May 15, 2003

For Immediate Release

Asahi Glass Reports Consolidated Results for Fiscal 2003

TOKYO – Asahi Glass Company, Ltd. released its consolidated operating results for fiscal 2003, ended March 31, 2003. Net sales amounted to ¥1,295,011 million ($10,374 million.) Operating profit and recurring profit edged up to ¥67,475 million ($541 million) and ¥56,761 million ($455 million), respectively. The Company posted consolidated net loss of ¥3,918 million ($31 million.) As in the previous year, the Company declared a year-end dividend of ¥4.50 ($0.036) per common share, in addition to the interim dividend of ¥4.50.

Operating Results

Looking at the global economy in fiscal 2003, though the United States and Asia saw firm improvement in the first half, worldwide uncertainty grew since the beginning of the second half, due to the deterioration of the Iraq situation, along with the sagging stock prices around the globe.

In Japan, the economy was on track to recovery in the first half of the fiscal year, owning to the growth of exports and relatively steady capital investment in the private sector. However, deflationary signs increased in the second half of the year, due to the worsening of the Iraq situation and the falling stock prices.

Although the Asian economy progressed relatively firmly, the overall business climate has worsened since the beginning of the second half, as seen in the anxiety over the economic slowdown in Europe and growing concerns about the future of the U.S. economy.

Under these circumstances, the Company strove to implement measures for cost reductions by an optimal division of labor for production through integrated management of the global group and productivity improvement. Simultaneously, the Company tried to enhance profit-earning capacity by concentrating on high growth areas such as glass substrate business for TFT-LCD, etc.

As a result, net sales in fiscal 2003 amounted to ¥1,295 billion, with operating profit and recurring profit amounting to ¥67.5 billion and ¥56.8 billion, respectively, which exceeded the results of the previous fiscal year. Consolidated net loss, however, was posted at ¥3.9 billion, due to equity evaluation losses for approximately ¥44.0 billion, caused by the decline in listed stock prices such as those of financial institutions.

As for the dividend for the fiscal year, the Company has already paid an interim dividend of ¥4.5 per share. Also, it plans to pay ¥4.5 per share at the end of this fiscal year, for a total annual dividend of ¥9.0 per share.

Glass and Related Operations

The Glass and Related Operations segment encompasses flat glass business, automotive glass business and other glass business, which includes exterior siding board business for detached houses.

For flat glass business in Japan, sales turned slightly higher than the previous year thanks to firm construction demand owing to redevelopment projects in metropolitan area and increase of such value added products as double glazing glasses, while housing starts continued to be sluggish. In Asia, production and shipment expanded amid the economic recovery in the region, however sales declined slightly from last year due to the disposal of share in the Indian subsidiary Float Glass India. In the U.S., our sales volume increased from a year ago due to a growth in new housing starts, which resulted in marginal sales increase compared with last year. In Europe, though prices declined due to the over-supply situation caused by the region's economic slowdown, sales increased from the year earlier, following the consolidation of Bor Glass Works in Russia and the steady demand in Eastern Europe. As a result, sales of flat glass business was slightly higher than the previous year.

In automotive glass business, sales increased in all regions. In Japan, despite, a shift in mix to more compact cars, overall sales increased assisted by strong sales of vehicles destined for export markets. In Asia, sales grew in all countries driven by improvements in vehicle production in all segments. In Europe although automobile production was flat, we increased sales in both replacement glass and high value-added products. In the U.S., sales grew from expansion in the AGC's market share, including the addition of new automotive customers.

Other glass includes those businesses, such as exterior siding board business for detached houses, glass fiber, fluorescent glass and glassware business, which are mainly operated in Japan. Sales and OP of Other glass business was sluggish due to the downturn in Japanese economy.

As a result, consolidated sales for the Glass and Related Operations rose by ¥42.0 billion, year on year, to ¥708.4 billion, but operating profit decreased by ¥2.5 billion to ¥37.8 billion.

