

Booklet for Communication with Investors



# AGC Review

Newsletter  
for  
Investors  
Vol.12

End of FY2007



# AGC

ASAHI GLASS CO., LTD.

Code Number: 5201

## Updating the Management Structure and Steadily Achieving the Medium-Term Management Plan “**JIKKO-2010**” Targets

Masahiro Kadomatsu,  
Chairman of the Board, Chairman & CEO



Kazuhiko Ishimura,  
President & COO

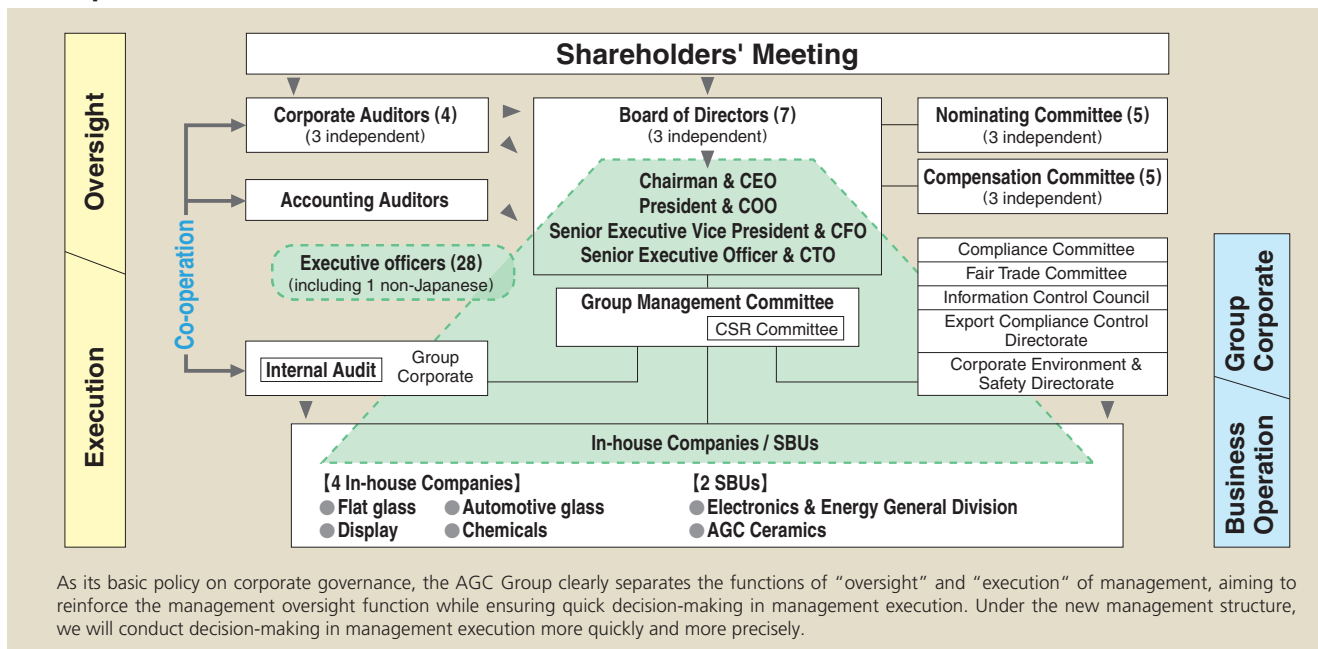


### Inauguration of New Management Structure, and Our Corporate Governance Structure

The AGC Group has decided to initiate a new management structure with the appointment of Masahiro Kadomatsu as Chairman of the Board, Chairman & CEO, and Kazuhiko Ishimura as President & COO. The AGC Group has 70 manufacturing bases in 27 countries and regions around the world with some 50,000 employees, in addition to business operations that extend from Glass to Electronics and Display, and Chemicals. In order to maximize the capabilities of the global AGC Group, the CEO will take responsibility for the formulation of medium- to long-term strategy while the COO is in charge of daily business execution, to conduct efficient and speedy business operations. Under the new management structure, we will adapt to the increasingly rapid changes in the business environment with new ideas and greater speed than ever before, and we will unite as a group to be a fast-growing, highly profitable, and outstanding global enterprise that is trusted by society.

## Corporate Governance Structure

(as of March 28, 2008)



## Fiscal 2007 Financial Results Achieve Record Highs for Net Sales, Operating Income, and Ordinary Income

As for the economic environment for the AGC Group in the year ended December 2007, the Japanese economy remained steady thanks to an increase in capital expenditure and exports, despite continued price hikes of raw materials and fuels as well as decreased housing starts. In the rest of Asia, China maintained a high economic growth and other countries also remained economically sound. In Europe, the economies of Russia and the rest of Central-Eastern Europe continued to be strong, and the economy of Western Europe remained steady in general. In the U.S., concerns arose over slow economic growth, affected by factors such as sluggish growth in capital investments, a slowdown in the housing market, and the subprime loan problems.

In the target markets of the AGC Group, sales of glass substrates for flat panel displays (FPDs), particularly glass substrates for TFT-LCDs, continued to be robust amid growing demand for thin-screen TVs. Regarding the Glass operations, growth in demand for flat glass

was stagnant in Japan and North America, but demand in Europe continued to be strong. The market for the Chemicals operations showed a recovery.

In this business environment, the AGC Group posted net sales for the current fiscal year of 1,681.2 billion yen, up 3.7% year-on-year, operating income of 197.5 billion yen, up 44.5%, and ordinary income of 187.9 billion yen, up 39.7%, with net income of 69.6 billion yen, up 54.8%, achieving record highs for net sales, operating income, and ordinary income. Net income per share for the fiscal 2007 was 59.35 yen.

We would like to take this opportunity to express our deep appreciation to all of our investors for your daily support.

As was the case with the interim dividends, the Group decided to increase the year-end dividends per share by 2 yen, in commemoration of the 100th anniversary of foundation, from the previous forecast of 8 yen as an ordinary dividend to 10 yen. This brings the dividend for the full year to 20 yen per share.

### Review of “**JIKKO-2007**” and Start of “**JIKKO-2010**”

Fiscal 2007 marked the final year of the “**JIKKO-2007**” medium-term management plan of the AGC Group. Under “**JIKKO-2007**”, the Group put up a financial target of “achieving an operating income margin of 10% or more at an early date and maintaining that level,” while increasing the efficiency of assets to continuously improve shareholder value. Specifically, the Group carried out the following five major initiatives: ①active investment in the flat panel display (FPD) business, particularly in TFT-LCD glass substrates; ②improvement of earnings in the CRT business; ③expansion of the Glass operations in fast growing markets; ④improvement of the business earnings in North America; and ⑤commencement of full-scale business expansion in the Electronics and Energy operations, a next-generation growth business. As a result, although earnings improvement in the North American business has been carried over to the next medium-term plan, financial results for the year ended December 2007, the last fiscal year of “**JIKKO-2007**”, recorded an operating income margin of 11.7%, achieving the target of at least 10%. This is due to such factors as the growth of the FPD business, expansion of the flat glass business in Europe and steady growth of the Electronics and Energy operations.

Meanwhile, in “**JIKKO-2007**”, the Group faced such new challenges as the smooth launch of facilities and early stabilization of operations in addition to a delay in recouping investment, partly because the expansion of facilities went faster than we had initially planned. The FPD business has grown into a major mainstay as a result of our intensive allocation of management resources to that business. On the other hand, earnings of the flat glass businesses in Japan-Asia and North America and the Chemicals operations were below our earnings projections, and the Group needs to boost the profitability of businesses other than FPD.

