

**FY2005 Financial Results
&
Progress on The
Medium-Term Management Plan**

“JIKKO-2007”

Asahi Glass Co., Ltd.

February 15, 2006

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FY2005 Financial Results

Highlights of FY2005 Financial Results (1)

(billion yen)

	FY2004	FY2005	Change(%)	Profit Ratio(%)
Sales	1,475.7	1,526.7	+3.5%	
Operating Profit	139.4	118.2	-15.2%	7.7%
Ordinary Profit	135.7	118.9	-12.4%	7.8%
Net Profit	78.3	600	-23.3%	3.9%
Extraordinary items:	FY2004	FY2005		
Gains on disposal of Asset:	25.1	20.0		
Loss on impairment of fixed cost:	-14.5	-31.6		
Loss on restructuring programs:	- 9.9	-15.7		
Others	-2.4	-8.9		
Total	-1.7	-36.1		

Highlights of FY2005 Financial Results (2)

- Price surges of raw materials and energy sources affected all segments.
- The architectural glass business was significantly affected across all regions by price rises of raw materials and energy sources.
- The automotive glass business stayed healthy due to automobile production increased.
- In the CRT glass business, sales volume and price substantially declined amid weakened demand.
- Sales of glass substrates for LCDs and PDPs continued to be robust.
- Sales of small- and medium-sized LCDs for cellular phones were weak.
- Sales of chemicals remained generally steady, while some products were influenced by market fluctuations.

1. FY2005 Financial Results

FY2005 Financial Results

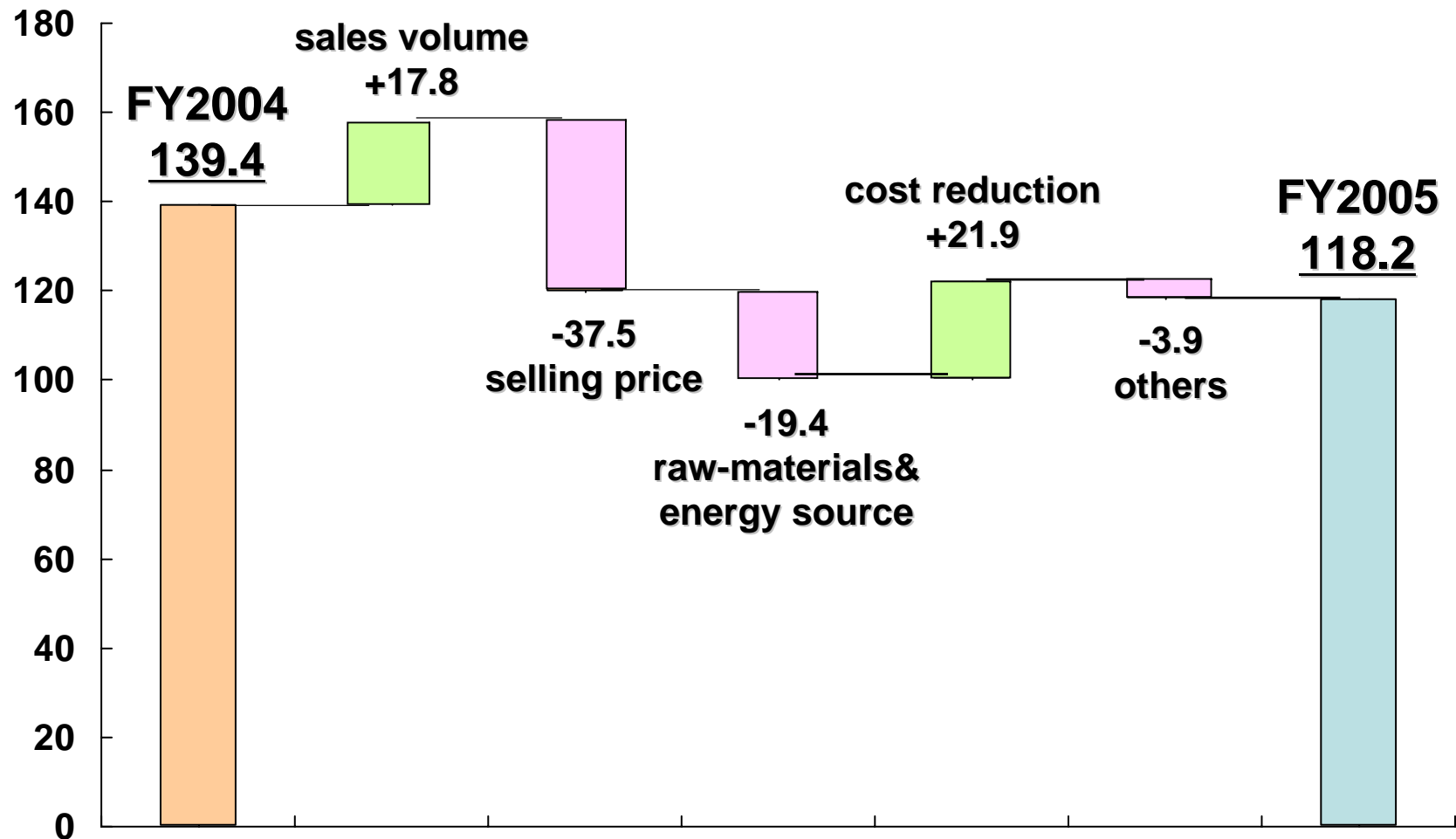
(billion yen)

	FY2004	FY2005	Change (%)
Sales	1,475.7	1,526.7	+3.5%
Operating Profit	139.4	118.2	-15.2%
Interests & dividends	-6.2	-7.2	
Equity in earnings of unconsolidated companies	5.3	1.8	
Others	-2.7	6.5	
Ordinary Profit	135.7	118.9	-12.4%
Extraordinary items	-1.7	-36.1	
Profit before tax	134.0	82.8	
Tax, etc.	-41.4	-33.1	
Minority interest	-14.3	10.4	
Net Profit	78.3	60.0	-23.3%
ROE(%)	11.8%	7.7%	

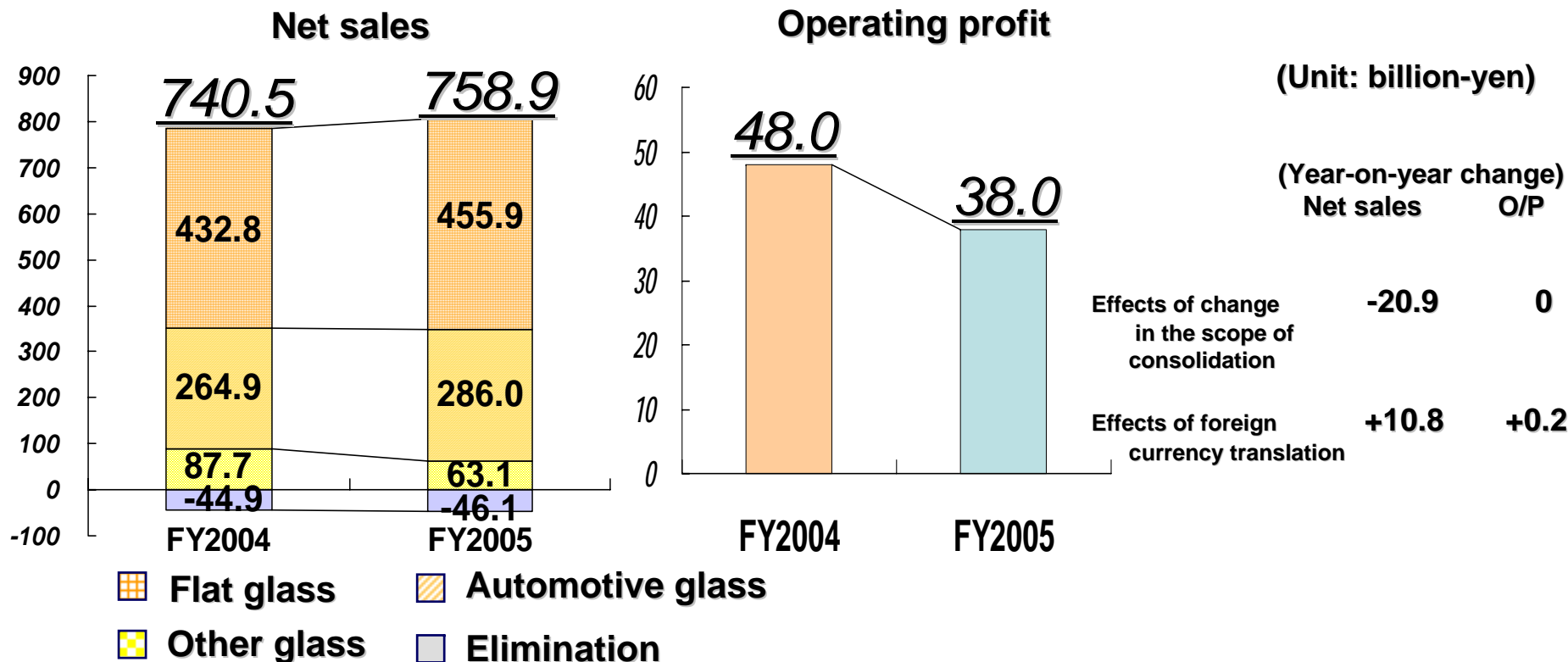
		FY2004	FY2005
FOREX	Yen/US\$	108.1	111.0
	Yen/Euro	134.4	137.3
Oil	\$/BBL	33.7	49.3
annual average			

Operating Profit Variance Analysis FY 2004 vs. FY 2005

(Unit: billion-yen)



Glass Operations



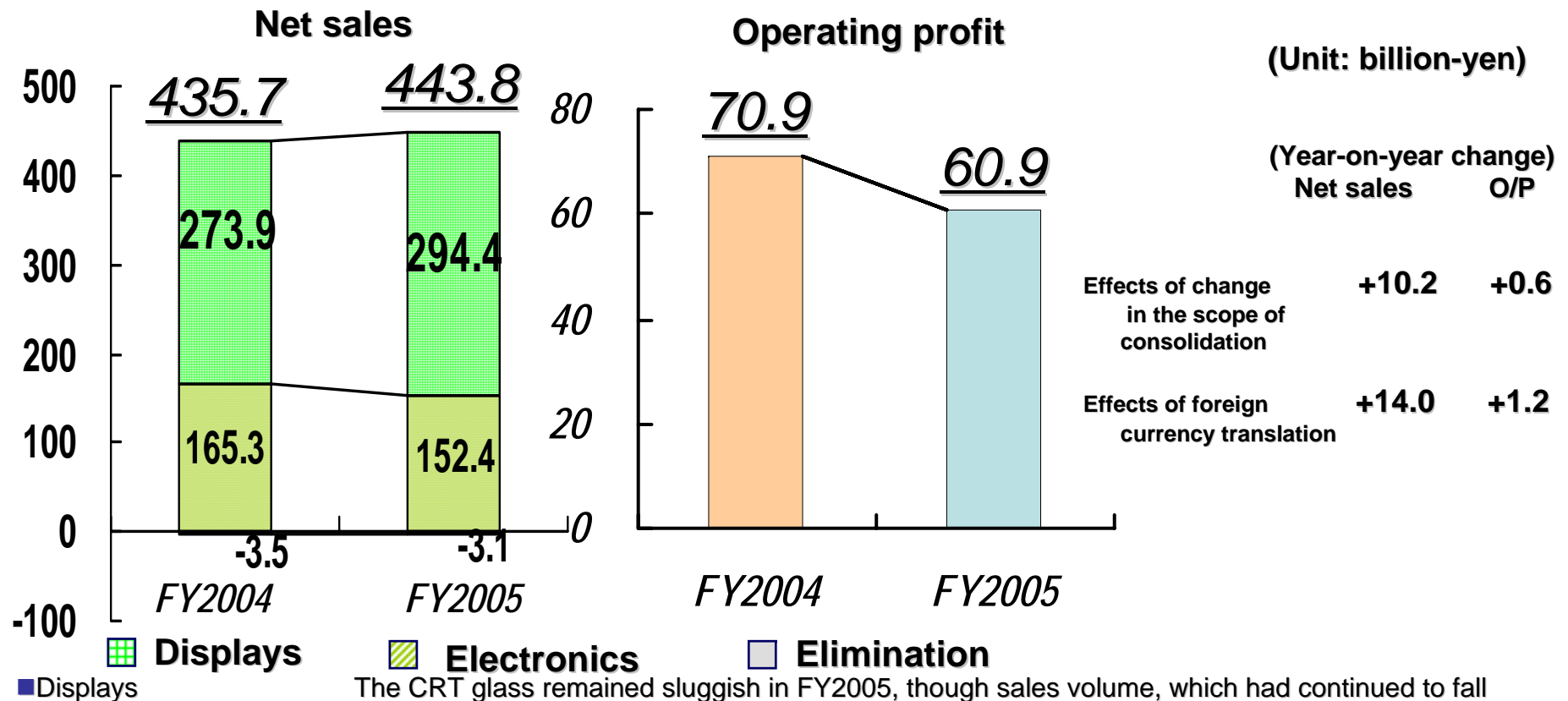
■ Flat glass

The AGC Group implemented measures to reduce costs through benchmarking and to adjust prices, which, however could not offset higher costs due to price hikes in raw materials and energy sources. Shipments rose in Europe, while sales of some products leveled off in Japan. Some Asian regions suffered slight slow demand on oil price increasing, in addition to production concerns. In North America, shipments stayed healthy.

■ Automotive glass

In the automotive glass business, sales increased as worldwide increase in auto production, particularly Japanese –affiliated automakers.

