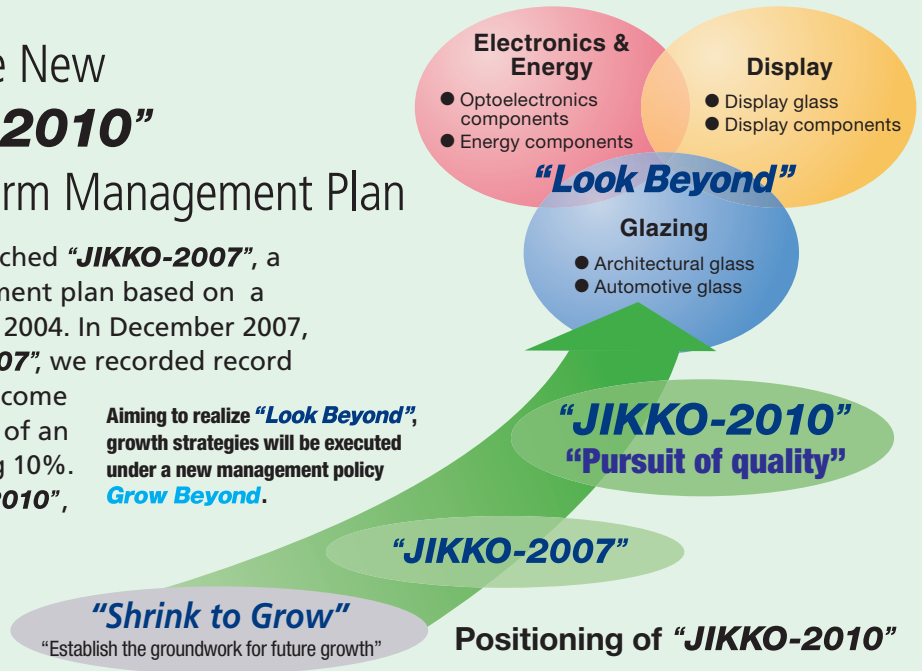


# Starting the New “JIKKO-2010” Medium-Term Management Plan

In fiscal 2005, the AGC Group launched “JIKKO-2007”, a three-year medium-term management plan based on a management policy announced in 2004. In December 2007, the final fiscal year of “JIKKO-2007”, we recorded record highs in net sales and operating income and surpassed our financial target of an operating income margin exceeding 10%. In 2008, we inaugurated “JIKKO-2010”, a new three-year medium-term management plan.

Aiming to realize “Look Beyond”, growth strategies will be executed under a new management policy **Grow Beyond**.



Positioning of “JIKKO-2010”

## Overview of “JIKKO-2010”

### 1 Financial Targets

Financial Targets	ROE	15% or more as a global excellent company (target ROE of 12% or more by 2010)
	Operating income margin	Maintain at a higher level than attained in 2007.

### 2 Sustainable Growth through an Appropriate Business Structure

We will maintain profitability and expand earnings of the display business, which is a driver of earnings. AGC will also cultivate and expand the electronics and energy (E&E) business as a future growth business. We will undertake initiatives to raise the profitability and growth potential of Glass and Chemicals operations as we strive to build an appropriate business structure.

### 3 “Execution of Growth Strategies” and “Pursuit of Quality”

Continue executing growth strategies and aim for the “pursuit of quality” in all areas, while raising competitiveness.

Execution of Growth Strategies	Capital investment (cash flow basis): ¥680.0 billion*	Active investments in growth fields, beginning with Electronics and Display operations, as well as expanding the allocation to glass business such as glass for solar cells
	R&D expenditures: ¥125.0 billion	R&D expenditures will be increased 30% overall compared with under “JIKKO-2007”, with R&D focused on E&E fields.

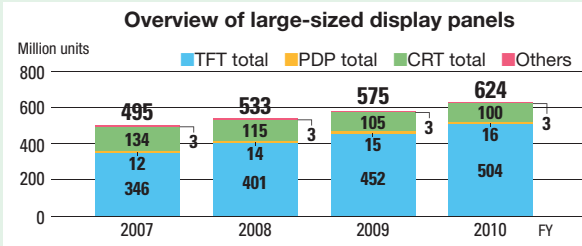
Pursuit of Quality	Reinforcement of the corporate structure	<ul style="list-style-type: none"> <li>○ Management prioritizing emphasis on capital efficiency</li> <li>○ “Pursuit of Quality” in every aspect, such as management, human resources, and product quality</li> <li>○ Formulating technology strategy and implementing R&amp;D on a global basis</li> </ul>
	Strengthening policies for returning profits to shareholders	<ul style="list-style-type: none"> <li>○ Maintain stable dividends with a target payout ratio of around 30%.</li> <li>○ We will proactively return profits to shareholders taking into consideration a comprehensive range of factors that include consolidated business performance and future capital investment plans.</li> </ul>

\*Except sales of securities and land

## 4 Principal Measures by Business Segment

### Display Business

- Continue to grow by double digits for flat panel display (FPD) market.



