

FOR IMMEDIATE RELEASE

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**ASAHI GLASS REPORTS CONSOLIDATED RESULTS FOR  
FISCAL 2001 FIRST HALF**

TOKYO — Asahi Glass Company, Limited, released its consolidated operating results for the first half of fiscal 2001, ended September 30, 2000, today. Net sales amounted to ¥646,333 million (\$5,985 million). Operating income reached ¥49,980 million (\$463 million). Ordinary income reached ¥41,004 million (\$380 million). Net income was ¥11,925 million (\$110 million).

Net income per share was ¥10.15 (\$0.094). The Company declared interim dividends per share of ¥4.50 (\$0.042) for the period, the same as at the fiscal 2000 interim.

**Operating Results**

Although Japan's economy began to show signs of gradual recovery during the period, spurred by a steady rise in private-sector capital investment, sluggish personal consumption and other negative factors continued to discourage optimism. Most Asian economies improved. European economies also saw firm growth. The U.S. economy continued to expand despite indications of a slowdown in growth.

Asahi Glass Group responded to these conditions by focusing selectively on key businesses, in line with its "Shrink to Grow" strategy, and on bolstering its earning power by reducing fixed costs and divesting or scaling back unprofitable operations. The Company also decisively allocated management resources to mainstay cathode ray tube (CRT) glass bulbs 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 in the glass and related operations segment amounted to ¥305,602 million (\$2,830 million), and accounted for 45.1% of total sales, including intersegment net sales and transfers. The segment's operating income was ¥15,190 million (\$141 million).

In Japan, the environment for glass and related operations remained harsh, reflecting a slowdown in housing starts and other negative factors. In flat glass and construction materials, Asahi Glass implemented exhaustive measures aimed at lowering costs and raising profitability, including consolidating flat-glass cutting facilities and integrating directly owned sales outlets.

Sales of fabricated glass, most of which is used in automobile production, were firm, owing to a recovery in production, primarily for export, at domestic manufacturers.

Segment sales in overseas markets were up from the previous period. In Asia, sales were bolstered by the addition to the Company's accounts of the sales of a newly consolidated flat glass production and sales subsidiary in China. In the United States, sales were firm, supported by favorable economic conditions and a slight improvement in sales prices. In Europe, demand for fabricated glass leveled, but this was countered by burgeoning demand for flat glass and construction materials.

### *Display and Electronics Operations*

The display and electronics operations segment generated sales of ¥185,253 million (\$1,715 million), and equivalent to 27.4% of net sales. Segment operating income was ¥29,058 (\$269 million).

In electronics materials, the Company saw increased shipments of high-purity silicon carbide and synthetic quartz glass used in semiconductor manufacturing equipment, and optical components, such as those used in optical pickups. Sales of glass bulbs for CRTs rose, reflecting a trend toward large, flat CRTs for televisions and soaring demand, particularly for use in personal computer (PC) displays, in Southeast Asia and China. Solid results at subsidiary Hankuk Electric Glass Co., Ltd., acquired in November 1999 and included in the consolidated statements of income for the first time, contributed significantly to net sales and net income.

Sales of glass substrates for flat panel displays continued to expand briskly, owing to the rising popularity of notebook PCs and the prevalence of LCDs. Shipments of glass substrates for plasma display panels (PDPs) also expanded sharply during the period.

#### *Chemicals Operations*

In the chemicals operations segment, sales were ¥134,759 million (\$1,248 million), or 19.9% of total sales, while operating income was ¥5,369 million (\$50 million). A recovery in demand for use in semiconductor manufacturing equipment and greenhouses bolstered sales of specialty chemicals, such as fluorinated resins and solvents. However, segment sales were restrained by higher costs, a consequence of rising crude oil and fuel prices, for basic chemicals. High fuel costs also hampered segment results elsewhere in Asia, but these were countered by brisk sales of vinyl chloride and other products. Subsidiaries Asahi Glass Fluoropolymers UK, Ltd., and Asahi Glass Fluoropolymers USA, Inc., both acquired in fiscal 2000, were included in the consolidated statements of income for the first time, significantly expanding the scale of segment operations.

#### *Other Operations*

This segment encompasses several businesses, including ceramics and refractories, distribution, financial and other services. In the period under review, flagging demand for ceramics and refractories pushed down shipments. As a consequence, this segment generated sales of ¥51,302 million (\$475 million), equivalent to 7.6% of net sales. Segment operating income was ¥339 million (\$3 million).