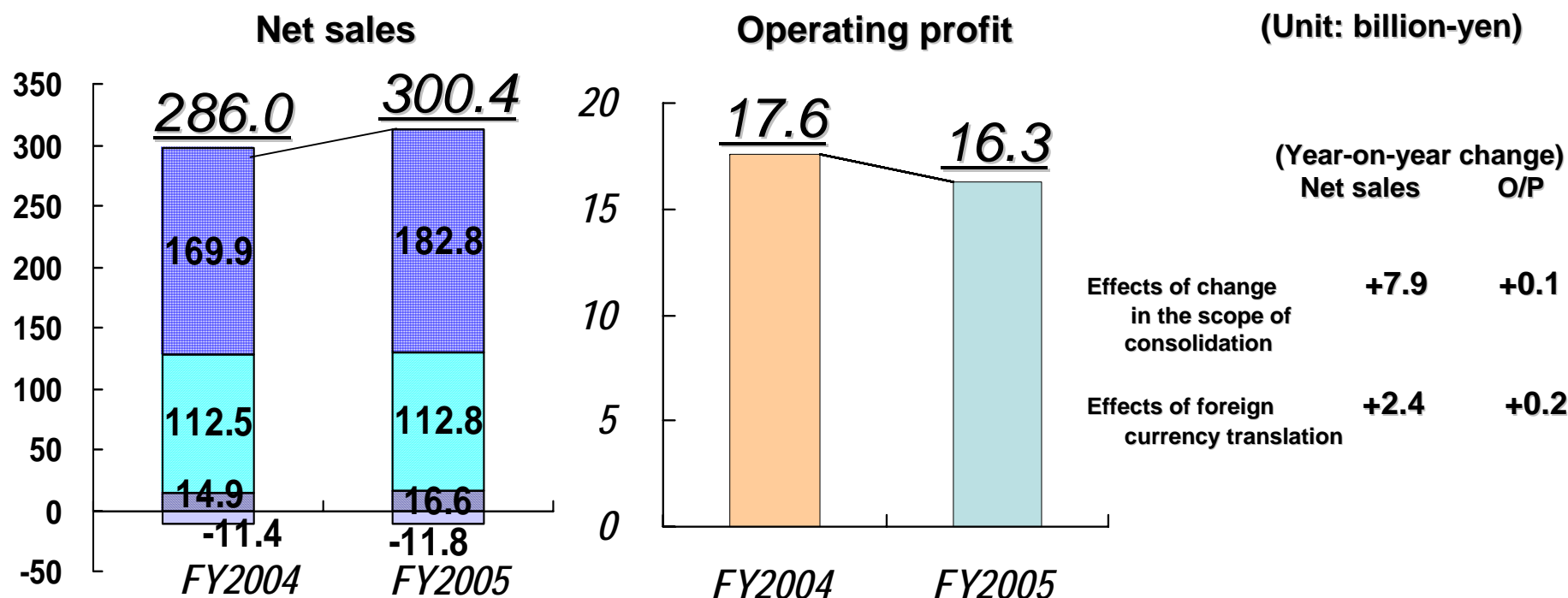
Electronics & Display Operations



The CRT glass remained sluggish in FY2005, though sales volume, which had continued to fall influenced by market adjustments of inventories begun at the start of this year, slightly recovered and price decline was curbed in the 4Q of FY2005. In the FPD sector, sales of glass substrates increased due to strong demand for panels for PCs and thin-screen TVs as well as a growing trend toward the use of larger panels.

Demand for LCD back-light tubes continued to be steady due to an increase in the production of LCD panels, while sales of optical filters for use in liquid crystal projectors decreased, affected by demand adjustments and price drop in the market of digital electronics products. Sales of synthetic quartz for semiconductor manufacturing equipment and small- and medium-sized displays for cellular phones picked up slightly in the fourth quarter.

Chemicals Operations



- Chlor-alkali & urethane
- Other chemicals
- Fluorochemicals & specialty chemicals
- Elimination and others

Change in the classification of the Chemicals operations:
 Taking into account its characteristics, the Group changed the classification of the Chemicals operations into "Chlor-alkali & urethane," "Fluorochemicals & specialty chemicals," and "Other chemicals."

■ Chlor-alkali & urethane:

Earnings of this business remained firm, due to continued robust demand throughout the year in Japan, China and Southeast Asia and as a result of continuously revising product prices in response to a surge in prices of raw materials and energy sources.

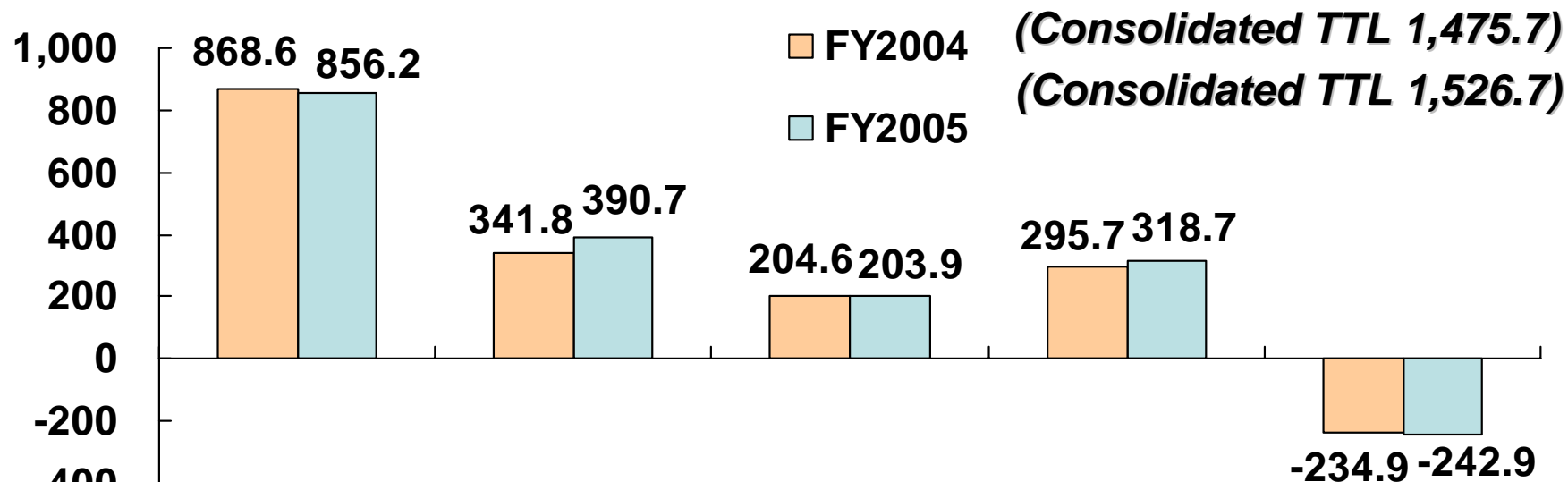
■ Fluorochemicals & specialty chemicals:

Shipments of optical filters for PDPs increased steadily due to strong demand, and sales of fluorinated resins, fluoropolymer films, fluorinated elastomers, and fluorinated oil and water repellents also rose, helped by high demand.

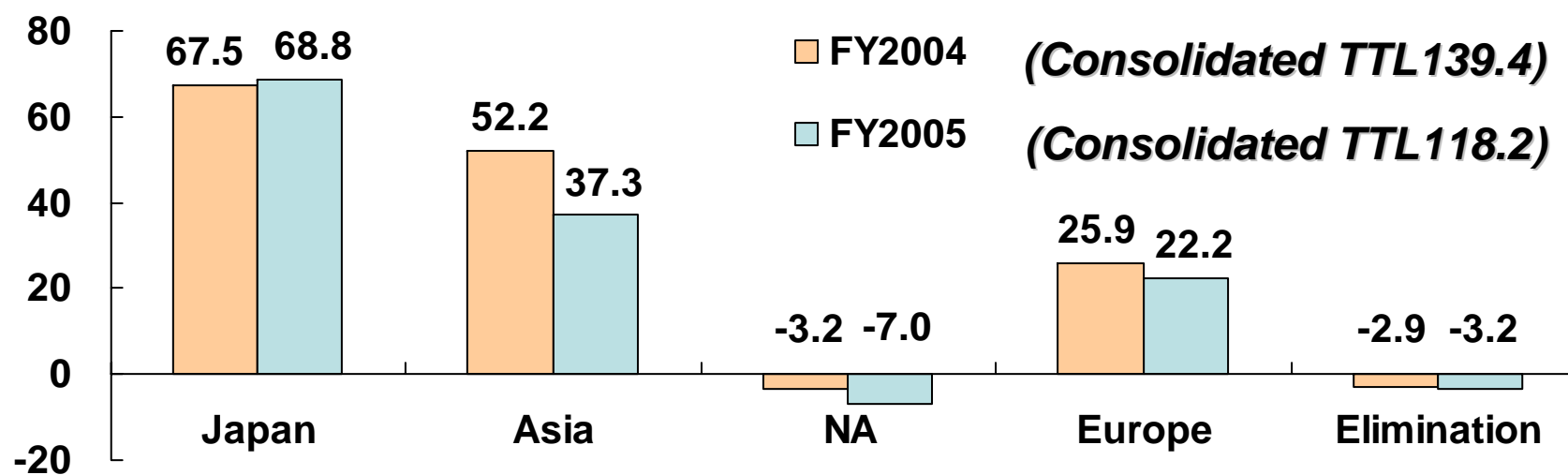
Business Segments

(Unit: billion-yen)

Sales



Operating Profit



Consolidated Balance Sheet

(billion yen)	04/12	05/12	Net change	(billion yen)	04/12	05/12	Net change
(Assets)	1,885.3	2,081.9	196.7	(Liabilities)	1,060.8	1,129.9	69.1
Current assets	648.2	688.4	40.2	Accounts payable	243.8	278.2	34.4
Cash & cash equivalents	98.6	73.8	-24.8	Borrowings, CP&Bonds	523.3	528.9	5.6
Accounts receivable	280.6	309.4	28.8	Other liabilities	293.7	322.8	29.1
Inventories	215.8	238.0	22.2	(Minority interest)	125.3	99.3	-26.0
Other current assets	53.2	67.2	14.0	(Shareholders' equity)	699.1	852.7	153.5
Fixed assets	1,236.7	1,393.3	156.6	Common stock	90.5	90.5	0
Fixed assets	948.0	1,022.7	74.6	Additional paid in capital	84.6	96.6	11.9
Investments securities	224.6	320.9	96.4	Retained earnings	511.7	556.4	44.7
Other fixed assets	64.1	49.7	-14.4	Unrealized gains/loss	58.8	124.4	65.6
Deferred assets	0.4	0.2	-0.1	Adjustment of FOREX	-32.9	-1.4	31.5
				Treasury stocks	-13.5	-13.7	-0.2
TOTAL ASSETS	1,885.3	2,081.9	196.7	TOTAL Liabilities&Equity	1,885.3	2,081.9	196.7

Extraordinary Item

(billion-yen)

FY2004

FY2005

Extraordinary items	-1.7	-36.1
Extraordinary gains	55.3	24.9
Gain on sales of PPE	4.1	5.8
Gain on sales of securities	21.1	14.2
Gain from the transfer of		
substitutional portion of the	24.5	2.2
Employees Pension Funds		
Others	5.7	2.7
Extraordinary losses	-57.0	-61.1
Loss of disposal of PPE	-7.0	-3.8
Nonrecurring depreciation		
of fixed assets	-14.9	-
Loss on impairment of fixed assets	-14.5	-31.6
Loss on write down of investments		
in securities	-3.1	-
Loss on restructuring programs	-9.9	-15.7
Others	-7.6	-10.1

(billion-yen)

