

Financial Review 2007

For the year ended
December 31, 2007

CONTENTS

Consolidated Eleven-Year Summary	Inside Cover	Consolidated Statement of Changes in Net Assets	16
Management's Discussion and Analysis	2	Consolidated Statements of Cash Flows	18
Consolidated Balance Sheets	12	Notes to Consolidated Financial Statements	19
Consolidated Statements of Income	15	Independent Auditors' Report	39

CONSOLIDATED ELEVEN-YEAR SUMMARY

Asahi Glass Co., Ltd. and Consolidated Subsidiaries

For the years ended December 31, 2007, 2006, 2005, 2004 and for the nine-month period ended December 31, 2003;
the years ended March 31, 2003, 2002, 2001, 2000, 1999 and 1998

	2007/12	2006/12	2005/12	2004/12
Operating Results				
Net sales	¥1,681,239	¥1,620,541	¥1,526,661	¥1,475,727
Operating income	197,452	136,612	118,194	139,404
Income (loss) before income taxes and minority interests	102,228	38,292	82,758	134,010
Net income (loss)	69,634	44,998	60,015	78,287
Segment Information				
Sales to customers				
Glass operations	¥ 861,349	¥ 806,325	¥ 754,799	¥ 734,653
Glass operations (old)	—	—	—	—
Electronics and display operations	463,691	475,787	441,689	434,731
Electronics operations (old)	—	—	—	—
Chemicals operations	315,601	302,649	295,802	275,957
Other operations	40,598	35,780	34,371	30,386
Financial Position				
Total assets	¥2,108,090	¥2,149,547	¥2,081,927	¥1,885,269
Total current assets	677,119	722,825	688,432	648,237
Property, plant and equipment	1,053,158	1,008,117	922,631	853,391
Total current liabilities	644,638	618,042	587,145	549,139
Total net assets	1,027,342	991,751	—	—
Total shareholders' equity	—	—	852,684	699,139
Minority interests in consolidated subsidiaries	72,513	81,263	99,320	125,308
Per Share Data (Yen and U.S. Dollars)				
Net income (loss)—basic	¥ 59.35	¥ 38.37	¥ 51.36	¥ 66.75
Net income—fully diluted	56.16	36.61	48.70	63.01
Cash dividends	20.00	16.00	15.00	12.00
Equity	813.28	776.26	726.98	601.47
Other Data				
Return on equity (ROE)	7.5%	5.1%	7.7%	11.8%
Return on assets (ROA) (operating income base)	9.3%	6.5%	6.0%	7.6%
Interest-bearing debt	¥ 531,234	¥ 574,880	¥ 529,387	¥ 523,831
Depreciation and amortization	134,747	125,916	122,665	132,558
Capital expenditures	231,132	252,732	203,995	164,655
Research and development costs	33,944	30,781	31,706	32,265
Number of shares issued and outstanding (thousands)	1,186,682	1,186,014	1,186,000	1,175,242
Number of employees	49,710	54,228	56,857	56,776

Note: Interest-bearing debt comprises short-term bank loans, current maturities of long-term debt, commercial paper, bonds, long-term debt and notes receivable discounted.

Millions of yen							Thousands of U.S. dollars
2003/12	2003/3	2002/3	2001/3	2000/3	1999/3	1998/3	2007/12
¥1,242,957	¥1,295,011	¥1,263,196	¥1,312,829	¥1,257,052	¥1,280,990	¥1,346,727	\$14,747,711
83,187	67,475	58,988	111,652	60,689	43,746	66,072	1,732,035
85,707	5,734	(7,653)	60,434	25,767	25,644	46,681	896,737
53,641	(3,918)	(12,605)	24,725	13,164	5,099	20,362	610,825
¥ 662,323	¥ 705,345	¥ 662,203	¥ 618,492	¥ 652,323	—	—	\$ 7,555,693
—	—	—	—	—	¥ 783,017	¥ 795,143	—
335,497	307,799	311,836	384,941	283,595	—	—	4,067,465
—	—	—	—	—	140,375	124,966	—
218,124	250,359	248,327	263,782	254,393	281,994	341,589	2,768,430
27,013	31,508	40,830	45,614	66,741	75,604	85,029	356,123
¥1,806,612	¥1,786,513	¥1,889,384	¥1,886,815	¥1,881,333	¥1,848,539	¥1,810,644	\$18,492,018
582,060	549,255	555,891	582,459	693,941	723,766	720,779	5,939,640
810,213	798,868	817,998	762,784	745,134	730,368	726,055	9,238,228
489,319	569,875	588,671	633,630	606,604	633,544	727,096	5,654,720
—	—	—	—	—	—	—	9,011,772
622,800	553,835	585,975	607,000	605,210	612,404	630,374	—
110,709	72,000	93,843	91,948	97,846	85,765	69,820	636,079
¥ 45.65	¥ (3.37)	¥ (10.73)	¥ 21.04	¥ 11.20	¥ 4.34	¥ 17.33	\$ 0.52
43.17	—	—	20.46	—	16.74	9.71	0.49
6.75	9.00	9.00	9.00	9.00	9.00	10.00	0.18
530.57	471.79	498.74	516.49	514.97	521.09	536.38	7.13
9.1%	(0.7%)	(2.1%)	4.1%	2.2%	0.8%	3.3%	7.5%
4.6%	3.7%	3.1%	5.9%	3.3%	2.4%	3.9%	9.3%
¥ 574,268	¥ 685,682	¥ 735,314	¥ 685,521	¥ 680,025	¥ 689,480	¥ 647,191	\$ 4,659,947
99,900	108,982	109,954	97,522	94,198	93,271	87,165	1,181,991
110,355	98,285	130,913	93,261	90,084	93,864	125,955	2,027,474
27,333	30,868	28,957	28,374	26,519	36,000	36,000	297,754
1,175,242	1,175,242	1,175,242	1,175,242	1,175,242	1,175,242	1,175,242	1,186,682
55,732	53,728	48,362	48,809	43,217	—	—	49,710

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis herein of sales and operating income is based on segment information. Sales for business segments and geographic segments include all inter-segment transactions.

Change in Scope of Consolidation

Beginning in 2007, AGC Investment, Inc. and 3 other companies were included in the scope of consolidation. On the other hand, Asahi Fiber Glass Co., Ltd. and 39 other companies were deconsolidated due to mergers, the sale of stock and other measures taken as part of business restructuring. These changes brought the total of consolidated subsidiaries to 203.

Currency Fluctuations

The Japanese yen weakened against the euro during fiscal 2007 while the exchange rate against the U.S. dollar was rather stable. The average yen-dollar rate was ¥117.7=US\$1.00, compared with ¥116.4=US\$1.00 in fiscal 2006, and the average yen-euro rate was ¥162.0=1.00 euro, compared with ¥146.9=1.00 euro in the previous year.

Overview of the Period Ended December 31, 2007

■ Overview and Main Initiatives

During the fiscal year under review (January 1 through December 31, 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 high economic growth and ASEAN countries also remained economically sound. Newly Industrializing Economies saw demand in the IT and digital fields, which had slowed down temporarily, pick up. 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, although exports and capital spending, which had led economic expansion, lost momentum in some countries. In the U.S., concerns arose over slow economic growth triggered by the subprime mortgage loan problems, which caused a slowdown in the housing market and capital investments.

In the target markets of the AGC Group, sales of glass substrates for flat panel displays (FPDs), particularly glass substrates for thin-film transistor liquid crystal displays (TFT LCDs), continued to be robust amid growing demand for thin-screen televisions. Sales of flat glass weakened in Japan and North America, but remained brisk in Europe. Sales in the chemicals market recovered.

Under such market circumstances, the AGC Group posted net sales of ¥1,681.2 billion for the fiscal year ended December 31, 2007, up ¥60.7 billion or 3.7% from the previous year and operating income of ¥197.5 billion, up ¥60.8 billion or 44.5%. Net income increased ¥24.6 billion or 54.8% year-on-year to ¥69.6 billion. Net sales and operating income were all-time highs for the AGC Group.

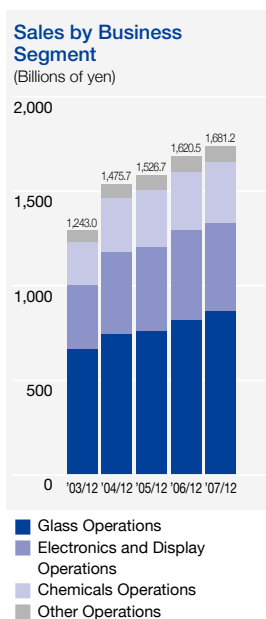
■ Consolidated Net Sales

Consolidated net sales were ¥1,681.2 billion in fiscal 2007.

By business segment, the Glass Operations segment recorded sales of ¥866.0 billion in the year under review. In the Flat Glass Company, in total, sales increased compared with the previous year, since the European market continued to be firm. In the Automotive Glass Company, earnings increased from a year earlier because of a steady growth in worldwide automotive production while the businesses in Europe other than Russia were still slow.

Sales in the Electronics and Display Operations segment were ¥465.2 billion. In the display business, sales increased from the previous year due to strong shipments of glass substrates for TFT LCDs and plasma display panels (PDPs), supported by a rise in demand for panels for thin-screen televisions and the spread of larger sizes of such panels. Meanwhile, sales in the cathode-ray tube (CRT) glass sector decreased from the previous year, which reflected the accelerated shift of demand to FPDs. In the electronics materials business, demand for semiconductor-related products continued to be robust. On the other hand, in the small- and medium-sized displays sector, products for mobile devices such as cellular phones was still suffering from lower selling prices. The AGC Group decided to withdraw from the small- and medium-sized displays business.

Sales in the Chemicals Operations segment were ¥319.4 billion. In the chlor-alkali & urethane market, there was a recovery, such as in vinyl chloride-related products. In the fluorochemicals & specialty chemicals business, demand for fluorinated resins, fluoropolymer films and liquid crystal materials remained steady.



Sales by Business Segment

	Millions of yen		
	2007/12	2006/12	2005/12
Glass Operations	¥ 866,032	¥ 815,336	¥ 758,894
Electronics and Display Operations	465,165	476,621	443,803
Chemicals Operations	319,359	307,606	300,397
Other Operations	87,626	84,124	80,253
Corporate or Elimination	(56,943)	(63,146)	(56,686)
Net Sales	¥1,681,239	¥1,620,541	¥1,526,661

Income and Expenses

Cost of sales decreased ¥17.7 billion or 1.5% to ¥1,199.9 billion. The AGC Group adjusted sales prices and reduced costs in response to the continual price hikes of raw materials and fuels. In addition, with the effect of a restructuring program to downsize the CRT glass production facilities, the cost-to-sales ratio stood at 71.4%, a year-on-year recovery of 3.7 percentage points.

Cost of Sales and SG&A Expenses

	Millions of yen		
	2007/12	2006/12	2005/12
Cost of sales	¥1,199,913	¥1,217,655	¥1,152,165
Cost-to-sales ratio	71.4%	75.1%	75.5%
Gross profit	481,326	402,886	374,496
SG&A expenses	283,874	266,274	256,302
Percentage of net sales	16.9%	16.4%	16.8%

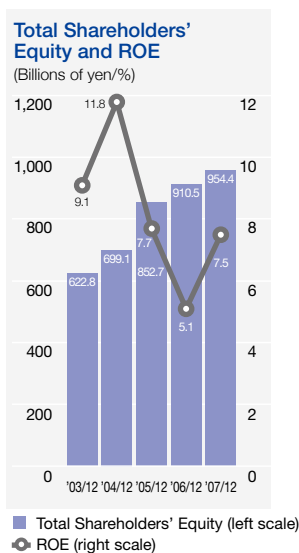
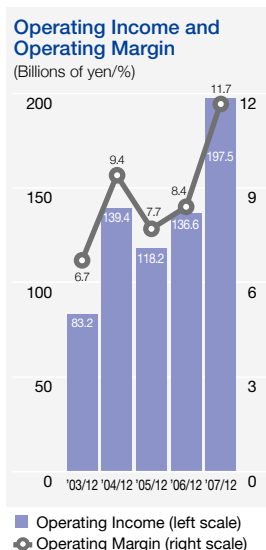
Operating income, the net result of gross profit minus SG&A expenses, was ¥197.5 billion, up ¥60.8 billion or 44.5% year-on-year. The operating margin increased 3.3 percentage points, to 11.7%, which exceeds 10.0%, the target of the AGC Group's mid-term plan.

Other expenses were a net ¥95.2 billion, compared with a net ¥98.3 billion in fiscal 2006.

The AGC Group registered an impairment loss on long-lived assets of ¥19.1 billion in the year under review, such as production facilities in the automotive glass business in Europe in relation to shifting production to Russia. Further, expenses for restructuring programs of ¥44.1 billion accompanying restructuring of CRT glass business in Asian companies, closure of the Nakayama Plant of AGC Techno Glass Co., Ltd. and transfer of shares in Optrex Corporation, and provision for EU competition-law-related expenses of ¥32.4 billion were recorded. Therefore, the AGC Group posted ¥95.2 billion in net other expenses.

