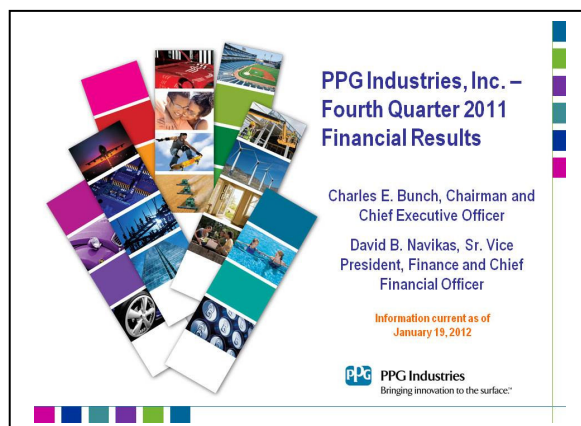




# PPG Industries, Inc. Fourth Quarter 2011 Financial Results

## Earnings Brief – January 19, 2012



### CEO Opening Remarks

Thank you Vince, and welcome everyone.

Today we announced fourth quarter 2011 sales of \$3.5 billion, up 4 percent versus the fourth quarter of 2010. Our fourth quarter earnings per share of \$1.39, established a new fourth quarter record for the company, and was achieved despite moderating global growth rates during the quarter.

We delivered record earnings per share of \$6.87 in 2011, with new records established each quarter despite persistent raw material inflation, uneven economic conditions globally, and continued anemic construction activity in developed regions. Our continued record financial performance reflects strong execution by our global businesses, aggressive cost management and our amplified deployment of cash. Also our end-use market and geographic diversity remained an important benefit during the year.

During the fourth quarter, overall sales volumes were flat as some customers curtailed inventory and remained cautious with their ordering patterns. This was most evident in our commodity chemicals segment, where volumes declined 3 percent, and also in Europe where we experienced a 1 percent volume drop.

Emerging region volume growth continued, but was modest and tempered by lower marine and architectural coatings volumes, along with the negative impacts resulting from the Thailand flooding which reduced our optical products activity levels.

We continued to benefit from improving global demand in aerospace, automotive OEM and several general industrial markets, and we supplemented this growth with PPG market share gains.

Also aiding our sales was higher pricing, with improvements in each business segment marking the seventh consecutive quarter where the company has delivered higher pricing. The higher pricing offset raw material cost inflation, as inflation rates stabilized during the quarter. We are implementing further pricing in 2012 to offset inflation we absorbed in 2011.

Lastly, cash generation remained strong and was about \$1.4 billion for the full year, up nearly 10 percent. Throughout the year we deployed our cash with a focus on earnings accretion and continuing our heritage of returning cash to shareholders. We repurchased 2.7 million shares of stock in the fourth quarter, and 10.2 million shares during the year. We also raised our dividend, marking 40 consecutive years of annual

dividend increases. In total, dividend and share repurchases equaled \$1.2 billion, or 85 percent of the cash we generated from operations. We ended the year with about \$1.5 billion in cash and short-term investments.

Looking ahead, we anticipate first quarter 2012 growth to remain uneven by region and varied by industry, similar to the fourth quarter of 2011. We expect Europe to remain the most challenging region. We anticipate moderate strengthening in the U.S. economic recovery supported by an enhanced global cost position in the industrial sector due to lower natural gas prices. Aggregate emerging region growth rates are expected to remain high compared to developed regions, but more moderate and erratic than they have been in the past.



As a result, we will be very proactive in managing our businesses as we deal with these uncertain market conditions. Also, we intend to continue to prudently deploy our strong cash position toward earnings accretion and rewarding shareholders, and are targeting to end 2012 with a cash balance below \$1 billion.

That concludes our prepared remarks. Now, operator, would you please give instructions and open the phone lines for questions.

## Prepared Commentary - Fourth Quarter 2011

### 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.

### Fourth Quarter Financial Recap

PPG delivered net sales of \$3.5 billion in the fourth quarter of 2011, establishing a new fourth quarter record. This is an increase of 4 percent compared to the prior year. Fourth quarter 2011 net income was \$216 million, or \$1.39 per diluted share, also a new fourth quarter record for the company.

Each PPG segment achieved higher pricing this quarter, although currency translation reduced sales by 1 percent. Overall, volumes

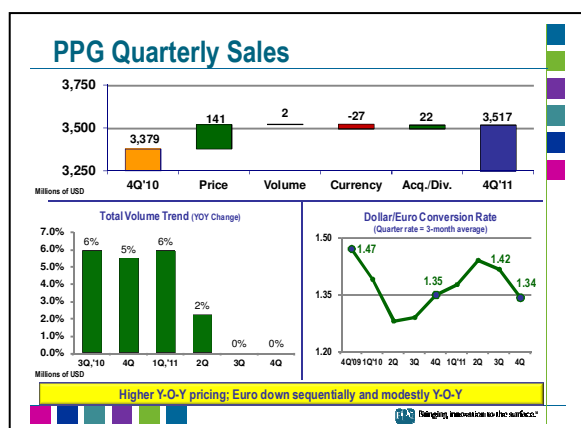
were flat. We saw continued growth but at lower levels in emerging regions, flat volumes in the United States, and a modest volume decline in Europe.

