INDUSTRIES

PPG Industries, Inc.

BB 0001500

1976 Annual Report

PPG INDUSTRIES

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BB 0001501

1976 Annual R port

Financial Highlights

	1976	1975	P r Cent of Change
Net Sales	$2,254.8	$1,886.6	20%
Income Taxes	119.6	56.8	111
Net Earnings	151.5	89.0	70
Earnings—as a Per Cent of Sales	6.7%	4.7%	—
Earnings Per Share	$ 7.28	$ 4.28	70
Cash Dividends Per Share	2.00	1.725	16
Average Number of Shares Outstanding	20.8	20.8	
Expenditures for Property and investments	$ 173.0	$ 171.2	
AT YEAR-END			
Working Capital	$ 564.8	$ 509.4	
Shareholders' Equity	1,021.6	910.9	
Number of Employees	36,300	34,900	
Number of Shareholders	43,855	48,861	

(All amounts are in millions except per share data and numbers of employees and shareholders.)

Contents

PPG shareholders and others wishing to obtain a copy of the Company's 1976 Annual Report to the Securities and Exchange Commission, filed on Form 10-K, may obtain it without charge upon written request to: Public Relations Department, PPG Industries, Inc., One Gateway Center, Pittsburgh, Pennsylvania 15222.

Letter to the Shareholders

To Our Shareholders:

In 1976, both sales and earnings of PPG Industries reached new highs and an important milestone was achieved to mark the Company's steady growth.

Net earnings of $7.28 per share were realized, a figure 70 per cent higher than the $4.28 recorded in 1975. Also, PPG sales surpassed the $2 billion mark for the first time, totaling $2.25 billion. Although it took from 1883 until 1968 to cross the $1 billion mark, the second billion dollars in annual sales was achieved in only eight years.

The most significant fact about PPG's performance in 1976 is that each of our four major lines of business—chemicals, glass, coatings and resins, and fiber glass—made outstanding contributions to our overall accomplishment. Their individual successes were responsible for a far more balanced earnings report than at any time in recent PPG history.

Dramatic recoveries in the automotive and housing markets, which were severely depressed during most of 1975, and the continuing strength in most of our chemical markets paced the Company's surge. Car builds in the United States in 1976 reached about 8.6 million units, compared with 6.7 million units in 1975; and housing starts reached 1.5 million units, an increase of about 40 per cent over 1975.

Chemical sales and earnings for the year 1976 showed a continuation of th strong advances that began in late 1973. While inflation, particularly in the critical areas of energy and petroleum feedstocks, had a significant effect on costs, earnings from chemicals increased by nine per cen in 1976, and accounted for 47 per cer of the Corporation's operating earnings. Positive pricing trends were ma tained for most major industrial chemicals, reflecting the continued strength of chemical markets. Demar was fairly strong for most of our indu trial chemicals. Vinyl chloride monomer, in particular, benefited from the resurgence in the automotive and co struction industries. Demand for tetraethyl lead was sustained despit the transition to unleaded gasoline ir most new automobile models.

PPG's glass business was the chief beneficiary of the recovery in the aut motive and residential markets in 19 It benefited also from the turnarounc the Company's European glass oper tions, which were responsible for a c siderable drag on earnings during 19 Coupled with the significant improve ment in the glass business is the fac that we were able to improve produc tivity and achieve cost effectiveness our manufacturing operations. Glass accounted for 32 per cent of operati earnings in 1976.

Progress also was made in replacin our sheet glass capacity with PPG's newly developed process for produc ing a float type glass. Sheet glass manufacturing operations at Mount Vernon, Ohio, were shut down; and construction has begun on a ninth unit to produce glass of the float typ The new unit, located at Fresno, California, will utilize the new PPG process and will replace the existin sheet glass unit there in late 1977.

Letter to the Shareholders

Coatings and resins, which accounted for 15 per cent of operating earnings, continued to make a major contribution to the Company's performance. Sales and earnings were up substantially in 1976. Increased strength was shown in all areas of operation, including international activities. Business was stimulated by an improving economy, particularly in transportation and housing.

PPG's leadership in coatings technology has resulted in superior product positions in many market areas. Of particular importance in 1976 was the growing worldwide interest in cationic electrodeposition finishes which offer improved corrosion protection for autos, trucks and other industrial products. The first automotive primer tanks using the unique process became operational in 1976, and demand should increase significantly in 1977.

The coatings and resins business also benefited from better utilization of new, highly efficient manufacturing plants at Oak Creek, Wisconsin, and Dover, Delaware. Oak Creek is one of the world's largest coatings facilities and produces resins, trade products and industrial finishes. Dover is devoted solely to the production of water-base trade finishes and supports the continued rapid expansion of our business in this market area.

In 1976, PPG's fiber glass business made a dramatic turnaround from the previous year, with sales and earnings reaching all-time highs. Fiber glass accounted for six per cent of PPG's operating earnings. For the first time, land transportation supplanted the marine segment as the largest user of reinforced plastics, our largest fiber glass market. Automobiles are using significantly greater quantities of plastics, and new high-strength fiber glass reinforced plastics developed by PPG moved into the area of structural components for automobiles, such as door beams and transmission supports.

PPG's capital spending program reached $173 million in 1976, continuing at a level that will enable us to maintain and improve the Company's position in its chosen areas of business.

In addition to the new float glass plant under construction at Fresno, a major chlorine/caustic soda expansion continues on schedule at the Lake Charles, Louisiana, chemical complex. The project's first phase, at a cost of more than $150 million, will be completed in 1977 and initially will add 750 tons per day to our total chlorine production capacity. By 1979, the planned expansion will add 1,500 tons per day to total chlorine capacity.

In addition, announcement was made of another multimillion dollar project at Lake Charles that will increase the Company's production capacity for chlorinated solvents and vinylidene chloride monomer. This expansion is scheduled for completion early in 1978.

PPG's earnings growth in the past several years has reflected the results of the Company's broad capital investment program, which must be continued to maintain PPG's economic health. Much of the capital for the replacement and growth program will be provided, of course, by reinvestment of depreciation and most of the Company's earnings. However, in the face of escalating construction and environmental protection costs, depreciation and earnings at present levels will not generate sufficient funds. The Federal government should address the issue and take steps to strengthen this country's industrial growth through stimulation of capital spending. Tax laws should be adjusted to recognize the effects of inflation and, thus, make it possible for all business to invest additional funds in productive facilities, machinery and equipment.

Significant management changes took place in 1976. Joseph A. Neubauer, PPG's president and chief operating officer since 1967, retired in August, completing 43 years of distinguished service with the Company. He will continue as a member of the Board of Directors of PPG Industries.

L. Stanton Williams was elected vice chairman of the board and chief administrative officer of the Company, and J. Earl Burrell was elected president and chief operating officer. Robert H. Mitchel was elected vice president, finance, and Eugene B. Mosier was elected to succeed him as controller. Malcolm G. Slaney was elected vice president, industrial products, for the Coatings & Resins Division, succeeding Howard J. Mather, who retired; and George E. Russell was elected vice president and general manager of the Plastic Fabricating Division.

For the remainder of 1977, we expect a moderate strengthening of the economy, which should produce a greater demand for our products and another excellent year for PPG Industries.

February 1, 1977

Submitted on behalf of
the Board of Directors

Robinson F. Barker
Chairman of the Board

Information for Our Investors

PPG is engaged in four major lines of business: Chemicals, Glass, Coatings and Resins, and Fiber Glass. Within these four businesses, PPG has followed a policy of selective growth and has concentrated its capital, manpower and technical resources primarily in chlor-alkali chemicals, flat glass, industrial and trade coatings, and continuous strand fiber glass.

Chemicals

PPG is a large producer and marketer of industrial chemicals, including chlorine, caustic soda, chlorobenzenes, chlorinated solvents, ethylene glycol, vinyl chloride monomer and silica pigments. It also is a supplier of potash, antiknock additives for gasoline, and chromium chemical compounds. Chemical products are sold to the chemical processing and petroleum refining industries and to other industries, including glass, pulp and paper, metal, minerals, and leather for use in their manufacturing processes. Domestic chemical production facilities consist of six plants in four states and Puerto Rico.