Income before income taxes and minority interests increased ¥63.9 billion year on year, to ¥102.2 billion. Minority interests in earnings of consolidated subsidiaries were ¥2.5 billion, compared with a loss of ¥12.8 billion in the previous year.

Consequently, net income for the year under review was ¥69.6 billion, up ¥24.6 billion or 54.8% from ¥45.0 billion in the year earlier. Basic net income per share rose 54.7% year-on-year from ¥38.37 to ¥59.35. ROE increased 2.4 percentage points to 7.5% and ROA on an operating income base increased 2.8 percentage points to 9.3%.

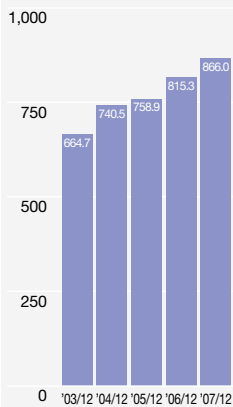


Income

	Millions of yen		
	2007/12	2006/12	2005/12
Operating income	¥197,452	¥136,612	¥118,194
Operating margin	11.7%	8.4%	7.7%
Income before income taxes and minority interests	102,228	38,292	82,758
Net income	69,634	44,998	60,015
Percentage of net sales	4.1%	2.8%	3.9%
Per share data (yen)			
Net income—basic	59.35	38.37	51.36
Net income—fully diluted	56.16	36.61	48.70
Return on equity (ROE)	7.5%	5.1%	7.7%
Return on assets (ROA) (operating income base)	9.3%	6.5%	6.0%

Sales of Glass Operations

(Billions of yen)



Performance by Segment

■ Glass Operations

Glass Operations comprise flat glass business and automotive glass business, which are both conducted globally, as well as Japanese domestic business involving other glass categories including fiberglass and other applications.

Sales in the flat glass business increased compared with the preceding year, as the market continued to be firm in Europe. Shipments rose in fast-growing markets such as Russia, and demand remained high in Western Europe. Meanwhile, the decline in housing starts affected shipments in Japan and North America.

In the automotive glass business, sales increased from the previous year because of a steady growth in worldwide automotive production, although the businesses in Europe, except Russia, continued to be slow.

Sales of other glass products decreased owing to our withdrawal from the fiberglass business at the end of October 2007.

As a result, net sales from Glass Operations for the year under review were ¥866.0 billion, an increase of ¥50.7 billion or 6.2% from the preceding year, and operating income was ¥63.7 billion, up ¥17.2 billion or 37.0%.

■ Electronics and Display Operations

Electronics and Display Operations consist of the display business, which handles glass substrates for FPDs and CRT glass, as well as the electronics materials business.

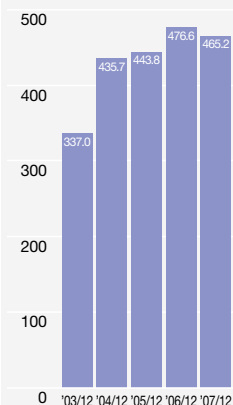
In the display business, sales in the FPD glass sector rose from the previous year, as shipments of glass substrates for TFT LCDs remained steady, helped by higher demand for panels for thin-screen televisions, a trend toward larger panels, and firm demand for panels for PC displays. Meanwhile, shipments of glass substrates for PDPs increased in and after July after leveling off in the first half of the fiscal year under review. Sales at the CRT glass sector decreased from a year earlier, reflecting the accelerated shift of demand to FPDs and reduction in production capacity.

In the electronics materials business, shipments of some display materials slowed, while sales of semiconductor-related products continued to be robust. Earnings from the small- and medium-sized displays sector weakened because of our reduced operations relating to mobile devices and civilian-use products, and the decline in industrial-use products, although sales of products for automotive use remained steady. Against this backdrop, we decided to withdraw from the small- and medium-sized displays business in February 2008.

In Electronics and Display Operations, a decline in the CRT glass business was offset by growth of the FPD glass substrates business and the electronics materials business. As a result, net sales from Electronics and Display Operations for the year under review were ¥465.2 billion, down ¥11.5 billion or 2.4% from a year earlier, and operating income was ¥118.2 billion, up ¥39.0 billion or 49.2%.

Sales of Electronics and Display Operations

(Billions of yen)



■ Chemicals Operations

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. The fluorochemicals & specialty chemicals business consists of fluorochemicals including fluorinated resins, and fluorinated oil and water repellents, as well as specialty chemicals including liquid crystal materials and iodine-related products.

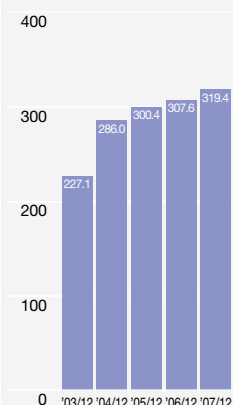
There was a recovery in the chlor-alkali & urethane business, particularly the market for vinyl chloride-related products, and higher costs of raw materials and fuels were offset by an increase in prices.

In the fluorochemicals & specialty chemicals business, shipments of fluorinated resins and fluorinated resins for coating continued to be firm. Bayonne Plant, a U.S. production base that makes fluorinated resin PTFE and other products, was closed at the end of December 2007.

As a result, net sales from Chemicals Operations posted ¥319.4 billion, up ¥11.8 billion or 3.8% from the previous year, and operating income increased ¥4.6 billion or 58.7% year-on-year to ¥12.4 billion.

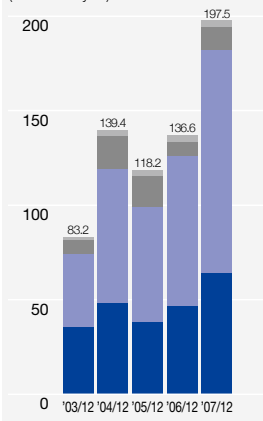
Sales of Chemicals Operations

(Billions of yen)



Operating Income by Business Segment

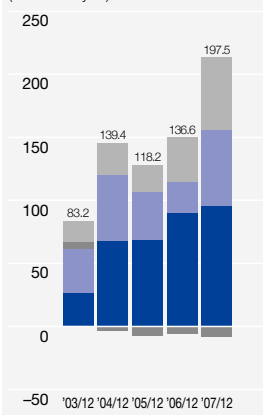
(Billions of yen)



■ Glass Operations
■ Electronics and Display Operations
■ Chemicals Operations
■ Other Operations

Operating Income (Loss) by Geographic Segment

(Billions of yen)



■ Japan
■ Asia
■ The Americas
■ Europe

Other Operations

Other Operations consist of the ceramics business as well as a variety of service-related businesses, including logistics and engineering services.

In the ceramics business, despite higher costs of resources and energy, demand in the glass engineering sector remained steady in Europe and Asia, while demand in the environmental energy sector continued to be firm in Japan. As a result, net sales from Other Operations, as a whole, were ¥87.6 billion, up ¥3.5 billion or 4.2% from the preceding year, and operating income decreased ¥0.1 billion or 3.5% to ¥3.2 billion.

Sales and Income by Business Segment

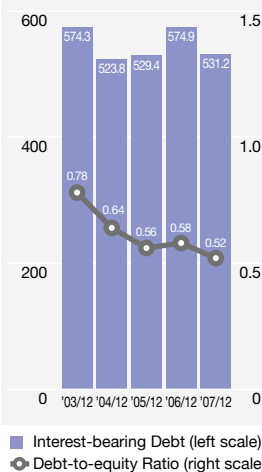
	Millions of yen		
	2007/12	2006/12	2005/12
Glass Operations			
Sales	¥866,032	¥815,336	¥758,894
Operating income	63,664	46,486	37,986
Operating margin	7.4%	5.7%	5.0%
Electronics and Display Operations			
Sales	465,165	476,621	443,803
Operating income	118,163	79,193	60,888
Operating margin	25.4%	16.6%	13.7%
Chemicals Operations			
Sales	319,359	307,606	300,397
Operating income	12,449	7,844	16,295
Operating margin	3.9%	2.5%	5.4%
Other Operations			
Sales	87,626	84,124	80,253
Operating income	3,188	3,304	3,151
Operating margin	3.6%	3.9%	3.9%

Sales and Income (Loss) by Geographic Segment

	Millions of yen		
	2007/12	2006/12	2005/12
Japan			
Sales	¥900,954	¥913,247	¥856,232
Operating income	95,742	89,724	68,827
Operating margin	10.6%	9.8%	8.0%
Asia			
Sales	469,162	436,333	390,702
Operating income	59,477	24,623	37,332
Operating margin	12.7%	5.6%	9.6%
The Americas			
Sales	191,853	205,391	203,911
Operating loss	(7,867)	(6,183)	(6,973)
Operating margin	(4.1%)	(3.0%)	(3.4%)
Europe			
Sales	430,347	365,908	318,738
Operating income	58,601	35,375	22,160
Operating margin	13.6%	9.7%	7.0%

Interest-bearing Debt and Debt-to-equity Ratio

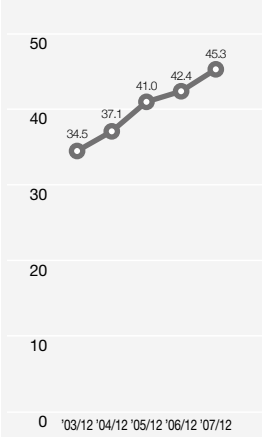
(Billions of yen/Times)



■ Interest-bearing Debt (left scale)
● Debt-to-equity Ratio (right scale)
* Debt-to-equity Ratio=Interest-bearing Debt/Net Assets

Equity Ratio

(%)



Assets, Liabilities and Net Assets

We continue to adhere to a policy of maintaining appropriate liquidity, securing the funds necessary to conduct our operations and ensuring the soundness of our balance sheet. With the aim of facilitating the stable procurement of long-term funds, we have obtained an A rating from Standard & Poor's, an A1 rating from Moody's Investors Service and an AA rating from Rating and Investment Information, Inc.

Total assets as of the end of fiscal 2007 were ¥2,108.1 billion, down ¥41.5 billion from the previous year. This is mainly because the company excluded its subsidiaries, Optrex Corporation and Asahi Fiber Glass Co., Ltd., from the scope of consolidation due to a transfer of shares.

Total liabilities as of the end of the fiscal year under review were ¥1,080.7 billion, a decrease of ¥77.0 billion from fiscal 2006. The Company reduced interest-bearing debt including commercial paper as part of its strengthening of its equity capital.

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

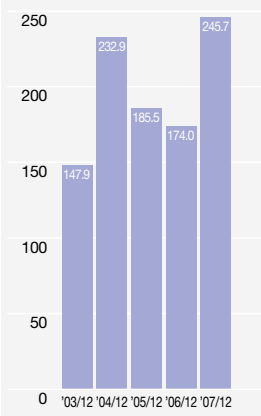
As a consequence of the above, the equity ratio rose 2.9 percentage points from December 31, 2006 to 45.3%. Total shareholders' equity per share increased from the previous year to ¥813.28.

Assets, Liabilities and Net Assets

As of	Millions of yen		
	2007/12	2006/12	2005/12
Total assets	¥2,108,090	¥2,149,547	¥2,081,927
Total current assets	677,119	722,825	688,432
Inventories	237,687	248,232	238,023
Investments and advances	304,094	337,180	349,953
Total current liabilities	644,638	618,042	587,145
Interest-bearing debt (includes notes receivable discounted)	531,234	574,880	529,387
Total net assets/shareholders' equity	1,027,342	991,751	852,684
Equity ratio	45.3%	42.4%	41.0%
Equity per share (yen)	813.28	776.26	726.98
Debt-to-equity ratio (times)	0.52	0.58	0.56

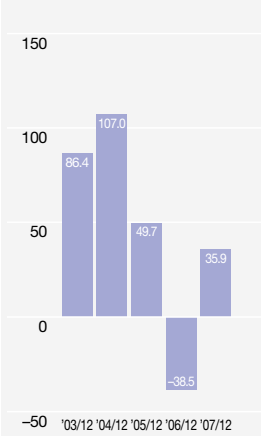
Cash Provided by Operating Activities

(Billions of yen)



Free Cash Flow

(Billions of yen)



Cash Flows

Cash and cash equivalents (hereinafter "cash") at December 31, 2007 amounted to ¥52.3 billion, a decrease of ¥0.3 billion from ¥52.6 billion at the end of the previous year.

■ Cash Flows from Operating Activities

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

■ Cash Flows from Investing Activities

Net cash used in investing activities remained largely unchanged, decreasing ¥2.7 billion from the previous year to ¥209.8 billion. During the period under review, the AGC Group continuously made capital investments in manufacturing facilities for FPD glass substrate and electronic materials operations, as well as facilities for the glass operations in China and the Czech Republic.

As a result, free cash flows for the fiscal year under review, which is the sum of cash flows from operating activities and investing activities, increased ¥74.4 billion from the previous year to ¥35.9 billion.