The AGC Group has formulated a new medium-term management plan “**JIKKO-2010**”, taking into account the results of achievements and challenges in “**JIKKO-2007**”. The detailed contents of “**JIKKO-2010**” are explained on page 6 onwards.

#### Interview with Kazuhiko Ishimura, the New President & COO

### Improving Technology and Cultivating Human Resources with the Aim of Building the Foundations for the Next 100 Years of Growth



**Kazuhiko Ishimura**

Born in Hyogo Prefecture in 1954. Completed master's course, Graduate School of Engineering, the University of Tokyo. Joined Asahi Glass Co., Ltd. in 1979. Engineering Division, President of Asahi Glass Fine Techno Co., Ltd., GM of the Kansai Plant, GM of the Electronics & Energy General Division followed by appointment as President & COO from March 2008.

#### Q. Briefly, what are your aspirations upon your appointment as President?

**Ishimura:** First, I give my greetings to all the shareholders on my appointment as President. The first fiscal year of my appointment is just the initial year of “**JIKKO-2010**”, so I will put all my efforts into achieving the targets set out in the plan. Furthermore, AGC saw the 100th anniversary of founding last year supported by the confidence of all of our shareholders, and I want to build the foundations for the next 100 years of growth.

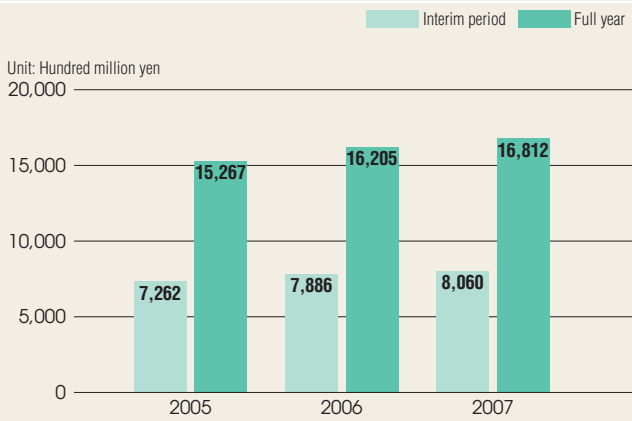
#### Q. How will you conduct the management as President & COO?

**Ishimura:** The AGC Group is a corporate group based on technology. Therefore, I would like us to continue to be a “corporate group that beats the competition in technology.” I want to produce results that will satisfy all of our shareholders by improving technology that can differentiate us from our rivals, cultivating the human resources to support that technology, and continuing to achieve growth.

## Financial Results Trends

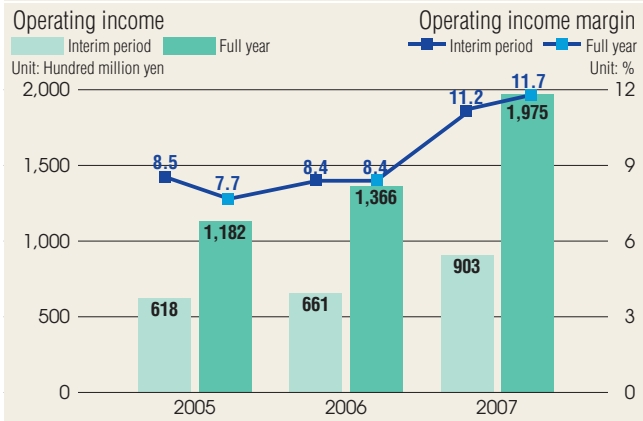
### Net sales

**16,812** hundred million yen (+3.7%)



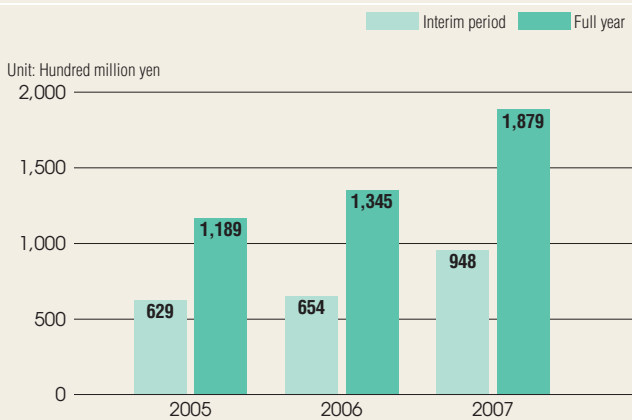
### Operating income and operating income margin

**1,975** hundred million yen (+44.5%)



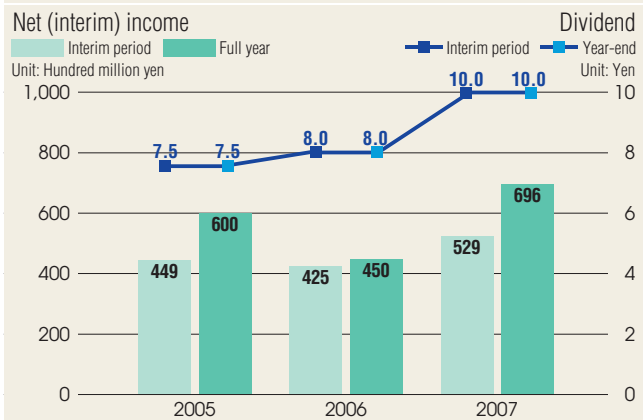
### Ordinary income

**1,879** hundred million yen (+39.7%)



### Net (interim) income and dividend

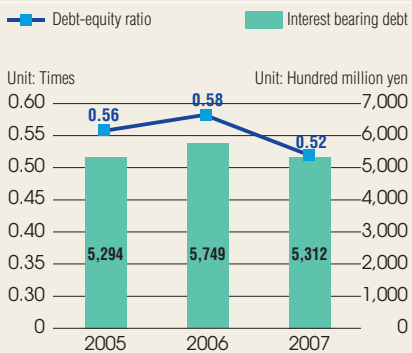
**696** hundred million yen (+54.8%)



### Debt-equity ratio and interest bearing debt

Debt-equity ratio **0.52** times ↘

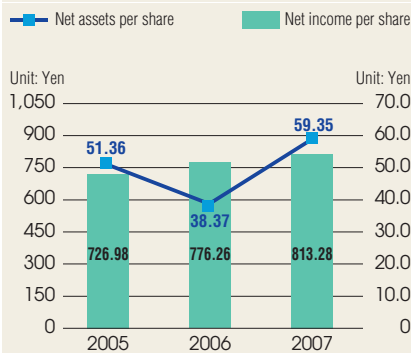
Interest bearing debt **5,312** hundred million yen ↘



### Net assets and net income per share

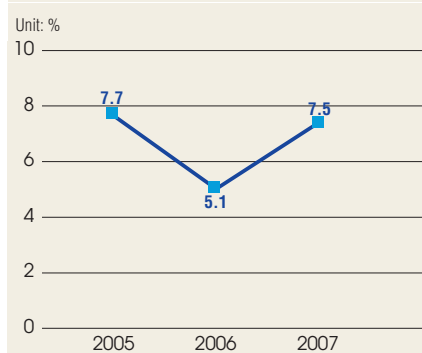
Net assets per share **813.28** yen ↗

Net income per share **59.35** yen ↗



### Return on equity (ROE)

Return on equity (ROE) **7.5%** ↗



# The AGC Group's New Medium-Term Management Plan “**JIKKO-2010**”

## New Medium-Term Management Plan “**JIKKO-2010**”

Fiscal 2008 marks the initial year of the new medium-term management plan “**JIKKO-2010**”.

