UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 or 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended June 30, 2010	**Commission File Number 1-1687**

PPG INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Pennsylvania	**25-0730780**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

One PPG Place, Pittsburgh, Pennsylvania	**15272**
(Address of principal executive offices)	**(Zip Code)**

(412) 434-3131

(Registrant s telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

As of June 30, 2010, 165,149,819 shares of the Registrant's common stock, par value $1.66- 2/3 per share, were outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

PPG INDUSTRIES, INC. AND SUBSIDIARIES

Condensed Consolidated Statement of Income (Unaudited)

(Millions, except per share amounts)

	Three Months Ended June 30 2010	Three Months Ended June 30 2009	Six Months Ended June 30 2010	Six Months Ended June 30 2009
Net sales	$ 3,458	$ 3,115	$ 6,584	$ 5,898
Cost of sales, exclusive of depreciation and amortization	2,076	1,898	4,020	3,616
Selling, general and administrative	745	731	1,472	1,447
Depreciation	85	88	174	176
Amortization (Note 8)	30	31	62	61
Research and development	97	97	193	191
Interest expense	46	49	91	97
Asbestos settlement net (Note 20)	3	3	6	7
Business restructuring (Note 6)				186
Other charges	17	12	37	29
Other earnings	(53)	(47)	(89)	(54)
Income before income taxes	412	253	618	142
Income tax expense (Note 12)	111	84	258	64
Net income attributable to the controlling and noncontrolling interests	301	169	360	78
Less: net income attributable to noncontrolling interests	(29)	(23)	(58)	(43)
Net income (attributable to PPG)	$ 272	$ 146	$ 302	$ 35
Earnings per common share (Note 11)	$ 1.64	$ 0.89	$ 1.82	$ 0.21
Earnings per common share assuming dilution (Note 11)	$ 1.63	$ 0.89	$ 1.81	$ 0.21
Dividends per common share	$ 0.54	$ 0.53	$ 1.08	$ 1.06

The accompanying notes to the condensed consolidated financial statements are an integral part of this consolidated statement.

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PPG INDUSTRIES, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheet (Unaudited)

	June 30, 2010	Dec. 31, 2009
	(Millions)	
Assets		
Current assets:		
Cash and cash equivalents	$ 784	$ 1,057
Receivables (less allowance for doubtful accounts of $108 million and $122 million)	2,781	2,628
Inventories (Note 7)	1,541	1,548
Other	780	748
Total current assets	5,886	5,981
Property (less accumulated depreciation of $5,481 million and $5,559 million)	2,533	2,754
Investments	525	499
Goodwill (Note 8)	2,526	2,784
Identifiable intangible assets (Note 8)	1,238	1,416
Other assets	658	806
Total	$ 13,366	$ 14,240
Liabilities and Shareholders Equity		
Current liabilities:		
Short-term debt and current portion of long-term debt (Note 10)	$ 59	$ 272
Asbestos settlement (Note 20)	545	534
Accounts payable and accrued liabilities	2,724	2,648
Business restructuring (Note 6)	45	123
Total current liabilities	3,373	3,577
Long-term debt (Note 10)	3,017	3,074
Asbestos settlement (Note 20)	236	238
Deferred income taxes	301	328
Accrued pensions	904	944
Accrued other postretirement benefits	1,045	1,010
Other liabilities	851	1,147
Total liabilities	9,727	10,318
Commitments and contingent liabilities (Note 20)		
Shareholders equity (Note 15):		
Common stock	484	484
Additional paid-in capital	597	609
Retained earnings	8,262	8,139
Treasury stock	(4,290)	(4,218)
Accumulated other comprehensive loss	(1,603)	(1,261)
Total PPG shareholders equity	3,450	3,753
Noncontrolling interests	189	169

Total shareholders equity	3,639	3,922
Total	$ 13,366	$ 14,240

The accompanying notes to the condensed consolidated financial statements are an integral part of this consolidated statement.