During the quarter, customers pared inventories and were generally cautious with their order patterns reflecting overall economic uncertainty, although several global industrial sectors, including aerospace and automotive OEM, delivered excellent year-over-year growth.

PPG's fourth quarter segment margins compressed by 100 basis points versus last year as a result of the lower capacity utilization in several of our businesses and higher costs. Conversely, commodity inflation rates for our coatings raw materials stabilized, and our increased coatings selling prices resulted in further progress in offsetting the flattening inflationary trends. In aggregate, coatings margins were down 38 basis points, consistent with year-to-date performance through the third quarter.

Also in the fourth quarter, the company reduced the full year tax rate on ongoing earnings to 25 percent and recognized a benefit from a tax audit settlement. These two items, which were fairly equal in size, added 19 cents to fourth quarter earnings-per-share versus our prior tax rate projections. The fourth quarter of 2010 also included tax benefits which totaled 9 cents in added earnings-per-share.

Fourth quarter cash from operations was about \$660 million, bringing the year-to-date total to more than \$1.4 billion, up nearly 10 percent versus last year. In the quarter, the company spent \$225 million on stock repurchases, acquiring 2.7 million shares. For the full year, the company spent about \$860 million to acquire 10.2 million shares, and PPG's diluted share count was reduced by more than 4 percent. The company ended the year with about \$1.5 billion of cash and short-term investments.



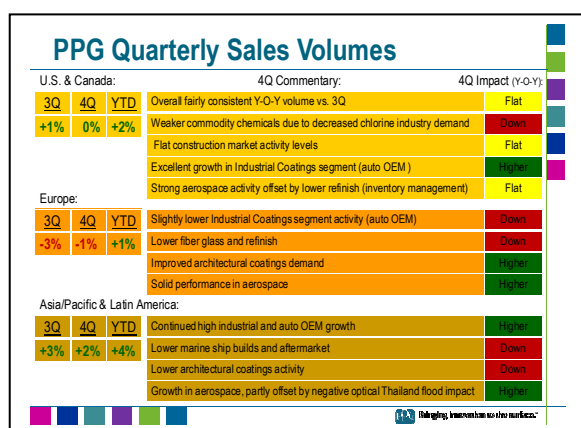
## PPG Quarterly Sales

Net sales of \$3.5 billion were about \$140 million higher in comparison with the fourth quarter of 2010.

Selling prices improved by \$141 million, or 4 percent. Year-over-year pricing has improved over the past seven consecutive quarters. All segments achieved higher pricing in the quarter, with the coatings segments realizing the largest gains.

Currency translation reduced sales by about \$25 million, or about 1 percent, primarily as a result of weaker European and Latin American currencies compared to last year.

Similar to the third quarter of 2011, overall volumes were flat in what is seasonally PPG's slowest quarter. However, there were notable differences in volume results based on geographic region and end-use market.



## PPG Quarterly Sales Volumes

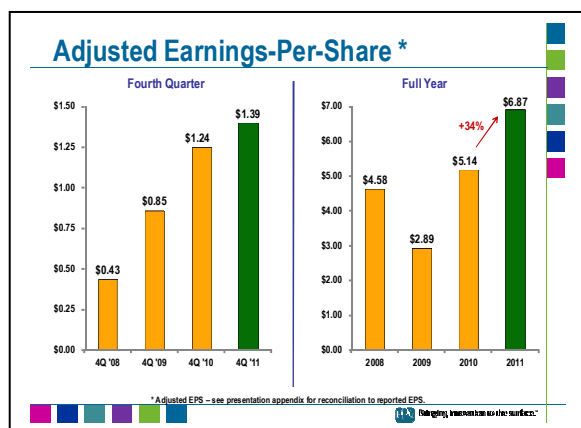
From a regional perspective, volume growth in the United States and Canada was flat. Commodity Chemicals segment volumes were weaker due primarily to decreased chlorine industry demand. Activity levels in construction markets remained at very low but stable levels. Industrial coatings segment volumes grew mid-to-high single digits, driven by strong automotive OEM demand. Aerospace activity levels remained strong, offsetting lower refinish end-use market

demand stemming principally from customer inventory management.

European volumes fell by 1 percent, an improvement over the prior quarter. Overall industrial volumes were down slightly, along with reduced end-use market demand for fiber glass and automotive refinish based on softness in the region. Architectural coatings volumes improved due to stronger company-owned paint stores activity stemming from market share gains, and aerospace growth remained exceptional.

