

## Consolidated Statement of Income

	<i>For the Year</i>		
<i>(\$ in millions, except per share amounts)</i>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net sales	\$14,750	\$14,270	\$14,241
Cost of sales, exclusive of depreciation and amortization	8,204	7,693	7,786
Selling, general and administrative	3,570	3,581	3,584
Depreciation	331	319	314
Amortization	129	121	132
Research and development, net	453	459	466
Interest expense	105	125	125
Interest income	(20)	(26)	(39)
Asbestos settlement, net	—	5	12
Business restructuring	—	195	136
Pension settlement charges	60	968	—
Other charges	64	175	90
Other income	(154)	(131)	(110)
<b>Income before income taxes</b>	<b>\$2,008</b>	<b>\$786</b>	<b>\$1,745</b>
Income tax expense	616	217	413
<i>Income from continuing operations</i>	<b>\$1,392</b>	<b>\$569</b>	<b>\$1,332</b>
<i>Income from discontinued operations, net of tax</i>	<b>220</b>	<b>330</b>	<b>95</b>
<b>Net income attributable to the controlling and noncontrolling interests</b>	<b>\$1,612</b>	<b>\$899</b>	<b>\$1,427</b>
Less: net income attributable to noncontrolling interests	21	22	21
<b>Net income (attributable to PPG)</b>	<b>\$1,591</b>	<b>\$877</b>	<b>\$1,406</b>
<b>Amounts Attributable to PPG</b>			
Continuing operations	\$1,371	\$547	\$1,311
Discontinued operations	220	330	95
<b>Net income</b>	<b>\$1,591</b>	<b>\$877</b>	<b>\$1,406</b>
<b>Earnings per common share</b>			
Continuing operations	\$5.35	\$2.06	\$4.83
Discontinued operations	0.86	1.24	0.35
<b>Net income (attributable to PPG)</b>	<b>\$6.21</b>	<b>\$3.30</b>	<b>\$5.18</b>
<b>Earnings per common share - assuming dilution</b>			
Continuing operations	\$5.32	\$2.05	\$4.79
Discontinued operations	0.85	1.23	0.35
<b>Net income (attributable to PPG)</b>	<b>\$6.17</b>	<b>\$3.28</b>	<b>\$5.14</b>

## Consolidated Statement of Comprehensive Income

	<i>For the Year</i>		
<i>(\$ in millions)</i>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net income attributable to the controlling and noncontrolling interests	\$1,612	\$899	\$1,427
Unrealized foreign currency translation gains/(losses)	248	(476)	(717)
Defined benefit pension and other postretirement benefit adjustments	78	808	113
Unrealized (losses)/gains – derivative financial instruments	(10)	4	5
<b>Other comprehensive income/(loss), net of tax</b>	<b>316</b>	<b>336</b>	<b>(599)</b>
<b>Total comprehensive income</b>	<b>\$1,928</b>	<b>\$1,235</b>	<b>\$828</b>
Less: amounts attributable to noncontrolling interests:			
Net income	(21)	(22)	(21)
Unrealized foreign currency translation (losses)/gains	(17)	10	13
<b>Comprehensive income attributable to PPG</b>	<b>\$1,890</b>	<b>\$1,223</b>	<b>\$820</b>

The accompanying notes to the consolidated financial statements are an integral part of these consolidated statements.

# Consolidated Balance Sheet

	December 31	
(\$ in millions)	2017	2016
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$1,436	\$1,820
Short-term investments	55	43
Receivables	2,903	2,654
Inventories	1,730	1,514
Assets held for sale	—	223
Other	353	320
<b>Total current assets</b>	<b>\$6,477</b>	<b>\$6,574</b>
Property, plant and equipment, net	2,824	2,608
Goodwill	3,942	3,572
Identifiable intangible assets, net	2,045	1,983
Deferred income taxes	305	184
Investments	268	179
Other assets	677	669
<b>Total</b>	<b>\$16,538</b>	<b>\$15,769</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$3,780	\$3,460
Restructuring reserves	102	100
Short-term debt and current portion of long-term debt	12	629
Liabilities held for sale	—	64
<b>Total current liabilities</b>	<b>\$3,894</b>	<b>\$4,253</b>
Long-term debt	4,134	3,787
Accrued pensions	729	740
Other postretirement benefits	699	724
Deferred income taxes	442	417
Other liabilities	967	935
<b>Total liabilities</b>	<b>\$10,865</b>	<b>\$10,856</b>
Commitments and contingent liabilities (See Note 13)		
Shareholders' equity		
Common stock	\$969	\$969
Additional paid-in capital	756	701
Retained earnings	17,141	15,984
Treasury stock, at cost	(11,251)	(10,472)
Accumulated other comprehensive loss	(2,057)	(2,356)
<b>Total PPG shareholders' equity</b>	<b>\$5,558</b>	<b>\$4,826</b>
Noncontrolling interests	115	87
<b>Total shareholders' equity</b>	<b>\$5,673</b>	<b>\$4,913</b>
<b>Total</b>	<b>\$16,538</b>	<b>\$15,769</b>

