



PPG Industries, Inc. – Fourth Quarter 2011 Financial Results

**Charles E. Bunch, Chairman and
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President, Finance and Chief
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**Information current as of
January 19, 2012**



PPG Industries

Bringing innovation to the surface.™

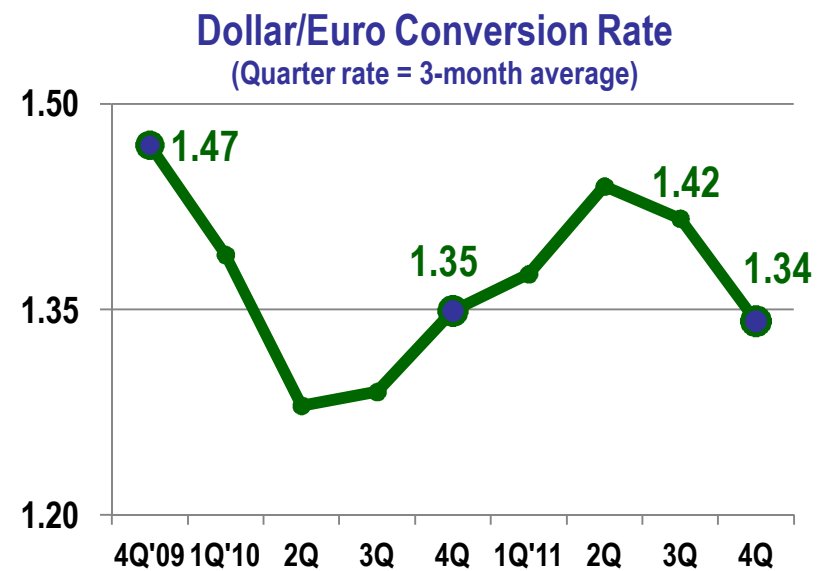
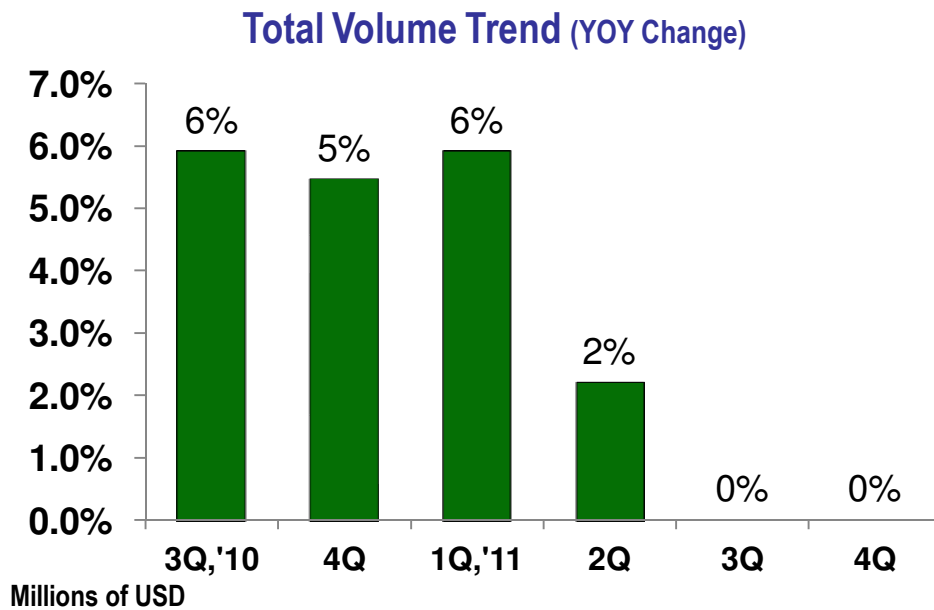
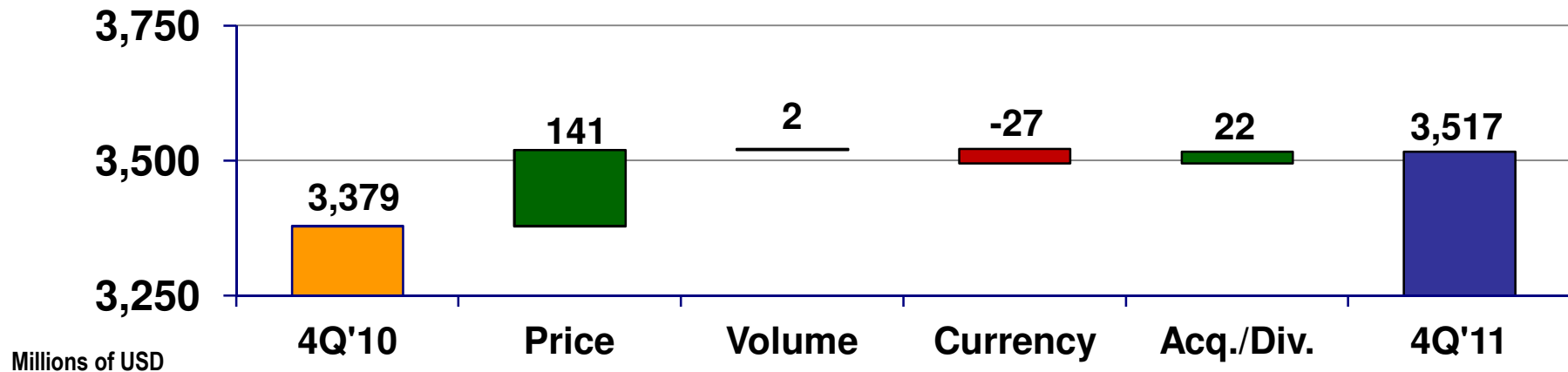
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Fourth Quarter Financial Recap

