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Consolidated Financial Results for the Fiscal Year ended December 31, 2012

(Fractions less than one million yen are rounded off.)

1. Financial Results for FY2012 (January 1 through December 31, 2012)

(1) Consolidated Operating Results

(Percentage figures show year-on-year changes.)

	FY2012 (Jan through Dec 2012)		FY2011 (Jan through Dec 2011)	
	millions of yen	%	millions of yen	%
Net sales	1,189,956	(2.0)	1,214,672	(5.8)
Operating income	92,945	(43.9)	165,663	(27.7)
Ordinary income	86,621	(48.0)	166,739	(26.5)
Net income	43,790	(54.0)	95,290	(22.6)
Net income per share -basic (yen)	37.88		81.90	
Net income per share -fully diluted (yen)	35.12		75.88	
Return on equity (%)	5.0		11.8	
Ratio of ordinary income to total assets (%)	4.8		9.7	
Ratio of operating income to net sales (%)	7.8		13.6	

Reference: Comprehensive income for -FY2012; 171,227 million yen(301.4%) -FY2011; 42,659 million yen (-%)

Equity in gains (losses) of unconsolidated and affiliates for -FY2012; 1,258 million yen -FY2011; 1,506 million yen

(2) Consolidated Financial Position

	FY2012 (as of December 31, 2012)	FY2011 (as of December 31, 2011)
Total assets (millions of yen)	1,899,373	1,691,556
Total net assets (millions of yen)	996,949	850,460
Equity ratio (%)	49.6	47.7
Equity per share (yen)	815.04	698.51

Reference: Total Shareholders' Equity at -FY2012; 941,842million yen -FY2011; 807,432million yen

(3) Consolidated Cash Flows

	FY2012 (Jan through Dec 2012)	FY2011 (Jan through Dec 2011)
Cash flows from operating activities (millions of yen)	170,165	152,223
Cash flows from investing activities (millions of yen)	(157,407)	(123,581)
Cash flows from financing activities (millions of yen)	(5,305)	(60,833)
Cash and cash equivalents at the end of the year (millions of yen)	133,818	117,558

2. Dividends

	(Base date)	FY2011	FY2012	FY2013(forecast)
Dividend per share	End of the first quarter (yen)	-	-	-
	End of the second quarter (yen)	13.00	13.00	13.00
	End of the third quarter (yen)	-	-	-
	End of the fiscal year (yen)	13.00	13.00	13.00
	Full fiscal year (yen)	26.00	26.00	26.00
Total dividend distribution (full fiscal year) (millions of yen)		30,197	30,049	-
Payout ratio (consolidated) (%)		31.7	68.6	60.1
Ratio of dividend distribution to stockholders' equity (consolidated) (%)		3.7	3.4	-

3. Forecast for FY2013 (January 1 through December 31, 2013)

(Percentage figures show year-on-year changes.)

	First half		Full fiscal year	
	millions of yen	%	millions of yen	%
Net sales	600,000	2.9	1,300,000	9.2
Operating income	40,000	(16.6)	100,000	7.6
Ordinary income	30,000	(37.0)	90,000	3.9
Net income	20,000	(35.6)	50,000	14.2
Net income per share (yen)	17.31		43.27	

***Notes**

(1) Changes in Significant Subsidiaries during the Period under Review

(Changes in specific subsidiaries involving changes in the scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and retrospective restatements

i. Changes resulting from revisions to accounting standards: No

ii. Changes other than "i" above: No

iii. Changes in accounting estimates: No

iv. Retrospective restatements: No

(3) Number of Shares Issued (common stock)

ⅰ. Number of shares issued (including treasury stock) at the end of the period

-FY2012 (as of December 31, 2012):	1,186,705,905
-FY2011 (as of December 31, 2011):	1,186,705,905

ⅱ. Number of treasury stock at the end of the period

-FY2012 (as of December 31, 2012):	31,123,685
-FY2011 (as of December 31, 2011):	30,766,499

ⅲ. Average number of shares issued during the period

-FY2012 (as of December 31, 2012):	1,155,879,351
-FY2011 (as of December 31, 2011):	1,163,484,226

[Reference]

(1) Non-Consolidated Operating Results

(Percentage figures show year-on-year changes.)

	FY2012 (Jan through Dec 2012)		FY2011 (Jan through Dec 2011)	
	millions of yen	%	millions of yen	%
Net sales	543,103	(3.1)	560,474	(12.2)
Operating income	18,280	(71.1)	63,283	(51.0)
Ordinary income	34,970	(59.9)	87,233	(36.1)
Net income	3,543	(93.4)	53,780	(26.8)
Net income per share -basic (yen)	3.07		46.22	
Net income per share -fully diluted (yen)	2.84		42.83	

(2) Non-Consolidated Financial Position

	FY2012 (as of December 31, 2012)	FY2011 (as of December 31, 2011)
Total assets (millions of yen)	1,157,597	1,106,829
Total net assets (millions of yen)	531,220	528,836
Equity ratio (%)	45.7	47.6
Equity per share (yen)	458.09	456.12

Reference: Total Shareholders' Equity at -FY2012; 529,358 million yen
-FY2011; 527,252 million yen

Appropriate Use of Forecast and Other Information and Other Matters

The above forecast in based on information available to the Company at the time of publication of this document and assumptions concerning uncertainties which might affect the AGC Group’s future financial results. It is not intended to be a guarantee of future events, and may differ from actual results for various reasons. For matters concerning the above forecast, please see page 5 and 6.

*Supplementary Materials for the Financial Results

Supplementary materials are available on our website.

(Attached Documents)

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Qualitative Information and Financial Statements
1. Operating Results
(1) Analysis of Operating Results
Operating results for FY2012

During the fiscal year under review (from January 1, 2012 to December 31, 2012), the global economic environment surrounding the Company and its consolidated subsidiaries (hereinafter collectively referred to as the "AGC Group" or simply as the "Group") is characterized by a gradual recovery, but the pace of economic recovery decelerated due to the fiscal and financial problems in Europe and a slowdown in the expansion of exports and domestic demand in fast-growing countries.

In Europe, the economy decelerated due to continued high unemployment rates and declining consumer spending which were triggered by the fiscal crisis in some European countries. In Asia, economic conditions were favorable backed by its exports and consumer spending, despite the slowing economic growth in China. In Japan, while exports remained weak, the economy gradually picked up, driven by the recovery of consumer spending which had been sluggish since the Great East Japan Earthquake. In the United States, while housing starts remained at low levels, consumer spending supported its moderate economic recovery.

Under such a business environment, the AGC Group's overall product shipments increased; however, the Group was also affected by price decline in electronics-related products and price increases in fuels and raw materials. As a result, the Group posted net sales of 1,190.0 billion yen, a 24.7 billion yen or 2.0% decrease from the previous fiscal year. Operating income decreased by 72.7 billion yen or 43.9 % year-on-year to 92.9 billion yen, and ordinary income decreased by 80.1 billion yen or 48.0% to 86.6 billion yen. Net income was 43.8 billion yen, a 51.5 billion yen or 54.0% decrease on a year-on-year basis.

Overview by reportable segment (Unit: billions of yen)

	Net sales		Operating income	
	FY2012	FY2011	FY2012	FY2011
Glass	564.6	554.4	(4.0)	9.9
Electronics	344.1	386.5	81.3	133.5
Chemicals	257.3	248.6	14.5	18.1
Other	87.0	83.9	1.5	4.0
Corporate or elimination	(63.0)	(58.8)	(0.4)	0.3
Total	1,190.0	1,214.7	92.9	165.7

Note: Figures are rounded to the nearest 100 million yen.

