%		3,999	3,646	353	10%
Earnings	-40	77	-117	-152%		212	370	-158	-43%

Fourth Quarter

- ✓ Severe drop (>20%) in global end-market demand
 - ❖ Automotive OEM
 - ❖ Consumer Electronics
 - ❖ General industrial
- ✓ Impactful to all regions
- ✓ Raw material inflation
- ✓ Restructuring activities underway

Full Year

- ✓ Majority of volume and earnings erosion occurred in Q4



Performance Coatings



\$MM (USD)	Q408	Q407	Chg	%		2008	2007	Chg	%
Sales	1,104	1,019	85	8%		4,716	3,811	905	24%
Earnings	143	143	0	0%		582	563	19	3%

Fourth Quarter

- ✓ Flat earnings in difficult environment
- ✓ Lower auto refinish (miles driven ↓) and architectural paint volumes
- ✓ Aerospace affected by Boeing employee strike
- ✓ Tight cost controls

Full Year

- ✓ Sales/earnings growth despite weaker economy
- ✓ Solid pricing gains
- ✓ Acquisition results exceeded targets
- ✓ Aerospace and Protective & Marine organic growth

Architectural EMEA



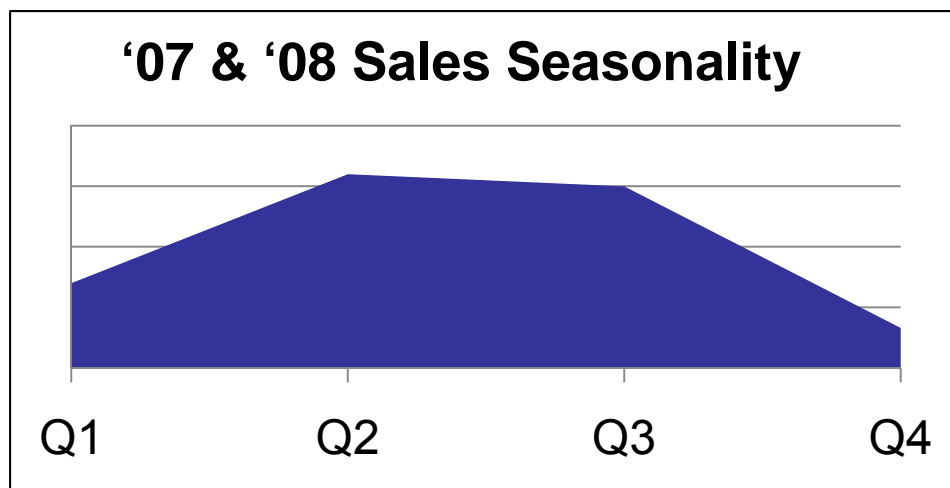
\$MM (USD)	Q408	Q407	Chg	%		2008	2007	Chg	%
Sales	414	--	--	--		2,249	--	--	--
Earnings	0	--	--	--		141	--	--	--

Fourth Quarter

- ✓ Q4 - seasonally slowest period
- ✓ Eastern Europe grew, Western Europe (U.K.) slowed

Full Year

- ✓ Earnings include \$120MM non-cash amortization & depreciation



SigmaKalon Acquisition

- ✓ Significant strategic milestone and success
- ✓ Exceeded financial targets
- ✓ Strong cash generation

Optical & Specialty Materials



\$MM (USD)	Q408	Q407	Chg	%		2008	2007	Chg	%
Sales	239	243	-4	-2%		1,134	1,029	105	10%
Earnings	33	46	-13	-28%		244	235	9	4%

Fourth Quarter

- ✓ Optical volumes up in all regions
- ✓ Gen VI roll-out in Europe underway
- ✓ Silicas volumes down ~20% (auto end-market)

Full Year

- ✓ Continued optical sales growth in key markets
- ✓ Results confirm Gen VI roll-out successful
- ✓ Brand building and sales aided by higher selling & marketing

