

May 25, 2000

**ASAHI GLASS REPORTS CONSOLIDATED RESULTS FOR
FISCAL 2000**

TOKYO — Asahi Glass Company, Limited, released its consolidated operating results for fiscal 2000, ended March 31, 2000, today. Despite a 1.9% decline in net sales, to ¥1,257,052 million (\$11,859 million), operating income advanced 38.7%, to ¥60,689 million (\$573 million), ordinary income climbed 43.9%, to ¥40,563 million (\$383 million), and net income soared 158.2%, to ¥13,164 million (\$124 million).

Net income per share was ¥11.2 (\$0.106). The Company declared year-end dividends of ¥9.00 (\$0.085) per share for the period, comprising interim and final dividends of ¥4.50 (\$0.042) each.

Operating Results

Japan's economy continued to stagnate during the period under review, as sluggish personal consumption and other negative factors countered a turnaround in housing investment and, from the second half, a recovery in private-sector capital investment.

Asahi Glass responded to these conditions by consistently pursuing a policy of focusing selectively on key businesses in line with its "Shrink to Grow" business restructuring plan. As part of a drastic reorganization of its operations, the Company strove to bolster its earning power by reducing fixed costs at the parent level and divesting or scaling back unprofitable operations. In response to the rapid growth of the information and telecommunications market, it decisively allocated management resources to mainstay cathode ray tube (CRT) glass and glass substrates for thin-film transistor (TFT) liquid-crystal display (LCD) operations to enhance its performance in these areas.

Glass and Related Operations

Sales of glass and related operations edged down 0.8%, to ¥782,638 million (\$7,383 million), equivalent to 59.0% of total sales, including intersegment net sales and transfers. In contrast, operating income in this segment advanced 34.1%, to ¥43,368 million (\$409 million).

In Japan, the environment for glass and related operations remained harsh. In flat glass and construction materials, Asahi Glass implemented exhaustive measures aimed at lowering costs, including a fundamental reorganization of this business.

Accordingly, although sales in this category edged down, the closure of one float glass line at the Keihin factory and a revision of its pricing policy bolstered income on these operations.

Sales of fabricated glass, most of which is used in automobile production, also fell below the previous year's level, owing to flagging domestic vehicle sales and sagging exports.

In glass bulbs for CRTs, sales remained on a par with fiscal 1999 as production cuts by CRT manufacturers in Japan and other factors lowered domestic demand, countering increases in domestic sales and exports of reinforced panels for flat CRTs.

Sales of glass and related operations in overseas markets were up from the previous period, supported by economic recovery in other parts of Asia. Demand for glass bulbs was particularly strong, rising between 20% and 30%, owing to soaring demand in Association of Southeast Asian Nations (ASEAN) members and the People's Republic of China and contributing to a sharp rise in sales at the Company's glass bulb subsidiaries in Southeast Asia. In contrast, sales of glass bulbs in the United States were flat as sagging prices offset an increase in shipments. Sales of glass bulbs in Europe were also level as demand fell off sharply in the first half because of a harsh winter and the economic crises in Asia and South America, but recovered strongly in the second half.

In Europe and the United States, gains in the glass and related operations segment were neutralized by a strong yen. As a consequence, sales and operating income in both regions were flat after translation into Japanese currency.

Chemicals Operations

Chemicals operations generated sales of ¥263,671 million (\$2,487 million), down 10.6% and equivalent to 19.9% of total sales, including intersegment net sales and transfers. Operating income amounted to ¥10,471 million (\$99 million), up 3.8%. A recovery in the semiconductor market bolstered sales of fluorinated resins, while specialty chemicals, including pharmaceutical and agrochemical intermediates, also exhibited firm growth. Market recovery in the second half boosted exports for vinyl chloride. Despite gains in mainstay product categories, flagging demand and foreign exchange fluctuations in the first half, together with a bottom-line-driven review of the segment's product lineup, resulted in a decline in sales. Overseas, the Company's consolidated subsidiaries in Indonesia continued to achieve solid sales gains.