Glass

PPG is one of the largest domestic manufacturers of flat glass, as well as a major fabricator and supplier of flat glass products to the automotive, building construction, furniture and aircraft industries. Domestic glass production and fabricating facilities consist of 17 plants in 10 states.

Coatings and Resins

PPG is a major producer of protective and decorative coatings for buildings, appliances, industrial equipment, automobiles, furniture, containers and other products, as well as numerous resins for industrial and consumer products. Domestic coatings and resins production facilities consist of 11 plants in nine states.

Fiber Glass

PPG produces yarn for textile manufacture, fibers and mats for reinforced plastic products, and rubber coated yarn for automotive tires. Domestic Fiber Glass production facilities consist of two plants in North Carolina.

PPG's foreign operations manufacture and market similar lines of products, primarily in Canada and Western Europe. PPG sells the majority of its products to other manufacturing companies for use in the manufacture of a wide variety of consumer and industrial products. However, some of PPG's products, principally its flat glass products, *Pittsburgh* Paints and *Zerex* antifreeze, are sold at wholesale and retail either through PPG-operated outlets or independent distributors. In general, PPG's products are sold in highly competitive markets.

Stock Market Information

PPG common stock is traded on the New York and Philadelphia Stock Exchanges (Symbol: PPG). The high, low and closing sales prices of PPG common stock on the New York Stock Exchange through January 23, 1976, and on the Composite Tape thereafter, are as follows:

	1976			1975		
Quarter Ended:	High	Low	Close	High	Low	Close
March 31	$50	$35	$46	$28⅛	$24⅛	$26⅞
June 30	56⅞	45⅝	54⅝	31	24⅞	30⅝
September 30	58½	47½	47¾	32	27¾	27⅞
December 31	57½	44½	57½	36½	27½	35⅜

Sales and Earnings

	1976			1975		
	Net Sales (Millions)	Net Earnings (Millions)	Earnings per Share	Net Sales (Millions)	Net Earnings (Millions)	Earnings per Share
Quarter Ended:						
March 31	$ 522.4	$ 35.0	$1.68	$ 392.1	$ 9.9	$ .48
June 30	567.9	43.0	2.07	460.5	18.1	.86
September 30	590.6	40.1	1.93	503.0	30.5	1.47
December 31	573.9	33.4	1.60	531.0	30.5	1.47
	$2,254.8	$151.5	$7.28	$1,886.6	$89.0	$4.28

Dividends

The year 1976 marked the 77th year of uninterrupted dividends paid by PPG. The most recent quarterly dividend of $.55 per share results in an annual dividend rate of $2.20 per share. Cash dividends were paid in 1976 and 1975 as follows:

	1976		1975	
Month of Payment	Amount (Millions)	Per Share	Amount (Millions)	Per Share
March	$ 9.4	$ .45	$ 8.8	$ .425
June	10.4	.50	8.8	.425
September	10.4	.50	8.9	.425
December	11.4	.55	9.4	.45
	$41.6	$2.00	$35.9	$1.725

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Impact of Inflation

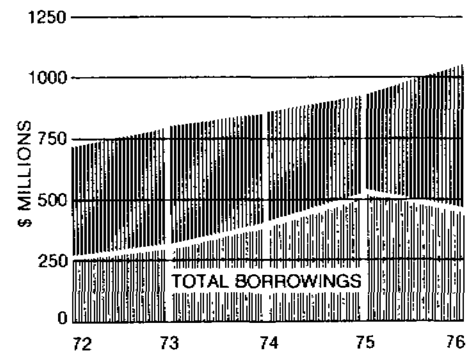
During the past few years, there has been much discussion among government, industry, investors and others about the effect that inflation has on the allocation of the nation's financial resources. In particular, there is a growing concern as to the usefulness of corporate financial statements, prepared on the traditional basis of historical costs, during periods of above-normal inflation.

The effect of inflation on PPG is difficult to measure. Basically, inflation reduces the purchasing power of the dollar and results in increased prices being paid by PPG for materials and services. The Company also pays more to its employees for wages, salaries, and fringe benefits and, in turn, charges its customers higher prices for the products it sells. These increases in costs and selling prices are occurring continuously and, for the most part, are reflected in the current financial statements. However, the longer range effects of inflation are also occurring, but are more difficult to measure and are not generally reflected in the current financial statements. For example, the cost of replacing presently existing manufacturing facilities with new plants and new equipment is increasing, but the impact of those higher costs will be reflected primarily in financial statements in future years when the assets are replaced. The replacement of such assets, however, involves many changes. Generally, new facilities are built in new locations, the plants are larger, and the processes used in manufacturing the products employ more efficient technology. Further, when major projects are involved, a portion of the funds required would normally be borrowed at the time the facilities are constructed, and the debt incurred would be repaid to the lenders over a number of years.

Changes in how the plant will be built, where it will be built, and where the money is coming from will all have an effect on PPG's financial statements in future years. At present, many methods have been suggested as to how current financial statements could be adjusted to state the effects of inflation. However, due to the lack of agreement as to what information is essential to measure the effects of inflation and the differing opinions on the procedures to be used, none of these methods are generally accepted by financial statement preparers or users.

Because of such disparities in methods and theories, the Company has presented its financial information in the traditional manner and has not included inflation-adjusted statements in this report.

SHAREHOLDERS' EQUITY/
TOTAL BORROWINGS



The Securities and Exchange Commission (SEC) requires that most major companies report estimated replacement cost of inventories and productive capacity at December 31, 1976, and the related estimated effect of such costs on cost of sales and depreciation for the year then ended. This requirement will be fulfilled in the Company's annual report on Form 10-K to be filed with the SEC; a copy is available upon request.

Information for Our Investors

Sales and Earnings by Lines of Business

The contribution to net sales and operating earnings by lines of business for the five years ended December 31, 1976, are presented in the following table. Net sales do not include sales by equity affiliates; however, PPG's share of earnings or losses of equity affiliates is included in earnings. Operating earnings are defined as the results of operations of each business before interest expense and items of a general nature not readily allocable to each separate business.

	1976		1975		1974		1973		1972	
Net sales (Millions)	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Chemicals	$ 804	36%	$ 702	37%	$ 559	32%	$ 406	27%	$ 405	29%
Glass	800	35	641	34	665	38	665	44	607	44
Coatings and Resins	511	23	444	24	408	23	337	22	286	21
Fiber Glass	115	5	81	4	87	5	85	6	90	6
Other	25	1	19	1	25	2	20	1	8	—
Total	**$2,255**	**100%**	**$1,887**	**100%**	**$1,744**	**100%**	**$1,513**	**100%**	**$1,396**	**100%**
Foreign affiliates (included above)	$ 397	18%	$ 336	18%	$ 311	18%	$ 248	16%	$ 211	15%

	1976		1975		1974		1973		1972	
Operating earnings (Millions)	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Chemicals	$ 159	47%	$ 146	76%	$ 108	58%	$ 42	23%	$ 36	22%
Glass	106	32	7	4	30	16	86	48	81	50
Coatings and Resins	49	15	37	19	37	20	35	20	28	17
Fiber Glass	19	6	2	1	8	4	16	9	16	10
Other	1	—	1	—	2	2	1	—	1	1
Total	**$ 334**	**100%**	**$ 193**	**100%**	**$ 185**	**100%**	**$ 180**	**100%**	**$ 162**	**100%**
Interest expense	(42)		(43)		(32)		(24)		(23)	
Unallocated corporate expenses—net	(14)		(6)		(12)		(9)		(11)	
Earnings before income taxes, minority interest and extraordinary items	**$ 278**		**$ 144**		**$ 141**		**$ 147**		**$ 128**	
Foreign affiliates operating earnings (included above)	$ 60	18%	$ 25	13%	$ 45	24%	$ 35	19%	$ 28	17%

Chemicals

Sales and earnings for Chemicals established new records in 1976, largely as a result of a stronger economy. Demand was strong throughout the year for most products, particularly chlorine, caustic soda and vinyl chloride monomer. Antifreeze was an exception, with sales below 1975 levels primarily because of a large carry-over of customer inventories. Prices for chemical products continued strong through the year. The cost of fuels and petrochemical feedstocks escalated as expected during the course of the year, consistent with national and international trends. Chemicals continues to enjoy favorable positions in the supply and cost of energy and feedstock.

