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Consolidated Financial Results for FY2009 first quarter

(January 1 through March 31, 2009)

1. Financial results for the three months ended March 31, 2009 (Jan. 1 through Mar. 31, 2009)

(1) Consolidated operating results

	For the three months ended March 31, 2009		For the three months ended March 31, 2008	
	Millions of yen	%	Millions of yen	%
Net sales	236,317	-	377,468	(3.2)
Operating income (loss)	(5,954)	-	54,035	24.3
Ordinary income (loss)	(10,598)	-	37,589	(9.0)
Net income (loss)	(13,991)	-	28,158	(4.4)
Net income (loss) per share - basic (yen)	(11.98)	-	24.06	-
Net income per share - fully diluted (yen)	-	-	22.63	-

Note: With respect to net sales, operating income, ordinary income and net income, percentage figures show % change from the previous year's corresponding period.

(2) Consolidated financial position

	For the three months ended March 31, 2009	For the year ended December 31, 2008
Total assets (Millions of yen)	1,846,576	1,832,846
Total net assets (Millions of yen)	746,669	780,864
Equity ratio (%)	37.7	39.8
Net assets per share (yen)	595.46	625.51

Reference: Total Shareholders' Equity

-End of fiscal 2009 First Quarter: 695,287 million yen -End of fiscal 2008: 730,376 million yen

2. Dividend

(Unit: yen)

(Base date)	FY2008	FY2009	FY2009 (planned)
End of first quarter	-	-	—
End of second quarter	12.00	—	8.00
End of third quarter	-	—	-
End of fiscal year	12.00	—	8.00
Full fiscal year	24.00	—	16.00

Note: Revision of outlook for dividends in the first quarter: No

3. Outlook for FY2009, the fiscal year ending December 31, 2009 (Jan. 1 through Dec. 31, 2009)

	First half		Full year	
	Millions of yen	%	Millions of yen	%
Net sales	500,000	-	1,100,000	(23.8)
Operating income	0	-	30,000	(80.5)
Ordinary income (loss)	(5,000)	-	20,000	(81.8)
Net loss	(38,000)	-	(42,000)	-
Net loss per share (yen)	(32.54)	-	(35.97)	-

Note: Revision of outlook for FY2009 consolidated operating results in the first quarter: Yes

With respect to the outlook for the first half of FY2009, please see our press release issued today (on May 11, 2009), "AGC Announces the Outlook for Consolidated Operating Results for the First Half". We have made no revision to the outlook for the full year.

4. Other Information

- (1) Changes in significant subsidiaries during the period under review
(changes in specific subsidiaries involving changes in the scope of consolidation): No
- (2) Adoption of simplified accounting methods and accounting methods particular to the preparation of quarterly financial statements: Yes
- (3) Changes in accounting principles, procedures and presentation methods for quarterly financial statements
(Changes in key accounting standards for quarterly financial reporting)
 - i. Changes resulting from revisions to accounting standards: Yes
 - ii. Other changes: YesFor details, refer to "4. Others" in Qualitative Information and Financial Statements, beginning on page 7.
- (4) Shares issued (common stock)
 - i. Shares issued (including treasury stock) at the end of the term
 - End of fiscal 2009 First Quarter: 1,186,705,905
 - End of fiscal 2008: 1,186,705,905
 - ii. Treasury stock
 - End of fiscal 2009 First Quarter: 19,062,616
 - End of fiscal 2008: 19,048,781
 - iii. Average shares issued (cumulative, consolidated at the end of the First Quarter)
 - End of fiscal 2009 First Quarter: 1,167,648,479
 - End of fiscal 2008 First Quarter: 1,170,451,014

***Appropriate Use of Forecast and Other Information and Other Matters**

The above-mentioned outlook reflects management's judgment on the basis of currently available information, as such, contain risks and uncertainties. For matters concerning the above outlook, please see page 6-7 of the attached materials.

Qualitative Information and Financial Statements

Monetary amounts and indexes that provide comparison with the corresponding period of the previous year are shown for reference only.