Electronics Operations

Sales of electronics operations advanced 13.6%, to ¥161,041 million (\$1,519 million), or 12.1% of total sales, including intersegment net sales and transfers.

Operating income more than doubled, to ¥6,983 million (\$66 million). The rising popularity of notebook-sized personal computers(PCs) with LCD monitors and brisk demand for computer games supported growth in sales of mainstay glass substrates for TFT LCDs. The addition of a small and medium-sized LCD equipment manufacturing subsidiary to the Company's consolidated accounts also contributed to gains in this segment.

Other Operations

This segment encompasses several businesses, including ceramics and refractories, fire extinguishers and related equipment, and distribution, financial and other services. Owing to cost-cutting measures, including the withdrawal from unprofitable operations in this segment, this segment generated sales of ¥118,797 million (\$1,121 million), down 0.5% and equivalent to 9.0% of total sales, including intersegment net sales and transfers. At the operating level, the segment broke even, up from a loss of ¥1,628 million in the previous period.

Outlook for Fiscal 2001

While hopes are high that private-sector capital investment will remain firm, uncertainty over trends in private consumption and the effectiveness of the Japanese government's current economic measures underscore the view that economic recovery is likely to take more time. Despite sustained recovery in other Asian economies, the outlook for the U.S. and European economies is unclear and the foreign exchange situation remains unstable.

In this environment, Asahi Glass expects its domestic operations to benefit in fiscal 2001 from efforts during the previous period to lower the parent company's fixed costs, and will at the same time strive to further enhance profitability. With the information and telecommunications market expected to continue growing, the Company anticipates results from its CRT glass bulb and TFT LCD glass substrate operations will expand. Asahi Glass also expects contributions from its CRT glass bulb operations in the Republic of Korea, obtained during fiscal 2000 through the acquisition of Hankuk Electric Glass Co., Ltd., and its polytetra-fluoroethylene (PTFE) fluorinated resins operations in Europe and the United States.

Based on these forecasts, Asahi Glass projects consolidated net sales in the current fiscal year, ending March 31, 2001, to rise 5.8% from fiscal 2000, to ¥1,330,000 million (\$1,330 million). Operating income is expected to amount to ¥85,000 million (\$850 million), up 40.1%, and ordinary income is estimated at ¥64,000million (\$640 million), an increase of 57.8%. Net income is forecast to reach ¥25,000 million (\$250 million), a gain of 89.9%. These projections assume an exchange rate of ¥100/\$1.00.

Owing to the application from fiscal 2001 of new accounting procedures for calculating retirement benefits, the Company posted an ¥84,500 million shortfall in its reserve for retirement benefits at the consolidated level. In addition to its retirement benefits plan, the parent company has had a noncontributory funded pension scheme in place since September 1, 1968. As of March 31, 2000, accrued retirement benefits, calculated based on a discount rate of 3.0% and a payout rate of 5.50%, were as indicated below.

(Nonconsolidated)

| | |
|---------------------------------|------------------|
| Accrued retirement benefits | ¥285,200 million |
| Balance of fund assets | ¥168,300 million |
| Reserve for retirement benefits | ¥41,000 million |
| Shortfall | ¥75,800 million |

The parent company will amortize the ¥75,800 million shortfall fully by utilizing marketable shares with latent profits.

For consolidated subsidiaries, the shortfall in the reserve for retirement benefits, also based on a discount rate of 3.0% and a payout rate of 5.5%, was ¥8,700 million. Asahi Glass expects to amortize the full amount in fiscal 2001.

The aforementioned results projections for fiscal 2001 assume the aforementioned amortization and a calculation for service costs for retirement benefits based on a discount rate of 3.00% and an expected return on investment of 4.5%, as dictated by new accounting procedures.

