PPG INDUSTRIES INC
Form 10-Q
October 26, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 or 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For Quarter Ended September 30, 2015
Commission File Number 1-1687

PPG INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

Pennsylvania (State or other jurisdiction of incorporation or organization)	25-0730780 (I.R.S. Employer Identification No.)
One PPG Place, Pittsburgh, Pennsylvania (Address of principal executive offices)	15272 (Zip Code)

(412) 434-3131
(Registrant’s telephone number, including area code)

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

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

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

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

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

As of September 30, 2015, 269,269,200 shares of the Registrant’s common stock, par value $1.66-2/3 per share, were outstanding.

PPG INDUSTRIES, INC. AND SUBSIDIARIES
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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

PPG INDUSTRIES, INC. AND SUBSIDIARIES
Condensed Consolidated Statement of Income (Unaudited)
($ in millions, except per share amounts)

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Net sales	$3,872	$3,935	$11,634	$11,653
Cost of sales, exclusive of depreciation and amortization	2,150	2,229	6,498	6,626
Selling, general and administrative	890	941	2,757	2,826
Depreciation	92	87	271	260
Amortization	33	32	99	93
Research and development, net	119	120	361	366
Interest expense	31	47	94	142
Interest income	(10)	(13)	(31)	(38)
Business restructuring	—	—	140	—
Asbestos settlement, net	3	3	9	9
Other charges	23	150	82	190
Other income	(40)	(160)	(109)	(216)
Income from continuing operations before income taxes	581	499	1,463	1,395
Income tax expense	142	116	356	330
Income from continuing operations	439	383	1,107	1,065
(Loss) Income from discontinued operations, net of tax	—	(6)	1	1,005
Net income attributable to the controlling and noncontrolling interests	439	377	1,108	2,070
Less: Net income attributable to noncontrolling interests	(6)	(6)	(16)	(51)
Net income (attributable to PPG)	$433	$371	$1,092	$2,019
Amounts attributable to PPG:				
Income from continuing operations, net of tax	$433	$377	$1,091	$1,047
(Loss) Income from discontinued operations, net of tax	—	(6)	1	972
Net income (attributable to PPG)	$433	$371	$1,092	$2,019
Earnings per common share:				
Income from continuing operations, net of tax	$1.60	$1.36	$4.00	$3.79
(Loss) Income from discontinued operations, net of tax	—	(0.02)	0.01	3.52
Net income (attributable to PPG)	$1.60	$1.34	$4.01	$7.31
Earnings per common share – assuming dilution:				
Income from continuing operations, net of tax	$1.59	$1.35	$3.97	$3.74
(Loss) Income from discontinued operations, net of tax	—	(0.02)	0.01	3.47
Net income (attributable to PPG)	$1.59	$1.33	$3.98	$7.21
Dividends per common share	$0.36	$0.34	$1.05	$0.98

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

PPG INDUSTRIES, INC. AND SUBSIDIARIES
Condensed Consolidated Statement of Comprehensive Income (Unaudited)
($ in millions)

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Net income attributable to the controlling and noncontrolling interests	$439	$377	$1,108	$2,070
Other comprehensive (loss) income, net of tax:				
Defined benefit pension and other postretirement benefits	35	16	109	41
Unrealized foreign currency translation adjustments	(300)	(294)	(599)	(236)
Derivative financial instruments, net	2	6	6	6
Other comprehensive loss, net of tax	(263)	(272)	(484)	(189)
Total comprehensive income	$176	$105	$624	$1,881
Less: amounts attributable to noncontrolling interests:				
Net income	(6)	(6)	(16)	(51)
Unrealized foreign currency translation adjustments	3	6	8	2
Comprehensive income attributable to PPG	$173	$105	$616	$1,832

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

PPG INDUSTRIES, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheet (Unaudited)
($ in millions)