Electronics and Display Operations

The electronics and display segment consists of two main product categories: display-related division (primarily glass tubes for cathode-ray tubes [CRTs] and glass substrates for flat panel displays [FPDs]); as well as the electronic material-related division.

Sales for CRTs remained firm due to the increase in demand for TVs during the FIFA World Cup soccer championship and ongoing inventory adjustments. However, resultant sales decreased over the previous fiscal year, since Hankuk Electric Glass Co. Ltd., which used to be a consolidated subsidiary until the first half of the previous year, is now under equity-method. On the other hand, sales of FPD glass substrate for TFT-LCD continued to grow this year, thanks to the increase in demand for LCD monitors. Concurrently, sales of glass substrates for plasma display panels (PDPs) increased over the previous fiscal year due to the popularization of PDPs. As a result, sales in the display-related division showed some increase compared with the previous fiscal year, attaining an increase in profit.

In the electronic materials-related division, the shipment of components (such as reflective color LCD for cellular phones, frit and paste for PDPs, optical pickup elements and lenses for DVDs, etc.)

increased. But, this category remained stagnant as evident in the decrease in sales of materials for communications and integrated circuits (ICs) affected by the prolonged IT-recession.

Consequently, consolidated sales for the electronics and display operations dropped by ¥5.0 billion, year on year, to ¥309.9 billion. Operating profit increased by ¥3.7 billion, year on year, to ¥27.6 billion.

Chemicals Operations

The chemical operations segment consists of three categories: chloro-alkalis including caustic soda; fluorochemicals such as fluorinated resins and solvents; as well as urethane and other chemicals.

In the chloro-alkalis category, while the Company withdrew from domestic PVC operations to specialize in VCM business as of the end of December 2002, sales increased from the previous fiscal year, since vinyl chloride and caustic soda have recovered in the domestic and Asian markets during the second half of the fiscal year. Further, profits improved dramatically from the previous fiscal year, owing partly to domestic restructuring effects.

In the flurochemicals category, sales showed some increase, since certain products, such as PDP filters, moved favorably. PTFE business in the U.S. and Europe, however, remained at a low level due to a price slump caused by the sluggish overseas market.

In the urethane and other category, although sales of some products (such as materials for lithium ion battery) moved favorably, overall sales decreased because the Company stopped plant sales for electrolysis containers using ion exchange membrane processing.

As a result, consolidated sales for chemicals segment increased by ¥2.7 billion, year on year, to ¥261.3 billion. Operating profit increased by ¥6.8 billion, year on year, to ¥1.4 billion.

Other Operations

Operations in this segment comprise the ceramics business and service-related business (such as logistics and financial services.) Sales in this segment decreased by ¥18.7 billion, year on year, to ¥69.5 billion. Operating profit increased by ¥0.4 billion, year on year, to ¥0.8 billion.

Outlook for the Next Fiscal Year

The uncertainties over the economy are expected to increase further with concerns about the future U.S. economy, and the cooling down of business sentiment by the decline in domestic stock prices. Against the backdrop, the Company will make strategic and flexible decisions based on its “Company framework” system with the medium-term management plan, *Shrink to Grow 2005* initiatives, to promote structural reforms further.

For your reference, the 79^{th} term will only be 9 months from April 1, 2003 to December 31, 2003, due to the change of the accounting term to the calendar year. The Company projects consolidated net sales of ¥1,170 billion, operating profit of ¥75.0 billion, recurring profit of ¥64.0 billion, and net income of ¥41.0 billion for the 79^{th} term. The Company also assumes an average exchange rate of ¥115 to the dollar and ¥113 to the euro throughout the fiscal year.

Disclaimer regarding Outlook for the Next Fiscal Year

The above-mentioned prospective results reflect management's judgment on the basis of currently available information and, as such, contain risks and uncertainties. It is recommended that investment decisions not be made solely on the basis of these prospective results as actual results may differ materially from such prospective results for the reasons such as, but not limited to, economic conditions effecting the Company's operating environment, market trends and fluctuations in foreign exchange rates.