Global-scale competition is increasingly intensifying, and major factors behind market fluctuations will include issues related to the environment, and energy and resources, which will not wait for a response.

In this hard-to-predict market environment, the AGC Group has formulated the new medium-term management plan, taking into account the results obtained by and the challenges of “**JIKKO-2007**”.

Moreover, the AGC Group will execute growth strategies that follow on from “**JIKKO-2007**” under the new medium-term management plan “**JIKKO-2010**”, with the “Pursuit of quality” on all fronts in strategy execution, thus raising competitiveness. The concrete details of the plan are explained below.

## “Execution of Growth Strategies” and “Pursuit of Quality”

The AGC Group has an objective of becoming a fast-growing, highly profitable, and outstanding global enterprise that is trusted by society. We have set “ROE of 15% or more” as a financial target for achieving this objective, and we aim for “ROE of

more than 12% by 2010” as a step toward this goal. Moreover, we will maintain our operating income margin at the 2007 level (11.7%) or higher.

To achieve these financial targets, we will work on “active investment in growth fields including the Display operations” and “research and development focusing on the Electronics and Energy fields” as growth strategies. Meanwhile, we will also endeavor to improve the growth potentials and profitability of the Glass operations and the Chemicals operations to build a proper business structure.

In so doing, on the “Pursuit of quality” front, we will strengthen our business structure through the implementation of management that focuses more on capital efficiency, improvement of management and human resources, global implementation of technology strategies and R&D activities, in addition to improvement of product quality.

In capital investment, we will maintain the level of “**JIKKO-2007**”, with cumulative capital investment over three years of 680.0 billion yen (cash flow base) scheduled. We will appropriate 125.0 billion yen (total during the three-year period) for R&D activities, up 30% from “**JIKKO-2007**”, with the emphasis on the Electronics and Energy operations.

Based on our policy to maintain stable dividends, we will proactively return profits to shareholders by aiming for a target dividend payout ratio of approximately 30%, while giving consideration to consolidated business results and future investment plans.

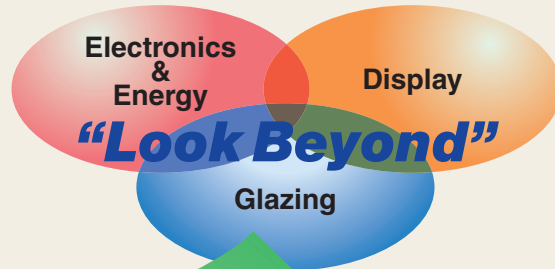
# Position of “JIKKO-2010”

## Our Objectives

Challenges for a fast-growing, highly profitable, and outstanding global enterprise that is trusted by society

“JIKKO”—*Execution for Excellence*

Aiming to realize “Look Beyond”, growth strategies will be executed.



“JIKKO-2010”  
Pursuit of quality

“JIKKO-2007”

“Shrink to Grow”

Establish the groundwork for future growth

### Financial Targets

ROE  
(Return on Equity)

- Targeting 15% or more, as a global excellent company (Target by 2010 will be 12% or more)

Operating Income Margin

- Maintain higher levels than those in 2007 for “JIKKO-2010”

### Pursuit of Quality

Reinforcing of the corporate structure

- The management prioritizing capital efficiency
- “Pursue of quality” in every aspect, such as management, human resources, and product quality
- Technology strategy planning, and R&D implementation on a global basis

Enhancement of return profit policy to shareholders

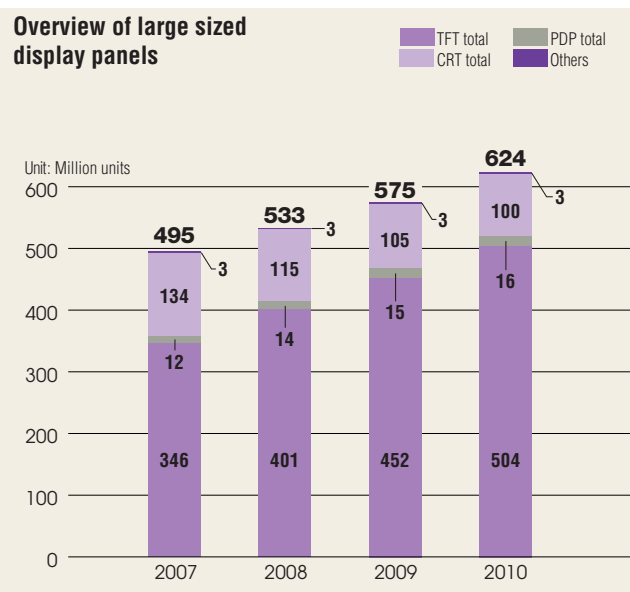
- Approximately 30% of dividend payout ratio
- Maintain stable dividends
- Return profits proactively to shareholders in consideration of consolidated performance and future capital investment plans

# Major Initiatives of "JIKKO-2010"

## Display Operations

- Continue to grow by double digits for the FPD market

Overview of large sized display panels



### TFT glass substrates

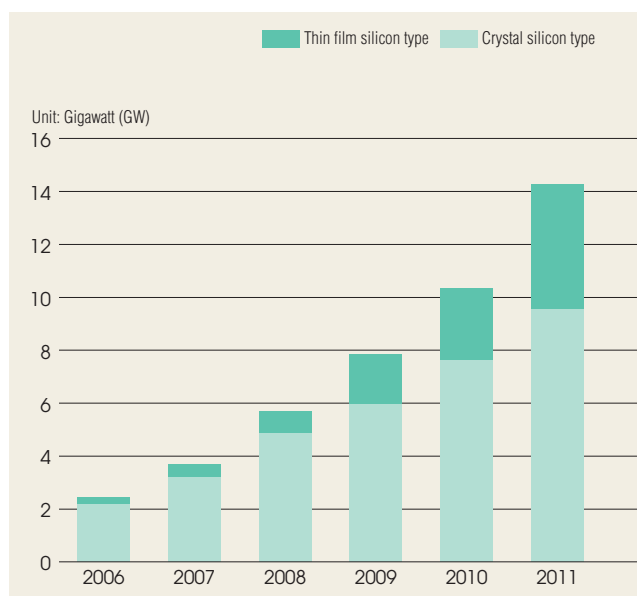
- Maintain profitability and expand earnings
  - 10-20% growth in the glass substrates market
  - Respond to market expansion with improvement of productivity of existing equipments and new investments
  - Maintain No.1 position for LTPS (Low Temperature Poly Silicon) and OLED (Organic Light Emitting Diode), both highly appraised by the market

### PDP glass substrates

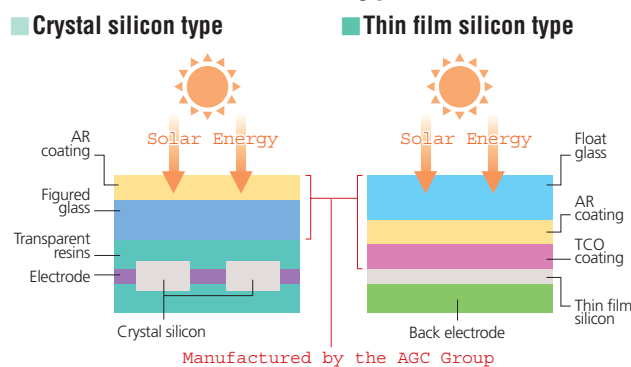
- Maintain profits with sales expansion and improvement of productivity
  - Market growth expected to slow
  - Establish flexible production systems responding to the rapid change of the market
  - Promote sales expansion
  - Improve productivity further

## Operations of Glass for Solar Cells

- Expect the market of solar cells to grow sharply at 40% per year



### Solar cell types



In the market for cover glass used in crystal silicon types, maintain a 40% share with the enlargement of our production capacity to meet market expansion.

