



February 7, 2018

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## Notice Regarding Introduction of a New Stock Compensation Plan for Directors, etc. of the Company

Asahi Glass Co., Ltd. (the “Company”) reached the decision at its meeting of the Board of Directors on February 7, 2018, to introduce a new stock compensation plan (hereinafter referred to as “the Plan”) for its Directors and Executive Officers (excluding non-residents of Japan; hereinafter referred to as “Directors, etc.”), and to submit a proposal regarding the Plan to the 93rd Ordinary General Meeting of Shareholders to be held on March 29, 2018.

### 1. Purpose, etc. of Introducing the Plan

- (1) The AGC Group, under the management policy **“AGC plus”**, has formulated “Vision 2025” and is striving to be a highly profitable, leading global material and solution provider. The AGC Group has recently created a new medium-term management plan, **“AGC plus-2020”**, covering a three-year period from 2018 to 2020 toward achieving this goal.

The purpose of introducing the Plan is to enhance the link between the compensation, etc. of Directors, etc. and the AGC Group’s operating performance and the Company’s share price. The Plan is designated to increase the motivation of Directors, etc. to contribute to the medium-to long-term improvement of corporate value of the AGC Group, and to promote sharing of interests with shareholders. In addition, the Plan is designed to increase the motivation of Directors, etc. toward achieving the performance targets set out in the medium-term management plan **“AGC plus-2020”**.

- (2) The Plan is a stock-based compensation plan that uses a structure called the Board Incentive Plan Trust (hereinafter referred to as the “BIP Trust”). The BIP Trust is a plan similar to the Performance Share and Restricted Stock in Europe and the U.S. wherein the shares of the Company and the amount of money equivalent to the converted value of the Company’s shares (hereinafter referred to as the “Company’s Shares, etc.”) will be delivered and provided (hereinafter referred to as the “Delivery, etc.” or “delivered, etc.”) to Directors, etc. in accordance with their positions and the level of achievement of performance targets in the medium-term management plan and other factors.

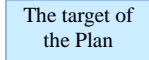
- (3) Compensation based on the Plan will consist of the following components: (See 3. below for details.)

Components	Outline	Eligible Persons
Performance-linked component	The Company's Shares, etc. will be delivered, etc. to Directors, etc. in accordance with their positions and the level of achievement, etc. of performance targets in the medium-term management plan.	<ul style="list-style-type: none"> <li>• Directors who serve concurrently as Executive Officers; and Executive Officers</li> </ul>
Fixed component	A certain number of the Company's Shares, etc. will be delivered, etc. to Directors, etc. in accordance with their positions.	<ul style="list-style-type: none"> <li>• Directors who serve concurrently as Executive Officers; and Executive Officers</li> <li>• Directors (including Outside Directors) who do not serve concurrently as Executive Officers</li> </ul>

- (4) The introduction of the Plan will be subject to approval at the 93rd Ordinary General Meeting of Shareholders.
- (5) The Company has established the Compensation Committee as a voluntary advisory committee of the Board of Directors, which is chaired by an Outside Director and whose majority members are Outside Directors to ensure the objectivity and transparency of the determination process regarding compensation. The introduction of the Plan was deliberated on at the Compensation Committee.
- \* Subject to the approval of the introduction of the Plan as proposed at the 93rd Ordinary General Meeting of Shareholders, stock compensation-type options (stock acquisition rights) will no longer be newly issued from 2018.

(For reference) The composition of compensation of Directors after introduction of the Plan

Composition of compensation Eligible persons	Fixed compensation	Variable compensation		
	Monthly compensation	Bonuses	Stock compensation	
			Performance-linked component	Fixed component
Directors who serve concurrently as Executive Officers	✓	✓	✓	✓
Directors (including Outside Directors) who do not serve concurrently as Executive Officers	✓			✓



- \* The fixed component of the stock compensation will not be linked to company performance but will only be linked to the Company's share price.
- \* Based on the standard payment amount, the proportion of fixed compensation and variable

compensation will be approximately as follows.