Consolidated Cash Flow Chart

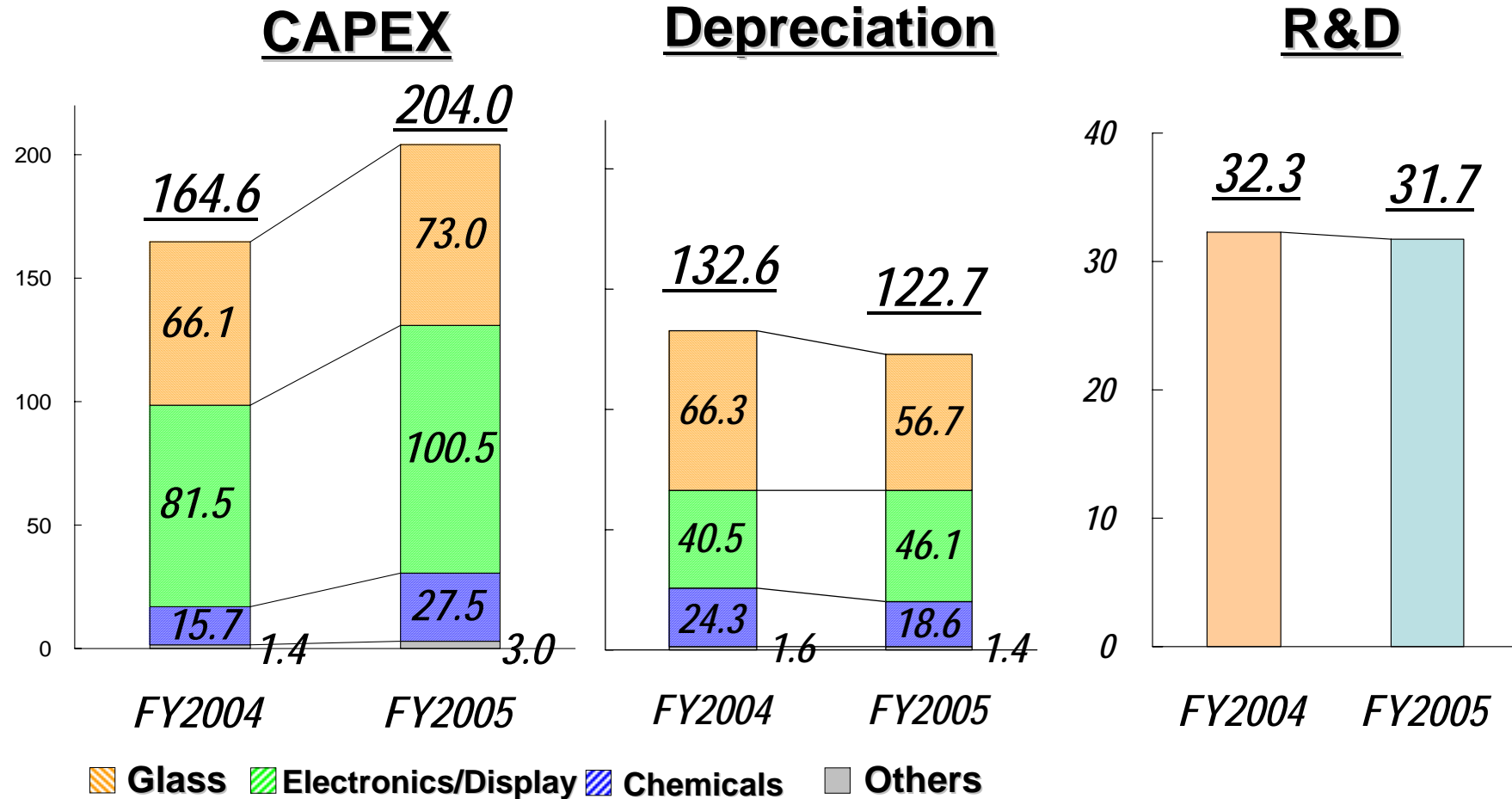
FY2004

FY2005

CF from operating activities (A)	232.9	185.5
Profit before income tax	134.0	82.8
Depreciation & Amortization	155.0	162.0
Working capital	-8.5	-20.1
Others	-47.6	-39.1
CF from investing activities (B)	-125.9	-135.8
Capital expenditures	-161.1	-197.3
Others	35.2	61.5
Free cash flows (A) + (B)	107.0	49.7
CF from financing activities	-99.0	-67.4
Increase in borrowing	-69.7	-12.0
Dividends paid	-20.1	-20.5
Purchase of treasury stock	-12.4	-0.4
Others	3.2	-34.5
Effect of exchange rate changes on cash & cash equivalents	1.5	4.0
Changes in cash and cash equivalents	9.5	-13.7

CAPEX/Depreciation/R&D

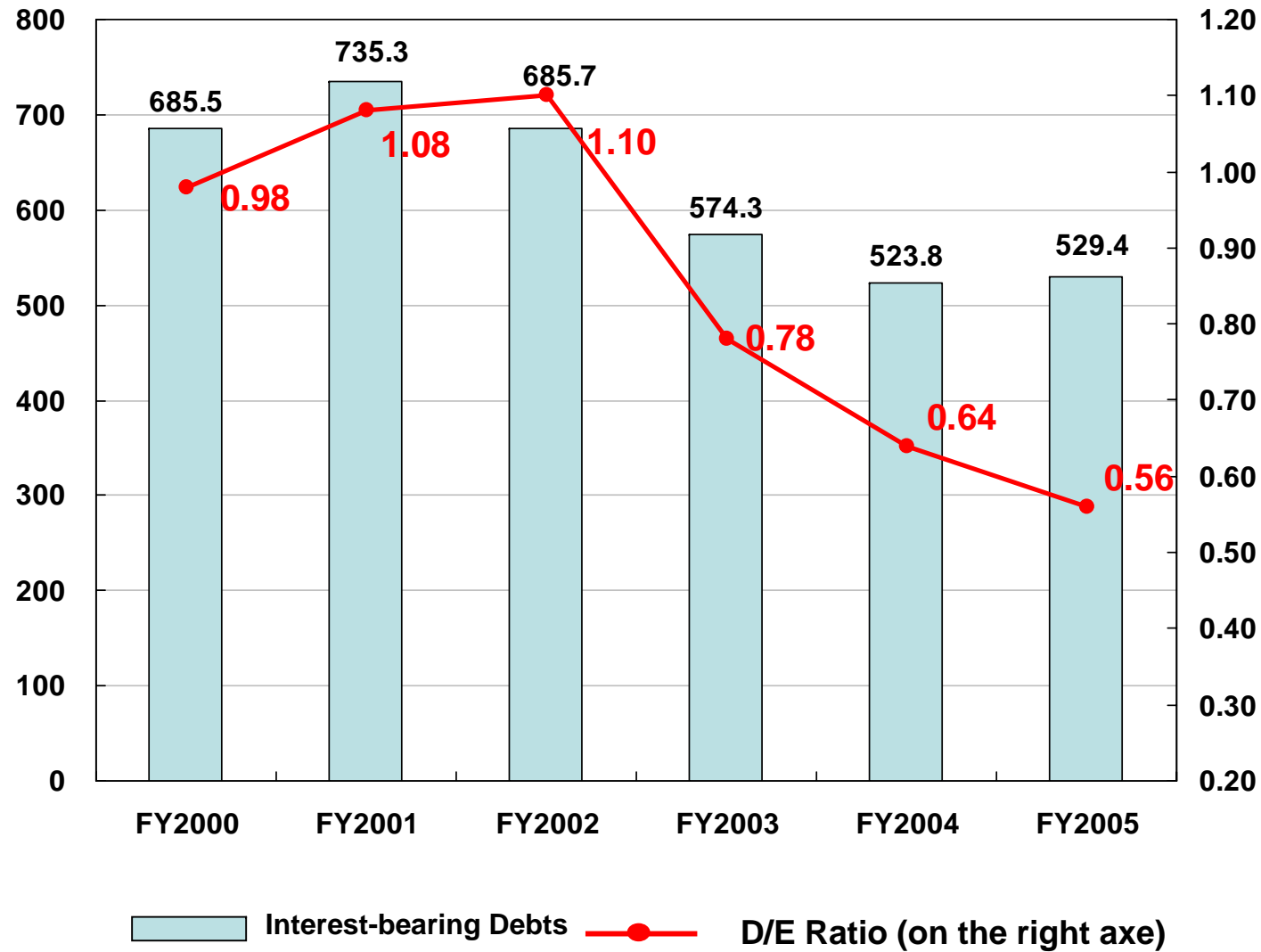
(billion-yen)



*The figure of FY2004 depreciation expenses includes a cumulative effect of 1490ku-yen, which results from the change in accounting estimates for depreciation of tangible fixed assets.

Balance of Interest-Bearing Debts

(billion-yen)



(Reference) Business segments and operations

(billion-yen) FY 2005 Financial Results

Segment	Company/SBU	Main products		Sales		OP
Glass	Flat glass company	Flat glass	- Float glass - Double glazing - Figured glass - Wired glass - Heat reflective glass - Heat absorbing glass - Fabricated glass - Mirror	455.9	758.9	38.0
	Automotive glass company	Automotive glass	- Laminated glass - Tempered glass	286.0		
	Building materials SBU	Others	- Fire-resistant exterior siding boards	63.1		
	Asahi Fiber Glass SBU		- Glass fiber products			
	Asahi Techno Glass SBU(glass)		- Specialty glass (i.e. fluorescent light glass)			
	Elimination			-46.1		
Electronics & Display	Display company	Display	CRT - CRT glass FPD - TFT LCD glass - PDP glass - TN/STN glass	294.4	443.8	60.9
	Electronics Materials & Products SBU, Asahi Techno Glass (Electronics related products)	Electronic Materials	- Optoelectronics - Frit & paste - Semiconductor-related products	152.4		
	Optrex SBU		- Small-and medium-sized displays			
	Elimination			-3.0		
Chemicals	Chemicals company	Fluoro-chemicals	- Fluorinated resins, gases and solvents, water and oil repellent agents - ion-exchange membrane - Pharmaceutical intermediates and bulks	112.8	300.4	16.3
		Chlor-Alkalis	- Soda ash - Caustic soda - Caustic potassium - Hydrochloric acid - Vinyl chloride products	182.8		
		Urethane and others		16.6		
	Ise chemical SBU and Asahi Glass Matex Co., Ltd.	Iodine related products and others		-11.8		
Others	Asahi Glass Ceramics SBU and others	- Ceramic related products and others		80.3	3.2	
Elimination				-56.7	-0.1	
Total					1,526.7	118.2

(Reference)

Sales/OP by business & geographic segment (FY2005)

(billion-yen)

Business	Japan		Asia		Americas		Europe		Elimination		Total	
	Sales	OP	Sales	OP	Sales	OP	Sales	OP	Sales	OP	Sales	OP
Glass	295.5	14.1	66.8	8.4	146.5	-6.0	288.6	21.5	-38.5	0.0	758.9	38.0
Electronics & Display	308.5	42.4	248.0	20.2	44.9	0.7	16.8	0.6	-174.4	-3.0	443.8	60.9
Chemicals	222.7	9.7	70.7	7.6	12.3	-1.3	13.2	0.2	-18.5	0.1	300.4	16.3
Others	76.8	2.9	6.0	0.9	0.4	-0.5	0.0	0.0	-2.9	-0.1	80.3	3.2
Elimination	-47.3	-0.3	-0.8	0.2	-0.2	0.1	0.1	-0.1	-8.6	0.0	-56.7	-0.1
Total	856.2	68.8	390.7	37.3	203.9	-7.0	318.7	22.2	-242.9	-3.2	1,526.7	118.2

2. FY2006 Outlook

Highlights on FY2006 Outlook

(billion-yen)

	<i>FY2005</i>	<i>FY2006E</i>	Change (%)
Sales	1,526.7	1,600.0	+4.8%
Operating Profit	118.2	145.0	+22.7%
Interests & dividends	-6.9	-12.0	
Equity in earnings of unconsolidated companies	1.8	3.0	
Others	5.8	0	
Ordinary Profit	118.9	136.0	+14.4%
Extraordinary items	-36.1	-15.0	
Profit before tax	82.8	121.0	
Tax, etc	-33.1	-34.0	
Minority interest	10.4	-7.0	
Net Profit	60.0	80.0	+33.3%
ROE(%) *	7.7%	9.4%	

		FY2005	FY2006E
FOREX	Yen/US\$	111.0	111.0
	Yen/Euro	137.3	137.0
Oil	\$/BBL	49.3	61.0

annual average

* ROE of FY2006E is calculated by using the Equity of December 31,2005

Market Environment by Operations

■ Glass

Glass for construction : The markets in emerging regions expanded, and demand for high value-added products increased worldwide. There are concerns over higher prices of energy sources such as oil, and uncertainty over the future trends of the markets other than the emerging regions.

Automotive glass: Demand will grow mainly in China and Southeast Asia.

■ Electronics & Display

CRT glass: Sales of CRT glass for televisions are likely to improve to some extent from FY 2005, however overall demand for CRT glass is forecast to continue weakening with a further shift of PCs and other devices to FPDs.

FPD glass substrates: As for the FPD glass business, further growth of screen panels market as well as higher demand for larger sizes of FPD glass substrates are expected.

Electronics materials: Sales of synthetic quartz used for semiconductor manufacturing equipment and LCD back-light tubes are projected to increase. Sales of small-and medium-sized displays is expected to pick-up.

■ Chemicals

Chlor-alkali & urethane: Demand is unlikely to change drastically, but the AGC Group will continue to closely watch a further price rise of raw materials and energies and the market trend of vinyl chloride in China. In the fluorochemicals & specialty chemicals business, demand for fluorochemicals products is expected to go on growing.