In the market for the TCO substrates used in thin film silicon types, increase the 10% share we currently enjoy to 50% in 2013 through positive investments in coating facilities.  
 ※ TCO: Transparent Conductive Oxide

- Establish a global integrated system for timely technology development and capacity expansion
- Target sales of 60.0 billion yen for 2010

## Electronics & Energy Operations

- **Concentrate investment in growth areas, aiming to achieve an operating income margin of 15% in 2010**
  - Push forward with the differentiation strategy by taking Group's advantages of integrated production process from raw materials
  - Due to short lifecycle of products, accelerate until start of mass production, and speed up the operation of business
  - Select and focus on growing business

## Flat Glass Operations in North America

- **Expand sales of products optimizing high-added function and coating technology**
- **Upgrade overall operations and reduce costs**
- **If no improvement with above measures, further aggressive "shrink strategy" will be executed**



## Technology Strategies

- **Achieve "JIKKO-2010" targets through technology strategies that are founded on our origins as a materials supplier**

With the following five technology strategies, the AGC Group will push ahead with research and development activities by making the most of its core technologies, such as glass materials and manufacturing technology, fluorine and chemical technology, optics and electronics related technology, coating technology, common basic technology and equipment technology.

- ① Pursue further differentiation based on material technologies
- ② Improve quality and profitability by enhancement on production technologies
- ③ Maintain the competitive advantages of new products in fruiting period, and cultivate new fruits for future growth
- ④ Aggressive environmental activities
- ⑤ Execute technology strategies and R&D on a global basis

In research and development activities, the Group will create timely technologies, merchandise, and businesses by reviewing the development and technology roadmap every year, that is based on the Technology Outlook (input information about changes of macro trend in the world, and trends and developments in customer industries) which decides the direction of the Group's technology strategies.

### Technology Outlook and Technology Roadmap which define the direction of technology strategies



# AGC Group Technology Expo 2007



The Expo received a huge number of visitors

As part of **“JIKKO-2010”**, the AGC Group is developing technology strategies that are founded on our origins as a materials supplier. We held an exhibition, AGC Group Technology Expo 2007, which showcased the various AGC Group technologies and products that form the core of this strategy.

## Range of Technologies Underpin **“JIKKO-2010”** Technology Strategies

We held AGC Group Technology Expo 2007 at the Tokyo International Forum on December 4 and 5, 2007.

The Expo featured AGC Group’s core technologies, which were divided into Fluorine and Chemical Technology, Glass Material Design and Production Processing Technology, and Coating and Patterning Technology, with exhibits and explanatory videos.

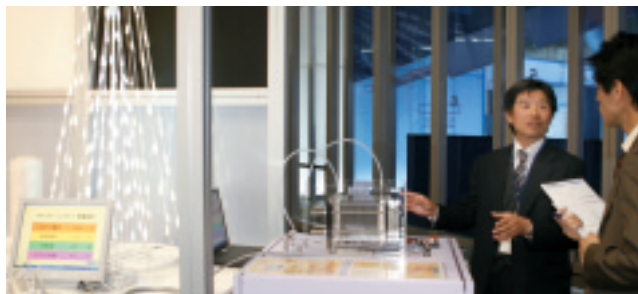
Fluon®ETFE film, which was exhibited in the Fluorine and Chemical Technology corner, was used at Allianz Arena, the main stadium for the world football championship held in Germany in 2006. This material is also at work at the Summer Games to be held in Beijing in 2008. (See page 12 for details.)

In the Glass Material Design and Production



Corner featuring Coating and Patterning Technology

Processing Technology corner, 10th-generation large glass substrates (called G10) for TFT-LCDs, which are supplied to the constantly growing thin-screen TV market, drew the attention of visitors. Moreover, the Coating and Patterning Technology corner featured coating and patterning technologies used in such areas as semiconductor manufacturing processes, displays, and solar cells.



Fuel cells generating demonstration

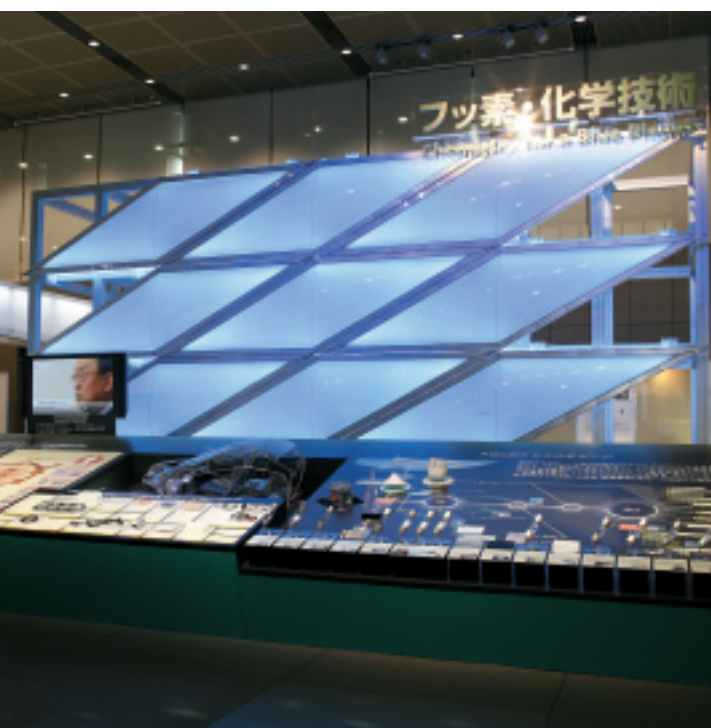
(MEA) for Fuel Cell, In-Flight Melting of Glass for Innovative Energy Conservation, which contributes to reducing the environmental load, and C12A7 Electride Crystal, which is expected to have applications in the electronics sector.

Furthermore, technology lectures were presented by the AGC Group Chief Technology Officer (CTO) and technology development officers.

About 3,000 visitors, including the AGC Group's customers and members of the mass media, attended the Expo over the two days. The Expo closed on a high note.

## AGC Group's Core Technologies and Future Technologies

The AGC Group's wide variety of products, including glass products, chemical products, electronics and energy related products, were also exhibited at the venue in easy-to-understand formats together with panels and images. In addition, a corner entitled Tomorrow Zone showcased a number of the AGC Group's next generation technologies. Some examples of these include Membrane-Electrode Assembly



Fluorine and Chemical Technology corner featuring Fluon®ETFE film and environment-related technology



G10, the world's largest glass substrates for TFT-LCDs

## Highly Functional Fluoropolymer Film, Fluon®ETFE Film, Supporting the Summer Games in Beijing

Fluon®ETFE film is used in the roof of the National Stadium, which will be the main stadium for the Summer Games to be held in Beijing in August 2008. It is also used at the National Aquatics Center, the venue for aquatics events. Fluon®ETFE film is a highly functional fluoropolymer film for which the AGC Group boasts the world's largest market share. It has superior properties in terms of heat, chemical and weather resistance, as well as anti-adhesion, excellent electrical properties, and transparency. In addition to its extensive applications in areas such as electronics, aviation/space, and photovoltaic cells, it is increasingly used as a building material for structures such as the Allianz Arena, the main stadium for the world football championship held in Germany in 2006.

