



FOR IMMEDIATE RELEASE

**Progress of the Mid-term Management Plan, and
Group Policy for Addressing Changes in Business Environment**

- AGC aims to bring the Group's financial results back to a growth track by seizing changing environment as an opportunity for growth acceleration. -

Tokyo, February 8, 2012—AGC today announced the major business activities in 2011, and highlighted the progress of the mid-term management plan, the current business conditions surrounding the AGC Group and the Group's policy for addressing changing environment.

AGC (Asahi Glass Co., Ltd.; Headquarters: Tokyo; President & CEO: Kazuhiko Ishimura) formulated the mid-term management plan "*Grow Beyond-2012*" in February 2010 for the realization of the group's long-term growth picture "AGC's Aspirations for 2020," and has been working to build foundations for growth.

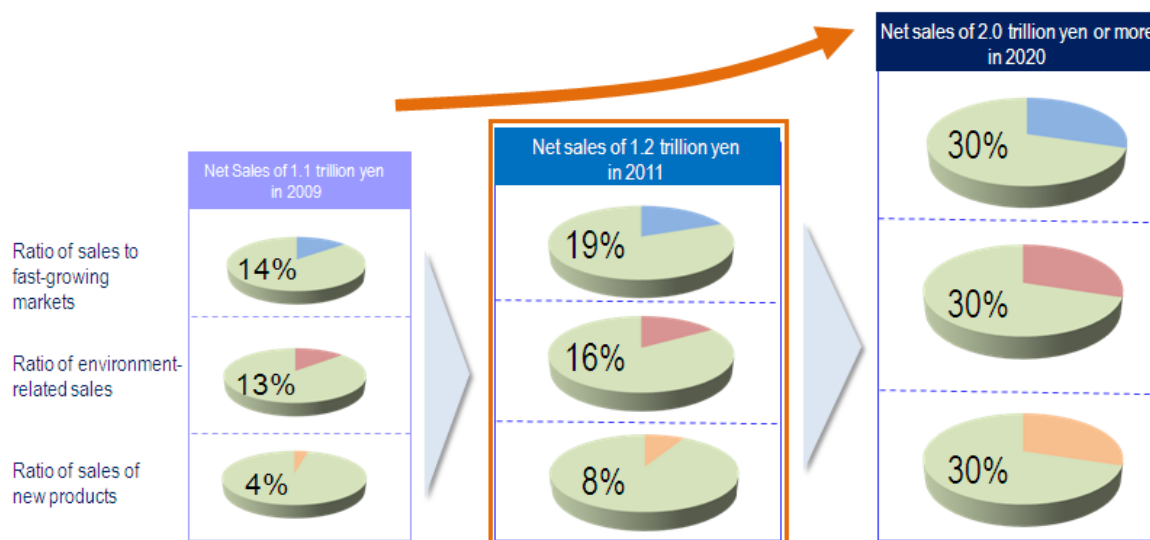
1. Progress of the Mid-term Management Plan

The AGC Group, in its long-term growth picture, aims to achieve net sales of two trillion yen, and increase the ratio of sales to fast-growing markets, the ratio of environment-related sales and the ratio of sales of new products to 30% each.

To realize this growth picture, the AGC Group set two specific initiatives, "building growth foundations" and "boosting profitability of existing businesses," as key action items for 2011 under the mid-term management plan "*Grow Beyond-2012*" (2010 to 2012).

Specifically, the Group was committed to business expansion in fast-growing regions, including the decisions to invest in production facilities for architectural/automotive glass in Brazil and to expand the electrolysis capacity at production facilities in Indonesia, and the launch of the polishing plant operation for TFT LCD glass substrates in China. In addition, the Group was actively engaged in market launch of new products such as Dragontrail, specialty glass for chemical strengthening. Moreover, the Group worked to expand the line-up of high value added products through efforts such as the expansion of energy-saving product line-ups.

As a result of these measures, the ratio of sales to fast-growing markets, the ratio of environment-related sales and the ratio of sales of new products were all steadily improved to 19%, 16%, and 8% respectively.



