

To Whom It May Concern:

August 18, 2004

Company Name: Asahi Glass Co., Ltd.
Representative: Masahiro Kadomatsu, President & CEO
(TSE Section 1, Code No. 5201)
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Announcement of Business Integration of
Ceramic Exterior Siding Boards Division with Tostem Corp.

The Board of Directors of Asahi Glass Co., Ltd. (Head Office: Chiyoda-ku, Tokyo; President & CEO: Masahiro Kadomatsu; hereafter “Asahi Glass”) resolved at its meeting held on August 18, 2004, to integrate its exterior siding boards division with that of Tostem Corporation (Head Office: Koto-ku, Tokyo; President: Mitsuo Kikuchi; hereinafter “Tostem”), and Asahi Glass and Tostem concluded the “Basic Agreement on Ceramic Exterior siding boards Business” on the same date.

Details of the corporate separation and the new joint venture company are undecided at this point in time, but will be announced at the conclusion of the Corporate Separation Agreement, the Joint Venture Agreement and the Agreement on Sale/Purchase of Shares.

1. Asahi Glass will spin off its ceramic exterior siding boards operations, which will be absorbed by wholly owned subsidiary Asahi Glass Exterior Building Materials Co., Ltd. (Head Office: Sumida-ku, Tokyo; President: Minoru Hirose; hereinafter “AGK”), thereby concentrating the relevant business in a single entity.
2. Tostem will acquire from Asahi Glass a 50% stake in AGK (hereinafter “the joint venture”).

1. Purpose of Corporate Separation and Capital Participation by Tostem

As the overall demand for exterior siding boards is generally expected to either remain flat or shrink to some degree, companies in the industry are accelerating corporate reorganization.

Asahi Glass has only a single product and a single distribution route for ceramics exterior siding boards, while Tostem has extremely limited production capacity. Both companies have been forced to struggle against heavy odds and have therefore been seeking suitable parties for strategic cooperation. Asahi Glass and Tostem reached the current agreement

after finding a mutually beneficial model for integrating the exterior siding boards business of each company so as to complement each party's weaknesses and emphasize their strengths.

Since an organization is needed that could serve as the nucleus for integration of the businesses of both companies, Asahi Glass will separate off its ceramic external building materials operations on or around December 1, 2004, and incorporate them into the successor company AGK, a wholly owned sales subsidiary of Asahi Glass in the ceramic exterior siding boards business, thereby concentrating the relevant business in a single entity.

Thereafter, on January 5, 2005, Tostem will acquire from Asahi Glass a 50% stake in AGK and will operate this joint venture in collaboration with Asahi Glass.

2. Outline of Corporate Separation and Capital Participation by Tostem

1) Schedule for Corporate Separation and Capital Participation by Tostem

August 18, 2004	Conclusion of Basic Agreement
Early October 2004 (Tentative)	Conclusion of Corporate Separation Agreement
Late October 2004 (Tentative)	Conclusion of Joint Venture Agreement
	Conclusion of Agreement on Sale/Purchase of Shares
December 1, 2004 (Tentative)	Date of Corporate Separation
January 5, 2005 (Tentative)	Transfer to Tostem 50% of the shares of the successor company held by Asahi Glass

2) Outline of Corporate Separation

(1) Method of Separation

Business segment reorganization, where Asahi Glass (the Parent Company) will spin off a division to be merged with its wholly-owned subsidiary AGK (the Successor Company).

(2) Rationale for Adopting the Relevant Method of Separation

Asahi Glass has decided to spin off, and have AGK absorb, the Ceramic Exterior siding boards Division including functions of production, development, business planning and administration, etc. since the objective of Asahi Glass ultimately is to unify its ceramic exterior siding boards business.

(3) Allocation of Shares

The number of shares that AGK will issue in connection with the merger remains undecided at this point in time, but all such shares will be allocated to Asahi Glass.

