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ASAHI GLASS REPORTS RESULTS FOR FISCAL 1999

TOKYO — Asahi Glass Company, Limited, released its operating results for fiscal 1999, ended March 31, 1999, today. Nonconsolidated net sales declined 14.9%, to ¥727,073 million (\$6,009 million), while ordinary income plunged 61.4%, to ¥12,144 million (\$100 million) and net income dropped 59.4%, to ¥8,142 million (\$67 million).

Net income per share was ¥6.93 (\$0.06). Asahi Glass declared year-end dividends of ¥9.0 (\$0.074) per share for the period, comprising an interim dividend of ¥4.50 (\$0.037) and a final dividend of ¥4.50 (\$0.037). The dividend payout ratio was 129.9%, while the ratio of dividends to shareholders' equity was 1.8%.

Operating Results

Japan's economy weakened in fiscal 1999, as personal consumption and housing investment continued to stagnate and private-sector capital investment declined dramatically.

Asahi Glass responded to these conditions by stepping up its marketing activities and implementing Companywide measures to improve efficiency and rationalize operations. However, declining demand for mainstay products, coupled with sagging market conditions, resulted in an operating loss. On a more positive note, intense efforts to date to expand overseas operations contributed to an increase in dividend income from overseas affiliates.

Glass and Related Operations

Sales of glass and related operations fell 14.4%, to ¥377,225 million (\$3,118 million), and accounted for 51.9% of net sales. Flat glass and construction material sales fell significantly below the fiscal 1998 level. Although demand from the housing construction industry showed signs of recovery in the second half, sales for the full term were hampered by stagnant markets for float glass, high-performance glass for construction and fire-resistant exterior siding board. The situation was exacerbated by a full-scale reorganization of our sales channels for sashes, which led to a decline in the volume of sashes sold. Despite generally negative conditions, demand grew for energy-efficient double-glazing glass units and elaborately designed exterior siding board products.

Sales of fabricated glass, most of which is used in automobile production, dipped below the previous year's level as orders in the domestic market flagged, despite firm sales of subcompact cars, and exports fell below the fiscal 1998 level.

Glass bulb sales were also down as flat exports of glass bulbs failed to offset declines in domestic sales and exports of plant equipment. A newly developed bulb for flat cathode-ray tubes attracted customers in markets.

Chemicals Operations

Chemicals operations generated sales of ¥232,941 million (\$1,925 million), down 20.5%, and equivalent to 32.0% of net sales, owing to flagging demand for alkali products, such as caustic soda, as well as for vinyl chloride and other mainstay products, and a decline in sales of fluorinated resins and other products. Domestic sales of pharmaceutical and agrochemical intermediates exhibited firm growth.

Ceramics and Refractories Operations

Sales of ceramics and refractories operations were down 21.2%, to ¥17,666 million (\$146 million), accounting for 2.4% of net sales. This decline primarily reflected sagging market conditions and declining demand for refractories, and a stagnant market for fused cast and castable refractories.

Electronics Operations

Despite reduced sales of integrated circuits and materials for use in semiconductor manufacturing equipment, reflecting a downturn in the semiconductor market, brisk sales of glass substrates for thin-film transistor liquid-crystal displays and an increase in sales of large plant equipment and magnetic discs contributed to an 11.4% increase in sales of electronics operations, to ¥86,198 million (\$712 million), representing 11.9% of net sales.

Other Operations

Sales in this category declined 37.0%, to ¥13,041 million (¥108 million), and accounted for 1.8% of net sales.

Outlook for Fiscal 2000

While hopes are high that the Japanese government's current fiscal measures and efforts to restore financial stability will be effective, economic conditions are likely to remain difficult for the foreseeable future.

Asahi Glass has responded with a business restructuring plan that focuses on consolidated profitability. In line with the plan's slogan, "Shrink to Grow," the Company is promoting the focused cultivation of selected businesses, improving its financial strength and implementing

a comprehensive reorganization of its business portfolio, with the aim of streamlining its operating foundation and restoring, then strengthening, profits. Specific strategies include consolidating and relocating production facilities, withdrawing from unprofitable businesses, revamping sales and distribution facilities, and reducing the Company's payroll.

In tandem with this bold restructuring, Asahi Glass will implement growth strategies aimed at improving the profitability of current operations by stepping up marketing of particularly competitive products, bringing new products to market and undertaking strategic, growth-oriented R&D. At the same time, the Company will concentrate on information and electronics, such as displays; speciality chemicals, notably fluorinated chemicals, and life sciences; and energy-related products, such as fuel cells, and will use its considerable technological capabilities to maximize new ways of doing business and take advantage of mergers and acquisitions and other techniques to grow new ideas quickly into viable, global businesses.