Asian and Latin American volumes improved 2 percent, driven by strong industrial and auto OEM growth. Lower marine activity once again reduced volumes due to lower shipbuilding activity and a slowing marine aftermarket reflecting less global shipping. Asia remains the primary region for shipbuilding activity. PPG architectural coatings demand declined, including reduced demand in China. Growth rates in the region were tempered by the negative sales impact stemming from the Thailand floods, particularly in optical products.

Lastly, all regions generally exhibited traditional seasonal sales patterns, and on a year-over-year basis total company volumes were generally similar throughout the quarter.



## Fourth Quarter and Full Year Earnings Per Share

Fourth quarter 2011 earnings per share were \$1.39, and established a new fourth quarter record. The full year earnings-per-share figure is \$6.87, up 34 percent versus the prior year. The improved results for the quarter and year reflect the benefit of higher company sales, including higher pricing to counter raw material inflation. For the quarter, pre-tax income declined 2.4 percent, while on a year-to-date basis, pre-tax income

increased 23 percent.

Also, during the fourth quarter the 2011 full year tax rate on ongoing earnings was lowered to 25 percent and we also benefitted from the settlement of a tax audit. As a result the effective tax rate for the quarter was 15.8 percent, adding 19 cents to fourth quarter earnings per share versus our prior tax rate estimate of 26 percent. The lower full year rate on ongoing earnings reflects our final geographic earnings mix and PPG tax planning initiatives implemented during the fourth quarter. In the fourth quarter of 2010, tax rate changes added 9 cents to that quarter. We anticipate a 2012 tax rate on ongoing earnings of 25 percent.

Lastly, the average diluted shares outstanding were reduced for the fourth quarter and full year by 5.5 percent and 4 percent, respectively, stemming from share repurchase activity over the past 12 months.

**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	Select Sales Detail	Total	Volume	Currency
4Q Y-O-Y Change	3%	-2%	0%	2011 Y-O-Y Change	8%	0%	3%

**Fourth Quarter (Y-O-Y):**

- ✓ Higher pricing in all businesses
- ✓ Excellent growth in aerospace
- ✓ Lower auto refinishing - 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)

## Performance Coatings

For Performance Coatings, sales for the quarter were \$1.1 billion, up about 3 percent, or \$34 million, versus the prior year's period. Volumes were down slightly, but were more than offset by higher year-over-year pricing in all businesses, reflecting continuing efforts to fully offset input cost inflation. Currency translation did not meaningfully impact sales or earnings.

Segment earnings declined by \$30 million, to \$140 million, due to the lower sales volumes,

higher costs and high inflation impacts that were not fully offset by price. The cost increase included higher customer claims expense in the marine business and higher selling and marketing costs in architectural coatings.

Year-over-year segment volumes declined 2 percent in the quarter. Aerospace volumes continued to grow notably reflecting robust industry demand and PPG share

gains. Automotive refinish volumes declined due to customer inventory management at year-end and weaker European activity levels.

Marine coatings volumes were down reflecting the decline in ship build activity and reduced global shipping during the quarter. Improved protective coatings volumes in most regions, reflecting higher energy and infrastructure demand, partly offset the marine decline.

U.S. architectural coatings volumes were flat. Modestly higher volumes were achieved in the do-it-yourself, or DIY retail category, despite negative effects from customer inventory management efforts. Company-owned store volumes were down slightly, although same store sales comparisons were solidly positive due to higher pricing.

Architectural volumes in the emerging regions declined mid-to-high single digit percents, including the negative impacts from lower Chinese demand.

On a full year basis, the segment delivered record earnings on flat volumes. Improved segment mix, due largely to refinish and aerospace growth, was coupled with improved pricing to counter high raw material inflation and higher costs. Lower full year margins reflect the impact of the fourth quarter earnings decline and full year currency translation effects.

Looking ahead to the first quarter 2012, lower marine activity levels are expected to continue. Strength in aerospace is also expected to carry-forward. U.S. architectural volumes are anticipated to be flat-to-modestly improved, reflecting moderate pent-up maintenance demand recovery, while emerging regions architectural coatings are expected to remain challenging. In addition, higher architectural pricing is being implemented based on previously announced price increases. Also, we anticipate less customer inventory management impacts in the segment. Currency impacts for the segment are expected to be negative based on current exchange rates in comparison with the first quarter 2011 levels.

