



Third Quarter Financial Results

William H. Hernandez

**Sr. Vice President, Finance,
and Chief Financial Officer**

Information current as of

October 16, 2008

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

Highlights – Q3, 2008



❖ Continued financial performance

- Double-digit percentage growth in sales & segment earnings
- Adj. EPS comparable Y-O-Y, despite weather impacts & auto market
- Largest selling price increase in over 10 years
- Year-to-date cash generation >\$250 million (~50%) ahead of prior year

❖ Operating excellence continues

- Completed sale of Automotive Glass & Services business
- SigmaKalon acquisition remains ahead of financial targets
- Announced restructuring - reduce cost & secure '09 S/Kalon synergies

❖ Financial discipline once again paying dividends

- Year-to-date debt reduction >\$650 million, double our target
- Cash (>\$500MM) exceeds U.S. commercial paper (~\$175MM)

Business Segment Results



Third Quarter

\$MM (USD)

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

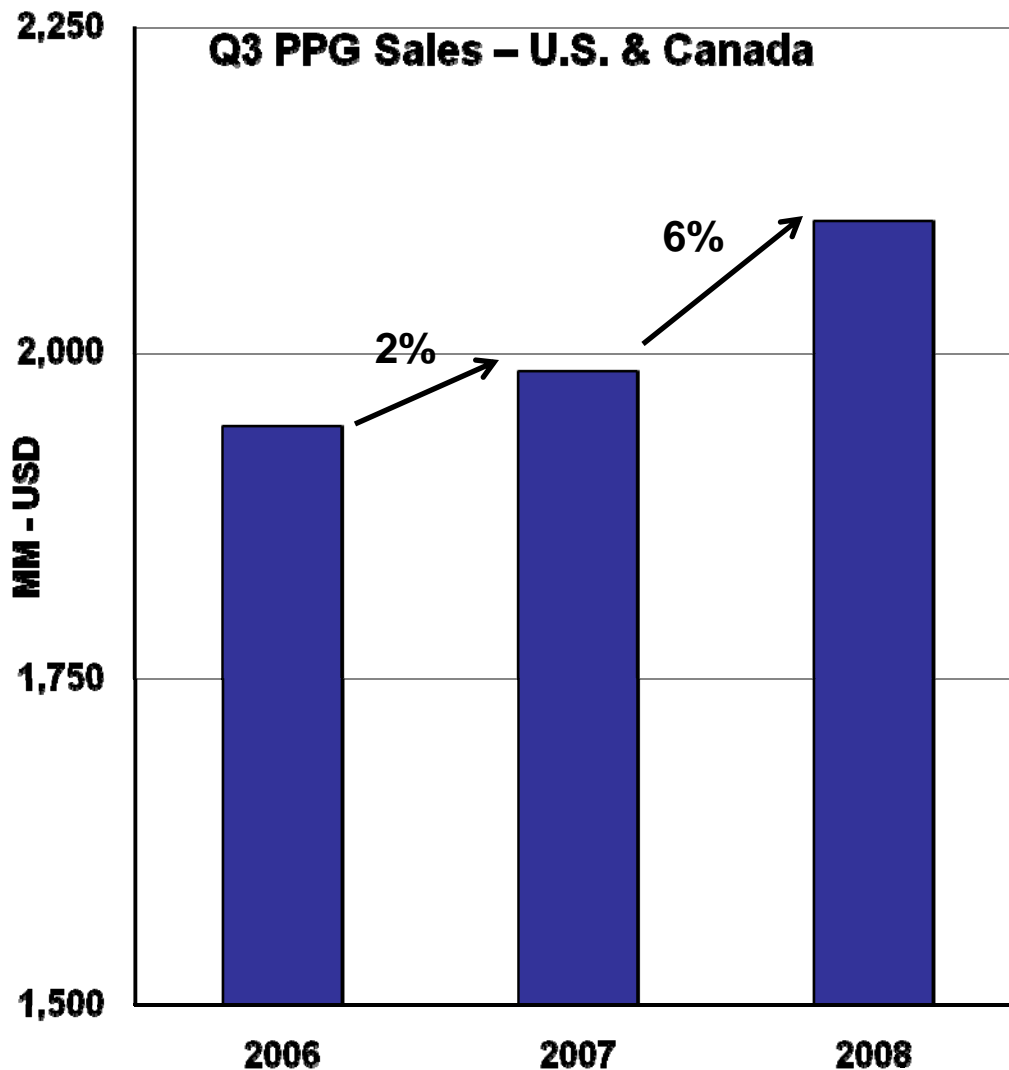
Double-digit-percent growth in sales and segment earnings

