

AGC *Review*

Newsletter for
Shareholders

Vol. **26**

Issued in March 2015

AGC ASAHI GLASS CO., LTD.

Code Number: 5201

To Our Shareholders

I took office as president and CEO in January of this year. During fiscal 2014, the AGC Group saw an increase in net sales, which was underpinned by increases in shipments in the Glass business, mainly automotive glass, and in the Chemicals business, as well as by the positive impact of the Japanese yen's depreciation. Our profits, on the other hand, fell from the corresponding period of the previous year, mainly due to lower sales prices of LCD glass substrates and architectural glass in Eastern Europe. Regarding dividend payments, the interim dividend will be 9 yen per share as forecast at the beginning of the fiscal year, and the year-end dividend will also be 9 yen per share as forecast, resulting in a full-year dividend of 18 yen per share.

Under the new management structure, we have formulated a new management policy, **"AGC plus,"** for the AGC Group. Please refer to the Feature Article on the next page for details of this new management policy. All of us, including both directors and employees, are committed to achieving the management goals of **"AGC plus."**

On behalf of the AGC Group, I would like to express my sincerest appreciation for your continued support.

Takuya Shimamura, President and CEO



An Interview with the CEO



The AGC Group has formulated the new management policy, **“AGC plus.”** The new CEO, Takuya Shimamura, articulates the aims and strategies of the new management policy, and his goals as the new CEO of the AGC Group.

Profile

April 1980	Joined Asahi Glass Co., Ltd.	January 2009	Executive Officer, GM of Planning & Coordination Office, Chemicals Company	January 2013	Senior Executive Officer, President of Electronics Company
February 2003	President, PT Asahimas Chemical GM of Planning & Coordination Office, Chemicals Company,	January 2010	Executive Officer, President of Chemicals Company	January 2015	Appointed as President and CEO
May 2006	Asahi Glass Co., Ltd.				

Q1 Before assuming the post of president, what was your career and what are your goals as president?

I joined AGC as a member of the sales staff for chemical products. While engaging in the Chemicals business for 30 years, I served as president of a subsidiary located in Indonesia and president of the Chemicals Company. Two years before my present post, I became president of the Electronics Company. This means that I had experience of being responsible for two businesses: Chemicals and Electronics. Although the AGC

Group has had declining profits for four consecutive terms, we have already taken measures to return our business to a growth trajectory again. I intend to build on those measures to make progress and reap the benefits of our efforts, and then make a fresh start toward achieving further growth. To achieve those objectives, we have formulated the new management policy, **“AGC plus.”**

Q2 What is “AGC plus”?

Under **“AGC plus,”** we aim to recover the Group’s performance and achieve sustained growth by adding value to all stakeholders.

AGC plus

The AGC Group adds a “plus” by:

- Providing safety, security and comfort to society;
- Creating new value and functions for customers and business partners and building trust with them;
- Enhancing job satisfaction among employees; and
- Increasing the Group’s corporate value for investors.

We will provide increased corporate value to our shareholders. To this end, we will focus on two measures: one to expand net sales by taking advantage of market perspectives and diversity, and the other to improve asset efficiency through the active allocation of management resources.

Through these measures, we aim to achieve the management and financial goals shown in the table to the right in fiscal 2017.

Target for 2017	
Net sales	¥1,600 bn.
Operating profit	¥100 bn. or more
ROE	5% or above
D/E	0.5 or less

Q3 What specific measures are you taking to add corporate value?

The strength of the AGC Group lies in its diversity. We have advanced technologies and facilities in each of the Glass, Electronics, Chemicals, and Ceramics businesses; we have access to a wide range of markets including the building, automobile, and electronics industries; we have expanded our global business bases; and we have a wide range of human resources. By making the most of such diversity, from a market perspective, the AGC Group will increase net sales in the three directions shown in Figure 1.

In addition, as shown in Figure 2, centering on the profitability and growth potential of each operation, we will specify the direction of the strategy and actively allocate management resources, aiming to achieve operating margins in each operation of 5% or above for Glass and 10% or above for Electronics and Chemicals, respectively, in fiscal 2017.

In addition to these measures, we are aiming to achieve a well-balanced earnings structure among Glass, Electronics, and Chemicals with operating profit of 100 billion yen or more in fiscal 2017, generated through additional structural reforms, M&As, alliances, and other means.

