

AGC Review

Newsletter
for
Investors
Vol. 16
FY2009

To Our Shareholders

Feature Article New Medium-Term Management Plan
“*Grow Beyond-2012*”

Serial The ABCs of AGC

Second Portion Focusing on glass
manufacturing
method



AGC ASAHI GLASS CO., LTD. Code Number: 5201



In addition to a summary of business results for the 85th fiscal year and outlook for the 86th fiscal year, this “AGC Review” – Newsletter for Investors – provides an explanation of our new medium-term management plan, “*Grow Beyond-2012*”, in the feature article, and introduces a glass manufacturing method in the “ABCs of AGC,” a series of articles intended to help readers to better understand the products and production technologies of the AGC Group.

We greatly appreciate the support from our shareholders.

President & CEO

K. Ishimura

■ Summary of business results for the 85th fiscal year

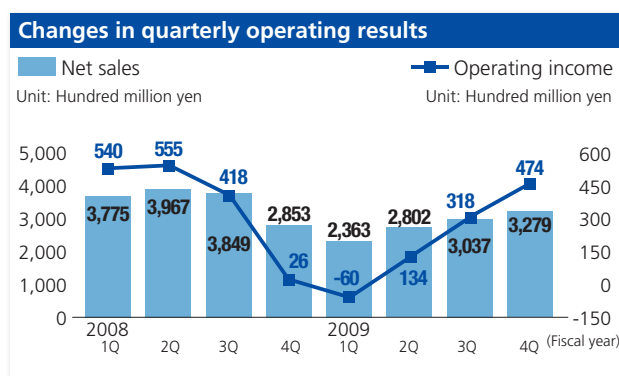
During the 85th fiscal year (January 1 through December 31, 2009), the global economic environment surrounding the AGC Group continued to be severe, notably in the first half of the period, due to the global economic downturn.

To respond swiftly to a rapidly changing business climate, the AGC Group took measures to streamline its businesses in all areas ranging from management to operations. In particular, the AGC Group made every effort to improve profitability and asset efficiency by establishing a production system that responds to demand trends, improving productivity by leveraging spare facilities and personnel, and carefully managing cash.

While performance is recovering after bottoming out in the first quarter (January 1 through March 31, 2009) due to these efforts, net sales and income were lower than in the previous fiscal year due to the significant

influence of falling product prices and decreasing shipments in operations other than the display business throughout the year.

An overview by business segment is provided as follows. In the flat glass business, shipments declined in Japan, North America, and Europe, while demand recovered in Asia, notably in China, after the second quarter. In Europe, while prices dropped sharply following a slump in demand, the Group adjusted the capacity utilization rate of its facilities to respond to the weak demand, and has been working to restore prices since the second quarter of the year. Meanwhile,



Note: Until FY2008 the 2Q represents “1H results” minus “1Q results”; 3Q represents “Results for the nine-month period” minus “1H results”; and 4Q represents “FY results” minus “Results for the nine-month period.” 4Q FY2009 represents “FY results” minus “Results for the nine-month period.”

although the growth of shipments of glass for solar power systems slowed temporarily, it got back onto a recovery track after the middle of the year.

In the automotive glass business, shipments began to recover after the middle of the year due to the effects of demand stimulus measures implemented in various countries. However, shipments for the full fiscal year remained at low levels.

In the display business, the AGC Group's shipments increased rapidly from the latter half of the first quarter following a rebound of demand for glass substrates for flat panel displays (FPDs).

Although the Chemicals operations and the Electronics materials operations have been affected by demand decreases in relevant markets, such as housing, automobiles, and semi-conductors, shipments have been recovering gradually since the second half of the year.

The status of each business segment in the 85th fiscal year was as described above. For an overview of segments and financial data, refer to pages 14–17.

■ Dividends

Although in the midst of a tough business environment, in consideration of maintaining stable

dividends, the Company will pay a year-end dividend of 8 yen per share, which is the same as the interim dividend, for the 85th fiscal year. The full-year dividend will be 16 yen per share.

■ Outlook for the 86th fiscal year

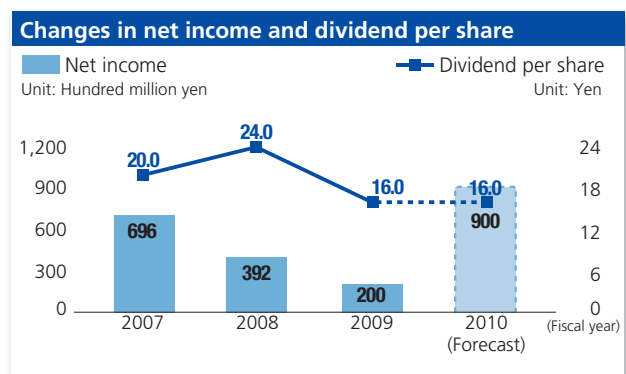
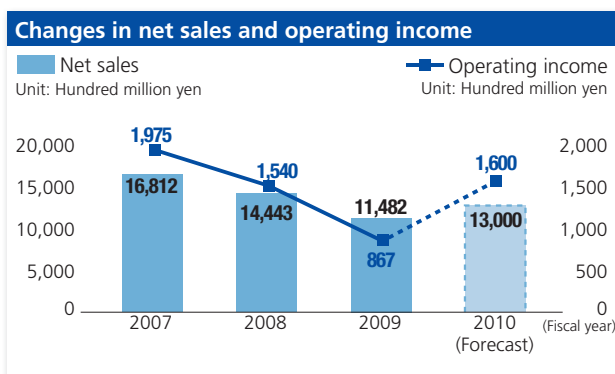
The outlook for the global economy in FY2010 remains uncertain, and there are concerns about an ongoing economic slowdown in developed countries, while emerging countries including China are expected to see economic growth.

In Glass Operations, we expect shipments of flat glass and automotive glass to recover gradually, notably in emerging countries. Meanwhile, we expect shipments of glass for solar power systems to continue increasing.

In Electronics & Display Operations, we forecast that shipments of glass substrates for FPDs will remain robust and those of electronics materials will continue to recover gradually.

In Chemicals Operations, we expect the chlor-alkali & urethane business to remain steady and the fluorochemicals & specialty chemicals business to improve slowly.

Based on the outlook described above, the AGC Group expects both sales and income for FY2010 (86th fiscal year) to increase year-on-year.



Summary of “Grow Beyond-2010”

Under the previous medium-term management plan, “Grow Beyond-2010”, which was launched in 2008, the AGC Group aimed to “implement its growth strategy” and “pursue quality,” and set financial targets for achieving ROE (Return on Equity) of 15% or more in the future as a global excellent company, while aiming for ROE of 12% or more in 2010 and continuing to maintain an operating profit margin at the level of 2007, at 11.7% or higher. The AGC Group achieved a record-setting operating profit on a half-year basis for the first half of FY2008. However, following the rapid and significant deterioration of the global economic environment after the fall of the same year, the performance of the AGC Group deteriorated, and it became difficult to attain targets by 2010.