The facilities in China are nicknamed the BirdNest (National Stadium) and the Water Cube or [H<sub>2</sub>O]<sup>3</sup> (National Aquatic Center) because of their distinctive external appearance, and Fluon®ETFE film was chosen as the appropriate material to express their unique characteristics.



National Aquatic Center where Fluon®ETFE film is used

©Vector-Foiltec

## Ranked 36th in Manufacturing Industry Overall Ranking by the Nikkei Environmental Management Survey

In the 11th consecutive environmental management survey conducted by *the Nikkei*, the AGC Group received the high evaluation of 36th in the manufacturing overall rankings. The survey is conducted for 1,752 manufacturing industry and 2,492 non-manufacturing industry listed and unlisted companies.



*The Nikkei Business Daily*,  
December 3, 2007

Companies in the manufacturing sector are evaluated using a questionnaire format that includes performance values for the progress achieved in the following six items: (1) management system and long-term targets; (2) global warming countermeasures; (3) pollution countermeasures; (4) product features; (5) resources recycling, and (6) office environment. The AGC Group was evaluated particularly highly on global warming countermeasures, pollution countermeasures, and product features. We take it that our efforts in developing environmental management systems and steadily implementing measures were appreciated. In the future, the AGC Group will promote measures that can contribute to the global environment throughout the entire product life cycle.

### Overseas Topics

#### AGC Flat Glass Europe Develops AntiBacterial Glass™



Jean-François Heris, President & CEO of AGC Flat Glass Europe announcing AntiBacterial Glass™ at a press conference

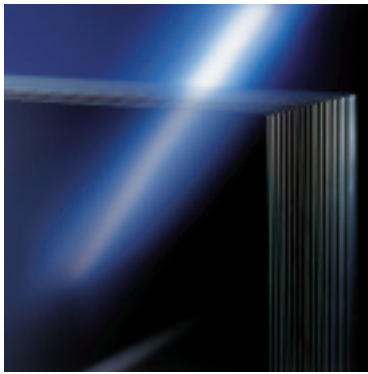
AGC Flat Glass Europe of the AGC Group developed AntiBacterial Glass™, which kills 99.9% of bacteria and stops the spread of fungi. Sales were launched in September 2007.

AntiBacterial Glass™ produces silver ions in the upper layers of the glass, which prevents the division of bacteria, thus destroying them. With antibiotic-resistant bacteria becoming a widespread problem, it is expected that AntiBacterial Glass™ will be used in all sectors where hygiene is a must, such as hospitals and hotels. The product won the highest prize at the world's largest building exhibition, Batimat, held in Paris.

Refer to the websites below for details about AntiBacterial Glass™  
<http://www.agc-flatglass.eu/> <http://www.yourglass.com/>

## Production of Large TFT-LCD Glass Substrates Expands at the Takasago Plant

The AGC Group decided to increase the production of glass substrates for TFT-LCDs in October 2007. Spending about 30 billion yen in total, we will establish a production furnace (output capacity: 5 million m<sup>2</sup>/year) and a polishing line, for various sizes of



Glass substrates for TFT-LCDs

glass substrates, including the world's largest 10th-generation glass substrate (G10), at the Takasago Plant (Takasago City, Hyogo Prefecture, Japan), in order to respond to stronger demand for TFT-LCD panels and production by using larger mother glass.

The AGC Group will continue to expand facilities as necessary while giving full consideration to trends in demand for glass substrates and an increase in the production of existing manufacturing facilities in order to stably supply products that meet the needs of customers.

## Glass Power Campaign

In this campaign, which commenced in October 2005 with the aims of promoting safety, disaster prevention, and global warming prevention, we donate disaster-prevention laminated glass to designated shelters, such as elementary and junior high schools, and give lectures at elementary and junior high schools. In the second half of 2007 we donated disaster-prevention laminated glass to various recipients, including elementary schools, in the prefectures of Hokkaido, Kagoshima, Kumamoto, Hyogo, and Yamagata. We have made 15 donations of disaster-prevention laminated glass over the past two years, and are continuing with new campaign activities, which have been stepped up since November 2007. For details, refer to the website below.

<https://www.glasspower.jp/>

## IR Information via the Internet

2nd edition

### Live audio webcast of the FY 2007 financial results announcement and the presentation of the medium-term management plan **"JIKKO-2010"**

A live audio webcast and slide show transmissions of the FY 2007 financial results announcement and the presentation of the medium-term management plan **"JIKKO-2010"** are available on AGC's home page. (Audio webcast service runs until April 28, 2008.)

#### How to access

- (1) Access the AGC home page and then open the Investor Relations page.
- (2) Click on the Audio Webcast **"JIKKO-2010"** on the upper right hand corner of the banner on the Investor Relations page.



Click on the Audio Webcast **"JIKKO-2010"**.



You will hear a voice transmission.

You can also view the slide show for the announcement in conjunction with the voice transmission.

# Overview of Segments

## AGC Group

### Glass Operations

#### Flat Glass Business

(Main Products) Float flat glass, double-glazing glass, heat-reflective glass, laminated glass, processed glass for construction, mirrors, etc.

#### Automotive Glass Business

(Main Products) Laminated glass, tempered glass, etc.

#### Other Glass Business

(Main Products) Lighting lamp products, industrial glass products (Withdrawn from fiber glass business in November 2007.)

### Electronics and Display Operations

#### Display Business

(Main Products) Flat panel display glass (TFT-LCD glass substrates, PDP glass substrates), CRT glass, etc.

#### Electronic Materials Business

(Main Products) Electronics & Energy products, small- and medium-sized displays, etc.

### Chemicals Operations

#### Chlor-alkali and Urethane Business

(Main Products) Caustic soda, vinyl chloride monomers, sodium bicarbonate, etc.

#### Fluorochemicals and Specialty Chemicals Business

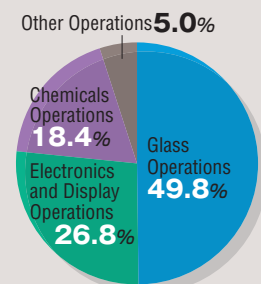
(Main Products) Fluorinated resins, gases and water and oil repellents, ion exchange membranes, etc.

### Other Operations

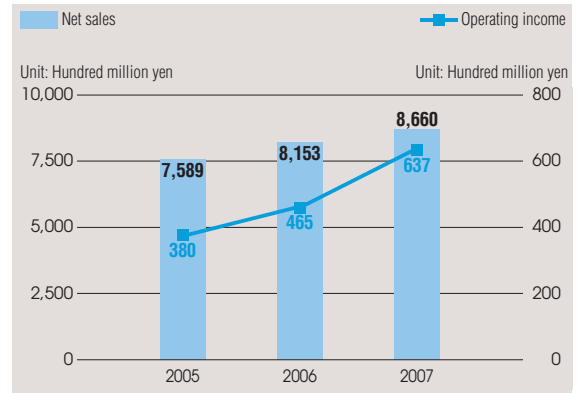
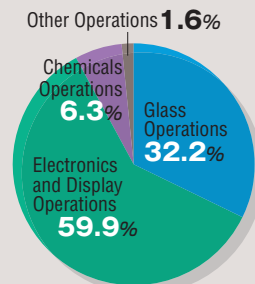
#### Ceramics Business

**Service Business** includes logistics and engineering

#### Sales composition



#### Operating income composition



## Sales as percentage 49.8% Glass Operations

Sales in the flat glass business in Europe increased compared with the preceding year, since good sales in fast-growing markets such as Russia continued and demand remained steady in Western Europe. Meanwhile, sales of flat glass decreased in Japan and North America because of the decline in housing starts.

