More Than a Fresh Coat of Paint
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Situation Overview

- **PPG** is the global #2 manufacturer of paints and coatings with a diversified portfolio of products across consumer and industrial end markets

- **Valued at a discount to intrinsic value**
  - Currently near a 52-week low
  - Sum-of-the-parts value suggests up to 40% upside to current price
  - ~2% dividend yield, ~6.5% free cash flow ("FCF") yield

- **Underperformance under current leadership**
  - Weak total shareholder return ("TSR"); ~3,500 bps below peers
  - Worst-in-class organic revenue and earnings per share ("EPS") growth
  - Q3 2018 earnings pre-announcement marks the third year in a row that PPG has issued a profit warning
  - Accounting issues announced April 2018
  - High profile business losses, including Lowe’s
  - Hostile attempt to acquire Akzo Nobel

- **Trian recommends that the Board take the following actions**:
  - Strengthen management by immediately bringing back Chuck Bunch as Chairman/CEO
  - Improve capital structure efficiency: PPG presently ~1.7x levered vs. ~4x at two closest peers
  - Commence a strategic review of the portfolio (consider a separation into two publicly-traded companies)
  - Enhance ESG profile: Bring corporate governance standards in line with other S&P 500 companies; better align pay and performance

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(1) Based on share price as of October 9, 2018 (the last trading day prior to the date on which Trian disclosed its investment in the Company). Pricing information sourced from Bloomberg.

(2) See page 31 for additional information.

PPG is now trading at one of the largest discounts to Sherwin-Williams (a close peer of PPG’s) and the S&P since the end of 2016

Source: Bloomberg. Measured through October 9, 2018.
Valued at a Meaningful Discount to Precedents/Strategic Value

- **Strategic transactions are relevant considering the rapid pace of consolidation in coatings**
  - Top 10 players in the coatings market hold ~50% market share, up from ~30% 10 years ago
- **Recent large scale deals have been completed at ~11-17x EBITDA**
- **Trian estimates that PPG’s Board valued Akzo Nobel’s Coatings business at ~15x forward EBITDA based on its final offer price in 2017**(1)

<table>
<thead>
<tr>
<th>Close Date</th>
<th>Acquiror</th>
<th>Target</th>
<th>Deal EV ($bn)</th>
<th>EV / LTM EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun-17</td>
<td>Sherwin-Williams</td>
<td>Valspar</td>
<td>$10.9</td>
<td>16.9x</td>
</tr>
<tr>
<td>Mar-17</td>
<td>Henkel</td>
<td>Darex Packaging</td>
<td>$1.1</td>
<td>17.0x</td>
</tr>
<tr>
<td>Dec-16</td>
<td>Akzo Nobel</td>
<td>BASF Industrial Coatings</td>
<td>$0.5</td>
<td>10.7x</td>
</tr>
<tr>
<td>Nov-16</td>
<td>Evonik</td>
<td>APD Performance Materials</td>
<td>$3.8</td>
<td>15.8x</td>
</tr>
<tr>
<td>Nov-16</td>
<td>BASF</td>
<td>ALB Surface Treatment</td>
<td>$3.2</td>
<td>15.3x</td>
</tr>
</tbody>
</table>

**Average 15.1x**

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(1) Valuation of Akzo’s coatings business assumes PPG’s final offer price of €96.75, net debt of €2.3bn (Q1 17) and EBITDA of €2.1bn (2017A). Analysis strips out the Specialty Chemicals business at the purchase consideration recently offered by GIC/Carlyle.
Performance Under Current Leadership
TSR Has Underperformed Peers Under Current Leadership

Source: Bloomberg. Measured through October 9, 2018.
(1) Measured since September 1, 2015.
PPG’s Organic Revenue Growth Has Underperformed Peers and Missed Interim Targets

- The Company has also missed its volume growth target for the last 3 years, which is intended to track closely to GDP (1)

Organic Sales(2) Growth CAGR: 2015a-2017a

- Average Real GDP Growth (Global): 3.3%
- Peer Average: 2.6%

Source: Company filings, Bloomberg.
(1) According to Goldman Sachs research (2/14/18), PPG targets volumes growth between GDP and Industrial Production. On PPG’s Q4 2016 earnings call (1/19/17), management indicated that volumes should grow at GDP and when PPG is performing well volumes should grow at GDP plus.
(2) Defined as sales growth excluding the impact of acquisitions, divestitures, and foreign exchange movements.
(3) Decorative Architectural Products division only.
(4) Adjusted to match PPG’s December fiscal year end.
(5) Excludes results for Specialty Chemicals division.
EPS Growth Has Stalled And Missed Targets

- The Company has missed its 10% EPS growth target in each of the last 3 years

Adjusted EPS (as reported)\(^{(1)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Adjusted EPS</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$5.69</td>
<td>2%</td>
</tr>
<tr>
<td>2016</td>
<td>$5.82</td>
<td>1%</td>
</tr>
<tr>
<td>2017</td>
<td>$5.86</td>
<td>-1%</td>
</tr>
<tr>
<td>2018(^{(2)})</td>
<td>$5.80</td>
<td></td>
</tr>
</tbody>
</table>

“So I think we’ve had a historical preference to grow EPS 10%, and I don’t think we’re walking away from that.”
– Michael McGarry, CEO, 10/19/2017

Source: Company SEC filings, Bloomberg, earnings calls transcripts.