- Sales growth of 4% driven primarily by higher pricing, volumes flat
- Continued strength in aerospace and higher global industrial activity levels, including automotive OEM.
- Higher emerging region volumes, negatively impacted by weak marine and lower emerging regions architectural coatings and negative Thailand flooding impacts.
- U.S. volumes flat despite lower chlor-alkali (chlorine) demand. European softness continued, but year-over-year trend improved modestly vs. 3Q, 2011
- Earnings-per-share (\$1.39), a new fourth quarter record. Fourth quarter results for 2011 and 2010 aided by tax rate changes. Lower (25 percent) tax rate to carry-forward into 2012.
- Strong cash generation continues; additional 2.7 million PPG shares repurchased during the quarter for \$225 million.

PPG Quarterly Sales



Higher Y-O-Y pricing; Euro down sequentially and modestly Y-O-Y

PPG Quarterly Sales Volumes

U.S. & Canada:

4Q Commentary:

4Q Impact (Y-O-Y):

3Q	4Q	YTD		
+1%	0%	+2%	Overall fairly consistent Y-O-Y volume vs. 3Q	Flat
			Weaker commodity chemicals due to decreased chlorine industry demand	Down
			Flat construction market activity levels	Flat
			Excellent growth in Industrial Coatings segment (auto OEM)	Higher
			Strong aerospace activity offset by lower refinish (inventory management)	Flat

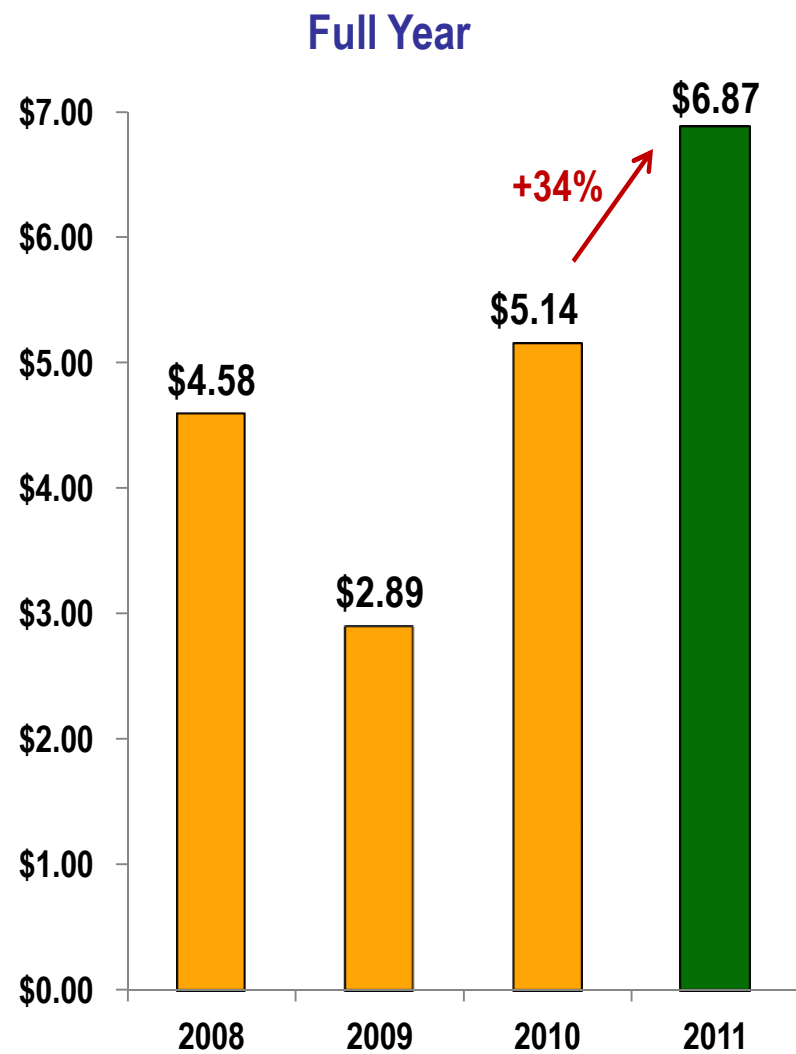
Europe:

