

11, November 2009

Asahi Glass Co., Ltd.

Q&A of Announcement of Financial Results for FY2009 Third Quarter

<Glass Operations>

Q1. Tell me about the condition of price recovery of flat glass business in Europe.

A1. In Europe, we have been able to recover our prices by roughly 25% (average price of clear float glass) in 3Q compared with the prices in 2Q and recovery has been continuing even after October. And we have been making efforts for other products as well.

Q2. Shipments for automotive glass have been recovering; however, there may be a back action as the scrap incentive will be completed in some European countries. How do you feel about this?

A2. We are carefully considering how it will be after the incentive has finished.

Q3. In 3Q, have you been seeing actual effects of efforts that you made to reduce fixed cost?

A3. The effects of fixed cost reductions are gradually becoming apparent. In 3Q, we expect to see further effects.

Q4. The automotive market in Europe has been recovering gradually. What is the current utilization rate in the automotive glass business?

A4. At the beginning of the year, the utilization rate was roughly 50% on a global basis. Currently, it is back up to about 60%.

Q5. Please give an update on the flat glass business in Japan and North America.

A5. In Japan's construction market, housing starts especially in the area of condominiums and apartments have been sluggish. Meanwhile, we have been cutting costs and pursuing other fixed cost reduction measures, and the results exceed the plan for 2Q. In North America, although the number of housing starts has not increased, we are reducing fixed cost. At present, however, this is offset by declines in some of the product prices.

Q6. How do you feel about the subsidy coming to an end for solar cells in Germany, early next year?

A6. It will probably have some effect in short term. While the solar cell industry currently requires subsidies, it needs to be an industry that can operate without subsidies.

<Electronics and Display Operations>

Q1. Tell me about the TFT-LCD glass shipments of 3Q and the overview of 4Q.

A1. The shipment volume increased in 3Q from 2Q. We expect the shipment will remain strong in 4Q.

Q2. Some projections say that panel manufacturers will try to make production adjustments. Do you feel this is a possibility? I expect that demand for the January to March period will drop due to seasonal factors. Are you considering making production adjustments for glass?

A2. At the present, we are not sure whether panel manufacturers will pursue production adjustments. As there will be reduced demand in the January-March period, we want to carefully monitor market trends. As we expect the TFT market to expand at a rate of somewhere between 10 and 20% per annum for the next several years, we believe we can cope with any temporary drop by, for example, making production adjustments.

Q3. While you are getting close to full production capacity, when do you perceive the next facility expansion to be?

A3. We expect the TFT market will expand at a rate of between 10 and 20% per annum for the next several years. We will consider the demand and decide the investment plan.

Q4. I understand that shipments of TFT-LCD glass increased compared to 2Q. Has there been any change to the clients or in the number of customers?

A4. There has been no major change.

Q5. Tell me about the PDP glass shipments of 3Q and the overview of 4Q.

A5. The shipment volume increased in 3Q from 2Q. In 4Q, the shipments may decrease due to the seasonal factors.

<Chemicals Operations>

Q1. The fluorochemicals business remains sluggish. On the other hand, I expect that the partial concentration of facilities in Chiba will help to improve earnings going forward. What is your outlook on earnings?

A1. We expect that the concentration of fluorochemical production facilities in the Chiba and Kashima plants will improve our cost base by well over a billion yen per year. Meanwhile, our customers engaged in the housing and automotive businesses are waiting for their markets to recover. We will pursue cost improvement measures rather than just waiting, although the current conditions are severe.

<Overall company >

Q1. With regard to cost reductions, you included extraordinary losses totaling 60 billion yen in your initial operating plan. Don't you plan to make changes to this amendment process?

A1. There is no change to the extraordinary losses of 60 billion yen. As we will have profits of 2 billion yen owing to our activities such as disposal of real estate, the extraordinary loss will be 58 billion yen. We expect that the effects of cost reductions will be worth approximately 25 billion yen for the year.

Q2. Since you have not changed your expectation that you will post extraordinary losses of 60 billion yen under the full-year plan, I perceive that you will be posting extraordinary losses worth 20 billion yen or more in 4Q. Is there any possibility that you have yet to implement another phase of structural reform and will be able to take further action?

A2. We have structural improvement costs as well as impairment losses to account for.

Q3. Is it correct to understand that your depreciation expenses will increase by nearly 10 billion yen in 4Q from the previous quarter?

A3. Because we posted impairment losses on facilities and curbed capital investments, depreciation expenses for the full fiscal year will be below our projection. Although expenses increased in 3Q because we operated a furnace for TFT-LCD glass, we do not expect any major increase in 4Q.

Q4. Do you expect to see fewer extraordinary losses and structural reforms in the next fiscal year and thereafter?

A4. We have incurred considerable amounts of extraordinary losses in the past and we expect to post 60 billion yen this year. Although we will incur some such losses next fiscal year due to the scrap and build process, we expect the amount to be considerably lower.