#### **Outlook for the Fiscal 2001 Full Term**

Despite concerns prompted by rising crude oil and fuel prices, the weakness of European currencies against the yen and a slowdown in U.S. economic growth, Asahi Glass anticipates results from its mainstay growth businesses, particularly CRT bulbs, TFT LCD glass substrates and other display-related products, will continue to expand. The Company also expects to benefit from stringent measures implemented in all areas of its operations, under the Shrink to Grow strategy, to lower fixed costs and enhance profitability.

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. Operating income is expected to amount to ¥105,000 million, up 73.0%, and ordinary income ¥87,000 million, an increase of 114.5%. Net income is forecast to reach ¥29,000 million, a gain of 120.3%. These projections assume an exchange rate of ¥108/\$1.00. Cash dividends of the parent company for the full term are expected to be ¥9.00 per share, or ¥4.50 per share for both the interim and year-end dividends.

### **Disclaimer Regarding Future Results Projections**

Statements in this document in reference to projections regarding Asahi Glass' future results are forward-looking statements 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 basis 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.

#### Note:

For the convenience of readers only, yen figures in this report have been translated into U.S. dollars at the rate of ¥108=\$1.00, the prevailing rate on September 30, 2000.

Effective fiscal 2001, the Company has reclassified its operations, creating a new segment, Display and Electronics Operations. The new segment encompasses CRT glass bulbs, formerly included in Glass and Related Operations, and electronic components and other products, which formerly comprised the Electronics Operations segment.

## Consolidated Financial Highlights

	Millions of Yen	
	April 1, 2000 - Sept. 30, 2000	April 1, 1999 - March 31, 2000
Net Sales	¥646,333	¥1,257,052
Operating Income	49,980	60,689
Ordinary Income	41,004	40,563
Net Income	11,925	13,164
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Total Assets	1,823,999	1,881,332
Total Shareholders' Equity	610,328	605,210
ROE	-	2.2%
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Per Share Data		
Net Income - Primary	¥10.15	¥11.20
- Fully Diluted	-	-

## Results by Business Segment and Region

### (1) Business Segment

	Sales		Operating Income	
	April 1, 2000 - Sept. 30, 2000	April 1, 1999 - March 31, 2000	April 1, 2000 - Sept. 30, 2000	April 1, 1999 - March 31, 2000
Glass	¥305,602	¥661,106	¥15,190	¥26,124
Display and Electronics	185,253	285,262	29,058	24,234
Chemicals	134,759	263,671	5,369	10,471
Others	51,302	118,797	339	27
Elimination	(30,584)	(71,785)	21	(168)
Total	¥646,333	¥1,257,052	¥49,980	¥60,689

### (2) Region

	Sales		Operating Income	
	April 1, 2000 - Sept. 30, 2000	April 1, 1999 - March 31, 2000	April 1, 2000 - Sept. 30, 2000	April 1, 1999 - March 31, 2000
Japan	¥413,616	¥911,130	¥17,305	¥22,568
Asia	99,187	107,109	21,035	16,839
The Americas	84,718	161,546	3,848	8,863
Europe	97,244	199,384	8,008	12,418
Elimination	(48,433)	(122,119)	(217)	(1)
Total	¥646,333	¥1,257,052	¥49,980	¥60,689

## Consolidated Statements of Income

Millions of Yen

	April 1, 2000 - Sept. 30, 2000	April 1, 1999 - March 31, 2000
<b>Net Sales</b>	<b>¥646,333</b>	¥1,257,052
<b>Cost of Sales</b>	<b>482,961</b>	969,833
<b>Selling, General and Administrative Expenses</b>	<b>113,392</b>	226,529
<b>Operating Income</b>	<b>49,980</b>	60,689
<b>Other Income and Expenses:</b>		
<b>Other Income:</b>		
Interest and dividend income	2,735	6,927
Equity in earnings of unconsolidated subsidiaries and affiliates	1,380	426
Others	1,257	4,075
	<b>5,373</b>	11,428
<b>Other Expenses:</b>		
Interest expenses	10,929	20,490
Interest on commercial paper	1,021	1,944
Others	2,397	9,119
	<b>14,348</b>	31,554
<b>Ordinary Income</b>	<b>41,004</b>	40,563
<b>Extraordinary Income:</b>		
Gain on sale of properties	2,852	19,410
Gain on sale of investments in securities	3,722	45,467
Gain on sale of investments in subsidiaries and affiliates	1,268	774
Gain from establishment of trust for retirement benefits	75,506	-
Others	3,931	1,132
	<b>87,282</b>	66,784
<b>Extraordinary Losses:</b>		
Loss on disposal of properties	3,715	16,665
Loss on write-down of investments in securities	2,531	6,179
Exchange loss	4,560	-
Prior year adjustment for provision for periodic repairs	-	3,005
Loss on revaluation of receivables for plant business	-	11,002
Loss on restructuring programs including bonus allowance for early retirement	542	30,564
Cumulative effect of the application of new accounting standard for retirement benefits	84,308	-
Others	3,131	14,162
	<b>98,790</b>	81,580
<b>Net Income Before Income Taxes</b>	<b>29,496</b>	25,767
Income Taxes - Current	10,477	25,786
Income Taxes - Deferred	2,382	(17,600)
Minority interests in earnings of consolidated subsidiaries	4,711	4,416
<b>Net Income</b>	<b>¥11,925</b>	¥13,164