3Q	4Q	YTD		
-3%	-1%	+1%	Slightly lower Industrial Coatings segment activity (auto OEM)	Down
			Lower fiber glass and refinish	Down
			Improved architectural coatings demand	Higher
			Solid performance in aerospace	Higher

Asia/Pacific & Latin America:

3Q	4Q	YTD		
+3%	+2%	+4%	Continued high industrial and auto OEM growth	Higher
			Lower marine ship builds and aftermarket	Down
			Lower architectural coatings activity	Down
			Growth in aerospace, partly offset by negative optical Thailand flood impact	Higher

Adjusted Earnings-Per-Share *



* Adjusted EPS – see presentation appendix for reconciliation to reported EPS.

Performance Coatings

\$MM (USD)	4Q11	4Q10	Chg	%		2011	2010	Chg	%
Sales	1,136	1,102	34	3%		4,626	4,281	345	8%
Earnings	140	170	-30	-18%		673	661	12	2%
Margin %	12.3%	15.4%	--	--		14.5%	15.4%	--	--

Select Sales Detail	Total	Volume	Currency
4Q Y-O-Y Change	3%	-2%	0%

Select Sales Detail	Total	Volume	Currency
2011 Y-O-Y Change	8%	0%	3%

Fourth Quarter (Y-O-Y):

- ✓ Higher pricing in all businesses
- ✓ Excellent growth in aerospace
- ✓ Lower auto refinish – customer inventory management
- ✓ Higher same store U.S. architectural sales, volumes flat
- ✓ Lower marine - ship building activity decline and reduced global shipping
- ✓ Lower emerging region architectural coatings

1Q, 2012 Outlook:

- ✓ Lower marine OEM volume trend continues
- ✓ Continued strong growth in aerospace
- ✓ U.S. architectural volumes flat-to-higher; higher pricing
- ✓ Less customer inventory management
- ✓ Negative currency impacts (Euro)

Industrial Coatings

\$MM (USD)	4Q11	4Q10	Chg	%		2011	2010	Chg	%
Sales	1,019	949	70	7%		4,158	3,708	450	12%
Earnings	106	79	27	34%		438	378	60	16%
Margin %	10.4%	8.3%	--	--		10.5%	10.2%	--	--

Select Sales Detail	Total	Volume	Currency
4Q Y-O-Y Change	7%	4%	-1%

Select Sales Detail	Total	Volume	Currency
2011 Y-O-Y Change	12%	5%	3%

Fourth Quarter (Y-O-Y):

- ✓ Higher global auto OEM volumes
- ✓ Solid global industrial demand coupled with PPG market share gains
- ✓ High single-digit percentage volume growth in U.S. and emerging regions; modest decline in Europe
- ✓ Improved pricing provided further offset to negative inflation impact
- ✓ Aggressive cost management continued

1Q, 2012 Outlook :

- ✓ Mid-single digit percentage growth in global auto production (including lower Europe)
- ✓ Higher general industrial activity globally
- ✓ Further pricing and cost management – recovery of 2011 absorbed inflation
- ✓ Negative currency impact (Euro) to sales and earnings

Architectural Coatings - EMEA

\$MM (USD)	4Q11	4Q10	Chg	%		2011	2010	Chg	%
Sales	449	426	23	5%		2,104	1,874	230	12%
Earnings	8	2	6	300%		123	113	10	9%
Depreciation & Amortization						113	107	6	6%
EBITDA						236	220	16	7%
EBITDA Margin						11.2%	11.7%	--	--

Note: Currency translation is a large factor in year-over-year changes in Depreciation & Amortization.