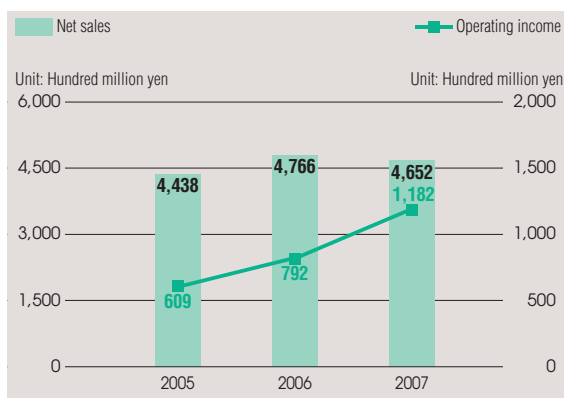
In the automotive glass business, sales increased from the previous year because of a steady growth in worldwide automotive production.

Sales in other glass business decreased from a year earlier owing to our withdrawal from the fiber glass business.

Net sales for the Glass operations for the year under review were 866.0 billion yen, an increase of 6.2% from the preceding year, and operating income was 63.7 billion yen, up 37.0%.



In Europe, flat glass sales remained buoyant in fast-growing markets such as Russia (Photograph: AGC Bor Glassworks' plant in Russia)



Sales as percentage **26.8%** **Electronics and Display Operations**

In the FPD glass sector of the display business, sales as a whole increased from the previous year because sales of glass substrates for TFT-LCDs remained steady, helped by higher demand for panels for thin-screen TVs and a trend toward larger panels, and sales of glass substrates for plasma display panels (PDPs) improved in the latter half of the fiscal year under review after leveling off in the first half.

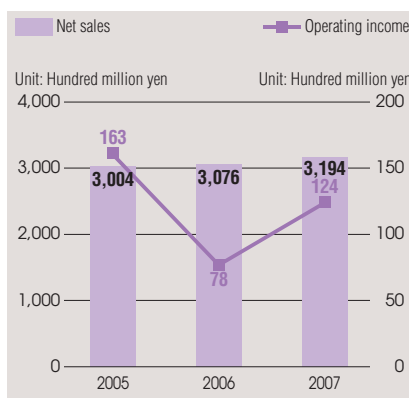
Sales in the CRT glass sector decreased from a year earlier, reflecting a shift in demand to FPDs and a reduction in production capacity.

In the electronics materials business, sales of small- and medium-sized LCDs and some display materials dropped, while sales of semiconductor-related products continued to be robust.

Net sales for the Electronics and Display operations for the year under review were 465.2 billion yen, down 2.4% from a year earlier, and operating income was 118.2 billion yen, up 49.2%.



Optical pickup devices

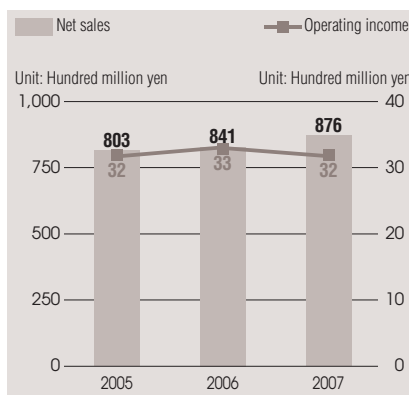


Sales as percentage **18.4%** **Chemicals Operations**



"F-CLEAN" ultra-thin Ethylene-Tetrafluoroethylene copolymer (ETFE) film

Sales as percentage **5.0%** **Other Operations**



Sales in the chlor-alkali and urethane business increased from the previous year, mainly because of a recovery in the market for vinyl chloride-related products.

In the fluorochemicals and specialty chemicals business, we continued to see firm sales of fluorinated resins for industrial use, for construction and for exterior use.

Net sales for the Chemicals operations posted 319.4 billion yen, up 3.8% from the previous year, and operating income increased 58.7% year-on-year to 12.4 billion yen.

In other operations, both sales and profits of ceramic products increased from the preceding year, driven by steady sales. Overall, however, net sales were up 4.2% year-on-year to 87.6 billion yen, with operating income down 3.5% to 3.2 billion yen.

# Financial Data

## Consolidated Financial Statements

### Consolidated Balance Sheet (summary)

Unit: Million yen

Item	End of fiscal 2007 (December 31, 2007)	End of fiscal 2006 (December 31, 2006)	Increase/ decrease
<b>Assets</b>	<b>2,108,089</b>	2,149,546	Δ 41,456
Current assets	677,119	722,824	Δ 45,705
Cash on hand and in banks	82,399	80,610	1,789
Trade notes and accounts receivable	286,460	295,078	Δ 8,618
Inventories	237,686	248,231	Δ 10,544
Other current assets	70,572	98,903	Δ 28,331
Fixed assets	1,430,758	1,426,489	4,269
Tangible fixed assets	1,053,158	1,008,116	45,041
Buildings and structures	278,927	252,343	26,584
Machinery and equipment	519,022	462,062	56,960
Land	112,100	123,999	Δ 11,899
Other tangible fixed assets	143,108	169,711	Δ 26,603
Intangible fixed assets	45,224	57,573	Δ 12,349
Investments and advances	332,375	360,798	Δ 28,422
Investment in securities	287,342	311,838	Δ 24,495
Other investments	45,033	48,960	Δ 3,927
Deferred assets	211	232	Δ 20
<b>Total assets</b>	<b>2,108,089</b>	2,149,546	Δ 41,456

Item	End of fiscal 2007 (December 31, 2007)	End of fiscal 2006 (December 31, 2006)	Increase/ decrease
<b>Liabilities</b>	<b>1,080,748</b>	1,157,795	Δ 77,047
Current liabilities	644,637	618,041	26,596
Trade notes and accounts payable	176,946	180,129	Δ 3,182
Short-term bank loans and commercial paper	123,643	163,109	Δ 39,466
Current maturities of bonds	110,889	49,034	61,855
Other current liabilities	233,158	225,768	7,389
Non-current liabilities	436,110	539,753	Δ 103,643
Bonds issued	140,675	224,649	Δ 83,973
Long-term bank loans	156,024	138,086	17,938
Accrued retirement benefits	60,773	68,557	Δ 7,784
Other non-current liabilities	78,636	108,460	Δ 29,824
<b>Net assets</b>	<b>1,027,341</b>	991,751	35,590
Shareholders' equity	807,195	756,424	50,770
Common stock	90,859	90,480	378
Additional paid-in capital	96,948	96,569	378
Retained earnings	633,421	583,176	50,245
Treasury stocks	Δ 14,034	Δ 13,802	Δ 232
Valuation and translation adjustments	147,240	154,062	Δ 6,821
Unrealized gains on securities, net of tax	102,028	123,312	Δ 21,283
Deferred gains or losses on hedges, net of tax	2,034	Δ 1,038	3,072
Asset revaluation reserve	62	63	Δ 1
Foreign currency translation adjustments	43,115	31,724	11,390
Share subscription rights	392	1	391
Minority interest in consolidated subsidiaries	72,512	81,263	Δ 8,750
<b>Total liabilities and net assets</b>	<b>2,108,089</b>	2,149,546	Δ 41,456

#### Point

#### 1 Decline in Total Assets

Total assets as of the end of the fiscal 2007 declined by 41.5 billion yen year-on-year to stand at 2,108.1 billion yen with the transfers of shares in Optrex Corporation and Asahi Fiber Glass Co., Ltd.