## Summary Consolidated Statements of Cash Flows

	Millions of Yen	
	April 1, 2000 - Sept. 30, 2000	April 1, 1999 - March 31, 2000
<b>Cash Provided by Operating Activities</b>	<b>¥52,348</b>	¥123,058
Income before income taxes	29,496	25,767
Depreciation and amortization	48,478	96,064
<b>Cash Used for Investing Activities</b>	<b>(33,001)</b>	(97,522)
Acquisition of property, plant and equipment	(41,683)	(102,613)
<b>Cash Used for Financing Activities</b>	<b>(34,559)</b>	(19,942)
Repayments of long-term borrowings	(28,157)	(44,800)
<b>Translation Difference of Cash and Cash Equivalents</b>	<b>(162)</b>	(2,974)
<b>Changes in Cash and Cash Equivalents</b>	<b>(15,375)</b>	2,619
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>55,213</b>	49,941
<b>Reconciliation of Cash and Cash Equivalents Related</b>		
to Change of Scope of Consolidation	29	2,653
<b>Cash and Cash Equivalents at End of Year</b>	<b>¥39,867</b>	¥55,213

## **Management Policy**

### *Basic Policy*

It is the policy of the Asahi Glass Group to provide the best materials solutions in leading industries in each era—housing in the 1960s and 1970s, automobiles in the 1980s, and electronics in the 1990s, for example—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, and will calculate dividends based on a consideration of both fiscal results and dividend payout ratio, to ensure the expectations of its shareholders are met. Asahi Glass will also allocate profits 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 strategy 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 through such measures as M&A, 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 its 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 purchased a Korean CRT bulb manufacturer.

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.

Under the Shrink to Grow strategy, 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 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 strategy.

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 strategy. On the shrink side, Asahi Glass will continue to strengthen its domestic architectural glass and basic chemicals operations by withdrawing from or divesting unprofitable businesses, and implement stringent measures to reduce costs. At the same time, the Company will take decisive steps, including intensive investment and M&A, to expand the scale of key growth operations, such as electronics, display materials and fluorochemicals.

To cultivate new operations that maximize its basic technologies, Asahi Glass will also take advantage of 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,

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## Non consolidated Financial Highlights

	Millions of Yen			Millions of Yen
	<b>April 1, 2000 - Sept. 30, 2000</b>	April 1, 1999 - Sept. 30, 1999	Change (%)	April 1, 1999 - March 31, 2000
Net Sales	<b>¥292,283</b>	¥345,855	-15.5	¥693,945
Operating Income	<b>10,071</b>	2,937	242.8	14,024
Ordinary Income	<b>16,137</b>	5,020	221.4	19,296
Net Income	<b>13,967</b>	3,525	296.2	3,101
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Total Assets	<b>1,129,635</b>	1,070,783		1,086,959
Total Shareholders' Equity	<b>648,462</b>	582,824		577,112
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Per Share Data				
Net Income - Primary	<b>¥11.89</b>	¥3.00		¥2.64
- Fully Diluted	-	-		-
Cash Dividends	<b>¥4.50</b>	¥4.50		¥9.00

## Supplementary Information

<b>Consolidated</b>	Billions of Yen	
	<b>April 1, 2000 - Sept. 30, 2000</b>	April 1, 1999 - March 31, 2000
Capital Expenditure	<b>40</b>	90
Depreciation	<b>49</b>	94
Research and development expenses	<b>14</b>	27
Number of Employees	<b>44,372</b>	43,217
Exchange rate used for conversion (US\$/Yen)	<b>106.9</b>	113.5

<b>Non-consolidated</b>	Billions of Yen		
	<b>April 1, 2000 - Sept. 30, 2000</b>	April 1, 1999 - Sept. 30, 1999	April 1, 1999 - March 31, 2000
Capital Expenditure	<b>20</b>	14	31
Depreciation	<b>19</b>	19	38
Research and development expenses	<b>10</b>	10	20
Number of Employees	<b>7,336</b>	7,585	7,453
Exchange rate used for conversion (US\$/Yen)	<b>107.1</b>	115.9	110.7