<Representative Director, President & CEO>

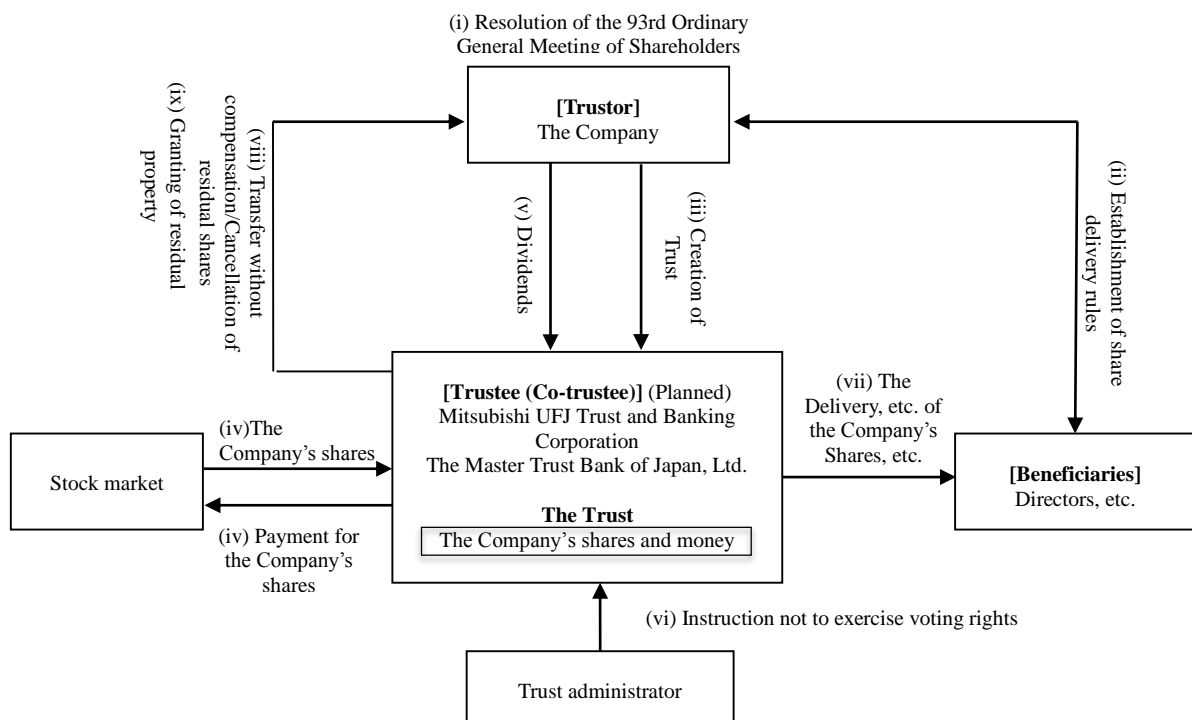
Fixed compensation: Variable compensation (note) = 4:6

<Directors who serve concurrently as Executive Officers>

Fixed compensation: Variable compensation (note) = 5:5

Note: Variable compensation will be the total of bonuses and amount of stock compensation for a single fiscal year.

## 2. Structure of BIP Trust



- (i) The Company will obtain approval for compensation for Directors, etc. regarding the introduction of the Plan at the 93rd Ordinary General Meeting of Shareholders.
- (ii) The Company will establish the share delivery rules as the compensation rules regarding the Plan at a meeting of the Board of Directors.
- (iii) The Company will entrust money within the upper limit approved by the 93rd Ordinary General Meeting of Shareholders as referred to in (i) and establish a trust (hereinafter referred to as the “Trust”) wherein Directors, etc. who meet the beneficiary requirements will be Beneficiaries.
- (iv) The Trust will acquire the Company’s shares from the stock market using money entrusted as referred to in (iii) in accordance with instructions of the Trust administrator. The number of shares to be acquired by the Trust will be within the upper limit as approved at the 93rd Ordinary General Meeting of Shareholders as referred to in (i).
- (v) Dividends on the Company’s shares under the Trust will be paid in the same manner as for

other Company's shares.

