

AGC REVIEW

Newsletter for Investors Vol. 8
Booklet for communicating with investors

The image shows the Allianz Arena stadium at night. The stadium's facade is a complex, curved structure made of translucent, diamond-shaped panels that glow from within, creating a shimmering effect. The Allianz Arena logo, consisting of the word "Allianz" in blue, a blue circle with three vertical bars, and the word "Arena" in blue, is prominently displayed on the upper part of the facade. The background is dark, suggesting a night sky.

Allianz  Arena

Fluon® ETFE FILM Used in Munich Stadium in Germany

Football fans everywhere will cast their eyes on Munich on June 9, 2006. Munich Stadium, one of the major stadiums that will host the quadrennial world football championship, employs the fluoro resin film Fluon® ETFE FILM, a product of the AGC Group's Chemicals Operations. The Group's product, featuring transparency and weather resistance, will play an important part in the grand setting of the professional sports tournament.

For further details, please see the featured article on page 5.

ASAHI GLASS CO., LTD.

Code Number: 5201

Allianz-Arena

Present status of business and outlook

We will maintain the targets of the medium-term management plan **"JIKKO-2007"** by implementing concrete measures that respond to changes in the business environment, aiming to realize the Group vision of **"Look Beyond."**

Masahiro Kadomatsu, President & CEO

Earnings results for 2005 and future issues

In the fiscal year ended December 31, 2005, recovery of the Japanese economy became even more evident supported by an expansion in consumer spending and capital expenditure in the private sector, despite upward pressure on costs reflecting price hikes of oil and other various raw materials in the upstream markets with more primary material input. In Asia, supported by the stable economic growth of China and the economic recovery of NIEs (Newly Industrialized Economies), the economy continued to expand, although some ASEAN countries such as Indonesia and Thailand failed to get on a recovery track affected by the higher oil prices. In the U.S., the economy weakened in some sectors due to fears over a surge in energy prices, higher interest rates, and the effects of large hurricanes, but remained entirely though moderately firm because employment and capital investment increased. In Europe, the economy in Russia and Eastern Europe continued to be steady. In Western Europe, however, demand still stayed low despite signs of a pickup in exports.

Under such circumstances, the AGC Group strove to expand its business operations in rapidly growing markets for display materials, including glass substrates used in flat panel displays (FPDs), while boosting sales of value-added

products in the businesses of glass for construction, automotive glass, and chemicals. However, the Group's earnings were adversely affected by several factors such as weak demand for cathode-ray tube (CRT) glass and a subsequent fall in its price, slow sales in the electronic materials business, and price hikes of raw materials and energies.

As a result, the Group's posted net sales were 1,526.7 billion yen for the fiscal year under review, with operating income at 118.2 billion yen and ordinary income at 118.9 billion yen. Net income posted 60.0 billion yen.

We feel that we could not have achieved this strong performance without continuous support from our investors. Taking this opportunity, we would like to express our deepest gratitude to our investors.

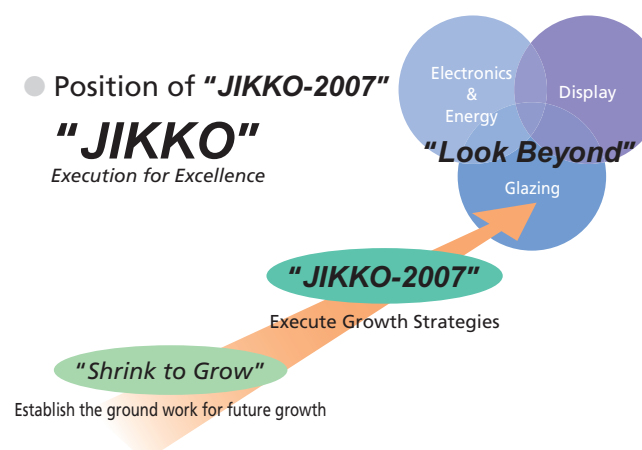
The Group will disburse a year-end dividend of 7.50 yen per share, which will result in an annual dividend of 15 yen per share, when added to the interim dividend of 7.50 yen; this 7.50 yen per share is higher than the 6.00 yen originally planned.

The basic policies of **"JIKKO-2007"** will remain unchanged, but relevant measures will be promoted while taking into account the strict business environment.

During the term of **"JIKKO-2007,"** the medium-term (three-year) management plan that was inaugurated in fiscal 2005, the Group will focus on two points. First, the Group will pursue further growth and try to improve the earnings of existing operations. To this end, we are making efforts to 1) actively invest in the flat panel display (FPD) operations centering on the TFT glass business; 2) expand glass operations in emerging markets; and 3) improve the business earnings in North America. Second, the Group will fully launch Electronics & Energy operations as a growth business for the next generation. Given the deteriorated earnings of the business of cathode ray tube (CRT) glass in fiscal 2005, the Group has

added the policy of improving profitability of the business to its key policies, which, however, will not change the position of the medium-term management plan **"JIKKO-2007."** We will increase asset efficiency to continuously enhance shareholder value, aiming to achieve an operating income margin of at least 10% in fiscal 2007, and maintain that level thereafter.

With fiscal 2005 earnings results falling short of the original targets, the Group needs to continuously increase sales and profits in fiscal 2006 and 2007 at a faster pace than initially estimated. In addition, considering that the ongoing harsh business environment caused by higher materials prices and lower product prices which will likely continue in the future, we believe it is important to speedily implement specific measures in order to carry out **"JIKKO-2007."**