Disclaimer Regarding Future Results Projections

Statements in this document in reference to projections regarding Asahi Glass' future results are forward-looking statements which are based on management's assumptions and beliefs in light of information currently available and involve risks and uncertainties. It is recommended that investment decisions not be made solely on the bases of these statements. Actual results may differ materially from these projections. Potential risks and uncertainties include, but are not limited to, economic conditions affecting the Company's operating environment, market trends and foreign exchange fluctuations.

Consolidated Financial Highlights

| | Millions of Yen / Percent | | |
|----------------------------|----------------------------------|----------------------------------|---------------|
| | April 1, 1999- March 31, 2000 | April 1, 1998- March 31, 1999 | Change (%) |
| Net Sales | 1,257,052 | 1,280,989 | -1.9 |
| Operating Income | 60,689 | 43,745 | 38.7 |
| Ordinary Income | 40,563 | 28,183 | 43.9 |
| Net Income | 13,164 | 5,098 | 158.2 |
| <hr/> | | | |
| Total Assets | 1,881,332 | 1,848,539 | |
| Total Shareholders' Equity | 605,210 | 612,404 | |
| ROE | 2.2% | 0.8% | |
| <hr/> | | | |
| Per Share Data | | | |
| Net Income | ¥11.20 | ¥4.34 | |
| Assuming Full Dilution | - | - | |

Results by Business Segment and Region

(1) Business Segment

| | Millions of Yen | | | | | |
|-------------|-----------------|-----------|---------|------------------|--------|--------|
| | Sales | | | Operating Income | | |
| | 2000 | 1999 | Change | 2000 | 1999 | Change |
| Glass | 782,638 | 789,168 | -6,530 | 43,368 | 32,341 | 11,027 |
| Chemicals | 263,671 | 294,998 | -31,327 | 10,471 | 10,091 | 380 |
| Electronics | 161,041 | 141,718 | 19,323 | 6,983 | 3,067 | 3,916 |
| Others | 118,797 | 119,357 | -560 | 27 | -1,628 | 1,655 |
| Elimination | -69,096 | -64,254 | | -162 | -126 | |
| Total | 1,257,052 | 1,280,989 | -23,937 | 60,689 | 43,745 | 16,944 |

(2) Region

| | Millions of Yen | | | | | |
|-------------|-----------------|-----------|---------|------------------|--------|--------|
| | Sales | | | Operating Income | | |
| | 2000 | 1999 | Change | 2000 | 1999 | Change |
| Japan | 911,130 | 941,762 | -30,632 | 22,568 | 6,392 | 16,176 |
| Asia | 107,109 | 97,290 | 9,819 | 16,839 | 15,506 | 1,333 |
| America | 161,546 | 149,005 | 12,541 | 8,863 | 9,148 | -285 |
| Europe | 199,384 | 192,937 | 6,447 | 12,418 | 12,745 | -327 |
| Elimination | -122,119 | -100,006 | | -1 | -46 | |
| Total | 1,257,052 | 1,280,989 | -23,937 | 60,689 | 43,745 | 16,944 |

