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PRESENTATION

Bill Hernandez - *PPG Industries, Inc. - SVP and CFO*

Why don't we get started, okay? Good morning, everybody, and thank you for your interest in PPG. I'm Bill Hernandez, I'm Senior Vice President and Chief Financial Officer of PPG. With me today are Chuck Bunch, our Chairman and Chief Executive Officer. Also in the back is Vince Morales, our Vice President of Investor Relations.

Now before I begin, let me remind everybody that parts of today's presentation do contain forward-looking statements reflecting the Company's current view about future events and their potential effect on operating and financial performance. Those statements involve risks and uncertainties that could affect the Company's operations and financial results, as discussed in the Company's SEC filings and I would refer you to the safe harbor statements therein.

Also, we'll be reviewing several non-GAAP financial metrics, as we believe these metrics provide important information relative to the Company's financial statements. We've included in the appendix of the slides accompanying today's presentation reconciliations of these non-GAAP metrics to the most applicable GAAP financial metric. The presentation slide packet is available under the Investor's center under our website at www.ppg.com.

This morning, I'm going to review our first quarter financial performance, including an overview of our full-year cash projections and plans. Then Chuck will follow with an update on PPG's transformation and strategic progress. He'll also discuss current growth trends and our views on today's economic conditions.

Let me begin by discussing our sales growth in the first quarter. During the quarter, our sales increased by about 40%. Our organic growth was driven by a solid growth in the emerging regions and by some of our high-growth businesses. Chuck will discuss some details on these dynamics later.

The composition of our total sales growth was broad-based with price and volumes combined contributing about 5%. Our currency added about 6% and acquisitions added 30%, driven primarily by our SigmaKalon acquisition. Equally important and to further demonstrate the resilience of our business portfolio is that 11 of our 13 business units delivered organic growth during the quarter. Also, looking at our coatings and optical segments combined, they grew by over 50% in the quarter.

Then moving to our earnings per share for the first quarter, our adjusted EPS from continuing operations, excluding unusual items, was $1.07. This compares to $1.09 from the first quarter of 2007. Looking at the details supporting these numbers, both years were favorably impacted by non-recurring tax items, as 2007 benefited by $0.10 per share while 2008's favorable impact was $0.03 per share.

Our underlying earnings per share, excluding these tax benefits, was $1.04 in 2008 versus $0.99 in 2007, or over 5% growth. This growth outpaced many industrial companies' performances and occurred despite the difficult economic backdrop, which included a very challenging US residential construction market and overall weakening in a few other industries and some regions.

We were able to deliver this performance due to growth in our business segment earnings, which increased 17%, excluding non-recurring acquisition costs. Every one of our business segments were either flat or increased earnings. In each business, we more than offset slower or declining end-markets with strong results due to our geographic diversity, strong pricing gains, or continued growth performance in several of our growth platforms, which Chuck will discuss.

Now our mid single-digit earnings growth is certainly a positive in today's environment. However, another metric we monitor is our earnings before interest, income taxes, depreciation, and amortization -- our EBITDA. We believe this financial metric clearly depicts how fast the Company's businesses are growing as it eliminates several non-cash elements of earnings.

During the past quarter, our EBITDA, excluding unusual items, grew by about 30% or on an absolute basis, about $100 million for the quarter alone. What's impressive about this growth is that it occurred in what has traditionally been one of our seasonally slowest quarters of the year.

Again, in our opinion, this metric reflects the true earnings growth on our businesses. Also, another reason we like to measure EBITDA growth is that it more closely approximates our business' contributions towards cash generation. And those of you who follow PPG know we have and continue to place very high emphasis on cash.

We have a long history of strong cash generation and diligent deployment of this cash to grow the Company. Also, the SigmaKalon business we acquired is a very solid cash generator and we expect it to nicely supplement our cash generation. In the first quarter, our cash generation increased by about $150 million versus the same period last year.

Let me provide you with our current forecast of full-year cash uses. First, we are keeping our businesses healthy and in round numbers, we expect our needs to equal about 2% or 3% of sales to fund all capital spending requirements, both for maintenance and organic growth.

Next is our focus on debt repayment. With the acquisition of SigmaKalon, our debt to total capital is about 50%. That's roughly equal to the level where we were following our 20 or so acquisitions in the late 1990s. In a similar fashion to that time period, we are focusing on paying down this debt level in fairly short order and anticipate paying down between $250 million and $450 million this year with equivalent paydowns in both 2009 and 2010. When we complete this, it will put our debt to total capital ratio about 40%, in-line to our target range. Naturally, this will also reduce our interest expense, thereby increasing our earnings per share.

Our third use of cash is our dividend. PPG has a long legacy of shareholder payments and this year will be no exception. And while we cannot provide finite details on our full-year dividend as our dividend payments do require Board approval, let me just say that PPG has increased its dividend payments for 37 consecutive years and this is a heritage that we are extremely proud of at the Company.

The full-year financial modeling in the first quarter, we paid $85 million in dividends. If you annualize that figure, you get approximately $350 million. Again, not taking into account any increase this year. This annualized figure represents just under a 5% increase versus 2007 dividend payments.

Next, our acquisitions. And while we continue to review a variety of acquisitions, we expect this activity for the remainder of the year to be fairly modest and bolt-on in nature. Last, our share repurchases. And while we currently have about 4 million shares remaining in our current share authorization, our current forecast on cash use for share repurchases in 2008 is primarily to offset dilution.