To tide over this difficult situation, the AGC Group shifted to a demand-based operation and tightly controlled cash flows.

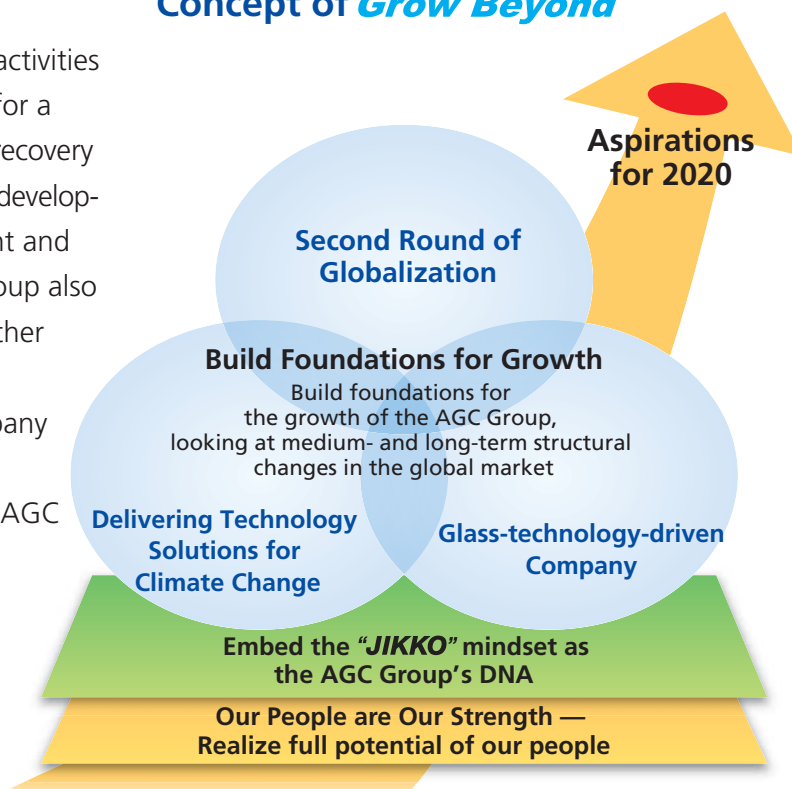
The Group also pushed forward with activities to “gather our strength” as it prepared for a recovery of demand, and achieve a rapid recovery of performance by proactively working on developing human resources and on development and test production of new products. The Group also reformed its business organization to further enhance its competitive advantage and efficiency by establishing the Glass Company and the Electronics Company.

By implementing these measures, the AGC

Group achieved the following results. The Group responded appropriately to the rapid recovery of FPD glass substrate demand from the latter half of the first quarter. In the automotive glass business, Daimler AG and other companies selected the Group as their principal, long-term automotive glass supplier. In the chemicals business, we consolidated production lines by stabilizing intermediate fluorine materials production.

Through these measures, we completed the reforms necessary to cope with the rapid and significant change in its business environment. The global economy has now bottomed out, so we revised the current medium-term management plan, running through 2010, and established the new medium-term management plan, “Grow Beyond-2012” (from 2010 to 2012), to achieve new targets.

Concept of *Grow Beyond*



AGC's Aspirations for 2020

AGC Group aspires to excel as a highly profitable and fast-growing global enterprise making contributions to a sustainable society by:

- Having strong and differentiated technologies
- Giving consideration to environmental friendliness not only of products but also for overall production processes and business activities
- Contributing to the development of newly developing regions of the world

AGC's aspirations for 2020 and acceleration of *Grow Beyond* measures

Because the AGC Group business environment has changed significantly due to the deterioration of the global economic environment, we concluded that we needed to reconsider the management policy *Grow Beyond*, formulated in 2008, when establishing a new medium-term management plan. When we formulated the management policy *Grow Beyond*, we assumed that market structures would change significantly by 2030 as global-warming issues and problems associated with resources become serious, and the importance of emerging markets increases. However, the speed of these structural changes is increasing.

To address such significant structural changes in the market, the AGC Group needs to accelerate the *Grow Beyond* measures. We have come to believe that we should understand the need for a sustainable society not only from the perspectives of global-warming and resources, but also from the standpoint of comprehensively understanding global trends, and contribute to the realization of such a society. Against this backdrop, the AGC Group has decided to

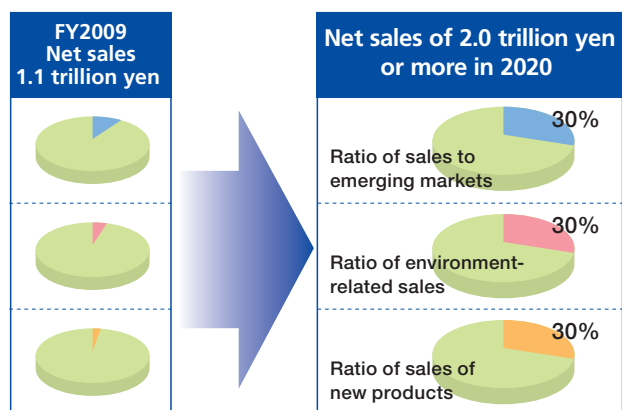
articulate its aspirations for 2020 and make them its major policy objectives.

Aiming to meet our aspirations for 2020, the Group will focus on three themes set under the management policy *Grow Beyond* – “glass-technology-driven company,” “delivering technology solutions for climate change,” and “second round of globalization.”

Specifically, we will advance our glass technologies, as well as promote business differentiation by combining the Group’s core technologies in glass, chemicals, and ceramics, to become a glass-technology-driven company. In addition, the Group will deliver technological solutions for climate change by achieving energy conservation in production processes and providing products based on our core technologies. Besides, the Group will push forward with a second round of globalization by proactively expanding business in emerging markets, while further enhancing profitability in the mature markets of Japan, Europe, and North America.

By 2020, we expect to expand the Group’s net sales to 2.0 trillion yen or more and to raise by 30% each of our ratios of sales in emerging markets, environment-related sales, and sales of new products.

Business Outline in 2020



Challenges of “Grow Beyond-2012”

Under our newly formulated medium-term management plan, “Grow Beyond-2012”, the AGC Group regards the next three years to be a period for ensuring growth.

The first challenge of “Grow Beyond-2012” is a full-fledged recovery of company performance. The Group will aim at attaining the highest level of performance and striking a good balance between financial strength and promotion of *Grow Beyond* measures using cash flows generated by recoveries of business performance.

