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**Consolidated Financial Results for FY2008 first quarter**  
 (January 1 through March 31, 2008)

**1. Financial results for the three months ended March 31, 2008 (Jan. 1 through Mar. 31, 2008)**

(1) Consolidated operating results

	For the three months ended March 31, 2008		For the three months ended March 31, 2007		(Reference) For the year ended December 31, 2007
	Millions of yen	%	Millions of yen	%	Millions of yen
Net sales	377,468	(3.2)	389,977	(0.5)	1,681,238
Operating income	54,035	24.3	43,461	34.9	197,452
Ordinary income	37,589	(9.0)	41,301	27.6	187,878
Net income	28,158	(4.4)	29,448	38.0	69,634
Net income per share - basic (Yen)	24.06	-	25.11	-	59.35
Net income per share - fully diluted (Yen)	22.63	-	23.60	-	56.16

(Note) With respect to net sales, operating income, ordinary income and net income, percentage figures show % change from the previous year's corresponding period.

(2) Consolidated financial position

	For the three months ended March 31, 2008		For the three months ended March 31, 2007		(Reference) For the year ended December 31, 2007
	Total assets (Millions of yen)	2,014,007		2,207,189	
Total net assets (Millions of yen)	967,442		1,019,160		1,027,341
Equity ratio (%)	44.9		42.6		45.3
Net assets per share (Yen)	774.57		801.81		813.28

(3) Consolidated cash flows

(Unit: millions of yen)

	For the three months ended March 31, 2008		For the three months ended March 31, 2007		(Reference) For the year ended December 31, 2007
	Cash flows from operating activities	27,918		36,281	
Cash flows from investing activities	(63,744)		(53,459)		(209,819)
Cash flows from financing activities	31,894		25,638		(36,082)
Cash and cash equivalents at the end of period	43,608		60,366		52,275

**2. Dividend**

(Unit: yen)

Dividend per share	FY2008 (ending Dec. 31, 2008)	FY2007 (ended Dec. 31, 2007)
	Forecast	
Interim	12.00	10.00
Year-end	12.00	10.00
Full-year	24.00	20.00

(Note) Interim dividend and year-end dividend for fiscal 2007 each include a commemorative dividend of 2.00 yen per share.

**3. Outlook for FY2008, the fiscal year ending December 31, 2008 (Jan. 1 through Dec. 31, 2008)**

	First half		Full year	
	Millions of yen	%	Millions of yen	%
Net sales	780,000	(3.2)	1,600,000	(4.8)
Operating income	96,000	6.4	200,000	1.3
Ordinary income	91,000	(4.0)	190,000	1.1
Net income	47,000	(11.1)	100,000	43.6
Net income per share (Yen)	40.24	-	85.61	-

(Note)

1. With respect to net sales, operating income, ordinary income and net income, percentage figures show % change from the previous year's corresponding period.
2. The figures above remain unchanged from the FY2008 outlook that had been announced on February 5, 2008.
3. The above-mentioned outlook reflects management's judgment on the basis of currently available information, as such, contain risks and uncertainties. Actual results may be different from the outlook.

## **Operating Results and Financial Conditions**

### **1. Consolidated Operating Results**

#### **(1) Business review of the first quarter of 2008**

During the first quarter of fiscal 2008 (January 1 through March 31, 2008), prices of raw materials and fuels such as oil continued to rise worldwide. In Japan, the economy remained steady thanks to factors such as strong capital expenditure and consumer spending, despite concern over slow economic growth amid falling profitability of exports due to the strong yen. In other Asian countries, China sustained a high economic growth backed by robust investments, and ASEAN countries achieved moderate economic growth. In Europe, the economy continued to be steady in Eastern Europe, including Russia, while the economy slowed down gradually in Western Europe influenced by confusion in financial markets and fear of inflation. In the U.S., a sluggish housing market and declined employment weighed down capital investment and consumer spending, highlighting a deteriorating economy.

As for the target markets of the AGC Group, the market for glass substrates for flat panel displays (FPDs), particularly glass substrates for TFT LCDs, continued to be strong. Flat glass market remained sluggish in Japan and North America, and weakened in Europe. The market for chemical products were steady.

Under such market circumstances, the Group posted net sales of 377.5 billion yen for the first quarter under review, down 12.5 billion yen or 3.2% from a year earlier; operating income of 54.0 billion yen, up 10.6 billion yen or 24.3%, and ordinary income of 37.6 billion yen, down 3.7 billion yen or 9.0%. Net income decreased 1.3 billion yen or 4.4%, year-on-year, to 28.2 billion yen.

