

December 21, 2006

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Asahi Glass Announces Transfer of Shares in Shanghai Asahi Electronic Glass

Asahi Glass Co., Ltd. (the “Company”) decided at its Board of Directors’ meeting held on December 21, 2006 to transfer all equity interests in Shanghai Asahi Electronic Glass Co., Ltd., a subsidiary joint venture which manufactures and sells cathode ray tube (CRT) glass, and dissolve the joint venture agreement with Shanghai Asahi Electronic Glass, as described below.

1. Reasons for the share transfer

Asahi Glass set earnings improvement in the CRT glass business as one of the key policies of “*JIKKO-2007*,” a three-year mid-term management plan launched in 2005. In line with this policy, the Company has reorganized its CRT production system worldwide, stopping manufacturing CRT glass in Japan, Indonesia and Taiwan, while reducing production capacity at facilities in Singapore, Thailand, South Korea and China.

Meanwhile, the shift of TV and PC displays from CRTs to flat panel displays is accelerating, and demand for CRT glass is expected to continue to decrease.

In such circumstances, the Company has reviewed its market strategy for the CRT glass business, and decided to transfer all equity interests in Shanghai Asahi Electronic Glass, a joint venture in China, to a Chinese partner.

2. Profile of the subsidiary (as of December 1, 2006)

- (1) Trade name: Shanghai Asahi Electronic Glass Co., Ltd.
- (2) Representative: Chairman Gu Zhonghui
- (3) Location: Shanghai, China
- (4) Established: December 1994
- (5) Major operations: Production and sales of CRT glass
- (6) Closing of accounts: December
- (7) Number of employees: 958
- (8) Registered capital: US\$128,890,000
- (9) Shareholders: Asahi Glass Co., Ltd.: 40%; SVA Electron Co., Ltd.: 26%; Marubeni Corporation: 25%; and Shanghai Jiu Shi Corporation: 9%

(10) Operational results in recent business years (Unit: Millions of yuan)

	Fiscal year ended December 2004	Fiscal year ended December 2005
Net sales	2,157	1,522
Operating income	302	(148)
Net income	201	(199)
Net assets	3,357	3,144

3. Profile of the transferee

- (1) Trade name: SVA Electron Co., Ltd.
- (2) Representative: Chairman Gu Zhonghui
- (3) Head office: Shanghai, China
- (4) Major operations: Production and sales of electronic tubes and related parts and products
- (5) Relationship with Asahi Glass: Joint-venture partner for the CRT glass business (There are neither personal relationships nor capital ties between SVA Electron and the Company)

4. Percentage of equity interests to be transferred, transfer price, holdings before and after the transfer

- (1) Holdings before the transfer, percentage of holdings: 40%
- (2) Percentage of holdings to be transferred: 40% (transfer price: US\$40)
- (3) Percentage of holdings after the transfer: 0%

5. Schedule

- December 21, 2006: Board of Directors' meeting
- End of March 2007 (planned): Closing of the transaction (after ratification by the Chinese authorities)

6. Future outlook

Due to the above transaction, the Company is expected to incur extraordinary losses of about 10.0 billion yen on a consolidated basis and about 12.0 billion yen on a non-consolidated basis, for the fiscal year ending December 31, 2006.

As for the effects of this transaction on the Company's operating results for the fiscal year ending December 31, 2006, please refer to the press release "Asahi Glass Announces Revision of Operating Results Outlook (Consolidated and Non-consolidated)," which was announced on the same date.