



PPG Industries, Inc.

Comments by: William H. Hernandez, Sr. Vice President, Finance

As presented to the 2008 Citi Chemical Conference 2008 – December 2, 2008

Good afternoon and welcome. I am Bill Hernandez, Senior Vice President and CFO of PPG. Joining me today is Vince Morales, our Vice President of Investor Relations.

Agenda



- ❖ Opening Remarks
- ❖ Financial Review
- ❖ Strategic Progress
- ❖ Cash / Liquidity
- ❖ Current Environment
- ❖ Questions

Agenda – Opening Remarks

Today I will review our company’s performance in several areas. First, I will discuss our financial results including September year-to-date sales and earnings. As you will see, we have continued to grow both our top and bottom lines, despite today’s difficult economic backdrop.

Next, I will update our strategic progress this year as I review the integration and financial performance of our

SigmaKalon acquisition, the largest in the company’s history. We finalized the acquisition on January 2nd of this year and the results continue to track ahead of our originally communicated financial targets. I will also provide a few other strategic accomplishments, including our recent sale of our automotive glass businesses and quickly review a few other acquisitions we made this year.

In addition, I will review our cash generation, cash uses and liquidity. Here we will discuss our record cash generation levels this year, and how we are deploying that cash. Regarding liquidity, you will see we have once again managed our balance sheet to provide the utmost financial flexibility, especially important with today’s global credit issues.

I will conclude my presentation with our brief assessment of current conditions.

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 December 2, 2008, and any distribution of this presentation after that date is not intended and will not be construed as updating or confirming such information.

Forward Looking Statement

Before I begin let me quickly remind everyone that portions of today’s presentation contain forward-looking statements reflecting our views about future events. These statements involve risks and uncertainties that could affect the company’s results and there is no assurance that the company’s expectations will be realized, and the company assumes no responsibility to update these statements.

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Agenda - Financial Review

Let me quickly recap of the company’s financial performance. We have continued to perform very well despite a variety of economic headwinds. In a few minutes I will discuss our broad geographic footprint

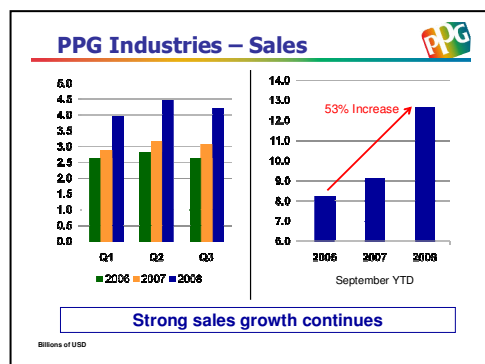
and wide reaching end-markets, all of which have allowed us to more than “weather the storm” both for the full year and as of late.

Our deliberate and consistent approach toward managing the company is rewarding us today. As an example, we ended the third quarter, during the middle of the credit crisis, in a very strong cash position with three times the cash on hand as commercial paper outstanding. Also, as we have done in the past, we have reacted quickly to slowing in a few end-markets, and in September announced cost savings initiatives aimed at reducing our cost base in businesses facing slower end-markets.

As I cover some of the results from our recently completed strategic actions, you will see that our past actions are providing more stability to the company in economic times such as today, plus more overall growth potential for the company regardless of the economic period.

Finally, we have placed high value on rewarding our shareholders as evidenced by our long track record of paying an increased annual dividend payment for the past 37 years. And, as you will see during my presentation, our past strategic actions have resulted in an extremely favorable step change in our cash generation level and consistency, which we expect will benefit our shareholders for years to come.

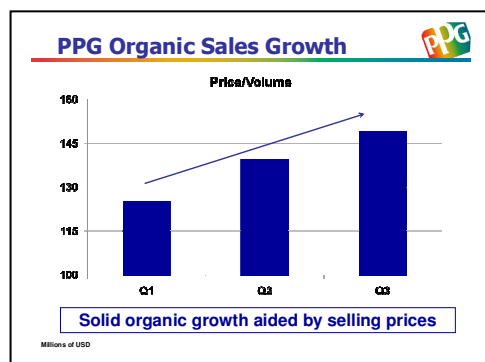
Now let me review our some of the details.