- Glass

In the flat glass business, shipments of architectural glass in Japan increased from the previous fiscal year, which was affected by the Great East Japan Earthquake. Shipments in Asia also remained strong. Meanwhile, shipments in Europe declined from the previous fiscal year due to the effect of deteriorating economic conditions in Europe, particularly Western Europe. Shipments in North America remained sluggish. Shipments of glass for solar power systems decreased from the same period of the previous fiscal year due to such factors as slowing market growth and intensified competitive environment. As a result, sales from the flat glass business which consists of architectural glass and glass for solar power systems declined from the previous fiscal year.

In the automotive glass business, the AGC Group's shipments in Europe were on the same level as the previous year despite a year-to-year decrease in auto production in the region due to the effects of deteriorating economic conditions. In Japan, auto production increased from the previous fiscal year, which was affected by the Great East Japan Earthquake, and it remained favorable in Asia and North America as well. Consequently, shipments increased in these regions, leading to an increase in sales from the previous fiscal year.

As a result, net sales from the Glass Operations for the fiscal year were 564.6 billion yen, up 10.2 billion yen or 1.8% increase from the previous fiscal year, and operating loss was 4.0 billion yen, a 13.9 billion yen decrease from the previous fiscal year.

- Electronics

Shipments of glass substrates for display devices increased from the previous fiscal year. The decline in the product prices in this category had drastically slowed since the second quarter; however, sales fell compared to the previous fiscal year due to large price decline in the first quarter.

With regard to electronic materials, shipments of optoelectronics materials for cameras increased from the previous fiscal year. However, shipments of such products as semiconductor-related products decreased from the previous fiscal year, sales of electronic materials stayed around the same level as compared with the previous fiscal year.

As a result, net sales from the Electronics Operations for the fiscal year were 344.1 billion yen, down 42.4 billion yen or 11.0% decrease from the previous fiscal year, and operating income was 81.3 billion yen, down 52.2 billion yen or 39.1% decrease from the previous fiscal year.

- Chemicals

Sales from chlor-alkali products and urethane materials increased from the previous fiscal year, supported by a recovery trend of shipments in Japan, which had been affected by the Great East Japan Earthquake a year ago, and continued strong shipments in Asia. In the category of fluorine products and specialty products, shipments of high-function fluorine resin, and pharmaceutical and agrochemical intermediaries and active ingredients remained buoyant. However, shipments of certain products in the category decreased due to such effect as economic slowdown in Europe. As a result, sales in the category of fluorine products and specialty products decreased from the previous fiscal year.

As a result, net sales from the Chemicals Operations for the fiscal year were 257.3 billion yen, up 8.7 billion yen or 3.5% increase from the previous fiscal year, and operating income was 14.5 billion yen, down 3.6 billion yen or 19.8% decrease from the previous fiscal year.

(2) Qualitative Information Regarding Consolidated Financial Position

Overview of financial conditions (Unit: billions of yen)

	FY2012	FY2011	Change
Total assets	1,899.4	1,691.6	207.8
Total liabilities	902.4	841.1	61.3
Total net assets	996.9	850.5	146.5

Note: Figures are rounded to the nearest 100 million yen.

- Total assets

Total assets as of the end of fiscal year under review were 1,899.4 billion yen, up 207.8 billion yen from the previous year. This rise is mainly due to an increase in tangible fixed assets stemming from changes in the scope of consolidation and the weakening of yen, and an increase in investments in securities resulting from a rise in listed stock prices.

- Total liabilities

Total liabilities as of the end of fiscal year under review were 902.4 billion yen, up 61.3 billion yen from the end of the previous year. This rise is chiefly attributable to an increase in interest-bearing liabilities after foreign currency translation due to a weaker yen.

- Total net assets

Total net assets as of the end of fiscal year under review were 996.9 billion yen, up 146.5 billion yen from the end of the previous year. This increase chiefly reflects a growth in retained earnings, a rise in foreign currency translation adjustments resulting from weakening of the yen, and an increase in unrealized gains on securities, net of tax due to a higher value of listed stock.

Overview of cash flows (Unit: billions of yen)

	FY2012	FY2011	Change
Cash flows from operating activities	170.2	152.2	17.9
Cash flows from investing activities	(157.4)	(123.6)	(33.8)
Cash flows from financing activities	(5.3)	(60.8)	55.5
Cash & cash equivalents as of end of period	133.8	117.6	16.3

Note: Figures are rounded to the nearest 100 million yen.

- Cash flows from operating activities

Net cash provided by operating activities was 170.2 billion yen for the fiscal year under review, up 17.9 billion yen from the previous year. The increase is primarily due to a decrease in income taxes paid and lower burden of working capital which more than offset a drop in income before income taxes and minority interests.

- Cash flows from investing activities

Net cash used in investing activities increased 33.8 billion yen year-on-year, to 157.4 billion yen. The expenditure includes capital investment with a focus on growth areas industries and acquisition of stock aiming at forming a strategic alliance.
As a result, free cash flows for the fiscal year under review, which is the sum of cash flows from operating activities and investing activities, decreased 15.9 billion yen from the previous year, to 12.8 billion yen.

- Cash flows from financing activities

Net cash used in financing activities for the fiscal year under review was 5.3 billion yen, down 55.5 billion yen from the previous year. This is chiefly attributable to a growth in bank loans while the Group continued to repay the bonds.

As a result, the outstanding balance of cash and cash equivalents as of the end of the fiscal year under review increased 16.3 billion yen in comparison with that of the previous year, to 133.8 billion yen.

- Cash flow indices

	FY2009	FY2010	FY2011	FY2012
Equity ratio (%)	42.4	45.8	47.7	49.6
Equity ratio based on market value (%)	57.5	62.8	44.1	38.1
Number of years for debt redemption	3.3	1.8	3.2	3.2
Interest coverage ratio	17.4	44.4	25.2	28.6

(Notes) Equity ratio (%): (Net assets – minority interest – share subscription rights) / total assets

Equity ratio based on market value (%): Total market capitalization / total assets

Number of years for debt redemption: Interest-bearing debts/operating cash flows

Interest coverage ratio: Operating cash flows/interest payment

- *All indices were computed using consolidated financial figures.*
- *Total market capitalization was computed based on the closing stock price at period-end multiplied by number of outstanding shares at period-end (after deducting treasury stock).*
- *Operating cash flows represent cash flows from operating activities on the consolidated statements of cash flows.*
- *Interest-bearing debts represent all debts on the consolidated balance sheets for which interest is paid. In addition, interest payment represents amount of interest paid on the consolidated statements of cash flows.*

(3) Forecast for FY2013

<u>Operating forecast for FY2013</u>

(Unit: billions of yen)

	Net Sales	Operating income	Ordinary income	Net income
FY 2013 (January 1 through December 31, 2013)	1,300.0	100.0	90.0	50.0
FY 2012 (January 1 through December 31, 2012)	1,190.0	92.9	86.6	43.8
Change (%)	9.2	7.6	3.9	14.2

Note: Figures are rounded to the nearest 100 million yen.

The global economy as a whole is expected to maintain moderate growth in 2013.