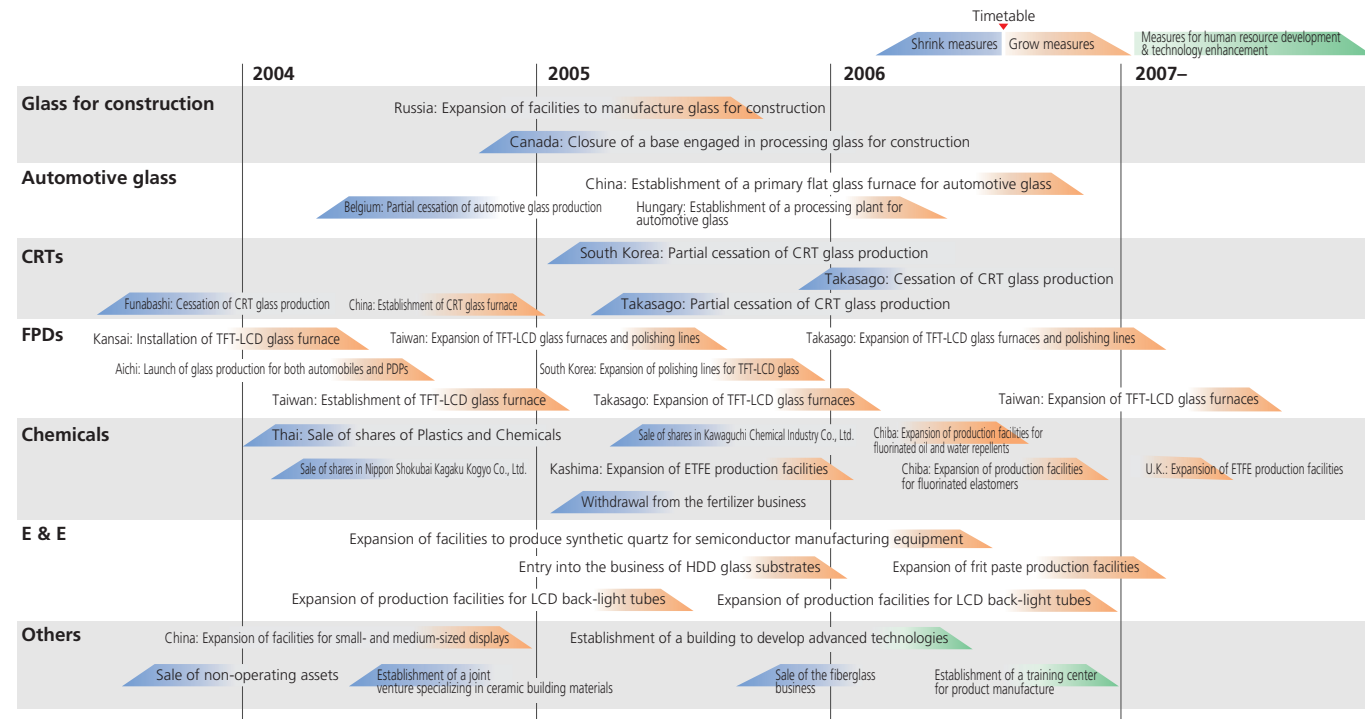
Financial targets of **"JIKKO-2007"**

Achievement and maintenance of an operating income margin of at least 10%

	2005	Earnings results expected for 2007
Net sales	¥1,526.7 billion	¥1,700.0 billion
Operating income	¥118.2 billion	¥180.0 billion
Operating income margin	7.7%	10% or more
D/E	0.56	0.4-0.5



● Shrink (contract/withdraw) to Grow (expand) Measures



Steady implementation of "selection and concentration" of management resources according to the business environment

Demand for LCD glass substrates is expected to grow 20% to 30% annually in the future, and may rise even further. In addition, our customers have highly appraised the quality of the Company's large glass substrates and its ability to supply them steadily. Given these factors, demand for the Company's substrates will likely increase. In addition, demand for glass substrates for plasma display panel (PDP) is projected to grow firmly, and is highly likely to increase. Against this backdrop, the Company will consider speeding up the enlargement of production facilities for LCD and PDP glass substrates.

As for CRT glass, however, as the demand is sharply declining, the Company will implement deliberate selection and concentration of production bases regardless of the supply-demand cycle.

In Glass operations, the Company has started up float furnaces in Russia, an emerging market, and furnaces for producing mainly automotive-use plate glass in China, aiming to expand the business while ensuring profitability.

Regarding the operations in North America, where the priority issue is to improve earnings, the Company is reducing costs for the construction glass business, expanding the business of value-added products, raising productivity of the automotive glass business, realigning

the glass assembly strategies, and pursuing stable production and quality in the fluorine business through large-scale replacement of facilities.

The Company aims to foster the Electronics & Energy business as the third major business pillar. To this end, the Company positions the years through fiscal 2007 as the development period for the business, and is now striving to strengthen the foundation for it. As the current mainstay for its growth, the Company will allocate management resources intensively to synthetic quartz for semiconductor manufacturing equipment and to frit and paste for PDPs.

Through such selection and concentration, the Company will strive to continuously maximize shareholder value.

We hope that you will understand these Group's efforts and extend your continued support and encouragement to us.

