FINAL TRANSCRIPT

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PRESENTATION

Charles Bunch - *PPG Industries - Chairman and CEO*

Left click here? All right, here's our forward-looking statement. Here are my three topics for the presentation, then we're going to go to the Q&A, so we'll try to get through some of this. Many of you are familiar with the story, but for those of you who aren't, we'll give you some background on our Company and what's been happening.

I think the biggest story that we've had over the past decade is the transformation of our portfolio. You can see in 2001, sales of a little over $8 billion, and in what we consider our core Coatings and Optical businesses, we had about 60% of our portfolio, or about $5 billion, in sales.

If you fast forward that to 2010, sales have grown now to $13.3 billion, if you look at the consensus analyst estimates. And this core Coatings and Optical portfolio has now grown to over 80% of our sales and earnings, so over $11 billion in total sales.

If you look at this on a geographic basis, we've also transformed the Company from predominantly, at this point in 2001, three quarters of our sales from North America, with a bigger presence in -- 18% in Western Europe, and a small, less than 10% in emerging regions. And in 2010, again, consensus estimates, US and Canadian sales now 46%. Europe has grown to 28% of our sales, and most importantly, at least for the success that we've had recently, is emerging regions have now grown to 26% of our sales in 2010. And this includes sales -- the biggest market for us now, Asia-Pacific, the biggest market in Asia for us, China. But a strong presence and growing in Eastern Europe and in Latin America.

The coatings industry globally, and I think as you heard from the previous speaker, this is an important specialty sub-segment of the global chemical industry, with many specialty features. In 2002, this was a $65 billion global industry with a little over 50% of the sales by the top ten companies in the global sector. 2008 coatings sales have now grown to $90 billion, and you can see the considerable consolidation among the leading players -- Akzo Nobel, a Dutch coatings and chemical company, followed by PPG, and then Sherwin-Williams and the other top ten players. Now we have 60%, over 60% of the global industry dominated by the top ten global companies in this space.

If you look at the end use markets for coatings, about 45% of end use demand for coatings is in the architectural or sometimes called the decorative space. This is residential, commercial construction. And about 55% on value in a series of end use market segments, general industrial, automotive refinish, automotive OEM, protective and marine, aerospace, and packaging being the largest segments.

But it is diverse from an end use market standpoint, somewhat fragmented, especially outside of the architectural coating space. And if you look at PPG's Coatings sales mix, we're about 30% architectural, 70% what we would call the non-architectural or special purpose coatings. We have leading positions in aerospace, automotive OEM, automotive refinish, general industrial, protective and marine, and packaging. We are the leading company in non-architectural coatings, and number three globally in architectural coatings.

If you look at our, again, 2010 geographic split in Coatings, one third US and Canada, 34% Western Europe, and then over 30% in emerging regions, again, led by our position in Asia, 20% of our total Coatings sales. And you can see, this is a broad geographic footprint with about a third of the sales coming from emerging regions.

And if you look at our Coatings sales mix, and where we rank in terms of industry leader, number two or number three player, 42% of our Coatings sales are in markets where we are number one, 28% where we are number two on a global basis, and the remaining 30%, we are number three globally. So we have very strong market positions globally, across all of the end use market segments that we participate in.

If you look at our history in terms of sales and earnings growth, over the course of -- the period from 2001 to 2008, for our core Coatings and Optical segments, we had a compounded annual growth rates for '01 to '08, 14%, '01 to '10, growth rates of 9% -- so 14% up until the recessionary year of '08, and then including that and the partial recovery in 2010, we have 9% compounded annual growth in these core segments.

Our third quarter year to date segment earnings, you can see we are at, now, fully recovered in terms of segment earnings in our Coatings and Optical and Specialty Materials segments. In fact, we're 10% above our levels in 2007 or 2008 year to date in 2010. So a very strong performance, an excellent recovery from the recessionary year in 2009.

If we now switch from the PPG transformation story to our current performance, we can talk -- first make sure that we emphasize the points on the transformation. We have shifted to a more resilient, focused global company. Coatings is an attractive consolidating industry, and along with Optical, they both have excellent growth potential. And PPG has leading worldwide positions in all of the coatings' end use markets, including our Optical segment.