The second challenge is accelerating *Grow Beyond* measures. The Group will promote measures to build a foundation for growth by focusing on the following three themes using the Group’s core technologies in glass, chemicals, and ceramics: “glass-technology-driven company”; “delivering technology solutions for climate change”; and engaging in a “second round of globalization.”

Investment plan and financial targets

To address those challenges, the AGC Group plans to make capital expenditures totaling 450.0 billion yen over three years. Besides capital expenditures, the Group will study proactively investments and loans for M&A activities and strategic business alliances. Further, we will make R&D expenditures of 150.0 billion yen (over three years), and allocate such expenditures particularly to the energy-related business

Issues to be Addressed in “Grow Beyond-2012”

- Achieve full-fledged recovery of company performance
- Accelerate *Grow Beyond* measures

Investment Plan

- Capital expenditure: 450.0 billion yen (total for three years)
- In addition to capital expenditure, the Group will proactively study M&As and strategic business alliances.
- R&D expenses: 150.0 billion yen (total for three years)

Financial Targets

- ROE of 12% or more
- D/E ratio of 0.5 or less

and electronic materials development.

Through these efforts, the AGC Group will aim at achieving ROE (Return on Equity) of 12% or more and a D/E ratio (Debt/Equity ratio) of 0.5 or less.

The Group is doing its utmost to proactively return profits to shareholders, while giving comprehensive consideration to our consolidated business results and future investment plan, among other factors. Based on our policy of maintaining stable dividends, the Group will continue to aim for a targeted dividend payout ratio of approximately 30%.

Principal Measures of “Grow Beyond-2012” by Business

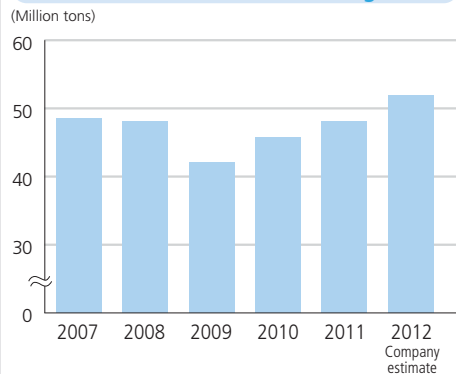
Glass business

The AGC Group aims at continuing to be a global leader by maintaining a solid presence in developed countries and by aggressively expanding business in emerging countries.

The AGC Group considers that demand for both architectural and automotive glass bottomed out in 2009 and will recover with the growth of emerging markets from 2010, but recovery in developed countries will be slow.

Given such an environment, the AGC Group will enhance its cost competitiveness by radically improving productivity and production yields, while continuing to adjust the capacity utilization rate of its facilities in response to the demand. We will promote development and production of high-value-added products such as solar products, and press ahead with developing and expanding sales of eco-friendly glass products that meet the needs of each region.

Outlook for demand for flat glass



Outlook for automobile production



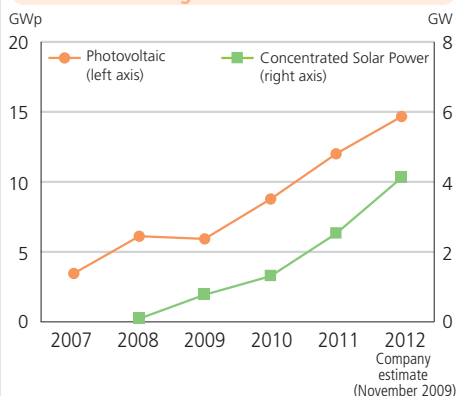
Solar-related business

We will make concerted efforts throughout the Group to develop, manufacture, and sell solar-related components.

While growth of the solar power market slowed slightly due to the influence of the economic crisis, it is getting back on track for strong growth. In addition to the solar power market, the market for concentrating solar power generation systems is also expected to expand rapidly.

In these markets, the AGC Group will work to develop, manufacture, and sell not only glass but also solar-related components, using the Group’s technologies in glass, chemicals, and ceramics.

Outlook for the growth of the solar market



Electronics and display business

In the display business, the AGC Group will build a flexible production system.

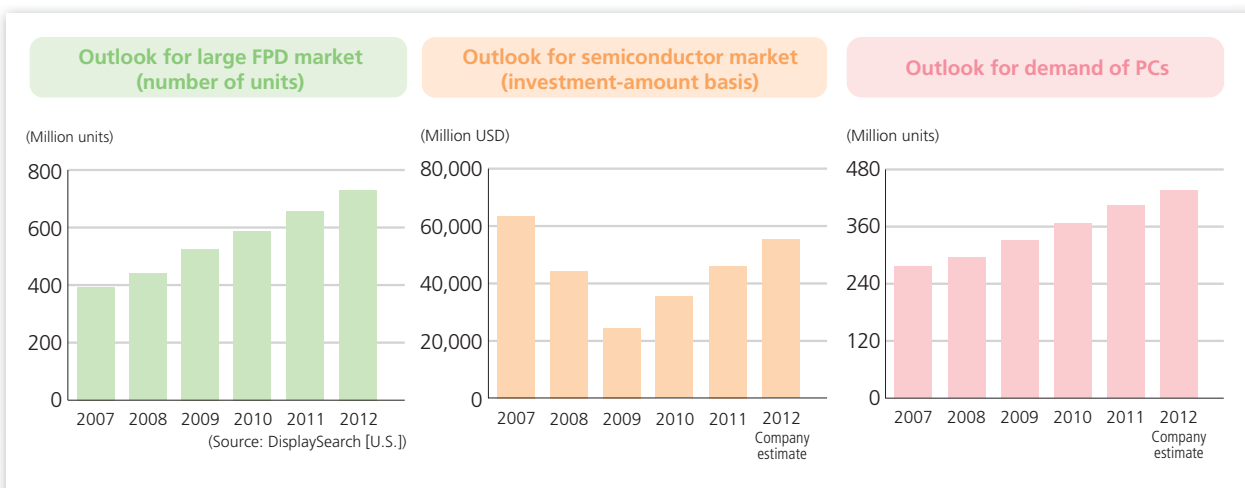
The AGC Group will respond to the FPD market, which is expected to grow at an annual average rate of 10% or more, by increasing productivity and production yields of existing facilities and making new investments. In addition, we will respond to the expanding production of FPD panels in China.

In the electronics materials business, we will focus further on building mass-production technology and increasing productivity and production yields.

The semiconductor-related market is considered to have bottomed out in 2009 and is currently heading toward recovery. The personal computer (PC) market is expected to continue growing at an annual average rate on the order of 10%. In response to growth in these markets, we will strive to develop mass-production technologies and increase productivity and production yields.

We will accelerate releases of new products by capitalizing on our marketing and development capabilities.

We will accelerate releases of new products in such fields as energy, display, semiconductor/ electronic components, and lighting by differentiating our products with our special glass and chemicals technologies, and proactively capturing needs for glass, which are diversifying and growing at an accelerating pace.



