



June 11, 2008

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### **Notice on the Allotment of Ordinary-Type Stock Options (Stock Acquisition Rights)**

Please be informed that Asahi Glass Co., Ltd. (“the Company”) reached the decision, at its meeting of the Board of Directors on June 11, 2008, to establish the terms and conditions regarding the offering stock acquisition rights as ordinary-type stock options to its employees of the Company as well as directors and employees of the Company’s subsidiaries, and to solicit subscribers to said stock acquisition rights, in its aim to further enhance the motivation and willingness of employees, etc. to improve the Group’s performance and contribute to the enhancement of the Company’s corporate value, pursuant to the provisions of Articles 236, 238 and 239 of the Corporate Law and the resolution reached at the Company’s 83rd Ordinary General Meeting of Shareholders on March 28, 2008.

1. Name of the Stock Acquisition Rights:

“Asahi Glass Co. Ltd. – Stock Acquisition Rights (Ordinary-Type Stock Option) to be issued in July 2008”; (hereinafter referred to as the “Stock Acquisition Rights”)

2. Persons Eligible to the Allotment of Stock Acquisition Rights, and the Number of Persons and the Number of Stock Acquisition Rights to be Allotted

The Company shall allot 95 Stock Acquisition Rights for 17 persons including employees of the Company and directors and employees of the Company’s subsidiaries.

3. Total Number of the Stock Acquisition Rights:

95

The above number is the total number of the Stock Acquisition Rights that are expected to be allotted and, accordingly, in the event that the total number of application for subscription of the Stock Acquisition Rights does not reach the above-mentioned number or there occurs a reduction in the total number of the Stock Acquisition Rights to be allotted, the total number of the Stock Acquisition Rights shall be equal to the total number of the Stock Acquisition Rights that are actually allotted.

4. Class and Number of Shares Underlying the Stock Acquisition Rights:

The type of shares underlying the Stock Acquisition Rights shall be common shares in the Company, and the number of shares to be issued or transferred upon exercise of one (1) Stock Acquisition Right (hereinafter referred to as the “Number of Granted Shares”) shall be 1,000 shares; provided, however, that, when the Company conducts any share split (including any allotment of common shares in the Company free of charge, and the same shall apply hereinafter for any reference to share splits) or any share consolidation for its common shares after the date of allotment of the Stock Acquisition Rights, the Number of Granted Shares shall be adjusted in accordance with the formula set forth below and any fraction less than one whole share arising therefrom shall be rounded down to the nearest one whole share.

Formula:

$$\text{Post-Adjustment Number of Granted Shares} = \text{Pre-Adjustment Number of Granted Shares} \times \text{Share split (or share consolidation) ratio}$$

Post Adjustment Number of Granted Shares shall apply from the next day of the base date of the share split in case of share split, and from the effective date of share consolidation in case of share consolidation. However, if the share split shall be conducted on condition that (i) a resolution of the general meeting of shareholders indicating that the amount of surplus will be reduced and capital and capital reserve shall be increased accordingly will be approved and (ii) the base date of such share split will be set prior to the date of completion of such general meeting of shareholders, Post Adjustment Number of Granted Shares shall, after the next day of completion of such general meeting of shareholders, apply retroactively from the next day of such base date.

In addition to the above, the Number of Granted Shares shall be adjusted to the extent reasonable in the event there occurs any event that would require such adjustment after the date of allotment of the Stock Acquisition Rights.

Furthermore, the Company shall, in adjusting the Number of Granted Shares, notify each holder of the Stock Acquisition Rights registered in the Stock Acquisition Rights Register (hereinafter referred to as the “Holders”) of the relevant matters by no later than the day immediately preceding the date from which the Post-Adjustment Number of Granted Shares is to be applied; provided, however, that, in the event the Company is unable to give such notice prior to such date, the Company shall promptly give such notice thereafter.

5. Method of Calculation of the Amount of the Property to be Provided as Contribution upon the Exercise of the Stock Acquisition Rights:

The amount of the property to be provided as contribution upon the exercise of each Stock Acquisition Right shall be the amount calculated by multiplying the amount of exercise price to be paid per share (hereinafter referred to as the “Exercise Price”) by the Number of Granted Shares.