- (vi) Voting rights for the Company's shares under the Trust will not be exercised throughout the Trust period.
- (vii) During the Trust period, Beneficiaries will receive the Company's shares (shares constituting less than one share unit will be disregarded), in accordance with the Company's share delivery rules, equivalent to 50% of points after the points have been granted. Meanwhile, the Company's shares in the number equivalent to the remaining points will be converted into cash under the Trust and Beneficiaries will receive money equivalent to the converted value in accordance with the Trust Agreement.
- (viii) Residual shares that arise at the expiry of the Trust period will be subject to the Delivery, etc. to Directors, etc. if the Trust continues to be used for the Plan or similar stock compensation plan. If the Trust is terminated due to expiry of the Trust period, the Trust will transfer the said residual shares to the Company without compensation, and the Company will cancel the said residual shares by resolution of the Board of Directors.
- (iv) Any residual dividends with respect to the Company's shares under the Trust that arise at the expiry of the Trust period will be utilized as funds to acquire the Company's shares in the case where the Trust will continue to be used, but in cases where the Trust is terminated at the expiry of the Trust period, the portion exceeding the reserves for trust expenses will be donated to organizations that have no interest with the Company and Directors, etc.

- \* In the case where the number of shares under the Trust might fall short of the number of shares corresponding to the number of points to be granted to Directors, etc. (as specified in 3. (5) below; the same shall apply hereinafter) during the Trust period, or in the case where the money in the trust property might be insufficient to pay trust fees and trust expenses, the Company may entrust additional money to the Trust to the extent of the upper limit of trust money as specified in 3. (7) below.

### 3. Details of the Plan

#### (1) Outline of the Plan

The Plan is a stock compensation plan covering three fiscal years subject to the medium-term management plan set out by the Company (hereinafter referred to as the "Covered Period"), by which the Company's shares will be delivered, etc. to Directors, etc. through the said Trust. The initial Covered Period will be three fiscal years starting from the fiscal year ending December 31, 2018 to the fiscal year ending December 31, 2020.

Compensation under the Plan will consist of a performance-linked component and a fixed component. The performance-linked component is a type of compensation whereby the Company's Shares, etc. will be delivered, etc. to Directors who serve concurrently as Executive Officers and to Executive Officers in accordance with their positions and the level of achievement of performance targets in the medium-term management plan and other factors. The performance-linked compensation will not be delivered to Directors who do not serve concurrently as Executive Officers, as they serve the function of management supervision who determine the adequacy of business execution from an objective standpoint. The fixed component is a type of compensation whereby a certain number of the Company's Shares, etc. will be delivered to all Directors, etc. in accordance with their positions without being linked to performance.

#### (2) Resolution of the 93rd Ordinary General Meeting of Shareholders with Respect to the Introduction of the Plan

The 93rd Ordinary General Meeting of Shareholders will resolve the upper limit of trust money to be contributed to the Trust, the upper limit of the total number of the Company's Shares, etc. to be delivered, etc. to Directors, etc. and other necessary matters.

#### (3) Persons eligible for the Plan (Beneficiary Requirements)

Directors, etc. will receive the Delivery, etc. of the Company's Shares, etc. equivalent to the number of share delivery points (as specified in (5) below) from the Trust on the condition of fulfilling the following beneficiary requirements.

- (i) A person holds office as a Director, etc. during the Covered Period (including persons who are newly elected as Directors, etc. on and after the start date of the Plan.);
- (ii) A person has neither resigned due to his/her own convenience (excluding resignation due to his/her own convenience due to reasons such as injury, illness, or other unavoidable reasons) nor resigned or been dismissed for such reasons as having committed a certain inappropriate act or serious violation of office regulations and internal rules, etc. while in office; and
- (iii) Other requirements which are deemed necessary to accomplish the purpose of a stock compensation plan and are set forth in the Trust Agreement or the share delivery rules.

#### (4) Trust Period

##### (i) Initial Trust period

The initial Trust period will be approximately three years from May 9, 2018 (scheduled) to May 31, 2021 (scheduled).

