

February 16, 2005

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## **Asahi Glass announces Issuance of Stock Option (Purchase Options on New Stock)**

Asahi Glass Co., Ltd. has announced the decision at the meeting of its Board of Directors on February 16, 2005, to propose an agenda to the Company's 80<sup>th</sup> Ordinary General Meeting of Shareholders to be held on March 30, 2005, to seek approval of the granting of purchase options on new stock (as the stock option) in compliance with Article 280, Paragraphs 20 and 21, of the Commercial Code of Japan.

### **1. Reasons for the issuance of purchase options on new stock under privileged conditions**

The purchase options on new stock are issued to board members, operating officers and employees of the Company as well as of its affiliates, to further enhance the motivation and willingness of those who are performing important management functions of the Company, and, consequently, to enhance the Company's corporate value.

Being issued as a stock option, the purchase option is granted free of charge. The acquisition price for the shares upon execution of the options will be based on the market price of the Company's common stocks at the time of issuance of the purchase option.

### **2. Outline of the issuance of the purchase options**

#### **(1) Qualification of the beneficiary;**

Board members, operating officers and employees of the Company and its affiliates, who are performing important management functions of the group companies and are appointed by resolution of the Board of Directors Meeting.

#### **(2) Number of options issued;**

660 options, as the upper limit.

#### **(3) Type and number of shares to be acquired by option;**

The upper limit of new common stock to be issued is at 660,000 shares, and each purchase option entails the right to acquire 1,000 shares.

In case the Company splits or combines common stocks after the date of issuing the purchase option, the number of shares to be acquired by option is adjusted pursuant to the splitting or combining ratio.

(4) Issue price of purchase option;

The options is granted free of charge.

(5) Acquisition price for the shares on the execution of the options;

The acquisition price for the shares on the execution of the options is determined by multiplying the subscription price per share issued or transferred by the execution of each purchase option, by the number of shares acquired by each purchase option.

The subscription price is determined by multiplying the weighted average of closing price (including indication of any bid/offer) for the Company's common stock during the regular transactions on Tokyo Stock Exchange for a period of 30 working days commencing 45 working days prior to the next day of the issuance date, by 1.05, and rounding up to the nearest yen. However, if said price is lower than the closing price on the issuance date, the closing price of the issuance date itself shall be the subscription price.

Further, in case the Company splits or combines common stock after the issuance date, the subscription price is adjusted in proportion to the splitting or combining ratio, and the fraction of one yen after the adjustment is rounded up.

Also, in case the Company issues new common stocks at less than market price or disposes of the common stocks for treasury, the subscription price is adjusted in accordance with the formula shown below, and rounded up to the nearest yen.

However, the adjustment of subscription price will not be made when the issuance of new stock or the disposal of treasury stock is made pursuant to: the execution of the purchase option; the request to convert the 5<sup>th</sup> Unsecured Convertible Bonds; or the request for stock transfer based on Article 210, Paragraph 2, of the Commercial Code before the enforcement of the Law for Partial Revision of Commercial Code, etc. (Law No. 79 in 2001)

$$\text{Subscription price after adjustment} = \text{Subscription price before adjustment} \times \frac{\text{Number of outstanding shares} + \frac{\text{Number of newly issued shares} \times \text{Subscription price per share}}{\text{Stock price before new issue}}}{\text{Number of outstanding shares} + \text{Number of newly issued shares}}$$

In the above formula, "Number of outstanding shares" denotes the number obtained by subtracting the number of treasury common stock owned by the Company from the number of outstanding common stock. In case the disposal of treasury stock is made, the "Number of newly issued shares" and "Stock price before new issue" are to be substituted by "Number of treasury stocks disposed" and "Stock price before disposal," respectively.

(6) Period of execution of purchase options;

June 1, 2007 to May 31, 2011.

(7) Conditions for purchase option execution;

(i) Partial execution of each purchase option is not permitted;

(ii) The beneficiary can execute the option right, even after losing the position as the board member, managing officer or employee of the Company or its affiliates, in accordance with the provisions of the Purchase Option Allocation Agreement to be concluded between the Company and the beneficiary based on the resolutions of the General Meeting of Shareholders and Board of Directors Meeting;

(iii) When the beneficiary is deceased, the heirs of the beneficiary are entitled to execute the option right in accordance with the provisions of the Purchase Option Allocation Agreement; and

(iv) Other conditions regarding the execution of the purchase option are as provided in the Purchase Option Allocation Agreement.

(8) Causes and conditions for dissolution of purchase option;

The Company may dissolve the purchase options, which it acquires and holds, free of charge, at any time.

(9) Assignment restriction of purchase option;

The assignment of the purchase option is subject to the approval of the Board of Directors.

(Note) The above stipulations are conditional upon the approval of the agenda on “The issuance of purchase options on new stock as the stock option” at the Company’s 80<sup>th</sup> Ordinary General Meeting of Shareholders to be held on March 30, 2005.