1. Qualitative Information Regarding Consolidated Operating Results

(1) Overview of the first quarter of the fiscal year ending December 2009

During the first quarter of fiscal 2009 (January 1 through March 31, 2009), the global economic environment around the Company and its consolidated subsidiaries (hereinafter collectively referred to as the “AGC Group” or simply the “Group”) was sluggish across all regions, affected by the financial crisis since previous year. Reviewing the economy of each region, in Japan, the economic conditions worsened as weaker demand in Japan and overseas decreased corporate profits. In China, Southeast Asia and other parts of Asia, economic growth slowed down because of a significant decline in exports. Looking at European countries, the economies remained sluggish in Western Europe, and the economies in Russia and Eastern Europe, which had previously continued to grow steadily, also slowed down as investments flowed out of these countries. The U.S. economy worsened as well.

Reviewing the markets in which the AGC Group operates, the housing and automotive markets are facing a global slump in demand. The market for glass substrates for flat panel displays (FPDs) is strong, though panel manufacturers have been making operational adjustments since the second half of the previous year. The overall market conditions for chemical products were weak.

Under such a business environment, the AGC Group posted net sales of 236.3 billion yen (down 141.2 billion yen or 37.4% from the corresponding period of the previous year); operating loss of 6.0 billion yen which is 60.0 billion yen worse than the operating income reported the corresponding period of the previous year; ordinary loss of 10.6 billion yen which is 48.2 billion yen worse than the ordinary income reported at the corresponding period of the previous year; and net loss of 14.0 billion yen which is 42.1 billion yen worse than the net income reported the corresponding period of the previous year.

(2) Overview by business segment for the first quarter of the fiscal year ending December 2009

- Glass Operations

Sales in the flat glass business decreased from the corresponding period of the previous year. In Western Europe, demand continued to weaken as the economy slowed down, and prices also dropped from a year earlier. Affected by the slowing economy, fast-growing markets such as Russia also saw a decrease in demand accompanied by a significant decline in prices. In North America, to cope with weakened demand, the AGC Group decided to stop operations of some more flat glass production facilities. In Japan, shipments decreased, affected by continued weak demand from the construction sector. Shipments of glass for solar cells remained at slight increase due to a slowdown in the growth of the solar cell market. Prices of raw materials and fuels declined, but the effects were limited because of the weak demand.

In the automotive glass business, sales decreased from the corresponding period of the previous year because of a significant decline in auto production in all the regions such as North America, Europe, Japan and the rest of Asia.

As a result, net sales from the Glass operations for the first quarter were 113.8 billion yen (down 80.7 billion yen or 41.5% from the corresponding period of the previous year), and operating loss were 15.8 billion yen which is 24.1 billion yen worse than the operating income reported the corresponding period of the previous year.

- Electronics and Display Operations

Sales in the display business decreased from the corresponding period of the previous year. The Group made major adjustments to the production of glass substrates for FPDs, affected by operational adjustments at panel manufacturers. However, shipments of these products recovered in the first quarter under review.

In the electronics materials business, overall shipments decreased because of weakening demand, resulting in a decline in sales compared to the corresponding period of the previous year.

As a result, net sales from the Electronics and Display operations for the first quarter were 65.6 billion yen (down 35.6 billion yen or 35.2% from the corresponding period of the previous year), and operating income were 12.0 billion yen which is 30.4 billion yen worse than the corresponding period of the previous year.

- Chemicals Operations

In the chlor-alkali & urethane business, although foreign demand for vinyl chloride-related products was on a recovery trend, overall shipments decreased.

In the fluorochemicals & specialty chemicals business, shipments of water and oil repellent and fluorinated resins decreased in particular, affected by weakening demand.

As a result, net sales from the Chemicals operations for the first quarter were 52.3 billion yen (down 24.9 billion yen or 32.2% from the corresponding period of the previous year), and operating loss were 3.0 billion yen which is 5.7 billion yen worse than the operating income reported the corresponding period of the previous year.

- Other Operations

In the ceramics business, both the glass engineering sector and the environmental energy sector saw a decline in demand.

As a result, net sales from the Other operations for the first quarter were 15.7 billion yen (down 3.9 billion yen or 19.9% from the corresponding period of the previous year), and operating income were 0.6 billion yen which is 0.1 billion yen worse than the corresponding period of the previous year.