Chemicals business

The AGC Group will *strengthen its business competitiveness by improving productivity*, such as by consolidating production bases for intermediate fluorine materials, and taking other measures.

In addition, the Group will focus on *expanding sales of products in environment- and energy-related markets* including solar-related components, fluorochemicals, and urethane products that have smaller effects on the environment.

In Asia, we will enhance the capacities of facilities for basic chemicals by capturing market growth and boost sales of fluorine chemicals that meet the needs of emerging markets.

Ceramics business

Taking advantage of possessing the ceramics technologies, the AGC Group will *contribute to the development of glass-related businesses* by extending the operating lives of facilities, differentiating products through higher quality, and developing furnace materials that improve production yields.

The Group will also focus on expanding sales in the environment and energy fields, including solar-related components.

Topics

Myboka®, A New Non-wired, Thermal-Resistant Tempered Glass Released



Vision Comparison:
Wired Glass vs. Myboka®

The AGC Group released Myboka®, a new non-wired, thermal-resistant tempered glass used primarily to provide fire-resistance on December 1, 2009.

While wired glass has been particularly well recognized for its ease of processing, it has some drawbacks, such as the wire obscuring the line of sight.

The new product, Myboka®, has not only resolved this drawback but also makes it easier to open and close a window because it is approximately 25% lighter than wired glass. It also achieves high strength through a special tempering process.

Fluon® ETFE Film To Be Used in the Japan Pavilion at Expo 2010 Shanghai China

AGC Group's high-performance fluoropolymer film Fluon® ETFE Film will be used in the Japan pavilion Zi Can Dao (purple silkworm island) at Expo 2010 Shanghai China.



Fluon® ETFE Film, which will be used as a membrane material in this pavilion, is a film produced from high-performance fluorores, which AGC manufactures through integrated production of all materials. Fluon® ETFE Film is widely used because of its excellent heat resistance, chemical resistance, and transparency. It is also used increasingly as a construction material, mainly overseas.

In the “**ABCs of AGC**,” a new series of articles, we simply and directly introduce the products of the AGC Group and the technologies used to make those products.

Glass is used in various areas of our daily lives, and includes glasses and plates, window glass for houses and buildings, window glass for trains and automobiles, glass for displays of flat-panel TVs and personal computers, and glass for covers of solar cells and substrates. So, how is glass, which is indispensable to our daily lives, manufactured? In this issue, we introduce the method of manufacturing large, flat glass, which is used in construction, automobiles, flat-panel TVs, and solar power systems.

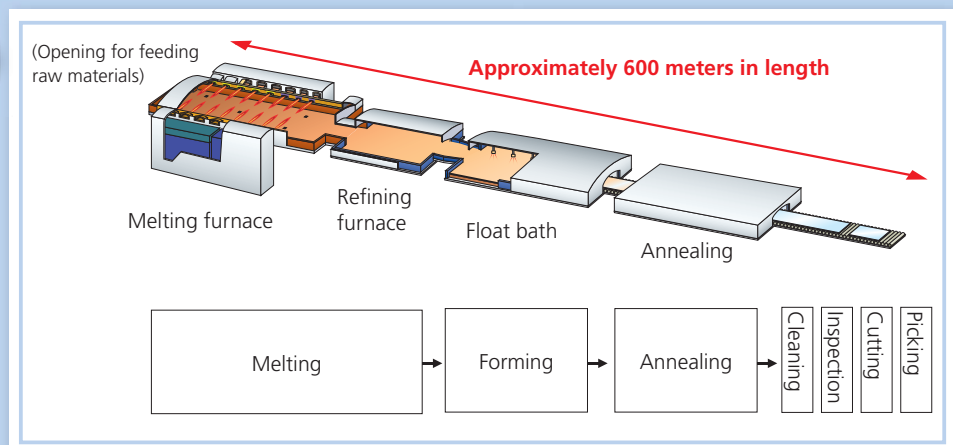
How is large flat glass made?

Many of you may have seen the scene depicted to the right on television or in photographs, in which a glass blower creates glasswork by blowing air into molten glass at the tip of a blowing iron just like blowing up a balloon. This glass-blowing method is still generally used for making craftworks, each of which has a different shape and sensibility. However, it has limits when we want to make a large quantity of large, flat glass, such as for the windowpanes of office buildings and residences, one sheet at a time. Glass as an industrial product is usually manufactured by the float process (shown in the figure below). The word, float, comes from a process by which molten glass is floated on molten metal (tin) to form thin, flat glass. This method requires a large facility with a length of approximately 600 meters.

We introduce the float process in detail and how large, flat glass is made in the pages that follow.



Manufacturing flow



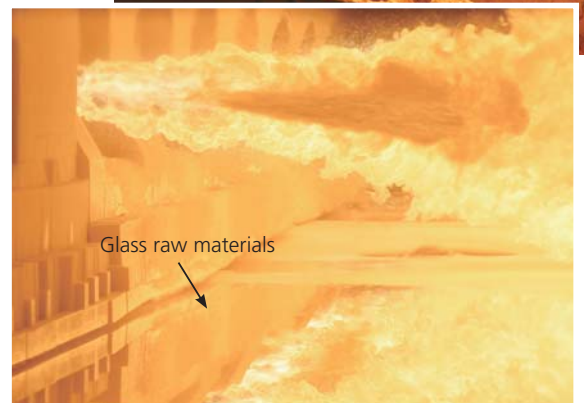
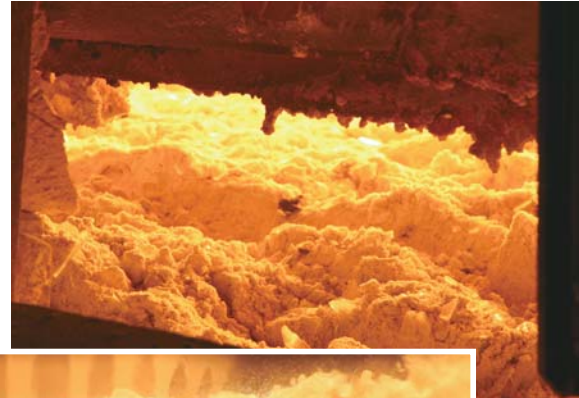
Float process: manufacturing line

How are powder materials melted?

The glass manufacturing process starts with melting powder materials, including silica sand and soda ash, at high temperatures and converting them into a liquid state, like water. Materials put into a melting furnace shown in photo to the right melt slowly under the direct flames of a burner. The burner is designed to jet flames alternately from the right and left sides of the melting furnace. These flames raise the temperature inside the melting furnace to approximately 1,600°C. To convert the glass materials into a water-like liquid, it is necessary to melt the materials slowly and carefully at high temperatures, which takes considerable time.