Construction continued at the Lake Charles, Louisiana, chemical complex on expansion of the chlorine-caustic soda production facilities with start-up targeted for the latter half of 1977. In addition, construction began at the complex on a multimillion dollar expansion of facilities for the production of *Tri-Ethane* solvent and vinylidene chloride monomer. *Tri-Ethane* is a solvent used extensively in the metals fabrication and other industries for cold cleaning and vapor degreasing. Vinylidene chloride monomer is used mainly in the packaging materials and fiber industries.

Environmental containment and safety facilities have been constructed or are planned at all producing plants to meet current and scheduled environmental regulations.

Glass

The Glass business experienced its best year in history as both sales and earnings established new records. The strong recovery in two major markets—automotive and residential construction—coupled with significant productivity improvements in manufacturing facilities contributed to the record year.

The phase-out of older, higher-cost sheet facilities continued with the shutdown of the plant at Mt. Vernon, Ohio, and the beginning of construction of a new line at Fresno, California, employing PPG's newly developed process for producing a float type flat glass. The new line replaces the existing sheet facility at Fresno.

Vernante-Pennitalia, an Italian subsidiary, was a major factor in the 1976 turnaround. Its manufacturing facilities operated at near capacity and its products sold at improved prices throughout Europe.

Canadian glass operations also contributed to the sales and earnings improvement as a result of stronger automotive and construction markets.

Coatings and Resins

Record sales and earnings were posted by Coatings and Resins in 1976. This performance resulted from a large increase in unit volume coupled with a modest increase in selling prices. Business was generally strong throughout the year.

While most areas of Coatings and Resins posted strong sales gains, the recovery of the automotive market led to significant increases in sales in that area of business. Other important areas registering impressive sales increases included trade paints, automotive refinishes, general industrial coatings and coil coatings. The large volume increase permitted effective use of the new capacity of the Dover, Delaware, and Oak Creek, Wisconsin, plants.

PPG's three majority-owned foreign Coatings and Resins operations posted increases in sales and earnings in spite of mixed economic conditions abroad.

Increased customer acceptance of water-base trade paints, cationic electrodeposition primers for industrial and automotive applications, and new water-base industrial coatings highlighted the continuing successful commercialization of PPG's new technological developments.

Fiber Glass

The strong demand for its products throughout the year resulted in the highest sales and earnings ever recorded by Fiber Glass. Earnings recovered from the effects of the recession in 1974 and 1975 and are beginning to reflect the increased utilization of recent plant expansions at Shelby and Lexington, North Carolina.

The Fiber Glass equity affiliate in Canada also contributed to the improved results of operations.

Foreign

Foreign operations had record sales and earnings in 1976, with the most significant gain recorded by the Italian glass operations. Canadian operations improved slightly despite price controls and the adverse impact of governmental policies related to potash producers.

Revenue and How It Was Used:

	Per Cent of Revenue*	
	1976	1975
Paid or set aside for:		
Materials and services	54.9%	57.5%
Wages, salaries and other employee benefits	28.0	29.2
Taxes (except payroll taxes)	6.7	4.6
Depreciation of plant and equipment	3.8	4.0
Earnings:		
Reinvested in the business	4.8	2.8
Paid to shareholders as dividends	1.8	1.9
	100.0%	100.0%

*Revenue includes net sales and other earnings.

Information for Our Investors

Information for Our Investors

Summary of Operations

	1976	1975	1974 (Millions)	1973	1972
Net sales	$2,254.8	$1,886.6	$1,744.0	$1,512.6	$1,395.9
Cost of sales	1,440.1	1,249.7	1,172.5	984.8	914.9
Interest expense	41.9	43.3	31.6	24.3	23.1
Earnings before income taxes	271.1	145.8	139.4	144.1	124.7
Income taxes	119.6	56.8	47.0	52.6	42.5
Earnings before extraordinary items	151.5	89.0	92.4	91.5	82.2
Extraordinary items, net of income taxes	–	–	–	11.3	–
Net earnings	$ 151.5	$ 89.0	$ 92.4	$ 102.8	$ 82.2
Earnings per share:					
Before extraordinary items	$ 7.28	$ 4.28	$ 4.44	$ 4.40	$ 3.97
Net earnings	$ 7.28	$ 4.28	$ 4.44	$ 4.94	$ 3.97
Average number of shares outstanding	20.8	20.8	20.8	20.8	20.7
Dividends per share	$ 2.00	$ 1.725	$ 1.70	$ 1.60	$ 1.455

In 1974, PPG adopted the last-in, first-out method of valuing most domestic and certain foreign inventories. The effect on reported earnings for the year 1974 was a decrease of $17.9 million, or $.86 per share.

Analysis of Operations (millions)

	1976	Change	1975	Change	1974
Net Earnings	$ 151	70%	$ 89	– 3%	$ 92
Net Sales	2,255	20	1,887	8	1,744
Cost of Sales	1,440	15	1,250	7	1,173
Interest Expense	42	– 2	43	34	32
Income Taxes	120	111	57	21	47

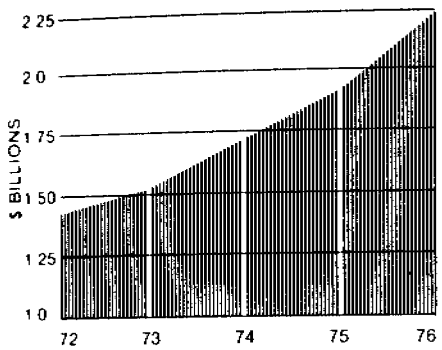
Earnings

Earnings for 1976 established a new high for PPG, surpassing the previous record earnings from operations achieved in 1974. The higher earnings reflected higher sales volume in all lines of business and improved operating results of foreign affiliates. Glass and Fiber Glass earnings recovered from the depressed levels of 1975 and 1974, Coatings and Resins resumed an upward trend, and the Chemicals business continued its significant contribution to higher earnings.

Sales

The higher sales in 1976, compared with 1975, were the result of substantially higher unit volumes and price increases, which accounted for approximately two-thirds and one-third, respectively, of the sales increase. The volume increase, which occurred in all lines of business, was particularly evident in Glass and Fiber Glass, and continues to reflect the upswing in economic activity that began in the second half of 1975. Price increases reflected inflationary cost pressures, and in 1975 allowed PPG to overcome a decline in volume resulting primarily from weak automotive and construction markets.

SALES



Cost of Sales

The cost of sales increase in 1976 was primarily the result of increased production to meet the higher sales volume. The ratio of cost of sales to sales was lower in 1976 compared with the previous two years, reflecting better utilization of productive capacity, especially that of foreign affiliates.

In 1975, cost of sales increased over 1974 even though volume declined, reflecting an inflationary trend in the cost of raw materials and other production costs. While raw material prices increased during 1976, the increase was moderate compared with the inflation experienced in 1975 and 1974.

Interest Expense

Interest expense declined in 1976, compared with 1975, due to the reduced volume of short-term borrowings by foreign operations. The 1975 increase over 1974 was a result of advance funding for the expansion of domestic operating facilities and an escalation in volume and cost of short-term borrowings by foreign operations.

The Company's net financing costs are affected by the temporary investment of funds in short-term securities. The interest income generated from these and other investments amounted to $10 million in each of the last three years. Interest income is included in Other earnings in the Statement of Earnings shown on page 12 of this report.