Main businesses by segment are as follows:

Segment		Main products
Glass Operations	Flat glass business	Float flat glass, Figured glass, Polished wired glass, Heat-absorbing glass, Heat-reflective glass, Architectural glass, Fabricated glass for industrial use, Photovoltaic cover glass, etc.
	Automotive glass business	Tempered glass for automobiles, Laminated glass for automobiles, etc.
	Other glass business	Lighting lamp glass products, Industrial glass product, etc.
Electronics and Display Operations	Displays business	LCD glass substrates, PDP glass substrates, Glass bulbs for cathode-ray tubes, etc.
	Electronic materials business	Glass frit and paste, Materials for semiconductor manufacturing equipment, Synthetic quartz glass, Optoelectronics materials, Optical filters for PDPs, LCD backlight glass tubes, Optical membranes, etc.
Chemicals Operations	Chlor-alkali & urethane business	Vinyl chloride monomers, Caustic soda, Urethane materials, etc.
	Fluorochemicals & specialty chemicals business	Fluorinated resins, Fluorinated gases, Fluorinated solvents, Water and oil repellents, battery materials, iodine-related materials, etc.
Other Operations		Ceramic products, Logistics and financial services, etc.

(3) Overview by geographic segment for the first quarter of the fiscal year ending December 2009

- Japan

Net sales in Japan for the first quarter were 126.1 billion yen (down 75.0 billion yen or 37.3% from the corresponding period of the previous year), and operating loss were 16.6 billion yen which is 42.4 billion yen worse than the operating income reported the corresponding period of the previous year.

- Asia

Net sales in Asia for the first quarter were 80.1 billion yen (down 33.2 billion yen or 29.3% from the corresponding period of the previous year), and operating income were 17.3 billion yen which is 3.5 billion yen worse than the corresponding period of the previous year.

- The Americas

Net sales in the Americas for the first quarter were 19.3 billion yen (down 16.6 billion yen or 46.2% from the corresponding period of the previous year), and operating loss were 3.5 billion yen which is 2.2 billion yen worse than the corresponding period of the previous year.

- Europe

Net sales in Europe for the first quarter were 52.9 billion yen (down 40.1 billion yen or 43.1% from the corresponding period of the previous year), and operating loss were 1.7 billion yen which is 11.1 billion

yen worse than the operating income reported the corresponding period of the previous year.
The overview by geographic segment is described in relation to the overview by business segment.

2. Qualitative Information Regarding Consolidated Financial Position

- Total assets

Total assets as of the end of the first quarter under review were 1,846.6 billion yen, up 13.7 billion yen from the end of the previous year. This growth is mainly because of an increase in certificates of deposit (marketable securities) in spite of a decrease in accounts receivable.

- Total liabilities

Total liabilities as of the end of the first quarter under review were 1,099.9 billion yen, up 47.9 billion yen from the end of the previous year. This rise is chiefly attributable to an increase in interest-bearing debts associated with bonds issued and borrowings despite a decrease in accounts payable.

- Total net assets

Total net assets as of the end of the first quarter under review were 746.7 billion yen, down 34.2 billion yen from the end of the previous year. This drop mainly reflects a decrease in retained earnings, as a result of dividend payments and net loss for the first quarter under review.

3. Qualitative Information Regarding the Outlook for Consolidated Operating Results

(Unit: billions of yen)

	Net Sales	Operating income	Ordinary income	Net income(loss)
FY 2009 (January 1 through December 31, 2009)	1,100.0	30.0	20.0	(42.0)
FY 2008 (January 1 through December 31, 2008)	1,444.3	154.0	109.8	39.2
Change (%)	(23.8%)	(80.5%)	(81.8%)	-

The outlook for the global economy in 2009 remains uncertain, and the economic growth of emerging countries that have led the worldwide growth is expected to slow down. Although there is a certain expectation for stimulative measures and financial policies of each country, the AGC Group forecasts these measures will not be enough to realize a full-fledged economic recovery.

In such circumstances, we expect shipments of flat glass and automotive glass to remain flat throughout the year in Japan, Europe, North America and Asia. On the other hand, although we expect the growth rate of glass for solar cells to slow down as a result of the worsening economic climate. In the Electronics & Display operations, the Group forecasts that shipments of glass substrates for FPDs will continue to recover in the second quarter, but demand in the second half of the year is still uncertain. For the Chemicals operations, we expect overall product demand to remain at low levels. Further, the AGC

Group decided to cease the automotive glass operations at its Kitakyushu Plant by the end of December 2009.