Computer-controlled facilities operate 24 hours a day to make glass raw materials.

The raw materials of glass are put into a melting furnace



The materials are converted into a water-like liquid, by the flames of the burners

Raw materials



The main ingredient of glass is white sand called silica sand

Feeding raw materials



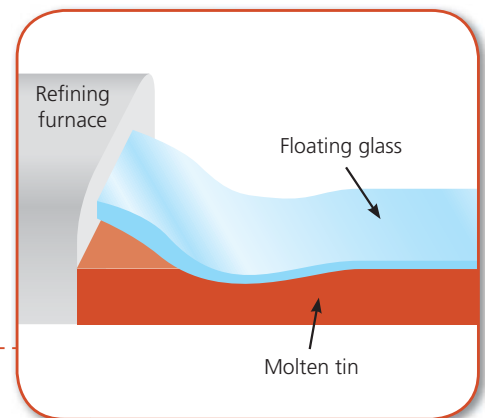
Raw materials are put into a huge melting furnace and are heated by a powerful burner

How does glass become a thin sheet?

Molten glass raw materials, which form at a high temperature of approximately 1,600°C, slowly leave the melting furnace and travel into a refining furnace for the next process. In the refining furnace, bubbles inside the glass are removed by letting the glass flow slowly. The temperature of the glass, which was approximately 1,600°C in the melting furnace, drops to approximately 1,100°C in the refining furnace. As the temperature falls, the glass that was in a water-like state changes to a state like that of thick malt syrup.

Then, the glass raw materials flow into a float bath for the next process. The float bath contains molten metal (tin), and the glass raw materials flow slowly while floating on the molten tin. It is the same principle as that when oil is poured gently onto water in a water tank, and the oil spreads uniformly on the surface of the water. The glass raw materials form a thin, flat sheet in the float bath.

The temperature around the outlet of the float bath is low, at approximately 600°C.



Glass and molten tin in a float bath



The glass is cooled slowly

How is the temperature of glass cooled?

Having hardened at approximately 600°C, the glass leaves the float bath and travels to the annealing line.

Annealing is a process for slowly lowering the temperature of the glass. The glass is cooled slowly because it cracks if cooled rapidly.

When the glass has cooled completely, it goes through such processes as cleaning and inspection, and enters the final adjustment phase prior to shipment. The glass, which has not been cut over the 600-meter-long manufacturing line, is cut for the first time to the required size, and finally takes the form of the glass we see around us every day. This glass will be used as raw glass for automotive glass, and for the window glass of residences and other buildings.



Based on this float process, the AGC Group manufactures glass for architectural use, automotive glass, glass for solar power systems, glass substrates for flat panel displays (FPDs), etc. The AGC Group will continue to take on the challenge of tapping the infinite potential of glass through a wide range of glass products.

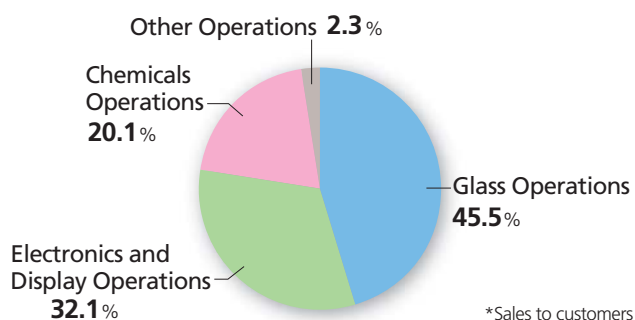


After being cut, the glass travels to the final shipment process



Overview of Segment

Sales composition*



AGC Group Glass Operations

Flat Glass Business

Main products: Float flat glass, Figured glass, Polished wired glass, Heat-absorbing glass, Heat-reflective glass, Fabricated glass for architectural use, Fabricated glass for industrial use, Glass for solar power systems, etc.

Automotive Glass Business

Main products: Automotive tempered glass, Automotive laminated glass, etc.

Other Glass Business

Main products: Lighting lamp glass products, Industrial glass products, etc.

Electronics and Display Operations

Display Business

Main products: LCD glass substrates, PDP glass substrates, Glass bulbs for cathode-ray tubes, etc.

Electronic Materials Business

Main products: Glass frit and paste, Materials for semiconductor manufacturing equipment, Synthetic quartz glass, Optoelectronics materials, Optical filters for PDPs, LCD back-light glass tubes, Optical membranes, etc.

Chemicals Operations

Chlor-alkali and Urethane Business

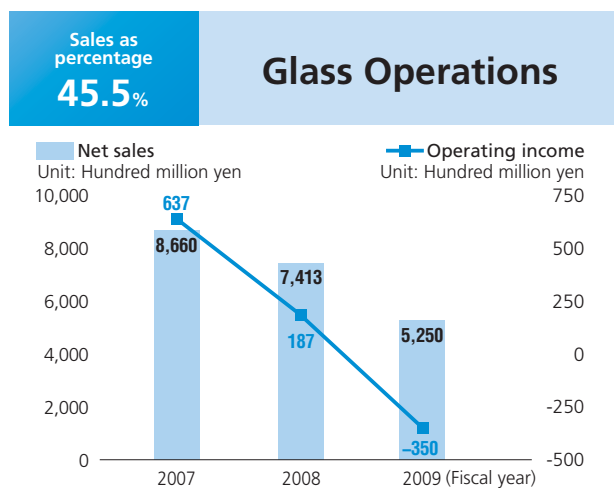
Main products: Vinyl chloride monomers, Caustic soda, Urethane materials, Gases, Solvents, etc.

Fluorochemicals and Specialty Chemicals Business

Main products: Fluorinated resins, Water and oil repellents, Battery materials, Iodine-related materials, etc.

Other Operations

Main products: Ceramic products, Logistics services, Financial services, etc.



Unit: Hundred million yen

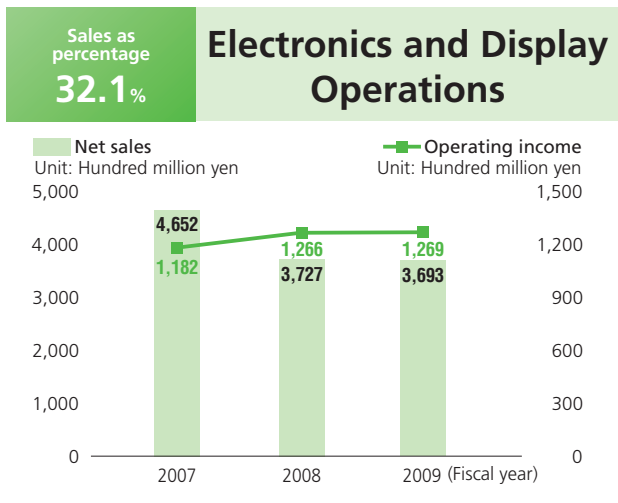
	1Q	2Q	3Q	4Q
FY2009 Net sales	1,138	1,306	1,351	1,454
Operating income	-158	-134	-67	9

Flat Glass Business

Sales decreased year-on-year because shipments declined in Japan, North America, and Europe, while demand recovered in Asia, notably in China, after the second quarter. In Europe, while prices dropped sharply with a slump in demand, the Group adjusted the capacity utilization rate of its facilities to meet the weak demand, and has been trying to restore prices since the second quarter of the year, with reasonable success. In the meantime, although the growth of shipments of glass for solar power systems temporarily slowed down, it got back on a recovery track after the middle of the year.