Commodity Chemicals



\$MM (USD)	Q408	Q407	Chg	%		2008	2007	Chg	%
Sales	419	388	31	8%		1,837	1,539	298	19%
Earnings	88	53	35	66%		340	243	97	40%

Fourth Quarter

- ✓ Very solid quarter
- ✓ ECU pricing stable throughout quarter
- ✓ Industrial demand dropped each month
- ✓ Inventory levels low

Full Year

- ✓ Excellent performance
- ✓ Average natural gas costs ~\$9.00/MMBTU
- ✓ Stellar cash generation

Glass



	Q408	Q407	Chg	%		2008	2007	Chg	%
Sales	245	521	-276	-53%		1,914	2,195	-281	-13%
Earnings	-7	33	-40	-121%		70	138	-68	-49%
Pro-forma (excluding Auto Glass):									
Sales	245	291	-46	-16%		1,190	1,181	9	1%
Earnings	-7	28	-35	-125%		54	90	-36	-40%

Fourth Quarter

- ✓ Fiber Glass weaker due to lower industrial demand
- ✓ Performance Glazings results solid
- ✓ Restructuring actions underway

Full Year

- ✓ Auto Glass sale complete
- ✓ Earnings decline all occurred in Q4
- ✓ Manufacturing costs reduced by \$25MM

First Quarter 2009 Key Topics

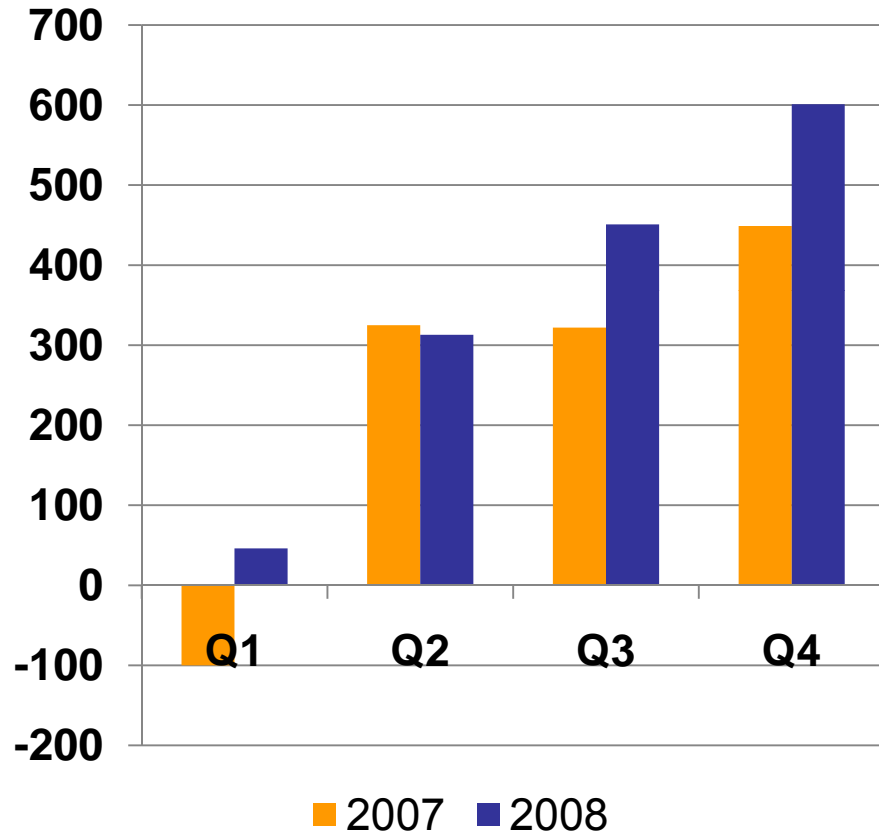


- ❖ Global demand and currency rates
- ❖ PPG tax rate
- ❖ Pension & OPEB inflation
- ❖ Lower input costs
- ❖ Benefit from PPG cost reductions