I'll wrap-up my discussion on cash by reiterating that in 2001 in an economic climate very similar to today and following a variety of coatings acquisitions by PPG, we sharpened our focus on cash generation and delivered one of the best cash generation years in company history despite the 2001 recession.

This year, after completing over a dozen acquisitions in the past few years including SigmaKalon, which is already a strong cash generator, we are once again driving cash performance for our businesses and expect to deliver on this metric once again.

Now, to summarize our financial results, we grew sales considerably, and with the exclusion of some of the unusual items I mentioned earlier, grew earnings per share by 5% and EBITDA by about 30%. Certainly, a very solid performance. Also, we delivered strong cash generation as well. This performance was achieved despite a series of headwinds in the quarter and reflects the resiliency and breadth of our business portfolio. And now, let me introduce Chuck Bunch to discuss our strategy in business in further detail.

Chuck Bunch - *PPG Industries, Inc. - Chairman and CEO*

Thank you, Bill, and it's great to see all of you here today. This morning, I'd like to give you some perspective on how much PPG has changed in the past several years, give you some of our thoughts on the current global economy, a view on our recent and potential growth, and an update on several of our strategic initiatives.

And before I begin, however, I'd like to re-emphasize a key point that Bill just made. One of our common goals for each and every one of PPG's businesses is cash generation. Following our last round of acquisitions in the late 1990s, PPG focused on maximizing the business performance of those acquisitions to bring their financial results in-line with PPG's historical standards and then, we placed further emphasis on cash generation and subsequently delivered very positive results.

We are doing the same now and as an example of how important we're viewing cash generation, we've recently modified our executive's compensation to give additional priority to working capital improvements. Again, as Bill said, our initial use of this cash is to pay down debt, which will make us financially flexible more rapidly, enabling us to pursue further earnings growth opportunities for our shareholders. We are confident in our abilities to achieve these targets.

One of the reasons for our confidence is that we have become a more focused coatings and specialty products company. This deliberate shift in our portfolio is a result of actions we've taken over the past several years. As a result, more than 80% of the Company is now focused on coatings and optical and specialty materials versus 2001, when these businesses accounted for slightly more than 50% of the Company.

Coatings and optical and specialty materials have delivered and will continue to provide superior margins and consistent growth opportunities. These businesses are very strong cash generators and today we are a stronger, more resilient company as proven by our financial performance given the current business climate.

The strategic changes we've made have also significantly altered our geographic footprint, so that now only about 45% of our sales are in the United States and Canada. Just two years ago, this figure was about 70% and it was around 75% in 2001 during the last economic downturn. This enhanced geographic footprint was implemented to achieve exactly what we are now experiencing, and that is the ability to continue to drive growth despite economic headwinds in certain markets or regions.

Our largest group of businesses, coatings, has even more diversity with only about one third of sales in the United States and Canada. We believe this geographic reach is the broadest in the industry and again, a direct result of our strategic direction over the past several years. Of equal importance is that this global footprint allows us to fully exploit growth opportunities no matter where in the world they are occurring.

As an example, our sales in Latin America last year exceeded $500 million, up significantly versus 2006, and our growth in the first quarter approached 20% with solid economic performance of several Latin American countries as an underlying factor. Additionally, we are achieving similar growth rates in Asia, but with a much larger business.

Our transformation has also dramatically changed our end-market business mix. As we enhanced our global scale, one of the byproducts is the reduction of our exposure to any individual end-use market or region which limits negative impacts to our sales and earnings when a region or end-market cycles down.

There is no better illustration of this than the US construction and automotive OEM end-markets. Combined, our US and Canadian businesses in both architectural coatings and glass along with our automotive OEM coatings and glass businesses represent only 15% of our company's reported sales today. This is down considerably from 2001.

With a stronger portfolio, we are better equipped to withstand individual end-market weakness. In the first quarter of this year, the residential construction market remained mired in deep recession here in the United States, down nearly 30% with no immediate signs of a recovery. Partially offsetting that weakness was a stronger, non-residential construction market. Meanwhile, soft consumer sales along with a strike in North America of a key General Motors supplier contributed to a nearly 10% drop in US automotive production.

Now, PPG's combined volumes and our businesses serving these markets did decline, but by only about 5%. However, we generally outperformed these end-markets. This was due primarily to our broad customer base in automotive OEM, our innovative, value-added products serving the commercial construction market, and continued strength in our architectural coatings national accounts channel.

More telling, however, is if you look at PPG's business in this region as a whole, our first quarter volumes were essentially flat year-over-year. We fully offset the impact from these weak markets with very strong performance in other parts of our domestic business portfolio, including aerospace, optical, and protective and marine coatings.

So as is evident, our past actions in our US business portfolio have, in fact, created a much improved domestic business. While our performance in this region was stable, elsewhere we have continued to deliver very consistent growth. Our growth rate outside the United States and Canada, which represents about 55% of our total company, averaged about 6% in the first quarter. We continue to see a solid -- albeit slightly slowing -- European economy.

Both the Asian and Latin American regions remain very strong in general and as I mentioned earlier for PPG specifically, both regions grew nearly 20% organically. So as you can see, the transformation of our company has enabled us to deliver growth today.

Looking ahead, the second quarter business activity trends for PPG are generally similar to what we saw in the first quarter. We continue to see solid growth rates outside the US and the US market remains somewhat challenging, but we are managing it effectively.