#### Point

#### 2 Decline in Liabilities

Liabilities as of the end of the fiscal 2007 fell by 77.0 billion yen year-on-year to 1,080.7 billion yen due to such factors as a reduction in interest-bearing debt, including commercial papers, in order to strengthen the equity capital.

#### Point

#### 3 Increase in Net Assets

Net assets as of the end of the fiscal 2007 were 1,027.3 billion yen, an increase of 35.6 billion yen from the preceding year, mainly because retained earnings increased with net income for the period under review.

## Consolidated Statements of Income (summary)

Unit: Million yen

Item	Fiscal 2007 (January 1, 2007 through December 31, 2007)	Fiscal 2006 (January 1, 2006 through December 31, 2006)
Net sales	<b>1,681,238</b>	1,620,540
Cost of sales	1,199,912	1,217,654
Gross profit	481,326	402,885
Selling, general and administrative expenses	283,874	266,274
<b>4</b> Operating income	<b>197,452</b>	136,611
Other income	19,705	24,906
Other expenses	29,279	27,019
Ordinary income	<b>187,878</b>	134,498
Extraordinary gains	27,230	29,388
Extraordinary losses	112,881	125,595
Income before income taxes	<b>102,227</b>	38,291
Income taxes	30,132	6,132
Minority interest in earnings (losses) of consolidated subsidiaries	2,460	Δ 12,838
<b>Net income</b>	<b>69,634</b>	44,997

## Consolidated Statements of Cash Flows (summary)

Unit: Million yen

Item	Fiscal 2007 (January 1, 2007 through December 31, 2007)	Fiscal 2006 (January 1, 2006 through December 31, 2006)
<b>5</b> Cash flows from operating activities	<b>245,748</b>	173,997
Cash flows from investing activities	Δ 209,819	Δ 212,477
Cash flows from financing activities	Δ 36,082	35,880
Effect of exchange rate changes on cash and cash equivalents	269	1,553
Increase (decrease) in cash and cash equivalents	114	Δ 1,046
Cash and cash equivalents at beginning of year	52,627	54,006
Cash and cash equivalents held by newly consolidated subsidiaries	Δ 466	Δ 332
<b>Cash and cash equivalents at end of year</b>	<b>52,275</b>	52,627

### Point 4 Record High Operating Income

Operating income rose by 60.8 billion yen or 44.5% year-on-year to 197.5 billion yen, posting a record high.

### Point 5 Cash Flow from Operating Activities

Net cash provided by operating activities was 245.7 billion yen for the period under review, up 71.8 billion yen from the previous year, chiefly attributable to an increase in net income before taxes.

## Consolidated Statements of Shareholders' Equity, etc.

Unit: Million yen

Fiscal 2007 (January 1, 2007 through December 31, 2007)	Shareholders' Equity					Valuation and translation adjustments	Share subscription rights	Minority interest in consolidated subsidiaries	Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stocks	Total shareholders' equity				
Balance as of December 31, 2006	90,480	96,569	583,176	Δ 13,802	756,424	154,062	1	81,263	991,751
<b>Changes during the current period</b>									
Distribution of surplus			Δ 21,118		Δ 21,118				Δ 21,118
Net income			69,634		69,634				69,634
Treasury stocks			Δ 3	Δ 232	Δ 235				Δ 235
Others	378	378	1,732		2,490	Δ 6,821	391	Δ 8,750	Δ 12,690
<b>Total changes during the current period</b>	<b>378</b>	<b>378</b>	<b>50,245</b>	<b>Δ 232</b>	<b>50,770</b>	<b>Δ 6,821</b>	<b>391</b>	<b>Δ 8,750</b>	<b>35,590</b>
Balance as of December 31, 2007	90,859	96,948	633,421	Δ 14,034	807,195	147,240	392	72,512	1,027,341

## List of Officers and Major Subsidiaries and Affiliates

(as of March 28, 2008)

### Board of Directors, Corporate Auditors and Executive Officers

#### Board of Directors

\*1: Independent director

Representative Director	Masahiro Kadomatsu	
Representative Director	Kazuhiko Ishimura	
Representative Director	Takashi Matsuzawa	
Director	Katsuhisa Kato	
Director	Takuya Goto	*1
Director	Kunihiro Matsuo	*1
Director	Hajime Sawabe	*1

#### Corporate Auditors

\*2: Independent auditor

Corporate Auditor	Hiroshi Watanabe	*2
Corporate Auditor	Takashi Terashima	
Corporate Auditor	Kozo Tsukagoshi	*2
Corporate Auditor	Koji Ogaki	*2

#### Executive Officers

Chairman & CEO	Masahiro Kadomatsu
President & COO	Kazuhiko Ishimura
Senior Executive Vice Presidents	
Global Operations of AGC Group and President of Flat Glass Company	Takashi Wada
CFO	Takashi Matsuzawa
Executive Vice President	
President of Display Company	Yuji Nishimi
Senior Executive Officers	
President of Chemicals Company	Michiyoshi Kaino
GM of Corporate Planning	Katsuyoshi Kawaharazuka
GM of CSR Office	Keita Shikii
President of Automotive Glass Company	Kei Yonamoto
CTO	Katsuhisa Kato
GM of Research Center	Akira Toyama
Vice President of Flat Glass Company, Regional President of Japan/Asia	Akio Endo
GM of Corporate Finance	Shukichi Umemoto
GM of Group Human Resources Planning	Yasutoshi Hirata
Executive Officers	
CTO of Japan/Asia, Flat Glass Company	Tetsuji Kakimoto
GM of Electronics & Energy General Div.	Masafumi Ohinata
Vice President of Flat Glass Company	Masayuki Kamiya
President of AGC Ceramics Co., Ltd.	Eiichi Kudo
Deputy GM of CSR Office	Toru Kawatsura
GM of Marketing & Sales General Div., Display Company	Nozomu Taguchi
GM of Business Management General Div., Chemicals Company	Satoshi Kamata
Vice President & CTO of AGC Flat Glass North America, Inc.	Tadayuki Oi
GM of Technology Development Div., Electronics & Energy General Div.	Yasumasa Nakao
Regional President of Japan/Asia Pacific, Automotive Glass Company	Marehisa Ishiko
President of AGC Display Glass Taiwan Co., Ltd.	Yoshiaki Tamura
Regional President of Europe, Flat Glass Company, and President & CEO of AGC Flat Glass Europe S.A.	Jean-François Heris
GM of Human Resources and Administration Center	Shinichi Kawakami
Deputy GM of Corporate Planning	Takashi Fujino

Note: GM represents General Manager

### List of Major Subsidiaries and Affiliates

#### Domestic

AGC Glass Products Co., Ltd.	Principal products: Float glass, Figured glass, Double glazing, and Mirror
AGC Display Glass Yonezawa Co., Ltd.	Principal products: Glass substrates for LCDs
Ise Chemicals Corporation	Principal products: Iodine, Iodine compounds, Natural gas, Nickel and Cobalt compounds
AGC Ceramics Co., Ltd.	Principal products: Fused cast refractories, Bonded refractories, Monolithic refractories, and Fine ceramics