Adjusted Financial Results



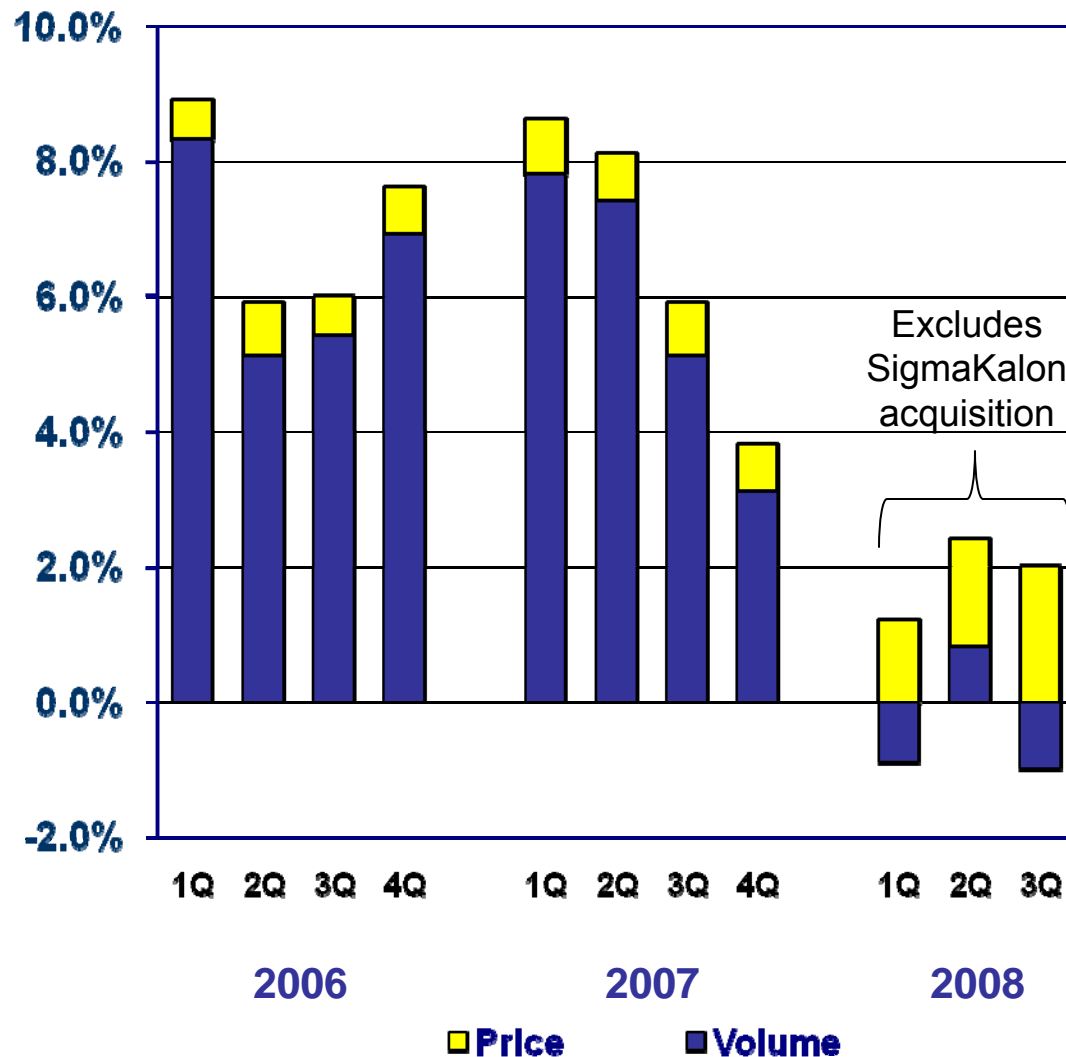
Third quarter earnings-per-share Reg G Reconciliation	2008	2007
Reported Earnings per Share, Continuing Operations, Fully Diluted	\$0.70	\$1.29
Add: 2008 Business Restructuring	0.67	--
Less: 2008 Auto Glass Gain on Business Sale	(0.02)	--
Add: Asbestos	0.02	0.02
Add: 2007 Acquisition Related Charges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