Consolidated Financial Highlights

(Unit: Billions of yen)

	April 1, 2002 – March 31, 2003	April 1, 2001 – March 31, 2002	Change (%)
Net Sales	**1,295.0**	1,263.2	2.5
Operating Profit	**67.5**	59.0	14.4
Recurring Profit	**56.8**	44.5	27.6
Net Income (Loss)	**(3.9)**	(12.6)	n.a.
Net Income (Loss) per Share – Primary	**(3.37)**	(10.73)	n.a.

Non-Consolidated Financial Highlights

(Unit: Billions of yen)

	April 1, 2002 – March 31, 2003	April 1, 2001 – March 31, 2002	Change (%)
Net Sales	**542.8**	550.1	(1.3)
Operating Profit (Loss)	**5.3**	(4.4)	n.a.
Recurring Profit	**11.0**	7.0	58.2
Net Income (Loss)	**(28.8)**	(14.9)	n.a.
Shareholders' Equity	**520.3**	575.0	(9.5)
Net Income (Loss) per Share – Primary	**(24.49)**	(12.68)	n.a.

Consolidated Results according to Business Segment & Region

(1) By Business Segment

(Unit: Billions of yen)

	Sales		Operating Profit (Loss)	
	April 1, 2002 – March 31, 2003	April 1, 2001 – March 31, 2002	**April 1, 2002 – March 31, 2003**	April 1, 2001 – March 31, 2002
Glass	**708.4**	666.5	**37.8**	40.3
Electronics & Displays	**309.9**	314.9	**27.6**	23.8
Chemicals	**261.3**	258.7	**1.4**	(5.4)
Others	**69.5**	88.2	**0.8**	0.4
Elimination	**(54.1)**	(65.1)	**0**	(0.1)
Total	**1,295.0**	1,263.2	**67.5**	59.0

(2) By Region

(Unit: Billions of yen)

	Sales		Operating Profit	
	April 1, 2002 – March 31, 2003	April 1, 2001 – March 31, 2002	**April 1, 2002 – March 31, 2003**	April 1, 2001 – March 31, 2002
Japan	**775.8**	765.7	**15.2**	7.1
Asia	**217.1**	190.7	**26.6**	24.7
The Americas	**183.3**	180.3	**6.3**	3.2
Europe	**258.5**	224.2	**19.4**	24.0
Elimination	**(139.8)**	(97.8)	**(0.1)**	(0.1)
Total	**1,295.0**	1,263.2	**67.5**	59.0

Consolidated Balance Sheet

(Unit: Millions of yen)

	Fiscal Year ended March 31, 2003	Fiscal Year ended March 31, 2002	Change
Cash on hand and in banks	**56,880**	50,195	6,685
Trade notes & accounts receivable	**241,232**	241,803	(570)
Inventories	**187,324**	203,607	(16,283)
Deferred tax assets	**13,128**	8,997	4,131
Other current assets	**57,589**	57,100	489
Allowance for bad debts	**(6,900)**	(5,813)	(1,086)
Current Assets	**549,255**	555,890	(6,635)
Buildings & structures	**217,202**	215,198	2,004
Machinery & equipment	**414,635**	428,793	(14,158)
Tools & fixtures	**18,244**	18,266	(21)
Land	**109,462**	108,044	1,417
Construction in progress	**39,322**	47,695	(8,372)
Tangible Fixed Assets	**798,867**	817,998	(19,130)
Intangible Fixed Assets	**111,758**	104,506	7,251
Investment in Marketable securities	**241,002**	343,876	(102,873)
Long-term loans	**11,827**	4,785	7,042
Long-term prepaid expense	**8,709**	4,224	4,484
Long-term deferred tax assets	**45,279**	35,271	10,007
Other investments	**23,237**	33,395	(10,158)
Allowance for bad debts	**(3,951)**	(11,175)	7,223
Investments, etc.	**326,104**	410,378	(84,273)
Fixed Assets	**1,236,730**	1,332,883	(96,152)
Deferred Assets	**527**	610	(83)
Total Assets	**1,786,513**	1,889,384	(102,870)

Consolidated Balance Sheet (continued)