Automotive Glass Business

Shipments began to recover after the middle of the year due to the effects of demand stimulus measures implemented in various countries. However, shipments for the full fiscal year remained at low levels, and sales of this business decreased year-on-year.



Unit: Hundred million yen

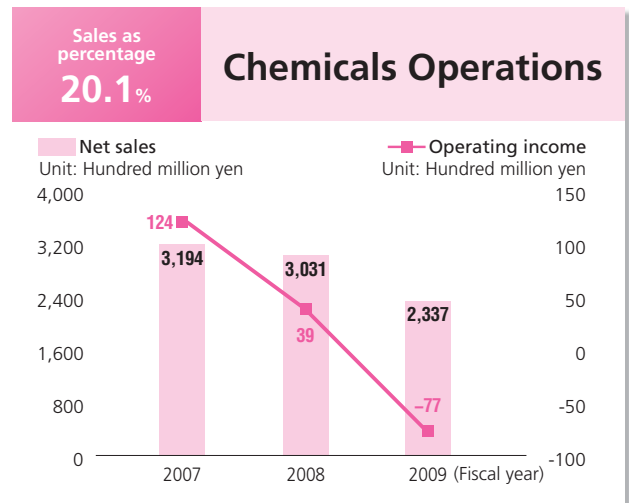
FY2009	1Q	2Q	3Q	4Q
Net sales	656	887	1,024	1,126
Operating income	120	293	391	466

● **Display Business**

Sales increased year-on-year on the strength of a rapid increase of the AGC Group's shipments from the latter half of the first quarter following a rebound in demand for glass substrates for flat panel displays (FPDs).

● **Electronic Materials Business**

Although shipments recovered gradually since the second half of the year, shipments for the full fiscal year remained at low levels and sales decreased year-on-year.



Unit: Hundred million yen

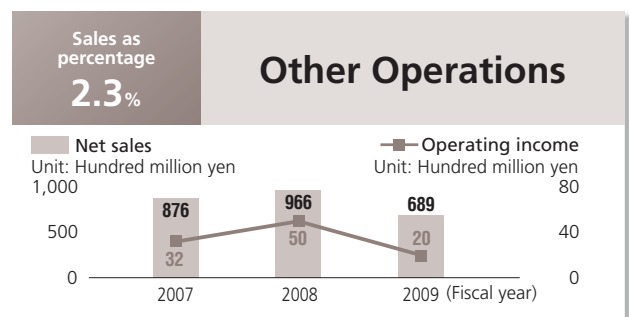
FY2009	1Q	2Q	3Q	4Q
Net sales	523	571	602	642
Operating income	-30	-27	-10	-11

● **Chlor-alkali and Urethane Business**

Sales decreased year-on-year because shipments in Japan dropped compared to the previous fiscal year, although shipments in Asia remained robust over the course of the year.

● **Fluorochemicals and Specialty Chemicals Business**

Demand for fluorinated resin dropped sharply in particular and sales decreased compared to the previous fiscal year.



In the ceramics business, sales decreased year-on-year due to declines in demand both in the glass engineering market and in the environmental energy market.

Consolidated Financial Statements

Consolidated Balance Sheets (Summary)

Unit: Hundred million yen

	End of fiscal year 2009 (December 31, 2009)	End of fiscal year 2008 (December 31, 2008)	Increase/ Decrease
Assets	17,819	18,328	-510
Current assets	5,585	5,927	-342
Cash on hand and in banks	840	838	2
Trade notes and accounts receivable	2,255	2,086	169
Inventories	1,765	2,271	-506
Other current assets	725	732	-6
Fixed assets	12,234	12,401	-168
Tangible & Intangible fixed assets	9,645	9,998	-353
Investment in securities	1,998	1,728	270
Other fixed assets	591	676	-85
(1) Total assets	17,819	18,328	-510

	End of fiscal year 2009 (December 31, 2009)	End of fiscal year 2008 (December 31, 2008)	Increase/ Decrease
Liabilities	9,736	10,520	-784
Payables	1,292	1,654	-362
Loans (include CP & Bonds)	5,973	5,976	-3
Other liabilities	2,470	2,890	-420
(2) Net assets	8,083	7,809	274
Shareholders' equity	8,156	8,269	-113
Common stock	909	909	0
Additional paid-in capital	970	970	0
Retained earnings	6,489	6,602	-113
Treasury stock	-212	-211	-0
Valuation & translation adjustments	-607	-966	358
Share subscription rights	10	7	3
Minority interests in consolidated subsidiaries	524	498	26
Total liabilities & net assets	17,819	18,328	-510



(1) Total assets

Total assets as of the end of the fiscal year under review were 1,781.9 billion yen, down 51.0 billion yen from the previous year. This fall is mainly because of a decrease in inventories, despite an increase in investments in securities caused by a rise in listed stock prices.



(2) Total net assets

Total net assets as of the end of the fiscal year under review were 808.3 billion yen, up 27.4 billion yen from the end of the previous year. This increase chiefly reflects an increase in unrealized gains on securities, net of tax, caused by a rise in listed stock prices, despite a decline in retained earnings caused mainly by payments of dividends.



(3) Operating income

Operating income for the fiscal year under review was 86.7 billion yen, a 43.7% decrease year-on-year. This decline is mainly due to the great influence of falling product prices and reduced shipments in operations other than the display business, although the AGC Group took measures to streamline its businesses in all areas, ranging from management to operations, and to reduce expenses in response to the global economic downturn.



(4) Free cash flows

Despite decreased income before income taxes and minority interests, free cash flows for the fiscal year under review increased sharply from the previous year, to 65.1 billion yen, as the AGC Group made capital expenditures focusing mainly on important strategic investments and repairs, thereby reducing the amount of capital expenditures.