(4) Rights and Obligations to be Taken Over by the Successor Company

The successor company (AGK) is expected to take over from Asahi Glass those portions of the

assets and liabilities pertaining to the business conducted by the Ceramic Building Materials Business Division of Asahi Glass as of the Date of Corporate Separation and the related and ancillary businesses deemed necessary for future execution of the relevant business. However, the land belonging to the Asahi Glass Kashima Plant will not be taken over by the successor company, but will be leased to it.

The employees working in the Ceramic Building Materials Division as of the Date of Corporate Separation, with the exception of the employees of the successor company, are expected to be on loan from Asahi Glass.

3) Price of Shares of Successor Company to Be Acquired by Tostem

The relevant price is to be one half of the amount of the net assets of the successor company, but the exact amount has not been finalized at this point in time. The acquisition price will be announced at the time of conclusion of the Corporate Separation Agreement. Of the total net assets of the successor company pertaining to the business to be taken over from Asahi Glass, property, plant and equipment have been determined to be ¥4.5 billion.

3. Overview of the Joint Venture Company following Capital Participation by Tostem

1. Corporate Name: Asahi Tostem Exterior Wall Co., Ltd.
2. Date of Corporate Separation: December 1, 2004
Date of Capital Participation by Tostem: January 5, 2005
3. Corporate Address: 2-1-1 Ojima, Koto-ku, Tokyo
4. Capital: ¥2 billion
5. Capital Structure: Asahi Glass 50%, Tostem 50%
6. Representative: Undecided, but a person on loan from Tostem is to be appointed
7. Employees: About 360
8. Business Operation: Manufacture and sale of ceramic exterior siding boards;
Sale of metal exterior siding boards, tiles, etc.
9. Manufacturing Base: Manufacturing facilities and equipment for the relevant business located at the current Kashima Plant (Kamisu-machi, Kashima-gun, Ibaraki Prefecture) of Asahi Glass that the Joint Venture Company is expected to take over from Asahi Glass. Certain OEM supplies are to be provided by Tostem.
10. Sales (Projected): ¥31 billion (Fiscal Year 2005)

4. Overview of the Parties to Corporate Separation

(as of June 30, 2004)

(1) Corporate Name	Asahi Glass Co., Ltd. (Parent Company)	Asahi Glass Exterior Building Materials Co., Ltd. (Successor Company)
(2) Business Operation	Manufacture and sale of glass, chemical products, etc.	Sale of exterior siding boards for residential houses
(3) Date Established	June 1, 1950	April 30, 1993 (Initial corporate name: Asahi Glass Osaka Building Materials Co., Ltd.) * Changed to current corporate name upon merger on April 1, 1996
(4) Address of Head Office	1-12-1 Yurakucho, Chiyoda-ku, Tokyo	2-3-10 Kotobashi, Sumida-ku, Tokyo
(5) Representative	Masahiro Kadomatsu, President & CEO	Minoru Hirose, President
(6) Capital	¥90,472 million	¥95 million
(7) Issued Shares	1,175,242,497 shares	1,900 shares
(8) Shareholders Equity	¥599,341 million	¥146 million
(9) Total Assets	¥1,066,842 million	¥7,765 million
(10) Account Closing Date	December 31	December 31
(11) Employees	6,100	122
(12) Major Customers	Asahi Glass Exterior siding boards Co., Asahi Glass Fine Techno Taiwan Co., Ltd., Mitsubishi Corporation, etc.	Itochu Kenzai Corporation, Sumitomo Forestry Co. Ltd., Sadoshima Co., Ltd., etc.
(13) Major Shareholders and Percentages of Shares Held	Master Trust Bank of Japan Trust Account 6.82 % Japan Trustee Service Bank Trust Account 6.18% The Chase Manhattan Bank, N.A., London 5.49% Meiji Yasuda Life Insurance 4.52% State Street Bank & Trust 4.17%	Asahi Glass 100%
(14) Major Bankers	Bank of Tokyo-Mitsubishi Mizuho Bank	UFJ Bank
(15) Relationships of the Parties	Capital Relationship	Asahi Glass Co., Ltd. invests in 100% of the shares of Asahi Glass Exterior siding boards Co., Ltd.
	Human Relationship	Asahi Glass Co., Ltd. loans directors, auditors and employees to Asahi Glass Exterior Building Materials Co., Ltd.
	Transactional Relationship	Asahi Glass Co., Ltd. sells ceramic exterior siding boards to Asahi Glass Exterior siding boards Co., Ltd. Asahi Glass Co., Ltd. pays sales commissions to Asahi Glass Exterior Building Materials Co., Ltd.