■ Cash Flows from Financing Activities

Through the effect of financing activities for the fiscal year under review, net cash used in financing activities was ¥36.1 billion, while there had been net cash of ¥35.9 billion provided in the preceding year, mainly due to payment of commercial paper.

Summary Cash Flow Statement

	Millions of yen		
	2007/12	2006/12	2005/12
Net cash provided by operating activities	¥245,748	¥173,997	¥185,505
Income before income taxes and minority interests	102,228	38,292	82,758
Depreciation and amortization	134,747	125,916	122,665
Net cash used in investing activities	(209,820)	(212,478)	(135,796)
Purchases of property, plant and equipment . .	(245,191)	(242,121)	(197,265)
Free cash flow	35,928	(38,481)	49,709
Net cash provided by (used in) financing activities	(36,082)	35,881	(67,436)
Repayments of long-term debts	(54,042)	(54,207)	(50,973)
Effect of exchange rate changes on cash and cash equivalents	269	1,553	4,028
Changes in cash and cash equivalents	115	(1,047)	(13,699)
Cash and cash equivalents at beginning of year	52,627	54,007	67,944
Cash and cash equivalents held by newly consolidated subsidiaries, net of those held by deconsolidated subsidiaries	(466)	(333)	(238)
Cash and cash equivalents at end of year	52,276	52,627	54,007

Risks Associated With Operations

Set out below are the risks associated with the AGC Group's operations and other risks that may materially influence the decisions of investors to invest in the AGC Group. However, the description does not include all possible risks relating to the AGC Group and there may exist additional risks not stated below. Any such risks are also likely to influence investors' decisions.

Future matters contained in this statement are based on information available as of March 28, 2008.

(1) Economic status of the markets in which the AGC Group's products are sold

Demand for the AGC Group's products is impacted by trends in such industries as construction and building materials, automobile, electronics and display. The AGC Group's products are supplied throughout the world, for example in the U.S., Asia and Europe, as well as Japan, and sales are therefore influenced by local economies. Although the AGC Group is working hard to build an earnings structure that is not impacted by changes in the business environment, by improving productivity and reducing fixed and variable costs, its performance and financial state is susceptible to declining demand from the industries mentioned as well as overall economic downturns in the regions where its products are primarily sold.

(2) High dependence on Electronics and Display Operations

In the year through December 2007, operating income of Electronics and Display Operations accounted for 59.8% of the AGC Group's total operating income, denoting a heavy reliance on this sector for revenue. Earnings from these operations tend to fluctuate substantially, and losses cannot always be offset by income from other operations. This has the potential to significantly impact the AGC Group's performance and financial position.

(3) Expansion of operations overseas

The AGC Group has substantial operations overseas, through exports of products and manufacturing abroad. The risks associated with operating abroad include deteriorating political and economic situations, the imposition of regulations on imports and foreign investment, unexpected changes in laws, the worsening of public security, and the occurrence of terrorist attacks and war. These events may hinder the AGC Group's operations overseas and have serious effects on its performance and financial position.

(4) Competitive edge, and development and commercialization of new technologies and products

In every field in which the AGC Group engages, there are competitors supplying products similar to those of the AGC Group. Accordingly, to maintain its competitive edge, the AGC Group is striving to identify the needs of customers, and to develop and commercialize new technologies and products. However, should the AGC Group fail to appropriately respond to technical changes and customer needs or take too long to develop and commercialize new technologies and products, growth would be hampered and profitability would decline. This may significantly impact the AGC Group's performance and financial position.

(5) Procurement of production materials and resources

Because the AGC Group partially uses special materials, suppliers of which are limited, if supply tightens or is delayed, the AGC Group's performance and financial positions may be greatly affected.

(6) Government regulations

In the countries and regions where it operates, the AGC Group is subject to the approval and authorization of local governments with respect to investments, regulations on exports and imports, as well as laws governing commercial transactions, labor, patents, taxation, foreign exchanges, and other issues. Consequently, amendments to these regulations and laws may significantly influence the AGC Group's performance and financial position.

(7) Environmental regulations

The AGC Group engages primarily in glass and chemicals operations, which are characterized by a heavy environmental impact because they consume a great quantity of resources and energy. Recognizing this, the AGC Group is making great efforts to reduce the environmental impact by improving facilities, establishing related management systems, and raising production efficiency by decreasing unit resource consumption and unit energy consumption. However, if environmental regulations become more stringent and the public calls for greater corporate responsibility in environmental protection, the AGC Group's performance and financial position may be significantly impacted.

(8) Product liability

The AGC Group is making every effort to ensure that products are of the highest quality, according to their individual characteristics. Despite these efforts, the possibility remains that unexpected quality problems may occur because of unanticipated factors developing, prompting a major recall. This could substantially influence the AGC Group's performance and financial position.

(9) Intellectual property rights

The AGC Group endeavors to acquire intellectual property rights that appear useful for its present business activities and future operations alike, while investigating the rights of other firms, in order to prevent intellectual property issues from arising. However, there is the possibility that the AGC Group will enter into disputes with other firms over intellectual property or that other firms will infringe the AGC Group's intellectual property rights. This has the potential to materially influence the AGC Group's performance and financial position.

(10) Litigation

There is always a risk that other firms, corporate groups, or individuals may take legal action against the AGC Group with respect to its operations at home and abroad. During the fiscal period under review, there was no legal action pending that had a significantly negative effect on the AGC Group's operations. However, if a major lawsuit is filed against the AGC Group, its performance and financial positions may be significantly impacted.

(11) Effect of natural disasters and accidents

To minimize the adverse impact on business caused by the suspension of production, the AGC Group regularly conducts inspections of all facilities for maintenance purposes and to prevent potential damage from a disaster. But there is no guarantee that the effects of disasters occurring at manufacturing facilities (including earthquakes, power outages, and other disruptions) can be completely eliminated or mitigated.

Given that some of the AGC Group's products cannot be replaced by alternatives, should production cease at some facilities temporarily or for the long term because of a major earthquake or other incident, the AGC Group's ability to manufacture such products is likely to sharply decline. Should this occur, the AGC Group's performance and financial position may be greatly affected.

(12) Exchange rate fluctuations

The AGC Group manufactures and sells products worldwide, and converts transaction accounts in local currencies, including sales, costs, and assets, into Japanese yen when preparing consolidated financial statements. Even if the values of these items remain unchanged in local currency terms, they may change when converted into Japanese yen depending on exchange rates. The Japanese yen's appreciation against other currencies (particularly the U.S. dollar and the euro, which account for a considerable percentage of the AGC Group's sales) generally has a negative affect on the AGC Group's earnings, while the depreciation of the Japanese yen exerts a favorable influence.

The AGC Group also manufactures products at its facilities worldwide, including Japan, and exports the products to a number of countries. The AGC Group generally procures raw materials and sells products in the local currency of each country/region. Accordingly, fluctuations in exchange rates influence the prices of materials the AGC Group procures and the pricing policy for its products, and this impacts the AGC Group's performance, financial position and future earnings.

(13) Retirement benefit obligations

The AGC Group calculates costs for employee retirement benefits and obligations based on an actuarial assumption of the returns on pension funds and a specific discount rate. If the actuarial assumption and results diverge substantially because of deterioration in the market environment for pension fund management, future costs for retirement benefits will increase, and this may seriously impact the AGC Group's performance and financial position.

(14) Decline in asset values of fixed assets

If the asset values of the AGC Group's owned fixed assets were to decline because of a drop in market values or profitability, the AGC Group's performance and financial position may be substantially impacted.

CONSOLIDATED BALANCE SHEETS

Asahi Glass Co., Ltd. and Consolidated Subsidiaries
As of December 31, 2007 and 2006

ASSETS	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Current Assets:			
Cash on hand and in banks	¥ 82,399	¥ 80,610	\$ 722,798
Trade notes and accounts receivable (Note 7)	286,461	295,079	2,512,816
Inventories (Note 4)	237,687	248,232	2,084,974
Prepaid expenses	5,876	6,316	51,544
Deferred income taxes (Note 10)	15,231	16,351	133,605
Other current assets	55,580	83,332	487,543
Less: Allowance for bad debts	(6,115)	(7,095)	(53,640)
Total current assets	<u>677,119</u>	<u>722,825</u>	<u>5,939,640</u>
Investments and Advances:			
Investments in securities (Notes 6 and 8)	243,829	279,461	2,138,851
Investments in unconsolidated subsidiaries and affiliates	43,514	32,377	381,702
Other investments and advances	16,751	25,342	146,939
	<u>304,094</u>	<u>337,180</u>	<u>2,667,492</u>
Property, Plant and Equipment (Notes 5 and 8):			
Land	112,101	124,000	983,342
Buildings and structures	578,114	545,682	5,071,175
Machinery and equipment	1,710,986	1,649,426	15,008,649
Construction in progress	124,209	148,062	1,089,553
	<u>2,525,410</u>	<u>2,467,170</u>	<u>22,152,719</u>
Less: Accumulated depreciation	(1,472,252)	(1,459,053)	(12,914,491)
	<u>1,053,158</u>	<u>1,008,117</u>	<u>9,238,228</u>
Other Assets:			
Deferred income taxes (Note 10)	24,993	18,514	219,237
Deferred charges and other	28,700	38,927	251,754
Less: Allowance for bad debts	(2,435)	(3,685)	(21,359)
	<u>51,258</u>	<u>53,756</u>	<u>449,632</u>
Goodwill, Net	22,461	27,669	197,026
Total Assets	<u>¥2,108,090</u>	<u>¥2,149,547</u>	<u>\$18,492,018</u>

The accompanying notes are an integral part of these consolidated financial statements.

LIABILITIES	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Current Liabilities:			
Short-term bank loans (Note 8)	¥ 97,077	¥ 86,365	\$ 851,553
Current maturities of long-term debt (Note 8)	124,894	67,872	1,095,561
Commercial paper (Note 8)	12,562	57,907	110,193
Trade notes and accounts payable (Note 7)	176,947	180,129	1,552,167
Other accounts payable	38,681	43,002	339,307
Accrued expenses	21,865	21,444	191,798
Income taxes payable (Note 10)	40,318	10,061	353,667
Accrued bonuses to employees	7,889	7,138	69,202
Accrued bonuses to directors	179	118	1,570
Deferred income taxes (Note 10)	472	349	4,140
Reserve for restructuring programs	8,073	6,919	70,816
Reserve for EU competition-law-related expenses	33,332	—	292,386
Other current liabilities	82,349	136,738	722,360
Total current liabilities	<u>644,638</u>	<u>618,042</u>	<u>5,654,720</u>
Non-current Liabilities:			
Long-term debt (Note 8)	317,708	388,286	2,786,912
Accrued retirement benefits for employees (Note 9)	60,773	68,557	533,096
Accrued retirement benefits for directors	436	1,300	3,825
Reserve for rebuilding furnaces	18,248	18,836	160,070
Reserve for restructuring programs	7,435	2,155	65,219
Deferred income taxes (Note 10)	31,510	60,620	276,404
Total non-current liabilities	<u>436,110</u>	<u>539,754</u>	<u>3,825,526</u>

Commitments and Contingent Liabilities (Note 12)

(Continued on following page.)