Consolidated Statements of Income (Summary)

Unit: Hundred million yen

	For the year ended December 2009 (January 1, 2009 through December 31, 2009)	For the year ended December 2008 (January 1, 2008 through December 31, 2008)
Net sales	11,482	14,443
(3) Operating income	867	1,540
Non-operating income (losses)	5	-443
Interest & dividends	-56	-72
Equity in earnings of unconsolidated companies	-5	-6
Others	66	-364
Ordinary income	872	1,098
Extraordinary gains (losses)	-467	-397
Income before tax	405	701
Income taxes	198	249
Minority interest in earnings (losses) of consolidated subsidiaries	7	60
Net income	200	392

Consolidated Statements of Cash Flows (Summary)

Unit: Hundred million yen

	For the year ended December 2009 (January 1, 2009 through December 31, 2009)	For the year ended December 2008 (January 1, 2008 through December 31, 2008)
Cash flows from operating activities (a)	1,807	2,053
Income before income taxes & minority interests	405	701
Depreciation/Amortization/ Impairment	1,565	1,492
Increase (decrease) in working capital	-1	283
Others	-162	-423
Cash flows from investing activities (b)	-1,156	-2,605
Purchase of property, plant & equipment	-1,333	-2,542
Others	177	-63
(4) Free cash flow (a) + (b)	651	-553
Cash flows from financing activities	-301	736
Increase (decrease) in bank loans, bonds & CP	-47	1,092
Dividends paid	-234	-257
Others	-21	-99
Effect of exchange rate changes on cash & cash equivalents	11	-103
Changes in cash & cash equivalents	361	80

Consolidated Statements of Shareholders' Equity, etc. (Summary)

Unit: Hundred million yen

Fiscal year 2009 (January 1, 2009 through December 31, 2009)	Shareholders' equity					Valuation and translation adjustments	Share subscription rights	Minority interests in consolidated subsidiaries	Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total share- holders' equity				
Balance as of December 31, 2008	909	970	6,602	-211	8,269	-966	7	498	7,809
Changes during the fiscal period under review									
Distribution of surplus	-	-	-234	-	-234	-	-	-	-234
Net income	-	-	200	-	200	-	-	-	200
Increase and disposal of treasury stock	-	-	-0	-0	-0	-	-	-	-0
Effect of changes in accounting policies applied to foreign subsidiaries	-	-	-83	-	-83	-	-	-	-83
Other	-	-	4	-	4	358	3	26	392
Total changes of items during the fiscal period under review	-	-	-113	-0	-113	358	3	26	274
Balance as of December 31, 2009	909	970	6,489	-212	8,156	-607	10	524	8,083

*Figures are rounded to the nearest hundred million yen.

List of Officers and Major Subsidiaries and Affiliates

(as of March 30, 2010)

Directors, Corporate Auditors, and Executive Officers

■ Board of Directors		*1 Independent Director
Chairman of the Board	Masahiro Kadomatsu	
Representative Director	Kazuhiko Ishimura	
Representative Director	Katsuhisa Kato	
Director	Takashi Fujino	
Director	Kunihiro Matsuo *1	
Director	Hajime Sawabe *1	
Director	Toru Nagashima *1	

■ Corporate Auditors		*2 On a full-time basis
Corporate Auditor	Takashi Terashima *2	
Corporate Auditor	Izumi Tamai *2	
Corporate Auditor	Koji Ogaki	
Corporate Auditor	Shigeru Hikuma	

■ Executive Officers

President & CEO	
CEO; GM of Group Strategy Office:	Kazuhiko Ishimura
Senior Executive Vice Presidents	
President of Electronics Company:	Yuji Nishimi
President of Glass Company:	Akio Endo
Executive Vice President	
CTO; Deputy GM of Group Strategy Office:	Katsuhisa Kato
Senior Executive Officers	
Vice President, Automotive, Glass Company:	Kei Yonamoto
GM of Finance & Control Office:	Shukichi Umemoto
GM of Human Resources & Administration Office:	Yasutoshi Hirata
GM of Electronic Glass General Div., Electronics Company:	Nozomu Taguchi
Regional President of Japan/Asia Pacific, Glass Company:	Marehisa Ishiko
GM of Display General Div., Electronics Company:	Yoshiaki Tamura
Regional President of Europe, Glass Company;	Jean-François Heris
President & CEO of AGC Glass Europe:	
CFO; GM of Office of President;	Takashi Fujino
Deputy GM of Group Strategy Office:	
Executive Officers	
Technical Director of Japan/Asia Pacific, Glass Company:	Tetsuji Kakimoto
GM of Electronics General Div., Electronics Company:	Masafumi Ohinata
Vice President, Planning and Coordination, Glass Company:	Masayuki Kamiya
Assistant to President of Glass Company:	Toru Kawatsura
Vice President, Technology, Glass Company:	Tadayuki Oi
GM of Production Technology Center:	Yasumasa Nakao
Deputy GM of Group Strategy Office:	Shinichi Kawakami
President of Chemicals Company:	Takuya Shimamura
Deputy GM of Group Strategy Office:	Tetsuo Tatsuno
GM of Legal:	Eisuke Yanagisawa
GM of Business Management General Div., Chemicals Company:	Hiroshi Akagi
GM of CSR Office:	Tokio Matsuo
President of AGC Ceramics Co., Ltd.:	Akinobu Shimao
GM of Research Center:	Tomoya Takigawa
GM of Purchase & Logistics Center:	Takashi Shimbo
Group Leader of Corporate Planning Group, Office of President; Deputy GM of Group Strategy Office:	Shinji Miyaji

List of Major Subsidiaries and Affiliates

■ Japan

AGC Display Glass Yonezawa Co., Ltd.	Production and sales of glass substrates for LCDs
AGC Glass Products Co., Ltd.	Production and sales of fabricated glass for architectural use and cutting and sales of flat glass products
AGC Ceramics Co., Ltd.	Production and sales of various ceramic products
Ise Chemicals Corporation	Production and sales of iodine products and metallic compounds, and extraction and sales of natural gas

■ Overseas

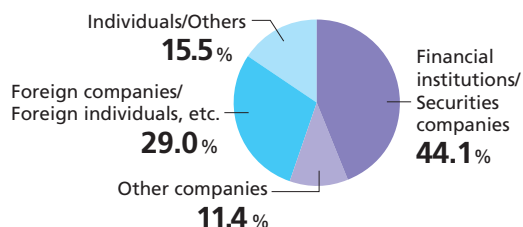
AGC Glass Europe	Belgium	Production and sales of flat glass
AGC Display Glass Taiwan Co., Ltd.	Taiwan	Production and sales of glass substrates for LCDs
Asahi Glass Fine Techno Korea Co., Ltd.	South Korea	Production and sales of glass substrates for LCDs
P.T. Asahimas Chemical	Indonesia	Production and sales of caustic soda, vinyl chloride monomer, and vinyl chloride polymer
AGC Flat Glass North America, Inc.	USA	Production and sales of flat glass, automotive glass, and glass for solar power systems
Hanwook Techno Glass Co., Ltd.	South Korea	Production and sales of glass substrates for PDPs
P.T. Asahimas Flat Glass Tbk	Indonesia	Production and sales of flat glass, automotive glass, and fabricated glass for industrial use
AGC Chemicals (Thailand) Co., Ltd.	Thailand	Production and sales of caustic soda, hydrochloric acid, liquid chlorine, potassium hydroxide, and potassium carbonate
AGC Chemicals Europe, Ltd.	U.K.	Production and sales of fluoropolymers and sales of other chemical products