Figure 1 Different approaches to increase net sales

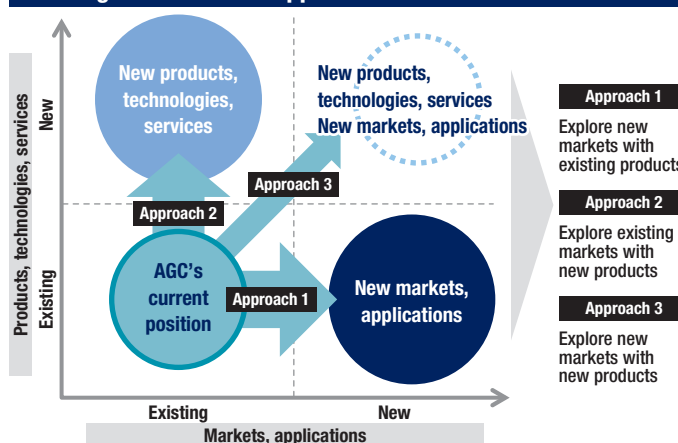
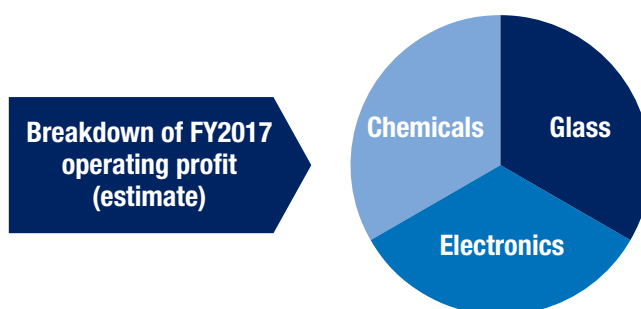


Figure 2 Portfolio by business segment

	Growth	Cash generator	Strength-building area	Target for 2017
Glass	-Automotive glass	-Architectural glass (Fast-growing countries)	-Architectural glass (Developed countries)	ROS* 5% or above
Electronics	-Electronic materials -Glass for chemical strengthening -Ultra-thin glass	-LCD glass		ROS 10% or above
Chemicals	-Chlor-alkali (Outside Japan) -Fluorichemicals -Life science		-Chlor-alkali (Japan)	ROS 10% or above

*ROS (Return on sales): (Operating profit ÷ Net sales) × 100



Q4

What is your forecast for this term's financial performance?

In the previous term, the Glass business achieved profitability and the Chemicals business was also on a growth path. Because the declining profit margin of the Electronics business has narrowed, we aim to break away from the declining trend during this term. However, most of the growth

investments we are currently proceeding with will contribute to earnings after fiscal 2016, and so the full-fledged recovery will come during the next term. Operating profit for the current fiscal year is expected to be 62 billion yen, which is in line with the previous year.

Q5

What is your policy for shareholder returns?

There is no change to our policy for shareholder returns. We will work to promote shareholder returns in the light of performance and future

investment plans, while comprehensively focusing on a dividend payout ratio of 30% based on stable dividend payments.

Q6

Do you have a few words for the shareholders?

My favorite quote is from William Arthur Ward, an American educator:

The mediocre teacher tells.

The good teacher explains.

The superior teacher demonstrates.

The great teacher inspires.

If we replace the teacher in the above quote with "leader," this becomes a story about an organization.

I will make every effort to break away from the declining trend, and to achieve our management goals by resolutely taking up the challenges facing us. I will also stimulate and encourage employees to work together and draw on all of the resources of the AGC Group. In doing so, I would like to ask our shareholders for their continued support.



Highlights of the Group's Financial Results

Key Points for Fiscal 2014

Net sales

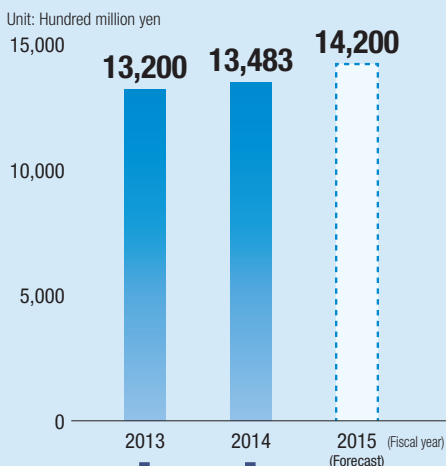
The increase in net sales was underpinned by increased shipments in the Glass business, mainly automotive glass, and in the Chemicals business, as well as by the positive impact of the Japanese yen's depreciation.