(Unit: Millions of yen)

	Fiscal Year ended March 31, 2003	Fiscal Year ended March 31, 2002	Change
Trade notes & accounts payable	**161,495**	155,247	6,247
Short-term bank loans	**109,087**	159,254	(50,167)
Commercial paper	**58,845**	95,638	(36,793)
Current maturities of bonds	**77,266**	22,103	55,162
Non-trade payables	**60,058**	60,715	(657)
Income taxes payable	**13,264**	5,281	7,982
Accrued expenses	**11,094**	19,839	(8,745)
Deposits received	**26,232**	27,958	(1,725)
Provision for bonus payments	**9,158**	10,916	(1,757)
Allowance for scheduled repairs	**2,447**	2,313	134
Other current liabilities	**40,924**	29,401	11,523
Current Liabilities	**569,874**	588,670	(18,795)
Bonds issued	**295,496**	320,331	(24,834)
Long-term bank loans	**144,987**	137,987	6,999
Long-term deferred tax liabilities	**33,989**	43,692	(9,702)
Accrued retirement benefits	**57,025**	46,236	10,789
Reserve for rebuilding furnaces	**16,267**	15,175	1,091
Allowance for structural reform	**23,304**	36,541	(13,236)
Other long-term liabilities	**19,732**	20,932	(1,200)
Long-term Liabilities	**590,803**	620,895	(30,092)
Total Liabilities	**1,160,677**	1,209,566	(48,888)
Minority Interest	**71,999**	93,842	(21,843)
Common shares	**90,472**	90,472	-
Additional paid-in capital	**84,395**	84,395	-
Assets revaluation reserve	**117**	117	-
Retained earnings	**404,817**	419,644	(14,826)
Revaluation of investment in securities	**8,912**	20,090	(11,178)
Adjustments on foreign currency translation	**(33,752)**	(28,438)	(5,313)
Treasury shares	**(1,127)**	(306)	(820)
Shareholders' Equity	**553,835**	585,975	(32,139)
Total Liabilities, Minority Interest & Shareholders' Equity	**1,786,513**	1,889,384	(102,870)

Consolidated Statement of Income

(Unit: Millions of yen)

	April 1, 2002 – March 31, 2003	April 1, 2001 – March 31, 2002	Change
Net Sales	**1,295,011**	1,263,196	31,815
Cost of Goods Sold	**1,000,501**	975,488	25,013
Selling, General & Administrative Expenses	**227,034**	228,720	(1,686)
Operating Profit (Loss)	**67,475**	58,988	8,487
Interest and dividend income	**4,675**	4,107	568
Equity in earnings of non-consolidated subsidiaries and affiliates	**4,234**	3,428	807
Other non-operating income	**5,900**	7,909	(2,009)
Non-Operating Income	**14,811**	15,445	(634)
Interest expenses	**16,030**	20,570	(4,540)
Interest expenses on commercial paper	**604**	1,682	(1,078)
Other non-operating expenses	**8,889**	7,710	1,179
Non-Operating Expenses	**25,524**	29,963	(4,438)
Recurring Profit	**56,761**	44,470	12,292
Gain on sale of fixed assets	**15,332**	5,884	9,448
Gain on sale of investments in securities	**6,823**	4,132	2,691
Others	**6,782**	3,735	3,046
Extraordinary Profit	**28,937**	13,751	15,185
Loss on disposal of fixed assets	**12,403**	11,470	933
Loss on sale of investments in subsidiaries	**63**	4,191	(4,127)
Loss on valuation of investments in securities	**44,220**	2,004	42,216
Loss on restructuring programs including bonus allowance for early retirement	**18,720**	42,294	(23,574)
Others	**4,556**	5,913	(1,357)
Extraordinary Losses	**79,964**	65,874	14,090
Net Income (Loss) before Taxes	**5,734**	(7,652)	13,387
Taxes	**13,259**	13,613	(354)
Deferred income taxes	**(9,107)**	(19,496)	10,390
Minority interests in earnings of consolidated subsidiaries	**5,499**	10,836	(5,337)
Net Income (Loss)	**(3,918)**	(12,605)	8,688