The Exercise Price shall be the average of closing prices (including quotations, hereinafter referred to as the “Closing Price”) of the common shares in the Company on the Tokyo Stock Exchange on each day during a 30-day trading period (excluding days on which there is no trading) commencing 45 trading days prior to the next day of the date of allotment of the Stock Acquisition Rights (hereinafter referred to as the “Allotment Date”) multiplied by 1.05, and any fraction less than one (1) yen arising therefrom shall be rounded up to the nearest one (1) yen; provided, however, that, if such calculated price is lower than the Closing Price on the Allotment Date, then the Exercise Price shall be equal to the amount of the Closing Price on the Allotment Date.

6. Adjustment of the Exercise Price:

(1) If any of the events set forth in (i) or (ii) below occurs after the Allotment Date, the Exercise Price shall be adjusted by the following method and formula, and any fraction less than one (1) yen arising therefrom shall be rounded up to the nearest one (1) yen.

(i) In the case where the Company conducts any share split or share consolidation for its common shares:

The Exercise Price shall be adjusted by the following formula:

$$\text{Post-Adjustment Exercise Price} = \text{Pre-Adjustment Exercise Price} \times \frac{1}{\text{Share split (or share consolidation) ratio}}$$

(ii) In the case where the Company issues new shares (common shares) or disposes of its treasury shares (common shares) at a price lower than the market price at the time, unless such issuance of new shares or disposal of its treasury shares is made upon any exercise of stock acquisition rights:

The Exercise Price shall be adjusted by the following formula:

$$\text{Post-Adjustment Exercise Price} = \text{Pre-Adjustment Exercise Price} \times \frac{\text{Total number of issued shares} + \frac{\text{Number of newly issued shares} \times \text{Amount of subscription money per share}}{\text{Market price immediately prior to the issuance}}}{\text{Total number of issued shares} + \text{Number of newly issued shares}}$$

1) The “market price immediately prior to the issuance” as used in the above formula shall be the average of the Closing Price of the common shares in the Company on the Tokyo Stock Exchange on each day during a 30-day trading period (excluding days on which there is no trading) commencing 45 trading days prior to the “Application Commencement Date for the Post-Adjustment Exercise Price” as set forth in (2) below (hereinafter referred to as the “Application Commencement Date”); provided, however, that the “average price” shall be calculated to two decimal places and rounded to one decimal place (rounded up if the number is 5 or more, rounded down if the number is less than 5).

- 2) The “total number of issued shares” as used in the above formula shall be the number of issued and outstanding common shares in the Company as of the base date or, if there is no such base date, as of the last day of the month immediately preceding the month to which the Application Commencement Date belongs, less the number of common shares held by the Company as treasury shares on the same date.
- 3) In the case of any disposal of treasury shares, the formula shall be applied by replacing “number of newly issued shares” with “number of disposed shares”, and “market price immediately prior to the issuance” with “market price immediately prior to the disposal”.

(2) Application Commencement Date for the Post-Adjustment Exercise Price

- 1) In the case of any share split, the post-adjustment Exercise Price as calculated pursuant to (1) above shall apply from the next day of the base date of the share split in case of share split, and from the effective date of share consolidation in case of share consolidation. However, if the share split shall be conducted on condition that (i) a resolution of the general meeting of shareholders indicating that the amount of surplus will be reduced and capital and capital reserve shall be increased accordingly will be approved and (ii) the base date of such share split will be set prior to the date of completion of such general meeting of shareholders, the post-adjustment Exercise Price shall after the next day of completion of such general meeting of shareholders, apply retroactively from the next day of such base date.

In the case referred to in the proviso above, if any Holder exercises the Stock Acquisition Rights during the period from the day immediately following the base date of the share split until the date of conclusion of the general meeting of shareholders at which a resolution is passed for such capital increase by a reduction in the retained surplus, the number of shares in the Company to be granted (hereinafter referred to as the “Pre-Split Number of Shares”) shall be adjusted in accordance with the formula set forth below; provided, however, that any fraction less than one whole share shall be rounded down to the nearest whole share:

Formula:

$$\text{Post-Adjustment Number of Shares} = \frac{(\text{Pre-adjustment Exercise Price} - \text{Post-Adjustment Exercise Price}) \times \text{Pre-Split Number of Shares}}{\text{Post-Adjustment Exercise Price}}$$