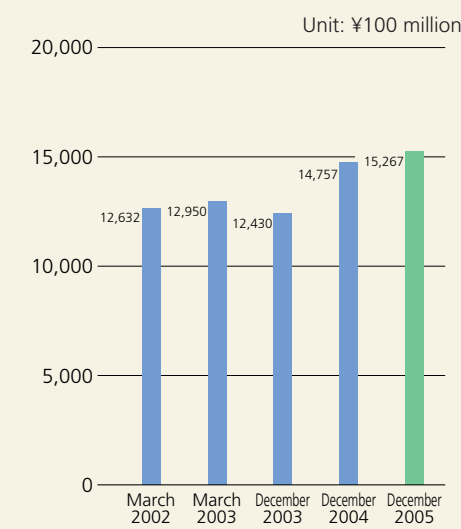
March 2006

Masahiro Kadomatsu

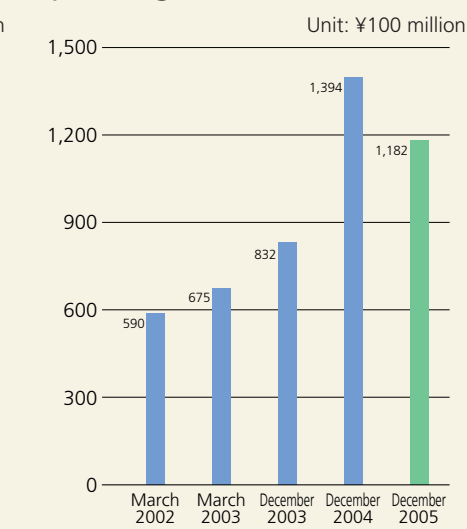
President & CEO

Financial Highlights

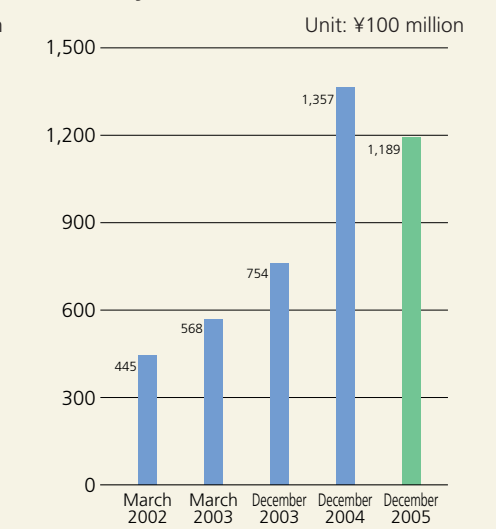
Net sales



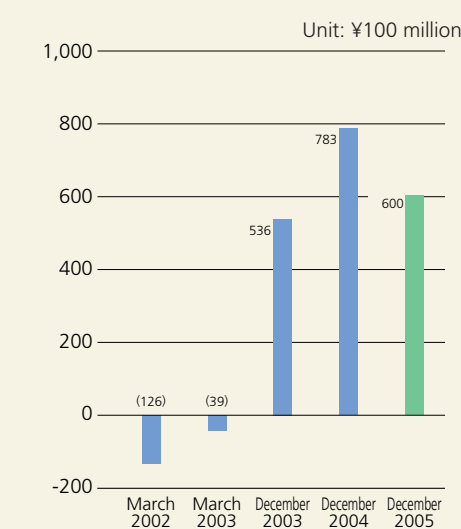
Operating income



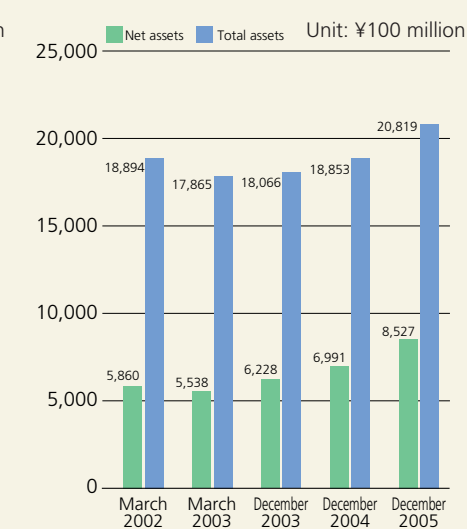
Ordinary income



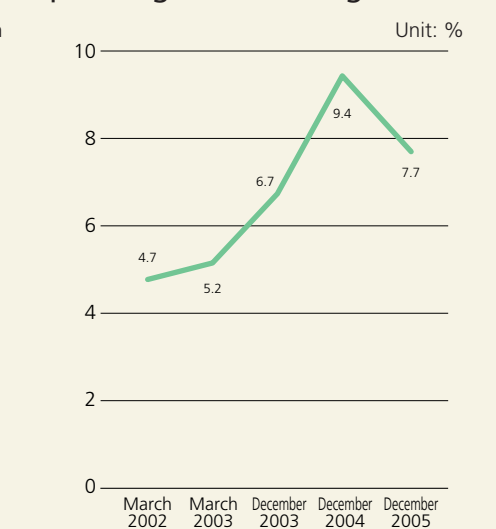
Net income



Total assets and net assets

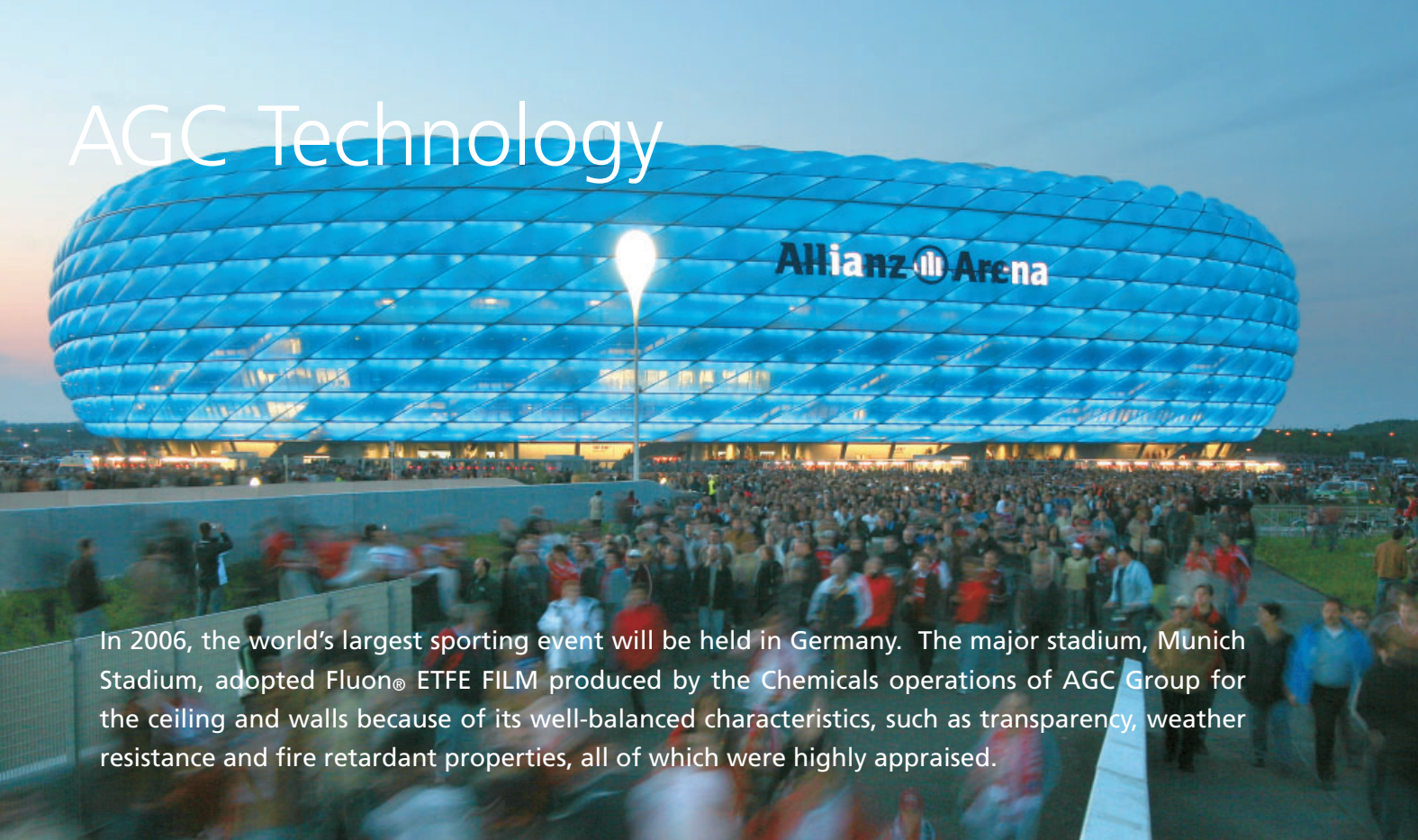


Operating income margin



Change of fiscal year-end

At the 78th Ordinary General Meeting of Shareholders held on June 27, 2003, the Company partially amended its articles of incorporation, shifting its fiscal year-end from March 31 to December 31. Accordingly, the fiscal period ended December 2003 provisionally only includes the nine months from April 1 to December 31, 2003.



In 2006, the world's largest sporting event will be held in Germany. The major stadium, Munich Stadium, adopted Fluon® ETFE FILM produced by the Chemicals operations of AGC Group for the ceiling and walls because of its well-balanced characteristics, such as transparency, weather resistance and fire retardant properties, all of which were highly appraised.

Fluon® FTEE FILM, a product of AGC Group's Chemicals operations, was used for the Munich Stadium of Germany, the major stage for the 2006 world football championship.

With its sophisticated design and beautiful natural lawn, the arena will dramatically enliven the sports festival.

Spectators should be attracted by the brilliant natural lawn of Munich Stadium. To cultivate such a lawn, a sufficient amount of sunshine is needed.

Among the materials that meet the above condition include glass and polycarbonate plates, other than ETFE film. Compared with the other materials, ETFE film is lightweight, has good weather-durability, and can be easily transformed into various shapes, in addition to its highly transparent properties. It is also highly self-cleaning, does not become dirty easily, is fire retardant and

can be shaped into a variety of curved designs. Furthermore, the film is long-lasting and hence boasts decades of long life.

Earning high marks for the well-balanced properties as described above, ETFE film was used as the material for the ceiling and walls of Munich Stadium.

ETFE film had been used in botanical gardens, greenhouses and sports facilities such as heated swimming pools but Munich Stadium is the first large sports facility adopting the film. Munich Stadium is a

giant stadium that can accommodate 66,000 people, and the area covered by the film totals 100,000 square meters (200,000 square meters of the film is actually used, due to a double-layer structure).

This large sports facility features a natural lawn and a roof with a sophisticated design, using curved surfaces. The AGC Group has contributed greatly to the realization of this facility with its ability to stably supply large amounts of high-quality ETFE film.

- Well-balanced characteristics
- Chemical resistance
- Weatherability
- Electric property
- Heat resistance
- Non-flammability
- Light transmittance
- Mechanical property
- Anti-stick property
- Light can be controlled by wave length range
- Anti-condensation can be added



Fluon® ETFE FILM under construction

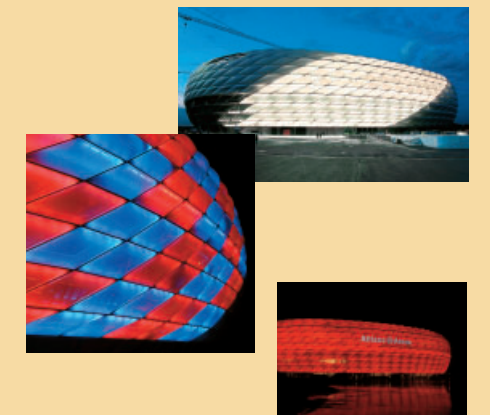
AGC Column

ETFE film's property can be changed by colors; ETFE film can be used as a screen to project images onto

The ETFE film used in Munich stadium enables users to change the amount of light going, and select the wavelength of the light through, by using colored films.