2. Group's policy for addressing changing environment

Today, the business environment surrounding the AGC Group is changing drastically. The growth of the Flat Panel Display (FPD) market is slowing down as the CRT-FPD replacement demand subsided. Also, due to the economic growth in fast-growing countries, uneven distribution of resources and other problems, resource/energy prices are expected to continue to stay high. In the global economy, a high growth rate is expected in fast-growing markets while advanced economies will likely experience low growth.

The AGC Group regards such changing environment not only as challenges to overcome, but also as a business opportunity that the Group should take advantage of. Accordingly, the AGC Group has set the following policy for addressing changing environment **to swiftly bring the financial results back to a growth track.**

< Slowdown in the growth of the FPD market >

The AGC Group will reinforce the FPD glass substrates business through further productivity improvements in an effort to maintain and secure profitability. By increasing the profitability of the glass and chemicals businesses, the Group will realize a group-wide profit structure by taking advantage of the group's business portfolio so that the Group will not overly dependent on FPD business. In addition, the Group accelerates its commitment to build growth foundations and secure new profit sources through initiatives such as the development and market launch of new products.

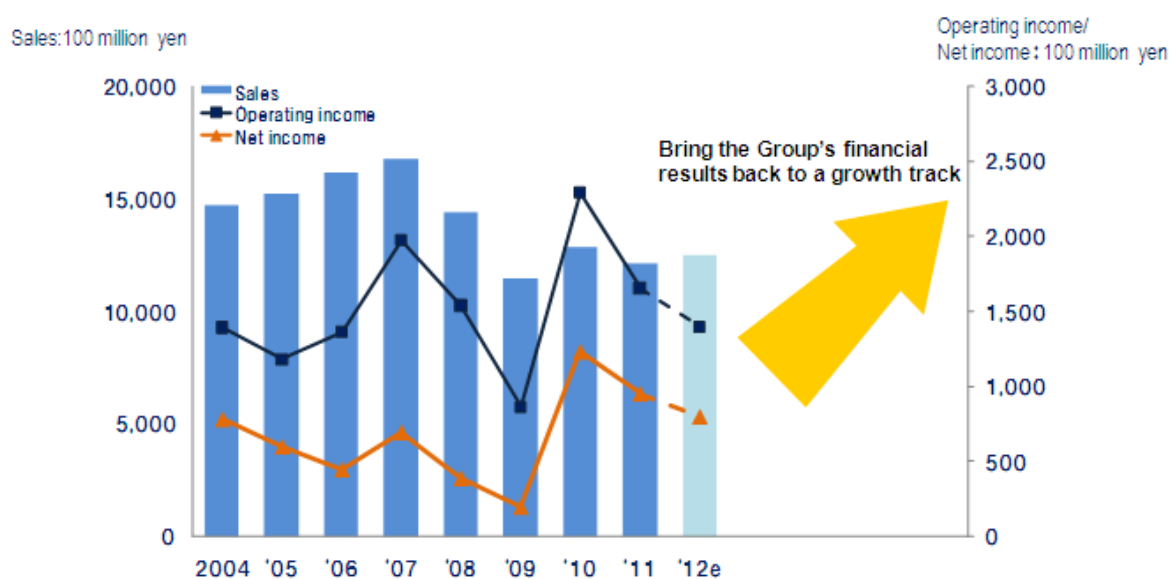
< High resource prices >

The AGC Group will improve the energy efficiency of its production facilities and achieve greater cost competitiveness by introducing state-of-art energy-saving technologies in glass melting furnaces, electrolysis facilities for chemical products, and other energy intensive facilities. Moreover, the Group recognizes the increasing energy-saving consciousness

triggered by energy problems in the world as a business opportunity, and will accelerate sales expansion of energy-saving related products, such as Eco-glass (Low-E double glazing) and urethane insulation materials.

< Uncertain global economic trends >

The AGC Group will steadily take advantage of the growth in fast-growing markets such as the countries where the Group already has a presence like Russia, China and Indonesia, and Brazil where the Group decided to launch full-fledged business. In developed countries, the Group will strengthen cost competitiveness through productivity improvements and other efforts, and will promote market launch/sales expansion of high value added products such as high-performance window glass, Dragontrail, and UV Verre Premium for profitability increase.



3. Future action items

Based on the above mentioned policy, the AGC Group will be committed to the Group's future action items, "Further enhance the Group's strengths" and "Accelerate the building of growth foundations," as follows.