PPG Sales (Quarter and YTD)

Our 2008 sales results have continued a strong growth bias which began several years ago. Year-to-date through September, our year-over-year sales are up nearly 40 percent, with fairly similar growth rates in each quarter including the recently completed third quarter. As a matter of fact, since 2006, we have grown our sales by more than 50 percent which reflects strong organic results along with the successful integration of our acquisitions.

This growth has occurred primarily in our core businesses of coatings and optical. As you will see later, we have shifted our portfolio to these businesses as they have good earnings consistency and pricing power and they are not capital intensive. They are primarily variable cost based with upwards of 80 percent of the cost structure variable, meaning they are not volume dependent. Finally, technology is an entry barrier and our customers value new technology.

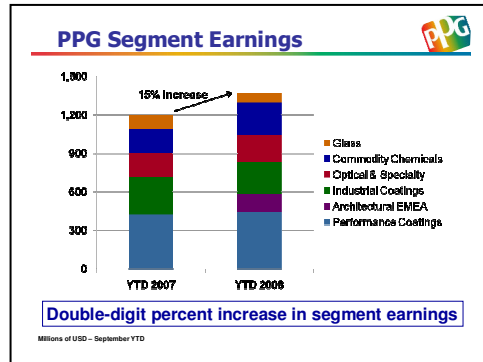


PPG Organic Sales Growth

This year our acquisitions, including SigmaKalon, remain a large portion of our growth, however we have also delivered solid and accelerating organic growth with price and volumes collectively up over 4 percent year-to-date through September. Our results accelerated in the third quarter as we grew organically by 5 percent aided by our largest quarterly

price increase in at least a decade. These pricing gains are a reflection of our successful efforts to recover higher raw material and input costs which inflated versus prior year levels. As we previously, we expect further pricing gains in the fourth quarter.

Equally important, pricing gains in our coatings businesses have historically proven resilient during deflationary times, and we expect the same general trend to hold true moving ahead.

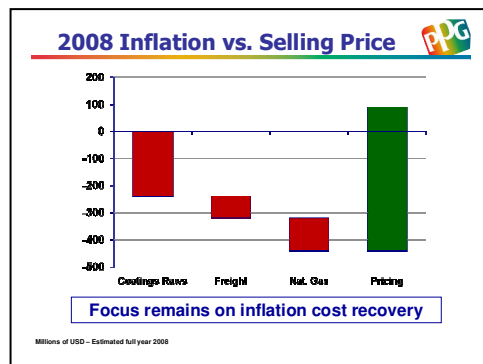


PPG Segment Earnings

In addition to sales growth, we have also delivered double-digit percentage growth in our segment earnings, with 2008 segment results up 15 percent. The combined percentage earnings growth in our core optical and coatings segments is up even more.

Key drivers which drove these results were continued organic growth in our Optical business as we introduced our new generation Transitions lenses, continued above trend growth in emerging regions, stable growth results in our Performance Coatings businesses, and the strong earnings performance from our SigmaKalon acquisition.

This growth is despite significant headwinds stemming from year-over-year inflationary impacts in coatings raw materials, freight and natural gas costs, and provides a true reflection of our broad coatings end-market presence, vast geographic coverage and the success of our pricing initiatives in many of our businesses.



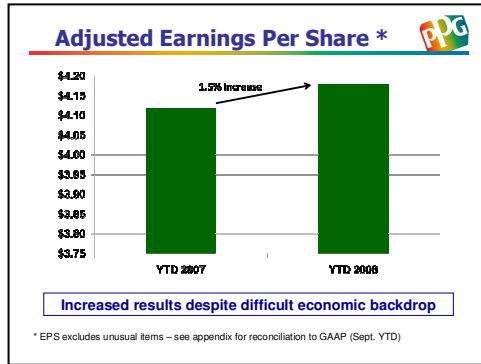
Inflation vs. Price Waterfall

Now I mentioned we delivered these results despite a variety of significant headwinds including higher input costs. On a cumulative basis, for the full year of 2008, we anticipate these three cost buckets will raise our costs by over \$400 million versus 2007. As we have discussed many times in the past, our coatings raw material costs, which are petroleum based, typically lag inflation or deflation in oil by about six months.