(1) Adjusted EPS (as reported) represents PPG’s adjusted earnings per share as originally reported for each respective year, except for 2017, in which we use the $5.86 restated figure disclosed in the amended Form 10-K filed on June 28, 2018. This allows for true comparability of real earnings power of one share of PPG at the beginning and end of the selected time frame. By presenting EPS on a continuing operations basis, PPG is comparing “apples and oranges” by subtracting earnings of discontinued operations for historical periods while showing a benefit from re-allocating cash proceeds from divestitures (i.e., share count reduction).

(2) Revised 2018 estimates based on actual results for Q1 and Q2 and the midpoint of management guidance for Q3 and Q4 issued in Company press release dated October 8, 2018.
On October 8, 2018, PPG issued a profit warning for its Q3 and Q4 earnings, with the revised EPS guidance missing Wall Street consensus estimates by 10% in Q3 and 20% in Q4.

PPG has now issued a profit warning prior to Q3 results in each of the last three years.

While we acknowledge the headwinds in raw materials and foreign exchange movements, PPG’s three largest peers have grown EBITDA this quarter by 11% on average, suggesting that PPG is not managing the industry headwinds as effectively as its peers.

Earnings pre-announcements are no longer the exception, they have become the rule. Investors appear to have lost confidence in PPG’s leadership.
Accounting Irregularities

- After first identifying accounting issues in April, on May 10, 2018, PPG informed investors that it was unable to file its Form 10-Q on a timely basis and that the Company’s previously filed Form 10-K could no longer be relied upon
  - On June 28, 2018, PPG announced that it was restating its financial statements and earnings releases for the six previous quarters (Q4 ‘16 through Q1 ‘18) in order to correct various accounting errors, including repeated failures to accrue certain expenses on a timely basis
- We note that in half of the six earnings reports that were affected by the accounting “irregularities”, it appears that PPG either “beat” or “met” consensus earnings expectations by way of artificially inflated earnings:

<table>
<thead>
<tr>
<th>Fiscal Quarter</th>
<th>Adj. EPS Originally Reported</th>
<th>Cons. Estimate</th>
<th>Orig. Beat, Meet or Miss?</th>
<th>Accounting Restatement</th>
<th>Restated Adj. EPS</th>
<th>Restated Beat, Meet or Miss?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 16</td>
<td>$1.19</td>
<td>$1.182</td>
<td>Beat</td>
<td>1c</td>
<td>$1.18</td>
<td>~Meet</td>
</tr>
<tr>
<td>Q2 17</td>
<td>$1.83</td>
<td>$1.819</td>
<td>Beat</td>
<td>3c</td>
<td>$1.80</td>
<td>Miss</td>
</tr>
<tr>
<td>Q1 18</td>
<td>$1.39</td>
<td>$1.393</td>
<td>~Meet</td>
<td>3c</td>
<td>$1.36</td>
<td>Miss</td>
</tr>
</tbody>
</table>

Source: Company SEC filings and press releases for PPG financials as originally reported, and as restated. Consensus estimates per Bloomberg 10/12/18.
Losing the Lowe’s Business Appears to Be a Sign of Poor Execution

- On February 27, 2018, Lowe’s informed PPG that it will discontinue the sale of Olympic brand paints and stains in its US retail stores, effective mid-2018 (~$300m of lost sales)

- The sudden loss of the Lowe’s business, one of the Company’s largest architectural customers, casts a shadow on this management team’s basic execution skills

- While PPG reported it may acquire some incremental business at Home Depot to mitigate the loss of the Lowe’s business, we are concerned that the Company had to forego margin in a rushed negotiation

“The loss of PPG’s entire paint business at Lowe’s (to Sherwin-Williams) was a surprise. We had actually thought PPG might gain a price point at Lowe’s following the merger of Valspar and Sherwin, Lowe’s 2 other paint suppliers, and Lowe’s history of having at least 2 reasonably strong paint suppliers (3 in recent years) in order to maintain the competitive intensity amongst its suppliers.”