Income Taxes

Income taxes increased in 1976 because of the higher level of earnings and a decrease in the investment tax credit. The income tax increase for 1975 over 1974 was primarily the result of oppressive taxation policies in Canada related to the potash operations and the losses in the Italian glass operations without tax offsets.

Markets

PPG serves a variety of markets. Some are served almost exclusively by one of PPG's businesses, and others are served by all or combinations of its businesses. For example, products of the Chemicals business are sold largely to the chemical processing and petroleum refining markets, while the transportation and construction markets are served in varying degrees by the Glass, Coatings and Resins, and Fiber Glass businesses.

For 1976, the chemical processing and petroleum refining markets accounted for approximately one-fourth of sales. The transportation market, which is primarily automotive, represented approximately one-fifth of sales. The construction market, which includes both residential and commercial building, totaled approximately one-fifth of sales. Various foreign markets aggregated approximately one-fifth of sales. The balance of 1976 sales was distributed among several other industrial and agricultural market segments.

Raw Materials and Fuels

While PPG produces a portion of its raw material requirements, the bulk of its raw materials are purchased from outside sources. PPG has made and is making supply arrangements to meet the planned operating requirements of the future. Although PPG is dependent in its operations on large amounts of energy from a number of sources, steps have been taken to minimize the longer range effects of higher energy costs. The float glass process, for example, consumes less energy per square foot of glass than the sheet glass process, and the *Glanor* cell recently developed for the manufacture of chlorine and caustic soda provides energy savings as well as environmental advantages.

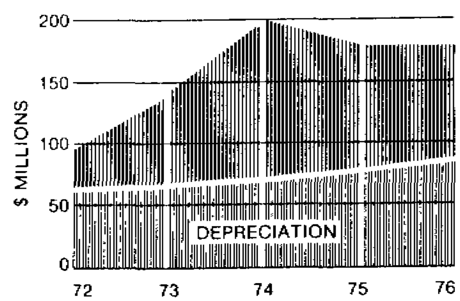
Natural gas is required in significant quantities at a number of manufacturing locations, and contracts for adequate quantities currently exist. However, natural gas curtailments have required the utilization of alternate fuels at a number of plants for which secondary systems and fuels have been provided. At this time, fuel supplies and available secondary systems appear sufficient to cover PPG's presently planned operating levels.

Research and Development

Research and development constitutes an important part of PPG's activities. In 1976, research and development expenditures amounted to $56 million, or 2.5% of sales. PPG maintains centralized research and development laboratories for Glass at Harmarville, Pennsylvania, for Coatings and Resins at Springdale and Allison Park, Pennsylvania, and for Fiber Glass at O'Hara Township, Pennsylvania. Chemicals research laboratories are located at Barberton, Ohio, and Corpus Christi, Texas. Basic research and development of new and improved products and processes are carried on at each of these laboratories and, to a limited extent, at a number of the manufacturing plants by approximately 800 professional employees. PPG believes that much of its success has been due to technological innovations produced by its ongoing research and development expenditures, resulting in improved product quality, production process improvements and the development of product modifications to meet market demands.

Information for Our Investors

CAPITAL EXPENDITURES



Capital Expenditures

Expenditures for property and investments in 1976 totaled $173 million, compared with $171 million in 1975. The major expenditures in 1976 included continuation of the chlorine-caustic soda production facilities expansion and beginning of construction of a new industrial solvent production facility at the Lake Charles, Louisiana, chemical complex; beginning of an expansion of the Natrium, West Virginia, sulfide chemicals production facilities; construction of an iodine plant at Woodward, Oklahoma; modernization and expansion of ethylene glycol facilities at Beaumont, Texas; and completion of the Fiber Glass technical center at O'Hara Township, Pennsylvania. Funds necessary to complete capital projects approved prior to December 31, 1976, approximate $177 million.

Translation of Foreign Currencies

All foreign currency translation gains and losses are included in current earnings. Fluctuations of foreign currency exchange rates during 1976 resulted in a net gain of $3.6 million, after deducting minority interest of $1.6 million. This compares with a net gain of $100,000 in 1975. The net gain in 1976 results primarily from translating financial statements of Italian subsidiaries from Italian lire to United States dollars.

Pensions

PPG has pension plans covering substantially all employees. Generally, pension expense is determined by periodic actuarial valuation of the pension plans. Pension expense, including current service cost and amortization of prior service costs, amounted to $42 million in 1976, compared with $34 million in 1975. In recent years, pension costs have been rising due to the progressively increasing benefits granted PPG's employees. The increased pension costs for 1976, compared with 1975, are primarily the result of PPG-initiated amendments to its pension plans and other changes to bring the plans into compliance with current federal regulations. The actuarially computed value of vested benefits for the plans as of the latest valuation dates exceeded the value of the pension fund assets and balance sheet accruals by approximately $63 million.

Environmental Matters

PPG, like other businesses, is subject to the existing and evolving standards relating to the protection of the environment. PPG spent approximately $14 million on environmental control projects in both 1975 and 1976. Although future capital expenditures cannot be forecast accurately because the regulatory standards are in a state of development, compliance with the requirements of the existing standards will continue to involve significant expenditures.

The required emission standard for vinyl chloride monomer operations was not met on January 19, 1977, the deadline set by the Environmental Protection Agency (EPA). PPG has filed for a waiver of compliance but there is no assurance a waiver will be granted. It is estimated that the Company's compliance with the current standard will cost $10 – $15 million for environmental control equipment.

PPG manufactures lead antiknock compounds for use in gasoline. Under regulations adopted by the EPA, the amount of lead in gasoline will be required to be reduced to approximately 30% of present levels by October 1, 1979. Other, unrelated regulations adopted earlier by the EPA to control exhaust emissions have caused automotive manufacturers generally to install catalytic converters in vehicles produced after the 1974 model year. If vehicles with catalytic converters use gasoline containing lead additives, the catalytic converters will be damaged. Accordingly, the use of catalytic converters will lessen the demand for leaded gasoline.

Summary of Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of PPG Industries, Inc. and all significant subsidiaries, domestic and foreign, in which PPG owns more than 50% of the voting stock. Investments in companies in which PPG owns 20 to 50% of the voting stock are carried at equity, and PPG's share of the earnings or losses of such equity affiliates is included in the statement of earnings. Significant transactions between PPG Industries, Inc., its subsidiaries and its equity affiliates are eliminated.

Translation of Foreign Currencies

The financial statements of foreign subsidiaries and equity affiliates are translated to United States dollars, based on the official or free rates of exchange applicable in the circumstances. Current assets, except inventories, and all liabilities, except future income taxes, are translated at the rates of exchange in effect at year-end. Inventories, property, other assets and future income taxes are translated at the historic exchange rates which prevailed when the assets were acquired or the taxes were provided. Revenue and expense accounts are translated at the weighted average exchange rates in effect during the year, except that historic rates are used to translate those expense items related to inventories, property and future income taxes. Translation gains and losses arising from exchange rate fluctuations are reflected in current earnings.

Acquisitions

When PPG purchases a company for amounts in excess of the net assets acquired, the excess cost is considered goodwill and is charged to earnings over a period not exceeding 40 years. Acquisitions made by an exchange of common stocks are generally reflected on a pooling of interests basis, with goodwill not being recognized.

Short-term Securities

Short-term securities are valued at the lower of aggregate cost or market.

Inventories

Most domestic and certain foreign inventories are stated at cost, using the last-in, first-out (LIFO) method, which is not in excess of market. Other inventories are stated at the lower of cost or market. Cost is determined using either average or standard factory costs, which approximate actual costs, excluding certain fixed expenses such as depreciation and property taxes.

Property and Depreciation

Property includes the cost of land, buildings, equipment and significant improvements which add to productive capacity or extend the life of assets. When units of property are abandoned or disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in current earnings. For financial reporting purposes, depreciation is computed by the straight-line method based on the estimated useful lives of depreciable assets.