	September 30, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$1,015	$686
Short-term investments	399	497
Receivables (less allowance for doubtful accounts of $55 and $87)	3,062	2,815
Inventories	1,841	1,825
Deferred income taxes	386	406
Other	589	621
Total current assets	7,292	6,850
Property, plant and equipment (net of accumulated depreciation of $4,433 and $4,378)	2,919	3,092
Goodwill	3,643	3,801
Identifiable intangible assets, net	2,224	2,411
Deferred income taxes	374	505
Investments	453	443
Other assets	669	481
Total	$17,574	$17,583
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$3,611	$3,548
Asbestos settlement	765	821
Restructuring reserves	92	26
Short-term debt and current portion of long-term debt	302	481
Total current liabilities	4,770	4,876
Long-term debt	4,250	3,544
Accrued pensions	664	995
Other postretirement benefits	1,114	1,132
Asbestos settlement	248	259
Deferred income taxes	506	702
Other liabilities	826	810
Total liabilities	12,378	12,318
Commitments and contingent liabilities (Note 15)		
Shareholders' equity:		
Common stock	969	484
Additional paid-in capital	624	1,028
Retained earnings	15,302	14,498
Treasury stock, at cost	(9,192)	(8,714)
Accumulated other comprehensive loss	(2,592)	(2,116)
Total PPG shareholders' equity	5,111	5,180
Noncontrolling interests	85	85
Total shareholders' equity	5,196	5,265
Total	$17,574	$17,583

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

PPG INDUSTRIES, INC. AND SUBSIDIARIES
Condensed Consolidated Statement of Cash Flows (Unaudited)
($ in millions)

	Nine Months Ended September 30	
	2015	2014
Operating activities:		
Net income attributable to controlling and noncontrolling interests	$1,108	$2,070
Less: Income from discontinued operations	(1)	(1,005)
Income from continuing operations	1,107	1,065
Adjustments to reconcile net income to cash from operations:		
Depreciation and amortization	370	353
Pension expense	77	49
Stock-based compensation expense	43	53
Business restructuring	140	—
Environmental remediation charge	—	138
Equity affiliate earnings, net of distributions received	(20)	(55)
Deferred income taxes	(42)	(59)
Cash contributions to pension plans	(286)	(12)
Restructuring cash spending	(31)	(41)
Change in certain asset and liability accounts:		
Receivables	(419)	(416)
Inventories	(80)	(205)
Other current assets	(96)	(86)
Accounts payable and accrued liabilities	149	433
Taxes and interest payable	150	107
Noncurrent assets and liabilities, net	(61)	(120)
Other	(15)	40
Cash from operating activities - continuing operations	986	1,244
Cash used for operating activities - discontinued operations	—	(207)
Cash from operating activities	986	1,037
Investing activities:		
Capital expenditures	(266)	(358)
Business acquisitions, net of cash balances acquired	(248)	(114)
Proceeds from the disposition of PPG's interest in the Transitions Optical joint venture and sunlens business	47	1,625
Proceeds from the sale of assets	—	56
Purchase of short-term investments	(97)	(936)
Proceeds from maturity of short-term investments	171	960
Payments on cross currency swap contracts	(34)	(45)
Proceeds from cross currency swap and foreign currency contracts	37	37
Other	39	(4)
Cash (used for) / from investing activities - continuing operations	(351)	1,221
Cash used for investing activities - discontinued operations	—	(1)
Cash (used for) / from investing activities	(351)	1,220
Financing activities:		
Net change in borrowing with maturities of three months or less	(18)	(14)
Net payments on commercial paper and short-term debt	(392)	—
Proceeds from the issuance of debt	1,242	—

Repayment of long-term debt	(339)	(39)
Purchase of treasury stock	(501)	(450)
Issuance of treasury stock	51	52
Dividends paid on PPG common stock	(287)	(269)
Acquisition of noncontrolling interest	—	(39)
Other	(24)	(17)
Cash used for financing activities - continuing operations	(268)	(776)
Cash used for financing activities - discontinued operations	—	(40)
Cash used for financing activities	(268)	(816)
Effect of currency exchange rate changes on cash and cash equivalents	(38)	(89)
Net increase in cash and cash equivalents	329	1,352
Cash and cash equivalents, beginning of period	686	1,116
Cash and cash equivalents, end of period	$1,015	$2,468
Supplemental disclosures of cash flow information:		
Interest paid, net of amount capitalized	$78	$160
Taxes paid, net of refunds	$291	$504

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

PPG INDUSTRIES, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (Unaudited)