Select Sales Detail	Total	Volume	Currency
4Q Y-O-Y Change	5%	2%	-2%

Select Sales Detail	Total	Volume	Currency
2011 Y-O-Y Change	12%	1%	5%

Fourth Quarter (Y-O-Y):

- ✓ Improved overall volumes in a seasonally slow period – ongoing share gains
- ✓ Higher pricing reflecting need to offset raw materials inflation
- ✓ Negative currency translation

1Q, 2012 Outlook:

- ✓ Higher price / negative currency translation
- ✓ Consistent volumes:
 - Continued stability in maintenance end-market /Western Europe
 - Growth in Middle-East/Africa offsetting Eastern Europe
- ✓ Dyrup acquisition closed January 5, 2012

Optical and Specialty Materials

\$MM (USD)	4Q11	4Q10	Chg	%		2011	2010	Chg	%
Sales	259	268	-9	-3%		1,204	1,141	63	6%
Earnings	53	57	-4	-7%		326	307	19	6%
Margin %	20.5%	21.3%	--	--		27.1%	26.9%	--	--

Select Sales Detail	Total	Volume	Currency
4Q Y-O-Y Change	-3%	-4%	0%

Select Sales Detail	Total	Volume	Currency
2011 Y-O-Y Change	6%	2%	2%

Fourth Quarter (Y-O-Y):

- ✓ Thailand flooding negatively impacted sales volumes and earnings
- ✓ Positive silica demand (auto end-use market - tires and batteries)
- ✓ Modest rebound in Europe optical sales from weak 3Q'11

1Q, 2012 Outlook:

- ✓ No impact from Thailand flooding (PPG has resumed normal production)
- ✓ Transitions[®] growth resumption (driven by emerging regions)
- ✓ Selective product introduction of Vantage[®] (clear-to-polarized) – higher marketing costs
- ✓ Strong silicas trends expected to remain
- ✓ Negative currency impacts

Commodity Chemicals

\$MM (USD)	4Q11	4Q10	Chg	%		2011	2010	Chg	%
Sales	398	376	22	6%		1,732	1,434	298	21%
Earnings	63	73	-10	-14%		370	189	181	96%
Margin %	15.8%	19.4%	--	--		21.4%	13.2%	--	--

Year-over-year versus 4Q, 2010 and sequentially vs. 3Q, 2011:

- ✓ Significantly lower chlorine industry demand resulted in:
 - Lower chlorine sales and lower price
 - Less caustic availability/sales
 - Negative manufacturing (lower capacity utilization) partly offset by cost control
- ✓ Higher caustic pricing
- ✓ Lower natural gas

1Q, 2012 outlook (sequentially vs. 4Q, 2011):

- ✓ Higher chlorine demand (seasonality and modest customer restocking)
- ✓ Improved capacity utilization sequentially (but still lower year-over-year)
- ✓ Very low caustic inventory levels
- ✓ Announced price increase for caustic
- ✓ Lower natural gas unit cost, including lower PPG hedge position

Glass

\$MM (USD)	4Q11	4Q10	Chg	%		2011	2010	Chg	%
Sales	256	258	-2	-1%		1,061	985	76	8%
Earnings	19	29	-10	-34%		97	74	23	31%
Margin %	7.4%	11.2%	--	--		9.1%	7.5%	--	--

Select Sales Detail	Total	Volume	Currency
4Q Y-O-Y Change	-1%	-2%	0%

Select Sales Detail	Total	Volume	Currency
2011 Y-O-Y Change	8%	2%	1%

Fourth Quarter (Y-O-Y):