- Deutsch Bank research, 2/28/18
Management’s Decision to Attempt a Hostile Takeover Was Flawed

- On March 8, 2017, PPG made an unsolicited offer to acquire Akzo Nobel (“Akzo”) for €83/share in cash
- Over the next 3 months, PPG engaged in a series of aggressive takeover attempts that included two formal bid increases, with a public commitment to increase the bid a third time if Akzo was willing to engage
- Throughout this period, we believe management demonstrated lapses in judgment:
  - Management underestimated Dutch corporate governance defense mechanisms designed to protect against hostile takeovers (Stichting)
  - Management acted without regard to traditional merger / negotiation decorum
- After reporting a solid first quarter in April 2017, PPG reported a significant top-line miss in Q2, suggesting that management was completely distracted by the Akzo takeover attempts

![PPG Share Price: March 1-August 1, 2017](chart)

Source: Company press releases, news articles.
Employees May Be Losing Confidence in Management

- According to Glassdoor, PPG’s CEO approval rating currently stands at 61%, more than 20 percentage points lower than the peer average.
- Since the beginning of 2017, PPG’s CEO approval has dropped nearly 20 percentage points.

With both investors and employees seemingly dissatisfied, PPG’s leadership culture needs to be addressed.
Trian’s Recommendations
Trian’s Recommendations to Unlock Value*

Strengthen management by immediately bringing back Chuck Bunch as Chairman/CEO

- PPG’s TSR and growth, both organic sales and EPS, have underperformed under current management
- Investors, analysts, and employees appear to have lost confidence in PPG’s leadership team after losing key customers and poor oversight of accounting irregularities/financial restatements
- Under Bunch’s watch, PPG’s TSR outperformed peers handily through consistent EPS growth and aggressive portfolio actions

Once the management change has been completed, we would ask Chuck Bunch to consider the following initiatives:

Improve capital structure efficiency; take advantage of attractive financing markets

- PPG is the least leveraged multi-national coatings company that is domiciled in the US
- Two closest peers are ~4x levered vs. PPG’s ~1.7x(1)

Commence a strategic review of the portfolio (consider a separation)

- Consider separating into two more focused companies: a Global Architectural Coatings company and a Global OEM/Industrial company
  - The North American architectural coatings business needs strategic attention, as it is losing market share and missing growth opportunities
  - A more focused architectural coatings company will no longer have to compete for capital with OEM customer facing businesses
  - No industrial logic to the current portfolio structure of one global “coatings” company which is comprised of at least 12 underlying businesses with disparate distribution channels, supply chains and market dynamics
- Despite its scale as the second largest global coatings company, PPG is valued like a commoditized, sub-scale materials company
  - A separation may allow opportunity for shareholders to benefit from prudent consolidation as there are logical strategic partners for each respective business

Improve the ESG Profile

- Eliminate staggered Board
- Bring corporate governance in line with other S&P 500 companies and ensure compensation is aligned with performance

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(1) Source: SEC filings and annual reports.
“We are concerned that the accounting errors were either a function of pressure from the top, or a lack of oversight. If that is the case, and the audit committee does not do its job properly we end up with a company with weak leadership, likely to continue with poor or overly optimistic judgement. If, on the other hand, there is more to come and we see a change in leadership at PPG it could be a good thing, depending on who fills the role. It is no secret that PPG/Akzo deal broke down because of a dramatic clash of character between the Chairman of Akzo and the CEO of PPG – both sides blame each other. With the right change at PPG and with the Chairman of Akzo now gone, the deal (which makes a lot of strategic sense for both) may come back on the table. The issue would be finding a credible successor for Mr. McGarry...Reengagement with Akzo, coincident with a popular change in leadership might be very positive for PPG, but for now we remain negative.”

- Graham Copley-SSR, 5/13/18
Under Bunch’s Leadership, EPS Compounded at ~10% Annually for a Decade, Including the Great Recession

Adjusted EPS (as Reported)

Source: Company SEC filings.
Note: EPS figures are adjusted for stock splits and non-recurring items.
(1) Represents 2018 estimate based on revised guidance provided in company press release dated October 8, 2018.
Bunch Transformed PPG’s Portfolio

- Bunch transformed PPG into a pure-play coatings company
  - **CY 2017**: Sold North American fiber glass business to Nippon Electric Glass
  - **CY 2016**: Sold North American flat glass to Vitro SAB de CV; sold its 40% stake in Pittsburgh Glass Works JV (automotive glass); sold European fiber glass to Nippon Electric Glass
  - **CY 2014**: Sold its 51% stake in Transitions Optical JV to Essilor
  - **CY 2012**: Divested Commodity Chemicals business via Reverse Morris Trust with Georgia Gulf

- In addition to significant divestitures, PPG accelerated its growth in coatings through acquisitions, averaging 7% growth per year in coatings sales over the last decade

**Net Sales Mix: 2005 vs. Today**

Sales:

- **2005**: $10.5bn
- **Current**: $14.8bn

Source: Investor presentations.
Bunch Delivered Strong TSR Under His Tenure

Total Shareholder Returns During Chuck Bunch’s Tenure as CEO\(^{(1)}\)

PPG outperformed the peer median by 4,700 basis points and the S&P 500 by 13,700 basis points during Chuck Bunch’s tenure as CEO.