This lag is a result of our contracts with key raw material suppliers. The lag also allows us to work with our customers on securing selling price increases to offset the impacts of inflation. Given this lag our inflation rates moved up in the third quarter and, true to form, we delivered strong third quarter pricing gains with selling prices up by \$175 million in that quarter alone. We expect to deliver very solid price increases in a seasonally slower fourth quarter as well.

As you can see from the chart, our pricing efforts in coatings combined with strong Chlor-alkali pricing have allowed us to mute the overall impact from these inflationary pressures for the full year 2008.

Glancing ahead to next year, we expect to begin to realize the benefits from the significant decline in oil prices which began in the early third quarter.

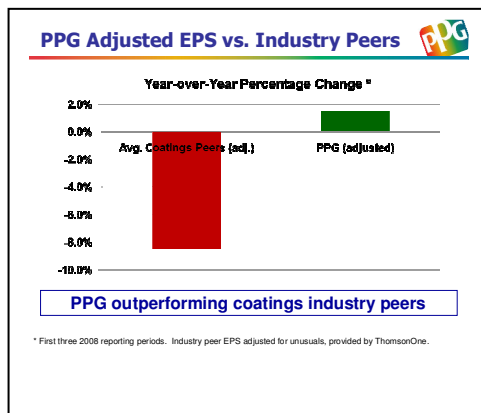


Earnings-Per-Share vs. Last Year

This growth in our segment earnings has translated in higher adjusted earnings-per-share. Our adjusted figure, excluding unusual items, is up by 1.5 percent. The appendix to today's presentation contains a reconciliation of our adjusted EPS number to the GAAP earnings-per-share figure.

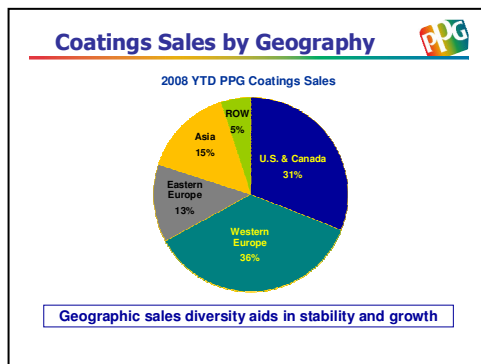
Now as with any year, there are a variety of moving parts in EPS, but one in particular I will mention. Our EPS beginning this year and in the future includes the SigmaKalon acquisition related amortization cost impact stemming from intangible assets. The total impact on a pre-tax basis is about \$80 million annually, or just over 30 cents per share.

That is a GAAP required impact, but as most of you know this is a non-cash earnings charge. Our 1.5 percent year-over-year increase includes the earnings reduction associated with this annual charge, so you can easily calculate how strong our year-over-year performance is on a cash earnings basis.




PPG EPS vs. Industry Peers EPS

Also, our adjusted EPS performance is more impressive when compared with the financial performance of other major global coatings companies. As illustrated our results for the first three reporting periods of 2008, again excluding unusual items, are well outpacing the adjusted average EPS as reported on ThomsonOne of the results of some other large, global coatings companies. This provides yet another important and measurable milestone of both the strength of our business portfolio and in the success of our strategic actions.

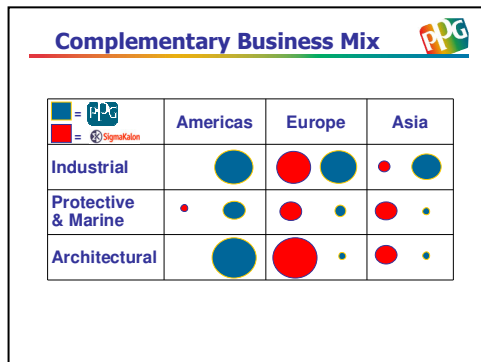
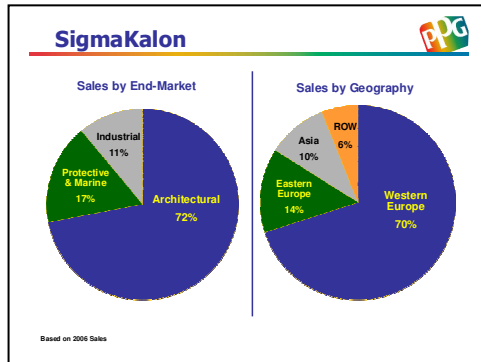