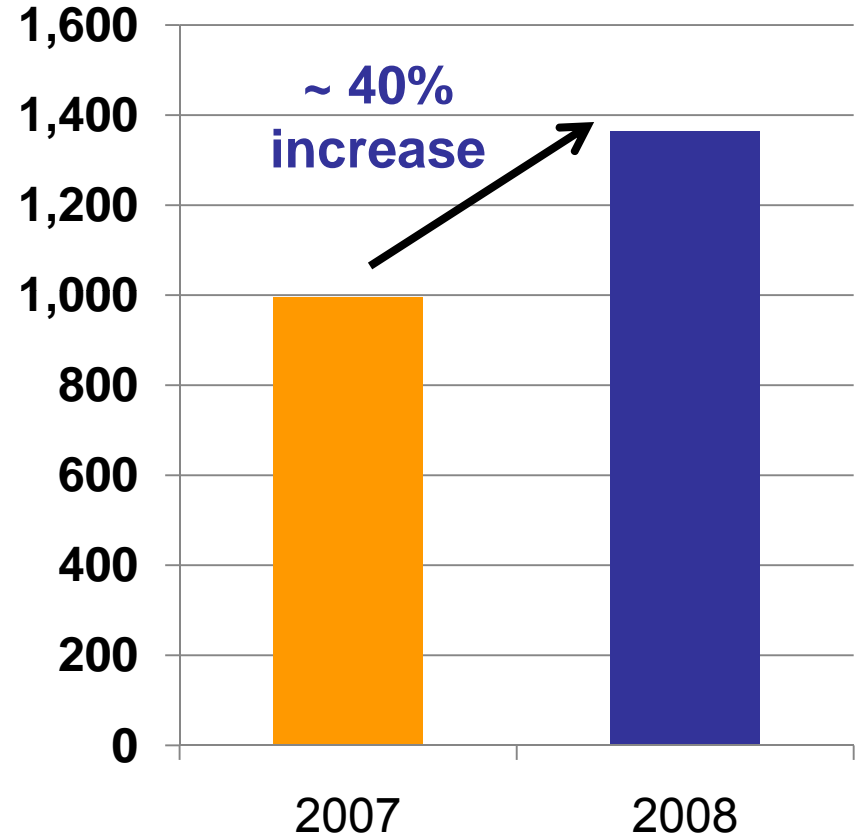
Cash Generation



Quarterly

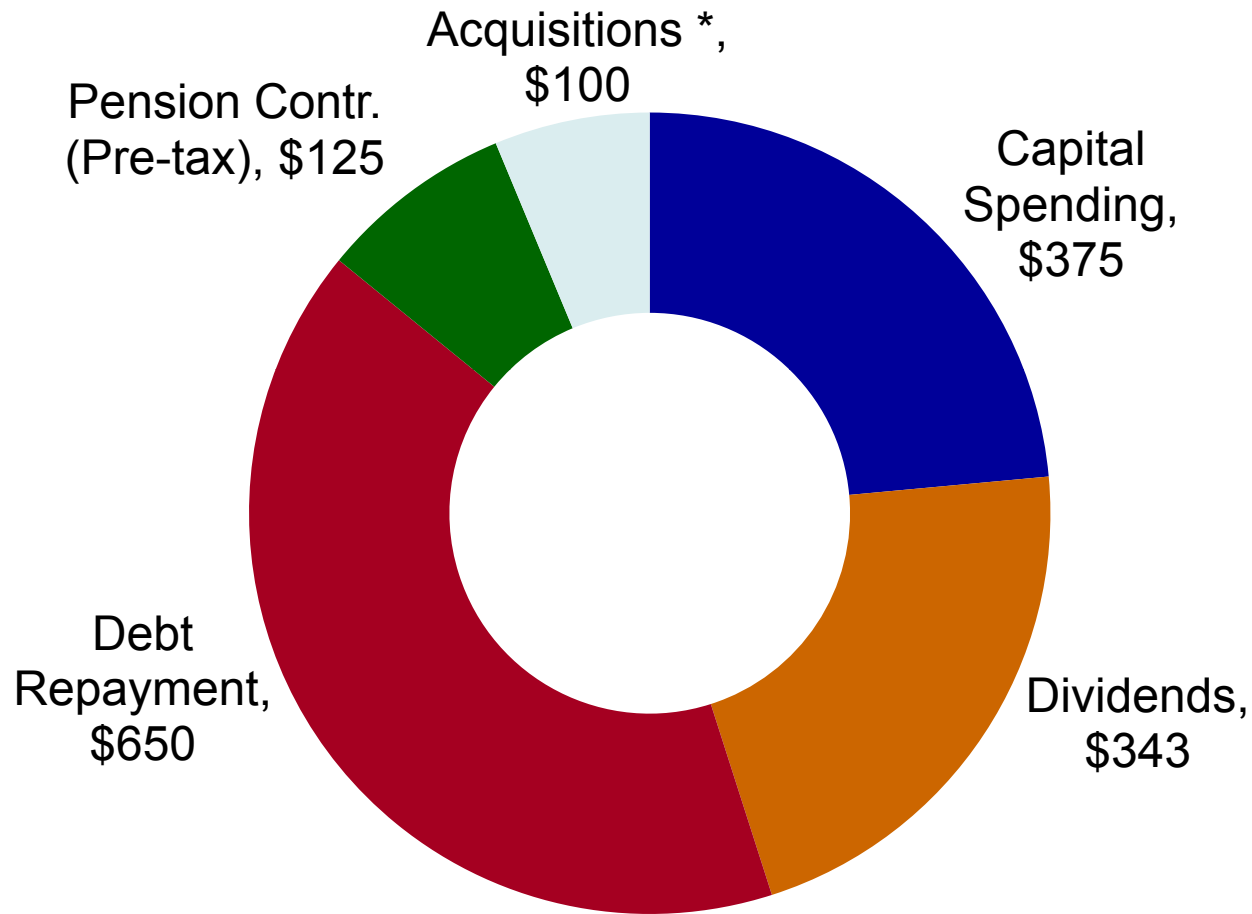


Annual



Significant step change in cash generation

Cash Deployment

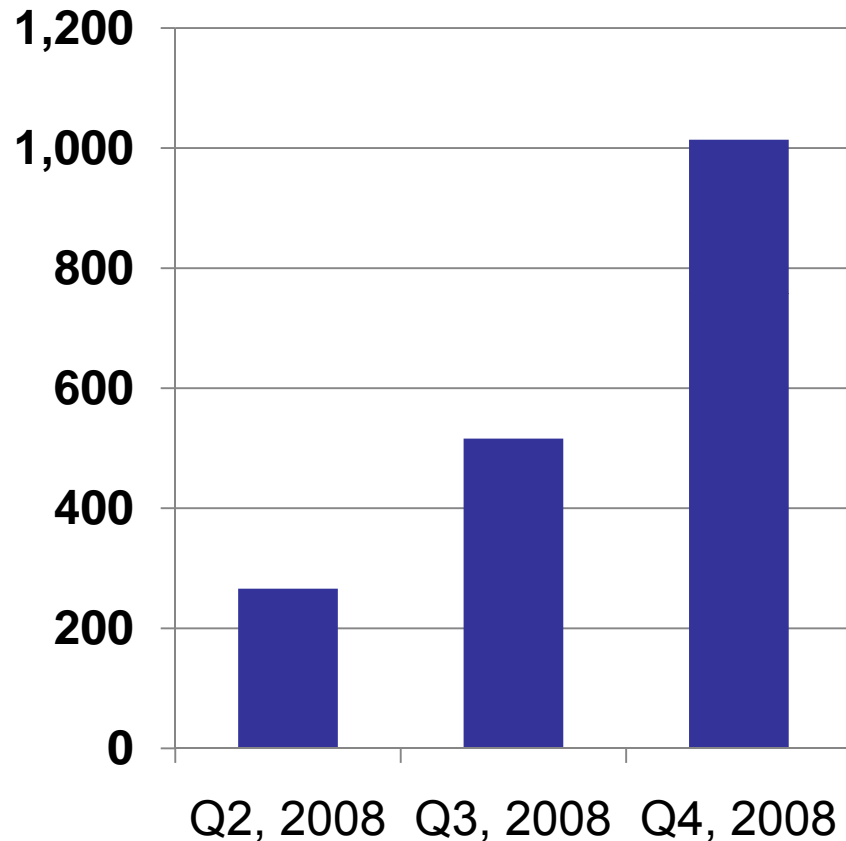


Well ahead on debt repayment commitments

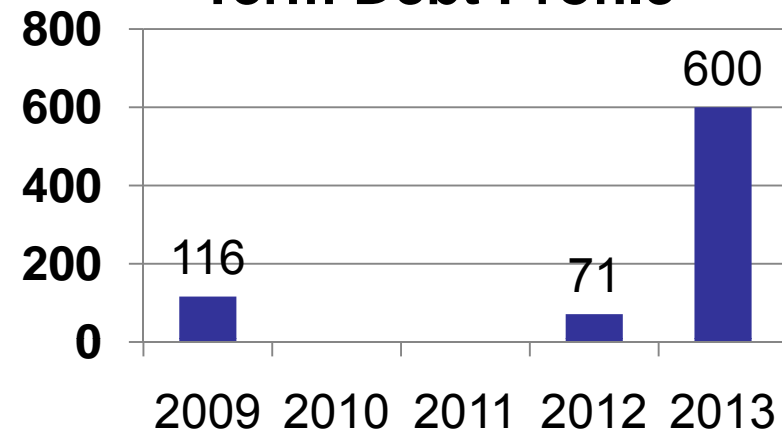
Cash and Liquidity



Cash on Hand



Term Debt Profile



Other

- ✓ \$200MM – Commercial paper
- ✓ \$550MM – Euro facilities
- ✓ \$0 drawn on U.S. \$1B revolver
- ✓ Well below debt covenant level

Considerable financial flexibility

For More Information



Thank you for your interest in PPG Industries, Inc.

Investors