The economy in Western Europe is likely to remain stagnant, and this may have adverse effects on the economies of countries in Central and Eastern Europe. In North America, there is anticipation of a gradual economic recovery. Meanwhile, China and other fast-growing countries are expected to continue demonstrating economic growth although the pace is likely to become more temperate. In Japan, the economy is expected to follow a recovery path although within a narrow range.

In such an environment, the AGC Group expects shipments of architectural glass to be strong in Japan and Asia, while shipments in North America will likely show a moderate recovery. There is concern that shipments in Europe will be weak, reflecting the economic stagnancy in Western European countries. Meanwhile, shipments of automotive glass are expected to increase on a year-on-year basis, given strong automobile demand primarily in emerging markets. There is concern that shipments of glass for solar power systems will be bearish due to the continued tough competitive environment.

Shipments of glass substrates for display devices are expected to be strong for the full year, although the pace of growth may slow down. In the segment of electronics materials, there is concern that demand for semiconductor-related products will remain weak. Shipments of optoelectronics materials are likely to be favorable for the full year, although short-term demand may fluctuate.

Shipments of chemical-related products may be stagnant for some items at the beginning of the year but are expected to recover gradually and be firm for the full year.

Taking into account the above factors, net sales of the AGC Group for the fiscal year ending December 31, 2013 are estimated to be 1,300.0 billion yen, a year-on-year increase of 110.0 billion yen or 9.2%, operating income to be 100.0 billion yen, up 7.1 billion yen or 7.6% from a year earlier, and ordinary income to be 90.0 billion yen, up 3.4 billion yen or 3.9% from the previous year. Net income is estimated to be 50.0 billion yen, up 6.2 billion yen or 14.2% from the previous year.

Average exchange rates assumed for the fiscal year ending December 31, 2013 are 90 yen to the U.S. dollar and 120 yen to the Euro.

Forecast of financial conditions for FY2013

Of the cash flows from operating activities, income before income taxes and minority interest is expected to increase compared with that for the fiscal year ended December 31, 2012. Depreciation expenses are expected to be 130.0 billion yen which exceeds the previous fiscal year.

Of the cash flows from investing activities, capital expenditures are expected to increase 14.7 billion yen year-on-year to 170.0 billion yen.

As for financing activities, the AGC Group will repay interest-bearing debts and increase borrowings, in addition to dividend payments in accordance with the Group's dividend policy.

(4) Allocation and Distribution of Profits and Dividends

Based on its policy to maintain stable dividends, the AGC Group is doing its utmost to proactively return profits to shareholders by aiming for a dividend payout ratio (consolidated) of approximately 30%, while giving comprehensive consideration to consolidated business results and future investment plans, among others. The AGC Group will also allocate retained earnings to R&D, capital investment as well as merger and acquisition activities, to strengthen its financial position and improve its corporate value.

In consideration of the Group's financial results for the fiscal year under review, the current business environment and future business developments, the Group paid an interim dividend of 13 yen per share and plans to pay a year-end dividend of 13 yen for FY 2012. Consequently, the total full year dividend payout for FY 2012 will be 26 yen per share.

With regard to dividend payments for FY 2013, the total full year dividend payout is scheduled to be 26 yen (13 yen per share for interim dividend, and 13 yen per share for year-end dividend) in light of the Group's financial forecasts.

[Important notes with regard to the ***forecast****]*

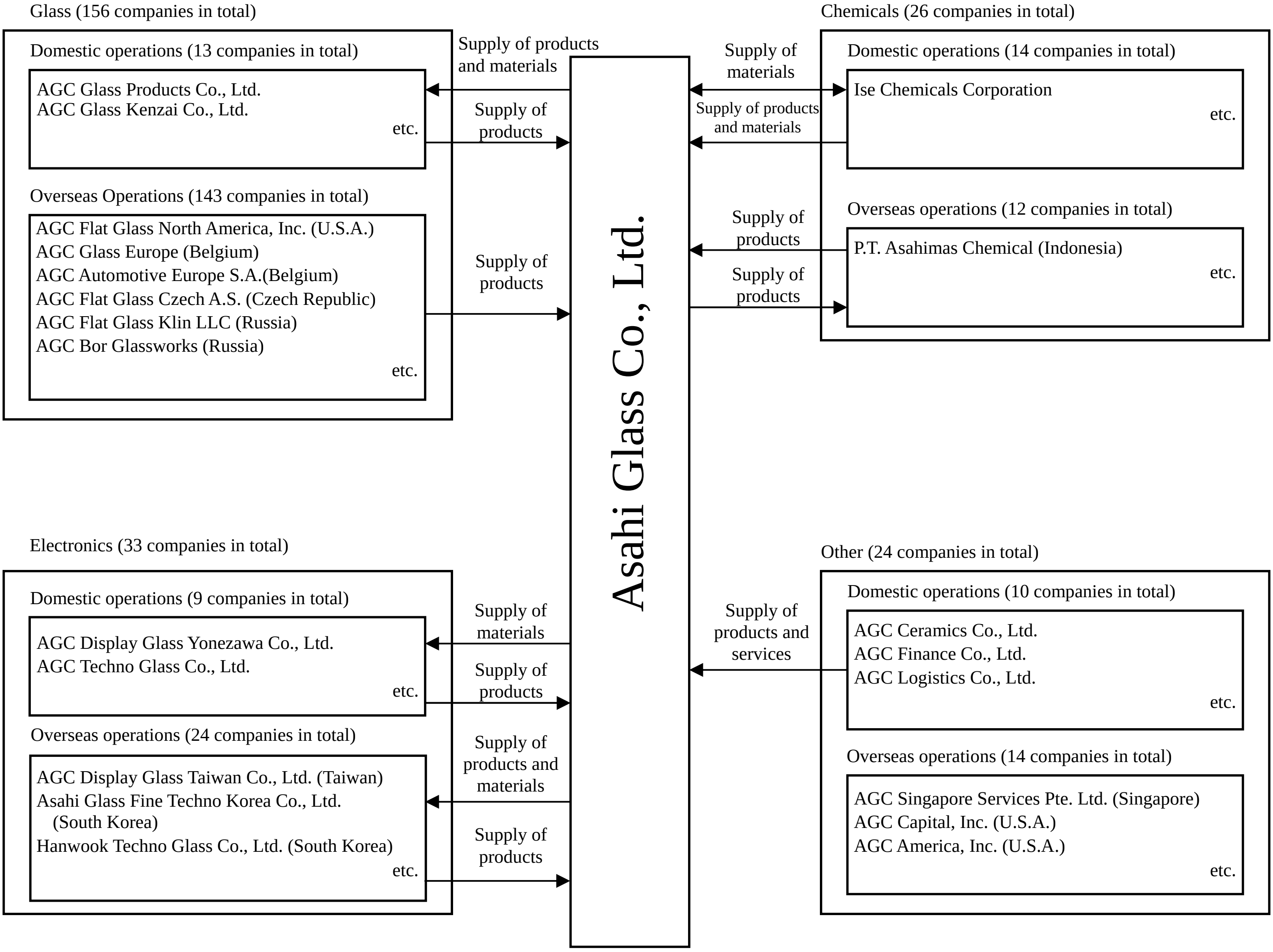
The above prospective results reflect the judgment of the Group's management on the basis of currently available information and, as such, contain risks and uncertainties. For this reason, investors are recommended not to base investment decisions solely on these prospective results. Please note that actual results may materially differ from the projection due to such various factors as business and market environment the Group is active in, currency exchange rate fluctuations, and others.

