

AGC Review

AGC ASAHI GLASS CO., LTD.

Newsletter for Shareholders Vol. 23

Issued in September 2013
Code Number: 5201



To Our Shareholders

In the first half of fiscal 2013, the AGC Group saw an increase in net sales, which were positively affected by the depreciation of the Japanese yen. Net profits, on the other hand, fell from the year-earlier period mainly due to decreased shipments and lower prices of architectural glass in Europe.

Despite these results, we maintained an interim dividend of 13 yen per share, unchanged from our forecast at the beginning of the year. In the second half of fiscal 2013, the challenging business environment will likely persist, and we expect operating income for the full year to decline from a year earlier to 70 billion yen and net income to decrease to 10 billion yen. Under such circumstances, we have unfortunately decided to lower the end-of-year dividend to 5 yen per share, down 8 yen from the forecast at the beginning of the year. The full-year dividend will be 18 yen per share.

Both the Group's directors and employees take the current business results seriously, and we are earnestly committed to making group-wide efforts to get earnings back on track. As a part of our earnings recovery measures, we are working on a further restructuring of the architectural business in Europe and group-wide reduction of general and administrative expenses.

We would truly appreciate your continuing support.

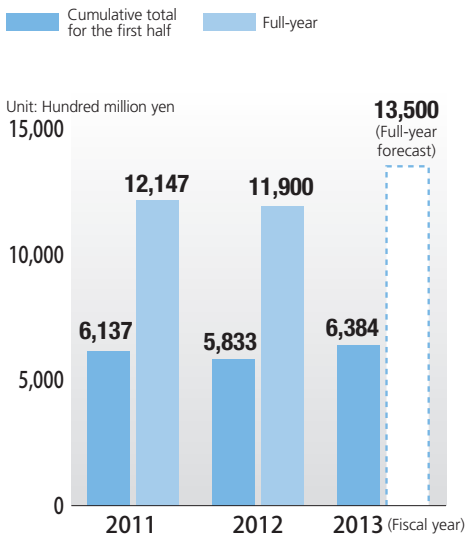
Kazuhiko Ishimura, President & CEO



Highlights of the Group's Financial Results

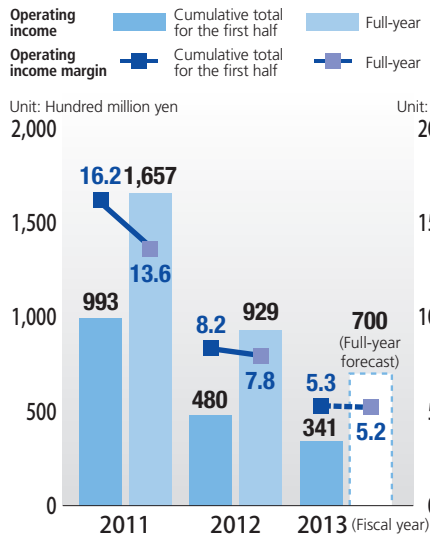
Net sales

6,384 Hundred million yen (up 9.5% year-on-year)



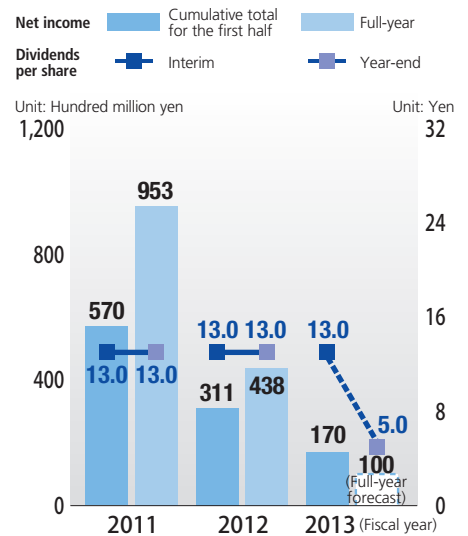
Operating income and operating income margin

