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FOR IMMEDIATE RELEASE

**ASAHI GLASS REPORTS RESULTS
FOR THE FIRST HALF OF FISCAL 1999**

TOKYO — Asahi Glass Company, Limited, today reported its nonconsolidated operating results for the first half of fiscal 1999, ended September 30, 1998. Net sales totaled ¥363,748 million (\$2,694 million), a decline of 15.9% from the first half of fiscal 1998. Ordinary income fell 30.9%, to ¥10,414 million (¥77 million), while net income dropped 49.7%, to ¥5,043 million (\$37 million).

Net income per share was ¥4.29 (\$0.031), down from ¥8.53. The Company declared an interim dividend of ¥4.50 (\$0.033) per common share, on a par with the fiscal 1998 interim dividend.

Operating Results

Japan's economy slipped further into recession in the first half of fiscal 1999, owing to stagnant personal consumption, flagging housing investment and a downturn in private-sector capital investment. The situation was exacerbated by increasing instability in the domestic financial system.

Asahi Glass responded to these conditions by stepping up its marketing activities and promoting companywide measures to improve efficiency and rationalize operations. However, a slowdown demand for mainstay products, coupled with sagging market conditions, drove down nonconsolidated net sales, while lower sales and a loss on the write-down of marketable securities contributed to a decline in net income.

Glass and Related Operations

Sales of glass and related operations fell 16.4% in the period under review, to ¥187,705 million (\$1,390 million), and accounted for 51.6% of net sales. Sales were hindered by sagging demand for float glass, high-performance construction glass and fire-resistant siding board from the construction industry, which drove down sales of flat glass and construction materials.

Sales of fabricated glass, most of which is used in automobile production, fell as weak domestic automobile sales and declining exports hindered demand from automakers. Although sales of glass bulbs remained essentially even with the first half of fiscal 1998, category sales declined owing to sagging exports of plant equipment.

Chemicals Operations

Chemicals operations generated sales of ¥119,954 million (\$888 million), down 19.2%, and equivalent to 33.0% of net sales. Sagging sales of caustic soda, vinyl chloride and other products, owing to reduced demand from key customer industries, and a decline in plant equipment exports offset increased sales of fine chemicals, such as pharmaceutical and agrochemical intermediates.

Ceramics and Refractories Operations

Ceramics operations generated sales of ¥9,233 million (\$68 million), down 21.0% and equivalent to 2.6% of net sales. This decline primarily reflected slack demand for fused cast refractories and a stagnant market for bonded and castable refractories.

Electronics Operations

Despite a cyclical downturn in demand for semiconductor manufacturing equipment, sales of electronics operations grew 5.6%, to ¥39,438 million (\$292 million), representing 10.8% of net sales, fueled by rising sales of glass substrates for thin-film transistor liquid crystal displays, plus sales of large plant equipment.

Other Operations

Other operations generated sales of ¥7,416 million (\$54 million), a decline of 30.8%, and equivalent to 2.0% of net sales.

Outlook for Fiscal 1999

Consumer spending and private-sector capital investment—both essential to encouraging domestic demand—are expected to remain sluggish for the foreseeable future. Furthermore, the effectiveness of the Japanese government's current stimulus measures and the outlook for key economies worldwide remain uncertain. Accordingly, the economic environment is expected to worsen.

In this environment, Asahi Glass will ensure endeavor to expand and develop its operations and ensure consistent growth into the 21st century by making efficiency and profitability its principal management objectives. Specific strategies include

- undertaking a thorough structural reassessment and reorganizing operations to facilitate a swift return to profitability
- maximizing management resources by concentrating investment in core and growth businesses
- reinforcing its foundation by accelerating and diversifying strategic research and development programs
- strengthening its global consolidated management structure.

For the current fiscal year, ending March 31, 1999, Asahi Glass forecasts nonconsolidated net sales of ¥740,000 million (\$5,481 million), a year-to-year decline of 13.4%, ordinary income of ¥17,000 million (\$125 million), down 45.9%, and net income of ¥10,000 million (\$74 million), a fall of 50.2%. The Company expects to pay a year-end dividend of ¥4.5 (\$0.033 per common share), bringing the annual dividend to ¥9.00 (\$0.066 per share).

Note:

Yen figures in this report have been translated into U.S. dollars at the rate of ¥135.0=\$1.00, the prevailing rate on September 30, 1998.

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Nonconsolidated Financial Highlights

Asahi Glass Company, Limited

	Millions of yen/ Percent		
	April 1, 1998 – September 30, 1998	April 1, 1997 – September 30, 1997	Y-on-Y Change (%)
Net sales	¥363,748	¥432,758	(15.9)
Operating income	(2,801)	7,017	—
Ordinary income	10,414	15,062	(30.9)
Net income	5,043	10,026	(49.7)
Exports	82,599	93,767	(11.9)
Export ratio	22.7%	21.7%	

Sales by Operation/ Percentage of Net Sales

Glass and related

operations	¥187,705	51.6%	¥224,567	51.9%	(16.4)
Chemicals operations	119,954	33.0	148,450	34.3	(19.2)
Ceramics and					
refractories operations	9,233	2.6	11,685	2.7	(21.0)
Electronics operations	39,438	10.8	37,330	8.6	5.6
Other operations	7,416	2.0	10,724	2.5	(30.8)
	¥363,748	100.0%	¥432,758	100.0%	(15.9)

Per Share Data (in yen)

Net income	¥4.29	¥ 8.53
Interim dividend	4.50	4.50
Annual dividend	9.00	10.00

Nonconsolidated Statements of Income
Asahi Glass Company, Limited

	Millions of Yen	
	April 1, 1998 – September 30, 1998	April 1, 1997 – September 30, 1997
Net Sales	¥363,748	¥432,758
Cost of Sales	316,221	374,335
Selling, General and Administrative Expenses	50,328	51,406
Operating income	(2,801)	7,017
Other Income and Expenses:		
Other Income:		
Interest and dividend income	11,951	9,190
Others	4,627	3,940
	16,578	13,131
Other Expenses:		
Interest expenses	1,869	2,237
Others	1,493	2,849
	3,362	5,086
Ordinary Income	10,414	15,062
Extraordinary Income:		
Gains on sales of fixed assets	1,839	820
Gains on sales of investment securities	302	1,022
Transfer from allowance for bad debts	152	—
	2,293	1,842
Extraordinary Losses:		
Loss on disposal of fixed assets	2,198	2,062
Special annuity consideration	—	1,915
Loss on write-down of marketable securities	3,066	—
	5,265	3,977
Net income before income taxes	7,443	12,926
Reserve for income taxes	2,400	2,900
Net income after taxes	5,043	10,026
Earnings Carried Forward from the Previous Year	13,169	14,543
Unappropriated retained earnings at year-end	¥18,212	¥24,569