#### **(2) Overview of the first quarter of 2008 by business segment**

##### **- Glass operations**

Sales in the flat glass business decreased from the same period of the preceding year. Demand remained strong in fast-growing markets such as Russia, while prices fell in Western Europe as the tight supply-demand situation slackened. In North America, demand continued to weaken. Accordingly, the Group decided to stop some operations of glass production facilities and withdraw from the unprofitable glass fabrication business in North America. In Japan, shipments decreased, affected by weak demand as well as accelerated regular repairs at the Kashima Plant. Price hikes in raw materials and fuels affected operations in all regions.

In the automotive glass business, sales decreased slightly from the previous year due to a decline in auto production in North America, despite a steady rise in global auto production.

Sales of other glass products dropped from the previous year because the Group fully withdrew from the fiberglass business at the end of October 2007.

As a result, net sales from the Glass operations for the first quarter under review decreased 16.5 billion yen or 7.8%, year-on-year, to 194.6 billion yen, and operating income decreased 7.5 billion yen or 47.3% to 8.3 billion yen.

### **- Electronics and Display operations**

In the display business, overall sales increased from the previous year. Although shipments of CRT glass sagged due to the demand shift to FPDs, shipments of glass substrates for TFT LCDs and glass substrates for PDPs continued to be strong.

With respect to the electronics materials business, overall sales decreased from the preceding year, hurt by slowed shipments of some display materials, despite continued steady shipments of semiconductor process materials and photonics components. This decrease is also attributable to the Group's withdrawal from the business of small- and medium-sized display panels.

As a result, net sales from the Electronics and Display operations for the first quarter under review increased 3.4 billion yen or 3.5%, year-on-year, to 101.3 billion yen, and operating income increased 19.9 billion yen or 88.6% to 42.4 billion yen.

### **- Chemicals operations**

As for the chlor-alkali & urethane business, sales of caustic soda and vinyl chloride-related products continued to be steady.

In the fluorochemicals & specialty chemicals business, shipments of fluorinated resins for coating, water and oil repellents, and fluorinated resins remained robust.

For both businesses, price revisions were made in response to price hikes of raw materials and fuels, but such revisions failed to fully offset the cost increase.

As a result, net sales from the Chemicals operations for the first quarter under review increased 0.9 billion yen or 1.2%, year-on-year, to 77.1 billion yen, and operating income decreased 1.7 billion yen or 38.4% to 2.7 billion yen.

### **- Other operations**

In the ceramics business, earnings remained steady thanks to strong domestic demand both in the glass engineering sector and the environmental energy sector.

As a result, net sales from Other operations for the first quarter under review increased 1.1 billion yen or 5.9%, year-on-year, to 19.6 billion yen, while operating income stood at 0.7 billion yen, relatively flat compared with the corresponding period of the previous year.

Main businesses by segment are as follows:

Segment		Main business
Glass operations	Flat glass business	Flat glass for construction
	Automotive glass business	Automotive glass
	Other glass business	Lighting lamp glass products, Industrial glass products
Electronics & Display operations	Display business	Glass substrates for FPDs (TFT LCDs, PDPs, etc.) CRT glass
	Electronics materials business	Semiconductor process materials, display materials, photonics components, etc.
Chemicals operations	Chlor-alkali & urethane business	Caustic soda, vinyl chloride monomers, etc. Urethane-related products
	Fluorochemicals & specialty chemicals business	Fluorinated resins, water and oil repellents, fluorinated resins for coating, fluorinated elastomers, etc. Battery materials, crystal liquid materials, and iodine-related materials
Other operations		Ceramics-related products Logistics and financial services

## 2. Financial Conditions

### - Total assets

Total assets as of the end of the period under review were 2,014.0 billion yen, down 94.1 billion yen from the previous year. This is mainly attributable to a decrease in the yen translated amount of assets held by the Company's foreign subsidiaries, as a result of stronger yen, in spite of the increase of property, plant and equipment, resulting from proactive capital investments in manufacturing and processing facilities for FPD glass substrates and flat glass in Europe.

### - Total liabilities

The total liabilities as of the end of the period under review recorded 1,046.6 billion yen, a decrease of 34.2 billion yen from fiscal 2007. This is mainly attributable to a decrease in the yen translated amount of liabilities held by the Company's foreign subsidiaries, as a result of stronger yen.