Industrial Coatings									
SMM (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	2011 Y-O-Y Change					
4Q Y-O-Y Change	7%	4%	-1%	12%	5%	3%			
<b>Fourth Quarter (Y-O-Y):</b>					<b>1Q, 2012 Outlook:</b>				
<ul style="list-style-type: none"> <li>✓ Higher global auto OEM volumes</li> <li>✓ Solid global industrial demand coupled with PPG market share gains</li> <li>✓ High single-digit percentage volume growth in U.S. and emerging regions; modest decline in Europe</li> <li>✓ Improved pricing provided further offset to negative inflation impact</li> <li>✓ Aggressive cost management continued</li> </ul>					<ul style="list-style-type: none"> <li>✓ Mid-single digit percentage growth in global auto production (including lower Europe)</li> <li>✓ Higher general industrial activity globally</li> <li>✓ Further pricing and cost management – recovery of 2011 absorbed inflation</li> <li>✓ Negative currency impact (Euro) to sales and earnings</li> </ul>				

## Industrial Coatings

The Industrial Coatings segment's sales increased to \$1.0 billion, up 7 percent in comparison with the prior year's quarter. Fourth quarter earnings of \$106 million were up \$27 million, or 34 percent.

Volumes grew 4 percent on higher global auto OEM production, growth in several general industrial end-use markets and PPG market share gains, more than offsetting some modest customer inventory

management. Regionally for the segment, the United States and emerging regions grew by high-single digit percentages, while Europe experienced a very modest decline.

Segment margins expanded by over 200 basis points as sales growth was coupled with aggressive cost management and improved pricing in efforts to offset persistent raw material inflation.

On a full year basis, margins also expanded. This was aided by 5 percent volume growth and lower costs due to strict cost management, countering raw materials inflation.

Looking ahead, we anticipate continued volume growth, including higher global auto production and general industrial activity. Further price increases are anticipated reflecting the lagging recovery of inflation incurred in 2011. Currency conversion is expected to be negative 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%	--	--					
Select Sales Detail				Total	Volume	Currency	Select Sales Detail			Total	Volume	Currency	
4Q Y-o-Y Change				5%	2%	-2%	2011 Y-o-Y Change				12%	1%	5%
<b>Fourth Quarter (Y-Q-Y):</b>					<b>1Q, 2012 Outlook:</b>								
<ul style="list-style-type: none"> <li>✓ Improved overall volumes in a seasonally slow period – ongoing share gains</li> <li>✓ Higher pricing reflecting need to offset raw materials inflation</li> <li>✓ Negative currency translation</li> </ul>					<ul style="list-style-type: none"> <li>✓ Higher price / negative currency translation</li> <li>✓ Consistent volumes: <ul style="list-style-type: none"> <li>• Continued stability in maintenance end-market /Western Europe</li> <li>• Growth in Middle-East/Africa offsetting Eastern Europe</li> </ul> </li> <li>✓ Dyrup acquisition closed January 5, 2012</li> </ul>					<p>Note: Currency translation is a large factor in year-over-year changes in Depreciation &amp; Amortization.</p>			

## Architectural Coatings - EMEA

Architectural Coatings – EMEA segment sales were \$449 million, up \$23 million versus last year’s period. Segment earnings were \$8 million, an increase of \$6 million versus the prior year, in what is historically a seasonally low period for the segment.

In the quarter, sales grew 5 percent, despite negative currency translation. Pricing was favorable reflecting efforts to counter raw material inflation. Year-over-year volumes

grew two percent on share gains despite lower retail “do it yourself” (DIY) sales, including the negative impact from the loss of a DIY customer that filed for bankruptcy in the second quarter 2011.

Full year volumes were slightly positive, growing 1 percent despite negative DIY results, with currency adding an additional 5 percent. Full year segment earnings grew 9 percent, or \$10 million.

Segment performance is also measured in terms of earnings before interest, taxes, depreciation and amortization, or EBITDA. EBITDA is a relevant measure for this segment given the ongoing, non-cash amortization expense from the SigmaKalon acquisition. Year-to-date segment EBITDA has improved \$16 million, or 7 percent, due to the effect of the higher sales. EBITDA margins are down versus the prior year due, in part, to the customer bankruptcy charge in the second quarter and the related loss of sales volume.

This consistent financial performance demonstrates the resiliency of this segment despite the tumultuous economic backdrop in the region. Looking ahead, we anticipate many of the same factors driving this consistency to remain, including the high maintenance orientation of the business in Western Europe and continued strong organic growth prospects in the Middle-East and Africa. We anticipate negative currency translation impacts given the segment’s large Euro base of sales and earnings.

Lastly, PPG closed on the Dyrup acquisition on January 5, 2012.

Optical and Specialty Materials								
SMM (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	Select Sales Detail	Total	Volume	Currency
4Q Y-O-Y Change	-3%	-4%	0%	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

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## Optical and Specialty Materials

Fourth quarter sales for the Optical and Specialty Materials segment were \$259 million, down \$9 million, or 3 percent versus the prior year due mainly to lower volumes.