Sales – United States & Canada



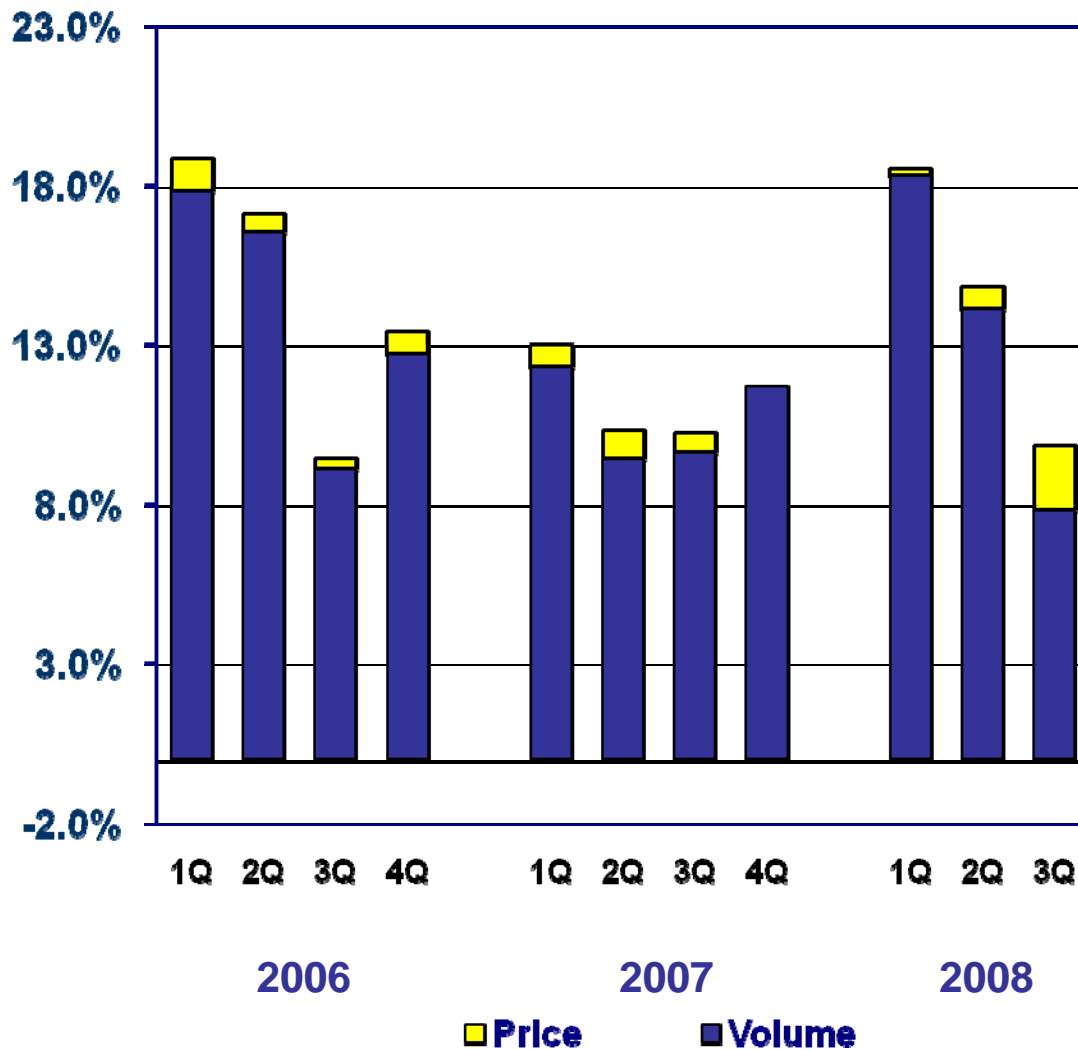
- ✓ Sales growth rates higher than last year despite negative weather impacts
- ✓ Price gains accelerated
- ✓ Significant declines in U.S. Auto OEM volumes
- ✓ Lower Y-O-Y volumes in residential construction
- ✓ Volume gains in most other PPG businesses
- ✓ Additional Q4 pricing actions underway