Outlook by business segment

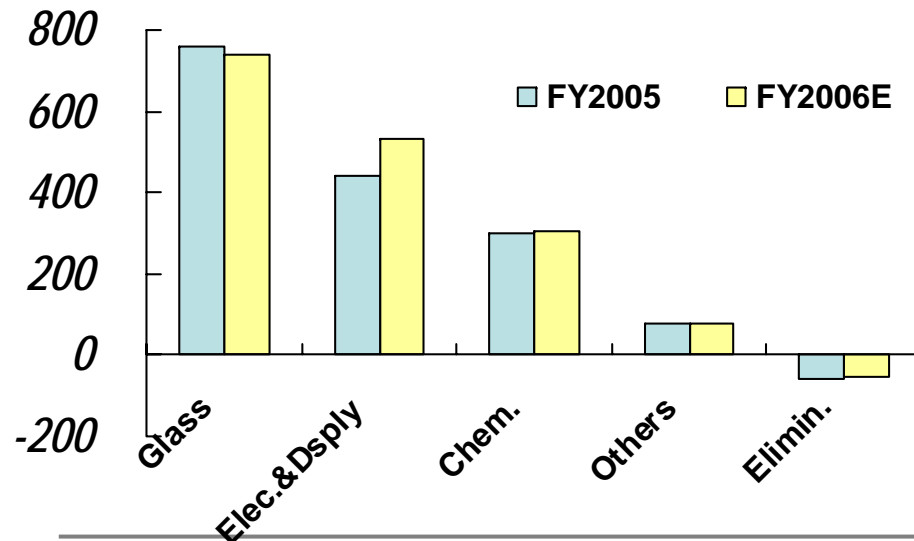
(billion-yen)

Sales	FY2005 actual	FY2006 forecast	Change(%)
Glass	758.9	740.0	-2.5%
Elec.& Display	443.8	530.0	+19.4%
Chemicals	300.4	305.0	+1.5%
Others	80.3	80.0	-0.3%
Elimination	-56.7	-55.0	
TTL	1,526.7	1,600.0	+4.8%

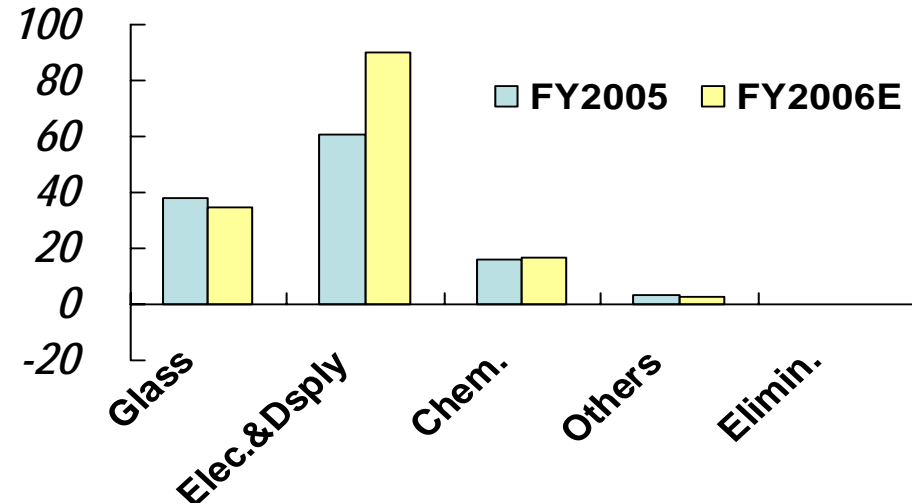
(billion-yen)

Operating Profit	FY2005 actual	FY2006 forecast	change(%)
Glass	38.0	35.0	-7.9%
Elec.& Display	60.9	90.0	+47.8%
Chemicals	16.3	17.0	+4.3%
Others	3.2	3.0	-4.8%
Elimination	-0.1	0	
TTL	118.2	145.0	+22.7%

(billion-yen)



(billion-yen)



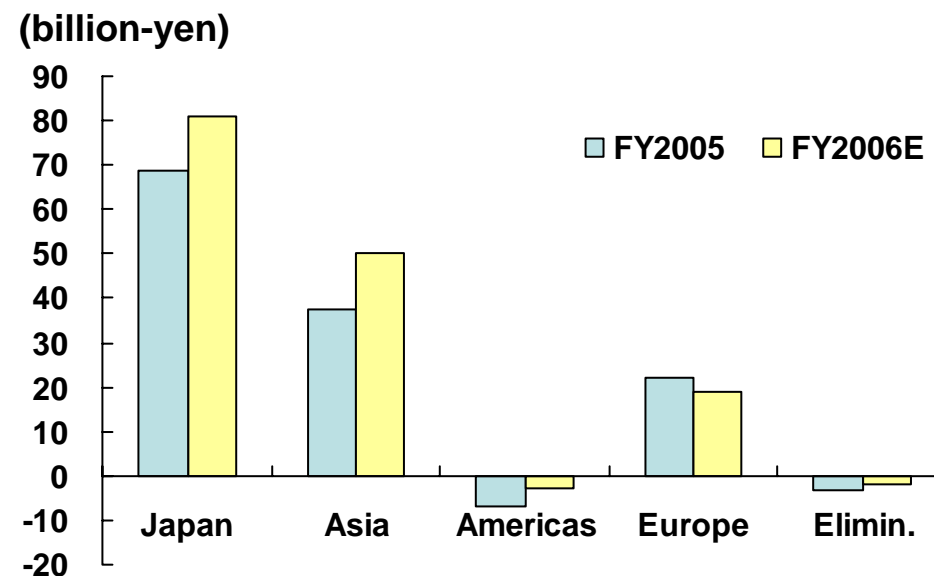
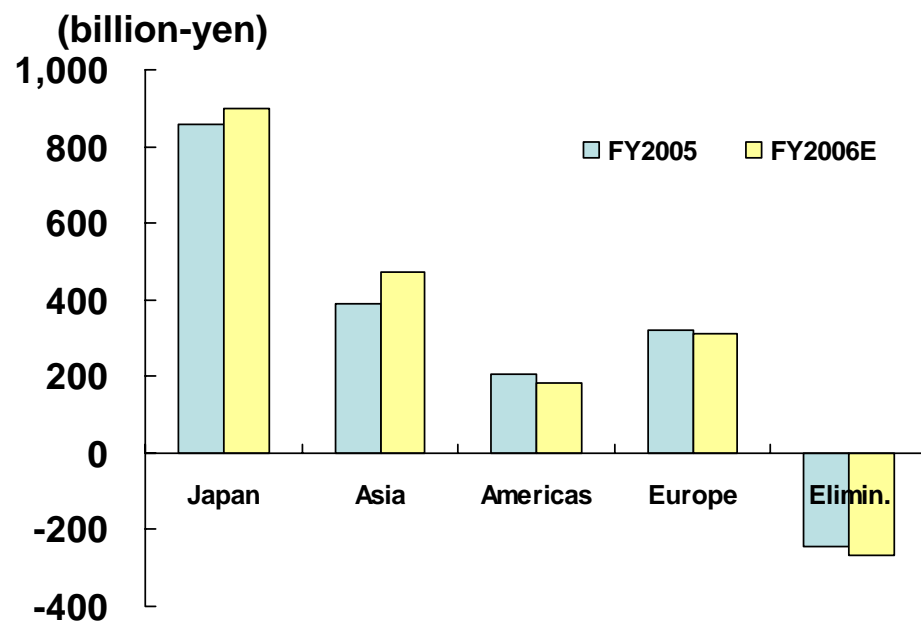
Outlook by geographic segment

(billion-yen)

Sales	FY2005 actual	FY2006 forecast	Change(%)
Japan	856.2	900.0	+5.1%
Asia	390.7	470.0	+20.3%
Americas	203.9	185.0	-9.3%
Europe	318.7	310.0	-2.7%
Elimination	-242.9	-265.0	
TTL	1,526.7	1,600.0	+4.8%

(billion-yen)

Operating Profit	FY2005 actual	FY2006 forecast	Change(%)
Japan	68.8	81.0	+17.7%
Asia	37.3	50.0	+33.9%
Americas	-7.0	-3.0	-
Europe	22.2	19.0	-14.3%
Elimination	-3.2	-2.0	
TTL	118.2	145.0	+22.7%



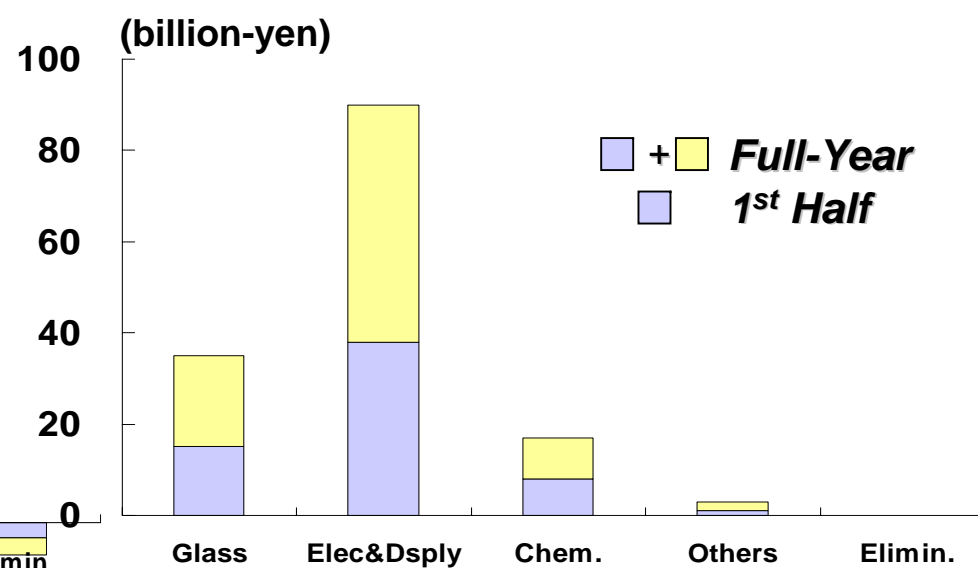
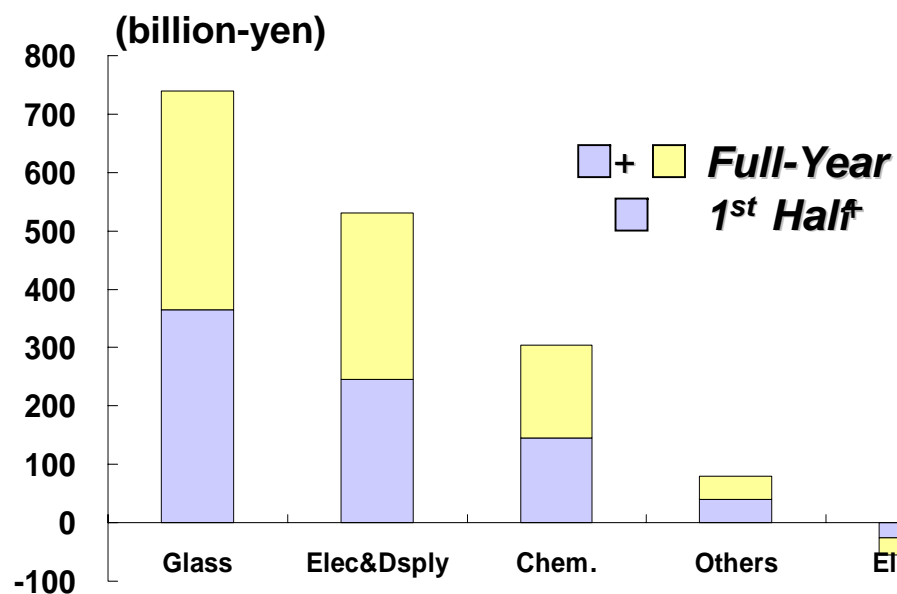
Semi-annual outlook by business segment

(billion-yen)

Sales	1 st -Half (Jan.-Jun., 2006)	Full Year (Jan.-Dec.,2006)
Glass	365.0	740.0
Elec. & Display	245.0	530.0
Chemicals	145.0	305.0
Others	40.0	80.0
Elimination	-25.0	-55.0
TTL	770.0	1,600.0

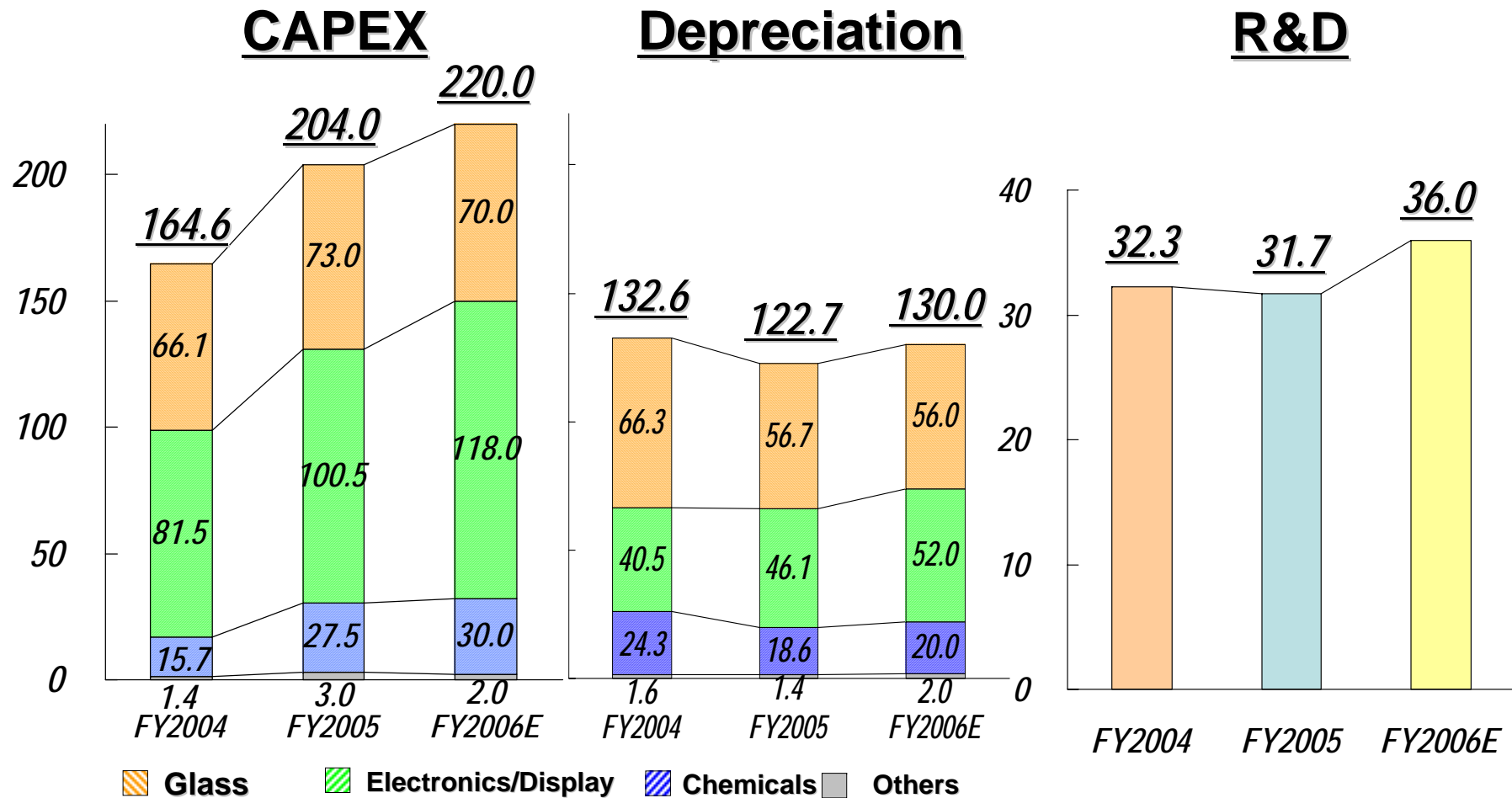
(billion-yen)

Operating Profit	1 st -Half (Jan.-Jun., 2006)	Full Year (Jan.-Dec.,2006)
Glass	15.0	35.0
Elec. & Display	38.0	90.0
Chemicals	8.0	17.0
Others	1.0	3.0
Elimination	0	0
TTL	62.0	145.0



CAPEX/Depreciation/R&D

(billion-yen)



*The figure of FY2004 depreciation expenses includes a cumulative effect of 1490ku-yen, which results from the change in accounting estimates for depreciation of tangible fixed assets.