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PPG INDUSTRIES, INC. AND SUBSIDIARIES

Condensed Consolidated Statement of Cash Flows (Unaudited)

	Six Months Ended June 30 2010	2009
	(Millions)	
Cash from operating activities	$ 367	$ 106
Investing activities:		
Capital spending		
Additions to property and long-term investments	(93)	(103)
Business acquisitions, net of cash balances acquired (2010 - $3) (Note 4)	(18)	(21)
Reductions of other property and investments	9	17
Deposit of cash into escrow	(5)	
Release of cash held in escrow		19
Proceeds from termination of cross currency swap contracts	5	
Payments on cross currency swap contracts	(45)	(44)
Cash used for investing activities	(147)	(132)
Financing activities:		
Debt:		
Net change in borrowings with maturities of three months or less	(71)	(5)
Repayments of other short-term debt	(134)	(169)
Proceeds from term loan		400
Other long-term debt activity		21
Other financing activities:		
Issuance of treasury stock	42	
Purchase of treasury stock	(105)	
Dividends paid	(180)	(174)
Dividends paid on subsidiary common stock to noncontrolling interests (Note 15)	(28)	(10)
Cash (used for) from financing activities	(476)	63
Effect of currency exchange rate changes on cash and cash equivalents	(17)	(6)
Net (decrease)/increase in cash and cash equivalents	(273)	31
Cash and cash equivalents, beginning of period	1,057	1,021
Cash and cash equivalents, end of period	$ 784	$ 1,052

The accompanying notes to the condensed consolidated financial statements are an integral part of this consolidated statement.

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PPG INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited)

1. Basis of Presentation

The condensed consolidated financial statements included herein are unaudited. In the opinion of management, these statements include all adjustments, consisting only of normal, recurring adjustments, necessary for a fair presentation of the financial position of PPG Industries, Inc. and subsidiaries (the Company or PPG) as of June 30, 2010, and the results of their operations for the three and six months ended June 30, 2010 and 2009 and their cash flows for the six months then ended. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in PPG's Annual Report on Form 10-K for the year ended December 31, 2009.

The results of operations for the six months ended June 30, 2010 are not necessarily indicative of the results to be expected for the full year.

2. Newly Adopted Accounting Standards

In June 2009, the Financial Accounting Standards Board (FASB) issued revisions to the accounting guidance on consolidation of variable interest entities. On January 1, 2010, PPG adopted the provisions of the new guidance, which did not have an impact on its consolidated results of operations, cash flows or financial position. Refer to Note 9, Variable Interest Entities for information related to PPG s sole variable interest entity, RS Cogen, L.L.C.

3. Fair Value Measurement

The accounting guidance on fair value measurement establishes a hierarchy with three levels of inputs used to determine fair value. Level 1 inputs are quoted prices in active markets for identical assets and liabilities, are considered to be the most reliable evidence of fair value, and should be used whenever available. Level 2 inputs are observable prices that are not quoted on active exchanges. Level 3 inputs are unobservable inputs used for measuring the fair value of assets or liabilities.

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PPG INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) (Continued)

Assets and liabilities reported at fair

value on a recurring basis:

($ in Millions)

At June 30, 2010	Level 1	Level 2	Level 3	Total
Other current assets:				
Foreign currency contracts[1]	$	$ 32	$	$ 32
Equity forward arrangement[2]		21		21
Marketable equity securities	4			4
Investments:				
Marketable equity securities	57	1		58
Other assets:				
Interest rate swaps[2]		20		20
Cross currency swaps[2]		13		13
Accounts payable and accrued liabilities:				
Foreign currency contracts[1]		6		6
Natural gas swap contracts[2]		37		37
Other liabilities:				
Cross currency swaps[2]		27		27
Natural gas swap contracts [2]		8		8
Forward starting swaps[2]		33		33
Foreign currency contracts[2]		1		1

(1) $6 million of this balance is designated as a hedging instrument under GAAP.

(2) This entire balance is designated as a hedging instrument under GAAP.

At December 31, 2009				
Other current assets:				
Foreign currency contracts[1]		3		3
Equity forward arrangement[2]		18		18
Marketable equity securities	4			4
Investments:				
Marketable equity securities	60	1		61
Other assets:				
Interest rate swaps[2]		10		10
Forward starting swaps[2]		3		3
Accounts payable and accrued liabilities:				
Foreign currency contracts[2]		8		8
Natural gas swap contracts[2]		37		37
Other liabilities:				
Natural gas swap contracts[2]		13		13
Cross currency swaps[2]		308		308

(1) The majority of this balance is designated as a hedging instrument under GAAP.

(2) This entire balance is designated as a hedging instrument under GAAP.