Organic Growth – Europe



- ✓ Stable organic results on top of difficult “comps” the past two years
- ✓ Pricing gains outpaced slight volume drop
- ✓ Overall European sales up \$850MM (130%) versus last year – SigmaKalon acquisition
- ✓ SigmaKalon organic growth accelerated
- ✓ Q4 pricing actions underway

Organic Growth – Asia

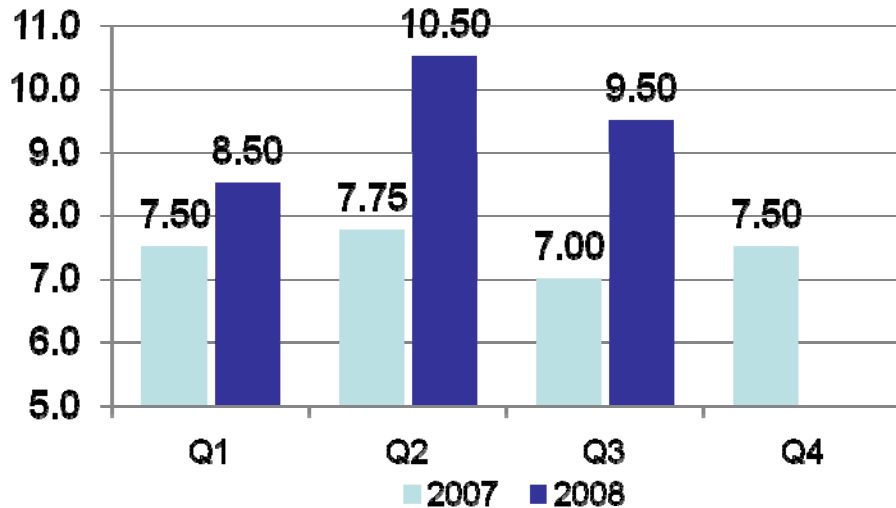


- ✓ September '08 YTD sales 20% higher than full year 2007 sales.
- ✓ Double-digit percent organic growth despite slowing surrounding 2008 Olympics
- ✓ Each PPG coatings business is well established
- ✓ Excellent operating margins
- ✓ Solid growth expected in Q4