(16) Business Results for Latest 3 Fiscal Periods

	Asahi Glass Co., Ltd. (Parent Company)			Asahi Glass Exterior siding boards Co., Ltd. (Successor Company)		
	March 2002	March 2003	Dec. 2003	Dec. 2001	Dec. 2002	Dec. 2003
Net Sales (¥ Million)	550,108	542,843	413,656	24,131	21,369	20,534
Operating Income (Loss) (¥ Million)	(4,411)	5,263	5,817	22	52	(30)
Recurring Profit (Loss) (¥ Million)	6,984	11,046	8,870	23	35	(17)
Net Income (Loss) (¥ Million)	(14,899)	(28,763)	14,759	6	9	(32)
Net Profit (Loss) per Share (¥)	(12.68)	(24.49)	12.54	3,052	4,877	(16,772)
Dividend per Share (¥)	9.00	9.00	6.75	-	-	-
Shareholder Equity per Share	489.37	443.21	479.45	71,751	76,628	59,856

* Asahi Glass Co., Ltd. changed its account closing date effective from December 2003.

4. Particulars of Business Division to Be Separated

(1) Particulars of Ceramic Building Materials Business Division

- Manufacture and development of ceramic exterior siding boards
- Purchase and delivery of ceramic exterior siding boards (including attachments and parts)

(2) Business Results of Ceramic Exterior Siding Boards Business Division for Fiscal Year Ended December 2003

	Ceramic Exterior Siding Boards Business Division (a)	Business Results of the Company for FYE December 2003 (b)	Ratio (a/b)
Net Sales (¥ Million)	14,127	413,656	3.4%
Gross Profit (¥ Million)	1,566	75,651	2.1%
Operating Income (Loss) (¥ Million)	(1,421)	5,817	-

(3) Items and Amounts of Assets and Liabilities to Be Succeeded (June 30, 2004)

The amounts of assets and liabilities to be taken over by the successor company are undecided at this point in time.

5. Outline of the Company following Corporate Separation

- (1) Corporate Name
Asahi Glass Co., Ltd.
- (2) Business Operation
Manufacture and sale of glass and chemical products
- (3) Address of Head Office
1-12-1 Yurakucho, Chiyoda-ku, Tokyo
- (4) Representative
Masahiro Kadomatsu, Representative Director, President & CEO
- (5) Capital
¥90,472 million (as of June 30, 2004; no reduction of capital resulting from corporate separation)
- (6) Total Assets
Total Assets as of June 30, 2004 were ¥1,066,842 million. The amount of reduction in the assets of Asahi Glass is not finalized at this point in time, but will be announced as soon as it is finalized.
- (7) Account Closing Date
December 31
- (8) Impacts on Business Results
 - Prospective Business Results following Corporate Separation
A loss of ¥7 billion associated with business transfer is projected for the current fiscal year as a result of Asahi Glass handing over property, plant and equipment of ¥4.5 billion to the Successor Company concurrently with the corporate separation. The foregoing was already reflected in the projected business results announced earlier on May 10.
 - Prospective Consolidated Business Results following Corporate Separation
As stated above, a loss of ¥7 billion is projected for the current year. The foregoing was already reflected in the projected consolidated business results announced earlier on May 10.