Another element of today's economy that we're managing is inflation and more specifically, energy costs. This is an important topic for most global industrial companies and PPG is no exception. Our first quarter energy costs rose by about $25 million versus the prior year, primarily due to higher natural gas prices. We also experienced $20 million, or 2%, in inflation from coatings raw materials, many of which are petroleum-based.

Also, our freight costs increased by about $20 million due primarily to higher fuel costs. We also experienced other, more traditional inflationary costs of approximately $15 million, including labor and benefit costs. In total, our inflation was about $80 million, which included $65 million stemming from energy costs.

Fortunately, we anticipated these increased costs and implemented pricing initiatives that offset just under $70 million, or about 85%, of this inflation. In hindsight, however, we were not successful in offsetting all of the freight increases since diesel costs shot up around 50% year-over-year in the first quarter.

While I'm pleased with what we're achieving in terms of passing costs downstream, we must continue to remain vigilant and focused on securing additional pricing through the rest of the year as energy costs continue to be volatile. We expect our second quarter coatings raw materials inflation to be between 2% and 4%, which is the same range we provided when we released our first quarter earnings in April.

Our second quarter natural gas costs should be approximately $10.50 per MMBTU including favorable impacts from prior hedging transactions. This unit cost is up about 35% over last year. This quarter, we have successfully implemented a variety of pricing actions in many of our businesses.

Looking ahead to the second half of 2008, we currently have about one third of our natural gas needs hedged at about $8.50 per MMBTU, although current market prices for the remainder of our needs remain high. For coatings raw materials, we are currently negotiating these prices and believe that our second half range will be slightly higher, between 4% and 6% year-over-year.

The range of raw material inflation differs by geography with the US range higher and the ranges in other parts of the world generally lower. This is yet one more example of how our broadened geographic diversity is aiding our results.

We are currently working on additional pricing initiatives with our customers to offset this inflation impact, which we did very successfully in the past, including just a few years back when inflation rates were actually much higher. The additional challenge today is some end-markets are weaker. As you know, we have a business that has historically -- and is once again -- serving us very well during high inflationary periods.

Our chlor-alkali commodity chemicals business has and continues to perform very well. Using the early part of this decade as a benchmark, industry capacity is down double-digit percentages with fewer yet more financially healthy and rational participants. Also, rising exports supported partially by a weak US currency provide increased industrial activity, which is another positive for this industry and PPG.

For PPG, our overall pricing remains solid and has advanced since mid-2007 and we have announced future price increases for the third quarter. Also, this business remains a stellar cash generator in our portfolio delivering nearly $1 billion in cash over the past four years and we already like the cash trend in 2008.

Our performance has also been driven by several key businesses and regions; we call these growth drivers. These high growth drivers are aerospace, optical, and protective and marine coatings businesses combined with our Asian, Eastern European, and Latin American regions. Today, these drivers with high growth potential are approaching 40% of our total company in terms of sales and in the first quarter averaged organic volume growth of slightly below 15%. Once more, as we look at the markets and regions served by these businesses, the future looks equally promising.

To further demonstrate the significance of the strategic changes we have made, in 2001 these growth businesses and regions represented a fairly small percentage of our sales. And at that time, we were about an $8 billion company. In 2008, these businesses and regions alone will account for between $5 billion and $6 billion in sales, or roughly two thirds of our full-year 2001 PPG reported sales for the entire company.

The significant growth in these businesses and regions has dramatically improved both the composition of the Company and our ability to continue to deliver solid performance. Today, each of the three business units is at or near $1 billion in annual sales. Also, our Asian region is well over $1 billion and rapidly approaching $2 billion. And both Latin America and Eastern Europe will easily surpass $500 million in sales this year.

So each growth opportunity alone is sizable, but more importantly they exhibit growth potential for different reasons. For example, growth in protective and marine coatings is partially due to increased global trade and infrastructure investment while Latin American growth is partially based on the improved economic stability specifically in that region. Given all these favorable dynamics, we anticipate these growth drivers will continue to deliver for PPG.

One of our more exciting businesses is our optical business and specifically, Transitions Optical. This is a business that is technology-based, so it has high barriers to entry. It also has a very high degree of brand recognition from the end customers. Our growth in this business has been exemplary. The business did not exist in PPG 20 years ago and today it is by far the largest portion of our $1 billion optical and specialty materials segment, which if you look at the financial metrics is PPG's best-performing segment.

From the beginning, and certainly in the past several years, we have consistently grown this business at double-digit percentages and this past quarter was equally successful. During the past quarter, we rolled out our new-generation product, Gen VI, which was widely accepted. As a matter of fact, we achieved top-line growth of 25% in the United States, our largest sales region.

To build on our success and further promote our brand awareness, we recently announced a four-year sponsorship of a PGA event in the Tampa area titled The Transitions Championship For Healthy Sight.

Also, an initiative to drive Transitions' growth is our continued consumer advertising. And in case you haven't seen it on TV, I'd like to play our new commercial for you. This commercial, which we used to launch our Gen VI product, has helped generate the very positive results you've seen for our optical and specialty materials segment in the first quarter and during the rest of 2008.

PPG's aerospace business has been a market leader for many years and remains one of our best and most-consistent growth drivers. Like optical products, aerospace is a technology-based business. PPG is uniquely positioned based on a balanced portfolio of coatings, sealants, and transparencies. We equally serve both the OEM and after-markets as well as military programs. And in addition, we are well-positioned for the new OEM programs such as the Boeing 787 Dreamliner, where our content is more than double that of any previous platforms or programs.