Based on the outlook for the business conditions, without changing any of its initial plans related to FY 2009 forecast, the AGC Group expects to post sales for FY 2009 of 1,100.0 billion yen; operating income of 30.0 billion yen; ordinary income of 20.0 billion yen; and net loss of 42.0 billion yen with restructuring programs and so on. The assumed average exchange rate for FY 2009 is 90 yen to the U.S. dollar and 120 yen to the euro.

[Important notes with regard to the outlook]

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 climate the Group is active in, currency exchange rate fluctuations, and others.

4. Other

(1) Significant changes in subsidiaries (scope of consolidation) during the period

Not applicable.

(2) Application of simplified accounting methods or special accounting methods for preparing quarterly consolidated financial statements

(i) Simplified accounting methods

(Method of calculating depreciation of tangible fixed assets)

For assets depreciated using the declining-balance method, depreciation expenses applicable to the fiscal year are calculated on a pro-rata basis.

(Valuation of inventories)

Inventories at the end of the first quarter are mainly calculated using a reasonable estimate based on actual inventories at the end of the previous fiscal year, in lieu of an actual physical inventory.

The carrying amount of inventories is reduced to estimated net realizable value only if their profitability has clearly decreased.

(Deferred tax assets and deferred tax liabilities)

The recoverability of deferred tax assets is determined based on the earnings projections and tax planning used in the previous fiscal year in case no significant change has been recognized in the managerial

environment or situation in which temporary differences occur since the end of the previous fiscal year. If any significant change has been recognized in the managerial environment or situation in which temporary differences occur since the end of the previous fiscal year, the earnings projections and tax planning are used after reflecting the effects of such significant changes, in order to determine the recoverability.

(ii) Special accounting methods for preparing quarterly consolidated financial statements

(Calculation of tax expense)

Tax expense is computed by multiplying the quarterly net income before income taxes and minority interest by an estimated effective tax rate, which is reasonably estimated after applying tax effect accounting against net income before income taxes and minority interest for the fiscal year including the first quarter under review.

However, if the use of such effective tax rate makes the computation of tax expense significantly irrational, then tax expense is calculated by multiplying the quarterly net income before income taxes and minority interest by the statutory effective tax rate after adjusting the quarterly net income before income taxes and minority interest with significant differences other than temporary differences. Deferred income taxes are included in income taxes in the financial statements.

(3) Changes in accounting policies, procedures, and methods of presentation for preparing quarterly consolidated financial statements

(i) Application of the Accounting Standard for Quarterly Financial Reporting and related guidance

From the first quarter ended March 31, 2009, AGC group applies the “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan (ASBJ) Statement No. 12, March 14, 2007) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14, March 14, 2007).

(ii) Application of the Accounting Standard for Measurement of Inventories

Inventories were previously stated at the lower of cost or market value, cost being determined by the moving-average method. From the first quarter ended March 31, 2009, inventories are mainly stated at cost determined by the moving-average method, with the adoption of the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006) under review (inventories are written down based on a decline in profitability on the balance sheet). This has increased operating loss, ordinary loss, and quarterly net loss before income taxes and minority interests by 5,075 million yen respectively. The effects on segment information are mentioned in the relevant section.

(iii) Application of the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

From the first quarter ended March 31, 2009 under review, the Group applies the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force No. 18, May 17, 2006) and has made necessary adjustments for consolidated financial statements. This adjustment has reduced the beginning balance of retained earnings by 8,293 million yen, also the ending balance is reduced by same amount. The impact of this change on operating loss, ordinary loss, quarterly net loss before income taxes and minority interests, and segment information is immaterial.

(iv) Application of the Accounting Standard for Lease Transactions and related guidance

Previously, the accounting treatment for finance lease transactions not involving the transfer of ownership followed the same method as for operating lease transactions. Now that it is allowed to apply the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13; Business Accounting Council Committee No. 1, June 17, 1993; revised March 30, 2007) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16; the Japanese Institute of Certified Public Accountants, Accounting Committee, January 18, 1994; revised March 30, 2007) starting from the quarterly consolidated financial statements for the fiscal year beginning April 1, 2008 or later, the Company has adopted this standard and guidance beginning the first quarter under review, and thus the accounting treatment for such transactions follows the method for ordinary purchase and sales transactions. Depreciation of finance lease assets related to finance 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. The impact of this change on operating loss, ordinary loss, quarterly net loss before income taxes and minority interests, and segment information is immaterial. Of finance lease transactions not involving the transfer of ownership, however, transactions that commenced before the fiscal year when this accounting standard is first applied are continuously accounted for using the same method as for operating lease transactions.