1. Basis of Presentation
The condensed consolidated financial statements included herein are unaudited and have been prepared following the requirements of the Securities and Exchange Commission and accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim reporting. Under these rules, certain footnotes and other financial information that are normally required for annual financial statements can be condensed or omitted. These statements include all adjustments, consisting only of normal, recurring adjustments, necessary for a fair presentation of the financial position of PPG Industries, Inc. and its subsidiaries (the "Company" or "PPG") as of September 30, 2015, and the results of their operations for the three and nine months ended September 30, 2015 and 2014 and their cash flows for the nine months then ended. All intercompany balances and transactions have been eliminated. Material subsequent events are evaluated through the report issuance date and disclosed where applicable. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in PPG’s Annual Report on Form 10-K for the year ended December 31, 2014.
Revenues, expenses, assets and liabilities can vary during each quarter of the year. Accordingly, the results of operations for the three and nine months ended September 30, 2015 and the trends in these unaudited condensed consolidated financial statements may not necessarily be indicative of the results to be expected for the full year.
On April 16, 2015, the PPG Board of Directors approved a 2-for-1 split of the company's common stock. PPG common stock began trading on a split-adjusted basis on June 15, 2015. Historical per share and share data (except for shares on the balance sheet) in this Form 10-Q give retroactive effect to the stock split. These reclassifications had no impact on our previously reported net income, total assets, cash flows or shareholders' equity.
Certain prior period amounts have been reclassified to conform to the current period presentation. These reclassifications had no impact on our previously reported net income, total assets, cash flows or shareholders' equity.
2. New Accounting Standards
In September 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-16, “Simplifying the Accounting for Measurement-Period Adjustments.” This ASU simplifies the treatment of adjustments to provisional amounts recognized in the period for items in a business combination for which the accounting is incomplete at the end of the reporting period. The amendments in this ASU are effective for fiscal years beginning after December 15, 2015 and for interim periods therein. PPG will apply the provisions of this ASU commencing January 1, 2016.
In July 2015, the FASB issued ASU No. 2015-11, “Simplifying the Measurement of Inventory.” This ASU simplifies the measurement of inventory by requiring certain inventory to be measured at the lower of cost or net realizable value. The amendments in this ASU are effective for fiscal years beginning after December 15, 2016 and for interim periods therein. Adoption of this ASU will not have a material impact on PPG's consolidated financial position, results of operations and cash flows.
In April 2015, the FASB issued ASU No. 2015-05, “Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement.” The new guidance requires the accounting for the cost of licenses to be recognized separately from the fees for computing services. The guidance is effective for annual periods beginning after December 15, 2015. The provisions of the guidance may be applied prospectively or retrospectively. PPG plans to adopt this guidance prospectively and adoption of this ASU is not expected to have a material impact on PPG's consolidated financial position, results of operations and cash flows.
In April 2015, the FASB issued ASU No. 2015-03, "Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs." This ASU simplifies the presentation of debt issuance costs by requiring that such costs be presented in the balance sheet as a direct deduction from the carrying value of the associated debt instrument, consistent with debt discounts. The amendments in this ASU are effective for fiscal years beginning after December 15, 2015 and for interim periods therein. Adoption of this ASU will not have a material impact on PPG's consolidated financial position, results of operations and cash flows.

In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers: Topic 606.” This ASU replaces nearly all existing U.S. GAAP guidance on revenue recognition. The standard prescribes a five-step model for recognizing revenue, the application of which will require significant judgment. This standard is effective for fiscal years beginning after December 15, 2017, and for interim periods within those fiscal years. PPG is in the process of assessing the impact the adoption of this ASU will have on its consolidated financial position, results of operations and cash flows.

