

QA during the Presentation of Financial Results for the First Six Months of FY2014

【Overall company】

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

A1. The main reasons include that temporary expenses were incurred in the Electronics business and the shipments and sales prices of LCD glass substrates and specialty glass for display devices fell below the initial expectation during the first half of the year.

Q2. According to the Company's plan, the operating profit is expected to improve in the second half. Can you elaborate on that by business segment?

A2. We expect operating results to improve in all businesses in the second half. In the Glass business, the architectural glass business in Europe will be in a high demand season, and the price increase in the second quarter is expected to produce fruit. In the Electronics business, the demand for LCD glass substrates is expected to increase. In the Chemical business, shipments of pharmaceutical and agrochemical intermediates and active ingredients are expected to increase due to the peak season in the second half.

【Glass】

Q1. Can you elaborate on the status of the architectural glass business in Europe?

A1. Shipments remained strong in all regions. Sales prices improved in the all region during the second quarter, while, in Eastern Europe, price levels remained below the levels of the same period of the previous year. Earnings improved as compared to the same period of the previous year partly thanks to effects of restructuring measures taken in the region.

【Electronics】

Q1. What are the trends for prices and shipments of LCD glass substrates on a quarter on quarter basis?

A1. In 2Q, shipment volumes increased by a mid single-digit percentage as compared to 1Q. The prices of LCD glass substrates decreased a low single-digit percentage as compared to 1Q.

Q2. Can you elaborate on the status of the specialty glass for display devices?

A2. Sales will fall below the initial expectation for the full year due to a slump in the tablet market, which is one of the main applications of the specialty glass for display devices, and the competitive environment has got tougher.