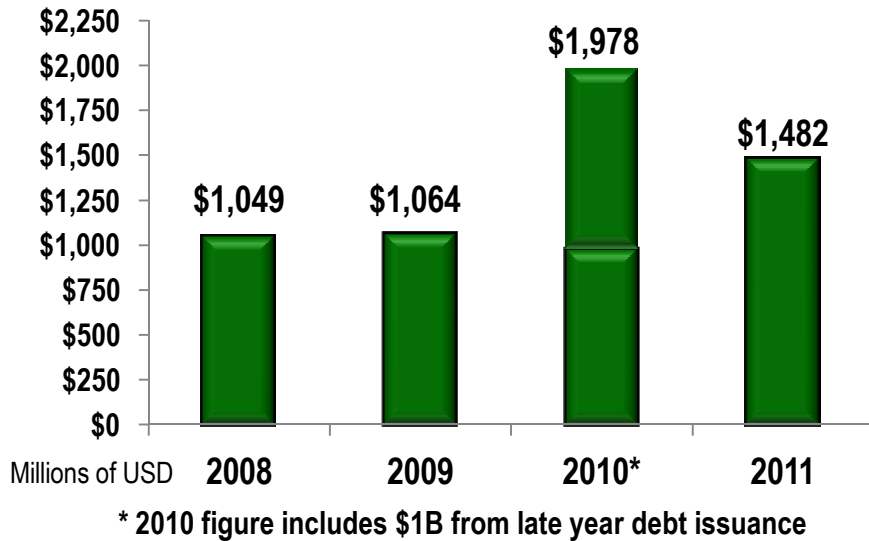
- ✓ Higher pricing
- ✓ Lower throughput (fiber glass ran at near 100% capacity utilization in 2010)
- ✓ Lower fiber glass volumes vs. very strong 2010 comparables (weaker Europe)
- ✓ Weakening licensing and equity earnings (i.e., electronics end-market)

1Q, 2012 Outlook:

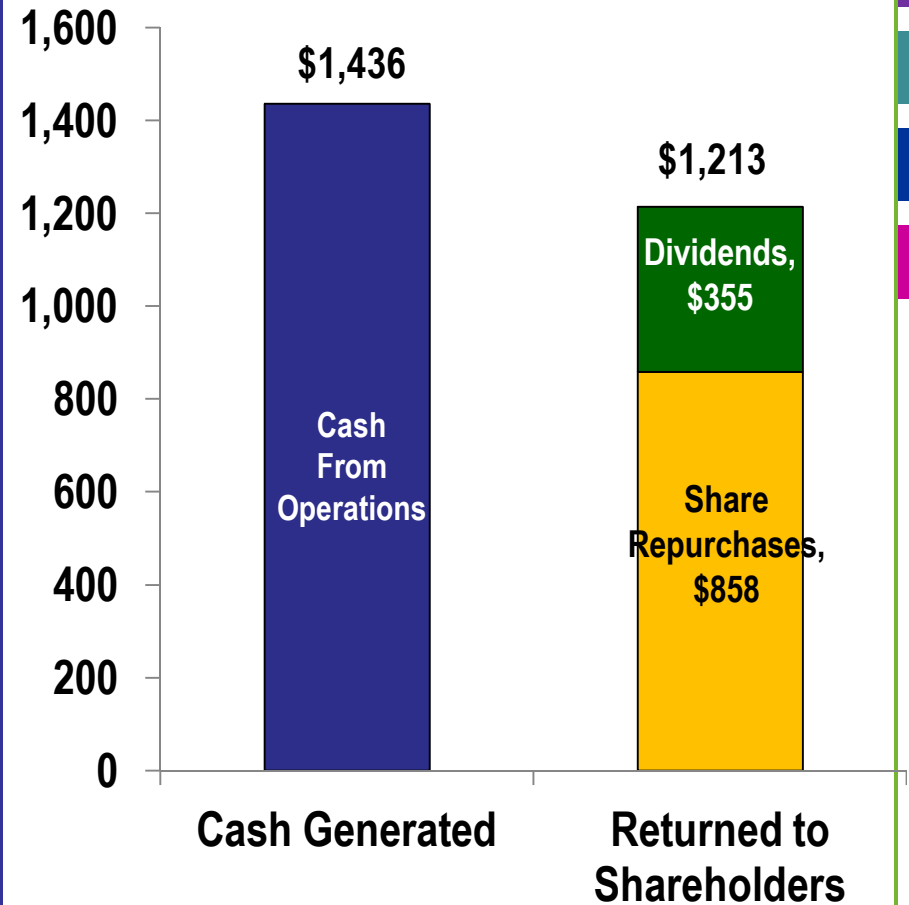
- ✓ Comparable fiber glass volumes trends vs. 4Q'11
- ✓ Consistent flat glass volume
- ✓ Aggressive cost focus in both business units
- ✓ Lower equity earnings