NET ASSETS	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Shareholders' Equity:			
Common stock—no par value			
Authorized: 2,000,000,000 shares at December 31, 2007 and 2006			
Issued and outstanding: 1,186,682,105 shares			
at December 31, 2007 and 1,186,013,684 shares			
at December 31, 2006	90,860	90,481	797,018
Additional paid-in capital	96,948	96,569	850,421
Retained earnings (Note 14)	633,422	583,176	5,556,333
Less: Treasury stock, at cost, 13,123,716 shares at			
December 31, 2007 and 13,099,221 shares			
at December 31, 2006 (Note 14)	(14,034)	(13,801)	(123,105)
Total shareholders' equity	807,196	756,425	7,080,667
Valuation and Translation Adjustments:			
Unrealized gains on securities, net of tax	102,029	123,311	894,991
Deferred losses on hedges, net of tax	2,034	(1,038)	17,842
Land revaluation reserve	62	64	544
Foreign currency translation adjustments	43,115	31,725	378,202
Total valuation and translation adjustments	147,240	154,062	1,291,579
Share Subscription Rights (Note 14)	393	1	3,447
Minority Interests in Consolidated Subsidiaries	72,513	81,263	636,079
Total net assets	1,027,342	991,751	9,011,772
Total Liabilities and Net Assets	¥2,108,090	¥2,149,547	\$18,492,018

CONSOLIDATED STATEMENTS OF INCOME

Asahi Glass Co., Ltd., and Consolidated Subsidiaries
For the years ended December 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Net Sales	¥1,681,239	¥1,620,541	\$14,747,711
Cost of Sales (Note 13)	1,199,913	1,217,655	10,525,553
Gross profit	481,326	402,886	4,222,158
Selling, General and Administrative Expenses (Note 13)	283,874	266,274	2,490,123
Operating income	197,452	136,612	1,732,035
Other Income (Expenses):			
Interest and dividend income	7,469	6,915	65,518
Interest expenses	(18,485)	(18,589)	(162,149)
Gain (loss) on sale and disposal of properties, net	1,342	(575)	11,772
Impairment loss on long-lived assets (Note 5)	(19,055)	(45,557)	(167,149)
Equity in earnings of unconsolidated subsidiaries and affiliates	3,869	3,327	33,939
Gain on sale of investments in subsidiaries	10,133	1,222	88,886
Gain on sale of investments in securities, unconsolidated subsidiaries and affiliates (Note 6)	4,286	18,543	37,596
Exchange gain (loss), net	(2,339)	7,084	(20,518)
Expenses for restructuring programs	(44,115)	(57,533)	(386,974)
Provision for EU competition-law-related expenses	(32,398)	—	(284,193)
Other, net	(5,931)	(13,157)	(52,026)
Income before income taxes and minority interests	102,228	38,292	896,737
Income Taxes (Note 2 (13) and 10):			
Current	51,480	15,936	451,579
Deferred	(21,347)	(9,803)	(187,254)
	30,133	6,133	264,325
Minority Interests in Earnings (Losses) of			
Consolidated Subsidiaries	2,461	(12,839)	21,587
Net Income	¥ 69,634	¥ 44,998	\$ 610,825
	In exact yen		In exact U.S. dollars
Per Common Share (Note 2 (16) and 15):			
Net income—basic	¥59.35	¥38.37	\$0.52
Net income—fully diluted	56.16	36.61	0.49
Cash dividends	20.00	16.00	0.18

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (NOTE 14)

Asahi Glass Co., Ltd. and Consolidated Subsidiaries
For the years ended December 31, 2007 and 2006

	Thousands	Millions of yen				
		Shareholders' equity				
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
	Number of shares issued and outstanding					
Balance at December 31, 2005	1,186,000	¥90,473	¥96,561	¥556,424	¥(13,709)	¥729,749
Conversion of convertible bonds	14	8	8	—	—	16
Dividends declared ^(*)	—	—	—	(8,796)	—	(8,796)
Dividends declared	—	—	—	(9,383)	—	(9,383)
Bonuses to directors and corporate auditors ^(*)	—	—	—	(97)	—	(97)
Net income	—	—	—	44,998	—	44,998
Acquisition of treasury stock	—	—	—	—	(466)	(466)
Disposal of treasury stock	—	—	—	(27)	374	347
Reversal of land revaluation reserve at domestic affiliate	—	—	—	57	—	57
Net change other than shareholders' equity	—	—	—	—	—	—
Balance at December 31, 2006	1,186,014	¥90,481	¥96,569	¥583,176	¥(13,801)	¥756,425

^(*) These items were resolved at the shareholders' meeting held on March 30, 2006.

	Thousands	Millions of yen				
		Shareholders' equity				
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
	Number of shares issued and outstanding					
Balance at December 31, 2006	1,186,014	¥90,481	¥96,569	¥583,176	¥(13,801)	¥756,425
Conversion of convertible bonds	668	379	379	—	—	758
Dividends declared	—	—	—	(21,118)	—	(21,118)
Net income	—	—	—	69,634	—	69,634
Acquisition of treasury stock	—	—	—	—	(606)	(606)
Disposal of treasury stock	—	—	—	(3)	373	370
Reversal of land revaluation reserve at domestic affiliate	—	—	—	2	—	2
Increase due to asset revaluation at overseas subsidiaries	—	—	—	1,731	—	1,731
Net change other than shareholders' equity	—	—	—	—	—	—
Balance at December 31, 2007	1,186,682	¥90,860	¥96,948	¥633,422	¥(14,034)	¥807,196

	Thousands	Thousands of U.S. dollars				
		Shareholders' equity				
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
	Number of shares issued and outstanding					
Balance at December 31, 2006	1,186,014	\$793,693	\$847,096	\$5,115,579	\$(121,061)	\$6,635,307
Conversion of convertible bonds	668	3,325	3,325	—	—	6,650
Dividends declared	—	—	—	(185,246)	—	(185,246)
Net income	—	—	—	610,825	—	610,825
Acquisition of treasury stock	—	—	—	—	(5,316)	(5,316)
Disposal of treasury stock	—	—	—	(26)	3,272	3,246
Reversal of land revaluation reserve at domestic affiliate	—	—	—	17	—	17
Increase due to asset revaluation at overseas subsidiaries	—	—	—	15,184	—	15,184
Net change other than shareholders' equity	—	—	—	—	—	—
Balance at December 31, 2007	1,186,682	\$797,018	\$850,421	\$5,556,333	\$(123,105)	\$7,080,667

The accompanying notes are an integral part of these consolidated financial statements.

Millions of yen

Valuation and translation adjustments							
Unrealized gains on securities, net of tax	Deferred losses on hedges, net of tax	Land revaluation reserve	Foreign currency translation adjustments	Total valuation and translation adjustments	Share subscription rights	Minority interests in consolidated subsidiaries	Total net assets
¥124,262	¥ —	¥121	¥ (1,448)	¥122,935	¥—	¥99,320	¥952,004
—	—	—	—	—	—	—	16
—	—	—	—	—	—	—	(8,796)
—	—	—	—	—	—	—	(9,383)
—	—	—	—	—	—	—	(97)
—	—	—	—	—	—	—	44,998
—	—	—	—	—	—	—	(466)
—	—	—	—	—	—	—	347
—	—	—	—	—	—	—	57
(951)	(1,038)	(57)	33,173	31,127	1	(18,057)	13,071
¥123,311	¥(1,038)	¥ 64	¥31,725	¥154,062	¥ 1	¥81,263	¥991,751

Millions of yen

Valuation and translation adjustments							
Unrealized gains on securities, net of tax	Deferred losses on hedges, net of tax	Land revaluation reserve	Foreign currency translation adjustments	Total valuation and translation adjustments	Share subscription rights	Minority interests in consolidated subsidiaries	Total net assets
¥123,311	¥(1,038)	¥64	¥31,725	¥154,062	¥ 1	¥81,263	¥ 991,751
—	—	—	—	—	—	—	758
—	—	—	—	—	—	—	(21,118)
—	—	—	—	—	—	—	69,634
—	—	—	—	—	—	—	(606)
—	—	—	—	—	—	—	370
—	—	—	—	—	—	—	2
—	—	—	—	—	—	—	1,731
(21,282)	3,072	(2)	11,390	(6,822)	392	(8,750)	(15,180)
¥102,029	¥ 2,034	¥62	¥43,115	¥147,240	¥393	¥72,513	¥1,027,342

Thousands of U.S. dollars

Valuation and translation adjustments							
Unrealized gains on securities, net of tax	Deferred losses on hedges, net of tax	Land revaluation reserve	Foreign currency translation adjustments	Total valuation and translation adjustments	Share subscription rights	Minority interests in consolidated subsidiaries	Total net assets
\$1,081,675	\$ (9,105)	\$561	\$278,289	\$1,351,420	\$ 9	\$712,833	\$8,699,569
—	—	—	—	—	—	—	6,650
—	—	—	—	—	—	—	(185,246)
—	—	—	—	—	—	—	610,825
—	—	—	—	—	—	—	(5,316)
—	—	—	—	—	—	—	3,246
—	—	—	—	—	—	—	17
—	—	—	—	—	—	—	15,184
(186,684)	26,947	(17)	99,913	(59,841)	3,438	(76,754)	(133,157)
\$ 894,991	\$17,842	\$544	\$378,202	\$1,291,579	\$3,447	\$636,079	\$9,011,772

CONSOLIDATED STATEMENTS OF CASH FLOWS

Asahi Glass Co., Ltd. and Consolidated Subsidiaries
For the years ended December 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥102,228	¥ 38,292	\$ 896,737
Depreciation and amortization	134,747	125,916	1,181,991
Impairment loss on long-lived assets	19,055	45,557	167,149
Amortization of goodwill	2,303	7,927	20,202
Increase in reserves	26,599	4,165	233,325
Interest and dividend income	(7,469)	(6,915)	(65,518)
Interest expenses	18,485	18,589	162,149
Exchange loss (gain), net	786	(5,263)	6,895
Equity in earnings of unconsolidated subsidiaries and affiliates	(3,869)	(3,327)	(33,939)
Gain on sale of investments in securities, unconsolidated subsidiaries, affiliates and properties, etc., net	(14,995)	(11,532)	(131,535)
Decrease (increase) in trade notes and accounts receivable	(22,193)	16,909	(194,675)
Decrease (increase) in inventories	(2,363)	2,990	(20,728)
Increase (decrease) in trade notes and accounts payable	18,526	(18,892)	162,509
Others	(9,248)	29,296	(81,123)
Subtotal	262,592	243,712	2,303,439
Interest and dividends received	8,973	7,214	78,711
Interest paid	(18,538)	(18,366)	(162,614)
Income taxes paid	(24,921)	(60,177)	(218,605)
Income taxes refunded	17,642	1,614	154,754
Net cash provided by operating activities	245,748	173,997	2,155,685
Cash Flows from Investing Activities:			
Decrease in time deposits due over three months	(32,060)	(9,464)	(281,228)
Increase in time deposits due over three months	28,455	5,077	249,605
Purchases of property, plant and equipment	(245,191)	(242,121)	(2,150,798)
Proceeds from sale of property, plant and equipment	28,918	14,457	253,667
Purchases of investments in securities, unconsolidated subsidiaries and affiliates	(5,366)	(6,072)	(47,070)
Proceeds from sale and redemption of investments in securities, unconsolidated subsidiaries and affiliates	2,945	28,665	25,833
Proceeds from sale of investments in consolidated subsidiaries resulting in change in scope of consolidation	20,197	3,432	177,167
Payments from sale of investments in consolidated subsidiaries resulting in change in scope of consolidation	(4,154)	(5,719)	(36,439)
Others	(3,564)	(733)	(31,263)
Net cash used in investing activities	(209,820)	(212,478)	(1,840,526)
Cash Flows from Financing Activities:			
Increase in short-term bank loans and commercial paper	1,573	45,577	13,798
Proceeds from long-term debts	64,645	54,692	567,061
Repayments of long-term debts	(54,042)	(54,207)	(474,053)
Proceeds from issuance of bonds	23,796	21,394	208,737
Redemption of bonds	(48,806)	(11,421)	(428,123)
Purchase of treasury stock	(606)	(466)	(5,316)
Dividends paid	(23,387)	(19,974)	(205,149)
Others	745	286	6,535
Net cash provided by (used in) financing activities	(36,082)	35,881	(316,510)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	269	1,553	2,360
Changes in Cash and Cash Equivalents	115	(1,047)	1,009
Cash and Cash Equivalents at Beginning of Year	52,627	54,007	461,640
Cash and Cash Equivalents Held by Newly Consolidated Subsidiaries, Net of Those Held by Deconsolidated Subsidiaries	(466)	(333)	(4,088)
Cash and Cash Equivalents at End of Year (Note 2 (17))	¥ 52,276	¥ 52,627	\$ 458,561

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Asahi Glass Co., Ltd. and Consolidated Subsidiaries

Note 1: Basis of Presentation

The accompanying consolidated financial statements of Asahi Glass Co., Ltd. (the "Company") and its consolidated subsidiaries (collectively, referred to as the "Companies") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Japanese Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The Company maintains its accounting records in Japanese yen. The dollar amounts included in the consolidated financial statements and notes thereto, represent the arithmetical results of translating Japanese yen to dollars on the basis of ¥114=US\$1, the approximate exchange rate at the balance sheet date. The inclusion of such dollar amounts is solely for convenience and is not intended to imply that Japanese yen amounts have been or could be converted, realized or settled in dollars at ¥114=US\$1 or at any other rate.

Note 2: Summary of Significant Accounting Policies

(1) Scope of Consolidation

The Company had 246 subsidiaries as of December 31, 2007 (292 as of December 31, 2006). The consolidated financial statements include the accounts of the Company and 203 (239 as of December 31, 2006) of its subsidiaries. The definition of subsidiary is based on the substantive existence of controlling power. The major subsidiaries, which have been consolidated with the Company, are listed below:

	Country/region of incorporation (i)	Direct and indirect ownership percentage (ii)	Paid-in capital (millions)
AGC Ceramics Co., Ltd. (Formerly, Asahi Glass Ceramics Co., Ltd.)		100.0%	¥3,500
AGC Display Glass Yonezawa Co., Ltd. (Formerly, Asahi Glass Fine Techno Co., Ltd.)		100.0	¥400
AGC Electronics Co., Ltd.		100.0	¥460
AGC Finance Co., Ltd. (Formerly, A.G. Finance Co., Ltd.)		100.0	¥800
AGC Logistics Co., Ltd. (Formerly, Asahi Distribution & Delivery Co., Ltd.)		100.0	¥100
AGC Techno Glass Corporation (Formerly, Asahi Techno Glass Corporation)		100.0	¥7,233
Ise Chemicals Corporation		53.3	¥3,600
AGC America, Inc.	U.S.A.	100.0	US\$859
AGC Capital, Inc. (Formerly, AGA Capital, Inc.)	U.S.A.	100.0	US\$20
AGC Display Glass Taiwan Co., Ltd. (Formerly, Asahi Glass Fine Techno Taiwan Co., Ltd.)	Taiwan	100.0	NT\$2,320
AGC Flat Glass Europe S.A. (Formerly, Glaverbel S.A.) (iii)	Belgium	100.0	€199
AGC Flat Glass North America, Inc. (Formerly, AFG Industries, Inc.) (iv)	U.S.A.	100.0	US\$959
AGC Flat Glass Thailand Public Co., Ltd. (Formerly, Thai Asahi Glass Public Co., Ltd.)	Thailand	98.7	BAHT2,580
Asahi Glass Fine Techno Korea Co., Ltd.	South Korea	100.0	WON87,000
Hankuk Electric Glass Co., Ltd.	South Korea	51.5	WON40,367
Hanwook Techno Glass Co., Ltd.	South Korea	100.0	WON3,900
P.T. Asahimas Chemical	Indonesia	52.5	US\$42

(i) If other than Japan

(ii) As of December 31, 2007

(iii) Includes 80 companies consolidated by AGC Flat Glass Europe S.A.