341 Hundred million yen (down 29.0% year-on-year)



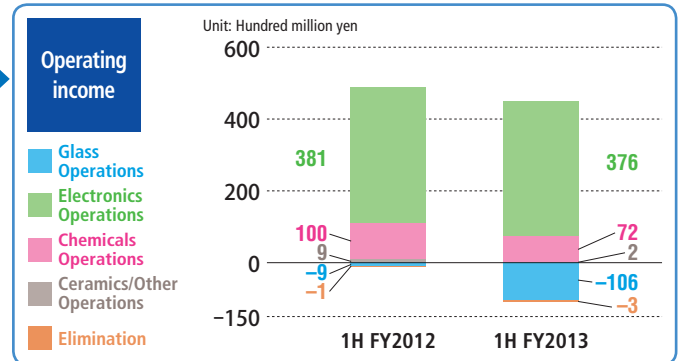
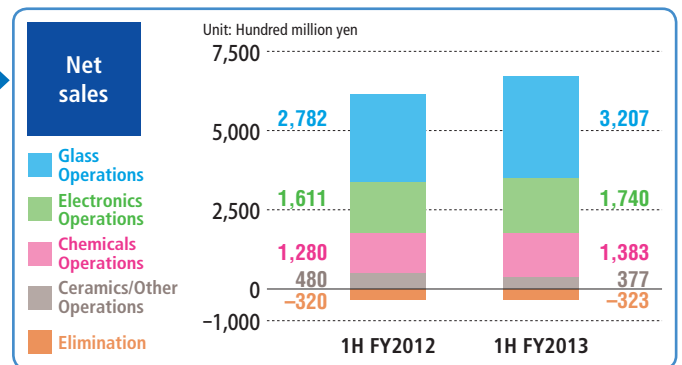
Net income and dividends per share

170 Hundred million yen (down 45.2% year-on-year)



Consolidated Statements of Income (Summary)

	1H FY2013 (January 1, 2013 through June 30, 2013)	1H FY2012 (January 1, 2012 through June 30, 2012)	Amount of increase/ decrease	Rate of increase/ decrease
Net sales	6,384	5,833	552	9.5%
Operating income	341	480	-139	-29.0%
Non-operating income (loss)	(13)	(4)		
Interest & dividends	(3)	(7)		
Equity in earnings (losses) of unconsolidated companies	5	10		
Others	(14)	(6)		
Ordinary income	328	476	-148	-31.1%
Extraordinary gains (losses)	(53)	(13)		
Income before income taxes	276	463	-188	-40.5%
Income taxes	92	130		
Minority interests in earnings of consolidated subsidiaries	13	23		
Net income	170	311	-140	-45.2%



Consolidated Balance Sheets (Summary)

	End of 1H FY2013 (June 30, 2013)	End of FY2012 (December 31, 2012)	Amount of increase/ decrease
Current assets	6,872	6,512	359
Fixed assets	13,521	12,481	1,040
Total assets	20,393	18,994	1,399
Liabilities	9,437	9,024	413
Net assets	10,956	9,969	986
Liabilities & net assets	20,393	18,994	1,399

Consolidated Statements of Cash Flows (Summary)

	1H FY2013 (January 1, 2013 through June 30, 2013)	1H FY2012 (January 1, 2012 through June 30, 2012)
Cash flows from operating activities	877	922
Cash flows from investing activities	(776)	(584)
Free cash flows	101	337
Cash flows from financing activities	(56)	500
Balance of cash and cash equivalents at end of period	1,495	2,029

Under the Group's aspiration to become a "company contributing to the creation of a sustainable society," the AGC Group pursues its growth strategies, including global business expansion, with a focus on fast-growing countries and the market release of new green products.

AGC's proven high-performance Fluon®ETFE Film used in world-class football stadium in Brazil

AGC's high-performance fluoropolymer film "Fluon®ETFE Film" is used in the exterior façade of Arena Pernambuco, one of the venues of the 2014 FIFA World Cup Brazil™, which was completed in June 2013. Approximately 25,000m² of AGC's 0.25mm-thick Fluon®ETFE Film is used to cover the exterior of the stadium, creating a rounded design and aesthetically pleasing appearance by utilizing its lightweight and flexible qualities. The film has excellent light diffusion properties, enabling beautiful nighttime illumination to amplify the visual experience of fans watching from around the world.



