



## PPG Industries

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# News

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### **PPG posts record third quarter sales, second-highest quarterly sales ever** Double-digit increase over prior year's record quarter demonstrates solid growth

PITTSBURGH, Oct. 19, 2006 – PPG Industries (NYSE:PPG) today reported record sales for the third quarter of \$2.8 billion, surpassing third quarter 2005 record sales by 10 percent. The performance marks the second-highest sales for any quarter in the company's history. Third quarter 2006 net income was \$90 million, or 54 cents a share. Net income includes aftertax charges of \$106 million, or 64 cents a share, for previously announced estimated environmental remediation costs at sites in New Jersey and Louisiana; \$21 million, or 12 cents a share, for legal settlements, including the previously announced settlement charge for a federal class-action lawsuit related to alleged antitrust violations in the U.S. automotive refinish industry; and \$4 million, or 2 cents a share, to reflect the net increase in the current value of the company's obligation under its asbestos settlement agreement first reported in May 2002. Net income also includes aftertax earnings of \$7 million, or 4 cents a share, for an insurance recovery.

That compares with third quarter 2005 net income of \$157 million, or 92 cents a share, which included aftertax charges of \$37 million, or 22 cents a share, for legal settlements; \$11 million, or 6 cents a share, for direct costs related to the impact of hurricanes Katrina and Rita; and \$3 million, or 2 cents a share, to reflect the net increase in the current value of the company's obligation under its asbestos settlement agreement. Net income also included aftertax earnings of \$12 million, or 7 cents a share, for insurance recoveries. Sales for third quarter 2005 were \$2.55 billion.

For the first nine months of 2006, PPG recorded net income of \$554 million, or \$3.33 a share, which includes aftertax charges of \$106 million, or 64 cents a share, for previously announced estimated environmental remediation costs at sites in New Jersey and Louisiana; \$26 million, or 15 cents a share, for legal settlements; \$23 million, or 14 cents a share, for business restructuring; and \$14 million, or 8 cents a share, to reflect the net increase in the current value of the company's obligation under the asbestos settlement agreement. Net income also includes aftertax earnings of \$24 million, or 14 cents a share, for insurance recoveries. Sales for the first three quarters of 2006 were \$8.26 billion.

For the first nine months of 2005, PPG recorded net income of \$483 million, or \$2.81 a share, which included aftertax charges of \$128 million, or 74 cents a share, for legal settlements; \$11 million, or 6 cents a share, for direct costs related to the impact of hurricanes Katrina and Rita; \$12 million, or 7 cents a share, for debt refinancing costs; and \$10 million, or 6 cents a share, to reflect the net increase in the current value of the company's obligation under the asbestos settlement agreement. Net income also included aftertax earnings of \$12 million, or 7 cents a share, for insurance recoveries. Sales for the first nine months of 2005 were \$7.7 billion.

“Our record third quarter financial results demonstrate our ability to consistently deliver profitable growth in today's changing global economy,” said Charles E. Bunch, chairman and

chief executive officer. "This marks the fourteenth consecutive quarter of year-over-year sales records for PPG. The third quarter's double-digit sales growth is driven by our recent acquisitions and strong performance in Europe and Asia. Our results also reflect our continued efforts to reduce costs.

"Looking ahead," Bunch said, "even with growth moderating in North America, we anticipate solid global economic growth and expect our excellent financial performance and cash generation to continue." Bunch said that the cash generated will continue to reward shareholders and remain balanced between investing in PPG's businesses to generate future earnings growth and funding dividends and share buybacks. Bunch added that PPG expects an increased level of share buybacks in the next quarter versus the previous quarters this year.

Coatings sales increased \$209 million, or 15 percent, due to the impact of acquisitions, improved selling prices across all businesses, the positive impact of stronger foreign currencies and improved sales volumes, particularly in Asia and Europe. Operating earnings were down \$25 million as a result of a pretax charge of \$23 million for a legal settlement and the absence of a pretax \$18 million insurance recovery received in 2005. Earnings benefited from the higher sales volumes, while price gains offset the negative impact of inflation.

Glass sales increased \$10 million, or 2 percent, as a result of higher volumes in several businesses. Strengthening foreign currencies were offset by a decrease in selling prices. Operating earnings were up \$76 million due to the absence of a \$61 million legal settlement recorded in 2005. Also contributing were strong manufacturing efficiencies and increased equity earnings, which more than offset inflation and lower selling prices.

Chemicals sales increased \$36 million, or 6 percent, as a result of increased volumes in most businesses, acquisitions in the company's optical products business and strengthening foreign currencies. Operating earnings were down \$151 million primarily as a result of a pretax charge of \$173 million for environmental remediation. Higher costs, including increased advertising expenses in PPG's optical products business, were partially offset by improved selling prices, increased volumes and lower inflation. Earnings were aided by an insurance recovery for damage caused by Hurricane Rita and the absence of 2005 direct costs related to hurricanes.

### **Additional Information**

Recorded comments by William H. Hernandez, senior vice president and chief financial officer, regarding third quarter 2006 results may be heard by telephone at 412-434-2816 until 5 p.m. ET on Friday, Oct. 27. The commentary will also be available on PPG's Web site ([www.ppg.com](http://www.ppg.com)) at Investor Center/Financial, 3<sup>rd</sup> Qtr Financial Commentary. The commentary may include forward-looking statements or other material information. Additional information, including historical performance, is also available at Investor Center/Financial on PPG's Web site.

### **Forward-Looking Statements**

Statements in this news release relating to matters that are not historical facts are forward-looking statements reflecting the company's current view with respect to future events or objectives and financial or operational performance or results. These matters involve risks and uncertainties as discussed in PPG Industries' periodic reports on Form 10-K and Form 10-Q filed with the Securities and Exchange Commission. Accordingly, many factors could cause actual results to differ materially from the company's forward-looking statements.

Among these factors are 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, and the unpredictability of possible future litigation, including litigation that could result if the asbestos settlement discussed in PPG's filings with the SEC 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 as 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.

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