### - Total net assets

The total net assets as of the end of the period under review were 967.4 billion yen, a decrease of 59.9 billion yen from the preceding year, mainly because the Foreign currency translation adjustments decreased, as a result of stronger yen.

## Consolidated Balance Sheets

(Unit: millions of yen)

	As of March 31, 2007	As of March 31, 2008	As of December 31, 2007
<b>Assets</b>			
Current assets	736,541	646,673	677,119
Cash on hand and in banks	85,958	69,024	82,399
Trade notes and accounts receivable	296,914	277,871	286,460
Inventories	263,919	233,334	237,686
Other current assets	96,659	72,185	76,686
Allowance for bad debts	(6,910)	(5,741)	(6,114)
Fixed assets	1,470,422	1,367,333	1,430,758
Tangible fixed assets	1,036,211	1,006,154	1,053,158
Intangible fixed assets	57,011	43,095	45,224
Investments in securities	326,658	267,134	287,342
Other fixed assets	54,247	53,310	47,467
Allowance for bad debts	(3,707)	(2,361)	(2,434)
Deferred assets	226	0	211
<b>Total assets</b>	<b>2,207,189</b>	<b>2,014,007</b>	<b>2,108,089</b>
<b>Liabilities</b>			
Current liabilities	603,828	621,902	644,637
Payables	252,355	216,002	241,564
Bonds and short-term bank loans	210,466	267,121	234,533
Other current liabilities	141,006	138,778	168,540
Non-current liabilities	584,201	424,662	436,110
Bonds and long-term bank loans	400,561	295,130	296,700
Other non-current liabilities	183,639	129,531	139,409
<b>Total liabilities</b>	<b>1,188,029</b>	<b>1,046,564</b>	<b>1,080,748</b>
<b>Net assets</b>			
Shareholders' equity	776,440	829,780	807,195
Common stock	90,483	90,862	90,859
Additional paid-in capital	96,571	96,950	96,948
Retained earnings	603,242	662,614	633,421
Treasury stock	(13,857)	(20,647)	(14,034)
Valuation and translation adjustments	164,007	74,995	147,240
Unrealized gains on securities, net of tax	131,757	82,978	102,028
Deferred gains or losses on hedges, net of tax	1,226	3,225	2,034
Asset revaluation reserve	63	62	62
Foreign currency translation adjustments	30,960	(11,270)	43,115
Share subscription rights	1	395	392
Minority interests in consolidated subsidiaries	78,710	62,270	72,512
<b>Total net assets</b>	<b>1,019,160</b>	<b>967,442</b>	<b>1,027,341</b>
<b>Total liabilities and net assets</b>	<b>2,207,189</b>	<b>2,014,007</b>	<b>2,108,089</b>

## Consolidated Statements of Income

(Unit: millions of yen)

	For the three months ended Mar. 31, 2007 (Jan. 1 through Mar. 31, 2007)	For the three months ended Mar. 31, 2008 (Jan. 1 through Mar. 31, 2008)	Change		For the year ended Dec. 31, 2007 (Jan. 1 through Dec. 31, 2007)
				(%)	
Net sales	389,977	377,468	(12,508)	(3.2)	1,681,238
Cost of sales	279,158	258,756	(20,401)	(7.3)	1,199,912
Selling, general and administrative expenses	67,357	64,675	(2,681)	(4.0)	283,874
Operating income	43,461	54,035	10,574	24.3	197,452
Other income	5,109	4,186	(923)	(18.1)	19,705
Interest and dividend income	929	1,378	449	48.3	7,468
Equity in earnings of unconsolidated subsidiaries and affiliates	1,735	914	(820)	(47.3)	3,869
Others	2,445	1,892	(552)	(22.6)	8,367
Other expenses	7,270	20,633	13,363	183.8	29,279
Interest expenses	4,173	3,574	(599)	(14.4)	17,313
Others	3,096	17,058	13,962	451.0	11,965
Ordinary income	41,301	37,589	(3,711)	(9.0)	187,878
Extraordinary gains	8,771	5,582	(3,189)	(36.4)	27,230
Extraordinary losses	6,240	2,215	(4,024)	(64.5)	112,881
Income before income taxes and minority interests	43,831	40,955	(2,876)	(6.6)	102,227
Income taxes	13,599	10,610	(2,988)	(22.0)	30,132
Minority interest in earnings of consolidated subsidiaries	784	2,186	1,401	178.7	2,460
Net income	29,448	28,158	(1,289)	(4.4)	69,634