For the current fiscal year, ending March 31, 2000, Asahi Glass projects nonconsolidated net sales to decline 7.8% from fiscal 1999, to ¥670,000 million (\$5,537 million). Ordinary income is expected to amount to ¥12,000 million (\$99 million), an decrease of 1.2%, while net income is projected to total ¥9,000 million (\$74 million), up 10.5%.

Consolidated Results

Asahi Glass's consolidated net sales in fiscal 1999 totaled ¥1,280,989 million (\$10,587 million), down 4.9%. Ordinary income was ¥28,183 million (\$233 million), a decline of 50.4%. Net income amounted to ¥5,098 million (\$42 million), 75.0% below the previous year. Net income per share was ¥4.34 (\$0.04), compared with ¥17.33 in fiscal 1998.

Consolidated net sales for the current fiscal year are expected to total ¥1,300,000 million (\$10,744 million), representing an increase of 1.5%. Ordinary income is forecast to advance 2.9%, to ¥29,000 million (\$240 million) and net income to climb 56.9%, to ¥8,000 million (\$66 million).

Year 2000 Compliance

Overall Policy

Because its business uses computer systems and manufacturing instruments, which contain microprocessors, are essential to the continuation of its business activities, Asahi Glass recognizes coping with the year 2000 problem as one of its most important management tasks. To this end, the Company has been implementing carefully planned measures since December 1996.

Year 2000 Compliance Program Structure

Asahi Glass launched its Year 2000 Compliance program in December 1996, on the initiative of the Information Systems Center. To reinforce its efforts, on December 1, 1998, the Company established the Year 2000 Problem Committee, under the direction of President Shinya Ishizu and Managing Director and Chief Technology Officer (CTO) Hajime Amemiya. This committee is responsible for overseeing the efforts of all concerned departments, including domestic and overseas affiliates, to cope with the year 2000 problem. The committee's secretariat comprises the Information Systems Center, Engineering Center and Chemical Engineering Division.

Progress of Compliance Efforts

Asahi Glass will consider itself to have achieved "compliance" after the successful completion of simulation tests using dates in the year 2000. Current projections for the achievement of compliance are as follows:

(1) Internal systems and equipment

- Business transaction systems (includes sales, distribution inventories, accounting, purchasing and other core information systems)

Achievement of compliance: March 1999

- Process control systems and equipment

Estimate for achievement of compliance: September 1999 (91% as of May 1999)

Note: The Company's continuously operating plants, which primarily produce chemicals, will undergo scheduled maintenance in August and September 1999. As a consequence, these plants will achieve compliance in September 1999. The Company's remaining plants are expected to achieve compliance in the area of process control systems and equipment by June 1999.

(2) Systems and equipment of domestic and overseas affiliates (including major subcontractors)

- Estimate for achievement of compliance for 173 affiliates: September 1999

Progress of Customers and Suppliers

To confirm the progress of efforts by customers and suppliers which exchange transaction data with Asahi Glass to cope with the year 2000 problem, the Company gathers information through questionnaires and plans to conduct simulation tests with these companies.

Achievement of compliance of related systems operated by customers and suppliers is expected in June 1999.

Year 2000 Compliance Budget

Asahi Glass estimates expenditures for its Year 2000 compliance program to total approximately ¥460 million (\$3.8 million), of which ¥330 million (\$2.7 million) has already been allocated. These expenditures are specifically for Year 2000 compliance measures since 1996. Because it is impossible to calculate portions of outlays for system upgrades or equipment replacement undertaken as a part of the Company's normal activities related to Year 2000 compliance, such expenditures are not included. The Company believes that these expenditures will not have any material impact on its performance.

Contingency Plans

To provide for a wide range of possibilities, Asahi Glass will by June 1999 formulate contingency plans that emphasize minimizing risk and ensuring uninterrupted operations. These plans will also encompass measures for confirming the progress of efforts by customers and suppliers to cope with the Year 2000 problem and maintaining adequate inventories of key raw materials and finished products.

Others

Asahi Glass is aware of the potential of the Year 2000 problem to cause a wide range of serious disruptions to, for example, the social infrastructure, and is making every possible effort to minimize related risks. Whether explicit or otherwise, statements contained herein should not be construed as a guarantee by the Company that such disruptions will not occur.

Note:

For the convenience of readers only, yen figures in this report have been translated into U.S. dollars at the rate of ¥121=\$1.00, the prevailing rate on March 31, 1999.