Consolidated Statements of Income

| | Millions of Yen | |
|---|----------------------------------|----------------------------------|
| | April 1, 1999- March 31, 2000 | April 1, 1998- March 31, 1999 |
| Net Sales | 1,257,052 | 1,280,989 |
| Cost of Sales | 969,833 | 1,006,910 |
| Selling, General and Administrative Expenses | 226,529 | 230,334 |
| Operating Income | 60,689 | 43,745 |
| Other Income and Expenses: | | |
| Other Income: | | |
| Interest and dividend income | 6,927 | 6,627 |
| Equity in earnings of unconsolidated subsidiaries and affiliates | 426 | 2,848 |
| Others | 4,075 | 10,675 |
| | <u>11,428</u> | <u>20,151</u> |
| Other Expenses: | | |
| Interest expenses | 22,435 | 24,695 |
| Others | 9,119 | 11,017 |
| | <u>31,554</u> | <u>35,713</u> |
| Ordinary Income | 40,563 | 28,183 |
| Extraordinary Income: | | |
| Gain on sales of fixed assets | 19,410 | 4,466 |
| Gain on sale of investment securities | 45,467 | 17,354 |
| Gain on sale of shares in subsidiaries | 774 | 414 |
| Others | 1,132 | 1,964 |
| | <u>66,784</u> | <u>24,199</u> |
| Extraordinary Losses: | | |
| Loss on disposal of fixed assets | 16,665 | 10,079 |
| Exchange loss | - | 2,776 |
| Loss on write-down of marketable securities | 6,179 | 5,619 |
| Transfer to the reserve for regular repairs in the previous period | 3,005 | - |
| Loss on valuation of plant liabilities | 11,002 | - |
| Restructuring expenses | 30,564 | 4,539 |
| Others | 14,162 | 3,723 |
| | <u>81,580</u> | <u>26,738</u> |
| Net income before income taxes | 25,767 | 25,643 |
| Corporate, inhabitants' and enterprise taxes | 25,786 | 17,418 |
| Adjustment on deferred tax | -17,600 | -1,312 |
| Minority interests in earnings of consolidated subsidiaries | 4,416 | 4,439 |
| Net Income | 13,164 | 5,098 |

Summarized Consolidated Cash Flow

| | Millions of Yen |
|------------------------------|--------------------|
| For the years ended March 31 | 2000 |
| Operating Activities | 123,058 |
| Investing Activities | -97,522 |
| Financial Activities | -19,942 |
| Translation Adjustment | -2,974 |
| Net Increase | 2,619 |
| Cash and Cash Equivalents | 55,213 |

Management Policy

Basic Policy

It is the policy of Asahi Glass to provide the best materials solutions in leading industries by drawing on its glass and chemical technologies. By doing so, Asahi Glass aims to be the world's leading company in its glass, chemicals and other core businesses in terms of profitability and growth.

Allocation of Profits

Asahi Glass recognizes guaranteeing a fair return to shareholders as one of its key management tasks. Accordingly, the Company pledges to maintain stable dividends while at the same time allocating funds to research and development and capital investment, as well as mergers and acquisitions (M&A), to strengthen its financial position and maximize corporate value.

Medium- and Long-Term Strategies and Objectives

Since the fiscal 1999 interim, Asahi Glass has pursued a management plan known by its slogan, "Shrink to Grow." "Shrink" refers to strategically re-categorizing businesses by discarding or restructuring uncompetitive operations, while "grow" involves striving to enhance competitiveness in its core businesses, expand global operations and inaugurate new businesses with outstanding profit potential. On the shrinkage side, Asahi Glass has closed down its flat glass production facilities in Japan and has decided to terminate production of soda ash in Japan and concentrate soda ash production at a U.S. subsidiary, as well as to shut down a portion of its CRT bulb manufacturing facilities in Japan. On the growth side, the Company has established fluoropolymers businesses in North America and Europe through an acquisition and acquired a controlling stake in Hankuk Electric Glass of the ROK.

In the years ahead, Asahi Glass will strive to raise its competitiveness in the area of displays, for which the market is expanding rapidly, and other core businesses. At the same time, the Company will endeavor to foster promising new businesses, such as information and electronics (notably optical transmission and electronic materials), life sciences (primarily pharmaceutical and agrochemical intermediates and bulk) and energy and the environment. In the information and electronics field, Asahi Glass will commercialize *Lukina*, a plastic optical fiber that is compatible with high-speed communications and exceeds the performance of multimode glass optical fibers. In the area of life sciences, the Company plans to launch consignment-based production of proteins containing yeast manufactured using its proprietary ASPEX technology.

Under the "Shrink to Grow" plan, Asahi Glass aims to increase its consolidated return on equity to 6% by fiscal 2002 and 10% by fiscal 2004.