Income Taxes

PPG provides income taxes based on earnings reported in the financial statements rather than on taxable income. Accordingly, the provision for income taxes includes charges or credits for future income taxes, resulting primarily from the differences between depreciation deducted for income tax purposes and for financial reporting purposes. PPG follows the policy of treating the investment credit allowance as a reduction of income tax expense in the year in which expenditures become eligible for the allowance.

Income taxes on the undistributed earnings of affiliates are not provided if such earnings are considered to be reinvested indefinitely or if the credit for taxes already paid by the affiliates substantially offsets the applicable income taxes on earnings that may be remitted.

Research and Development

Research and development expenditures, including development costs of products, processes and product applications, are charged to earnings in the year incurred.

Provision for Maintenance and Repairs

Current earnings are charged with the cost of labor and materials incurred in maintaining properties in, and restoring properties to, good operating condition, except for major furnace repairs. In accordance with industry practice, the estimated cost of major furnace repairs is provided for in advance by charges against earnings.

Pension Costs

Pension costs charged to current earnings include charges for current service and amortization of prior service costs over 30 years. The extra cost of improvements in benefits to present retirees is amortized over 10 years. Pension liabilities are funded by periodic payments to pension fund trustees.

PPG Industries, Inc. and Consolidated Subsidiaries Statement of Earnings

	For the Year 1976	For the Year 1975
	(Millions)	
Net sales	$2,254.8	$1,886.6
Cost of sales	1,440.1	1,249.7
Gross margin	**814.7**	**636.9**
Other expenses:		
Selling, general and administrative	310.6	278.3
Depreciation	86.5	76.8
Taxes—exclusive of income taxes	66.6	61.2
Research and development	56.3	49.9
Interest	41.9	43.3
Share of net losses of equity affiliates	.6	9.1
Other charges	9.5	6.2
Total other expenses	**572.0**	**524.8**
Other earnings	35.5	32.0
Earnings before income taxes and minority interest	278.2	144.1
Domestic and foreign income taxes	119.6	56.8
Earnings before minority interest	158.6	87.3
Minority interest in earnings (losses) of consolidated subsidiaries	7.1	(1.7)
Net earnings	**$ 151.5**	**$ 89.0**
Earnings per share	**$ 7.28**	**$ 4.28**
Average shares outstanding	**20.8**	**20.8**

The accompanying summary of accounting policies and notes to financial statements are an integral part of this statement.

BB 0001513

PPG Industries, Inc. and Consolidated Subsidiaries Balance Sheet

	December 31 1976	December 31 1975
	(Millions)	
Assets		
Current assets:		
Cash	$ 51.9	$ 52.8
Short-term securities, at market	123.8	111.0
Receivables—less allowance for doubtful receivables	353.1	320.4
Inventories	327.8	287.7
Other	37.9	29.9
Total current assets	**894.5**	**801.8**
Property	1,882.8	1,749.2
Less accumulated depreciation	875.2	817.8
Property—net	**1,007.6**	**931.4**
Investments	91.0	93.8
Other assets	40.1	44.0
Total	**$2,033.2**	**$1,871.0**
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term borrowings	$ 21.4	$ 35.0
Accounts payable and accrued expenses	237.4	236.0
Domestic and foreign income taxes	70.9	21.4
Total current liabilities	**329.7**	**292.4**
Long-term debt	468.8	483.9
Future income taxes	100.3	78.9
Provision for unfunded and uninsured pensions	40.4	36.9
Provision for maintenance and repairs	20.0	24.2
Other provisions	21.9	18.7
Minority interest	30.5	25.1
Shareholders' equity	1,021.6	910.9
Total	**$2,033.2**	**$1,871.0**

The accompanying summary of accounting policies and notes to financial statements are an integral part of this statement.

BB 0001514

PPG Industries, Inc. and Consolidated Subsidiaries Statement of Source and Use of Funds

	For the Year 1976	1975
	(Millions)	
Source of Funds:		
Net earnings	$151.5	$ 89.0
Charges to earnings not requiring funds:		
Depreciation and amortization	88.4	78.1
Future income taxes and investment credit	16.7	19.4
Increase in accumulated provisions	4.0	4.4
Share of net losses of equity affiliates	.6	9.1
Funds provided from operations	**261.2**	**200.0**
Issuance of long-term debt	6.3	131.0
Decrease in property and investments	11.4	6.8
Change in minority interest	5.4	(1.4)
Other—net	7.1	1.7
Total	**$291.4**	**$338.1**
Use of Funds:		
Expenditures for property and investments	$173.0	$171.2
Cash dividends paid	41.6	35.9
Reduction in long-term debt	21.4	14.0
Increase in working capital	55.4	117.0
Total	**$291.4**	**$338.1**
Changes in Working Capital:		
Cash and securities	$ 11.9	$ 79.0
Receivables	32.7	37.1
Inventories	40.1	2.4
Other current assets	8.0	1.1
Short-term borrowings	13.6	30.4
Accounts payable and accrued expenses	(1.4)	(31.7)
Domestic and foreign income taxes	(49.5)	(1.3)
Total	**$ 55.4**	**$117.0**

The accompanying summary of accounting policies and notes to financial statements are an integral part of this statement.

Accountants' Opinion

To the Board of Directors and Shareholders of PPG Industries, Inc.:

We have examined the balance sheets of PPG Industries, Inc. and consolidated subsidiaries as of December 31, 1976 and 1975 and the related statements of earnings and source and use of funds for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of PPG Industries, Inc. and consolidated subsidiaries as of December 31, 1976 and 1975, and the results of their operations and the source and use of their funds for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Haskins & Sells

Pittsburgh, Pennsylvania
February 1, 1977

BB 0001516

1. Inventories

	December 31 1976 (Millions)	December 31 1975 (Millions)
Finished products and work in process	$216.8	$181.5
Raw materials	71.3	70.5
Supplies	39.7	35.7
Total	**$327.8**	**$287.7**

If the first-in, first-out method of inventory accounting had been used, inventories would have been $97.3 million and $68.4 million higher at December 31, 1976 and 1975, respectively.

2. Property

	December 31 1976 (Millions)	December 31 1975 (Millions)
Land and land improvements	$ 63.5	$ 63.8
Buildings	337.4	340.5
Machinery and equipment	1,293.0	1,250.1
Other	8.7	6.6
Construction in progress	180.2	88.2
Total	**$1,882.8**	**$1,749.2**

The computed composite annual rates of depreciation follow:

	1976	1975
Land improvements	4.66%	4.31%
Buildings	3.29%	3.44%
Machinery and equipment	5.61%	5.23%

3. Investments

	December 31 1976 (Millions)	December 31 1975 (Millions)
Investments in equity affiliates	$83.1	$82.6
Other investments—at cost or less	7.9	11.2
Total	**$91.0**	**$93.8**

4. Short-term borrowings and long-term debt

Short-term borrowings include long-term debt payments due within one year and foreign subsidiaries' notes payable. Information on borrowings is as follows (millions):

	1976	1975
	(Millions)	
Short-term borrowings		
Average aggregate notes payable during the year	$ 22.3	$ 39.4
Maximum amount of notes payable during the year	26.7	54.6
Average interest rates on foreign notes payable:		
As of December 31	15.3%	11.2%
During the year	16.9%	13.5%
Long-term debt		
Notes—8%, due 1985	$ 50.0	$ 50.0
Sinking fund debentures:		
5⅝%, due 1991, payments of $6.3 required 1978 to 1990	87.5	89.4
9%, due 1995, payments of $8 required 1980 to 1994	125.0	125.0
8½%, due 2000, payments of $4.5 required 1985 to 1999	75.0	75.0
Bank notes:		
Due 1980, 7.1% interest	50.0	50.0
Due 1980 to 1982, interest at 1% above the bank's prime rate, not to exceed an 8% average annual rate prior to 1979	–	16.0
Due 1983, 7.125% interest through 1979 and at ½% above the bank's prime rate thereafter	25.0	25.0
European borrowings, 3% to 12.5%, due 1977 to 1990	25.2	23.0
Various other debts	35.0	33.8
Total	472.7	487.2
Less payments due within one year	3.9	3.3
Long-term debt	**$468.8**	**$483.9**

The aggregate maturities and sinking fund requirements for the next five years on long-term debt outstanding at December 31, 1976 are as follows (millions):

1977	1978	1979	1980	1981
$3.9	$8.6	$8.6	$66.5	$16.6

At December 31, 1976, PPG had unused bank lines of credit totaling $222 million, including $200 million under revolving credit agreements. A $150 million agreement provides for borrowings at the option of PPG until December 31, 1978, at which time PPG may convert up to $150 million into a term loan repayable in installments through December 31, 1982. A $50 million Eurodollar revolving credit agreement provides for borrowings at the option of PPG through January 1, 1981. A fee of one-half of one per cent per annum is payable on the unused portion of the revolving credit commitments. All or any part of the revolving credit commitments and the bank lines may be canceled by PPG at any time.