Median: 187%

Source: Bloomberg.
Note: Axalta excluded because it did not go public until 2014.
\(^{(1)}\) TSR measured from March 1, 2005-September 1, 2015
2. Capital Structure: Improve Balance Sheet Efficiency

- PPG’s two closest peers have leverage of ~4x
- Sherwin Williams is still an investment grade company (Baa3 / BBB)

Source: SEC filings, Bloomberg.
(1) Paint store lease obligations estimated at 5x rent expense.
3. Commence Strategic Portfolio Review: PPG Should Consider Separating into an Architectural Coatings Company and an Industrial Coatings Company

- We believe that PPG is comprised of high quality businesses that lose their strategic value when operated as part of one company

- Separating into a “Global Architectural” company and “Industrial” company could enable PPG to unlock value by creating leading, pure play businesses

- A separation also increases the probability of optimizing the US architectural coatings business, which has underperformed peers in recent years

<table>
<thead>
<tr>
<th>Global Architectural Coatings Co.</th>
<th>Industrial Coatings Co.</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5.5bn sales / $0.8bn EBITDA (15% margin)</td>
<td>$9.2bn sales / $1.9bn EBITDA (20% margin)</td>
</tr>
<tr>
<td>#1 / #2 in every business</td>
<td>#1 in Auto OEM and Aerospace</td>
</tr>
<tr>
<td>Addressable market size: ~$60bn</td>
<td>#2 in Auto Refinish and Packaging</td>
</tr>
<tr>
<td>Pure play coatings business with fragmented customer base (strong pricing power and margins)</td>
<td>#3 in Industrial with significant opportunity to grow through consolidation</td>
</tr>
<tr>
<td>Better able to fix the struggling US architectural coatings business</td>
<td>Addressable market size: ~$80bn</td>
</tr>
<tr>
<td>Opportunity to build brand equity through paint store investment and advertising commitments</td>
<td>Higher cyclicality</td>
</tr>
<tr>
<td>Low R&amp;D/capital intensity spending (high FCF conversion)</td>
<td>More customer concentration</td>
</tr>
<tr>
<td>Platform for strategic acquisitions in architectural space</td>
<td>Stickier, long-term relationships</td>
</tr>
<tr>
<td>Innovation driven investment cycles (R&amp;D/Capital expenditures)</td>
<td>Innovation driven investment cycles (R&amp;D/Capital expenditures)</td>
</tr>
<tr>
<td>Leading service capabilities</td>
<td>Platform for strategic acquisitions in industrial space</td>
</tr>
</tbody>
</table>

Note: We would assume that the architectural business would be spun-off from the industrial business and that based on our experience, a significant majority of the existing PPG board would continue as the directors of PPG following a separation.
Trian’s primary focus is helping companies achieve operational turnarounds. In many successful investments, Trian has seen that a separation of companies’ businesses improves operating performance. Trian believes separation is a “means to an end,” the “end” being:

- Increased focus
- Improved organic growth
- Faster decision making; less bureaucracy
- Reduced complexity
- Better capital allocation
- Enhanced strategic optionality
- Ability to align compensation design
- Greater accountability (directly to shareholders)
- Greater transparency
- Elimination of “lowest common denominator” trading dynamic

A common perception exists that separations increase overall costs through duplication of certain functions. Our experience is that improved operational performance dwarfs any such increase in costs. On average, Trian’s portfolio companies have averaged 550 bps of EBIT margin expansion from separation to today\(^1\)

We believe the factors outlined above are the reasons that companies that engage in a separation tend to outperform the broader market, with the Bloomberg U.S. Spin-Off Index outperforming the S&P 500 over both short and long-term time horizons\(^2\)

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\(^1\) See page 40 for additional information.
\(^2\) See page 41 for additional information.
Trian Believes Focus is Needed in the North American Architectural Business

- **PPG** has lost significant market share in North American Architectural Coatings over the last few years – one of its largest businesses.

- In 4 out of the last 5 years, PPG has reported sales declines despite enjoying tailwinds from growing US housing starts and construction spending, and strong comparable sales in its PPG Paints stores.

![Sales Growth – North American Architectural Businesses](image)

Source: SEC filings.