The volume decline was driven by the negative impact from the catastrophic flooding in Thailand that disrupted customers and supply chains. The flooding also impacted production of PPG's optical materials, resulting in a declaration of force

majeure during the quarter.

Excluding the Thailand flooding impacts, segment volumes were down slightly with optical growth continuing in the emerging regions, modest customer inventory management declines in the U.S., and Europe returning to flat activity levels following a weakened third quarter.

Silica volumes were slightly positive aided by higher automotive production resulting in increased demand for our products sold into the tire and battery markets. Pricing was up slightly.

Segment earnings were \$53 million, down \$4 million year-over-year, primarily as a result of the recorded loss associated with the Thailand flooding, net of insurance. The earnings impact of the flooding is expected to be lower than PPG originally anticipated, as we now anticipate a larger portion of the loss to be covered by insurance.

Full year segment sales and earnings improved on volume growth and higher pricing in both businesses. Full year margins eclipsed 27 percent.

Looking ahead, we do not anticipate any notable 2012 residual impact from the Thailand flooding, as we returned to normal operations at the end of December. We expect Transitions® growth to resume driven by continued strength and share gain versus clear lenses in emerging regions. In addition, we are commercializing Vantage® our new Transitions® clear-to-polarized product in the first half of 2012, and expect increased marketing costs associated with the launch of this new product. We anticipate recent silica market trends to continue, aided by higher auto production and the tire industry focus on improving fuel efficiency through higher silica content in tires. Similar to other global PPG businesses, currency is expected to have a negative year-over-year impact in the first quarter.

Commodity Chemicals									
SMM (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%	--	--	

<p><b>Year-over-year versus 4Q 2010 and sequentially vs. 3Q 2011:</b></p> <ul style="list-style-type: none"> <li>✓ Significantly lower chlorine industry demand resulted in:           <ul style="list-style-type: none"> <li>• Lower chlorine sales and lower price</li> <li>• Less caustic availability/sales</li> <li>• Negative manufacturing (lower capacity utilization) partly offset by cost control</li> </ul> </li> <li>✓ Higher caustic pricing</li> <li>✓ Lower natural gas</li> </ul>	<p><b>1Q 2012 outlook (sequentially vs. 4Q 2011):</b></p> <ul style="list-style-type: none"> <li>✓ Higher chlorine demand (seasonality and modest customer restocking)</li> <li>✓ Improved capacity utilization sequentially (but still lower year-over-year)</li> <li>✓ Very low caustic inventory levels</li> <li>✓ Announced price increase for caustic</li> <li>✓ Lower natural gas unit cost, including lower PPG hedge position</li> </ul>
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## Commodity Chemicals

Commodity Chemicals segment sales versus the prior year grew by \$22 million to \$398 million. Earnings decreased to \$63 million, down \$10 million versus the prior year.

Chlorine industry demand was significantly lower due to customer inventory management and fewer downstream product exports. This negatively impacted chlorine and caustic sales, chlorine price and manufacturing utilization in comparison with both the fourth quarter of 2010 and

sequentially versus the third quarter of 2011. Caustic pricing was higher in comparison with both periods, and natural gas pricing was lower. Strict cost management also partly offset the negative earnings impacts of the lower demand.

On a full year basis, sales grew 21 percent due to higher prices and the impact from the second quarter acquisition of Equa-Chlor. Earnings nearly doubled, aided by higher sales.

Looking forward, we anticipate higher chlorine demand sequentially versus the fourth quarter of 2011, due to both seasonal factors and modest customer inventory restocking. This would result in improved capacity utilization compared to the fourth quarter, but still lower versus an exceptionally strong operating rate in the first quarter 2011. Caustic inventory is extremely low, and announced caustic pricing is being implemented in the first quarter. Also, the current natural gas market price is at multi-year lows.