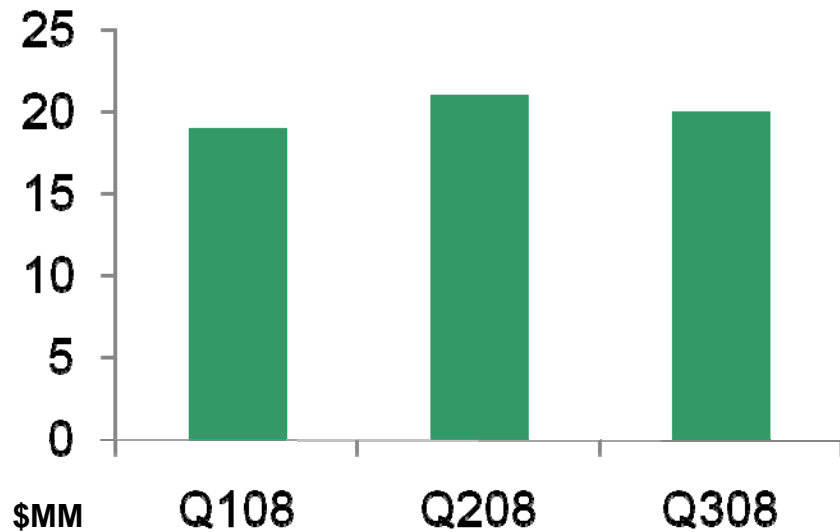
Macro Topics



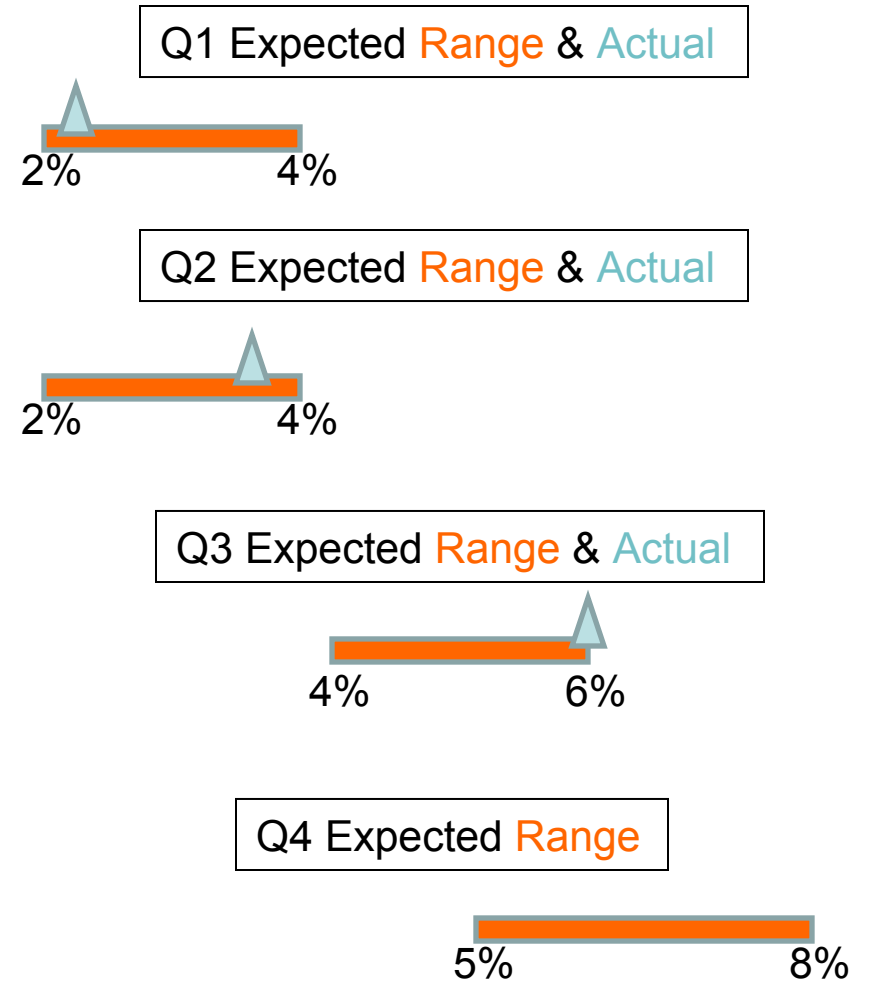
Natural Gas Cost (\$ per MMBTU)



Incremental YOY Transportation Costs



Coatings Raw Materials Inflation Percentage – 2008 (year-over-year)



Performance Coatings



Third Quarter 2008

- ✓ Aerospace sales +10% despite Boeing employee work stoppage
- ✓ Protective & Marine volumes ↑
- ✓ Double-digit organic growth in acquired SigmaKalon business
- ✓ U.S. Architectural pricing offsets lower volumes
- ✓ Active sales pricing efforts continue in all businesses