For this stadium, we use two types of films: a transparent film and a newly developed translucent white film. The transparent film is used for the roof to let in sufficient sunlight, allowing a natural lawn to grow quickly, while the translucent white film is adopted for the western portion to reduce the amount of sunlight in the afternoon. The stadium is also designed to use ETFE film as a screen, onto which images of games will be projected.

You might think, "It's only a colored film." However, ETFE film's fundamental durability can be reduced depending on the mixture of materials used. The AGC Group uses its full range of technologies when adding colors to the film.



ETFE is applied to various uses. AGC Group's Chemicals operations will stably supply ETFE for the world's steadily expanding markets.

Fluon® ETFE is a thermoplastic, fluorinated resin that AGC Group has developed, and is used in a wide range of fields because of its excellent features, such as high workability, chemical resistance and electrical resistance. The Fluon® ETFE FILM used in the Munich stadium is only one example of an application of Fluon® ETFE. Other examples include various lining and coating products, electric wire insulation, tubes, tower packing, mechanical seals, insulating coating within airplanes, as well as something which is currently drawing attention – components of fuel cells. When used as a fuel hose for automobiles, Fluon® ETFE can reduce the emission of hydrocarbon compounds, and consequently contributes to environmental protection, because it has excellent chemical resistance and gas-barrier properties compared to commonly-used resins.



Focusing on market exploration and stable supply on a global basis

The AGC Group supplies fluoro resin products such as Fluon® ETFE, Fluon® PTFE and Fluon® PFA. The fluoro resin market is predicted to grow sharply, that is, 5% to 10% annually on a worldwide basis.

In order to stably supply high-quality products for the fluoro resin markets that are growing worldwide, the Group will strengthen production capacity and quality control in Asia, North America and Europe, while reinforcing partner alliance if necessary.

Fluoro resin products are new materials that replace conventional ones such as resins, rubber and metals.

Major keys for fluoro resin products to become more widespread are active promotion of their superior properties, and applications, and technical support that meets needs from customers. To this end, the AGC Group established a technical service (TS) center in the U.K. in 2005, and plans to establish one in the U.S. in spring 2006, followed by more opening in India and in China in the future. Through these TS centers, the AGC Group will support customers, by providing technical services and introducing new applications.

- ETFE : Ethylene-tetrafluoroethylene copolymer
- PTFE : Polytetrafluoroethylene
- PFA : Tetra fluoro ethylene-perfluoro alkylvinyl ether copolymer
- AFLAS® : Name of a fluorinated rubber product

Applications of Fluon® ETFE

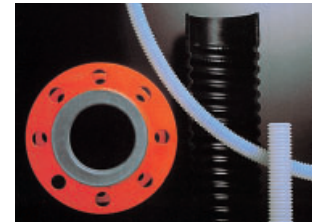


Characteristics of Fluon® FTFE

- Highly workable
- Usable at a wide range of temperatures
- Excellent chemical resistance and electrical resistance
- Great fire retardant, tasteless, odorless and non-toxic
- Weather resistance backed by excellent ultraviolet-ray resistance
- Excellent features such as low frictional properties, low adherence, water repellency and oil repellency



Covering materials for greenhouses



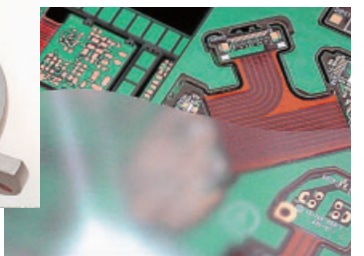
Tubes



Electric wire insulation



Linings

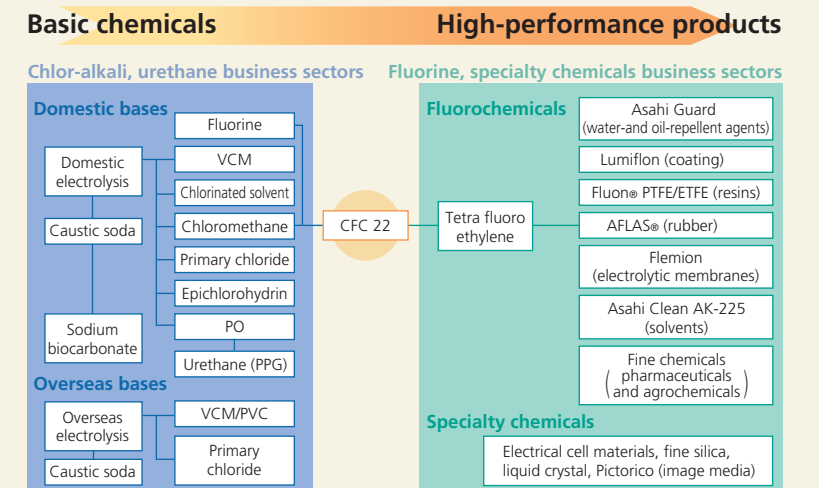


Pattern film used in printed circuit boards, etc.

Chemicals operations supply environmentally-friendly products comprehensively and systematically.

The AGC Group's Chemicals operations were founded to supply in-house soda ash, a component of flat glass since then, fields have been gradually expanding. Currently, this sector produces the world's top-level products, such as water- and oil-repellent agents and ion-exchange membranes, in many fields including fluorochemicals and urethane.

The AGC Group is unique in that it is engaged in comprehensively and systematically producing a variety of products, ranging from basic chemicals such as chlor-alkalis to high-performance products including fluorochemicals. Because of this, the AGC Group can pay close attention to environment protection throughout the entire production process – from materials to products – and hence it can provide products for customers with confidence.



Main events in the second half of fiscal 2005

July

- Revises prices for polycarbonate sheets

August

- Decides to construct a new plant at Asahi Glass Koriyama Electric Material Co., Ltd. to manufacture frit and paste for PDPs

September

- Adds the industry's first program to **SECU-RE®**, crime-prevention laminated glass, in which a gift of money is given as an expression of sympathy, to households whose **SECU-RE®** glass was broken by a typhoon
- Proposes "windows" on a full-scale basis, focusing on the function of glass



October

- Decides to fully withdraw from domestic CRT glass production
- Decides to establish plant in the U.K. for making "Fluon® ETFE"
- Decides to enhance production capacity for LCD backlight tubes at Asahi Techno Glass Corp.
- Launches the "Glass Power Campaign," which focuses on ensuring safety, protecting against disaster, and preventing global warming
- Wins Good Design Award (Gold Prize) for **View-Lite FSW™**, a new window product
- Acquires a European company specializing in automotive glass assembly and makes it a wholly-owned subsidiary

November

- Develops **Hikari Kabe**, a translucent, load-bearing wall with the same strength as plywood (sales began in January 2006)
- Wooden insulation window **View-Lite Moku Mado®** adopted by Sumitomo Forestry Co., Ltd. as an optional product for use in its house Myforest



Mass production of large glass substrates for LCDs started at Takasago Plant's furnace



In response to the sharply rising demand for LCD glass substrates, the AGC Group established a glass-substrate production furnace at Takasago Plant in Hyogo Prefecture, investing about ¥14.0 billion. The furnace began mass production of such glass substrates as initially scheduled. The plant is now constructing a second furnace, which can produce large, 8th-generation glass substrates, and a polishing line. In Taiwan, Asahi Glass Fine Techno Taiwan Co., Ltd. will enlarge its production facilities for glass substrates due to strong demand. Given that demand for glass substrates is expected to rise in the future, the Group will make timely capital investment in this field.