(1) Sherwin-Williams growth for the combined Americas and Consumer Brands Groups. Masco growth is for the Decorative Architectural Products Group. PPG sales trends estimated based on commentary provided in annual reports.
PPG Appears to Be Well Positioned to Compete in North American Architectural Paints

- PPG is the only major North American player with coverage across the 3 major channels
- Half of PPG’s sales are through its paint store network, which is the fastest growing channel in the US
- While the independent channel is in structural decline, it only represents ~15% of PPG’s sales

<table>
<thead>
<tr>
<th>Brands</th>
<th>Market Share</th>
<th>Distribution Mix</th>
</tr>
</thead>
<tbody>
<tr>
<td>SHERWIN WILLIAMS</td>
<td>~50%</td>
<td>Store: 75%</td>
</tr>
<tr>
<td>MINWAX</td>
<td>~15-20%</td>
<td>Independent: 0%</td>
</tr>
<tr>
<td>KRYLON</td>
<td>~15%</td>
<td>Big Box: 25%</td>
</tr>
<tr>
<td>valspar</td>
<td>~5%</td>
<td>Store: 50%</td>
</tr>
<tr>
<td>BEHR</td>
<td>~15%</td>
<td>Independent: 15%</td>
</tr>
<tr>
<td>OLYMPIC</td>
<td>~5%</td>
<td>Big Box: 35%</td>
</tr>
<tr>
<td>MESCH</td>
<td>~15%</td>
<td>Store: 0%</td>
</tr>
<tr>
<td>BENJAMIN MOORE</td>
<td>~5%</td>
<td>Independent: 0%</td>
</tr>
<tr>
<td>PAINTS</td>
<td>~15%</td>
<td>Big Box: 100%</td>
</tr>
<tr>
<td>BEHR</td>
<td>~5%</td>
<td>Store: 0%</td>
</tr>
<tr>
<td>KRYLON</td>
<td>~5%</td>
<td>Independent: 100%</td>
</tr>
<tr>
<td>OLYMPIC</td>
<td>~5%</td>
<td>Big Box: 0%</td>
</tr>
</tbody>
</table>

Source: Company investor presentations, Wall Street research, SEC filings, Trian estimates.
We Believe PPG is Well Positioned to Benefit From DIY to Pro Shift

- For decades, demand in the construction industry has shifted from “Do It Yourself” projects (otherwise referred to as “DIY”) to “Do It For Me” (also referred to as “DIFM” or “pro”) as the population has been aging, younger generations are less inclined to work on home projects and income levels / two-income households have increased.

- PPG has a stable of high quality brands that are relevant for both pros and DIY customers and are available where both consumer sets prefer to shop.

- Paint contractors prefer to buy through specialized paint shops for various reasons including relationships, pricing & credit services, tinting and truck loading on-site, sales rep expertise, quality and assortment, delivery and socializing with other painters.

Source: Sherwin-Williams investor presentations.
But The Company Has Pulled Back on Organic Growth Investments

- We question why PPG has slowed down store growth in recent years. Is it because management is concerned about meeting Wall Street’s estimates and cannot endure some near term earnings dilution to make the right long term investments?

- According to PPG’s recent 10-Q / 10-K filings, comparable sales at the Company’s paint stores have been growing mid-to-high single digits, implying that store-level profits should be improving.

- Under the current portfolio structure, PPG’s paint store business has to compete for capital with at least 11 other underlying businesses that serve well capitalized and demanding customers (e.g. OEMs in autos, aerospace)(1)

Why did PPG stop disclosing the number of company operated paint stores in 2016? Is there a more structural issue with its store network that management is not disclosing to its investors?

![PPG Paints Stores – North America chart](chart)

Source: Company SEC filings, Investor presentations.

(1) According to the most recent proxy filing (2018), PPG’s compensation committee measures the performance of 12 “defined” businesses.

(2) Estimate based on a chart in PPG's March 2018 investor presentation.
Investing in the Paint Stores Network Seems to Be a Significant Long-Term Opportunity

- PPG’s direct competitor, Sherwin-Williams, has been aggressively investing in its paint store network for years
- Sherwin-Williams has been adding 100-125 net stores annually, driving ~2-3% unit growth, while PPG has barely added any stores over the last 2 years
- PPG has not articulated a paint store strategy to the investment community

Sherwin Williams Store Growth

North American Stores

Source: SEC filings, Investor presentation.
With so little transparency on the paint store business, investors don’t know what PPG’s returns on capital are. Trian estimates that “Base Case” after-tax returns are likely about triple the company’s cost of capital.

Note: WACC = Weighted Average Cost of Capital
Source: SEC filings for PPG and peers, and Trian estimates based on industry diligence.
Key assumptions on PPG: Base Case -- $1.3mm AUV, 12% contribution margin, $500k build cost, Conservative Case -- $1.3mm AUV, 5% margin, $500k build cost
PPG is currently valued like a commoditized, sub-scale materials company with few strategic options.