Progress on The Medium-Term Management Plan

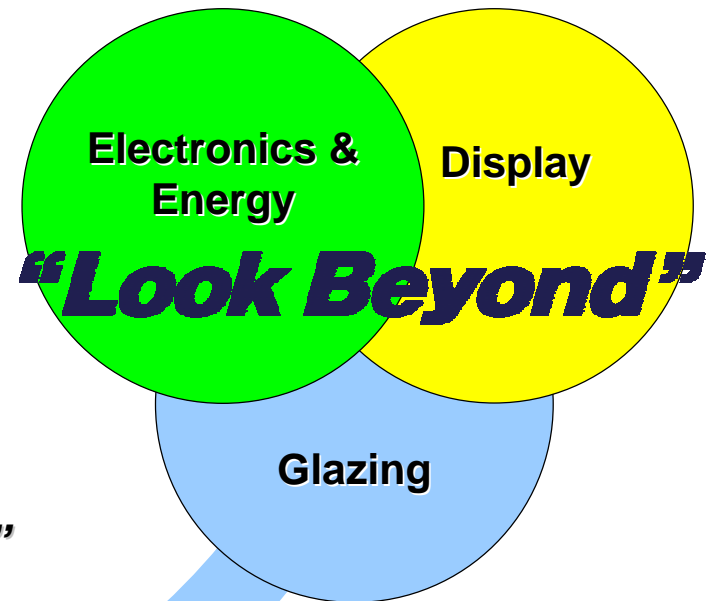
“JIKKO-2007”

1. The Medium-Term Management Plan

"JIKKO-2007"

Position of "JIKKO-2007"

- Aims to realize the Group Vision of "Look Beyond" through execution of key growth strategies consistent with the management policy of "JIKKO-Execution for Excellence."



"Execute Growth Strategies"

"Establish the groundwork for future growth"

"JIKKO"
Execution for Excellence

"JIKKO-2007" Measures (Review)

Further growth in existing businesses and improvement in earnings power

Display operations

- To invest ¥100 billion or more in the TFT glass business.
- To improve earnings in the CRT business.

Additional investments will be made taking into account the situation in 2005.

Glass operations

- To start the operations of three new float furnaces in emerging markets.

North American region

- To improve the business earnings in North America

Establishment of next-generation growth businesses

E&E operations

- To fully start up Electronics & Energy (E&E) operations.

Financial Targets of "JIKKO-2007"

In order to continuously enhance shareholder value, we will strive to achieve an operating income margin of 10% or more at an early date and maintain that level, while increasing the efficiency of assets.

Fiscal year through December 2004

Net sales	¥1,475.7 billion
Operating income	¥139.4 billion
Operating income margin	9.4%
D/E	0.64

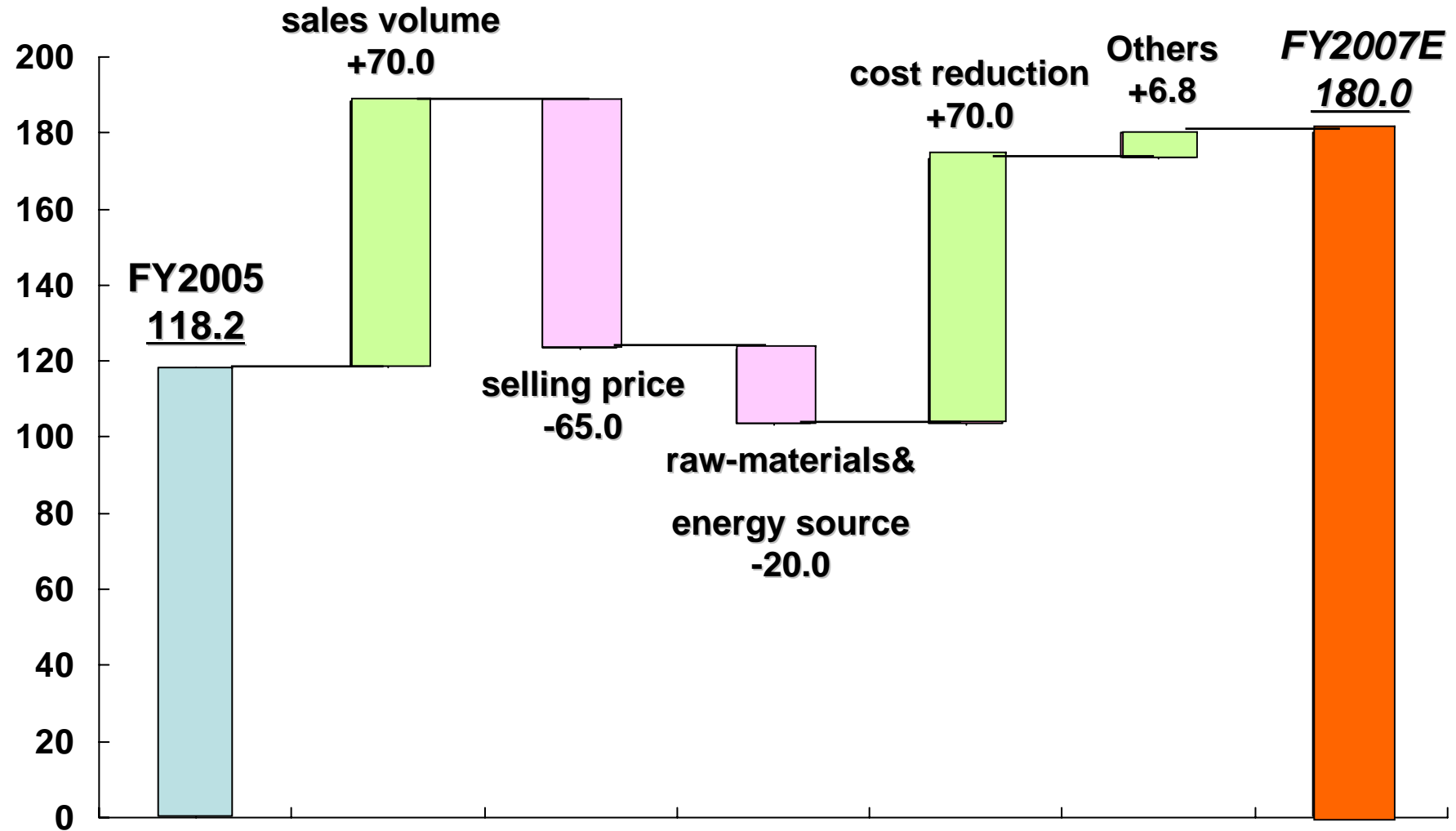
Earnings outlook for fiscal year through December 2007

¥1,700 billion
¥180 billion
10% or more
0.4 - 0.5

As of January 2005, net sales were forecast to be ¥1,750 billion for the year through December 2007. However, this projection has been decreased by ¥50 billion, due to a possible decline in sales as a result of the Group's withdrawal from some businesses, including the fiberglass business operated by Asahi Fiber Glass Co., Ltd.

Measures to Achieve Operating Income of 180 billion from FY 2005 to FY2007

(billion-yen)



Measures to Achieve Operating Income of 180 billion from FY 2005 to FY2007(1)

■ Increase in operating income through increased sales volume: +70 billion yen

- An enhancement of FPDs production capacity and an improvement of productivity, as well as higher demand for the product
- A capacity enhancement of LCD back-light tubes, PDP frit paste, and synthetic quartz for semiconductor manufacturing equipment and expected increase in sales volume due to strong demand for these products
- Expansion of architectural glass and automotive glass business in emerging markets, and sales promotions of value added products for the construction industry
- Strengthening of facilities for fluorinated resin products

■ Growth in operating income through cost reductions: +70 billion yen

- Cost reduction by compiling production sites, as a result of closure of CRT production facilities
- Further productivity improvement in FPDs
- Productivity improvement of architectural glass and automotive glass
- Reorganization of other businesses.

Measures to Achieve Operating Income of 180 billion from FY 2005 to FY2007(2)

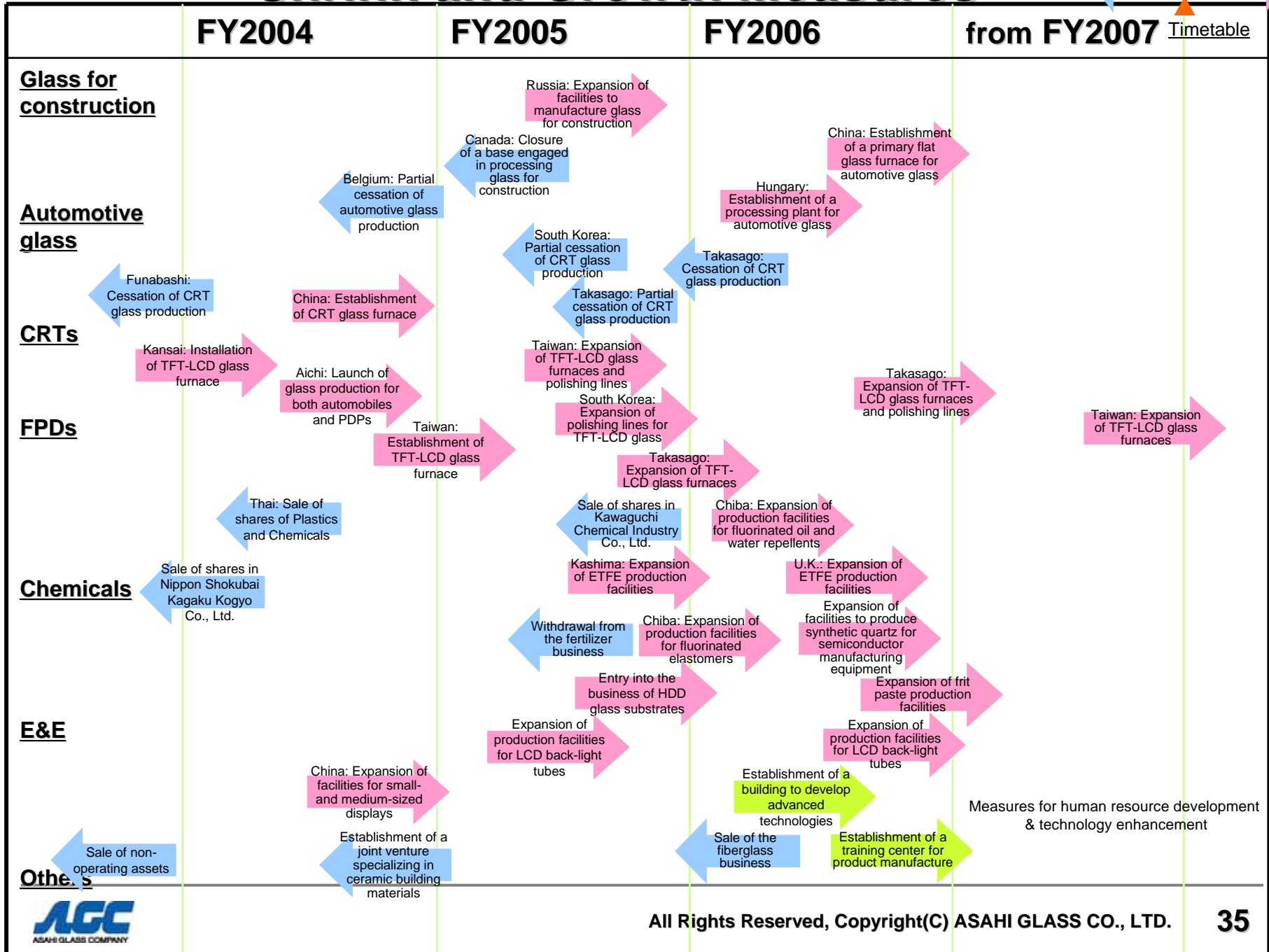
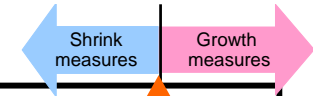
■ Sales prices: -65 billion yen

- Expected drop down of sales prices in the overall Electronics & Display operations
- Effort to stem a decline in overall sales prices, by raising the ratio of high value-added products of architectural glass, automotive glass, and chemicals

■ Raw materials and energy sources: -20 billion yen

- The expected remaining high prices of raw materials and energy sources

Shrink and Growth Measures



Cash Flow Revision

■ Cash flows from Jan. 2005 through Dec. 2007 : 3 year accumulated

● Operating CF 700 bil. yen

● Investment CF 550 bil. yen

(Depreciation 400 bil. yen)