2. Overview of the AGC Group

The AGC Group consists of the Company and its 235 subsidiaries and 50 affiliates, and its main businesses are as set out below. The classification below is the same as that of the business segment information.

Reportable segment	Main products
Glass	Float flat glass, Figured glass, Polished wired glass, Low-E glass, Fabricated glass for architectural use(Heat Insulating/shielding glass, Safety glass, Fire-resistant glass, Security glass, etc.), Automotive tempered glass, Automotive laminated glass, Glass for solar power system, Fabricated glass for industrial use, Decorative glass, etc.
Electronics	Glass substrate for display devices, Specialty glass for display applications, Display related materials, Optical membranes, Optoelectronics materials, Synthetic quartz glass, Glass frit and paste, Materials for semiconductor manufacturing equipment, Lighting glass products, etc.
Chemicals	Raw materials for vinyl chloride polymer, Caustic soda, Urethane, Gases, Solvents, Fluorinated resins, Water and oil repellents, Pharmaceutical and agrochemical intermediates and active ingredients, Iodine-related products, Battery materials, etc.

The following shows the organization chart of the Company, its consolidated subsidiaries and its affiliates under the equity method in the AGC Group.



Note: The number of companies in each category does not include the Company.

3. Management Policy

(1) Fundamental Policy of Management

Under the Group vision ***"Look Beyond"***, the AGC Group regards the values of "Innovation & Operational Excellence," "Diversity," "Environment" and "Integrity" as the key values to be shared across the Group ("Our Shared Values"). Based on these Shared Values, the AGC Group is committed to the following challenges.

(2) Targeted Corporate Index

The AGC Group aims to achieve ROE (return on equity) of 12% or more and D/E ratio (interest-bearing debt to net assets ratio) of 0.5 or below under the medium-term management plan ***"Grow Beyond-2015"*** for the next three years starting from FY2013. The Group will strive to accomplish these financial goals by increasing asset turnover ratio in addition to boosting profits.

(3) Medium- and Long-Term Strategies <Management Policy ***Grow Beyond***>

The AGC Group defines its aspirations for 2020 as follows.

AGC Group aspires to excel as a highly profitable and fast-growing global enterprise making contributions to a sustainable society by:

- Having strong and differentiated technologies
- Incorporating environmental friendliness not only in our products but also in our production processes and business activities
- Contributing to the development of fast-growing regions

To achieve these goals, the AGC Group is building new growth foundations based on the following strategies.

(The Group's three strategies)

-Glass-technology-driven company

The Group will promote business differentiation through the integration and development of the Group's core technologies in glass, chemicals, and ceramics and by further advancing its glass technology.

-Technology solutions for environment and energy

The Group will contribute to solving global environment/energy issues through energy-saving in its manufacturing processes and by offering products created with the Group's core technology.

-Second Round of Globalization

The Group will strive to enhance its earnings capabilities in mature markets, and expand the business in fast-growing markets by taking measures suited to the situation of each region.

Until last year, the AGC Group had used the three materials groups, "Glazing," "Displays" and "Electronics & Energy," as its business domains with a focus on four markets: building/housing, automotive, electronics and energy industries. In recent years, however, the Group's business and product lines have been diversified, as exemplified in an increase in cross-industrial business activities, such as Smart City initiatives and infrastructure-related joint projects, and products that are used in various industries, notably displays and lighting materials. Consequently, it has become difficult for the Group to express all of its business activities by using the existing framework.

To this end, the Group revised its business domains by broadening the scope of its target customers, and selected new business domains in which the Group will achieve a long-term growth based on the long-established technology and expertise.

- Higher Quality Display Devices & Communication
- Clean & Green Energy
- Safe, Sound & Comfortable Living Space & Materials

The AGC Group aims to accelerate its growth by leveraging its comprehensive strength and providing greater value to various cross-industrial businesses.

(4) Issues to be addressed < New medium-term plan ***"Grow Beyond-2015"*** >

The AGC Group has formulated a new medium-term plan, ***"Grow Beyond-2015"*** for 2012-2015. Under this new plan, the AGC Group aims to become a "truly strong" AGC Group, and undertake various measures in order to "strengthen/generate substantial results from growth foundations" and "bring the business back on an upward trend."

< Strengthen/generate substantial results from growth foundations >

The most important issue for the AGC Group today is to build a new source of earnings to replace the waning FPD business. Under ***"Grow Beyond-2015"***, the AGC Group will increase the earnings of the growth foundations which the Group has built based on this "Three Strategies" and launch and pursue various new measures.

1) Specific measures to be taken at each business domain

Safe, Sound & Comfortable Living Space & Materials

Fast-growing markets such as Brazil, Russia, India, China and Southeast Asian countries expect a progress in infrastructure development and an increase in housing and automotive businesses with advancement in functionality. In addition, there will be increasing needs and demands in many countries for higher-quality life.

In this business domain, the AGC Group aims to increase sales of new products by 1.5 times in 2015 from the 2012 level. Specifically, the Group will integrate its glass, chemicals and ceramics technologies and accelerate the development and release of products which help people to live in a safe, secure, and comfortable environment.

(Product examples)

- High-performance heat insulating/shielding glass and fluoropolymer films to create more comfortable living environment
- UV/IR reduction and other high-functional automotive glass to improve driving comfort
- Life science products such as pharmaceutical and agrochemical intermediates and active ingredients

Higher Quality Display Devices & Communication

Dissemination of smart phones and other high-performance information terminals has triggered a rapid advancement of communication/imaging devices, and this trend is expected to continue and further diversify into the future.

In this business domain, the AGC Group aims to triple the sales of new products in 2015 from the 2012 level. The AGC Group's products have contributed to the development and advancement of numerous communication/imaging devices so far, and it will continue to respond to the needs in cutting-edge areas and proactively release new products and expand the sales activities.

(Product examples)

- Specialty glass for chemical strengthening which is rapidly expanding its application as a cover glass for smart phones and other mobile devices.
- High-resolution LCD glass substrates with very low thermal compaction. While low thermal compaction is one of the key features of the Group's products, the rate has been further reduced in this particular glass substrate.
- Ultra-thin glass for practical applications through the Group's unique career glass technology, which allows handling of the glass at customer's production site.
- Glass interposers for Next-generation semiconductor applications, which is made available by the Group's micron hole drilling technology

Clean & Green Energy

Clean energy and energy-saving initiatives are drawing increasing attention, backed by rising concern over environmental problems and procurement of energy resources. In response to such a trend, various cross-industrial activities, notably the Smart City/Smart Mobility initiatives, have been underway.

In this business domain, the AGC Group aims to increase the sales of new products by 1.5 times in 2015 from the 2012 level. Specifically, the AGC Group, with is strong expertise in glass, chemicals and ceramics technologies, will promote higher-functional and higher-performance products which contribute to energy-saving and clean energy supply.

(Product examples)

- Energy-saving architectural glass, solar PV related materials and components, environment-friendly vehicles related materials, environment-responsive refrigerant, energy-saving lighting materials and fuel cell related materials to contribute to Smart City/Smart Mobility initiatives.
- High-functional architectural glass, fluoropolymers and ceramics materials to respond to demands for infrastructure development

Specialty glass for chemical strengthening which provides solutions for all domains

Specialty glass for chemical strengthening is one the promising new products across all three business domains. The AGC Group will enhance the versatility of this product by making full use of its extensive customer base and experiences in various markets ranging from housing, automobile, display to solar, and aims to quintuple the sales of specialty glass for chemical strengthening in 2015 from the 2012 level.

