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Asahi Glass to increase Fluon® ETFE fluoropolymer production capacity

Asahi Glass Co., Ltd.

Asahi Glass Co., Ltd. (Head office: Tokyo; President & CEO: Masahiro Kadomatsu) has decided to increase production capacity for ETFE fluoropolymers, which are primarily used as covering materials for wires and cables and as raw materials for various films. Asahi Glass will invest around 2.5 billion yen in its Kashima Plant (Kamisu-shi, Ibaraki Prefecture) to handle this production boost, due to commence in the first quarter of 2008.

The Company positions fluorine and specialty chemicals as a growth business of their Chemicals Division, under the medium-term management plan "*JIKKO-2007*" that started last year, and focuses on products which allow the Company to take advantage of its strengths. Following expansion of production capacity at the Kashima Plant in 2005 and expanded production capacity scheduled for Asahi Glass Fluoropolymers U.K. Ltd. (Lancashire, U.K.) in 2007, this latest expansion will nearly double the company's ETFE production capacity compared to the capacity before the medium-term management plan.

Fluon® ETFE (a copolymer of ethylene and tetrafluoroethylene) is a high-performance fluoropolymer developed by Asahi Glass, which in 1975 became the world's first company to begin commercial production of the material. The resin offers: (1) excellent thermal plasticity for easy molding; (2) high chemical resistance; (3) high electrical insulation properties; and (4) high ultraviolet resistance that makes it suitable for use outdoors for periods exceeding ten years. Given these characteristics, the resin is widely used in applications that include electrical wire insulation in automobiles, aircraft, and robotics; and coatings for tubes used to transport special liquids. In recent years, worldwide demand for ETFE has increased sharply, particularly in areas such as the automotive, aeronautics industries and membrane structures, where new applications are emerging. For example, the Company's ETFE film has been used in the construction of main stadium and swimming pool for the Olympic Games in Beijing. These demand pressures are the primary motivating factor prompting the latest plans to increase production capacity.

Asahi Glass currently manufactures and sells over half the world's ETFE. Worldwide demand for ETFE is projected to increase annually at rates exceeding 10%. In response, the company will consider further expansion of its ETFE production capacity when necessary.

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