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PPG INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) (Continued)

4. Acquisitions

During the six months ended June 30, 2010, PPG spent $18 million on acquisitions (net of cash acquired of $3 million), and during the six months ended June 30, 2009, PPG spent $21 million on acquisitions, including $11 million related to earn-out and holdback payments on acquisitions that were completed prior to December 31, 2008.

5. Divestiture of Automotive Glass and Services Business

During the third quarter of 2007, the Company entered into an agreement to sell its automotive glass and services business to Platinum Equity (Platinum) for approximately $500 million. In the fourth quarter of 2007, PPG was notified that affiliates of Platinum had filed suit in the Supreme Court of the State of New York, County of New York, alleging that Platinum was not obligated to consummate the agreement. Platinum also terminated the agreement. PPG has sued Platinum and certain of its affiliates for damages, including the $25 million breakup fee stipulated by the terms of the agreement, based on various alleged actions of the Platinum parties.

In July 2008, PPG entered into an agreement with affiliates of Kohlberg & Company, LLC, under which PPG would divest the automotive glass and services business to a new company formed by affiliates of Kohlberg. The transaction with affiliates of Kohlberg was completed on September 30, 2008, with PPG receiving total proceeds of $315 million, including $225 million in cash and two 6-year notes totaling approximately $90 million ($60 million at 8.5% interest and $30 million at 10% interest). Both notes, which may be prepaid at any time without penalty, are senior to the equity of the new company. In addition, PPG received a noncontrolling interest of approximately 40 percent in the new company, Pittsburgh Glass Works LLC. PPG accounts for its interest in Pittsburgh Glass Works LLC under the equity method of accounting from October 1, 2008 onward.

PPG has retained certain liabilities for pension and post-employment benefits earned for service up to September 30, 2008, totaling $850 million at December 31, 2009, for employees who were active as of the divestiture date and for individuals who were retirees of the business as of the divestiture date. PPG recognized expense of approximately $16 million and $22 million related to these obligations in the six months ended June 30, 2010 and 2009, respectively.

In 2009, Pittsburgh Glass Works LLC ceased production at its Oshawa, Canada plant and also has announced that it will close its Hawkesbury, Canada plant in 2010. Under Canadian pension regulations, these plant closures will result in partial wind-ups of the pension plans for former employees in Canada that were retained by PPG. Each of these partial windups will result in settlement charges against PPG earnings and require cash contributions to the plans in amounts that will be determined following the required review of the partial wind-ups by the Canadian pension authorities. The amount of each pretax charge and the cash contribution is currently estimated to be in the range of $20-$30 million and $10-$15 million, respectively. These deficits can be funded over the five year period following the effective date of the partial wind-ups. The settlement charges will be recorded following the approval of the partial wind-ups by the Canadian pension authorities and when the related cash contributions are completed.

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PPG INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) (Continued)

6. Business Restructuring

During the third quarter of 2008, the Company finalized a restructuring plan as part of implementing PPG s global transformation strategy and the integration of its 2008 acquisition of SigmaKalon. As part of that restructuring, PPG closed its coatings manufacturing facilities in Clarkson, Ont., Canada, and Geldermalsen, the Netherlands. Other staffing reductions in PPG s coatings businesses in North America and Europe occurred in 2009. PPG also closed its Owen Sound, Ont., Canada, glass manufacturing facility, and idled one float glass production line at its Mt. Zion, Ill., facility in the fourth quarter of 2008. Other actions included writing off idle production assets in PPG s fiber glass and chemicals businesses.

In the third quarter of 2008, the Company recorded a charge of $163 million for business restructuring, including severance and other costs of $73 million, pension curtailments of $21 million and asset write-offs of $69 million. Severance and other restructuring costs related to the SigmaKalon acquisition totaling $33 million were recorded as part of the purchase price allocation, effectively increasing goodwill. The restructuring reserve recorded in 2008 totaled $196 million.

During the first quarter of 2009, the Company finalized a restructuring plan focused on further reducing its global cost structure, driven by global economic conditions, low end-market demand and acceleration of cost-savings from the integration of the 2008 acquisition of SigmaKalon. As part of the restructuring, PPG closed the paint manufacturing portion of its facility in Saultain, France at the end of 2009, as well as several smaller production, laboratory, warehouse and distribution facilities across PPG s businesses and regions, and reduced staffing across the Company globally.