- 2) The Post-Adjustment Exercise Price as adjusted in accordance with (1) (ii) above shall be applied on and after the date immediately following the subscription payment date of the shares to be newly issued or disposed of (or, if there is a shareholder allotment date, on and after the date immediately following such shareholder allotment date).
- (3) The Company shall, in adjusting the Exercise Price, notify each Holder of the relevant matters by no later than the day immediately preceding the Application Commencement Date, and in the event the Company is unable to give such notice prior to the day immediately preceding such Application Commencement Date, the Company shall promptly give such notice thereafter.

7. Period during which the Stock Acquisition Rights may be Exercised:

From July 1, 2010 to June 30, 2014.

8. Matters regarding the amount of capital and capital reserve to be increased:

(1) The amount by which the capital will be increased as a result of the issuance of shares upon the exercise of the Stock Acquisition Rights shall be the “maximum amount of increase in capital, etc.” to be calculated in accordance with Paragraph 1, Article 40 of the Corporate Calculation Rules multiplied by 0.5 (with any fractional amount less than one whole yen rounded up to the nearest whole yen).

(2) The amount by which the capital reserve will be increased as a result of the issuance of shares upon the exercise of the Stock Acquisition Rights shall be the above-mentioned “maximum amount of increase in capital, etc.” minus the above-mentioned amount of capital increase.

9. Restrictions on Transfer of the Stock Acquisition Rights:

Transfer of the Stock Acquisition Rights shall be subject to an approval of the Board of Directors of the Company.

10. Event and Conditions of Acquisition of Stock Acquisition Rights:

The Company may acquire the Stock Acquisition Rights from the Holders free of charge on a date to be separately designated by the Board of Directors of the Company in the event: (a) a merger agreement under which the Company shall be the dissolving company is approved by a resolution of the general meeting of shareholders; (b) a demerger agreement or a demerger plan under which the Company shall be the transferor is approved by a resolution of the general meeting of shareholders; or (c) a statutory share exchange (*kabushiki kokan*) agreement or a statutory share transfer (*kabushiki iten*) agreement under which the Company shall be the wholly-owned subsidiary is approved by a resolution of the general meeting of shareholders.

11. Cancellation of the Stock Acquisition Rights or the Grant of the Stock Acquisition Rights by the Successor Company in relation to the Organizational Restructuring:

In the case where the Company conducts any merger (limited to cases where the Company is the dissolving company), demerger by transfer to an existing company (*kyushu-bunkatsu*), demerger by transfer to a newly established company (*shinsetsu-bunkatsu*), statutory share exchange (*kabushiki kokan*) or statutory share transfer (*kabushiki iten*) (collectively, hereinafter referred to as the “Organizational Restructuring”), each person that holds the Stock Acquisition Rights that are outstanding immediately prior to the time at which the relevant Organizational Restructuring becomes effective (hereinafter referred to as the “Outstanding Stock Acquisition

Rights”) shall be granted the stock acquisition rights to acquire shares in the respective “*kabushiki kaisha*” as set forth in Article 236, Paragraph 1, Item 8(a) to 8(e) of the Corporate Law (hereinafter referred to as the “Successor Company”), in which case, the Outstanding Stock Acquisition Rights shall be cancelled, and new stock acquisition rights shall be issued by the Successor Company; provided however, that this shall be on condition that the issuance of the stock acquisition rights by the Successor Company in accordance with the following terms and conditions is set forth in the relevant merger agreement, demerger agreement or demerger plan, statutory share exchange agreement or statutory share transfer plan:

(1) Number of the stock acquisition rights to be issued by the Successor Company:

Same number as the Outstanding Stock Acquisition Rights held by the relevant Holder.

(2) Class of the shares underlying the stock acquisition rights:

Common shares in the Successor Company.

(3) Number of the shares underlying the stock acquisition rights:

To be determined in accordance with Condition 3 above, upon taking into account the terms and conditions of the relevant Organizational Restructuring.