The protective and marine coatings business is seeing tremendous growth based on rapidly expanding global needs in the marine cargo and energy industries. In fact, our sales over the past several years have grown dramatically. However, this was admittedly done on a much smaller base.

With the acquisition of SigmaKalon, our protective and marine coatings business is now on the map and a solid number two in the world. We have now more than doubled the size of the business and we are now a clear leader in this market and in many segments.

And in emerging regions, we're seeing strong growth in Asia, Latin America, and Eastern Europe with each region delivering solid profitability. In total, our business in emerging regions is nearly $3 billion. Once more, we believe we continue to be well-positioned to take advantage of future opportunities for growth.

Clearly, our future will be determined and will be enhanced by our recent acquisition of SigmaKalon. The integration of SigmaKalon is slightly ahead of schedule. And of equal importance, we have not encountered any negative surprises during the process. While a great deal of work remains to be done, I am confident that the integration team will keep us on track.

Our first year's synergies target remains from $25 million to $75 million with somewhere in the middle of the range the most likely outcome. By the third year, we expect total synergies to be between $75 million and $125 million. We're shooting for the top of that range, which I believe is achievable.

In addition to synergies, this acquisition has enabled us to mitigate cost increases. Admittedly, this number is more ambiguous and as such it was never included in our original forecast, but it is completely incremental. In the first and second quarters combined, we likely mitigated raw material cost increases of between $20 million and $40 million due to the increased volume leverage with our supplier base. This figure for the remainder of the year is dependent upon future supplier negotiations.

Another item is in the area of capital spending. Due to our increased manufacturing presence in certain European regions -- specifically, the strong presence of SigmaKalon in Poland -- we were able to avoid constructing a Greenfield coatings facility for PPG, which saved us between $20 million and $30 million. So as you can see, this acquisition is paying immediate benefits and that is before we even discuss the performance of the business. SigmaKalon's business performance to date has exceeded our original estimates in virtually every set of updated financials since we announced the deal.

When we finalized the deal, we announced a separate reporting segment named Architectural Coatings Europe, Middle East and Africa to show the results of the architectural coatings business in this region, which represents the majority of the acquisition at just less than 75% of SigmaKalon's sales. We did this with the intention of providing transparency to our shareholders regarding the ongoing performance of this, the largest acquisition in the Company's history.

In the first quarter, sales for this new segment grew by just under 20% versus last year, including low to mid single-digit growth in both volume and price coupled with currency gains. In the second quarter, the economic backdrop remains fairly similar as some countries in Europe -- mainly Spain and Italy -- continued to experience a construction slowdown, but our business has minimal exposure there.

The United Kingdom, which represents about 10% of our architectural business in Europe, also remains soft and our activity level has been flat there year-to-date through May. We have experienced growth in other European regions including our business in Eastern Europe. In addition to architectural coatings, the SigmaKalon acquisition strengthened our global protective and marine and industrial coatings businesses and supplemented our Asian architectural business.

And while the business results for these end-markets are not stand-alone, but instead reported within PPG's other coatings reporting segments, the growth results were equally impressive. These favorable results were partially driven by excellent growth in our protective and marine coatings business. Overall, we expect the SigmaKalon acquisition to meet or exceed the overall financial metrics we set forth in January.

Now we have one last subject to cover this morning. As you know, in 2007 we announced an agreement to sell our automotive glass and services businesses. In January, the sales agreement with the buyer was terminated and since then, we have completed a variety of actions in preparation to remarket these businesses with the target of a transaction of remarketing it by mid-year and we remain on schedule to do so.

We will likely be discussing a variety of different transaction possibilities or structures for this business with the end result being that PPG is provided with a proper value for these businesses. Looking ahead, I am encouraged about the prospects for completing a transaction this year. Naturally, we will provide any updates on this as they become available.

Now, you all know that this is a very dynamic economic environment marked by slowing growth rates and rising energy costs in the US and rapid growth in developing regions. However, as you can see, all of our strategic actions the past several years have helped us to reshape the Company, not only to provide growth opportunities, but also to be better equipped to continue to perform during these changing economic times.

More importantly, we're continuing along this direction. We are continuing to enhance our geographic presence, strengthen our portfolio, and optimize growth opportunities. The financial results Bill reviewed earlier provide measurable proof that these steps are delivering their desired effect today. Overall, we believe that our recent strategic actions and those to come will provide growth for PPG and its shareholders.

And now with the time remaining, I'd be happy to answer any questions you may have. For the people in New York, I ask that you wait until you have a microphone before asking your question. That way, people on the teleconference and webcast can hear your question.

(OPERATOR INSTRUCTIONS)

The teleconference moderator will manage the cue. And for those of you listening to and watching our live webcast, please submit your questions in writing in the webcast window allotted for questions. Don, Don Carson?

QUESTIONS AND ANSWERS

Don Carson - *Merrill Lynch - Analyst*

Chuck, if you look at the slide on the top of page seven where you outline the offset between PPG prices and cost inflation, you offset about 85% in the first quarter. How do you see that unfolding in the second quarter and the second half? With the acceleration in energy costs, is there going to be more of a lag in offsetting that?

And then, a specific coatings raws questions. You talked about -- in the next slide -- about the benefit of your international exposure. I know Sherwin Williams has talked about say 8% raw material inflation on coatings in the US. Would you agree with that number?

Chuck Bunch - *PPG Industries, Inc. - Chairman and CEO*

Well, I'll take the first question. Let's look at the US energy markets. As you know, in the chlor-alkali business, which is one of our bigger domestic businesses, we are aggressively now attempting to increase prices. There have been a number of price increases announced, especially on the caustic soda side, which is the stronger part of that molecule, and we are aggressively trying to offset the inflationary impact there.

