

January 13, 2005

Asahi Glass Decided to Cease One Funnel Production Furnace at Takasago Plant

Asahi Glass Co., Ltd.

Asahi Glass Co., Ltd. (Head Office: Tokyo; President & CEO: Masahiro Kadomatsu) has decided to restructure the funnel manufacturing facilities of the cathode-ray tube (CRT) operations. To this end, the Company will stop operations of one funnel production furnace at its Takasago Plant (Takasago, Hyogo Prefecture) by the end of 2005.

After shutting down the Funabashi Plant, which produced CRT glass, at the end of 2003, Asahi Glass integrated domestic CRT glass operations into the Takasago Plant to continue manufacturing panels and funnels. As for production of funnels at the Takasago Plant, the Company has endeavored to raise productivity and reduce costs. However, the effects of such efforts were overwhelmed by negative factors, including: a decline in sales prices; an increase in transport costs following the CRT producers (the Company's customers) manufacturing base relocation to overseas; and a surge in raw materials and fuel. Under such circumstances, profitability of funnel production at the plant has fallen, which makes the continuation of manufacturing at that site difficult.

Meanwhile, global demand for CRT glass used in personal computers is expected to nearly decline half to about 33.0 million units for fiscal year ending December 2007 from around 63.0 million units of fiscal year ended December 2004, affected by growing shift to TFT LCDs. Although demand for CRT glass still remains strong from television manufacturers in emerging markets, centering on BRICs-Brazil, Russia, India and China, overall demand for CRT glass is forecast to weaken.

To cope with the situation, Asahi Glass will enhance competitiveness of the CRT glass operations, by closing one funnel production furnace at the Takasago Plant by the end of December 2005. Asahi Glass will continue manufacturing panels at the Takasago Plant, and panels and funnels in South East Asia, South Korea and China, while pursuing an optimal division of production that meets overall demand and the needs of customers' manufacturing bases.

With the closure of the funnel production furnace at the Takasago Plant, the Company projects to incur an extraordinary loss of an estimated 3.3 billion yen for the year ended December 2004.

For further information, please contact Shinichi Kawakami, General Manager, Corporate Communications Division, Asahi Glass Co., Ltd.

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[Reference]

1. Outline of Takasago Plant

- (1) Location: 5-6-1 Umei, Takasago, Hyogo Prefecture
- (2) Representative: Kenji Terada, Plant Manager
- (3) Product: Glass bulb for cathode ray tube (panels and funnels), semiconductor-related product made of silicon carbide
- (4) Site area: Approximately 380,000 square meters (of which, approx. 90,000 square meters are leased to Asahi Glass Ceramics Co., Ltd.)
- (5) Number of employees: 511 (as of December 20, 2004)

2. Composition of CRT glass

The CRT glass is composed of three parts: a display front panel, a rear funnel, and a neck tube that accommodates an electron gun.