Coatings Sales Geography

One factor driving this outperformance is our geographic diversity, where we have the best geographic footprint of any global coatings company. Our coatings sales closely approximate overall global GDP by region. Also, you can see that we now have one-third of our coatings sales primarily in emerging regions. This diversity has allowed us to capture growth opportunities in each region, and provides stability when any individual region encounters slower growth.

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Agenda – Strategic Progress

So as you can see, we have performed well in 2008 in both sales and earnings, and I will discuss our strong cash generation later. This overall performance was based on the execution and success of our strategic actions, so let me spend a few minutes updating the status of our 2008 strategic actions.

SigmaKalon


The largest strategic initiative this year was our SigmaKalon acquisition. For those not as familiar with the details, prior to our acquisition SigmaKalon was the ninth largest coatings company in the world with just under three-quarters of the business focused in Architectural coatings, and other businesses in Protective and Marine coatings and Industrial coatings.

The business had virtually no U.S. presence so it was very complimentary to PPG from that perspective. Also it expanded PPG's already growing presence in emerging regions.

Complementary Fit

The business was extremely complementary to PPG's business mix as it supplemented our presence in the key markets of Protective and Marine coatings and Industrial coatings, and filled a sizable void by adding an architectural coatings business in Europe, the Middle East and Africa, places where PPG had virtually no presence.

We completed the acquisition on January 2nd of this year and we are either delivering or over delivering on every financial metric.

SigmaKalon Deliverables 

- Solid organic growth
- Surpassed 2008 synergy targets
- Incremental benefit – Inflation cost avoidance
- Actions underway - 2009 synergies
- Long-term debt secured - Q1, 2008
- Well ahead on debt repayment

SigmaKalon Deliverables

Looking specifically at some of the milestones, in 2008 the business has grown organically at high single-digit percents, including combined mid-single digit volume growth and pricing gains. The volume growth is being led by the double-digit percentage growth in the Protective and Marine business and stable, single-digit growth in the Architectural business.


We have coupled these organic top-line growth results with an overachievement versus established 2008 synergy targets. Our 2008 synergy target was \$50 million and we are on pace to deliver nearly \$60 million this year.

Additionally, we recently announced action plans relative to adjusting our European manufacturing footprint which, by itself, should deliver our entire 2009 synergy target of \$30 million, and we expect more in synergies in 2010.

In addition to the synergies, we were also able in 2008 to avoid raw material inflation increases in many of our coatings businesses including the acquired SigmaKalon businesses, due to our increased purchased power leverage. This cost avoidance was evident when comparing our raw material cost increases versus the overall increases in the coatings industry. Our estimates are that we avoided an incremental \$30-to-\$50 million through September due to this increased leverage with our supplier base.

Finally, but certainly important given today's credit markets, is that we completed our long-term financing of the acquisition. This financing was put in place in March under terms that are now very favorable, especially given the global credit issues today. Also, we committed to paying down \$350 million of debt in 2008, and through September, due to our strong cash generation, we have already paid down almost double or nearly \$700 million of debt.

So as you can see we have delivered, and in most cases over delivered, on our commitments as the businesses are performing well, we are realizing the synergies we promised, we locked-in the long-term debt, and are well ahead of our debt pay down schedule.