On coatings raw materials, obviously, we're in discussions right now not only with our suppliers who are attempting to pass through increases, but with our customers. We have been successful over the past few years in offsetting much of this inflation. We expect that we will be able to obtain price increases whether there is some lag or a month or a quarter. I think that's not our objective to see a lag, but we are attempting to recover all of that. Whether we will be completely successful, I'm not sure at this point.

In terms of your question about where do we see coatings raw materials increases, I would agree with your characterization of the US raw material increases. They're going to be the highest. At least at this point in 2008, what we have is escalating oil and natural gas prices in North America plus a very weak dollar, so our coatings raw material increases for the second half will be in the high single-digit range in North America.

Probably in the low to mid single-digits in Asia and Latin America and probably certainly the lowest in Europe for the balance of this year because they've benefited from what I would call the strength of the Euro. Plus, some of the export into that region because of the high Euro I think has kept down some of the price increases. So I would say the biggest issue remains coatings raw materials in North America; less of an issue in other parts of the world.

Don Carson - *Merrill Lynch - Analyst*

So just a follow-up, then. So that 85% offset, you would see that that gap would widen somewhat in the Q2? Is that what you're saying? And then close in the second half?

Chuck Bunch - *PPG Industries, Inc. - Chairman and CEO*

I would say we certainly feel that we can recapture that type of an increase. Whether we can do that on a real-time basis so that there is no degradation in the offsets to our margins, I'm not sure yet. I think this is happening as we speak. That's our target to get to at least 85% and I think I'm most confident on the chlor-alkali side. I think there may be some lags in terms of what we receive, in terms of implementation and what we're able to pass on to our customers on a coatings side.

P.J. Juvekar - *Citigroup - Analyst*

Thank you, Chuck. I've got one question for Chuck and one for Bill. One for Chuck, can you talk about the automotive OEM business? We know it's down, but do you have any significant exposure to the recently shutdown clients in North America for trucks?

Chuck Bunch - *PPG Industries, Inc. - Chairman and CEO*

Yes. If you look in the first quarter, production in North America was down 10%. It's probably actually a little weaker than that in the second quarter because of the American Axle strike. We do have some exposure now because of our industry position where we're serving all of the customers. So we do have some impact with the announced shutdowns that have been announced by General Motors, in particular, and also potentially at the other manufacturers. But I would say our impact is not disproportional to what is going on overall in the market.

P.J. Juvekar - *Citigroup - Analyst*

And Bill, can you talk about the buyback? [Slack] has come down and would be an interesting opportunity to buy the stock, but now you're talking about debt paydown. Maybe, you know -- .

Bill Hernandez - *PPG Industries, Inc. - SVP and CFO*

What we said was as long as we can be paying down debt at the level that we feel comfortable with, we'll entertain stock buybacks. The main thing is we want to get down to close to that 40% target range within three years. So I think as we become a little more comfortable with that, we'll entertain stock buybacks.

What we did say is we will buyback stock to offset dilution, but in terms of a plan going forward -- an announced plan -- we haven't done any of that. But that will be under consideration as we make better endroads. We are paying down debt pretty well so far this year. We'll see how things go throughout the remainder of this year.

P.J. Juvekar - *Citigroup - Analyst*

And what is the increment of cash flow that you get from SigmaKalon? Is that in that range of, what, $400 million or $500 million?

Bill Hernandez - *PPG Industries, Inc. - SVP and CFO*

What we've said is on an ongoing basis SigmaKalon is going to increase our cash flow by about 25% to 30% annually.

Chuck Bunch - *PPG Industries, Inc. - Chairman and CEO*

David?

Unidentified Audience Member

Thank you, Chuck. On Transitions, would you expect any impact from the pressure on the consumer that we haven't seen in the past, but going forward? Would you likely see any pressure?

Chuck Bunch - *PPG Industries, Inc. - Chairman and CEO*

I would think that even a product as successful as Transitions is still driven by consumer spending, so I would think that if the current economic conditions continue we may see some curtailment of spending activity. Now in in terms of eyewear, it is both a consumer product and a healthcare product, so many times that is one of the last products that a consumer would sacrifice. If they need a new pair of glasses or a new prescription, I think that's one of the items that they would preferentially buy.

But I would tell you that I don't think that Transitions or any consumer product is exempt from a severe economic downturn that we haven't seen so far. And I would say that eyewear has held up fairly well this year and obviously, we have strong growth in Transitions even in a very weak economic environment where the consumer is sitting out a little more than we've seen in the past.

Unidentified Audience Member

And just on chlor-alkali longer-term, three to five years. Is it in the portfolio, so you think, or not?

Chuck Bunch - *PPG Industries, Inc. - Chairman and CEO*

Three to five years. I think we have said and will said today as we've said in the past, we are open to looking at any opportunities or transactions that would create shareholder value. We have not been able to this point to find a transaction that fits that. As you know, we have a very low tax basis and we need something that either from a structural or a value standpoint that will enhance value for our shareholders. And if presented with the right opportunity, certainly we would look to that.

Three to five years? I would tell you that I would hope that we would be able to have a transaction during that five-year window that would allow us to focus more completely on coatings and optical and specialty materials. Yes?