#### Overseas

AGC Flat Glass Europe S.A. (Belgium)	Principal products: Float glass, Figured glass, Double glazing, Automotive glass, and Mirror
AGC Flat Glass North America, Inc. (U.S.A.)	Principal products: Float glass, Figured glass, Architectural glass, and Automotive glass
P.T. Asahimas Flat Glass, Tbk. (Indonesia)	Principal products: Float glass, Figured glass, Architectural glass, Automotive glass, and Mirror
AGC Display Glass Taiwan Co., Ltd. (Taiwan)	Principal products: Glass substrates for LCDs
Asahi Glass Fine Techno Korea Co., Ltd. (Korea)	Principal products: Glass substrates for PDPs
Hanwook Techno Glass Co., Ltd. (Korea)	Principal products: Glass substrates for PDPs
P.T. Asahimas Chemical (Indonesia)	Principal products: Chemical products (caustic soda, EDC, VCH, PVC, etc.)
AGC Chemicals (Thailand) Co., Ltd. (Thailand)	Principal products: Chemical products (caustic soda, hydrochloric acid, caustic potash, potassium carbonate, etc.)
AGC Chemicals Europe, Ltd. (England)	Principal products: Chemical products (PTFE, ETFE, etc.)

# Stock & Bond Information

## State of Stock & Bonds

### State of Stock (as of December 31, 2007)

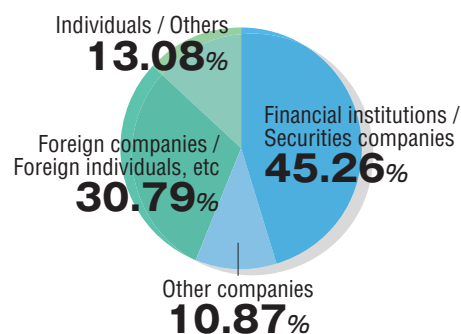
Number of shares outstanding: **1,186,682,105**

Number of shareholders: **58,998**

(Shareholders who own shares one unit or more: **42,347**)

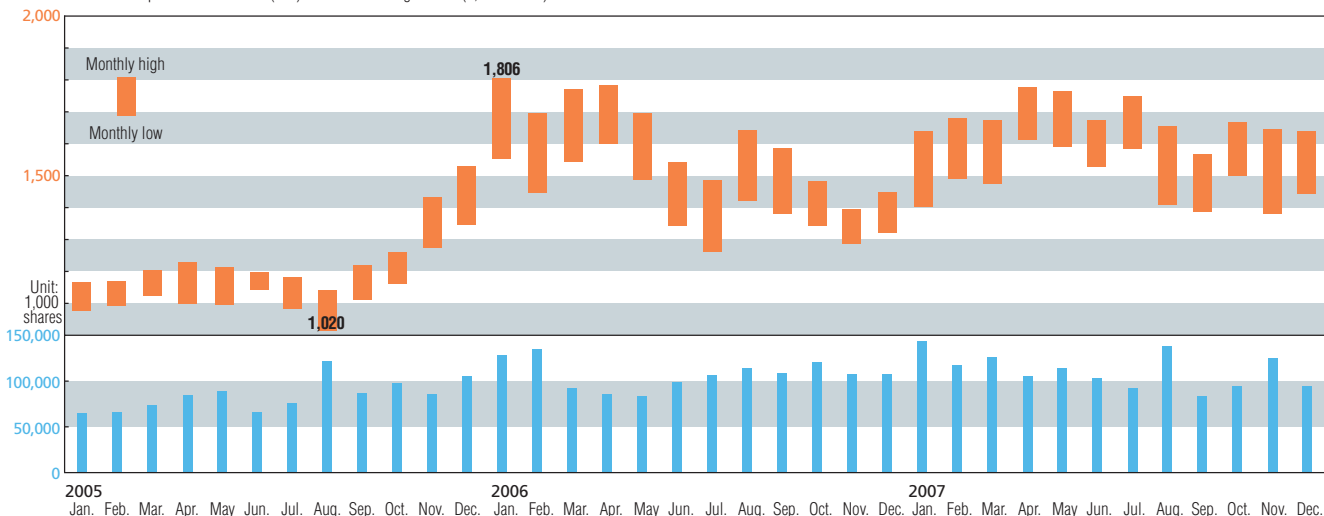
### Shareholders Composition

(Shareholders who own shares one unit or more)



### Trends in Stock Price and Trading Volume (Tokyo Stock Exchange)

Unit: Yen ■ Stock price of Asahi Glass (Yen) ■ Trading volume (1,000 shares)



### State of Corporate Bonds (as of December 31, 2007)

Issue	Date of issuance	Balance outstanding (Unit: Million yen)	Annual rate (Year) (%)	Security	Redemption period	Notes
No. 5 convertible bonds	July 5, 1993	97,928	1.90	—	December 26, 2008	Convertible price as of end of December 2007: 1,134 yen
No. 5 bonds	December 18, 2001	20,000	1.52	—	December 16, 2011	
No. 6 bonds	September 9, 2002	25,000	0.86	—	September 9, 2009	
No. 7 bonds	October 17, 2002	15,000	1.28	—	October 17, 2012	
No. 8 bonds	June 3, 2003	20,000	0.67	—	June 3, 2013	
No. 10 bonds	September 13, 2007	19,994	1.35	—	September 13, 2012	

## Corporate Outline (as of December 31, 2007)

**Trade name:** Asahi Glass Company, Limited

**English company name:** Asahi Glass Company, Limited

**Founded:** September 8, 1907

**Incorporated:** June 1, 1950

**Capital:** ¥ 90,859,878,664

**Head office:** Shin-Yurakucho Bldg.,  
1-12-1 Yurakucho, Chiyoda-ku, Tokyo 100-8405  
Tel: +81-3-3218-5096

**Number of consolidated subsidiaries:**

203 (including 157 companies overseas)

**Number of employees of consolidated companies:**

49,710

## 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

Shareholder registration date for entitlement to annual dividend payment: December 31

Shareholder registration date for entitlement to interim dividend payment: June 30

**Public notice: Electronic public notices** (<http://www.agc.co.jp>)

**Acting office of shareholder register:**

Corporate Agency Division,  
Mitsubishi UFJ Trust and Banking Corporation  
1-4-5 Marunouchi, Chiyoda-ku, Tokyo 100-8212

**Inquiries/Mailing address:**

Corporate Agency Division,  
Mitsubishi UFJ Trust and Banking Corporation  
7-10-11 Higashisuna, Koto-ku, Tokyo 137-8081  
Tel: 0120-232-711 (toll free)

**Representative branch offices:**

All domestic branches of Mitsubishi UFJ Trust and Banking Corporation

**Payment of dividends**

As stated in the Articles of Incorporation, dividends not claimed within five years from the starting date of payment are no longer payable. We therefore urge investors to claim all payable dividends at the earliest convenient date.

When asking of application forms necessary for change of address, designation of the account for receiving dividends and change of such account, demand for the purchase and the sales of shares less than one unit, as well as the request for procedures for inheriting shares, please contact the shareholder register toll-free number, on 0120-244-479 (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.

**ASAHI GLASS CO., LTD.**

<http://www.agc.co.jp>