Glass									
SMM (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%	--	--	

<p><b>Fourth Quarter (Y-Q-Y):</b></p> <ul style="list-style-type: none"> <li>✓ Higher pricing</li> <li>✓ Lower throughput (fiber glass ran at near 100% capacity utilization in 2010)</li> <li>✓ Lower fiber glass volumes vs. very strong 2010 comparables (weaker Europe)</li> <li>✓ Weakening licensing and equity earnings (i.e., electronics end-market)</li> </ul>	<p><b>1Q 2012 Outlook:</b></p> <ul style="list-style-type: none"> <li>✓ Comparable fiber glass volumes trends vs. 4Q'11</li> <li>✓ Consistent flat glass volume</li> <li>✓ Aggressive cost focus in both business units</li> <li>✓ Lower equity earnings</li> </ul>
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<table border="1" style="font-size: x-small;"> <thead> <tr> <th>Select Sales Detail</th> <th>Total</th> <th>Volume</th> <th>Currency</th> </tr> </thead> <tbody> <tr> <td>4Q Y-Q-Y Change</td> <td>-1%</td> <td>-2%</td> <td>0%</td> </tr> </tbody> </table>	Select Sales Detail	Total	Volume	Currency	4Q Y-Q-Y Change	-1%	-2%	0%	<table border="1" style="font-size: x-small;"> <thead> <tr> <th>Select Sales Detail</th> <th>Total</th> <th>Volume</th> <th>Currency</th> </tr> </thead> <tbody> <tr> <td>2011 Y-Q-Y Change</td> <td>8%</td> <td>2%</td> <td>1%</td> </tr> </tbody> </table>	Select Sales Detail	Total	Volume	Currency	2011 Y-Q-Y Change	8%	2%	1%
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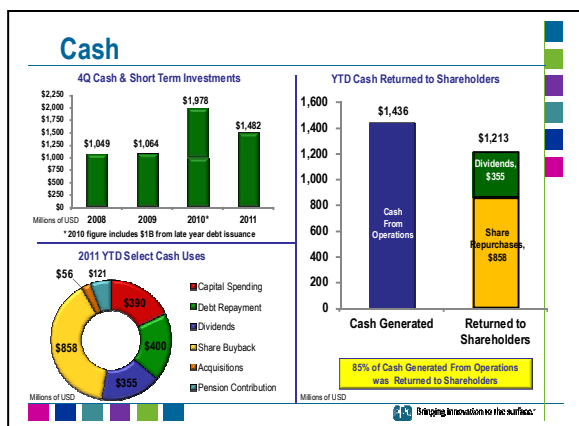
## Glass

Fourth quarter sales for the Glass segment were \$256 million, down 1 percent, or \$2 million, versus the prior year. Higher pricing was more than offset by lower volumes. Fiber glass volumes declined reflecting lower European demand, offsetting positive volumes in the remainder of the business. In the prior year, fiber glass demand was very robust, making the comparable period difficult. Flat glass volumes remained fairly steady, but at low activity levels historically.

Segment earnings were \$19 million, compared to \$29 million a year ago. Fiber glass capacity utilization was lower than the prior year when utilization rates were nearly 100 percent. The lower earnings were also a result of weaker licensing and equity earnings, including our fiber glass joint venture serving a weaker electronics industry.

For the full year of 2011, the Glass segment delivered a solid earnings improvement of 31 percent on 8 percent higher sales, including higher full year volumes and pricing.

Looking forward, we anticipate fiber glass volume trends to be sequentially comparable with the fourth quarter of 2011, and flat glass activity is also expected to be consistent. Cost control is a perennial focus for this segment, and we expect the electronics market to remain weak especially against strong first quarter 2011 comparables.



## Cash

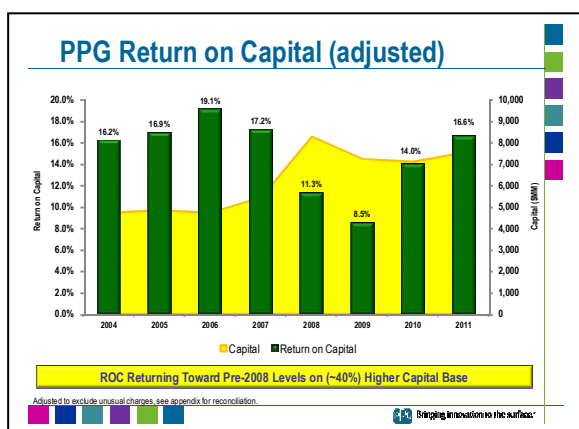
PPG ended the year with about \$1.5 billion in cash and short-term investments. During the quarter, about \$660 million of cash was generated from operations, with a full year total of about \$1.45 billion, up about \$130 million versus the prior year.

Full year uses of cash were as follows:

- Capital expenditures were \$390 million year-to-date, or 2.6 percent of sales. Full

year 2012 capital spending is expected to be in the range of 2.5-to-3.5 percent of sales.

- Spending on several “bolt-on” acquisitions totaled \$56 million. The previously announced acquisitions of Dyrup and Colpisa closed in January 2012, and will be reflected in our 2012 financial results.
- Dividends paid were \$355 million for the year, and stock repurchases totaled \$858. As a result, combined payments to shareholders totaled \$1.2 billion or about 85 percent of the cash we generated from operations, as we focused on returning excess cash to shareholders throughout the year.
- During the year, no term debt was due, but the company prepaid \$400 million of debt which was due in mid-2012. PPG has a small term debt maturity in 2012 totaling about \$70 million.
- Year-to-date pension contributions were about \$125 million, including non-U.S. plan contributions. For 2012, we currently anticipate cash pension contributions of \$125-to-\$150 million.