(4) Amount of the property to be provided as contribution upon the exercise of each stock acquisition right:

The amount of the property to be provided as contribution upon the exercise of each stock acquisition right shall be calculated by multiplying the exercise price (to be determined on the basis of the Exercise Price set forth in Condition 4, and by making adjustments to reflect the terms and conditions of the relevant Organizational Restructuring) by the number of shares underlying each stock acquisition right as set forth in (3) above.

(5) Period during which the stock acquisition rights may be exercised:

The period commencing on the later of (i) the first day of the period during which the Stock Acquisition Rights may be exercised as set forth in Condition 6 above or (ii) the date on which the relevant Organizational Restructuring becomes effective, and ending on the expiration date of the period during which Stock Acquisition Rights may be exercised as set forth in Condition 6 above.

(6) Matters regarding the amount of capital and capital reserve to be increased:

To be determined in accordance with the conditions set forth in Condition 7 above.

(7) Restrictions on transfer of the stock acquisition rights:

Transfer of the stock acquisition rights shall be subject to an approval of the Board of Directors of the Successor Company.

(8) Event and conditions of acquisition of the stock acquisition rights:

To be determined in accordance with Condition 9 above.

12. Treatment of Fractional Share Arising from the Exercise of the Stock Acquisition Rights:

If there arises any fractional share of less than one whole share as a result of exercising the Stock Acquisition Rights, such fractional share shall be rounded down to the nearest whole share.

13. Other Conditions for Exercise of Stock Acquisition Rights:

- (1) No Stock Acquisition Rights may be exercised in part.
- (2) Person to whom the Stock Acquisition Rights are allotted (hereinafter referred to as the "Allottee") may exercise such Stock Acquisition Rights in accordance with the Agreement Concerning Allotment of Stock Acquisition Rights (hereinafter referred to as the "Agreement") executed between the Company and the Allottee even after the Allottee loses his/her status as a director, executive officer or employee of the Company or of its affiliates.
- (3) In case of the death of the Allottee, his/her heir may exercise the Stock Acquisition Rights of the Allottee in accordance with the Agreement.
- (4) The Allottee may not exercise any of the Stock Acquisition Rights that he/she has abandoned.
- (5) Other conditions for exercise shall be as set forth in the Agreement.

14. Amount of the Subscription Money for the Stock Acquisition Rights:

No payment shall be required in acquiring the Stock Acquisition Rights.

15. Date of the Allotment of the Stock Acquisition Rights:

July 1, 2008

16. Method of Exercise of the Stock Acquisition Rights and the Payment of the Subscription Money:

- (1) In order to make a request to exercise the Stock Acquisition Rights, the Holder must complete and execute the Company-prescribed exercise request form, and then submit it to the Exercise Request Handling Place set forth in Condition 17 below.
- (2) In addition to submitting the exercise request form set forth in (1) above, the Holder must, in accordance with Paragraph 1, Article 281 of the Corporate Law, fully pay in cash into the Company-designated account held with the Subscription Payment Handling Place set forth in Condition 18 below the amount calculated by multiplying the amount of the property to be provided as contribution upon the exercise of each Stock Acquisition Right by the number of the Stock Acquisition Rights related to the relevant exercise.

17. Exercise Request Handling Place for the Stock Acquisition Rights:

Group Human Resources Planning Office of the Company (or any other relevant department in charge from time to time).

18. Subscription Payment Handling Place for the Stock Acquisition Rights:

Head office of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (or any other successor bank or successor branch from time to time).

19. Treatment of Amendment to the Provisions of These Terms and Conditions and Other Measures:

In the event it becomes necessary to amend any part of these terms and conditions or take other measures, the Company may, pursuant to the provisions of the Corporate Law of Japan and in accordance with the objectives of the Stock Acquisition Rights, amend these terms and conditions and take any other measures in a manner in which the Company deems appropriate, and such amendment shall comprise a part of these terms and conditions.

20. Public Notice of these Terms and Conditions

The Company shall keep a copy of these terms and conditions at its head office and make such copy available to the Holders for review during ordinary business hours.

21. Other

Other matters regarding the Stock Acquisition Rights shall be determined as necessary by the representative director of the Company at his sole discretion.

Reference

1. Date of resolution of the Board of Directors for proposal to the ordinary general meeting of shareholders  
February 5, 2008
2. Date of resolution at the ordinary general meeting of shareholders  
March 28, 2008