(Current applications)

- Scheduled to be used in the instrument panels of luxury vehicles in Europe and North America, which will be the world’s first automotive application
- Major manufacturers are positively considering the use of the product in their new-type solar panels.
- Developing new applications such as energy-saving window panes for residential housing and express train cars.

2) Regional strategies

Among fast-growing markets, the AGC Group will focus on Russia where the Group has a strong market presence, Brazil where new business launch is progressing, and the Asian region.

- In China where various business activities have already been underway, the Group will strengthen each of these activities at the initiative of AGC (China) Holding Co., Ltd. By widening the scope and steadily capturing business opportunities in the growing market, the Group aims to double the sales in the country in 2015 from the 2012 level.
- In Southeast Asia where the Group has already built solid business foundations, the AGC Group will increase the sales by 1.3 times in 2015 from the 2012 level. Specifically, the Group is scheduled to set up the regional headquarters in Singapore in 2013, based on which the Group will explore business opportunities and develop new businesses across Southeast Asia.

By promoting the measures for strengthen/generate substantial results from growth foundations as described above, the Group aims to increase the sales ratio of emerging markets, environment-related businesses and new products in 2015 to 25%, 19% and 18% of the total sales respectively, making a steady progress toward the Group’s target of achieving the sales ratio of 30% for all three sections in 2020.

＜Bring the business back on an upward trend＞

The AGC Group has been facing drastic changes in its business environment since achieving a record high operating income in 2010. In order to promptly put the business back on the upward trend during the next three years, the Group will focus on the following two initiatives: “establishing a solid revenue stream from growth foundations” and “strengthening the Group’s earnings structure” of the existing businesses.

- Establishing a solid revenue stream from growth foundations

The Group will strengthen and expand the growth foundations it has developed, and at the same time, move forward with creation of new foundations for future growth.

- Strengthening the Group’s earnings structure

The Group will accelerate the measures it has been working on to date, namely building of an optimal manufacturing system and improvement of productivity through innovative technology, in every business activities. In addition, it will enhance the sales capabilities and increase the efficiency of the back office.

The following measures will be taken for each business segment.

Electronics

In this business segment, the Group aims to improve the overall business performance by maintaining the profitability in the FPD business and generating earnings from new products sales.

- With regard to TFT glass substrates, the Group will build a solid earnings structure which can more effectively withstand changes in the market environment, through business expansion in China, conversion to higher-efficiency manufacturing facilities and optimization of the overall float facility operations in the Electronics division to match the market demand.
- The Group will also generate greater earnings from its growth foundations based on the release of a new product AN Wizus™, a high-resolution LCD display glass, and the expansion of sales activities for new products in the fields of specialty glass for chemical strengthening and optical materials.

Glass

The Group will regain the growth and earnings capabilities of the Glass business by capturing demand in fast-growing countries, and achieving a prompt recovery of the Europe and North American businesses.

- In all regions, the Group will increase the earnings of the overall regional business by accelerating the market launch of high value added products such as energy-saving architectural glass and high-functional automotive glass.
- The Group will steadily capture the growing demand in the fast-growing markets including Southeast Asia, Russia and Brazil, and make it a main pillar of its earnings.
- In Europe where the economy continues to be sluggish, the AGC Group will strengthen its earnings structure through measures such as further cost reduction of architectural glass under the optimal manufacturing system to match the market demand, sales expansion in and around Germany and acceleration of new coating product development through a closer alliance with Interpane, and strengthening of the Group’s presence in the automotive glass market.
- In North America where the market environment appears to be improving, the Group will achieve a prompt business recovery through measures such as restart of cost-competitive float furnace operations, accelerated release of high value added products, execution of region-concentrated strategies, rebuilding of its architectural glass processing business and enhancement of the Group’s presence in the automotive glass market.

Chemicals

The Group will enhance the revenue stream from the existing growth foundations and position the Chemicals business as one of the Group’s growth drive.

- The Group will steadily gain earnings from the existing growth foundations through measures such as business expansion in Southeast Asia, expansion of sales activities for high value added/high-functional fluorine related products, and strengthening of the life science business.
- The Group will build a more robust earnings structure by increasing the efficiency of the manufacturing facilities for the electrolysis business in Japan which has recently completed a restructuring, and also by proactively responding to energy issues.

Through the measures mentioned above, the AGC will shift from the current dependence on earnings of the FPD business and set its foothold for growth on the Glass and Chemicals business segments, in an effort to bring the Group’s business back on the growth track.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: millions of yen)

	FY2011 (as of December 31, 2011)	FY2012 (as of December 31, 2012)
Current Assets	606,774	651,248
Cash on hand and in banks	98,789	100,461
Trade notes and accounts receivable	233,675	249,572
Marketable securities	25,000	20,300
Finished products	81,860	92,919
Work in process	42,541	41,586
Raw materials and supplies	69,922	73,841
Deferred income taxes	13,610	12,059
Other current assets	46,367	65,680
Allowance for bad debts	(4,993)	(5,173)
Fixed Assets	1,084,781	1,248,124
Tangible Fixed Assets	842,563	957,661
Buildings and structures	235,645	262,873
Machinery and equipment	422,798	510,689
Tools and fixtures	13,775	15,629
Land	76,382	78,231
Lease assets	6,096	8,904
Construction in progress	87,865	81,332
Intangible Fixed Assets	37,108	51,909
Investments and Other Assets	205,110	238,553
Investments in securities	148,350	195,897
Long-term loans	5,124	6,040
Long-term prepaid expenses	1,214	3,186
Deferred income taxes	42,441	24,624
Other investments	10,572	12,162
Allowance for bad debts	(2,592)	(3,357)
Total Assets	1,691,556	1,899,373

(Unit: millions of yen)

	FY2011 (as of December 31, 2011)	FY2012 (as of December 31, 2012)
Current Liabilities	419,410	372,816
Trade notes and accounts payable	112,448	118,893
Short-term bank loans	47,552	69,141
Commercial paper	13,369	11,862
Current maturities of bonds	40,078	20,000
Current maturities of bonds with subscription right to shares	50,000	—
Other accounts payable	64,808	55,418
Accrued expenses	18,157	21,003
Income taxes payable	9,220	15,325
Deposits received	24,247	22,041
Accrued bonuses to employees	8,746	9,555
Accrued bonuses to directors	115	113
Reserve for scheduled repairs	3,280	2,445
Reserve for restructuring programs	2,686	1,305
Other current liabilities	24,696	25,708
Non-current Liabilities	421,684	529,607
Bonds issued	92,014	92,294
Bonds with subscription rights to shares	50,000	50,000
Long-term bank loans	184,485	289,683
Deferred income taxes	10,383	11,360
Accrued retirement benefits for employees	58,591	59,681
Accrued retirement benefits for directors and corporate auditors	313	304
Reserve for restructuring programs	9,878	8,772
Other non-current liabilities	16,017	17,509
Total Liabilities	841,095	902,423
Shareholders' Equity	970,480	984,023
Common stock	90,873	90,873
Additional paid-in capital	96,961	96,961
Retained earnings	812,533	826,265
Treasury stock	(29,888)	(30,076)
Total Accumulated Other Comprehensive Income	(163,047)	(42,181)
Unrealized gains on securities, net of tax	19,910	48,615
Deferred gains or losses on hedges, net of tax	47	174
Foreign currency translation adjustments	(183,005)	(90,971)
Share Subscription Rights	1,584	1,862
Minority Interests in Consolidated Subsidiaries	41,444	53,243
Total Net Assets	850,460	996,949
Total Liabilities and Net Assets	1,691,556	1,899,373