3. Acquisitions and Dispositions

Acquisitions

Comex

In November 2014, PPG finalized the acquisition of Consorcio Comex, S.A. de C.V. (“Comex”), an architectural coatings company with headquarters in Mexico City, Mexico for $1.95 billion, net of cash acquired of $69 million. PPG also repaid $280 million of third-party debt assumed in the acquisition. Comex manufactures coatings and related products in Mexico and sells them in Mexico and Central America principally through approximately 3,900 stores that are independently owned and operated by more than 700 concessionaires. Comex also sells its products through regional retailers and wholesalers and directly to customers. As of the acquisition date, Comex had approximately 3,900 employees, eight manufacturing facilities and six distribution centers. The acquisition further expands PPG's global coatings business and adds a leading architectural coatings business in Mexico and Central America. Since the acquisition, the results of this acquired business have been principally included in the results of the architectural coatings - Americas and Asia Pacific business, within the Performance Coatings reportable segment. Comex's net sales were approximately $200 million and $630 million for the three and nine month periods ended September 30, 2015, respectively. Comex's income from continuing operations for both the three and nine months ended September 30, 2015 was a mid-teen percentage return on sales.

The purchase price related to the Comex acquisition was allocated based on information available at the acquisition date and is subject to customary post-closing adjustments. During the nine-months ended 2015, PPG obtained a valuation of property, plant and equipment acquired in the Comex acquisition which resulted in adjustments to property, plant and equipment, non-current deferred tax liabilities and goodwill. Over the nine month period ended September 30, 2015, PPG recorded remeasurement period adjustments, which have reduced goodwill by a net, aggregate amount of $13 million. These preliminary remeasurement period adjustments are not considered material individually or in the aggregate, therefore, prior periods have not been revised. Certain other preliminary purchase price allocation estimates will be finalized in the fourth quarter of 2015. The following table summarizes the estimated fair value of assets acquired and liabilities assumed as reflected in the preliminary purchase price allocation for Comex.

($ in millions)	
Current assets	$366
Property, plant, and equipment	230
Trademarks with indefinite lives	1,022
Identifiable intangible assets with finite lives	281
Goodwill	1,073
Other non-current assets	30
Total assets	$3,002
Current liabilities	(321)
Non-current deferred tax liabilities	(407)
Long-term debt	(280)
Accrued pensions	(20)
Other long-term liabilities	(24)
Total liabilities	$(1,052)
Total purchase price, net of cash acquired	$1,950

The identifiable intangible assets with finite lives in the table above, which consist primarily of customer relationships and acquired technology, are subject to amortization over a weighted average period of 24 years. See Note 5, "Goodwill and Other Identifiable Intangible Assets" for further details regarding PPG's intangible assets.

The following information reflects the net sales of PPG for the period ended September 30, 2014 on a pro forma basis as if the transaction for the Comex acquisition had been completed on January 1, 2014.

Condensed Consolidated Pro Forma information (unaudited)

	Three Months Ended September 30	Nine Months Ended September 30
($ in millions)	2014	2014
Net sales	$4,138	$12,227

The pro forma impact on PPG's results of operations, including the pro forma effect of events that are directly attributable to the acquisition, was not significant to the consolidated results for the three or nine months ended September 30, 2014. While calculating this impact, no cost savings or operating synergies that may result from the acquisition were included.

Other Acquisitions

Acquisition spending during the nine months ended September 30, 2015 totaled $274 million, net of $130 million of cash acquired and other post-closing adjustments.

On October 1, 2015, PPG acquired a majority interest in the automotive and aerospace sealants and adhesives business of Le Joint Français SNC (“LJF”), a France-based specialty sealants and adhesives manufacturer serving the aerospace, automotive and insulating glass industries. This acquisition brings new approvals and technology variants to PPG that will support geographic expansion and aid growth in existing PPG markets. LJF has been a long-time licensee of PPG Aerospace sealant technology. PPG will report the sales and income from operations for LJF as part of the aerospace coatings business in the Performance Coatings segment.

On September 1, 2015, PPG completed the acquisition of I.V.C. Industrial Coatings, Inc. ("IVC"), a U.S.-based specialty powder and liquid coatings company. IVC's industry-leading coatings are used on a wide variety of products such as metal office furniture, material handling and storage products, automotive parts, motorcycles, industrial containers, small appliances and electronics such as printers, servers and audio-visual equipment. The addition of IVC's high-quality products and industry expertise will further enhance PPG's ability to deliver a robust portfolio of industry-leading industrial coatings solutions. PPG reports the sales and income from operations for IVC as part of the industrial coatings business in the Industrial Coatings segment.