### Thin film transistor (TFT) glass substrates

- Maintain profitability and expand earnings.
  - 10-20% growth in glass substrates market
  - Responding to market expansion with improved productivity of existing equipment and new investments
  - Maintaining No.1 position in low-temperature poly-silicone (LTPS) and organic light-emitting diode (OLED), which have been well received in the market

### Plasma display panel (PDP) glass substrates

- Maintain profits with sales expansion and improvement of productivity.
  - Market growth expected to slow.
  - Establishment of flexible production systems responding to rapid changes in the market
  - Promotion of sales expansion
  - Further improvement of productivity

### E&E Business

Concentrate investments in growth fields and aim to achieve an operating income margin of 15% by 2010.

- Proceed with differentiation strategy by utilizing our strength of integrated production starting from raw materials.
- In view of short product lifecycles, reduce times leading up to mass production and accelerate business operations.
- Promote selection and concentration in growth businesses.

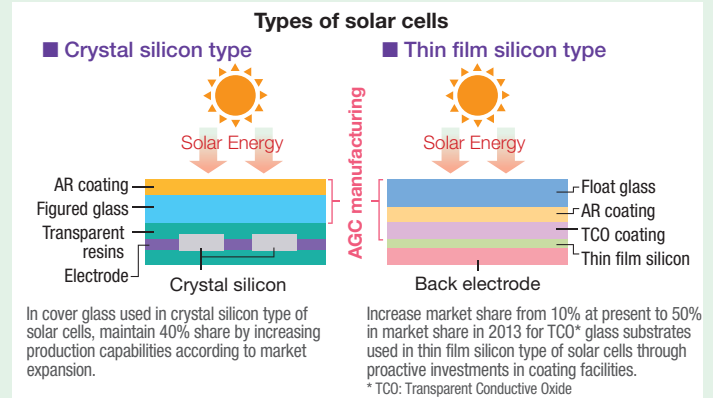
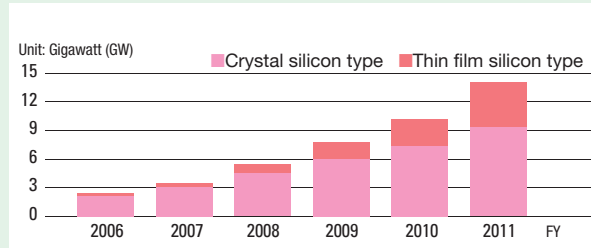
### Glass Operations in North America

If no improvements are realized through the measures below, we will carry out further "shrinking" measures.

- Expand sales of products such as solar cell glass that fully utilize value-added functions and coating technologies.
- Upgrade overall operations and reduce costs by improving the functions of logistics and promoting plant automation programs.

### Glass for Solar Cells Business

- Expect the solar cell market to grow sharply at 40% annually



- Establish a global structure for timely development of technology and expansion of capacity.
- Target net sales of ¥60 billion in 2010.

### Glass Operations

- Expand business in rapid-growth markets for flat glass and rebuild an optimal production structure in Japan and Asia.
- For automotive glass, expand business in rapid-growth markets and improve profitability in Europe by completing Build & Scrap measures. Continue with cost-reduction measures in automotive glass to improve profitability in all regions.

### Chemicals Operations

- Develop high value-added products that contribute to reducing environmental loads.
- Strengthen marketing capabilities and create markets.

## 5 Technology Strategies

Execute technology strategies that go back our original principals as a materials manufacturer for achieving "JIKKO-2010" targets

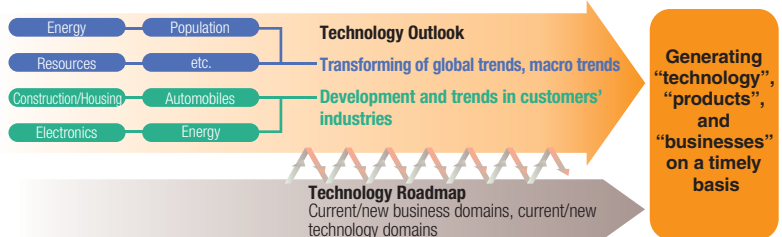
Under "JIKKO-2010", the Group is employing the following five technology strategies.

