



AGC *Review*

Publication for Communication with Shareholders

AGC ASAHI GLASS CO., LTD.

Code Number: 5201

Newsletter for
Shareholders

Vol. **28**

Issued in March 2016

To Our Shareholders

In fiscal 2015, the AGC Group's net sales stayed at almost the same level as the previous year, as a sales decline in the display business was offset by the positive impacts resulting from the Japanese yen's depreciation and other factors. Meanwhile, operating profit increased year-on-year due to the effects of restructuring and cost-reduction measures implemented in the architectural glass business in Europe and North America. Regarding dividend payments, the year-end dividend will be 9 yen per share, as forecast at the beginning of the fiscal year, resulting in a full-year dividend of 18 yen per share.

The AGC Group has formulated the Group's "Vision 2025" and long-term management strategies for its implementation. Details of Vision 2025 can be found on the following pages. Each member of the AGC Group, including directors and employees, are committed to achieving a long-term, sustainable increase of the Group's corporate value.

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

Takuya Shimamura, President and CEO

Feature
Article

AGC Group has formulated the “Vision 2025”

With the Group’s Core Businesses serving as solid sources of earnings, and the Strategic Businesses driving further earnings growth, the AGC Group will continue being a highly profitable, leading global material and solution provider.



The AGC Group has formulated “Vision 2025” and growth strategies for its implementation. CEO Takuya Shimamura outlines its overview and objectives below.



What is the background to formulating the AGC Group’s “Vision 2025?”

The AGC Group introduced a new management team last year. Amid significant ongoing changes in the business environment surrounding the AGC Group, we saw the need to explain to our shareholders what kind of company we aim to be, so we established “Vision 2025.”



What kind of company are you aiming to become and how are you going to accomplish that?

We will begin by focusing on two pillars. One comprises Core Businesses, which serve as stable long-term sources of earnings, such as glass, chemicals, display glass, and ceramics. The other pillar comprises Strategic Businesses, which are expected to achieve high growth by targeting mobility, electronics, and life sciences.

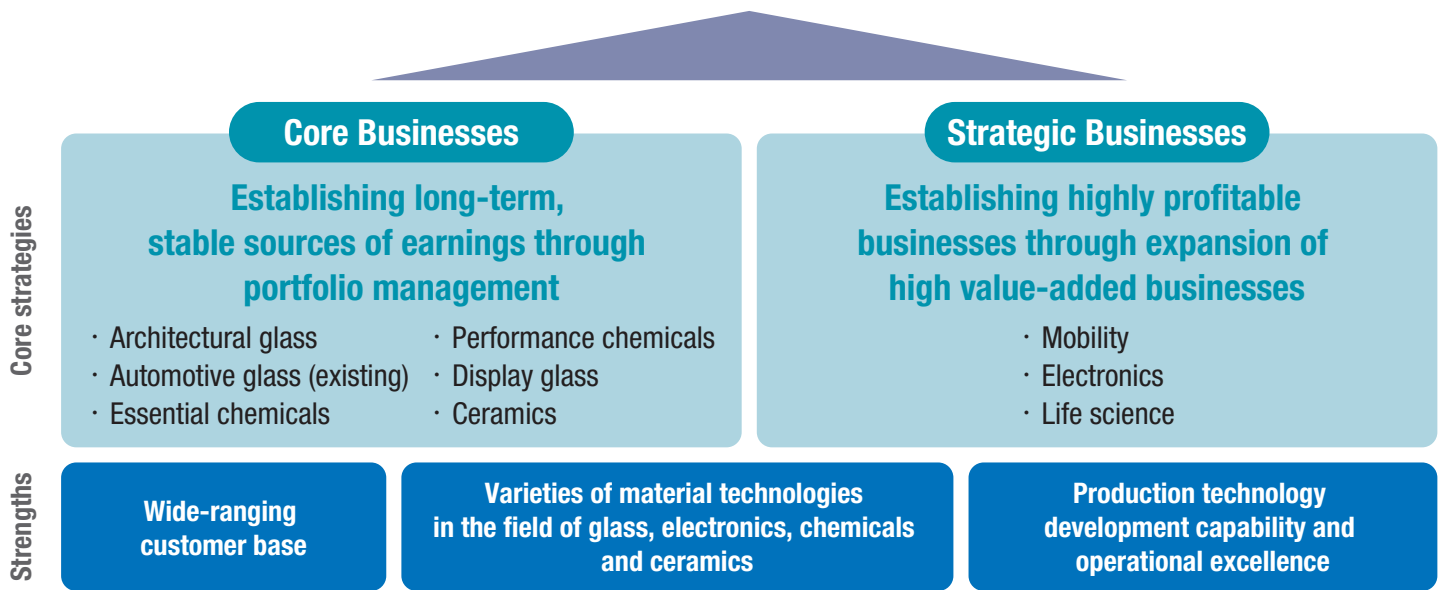
On that basis, the AGC Group aims to become a highly profitable, leading global material and solution provider, in which the Group's Core Businesses serve as solid sources of earnings and the Strategic Businesses drive further earnings growth.