On July 1, 2015, PPG acquired Cuming Microwave Corporation based in Avon, Massachusetts, and its wholly-owned subsidiary Cuming-Lehman Chambers, Inc., based in Chambersburg, Pennsylvania. The acquisition enhances PPG’s portfolio of aerospace coatings with specialty coatings and materials that absorb microwaves and radio waves such as radar. The products are used for military aircraft and also have applications in electronics, telecommunications, medical and automotive end-uses. PPG reports the sales and income from operations for Cuming Microwave Corporation as part of the aerospace business in the Performance Coatings segment.

On June 2, 2015, PPG acquired Consorcio Latinoamericano, which operates a network of 57 paint stores in Central America. With this acquisition, PPG will operate 87 company-owned stores across Belize, El Salvador, Guatemala, Honduras, Costa Rica, Nicaragua and Panama. PPG has branded stores in Panama with the Glidden brand, which is well recognized in the region, and plans to offer products from its protective and marine coatings business in stores throughout Central America. Consorcio Latinoamericano operated as a concessionaire network for PPG-Comex, the Company’s architectural paint and coatings business in Mexico and Central America. PPG reports the sales and income from operations for Consorcio Latinamericano as part of the architectural coatings - Americas and Asia Pacific business in the Performance Coatings segment.

On April 1, 2015, PPG completed the acquisition of Revocoat from the Axson Group. Revocoat, headquartered in France, is a world leader in automotive adhesives and sealants and offers a range of automotive assembly products such as complementary epoxy-based products, polyurethanes and water-based emulsions. Revocoat employs more than 500 people and operates eight manufacturing facilities and one research and development center. PPG reports the sales and income from operations for Revocoat as part of the automotive OEM business in the Industrial Coatings segment.

Dispositions

In September 2014, PPG completed the sale of substantially all of the assets of its former Mt. Zion, Illinois, flat glass manufacturing facility to automotive glass manufacturer Fuyao Glass America Incorporated. As a result of this transaction, the Company recognized a pre-tax gain of $22 million which is reported in the caption "Other income" on

the Condensed Consolidated Statement of Income. The sale did not include specific production assets which are unique and specialized to PPG.
In July 2014, Pittsburgh Glass Works LLC ("PGW"), an equity affiliate in which PPG has an approximate 40% ownership interest, sold its insurance and services business and recognized a pre-tax gain on the sale. PPG accounts for its interest in PGW under the equity method of accounting and in the third quarter of 2014 recognized $94 million as its share of the gain on this transaction. This gain is reported in the caption "Other income" on the Condensed Consolidated Statement of Income. In addition, PPG received a cash distribution of approximately $38 million from PGW to offset PPG’s expected income tax liability associated with this sale. The pre-tax gain and the cash distribution are both reported within the "Equity affiliate earnings, net of distributions received" caption on the Condensed Consolidated Statement of Cash Flows.
In March 2014, the Company completed the sale of its 51% ownership interest in its Transitions Optical joint venture and 100% of its optical sunlens business to Essilor International (Compagnie Generale D'Optique) SA ("Essilor"). PPG received cash at closing of $1.735 billion pretax (approximately $1.5 billion after-tax). The cash consideration was subject to certain post-closing adjustments and transaction costs, all of which have been settled. The sale of these businesses, which were previously reported in the former Optical and Specialty Materials segment, resulted in a pretax gain of $1,468 million ($946 million after-tax) reported in discontinued operations. During the first quarter of 2014, the Company recognized $522 million of tax expense on the sale, of which $262 million was deferred U.S. income tax on the foreign earnings of the sale, as PPG does not consider these earnings to be reinvested for an indefinite period of time. The pretax gain on this sale reflects the excess of the sum of the cash proceeds received over the net book value of the net assets of PPG's former Transitions Optical and sunlens business. The Company also incurred $55 million of pretax expense, primarily for professional services related to the sale, post-closing adjustments, costs and other contingencies under the terms of the agreements. The net gain on the sale includes these related losses and expenses. During 2015 and 2014, revisions to estimated tax liabilities associated with the transaction were recorded to discontinued operations.
The results of operations and cash flows of these businesses and the net gain on the sale, are reported as results from discontinued operations for the nine months ending September 30, 2014.
Essilor has also entered into multi-year agreements with PPG for the continued supply of photochromic materials and for research and development services for a period of 5 years, subject to renewal. PPG considered the significance of the revenues associated with the agreements compared to total operating revenues of the disposed businesses and determined that they were not significant. The revenues for these contracts are included in the results from continuing operations.
Net sales and earnings from discontinued operations related to the Transitions Optical and sunlens transaction are presented in the table below for the three and nine months ended September 30, 2015 and 2014:

	Three Months Ended September 30		Nine Months Ended September 30	
($ in millions)	2015	2014	2015	2014
Net sales	$—	$—	$—	$247
Income from operations	$—	$—	$—	$104
Net gain from divestiture of PPG's interest in the Transitions Optical joint venture and sunlens business	—	—	—	1,468
Income tax expense	—	(6)	1	(567)
(Loss)/Income from discontinued operations, net of tax	—	(6)	1	1,005
Less: Net income attributable to non-controlling interests, discontinued operations	—	—	—	(33)
Net (loss) income from discontinued operations (attributable to PPG)	$—	$(6)	$1	$972

4. Inventories

Inventories include:

($ in millions)	September 30, 2015	December 31, 2014
Finished products	$1,182	$1,169
Work in process	165	157
Raw materials	441	439
Supplies	53	60
Total	$1,841	$1,825

Most U.S. inventories are valued using the last-in, first-out method. These inventories represented approximately 39% and 40% of total inventories at September 30, 2015 and December 31, 2014, respectively. If the first-in, first-out method of inventory valuation had been used, inventories would have been $171 million and $182 million higher as of September 30, 2015 and December 31, 2014, respectively.

5. Goodwill and Other Identifiable Intangible Assets

The change in the carrying amount of goodwill attributable to each reportable segment for the nine months ended September 30, 2015 was as follows:

($ in millions)	Performance Coatings	Industrial Coatings	Glass	Total
Balance, December 31, 2014	$3,267	$486	$48	$3,801
Acquisitions	15	111	—	126
Currency	(254)	(27)	(3)	(284)
Balance, September 30, 2015	$3,028	$570	$45	$3,643

The carrying amount of acquired trademarks with indefinite lives as of September 30, 2015 and December 31, 2014 totaled $1.3 billion and $1.4 billion, respectively.

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

	September 30, 2015			December 31, 2014		
($ in millions)	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Acquired technology	$562	$(413)	$149	$560	$(394)	$166
Customer-related intangibles	1,284	(567)	717	1,302	(570)	732
Trade names	132	(60)	72	134	(60)	74
Other	40	(24)	16	42	(24)	18
Balance	$2,018	$(1,064)	$954	$2,038	$(1,048)	$990

Aggregate amortization expense related to these identifiable intangible assets for the three and nine months ended September 30, 2015 was $33 million and $99 million, respectively, and for the three and nine months ended September 30, 2014 was $32 million and $93 million, respectively.

As of September 30, 2015, estimated future amortization expense of identifiable intangible assets is as follows:

($ in millions)	Remaining three months of 2015	2016	2017	2018	2019	2020
Estimated future amortization expense	$34	$120	$115	$110	$95	$90

6. Business Restructuring

The Company records restructuring liabilities that represent charges incurred in connection with consolidations of certain operations, including operations from acquisitions, as well as headcount reduction programs. These charges consist primarily of severance costs and asset write-downs.

On April 15, 2015, the Company approved a business restructuring plan which includes actions necessary to achieve cost synergies related to recent acquisitions. In addition, the program aims to further align employee levels and production capacity in certain businesses and regions with current product demand, as well as reductions in various global administrative functions. A pretax restructuring charge of $140 million was recorded in PPG's second quarter 2015 financial results, of which about 85% represents employee severance and other cash costs. The restructuring actions are expected to be substantially completed during 2016.

The following table summarizes the 2015 restructuring charge and the reserve activity through the quarter ended September 30, 2015:

($ in millions, except for employees impacted)	Severance and Other Costs	Asset Write-offs	Total Reserve	Employees Impacted
Performance Coatings	$71	$6	$77	1,259
Industrial Coatings	42	13	55	534
Glass	4	—	4	33
Corporate	4	—	4	27
Total second quarter 2015 restructuring charge	$121	$19	$140	1,853
Activity to date	(19)	(19)	(38)	(810)
Foreign currency impact	—	—	—	—
Balance as of September 30, 2015	$102	$—	$102	1,043

7. Borrowings

In June 2015, PPG's €300 million notes matured, and PPG paid $336 million to settle these obligations.