##### (ii) Continuation of the Trust

The Trust may be continued by modifying the Trust Agreement and entrusting additional money at the expiry of the Trust period. In such a case, the Trust period will be extended for a further three years, and the Company will make additional contributions for each extended Trust Period within the upper limit of trust money for which approval by resolution of the 93rd Ordinary General Meeting of Shareholders has been obtained, and continue to grant points and make the Delivery, etc. of the Company's Shares, etc. to Directors, etc. during each such extended Trust Period; provided, however, that in cases where such additional contributions are to be made, where there are any of the Company's shares (excluding the Company's shares equivalent to points granted to Directors, etc. that are yet to be delivered, etc.) and money remaining in the trust property (hereinafter referred to as "Residual Shares, etc.") as of the last day of the Trust Period prior to the extension, the sum of the amount of Residual Shares, etc. and additional trust money to be contributed will be within the upper limit of trust money for which approval by resolution of the 93rd Ordinary General Meeting of Shareholders has been obtained.

#### (5) The Company's Shares, etc. to be Delivered, etc. to Directors, etc.

The number of the Company's shares (including shares subject to conversion into cash) to be delivered, etc. to Directors, etc. will be determined by the number of "share delivery points." One share of the Company will be delivered for one share delivery point, and fractions less than one point will be disregarded. However, in cases where the Company conducts a share split or share consolidation, etc. for its shares during the Trust period, the number of the share delivery point and the upper limit of the number of shares to be delivered, etc. as specified in (7) below will be adjusted in accordance with the share split ratio or share consolidation ratio, etc.

Share delivery points will be calculated in accordance with the following formula based on the base points to be granted to Directors, etc. in accordance with their positions for each fiscal year during the Covered Period.

##### (i) Performance-linked component

Share delivery points with respect to the performance-linked component to be granted to Directors who serve concurrently as Executive Officers and to Executive Officers will be calculated by cumulating the points equivalent to 50% of the base points to be granted for each fiscal year during the Covered Period and multiplying such cumulative points by the performance-linked coefficient, after the end of the Covered Period.

\* Performance-linked coefficient will vary between 0% and 200% depending on the level of achievement of performance targets in the medium-term management plan and other factors. The indicators for evaluating the level of achievement, etc. of performance targets will be consolidated return on capital employed and EBITDA (earnings before interest, tax, depreciation and amortization), etc., which are important indicators to achieve performance targets, etc. in the medium-term management plan.

(ii) Fixed component

Share delivery points with respect to the fixed component to be granted to Directors who serve concurrently as Executive Officers and to Executive Officers will be calculated by cumulating 50% of the base points granted for each fiscal year. Share delivery points with respect to the fixed component to be granted to Directors who do not serve concurrently as Executive Officers will be calculated by cumulating the base points granted for each fiscal year.

(For reference) Number of share delivery points to be delivered to Directors, etc.

· Directors who serve concurrently as Executive Officers · Executive Officers	Number of points for the performance-linked component + Number of points for the fixed component
· Directors who do not serve concurrently as Executive Officers	Number of points for the fixed component

(6) Method and Timing of the Delivery, etc. of the Company's Shares, etc.

Directors, etc. who meet the beneficiary requirements for Beneficiaries as specified in (3) above will receive a delivery of the Company's shares in a number equivalent to 50% of the share delivery points (shares constituting less than one share unit will be disregarded) after the end of the Covered Period, and receive money equivalent to the Company's shares corresponding to the number of remaining share delivery points that are converted into cash in the Trust.

Directors, etc. will continue to hold the Company's shares delivered through the Plan until they retire from office.

\* If a Director, etc. who meets the beneficiary requirements were to die during the Trust period, the Company's shares that correspond to the share delivery points at the time of his/her death will be converted entirely into cash in the Trust, and the heir of said Director, etc. will receive such cash.

(7) Upper limit of Trust Money to be Contributed to the Trust and Upper Limit of the Company's Shares to be Delivered, etc. from the Trust

The upper limit of the amount of trust money to be contributed by the Company to the Trust for each Covered Period (covering three fiscal years) will be 1.5 billion yen. The amount of trust money will include the funds for the Trust to acquire the Company's shares, trust fees and trust expenses. Of the amount of trust money, the upper limit of the total amount of trust money used to acquire the Company's shares to be delivered to Outside Directors will be 25 million yen for each Covered Period.