(v) Changes in useful lives of tangible fixed assets

In the light of the amendment to the Corporation Tax Act (Law Partially Revising the Income Tax Law and other laws, Law No. 23; April 30, 2008), the Company and its domestic consolidated subsidiaries reviewed useful lives of tangible fixed assets to reflect actual conditions. As a result, operating loss, ordinary loss, and quarterly net loss before income taxes and minority interest are increased by 2,669 million yen, respectively, compared with the results under the previous method. The effects on segment information are mentioned in the relevant section.

Consolidated Balance Sheets

(Unit: millions of yen)

	As of March 31, 2009	As of December 31, 2008
Current assets	597,094	592,704
Cash on hand and in banks	80,283	83,774
Trade notes and accounts receivable	191,484	208,599
Marketable securities	33,000	-
Finished products	104,149	106,800
Work in process	46,187	49,575
Raw materials and supplies	72,749	70,730
Other current assets	74,979	78,399
Allowance for bad debts	(5,739)	(5,175)
Fixed assets	1,249,482	1,240,142
Tangible Fixed Assets	975,204	958,588
Buildings and structures	250,262	248,500
Machinery and equipment	458,551	467,494
Tools and fixtures	16,761	16,042
Land	89,651	94,764
Construction in progress	159,977	131,786
Intangible Fixed Assets	40,199	41,175
Investments and other assets	234,078	240,377
Investments in securities	163,261	172,791
Other investments	73,543	69,394
Allowance for bad debts	(2,726)	(1,807)
Total Assets	1,846,576	1,832,846

Consolidated Balance Sheets(continued)

(Unit: millions of yen)

	As of March 31, 2009	As of December 31, 2008
Current Liabilities	578,019	631,524
Trade notes and accounts payable	115,755	165,394
Short-term bank loans	213,316	210,855
Commercial paper	37,493	35,562
Current maturities of bonds	43,636	43,994
Income taxes payable	16,690	10,573
Other reserves	18,252	25,602
Other current liabilities	132,874	139,541
Non-current Liabilities	521,888	420,457
Bonds issued	167,991	95,593
Long-term bank loans	240,901	211,605
Accrued retirement benefits for employees	63,839	59,784
Reserve for rebuilding furnaces	16,820	18,747
Other reserves	5,034	5,441
Other non-current liabilities	27,300	29,284
Total liabilities	1,099,907	1,051,982
Shareholders' equity	791,024	826,932
Common stock	90,873	90,873
Additional paid-in capital	96,961	96,961
Retained earnings	624,317	660,237
Treasury stock	(21,129)	(21,140)
Valuation and translation adjustments	(95,736)	(96,556)
Unrealized gains on securities, net of tax	19,620	25,328
Deferred gains or losses on hedges, net of tax	(3,959)	(3,805)
Asset revaluation reserve	-	62
Foreign currency translation adjustments	(111,397)	(118,142)
Share Subscription Rights	677	672
Minority Interests in Consolidated Subsidiaries	50,704	49,815
Total Net Assets	746,669	780,864
Total Liabilities and Net Assets	1,846,576	1,832,846

Consolidated Statements of Income

(Unit: millions of yen)

	For the three months ended Mar. 31, 2009 (Jan. 1 through Mar. 31, 2009)
Net Sales	236,317
Cost of Sales	185,668
Gross profit	50,649
Selling, General and Administrative Expenses	56,603
Operating loss	(5,954)
Other Income	2,714
Interest income	544
Dividends income	250
Others	1,919
Other Expenses	7,358
Interest expenses	2,980
Exchange loss, net	824
Equity in losses of unconsolidated subsidiaries and affiliates	393
Others	3,159
Ordinary loss	(10,598)
Extraordinary Gains	80
Gain on sale of properties	80
Extraordinary Losses	4,827
Loss on disposal of properties	1,763
Expenses for restructuring programs	2,160
Others	902
Loss before income taxes and minority interest	(15,345)
Income taxes	(2,687)
Minority interests in earnings of consolidated subsidiaries	1,333
Net loss	(13,991)