## Consolidated Statements of Cash Flows

(Unit: millions of yen)

	For the three months ended Mar. 31, 2007 (January 1 through March 31, 2007)	For the three months ended Mar. 31, 2008 (January 1 through March 31, 2008)	For the year ended Dec. 31, 2007 (January 1 through December 31, 2007)
<b>Cash flows from operating activities</b>			
Income before income taxes and minority interests	43,831	40,955	102,227
Depreciation and amortization of goodwill	30,890	31,962	137,050
Impairment loss on long-lived assets	-	-	19,055
Equity in earnings of unconsolidated subsidiaries and affiliates	(1,735)	(914)	(3,869)
(Increase) decrease in receivables	(3,649)	(2,635)	(22,192)
(Increase) decrease in inventories	(15,599)	(9,605)	(2,363)
Increase (decrease) in payables	(10,610)	(8,155)	18,526
Others	(327)	301	14,157
Subtotal	42,801	51,907	262,591
Interest received/paid and dividends received	(2,763)	(1,801)	(9,565)
Income taxes paid	(3,757)	(22,187)	(7,278)
Net cash provided by operating activities	36,281	27,918	245,748
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	(64,873)	(67,327)	(245,191)
Proceeds from sale of property, plant and equipment	6,778	6,938	28,918
Purchase of investments in securities, unconsolidated subsidiaries and affiliates	(278)	(1,743)	(5,366)
Proceeds from sale and redemption of investments in securities, unconsolidated subsidiaries and affiliates	2,745	714	2,945
Others	2,168	(2,326)	8,874
Net cash used in investing activities	(53,459)	(63,744)	(209,819)
<b>Cash flows from financing activities</b>			
Increase in bank loans, bonds and CP	35,736	51,039	(12,833)
Dividends paid	(10,106)	(12,497)	(23,387)
Others	8	(6,647)	138
Net cash provided by financing activities	25,638	31,894	(36,082)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(302)	(4,136)	269
<b>Changes in cash and cash equivalents</b>	8,157	(8,068)	114
<b>Cash and cash equivalents at beginning of period</b>	52,627	52,275	52,627
Cash and cash equivalents held by newly consolidated subsidiaries net of those held by deconsolidated subsidiaries	(417)	(598)	(466)
<b>Cash and cash equivalents at end of period</b>	60,366	43,608	52,275

## Segment Information

### 1. Business Segment

For the three months ended March 31, 2007 (January 1 through March 31, 2007)

(Unit: millions of yen)

	Glass	Electronics and Display	Chemicals	Other	Total	Corporate or elimination	Consolidated total
Sales to customers	210,002	97,318	75,309	7,346	389,977	-	389,977
Inter-segment sales/transfers	1,036	529	860	11,187	13,613	(13,613)	-
Total sales	211,038	97,848	76,170	18,533	403,590	(13,613)	389,977
Operating expenses	195,276	75,377	71,859	17,793	360,307	(13,791)	346,515
Operating income	15,762	22,471	4,310	739	43,283	177	43,461

For the three months ended March 31, 2008 (January 1 through March 31, 2008)

(Unit: millions of yen)

	Glass	Electronics and Display	Chemicals	Other	Total	Corporate or elimination	Consolidated total
Sales to customers	194,130	100,236	76,283	6,818	377,468	-	377,468
Inter-segment sales/transfers	444	1,017	827	12,809	15,099	(15,099)	-
Total sales	194,575	101,253	77,110	19,627	392,567	(15,099)	377,468
Operating expenses	186,274	58,879	74,455	18,918	338,528	(15,095)	323,432
Operating income	8,300	42,374	2,655	709	54,039	(3)	54,035

FY2007 (January 1 to December 31, 2007)

(Unit: millions of yen)

	Glass	Electronics and Display	Chemicals	Other	Total	Corporate or elimination	Consolidated total
Sales to customers	861,348	463,690	315,601	40,598	1,681,238	-	1,681,238
Inter-segment sales/transfers	4,683	1,474	3,757	47,027	56,943	(56,943)	-
Total sales	866,031	465,164	319,359	87,625	1,738,181	(56,943)	1,681,238
Operating expenses	802,367	347,002	306,909	84,437	1,540,717	(56,930)	1,483,786
Operating income	63,663	118,162	12,449	3,188	197,464	(12)	197,452

