



# PPG Industries

**ANNUAL MEETING OF SHAREHOLDERS  
PPG INDUSTRIES, INC.  
APRIL 16, 2009 – 11 A.M.  
DAVID L. LAWRENCE CONVENTION CENTER,  
SPIRIT OF PITTSBURGH BALLROOM B**

**Mr. Bunch:**

Good morning, ladies and gentlemen. The 2009 Annual Meeting of Shareholders of PPG Industries is called to order.

On behalf of PPG people worldwide and the board of directors, I welcome you to our 126th annual meeting.

I am Chuck Bunch, chairman of the board and chief executive officer of PPG. As with any meeting at PPG, the first order of business is safety.

If an emergency evacuation occurs, you will need to exit the building via the stairwells inside the ballroom. These can be found on either side of both of the exit doors to my left. Guides will direct you to the proper exits.

I would also like to call your attention to our disclaimer of forward-looking statements printed on the back of your agenda.

I would like to begin this morning by introducing the PPG board of directors. I ask that you hold your applause until all have been introduced.

In addition to me, there are three other directors who are standing for election at this meeting. I would like to introduce:

- Robert Ripp, chairman of Lightpath Technologies;
- Thomas Usher, chairman of the board of Marathon Oil Corporation and former chairman of the board of United States Steel Corporation; and
- David Whitwam, retired chairman of the board and chief executive officer of Whirlpool Corporation.

The PPG directors whose terms are continuing are:

- James Berges, partner at Clayton, Dubilier & Rice and retired president of Emerson Electric Co.;
- Victoria Haynes, president and chief executive officer of RTI International;
- Martin Richenhagen, chairman, president and chief executive officer of AGCO Corporation;
- Hugh Grant, chairman of the board, president and chief executive officer of Monsanto Company;

- Michele Hooper, managing partner of The Directors' Council and former president and chief executive officer of Voyager Expanded Learning, Inc.; and
- Robert Mehrabian, chairman of the board, president and chief executive officer of Teledyne Technologies Inc.

Please join me in a hearty round of applause for PPG's directors.

With me on stage is Jim Diggs, senior vice president, general counsel and secretary of the company and Bill Hernandez, the company's senior vice president, finance and chief financial officer.

In the audience, I'd like to introduce the other members of our operating committee, asking each of them to stand:

- Rich Alexander, senior vice president, performance coatings;
- Vicki Holt, senior vice president, glass and fiber glass;
- Bill Wulfsohn, senior vice president, industrial coatings;
- Pierre-Marie De Leener, senior vice president, architectural coatings, EMEA and president, PPG Europe;
- Rick Elias, senior vice president, optical and specialty materials;
- Michael McGarry, senior vice president, commodity chemicals;
- Aziz Giga, vice president, strategic planning and treasurer;
- David Navikas, vice president and controller;
- Kathleen McGuire, vice president, purchasing and distribution;
- Chuck Kahle, vice president, research and development, coatings and chief technology officer; and
- Bud Wise, vice president, human resources.

Please join me in a hearty round of applause for PPG's management team.

As you entered the room, you were given an agenda for the meeting, which we will follow. Please note that there will be an opportunity for questions later as provided on the agenda.

Mr. Diggs will now report on certain official business matters.

**Mr. Diggs:**

Mr. Chairman, the notice of this meeting was made available on a timely basis, commencing March 6, 2009, to all shareholders of record as of the close of business February 20, 2009. I am pleased to report that a quorum is present, with approximately 77% of the issued and outstanding common stock being represented at the meeting by proxy, in addition to the stock represented in person.

Mr. Chairman and shareholders of PPG, you likely have noticed that PPG has made some changes in its shareholder communications. This year, shareholders

did not receive a printed copy of the Annual Report and proxy statement in the mail as they have in previous years, unless they requested such. The reason for this is that we've taken advantage of recent rules adopted by the U. S. Securities and Exchange Commission known as "Notice and Access," or eProxy. These rules enable publicly-traded companies to post their proxy materials on the Internet. Each shareholder received a notice informing them that the proxy materials were available on the Internet, and that should they nonetheless desire a hard copy, one could be requested. Voting was also made available online, as it has always been. These changes have enabled PPG to streamline its shareholder communications, and achieve cost savings since we were able to reduce the printing quantities of the Annual Report and proxy statement. Many other publicly-traded companies have also taken advantage of this process.