Operating profit

The decrease in operating profit was due to lower sales prices of LCD glass substrates and architectural glass in Eastern Europe, rising raw material and fuel costs, the lower profitability of some overseas subsidiaries due to the negative impact of the Japanese yen's depreciation, and other factors.

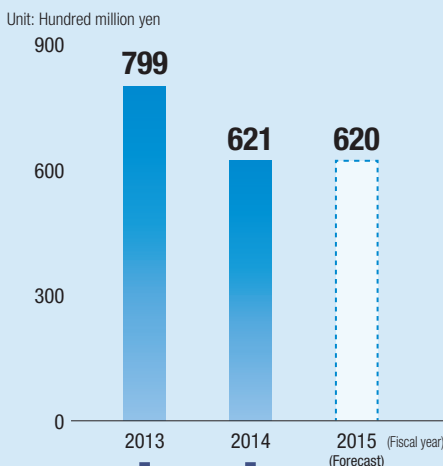
Net sales

13,483 Hundred million yen
(up 2.1% year-on-year)



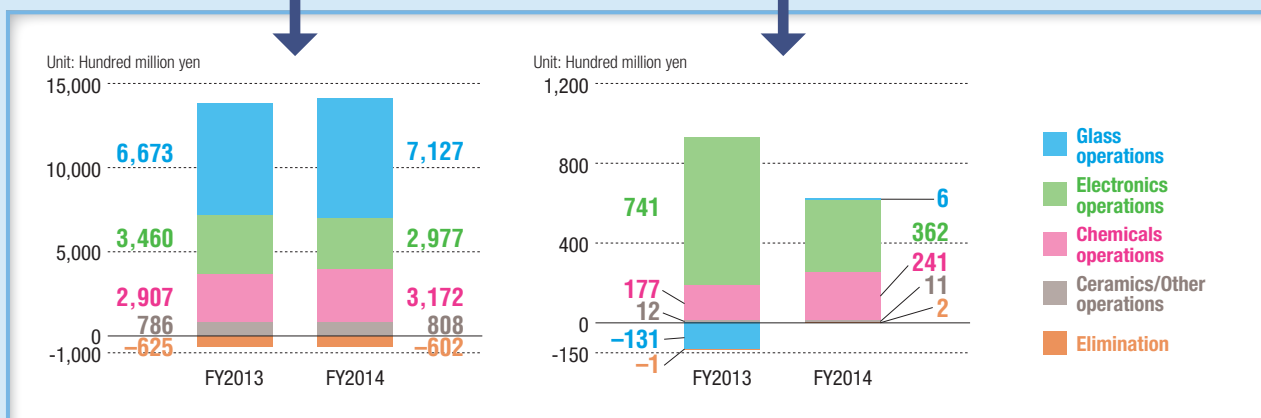
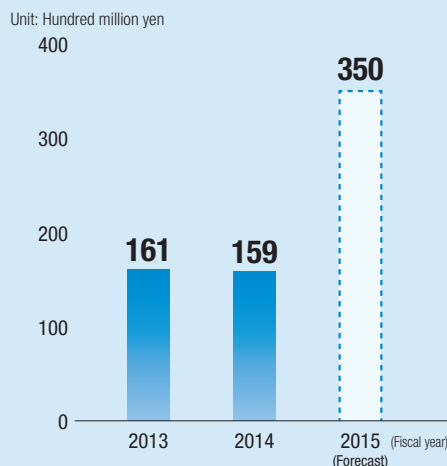
Operating profit

621 Hundred million yen
(down 22.2% year-on-year)



Profit for the year attributable to owners of the parent company

159 Hundred million yen
(down 1.4% year-on-year)



Topics

WONDERLITE™ Used in Mercedes-Benz

Mercedes-Benz has adopted the light control glass, WONDERLITE™, manufactured by the AGC Group, for the Magic Sky Control option of the Mercedes-Benz S-Class Coupe.

The option is the world's largest light control glass sunroof, which can be changed from transparent to dark blue by operating a switch.

The WONDERLITE™ sunroof is three times as large as a conventional light control glass sunroof, and improves the comfort and energy savings of the automobile by filtering out ultraviolet rays and infrared rays using a special coating.



Transparent mode



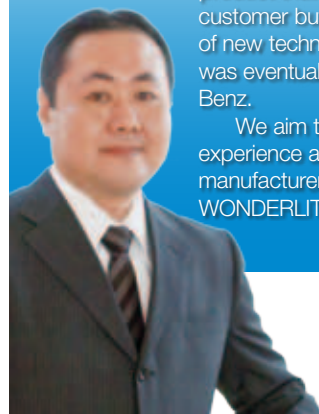
Light control mode

From the Project Leader

VOICE

It was extremely difficult to design a product that met the demands of our customer but, by incorporating a lot of new technologies, WONDERLITE™ was eventually adopted by Mercedes-Benz.