1) "Further enhance the Group's strengths"

At every business segment, the AGC Group will rigorously pursue strength-building measures to boost profitability, including the introduction of innovative, high-efficiency production facilities, the optimization of the operation and geographical arrangement of its production facilities to meet demand trends, the improvement of yield and productivity by scientific method, the improvement of cash flows by inventory reduction, and the

increase in investment efficiency.

In addition, each business segment will implement the following measures.

- Electronics

In the display-related business, the AGC Group will strive to maintain an optimal inventory level through flexible facility operation that promptly responds to the trends of the FPD market. Also, the Group pursues measures to further improve yield/productivity and introduce high-efficiency production technologies, whose development has recently been completed, into the production processes in line with actual demand trends.

- Glass

The AGC Group will put its innovative glass production technologies which are currently under development, into practical use at an early date in order to achieve a drastic improvement in energy efficiency. Also, the Group will optimize the operation and geographical arrangement of its production facilities to meet demand trends in each region. In addition, the Group will increase the proportion of high value added products among Eco-glass and other existing products by leveraging the state-of-art coating facilities which will be installed at the Kashima plant and through the strategic business alliance with Interpane, which has advanced coating technologies.

In the automotive glass business, the Group will utilize the technologies in glass production, coating and other processes to accelerate the development and sales expansion of highly-functional glass.

- Chemicals

In the chlor-alkali business, the AGC Group will expand the operational capacity of its facilities in Thailand and Indonesia to steadily capture the rapidly growing demand in the region. Meanwhile, in the domestic market, the Group will enhance its business strength by consolidating and increasing the operational efficiency of facilities.

In the fluorochemicals & specialty business, the Group will increase the proportion of highly-functional/high value added products including fluorine resin and pharmaceutical and agrochemical intermediates and active ingredients, and improve production efficiency by shortening the polymerization process time for fluorochemical products.

2) “Accelerate the building of growth foundations”

The AGC Group will take the following measures as part of the Group’s *Grow Beyond* measures, namely “Second Round of Globalization,” “Glass-technology-driven-company”

and “Delivering Technology Solutions for Environment/Energy Issues” to build growth foundations.

- “Second Round of Globalization”

In the fast-growing regions where the Group already has a presence, the AGC Group will expand both the production of TFT LCD glass substrates and the sales of automotive glass/ceramics products in China, and steadily respond to the solid demand growth for architectural/automotive glass in the markets such as Russia and countries in Central/Eastern Europe. With such measures, the Group will further enhance its presence in the region. In Brazil, the Group will launch architectural/automotive glass business. At the same time, the Group will continue to explore opportunities for market entry into other fast-growing regions.

- “Glass-technology-driven-company”

For new display products, the AGC Group will enhance its development capability in line with new technology trends, and accelerate the market launch and sales expansion of display related materials including thin-sheet glass substrates, cover glass and chassis glass. With regard to specialty glass for chemical strengthening, which is positioned as one of the key products in the future, the Group will explore application opportunities in and outside the display business, and develop products/expand applications for solar, auto, housing and various other markets where the Group has special strength.

- “Delivering Technology Solutions for Environment/Energy Issues”

The AGC Group will pursue the development/sales expansion of energy-saving glass for eco-housing and eco-friendly vehicles as well as of LED and OLED lighting materials, cathode materials for lithium-ion batteries and other energy-saving related products. For the solar power generation market, the Group will offer various products for photovoltaic power generation (crystalline silicon solar cells and thin-film solar cells) and concentrating solar power generation in the Glass business, Electronics business and Chemicals business.

In the Group’s production processes, the Group aims to further contribute to solving environment/energy issues by leveraging innovative production technologies to achieve drastic improvements in energy efficiency, and promoting the Group’s raw materials/resource recycling activities.

With a strong determination to bring its financial results back to a growth track, the AGC Group will take advantage of changes in the surrounding environment and strive to become the “strong and robust” AGC Group.



Media Contact

Toshihiro Ueda, General Manager, Corporate Communications & Investor Relations

AGC Asahi Glass Co., Ltd.

(Contact: Masahiko Tobari; Tel: +81-3-3218-5603; E-mail: info-pr@agc.com)