So switching now from our transformation story to current performance, PPG third quarter year to date sales, we went from 2009 sales of a little over $9 billion to third quarter year to date sales of a little over $10 billion, again, led by the volume recovery tied to Asian growth and industrial production recovery in North America and Europe. Segment sales year over year versus 2009 -- you can see our growth rate is consistent across all the coatings segments, with the exception of the architectural Europe, Middle East and Africa segment, where we had a small decline, but led by our growth of 25% in Industrial Coatings versus 2009 with the recovery in industrial and automotive production, but excellent double digit growth from last year in our Optical segment, in our Glass segment, strong -- close to double digit growth in our Commodity Chemical or Chlor-Alkali segment, and good growth from what was a -- only a modest decline in 2009 in our Performance Coating segment. Regional sales growth, led by Latin America, over 30% year-over-year growth in 2010 versus 2009, Asia-Pacific 25%, Europe 3%, and the US and Canadian business, 10%.

Sales volume trends versus '08, you can see that we've recovered nicely from 2009, but we are still below sales volume trends from 2008. But these are getting closer now, as we undergo this gradual industrial recovery. Segment volumes, again, on the upper right, year to date, third quarter 2010 versus the third quarter 2008, which was a peak year in terms of -- or, a peak quarter, in terms of volume comparisons, you can see that in most of our segments, we are still 10% to 15% below those volume levels from two years ago. Commodity Chemicals and Optical, a little less so, and regional volume trends versus the third quarter of '08 on the lower right segment of the slide, we are still below in three out of the four regions, but again, over 10% of volume growth in Asia-Pacific. So we are still some 10% below 2008 pre-recession volume levels.

Other near term catalysts for PPG, the interesting story, we think for us in 2010, is the solid recovery we've experienced in Commodity Chemicals and our Chlor-Alkali business. You can see sales and margins up nicely through each quarter this year, after declining from a peak year in 2008. During 2009, we had a very rapid turnaround from the trough in the fourth quarter and the first quarter of this year. We're now at solid profitability with increasing margins, and pricing being implemented now in the third and fourth quarters of this year should provide further momentum for this business.

On the upper right hand segment of the slide, PPG's natural gas costs. This has been a developing story for PPG, as we've seen over the last 18 months to two years a decline from historically high levels of natural gas pricing to now PPG and the US chemical industry is benefiting from some of the lowest natural gas costs anywhere in the world outside of the Middle East.

And our costs have come down, as you can see. In 2008 we were paying anywhere from $8.00 to $10.00 an MCF for natural gas. In 2009, we were paying between $5.75 and $6.00, $7.00 an MCF for natural gas. And now, 2010, those have declined from $6.50 an MCF -- this includes some of the hedges we had put on before the start of the decline in the natural gas market, so now we're paying around $5.00 an MCF for natural gas. So this has been quite a tailwind for PPG and for our Chlor-Alkali and Glass segments. This is our largest industrial commodity that we purchase, and it exceeds what we pay for any individual Coatings raw material. And it primarily goes into our Chemical and Glass segments.

You can see also, at the lower left corner of the slide, the improving Glass segment results. Some of this tied to industrial activity, some tied to the improvement in natural gas costs. And as you can see in the lower right hand segment of the slide, these are the PPG natural gas hedges that we historically had hedged out as much as three years for a third of our requirements to take away the -- let's call it the upside risks, that historically, during most of this decade, had plagued the industry when you had weather events or hurricanes.

But two years ago, we started to pull away from the hedging strategy, and you can see that we went from hedging some 55% of our requirements in 2009, 2010, that's declined to around 25%. And next year, our hedges from the -- at the historically higher levels, are down to about 12% of our total natural gas requirements. So this is providing an additional tailwind for PPG, because current market prices are much below these $7.00, more or less, hedges that we had in place during the last three years.