(iv) Includes 18 companies consolidated by AGC Flat Glass North America, Inc.

Note: All of the consolidated subsidiaries use a fiscal year ending December 31 of each year.

The accounts of the remaining 43 (53 as of December 31, 2006) unconsolidated subsidiaries are excluded from the consolidated financial statements since the aggregate amounts of these subsidiaries in terms of combined assets, net sales, net income (loss) and retained earnings (accumulated deficit) are immaterial in relation to those of the consolidated financial statements of the Companies.

(2) Principles of Consolidation

For the purposes of preparing the consolidated financial statements, all significant intercompany transactions, account balances and unrealized profits among the Companies have been eliminated. At December 31, 2007 and 2006, the financial year-end of all the consolidated subsidiaries matches that of the Company.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries.

Goodwill is principally amortized over a period of 20 years on a straight-line basis.

Legal reserves of consolidated subsidiaries provided subsequent to the acquisition of such subsidiaries are included in retained earnings and are not shown separately in the consolidated financial statements.

(3) Investments in Unconsolidated Subsidiaries and Affiliates Under the Equity Method

The Company had 43 (53 as of December 31, 2006) unconsolidated subsidiaries and 47 (54 as of December 31, 2006) affiliates as of December 31, 2007. Affiliates are defined to include those which are 15% or more owned and those that are subject to exercise of influence over the management of the affiliates by the investor company.

The equity method is applied only to investments in major companies (31 and 34 companies at December 31, 2007 and 2006, respectively). The investments in the remaining unconsolidated subsidiaries and affiliates are stated at cost or less, because they do not have a material effect on the consolidated financial statements.

(4) Translation of Foreign Currency Financial Statements (Accounts of Overseas Subsidiaries and Affiliates)

All the assets and liabilities of overseas consolidated subsidiaries and overseas affiliates accounted for by the equity method are translated into Japanese yen at the current exchange rates prevailing at the balance sheet dates, except common stock and additional paid-in capital accounts which are translated at the historical rates. Revenues and expenses are translated by the average exchange rates prevailing during each period. The resulting differences are recorded as "Foreign currency translation adjustments" and "Minority Interests in Consolidated Subsidiaries" in Net Assets in the Consolidated Balance Sheet.

(5) Translation of Foreign Currency Transactions

Revenue and expense items arising from transactions denominated in foreign currencies are translated into Japanese yen at the rates effective at the respective transaction dates.

Foreign currencies and monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates prevailing at the respective balance sheet dates and the resulting translation gain or loss is included in the determination of net income for the period.

(6) Valuation of Securities

Securities other than securities of subsidiaries and affiliated companies are stated at market value. Differences between market value and acquisition costs are recorded as "Unrealized gains on securities, net of tax" in Net Assets. The cost of securities sold is calculated by the moving-average method. Securities without market value are principally stated at cost determined by the moving-average method. Debt securities that are expected to be held-to-maturity are accounted for by the amortized cost method. Declines in the value of securities, other than those which are deemed to be temporary, are reflected in current income.

(7) Inventories

Inventories are stated at the lower of cost or market value, cost being determined by the moving-average method.

(8) Property, Plant and Equipment

Depreciation by the Company and its domestic consolidated subsidiaries is principally computed by the declining-balance method at rates based on the estimated useful lives of the assets.

Depreciation by overseas consolidated subsidiaries is principally computed by the straight-line method over the estimated useful lives of the assets.

(Supplementary information)

In accordance with the changes of tax code introduced in the 2007 tax reform, concerning the depreciation of fixed assets acquired on or after April 1, 2007, the method of computing depreciation expenses have been changed to the new regulation. The effect of this change on net income is minor.

(9) Intangible Assets

Amortization of intangible assets is computed by the straight-line method, principally over a period of five years.

(10) Certain Accrued Expense Items

Certain accrued expense items, which are essentially an estimate of amounts to be determined in future years, are provided by the Companies. The basis for recognizing such accrued expenses is as follows:

- (i) Allowance for bad debts
“Allowance for bad debts” is provided for at an amount sufficient to cover possible losses on the collection of receivables by taking the historical loan loss ratio. For certain doubtful receivables, the uncollectible amounts are estimated based on a review of the collectibility of individual receivables.
- (ii) Accrued bonuses to employees
“Accrued bonuses to employees” is provided for based on the estimated amount to be paid to employees after the balance sheet date for their services rendered during the current period.
- (iii) Accrued bonuses to directors
“Accrued bonuses to directors” is provided for based on the estimated amount to be paid to directors after the balance sheet date for their services rendered during the current period.
- (iv) Accrued retirement benefits for directors
“Accrued retirement benefits for directors” is provided for at certain domestic subsidiaries based on the estimated amount to be paid to directors under the Companies’ internal rules.
- (v) Reserve for rebuilding furnaces
“Reserve for rebuilding furnaces” is provided for based on estimated costs to be incurred at the next periodic special repair works on its facilities over the service period until the next repair works.
- (vi) Reserve for restructuring programs
“Reserve for restructuring programs” represents reasonably estimated costs arising from the additional severance compensation program related to restructuring, and the restructuring of certain businesses of the Companies.
- (vii) Reserve for EU competition-law-related expenses
“Reserve for EU competition-law-related expenses” is provided for the risk arising from an alleged sales cartel in Europe for flat glass and automotive glass. The amount is reasonably estimated by reference to a decision received from the European Commission on the payment of a fine relating to flat glass and its Fining Guidelines.

(11) Accounting for Retirement Benefits to Employees

Recognition of accrued retirement benefits to employees is based on actuarial valuation of projected benefit obligations and fund assets.

The prior service cost is amortized on a straight-line basis over the average remaining service period of employees (mainly 13 years), from the year when it is incurred.

Actuarial gains/losses are amortized on a straight-line basis over the average remaining service period of employees (mainly 13 years), in the year subsequent to when it is incurred.

(12) Accounting for Consumption Tax

Consumption tax is imposed at the flat rate of 5% on all Japanese domestic consumption of goods and services (with certain exemptions). The consumption tax withheld upon sale, and consumption tax paid on purchases of goods and services, are not included in the amounts of respective revenue and cost or expense items in the accompanying Consolidated Statements of Income.

(13) Income Taxes

The Company has adopted the consolidated tax return system for the calculation of income taxes. Under the consolidated tax return system, the Company consolidates all wholly owned domestic subsidiaries based on the Japanese tax regulations.

(14) Derivative Financial Instruments

The Companies use financial instruments to reduce their exposure to market risks from fluctuations in foreign currency exchange rates, interest rates, and oil prices that may occur in the ordinary course of business.

The basic rules and policies are determined by the Board of Directors, and the results of the transactions, including balances and gains/losses, are periodically reported to management. The controls over the transaction and position balances of foreign currency derivatives are monitored by the accounting/finance departments and the controls over the transactions and position balances of commodity derivatives are monitored by the procurement department.

Hedging instruments mainly include foreign currency swap contracts, interest rate swap contracts and commodity swap contracts.

Hedged items mainly include bonds and fuel oil.

Derivatives are recorded at fair value.

(15) Appropriation of Retained Earnings

Under the Japanese Corporate Law and the Articles of Incorporation of the Company, the appropriation of retained earnings proposed by the Board of Directors is subject to approval by the shareholders at a meeting, which shall be held within three months of the end of each financial year. The appropriations of retained earnings reflected in the accompanying consolidated financial statements include the results of such appropriations applicable to the immediately preceding financial year as approved at the shareholders' meeting, and effected, during the relevant year. Dividends are paid to shareholders on the shareholders' register at the end of each financial year.

(16) Net Income and Dividends per Share

Net income per share of common stock is based upon the weighted average number of shares of common stock outstanding during each financial year, adjusted for subsequent free distribution of shares (stock splits).

Diluted net income per share is computed based on the assumption that the convertible bonds, treasury stock for stock options and warrants for stock options were fully converted into common stock on the date of issuance or at the beginning of the respective years subsequent to the issuance, with appropriate adjustments of related interest expenses (net of tax).

Cash dividends per share shown for each reporting period in the accompanying Consolidated Statements of Income represent dividends approved or declared as applicable to the respective reporting periods.

(17) Cash and Cash Equivalents in the Consolidated Statements of Cash Flows

"Cash and cash equivalents" comprises cash on hand, bank deposits available for withdrawal on demand, and short-term investments due within three months or less and substantially free from any price fluctuation risk.

Cash and cash equivalents at December 31, 2007 and 2006 consisted of:

	Millions of yen		Thousands of U.S. dollars
	2007/12	2006/12	2007/12
Cash on hand and in banks	¥82,399	¥80,610	\$722,798
Negotiable certificate of deposit included in other current assets	2,000	—	17,544
Short-term loans receivable included in other current assets	629	313	5,518
	<u>85,028</u>	<u>80,923</u>	<u>745,860</u>
Less: Time deposits due over three months	<u>(32,753)</u>	<u>(28,296)</u>	<u>(287,307)</u>
	<u>¥52,275</u>	<u>¥52,627</u>	<u>\$458,553</u>

(18) Accounting Standard for Business Combinations

Effective from the year ended December 31, 2007, the Company adopted "Accounting Standard for Business Combinations" (Statement of Opinion issued by the Business Accounting Council of Japan on October 31, 2003), "Accounting Standard for Business Divestitures" (Statement No. 7 issued by the Accounting Standards Board of Japan on December 27, 2005) and the implementation guidance for the accounting standard for business combinations and business divestitures (the Financial Accounting Standard Implementation Guidance No. 10 lastly updated by the Accounting Standards Board of Japan on December 22, 2006).

Note 3: Reclassification and Restatement

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications and restatement had no impact on previously reported results of operations.

Note 4: Inventories

Inventories as of December 31, 2007 and 2006 consisted of:

	Millions of yen		Thousands of U.S. dollars
	07/12	2006/12	2007/12
Finished goods	¥108,253	¥116,969	\$ 949,588
Raw materials	54,528	57,317	478,316
Work in process	46,781	51,731	410,360
Repair parts and supplies	28,125	22,215	246,710
	<u>¥237,687</u>	<u>¥248,232</u>	<u>\$2,084,974</u>

Note 5: Impairment of Long-Lived Assets

The Company adopts accounting for impairment of long-lived assets, namely property, plant and equipment, and goodwill. The Companies, as a general rule, categorize operating assets by business unit, whereas idle assets are assigned to a particular asset group on an individual basis. For the year ended December 31, 2007, the Companies marked down the book value of asset groups where there had been a significant decline in profitability and value to the recoverable amount and recorded the impairment losses of ¥36,719 million (\$322,096 thousand) on long-lived assets under the Other Expenses section. ¥17,664 million (\$154,947 thousand) of ¥36,719 million (\$322,096 thousand) is recorded as "Expenses for restructuring programs." With respect to operating assets, the Companies principally used the value in use for calculating the recoverable amount, whereas idle assets are recorded mainly at the official appraised value. The discount rate used for computing the value in use was the Company's pre-tax cost of capital, which was 7%.