**Mr. Bunch:**

Thank you, Mr. Diggs.

Before the meeting, the board of directors appointed three judges of election to act on the matters to come before the meeting. The judges of election are present and have signed the oath of office.

They are:

- Vince Morales, who will act as chairman;
- Dirk Gardner; and
- Mary Anne Bendzsuk.

The proxies received from shareholders have been inspected and counted by Corporate Election Services, an independent proxy inspection and tabulation firm. A representative of the firm is present and has certified the results of the proxy vote.

We will now proceed with the matters to come before this meeting. The first item is the election of certain directors. Nominations are in order.

**Mr. Diggs:**

Mr. Chairman, I nominate the following to serve as directors, each to serve for a term of three years and until their successors shall have been duly elected and qualified, or until their earlier retirement or resignation:

- Charles E. Bunch;
- Robert Ripp;
- Thomas J. Usher; and
- David R. Whitwam.

Further, no written notice was received by the company that any other nomination would be made at this meeting pursuant to the nomination procedure provided for in the company's bylaws.

**Mr. Bunch:**

Thank you. Because no other nominations are in order, the nominations are closed.

The final matter to come before the meeting is a proposal to endorse the appointment of Deloitte & Touche LLP as the company's independent registered public accounting firm for 2009. Mr. Diggs.

**Mr. Diggs:**

Mr. Chairman, I move that the shareholders endorse the appointment of Deloitte & Touche LLP as the company's independent registered public accounting firm for 2009.

**Mr. Bunch:**

Is there a second?

Thank you. The proposal will be voted on by the shareholders. The board of directors has recommended that shareholders vote for the proposal.

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The polls are now open. Ballots will be distributed to those shareholders who wish to vote and who have not filed proxies. If you filed a proxy, you don't need to request a ballot unless you want to change your vote.

**Mr. Bunch:**

Is there anyone who desires to vote and has not done so?

Hearing none, I now declare that the polls are closed.

The results of the voting will be announced later.

While the ballots are being counted, I'd like to review our progress toward PPG's transformation, some of our accomplishments in 2008, and how we are addressing the challenges that 2009 will pose.

**Safety Trends**

Perhaps our most important metric is our safety performance. In 2008, we again set a record in this regard. Our injury and illness rate reached a new low of 0.46, which was below our target of 0.72. As you can see, we have steadily improved the safety of our operations in each of the last seven years.

**Environmental Trends**

Another important metric relates to our stewardship of the environment. In 2006, we changed the way we measure spills and releases from a monthly average to a rate per two million work hours due to the addition of a number of manufacturing facilities from acquisitions. In essence, our performance over the

past three years has been flat with a slight increase in 2008 from three to 3.2. This will be a focus area for our manufacturing personnel going forward in 2009.

### **Corporate Sustainability Report**

You can learn more about these and other performance metrics in our newly published corporate sustainability report. This is the first such report that PPG has issued. In this report, you'll read about PPG's business performance, our stewardship of the environment, our commitment to society and the people who make it so diverse and vibrant, and how PPG is giving back to our communities. In combination with our annual report, these two documents provide a thorough view of PPG's performance and direction. 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. I think you'll be impressed to see how PPG is helping to address some of the world's most pressing problems related to energy, the environment, security and other issues.

### **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 achieving that vision while remaining a sustainable and viable organization. And clearly, in 2008, our ability to implement our strategic initiatives while adapting to harsh economic challenges was put to the test.

### **SigmaKalon**

Last year, we made a bold move toward accelerating our transformation to a more focused coatings and specialty products company through the acquisition of the SigmaKalon Group. SigmaKalon brought to PPG strong architectural paint, protective and marine coatings and industrial coatings businesses, as well as a solid presence in Western Europe and growing positions in emerging regions such as Eastern Europe, Asia and Africa. This acquisition greatly expanded our international markets, and sharply increased the proportion of sales coming from coatings. The acquisition has outperformed our expectations, and has been a strong cash generator.