The Glass Power Campaign Project, which focuses on securing safety, protecting against disasters, and preventing global warming, is in progress.

The AGC Group would like to help realize a safe and affluent society by promoting use of its products, including laminated glass that can avert danger in case of disasters, as well as heat-insulation and heat-shield glass that can contribute to energy-saving and global warming prevention. To this end, the Group has promoted the Glass Power Campaign Project since October 2005, contributing laminated glass to designated evacuation sites nationwide, giving lessons at primary schools, helping gain recognition of the danger of disasters and enlightening people about this matter, and promptly implementing necessary support activities in case of disaster. For details of specific activities, please visit the website at:

<http://www.glasspower.jp>



Our staff gives lessons to pupils

Advanced Technology Development Center completed at Keihin Plant

The AGC Group has positioned the Electronics & Energy business as a next-generation growth field in "JIKKO-2007," the medium-term (three-year) management plan that was inaugurated in fiscal 2005. To fully operate this business by further developing foundation, the Group began to construct an Advanced Technology Development Center at Keihin Plant in March 2005. This construction was completed in March this year. The center is corresponded to "Subsidy Program for Establishing Facilities," under Industrial Accumulation Incentive Program (Invest Kanagawa) in Kanagawa pre., as well as the City of Yokohama's "Ordinance of Business Location Incentives." The Group aims to expand the Electronics & Energy business, which it will focus on, by developing necessary mass production technologies at this center.



Wins a lawsuit in U.S. jury trial

As part of its intellectual property strategies, the AGC Group has established an Intellectual Property Center, and is promoting intellectual property activities, aiming to integrate such strategies with business and development strategies. While respecting other companies' technologies, the Group will resolutely handle infringement actions to protect our proprietary technologies. In line with this policy, the Group filed a lawsuit in May 1996 against U.S. companies in the Tennessee Eastern District Court for infringement on a patent held by the Group concerning the coating membrane for low E glass, seeking damages. The case was put to a jury trial by the district court, after three grants of summary judgment by the district court and three judgments of remand by the Court of Appeals for the Federal Circuit (CAFC). As a result, the Group won the suit – a rare example of a Japanese corporation winning litigation in a U.S. jury trial. Meanwhile, the defendant appealed to the CAFC. We will continue to promote corporate interests through creation, protection and use of intellectual property.

Corporate Advertisement Campaign "Shouko's Story" No. 7 and No. 8

Story No. 7 (on air)



In TV commercial Story No. 7: "Shouko receives a DVD from Japan," Asahi Glass Co., Ltd., which is advancing into the wider world, is mirrored in the growth of Shouko, a Japanese girl. The second overseas story concerns Shouko, who studies in Belgium, has grown quite accustomed to life there, and is reveling in the happiness of a new environment.

Story No. 8 (preview)



Story No. 8: "Shouko at Allianz," will be aired soon and describes Shouko's visit to Allianz-Arena, the main stage for the world soccer tournament, where players and spectators from around the world will gather with their dreams. Having cut her hair short, Shouko shows a new type of attractiveness. Shouko represents Asahi Glass, which changes and grows as time goes by.

"Shouko's Story" is being publicized on the Asahi Glass website at:

<http://www.agc.co.jp/shouko/index.html>

Glass Operations



Window equipped with Low-E double-glazing "Sun Balance"

The Glass operations comprise flat glass for construction and automotive glass, which are both conducted globally, as well as the Japanese domestic business involving other glass categories including fiberglass and other applications. In fiscal 2005, Glass operations sales were 758.9 billion yen and operating income posted 38.0 billion yen.

Q What was the performance of the flat glass business in fiscal 2005?

Although the construction market suffered from a severe winter during the first quarter particularly in Europe, shipments of flat glass and high value-added products throughout the year increased from the previous year. By region, shipments rose in Europe, while sales of some products leveled off in Japan. Other Asian regions suffered slow demand on rising prices of oil, in addition to the production concerns. In North America, shipments stayed healthy from the previous year's level.

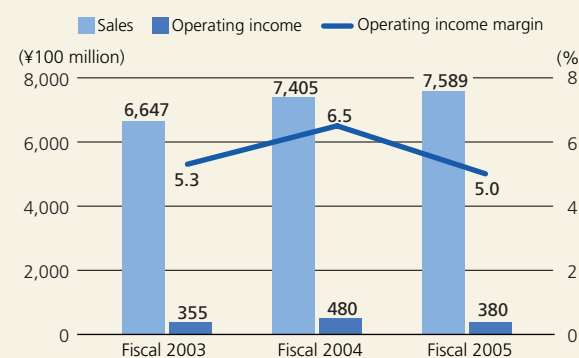
The Group strove to reduce costs through a benchmarking process, which analyzes the productivity of the Group's manufacturing plants and adopts the most efficient manufacturing processes globally, and it also adjust product prices in conjunction with price hikes in raw materials and energy sources, which, however, could not to offset higher costs caused by sharply rising prices of fuel oil and natural gas.

Q What about the performance of the automotive glass business in fiscal 2005?

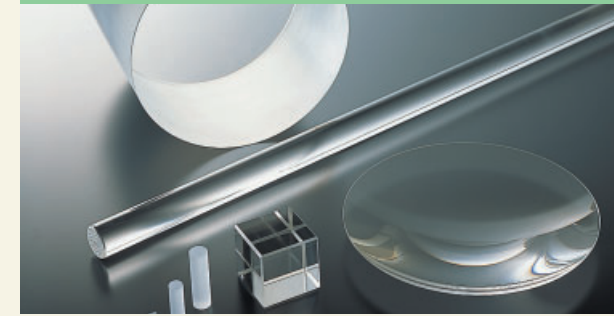
In the automotive glass business, sales increased from a year earlier due to the world wide increase in auto production, particularly Japanese-affiliated automakers. By region, in Asia including Japan, overall sales of automotive glass expanded, as export of automobiles from Japan rose up and mainly thanks to healthy sales in Asia, the number of automobiles produced there rose year on year. In North America, despite a slight drop in auto production influenced by weak sales of the Big Three (General Motors Corp., Ford Motor Co. and Daimler-Chrysler AG) in the U.S., automotive glass sales were up, as sales of value-added products increased. In Europe, sales grew somewhat, reflecting a slight growth in auto production there.

Q Tell us about the performance of the other glass business in fiscal 2005.

In other glass operations, sales of fiberglass declined year-on-year due to slow growth in the housing market in Japan. In addition, Asahi Tostem Exterior Building Materials Co., Ltd., which specializes in residential exterior siding boards, was reclassified as an equity-method affiliate with effect from the beginning of fiscal 2005.



Electronics and Display Operations



Synthetic quartz used for semiconductor manufacturing equipment

The Electronics and Display operations involve the display business, which handles cathode-ray tube (CRT) glass and glass substrates for flat panel displays (FPDs) used in thin-screen TVs, as well as the electronic materials business. Sales from the operations were 443.8 billion yen in fiscal 2005 and operating income was 60.9 billion yen.

Q What was the performance of CRT glass in fiscal 2005?