Reinforce Consolidated Group Management System

Not only to improve operational efficiency and effectiveness, but also to ensure management transparency and objectivity, Asahi Glass is revamping its management system to clarify the roles and responsibilities of each corporate and business unit. To accelerate responsiveness and decision-making at the management level, the Company is also formulating a new corporate structure with fewer levels of authority and allocating greater responsibility to individual units. At the same time, with the aim of promoting more effective Group and global management, the Company is reorganizing its business units and introducing a new unit performance evaluation system based on the cost of capital.

Looking Ahead

Asahi Glass believes that the most crucial tasks it currently faces are to restructure its business portfolio to ensure optimum profitability and to implement the strategies outlined in the “Shrink to Grow” plan.

To guide its activities during the three-year period from fiscal 2000 through fiscal 2002, Asahi Glass has launched “Shrink to Grow 2001,” a program of specific actions formulated in line with the “Shrink to Grow” plan that focuses on classifying the Company’s operations into commodity businesses, such as architectural flat glass and basic chemicals, and specialty materials businesses, which encompass a number of high-value-added businesses that are small in scale but have significant profit potential.

To strengthen its domestic commodities businesses, which include architectural glass and basic chemicals, Asahi Glass will continue to withdraw from or divest unprofitable businesses and implement stringent measures to reduce costs. Overseas, many of the markets for key basic chemicals products show outstanding growth potential. Accordingly, the Company will take decisive steps to expand the scale of its operations overseas through M&A activities, including acquiring majority shares in key overseas subsidiaries, thereby ensuring an optimal global product mix at each of its domestic and overseas manufacturing bases.

In the specialty materials business, Asahi Glass will endeavor to maximize promising opportunities in the information and electronics, life sciences, and energy and environment fields, all of which the Company believes will be key growth industries in the 21st century.

Note:

For the convenience of readers only, yen figures in this report have been translated into U.S. dollars at the rate of ¥106=\$1.00, the prevailing rate on March 31, 2000.

Non-consolidated Financial Highlights

| | Millions of Yen / Percent | | |
|----------------------------|----------------------------------|----------------------------------|---------------|
| | April 1, 1999- March 31, 2000 | April 1, 1998- March 31, 1999 | Change (%) |
| Net Sales | 693,945 | 727,073 | -4.6 |
| Operating Income | 14,024 | -3,124 | - |
| Ordinary Income | 19,296 | 12,144 | 58.9 |
| Net Income | 3,101 | 8,142 | -61.9 |
| <hr/> | | | |
| Total Assets | 1,086,959 | 1,034,787 | |
| Total Shareholders' Equity | 577,112 | 576,830 | |
| <hr/> | | | |
| Per Share Data | | | |
| <hr/> | | | |
| Net Income | ¥2.64 | ¥6.93 | |
| Assuming Full Dilution | - | - | |
| Annual Dividend | ¥9.00 | ¥9.00 | |
| <hr/> | | | |

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URL: <http://www.agc.co.jp/english/news/2000/4.pdf>

Supplementary Information

Consolidated

(Billion Yen)

| | Fiscal 2000, ended March 2000 | Fiscal 1999, ended March 1999 |
|--|----------------------------------|----------------------------------|
| Capital Expenditure | 90 | 94 |
| Depreciation | 94 | 93 |
| Research and development expenses | 27 | 36 |
| Number of Employees | 45,714 | 44,065 |
| Exchange rate used for conversion(US\$/¥) | 113.5 | 131.3 |

Non consolidated

(Billion Yen)

| | Fiscal 2000, ended March 2000 | Fiscal 1999, ended March 1999 |
|--------------------------------------|----------------------------------|----------------------------------|
| Capital Expenditure | 31 | 40 |
| Depreciation | 38 | 40 |
| Research and development expenses | 20 | 31 |
| Number of Employees | 7,453 | 8,105 |
| Exchange rate used for conversion | 110.7 | 128.8 |