If you look at our earnings performance, this year in 2010 in green versus a very solid 2008 and a recession era 2009 earnings, you can see that in green, we were still coming out of the recession in the first quarter of this year. We bounced back, however, to $1.64 a share earnings in the second quarter, which was only $0.02 off of our all time record earnings. And, in quarter three, whereas we've described earlier, we're still not back to the pre-recession volumes in our businesses, we're some 10% or more below those levels, we established a new third quarter earnings record for -- all time earnings record for PPG, at $1.59 a share, easily eclipsing our third quarter '08 earnings of $1.37.

You can see the restructuring savings that we are continuing to benefit from. This is on the upper right hand side of the slide. It's been an incremental $100 million in cost savings, or earnings, for 2010. And as we like to comment on our earnings performance this year, it demonstrates this gradual global industrial recovery continuing. The architectural or construction markets still remain weak, however, here in North America and in Europe. We do have high incremental margins for PPG on these year over year volume gains, greater than 70% year to date. And we have a lower tax rate due to high growth in our low tax regions, specifically in our Asia-Pacific region.

So for those of you who have followed our Company, historically, we were at 30% or more in the corporate tax rate. We have now declined this year to 27%, and we think this rate is sustainable, given the current geographic profile and the earnings profile for our businesses outside of North America. So, this is a sustainable tax rate, and it is contributing to this improved earnings and tax rate performance.

Cash, always an important story for PPG. We have continued to work on some of the same lessons that we implemented last year during the recession. Our working capital, as a percent of sales, you can see, went down continually through this recessionary year of 2009. We actually had close to a record cash performance in 2009, despite the weaker earnings due to the recession. We finished the year last year at 21.4% working capital as a percent of sales, finished the year with over $1 billion in cash. And then you can see, in 2010, as the recovery has taken place, we have continued to drive improvements in our working capital and cash generation, so that at the end of the third quarter of 2010, we had, again, close to $1 billion in cash on hand, and we have improved our balance sheet and cash position throughout this challenging economic time for PPG.

We've talked now about the current performance and outlook, gradual industrial recovery, resulting in a partial volume recovery, although we're still some 10% below 2008. We have maintained our strong operating focus on cash, and on our costs. And the PPG global footprint is aiding the earnings per share results in both volume growth, earnings and sales, and a lower tax rate.

And I'll switch then to the final -- my final subject, and then we'll turn it over to Q&A. Here are the ongoing growth drivers for PPG. One is our Optical products business. You can see the growth since 2001 in our Optical business. CAGR over the last ten years of 13% annually, and from 2001 to the pre-recession year of 2008, we had a CAGR in this business of 16%.

This is our highest operating margin segment. You can see the operating margins for this business stayed at or around the 25% operating margin level, easily our best business, and have actually improved here in 2010 year to date, where we're now in the upper 20s in terms of margins.

The Optical segment, for us, is led by our Transitions eyewear. We've had a number of new product introductions in both our traditional UV photochromic lenses, but we've also introduced a number of niche technology driven products that are aimed at the sunwear market, or at more specialty uses for optical lenses. And we think there is continued growth opportunities, both in product line extensions, additional segmentation, penetration rates in mature regions like Europe, but also, growing in our geographic expansion. We had an excellent year in Latin America. Asia, for us, is beginning to really take off for this business, as you see the emergence of the middle class consumers in markets like China and India, and this remains one of our strongest growth prospects.

Our Aerospace business, which is within our Performance Coatings segment, you can see, again, double digit percent sales growth for this segment -- CAGRs of 8% to 11% between 2001 and 2010. A good mix here in Aerospace between the OEM and aftermarket segments of this industry increased PPG content per airplane. If you look at the current Boeing fleet, we're almost doubling the content of our products in the new Boeing 787 Dreamliner. It's been delayed a few times, but now, we're looking in 2011 for this product launch to continue. And we're seeing the return to health of the commercial aviation and airline business, so in both of these segments, we're looking for future growth opportunities.

Asia is the other growth story for us. You can see, it's been an increasing part of our Coatings story. China is the driver of these Asia-Pacific growth trends. We're in every segment that we participate in the coatings industry in China, and you can see, together with Akzo, we have a leading position in Asia and in China in all of the non-decorative segments, and a small but emerging segment in architectural in China. And you can see in the lower right hand slide, we are one or two in every coating segment in China, with the exception of architectural, with very strong growth rates. And the PPG Asia third quarter 2010 sales growth this year, some 30%. So an excellent driver for us of additional growth.