- Pursue further differentiation based on material technologies.
- Improve quality and raise profitability by strengthening production technologies.
- Maintain competitive advantages of new products coming to fruition and nurture the seeds of future growth.
- Take a proactive environmental approach.
- Execute technology strategies and R&D on a global basis.

Under these strategies, the Group will push ahead with R&D activities by making the most of its core technologies such as glass materials and manufacturing technology, fluorine and chemical technology, optics and electronics related technology, coating technology, shared basic technology, and equipment technology.

With regard to R&D activities, the Group will generate timely technologies, products, and businesses by annually verifying our Technology Roadmap based on our Technology Outlook which incorporates information and data regarding changes in global macro trends as well as trends and developments in customers' industries, a deciding factor in the direction of the Group's technology strategies.

**Technology Outlook and Technology Roadmap, which define the direction of technology strategies**



## 2008 Beijing AGC's Technologies Color the Summer Games in Beijing

**Fluon® ETFE Film, a Highly Functional Fluoropolymer Film Used at the Main Stadium and Aquatics Center**

### Fluon® ETFE Film Offers Excellent Overall Balance

The Summer Games global sporting event will be held in August 2008 in Beijing, China. AGC's Fluon® ETFE\* Film, a highly functional fluoropolymer film, is being used in two important facilities for these games. Specifically, Fluon® ETFE Film is being used for the roof of the National Stadium, the main stadium also known as "Bird's Nest" because of its similarly distinctive shape. The film is also being used for the walls at the Beijing National Aquatics Center, the venue for aquatics events, which resembles a blue bubble and has been named "Water Cube," or "(H<sub>2</sub>O)<sup>3</sup>."

Fluon® ETFE Film was selected for use at these facilities in recognition of its excellent balance as a building material. Fluon® ETFE Film is a highly transparent and nonflammable material that also offers outstanding weatherability for applications ranging from ultraviolet to infrared domains. Additionally, the film combines a host of other functions including "lightness" "thinness", and "flexibility" for realizing advanced designs. The film's lightness and flexibility have optimally applied to the design of the National Aquatics Center to create an image of a water bubble.

### Controlling Light and Heat to Create Comfortable Spaces

AGC added new light and heat controlling functions to Fluon® ETFE Film specifically for the aforementioned facilities at the Summer Games in Beijing. We used silver dot printing on the top layer of Fluon® ETFE Film to reflect heat and light as well as to



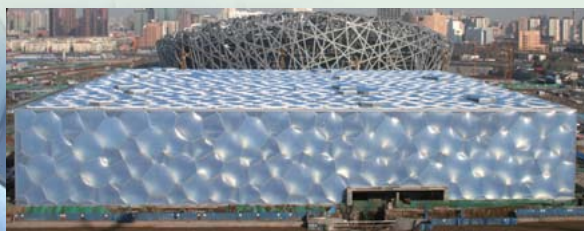
National Stadium "Bird's Nest"

control light and transparency, thereby allowing light and heat to be adjusted to appropriate levels. The Fluon® ETFE Film used at the National Aquatics Center incorporates a pigment for the creation of a blue-tinged film that projects a distinctive image of water. The creation of a multi-layer cushion structure combining dot printed film and blue film enables the realization of an interior space with a well-balanced control of light and blue color tone at the National Aquatics Center. Moreover, this structure also provides heat insulation and other benefits, thus contributing to the environment.

### Pursuing the Possibilities of Materials with Abundant Potential

As a building material featuring outstanding design properties and that enhances indoor environments, Fluon® ETFE Film has compiled a record of numerous achievements that include use at the football stadium in Munich, Germany, in addition to the previously mentioned applications at the facilities for the Summer Games in Beijing. In the future, AGC plans to upgrade its lineup of these films in accordance with customer needs and will pursue the possibilities of this film as a material capable of further broadening aspirations in architecture. Besides the above structural uses, Fluon® ETFE Film has an extensive range of other applications that include electronics, aviation and space, and greenhouses. Moreover, there are expectations that applications for Fluon® ETFE Film in solar cells, a next-generation energy source, will provide us with a growth business in the future. Fluon® ETFE Film is just one example of a product that has been created from the fertile soil of AGC's fluorine chemistry technologies. AGC Chemicals Company also offers an extensive lineup of products based on the concepts of safety and reassurance, comfort, and the environment, and in the future will provide appropriate solutions under the company message "Chemistry for a Blue Planet."

\*ETFE: Ethylene-Tetrafluoroethylene copolymer



National Aquatics Center "Water Cube"

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