<table>
<thead>
<tr>
<th>High Quality Coatings / Strategic Assets</th>
<th>Low Quality / Non-Strategic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average: 18.5x</td>
<td>Average: 12.4x</td>
</tr>
</tbody>
</table>

NTM P/E Ratio

- PPG: 19.6x
- Shrin Williams: 18.6x
- AkzoNobel: 18.5x
- Axalta: 18.1x
- RPM: 18.0x
- H.B. Fuller: 16.4x
- Masco: 13.0x
- Ferro: 12.0x
- Sherwin-Williams: 12.0x

Source: Bloomberg. Multiples as of October 9, 2018.
We Believe Separation Could Unlock an Additional 15%-40% of Shareholder Value

<table>
<thead>
<tr>
<th>Business</th>
<th>Low Multiple</th>
<th>High Multiple</th>
<th>Low EV</th>
<th>High EV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Architectural</td>
<td>12x</td>
<td>15x</td>
<td>$9.4bn</td>
<td>$11.7bn</td>
</tr>
<tr>
<td>‘19e EBITDA</td>
<td>$783MM(1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial</td>
<td>12x</td>
<td>14x</td>
<td>$22.9bn</td>
<td>$26.7bn</td>
</tr>
<tr>
<td>‘19e EBITDA</td>
<td>$1,909MM(1)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A separation could unlock between 15%-40%(2) of incremental value based on PPG’s current share price of ~$98.50(3)

Source: Company SEC filings, Trian estimates.

(1) Includes allocation of corporate costs on a percentage of sales basis.
(2) Equity value calculated using $4.5bn of net debt and non-controlling interest and 243m shares outstanding.
(3) Price as of October 9, 2018.
We Believe That Limited Operating Synergies Exist Between Architectural and Industrial Coatings Businesses

<table>
<thead>
<tr>
<th>Synergy Type</th>
<th>Level of Synergies</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering / R&amp;D</td>
<td>Minimal</td>
<td>Limited technology overlap between architectural and industrial chemicals; architectural coatings are less R&amp;D intensive.</td>
</tr>
<tr>
<td>Procurement</td>
<td>Some</td>
<td>Some procurement synergies but a separation would create two independent businesses with sufficient scale so likely no material impact.</td>
</tr>
<tr>
<td>Distribution</td>
<td>None</td>
<td>No shared distribution</td>
</tr>
<tr>
<td>Customers / Cross Selling</td>
<td>None</td>
<td>Paint stores, home improvement centers vs. OEMs and industrial distributors.</td>
</tr>
<tr>
<td>Marketing / Advertising</td>
<td>None</td>
<td>Distinct brands with separate identities.</td>
</tr>
<tr>
<td>Administrative Overhead</td>
<td>Some</td>
<td>Ability to leverage some administrative overhead.</td>
</tr>
</tbody>
</table>

Overall

Limited Synergies

While PPG has built one of the largest coatings companies in the world, in part through M&A, the current portfolio is comprised of at least 12 underlying businesses with disparate market dynamics. We believe there are virtually no synergies between Architectural and Industrial coatings.
A Separation Increases Organizational Capacity to Make Strategic Acquisitions

- Shareholders could benefit from two platforms focused on making acquisitions in their respective industry verticals

### Analyst Discussion of M&A Landscape

“We also believe the rationale for consolidation in coatings remains strong (US peers commented on the need for large scale M&A at GS Basic Materials Conference earlier in May).”

- Goldman Sachs research, 6/4/18

“...we continue to note that with the coatings industry at the cusp of another round of global consolidation, Akzo is the key strategic asset.”

- Deutsche Bank research, 4/24/18

“The global coatings sector is consolidating and AXTA could be an acquisition candidate, which could be an upside risk to the shares.”

- Citi research, 4/19/18

### Potential US-Based Strategic Acquisitions

- Transformative Acquisitions
  - BEHR
  - Benjamin Moore
  - RPM

- Regional Paint Shops
  - KELLY-MOORE PAINTS
  - The Home Depot

- JVs / Partnerships
  - AkzoNobel
  - Kansai Paint
  - DuluxGroup

### Potential Non-US-Based Strategic Acquisitions

- AkzoNobel
- Kansai Paint
- DuluxGroup
- F&B
- Benjamin Moore
- RPM
- KELLY-MOORE PAINTS
- The Home Depot
- AkzoNobel
- Kansai Paint
- DuluxGroup
- F&B
- Benjamin Moore
- RPM
- KELLY-MOORE PAINTS
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How Separating into Two Smaller Companies Could Lead to Further Shareholder Value Enhancement