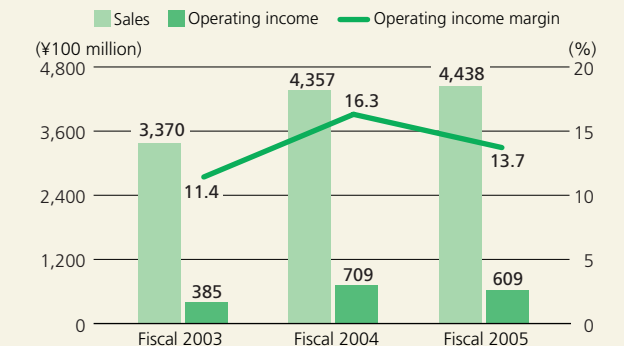
The CRT glass business remained sluggish in fiscal 2005, although sales volume, which had continued to fall influenced by market adjustments of inventories begun at the start of this year, slightly recovered and price decline was curbed in the fourth quarter of the fiscal year. To cope with this prolonged weak demand, the AGC Group made operational adjustments at its production bases and closed manufacturing facilities at some of them.

Q Was the FPD glass business in good shape?

Sales at the FPD glass substrate business increased due to strong demand for glass substrates for TFT LCDs and PDPs, as a result of higher demand for screen panels for PC monitors and thin-screen televisions (such as LCD TVs and plasma display panel TVs) as well as a growing trend toward larger panels.

Q What was the performance of the electronic materials business in fiscal 2005?

In the electronics materials business, demand for LCD back-light tubes continued to be steady due to an increase in the production of LCD panels. However, sales of optical filters for use in liquid crystal projectors and optical pickup elements for DVD recorders were strongly affected by demand adjustments and price drop in the market of digital electronics products. Demand for synthetic quartz used for semiconductor manufacturing equipment as well as small- and medium-sized displays installed in cellular phones and other equipment was recovering in the fourth quarter, but remained low for the entire year, hurt by the demand adjustments.



Chemicals Operations



Bridge coated with "Lumiflon," a fluorinated resin for high weather-resistance coatings

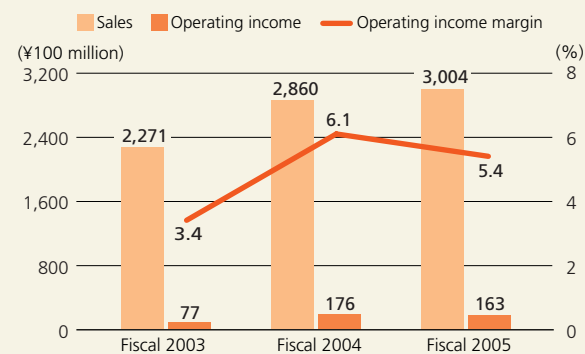
The Chemicals operations comprise the chlor-alkali & urethane business and the fluorochemicals & specialty chemicals business. The chlor-alkali & urethane business involves caustic soda, vinyl chloride monomers and other chlor-alkali chemicals in addition to the basic ingredients of urethane, such as polyols. The fluorochemicals & specialty chemicals business consists of fluorinated resins, fluorinated oil and water repellents, fluoropolymer films, and fluorinated gases and solvents, as well as other specialty chemicals including battery materials, liquid crystal materials and fine silica. In fiscal 2005, sales at the Chemicals operations posted 300.4 billion yen and operating income was 16.3 billion yen.

Q What was the performance of the chlor-alkali & urethane business in fiscal 2005?

As for the chlor-alkali & urethane business, demand continued to be strong throughout the year in Japan, China and Southeast Asia, remained active in fiscal 2005. This favorable results are attributable to the facts that although the prices of raw materials and energies rose, the Group could spread the price revisions made according to product values, by adding high-performance to products and closely meeting the needs of local customers, being capable of absorbing the effects of market fluctuations.

Q Please tell us about the performance of the fluorochemicals & specialty chemicals business in fiscal 2005.

In the fluorochemicals & specialty chemicals business, shipments of optical filters for PDPs were strong, as demand continued to grow since the second quarter of fiscal 2005. Sales of fluorinated resins, fluoropolymer films, fluorinated elastomers, and fluorinated oil and water repellents were also steady helped by high demand. In North America, the AGC Group continued to implement measures for improving profitability of the fluorinated resin business.



Other Operations

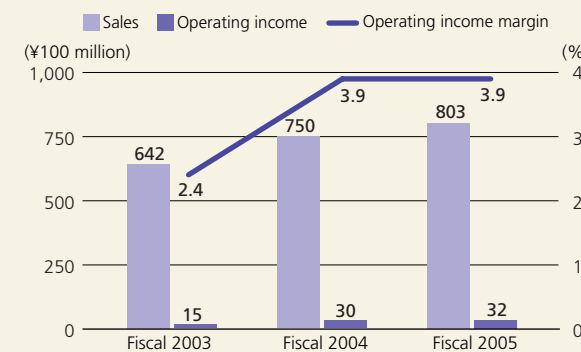


Glass production furnace using fused cast bricks

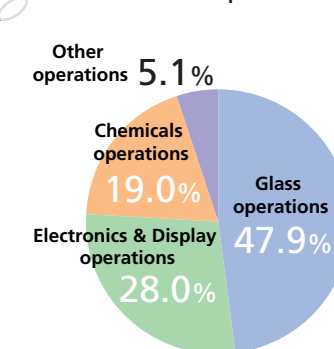
Other operations consist of the ceramics business and a variety of service businesses, including logistics and engineering. Sales at the operations totaled 80.3 billion yen in fiscal 2005, with operating income posting 3.2 billion yen.

Q What was the performance of the operations in fiscal 2005?

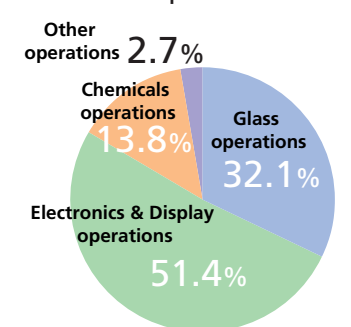
The ceramics business fared well in both the glass engineering sector, which provides various glass furnace technologies, and the environment energy sector, which supplies products such as fireproof material for incinerators and systems, helped by robust sales of high-performance, high value-added products.



Sales composition



Operating income composition



Financial Data

Consolidated Balance Sheets (summary)

Unit: Million yen

Item	End of fiscal 2005 (December 31, 2005)	End of fiscal 2004 (December 31, 2004)	Increase/ decrease
Assets	2,081,926	1,885,268	196,658
Current assets	688,432	648,237	40,195
Cash on hand and in banks	73,811	98,648	(24,837)
Trade notes and accounts receivable	309,432	280,615	28,816
Inventories	238,022	215,782	22,239
Other current assets	67,165	53,190	13,975
Fixed assets	1,393,259	1,236,681	156,578
Tangible fixed assets	922,630	853,390	69,239
Buildings and structures	245,710	227,827	17,882
Machinery and equipment	460,360	434,137	26,223
Land	118,619	110,728	7,891
Other tangible fixed assets	97,939	80,696	17,242
Intangible fixed assets	100,026	94,636	5,389
Investments and advances	370,602	288,654	81,948
Investment in securities	320,927	224,557	96,369
Other investments	49,675	64,096	(14,421)
Deferred assets	234	350	(115)
Total assets	2,081,926	1,885,268	196,658

Point: Increase in tangible fixed assets

To respond to increased demand for flat panel displays (FPDs), the AGC Group aggressively invested in production and processing facilities for FPD glass substrates. Accordingly, tangible fixed assets were ¥922.6 billion at the end of fiscal 2005, up ¥69.2 billion from a year earlier.

