

April 17, 2008

## **Restructuring of Flat Glass Business in North America**

Asahi Glass Co., Ltd.

With regard to its flat glass business in North America, Asahi Glass Co., Ltd. (Head Office: Tokyo; President & COO: Kazuhiko Ishimura) has decided to stop operations on three float glass production lines and two architectural coating lines from April to December this year and sell the glass fabrication business in order to respond to the rapid changes in the business environment.

Asahi Glass will concentrate its management resources on glass for solar cells, sales of which are expected to grow rapidly, as well as raw glass for automotive use and value-added building products.

In the flat glass business in North America, Asahi Glass has been working on a profitability improving project since 2006 including an overhaul of management and shut down of the Cinnaminson Plant of subsidiary AGC Flat Glass North America, Inc. (hereinafter referred to as AFNA). However, the continued decline in the housing market in North America, where residential glass occupies a greater share, has created a serious oversupply situation. The earnings structure of AFNA excessively depends on clear float glass — general-purpose glass that is difficult to differentiate from products of competitors. This, combined with higher costs driven by a price surge in raw materials, has been squeezing Asahi Glass' profitability in the region.

Meanwhile, with growing concern about the global environment and energy issues, the solar cell market is projected to rapidly grow by 40% annually on a global basis. In North America, demand for glass for solar cells is expected to expand, while demand for raw glass for automotive use and value-added building products is projected to remain stable.

Under these circumstances, Asahi Glass has decided to restructure the flat glass business in North America to focus on three categories: glass for solar cells, raw glass for automotive use and value-added building products. It has also decided to stop operations of float glass at the Victorville Plant, the St. Augustine Plant and Line No. 1 at Greenland Plant of AFNA, hoping to improve the supply-demand balance of glass and raise the utilization rate of other production facilities. By these measures, Asahi Glass will decrease its glass production capacity in North America by about 40%.

As for architectural sputter coating lines, which have an excessive output capacity compared with the size of the market, Asahi Glass has decided to stop operations at the Victorville Plant and Hampton Plant of AFNA and concentrate production of its full commercial and residential product range at the Abingdon Plant. Moreover, it has decided to sell the glass fabrication business to focus on core glass production and coating technologies.

With this new structure, AFNA will be better able to focus resources and management attention to driving product innovation and improving cost and quality to better serve customer's needs.

Asahi Glass will continue to leverage its group resources and production technologies to introduce leading edge high performance products into the North American flat glass market.

As a result of this restructuring program, Asahi Glass expects to incur an extraordinary loss of 13.5 billion yen in the second quarter of fiscal year 2008. However, there will be no change in the outlook for the fiscal year 2008, since the loss has already been factored in.

For further information regarding these issues, please contact Toshihiro Ueda, General Manager, Corporate Communications and Investor Relations, Asahi Glass Co., Ltd.

(Direct inquiries to: Yoshihiko Saito, Telephone: +81-3-3218-5509, Email: [info-pr@agc.co.jp](mailto:info-pr@agc.co.jp))

## **[Reference]**

### **1. Outline of AGC Flat Glass North America, Inc.**

- (1) Location: Georgia, U.S.
- (2) Representative: Brad Kitterman
- (3) Products: Flat glass for construction, raw glass for automotive use, and glass for solar cells
- (4) Capital: 959 million US\$
- (5) Equity position: AGC America, Inc. 100% (AGC America, Inc. is a wholly-owned subsidiary of Asahi Glass Co., Ltd.)
- (6) Production base: 7 float glass production facilities in North America (including the three plants where float glass production facilities will stop operations under the restructuring program), 2 pattern glass production facilities
- (7) Number of employees: approx. 4000

### **2. Victorville Plant**

- (1) Location: California, U.S.
- (2) Products: Flat glass for construction
- (3) Number of employees: approx. 225

### **3. St. Augustine Plant**

- (1) Location: Quebec, Canada
- (2) Products: Flat glass for construction
- (3) Number of employees: approx. 240

### **4. Greenland No. 1 Plant**

- (1) Location: Tennessee, U.S.
- (2) Products: Flat glass for construction
- (3) Number of employees: approx. 250

### **5. Victorville Coating Plant**

- (1) Location: California, U.S.
- (2) Products: Low E coated glass
- (3) Number of employees: approx. 40

### **6. Hampton Coating Plant**

- (1) Location: Iowa, U.S.
- (2) Products: Low E coated glass
- (3) Number of employees: approx. 56