Summary: Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	April 1, 2002 – March 31, 2003	April 1, 2001 – March 31, 2002
Cash Provided by Operating Activities including:	**177,264**	129,661
Net Income (loss) before taxes	**5,734**	(7,652)
Depreciation expenses	**108,981**	109,954
Cash Provided by Investing Activities including:	**(114,687)**	(107,020)
Acquisition of fixed assets	**(107,436)**	(129,039)
Cash Provided by Financing Activities including:	**(60,913)**	(17,625)
Increase (decrease) in debts	**(48,204)**	(5,004)
Currency Translation Differences	**(116)**	1,275
Increase (Decrease) in Cash & Cash Equivalents	**1,546**	6,290
Balance of Cash & Cash Equivalents at Beginning of Year	**52,784**	45,764
Reconciliation of Cash & Cash Equivalents Related to Change in Scope of Consolidation	**951**	729
Cash & Cash Equivalents at End of Year	**55,282**	52,784

Supplementary Information

(1) Consolidated

(Unit: Billions of yen)

	April 1, 2002 – March 31, 2003	April 1, 2001 – March 31, 2002
Capital Expenditure	98.3	130.9
Depreciation	109.0	110.0
Research & Development Expenses	30.9	29.0
Outstanding Interest-bearing Debts	685.7	735.3
Debt/Equity Ratio	1.10	1.08
Number of Employees	53,728	48,362

(2) Non-Consolidated

(Unit: Billions of yen)

	April 1, 2002 – March 31, 2003	April 1, 2001 – March 31, 2002
Capital Expenditure	**32.0**	46.0
Depreciation	**33.6**	36.0
Research & Development Expenses	**21.8**	21.4
Outstanding Interest-bearing Debts	**333.7**	320.7
Debt/Equity Ratio	**0.64**	0.56
Number of Employees	**6,334**	6,989

Management Policy

Fundamental Management Policy

It is the fundamental management policy of Asahi Glass, as the world's leading supplier of materials and parts built on its core technologies in glass and fluoric chemicals, to strive to enhance the aggregate business value of its Group by constantly looking toward the future with a forward-looking vision that extends beyond its own realm of business.

All corporate and personal members of the Group are expected to think and act in full accord with "innovation and operational excellence," "diversity," "environment" and "integrity" which have been identified as the four most important corporate values to be shared and pursued among themselves.

Allocation and Distribution of Profits

Asahi Glass pledges to maintain stable dividends, and will calculate dividends based on a consideration of various factors including consolidated results and dividend payout ratio, to ensure that the expectations of its shareholders will be met. Asahi Glass will also allocate retained earnings to R&D, capital investment and mergers and acquisitions with a view to strengthening its financial position and enhancing shareholder value.

Notwithstanding the difficult business environment, the Company plans to declare a year-end dividend of ¥4.50 per share, in addition to the earlier interim dividend of ¥4.50 per share, as a token of its appreciation for the continuing shareholder support.

Trading Unit of Common Shares

Asahi Glass finds it a useful measure of revitalizing the market to lower the trading unit of its shares, and recognizes the matter as one of its important management issues. It is the policy of the Company to deal with this matter on the basis of future stock market conditions as well as market trends on trading unit.

Targeted Management Index

The Company aims to steadily improve ROE from the viewpoint of enhancing capital efficiency, targeting an ROE of 10% during the term in *Shrink to Grow 2005* initiatives (from the fiscal year ending in December 2003 to the fiscal year ending in December 2005.)

* In accordance with the change in the accounting term of the Company, each fiscal term will end in December, beginning with the 79th term.

Medium- and Long-term Strategies and Objectives

The Company defines the following as important management strategies: the concentration of management resources on three major business areas (materials and components for the Glazing, Display and Electronics & Energy); enhancing competitiveness to utilize the strength of the group; and implementing management as a global team. In order to realize such strategies, the Company does its utmost across the board to promote the medium-term management plan, *Shrink to Grow* initiatives.