The impairment loss on long-lived assets recorded in the income statement for the year ended December 31, 2007 consisted of:

Business area	Geographic area	Category	Millions of yen	Thousands of U.S. dollars
Manufacturing facilities for automotive glass	Europe	Buildings	¥17,157	\$150,500
Manufacturing facilities for automotive lighting products	Japan	Land and buildings	10,939	95,956
Manufacturing facilities for electronic materials	Japan	Land and buildings	2,658	23,316
	Asia	Machinery	1,514	13,280
Manufacturing facilities for CRT glass	Asia	Buildings and land	2,345	20,570
Manufacturing facilities for chemical products	The Americas	Construction in progress . .	934	8,193
Manufacturing facilities for glass frit	Asia	Buildings	141	1,237
Unused land	Japan	Land	950	8,333
Others			81	711

Note 6: Investments in Securities

Acquisition cost, market value (book value) and unrealized gains/losses on investments in securities with market quotation on stock exchanges or others at December 31, 2007 and 2006 are summarized as follows:

December 31, 2007

	Millions of yen			
	Acquisition cost	Unrealized gain	Unrealized loss	Book value (Market value)
Securities with market value				
Securities with fair market value exceeding acquisition cost				
Corporate stock	¥78,136	¥157,605	¥ —	¥235,741
Securities with fair market value not exceeding acquisition cost				
Corporate stock	1,522	—	(492)	1,030
	¥79,658	¥157,605	¥(492)	¥236,771

December 31, 2006

	Millions of yen			
	Acquisition cost	Unrealized gain	Unrealized loss	Book value (Market value)
Securities with market value				
Securities with fair market value exceeding acquisition cost				
Corporate stock	¥80,191	¥191,400	¥ —	¥271,591
Bonds	548	17	—	565
Other securities	98	1	—	99
Securities with fair market value not exceeding acquisition cost				
Corporate stock	228	—	(42)	186
	¥81,065	¥191,418	¥(42)	¥272,441

December 31, 2007

	Thousands of U.S. dollars			
	Acquisition cost	Unrealized gain	Unrealized loss	Book value (Market value)
Securities with market value				
Securities with fair market value exceeding acquisition cost				
Corporate stock	\$685,404	\$1,382,500	\$ —	\$2,067,904
Securities with fair market value not exceeding acquisition cost				
Corporate stock	13,351	—	(4,316)	9,035
	\$698,755	\$1,382,500	\$(4,316)	\$2,076,939

The aggregate carrying amounts of investments in non-public companies at December 31, 2007 and 2006, which were included in "Investments in securities" and valued at cost, were ¥7,058 million (\$61,912 thousand) and ¥7,020 million, respectively.

The aggregate carrying amount of other securities at December 31, 2007, which was included in "Other current assets" and valued at cost, was ¥2,000 million (\$17,544 thousand).

Proceeds from the sale of other investments in securities were ¥4,457 million (\$39,096 thousand) and ¥22,957 million for the years ended December 31, 2007 and 2006, respectively. In addition, gross realized gains were ¥3,335 million (\$29,254 thousand) and ¥15,471 million, and gross realized losses were ¥23 million (\$202 thousand) and ¥114 million for the years ended December 31, 2007 and 2006, respectively.

The redemption schedule for securities with maturity dates classified as other securities and held-to-maturity debt securities as of December 31, 2007 and 2006 is summarized as follows:

December 31, 2007

	Millions of yen			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Government bonds	¥97	¥26	¥5	—
	¥97	¥26	¥5	—

December 31, 2006

	Millions of yen			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Government bonds	¥ 6	¥25	¥11	—
Corporate bonds	565	—	—	—
	¥571	¥25	¥11	—

December 31, 2007

	Thousands of U.S. dollars			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Government bonds	\$851	\$228	\$44	—
	\$851	\$228	\$44	—

Note 7: The Accounting Treatment of Notes Receivable and Payable Maturing on December 31, which was a bank holiday

The year-end dates of 2007 and 2006, namely, December 31, 2007 and 2006 were bank holidays. Although notes receivable and payable with maturity on these dates were accordingly settled on January 4, 2008 and January 4, 2007, the Companies accounted for their given notes in their financial statements as if they had been settled on those maturity dates.

Notes maturing at December 31, 2007 and 2006 were dealt with in the above manner as follows:

	Millions of yen		Thousands of U.S. dollars
	2007/12	2006/12	2007/12
Notes receivable	¥2,463	¥3,379	\$21,605
Notes payable	345	383	3,026

Note 8: Short-Term Bank Loans and Long-Term Debts

Short-term bank loans and long-term debts at December 31, 2007 and 2006 are summarized as follows:

	Weighted average interest rate	Millions of yen		Thousands of U.S. dollars
		2007/12	2006/12	2007/12
Short-term bank loans	4.0%	¥ 97,077	¥ 86,365	\$ 851,553
Commercial paper	2.0%	12,562	57,907	110,193
Current maturities of long-term bank loans	5.1%	14,005	18,837	122,851
Current maturities of bonds at interest rates ranging from 0.45% to 5.00% . .		110,889	49,035	972,710
		¥234,533	¥212,144	\$2,057,307
	Weighted average interest rate	Millions of yen		Thousands of U.S. dollars
		2007/12	2006/12	2007/12
Long-term bank loans from banks and other financial institutions	2.9%	¥170,029	¥156,923	\$1,491,483
Less: Portions due within one year		(14,005)	(18,837)	(122,851)
		156,024	138,086	1,368,632
Bonds:				
1.9% convertible bonds due December 26, 2008		97,928	98,686	859,018
1.5% bonds due February 21, 2007		—	30,000	—
1.5% bonds due December 16, 2011		20,000	20,000	175,438
0.9% bonds due September 9, 2009		25,000	25,000	219,298
1.3% bonds due October 17, 2012		15,000	15,000	131,579
0.7% bonds due June 3, 2013		20,000	20,000	175,438
1.4% bonds due September 13, 2012		19,994	—	175,386
Bonds at interest rates ranging from 0.45% to 5.00% at December 31, 2007 and 0.42% to 2.93% at December 31, 2006, respectively, issued by subsidiaries		53,643	64,998	470,553
		251,565	273,684	2,206,710
Less: Portions due within one year		(110,889)	(49,035)	(972,710)
		140,676	224,649	1,234,000
Other long-term debt		21,008	25,551	184,280
		¥317,708	¥388,286	\$2,786,912

Average interest rates are calculated using the average interest rates of short-term bank loans and long-term debt outstanding as at December 31, 2007.

The aggregate annual maturities of long-term loans and bonds outstanding at December 31, 2007 are as follows:

	Millions of yen	Thousands of U.S. dollars
Long-term loans		
Year ending December 31,		
2008	¥ 14,005	\$ 122,851
2009	9,217	80,851
2010	46,959	411,921
2011	10,350	90,790
2012	10,561	92,640
2013 and thereafter	78,937	692,430
	<u>¥170,029</u>	<u>\$1,491,483</u>
Bonds		
Year ending December 31,		
2008	¥110,889	\$ 972,710
2009	44,728	392,351
2010	3,488	30,597
2011	32,612	286,070
2012	39,848	349,544
2013 and thereafter	20,000	175,438
	<u>¥251,565</u>	<u>\$2,206,710</u>

As of December 31, 2007 and 2006, the assets of the Companies which were furnished as collateral for short-term and long-term bank loans are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2007/12	2006/12	2007/12
Assets pledged as collateral:			
Investments in securities	¥ 5	¥ 6	\$ 44
Property, plant and equipment (book value)	1,962	5,275	17,210
	<u>¥1,967</u>	<u>¥5,281</u>	<u>\$17,254</u>
Debt secured by collateral:			
Short-term bank loans	¥ 234	¥1,712	\$ 2,053
Long-term bank loans	—	87	—
	<u>¥ 234</u>	<u>¥1,799</u>	<u>\$ 2,053</u>

Note 9: Retirement Benefit Plans for Employees

The employees of the Companies (excluding directors and corporate auditors) are generally entitled to lump-sum retirement benefits determined based on the average rate of pay, length of service and conditions under which the terminations occur.

In addition, the Company and its domestic subsidiaries and certain foreign subsidiaries have adopted funded non-contributory and contributory defined benefit pension plans.

The contributory plans mainly represent the Employees' Pension Fund plans ("EPFs"), composed of the substitutional portions that are the obligation related to the government-defined benefit prescribed by the Japanese Welfare Pension Insurance Law ("JWPIL"), and the corporate portions based on contributory-defined benefit pension arrangements established at the discretion of the Companies.

The pension plans of the Company and its certain domestic subsidiaries provide for a lump-sum payment or pension payments for life generally after the age of 60, at the option of employees with at least 20 years of participation in the plan. Those employees retiring with less than 20 years of participation are entitled to a lump-sum payment of the current value of their vested benefits. The amount of retirement benefits to be paid by the Company and its certain domestic subsidiaries are, in most cases, reduced by the benefits payable under the pension plans.

The funded status of the pension benefit plans is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2007/12	2006/12	2007/12
Projected Benefit Obligation:			
Projected benefit obligation	¥(318,819)	¥(343,493)	\$(2,796,658)
Plan assets	279,668	299,049	2,453,228
Unfunded projected benefit obligation	(39,151)	(44,444)	(343,430)
Unrecognized actuarial gain	196	14,637	1,719
Unrecognized prior service cost	(21,142)	(9,290)	(185,456)
	(60,489)	(68,371)	(530,605)
Less: Prepaid pension costs	284	186	2,491
Accrued retirement benefits	¥ (60,773)	¥ (68,557)	\$ (533,096)
Retirement Benefit Costs:			
Service cost	¥ 10,515	¥ 11,052	\$ 92,237
Interest cost	10,133	9,590	88,886
Expected return on plan assets	(7,142)	(6,527)	(62,649)
Recognized actuarial loss	437	1,088	3,833
Amortization of prior service cost	(1,622)	(602)	(14,228)
Retirement benefit cost for the period	¥ 12,321	¥ 14,601	\$ 108,079

Assumptions Used for Calculation of the Projected Benefit Obligation:

Attribution method for projected benefit obligation	Straight-line method	Straight-line method
Discount rate	Mainly 2.5%	Mainly 2.5%
Expected rate of return on plan assets	Mainly 3.5%	Mainly 3.5%
Amortization period for prior service cost	Mainly 13 years	Mainly 13 years
Amortization period for actuarial loss/gain	Mainly 13 years	Mainly 13 years

Note 10: Income Taxes

Income taxes in Japan applicable to the Company and its domestic consolidated subsidiaries for the years ended December 31, 2007 and 2006, consisted of corporate income tax (national), enterprise tax (local) and resident income taxes (local) at the approximate rates indicated below:

	Rates on taxable income	
	2007/12	2006/12
Corporate income tax	30.0%	30.0%
Enterprise tax	7.4	7.4
Resident income taxes	6.0	6.0
	43.4%	43.4%
Statutory tax rate in effect to reflect the deductibility of enterprise tax when paid	40.4%	40.4%

Unlike other income taxes, enterprise tax is deductible for tax purposes when it is paid. "Income Taxes" in the accompanying Consolidated Statements of Income includes all taxes based on income mentioned above.

Deferred tax assets and liabilities (both current and non-current) consisted of the following elements:

	Millions of yen		Thousands of U.S. dollars
	2007/12	2006/12	2007/12
Deferred Tax Assets:			
Accrued retirement benefits for employees	¥ 53,604	¥ 70,171	\$ 470,210
Tax losses carried forward	34,605	32,190	303,553
Loss on write-down of investments in securities	23,884	27,161	209,509
Reserve for EU competition-law-related expenses	11,333	—	99,412
Depreciation and amortization of furnaces in excess of tax limit	8,626	7,998	75,667
Reserve for rebuilding furnaces in excess of tax limit	6,243	6,360	54,763
Reserve for restructuring programs	5,775	3,494	50,658
Allowance for bad debts	5,087	1,608	44,623
Accrued bonuses to directors and employees	2,443	2,445	21,430
Other	37,056	37,591	325,052
	<u>188,656</u>	<u>189,018</u>	<u>1,654,877</u>
Gross deferred tax assets			
Less: Valuation allowance	(59,423)	(53,744)	(521,254)
Total deferred tax assets	<u>¥129,233</u>	<u>¥135,274</u>	<u>\$1,133,623</u>
Deferred Tax Liabilities:			
Unrealized gains on securities	¥ (56,072)	¥ (68,976)	\$ (491,860)
Gain on establishment of trust for retirement benefits	(16,011)	(34,315)	(140,447)
Depreciation	(15,768)	(16,426)	(138,316)
Deferred capital gain reserve	(12,693)	(13,087)	(111,342)
Other	(20,447)	(28,574)	(179,360)
	<u>(120,991)</u>	<u>(161,378)</u>	<u>(1,061,325)</u>
Gross deferred tax liabilities			
Net deferred tax assets (liabilities)	<u>¥ 8,242</u>	<u>¥ (26,104)</u>	<u>\$ 72,298</u>

The reconciliation of the statutory tax rates and the effective income tax rates appearing in the Consolidated Statements of Income for the years ended December 31, 2007 and 2006 are shown as follows:

	2007/12	2006/12
Statutory tax rates	40.4%	40.4%
Entertainment expenses, etc., nondeductible	1.1	3.5
Dividend income, not taxable	(13.8)	(21.1)
Difference in tax rates applied to overseas subsidiaries	(0.6)	9.4
Equity in earnings of unconsolidated subsidiaries and affiliates	(1.5)	(3.5)
Amortization of goodwill	0.9	10.5
Dividend received from overseas subsidiaries	0.6	2.8
Valuation allowance	1.5	71.4
Loss on write-down of investments in subsidiaries deductible for tax purposes	—	(102.7)
Other	0.9	5.3
Effective income tax rate	<u>29.5%</u>	<u>16.0%</u>

Note 11: Accounting for Leases

Finance lease contracts, other than those through which the ownership of the leased assets is transferred to the lessees, are principally accounted for using a method similar to that applicable to operating leases.