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)

(Unit: millions of yen)

	FY2011 (Jan 1 through Dec 31, 2011)	FY2012 (Jan 1 through Dec 31, 2012)
Net Sales	1,214,672	1,189,956
Cost of Sales	823,955	871,286
Gross profit	390,716	318,670
Selling, General and Administrative Expenses	225,053	225,724
Operating Income	165,663	92,945
Other Income	10,134	7,363
Interest income	1,481	1,380
Dividend income	3,063	3,030
Exchange gain, net	2,699	—
Equity in gains of unconsolidated subsidiaries and affiliates	1,506	1,258
Others	1,383	1,693
Other Expenses	9,058	13,687
Interest expenses	5,995	5,923
Interest on commercial papers	33	—
Exchange loss, net	—	4,754
Others	3,029	3,008
Ordinary Income	166,739	86,621
Extraordinary Gains	8,217	14,120
Gain on sale of properties	2,896	1,700
Gain on sale of investments in securities	52	—
Reversal of reserve for rebuilding furnaces	4,520	—
Insurance income	—	10,651
Others	747	1,768
Extraordinary Losses	31,597	31,772
Loss on disposal of properties	4,947	7,652
Impairment loss on long-lived assets	729	5,789
Loss on disaster	9,209	—
Expenses for restructuring programs	8,888	13,745
Loss related to competition law case	3,599	—
Others	4,224	4,585
Income before income taxes and minority interests	143,359	68,970
Income Taxes		
Current	30,786	22,249
Deferred	12,440	(1,054)
Income before minority interests	100,131	47,776
Minority Interests in Earnings of Consolidated Subsidiaries	4,841	3,986
Net Income	95,290	43,790

(Consolidated Statements of Comprehensive Income)

(Unit: millions of yen)

	FY2011 (Jan 1 through Dec 31, 2011)	FY2012 (Jan 1 through Dec 31, 2012)
Income before minority interests	100,131	47,776
Other Comprehensive Income		
Unrealized gains on securities, net of tax	(18,649)	28,711
Deferred gains or losses on hedges, net of tax	(33)	127
Foreign currency translation adjustments	(38,124)	92,445
Share of other comprehensive income of associates accounted for using equity method	(664)	2,166
Total Other Comprehensive Income	(57,472)	123,451
Comprehensive Income	42,659	171,227
Comprehensive income attributable to owners of the parent	38,920	164,656
Comprehensive income attributable to minority interests	3,739	6,570

(3) Consolidated Statements of Changes in Net Assets (Unit: millions of yen)

	FY2011 (as of December 31, 2011)	FY2012 (as of December 31, 2012)
Shareholders' Equity		
Common stock		
Balance at the end of previous period	90,873	90,873
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of period	90,873	90,873
Additional paid-in capital		
Balance at the end of previous period	96,961	96,961
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of period	96,961	96,961
Retained earnings		
Balance at the end of previous period	748,751	812,533
Changes of items during the period		
Dividends declared	(31,507)	(30,054)
Net income	95,290	43,790
Disposal of treasury stock	(1)	(3)
Total changes of items during the period	63,781	13,732
Balance at the end of period	812,533	826,265
Treasury stock		
Balance at the end of previous period	(21,666)	(29,888)
Changes of items during the period		
Increase of treasury stock	(8,262)	(214)
Disposal of treasury stock	41	25
Total changes of items during the period	(8,221)	(188)
Balance at the end of period	(29,888)	(30,076)
Total Shareholders' Equity		
Balance at the end of previous period	914,920	970,480
Changes of items during the period		
Dividends declared	(31,507)	(30,054)
Net income	95,290	43,790
Increase of treasury stock	(8,262)	(214)
Disposal of treasury stock	39	21
Total changes of items during the period	55,560	13,543
Balance at the end of period	970,480	984,023

(Unit: millions of yen)

	FY2011 (as of December 31, 2011)	FY2012 (as of December 31, 2012)
Accumulated other comprehensive income		
Unrealized gains on securities, net of tax		
Balance at the end of previous period	38,555	19,910
Changes of items during the period		
Net changes of items other than shareholders' equity during the period	(18,645)	28,704
Total changes of items during the period	(18,645)	28,704
Balance at the end of period	19,910	48,615
Deferred gains or losses on hedges, net of tax		
Balance at the end of previous period	81	47
Changes of items during the period		
Net changes of items other than shareholders' equity during the period	(33)	127
Total changes of items during the period	(33)	127
Balance at the end of period	47	174
Foreign currency translation adjustments		
Balance at the end of previous period	(145,313)	(183,005)
Changes of items during the period		
Net changes of items other than shareholders' equity during the period	(37,691)	92,034
Total changes of items during the period	(37,691)	92,034
Balance at the end of period	(183,005)	(90,971)
Total accumulated other comprehensive income		
Balance at the end of previous period	(106,677)	(163,047)
Changes of items during the period		
Net changes of items other than shareholders' equity during the period	(56,370)	120,866
Total changes of items during the period	(56,370)	120,866
Balance at the end of period	(163,047)	(42,181)
Share Subscription Rights		
Balance at the end of previous period	1,276	1,584
Changes of items during the period		
Net changes of items other than shareholders' equity during the period	307	278
Total changes of items during the period	307	278
Balance at the end of period	1,584	1,862
Minority Interests in Consolidated Subsidiaries		
Balance at the end of previous period	40,296	41,444
Changes of items during the period		
Net changes of items other than shareholders' equity during the period	1,147	11,799
Total changes of items during the period	1,147	11,799
Balance at the end of period	41,444	53,243

(Unit: millions of yen)

	FY2011 (as of December 31, 2011)	FY2012 (as of December 31, 2012)
Total Net Assets		
Balance at the end of previous period	849,815	850,460
Changes of items during the period		
Dividends declared	(31,507)	(30,054)
Net income	95,290	43,790
Increase of treasury stock	(8,262)	(214)
Disposal of treasury stock	39	21
Net changes of items other than shareholders' equity during the period	(54,914)	132,944
Total changes of items during the period	645	146,488
Balance at the end of period	850,460	996,949

(4) Consolidated Statements of Cash Flows (Unit: millions of yen)