In the *Shrink to Grow* initiatives, the Company implements: 1) *Shrink* measures by reassessing unproductive business and drastically reducing costs; 2) *Grow* measures to achieve corporate growth through global expansion (by enhancing the competitiveness of the core business or by M&A) and through establishment of new businesses, where high profitability can be expected; and 3) "management system reforms/measures" by streamlining the organization or the decision-making process while vitalizing its employees.

In *Shrink to Grow 2005* initiatives which are intended for a three year period from the fiscal year ending December 2003 to 2005, the Company promotes, as *Shrink* measures, structural reforms of businesses with a low profitability such as domestic chemical products, exterior housing materials, etc. As *Grow* measures, it strives for the steady growth of the construction and automotive glass, and for expansion of the electronics/display business.

As "management system reforms/measures," the Company will also implement further streamlining of the corporate governance system, reinforcing a compliance system and performing measures to vitalize global human resources.

Issues to Contend with

With its business environment changing significantly, the Company recognizes that it is most important to steadily implement *Shrink to Grow* initiatives so as to continue to enhance its corporate value.

The construction and automotive glass division is faced with the issue of proactive business expansion in the areas such as China, Southeast Asia, Russia, Mexico, where high growth can be expected. Driven by the restructuring of unprofitable businesses such as the Japanese exterior housing materials and other glass business, the division intends to steadily grow by focusing on high performance glass products for construction such as anti-crime, heat resistant products.

As for electronics/display business, the Company will realize a high growth through measures such as proactive expansion for glass substrates for TFT-LCD and for PDPs, while allocating each operation worldwide to optimize CRT glass production.

The chemicals division is positioning the high performance fluorosis and organic/inorganic specialty business as its future core business. Accordingly, the division will conduct structural reform of low-profit businesses, such as domestic chloro-alkalis business.

By more strategically selecting the area to invest the capital, the Company will build a solid financial strength to reduce interest-bearing liabilities.

Basic Concepts for Corporate Governance and the Status of Implementing its Measures

The basic policy for streamlining the corporate governance system of the Company is to clearly separate the managerial oversight and the execution functions. It is also intended to clearly separate the managerial execution function into "corporate (supervisory executive) function" and "operation-execution function."

More specifically, in order to clearly separate the managerial oversight and execution functions, it was decided at the regular shareholders' meeting held in June 2002, that the Company defines the Board of Directors as "the organ to approve the basic policy of the Asahi Glass Group and to oversee managerial execution" and implements reforms of the Board of Directors to cut the number of directors from 20 to 7 (of whom two should be outside directors.) At the same time, the Company has introduced an executive officer system with 22 newly appointed executive officers, responsible for managerial execution and operations of Asahi Glass Group, clearly distinguished from directors stipulated in the Commercial Code of Japan.

As for the managerial execution framework, in order to clearly separate "corporate (supervisory executive) function" and "operation-execution function," the Company has introduced in-house "Company framework" system in April 2002, establishing 4 "Companies": Flat glass; Automotive glass; Display; and Chemicals, to dramatically transfer authority and responsibility for each business execution to individual "Company."

In addition, after the regular shareholders meeting to be slated for June 2003, Asahi Glass plans to establish optional "Nominating Committee" and "Compensation Committee," in order to further enhance the corporate governance system.

"Nominating Committee" is an advisory committee of the Board of Directors composed of 4 directors, including two outside directors, that mainly discusses requirements desired for directors and executive officers, and selects candidates for directors and executive officers (including successors for president and executive officer) to recommend them to the Board of Directors.

"Compensation Committee" is an advisory committee of the Board of Directors composed of 4 directors, including two outside directors, that mainly discusses compensation principles, strategy, system, etc. in regard to compensation for directors, executive officers, etc., to propose them to the Board of Directors. At the same time, it monitors performance evaluation results and compensation amounts for the respective executive officers.

Notes:
For the purpose of this report, yen figures have been translated into US dollars at the rate of US$1.00=¥124.83 prevailing on March 31, 2003.

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