## Return on Capital

Lastly, PPG’s adjusted return on capital for the year was 16.6 percent, up versus the prior year figure of 14 percent. Return on capital remains a key PPG financial metric, and our improvement closer toward pre-2008 levels on a capital base that is 40 percent higher, highlights the increased earnings from our revised business portfolio.

**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; 40<sup>th</sup> 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.

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## Conclusion

In conclusion, PPG delivered record earnings-per-share performance in each quarter of 2011 despite uneven economic conditions, persistent raw material inflation and anemic construction activity in developed regions. Our record financial performance was aided by aggressive cost management, strong execution by our businesses, and amplified cash deployment focused on earnings accretion.

We have continued our heritage of strong cash generation and continued our legacy of returning cash to shareholders, including our 40th consecutive year of annual dividend increases. We repurchased over 10 million shares of stock and ended the year with \$1.5 billion in cash and short-term investments.

Looking ahead, we anticipate first quarter 2012 growth to remain uneven by region and varied by industry. We expect Europe to remain the most challenging. We anticipate moderate strengthening in the U.S. economic recovery, supported by an enhanced global cost position in the industrial sector due to lower regional natural gas prices. Aggregate emerging region growth rates are expected to remain high compared to developed regions, but more moderate and erratic than they have been in the past.

As a result, we will be very proactive in managing our businesses as we deal with these uncertain market conditions. We intend to continue to prudently deploy our strong cash position for earnings accretion and rewarding shareholders, and are targeting to end 2012 with a cash balance of less than \$1 billion.

### Adjusted EPS Reconciliation

First Quarter	2011		2010		2009		2008	
	\$	EPS	\$	EPS	\$	EPS	\$	EPS
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	\$228	\$1.40	\$115	\$0.69	\$30	\$0.18	\$189	\$1.15

Amounts in Millions of USD except EPS

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### Adjusted EPS Reconciliation

Second Quarter	2011		2010		2009		2008	
	\$	EPS	\$	EPS	\$	EPS	\$	EPS
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	\$340	\$2.12	\$272	\$1.63	\$146	\$0.89	\$273	\$1.65

Amounts in Millions of USD except EPS

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### Adjusted EPS Reconciliation

Third Quarter	2011		2010		2009		2008	
	\$	EPS	\$	EPS	\$	EPS	\$	EPS
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	\$311	\$1.96	\$262	\$1.58	\$159	\$0.96	\$224	\$1.35

Amounts in Millions of USD except EPS

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### Adjusted EPS Reconciliation

Fourth Quarter	2011		2010		2009		2008	
	\$	EPS	\$	EPS	\$	EPS	\$	EPS
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	\$216	\$1.39	\$205	\$1.24	\$142	\$0.85	\$71	\$0.43

Amounts in Millions of USD except EPS

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### Adjusted EPS Reconciliation

Full Year	2011		2010		2009		2008	
	\$	EPS	\$	EPS	\$	EPS	\$	EPS
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	\$1,095	\$6.87	\$854	\$5.14	\$477	\$2.89	\$757	\$4.58

Amounts in Millions of USD except EPS

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### Adjusted Net Earnings

Full Year	2011	2010	2009	2008	2007	2006
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

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### Adjusted Return on Capital

Full Year	2011	2010	2009	2008	2007	2006
Adjusted Net Earnings	\$1,095	\$854	\$477	\$757	\$868	\$842
Net Interest Expense (after-tax)	158	140	135	175	66	61
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)	-	85	141	219	34	131
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

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### Adjusted Net Earnings

Full Year	2005	2004
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

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## Adjusted Return on Capital

Full Year	2005	2004
Adjusted Net Earnings	\$763	\$702
Net Interest Expense (after-tax)	57	63
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)	167	19
Adjusted Capital	\$4,853	\$4,713
Adjusted Return on Capital	16.9%	16.2%