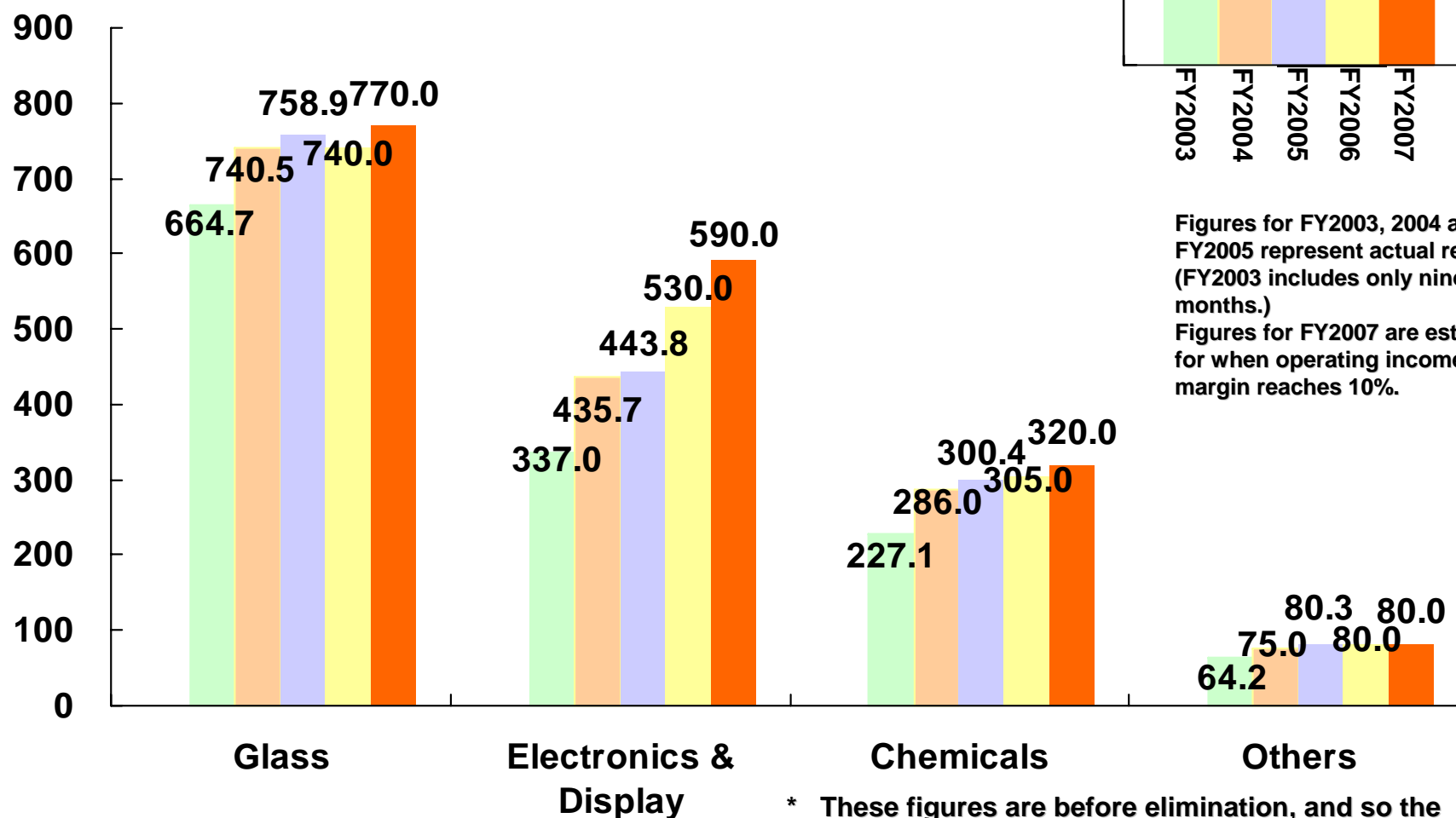
● Free CF 150 bil. yen

----	Glass	200 bil.yen
	Electronics & Display	300 bil.yen
	Chemicals	80 bil.yen
	Gain/Loss on sales of assets	-30 bil.yen
----	Return to Shareholders, (dividends, purchase of treasury of stocks)	
	Decrease of interests-bearing debts,	
	Acquisition & Merger etc...	

(Reference)

Diagrams by Operations from FY2003-FY2007

(Unit: billion yen)



Figures for FY2003, 2004 and FY2005 represent actual results. (FY2003 includes only nine months.)
Figures for FY2007 are estimates for when operating income margin reaches 10%.

* These figures are before elimination, and so the total of sales by operations does not tally with the whole Company's sales.

2. Progress on the implemented measures under “*JIKKO-2007*” and other key issues

Display Operations [TFT glass substrate - 1]

Further expansion of the market

■ Status in 2005

- Increase in production of liquid crystal panels (up 40% from the previous year)
- Growth in demand for glass substrates due to use of larger displays (the size of the display has increased in surface area by about 60% from a year earlier)

■ Status of AGC Group in 2005

Shipments of products increased substantially because of:

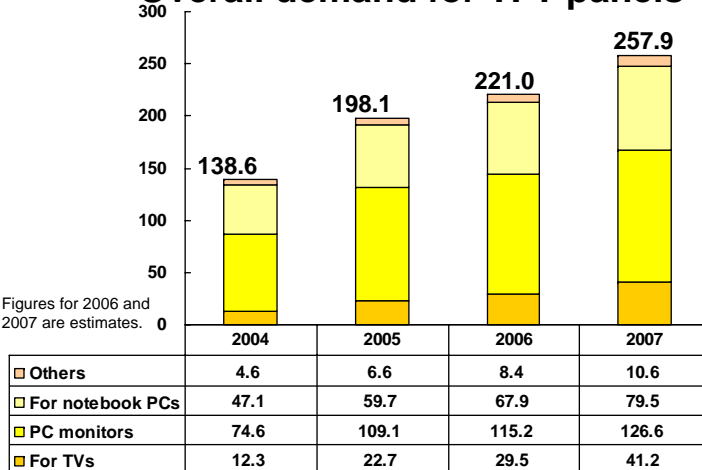
- Enhanced production capacity due to the start of operations of the Group's new facilities and
- Improved productivity of the Group's existing facilities.

■ Outlook for FY2006 and FY2007: Growth is likely to continue

- Demand for panels is expected to grow at slightly less than 20% a year. (Further growth is highly likely.)
- Demand for glass substrates is forecasted to increase by 20% to 30% a year. (Further growth is highly likely.)

(Millions of units)

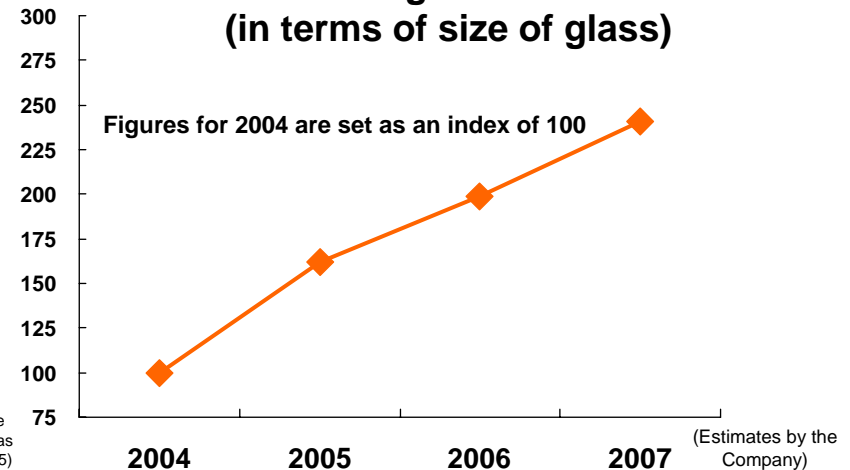
Overall demand for TFT panels



* Figures for 2006 and 2007 are estimates.

(Projections made by the Company as of November 2005)

Demand for glass substrates (in terms of size of glass)



Figures for 2004 are set as an index of 100

(Estimates by the Company)

Display Operations [TFT glass substrate - 2]

Increased use of large glass substrates

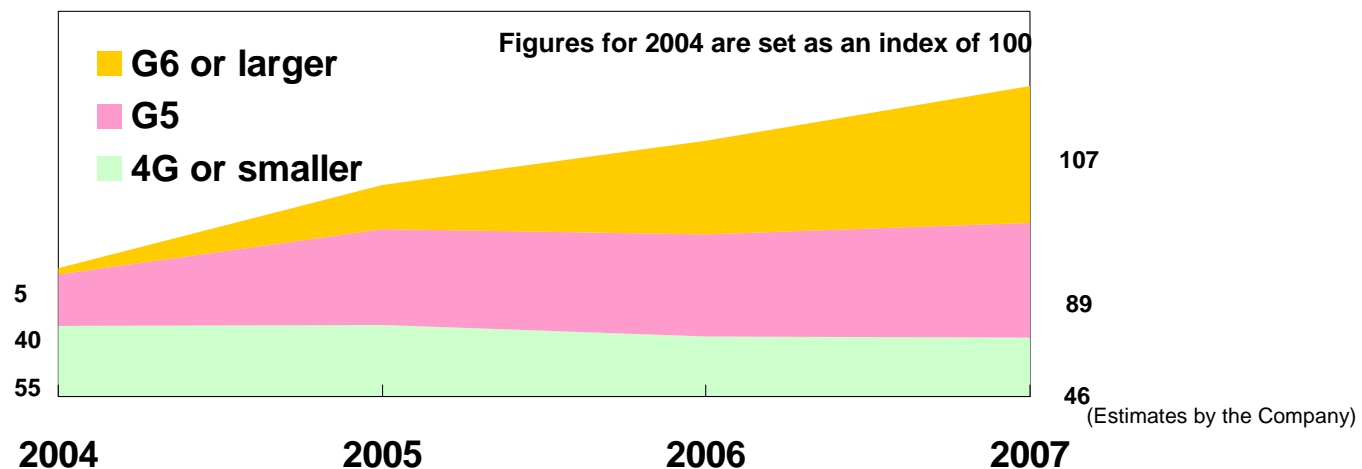
■ Status of the market in 2005

- Demand for large glass substrates is increasing, as many customers started operating new lines for 6G or larger glass substrates.
- In response to this, the Group increased shipments of large glass substrates through a stable production of such substrates by existing furnaces, and a smooth launch of new furnaces and polishing lines for the substrates.

■ Outlook for 2006 and 2007

- Demand for 6G or larger glass substrates is predicted to steadily grow, as more than one customer continuously plan to newly install 6G, 7G and 8G panel lines.
- The Group stably supplied large glass substrates in 2005 using the float method and polishing facility for polishing large glass substrates, which was highly evaluated by customers. Given this, more and more customers will expect the Group to produce a stable supply of large glass substrates and request the supply of such substrates.

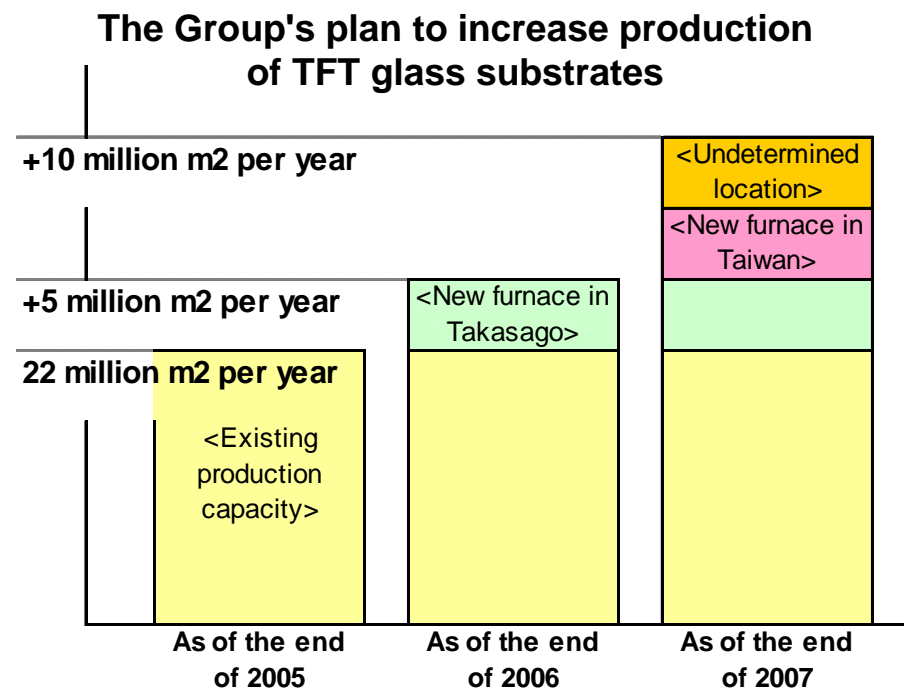
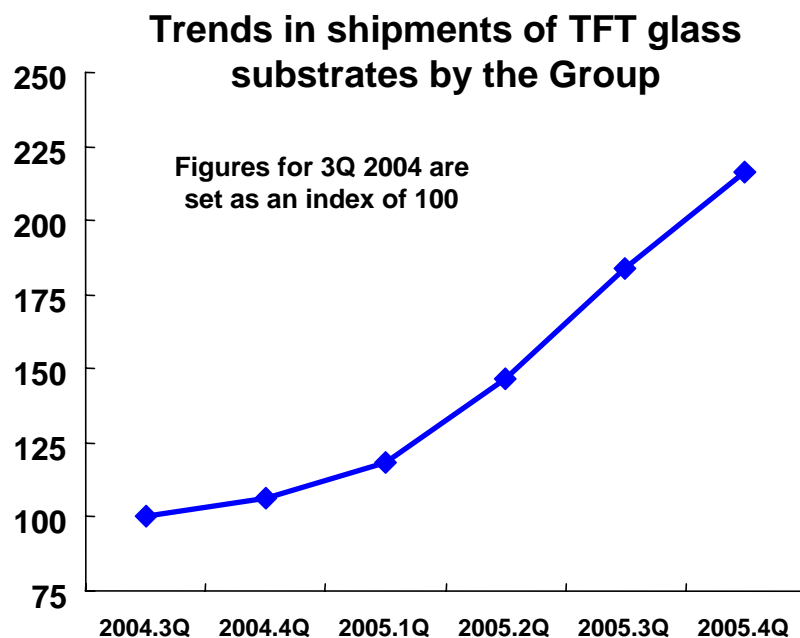
Trends in demand for TFT glass substrates by generation



Display Operations [TFT glass substrate - 3]

Key issues to be dealt with through 2007

- Responding to steady growth in demand for glass substrates and an increasing use of large glass substrates, the Group needs to raise productivity of furnaces and polishing facilities for such substrates.
 - The Group needs to invest in furnaces and polishing facilities prior to growth of the market.
- ▼
- The Group needs to catch up with customers demand for the supply of large glass substrates.