For the Core Businesses category, including architectural glass, automotive glass, chemicals, and display glass, from

which the Group currently generates about 80% of its profit, the AGC Group will ensure well-focused allocation of management resources based on the business portfolio to establish long-term stable sources of resources.

For the Strategic Businesses category, the AGC Group considers macroscopic changes in its business environment, such as the evolution of the transportation infrastructure as exemplified by automated driving systems, progress of the Internet of Things (IoT), and advances in medical care and agriculture, as business opportunities. The AGC Group aims to contribute to society and achieve significant growth by expanding its high value-added businesses.

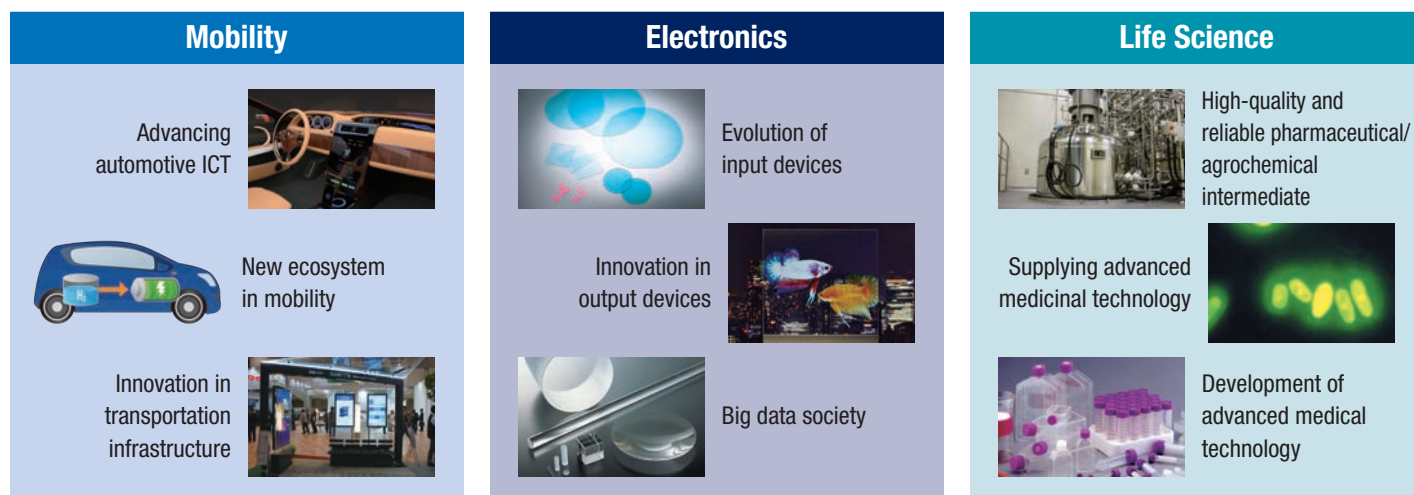
Highly profitable, leading global material and solution provider



