

QA on Financial Results for FY2011 Third Quarter

<Overall company>

Q1. What is the reason for the downward revision to your full year earnings forecast?

A1. The main reason is that the business performance in the Electronics segment will be more likely to fall short of the forecast as production adjustments at LCD panel manufacturers have lasted longer than our initial projections. We also took into consideration the direct impact of the flooding in Thailand on the electronic materials business, and the impact of the industry's supply-chain disruption on the glass business.

Q2. Your inventories at the end of the third quarter increased 29.3 billion yen as compared with the end of the previous year. What do you think of the current inventory level?

A2. We recognize that the current inventory level is high, and we are planning to reduce them to an appropriate level towards the year-end.

Q3. What is the reason for reducing your outlook for this year's capital investments?

A3. The main reason is that the yen-converted amount of the investments to overseas projects has been compressed due to the escalation of the yen's appreciation, and that some of the projects have been postponed. In addition, we are also reducing capital investments in line with changes in the business environment.

<Glass business>

Q1. Why did the business performance of the glass business in Europe decline from the second quarter?

A1. There is a seasonal factor that the third quarter (July-September) is a summer holiday season in Europe, but it is also attributable to our weak shipments amid increasing supply capacities among our competitors in Europe. Fiscal problems in Europe are casting a shadow over the economic conditions in the region, and we think we need to keep a close eye on the related effects of the situation.

Q2. You said that market conditions in Europe are not good. Do they differ largely depending on the region?

A2. Regions where market conditions are good in Europe are East Europe and Russia as compared to West Europe.

Q3. You have mentioned that within the solar power system's glass business, demand for glass for thin-film silicon type PV systems is weak. What are the future prospects?

A3. About the glass for thin-film silicon type PV systems, we understand that module manufacturers are struggling in the competition with other types such as crystalline silicon type. We expect that incoming orders will gradually increase in the fourth quarter and beyond as the inventory levels of customer is decreasing.

<Electronics business>

Q1. Japanese display manufacturers appear to be making an industrial realignment. What do you think of this movement in terms of the effects on the business operations of AGC?

A1. We think that short-term effects will not be material, but we believe in a long run the industrial realignment will affect on our business and we will need to pay attention to the movements in the industry.

Q2. What is the actual shipment volume of TFT LCD glass in the third quarter and the outlook for the fourth quarter?

A2. Shipments of TFT LCD glass in the third quarter declined as compared to the second quarter. We think that shipments in the fourth quarter will not fall below the shipment volume in the third quarter.

<Issues related to the flooding in Thailand>

Q1. What is your outlook for the impact of the flooding in Thailand on this year's business performance?

A1. We expect that the flooding will affect our operating income by about several billion yen. We think that we will need to post extraordinary losses too, but we cannot comment on the amount of such losses because we are still assessing them.

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