Display Operations [TFT glass substrate - 4]

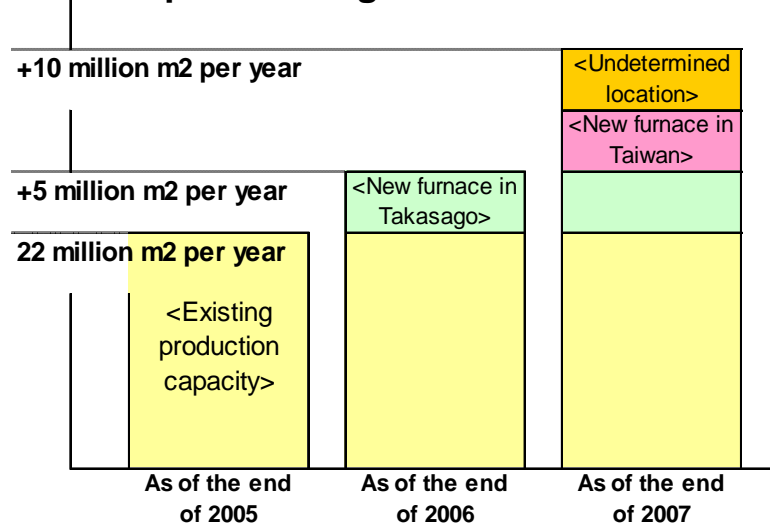
Demand for panels or glass substrates may increase.

- Strong demand for LCD TVs in 2005; and trends among major panel manufacturers toward expanding facilities earlier than planned

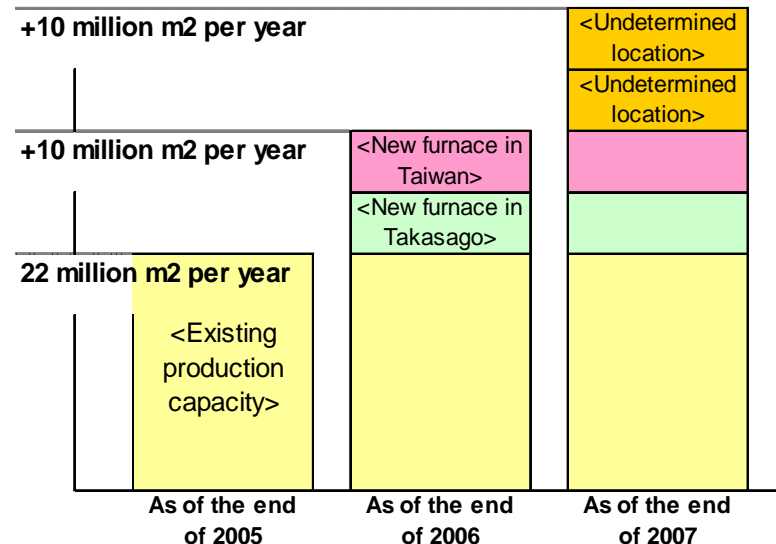
⇒ Demand for glass substrates may grow more than expected.

[Group's response] To accelerate the timetable for increasing production.
 ⇒ At the end of 2007, production capacity may reach double the level of the end of 2005.

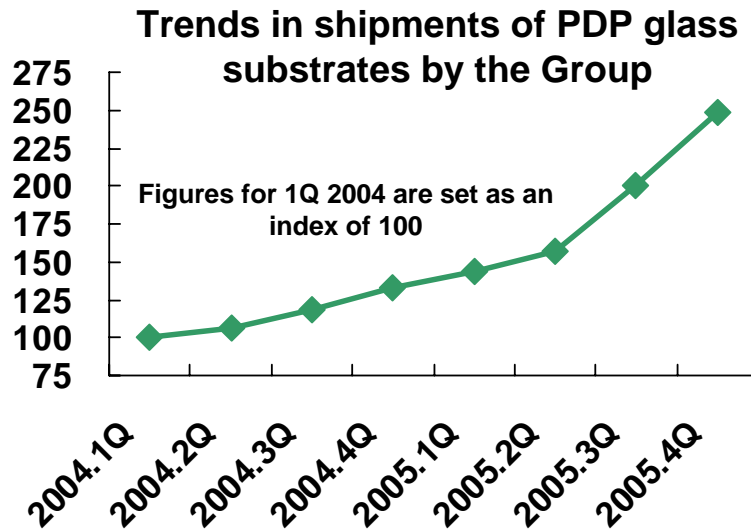
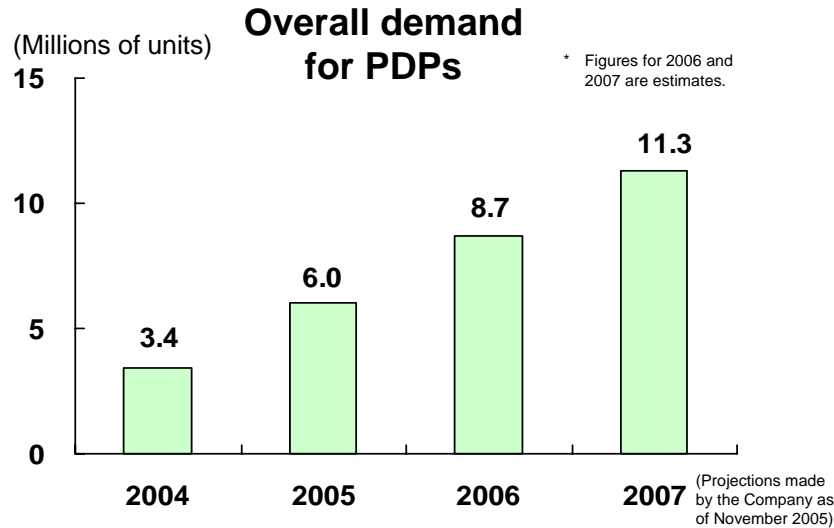
The Group's present plan to increase output of TFT glass substrates



Production increase plan in case demand increases



Display Operations [PDP glass substrates]



■ In 2005, demand for PDPs nearly doubled from a year ago.

■ Demand for PDPs is expected to steadily increase in and after 2006. Such demand may grow substantially.

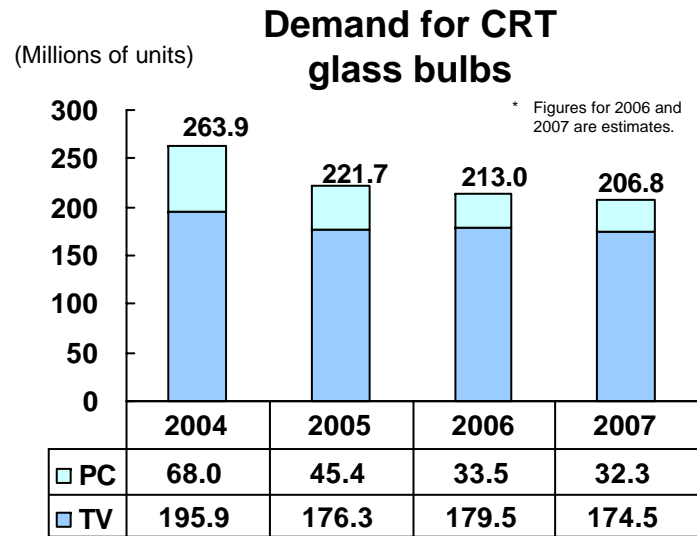
- The Group will consider expanding the production facilities earlier than originally planned.

■ Customers are expected to ask the Group for help in lowering prices, enlarging the size of glass substrates and producing new specifications.

- The Group will work hard to realize such requests while clarifying the goals for cost reductions.

- The Group will proactively try to produce thinner substrates.

Display Operations [CRT glass]



Reorganization measures implemented for the CRT business in the past

Year	Measures
2003	Withdrawal from production in the U.S.
	Complete cessation of operations at the Funabashi Plant
2004	Establishment of furnaces in China responding to a shift of manufacturing capacity by our customers to the country
2005	Cessation of the operations of two furnaces in South Korea
	Cessation of the operations of one furnace at Takasago Plant
2006	Complete cessation of operations at Takasago Plant (withdrawal from the CRT business in Japan)
:	:

(Projections made by the Company as of November 2005)

■ **Reduced earnings due to drastically weakened demand for CRTs**

- Rapid shift to TFT-LCDs and PDPs
- Rapid development of products into commodities
- Decrease in production by CRT manufacturers



- **Deliberate selection and concentration of production bases regardless of the supply-demand cycle**
- **Pursuit of more efficient and leaner organizations and functions**

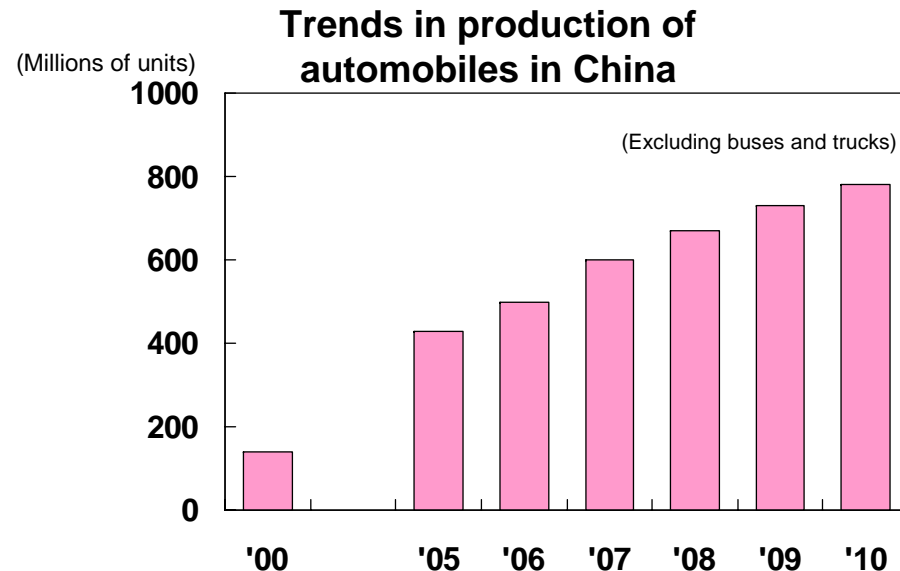
Glass Operations

[Operations of three new furnaces in emerging markets]

- Construction of float furnaces in emerging markets aimed at expanding profitable businesses
 - Russia (Klin): Startup of a furnace in March 2005.
(Nominal capacity: about 600 tons per day)
 - China (Suzhou): Planned startup of a furnace in May 2006.
(Nominal capacity: about 700 tons per day)
The furnace can manufacture high quality standard automotive raw glass.
 - The Group will carefully study the startup of new furnaces in the Asian region, while extensively taking into account the supply-demand balance.



(Estimates by the Company) * Russia's flat glass market is expected to grow by about 8% annually in and after 2005.



(Estimates by the Company)

North America Region [Improvement measures]

Architectural glass

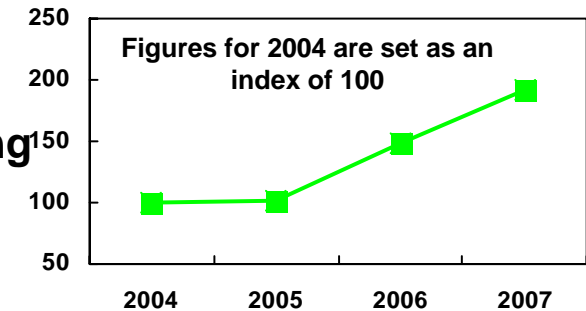
■ Cost reduction

- Benchmarking of float furnaces
- Cold-end automation (completed 1plant in 2005/ will complete remaining 4 plants after 2006)
- Close architectural fabrication site (completed in 2005) in Canada
- Improving float efficiency/quality
- Reduction of various expenses

■ Expansion of value added products

- Coating glass : In order to expand Low-E glass / Develop new coating products---- increase the capacity by upgrading equipments
- Expansion of other value added products

Sales volume trend of Low-E glass



Automotive glass

Upgrade manufacturing capabilities to improve cost competitiveness
Realign glass assembly strategies

Fluorine business

Stable production and quality were achieved through a large-scale replacement of facilities implemented in 2005

Electronics & Energy Operations

[Full-scale startup of the operations]

Aiming to make the Electronics & Energy Operations the third business core, the Group will strengthen the base of operations until 2007, regarding it as a development period.