Cash

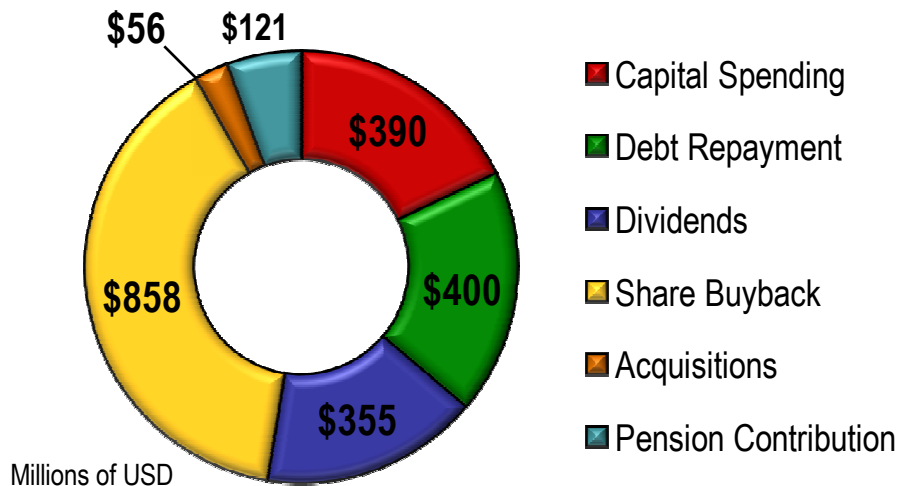
4Q Cash & Short Term Investments



YTD Cash Returned to Shareholders

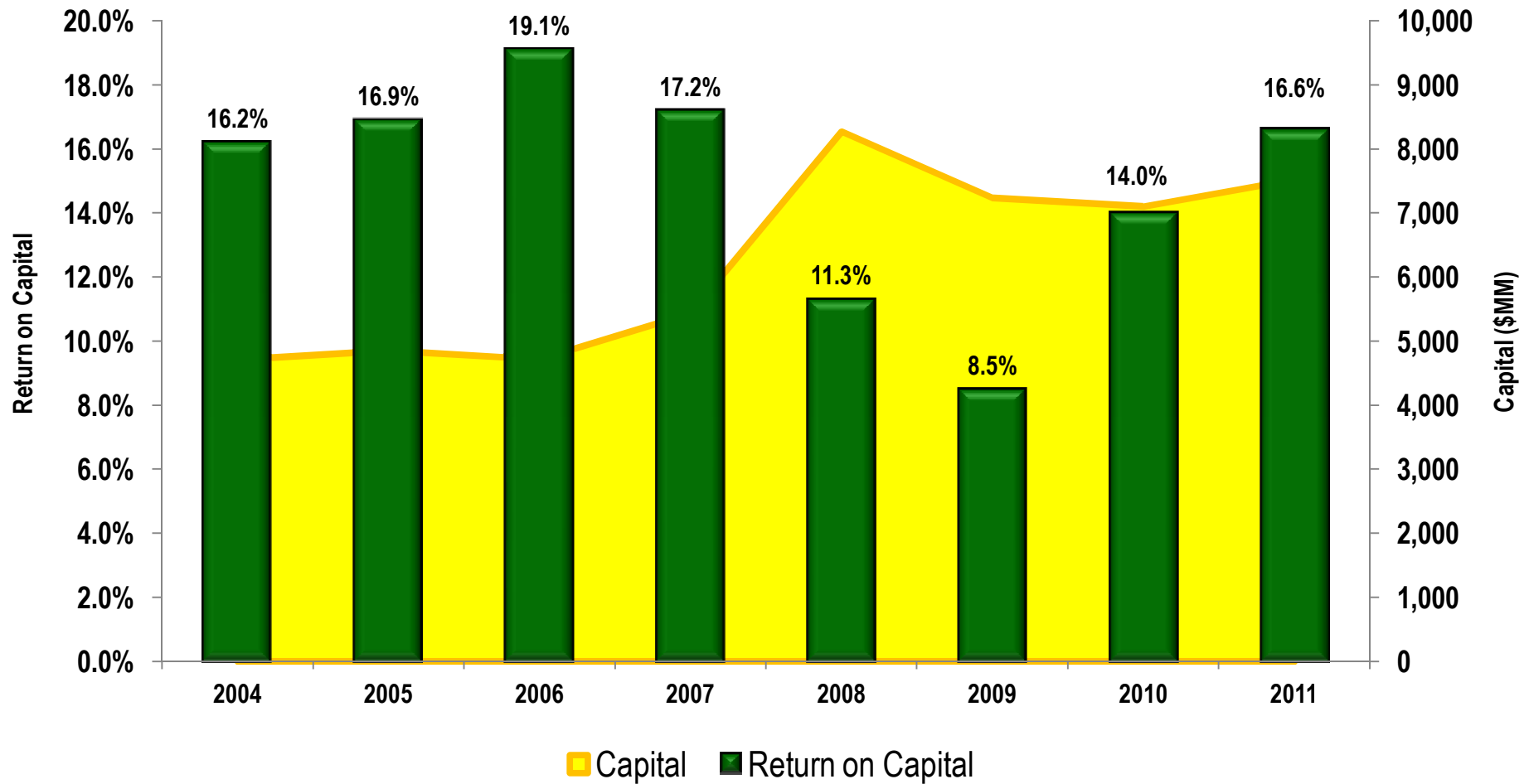


2011 YTD Select Cash Uses



85% of Cash Generated From Operations was Returned to Shareholders

PPG Return on Capital (adjusted)



ROC Returning Toward Pre-2008 Levels on (~40%) Higher Capital Base

Adjusted to exclude unusual charges, see appendix for reconciliation.



Conclusion

- Record earnings in each quarter of 2011, despite uneven economic conditions, persistent raw materials inflation and anemic construction markets in developed regions.
- Record financial performance aided by strong execution by our businesses, aggressive cost management and amplified cash deployment.
- Heritage of strong cash generation and legacy of returning cash to shareholders continues; 40th consecutive year of annual dividend increases and over 10 million shares repurchased. Year-end cash and short-term investments equal \$1.5 billion
- First quarter 2012 growth expected to be uneven by region and varied by industry. PPG to be very proactive in managing businesses due to uncertain market conditions.
- Continued, prudent deployment of strong cash position with target of ending 2012 with less than \$1 billion in cash.

Appendix



Adjusted EPS Reconciliation

First Quarter	2011		2010		2009		2008	
	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>
