



June 11, 2008

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**Notice on the Allotment of Stock Compensation-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 following terms and conditions regarding the offering stock acquisition rights as stock compensation-type stock options to its directors (excluding outside directors) and executive officers who do not serve concurrently as directors of the Company, and to solicit subscribers to said stock acquisition rights, in the Company’s aim to share with its shareholders, the benefits and risks related to stock price fluctuations, and to further enhance the motivation and willingness among directors of the Company (excluding outside directors) as well as executive officers of the Company who do not serve concurrently as directors of the Company to improve the Company’s stock price and corporate value , pursuant to the provisions of Articles 236, 238 and 240 of the Corporate Law.

1. Name of the Stock Acquisition Rights:

“Asahi Glass Co., Ltd. - Stock Acquisition Rights (Stock Compensation-type Stock Option) to be issued in July 2008”; (hereinafter referred to as the “Stock Acquisition Right”)

2. Persons Eligible for 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 87 Stock Acquisition Rights to four (4) directors of the Company (excluding outside directors) and 178 Stock Acquisition Rights to 22 executive officers who do not serve concurrently as directors of the Company, for a total of 265 Stock Acquisition Rights to 26 persons.

3. Total Number of the Stock Acquisition Rights:

265

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. 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 Number of Granted Shares by one (1) yen, the amount to be paid per share granted upon the exercise of each Stock Acquisition Right (hereinafter referred to as “Exercise Price”).

6. Period during which Stock Acquisition Rights may be Exercised:

From July 2, 2008 to July 1, 2038.

7. 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.

8. 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.

9. 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.

10. Cancellation of the Stock Acquisition Rights or the Grant of the Stock Acquisition Rights by the Successor Company in relation to 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 4 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 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 Post-Reorganization exercise price by the number of shares underlying each stock acquisition right as set forth in (3) above.. The Post-Reorganization exercise price shall be one (1) yen per share of the Successor Company to be granted upon the exercise of the issued each stock acquisition right.

(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.

11. 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.

12. Other Conditions for Exercise of Stock Acquisition Rights:

(1) No Stock Acquisition Rights may be exercised in part.

(2) The person receiving allotment of Stock Acquisition Rights (hereinafter referred to as the "Allottee") may exercise the Stock Acquisition Rights pursuant to the Agreement Concerning Allotment of Stock Acquisition Rights (hereinafter referred to as the "Agreement") concluded between the Company and the Allottee, only if the exercise is made within a period of 10 years from the date immediately following the termination of the Allottee's status as a director and executive officer (hereinafter referred to as the "Exercise Commencement Date") (provided however, that the period is within that prescribed under Condition 6 above).

(3) Regardless of the provision aforementioned in (2), in case the following 1), 2) or 3) applies (however when 2) applies, excluding the case in which Stock Acquisition Rights of the Successor Company are issued to the Allottee in accordance with Condition 10 above), the Allottee may exercise the Stock Acquisition Rights pursuant to the Agreement as long as it is within the period prescribed respectively (provided however, that the period is within that prescribed under Condition 6 above).

1) In case the Exercise Commencement Date for the Allottee does not arrive on or before July 1, 2033:

From July 2, 2033 to July 1, 2038

2) In case a proposal for authorizing a merger agreement under which the Company is the dissolved company, or that for authorizing a statutory share exchange agreement or a statutory share transfer agreement under which the Company is a wholly owned subsidiary, is approved at the general meeting of shareholders of the Company (if a resolution at the general meeting of shareholders is unnecessary, in case the decision is made at the meeting of the Board of Directors of the Company):

15 days from the date immediately following the approved date

3) In case an Allottee loses his or her status as a director and an executive officer due to personal reasons (excluding the case in which the status was lost due to incapacity or death):

One year from the Exercise Commencement Date

- (4) 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.
- (5) The Allottee may not exercise any of the Stock Acquisition Rights that he/she has abandoned.
- (6) Other conditions for exercise shall be as set forth in the Agreement.

13. Computation Method for the Amount to be Paid in Exchange for Stock Acquisition Rights

The amount to be paid in exchange for each Stock Acquisition Right shall be the amount derived by multiplying the option price per share calculated based on the following formula and the basic values in (2) through (7) below, by the Number of Granted Shares.

$$C = Se^{-qT} N(d) - Xe^{-rT} N(d - \sigma\sqrt{T})$$

in which

$$d = \frac{\ln\left(\frac{S}{X}\right) + \left(r - q + \frac{\sigma^2}{2}\right)T}{\sigma\sqrt{T}}$$

(1) Option price per share (C)

(2) Stock price (S):

The closing price of the common shares in the Company under normal trading on the Tokyo Stock Exchange on July 1, 2008 (in case there is no closing price, the standard price on the following trade date).

(3) Exercise Price (X):

One yen

(4) Expected residual period (T):

15 years

(5) Stock price fluctuation (σ):

The fluctuation rate calculated based on the closing price of the common shares in the Company on each of the trade dates during the 15 years (from July 2, 1993 to July 1, 2008)

(6) No-risk interest rate (r):

Interest rate on a government bond, the outstanding years of which corresponds to the expected residual period.

(7) Dividend yield (q):

Dividend per share (dividend paid for the fiscal year ended December 2007) divided by the stock price provided for in (2) above.

(8) Cumulative distribution function for standard normal distribution ($N(\cdot)$)

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

July 1, 2008

15. Due Date for Payment in Exchange for the Stock Acquisition Rights

The due date for payment shall be July 1, 2008.

16. Method of Exercise of the Stock Acquisition Rights and the Payment of the Amount to be Paid in Exchange for the Stock Acquisition Rights:

- (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.