- Coatings multiples will likely continue to be supported by strategic optionality
- Consolidation in coatings has been driven by economies of scale on raw material purchasing, manufacturing, distribution, sales and R&D
- The coatings supply chain has also been consolidating – both upstream suppliers and large customers (i.e., retail, industrial, automotive)
- **By separating into two smaller companies, we believe PPG could participate more easily in prudent M&A (more organizational capacity to do strategic acquisitions)**

<table>
<thead>
<tr>
<th>Line Item</th>
<th>Synergy Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw Materials Purchasing</td>
<td>0.5%-2.5% of sales</td>
</tr>
<tr>
<td>Plant Rationalization</td>
<td>$1-$5 million / plant</td>
</tr>
<tr>
<td>Headquarters Cost</td>
<td>0.5% of sales</td>
</tr>
<tr>
<td>Sales Force Consolidation</td>
<td>1%-5% of sales</td>
</tr>
<tr>
<td>Distribution</td>
<td>0.5%-1.5% of sales</td>
</tr>
<tr>
<td><strong>Total Cost Synergies</strong></td>
<td><strong>3%-10%+ of sales</strong></td>
</tr>
</tbody>
</table>

Source: Diligence calls, Deutsche Bank research.
DuPont: New Management and Separation Plans Led to Better Operating Performance (Growth/Margins)

Poor results under former management:
- Despite owning iconic industrial businesses and leading market share positions, DuPont underperformed peers and struggled to meet earnings promises

- On 3/15/13, the day before Trian first invested in DuPont, the stock price was ~40% below its prior high from 15 years earlier

New management led to better operating performance (growth and margin):
- In 2015, after the company missed earnings targets for a fourth consecutive year, DuPont replaced the CEO/Chair with Ed Breen
- Once DuPont replaced management and started to execute on Trian’s operating initiatives, including eliminating the matrix structure, standalone DuPont improved organic growth by ~400bps and eliminated ~$1.7bn of costs pre-merger

DowDuPont’s Plans to Separate (M&A):
- In November 2015, Trian signed confidentiality agreements with both DuPont and Dow after being asked to assist in the negotiation and structuring of a $130bn merge-and-spin transaction (completed in 2017 after regulatory review)
- DowDuPont currently plans to separate into three more focused, world-class companies in Agriculture, Specialty Products and Materials Science
- $4.3bn of planned synergies to the benefit all shareholders, over and above the standalone improvements pre-merger

Sources: Bloomberg, DuPont press releases and transcripts, DuPont SEC filings.
Note: This case study is an example of a discrete investment, which is presented solely to illustrate the benefits of certain operational improvements and Trian’s investment process and strategies and not to imply that any future investment by Trian will be successful. Market conditions at the times of the events reflected in this case study may differ materially from current and future market conditions.

(1) On 5/22/1998, DuPont’s share price was $78.31. On 3/15/13, the day before Trian first invested, the share price was $47.40 (pre-merger with Dow).
(2) Average year-over-year volume growth improvement from Q1 2016 to Q2 2017.
(3) $1.7bn in cost savings initiatives represents the $1bn of run-rate cost savings realized before 2015 plus the additional $700mm of realized in 2016 (press release exhibit to DuPont’s Form 8-K filed on December 11, 2015).
DuPont: Best-in-Class Operations = Best-in-Class Returns

**Strong Volume Growth**
- Management change announcement
- Acceleration of growth

<table>
<thead>
<tr>
<th></th>
<th>Q3'15</th>
<th>Q4'15</th>
<th>Q1'16</th>
<th>Q2'16</th>
<th>Q3'16</th>
<th>Q4'16</th>
<th>Q1'17</th>
<th>Q2'17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>-7%</td>
<td>2%</td>
<td>-1%</td>
<td>2%</td>
<td>1%</td>
<td>2%</td>
<td>3%</td>
<td>6%</td>
</tr>
</tbody>
</table>

**Strong Operating Margin Expansion**
- (Margin improvement in basis points)
- Management change announcement

<table>
<thead>
<tr>
<th></th>
<th>Q3'15</th>
<th>Q4'15</th>
<th>Q1'16</th>
<th>Q2'16</th>
<th>Q3'16</th>
<th>Q4'16</th>
<th>Q1'17</th>
<th>Q2'17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin</td>
<td>(218)</td>
<td>(376)</td>
<td>90</td>
<td>439</td>
<td>405</td>
<td>280</td>
<td>131</td>
<td></td>
</tr>
</tbody>
</table>

**DuPont’s Share Price Since a Day Before Trian’s Initial Investment**

- 6 consecutive earnings beats between management change and Trian’s exit

**Sources:** Bloomberg, DuPont press releases and transcripts, DuPont SEC filings.

(1) Adjusted to include Chemours post the spin-off on 7/8/15. DowDuPont share price converted back into legacy DuPont share price at a rate of 1.282:1 post the merger close on 9/1/17.