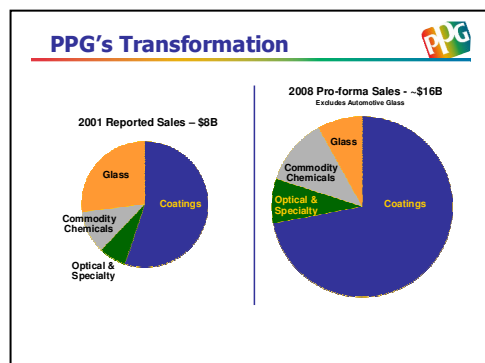
Other Portfolio Actions (2008) 

- ❖ **Coatings Acquisitions**
 - Industrial Coatings (Vanex) – Q3, 2008
 - Coil Coatings (BASF) – Q3, 2008
 - China Automotive Refinish (Bonny) – Q3, 2008
- ❖ **Glass Divestiture**
 - Automotive Glass – Q3, 2008

2008 Strategic Accomplishments

In addition to our successful integration of the SigmaKalon acquisition, in 2008 we have also completed several other bolt-on acquisitions. These include Vanex, a light industrial coatings business, a North American coil-coatings business we acquired from BASF and I will add at a very favorable price, and Bonny coatings, an automotive refinish business in China where our growth rates have easily been 3-to-4 times the growth rates in mature regions.

Also, as we committed to do, we finalized the divestiture of about 60 percent of our Automotive Glass business at the end of September. This divestiture decreased our consolidated sales in our Glass segment by half, with the remaining Glass businesses now accounting for only 8 percent of the overall company.



PPG's Evolution

As a result of this year's and our past strategic actions, PPG has considerably altered both the shape and the earnings consistency and growth capability of the company.


Looking back at 2001, we reported about \$8 billion in sales with a little more than half of the sales from our coatings and optical and specialty material businesses. Also although it is not displayed here, from a

geographic perspective, over 75 percent of our 2001 sales were in North America.

In 2008 we will have doubled the size the company to about \$16 billion in sales, and on a pro-forma basis excluding the recently sold auto glass business, our coatings and optical businesses represents over 80 percent of the company. Also, we have significantly expanded our geographic footprint as only about 45 percent of our sales are in the U.S. and Canada.

In addition, regardless on the outlook for global growth, most economic forecasts have emerging regions outpacing the mature regions next year and we are now very well positioned in these areas. Our geographic expansion has produced sizable and nicely profitable business in these emerging regions including Asia with nearly \$2 billion in sales, and Eastern Europe which is approaching one and one-half billion dollars.

This evolution of our company has allowed us to continue to grow sales and earnings this year despite the weakened state of several U.S. end markets, which is something we were not able to do in year 2001.

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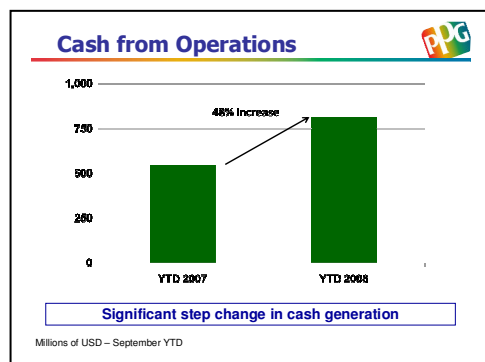
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Agenda – Cash & Liquidity

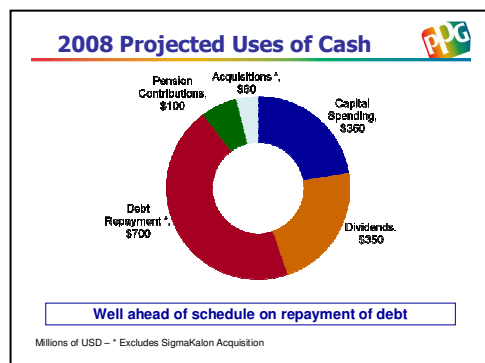
Now our transformation was critical toward building a company with more stability and high growth potential. In addition to growing in these areas, our actions have allowed us to realize a sizable, favorable step change in our cash from operations.

Cash From Operations

For the past several years we have generated about \$1 billion in cash from operations. This year, again as a result of our strengthened business portfolio, we are expecting to deliver a considerable increase from that level.