Item	End of fiscal 2005 (December 31, 2005)	End of fiscal 2004 (December 31, 2004)	Increase/ decrease
Liabilities	1,129,922	1,060,821	69,101
Current liabilities	587,145	549,139	38,006
Trade notes and accounts payable	206,350	181,774	24,575
Short-term bank loans and commercial paper	142,553	129,564	12,989
Current maturities of bonds	9,589	16,064	(6,475)
Other current liabilities	228,651	221,734	6,916
Non-current liabilities	542,777	511,682	31,095
Bonds issued	254,635	244,934	9,701
Long-term bank loans	122,154	132,744	(10,589)
Accrued retirement benefits	64,447	57,090	7,356
Other non-current liabilities	101,539	76,911	24,627
Minority interest in consolidated subsidiaries	99,319	125,308	(25,988)
Shareholders' equity	852,684	699,139	153,545
Common stock	90,472	90,472	0
Additional paid-in capital	96,561	84,627	11,933
Retained earnings	556,424	511,749	44,675
Asset revaluation reserve	120	120	–
Unrealized gains on securities, net of tax	124,262	58,641	65,620
Foreign currency translation adjustments	(1,448)	(32,926)	31,477
Treasury stocks	(13,709)	(13,546)	(163)
Total liabilities and shareholders' equity	2,081,926	1,885,268	196,658

Point: Increase in shareholders' equity

Shareholders' equity at the end of fiscal 2005 increased ¥153.5 billion from the previous year to ¥852.7 billion due mainly to increase in retained earnings resulting from net income.

Consolidated Financial Statements

Consolidated Statements of Income (summary)

Unit: Million yen

Item	Fiscal 2005 (January 1, 2005 through December 31, 2005)	Fiscal 2004 (January 1, 2004 through December 31, 2004)
Net sales	1,526,660	1,475,726
Cost of sales	1,152,164	1,084,549
Selling, general and administrative expenses	256,302	251,773
Operating income	118,194	139,403
Other income	20,890	16,891
Other expenses	20,200	20,606
Ordinary income	118,884	135,688
Extraordinary gains	24,925	55,333
Extraordinary losses	61,051	57,011
Income before income taxes	82,758	134,009
Income taxes	33,126	41,413
Minority interest in earnings (losses) of consolidated subsidiaries	(10,383)	14,309
Net income	60,014	78,287

Point: Extraordinary losses

Extraordinary losses for fiscal 2005 include ¥31.6 billion of impairment losses on fixed assets, mainly CRT glass production facilities.

Consolidated Statements of Cash Flows (summary)

Unit: Million yen

Item	Fiscal 2005 (January 1, 2005 through December 31, 2005)	Fiscal 2004 (January 1, 2004 through December 31, 2004)
Cash flows from operating activities	185,505	232,888
Cash flows from investing activities	(135,796)	(125,933)
Cash flows from financing activities	(67,436)	(98,967)
Effect on exchange rate changes on cash and cash equivalents	4,029	1,521
Increase (decrease) in cash and cash equivalents	(13,698)	9,508
Cash and cash equivalents at beginning of year	67,943	55,915
Cash and cash equivalents held by newly consolidated subsidiaries	(238)	2,519
Cash and cash equivalents at end of year	54,006	67,943

Point: Cash flows from investing activities

Cash flows from investing activities represent the balance of cash (cash and cash equivalents) associated with capital expenditure and purchase/sale of securities. Cash flows from investing activities for fiscal 2005 were ¥135.8 billion in net spending due to proactive capital investments.

Corporate Data

Board of Directors, Statutory Auditors and Executive Officers (as of April 1, 2006)

Board of Directors

Chairman of the Board:	Shinya Ishizu
Representative Director:	Masahiro Kadomatsu
Representative Director:	Takashi Matsuzawa
Director:	Akira Toyama
Director:	Haruo Shimada, Ph.D.*1
Director:	Kakutaro Kitashiro*1
Director:	Takuya Goto*1

*1: Independent Director

Corporate Auditors

Corporate Auditor	Hiroshi Watanabe*2
Corporate Auditor	Takashi Terashima
Corporate Auditor	Kazuhiko Nagano*2
Corporate Auditor	Kozo Tsukagoshi*2

*2: Independent Auditor

Executive Officers

President & CEO:	Masahiro Kadomatsu
Senior Executive Vice Presidents:	
President of Display Company:	Takashi Wada
Chief Financial Officer:	Takashi Matsuzawa
Senior Executive Officers:	
President of Chemicals Company:	Michiyoshi Kaino
GM of Corporate Planning:	Katsuyoshi Kawaharazuka
GM of FPD Glass, Display Company:	Yuji Nishimi
Vice President of Flat Glass Company, Regional President of Japan/Asia:	Keita Shikii
President of Automotive Glass Company:	Kei Yonamoto
GM of Research Center:	Katsuhisa Kato
Chief Technology Officer:	Akira Toyama

Executive Officers

Vice President of Automotive Glass Company:	Ichiro Koga
President of Asahi Glass Fine Techno Taiwan Co., Ltd.:	Tetsuji Kakimoto
GM of Environmental & Social Responsibility:	Gotaro Hatta
GM of New Business Development & Technology Planning:	Yasuo Sato
GM of CRT Glass, Display Company:	Akio Endo
Deputy GM of Corporate Planning:	Ichiro Wakatsuki
GM of MONOZUKURI (Quality Manufacturing) Enhancement and Technical Director of Corporate Planning:	Masayuki Kamiya
Vice President of Flat Glass Company:	Arthur Ulens
Acting President of Flat Glass Company:	Eiichi Kudo
President of Asahi Glass Ceramics Co., Ltd.:	Toshifumi Kagoi
GM of Purchase & Logistics Center:	Toru Kawatsura
GM of Quality Improvement:	Toru Kawatsura
GM of Marketing & Sales Div., FPD Glass, Display Company:	Nozomu Taguchi
GM of Corporate Finance:	Shukichi Umamoto
GM of Group Human Resources Planning, and Human Resources and Administration Center:	Yasutoshi Hirata
GM of Business Management General Div., Chemicals Company:	Satoshi Kamata
GM of Electronics & Energy General Div.:	Kazuhiko Ishimura
GM of Japan Div., Japan/Asia, Flat Glass Company:	Tadayuki Oi
Research Director of Research Center:	Yasumasa Nakao

Note: GM represents General Manager.

Directors and Major Affiliates

Major affiliates

Japan

Asahi Techno Glass Corp.
Main products: Glass products for electronics and industrial use, lighting apparatus, radiotherapy and other medical uses, and home use products

Asahi Fiber Glass Co., Ltd.
Main products: Glass fibers and other fiberglass products

Ise Chemicals Corp.
Main products: Iodine, iodine compounds, natural gas, compounds of nickel and cobalt

Optrex Corp.
Main products: Liquid crystal display panels and other electronic parts and materials

Asahi Glass Ceramics Co., Ltd.
Main products: Fused cast, bonded and monolithic refractories, and fine ceramics

Overseas

Glaverbel S.A. – Belgium
Main products: Float glass, figured glass, double-glazing, automotive glass and mirrors

AFG Industries, Inc. – U.S.
Main products: Float glass, figured glass, processed glass for construction, and automotive glass

P.T. Asahimas Flat Glass, Tbk – Indonesia
Main products: Float glass, figured glass, processed glass for construction, automotive glass, and mirrors

P.T. Asahimas Chemical – Indonesia
Main products: Caustic soda and chemical products such as polyvinyl chloride

THASCO Chemical Co., Ltd. – Thailand
Main products: Chemical products including caustic soda, hydrochloric acid, caustic potash, potassium carbonate

AGC Chemicals Americas, Inc. – U.S.
Main products: Fluorinated resins, fluororesin compounds, fluorinated solvents, and fluorinated functional fluorinated products