State of Stock (as of December 31, 2009)

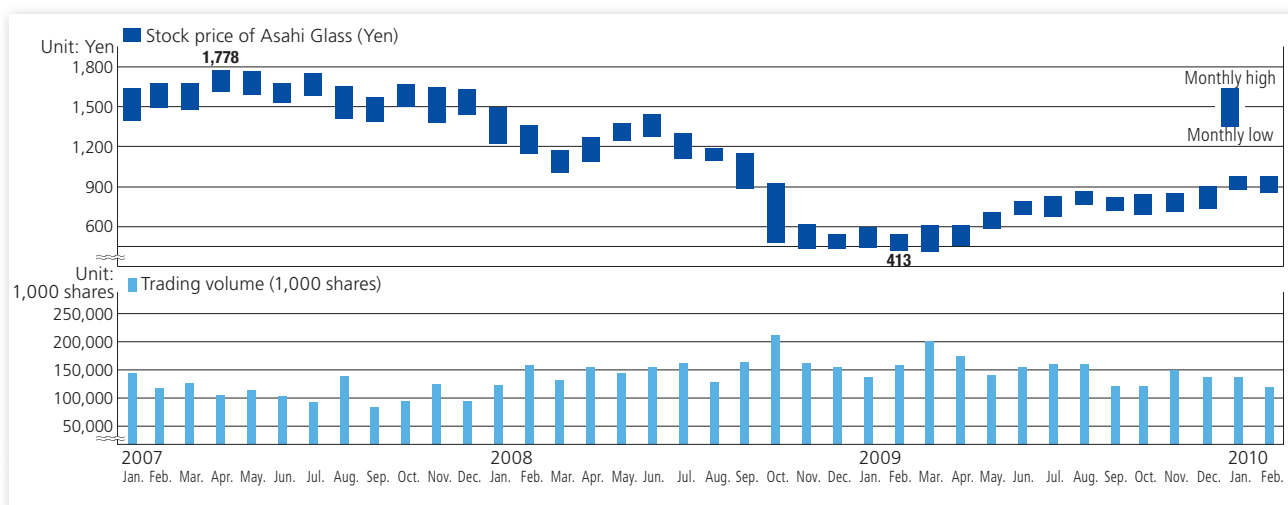
Number of shares outstanding: 1,186,705,905
 Number of shareholders: 64,917
 (Shareholders who own shares of one unit or more: 49,302)

Shareholders' Composition

(Shareholders who own shares of one unit or more)



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



State of Corporate Bonds (as of December 31, 2009)

Issue	Date of issuance	Balance outstanding (Unit: Million yen)	Annual rate (Year) (%)	Security	Maturity date
No. 5 bonds	December 18, 2001	20,000	1.52	—	December 16, 2011
No. 7 bonds	October 17, 2002	15,000	1.28	—	October 17, 2012
No. 8 bonds	June 3, 2003	20,000	0.67	—	June 3, 2013
No. 10 bonds	September 13, 2007	19,996	1.35	—	September 13, 2012
No. 11 bonds	January 29, 2009	40,000	1.28	—	January 29, 2014
No. 12 bonds	January 29, 2009	30,000	1.94	—	January 29, 2019
Zero Coupon Convertible Bonds due 2012	December 14, 2009	50,000	—	—	November 14, 2012
Zero Coupon Convertible Bonds due 2014	December 14, 2009	50,000	—	—	November 14, 2014

Corporate Outline

(as of December 31, 2009)

Trade name:

Asahi Glass Company, Limited

Founded:

September 8, 1907

Incorporated:

June 1, 1950

Capital:

¥90,873,373,264

Head office:

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

Number of consolidated subsidiaries:

178 (including 141 companies overseas)

Number of employees of consolidated companies:

47,618

Information about Shares

Fiscal year:

January 1 to December 31

Ordinary general shareholders' meeting:

March

Shareholder registration date for entitlement to exercise:

Voting rights at ordinary general shareholders' meeting: December 31
Rights to receive annual dividend payment: December 31
Rights to receive interim dividend payment: June 30

Public notice:

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

Shareholder Registrar/Special Account Administrator:

Mitsubishi UFJ Trust and Banking Corporation
Inquiries/Mailing address:
Securities Agency Division,
Mitsubishi UFJ Trust and Banking Corporation
7-10-11 Higashisuna, Koto-ku, Tokyo 137-8081
Tel: 0120-232-711 (toll free within Japan)

Payment of Dividends:

As stated in the Articles of Incorporation, dividends not claimed within five years from the starting date of payment are no longer payable. We therefore urge shareholders to claim all payable dividends at the earliest convenient date. Dividends that the shareholder has not received will be paid at the Mitsubishi UFJ Trust and Banking Corporation.

To shareholders owning shares constituting less than one Unit:

Shareholders owning shares constituting less than one Unit (1—999 shares) of the Company may request the Company to purchase such shares/sell additional shares. For the details of such procedures, including request for necessary forms, please notify the following place of contact.

Contact information for inquiries regarding shares

■ Contact information for inquiries regarding shares registered with a trading account at Account Management Institutions

Please contact **the Account Management Institutions**.

■ Contact information for inquiries regarding shares registered in the Special Account

Please contact **Mitsubishi UFJ Trust and Banking Corporation (our Special Account Administrator)**.

**Contact: Securities Agency Division,
Mitsubishi UFJ Trust and Banking Corporation** Telephone: 0120-232-711
(Toll free within Japan)

* When shareholders holding shares in the Special Account ask for application forms necessary for change of address, for designation of the account for receiving dividends and change of such account, for purchase of shares constituting less than one Unit, and for account transfer, please contact the Special Account Administrator toll-free number, on 0120-244-479 (there is an automated voice answering service 24 hours a day).

Information about corporate bonds

Interest payment date for corporate bonds and maturity date:

Please refer to the prospectus at hand, or ask the securities companies handling such bonds to confirm this date.

Cover

The AGC Group is globally developing solar-related products to which its core technologies in glass, chemicals, and ceramics are applied. To enable more customers to understand these products and technologies, we have been taking part in exhibitions related to solar power systems since 2009. The photos on the cover show scenes in and around the AGC Group's booth at "PV EXPO 2010," which was held in Tokyo in March 2010.

AGC ASAHI GLASS CO., LTD.

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

