

July 24, 2006

## **Reduction of CRT Glass Production Capacity**

Asahi Glass Co., Ltd.

Asahi Glass Co., Ltd. (Head Office: Tokyo; President & CEO: Masahiro Kadomatsu) has decided to gradually stop operations of some production furnaces at overseas CRT glass production bases by the end of September this year. This decision is in line with the Company's policy to restructure the production system of the CRT glass business to improve profitability of this business as part of an important measure for "**JIKKO-2007**," the three-year medium-term management plan started in 2005.

The Company projects demand for CRT glass used in personal computers and televisions will decline to about 200 million units for the fiscal year ending December 2006, from around 264 million units in fiscal 2004, due to a rapid shift towards TFT LCDs. From fiscal 2005, profitability of the Company's CRT business sharply deteriorated, hurt by a fall in sales volume, a drop in sales prices and a surge in the costs of raw materials and fuel.

Due to such decline in demand for CRT glass, the Company has executed various measures including the withdrawal from CRT glass production in the U.S. and Japan, but also decided to restructure its production system because such decline is expected to continue in the future too. Under this restructuring plan, the Company will reduce its CRT glass production capacity by about 35% by stopping all operations in Indonesia (P.T. Video Display Glass Indonesia, one funnel production furnace) and Taiwan (Pacific Glass Corp., one panel production furnace), and also by stopping four production furnaces in total at other production bases. As a result, the Company's CRT glass production capacity decreased about 50% from 2004 when the Company had the largest capacity for such production.

The Company will continue panel and funnel production in Singapore, Thailand, China and South Korea for its CRT glass business and it will take all necessary measures, including restructuring of the production system in the future too.

With the above reduction of production capacity, the Company expects to incur an extraordinary loss of an estimated 10 billion yen for the second quarter of fiscal 2006.

For further information regarding these issues, please contact Shinichi Kawakami, General Manager, Corporate Communications and Investor Relations, Asahi Glass Co., Ltd.

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## [Reference]

### 1. Corporate outline

#### (1) P.T. Video Display Glass Indonesia

- A. Location: Cikarang-Bekasi, Indonesia
- B. Representative: Masatomo Hayakawa
- C. Capital: US\$55 million
- D. Equity position: Asahi Glass (95%), Others (5%)
- E. Product: CRT glass (funnel)

#### (2) Pacific Glass Corp.

- A. Location: Taoyuan, Taiwan
- B. Representative: Yukihiro Oshita
- C. Capital: NT\$1,474 million
- D. Equity position: Asahi Glass (100%)
- E. Product: CRT glass (panel)

### 2. Composition of CRT glass

CRT glass is composed of three parts: a panel on which the moving image is displayed, a funnel which is located behind this, and a neck tube which accommodates an electron gun.