Amounts in Millions of USD, except percents



**PPG INDUSTRIES, INC.**  
**Condensed Statement of Operations**  
**4th Quarter Results**  
(Millions of Dollars)

	<b>3 Months Ended</b>		
	<b>December 31,</b>		
	<u>2011</u>	<u>2010</u>	<u>% Change</u>
<b>Net Sales</b>	<b>\$ 3,517</b>	<b>\$ 3,379</b>	<b>4.1</b>
Cost of Sales, exclusive of depreciation and amortization	2,184	2,086	4.7
Selling, R&D and administrative expenses	911	871	4.6
Depreciation	86	86	0.0
Amortization	29	32	(9.4)
Interest Expense	51	52	(1.9)
Interest Income	(10)	(9)	11.1
Asbestos Settlement - net	3	3	0.0
Other (earnings)/charges	(21)	(33)	(36.4)
<b>Income Before Income Taxes</b>	<b>284</b>	<b>291</b>	
Income Tax Expense	45	63	(28.6)
<b>Net Income Attributable to the Controlling and Noncontrolling Interests</b>	<b>239</b>	<b>228</b>	
Less: Net Income Attributable to Noncontrolling Interests	(23)	(23)	
<b>Net Income (attributable to PPG)</b>	<b>\$ 216</b>	<b>\$ 205</b>	<b>5.4</b>
<b>Earnings per common share (attributable to PPG)</b>	<b>\$ 1.41</b>	<b>\$ 1.26</b>	<b>11.9</b>
<b>Earnings per common share -- assuming dilution (attributable to PPG)</b>	<b>\$ 1.39</b>	<b>\$ 1.24</b>	<b>12.1</b>
<b>Average shares outstanding</b>	<b>153.7</b>	<b>162.8</b>	<b>(5.6)</b>
<b>Average shares outstanding -- assuming dilution</b>	<b>155.8</b>	<b>164.9</b>	<b>(5.5)</b>

**PPG INDUSTRIES, INC.**  
**Business Segment Information**  
**4th Quarter Results**  
(Millions of Dollars)

	Net Sales		Segment Income	
	2011	2010	2011	2010
PERFORMANCE COATINGS	\$ 1,136	\$ 1,102	\$ 140	\$ 170
INDUSTRIAL COATINGS	1,019	949	106	79
ARCHITECTURAL COATINGS EMEA	449	426	8	2
OPTICAL and SPECIALTY MATERIALS	259	268	53	57
COMMODITY CHEMICALS	398	376	63	73
GLASS	256	258	19	29
<b>SUBTOTAL</b>	<b><u>\$ 3,517</u></b>	<b><u>\$ 3,379</u></b>	<b><u>\$ 389</u></b>	<b><u>\$ 410</u></b>
<b>LEGACY ITEMS (NOTE A)</b>			(14)	(18)
<b>INTEREST EXPENSE, NET OF INTEREST INCOME</b>			(41)	(43)
<b>OTHER UNALLOCATED CORP. EXPENSE - NET (NOTE B)</b>			(50)	(58)
<b>INCOME BEFORE INCOME TAXES</b>			<b><u>\$ 284</u></b>	<b><u>\$ 291</u></b>

Note A:

Legacy items include current costs related to former operations of the company, including pension and other postretirement benefit costs, certain charges for legal matters and environmental remediation costs, and certain charges which are considered to be unusual or nonrecurring. Legacy items also include equity earnings from PPG's approximate 40 percent investment in the former automotive glass and services business. Beginning in 2011, the earnings impact of adjustments to the company's proposed asbestos settlement liability will be presented in Legacy items. Prior year amounts have been conformed to this presentation. The amount of this charge for the three and year ended December 31, 2011, was equal to the prior year amount.

Note B:

Beginning in the first quarter 2011, unallocated stock-based compensation costs will be reported as part of Other unallocated corporate expense. Prior year amounts have been conformed to this presentation.

### Forward-Looking Statement

Statements contained herein relating to matters that are not historical facts are forward-looking statements reflecting PPG's current view with respect to future events and financial performance. These matters within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, involve risks and uncertainties that may affect PPG's operations, as discussed in PPG's filings with the Securities and Exchange Commission pursuant to Sections 13(a), 13(c) or 15(d) of the Exchange Act, and the rules and regulations promulgated thereunder. Accordingly, many factors could cause actual results to differ materially from the forward-looking statements contained herein. Such factors include global economic conditions, increasing price and product competition by foreign and domestic competitors, fluctuations in cost and availability of raw materials, the ability to maintain favorable supplier relationships and arrangements, difficulties in integrating acquired businesses and achieving expected synergies therefrom, economic and political conditions in international markets, the ability to penetrate existing, developing and emerging foreign and domestic markets, foreign exchange rates and fluctuations in such rates, fluctuations in tax rates, the impact of future legislation, the impact of environmental regulations, unexpected business disruptions, and the unpredictability of existing and possible future litigation, including litigation that could result if the asbestos settlement discussed in PPG's filings with the Securities and Exchange Commission does not become effective. However, it is not possible to predict or identify all such factors. Consequently, while the list of factors presented here and in PPG's Form 10-K for the year ended December 31, 2010 are considered representative, no such list should be considered to be a complete statement of all potential risks and uncertainties. Unlisted factors may present significant additional obstacles to the realization of forward-looking statements. Consequences of material differences in results compared with those anticipated in the forward-looking statements could include, among other things, business disruption, operational problems, financial loss, legal liability to third parties and similar risks, any of which could have a material adverse effect on PPG's consolidated financial condition, results of operations or liquidity. All information in this presentation speaks only as of January 19, 2012, and any distribution of this presentation after that date is not intended and will not be construed as updating or confirming such information. PPG undertakes no obligation to update any forward-looking statement, except as otherwise required by applicable law.