We aim to take advantage of this experience and get other automobile manufacturers to adopt WONDERLITE™ in their cars as well.



Yuji Masaki
Project Leader
WONDERLITE™
AGC Automotive Europe

Q&A from Shareholders

Q Will you take us inside your plants and offices?

Since 2013, we have organized plant tours for individual shareholders every year.

In 2013 and 2014, we arranged a plant tour for shareholders at the Kashima Plant. We aim to help our shareholders deepen their understanding of what the AGC Group is doing through the on-site tour of our facilities, including a float furnace for producing flat glass and energy-saving glass manufacturing facilities, and by asking questions. We plan to arrange regular plant tours in the future as well. For more details, please refer to future issues of our Newsletter for Shareholders.



Plant tour in 2014



Q Can you send investor relations and other information to personal e-mail addresses?

You can register at our website to subscribe to our news e-mail.

We provide investors with a news e-mail distribution service that sends out IR information. Register at the Company's website (<http://www.agc.com/english/ir/index.html>) to subscribe to IR information.



Click here to register.

Corporate Outline

(as of December 31, 2014)

Trade name: Asahi Glass Company, Limited

Founded: September 8, 1907

Incorporated: June 1, 1950

Capital: ¥90,873,373,264

Head office:

Shin-Marunouchi Building, 1-5-1 Marunouchi,
Chiyoda-ku, Tokyo 100-8405

Phone: +81-3-3218-5096

Number of consolidated subsidiaries:

194 (including 156 companies overseas)

State of Stock

(as of December 31, 2014)

Number of shares outstanding: 1,186,705,905

Number of shareholders: 80,557

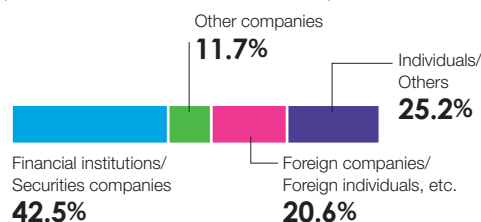
Shareholders who own shares of one unit or more:

69,261

Shareholder Composition

(as of December 31, 2014)

(Shareholders who own one unit or more)



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.com>

Shareholder Registrar/Special Account Administrator:

Mitsubishi UFJ Trust and Banking Corporation

Inquiries/Mailing address:

Securities Agency Division, 7-10-11

Higashisuna, Koto-ku, Tokyo 137-8081

Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation

Phone: 0120-232-711 (toll free within Japan)

Contact Information for Inquiries Regarding Shares

Shareholders who have an account with securities companies, etc.	Shareholders who have a special account
Name of securities companies or other entities with which you have an account	Mitsubishi UFJ Trust and Banking Corporation (our Special Account Administrator) Phone: 0120-232-711 (toll free within Japan) When shareholders holding shares in the Special Account wish to register their change of address, designate or change the bank account for receiving dividends, purchase shares constituting less than one unit, or process an account transfer, please contact the Special Account Administrator via the toll-free number 0120-244-479 (there is an automated voice answering service 24 hours a day) and ask for the relevant application forms.

Information about "withholding tax rate" concerning dividends, etc. of listed shares, etc.

With the termination of the application of the reduced tax rate under the securities tax system, a withholding tax rate of 20% (income tax: 15%; residents' tax: 5%) is applied to dividends, etc. of listed shares, etc., which are paid on and after January 1, 2014. Also, pursuant to the Special Measures for Securing Financial Resources Necessary for Reconstruction from the Great East Japan Earthquake, 2.1% of the income tax is additionally imposed as Special Reconstruction Income Tax up to December 31, 2037.

	From January 1, 2013 to December 31, 2013	From January 1, 2014 to December 31, 2037
Income tax	7%	15%
Special Reconstruction Income Tax	0.147%	0.315%
Resident tax	3%	5%
Total	10.147%	20.315%

- These tax rates are applied in the case of withholding at the source. However, resident tax will not be collected in the case of domestic corporations.
- Since this provides only general information on the Special Reconstruction Income Tax on dividends etc. of listed shares, etc., there are cases where it is not applicable. For further information, please make inquiries to your nearby tax office, licensed tax accountants, or such like.
- This information was compiled based on data as of December 2014.