Unidentified Audience Member

I just want to go back to your volume comment to make sure I understand what's behind the numbers. In the first quarter, you talked about 40% of your business -- kind of the growth part of your portfolio -- growing at about 15% and I think you talked about the 15% of the business that's exposed to the automotive and construction market declining about 5%. So if I do my math right, there's another 45% of the business that declined about 12% in volumes in the quarter. Can you give us an idea of what those businesses were and what the outlook for them is in the second quarter and the balance of the year?

Bill Hernandez - *PPG Industries, Inc. - SVP and CFO*

Can we go back to that slide? Vince, are you going to -- ? I'm not sure I understood completely. Vince, are you going to -- ? This is Vince Morales, our VP of Investor Relations.

Vince Morales - *PPG Industries, Inc. - VP - IR*

The growth of our emerging regions, as you mentioned, was close to 20%, or 40% of our profile in some of our growth drivers. We did see weakness in some of our US businesses, which we articulated on the slides, with respect to automotive OEM US, architectural US. We also saw, due to some difficult comparisons in Europe, some weakness in our automotive refinish business, which last year in 2007 first quarter we released a new technology into the marketplace and so our volume growth last year in first quarter 2007 was up close to 10%, certainly exceeding market trends.

And that difficult comp this year was the reason why we've seen some declines year-over-year. So those are the biggest -- the US automotive, the US construction, and the difficult comparison in our European refinish business for the biggest declines we had.

Unidentified Audience Member

I'll have to circle back with you on that because that still doesn't make sense to me in terms of math. But let me move on to the second question. You talked about the auto glass business, which you're going to try to sell, I guess, starting this summer. Can you remind us when it was put on discontinued ops and when are you going to run into that one-year anniversary at which I think is there, you know you can only keep an operation discontinued ops for so long. And what gives you confidence in the current credit environment that you'll be able to sell the business before you possibly have to start restating the numbers back into continuing ops?

Vince Morales - *PPG Industries, Inc. - VP - IR*

I think Bill and I can maybe tag-team this. Bill, do you want to talk about the accounting treatment in discontinued ops?

Bill Hernandez - *PPG Industries, Inc. - SVP and CFO*

The accounting treatment for discontinued ops is you have a business that is ready for sale and you are confident that you are going to sell it within a 12-month timeframe. And it's always from whatever period you are looking at it. So it's a running 12 months. So the auditors review it with me almost monthly to make sure what's going on there. And they feel confident the way we do that within the 12-month period it will be sold.

In terms of you say the change in the credit markets, the issue we had last time wasn't a credit market issue in terms of the sales, a buyer that commenced negotiations after the contract was signed. So if you actually look at the size of the transaction, it probably much better fits in the wheelhouse of what you're seeing -- actually, acquisitions being made at this point in time. You're not seeing the multi-billion dollar market cap acquisitions being made as much as you're seeing the half a billion dollar market cap. So yes, at that point we would feel pretty confident.

Chuck Bunch - *PPG Industries, Inc. - Chairman and CEO*

Just to add to that. Again, I think this size transaction is doable in the market today. There's a lot of capital available to a number of the financial buyers. And I would tell you that obviously the business performance has been under pressure with the OEM markets, but if you remember, if you look at this business overall for PPG, there is a strong after-market component to this business and a strong services component as well.

Those businesses have done very well and in fact in this weaker US currency market, we have seen less competitive import pressure on those businesses. So the financial performance continues to be solid for these businesses. Frank? Frank Mitsch?

Frank Mitsch - *BB&T Capital Markets - Analyst*

Thanks, Chuck. A couple of questions. One, a clarification. In response to Don's question on the delta between raw material cost inflation on your coatings businesses as well as your ability to raise pricing, it seemed that -- at least the way I interpreted your answer -- is that you have been able to be successful in terms of offsetting most of the inflationary effects of the raw materials. You feel pretty good about that business as of this point, which would indicate the first half of '08. But the possibility did exist for degradation in the second half of '08, but it's too early to tell. Is that what you were trying to impart?

Chuck Bunch - *PPG Industries, Inc. - Chairman and CEO*

Yes. Because as you know, we've seen some of the suppliers announcing price increases right now, here in the mid to late second quarter. So as we are talking with them we are also talking with our customers about another round of increases and so at this point, I would say that our commitment is to try and recapture as much of that inflation as possible. We are not trying to improve our margins at the expense of our customers.

At this time we are trying to pass on inflationary costs in what's a challenging economic environment, but that's a good characterization of what we're trying to do right now and I would say that we didn't quite recapture all of that inflationary costs in the first half year. We talked about maybe we got the raw materials, but we certainly didn't recapture all of that fuel and transportation costs and our objective is to try and do that to the extent possible in the second half, but we may not get it all.

Frank Mitsch - *BB&T Capital Markets - Analyst*

All right, fine. And then on the chlor-alkali side, there was a discussion of the multiple price increases that have been announced for the third quarter. Can you talk about the way your contracts are structured? Do you anticipate being able to realize the majority of those price increases during 2008? Or are the contracts structured in such a way that much of those increases will not be able to take effect until 2009? And then lastly, with respect to the Transitions tournament in Tampa, is that a typical stop for Tiger Woods? Is that one that he typically plays on the tour?

Bill Hernandez - *PPG Industries, Inc. - SVP and CFO*

It has -- . We'll talk about chlor-alkali first. And I would say that our contracts vary in the chlor-alkali business, both the domestic portion of our sales plus the export. But I would tell you that we don't have long-term contracts, so the price lags would typically be certainly within 90 days for the most part.