\$MM (USD)	Q308	Q307	Chg	%
Sales	1,229	963	266	28%
Earnings	148	140	8	6%

Yr. To Yr. % Change - Sales

	<u>Sales</u>	<u>Volume</u>	<u>Price</u>	<u>Currency</u>	<u>Acq./Other</u>
Total Performance Coatings	28%	0%	4%	3%	21%
Aerospace	10%	6%			
Automotive Refinish	12%	1%			
Architectural (Americas & Asia)	9%	-6%			
Protective & Marine	181%	4%			

(Volume growth excludes SigmaKalon acquired business)

Industrial Coatings



Third Quarter 2008

- ✓ Significant auto OEM industry production volume declines
- ✓ Slower general industrial activity in mature regions
- ✓ Stable Packaging coatings
- ✓ Emerging regions now larger than U.S. & Canada
- ✓ Restructuring targeting slower end-markets

\$MM (USD)	Q308	Q307	Chg	%
Sales	1,022	901	121	13%
Earnings	48	89	-41	-46%

	<u>Yr. To Yr. % Change - Sales</u>				
	<u>Sales</u>	<u>Volume</u>	<u>Price</u>	<u>Currency</u>	<u>Acq./Other</u>
Total Industrial Coatings	13%	-2%	1%	3%	11%
Automotive OEM	2%	-2%			
Industrial	36%	-2%			
Packaging	9%	-1%			

Architectural Coatings EMEA



Third Quarter 2008

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

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

Overall SigmaKalon Acquisition Update

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

Optical & Specialty Materials



Third Quarter 2008

- ✓ Double-digit percent sales and earnings growth
- ✓ Double-digit optical volume growth
- ✓ European launch of new Transitions product in October

\$MM (USD)	Q308	Q307	Chg	%
Sales	290	257	33	13%
Earnings	61	55	6	11%

Yr. To Yr. % Change - Sales

	<u>Sales</u>	<u>Volume</u>	<u>Price</u>	<u>Currency</u>	<u>Acq./Other</u>
Total Optical & Specialty Materials	13%	7%	2%	4%	0%

Commodity Chemicals



Third Quarter 2008

- ✓ 30% earnings improvement, despite lost production/volumes due to U.S. hurricanes
- ✓ Increased selling prices in Q3, 2008 and announced for Q4, 2008
- ✓ Low inventory position due to outages
- ✓ Louisiana plant back to operating at normal rates by end of September

\$MM (USD)	Q308	Q307	Chg	%
Sales	500	400	100	25%
Earnings	116	89	27	30%

	<u>Yr. To Yr. % Change - Sales</u>				
	<u>Sales</u>	<u>Volume</u>	<u>Price</u>	<u>Currency</u>	<u>Acq./Other</u>
Total Commodity Chemicals	25%	1%	24%	0%	0%

Glass



Total Glass Segment

\$MM (USD)	Q308	Q307	Chg	%
Sales	552	552	0	0%
Earnings	17	35	-18	-51%

Third Quarter 2008

- ✓ Solid pricing gains
- ✓ Divested Auto Glass – Sept. 30th
- ✓ Q3 - auto market very challenging

Fiber Glass & Performance Glazings

	Q308	Q307	Chg	%
Sales	323	303	20	7%
Earnings	22	27	-5	-19%

Automotive Glass & Services

\$MM (USD)	Q308	Q307	Chg	%
Sales	229	249	-20	-8%
Earnings	-5	8	-13	-163%

Yr. To Yr. % Change - Sales

	<u>Sales</u>	<u>Volume</u>	<u>Price</u>	<u>Currency</u>	<u>Acq./Other</u>
Total Glass	0%	-5%	4%	1%	0%
Performance Glazings	8%	-2%			
Fiber Glass	5%	-2%			
Automotive Glass & Svcs.	-8%	-3%			

Cash Generation and Cash Uses



Cash From Operations:

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

Cash / Liquidity:

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

For More Information



Thank you for your interest in PPG Industries, Inc.

Investors

Vince Morales (412) 434-3740

Media

Jeremy Neuhart (412) 434-3046