Net Income/(Loss) Attributable to PPG as Reported	\$228	\$1.40	\$30	\$0.18	\$(111)	\$(0.68)	\$100	\$0.61
Business Restructuring	-	-	-	-	141	0.86	-	-
Acquisition-Related Costs	-	-	-	-	-	-	89	0.54
Change in U.S. Tax Law (U.S. Patient Protection and Affordable Care Act)	-	-	85	0.51	-	-	-	-
Adjusted Net Income	<u>\$228</u>	<u>\$1.40</u>	<u>\$115</u>	<u>\$0.69</u>	<u>\$30</u>	<u>\$0.18</u>	<u>\$189</u>	<u>\$1.15</u>

Amounts in Millions of USD except EPS

Adjusted EPS Reconciliation

Second Quarter	2011		2010		2009		2008	
	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>
Net Income/(Loss) Attributable to PPG as Reported	\$340	\$2.12	\$272	\$1.63	\$146	\$0.89	\$250	\$1.51
Auto Glass & Services Depreciation catch-up	-	-	-	-	-	-	11	0.07
Auto Glass & Services Divestiture benefits costs	-	-	-	-	-	-	12	0.07
Adjusted Net Income	<u>\$340</u>	<u>\$2.12</u>	<u>\$272</u>	<u>\$1.63</u>	<u>\$146</u>	<u>\$0.89</u>	<u>\$273</u>	<u>\$1.65</u>

Amounts in Millions of USD except EPS

Adjusted EPS Reconciliation

Third Quarter	2011		2010		2009		2008	
	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>
Net Income Attributable to PPG as Reported	\$311	\$1.96	\$262	\$1.58	\$159	\$0.96	\$117	\$0.70
Business Restructuring Charge	-	-	-	-	-	-	110	0.67
Gain on Divestiture of Auto Glass and Services Business	-	-	-	-	-	-	(3)	(0.02)
Adjusted Net Income	<u>\$311</u>	<u>\$1.96</u>	<u>\$262</u>	<u>\$1.58</u>	<u>\$159</u>	<u>\$0.96</u>	<u>\$224</u>	<u>\$1.35</u>

