FOR IMMEDIATE RELEASE

New Management Policy, **AGC plus**

— To add a “plus” to all stakeholders —

**Tokyo, February 6, 2015**—AGC (Asahi Glass Co., Ltd.; Head Office: Tokyo; President & CEO: Takuya Shimamura) has formulated its new management policy, **AGC plus**. The following are an overview of the current management policy **Grow Beyond** from 2008, an introduction of **AGC plus**, and the Group’s financial targets under the new management policy.

1. **Grow Beyond**: Overview

   In 2008, the AGC Group designated **Grow Beyond** as its management policy. Since then, the Group has defined AGC’s Aspirations for 2020 and has worked to “build foundations for growth,” “improve the Group’s business strength” and “promote a structural reform.”

   To realize AGC’s Aspirations for 2020, that is, to build foundations for growth, the AGC Group established a set of strategies, namely “Second Round of Globalization,” “Technology Solution for Environment and Energy” and “Glass-technology-driven Company,” and has worked on them by using the sales ratio for “fast-growing countries,” “new products,” and “environmental related products” as the yardstick. The AGC Group is also investing aggressively, and the results of such efforts are expected to fully make contributions to the Group’s earnings in 2016 onward.

   In the meantime, the business environment surrounding the Group has changed drastically, as exemplified by the collapse of Lehman Brothers and debt crisis in Europe. To cope with such environmental changes, the Group implemented structural reforms, including reduction of equipment capacity and shift of production capacity, in some regions. Furthermore, “strength-building” measures have been going on such as group-wide productivity and efficiency improvement project, review of the personnel system, etc.

   With regard to business results, the AGC Group posted a record profit in 2010, as sales expansion of flat panel displays (FPD), particularly LCD glass, pushed up the earnings of the Group. However, then profits declined for the fourth straight term, since negative impacts, including a delay in response to the aggravation of the economic environment in Europe, significant declines in prices of LCD glass substrates following the slowdown in growth of the FPD market, rises in energy prices and an advance in the depreciation of the yen, greatly surpassed the expansion of product sales volume and the effects of cost reduction.

   In consideration of changes in the management structure, measures taken based on the existing management policy and changes in the business environment, the AGC Group has formulated a new management policy as described below.
2. New management policy, **AGC plus**

The AGC Group has established **AGC plus** as its new management policy. By adding a “plus” to all stakeholders, the Group will aim to achieve the financial targets listed in the section 3.

![AGC plus](image)

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.

**【To enhance the Group’s corporate value】**

(1)  **Increase the Group’s sales by leveraging the Group’s diverse resources and opportunities from a market-oriented perspective**

Strength of the AGC Group is its diverse resources and opportunities: technologies and production facilities for glass, electronics, chemicals and ceramics; a wide-range of market access such as building, automobile, display and electronic industries; offices and plants across the world; and extensive human resources.

So far, ideas have tended to be come up with mostly based on technological standpoints of each business. Going forward, the AGC Group will strive to increase sales with the following three approaches by taking a market-oriented viewpoint and maximizing the Group’s diverse resources and opportunities.

![Diagram of approach 1](image)

**Approach 1: Explore new markets with existing products**

The first approach is to expand existing products, technologies and services into new areas, markets and applications. The AGC Group will push forward with development of new markets and applications for existing products beyond the domains of each business, by fully utilizing its extensive technologies and access to markets.
Approach 2: Explore existing markets with new products

The second approach is to launch new products, technologies and services for existing markets and applications. The AGC Group will not only provide new products to existing markets, but also unite all technologies of the Group to create new products without limiting the technologies to technical basis specific to each business.

Approach 3: Explore new markets with new products

The third approach is to provide new products, technologies and services to new markets and applications. Though providing new products to new markets is a relatively difficult initiative among the three approaches, the AGC Group will focus on business development in this area from a long-term perspective.

(2) Increase the Group’s asset efficiency through well-focused allocation of management resources

The AGC Group will clarify the strategic direction for each business based on the portfolio that has been created based on the profitability and growth potential of each business, and allocate management resources in a well-focused manner.

<table>
<thead>
<tr>
<th>Glass</th>
<th>Growth</th>
<th>Cash generator</th>
<th>Strength building area</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Automotive glass</td>
<td>• Architectural glass (fast growing countries)</td>
<td>• Architectural glass (Developed countries)</td>
</tr>
<tr>
<td>Electronics</td>
<td>• Electronic materials</td>
<td>• Glass for chemical strengthening</td>
<td>• Ultra thin glass</td>
</tr>
<tr>
<td>Chemicals</td>
<td>• Chlor-Alkali (Outside Japan)</td>
<td>• Fluorichemicals</td>
<td>• Life science</td>
</tr>
</tbody>
</table>

Glass:

In the architectural glass business, the AGC Group will continue its strength-building efforts and structural reform. With regard to future development, the Group will endeavor to increase asset efficiency and improve earnings by proactively using joint ventures rather than persistently trying to use the Group’s own resources. In the automotive glass business, we will solidify the Group’s market position as the global leader.

Through these measures, the AGC Group aims to raise the operating profit margin of the Glass segment to 5% or more in 2017.
Electronics:

In the LCD glass business, the AGC Group will shift the production capacity to China which is growing rapidly, and reduce costs and keep the profitability. In the applied glass materials business, the Group will provide thin, light and strong glass in various markets, including electronics, architectural, automotive, solar applications. In the electronic materials business, the Group will maintain growth by concentrating the management resources in areas with growth potential.

Through these efforts, the AGC Group aims to boost the operating profit margin of the Electronics segment to 10% or more in 2017.

Chemicals:

In the chlor-alkali business outside Japan, the AGC Group will take in the demand expansion of the growing Southeast Asian market. In the fluorochemicals business, the Group will grow on the globally increasing demand for high-performance materials. In the life science business, the Group will strive to increase sales by focusing on the expanding pharmaceutical & agrochemical market.

Through these measures, we will aim to raise the operating profit margin of the Chemicals segment to 10% or more in 2017.

3. The AGC Group’s Financial targets for 2017

The AGC Group has set its financial targets for 2017 as follows, through business management based on the new management policy:

![Target for 2017](image)

Total capital expenditure for a three-year period from 2015 to 2017 will be 400 billion yen, less than the depreciation cost. By focusing on asset efficiency and allocating available assets in growth areas, the Group expects the Glass segment and the Electronics segment to respectively account for 35% of the total, with the Chemicals segment accounting for 30%.

The AGC Group aims to achieve operating profit of 100 billion yen or more for 2017 through the business management described in the section 2, intensive investment in growth areas, additional structural reforms, mergers and acquisitions (M&As) and alliances. Also, the Group aims to realize a well-balanced earnings structure among the Glass, Electronics and Chemicals segments.
With regard to allocation of profits, based on its policy to maintain stable dividends, the AGC Group maintains the target dividend payout ratio of 30% and is doing its utmost to proactively return profits to its shareholders, while giving comprehensive consideration to its business results and future investment plans, among others.

Under its new management policy, **AGC plus**, the AGC Group aims at earnings recovery and sustainable growth by adding a “plus” to all stakeholders.

*Media Contact*

Junichi Kobayashi, General Manager, Corporate Communications & Investor Relations

AGC Asahi Glass Co., Ltd.

(Contact: Kazumi Tamaki  Tel: +81-3-3218-5603; E-mail: info-pr@agc.com)