In the first quarter of 2009, the Company recorded a charge of $186 million for business restructuring, including severance and other costs of $154 million and asset write-offs of $32 million. The Company also incurred approximately $11 million of additional costs directly associated with the restructuring actions for demolition, dismantling, relocation and training, which were charged to expense as incurred in the second half of 2009.

In the fourth quarter of 2009, adjustments of approximately $10 million were recorded to reduce the remaining restructuring reserves established in 2008 and 2009 to reflect the current estimate of the costs to complete these actions. Also in the fourth quarter of 2009, some additional restructuring actions were approved and charges of approximately $10 million were recorded. At June 30, 2010, more than half of the remaining reserves for the 2008 and 2009 restructuring plans relate to severance that will be paid to certain of the former employees through 2011. All of the remaining restructuring actions are expected to be completed in the second half of 2010.

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PPG INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) (Continued)

The following table summarizes the activity through June 30, 2010 related to the 2008 restructuring plans:

(Millions, except no. of employees)	Severance and Other Costs	Pension Curtailment Losses	Asset Write-offs	Total Reserve	Employees Impacted
Performance Coatings	$ 30	$	$ 15	$ 45	270
Industrial Coatings	45	9	10	64	577
Architectural Coatings - EMEA	19			19	215
Commodity Chemicals			13	13	10
Glass	12	12	31	55	285
Total	$ 106	$ 21	$ 69	$ 196	1,357
Activity to date	(84)	(21)	(69)	(174)	(1,334)
Currency impact	(7)			(7)	
Balance as of June 30, 2010	$ 15	$	$	$ 15	23

The following table summarizes the activity through June 30, 2010 related to the 2009 restructuring plans:

(Millions, except no. of employees)	Severance and Other Costs	Asset Write-offs	Total Reserve	Employees Impacted
Performance Coatings	$ 35	$ 4	$ 39	764
Industrial Coatings	75	16	91	935
Architectural Coatings - EMEA	17		17	130
Optical & Specialty Materials	3	9	12	219
Commodity Chemicals	6		6	42
Glass	11	2	13	247
Corporate	7	1	8	91
Total	$ 154	$ 32	$ 186	2,428
Activity to date	(121)	(32)	(153)	(2,319)
Currency impact	4		4	
Balance as of June 30, 2010	$ 37	$	$ 37	109

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PPG INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) (Continued)

7. Inventories

Inventories as of June 30, 2010 and December 31, 2009 are detailed below.

	June 30, 2010	Dec. 31, 2009
	(Millions)	
Finished products	$ 880	$ 918
Work in process	137	125
Raw materials	412	390
Supplies	112	115
Total	$ 1,541	$ 1,548

Most U.S. inventories are valued using the last-in, first-out method. These inventories represented approximately 34% and 35% of total inventories at June 30, 2010 and December 31, 2009, respectively. If the first-in, first-out method of inventory valuation had been used, inventories would have been $199 million and $224 million higher as of June 30, 2010 and December 31, 2009, respectively.

8. Goodwill and Other Identifiable Intangible Assets

The change in the carrying amount of goodwill attributable to each reportable segment for the six months ended June 30, 2010 was as follows:

	Performance Coatings	Industrial Coatings	Architectural Coatings - EMEA	Optical and Specialty Materials	Commodity Chemicals	Glass	Total
			(Millions)				
Balance, Dec. 31, 2009	$ 1,143	$ 509	$ 1,021	$ 51	$ 3	$ 57	$ 2,784
Acquisitions			7		1		8
Currency	(56)	(52)	(144)	(6)		(8)	(266)
Balance, June 30, 2010	$ 1,087	$ 457	$ 884	$ 45	$ 4	$ 49	$ 2,526

The carrying amount of acquired trademarks with indefinite lives as of June 30, 2010 and December 31, 2009 totaled $308 million and $334 million, respectively.

The Company s identifiable intangible assets with finite lives are being amortized over their estimated useful lives and are detailed below.