	FY2011 (Jan 1 through Dec 31, 2011)	FY2012 (Jan 1 through Dec 31, 2012)
Cash Flows from Operating Activities		
Income before income taxes and minority interests	143,359	68,970
Depreciation and amortization	110,056	117,856
Impairment loss on long-lived assets	729	5,789
Amortization of goodwill	1,573	1,863
Increase (decrease) in reserves	(3,958)	(5,807)
Interest and dividend income	(4,544)	(4,410)
Interest expenses	5,995	5,923
Exchange loss (gain), net	980	(3,389)
Equity in losses (gains) of unconsolidated subsidiaries and affiliates	(1,506)	(1,258)
Loss (gain) on sale and valuation of investment securities	230	(258)
Loss on sale and disposal of property, plant and equipment	2,051	5,951
Decrease (increase) in trade notes and accounts receivable	(3,829)	6,069
Decrease (increase) in inventories	(23,077)	5,095
Increase (decrease) in trade notes and accounts payable	(848)	(5,279)
Others	(2,873)	(848)
Subtotal	224,339	196,265
Interest and dividends received	6,278	4,952
Interest paid	(6,030)	(5,942)
Income taxes (paid) refunded	(72,363)	(25,109)
Net cash provided by operating activities	152,223	170,165
Cash Flows from Investing Activities		
Payments for time deposits due over three months	(31,505)	(2,643)
Proceeds from refund of time deposits due to over three months	32,124	11,637
Purchase of property, plant and equipment	(139,517)	(155,983)
Proceeds from sale of property, plant and equipment	16,340	6,413
Purchase of investments in securities	(612)	(4,644)
Purchase of investments in subsidiaries	(1,315)	—
Proceeds from sale and redemption of investments in securities, unconsolidated subsidiaries and affiliates	2,287	3,452
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(12,193)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	—	830
Others	(1,382)	(4,275)
Net cash used in investing activities	(123,581)	(157,407)
Cash Flows from Financing Activities		
Increase (decrease) in short-term loans and commercial paper	8,746	(7,052)
Proceeds from long-term debt	69,237	125,124
Repayments of long-term debt	(69,122)	(22,375)
Proceeds from issuance of bonds	—	20,000
Redemption of bonds	(28,439)	(88,285)
Proceeds from stock issuance to minority shareholders	1,008	252
Purchase of treasury stock	(8,262)	(27)
Dividends paid	(31,507)	(30,054)
Others	(2,494)	(2,887)
Net cash used in financing activities	(60,833)	(5,305)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(3,040)	8,806
Changes in Cash and Cash Equivalents	(35,233)	16,259
Cash and Cash Equivalents at Beginning of Year	152,792	117,558
Cash and Cash Equivalents at End of Year	117,558	133,818

(5) Summary of Significant Accounting Policies

1) Scope of Consolidation

The Company had 235 subsidiaries as of December 31, 2012 (212 as of December 31, 2011). The consolidated financial statements include the accounts of the Company and 202 (179 for December 31, 2011) of its subsidiaries. The definition of subsidiary is based on the substantive existence of controlling power.

The accounts of the remaining 33 (33 as of December 31, 2011) unconsolidated subsidiaries are excluded from consolidated financial statements since the aggregate amounts of these subsidiaries in terms of combined assets, net sales, net income (loss) and retained earnings (accumulated deficit) are immaterial in relation to those of the consolidated financial statements of the Companies.

2) Principles of Consolidation

For the purposes of preparing the consolidated financial statements, all significant intercompany transactions, account balances and unrealized profits among the Companies have been eliminated. At December 31, 2012 and 2011, the financial year-end of all the consolidated subsidiaries matches that of the Company.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries.

Goodwill and negative goodwill that occurred on or before March 31, 2010 are amortized over a period of 20 years on a straight-line basis. Negative goodwill that occurred on or after April 1, 2010 is recognized as profit in the fiscal year when the said negative goodwill occurred.

Legal reserves of consolidated subsidiaries provided subsequent to the acquisition of such subsidiaries are included in retained earnings and are not shown separately in the consolidated financial statements.

3) Investments in Unconsolidated Subsidiaries and Affiliates under the Equity Method

The Company had 33 (33 as of December 31, 2011) unconsolidated subsidiaries and 50 (45 as of December 31, 2011) affiliates as of December 31, 2012. Affiliates are defined to include those which are 15% or more owned and those that are subject to exercise of influence over the management of the affiliates by the investor company.

The equity method is applied only to investments in major companies (37 and 31 companies at December 31, 2012 and 2011, respectively). The investments in the remaining unconsolidated subsidiaries and affiliates are stated at cost or less, because they do not have a material effect on the consolidated financial statements.

4) Translation of Foreign Currency Financial Statements (Accounts of Overseas Subsidiaries and Affiliates)

All the assets and liabilities of overseas consolidated subsidiaries and overseas affiliates accounted for by the equity method are translated into yen at the current exchange rates prevailing at the balance sheet dates, except common stock and additional paid-in capital accounts which are translated at the historical rates. Revenues and expenses are translated by the average exchange rates prevailing during each period. The resulting differences are recorded as "Foreign currency translation adjustments" and "Minority Interests in Consolidated Subsidiaries" in Net Assets in the Consolidated Balance Sheets.

5) Translation of Foreign Currency Transactions

Revenue and expense items arising from transactions denominated in foreign currencies are translated into yen at the rates effective at the respective transaction dates.

Foreign currencies and monetary receivables and payables denominated in foreign currencies are translated into yen at the current exchange rates prevailing at the respective balance sheet dates and the resulting translation gain or loss is included in determination of net income for the period.

6) Valuation of Securities

Securities other than securities of subsidiaries and affiliated companies are stated at market value. Differences between market value and acquisition costs are recorded as "Unrealized gains on securities, net of tax" in Net Assets. The cost of securities sold is calculated by the moving-average method. Securities without market value are stated at cost determined by the moving-average method. Declines in the value of securities, other than those which are deemed to be temporary, are reflected in current income.

7) Inventories

Inventories are mainly stated at cost determined by the moving-average method (the method of reducing the book value of inventories when their contribution to profitability declines).

8) Property, Plant and Equipment

Depreciation of property, plant and equipment is principally computed by the straight-line method over the estimated useful lives of the assets.

9) Intangible Assets

Amortization of intangible assets is computed by the straight-line method.

10) Lease Assets related to financial lease transactions not involving the transfer of ownership

Depreciation of lease assets related to financial lease transactions not involving the transfer of ownership is calculated by the straight-line method over the lease periods, which are deemed as the useful lives, assuming no residual value.

For financial lease transactions not involving the transfer of ownership, of which transactions commenced before December 31, 2008, accounting method for ordinary operating lease transactions is applied.

11) Certain Accrued Expenses Items

Certain accrued expense items, which are essentially an estimate of amounts to be determined in future years, are provided by the Companies. The basis for recognizing such accrued expenses is as follows:

(i) Allowance for bad debts

"Allowance for bad debts" is provided for at an amount sufficient to cover possible losses on the collection of receivables by taking the historical loan loss ratio. For certain doubtful receivables, the uncollectible amounts are estimated based on a review of the collectibility of individual receivables.

(ii) Accrued bonuses to employees

"Accrued bonuses to employees" is provided for based on the estimated amount to be paid to employees after the balance sheet date for their services rendered during the current period.

(iii) Accrued bonuses to directors

"Accrued bonuses to directors" is provided for based on the estimated amount to be paid to directors after the balance sheet date for their services rendered during the current period.

(iv) Accrued retirement benefits for directors

"Accrued retirement benefits for directors" is provided for at certain domestic subsidiaries based on the estimated amount to be paid to directors and corporate auditors under the Companies' internal rules.

(v) Reserve for restructuring programs

"Reserve for restructuring programs" represents reasonably estimated costs arising from the additional severance compensation program related to restructuring, and the restructuring of certain businesses of the Companies.

12) Accounting for Retirement Benefits to Employees

Recognition of accrued retirement benefits to employees is based on actuarial valuation of projected benefit obligations and fund assets.

The prior service cost is amortized on a straight-line basis over the average remaining service period of employees (mainly 13 years), from the year when it is incurred.

Actuarial gains/losses are amortized on a straight-line basis over average remaining service period of employees (mainly 13 years), in the year subsequent to when it is incurred.

13) Accounting for Consumption Tax

Consumption tax is imposed at the flat rate of 5% on all Japanese domestic consumption of goods and services (with certain exemptions). The consumption tax withheld upon sale, and consumption tax paid on purchases of goods and services, are not included in the amounts of respective revenue and cost or expense items in the accompanying Consolidated Statements of Income.