### **Auto Glass and Services**

In September, we completed the divestiture of a majority interest in the automotive glass and services business, which significantly reduces PPG's exposure to the U.S. automotive market. PPG holds a minority ownership interest in the new company, Pittsburgh Glass Works LLC.

### **Coatings / Specialty Growth**

As a result of these and other actions, about 80 percent of our current portfolio consists of coatings, optical products and specialty materials, versus three years ago when these businesses accounted for about 64 percent of sales.

### **Geographic Balance**

What's more, now, less than 50 percent of our sales are in the United States and Canada, versus three years ago when it was about 70 percent. This

diversification will help PPG grow in the emerging regions of the world and reduces the impact to PPG from economic developments in any one region.

### **2008 Segment Sales**

As a result of the SigmaKalon acquisition, we saw in 2008 a strong increase in sales, which were up 30 percent over the previous year, setting a sales record of \$15.8 billion.

In 2008, we saw double-digit sales growth in both Performance Coatings and Industrial Coatings at 24 and 10 percent, respectively. In Optical and Specialty Materials, sales increased 10 percent in 2008. In a very strong year for Commodity Chemicals, sales in that segment increased by 19 percent.

Glass sales decreased by 13 percent in 2008 in large part due to the divestiture of the automotive glass and services business. However, it should be noted that even without the divestiture, sales decreased by 4 percent on lower volumes in fiber glass and performance glazings.

### **2008 Segment Earnings**

In 2008, segment earnings increased \$40 million.

Income from our Performance Coatings segment increased by \$19 million, or 3 percent, over the prior year. Our new Architectural Coatings EMEA segment earned \$141 million which exceeded our full-year targets for this business. Our Optical and Specialty Materials segment income increased \$9 million, or 4 percent, based in large part on increased sales of Transitions Optical's next generation lens product. Our Commodity Chemicals segment achieved a commendable increase in segment income of \$97 million, or 40 percent.

However, you'll note here that PPG's Industrial Coatings and Glass segments both experienced significant reductions in income. The Industrial Coatings segment income fell by \$158 million, or 43 percent, as it was particularly hard hit by severe declines in global demand in the automotive industry and other end-use markets. The Glass segment's income dropped 49 percent due to the divestiture of the auto glass business, and lower sales volumes. In fact, both of these segments reported operating losses in the fourth quarter 2008.

Overall, PPG's full year reported earnings for 2008 were solid at \$3.25 a share. While not as high as the previous year, it's important to note that this decline reflected one-time costs related to the SigmaKalon acquisition and costs related to restructuring.

### **Restructuring**

As I said before, clearly, 2008 was a difficult and dynamic year. Early in the period, we experienced rapid inflation, including skyrocketing raw material, energy and freight costs. PPG responded quickly. We anticipated these increased costs and implemented pricing initiatives that offset this inflation. In addition, in September, we accelerated some of the actions planned for our

integration of SigmaKalon, and took additional steps to mirror shifts in our customer industries. We announced a restructuring plan to result in approximately \$100 million in pretax annual cost savings, and, as part of the initiative, several PPG manufacturing facilities in the United States, Canada and Europe will be closed or idled, and employment was reduced by approximately 1,300 positions.

### **Quarterly Comparison**

Later in the year, the unforeseen global economic downturn had a sharply negative impact on most of our businesses. And, as you can see, in 2008 we were posting earnings well beyond the previous year up until the fourth quarter when global industrial demand collapsed.

### **Restructuring**

PPG again responded quickly. Last month, PPG announced another business restructuring plan focused on generating annual savings of about \$140 million. This sweeping initiative includes the closure of several manufacturing and distribution facilities and a broad reduction in employment across the company globally. In total, approximately 2,500 additional jobs will be eliminated. In addition to our restructuring initiatives, we have continued to implement a variety of initiatives in all of our businesses in response to worsening global economic conditions.