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PPG 2007 and 2008 Fourth Quarter and Full Year Financial Results Regulation G Reconciliation

Adjusted EPS Reconciliation



Fourth Quarter

	2008		2007	
	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>
Net Income as Reported	71	\$0.43	\$200	\$1.21
Net Charge for Asbestos Settlement	(3)	(0.02)	1	0.01
Adjusted Net Income	<u>68</u>	<u>\$0.41</u>	<u>201</u>	<u>\$1.22</u>

Amounts in Millions of USD except EPS

Adjusted EPS Reconciliation



Full Year - 2008

	<u>\$\$</u>	<u>EPS</u>
Net Income as Reported	538	\$3.25
Business Restructuring Charge	110	0.67
Acquisition-Related Costs	89	0.54
Depreciation Catch-up Charge	11	0.07
Divestiture-Related Benefit Costs	12	0.07
Net Charge for Asbestos Settlement	2	0.01
Gain on Divestiture (Auto Glass & Services Business)	<u>(3)</u>	<u>(0.02)</u>
Adjusted Net Income	<u>759</u>	<u>\$4.59</u>

Amounts in Millions of USD except EPS

Adjusted EPS Reconciliation



Full Year - 2007

	Continuing		Discontinued		Total	
	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>
Net Income as Reported	856	\$5.16	(22)	\$(0.13)	834	\$5.03
Acquisition-Related Costs	4	0.03			4	0.03
Glass Pension Curtailment Losses	11	0.06			11	0.06
Fine Chemical Divestiture Charge			19	0.11	19	0.11
Net Charge for Asbestos Settlement	15	0.09			15	0.09
Adjusted Net Income	<u>886</u>	<u>\$5.34</u>	<u>(3)</u>	<u>\$(0.02)</u>	<u>883</u>	<u>\$5.32</u>

Amounts in Millions of USD except EPS