>> Core Businesses: Basic strategy

Business	Basic strategy
Architectural glass	<ul style="list-style-type: none"> Select and concentrate on high growth countries & countries that the Group has a competitive advantage Innovative business models to enhance the asset efficiency
Automotive glass	<ul style="list-style-type: none"> Respond to needs for more advanced functions and performance amid the expansion of the Eco-friendly vehicles and automated driving systems Further global expansion by M&A etc.
Display glass	<ul style="list-style-type: none"> Optimize the allocation of production bases to respond to the demand shift in the LCD glass market Cultivate markets for new display applications
Chemicals	<ul style="list-style-type: none"> Further strengthen the business foundation of Chlor-Alkali business in Southeast Asia Take advantage of the global demand increase in high performance materials for the growth of the fluorochemicals business
Ceramics	<ul style="list-style-type: none"> Deliver new value propositions with a mix of materials, engineering & services Establish business bases in Southeast Asia and expand the global sales

>> Strategic Businesses: AGC's materials and solutions



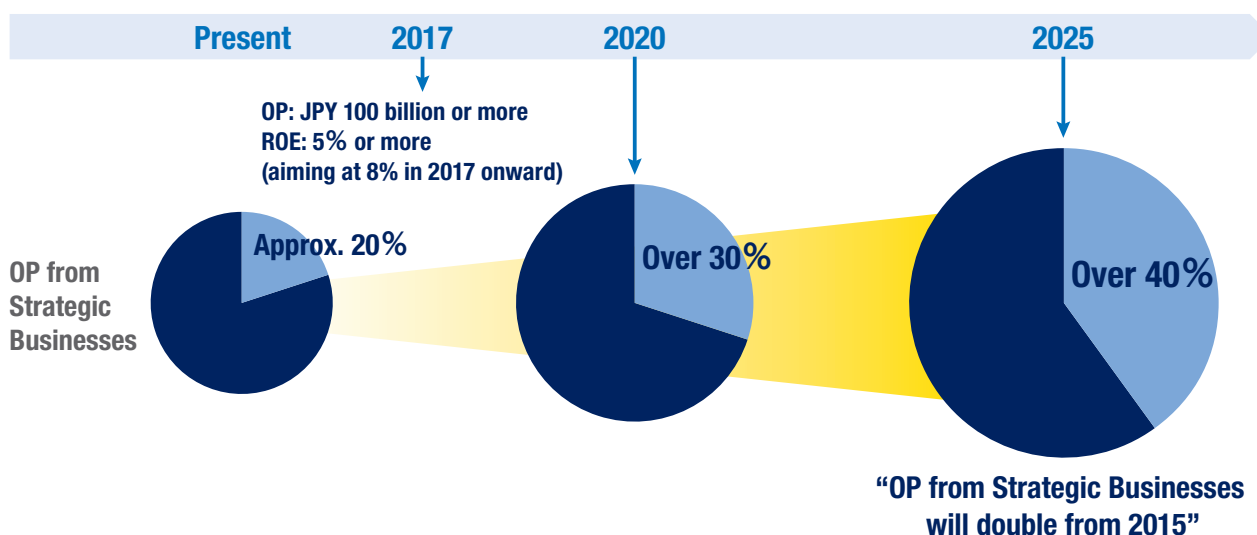
Q 3

Does the AGC Group set any Key Performance Indicators as targets to be achieved in the long term?

The AGC Group will strive first to achieve the targets set for 2017 under the current medium-term management plan: net sales of 1,600 billion yen, operating profit of more than 100 billion yen, and ROE of 5% or above. Subsequently, we aim to achieve a ROE of 8% or above at the earliest possible time.

The Strategic Businesses, especially, are expected to achieve high growth. The AGC Group aims that, by 2025, the ratio of profit generated from the Strategic Businesses to the Group's overall earnings will double from the currently approximate 20% to over 40%.

>> Milestones toward 2025



Q 4

Finally, please share with us your thoughts on measures for returning profits to shareholders.

We revised our profit distribution policy when formulating the AGC Group's "Vision 2025." Under the revised policy, the AGC Group aims to achieve a consolidated total shareholder return of 50% or more, including purchases of treasury stock and the annual dividend payment per share maintained at the current level or more. We will strive proactively to return profits to shareholders, while giving comprehensive consideration to the Group's consolidated business results and future investment plans, among other factors. In this respect, we would greatly appreciate the continued support of our shareholders.

Net sales

The decrease in net sales was mainly due to lower sales in the display business despite the weak yen and other factors contributing to revenue growth.