Consolidated Statements of Cash Flows

(Unit: millions of yen)

	For the three months ended Mar. 31, 2009 (Jan. 1 through Mar. 31, 2009)
I. Cash Flows from Operating Activities	
Loss before income taxes and minority interests	(15,345)
Depreciation and amortization	34,038
Amortization of goodwill	353
Decrease in reserves	(3,377)
Interest and dividends income	(795)
Interest expenses	2,980
Exchange loss (gain), net	(1,906)
Equity in losses of unconsolidated subsidiaries and affiliates	393
Loss on sale and valuation of investment securities	281
Loss on sale and disposal of property, plant and equipment	1,683
Decrease in trade notes and accounts receivable	18,954
Decrease in inventories	6,108
Decrease in trade notes and accounts payable	(50,111)
Others	6,515
Subtotal	(227)
Interest and dividends received	670
Interest paid	(2,726)
Income taxes (paid) refunded	(1,472)
Net cash used in operating activities	(3,757)
II. Cash Flows from Investing Activities	
Decrease in time deposits due over three months	(7,955)
Increase in time deposits due over three months	10,792
Purchase of property, plant and equipment	(47,878)
Proceeds from sale of property, plant and equipment	260
Purchase of investments in securities, unconsolidated subsidiaries and affiliates	(64)
Proceeds from sale and redemption of investments in securities, unconsolidated subsidiaries and affiliates	61
Others	(4,929)
Net cash used in investment activities	(49,712)
III. Cash Flows from Financing Activities	
Decrease in short-term loans and commercial paper	(3,958)
Proceeds from long-term debt	34,003
Repayments of long-term debt	(1,812)
Proceeds from issuance of bonds	72,464
Purchase of treasury stock	(19)
Dividends paid	(14,011)
Others	(1,032)
Net cash provided by financing activities	85,634
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	1,112
V. Changes in Cash and Cash Equivalents	33,277
VI. Cash and Cash Equivalents at Beginning of Period	59,772
VII. Cash and Cash Equivalents at End of Period	93,050

Segment Information

1. Business Segment

For the three months ended March 31, 2009 (January 1 through March 31, 2009)

(Unit: millions of yen)

	Glass	Electronics and Display	Chemicals	Other	Total	Corporate or elimination	Consolidated total
Sales							
(1) Sales to customers	113,514	65,363	51,694	5,746	236,317	-	236,317
(2) Inter-segment sales/transfers	315	261	559	9,979	11,116	(11,116)	-
Total sales	113,829	65,625	52,253	15,725	247,433	(11,116)	236,317
Operating income(Loss)	(15,788)	12,017	(3,009)	598	(6,181)	227	(5,954)

(Note)

1. Business segmentation is based on the similarity of manufacturing process and sales market.

2. Main products included in each business segment:

Glass : Flat and automotive glass, construction materials and others

Electronics and Display : Electronic components, FPD (liquid crystal display, PDP) glass substrates, CRT glass bulbs and others

Chemicals : Caustic soda, chlorine and its derivative products, fluorochemical products, ion-exchange membranes and others

Other : Ceramics and others

3. Changes in accounting policies, procedures, and methods of presentation

AGC Group has applied "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006) from the first quarter ended March 31, 2009. As a result of this change, operating loss in Glass business segment increased 1,743 million yen, operating income in Electronics and Display business segment declined 2,021 million yen, operating loss in Chemicals business segment increased 1,286 million yen, operating income in Other business segment declined 16 million yen, and operating income in Corporate or elimination declined 8 million yen under review.

4. Changes in useful lives of tangible fixed assets

In the light of the amendment to the Corporation Tax Act (Law Partially Revising the Income Tax Law and other laws, Law No. 23; April 30, 2008), the Company and its domestic consolidated subsidiaries reviewed useful lives of tangible fixed assets to reflect actual conditions. As a result of this change, operating loss in Glass business segment increased 45 million yen, operating income in Electronics and Display business segment declined 2,390 million yen, operating loss in Chemicals business segment increased 232 million yen, operating income in Other business segment declined 14 million yen, and operating income in Corporate or elimination increased 13 million yen under review.