And in addition to the OEM market growth that we've seen in markets like automotive in China, their growing aftermarket positions for automotive, aerospace, and industrial markets in China and India, and I think this is going to be one of the best markets for PPG and for broader industry participants. The big media story has been what's been happening in the OEM markets, and China becoming the leading automotive OEM producer. But their aftermarket automotive park is growing faster than any other market in the world in aftermarket, and should be a significant opportunity with a large and growing installed base for the aftermarket business.

Here's our final look at our step change in the cash profile. We have over now $1 billion in cash that was generated in 2008 and 2009. That came down with the SigmaKalon acquisition at the beginning of 2008. We quickly replenished our cash on the balance sheet, repaid significant amounts of debt, and now have taken advantage of the historically low interest rates over the last few months to take an additional $1 billion in borrowings so that we now have some $2 billion in cash on the balance sheet here in the fourth quarter, and that should be considerable fuel for earnings growth in the years to come.

So in conclusion, transformation successful, stronger, more focused and resilient company, global scale and growth opportunities for PPG, quick and strong earnings improvement from the recessionary year of 2009 with volume recovery, higher operating leverage, and we have some near term catalysts with commodity chemicals and natural gas, and we have important and growing platforms for growth, Optical and Aerospace, Asia, the aftermarket businesses, especially in these emerging reasons, and our strong balance sheet, cash generation, and deployment opportunities going forward.

So thank you, and now we'll hold the floor for Q&A. Do we have a few minutes?

P.J. Juvekar - *Citigroup - Analyst*

(inaudible).

QUESTIONS AND ANSWERS

P.J. Juvekar - *Citigroup - Analyst*

A couple of quick things. A lot of the other decorative peers break out their paints business for -- you've got the European segment, but the US and Asia is embedded within the Performance Coatings. Any thoughts to kind of breaking that out? Because Akzo, Sherwin, Valspar -- we have easy comps. But for understanding, how PPG's US business is kind of obscured, so I mean, thoughts on that?

Charles Bunch - *PPG Industries - Chairman and CEO*

Yes, we have considered that. When we did that initially, there was a lot of attention on the SigmaKalon acquisition, so at that time, we thought to provide good transparency for the acquisition, it was better to put the European architectural business in its own operating segment.

But now that I think some confidence has been developed in how that business has performed, that is under consideration. It won't be for 2011, but it's something that we're thinking about.

Unidentified Participant

Yes, I'll ask a quick question. What's your auto builds forecast for next year? And sort of, when you look at 2011, what will be the biggest growth driver of earnings?

Charles Bunch - *PPG Industries - Chairman and CEO*

The biggest growth driver in earnings, I think, will be the Commodity Chemical Chlor-Alkali business. I think that's going to be a significant upside for us, especially early in the year.

Our global automotive build forecast is plus 5%, and that would be led by growth in China, where we're looking at around 10% growth, a little over that in India, close to that level in Brazil. The market here, we think we're going to maybe grow at 5%, get over 12 million auto builds here in North America.

The weakest region globally for automotive builds is going to be Europe. We're looking for 0% to 2% growth. And globally, that will translate into about plus 5%.

So we think next year is going to be good. Japan will also be a weak -- I think, a weak market. We don't participate in Japan directly. But overall, we see very good growth prospects in automotive OEM for 2011.

Unidentified Participant

Hi. How accretive was the drop in natural gas costs in 2010, and what do you think it will be in 2011?

Charles Bunch - *PPG Industries - Chairman and CEO*

How accretive?

Unidentified Company Representative

(inaudible).

Charles Bunch - *PPG Industries - Chairman and CEO*

Okay, did you hear that? $70 million to $80 million in 2010, and I would say, probably that, because the natural gas hedges are going to burn off, so we'll be -- have about that same rate of decline, so I would say a similar number in 2011.

P.J. Juvekar - *Citigroup - Analyst*

Well, thank you.

Charles Bunch - *PPG Industries - Chairman and CEO*

Okay, thank you, P.J.