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

# Consolidated Statement of Cash Flows

	For the Year		
(\$ in millions)	2017	2016	2015
<b>Operating activities</b>			
Net income attributable to the controlling and noncontrolling interests	\$1,612	\$899	\$1,427
Less: Income from discontinued operations	220	330	95
Income from continuing operations	\$1,392	\$569	\$1,332
Adjustments to reconcile to cash from operations:			
Depreciation and amortization	460	440	446
Defined benefit pension expense	65	85	88
Pension settlement charge	60	968	—
Business restructuring charge	—	195	136
Environmental remediation charge	—	82	—
Stock-based compensation expense	42	38	54
Net gain, from sale of businesses	(25)	(39)	—
Equity affiliate (income)/loss, net of dividends	(4)	(6)	66
Deferred income taxes	36	174	—
Contributions to pension plans	(87)	(188)	(263)
Restructuring payments	(49)	(76)	(47)
Funding of asbestos settlement trust	—	(813)	—
Change in certain asset and liability accounts (net of acquisitions):			
Receivables	(76)	(68)	(125)
Inventories	(116)	56	37
Other current assets	(43)	21	(81)
Accounts payable and accrued liabilities	186	169	152
Noncurrent assets and liabilities, net	(170)	(53)	79
Taxes and interest payable	(124)	(270)	(96)
Other	9	(66)	(19)
<b>Cash from operating activities - continuing operations</b>	<b>\$1,556</b>	<b>\$1,218</b>	<b>\$1,759</b>
<b>Cash from operating activities - discontinued operations</b>	<b>12</b>	<b>133</b>	<b>136</b>
<b>Cash from operating activities</b>	<b>\$1,568</b>	<b>\$1,351</b>	<b>\$1,895</b>
<b>Investing activities</b>			
Capital expenditures	(\$360)	(\$380)	(\$430)
Business acquisitions, net of cash balances acquired	(225)	(349)	(320)
Payments for acquisition of equity investment	(100)	—	—
Net proceeds from the sale of businesses	593	1,094	47
Proceeds from maturity of short-term investments	—	92	402
Purchase of short-term investments	(1)	—	(97)
Payments for the settlement of cross currency swap contracts	(34)	(36)	(34)
Proceeds from the settlement of cross currency swap contracts	37	37	37
(Payments on) / Proceeds from net investment hedges	—	(13)	19
Other	27	27	27
<b>Cash (used for)/from investing activities - continuing operations</b>	<b>(\$63)</b>	<b>\$472</b>	<b>(\$349)</b>
<b>Cash used for investing activities - discontinued operations</b>	<b>(4)</b>	<b>(36)</b>	<b>(46)</b>
<b>Cash (used for)/from investing activities</b>	<b>(\$67)</b>	<b>\$436</b>	<b>(\$395)</b>
<b>Financing activities</b>			
Net change in borrowings with maturities of three months or less	(\$7)	(\$15)	(\$32)
Net payments on commercial paper and short-term debt	(93)	(361)	(528)
Net proceeds from the issuance of long-term debt (net of discount and issuance costs)	—	988	1,242
Repayment of long-term debt	(588)	(379)	(340)
Payments related to tax withholding on stock-based compensation awards	(28)	(26)	(58)
Purchase of treasury stock	(813)	(1,050)	(751)
Issuance of treasury stock	52	31	53
Dividends paid on PPG common stock	(434)	(414)	(383)
Other	(43)	16	(15)
<b>Cash used for financing activities</b>	<b>(\$1,954)</b>	<b>(\$1,210)</b>	<b>(\$812)</b>
Effect of currency exchange rate changes on cash and cash equivalents	69	(68)	(63)
Net increase in cash and cash equivalents	(\$384)	\$509	\$625
Cash and cash equivalents, beginning of year	\$1,820	\$1,311	\$686
<b>Cash and cash equivalents, end of year</b>	<b>\$1,436</b>	<b>\$1,820</b>	<b>\$1,311</b>
<b>Supplemental disclosures of cash flow information:</b>			
Interest paid, net of amount capitalized	\$100	\$118	\$115
Taxes paid, net of refunds	\$648	\$349	\$383

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