The upper limit of the number of the Company's shares (including the Company's shares subject to conversion into cash) to be delivered, etc. to Directors, etc. from the Trust in accordance with (6) above for each Covered Period will be 372,000 shares. This upper limit of the number of shares to be delivered, etc. is set by using the latest share price and other factors as reference in consideration of the aforementioned upper limit of the amount of trust money. Of this, the

upper limit of the number of the Company's shares to be delivered to Outside Directors will be 6,000 shares for each Covered Period.

(8) Method for the Trust to Acquire the Company's Shares

The initial acquisition of the Company's shares is expected to be made from the stock market within the upper limit of the funds for acquisition of the Company's shares and within the upper limit of the number of the Company's shares to be delivered, etc. as specified in (7) above.

(9) Voting Rights Pertaining to the Company's Shares under the Trust

Voting rights pertaining to the Company's shares under the Trust will not be exercised during the Trust period to ensure the neutrality of the Company's management.

(10) Treatment of Dividends on the Company's Shares under the Trust

Dividends paid on the Company's shares under the Trust will be received by the Trust and allocated to trust fees and trust expenses for the Trust.

(11) Treatment of Residual Shares and Dividends at the Expiry of the Trust Period

The residual shares that arise at the expiry of the Trust period will be subject to delivery to Directors, etc. if the trust continues to be used for the Plan or similar stock compensation plan. If the Trust is terminated by expiry of the Trust period, the Trust will transfer the said residual shares to the Company without compensation as a measure of shareholder returns, and the Company will cancel the said shares by resolution of the Board of Directors.

Any residual dividends on the Company's shares under the Trust that arise at the expiry of the Trust period will be utilized as funds to acquire the Company's shares in the case where the Trust will continue to be used, but in cases where the Trust is terminated due to the expiry of the Trust period, the portion exceeding the reserves for trust expenses will be donated to organizations that have no interest with the Company and Directors, etc.

(For reference)

[Details of Trust Agreement]

(i) Type of Trust:	Monetary trust other than a specified solely-administered monetary trust (Third party benefit trust)
(ii) Purpose of Trust:	Introduction of stock compensation plan for Directors, etc.
(iii) Trustor:	The Company
(iv) Trustee:	Mitsubishi UFJ Trust and Banking Corporation (planned) (Co-trustee: The Master Trust Bank of Japan, Ltd.)
(v) Beneficiaries:	Directors, etc. who meet the beneficiary requirements
(vi) Trust administrator:	A third person who has no interest with the Company (Certified Public Accountant)
(vii) Date of Trust Agreement:	May 9, 2018 (scheduled)
(viii) Trust Period:	From May 9, 2018 (scheduled) to May 31, 2021 (scheduled)
(ix) Start date of the Plan:	May 9, 2018 (scheduled)
(x) Exercise of Voting rights:	No voting rights will be exercised.
(xi) Type of shares to be acquired:	Common stock of shares of the Company
(xii) Amount of trust money:	1.5 billion yen (scheduled) (including trust fees and trust expenses)
(xiii) Timing of share acquisition:	From May 11, 2018 (scheduled) to May 31, 2018 (scheduled) (excluding the period from five business days before the end of each fiscal period (including the quarterly fiscal period) to the end of the fiscal period)
(xiv) Method of share acquisition:	To be acquired from the stock market
(xv) Rights holder:	The Company
(xvi) Residual property:	The residual property that the Company, as the rights holder, may receive will be within the extent of reserves for trust expenses, which are calculated by deducting funds to acquire the Company's shares from the trust money.

[Details of trust and stock-related administration]

(i) Trust-related administration:	Mitsubishi UFJ Trust and Banking Corporation will serve as the Trustee of the Trust and perform trust related administration.
(ii) Stock-related administration:	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. will perform administration related to delivery of the Company's shares to the Beneficiaries based on the administrative service agreement.