And the one industry exception is the Illumina contract, which is generally done on a six-month basis. So we've been operating under that contract in the industry for the first six months of the year, but there will be new pricing in the second half. So I would tell you that we will not have to wait until 2009 to recapture these price increases on the caustic side.

In terms of the Tiger Woods question, he has not been at this tournament in Tampa the last couple of years. There was another supplier. PODS, I think was the last supplier at that. But for those of you who did listen in to the press conference around that tournament in Tampa, which is at Innisbrook, the PGA and the sponsors of that event said they are very committed to trying to get Tiger Woods at that event over the next few years, so that's our desire. We had one question here?

Unidentified Audience Member

Thank you. You mentioned, obviously, this issue of raw materials and price, particularly on the architectural coatings business. Can you just talk about the competitive dynamics out there? Because it sounds like both yourselves and the major competitors all say, hey, we're taking price. You read the kind of press and everything else. There have been multiple price increases announced. That's kind of what you read, but can you give us just a little insight into what's kind of really going on with how the dynamics really work? Why is it tough to get the full price increase with what's going on?

Chuck Bunch - *PPG Industries, Inc. - Chairman and CEO*

This is in architectural in particular or -- ?

Unidentified Audience Member

Yes. Architectural and then the other areas.

Chuck Bunch - *PPG Industries, Inc. - Chairman and CEO*

Well, I would say that in the architectural market -- we'll cover that first -- and in the coatings industry in general, architectural is the biggest end-used market. It's up to half of the size of the market in many cases. And it's a very fragmented industry through most of the channels. You have in what we call national accounts, you have a couple of big retailers like Home Depot, Lowe's, Menards, but the majority of the business with the small painter and the professional contractors is a very fragmented business.

It's fairly complex in terms of pricing mechanisms, by product, by job, by residential versus commercial, so that it's not the same -- I think this complexity doesn't lend itself as easily to a discussion like we're having with caustic soda about, okay, find. There's a $100 price increase announcement and are you going to follow it and implement it? So I think it's more on a customer-by-customer basis. But as you've seen, we have been very forthcoming with our pricing strategies. We had an announcement yesterday. I don't know if it's been -- there was a press release from PPG concerning our price increases in our architectural business.

Traditionally, it hasn't been one where you've seen even the biggest players like ourselves or Sherwin Williams doing price increase announcements on a national basis. But I think under these circumstances and with these conditions that we're seeing, you're going to see aggressive implementation on our part and I would think that these same discussions are being held in other companies because we're all facing similar inflationary pressures.

In the other businesses, I think we have a good record of passing through increases. If you look at the automotive refinisher packaging coding segments where as we get those inflationary cost increases it's our desire to pass those costs through to our customers, not to improve our margins, but to make sure that we're protecting our shareholders and also passing along those costs.

Kevin McCarthy. There's someone there and then we'll take Kevin after this.

Unidentified Audience Member

The stock markets have been volatile recently. So if it turned out that your stock price fell $5 or $10, would you change your attitude toward share repurchase or would you pretty much stay the course?

Chuck Bunch - *PPG Industries, Inc. - Chairman and CEO*

The stock, as you know, we hit an all-time high last -- it was about ten months ago -- and our stock, especially this year, has not performed as well. We were at $60 yesterday. I think as Bill commented, it makes us feel that there's very good value in our stock. We would think about that. We will consider it, but certainly I think our priority right now is to continue the financing strategy that we've had and to use the cash for debt repayment. But at a certain point I think we'll have to re-evaluate that if in fact there's continued weakness in the stock.

Unidentified Audience Member

So if I understood what you just said to me, if the stock were at $50 you might accelerate your share repurchase; you might not.

Chuck Bunch - *PPG Industries, Inc. - Chairman and CEO*

Yes, that's certainly an option.

Unidentified Audience Member

Right. And just lastly in terms of SigmaKalon, can you talk about the performance of the business in Western Europe and the performance of the business in Eastern Europe, if you can divide it up that way?

Chuck Bunch - *PPG Industries, Inc. - Chairman and CEO*

The performance of the business in continental Western Europe has continued to be very good. We have seen weakness, as I mentioned in my remarks, in the UK. That has been the part of the Western European business that's been most impacted by consumer credit and mortgage credit. And today in the UK they are undergoing I would say conditions that are maybe not as severe as ours here in the residential construction, but certainly the property markets are down in the UK. Our business, we're performing well versus the market, but the market is down slightly.

The continental Europe, still strong and Eastern European markets are very good growth, especially in countries like Poland, the Czech Republic, Slovakia, where SigmaKalon has historically had a very strong position and those markets are continuing to grow.

Unidentified Audience Member

Thank you very much.

Chuck Bunch - *PPG Industries, Inc. - Chairman and CEO*

Kevin McCarthy?

Kevin McCarthy - *Banc of America Securities LLC - Analyst*

Thank you. Chuck, you doubled your position in protective and marine coatings with the SigmaKalon deal, now I guess the number two globally now. Can you talk about the growth expectations in that business? And specifically, has the trajectory changed over the last year or so? Is is accelerating about stable, slowing down at all? It just seems that business doesn't get a lot of attention and I'd like an update on it.

Chuck Bunch - *PPG Industries, Inc. - Chairman and CEO*

Well, if we look -- . I would say that the growth trends that we see in this industry have remained very strong and I would say that depending on the end-use market, we're looking at solid mid single-digit growth opportunities. In marine coatings, there is, as you know, a global shipping boom.

We have backlogs out through five years for the big shipyards, most of which are in Asia, in Korea, and in China. Those yards are full today, producing with a backlog. I don't see right now any change in the construction schedules for the shipping industry.