(1) Lessees' accounting

Lease expenses on finance lease contracts without ownership transfer for the years ended December 31, 2007 and 2006 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2007/12	2006/12	2007/12
Lease expenses	<u>¥964</u>	<u>¥1,094</u>	<u>\$8,456</u>

The acquisition cost, accumulated depreciation, net book value and depreciation expense of the leased assets, which included the portion of interest thereon, are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2007/12	2006/12	2007/12
Machinery and equipment:			
Acquisition cost	¥3,643	¥5,846	\$31,956
Accumulated depreciation	(2,223)	(3,753)	(19,500)
Net book value	<u>1,420</u>	<u>2,093</u>	<u>12,456</u>
Others:			
Acquisition cost	708	616	6,211
Accumulated depreciation	(535)	(409)	(4,693)
Net book value	<u>173</u>	<u>207</u>	<u>1,518</u>
Total:			
Acquisition cost	4,351	6,462	38,167
Accumulated depreciation	(2,758)	(4,162)	(24,193)
Net book value	<u>¥1,593</u>	<u>¥2,300</u>	<u>\$13,974</u>
Depreciation	<u>¥ 964</u>	<u>¥1,094</u>	<u>\$ 8,456</u>

Depreciation is computed using the straight-line method over the lease term of the leased assets with no residual value.

The amount of outstanding future lease payments due at December 31, 2007 and 2006, which included the portion of interest thereon, is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2007/12	2006/12	2007/12
Future lease payments:			
Due within one year	¥ 611	¥ 932	\$ 5,360
Due over one year	982	1,368	8,614
Total	<u>¥1,593</u>	<u>¥2,300</u>	<u>\$13,974</u>

The amount of outstanding future lease payments under non-cancelable operating leases at December 31, 2007 and 2006 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2007/12	2006/12	2007/12
Future lease payments:			
Due within one year	¥1,651	¥1,639	\$14,482
Due over one year	6,942	8,177	60,895
Total	<u>¥8,593</u>	<u>¥9,816</u>	<u>\$75,377</u>

(2) Lessors' accounting

Lease receipts and depreciation expense on finance lease contracts without ownership transfer for the years ended December 31, 2007 and 2006 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2007/12	2006/12	2007/12
Lease receipts	¥750	¥696	\$6,579
Depreciation	204	184	1,789

The acquisition cost, accumulated depreciation and net book value of the leased assets, which included the portion of interest thereon, are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2007/12	2006/12	2007/12
Machinery and equipment:			
Acquisition cost	¥394	¥348	\$3,456
Accumulated depreciation	(198)	(151)	(1,737)
Net book value	¥196	¥197	\$1,719

The amount of outstanding future lease receipts under non-cancelable operating leases at December 31, 2007 and 2006 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2007/12	2006/12	2007/12
Future lease receipts:			
Due within one year	¥155	¥ 86	\$1,360
Due over one year	360	376	3,158
Total	¥515	¥462	\$4,518

Note 12: Commitments and Contingent Liabilities

As of December 31, 2007, the Companies had contingent liabilities in the aggregate amount of ¥2,421 million (\$21,237 thousand) from notes endorsed.

The Companies had contingent obligations for guarantee of loans borrowed by the following companies as of December 31, 2007:

	Millions of yen	Thousands of U.S. dollars
Loans borrowed by:		
DAP Technology Co., Ltd.	¥3,398	\$29,807
Hibikinada Development Co., Ltd.	990	8,684
Other	406	3,562
	¥4,794	\$42,053

Note 13: R&D Costs

Research and development costs incurred by the Companies for the years ended December 31, 2007 and 2006, included in "Selling, General and Administrative Expenses" and "Cost of Sales", totalled ¥33,944 million (\$297,754 thousand) and ¥30,781 million, respectively.

Note 14: Information on Net Assets

(1) Type and Number of Shares Outstanding and Treasury Stock

For the year ended December 31, 2007, information on shares outstanding and treasury stock is presented as follows:

Type of shares	Thousand stocks	
	Shares outstanding Common stock	Treasury stock Common stock
Number of shares as of December 31, 2006	1,186,014	13,099
Increase during the year ended December 31, 2007 ⁽ⁱ⁾	668	377
Decrease during the year ended December 31, 2007 ⁽ⁱⁱ⁾	—	(352)
Number of shares as of December 31, 2007	1,186,682	13,124

⁽ⁱ⁾ Increase in the number of shares outstanding of 668 thousand common stocks was due to the conversion of convertible bonds.

⁽ⁱⁱ⁾ Increase in the number of treasury stock of 377 thousand common stocks was due to the purchase of less-than-one-unit shares.

⁽ⁱⁱⁱ⁾ Decrease in the number of treasury stock of 352 thousand common stocks was due to the sale of less-than-one-unit shares (39 thousand stocks) and the execution of stock options (313 thousand stocks).

(2) Share Subscription Rights

For the year ended December 31, 2007, information on share subscription rights is presented as follows:

	Thousand stocks
Company name	Asahi Glass Co., Ltd.
Detail of share subscription rights	Stock option
Type of shares	Common stock
Number of shares as of December 31, 2006	—
Increase during the year ended December 31, 2007	—
Decrease during the year ended December 31, 2007	—
Number of shares as of December 31, 2007	—
Balance as of December 31, 2007 (millions of yen)	393

(3) Dividends

(i) Dividend payment

Approvals by shareholders' meeting held on March 29, 2007 are as follows:

Type of shares	Common stock
Total amount of dividends	9,383 millions of yen
Dividends per share	8.00 yen
Record date	December 31, 2006
Effective date	March 30, 2007

Approvals by board of directors' meeting held on August 6, 2007 are as follows:

Type of shares	Common stock
Total amount of dividends	11,735 millions of yen
Dividends per share	10.00 yen
Record date	June 30, 2007
Effective date	September 7, 2007

(ii) Dividends whose record date is attributable to the year ended December 31, 2007 but to be effective after the said year

Approvals by shareholders' meeting held on March 28, 2008 are as follows:

Type of shares	Common stock
Total amount of dividends	11,736 millions of yen
Funds for dividends	Retained earnings
Dividends per share	10.00 yen
Record date	December 31, 2007
Effective date	March 31, 2008

Note 15: Net Income per Share—Basic and Net Income per Share—Fully Diluted

Calculations of net income per share for the years ended December 31, 2007 and 2006 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2007/12	2006/12	2007/12
Net income per share—basic			
Net income	¥69,634	¥44,998	\$610,825
Weighted average number of shares issued (thousands)	1,173,263	1,172,863	1,173,263
	In exact yen		In exact U.S. dollars
	2007/12	2006/12	2007/12
Net income per share—basic	¥59.35	¥38.37	\$0.52
	Millions of yen		Thousands of U.S. dollars
	2007/12	2006/12	2007/12
Net income per share—fully diluted			
Adjustments to net income			
Interest expense, net of tax, etc.	¥1,140	¥1,145	\$10,000
Increase in common shares (thousands)			
Convertible bonds	86,356	87,025	86,356
Treasury stock for stock option	—	23	—
Warrant for stock option	585	375	585
	86,941	87,423	86,941
	In exact yen		In exact U.S. dollars
	2007/12	2006/12	2007/12
Net income per share—fully diluted	¥56.16	¥36.61	\$0.49

The potential common stock upon exercise of stock option rights with anti-dilutive effect, excluded from the computation of “Net income per share—fully diluted,” amounted to 695,000 and 640,000 shares at December 31, 2007 and 2006, respectively.

Note 16: Stock-based Compensation Plan

The stock-based compensation plan as of December 31, 2007 is as follows:

	Share subscription rights No. 1	Share subscription rights No. 2	Share subscription rights No. 3
Date of grant	August 1, 2002	August 1, 2003	June 1, 2004
Number of shares granted	Common stock 346,000	Common stock 370,000	Common stock 630,000
Grantee	Directors and employees of the Companies	Directors and employees of the Companies	Directors and employees of the Companies
Exercise price	¥799	¥826	¥1,243
Exercisable period	August 1, 2004 through July 31, 2008	August 1, 2005 through July 31, 2009	June 1, 2006 through May 31, 2010
Outstanding at the end of the fiscal year . .	27,000	148,000	471,000
	Share subscription rights No. 4	Share subscription rights No. 5	Share subscription rights No. 6
Date of grant	June 1, 2005	April 28, 2006	June 1, 2006
Number of shares granted	Common stock 630,000	Common stock 625,000	Common stock 15,000
Grantee	Directors and employees of the Companies	Directors and employees of the Companies	Subsidiary directors and employees
Exercise price	¥1,226	¥1,757	¥1,779
Exercisable period	June 1, 2007 through May 31, 2011	June 1, 2008 through May 31, 2012	June 1, 2008 through May 31, 2012
Outstanding at the end of the fiscal year . .	577,000	620,000	15,000
	Share subscription rights issued in July 2007 (Compensation-type)	Share subscription rights issued in July 2007 (Ordinary-type)	
Date of grant	July 2, 2007	July 2, 2007	
Number of shares granted	Common stock 266,000	Common stock 65,000	
Grantee	Directors and employees of the Company	Directors and employees of the Companies	
Exercise price	¥1	¥1,732	
Exercisable period	July 3, 2007 through July 2, 2037	July 2, 2009 through July 1, 2013	
Outstanding at the end of the fiscal year . .	266,000	60,000	

Note 17: Information on Derivatives

As of December 31, 2007 and 2006, derivatives, including forward foreign exchange contracts and interest rate swap transactions (other than those accounted for as hedges) are summarized as follows:

	Millions of yen							
	2007/12				2006/12			
	Contracted amount and option premium		Market value	Gain (loss)	Contracted amount and option premium		Market value	Gain (loss)
Total	Due over one year	Total			Due over one year			
Forward Foreign Exchange Contracts:								
Sell								
U.S. dollars	¥2,137	—	¥2,151	¥ (14)	¥5,144	—	¥5,284	¥(140)
Other	7,335	—	7,483	(148)	3,601	—	3,655	(54)
Buy								
U.S. dollars	3,891	—	3,860	(31)	313	—	316	3
Other	6,619	—	6,602	(17)	572	—	619	47
Currency Option Contracts:								
Sell call option/Buy put option	—	—	—	—	237	—	—	(0)
Buy								
Put option	2,261	—	—	—	1,414	—	—	—
Call option	(27)	—	75	48	(36)	—	40	4
Sell								
Put option	11,868	5,434	230	(51)	1,191	—	10	(5)
Call option	(281)	(205)	—	—	(15)	—	—	—
Sell								
Put option	13,727	5,434	366	(120)	1,787	—	11	(4)
Call option	(246)	(195)	—	—	(7)	—	—	—
Sell								
Put option	4,107	—	25	(9)	2,828	—	17	19
Call option	(16)	—	—	—	(36)	—	—	—
TOTAL				¥(342)				¥(130)

* Represents option premiums

Millions of yen

	2007/12				2006/12			
	Contracted amount and option premium		Market value	Gain (loss)	Contracted amount and option premium		Market value	Gain (loss)
	Total	Due over one year			Total	Due over one year		
Interest Rate Swap Contracts:								
Receiving fixed rates and paying floating rates	¥15,359	¥11,227	¥ (2)	¥ (2)	¥22,288	¥13,680	¥177	¥ 177
Receiving floating rates and paying fixed rates	22,418	20,009	(481)	(481)	52,248	32,836	(104)	(104)
Forward Interest Rate Contracts:								
Buy	—	—	—	—	11,738	—	11,735	(3)
Interest Rate Cap Contracts:								
Buy	92,850	59,518			69,330	54,775		
	(462)	(275)	1,002	540	(456)	(427)	881	425
Sell	58,331	33,332			43,038	39,125		
	(459)	(267)	609	(150)	(599)	(564)	621	(22)
Interest Rate Floor Contracts:								
Buy	84,163	40,832			54,027	36,778		
	(250)	(67)	219	(31)	(179)	(87)	29	(150)
Sell	42,498	15,833			27,388	25,040		
	(199)	(67)	170	29	(111)	(94)	25	86
Interest Rate Swaption Contracts:								
Sell	—	—			3,913	3,913		
	—	—	—	—	(7)	(7)	0	7
TOTAL	¥ (95)				¥416			
Oil Swap Contracts:								
Buy	14,288	119	421	421	3,038	376	(303)	(303)
Metal Swap Contracts:								
Buy	873	—	153	153	364	—	103	103
Oil Option Contracts:								
Buy	16,193	2,156			23,399	—		
	—	—	615	615	—	—	(26)	(26)
TOTAL	¥1,189				¥(226)			

* Represents option premiums

Note 18: Segment Information

Segment information of the Companies classified by business segment for the years ended December 31, 2007 and 2006 is presented as below:

The Companies operate principally in four business segments: Glass products, Electronics and Display products, Chemical products, and Other products.