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PPG INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) (Continued)

	June 30, 2010			December 31, 2009		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
	(Millions)					
Acquired technology	$ 502	$ (249)	$ 253	$ 519	$ (234)	$ 285
Customer-related intangibles	895	(296)	599	990	(286)	704
Trade names	109	(36)	73	122	(35)	87
Other	26	(21)	5	28	(22)	6
Balance	$ 1,532	$ (602)	$ 930	$ 1,659	$ (577)	$ 1,082

Aggregate amortization expense related to these identifiable intangible assets for the three and six months ended June 30, 2010 was $30 million and $62 million, respectively, and for the three and six months ended June 30, 2009 was $31 million and $61 million, respectively. As of June 30, 2010, estimated future amortization expense of identifiable intangible assets is as follows: $66 million for the remaining quarters of 2010 and $130 million in each of the next five years.

9. Variable Interest Entities

PPG has a 50% ownership interest in RS Cogen, L.L.C., which toll produces electricity and steam, primarily for PPG and its joint venture partner. The joint venture was formed with a wholly-owned subsidiary of Entergy Corporation in 2000 for the construction and operation of a $300 million process steam, natural gas-fired cogeneration facility in Lake Charles, LA., the majority of which was financed by a syndicate of lenders. PPG s future commitment to purchase electricity and steam from the joint venture approximates $23 million per year subject to contractually defined inflation adjustments for the next 13 years. RS Cogen is a variable interest entity under U.S. accounting guidance. The joint venture s critical operations are overseen by a management committee, which has equal representation by PPG and Entergy. With the power to direct the activities of RS Cogen equally shared between RS Cogen s two owners, PPG does not consider itself to be the joint venture s primary beneficiary. Accordingly, PPG accounts for its investment in RS Cogen as an equity method investment.

The following table summarizes the Company s maximum exposure to loss associated with RS Cogen.

(Millions)	
Investment in and advances to RS Cogen	$ 7
Take-or-pay obligation under power tolling arrangement	300
Maximum exposure to loss as of June 30, 2010	$ 307

10. Debt

During the first six months of 2010, the Company repaid $106 million related to its 650 million revolving credit facility. The Company currently has no amounts outstanding under this facility. This facility will expire in December of 2010.

In October of 2009, the Company entered into an agreement with a counterparty to repurchase 1.2 million shares of the Company s stock. Under the terms of the agreement, the counterparty purchased 1.1 million shares in the open market and is now holding the shares until such time as the Company pays the agreed upon average price of $57.87 per share and takes possession of these shares. There will be no additional shares purchased under this agreement. These

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PPG INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) (Continued)

shares are not considered outstanding for the basic and diluted earnings per share calculations, and total shareholders equity at June 30, 2010 has been reduced by $65 million representing the amount that will be paid by PPG to the counterparty upon settlement. Settlement is expected to occur by September 30, 2010.

11. Earnings Per Common Share

The following table presents the earnings per common share calculations for the three and six months ended June 30, 2010 and 2009.

(Millions, except per share amounts)	Three Months Ended June 30 2010	Three Months Ended June 30 2009	Six Months Ended June 30 2010	Six Months Ended June 30 2009
Earnings per common share (attributable to PPG)				
Net income (attributable to PPG)	$ 272	$ 146	$ 302	$ 35
Weighted average common shares outstanding	165.4	163.8	165.6	163.9
Earnings per common share (attributable to PPG)	$ 1.64	$ 0.89	$ 1.82	$ 0.21
Earnings per common share - assuming dilution (attributable to PPG)				
Net income (attributable to PPG)	$ 272	$ 146	$ 302	$ 35
Weighted average common shares outstanding	165.4	163.8	165.6	163.9
Effect of dilutive securities:				
Stock options	0.8	0.0	0.7	0.0
Other stock compensation plans	0.4	0.6	0.5	0.6
Potentially dilutive common shares	1.2	0.6	1.2	0.6
Adjusted weighted average common shares outstanding	166.6	164.4	166.8	164.5
Earnings per common share - assuming dilution (attributable to PPG)	$ 1.63	$ 0.89	$ 1.81	$ 0.21

Excluded from the computation of diluted earnings per share due to their antidilutive effect were 1.9 million and 2.6 million of outstanding stock options for the three and six months ended June 30, 2010, respectively, and 7.0 million and 7.1 million outstanding stock options for the three and six months ended June 30, 2009, respectively.