Through September our year-to-date cash generation has already surpassed \$800 million and is nearly 50 percent ahead of a solid 2007 performance. This growth is due to the strong cash generation of our portfolio, including the strong cash generation characteristics of our Chlor-Alkali business and the acquired SigmaKalon businesses.



Cash Uses


Now the priority of our cash uses have remained consistent. First we will likely spend about \$350 million in capital spending, excluding acquisitions. This is the same amount we spent each of the past two years, despite our sales increasing by nearly 40 percent. Next year we will likely spend around this same figure or slightly lower.

We have a long heritage of paying dividends, and that heritage also includes increasing our annual dividend payout. We will pay about \$350 million in dividends this year, 2 percent greater than 2007. In addition, true to form, we announced yet another dividend increase just six weeks ago.

Another use of cash has been debt repayment and pension funding. When we completed the SigmaKalon acquisition we committed to repaying \$350 million of debt and we indicated earlier this year that we would likely make pension contributions of between \$100 and \$150 million.

Through the third quarter, we contributed about \$100 to our pension plans, including about \$50 million of that relating to our U.S. plans. Regarding our debt payments, as I mentioned earlier we are well ahead our commitments as we have repaid nearly \$700 million of debt through the first nine months of this year. So our total debt and pension contributions should total about \$800 million.

Our last two cash uses are acquisitions and share repurchases, and, excluding the SigmaKalon acquisition, we have had only nominal cash outlays in these two areas. I will discuss our 2009 outlook for cash in a few moments, but first let me discuss our overall liquidity position given this has been a investor focal point for most companies.

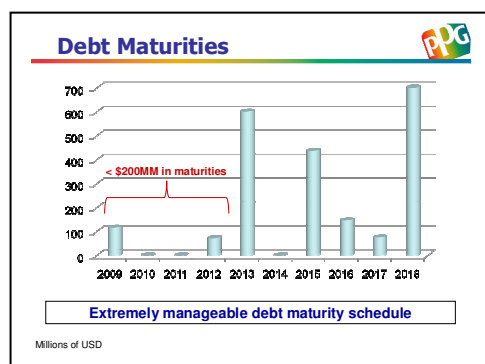
Liquidity	
❖ \$600 Million - Cash	
❖ \$200 Million – Commercial Paper	
❖ Zero Drawn on U.S. \$1Billion Revolver	
❖ No Significant Long-Term Maturities	
Financial flexibility remains	
<small>As of September 30, 2008</small>	

PPG Liquidity

As you would have expected from PPG, especially given today's credit markets, we have been very proactive in managing our liquidity. Our focus remains on keeping financial flexibility. To that end, we concluded the third quarter with \$200 million of commercial paper, but three times that in cash on our balance sheet. We were deliberate with our abundance of cash as the credit markets were and remain somewhat tenuous.

Looking at our other shorter-term debt, we have about \$400 million in use from a variety of European banking facilities and this is generally available to us for several years. We have nothing drawn on our \$1 billion U.S. revolver, and that would be very unlikely we would use this given our current financial flexibility and strong cash generation. I will review our debt maturities in a minute, but let me quickly say they are very manageable.

As you can see we maintained tremendous financial flexibility. Our current view is to continue to keep excess cash until we are able to see the future shape of the credit markets more clearly. Also, I will remind you, that our fourth quarter is traditionally an excellent cash generation quarter for us, so this should aid us in further improving our cash position.



Debt Maturities

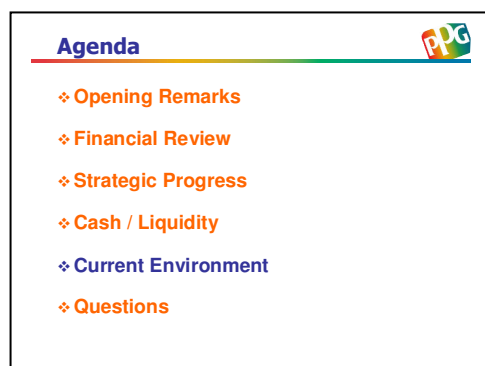
Looking out a little further, you will once again see that we have preserved our financial flexibility well into the future. We currently have only nominal amounts of debt maturities over the next several years, with \$116 million due in 2009 and nothing else due until 2012 when we have just about \$70 million.