In March 2015, PPG completed a public offering of €600 million of 0.875% Notes due 2022 and €600 million of 1.400% Notes due 2027 (together, the "Notes"), or €1.2 billion ($1.26 billion) in aggregate principal amount. These Notes were issued pursuant to PPG's existing shelf registration statement and pursuant to an indenture between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee, as supplemented (the "Indenture"). The Indenture governing these notes contains covenants that limit the Company's ability to, among other things, incur certain liens securing indebtedness, engage in certain sale-leaseback transactions, and enter into certain consolidations, mergers, conveyances, transfers or leases of all or substantially all the Company's assets. The terms of these Notes also require the Company to make an offer to repurchase Notes upon a Change of Control Triggering Event (as defined in the Indenture) at a price equal to 101% of their principal amount plus accrued and unpaid interest. The Company may issue additional debt from time to time pursuant to the Indenture.

The aggregate cash proceeds from the Notes, net of discounts and fees, was $1.24 billion. The Notes are denominated in Euro and have been designated as hedges of net investments in the Company's European operations. For more information, refer to Note 13 "Financial Instruments, Hedging Activities and Fair Value Measurements."

8. Earnings Per Common Share

Historical per share and share data (except for shares on the balance sheet) give retroactive effect to the 2-for-1 stock split discussed in Note 1, "Basis of Presentation."

The following table presents the effect of dilutive securities on the weighted average common shares outstanding included in the calculation of earnings per common share for the three and nine months ended September 30, 2015 and 2014:

	Three Months Ended September 30		Nine Months Ended September 30	
(number of shares in millions)	2015	2014	2015	2014
Weighted average common shares outstanding	271.1	276.4	272.2	277.4
Effect of dilutive securities:				
Stock options	0.9	1.4	1.0	1.4
Other stock compensation plans	1.1	1.6	1.2	1.4
Potentially dilutive common shares	2.0	3.0	2.2	2.8
Adjusted weighted average common shares outstanding	273.1	279.4	274.4	280.2

Excluded from the computation of diluted earnings per share due to their antidilutive effect were 0.6 million outstanding stock options for the three and nine month periods ended September 30, 2015. There were no antidilutive outstanding stock options for the three and nine month periods ended September 30, 2014.

9. Income Taxes

The following table presents the effective tax rate on pretax income from continuing operations for the nine months ended September 30, 2015 and 2014:

	Nine Months Ended September 30			
	2015		2014	
Effective tax rate	24.3	%	23.7	%

The effective tax rate for each period presented is lower than the U.S. federal statutory rate primarily due to earnings in foreign jurisdictions which are taxed at rates lower than the U.S. statutory rate, the U.S. tax benefit on foreign dividends paid and the impact of certain U.S. tax incentives.

The Company files federal, state and local income tax returns in numerous domestic and foreign jurisdictions. In most tax jurisdictions, returns are subject to examination by the relevant tax authorities for a number of years after the returns have been filed. The Company is no longer subject to examinations by tax authorities in any major tax jurisdiction for years before 2006. In addition, the Internal Revenue Service (“IRS”) has completed its examination of the Company’s U.S. federal income tax returns filed for years through 2011. The IRS is currently conducting its examination of the Company's U.S. federal income tax return for 2012 and 2013.

10. Pensions and Other Postretirement Benefits

Net periodic pension and other post-retirement benefit costs are included in "Cost of sales, exclusive of depreciation and amortization," "Selling, general and administrative" and "Research and development" in the accompanying condensed consolidated statement of income.

The net periodic pension and other post-retirement benefit costs for the three and nine months ended September 30, 2015 and 2014 were as follows:

	Pensions			
	Three Months Ended September 30		Nine Months Ended September 30	
($ in millions)	2015	2014	2015	2014
Service cost	$14	$11	$44	$38
Interest cost	49	54	152	172