Asahi Glass Fine Techno Taiwan Co., Ltd. – Taiwan
Main products: LCD glass substrates

Hankuk Electric Glass Co., Ltd. – South Korea
Main products: CRT glass

Hanwook Techno Glass Co., Ltd. – South Korea
Main products: PDP glass substrates

Stock Information

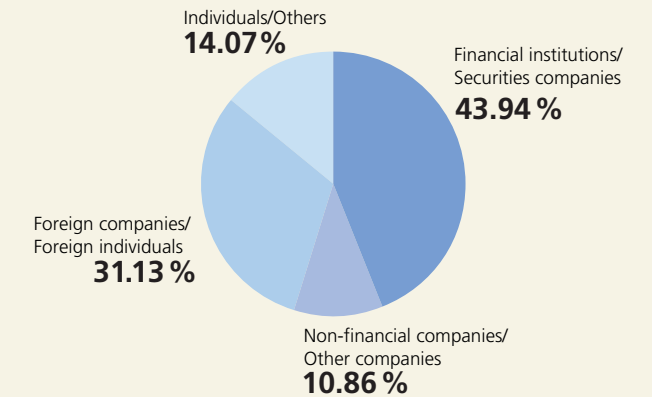
Stock Data

State of stock (as of December 31, 2005)

Number of shares outstanding: 1,185,999,578 shares

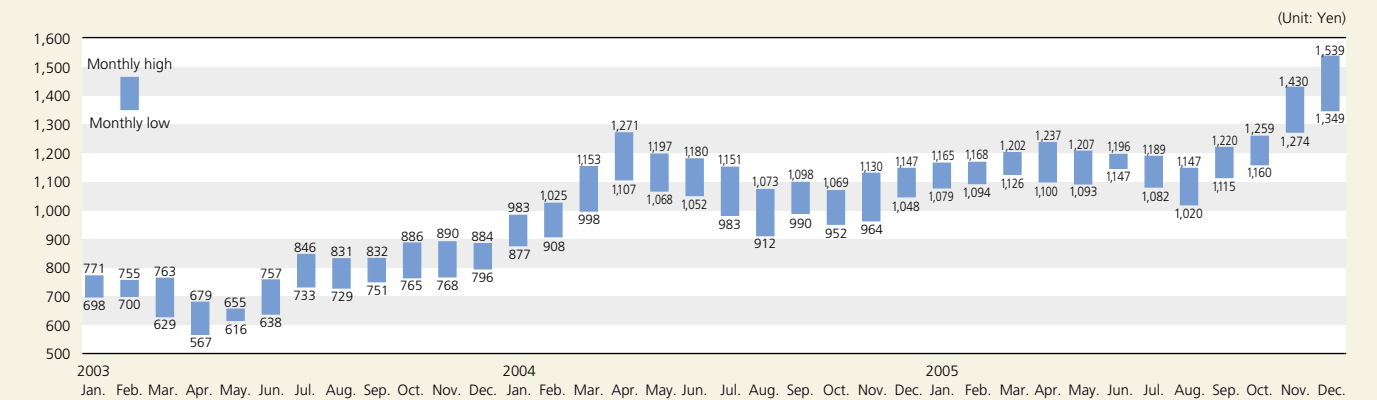
Number of shareholders: 59,000

Shareholders composition

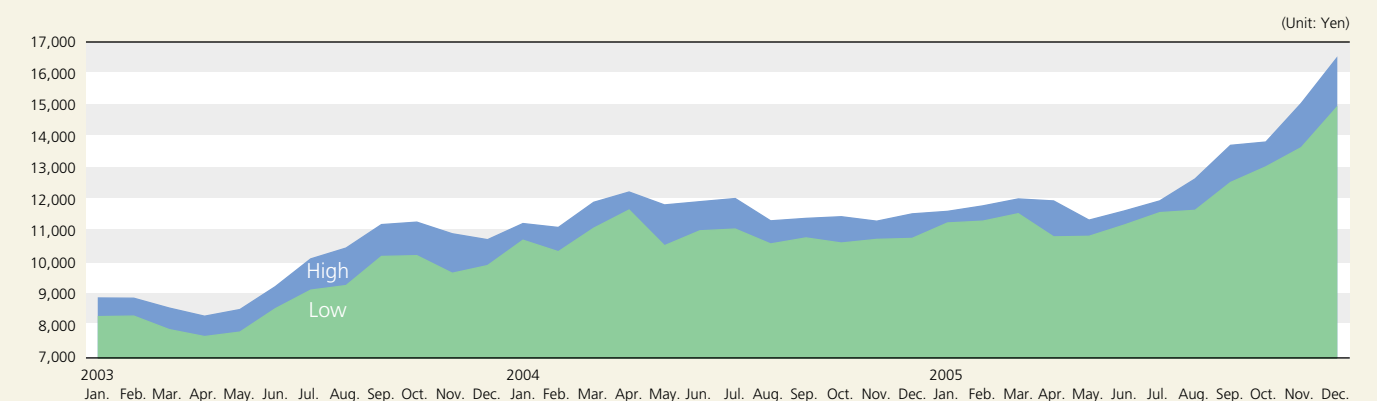


Trends in stock price (Tokyo Stock Exchange)

Stock price of Asahi Glass



Nikkei stock average



Corporate Outline (as of December 31, 2005)

Trade name:	Asahi Glass Company, Limited
English company name:	Asahi Glass Company, Limited
Founded:	September 8, 1907
Incorporated:	June 1, 1950
Capital:	¥90,472,885,855
Head office:	Shin-Yurakucho Bldg, 1-12-1 Yurakucho, Chiyoda-ku, Tokyo 100-8405 Tel: +81-3-3218-5096
Number of consolidated subsidiaries:	245 (including 179 companies overseas)
Number of employees of consolidated companies:	56,857

Information about shares

Book closing date:	December 31
Ordinary general shareholders meeting:	March
Shareholder registration date for entitlement to exercise voting rights at ordinary general shareholders meeting:	December 31
Shareholder registration date for entitlement to annual dividend payment:	December 31
Shareholder registration date for entitlement to interim dividend payment:	June 30
Newspaper for Company announcements:	The Nihon Keizai Shimbun issued in Tokyo * The Balance Sheets and the Statements of Income are posted on the Company's website at the following address: http://www.agc.co.jp/ir/index.html
Acting office of transfer agent:	Transfer Agent Division, Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo 100-8212 (Inquiries/Mailing address: Transfer Agent Division, Mitsubishi UFJ Trust and Banking Corporation 1-7-7 Nishi-Ikebukuro, Toshima-ku, Tokyo 171-8508 Tel: 0120-707-696 (toll free)
Representative branch offices:	All domestic branches of Mitsubishi UFJ Trust and Banking Corporation

When asking of application forms necessary for change of address, designation of the account for receiving dividends and change of such account, purchase and additional purchase of shares less than one unit, as well as the request for procedures for inheriting shares, please contact the transfer agent toll-free number, on 0120-864-490 (there is an automated voice answering service 24-hours a day).

Information on corporate bonds

Interest payment date for corporate bonds and maturity date: Please refer to the prospectus at hand, or ask the securities companies handling such bonds to confirm this date.

Launch of a transfer system for corporate bonds

Effective on January 10, 2006, a transfer system for general bonds such as corporate bonds (excluding convertible bonds) – a new paperless settlement system – was launched. Those who want to use this transfer system are required to take necessary procedures at financial institutions, securities companies, and such like. Please conduct such procedures after making inquiries at the financial institutions and securities companies with which you do business.