12. Income Taxes

PPG recorded a one-time aftertax charge in the first quarter 2010 of $85 million, or 51 cents per share, as a result of a change in U.S. tax law included in the U.S. Patient Protection and Affordable Care Act enacted in March 2010. Under the prior tax law, the total amount paid for prescription drug costs for retirees over the age of 65 was tax deductible. Beginning in 2013, however, these costs will only be deductible to the extent they exceed the amount of the annual subsidy PPG receives from the U.S. government under Medicare Part D. As a result of this change, the Company s deferred tax asset, which reflects the future tax deductibility of these post retirement costs, had to be reduced. This resulted in a charge against earnings of $85 million in the first quarter of 2010, the period that the change in the tax law was enacted, as required by the accounting guidance for income taxes.

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Notes to Condensed Consolidated Financial Statements (Unaudited) (Continued)

While this charge will not have a cash impact in 2010, the $85 million represents the loss of future tax benefits beginning in 2013. The Company estimates a negative cash impact of approximately $4 million in 2013, with the remainder realized over the many future years that these retiree prescription drug costs are expected to be paid.

The Company files federal, state and local income tax returns in numerous domestic and foreign jurisdictions. In most tax jurisdictions, returns are subject to examination by the relevant tax authorities for a number of years after the returns have been filed. The Company is no longer subject to examinations by tax authorities in any major tax jurisdiction for years before 2002. Additionally, the Internal Revenue Service (IRS) has completed its examination of the Company s U.S. federal income tax returns filed for years through 2007. The IRS is currently conducting its examination of the Company s U.S. federal income tax return for 2008. This examination is expected to be completed in the first quarter of 2011 and is not expected to result in a significant adjustment to the Company s income tax expense.

13. Pensions and Other Postretirement Benefits

The net periodic benefit costs for the three and six months ended June 30, 2010 and 2009 were as follows:

	Pensions			
	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	2010	2009
	(Millions)			
Service cost	$ 16	$ 17	$ 33	$ 34
Interest cost	62	61	126	122
Expected return on plan assets	(70)	(57)	(139)	(113)
Amortization of prior service cost	1	2	2	3
Amortization of actuarial losses	31	32	62	64
Net periodic pension cost	$ 40	$ 55	$ 84	$ 110

PPG does not have a mandatory contribution to make to its U.S. defined benefit pension plans in 2010; however, PPG expects to make voluntary contributions of approximately $150 million to these plans in 2010. PPG expects to make mandatory contributions to its non-U.S. plans in 2010 of approximately $90 million, of which approximately $50 million was made as of June 30, 2010.

The net periodic other postretirement benefit costs for the three and six months ended June 30, 2010 and 2009 were as follows:

	Other Postretirement Benefits			
	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	2010	2009
	(Millions)			
Service cost	$ 4	$ 7	$ 9	$ 13
Interest cost	17	17	32	34
Amortization of prior service cost	(2)	(4)	(3)	(7)
Amortization of actuarial losses	5	9	10	17

Net periodic other postretirement benefit cost	$ 24	$ 29	$ 48	$ 57

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PPG INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) (Continued)

14. Comprehensive Income (Loss)

Total comprehensive income (loss) for the three and six months ended June 30, 2010 and 2009 was as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	2010	2009
	(Millions)			
Net income attributable to the controlling and noncontrolling interests	$ 301	$ 169	$ 360	$ 78
Other comprehensive (loss) income, net of tax:				
Pension and other postretirement benefits (Note 13)	(10)	56	17	36
Unrealized currency translation adjustment	(240)	195	(352)	(15)
Unrealized losses on marketable securities	2		2	
Net change derivatives (Note 17)	(12)	19	(21)	(3)
Other comprehensive (loss) income, net of tax	(260)	270	(354)	18
Total comprehensive income	41	439	6	96
Less: amounts attributable to noncontrolling interests:				
Net income	(29)	(23)	(58)	(43)
Unrealized currency translation adjustment	10	(6)	12	(3)
Comprehensive income (loss) attributable to PPG	$ 22	$ 410	$ (40)	$ 50

15. Shareholders Equity

The following table presents the change in total shareholders equity for the six months ended June 30, 2010 and 2009, respectively.