PPG has informal arrangements with certain banks to maintain balances in compensation for credit commitments and some outstanding loans; such balances also compensate the banks for other banking services performed for PPG. There are no legal restrictions on PPG's use of these funds. At December 31, 1976, the compensating balances, after giving effect to float, were not significant in relation to PPG's total cash and short-term securities.

The various loan agreements and indentures contain certain restrictive covenants, including the maintenance of working capital and limitations on sale and leaseback of property and incurrence of additional debt. In addition, certain loan agreements provide for the pledging of assets as collateral. PPG is in compliance with these covenants.

5. Shareholders' equity	Common Stock	Retained Earnings	Common Stock in Treasury	Total
		(Millions)		
Balance, January 1, 1975	$213.3	$679.9	$(35.5)	$ 857.7
Net earnings	—	89.0	—	89.0
Cash dividends ($1.725 per share)	—	(35.9)	—	(35.9)
Shares delivered to retired employees under incentive compensation agreements	—	—	.1	.1
Balance, December 31, 1975	213.3	733.0	(35.4)	910.9
Net earnings	—	151.5	—	151.5
Cash dividends ($2.00 per share)	—	(41.6)	—	(41.6)
Shares delivered to retired employees under incentive compensation agreements	—	—	.2	.2
Shares issued under employee stock option plan	.1	—	.5	.6
Balance, December 31, 1976	**$213.4**	**$842.9**	**$(34.7)**	**$1,021.6**

Amounts shown in the above tabulation for "Common Stock" represent the par value of shares issued plus capital contributed for stock in excess of par value.

	Common Shares Issued	In Treasury	Outstanding
Balance, January 1, 1975	21,826,933	1,034,178	20,792,755
Shares delivered to retired employees under incentive compensation agreements	—	(3,920)	3,920
Other	—	(5)	5
Balance, December 31, 1975	21,826,933	1,030,253	20,796,680
Shares delivered to retired employees under incentive compensation agreements	—	(4,235)	4,235
Shares issued under employee stock option plan	—	(14,728)	14,728
Balance, December 31, 1976	**21,826,933**	**1,011,290**	**20,815,643**

A class of 5 million shares of Cumulative Preferred Stock, without par value, is authorized but no shares have been issued. Common stock has a par value of $2.50 and 50 million shares are authorized. Common shares held in the treasury are valued at cost.

Not s to Financial Statements

6. Income taxes

The provision for domestic and foreign income taxes consisted of the following components:

	1976	1975
	(Millions)	
Current:		
Federal	$ 70.7	$17.0
Foreign	21.5	14.5
City and state	10.7	5.9
Future income taxes	18.2	21.1
Deferred investment credit amortized	(1.5)	(1.7)
Total	**$119.6**	**$56.8**

The future income tax provisions in 1976 and 1975 arose primarily from timing differences related to depreciation ($ 5.6 million and $14.1 million, respectively), providing for taxes on undistributed earnings of a DISC subsidiary ($5.9 million in 1976) and foreign exchange translations ($4.4 million in 1975). The current provision for federal income taxes for 1976 and 1975 has been reduced by $7.8 million and $14.0 million, respectively, for investment tax credits taken directly into earnings in those years. The unamortized investment credit of $3.0 million at December 31, 1976, deferred from years prior to 1969, will be added to earnings over the next two years.

Future income taxes have not been provided on undistributed earnings of consolidated foreign subsidiaries which amounted to approximately $147 million at December 31, 1976. The remittance of a substantial portion of such earnings has been indefinitely postponed because they have been reinvested. Any dividends which might be received would not result in significant income taxes, since such taxes would be substantially offset by foreign tax credits.

The effective income tax rate on pre-tax earnings for 1976 was 43.0%, compared with 39.5% in 1975. The following table details the major factors reducing the statutory federal income tax rate of 48% for 1976 and 1975.

	Per Cent of Pre-Tax Earnings	
	1976	1975
Federal income tax rate	48.0%	48.0%
Changes in tax rate resulting from:		
Investments in facilities and subsidiaries outside the continental United States	(4.5)	2.0
Investment tax credit	(3.3)	(10.9)
Other	2.8	.4
Effective income tax rate	**43.0%**	**39.5%**

The federal income tax returns through 1971 have been examined by the Internal Revenue Service and have been settled. In the opinion of management, adequate provision has been made for all tax liabilities.

BB 0001519

7. Rent expense and lease commitments

Rent expense for 1976 and 1975 was $30.4 million and $32.5 million, respectively.

The aggregate minimum rentals on long-term, non-cancelable leases (excluding payments for executory expenses required under certain leases) are:

Year	Real Estate	Transportation Equipment	Other	Total
	(Millions)			
1977	$11.9	$ 8.1	$ 6.0	$ 26.0
1978	10.0	5.2	2.1	17.3
1979	8.8	4.5	1.1	14.4
1980	7.4	4.1	.7	12.2
1981	6.4	3.8	.2	10.4
1982 to 1986	22.3	18.9	—	41.2
1987 to 1991	3.1	13.8	—	16.9
1992 to 1996	1.9	1.3	—	3.2
1997 and thereafter	—	.3	—	.3
Total	**$71.8**	**$60.0**	**$10.1**	**$141.9**
Per Cent of Total	**50.6%**	**42.3%**	**7.1%**	**100.0%**

These leases extend over various periods up to 1999, and it is expected that in the normal course of operations they will be extended or replaced.

8. Earnings per share

Earnings per share are computed on the basis of the weighted average number of shares of common stock outstanding during the respective years. Shares reserved for issuance under the employee stock option plan, deferred incentive compensation agreements and earnings growth plan would not materially dilute earnings per share.

9. Stock options and incentive compensation plans

The following table summarizes the changes during 1976 and 1975 in the shares of common stock under option for the Employee Stock Option Plan.

	Number of Shares Under Option	
	1976	**1975**
Outstanding January 1	139,725	142,550
Exercised during year	(14,728)	—
Terminated during year	(19,350)	(2,825)
Outstanding December 31	105,647	139,725
Exercisable at December 31	93,209	91,472

Option prices ranged from $33.50 to $45.56 at December 31, 1976. At December 31, 1976, 219,917 shares of common stock were reserved for outstanding options and the granting of additional options.

At December 31, 1976, 154,931 shares of common stock were reserved for future issuance to certain key employees under incentive compensation agreements and contingent awards under the earnings growth plan.

BB 0001520

Notes to Financial Statements

10. Litigation

A number of lawsuits seeking substantial money damages are pending against PPG. One group of actions pending is against PPG and Pittsburgh Corning (a 50% owned equity affiliate) by or on behalf of approximately 370 former employees of Pittsburgh Corning alleging that their work exposed them to asbestos fibers which caused or will cause pulmonary diseases. Another group of legal proceedings involves lawsuits brought against PPG and numerous other manufacturers of polyurethane foam products. These suits, in general, claim that polyurethane foam presents a fire hazard, the existence of which was concealed by various of the defendants. Although the existence of liability and the amounts thereof with respect to litigation pending against PPG are not determinable, management believes that the outcome of all such litigation will not have a material effect on the financial position or results of operations of PPG.