### **First-Quarter Results**

As we look at our first quarter 2009 results, clearly we are continuing to operate under difficult conditions. All of our segments had reduced sales, and in total our sales were more than \$1 billion less than the previous year's quarter. We also continue to experience losses in our Industrial Coatings and Glass segments. Overall, the company's segment earnings were less than half of what they were in last year's first quarter.

### **Cash**

Despite this, one bright spot for PPG in 2008 and continuing in 2009 is our cash generation and cash on hand. In 2008, PPG generated about \$1.4 billion of cash, up nearly 40 percent from the prior year. And, at the end of the first quarter 2009, we had \$530 million of cash on hand. As you can see, this is up significantly from where we are at the same time in the past two years. This gives us tremendous financial flexibility, which is critical in today's business climate.

### **Dividends per Share**

Our strong business performance has enabled PPG to continue its strong legacy of rewarding its shareholders. PPG has paid uninterrupted dividends since 1899. That's something very few companies can claim.

### **Priorities for 2009**

We expect the challenging business environment to continue into 2009. While we anticipate seasonal improvement versus the first quarter, we expect our second quarter activity levels to remain low in comparison to prior years. While we are

beginning to see occasional upticks in activity, they have not been sustained over a long enough period of time to give us comfort that any region or end-use market has “turned the corner.” However, unlike in the past, we now have the added benefits of a better business mix and a stronger global presence, together with a strong cash position. In 2009, we will continue our focus on cost. But we will also seek to leverage our global capabilities. We will retain a strong eye toward cash flow. In 2009, PPG is continuing to adapt to an extremely difficult and volatile global economy. That said, we are also staying the course and implementing key strategies to transform our company. Our performance this past year under intensely difficult market conditions continues to validate the strength of our portfolio and the success of our strategic direction. Through our strategic transformation, we are now a more focused company with stronger geographic and end-use market diversity. Combined with PPG’s longstanding, prudent fiscal discipline, I believe that PPG remains strongly positioned to weather the current economic storm, and to continue to generate cash and reward shareholders well into the future.

We will now have a report from the judges of election on this year’s voting matters. Mr. Morales, please.

**Mr. Morales:**

Mr. Chairman, on behalf of the Judges of Election, I present our certificate showing that the following have been elected directors, each having received a majority of the votes cast and each receiving a favorable vote of more than 96%:

- Charles E. Bunch;
- Robert Ripp;
- Thomas J. Usher; and
- David R. Whitwam

**Mr. Bunch:**

I declare the nominees have been elected directors of the company, each to serve for a term of three years and until their successors have been duly elected and qualified, or until their earlier retirement or resignation. Mr. Morales.

**Mr. Morales:**

Mr. Chairman, on behalf of the judges of election, I present our certificate showing that the proposal to endorse the appointment of Deloitte & Touche LLP as the company’s independent registered public accounting firm for 2009 has been approved, with 98% of the votes cast voting for the proposal.

**Mr. Bunch:**

Thank you. I declare the proposal to endorse the appointment of Deloitte & Touche LLP as the company’s independent registered public accounting firm for 2009 has been approved by a majority of the shareholders voting on the matter.

Because there is no other formal business scheduled to come before the meeting, I will now entertain questions relating to the company’s business. We

will allot a few minutes for the question and answer session. We have posted PPG representatives throughout the meeting room.

If you would like to ask a question, please step to the aisle and inform one of our representatives, who will direct you to the microphone and see to it that you have an opportunity to speak.

We do ask that you identify yourself by name and city and state of residence before posing your question, and that you limit your questions to three minutes or less so that everyone who would like to ask a question has an opportunity to do so.

[Q & A]

Most of the officers of the company are in attendance today, and they are wearing nametags. All of the officers in attendance will be available after the meeting to answer any additional questions you might have.

This concludes the business of this meeting. Thank you again for coming. More importantly, thank you for your continued interest in, and support of, PPG. May I have a motion to adjourn?

**Mr. Diggs:**

Mr. Chairman, I move that this meeting be adjourned.

**Mr. Bunch**

Is there a second?

All those in favor, say "aye."

Opposed?

The meeting stands adjourned. Thank you very much.