Credits: Inês Campelo/Itaipava Arena Pernambuco

Fluon®ETFE Film used in the exterior façade of Arena Pernambuco (Pernambuco, Brazil)



Nighttime illumination

AGC's regional headquarters established in Singapore for strategic business expansion in Southeast Asia

Southeast Asia is an emerging economic region that continues to grow today. Operating glass, electronics, chemicals, and ceramics businesses in the region, AGC newly established AGC Asia Pacific Pte. Ltd. in Singapore this July with an aim to provide advanced, comprehensive products and services for rapidly progressing infrastructure development in Southeast Asia. The new company will comprehensively drive forward the Group's businesses in the Southeast Asian region. Through AGC Asia Pacific, AGC will offer integrated solutions by combining its expertise in the field of glass, electronics, chemicals, and ceramics and help the region to build green, energy-saving infrastructure.

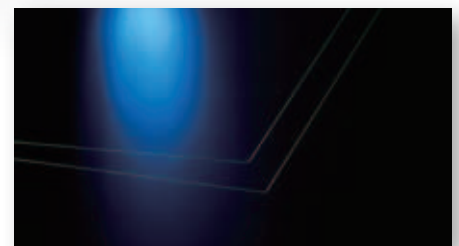


AGC Group President & CEO Kazuhiko Ishimura (left) meeting with Mr. Leo Yip, Chairman of the Singapore Economic Development Board

AGC releases AN Wizus™, a glass substrate for high-resolution displays with the world's lowest level of thermal shrinkage

High-resolution display panels, which provide sharp and clear images, are becoming increasingly popular for use in smartphones and tablets. The quality of high-resolution display panels, however, is largely dependent on the degree of thermal shrinkage of the glass substrate during the heat treatment process.

AGC successfully developed AN Wizus™, which reduces the thermal shrinkage to only one-fifth of that of a conventional product. With the launch of AN Wizus™ in May, AGC aims to maintain its high market share, and at the same time, pursue technological development in various glass-related fields to contribute to the further development of the increasingly advanced display industry.



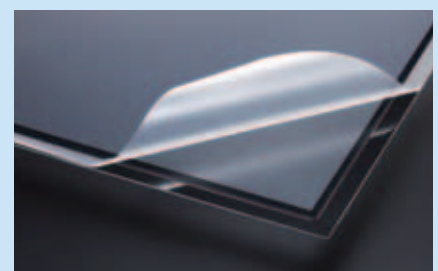
AN Wizus™

Other Topics

February: AGC set up a chemical strengthening facility for Dragontrail™ at its Kansai Plant (Amagasaki Factory).

April: AGC built a mega-solar power station in Ako, Hyogo Prefecture.

May: AGC donated natural disaster-resistant glass to tornado-stricken Tsukuba City in Ibaraki Prefecture.
AGC released self-adhesive glass for optical bonding that creates vivid and clear display devices.



Self-adhesive glass for optical bonding



AGC provides world's first glass roofs for player benches at FIFA Confederations Cup 2013

The FIFA Confederations Cup 2013, held in Brazil in June 2013, lived up as the host Brazilian team won the Cup. AGC provided the world's first glass roofs for player benches for all 16 games held at six venues of the event.

In October of last year, AGC was named a 2014 FIFA World Cup Brazil™ branded licensee to market the "Official Licensed Glass Roof of the 2014 FIFA World Cup™ Player Benches" for the FIFA Confederations Cup 2013 and the 2014 FIFA World Cup Brazil™. Leading up to the FIFA Confederations Cup 2013, AGC embarked on the development of a large-size glass roof for outdoor application, which needs to be tough and resistant to deformation, discoloration, and deterioration, remaining clear and transparent over a long period of time to ensure the best-possible visual experience for spectators. Though it was extremely difficult to produce a glass roof with such high specifications, the new product finally made its stadium debut at the event in Brazil.

Conventional bench roofs in stadiums are made from plastic. AGC successfully developed a large-size, high-performance glass by synthesizing the Group's technological expertise in architectural, automotive, and electronic-display glass solutions. The roofs incorporate AGC's Dragontrail™, a specialty glass used in smartphones, tablets, and television displays.

For the 2014 FIFA World Cup Brazil™, AGC is currently working to realize an even more advanced glass roof, which is something only the AGC Group can create by utilizing its expertise in architectural, automotive, electronics, and display glass technologies.