Glass products:	Flat and automotive glass, construction materials and others
Electronics and Display products:	Electronic components, FPD (liquid crystal display, PDP) glass substrates, CRT glass bulbs and others
Chemical products:	Caustic soda, chlorine and its derivative products, fluorochemical products, ion-exchange membranes and others
Other products:	Ceramics and others

¥17,664 million (\$154,947 thousand) and ¥35,238 million of impairment loss on long-lived assets for the years ended December 31, 2007 and 2006 are recorded as expenses for restructuring programs, respectively.

For the year ended December 31, 2007

	Millions of yen						Consolidated total
	Glass	Electronics and Display	Chemicals	Other	Total	Corporate or elimination	
Sales:							
Sales to customers	¥861,349	¥463,691	¥315,601	¥ 40,598	¥1,681,239	¥ —	¥1,681,239
Inter-segment sales/transfers	4,683	1,474	3,758	47,028	56,943	(56,943)	—
Total sales	866,032	465,165	319,359	87,626	1,738,182	(56,943)	1,681,239
Operating expenses	802,368	347,002	306,910	84,438	1,540,718	(56,931)	1,483,787
Operating income	¥ 63,664	¥118,163	¥ 12,449	¥ 3,188	¥ 197,464	¥ (12)	¥ 197,452
Assets	¥906,615	¥668,618	¥291,382	¥259,458	¥2,126,073	¥(17,983)	¥2,108,090
Depreciation and amortization	¥ 60,545	¥ 53,200	¥ 19,920	¥ 1,276	¥ 134,941	¥ (194)	¥ 134,747
Impairment loss on long-lived assets	¥ 28,286	¥ 6,549	¥ 934	¥ 950	¥ 36,719	—	¥ 36,719
Capital expenditures	¥ 98,267	¥105,677	¥ 25,986	¥ 1,202	¥ 231,132	—	¥ 231,132

For the year ended December 31, 2006

	Millions of yen						Consolidated total
	Glass	Electronics and Display	Chemicals	Other	Total	Corporate or elimination	
Sales:							
Sales to customers	¥806,325	¥475,787	¥302,649	¥ 35,780	¥1,620,541	¥ —	¥1,620,541
Inter-segment sales/transfers	9,011	834	4,957	48,344	63,146	(63,146)	—
Total sales	815,336	476,621	307,606	84,124	1,683,687	(63,146)	1,620,541
Operating expenses	768,850	397,428	299,762	80,820	1,546,860	(62,931)	1,483,929
Operating income	¥ 46,486	¥ 79,193	¥ 7,844	¥ 3,304	¥ 136,827	¥ (215)	¥ 136,612
Assets	¥893,166	¥662,292	¥283,385	¥218,427	¥2,057,270	¥92,277	¥2,149,547
Depreciation and amortization	¥ 56,449	¥ 47,658	¥ 20,802	¥ 1,168	¥ 126,077	¥ (161)	¥ 125,916
Impairment loss on long-lived assets	¥ 43,998	¥ 32,702	¥ 3,191	¥ 904	¥ 80,795	—	¥ 80,795
Capital expenditures	¥ 79,595	¥146,014	¥ 25,886	¥ 1,237	¥ 252,732	—	¥ 252,732

For the year ended December 31, 2007

	Thousands of U.S. dollars						Consolidated total
	Glass	Electronics and Display	Chemicals	Other	Total	Corporate or elimination	
Sales:							
Sales to customers	\$7,555,693	\$4,067,465	\$2,768,430	\$ 356,123	\$14,747,711	\$ —	\$14,747,711
Inter-segment sales/transfers	41,079	12,930	32,965	412,526	499,500	(499,500)	—
Total sales	7,596,772	4,080,395	2,801,395	768,649	15,247,211	(499,500)	14,747,711
Operating expenses	7,038,316	3,043,878	2,692,193	740,684	13,515,071	(499,395)	13,015,676
Operating income	\$ 558,456	\$1,036,517	\$ 109,202	\$ 27,965	\$ 1,732,140	\$ (105)	\$ 1,732,035
Assets	\$7,952,763	\$5,865,070	\$2,555,982	\$2,275,948	\$18,649,763	\$(157,745)	\$18,492,018
Depreciation and amortization	\$ 531,096	\$ 466,667	\$ 174,737	\$ 11,193	\$ 1,183,693	\$ (1,702)	\$ 1,181,991
Impairment loss on long-lived assets	\$ 248,123	\$ 57,447	\$ 8,193	\$ 8,333	\$ 322,096	—	\$ 322,096
Capital expenditures	\$ 861,991	\$ 926,991	\$ 227,948	\$ 10,544	\$ 2,027,474	—	\$ 2,027,474

Segment information of the Companies classified by geographic segment for the years ended December 31, 2007 and 2006 is presented as follows:

For the year ended December 31, 2007

	Millions of yen					Corporate or elimination	Consolidated total
	Japan	Asia	The Americas	Europe	Total		
Sales to customers	¥689,832	¥385,709	¥182,728	¥422,970	¥1,681,239	¥ —	¥1,681,239
Inter-segment sales	211,122	83,453	9,125	7,377	311,077	(311,077)	—
Total	900,954	469,162	191,853	430,347	1,992,316	(311,077)	1,681,239
Operating expenses	805,212	409,685	199,720	371,746	1,786,363	(302,576)	1,483,787
Operating income (loss)	¥ 95,742	¥ 59,477	¥ (7,867)	¥ 58,601	¥ 205,953	¥ (8,501)	¥ 197,452
Assets	¥800,433	¥606,122	¥134,231	¥450,375	¥1,991,161	¥116,929	¥2,108,090

For the year ended December 31, 2006

	Millions of yen					Corporate or elimination	Consolidated total
	Japan	Asia	The Americas	Europe	Total		
Sales to customers	¥695,023	¥367,077	¥195,134	¥363,307	¥1,620,541	¥ —	¥1,620,541
Inter-segment sales	218,224	69,256	10,257	2,601	300,338	(300,338)	—
Total	913,247	436,333	205,391	365,908	1,920,879	(300,338)	1,620,541
Operating expenses	823,523	411,710	211,574	330,533	1,777,340	(293,411)	1,483,929
Operating income (loss)	¥ 89,724	¥ 24,623	¥ (6,183)	¥ 35,375	¥ 143,539	¥ (6,927)	¥ 136,612
Assets	¥859,647	¥534,066	¥158,207	¥424,597	¥1,976,517	¥173,030	¥2,149,547

For the year ended December 31, 2007

	Thousands of U.S. dollars						Consolidated total
	Japan	Asia	The Americas	Europe	Total	Corporate or elimination	
Sales to customers	\$6,051,158	\$3,383,413	\$1,602,877	\$3,710,263	\$14,747,711	\$ —	\$14,747,711
Inter-segment sales	1,851,947	732,043	80,044	64,711	2,728,745	(2,728,745)	—
Total	7,903,105	4,115,456	1,682,921	3,774,974	17,476,456	(2,728,745)	14,747,711
Operating expenses	7,063,263	3,593,728	1,751,930	3,260,930	15,669,851	(2,654,175)	13,015,676
Operating income (loss)	\$ 839,842	\$ 521,728	\$ (69,009)	\$ 514,044	\$ 1,806,605	\$ (74,570)	\$ 1,732,035
Assets	\$7,021,342	\$5,316,860	\$1,177,465	\$3,950,658	\$17,466,325	\$1,025,693	\$18,492,018

Major countries/regions in the regional segmentation above

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

The Americas: U.S.A., Canada and Mexico

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

Overseas sales by geographic segment and those as a percentage of consolidated sales for the years ended December 31, 2007 and 2006 are as follows:

For the year ended December 31, 2007

	Millions of yen					Thousands of U.S. dollars
	Asia	The Americas	Europe	Other	Total	Total
Overseas sales	¥425,077	¥185,063	¥416,412	¥29,579	¥1,056,131	\$ 9,264,307
Consolidated sales	—	—	—	—	¥1,681,239	\$14,747,711
Percentage	25.3%	11.0%	24.8%	1.7%	62.8%	

For the year ended December 31, 2006

	Millions of yen				
	Asia	The Americas	Europe	Other	Total
Overseas sales	¥425,917	¥197,578	¥362,059	¥20,625	¥1,006,179
Consolidated sales	—	—	—	—	¥1,620,541
Percentage	26.3%	12.2%	22.3%	1.3%	62.1%

Major countries/regions in the regional segmentation above

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

The Americas: U.S.A., Canada and Mexico

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

Other: Oceania, Middle East and Africa

INDEPENDENT AUDITORS' REPORT



To the Shareholders and Board of Directors of
Asahi Glass Company, Limited:

We have audited the accompanying consolidated balance sheets of Asahi Glass Company, Limited and consolidated subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, changes in net assets and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

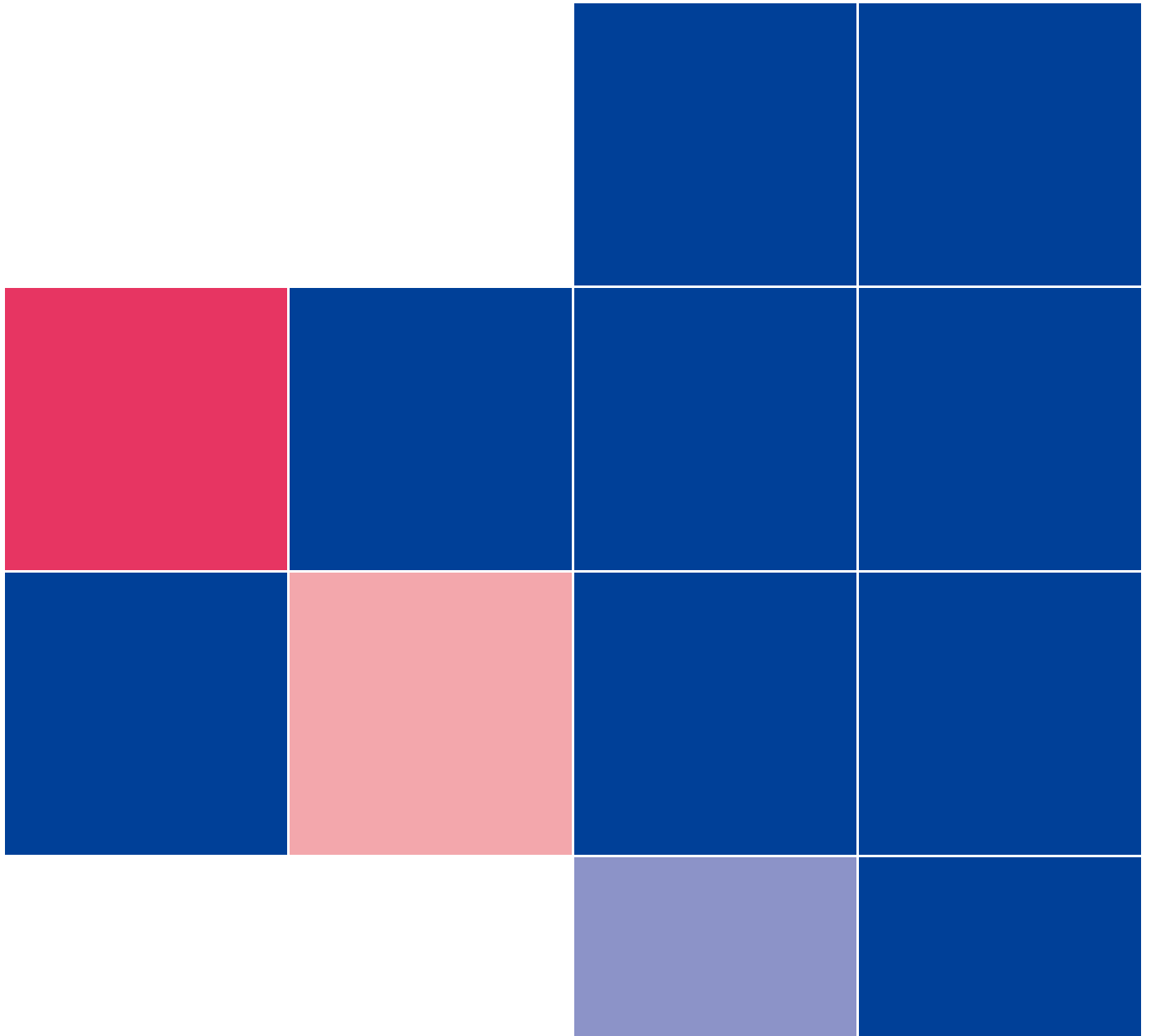
We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Asahi Glass Company, Limited and subsidiaries as of December 31, 2007 and 2006, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended December 31, 2007 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA Co.

Tokyo, Japan
March 28, 2008



ASAHI GLASS CO., LTD.

Investor Relations:

1-12-1, Yurakucho, Chiyoda-ku, Tokyo 100-8405, Japan

Tel: +81-3-3218-5064 Fax: +81-3-3201-5390

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

e-mail: investor-relations@agc.co.jp



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