Amounts in Millions of USD except EPS

Adjusted EPS Reconciliation

Fourth Quarter	2011		2010		2009		2008	
	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>
Net Income Attributable to PPG as Reported	\$216	\$1.39	\$205	\$1.24	\$142	\$0.85	\$71	\$0.43
Memo: No Adjustments	-	-	-	-	-	-	-	-
Adjusted Net Income	<u>\$216</u>	<u>\$1.39</u>	<u>\$205</u>	<u>\$1.24</u>	<u>\$142</u>	<u>\$0.85</u>	<u>\$71</u>	<u>\$0.43</u>

Amounts in Millions of USD except EPS

Adjusted EPS Reconciliation

Full Year	2011		2010		2009		2008	
	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>
Net Loss/(Income) Attributable to PPG as Reported	\$1,095	\$6.87	\$769	\$4.63	\$336	\$2.03	\$538	\$3.25
Change in U.S. Tax Law (U.S. Patient Protection and Affordable Care Act)	-	-	85	0.51	-	-	-	-
Business Restructuring	-	-	-	-	141	0.86	110	0.67
Acquisition-Related Costs	-	-	-	-	-	-	89	0.54
Gain on Divestiture of Automotive Glass & Services Business	-	-	-	-	-	-	(3)	(0.02)
Auto Glass & Services Depreciation catch-up	-	-	-	-	-	-	11	0.07
Auto Glass & Services Divestiture benefits costs	-	-	-	-	-	-	12	0.07
Adjusted Net Income	<u>\$1,095</u>	<u>\$6.87</u>	<u>\$854</u>	<u>\$5.14</u>	<u>\$477</u>	<u>\$2.89</u>	<u>\$757</u>	<u>\$4.58</u>

Amounts in Millions of USD except EPS

Adjusted Net Earnings

Full Year	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net Earnings as Reported	\$1,095	\$769	\$336	\$538	\$834	\$711
Adjustments:						
Business Restructuring	-	-	141	110	-	23
Divestiture-related costs	-	-	-	9	30	-
Acquisition-related costs	-	-	-	100	4	-
Environmental Remediation Charge	-	-	-	-	-	106
Pension Protection Act – Deferred Tax Adjustment	-	85	-	-	-	-
Impairments/Other	-	-	-	-	-	2
Total Net Adjustments	-	\$85	\$141	\$219	\$34	\$131
Adjusted Net Earnings	\$1,095	\$854	\$477	\$757	\$868	\$842

Amounts in Millions of USD

Adjusted Return on Capital

Full Year	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Adjusted Net Earnings	\$1,095	\$854	\$477	\$757	\$868	\$842
Net Interest Expense (after-tax)	<u>158</u>	<u>140</u>	<u>135</u>	<u>175</u>	<u>66</u>	<u>61</u>
Adjusted Net Earnings + Net Interest Expense	\$1,253	\$994	\$612	\$932	\$934	\$903
Capital (Average Debt & Average Equity) as Reported	\$7,526	\$7,020	\$7,096	\$8,053	\$5,403	\$4,587
Net Adjustment (see Net Earnings Reconciliations)	-	<u>85</u>	<u>141</u>	<u>219</u>	<u>34</u>	<u>131</u>
Adjusted Capital	\$7,526	\$7,105	\$7,237	\$8,272	\$5,437	\$4,718
Adjusted Return on Capital	16.6%	14.0%	8.5%	11.3%	17.2%	19.1%

Amounts in Millions of USD, except percents

Adjusted Net Earnings

Full Year	<u>2005</u>	<u>2004</u>
Net Earnings as Reported	\$596	\$683
Adjustments:		
Business Restructuring	-	-
Divestiture-related costs	-	-
Asbestos	-	-
Legal Settlement	117	-
Debt Refinancing	12	-
Impairments/Other	38	19
Total Net Adjustments	\$167	\$19
Adjusted Net Earnings	\$763	\$702

Amounts in Millions of USD

Adjusted Return on Capital

Full Year	<u>2005</u>	<u>2004</u>
Adjusted Net Earnings	\$763	\$702
Net Interest Expense (after-tax)	<u>57</u>	<u>63</u>
Adjusted Net Earnings + Net Interest Expense	\$820	\$765

Capital (Average Debt & Average Equity) as Reported	\$4,686	\$4,694
Net Adjustment (see Net Earnings Reconciliations)	<u>167</u>	<u>19</u>
Adjusted Capital	\$4,853	\$4,713

Adjusted Return on Capital	16.9%	16.2%
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Amounts in Millions of USD, except percents



Thank you for your interest
in PPG Industries, Inc.

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PPG Industries

Bringing innovation to the surface.™