Origin of product name
Dragontrail™: A coinage that suggests flexibility, durability, gracefulness, and the strength of a dragon

The ABCs of AGC

A mega-solar power system commenced operation at the Kansai Plant (Takasago Factory)

On March 1, the photovoltaic (PV) power generation business commenced operations at the Kansai Plant (Takasago Factory), where solar panels were installed in an area of approximately 70,000m² on the factory buildings' rooftops. The PV power system has a power-generating capacity of approximately five megawatts (equivalent to power used by roughly 1,500 households). AGC will sell all the power generated by the system to Kansai Electric Power Co., Inc. over the next 20 years, using the Japanese government's feed-in-tariff system for renewable energy. Through this power generation business, AGC will help to relieve shortages of electricity and reduce CO₂



Using ultra-lightweight solar panels, AGC commenced operations of its PV power generation business at its Kansai Plant (Takasago Factory).

emissions by promoting power generation using natural energy. Ultra-lightweight solar panels feature AGC's thin and strong Leoflex™ specialty glass. Weighing less than half the weight of conventional solar panels, Leoflex™-based solar panels can be installed on rooftops without roof reinforcement work.

Corporate Outline

(as of June 30, 2013)

Trade name: Asahi Glass Company, Limited

Founded: September 8, 1907

Incorporated: June 1, 1950

Capital: ¥90,873,373,264

Head office:

Shin-Marunouchi Building, 1-5-1 Marunouchi,
Chiyoda-ku, Tokyo 100-8405

Phone: +81-3-3218-5096

Number of consolidated subsidiaries:

201 (including 164 companies overseas)

State of Stock

(as of June 30, 2013)

Number of shares outstanding: 1,186,705,905

Number of shareholders: 75,479

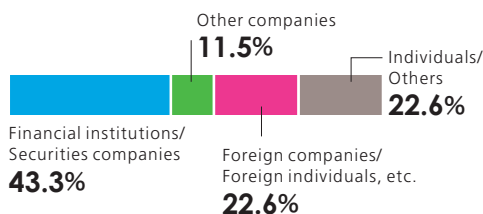
Shareholders who own shares of one unit or more:

63,799

Shareholder Composition

(as of June 30, 2013)

(Shareholders who own one unit or more)



Information about Shares

Fiscal year: January 1 to December 31

Ordinary general shareholders' meeting: March

Shareholder registration date for entitlement to exercise:

Voting rights at ordinary general shareholders' meeting: December 31

Rights to receive annual dividend payment: December 31

Rights to receive interim dividend payment: June 30

Public notice: Electronic public notices

<http://www.agc.com>

Shareholder Registrar/Special Account Administrator:

Mitsubishi UFJ Trust and Banking Corporation

Inquiries/Mailing address:

Securities Agency Division, 7-10-11

Higashisuna, Koto-ku, Tokyo 137-8081

Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation

Phone: 0120-232-711 (toll free within Japan)

Contact Information for Inquiries Regarding Shares

Shareholders who have an account with securities companies, etc.	Shareholders who have a special account
Name of securities companies or other entities with which you have an account	Mitsubishi UFJ Trust and Banking Corporation (our Special Account Administrator) Phone: 0120-232-711 (toll free within Japan) When shareholders holding shares in the Special Account wish to register their change of address, designate or change the bank account for receiving dividends, purchase shares constituting less than one unit, or process an account transfer, please contact the Special Account Administrator via the toll-free number 0120-244-479 (there is an automated voice answering service 24 hours a day) and ask for the relevant application forms.

Information about "Special Reconstruction Income Tax"

With regard to the income tax related to dividends, etc. of listed shares, etc., 2.1% of the income tax will be additionally imposed on the standard income tax as Special Reconstruction Income Tax from January 1, 2013 to December 31, 2037.

With the enforcement of the Special Measures to secure financial resources for reconstruction after the Great East Japan Earthquake, the following will be additionally imposed on the income tax related to dividends, etc. of listed shares, etc., which are paid on and after January 1, 2013.

	From January 1, 2013 to December 31, 2013	From January 1, 2014 to December 31, 2037
Income tax	7%	15%*
Special Reconstruction Income Tax	0.147%	0.315%
Resident tax	3%	5%*
Total	10.147%	20.315%

* Changes in tax rates following the termination of application of reduced tax rates under the securities tax system

- These tax rates are applied in the case of withholding at the source. However, resident tax will not be collected in the case of domestic corporations.
- Since this provides only general information on the Special Reconstruction Income Tax on dividends etc. of listed shares, etc., there are cases where it is not applicable. For further information, please make inquiries to your nearby tax office, licensed tax accountants, or such like.
- This information was compiled based on data as of June 2013.