Finally, relative to potential cash uses is potential pension funding. In 2009, PPG has no mandatory pension contribution for our U.S. plan. However, given the new requirements under the pension protection act, for us to remain a voluntary contributor in future years, it may require a pension contribution in 2009 to be in the range of \$250-to-\$350 million. I will remind you that pension contributions are tax deductible, so that the net cash impacts are typically only about 60 percent of the contributed amount.

Therefore, for 2009, under the most extreme circumstances, that is a voluntary pension contribution at the upper end of our projected range, repayment of the \$116 million in debt maturities and, if we opt to, full repayment of the \$200 million in outstanding commercial paper as of the end of September, our 2009 after-tax cash committed to debt and pension payments would still be nearly 30 percent less versus what we will have paid in 2008.

So you can see we feel very comfortable in our abilities to service these needs in 2009, and this is even before we touch the cash we currently have on the balance sheet.

Now just quickly a few of my personal comments on the commercial paper markets, because I know many have of you have been inquiring. The overall markets have remained volatile, but there have been windows which have presented opportunities to secure commercial paper. I would characterize the overall markets as somewhat improved versus what we were experiencing sixty or even thirty days ago.



Agenda - Current Environment

Now let me conclude by giving you an update on the current environment as we see it, and also answering a few of the questions that investors and analysts like P.J. have been asking.

Certainly anyone who reads any of the business journals knows that overall global economic activity has worsened. Generally speaking, the construction markets had been negative for some time, and most of

that pain had already been realized. Most of the current activity declines are in the industrial and energy segments and this is being further exasperated by the credit issues in the financial sector.

One of the main drivers in the industrial segment decline is the liquidation of inventories. We believe inventories are being liquidated for several reasons including; slowing consumer demand, the natural seasonal inventory draw down you see this time of year, a further draw down as inventories remain one of the most expedient means to get cash, and management decisions to eliminate higher cost inventories with the expectation of deflating input costs in 2009.

Relative to PPG, we are very close to the end customer. Therefore if you look at our third quarter financial performance, specifically in our Industrial businesses, we felt the impacts of many of these factors. Many companies who are further up the supply chain, who were not as impacted last quarter, are now beginning to see these impacts in an even more dramatic fashion.

Our expectation is for this to continue, however, the inventory draw down, in our opinion, has already or very soon will likely exceed the drop in consumer demand. That being said, we expect consumer demand heading into 2009 will be lower than this year.

Now another question P.J. asked us to address is what we are doing to manage in this environment. As you would have expected from PPG, we have reacted quickly. As an example, the U.S. automotive business dropped significantly beginning in August. By mid-September we have already announced restructuring focused on closure of several U.S. facilities, including the closure of one of two automotive OEM coatings facilities along with the elimination of technical and selling professionals. In addition, we are closing other assets in several other businesses where we have or expect to see moderation in volumes. The net result of our announced restructuring is about a \$100 million cash outlay which is expected to deliver \$100 million annual savings. The saving will be between \$50-to-\$60 million in 2009 and an incremental \$40-to-\$50 million in 2010.

Also, although we remain in a very strong cash position, similar to most companies we have placed further scrutiny on all capital spending, and expect our capital spending will be no more than our 2008 level, and likely at least a 5 percent decline.

Now before I paint a picture that is only pessimistic, let me state that as we peer into next year we should be beneficiaries of the falling energy costs. As I noted earlier, for the full year of 2008 we will incur about \$400 million of cost inflation versus 2007, driven primarily by higher energy costs. Energy costs today have fallen below 2007 levels, so our expectation is to claw back 2008 raw material cost increases during 2009, as our suppliers input costs drop and they experience very low volume levels. We typically get immediate benefits from lower natural gas and lower freight costs as we are direct purchasers of these.

As we enter 2009, it will certainly be a challenging environment, one that we have already anticipated and prepared for. However we think that these all challenges, and then some, are fully baked into our current stock price.

Now with the time remaining, I will take any questions.

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