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Nonconsolidated Financial Highlights
Asahi Glass Company, Limited

	Millions of yen/ Percent		
	April 1, 1998 – March 31, 1999	April 1, 1997 – March 31, 1998	Change (%)
Net sales	¥727,073	¥854,500	(14.9)
Operating income	(3,124)	13,766	—
Ordinary income	12,144	31,426	(61.4)
Net income	8,142	20,072	(59.4)

Exports	¥168,481	¥185,350
Export ratio	23.2%	21.7%

**Sales by Operation/
Percentage of Net Sales**

Glass and related operations	¥377,225	51.9%	¥440,875	51.6%	(14.4)
Chemicals operations	232,941	32.0	293,108	34.3	(20.5)
Ceramics and refractories operations	17,666	2.4	22,423	2.6	(21.2)
Electronics operations	86,198	11.9	77,407	9.1	11.4
Other operations	13,041	1.8	20,685	2.4	(37.0)
	¥727,073	100.0%	¥854,500	100.0%	(14.9)

**Per Share Data
(in yen)**

Net income	¥6.93	¥17.08
Assuming full dilution	—	¥16.51
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 – March 31, 1999	April 1, 1997 – March 31, 1998
Net Sales	¥727,073	¥854,500
Cost of Sales	632,487	739,286
Selling, General and Administrative Expenses	97,710	101,446
Operating income	(3,124)	13,766
Other Income and Expenses:		
Other Income:		
Interest and dividend income	17,451	15,430
Others	8,318	11,273
	25,769	26,703
Other Expenses:		
Interest expenses	3,578	4,346
Others	6,922	4,697
	10,501	9,043
Ordinary Income	12,144	31,426
Extraordinary Income:		
Gains on sales of fixed assets	3,371	7,895
Gains on sales of investment securities	19,102	3,976
Gains on sales of shares in subsidiaries	—	57
Interest income overdue	—	2,552
Transfer from allowance for bad debt	299	243
	22,773	14,726
Extraordinary Losses:		
Loss on disposal of fixed assets	9,046	5,492
Loss on write-down of marketable securities	1,930	—
Loss on write-down of investments in securities	3,584	—
Loss on write-down of shares in subsidiaries	2,075	—
Special pension premiums	—	3,765
Restructuring expenses	4,539	9,722
	21,175	18,980
Net income before income taxes	13,742	27,172
Corporate and inhabitants' taxes	—	7,100
Corporate, inhabitants' and enterprise taxes	5,600	—
Net income after taxes	8,142	20,072
Earnings Carried Forward from the Previous Year	13,169	14,543
Interim Dividends	5,288	5,288
Unappropriated retained earnings at year-end	¥16,023	¥29,327

Consolidated Financial Highlights
Asahi Glass Company, Limited

	Millions of yen/ Percent		
	April 1, 1998 – March 31, 1999	April 1, 1997 – March 31, 1998	Change (%)
Net sales	¥1,280,989	¥1,346,727	(4.9)
Operating income	43,745	66,072	—
Ordinary income	28,183	6,782	—
Net income	5,098	20,361	(75.0)

**Sales by Operation/
Percentage of Net Sales**

Glass and related

operations	¥ 783,017	61.1%	¥ 795,143	59.0%	(1.5)
Chemicals operations	281,993	22.0	341,588	25.4	(17.4)
Electronics operations	140,375	11.0	124,965	9.3	12.3
Other operations	75,603	5.9	85,029	6.3	(11.1)
	¥ 1,280,989	100.0%	¥ 1,346,727	100.0%	(4.9)

Per Share Data

(in yen)

Net income	¥ 4.34	¥ 17.33
Assuming full dilution	¥ —	¥ 16.74

Consolidated Statements of Income
Asahi Glass Company, Limited

	Millions of Yen	
	April 1, 1998 – March 31, 1999	April 1, 1997 – March 31, 1998
Net Sales	¥1,280,989	¥1,346,727
Cost of Sales	1,006,910	1,064,546
Selling, General and Administrative Expenses	230,334	216,108
Operating income	43,745	66,072
Other Income and Expenses:		
Other Income:		
Interest and dividend income	6,627	7,618
Equity in earnings of unconsolidated subsidiaries and affiliates	2,848	—
Others	10,675	13,953
	20,151	21,572
Other Expenses:		
Interest expenses	24,695	23,539
Others	11,017	7,323
	35,713	30,862
Ordinary Income	28,183	56,782
Extraordinary Income	24,199	15,284
Extraordinary Losses	26,738	29,732
Net income before income taxes	25,643	42,334
Reserve for income taxes	16,105	15,189
Minority-interest earnings	(4,439)	(3,945)
Amortization of consolidated goodwill	—	(3,654)
Equity in earnings of unconsolidated subsidiaries and affiliates	—	817
Net income after taxes	¥ 5,098	¥ 20,361