(Millions)	Total PPG Shareholders Equity	Non-controlling Interests	Total
Balance, January 1, 2010	$ 3,753	$ 169	$ 3,922
Net income	302	58	360
Other comprehensive loss, net of tax	(342)	(12)	(354)
Cash dividends	(180)		(180)
Issuance of treasury stock	63		63
Purchase of treasury stock	(105)		(105)
Stock-based compensation activity	(3)		(3)
Dividends paid on subsidiary common stock to noncontrolling interests		(28)	(28)
Equity forward agreement (Note 10)	(38)		(38)
Other changes in noncontrolling interests		2	2
Balance, June 30, 2010	$ 3,450	$ 189	$ 3,639

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PPG INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) (Continued)

(Millions)	Total PPG Shareholders Equity	Non-controlling Interests	Total
Balance, January 1, 2009	$ 3,333	$ 156	$ 3,489
Net income	35	43	78
Other comprehensive income, net of tax	15	3	18
Cash dividends	(174)		(174)
Issuance of treasury stock	34		34
Stock-based compensation activity	(9)		(9)
Dividends paid on subsidiary common stock to noncontrolling interests		(10)	(10)
Equity forward agreement [1]	(59)		(59)
Other changes in noncontrolling interests		1	1
Balance, June 30, 2009	$ 3,175	$ 193	$ 3,368

[1] In December of 2008, the Company entered into an agreement with a counterparty to repurchase 1.5 million shares of the Company s stock. Under the terms of the agreement, the counterparty purchased the shares in the open market in January of 2009. These shares were not considered outstanding for basic and diluted earnings per share calculation, and total shareholders equity at June 30, 2009 was reduced by $59 million, representing the amount that was paid by PPG to the counterparty upon settlement in December of 2009.

16. Financial Instruments, Excluding Derivative Financial Instruments

Included in PPG s financial instrument portfolio are cash and cash equivalents, cash held in escrow, marketable equity securities, company-owned life insurance and short- and long-term debt instruments. The fair values of these financial instruments approximated their carrying values at June 30, 2010 and December 31, 2009, in the aggregate, except for long-term debt.

Long-term debt (excluding capital lease obligations) had carrying and fair values totaling $2,990 million and $3,356 million, respectively, as of June 30, 2010. Long-term debt (excluding capital lease obligations) had carrying and fair values totaling $3,046 million and $3,313 million, respectively, as of December 31, 2009. The fair values of the debt instruments were based on discounted cash flows and interest rates then currently available to the Company for instruments of the same remaining maturities.

17. Derivative Financial Instruments and Hedge Activities

The Company recognizes all derivative financial instruments as either assets or liabilities at fair value on the balance sheet. The accounting for changes in the fair value of a derivative depends on the use of the instrument. To the extent that a derivative is effective as a cash flow hedge of an exposure to future changes in value, the change in fair value of the instrument is deferred in accumulated other comprehensive income (loss) (AOCI). Any portion considered to be ineffective is reported in earnings immediately, including changes in value related to credit risk. To the extent that a derivative is effective as a hedge of an exposure to future changes in fair value, the change in the derivative s fair value is offset in the condensed consolidated statement of income by the change in fair value of the item being hedged. To the extent that a derivative or a financial instrument is effective as a hedge of a net investment in a foreign operation, the change in the derivative s fair value is deferred as an unrealized currency translation adjustment in AOCI.

PPG s policies do not permit speculative use of derivative financial instruments. PPG uses derivative instruments to manage its exposure to fluctuating natural gas prices through the use of natural gas swap contracts. PPG also uses forward currency and option contracts as hedges

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PPG INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited) (Continued)

against its exposure to variability in exchange rates on short-term intercompany borrowings, unrecognized firm sales commitments and cash flows denominated in foreign currencies. PPG uses foreign denominated debt and cross currency swap contracts to hedge net investments in foreign operations. Interest rate swaps are used to manage the Company s exposure to changing interest rates as such rate changes affect the fair value of fixed rate borrowings. Forward starting swaps are used to lock-in a fixed interest rate, to which will be added a corporate spread, related to future long-term debt refinancings. PPG also uses an equity forward arrangement to hedge the Company s exposure to changes in the fair value of PPG stock that is to be contributed to the asbestos settlement trust as discussed in Note 20, Commitments and Contingent Liabilities.

PPG enters into derivative financial instruments with high credit quality counterparties and diversifies its positions among such counterparties in order to reduce its exposure to credit losses. The Company did not realize a credit loss on derivatives during the six month periods ended June 30, 2010 or 2009.

PPG centrally manages its foreign currency transaction risk to minimize the volatility in cash flows caused by currency fluctuations. Decisions on whether to use derivative financial instruments to hedge the net transaction exposures related to all regions of the world are made based on the amount of those exposures by cu