2. Geographic Segment

For the three months ended March 31, 2009 (January 1 through March 31, 2009)

(Unit: millions of yen)

	Japan	Asia	The Americas	Europe	Total	Corporate or elimination	Consolidated total
Sales							
(1) Sales to customers	97,272	72,219	15,127	51,697	236,317	-	236,317
(2) Inter-segment sales/transfers	28,838	7,835	4,192	1,228	42,094	(42,094)	-
Total sales	126,110	80,055	19,319	52,925	278,412	(42,094)	236,317
Operating income(Loss)	(16,639)	17,293	(3,526)	(1,742)	(4,615)	(1,338)	(5,954)

(Note)

1. Segmentation of countries and regions is based on geographic proximity.

2. Major countries and regions are as follows:

Asia : Indonesia, Singapore, Thailand, Taiwan, China and South Korea

The Americas : U.S.A. and Canada

Europe : Belgium, Netherlands, Italy, Spain, Czech Republic, Germany, France, U.K. and Russia

3. Changes in accounting policies, procedures, and methods of presentation

AGC Group has applied "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006) from the first quarter ended March 31, 2009. As a result of this change, operating loss in Japan geographic segment increased 5,075 million yen under review.

4. Changes in useful lives of tangible fixed assets

In the light of the amendment to the Corporation Tax Act (Law Partially Revising the Income Tax Law and other laws, Law No. 23; April 30, 2008), the Company and its domestic consolidated subsidiaries reviewed useful lives of tangible fixed assets to reflect actual conditions. As a result of this change, operating loss in Japan geographic segment increased 2,669 million yen under review.

3. Overseas Sales

For the three months ended March 31, 2009 (January 1 through March 31, 2009)

(Unit: millions of yen)

	Asia	The Americas	Europe	Other	Total
Overseas sales	77,803	15,488	52,753	3,290	149,336
Consolidated sales					236,317
Percentage of Overseas sales to Consolidated sales	32.9%	6.6%	22.3%	1.4%	63.2%

(Note)

1. Segmentation of countries and regions is based on geographic proximity.

2. Major countries and regions are as follows:

Asia : Indonesia, Singapore, Thailand, Taiwan, China and South Korea

The Americas : U.S.A. and Canada

Europe : Belgium, Netherlands, Italy, Spain, Czech Republic, Germany, France and Russia

3. Overseas sales consist of exports from the Company and domestic consolidated subsidiaries and sales of overseas consolidated subsidiaries, excluding those from transactions with Japan.

Supplementary Information

(1) Consolidated Statements of Income

(Unit: millions of yen)

	For the three months ended Mar. 31, 2008 (Jan. 1 through Mar. 31, 2008)
Net sales	377,468
Cost of sales	258,756
Selling, general and administrative expenses	64,675
Operating income	54,035
Other income	4,186
Interest and dividend income	1,378
Equity in earnings of unconsolidated subsidiaries and affiliates	914
Others	1,892
Other expenses	20,633
Interest expenses	3,574
Others	17,058
Ordinary income	37,589
Extraordinary gains	5,582
Extraordinary losses	2,215
Income before income taxes and minority interests	40,955
Income taxes	10,610
Minority interest in earnings of consolidated subsidiaries	2,186
Net income	28,158

Note :The results for the first quarter of FY2008, ended March 31, 2008, are stated using figures disclosed under the guidelines of the Tokyo Stock Exchange effective at the time of announcement only. The guidelines differ from the quarterly accounting standards defined and published by Accounting Standards Board of Japan that are applied for the first time from the current fiscal year.