And I would say on the protective side of the equation the biggest growth area is in infrastructure. So if you look at our position both historically from PPG or through the Ameron or now SigmaKalon acquisitions, very strong position in utilities, nuclear energy, very strong position in energy platforms, drilling, and those are accelerating now from where they were even two years ago.

So at this point, the infrastructure and energy markets are the place to be. Shipping is still strong, so we haven't changed any of our forecasts or trends for that business and I think we're well positioned now to capture one of the best growth arenas in the coatings industry.

Kevin McCarthy - *Banc of America Securities LLC - Analyst*

And as a follow-up, I had a related question, or similar question, on the aerospace business. Obviously, we've seen some attenuation of the Dreamliner delivery timelines there. Can you comment on your volume growth expectations over the next year or two in aerospace coatings?

Chuck Bunch - *PPG Industries, Inc. - Chairman and CEO*

The business continues to have a very good OEM growth rates -- both commercial aviation in the backlogs and deliveries are still there for Boeing and Airbus. And now you're seeing obviously some changes due to fuel costs, especially here in the US with the airlines. I don't think it's going to affect in the near-term over the next 18 months to two years the deliveries of conventional commercial planes. And the newest planes are more fuel-efficient and most of those planes are destined for Asian airlines and routes.

So I think in the near-term you're not going to see any changes on the OEM side of the equation. What is obviously a situation that we're watching is the progress of the 787 -- or the Dreamliner -- at Boeing, as we've mentioned. We have very high content on that plane. We have not contributed to any of the delays and we're ready with our products and some of our new technology.

We are seeing some impact on where we would have liked to have been with this delay in some of the development for the Dreamliner plus the new Airbus jumbo plane. I think if this continues, it's just going to dampen our growth trends for 2008 where we had hoped in the second half to be maybe delivering more products for those aircraft and into 2009. But I think once those planes are available because of their technology and fuel efficiency, you're going to see an attractive market for those planes, but it will dampen our growth prospects in aerospace, probably through 2009, if the delivery schedule continues to lose time. Yes, we have a question here in the front.

Unidentified Audience Member

A follow-up question on the North American paint and coating business. I was wondering, what's the assumption for the crude oil price behind your guidance -- the high single-digit raw materials cost increase in second half '08? And also secondly, what kind of year-over-year price increase target you're talking about, or think about in your mind?

And also, the third question. Some of your competitors, they talk about the pricing lags in your very weak, demanding environment in North America and that they showed for probably three to four quarters to fully close this raw materials cost and then pricing gap. Do you think PPG can do that more quickly than your competitors? Thank you.

Chuck Bunch - *PPG Industries, Inc. - Chairman and CEO*

Well, obviously I think the biggest pressures we're facing in North America are the run-up in oil prices and also natural gas prices. So we're at record levels for this time of year for natural gas prices over $12 in MMBTU, so that's really the push that we're getting from inflation. As we've said, we're doing everything first of all to minimize those cost impacts on PPG, both through the discussions with our suppliers and looking at every opportunity that we have to improve productivity, reduce waste, reduce costs in our operations and now then talk to our customers about passing these costs on, not in an attempt to improve our margins at their expense, but to pass through these cost increases.

Should it take three to four quarters? That depends on the behaviors of the participants or in the industry. Certainly, our goal is not to wait three or four quarters to pass these increases because we have seen, I think, more determination on the part of some of our suppliers to pass those increases on to PPG so that our intention is not to kind of sit back, see how this plays out and then start these discussions.

You saw our press release yesterday. In the architectural area, we're engaging in discussions right now across a broad array of our customers in end-use markets, so it's our intention to recapture these increases as soon as possible. And I would say if it's four quarters, that for PPG and its shareholders would not be a good outcome. Yes, we have a question in the back.

Unidentified Audience Member

You discuss the attempt to recapture a lot of your costs in the other businesses. In terms of chlorine and caustic, there are a lot of price increases which you're aggressively going after. Can you give us some more detail on your electrical costs and whether you're going to more than offset the rise in electrical costs over the next six months?

Chuck Bunch - *PPG Industries, Inc. - Chairman and CEO*

Electricity?

Unidentified Audience Member

Yes.

Chuck Bunch - *PPG Industries, Inc. - Chairman and CEO*

And power and -- ?

Unidentified Audience Member

In particular for chlorine and caustic.

Chuck Bunch - *PPG Industries, Inc. - Chairman and CEO*

Oh, for chlorine and caustic. Well, I would say that obviously energy costs are a big part of our production costs in chlor-alkali. It's less of a cost in coatings where raw materials in coatings is a very material-intensive business, but not necessarily as energy-intensive, at least at our level. And I would tell you that we are primarily a natural gas resourced company in chlor-alkali, our biggest operation in Lake Charles.

We generate power for the chlor-alkali process through natural gas and we are attempting now to pass those increases on through to our customers. And you've seen with our price increase announcements and some of the others in the industry that I think the other suppliers in the chlor-alkali business or our competitors are feeling some of the same pressure and they're attempting to now pass those costs through.

So that's one where I think it's more transparent in terms of what's happening in the market, both from natural gas or power costs and what's happening in terms of industry pricing because it is a commodity. So I think you're going to see an attempt, certainly by us to pass through those costs to our customers. Anything online or -- ? Okay. Well, thank you very much. It's been a pleasure and thank you for attending and listening to what we think is a very attractive PPG story.
