



PPG Industries

**ANNUAL MEETING OF SHAREHOLDERS
PPG INDUSTRIES, INC.
APRIL 21, 2011 – 11 A.M.
DAVID L. LAWRENCE CONVENTION CENTER,
SPIRIT OF PITTSBURGH BALLROOM B**

BUSINESS REVIEW ONLY

While the ballots are being counted, I'd like to review some of our accomplishments in 2010, and how we are poised to succeed in 2011.

Safety Trends

Perhaps our most important metric is our safety performance. In 2010, our injury and illness rate was 0.43, a slight increase over last year. This is the first increase in our injury and illness rate in more than seven years. However, as you can see, we have made significant progress in this regard over the past ten years. In order to continue our progress, we will be placing special emphasis on safety in 2011.

Environmental Trends

Another important metric relates to our stewardship of the environment. In 2010, we experienced 2.7 incidents per two million work hours. Again, this was a slight increase over the previous year. Yet, our performance over the past five or six years has been strong. Nonetheless, we'll be sharpening our focus on this in 2011.

Corporate Sustainability Report Update

You can learn more about these and other performance metrics in our most recently published Corporate Sustainability Report. With this report, we have significantly expanded and enhanced our reporting. In this report, you'll read about how our businesses have performed, PPG's new environmentally-beneficial products; our progress toward our environmental, health and safety goals; new philanthropic initiatives; awards and recognition we've received, and more. If you haven't already done so, I suggest you pick up a copy of the sustainability report outside of the meeting room before you leave today.

PPG's Vision

The strategic vision we have established is to continue to be the world's leading coatings and specialty products company. We have continued to make progress toward that vision in 2010, and in fact, we have successfully transformed PPG from a diversified, North American-centric manufacturer to a global coatings, optical products and specialty materials company.

Coatings / Specialty Growth

As you can see, the proportion of our company devoted to the coatings and Optical and Specialty Materials segments has grown substantially over the past few years. Combined, these businesses are now more than twice the size they were ten years ago, and comprised 83 percent of PPG's total sales in 2010.

Geographic Balance

We have also benefitted from our efforts to broaden the geographic reach of our business, and specifically our expanding footprint in the Asia / Pacific region. In total, our businesses in emerging regions grew 20 percent in 2010. With sales of nearly \$3.6 billion, these regions now account for 27 percent of the company. The United States and Canada now represent less than 45 percent of our sales. This portfolio shift and geographic expansion helped to buoy our company during the recession and have positioned PPG to leverage the current economic recovery.

Shifted Focus to Operational Excellence

In addition, in 2010, we demonstrated that our continuing focus on operational excellence is a key component to delivering strong financial results throughout the business cycle. We continued to reduce our cost structure. We completed two previously announced restructuring programs and implemented more than \$50 million in additional cost savings initiatives. As a result, we've reduced our annual costs by more than \$500 million versus 2008. We have restored our margins to above pre-recession levels in nearly all of our business segments. We focused on improving our supply chains and increasing efficiency. As a result, PPG's operating working capital as a percent of sales dropped to 19 percent in 2010 versus 21 percent in the previous year and 24 percent in 2008. We also continued to invest for profitable growth with organic capital spending up nearly 30 percent in 2010. In 2010, we began construction of a new coatings resin facility in China and expanded the manufacturing capacity of two coatings plants, also in China. We also acquired a packaging coatings company called Bairun.

2010 Segment Sales

All in all, PPG has benefitted from the actions it has taken over the past several years to grow the coatings and optical and specialty materials components of our portfolio. In 2010, PPG posted sales of \$13.4 billion. This is an increase of almost 10 percent versus the prior year, but still about 15 percent below pre-recession 2008 sales of \$15.8 billion.

2010 Segment Earnings

Earnings, however, have recovered strongly and exceeded pre-recession levels, reflecting the impact of our focus on operational excellence. Our segment earnings were \$1.7 billion, an increase of 45 percent over 2009 and an increase of 8 percent versus 2008, despite sales that are still well below 2008 levels. These strong financial results demonstrate how strongly we are emerging from the global recession.

Cash

We are pleased to have continued our strong track record of cash generation in 2010. This, in combination with a \$1 billion debt issuance late in the year, brought our cash and short-term investment total to approximately \$2 billion. This position presents PPG with a variety of options to continue to drive earnings growth. In 2010, PPG returned nearly 75 percent of cash generated from operations, or nearly \$1 billion, to shareholders in the form of share repurchases and dividends.

Dividends per Share

I think it's important to recognize that even during the depth of the recession, PPG did not waiver in its commitment to increase its annual dividend payout. PPG has paid uninterrupted annual dividends since 1899 and has increased its annual payout for the past 39 years. This includes a dividend increase in the quarter of 2010, and our board has approved another dividend increase of 2 cents per share today.

First-Quarter Results

Looking ahead into 2011, we are continuing the strong earnings momentum that we established in the second half of 2010. Today, we posted our third consecutive quarterly earnings record. Each of our reporting segments delivered higher year-over-year earnings driven by continued volume growth from a broadening global industrial recovery. Our first quarter sales this year were \$3.5 billion, an increase of 13 percent over the prior year's quarter. Our segment earnings were \$480 million, an increase of about 49 percent versus last year.

Priorities for 2011

As we begin 2011, we expect the economic recovery to strengthen and broaden in most end-use markets and regions. Yet, it is important that we remain vigilant in maintaining our operating discipline. We must regain our margin leadership in coatings. To do that, we will need to address the critical issue of persistent inflation in coatings raw materials costs. And, we must continue our efforts to improve our supply chains and reduce working capital. In addition, we intend to continue to execute our growth strategy. Overall, I believe we are only now beginning to see the full earnings power of the company. We're achieving this despite the fact that the residential and commercial construction markets in North America and Western Europe have shown no real signs of improving from the recessionary decline. Yet, today, with a focus on coatings and specialty products, a broader geographic footprint, a leaner organization with a lower cost structure, and an increasingly efficient set of businesses, we are going into 2011 poised to take advantage of the continuing global economic recovery.