Operating profit

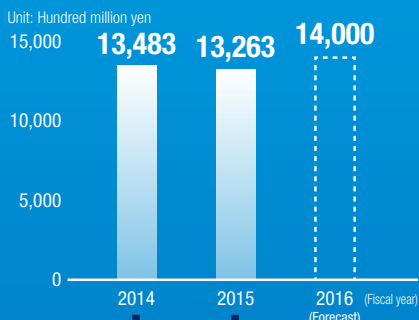
The increase in operating profit was underpinned by the effects of cost reductions, achieved mainly through the restructuring of the Glass business in Europe and the United States, as well as declines in raw material and fuel costs.

Profit for the year attributable to owners of the parent company

The increase in profit for the year attributable to owners of the parent company was due to the effects of a gain from the revision of the defined benefit plan, totaling 36.1 billion yen.

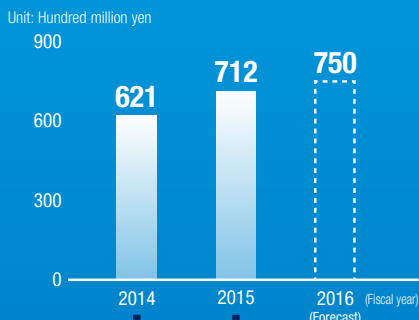
Net sales

13,263 Hundred million yen
(down 1.6% year-on-year)



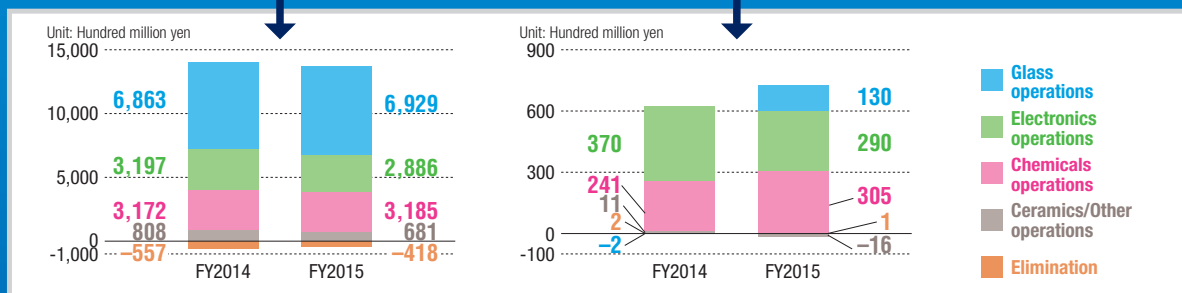
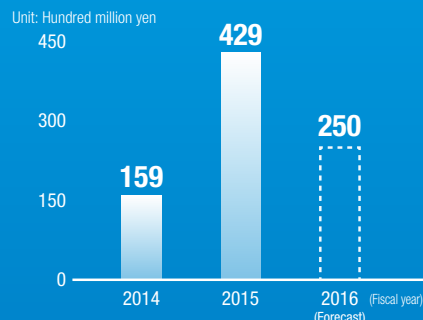
Operating profit

712 Hundred million yen
(up 14.6% year-on-year)



Profit for the year attributable to owners of the parent company

429 Hundred million yen
(up 169.6% year-on-year)



Topics

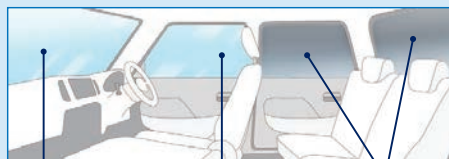
The world's first approx. 99% UV-cut glass for all automotive windows

In November 2015, AGC launched sales of **UV Verre Premium Privashield™**, an automotive glass for rear doors and rear windows that cuts approximately 99%*1 of ultraviolet (UV) rays, and also protects occupants from infrared rays (IR).

In combination with its existing product line of UV-cut glass—UV Verre Premium Cool on™, which is a UV-cut glass for front door windows, and LAMISAFE™ and Cool Verre™, which are front windshields—AGC has become first in the world*2 to achieve an approximate reduction of 99% of UV rays for all windows of automobiles. AGC's glass protects the skin not only for the driver and front-seat passenger, but also for rear-seat passengers.