14) Income Taxes

The Company has adopted the consolidated tax return system for the calculation of income taxes. Under the consolidated tax return system, the Company consolidates all wholly owned domestic subsidiaries based on the Japanese tax regulations.

15) Derivative Financial Instruments

The Companies use financial instruments to reduce its exposure to market risks from fluctuations in foreign currency exchange rates, interest rates, and oil prices that may occur in the ordinary course of business.

The basic rules and policies are determined by the Board of Directors, and the results of the transactions, including balances and gains/losses, are periodically reported to management. The controls over the transaction and position balances of foreign currency derivatives are monitored by the accounting/finance departments and the controls over the transactions and position balances of commodity derivatives are monitored by the procurement department.

Hedging instruments mainly include foreign currency swap contracts, interest rate swap contracts and commodity swap contracts.

Hedging items mainly include bonds, borrowings and fuel oil.

Derivatives are recorded at fair value.

16) Cash and Cash Equivalents in the Consolidated Statements of Cash Flows

"Cash and cash equivalents" comprises cash on hand, bank deposits available for withdrawal on demand, and short-term investments due within three months or less and substantially free from any price fluctuation risk.

(6) Additional Information

1)Application of Accounting Standard for Accounting Changes and Error Corrections

Effective from the fiscal year under review, the Company adopted the "Accounting Standard for Accounting Changes and Error Corrections "(ASBJ Statement No. 24, December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, December 4, 2009).

(7) Notes of consolidated financial statements

(a)Segment Information

(1) Outline of Reportable Segments

The Group's reportable segments are components of the Group for which discrete financial information is available, and whose operating results are regularly reviewed by the chief operating decision maker to determine the allocation of management resources and to assess business performance.

The Group has three In-House Companies by product and service: Glass, Electronics, and Chemicals. Each In-House Company operates worldwide, formulating comprehensive domestic and overseas strategies for its products and services.

Thus, the Group has three reportable segments: Glass, Electronics, and Chemicals.

The main products of each reportable segment are as follows.

Reportable segment	Main products
Glass	Float flat glass, Figured glass, Polished wired glass, Low-E glass, Fabricated glass for architectural use(Heat Insulating/shielding glass, Safety glass, Fire-resistant glass, Security glass, etc.), Automotive tempered glass, Automotive laminated glass, Glass for solar power system, Fabricated glass for industrial use, Decorative glass, etc.
Electronics	Glass substrate for display devices, Specialty glass for display applications, Display related materials, Optical membranes, Optoelectronics materials, Synthetic quartz glass, Glass frit and paste, Materials for semiconductor manufacturing equipment, Lighting glass products, etc.
Chemicals	Raw materials for vinyl chloride polymer, Caustic soda, Urethane, Gases, Solvents, Fluorinated resins, Water and oil repellents, Pharmaceutical and agrochemical intermediates and active ingredients, Iodine-related products, Battery materials, etc.

(2) Methods of Calculating Sales, Income or Loss, Assets and Other Items by Reportable Segment

Accounting procedures for reportable business segments are generally the same as those for statements in “Summary of Significant Accounting Policies.” Income of reportable segments is presented as operating income. The amounts of inter-segment sales/transfers are primarily based on market prices and manufacturing cost.

(3) Information on Net Sales, Income or Losses, Assets, Liabilities and Others by Reportable Segment

FY2011 (Jan.1 through Dec.31, 2011) (Unit: millions of yen)

	Reportable segments			Other	Total	Adjustments	Amount reported on statement of income
	Glass	Electronics	Chemicals				
Sales							
(1)Sales to customers	553,339	385,041	245,056	31,235	1,214,672	―	1,214,672
(2)Inter-segment sales/transfers	1,084	1,470	3,516	52,679	58,751	(58,751)	―
Total sales	554,423	386,512	248,573	83,915	1,273,424	(58,751)	1,214,672
Segment income	9,855	133,502	18,083	3,969	165,409	253	165,663
Segment assets	620,016	665,579	256,568	214,452	1,756,618	(65,062)	1,691,556
Other items							
Depreciation and amortization	40,731	52,065	16,394	1,076	110,267	(211)	110,056
Investments in equity method affiliated companies	17,236	1,102	2,621	723	21,684	―	21,684
Increase in property, plant and equipment, and intangible assets	50,367	80,240	19,489	2,608	152,705	―	152,705

(Note)

1. The "Other" business category, which handles ceramics products, etc., is not included among the reportable segments.
2. Adjustments of segment income of 253 million yen include adjustments of inventories related to inter-segment transactions.
3. Total assets included in the "Adjustments" amounted to 202,844 million yen. The amount primarily represents the parent company's excess operating funds (cash on hand and in banks), long-term investment funds (investments in securities), etc.

FY2012 (Jan.1 through Dec.31, 2012) (Unit: millions of yen)

	Reportable segments			Other	Total	Adjustments	Amount reported on statement of income
	Glass	Electronics	Chemicals				
Sales							
(1)Sales to customers	562,140	341,412	254,086	32,316	1,189,956	－	1,189,956
(2)Inter-segment sales/transfers	2,464	2,690	3,180	54,688	63,024	(63,024)	－
Total sales	564,605	344,102	257,267	87,005	1,252,981	(63,024)	1,189,956
Segment income (loss)	(4,000)	81,285	14,509	1,506	93,300	(354)	92,945
Segment assets	716,579	758,943	294,678	194,833	1,965,034	(65,661)	1,899,373
Other items							
Depreciation and amortization	42,514	56,471	17,882	1,200	118,069	(212)	117,856
Investments in equity method affiliated companies	22,326	1,282	1,271	1,018	25,899	－	25,899
Increase in property, plant and equipment, and intangible assets	58,389	62,566	32,889	1,932	155,776	(442)	155,334

(Note)

1. The "Other" business category, which handles ceramics products, etc., is not included among the reportable segments.
2. Adjustments of segment income of (354) million yen include adjustments of inventories related to inter-segment transactions.
3. Total assets included in the "Adjustments" amounted to 209,810 million yen. The amount primarily represents the parent company's excess operating funds (cash on hand and in banks), long-term investment funds (investments in securities), etc.

(b) Per Share Information

	FY2011 (as of December 31, 2011)	FY2012 (as of December 31, 2012)
Net assets per share (yen)	698.51	815.04
Net income per share-basic (yen)	81.90	37.88
Net income per share-fully diluted (yen)	75.88	35.12

Note：Net income per share was calculated on the basis of the following data.

	FY2011 (as of December 31, 2011)	FY2012 (as of December 31, 2012)
Net income per share-basic		
Net income (millions of yen)	95,290	43,790
Net income not attributable to common shareholders (millions of yen)	-	-
Net income attributable to common shareholders (millions of yen)	95,290	43,790
Average number of common shares outstanding (thousands of shares)	1,163,484	1,155,879
Net income per share-fully diluted		
Net income adjusted for latent shares (millions of yen)	1	1
Number of increase in common shares (thousands of shares)	92,354	91,118
-Bonds with subscription rights to shares (thousands of shares)	90,400	88,323
-Warrant for stock option (thousands of shares)	1,954	2,794
Potential common stock with anti-dilutive effect, excluded from the computation of "Net income per share-fully-diluted"	Warrant for stock option (931 share subscription rights)	Warrant for stock option (563share subscription rights)