(2) Consolidated Statements of Cash Flows

(Unit: millions of yen)

	For the three months ended Mar. 31, 2008 (January 1 through March 31, 2008)
Cash flows from operating activities	
Income before income taxes and minority interests	40,955
Depreciation and amortization of goodwill	31,962
Equity in earnings of unconsolidated subsidiaries and affiliates	(914)
(Increase) decrease in receivables	(2,635)
(Increase) decrease in inventories	(9,605)
Increase (decrease) in payables	(8,155)
Others	301
Subtotal	51,907
Interest received/paid and dividends received	(1,801)
Income taxes paid	(22,187)
Net cash provided by operating activities	27,918
Cash flows from investing activities	
Purchases of property, plant and equipment	(67,327)
Proceeds from sale of property, plant and equipment	6,938
Purchase of investments in securities, unconsolidated subsidiaries and affiliates	(1,743)
Proceeds from sale and redemption of investments in securities, unconsolidated subsidiaries and affiliates	714
Others	(2,326)
Net cash used in investing activities	(63,744)
Cash flows from financing activities	
Increase in bank loans, bonds and CP	51,039
Dividends paid	(12,497)
Others	(6,647)
Net cash provided by financing activities	31,894
Effect of exchange rate changes on cash and cash equivalents	(4,136)
Changes in cash and cash equivalents	(8,068)
Cash and cash equivalents at beginning of period	52,275
Cash and cash equivalents held by newly consolidated subsidiaries net of those held by deconsolidated subsidiaries	(598)
Cash and cash equivalents at end of period	43,608

Note :The results for the first quarter of FY2008, ended March 31, 2008, are stated using figures disclosed under the guidelines of the Tokyo Stock Exchange effective at the time of announcement only. The guidelines differ from the quarterly accounting standards defined and published by Accounting Standards Board of Japan that are applied for the first time from the current fiscal year.

(3) Segment Information

[Business Segment]

For the three months ended March 31, 2008 (January 1 through March 31, 2008)

(Unit: millions of yen)

	Glass	Electronics and Display	Chemicals	Other	Total	Corporate or elimination	Consolidated total
Sales to customers	194,130	100,236	76,283	6,818	377,468	-	377,468
Inter-segment sales/transfers	444	1,017	827	12,809	15,099	(15,099)	-
Total sales	194,575	101,253	77,110	19,627	392,567	(15,099)	377,468
Operating income	8,300	42,374	2,655	709	54,039	(3)	54,035

[Geographic Segment]

For the three months ended March 31, 2008 (January 1 through March 31, 2008)

(Unit: millions of yen)

	Japan	Asia	The Americas	Europe	Total	Corporate or elimination	Consolidated total
Sales to customers	158,620	93,913	32,840	92,093	377,468	-	377,468
Inter-segment sales/transfers	42,526	19,332	3,075	971	65,905	(65,905)	-
Total sales	201,146	113,246	35,916	93,064	443,374	(65,905)	377,468
Operating income (loss)	25,727	20,746	(1,336)	9,351	54,489	(453)	54,035

(4) Other Information

(i) Operating results

(Unit: billions of yen)

	For the 3 months ended March 31, 2008	For the 3 months ended March 31, 2009	FY2008
Net sales	377.5	236.3	1,444.3
Operating income (loss)	54.0	(6.0)	154.0
Ordinary income (loss)	37.6	(10.6)	109.8
Net income (loss)	28.2	(14.0)	39.2
Net income (loss) per share (yen)	24.06	(11.98)	33.53

(ii) Major items

(Unit: billions of yen)

	For the 3 months ended March 31, 2008	For the 3 months ended March 31, 2009	FY2008
Capital expenditures	60.3	45.6	252.1
Depreciation and amortization	31.5	34.0	135.3
Interest expenses & dividend income	(2.3)	(2.2)	(7.2)

(Unit: billions of yen)

	As of Mar. 31, 2008	As of Mar. 31, 2009	FY 2008
Interest-bearing debts	562.3	703.3	597.6
Total net assets	967.4	746.7	780.9
D/E ratio	0.58	0.94	0.77

(iii) Outlook for FY 2009 operating results

(Unit: billions of yen)

	First half of FY2009	FY2009
Net sales	500.0	1,100.0
Operating income	0	30.0
Ordinary income (loss)	(5.0)	20.0
Net income (loss)	(38.0)	(42.0)
Capital expenditures	-	143.0
Depreciation and amortization	-	145.0
Research and development costs	-	42.0

(iv) Exchange rates

	For the 3 months ended March 31, 2008		For the 3 months ended March 31, 2009		FY 2008		FY 2009
	Average	End of period	Average	End of period	Average	End of period	Outlook
Yen / US Dollar	103.79	100.19	95.20	98.23	102.81	91.03	90
Yen / Euro	158.34	158.19	123.20	129.84	152.07	127.96	120