11. Quarterly financial information (unaudited)

1976 Quarter Ended	Net Sales	Gross Margin	Net Earnings	Earnings Per Share
		(Millions)		
March 31	$ 522.4	$190.8	$ 35.0	$1.68
June 30	567.9	218.0	43.0	2.07
September 30	590.6	208.9	40.1	1.93
December 31	573.9	197.0	33.4	1.60
	$2,254.8	$814.7	$151.5	$7.28

12. Other matters

Reference is made to the Information for Our Investors section regarding Impact of Inflation (unaudited), Translation of Foreign Currencies, Pensions, and Capital Expenditures as to amounts required to complete capital projects approved prior to December 31, 1976.

BB 0001521

Ten-Year Digest

	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967
Earnings										
Net sales	**2,254.8**	1,886.6	1,744.0	1,512.6	1,395.9	1,238.5	1,093.8	1,151.7	1,048.4	948.1
Earnings before income taxes	**271.1**	145.8	139.4	144.1	124.7	98.4	57.9	101.0	92.2	79.8
Income taxes	**119.6**	56.8	47.0	52.6	42.5	35.2	26.8	50.5	47.5	37.6
Earnings before extraordinary items	**151.5**	89.0	92.4	91.5	82.2	63.2	31.1	50.5	44.7	42.2
Extraordinary items, net of income taxes	**—**	—	—	11.3	—	(16.0)	.1	—	—	—
Net earnings	**151.5**	89.0	92.4	102.8	82.2	47.2	31.2	50.5	44.7	42.2
Earnings per share:										
Before extraordinary items	**7.28**	4.28	4.44	4.40	3.97	3.07	1.51	2.47	2.19	2.08
Net earnings	**7.28**	4.28	4.44	4.94	3.97	2.29	1.52	2.47	2.19	2.08
Average number of shares outstanding	**20.8**	20.8	20.8	20.8	20.7	20.6	20.5	20.5	20.4	20.3
Dividends	**41.6**	35.9	35.3	33.3	30.1	28.8	28.7	28.7	27.5	26.4
Per share	**2.00**	1.725	1.70	1.60	1.455	1.40	1.40	1.40	1.35	1.30
Balance Sheet										
Current assets	**894.5**	801.8	682.2	623.6	548.8	491.8	445.4	436.3	415.5	396.2
Current liabilities	**329.7**	292.4	289.8	230.5	202.7	193.1	217.7	239.3	203.2	161.2
Working capital	**564.8**	509.4	392.4	393.1	346.1	298.7	227.7	197.0	212.3	235.0
Plant and equipment (less depreciation)	**1,007.6**	931.4	851.9	738.8	725.8	710.1	706.5	652.0	621.5	564.2
Total assets	**2,033.2**	1,871.0	1,679.5	1,486.5	1,393.6	1,320.7	1,270.3	1,181.0	1,119.7	1,040.8
Long-term debt	**468.8**	483.9	366.9	304.0	300.7	301.4	277.6	182.1	186.2	184.6
Shareholders' equity	**1,021.6**	910.9	857.7	800.5	730.7	675.2	653.4	650.6	638.9	615.2
Per share	**49.10**	43.80	41.25	38.51	35.16	32.66	31.88	31.75	31.20	30.27
Other Data										
Expenditures for property and investments	**173.0**	171.2	198.8	132.4	92.3	123.5	153.2	110.7	113.2	137.6
Depreciation expense	**86.5**	76.8	69.0	63.7	62.9	59.1	54.7	53.7	45.4	47.3
Quoted market price:										
High	**58½**	36½	28⅞	47	50	45	37¼	42	46¼	34½
Low	**35**	24⅛	20	21⅛	36	32	21½	31⅜	31¼	26⅞
Price/earnings ratio:										
High	**8**	9	6	10	13	15	25	17	21	17
Low	**5**	6	4	5	9	10	14	13	14	13
Number of employees	**36,300**	34,900	38,000	38,000	38,100	37,700	39,000	41,400	40,100	39,800
Payroll and benefits	**640.0**	560.5	543.5	507.2	476.0	430.8	398.6	393.5	356.2	332.7

All amounts are in millions except per share data and number of employees.

Worldwide Manufacturing Locations

DOMESTIC

Chemicals

Barberton, Ohio Chlor-Alkalies, Silica Pigments, Herbicides, Polymerization Initiators, Optical Plastic Monomer, Hydrogen Peroxide, Calcium Hypochlorite
Beaumont, Tex. Antifreeze, Ethylene Glycol, Ethylene Oxide, Antiknock Compounds, Anti-icer Compounds
Corpus Christi, Tex. Chlor-Alkalies, Caustic Potash, Chrome Chemicals, Soda Ash
El Dorado, Ark. (50%) Bromine
Guayanilla, P.R. Chlor-Alkalies, Ethylene Glycol, Vinyl Chloride Monomer
Lake Charles, La. Chlor-Alkalies, Chlorinated Solvents, Chlorinated Hydrocarbons, Silica Pigments, Vinyl Chloride Monomer, Vinylidene Chloride Monomer
Natrium, W.Va. Chlor-Alkalies, Chlorobenzenes, Sulfide Chemicals, Ammonia, Muriatic Acid
Penuelas, P.R. (50%) Ethylene, Propylene, Butadiene
Woodward, Okla. (51%) Iodine

Glass

Carlisle, Pa. Flat Glass, Tempered Glass
Creighton, Pa. Automotive and Aircraft Glass Fabrication
Crestline, Ohio Automotive and Specialty Glass Fabrication
Crystal City, Mo. Flat Glass
Cumberland, Md. Flat Glass
Ford City, Pa. Architectural and Insulating Glass Fabrication, Coated Glass, Tempered Glass, Solar Collectors, Glass-Ceramics
Fresno, Calif. Flat Glass, Tempered Glass
Greensburg, Pa. Automotive Replacement Glass Fabrication
Huntsville, Ala. Aircraft and Specialty Transparency Fabrication
Kokomo, Ind. Architectural Metals
Lincoln, Ill. Insulating Glass Fabrication
Marshall, Minn. Insulating Glass Fabrication
Meadville, Pa. Flat Glass
Mount Zion, Ill. Flat Glass, Tempered Glass
Tipton, Pa. Automotive Glass Fabrication
Valencia, Calif. Aircraft and Specialty Transparency Fabrication
Wichita Falls, Tex. Flat Glass

Coatings & Resins

Baltimore, Md. Brushes and Rollers
Circleville, Ohio Resins
Cleveland, Ohio Original Equipment Automotive Finishes, Industrial Coatings
Delaware, Ohio Industrial Coatings, Automotive Refinishes
Dover, Del. Trade Coatings
East Point, Ga. Trade and Industrial Coatings
Houston, Tex. Trade and Industrial Coatings, Polyester Resins
Oak Creek, Wis. Trade and Industrial Coatings, Resins
Plainfield, Ill. Radiation Curing Equipment
Springdale, Pa. Trade and Industrial Coatings, Polyester Resins, Automotive Refinishes
Torrance, Calif. Trade and Industrial Coatings, Polyester Resins, Automotive Refinishes

Fiber Glass

Lexington, N.C. Continuous Strand Textile and Plastic Reinforcement Products
Shelby, N.C. Continuous Strand Plastic Reinforcement Products, Tire Cord

Plastic Fabricating

Columbus, Ind. Injection Molded Components for Home Furnishings and Industrial Applications, Injection Molds
Newton, N.C. Decorative and Structural Furniture and Factory-Built Home Components

Other

Port Allegany, Pa. (50%) Cellular Glass Products, Glass Block
Sedalia, Mo. (50%) Cellular Glass Insulation, Modular Glass Products

FOREIGN

Chemicals

Beauharnois, Que., Canada Chlor-Alkalies, Sodium Chlorate
Belle Plaine, Sask., Canada Potash
Chiba, Japan (50%) Chlorinated Solvents, Vinyl Chloride Monomer
Paris, France (51%) Optical Plastic Monomer