*1 AGC measured value, ISO9050 standard

*2 As of Nov. 2015 according to AGC survey. First in the world to achieve with single sheet of glass. (excluding the windshield)



<p>Windshield Glass</p> <p>Cool Verre</p> <p>Laminated glass with approx. 99% UV cut. IR absorbent added in the interlayer provides high level of heat insulation.</p>	<p>Front Door Glass</p> <p>UV Verre Premium Cool on</p> <p>Existing high performance UV-cut glass with heat insulating IR-cut coating, realizing 99% UV cut.</p>	<p>Rear Door · Rear Window Glass</p> <p>UV Verre Premium Privashield</p> <p>Through employing UV absorption component of existing Privacy Glass, realizes 99% UV cut with high level of heat insulation.</p>
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From the Project Leader

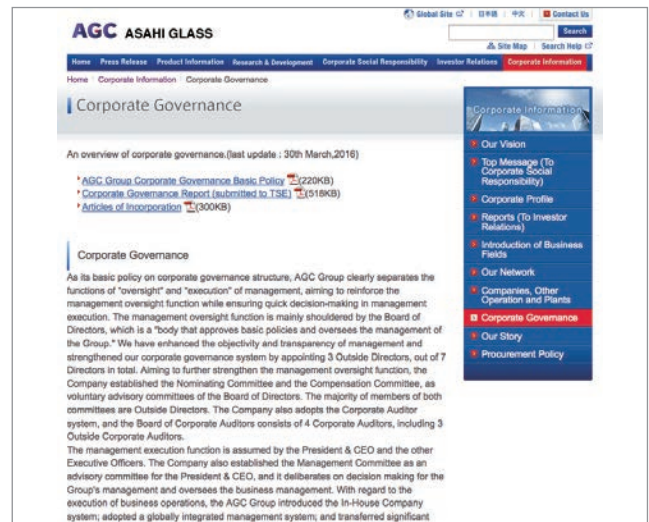
The 99% UV-cut glass product line was developed based on interview surveys of female drivers and passengers conducted at parking lots. We will continue to listen to consumers' voices and plan and develop products with features that consumers want in a window. We have created a video that introduces the benefits of UV-cut automotive glass, which is available at the following URL:

<http://www.agc.com/english/news/2015/1120e.pdf>



Q The Corporate Governance Code was implemented in June 2015. To what extent does AGC comply with the Code?

The AGC Group complies with all of the principles of the Corporate Governance Code. AGC Asahi Glass has been working on reinforcing its management oversight function by taking measures such as appointing two or more outside directors and establishing the Nominating Committee and the Compensation Committee as voluntary advisory committees of the Board of Directors. In addition, the Company has formulated the AGC Group Corporate Governance Basic Policy. AGC Asahi Glass is committed to reinforcing and further enhancing its corporate governance with the aim of achieving both sustainable growth and mid- to long-term increases in corporate value. The full text is available on the Company's website.



Corporate Outline

(as of December 31, 2015)

Trade name

for daily use: AGC ASAHI GLASS
official: ASAHI GLASS CO., LTD.

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:

204 (including 166 companies overseas)

State of Stock

(as of December 31, 2015)

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

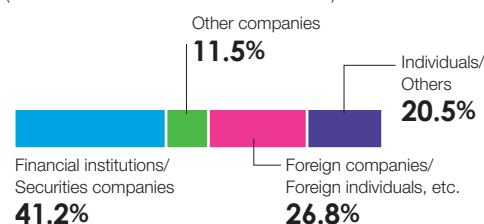
Number of shareholders: 65,781

Shareholders who own shares of one unit or more:
55,120

Shareholder Composition

(as of December 31, 2015)

(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)

Payment of dividends:

As stated in the Articles of Incorporation, dividends not claimed within five years from the starting date of payment are no longer payable. We therefore urge shareholders to claim all payable dividends at the earliest convenient date.

Dividends that the shareholder has not received will be paid at the Mitsubishi UFJ Trust and Banking Corporation.

To shareholders owning shares constituting less than one unit:

Shareholders owning shares constituting less than one unit (1-999 shares) of AGC may request AGC to purchase such shares/sell additional shares. For the details of such procedures, including requests for necessary forms, please notify the following place of contact.

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.