## 2. Geographic Segment

For the three months ended March 31, 2007 (January 1 through March 31, 2007)

(Unit: millions of yen)

	Japan	Asia	The Americas	Europe	Total	Corporate or elimination	Consolidated total
Sales to customers	160,784	83,973	46,137	99,080	389,977	-	389,977
Inter-segment sales/transfers	45,406	16,236	2,150	710	64,504	(64,504)	-
Total sales	206,191	100,209	48,288	99,790	454,481	(64,504)	389,977
Operating expenses	183,459	90,934	49,795	86,524	410,714	(64,198)	346,515
Operating income (loss)	22,732	9,275	(1,507)	13,265	43,767	(305)	43,461

For the three months ended March 31, 2008 (January 1 through March 31, 2008)

(Unit: millions of yen)

	Japan	Asia	The Americas	Europe	Total	Corporate or elimination	Consolidated total
Sales to customers	158,620	93,913	32,840	92,093	377,468	-	377,468
Inter-segment sales/transfers	42,526	19,332	3,075	971	65,905	(65,905)	-
Total sales	201,146	113,246	35,916	93,064	443,374	(65,905)	377,468
Operating expenses	175,418	92,499	37,253	83,713	388,884	(65,451)	323,432
Operating income (loss)	25,727	20,746	(1,336)	9,351	54,489	(453)	54,035

FY2007 (January 1 to December 31, 2007)

(Unit: millions of yen)

	Japan	Asia	The Americas	Europe	Total	Corporate or elimination	Consolidated total
Sales to customers	689,832	385,708	182,727	422,970	1,681,238	-	1,681,238
Inter-segment sales/transfers	211,121	83,453	9,125	7,376	311,077	(311,077)	-
Total sales	900,953	469,162	191,852	430,347	1,992,315	(311,077)	1,681,238
Operating expenses	805,211	409,684	199,719	371,746	1,786,362	(302,576)	1,483,786
Operating income (loss)	95,742	59,477	(7,866)	58,600	205,953	(8,501)	197,452

## Supplementary Information

### 1. Operating results

(Unit: billions of yen)

	For the 3 months ended March 31, 2007	For the 3 months ended March 31, 2008	FY2007
Net sales	390.0	377.5	1,681.2
Operating income	43.5	54.0	197.5
Ordinary income	41.3	37.6	187.9
Net income	29.4	28.2	69.6
Net income per share (yen)	25.11	24.06	59.35

### 2. Major items

(Unit: billions of yen)

	For the 3 months ended March 31, 2007	For the 3 months ended March 31, 2008	FY2007
Capital expenditures	63.7	60.3	231.1
Depreciation and amortization	30.3	31.5	134.7
Interest expenses & dividend income	(3.8)	(2.3)	(11.0)

(Unit: billions of yen)

	As of Mar. 31, 2007	As of Mar. 31, 2008	FY 2007
Interest-bearing debts	611.0	562.3	531.2
Total net assets	1,019.2	967.4	1,027.3
D/E ratio	0.60	0.58	0.52

### 3. Outlook for FY 2008 operating results

(The figures below remain unchanged from the FY2008 outlook that had been announced on February 5, 2008.)

(Unit: billions of yen)

	First half of FY2008	FY2008
Net sales	780.0	1,600.0
Operating income	96.0	200.0
Ordinary income	91.0	190.0
Net income	47.0	100.0
Capital expenditures	-	240.0
Depreciation and amortization	-	145.0
Research and development costs	-	40.0

### 4. Outlook for FY 2008 operating results by business segment

(The figures below remain unchanged from the FY2008 outlook that had been announced on February 5, 2008.)

(Unit: billions of yen)

	Net sales	Operating income
Glass	810.0	50.0
Electronics and Display	440.0	137.0
Chemicals	330.0	10.0
Other	80.0	3.0
Corporate or elimination	(60.0)	0
Consolidated total	1,600.0	200.0

### 5. Exchange rates

	For the 3 months ended March 31, 2007		For the 3 months ended March 31, 2008		FY 2007		FY 2008
	Average	Average	Average	End of period	Average	End of period	Outlook
Yen / US Dollar	119.41	118.05	103.79	100.19	117.71	114.15	105
Yen / Euro	157.26	157.33	158.34	158.19	161.99	166.66	152