Note: This case study is an example of a discrete investment, which is presented solely to illustrate the benefits of certain operational improvements and Trian’s investment process and strategies and not to imply that any future investment by Trian will be successful. Market conditions at the times of the events reflected in this case study may differ materially from current and future market conditions. The total shareholder return figures shown above should not be construed as an indication of the performance of any funds or vehicles managed by Trian and it should not be assumed that any or all of the investments made by Trian in the company shown above were profitable.
4. ESG: Bring PPG’s Corporate Governance Up to Par with S&P 500

- PPG has a corporate governance structure that affords shareholders few rights, placing it out of step with the S&P 500

<table>
<thead>
<tr>
<th>Shareholder Right</th>
<th>% of S&amp;P 500 With Right</th>
<th>PPG?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Election of Directors</td>
<td>89%</td>
<td>(PPG has classified board)</td>
</tr>
<tr>
<td>Ability to Call Special Meeting</td>
<td>64%</td>
<td>(No right to call meeting or act by written consent)</td>
</tr>
<tr>
<td>Ability to Remove Directors w/ Majority Vote</td>
<td>84%</td>
<td>(80% supermajority required to remove directors)</td>
</tr>
</tbody>
</table>

A 2018 shareholder proposal to declassify PPG’s Board received overwhelming support (99% of votes cast in favor), but insufficient voter turnout resulted in the proposal’s failure… a greater effort should be made to reach retail investors (1)

Source: Company SEC filings; S&P 500 market data from FactSet Shark Repellent.net

(1) Proposals to amend the Company’s Articles of Incorporation to declassify the Company’s Board require approval from 80% of all outstanding shares; however, only 74% of shareholders voted on the 2018 proposal (excluding broker non-votes).
Align Compensation with Shareholder Value Creation

- Despite underwhelming TSR, and PPG missing its own sales and earnings targets the past two years, CEO McGarry continues to be generously compensated:
  - Annual bonus payouts are buoyed by qualitative assessments about McGarry exceeding “personal performance objectives”, even though Company continues to disappoint its shareholders

- PPG Misses its 2016 EPS & Volume Targets
  (as shown in 2017 proxy statement)

- PPG Misses its 2017 EPS & Volume Targets
  (as shown in 2018 proxy statement)

- McGarry receives annual bonus totaling 134% of target & total compensation of $12.5M.

- Going forward, CEO compensation should be directly tied to achieving PPG’s financial targets and creating value for shareholders

Source: Company SEC filings.
Appendix
Trian Believes That Improved Focus and Accountability Can Lead to Higher Margins

On average, Trian’s portfolio companies have generated ~550bps of aggregate EBIT margin expansion after separation

**Ingersoll Rand / Allegion**
- IR 2008 (5-Years Prior to Separation): 10.6%
- IR + ALLE 2013 (at Separation): 10.7%
- IR + ALLE 2017: 13.5%

**Kraft / Mondēlez**
- KFT 2007 (5-Years Prior to Separation): 13.2%
- KRFT + MDLZ KHC + MDLZ 2017: 22.2%

**Cadbury / Dr Pepper Snapple**
- CBRY 2003 (5-Years Prior to Separation): 16.3%
- CBRY 2008 (at Separation): 17.6%
- DPS 2017 / CBRY 2009: 20.8%

**DuPont / Chemours(1)**
- DD 2009 (5-Years Prior to Separation): 13.0%
- DD 2014 (at Separation): 15.0%
- DD+CC LTM 6/30/17: 17.6%

**Wendy’s / Tim Hortons(2)**
- WEN 2000 (5-Years Prior to Separation): 13.9%
- WEN 2005 (at Separation): 12.1%
- WEN 2017: 22.9%

~270bps of aggregate EBIT margin expansion

~870bps of aggregate EBIT margin expansion

Source: SEC filings.
Note: Excluded Pentair / nVent from the analysis due to the lack of full-year post-spin financials (spin was completed April 30, 2018).
(1) DuPont 2009 margin excludes the contribution of the Performance Coatings segment which was sold in 2013.
(2) Wendy’s 2005 margin excludes the contribution from the Developing Brands segment which was moved to discontinued operations after the spin of Tim Hortons.
Separations Have Generated Outsized Shareholder Returns

Total Shareholder Return: S&P 500 vs. Bloomberg U.S. Spin-Off Index

1-Year

- U.S. Spin-Off Index: 9%
- S&P 500: 15%

3-Year

- U.S. Spin-Off Index: 80%
- S&P 500: 52%

5-Year

- U.S. Spin-Off Index: 128%
- S&P 500: 93%

10-Year

- U.S. Spin-Off Index: 514%
- S&P 500: 292%

Spin-Offs Have Outperformed the S&P 500 Over Long Time Horizons

Source: Bloomberg as of 10/9/18.