Glass

Caracas, Venezuela (49%) Automotive and Architectural Glass Fabrication
Cuneo, Italy (81%) Flat Glass, Architectural Glass
Hamilton, Ont., Canada Architectural Metals Fabrication
Hawkesbury, Ont., Canada (66%) Automotive Glass Fabrication
London, Ont., Canada Mirror, Insulating Glass and Architectural Metals Fabrication
Montreal, Que., Canada Mirror, Insulating Glass and Architectural Metals Fabrication
Moose Jaw, Sask., Canada Insulating Glass Fabrication
Oshawa, Ont., Canada (66%) Automotive Glass Fabrication
Owen Sound, Ont., Canada Flat Glass, Tempered Glass, Insulating Glass Fabrication
Roccasecca, Italy (81%) Automotive Glass Fabrication
Salerno, Italy (81%) Flat Glass
Strathroy, Ont., Canada Architectural Metals Fabrication
Tejerias, Venezuela (49%) Automotive Glass Fabrication
Vancouver, B.C., Canada Architectural Metals Fabrication

Coatings & Resins

Milan, Italy (78%) Automotive and Industrial Coatings
Mississauga, Ont., Canada Automotive and Industrial Coatings
North Vancouver, B.C., Canada Trade and Industrial Coatings
Saultain, France (62%) Automotive and Industrial Coatings
Tlalnepantla, Mexico (59%) Trade, Automotive and Industrial Coatings
Toronto, Ont., Canada Trade and Industrial Coatings, Polyester Resins
Valenciennes, France (62%) Trade Coatings

Fiber Glass

Candiac, Que., Canada (32%) Insulation Products
Edmonton, Alta., Canada (32%) Insulation Products
Guelph, Ont., Canada (32%) Continuous Strand Textile Products, Chemical Resins
Hoogezand, The Netherlands (50%) Continuous Strand Textile and Plastic Reinforcement Products
Moncton, N.B., Canada (32%) Insulation Products
Sarnia, Ont., Canada (32%) Insulation Products

Other

Burlington, Ont., Canada (33%) Plastic Containers
Georgetown, Ont., Canada (66%) Electrical Devices
Montreal, Que., Canada (33%) Plastic Containers
Tessenderlo, Belgium (50%) Cellular Glass Insulation

(Includes subsidiaries and affiliates in which PPG has at least 30% equity. The percentage of equity in those not wholly owned is shown in parentheses.)

Officers and Directors

OFFICERS

°Robinson F. Barker, Chairman of the Board and Chief Executive Officer
•L. Stanton Williams, Vice Chairman of the Board and Chief Administrative Officer
•J. Earl Burrell, President and Chief Operating Officer
•W. F. Newton, Vice President, Marketing
William Carpenter, Vice President, *Corporate Relations*
W. Parmer Fuller III, Vice President, Western Region, Corporate Marketing
David D. Ogilvie, Vice President, Corporate Development
Cyrus V. Anderson, Vice President, Law
Edward Mazeski, Jr., Secretary
Robert H. Mitchel, Vice President, Finance
Edward H. Eaton, Vice President and Treasurer
Eugene B. Mosier, Controller
R. Wayne Oates, Assistant Vice President, Information Systems
Edward I. Sproull, Jr., Vice President, Tax Administration
Donald G. Griffin, Vice President, Distribution and Transportation
Edward J. Slack, Vice President, Employee Relations
Richard F. Sperring, Vice President, Supply

Frank V. Breeze, Vice President and General Manager, Glass Division
John L. Baldwin, Vice President, Contract and Supply Department, Glass Division
Charles P. Blahous, Vice President, Research, Glass Division
Francis B. O'Neil, Vice President, Planning and Foreign Operations Group, Glass Division
Robert C. Perry, Vice President, Automotive and Aircraft Group, Glass Division
John H. Strome, Vice President, Sales, Marketing and Distribution Group, Glass Division
Robert F. Wells, Vice President, General Sales, Glass Division
John B. White, Vice President, Flat Glass Group, Glass Division

Elmer C. Larsen, Vice President and General Manager, Coatings and Resins Division
Harold G. Bittle, Vice President, International Operations, Coatings and Resins Division
Richard P. Cook, Vice President, Trade Paint Sales, Coatings and Resins Division
James A. Kassekert, Vice President, Manufacturing, Coatings and Resins Division
Frederick F. Rhue, Vice President, Automotive Finishes, Coatings and Resins Division
Malcolm G. Slaney, Vice President, Industrial Products, Coatings and Resins Division
Marco Wismer, Vice President, Research and Development, Coatings and Resins Division

Robert A. McLaughlin, Vice President and General Manager, Fiber Glass Division
John E. Brownell, Jr., Vice President, Sales and Marketing, Fiber Glass Division
Franklin H. Green, Vice President, Manufacturing, Fiber Glass Division
John W. Morris, Vice President, Technical Services, Fiber Glass Division

George E. Russell, Vice President and General Manager, Plastic Fabricating Division

Vincent A. Sarni, Vice President and General Manager, Chemical Division
Richard H. Blair, Vice President and General Manager, PPG Industries (Caribe), Industrial Chemical Department, Chemical Division
William R. Harris, Vice President and General Manager, Industrial Chemical Department, Chemical Division
John L. MacMillan, Vice President, Sales and Distribution, Industrial Chemical Department, Chemical Division
John M. Robinson, Vice President and General Manager, Houston Chemical Company, Chemical Division
Hobert C. Twiehaus, Vice President and Technical Director, Chemical Division
Robert E. Widing, Vice President, Operations, Industrial Chemical Department, Chemical Division
Boyd R. Willett, Vice President and General Manager, International Department, Chemical Division
George M. Zapp, Vice President, Planning and Development, Chemical Division

†Chairman, Executive Committee
*Member, Executive Committee
°Chairman, Management Committee
•Member, Management Committee
‡Chairman, Audit Committee
■Member, Audit Committee

DIRECTORS

†Robinson F. Barker, Chairman of the Board and Chief Executive Officer, PPG Industries, Inc.
Charles M. Beeghly, Retired Chairman of the Board and Chief Executive Officer, Jones & Laughlin Steel Corporation
*J. Earl Burrell, President and Chief Operating Officer, PPG Industries, Inc.
■Paul Desruisseaux, Chairman and President, Desmont Research and Development, Inc. (Canada)
*W. H. Krome George, Chairman of the Board and Chief Executive Officer, Aluminum Company of America
*James F. Jungé, President, Pitcairn Incorporated
Stephen F. Keating, Chairman of the Board, Honeywell, Inc.
*John A. Mayer, Former Chairman of the Board and Chief Executive Officer, Mellon National Corporation and Mellon Bank, N.A.
■Thomas J. McHugh, Senior Vice President and *Investment Director, Pitcairn Incorporated*
■Robert W. Morse, Associate Director, Woods Hole Oceanographic Institution
*Joseph A. Neubauer, Retired President and Chief Operating Officer, PPG Industries, Inc.
*‡Jack W. Robbins, Senior Vice President and General Counsel, Pitcairn Incorporated
■Julio A. Torres, Senior Executive Vice President, Banco de Ponce (Puerto Rico)
*L. Stanton Williams, Vice Chairman of the Board and Chief Administrative Officer, PPG Industries, Inc.

Annual Meeting

The Annual Meeting of Shareholders will be held on Thursday, April 21, 1977, at 2 p.m., at the William Penn Hotel, Pittsburgh, Pa.

Transfer Agent and Registrar

Pittsburgh National Bank
P.O. Box 340746-P
Pittsburgh, Pa. 15230

Trademarks

These registered trademarks of PPG Industries, Inc., are used in this report: PPG Industries (monogram), *Pittsburgh* Paints, *Tri-Ethane, Zerex.*
Glanor is a trademark of Oronzio de Nora Impianti Elettrochimici S p A.