In 2005, the Group:

- Established the organizations of the Electronics & Energy Operations;
 - Made Asahi Techno Glass Corp. into a wholly owned subsidiary; and
 - Entered the business of glass substrates for hard disks.
- ▼
- The Group will allocate its management resources preferentially to the following businesses, positioning them as the present pillars of growth.
 - Synthetic quartz for semiconductor manufacturing equipment (steppers)
Demand for synthetic quartz for ArF laser steppers sharply increasing
To differentiate the Company from our rivals through the enhancement of production capacity and improvement of product quality.
 - Frit paste for PDPs
PDP market expanding fast
To boost production capacity. We have a competitive advantage with respect to environment-friendly, lead-free frit.
 - LCD back-light tubes
LDC market expanding fast
To expand production capacity. The market share is increasing.
 - Glass substrates for hard disks
Supply-demand situation continuing to tighten
Concentrated production started in Thailand.

3. Other key issues

Other key issues

Architectural glass

- Response to price hikes of raw materials & energy sources
 - Cost reduction through Benchmarking
 - Continuation of the energy surcharge pricing system mainly in EU/US
- Expanding value added products

Automotive glass

- Utilize China & Hungary footprints to match growth trends in emerging markets
- Optimize glass assembly operations globally (reinforce US facilities and complete integration of European facilities)

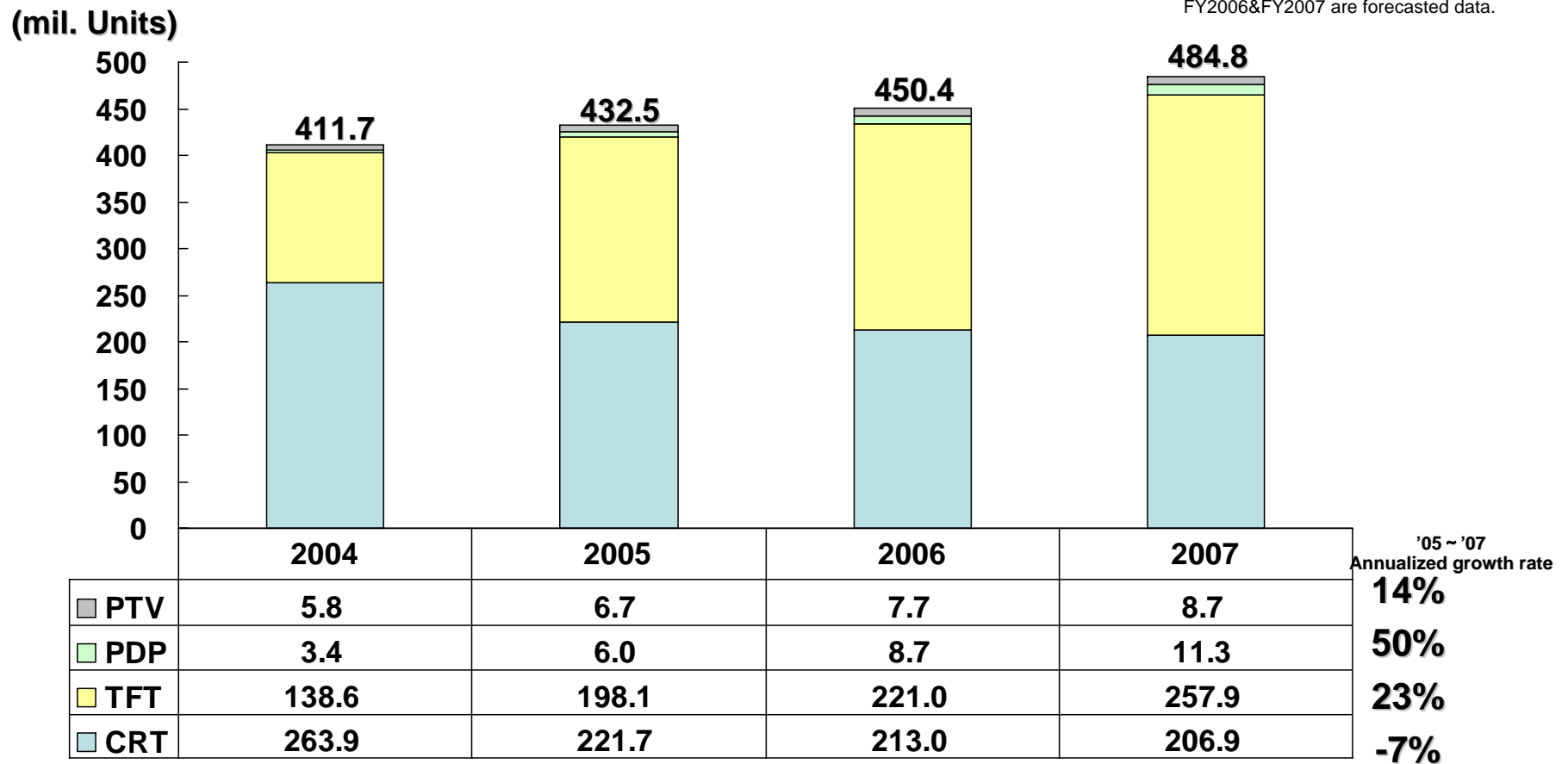
Small-Medium size display

- Allocate the management resources preferentially to the TFT sector, aiming to strengthen the sector's product supply capability, cost competitiveness and technology development capabilities

Chemicals

- Improvement of production capacity for fluorinated resins in response to strong demand
- Development of the business of fluoropolymer films, such as membrane structure and industrialization of agriculture, aimed at enhancing customer value
- Launched fluorinated oil & water repellents, as eco-friendly products, into the market ahead of other companies

(Reference) Market outlook for major display devices

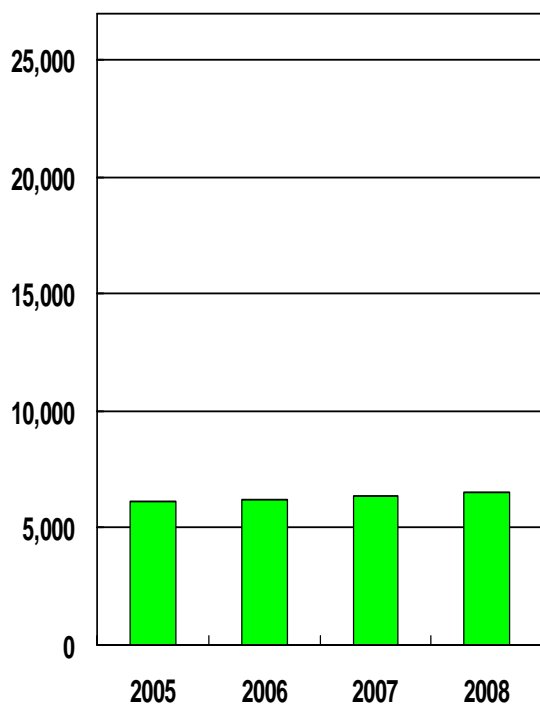


-Units of TFT and PDP are represented in terms of panels produced. CRT units and projection TV(PTV) units are represented in terms of glass bulbs put in and TV sets produced, respectively.
 -Small-and mid-sized displays, such as displays for cellular phones and PDAs, are not included.

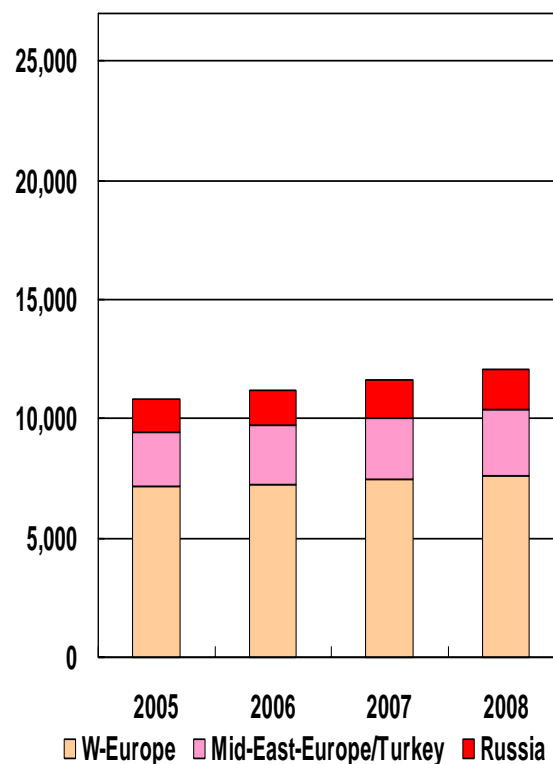
(Estimated by AGC as of Nov. 2005)

(Reference) Flat Glass Market

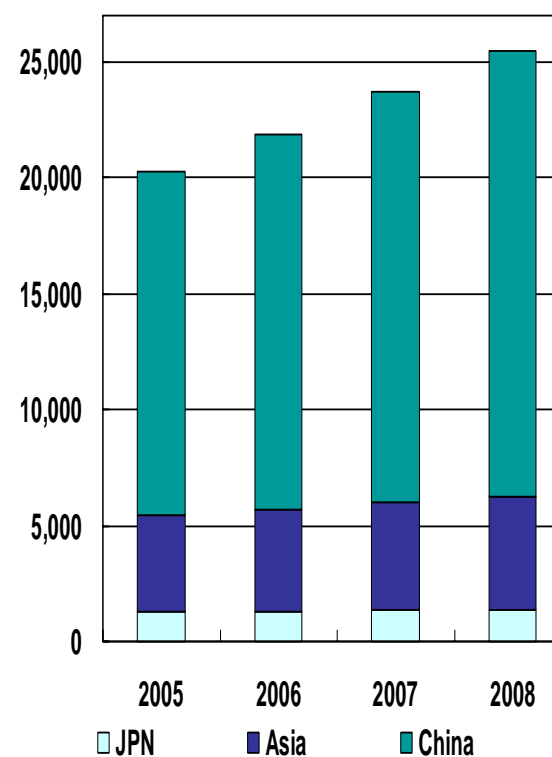
(1,000 tons) North America



(1,000 tons) Europe

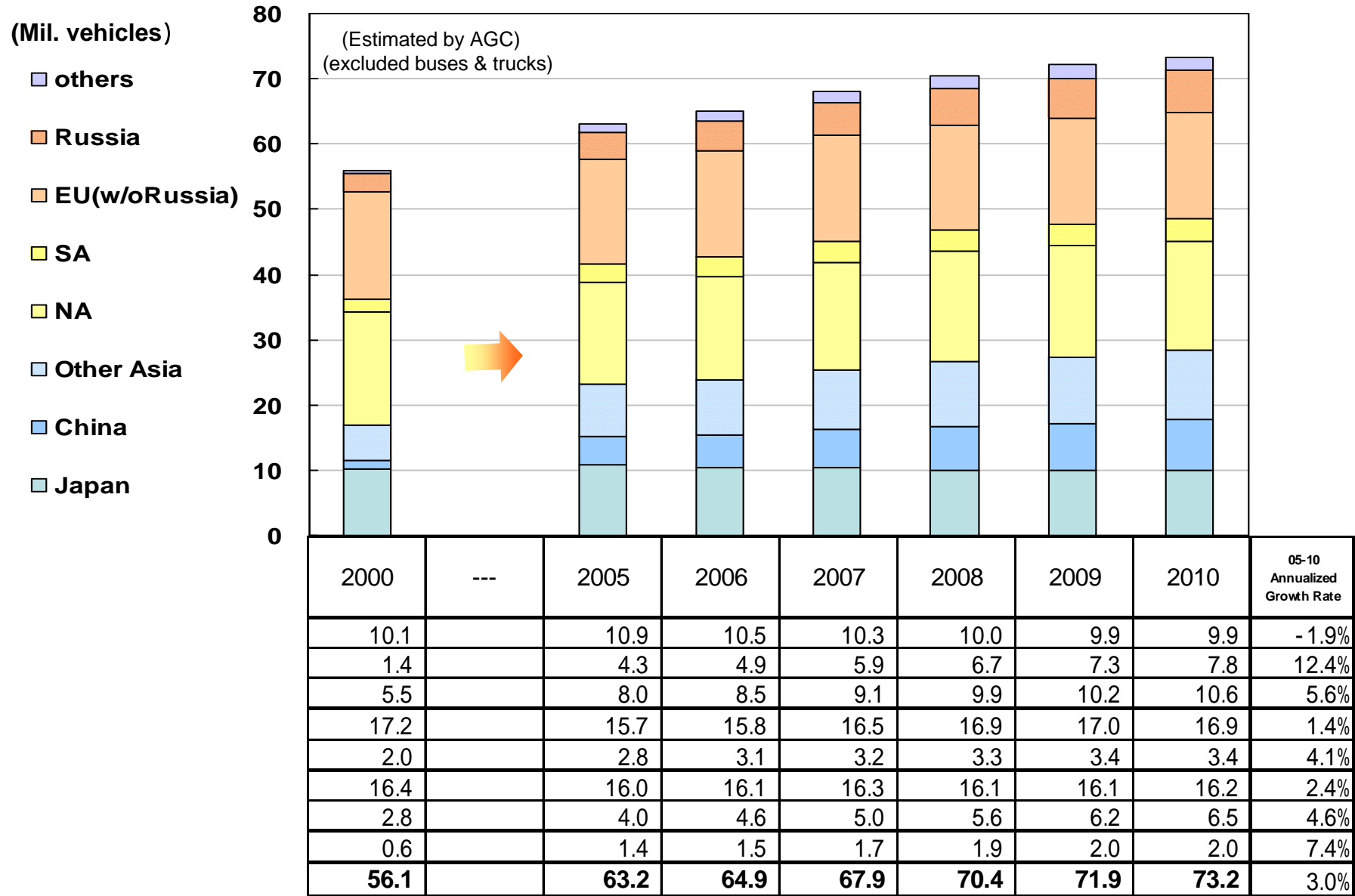


(1,000 tons) Japan-Asia



(Estimated by AGC)

(Reference) Outlook for World Auto Production





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