

January 18, 2007

Company Name: Asahi Glass Co., Ltd.  
President & CEO: Masahiro Kadomatsu  
(Code No.: 5201; TSE 1st section)  
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## **Asahi Glass Separates Marketing and Management Divisions of Domestic Business of Processed Glass for Construction**

Asahi Glass Co., Ltd. (Head Office: Chiyoda-ku, Tokyo; President & CEO: Masahiro Kadomatsu, hereafter “Asahi Glass”) decided at its Board of Directors’ meeting held on January 18, 2007, to separate Marketing and Management Divisions of domestic business of Processed Glass for Construction and then to be absorbed and succeeded on May 1, 2007 by its wholly-owned subsidiary AGC AX Co., Ltd., (Head Office: Chiyoda-ku, Tokyo; President & CEO: Shinichi Harada, hereafter “AX”) a company that manufactures processed glass for construction.

Details of the corporate separation are still undecided but will be announced at the conclusion of the Corporate Separation Agreement.

On the same day of the corporate separation, AX will merge with and succeed Asahi Glass Housing Materials Co., Ltd. (Head Office: Chiyoda-ku, Tokyo; President & CEO: Koichi Asanuma, hereafter “AGH”), a wholly owned subsidiary of Asahi Glass selling processed glass for construction, and AX will change its corporate name to AGC Glass Products Co., Ltd..

### **1. Purpose of Corporate Separation**

By integrating manufacturing, marketing and sales activities of processed glass, which are currently operated by different companies, Asahi Glass aims to accelerate decision making and to expand sales of high value-added products.

### **2. Outline of Corporate Separation**

(1) Schedule for Corporate Separation (Spin-off will be conducted as a simplified procedures.)

January 18, 2007	Resolution of basic policies of Corporate Separation
Middle of March 2007 (provisional)	Resolution and Conclusion of Corporate Separation Agreement
May 1, 2007 (provisional)	Effective Date of Corporate Separation

\*This separation will be conducted through the simplified procedures provided under the Company Law of Japan, for which a resolution of the shareholders’ meeting will not be required.



- (2) Principal Office: 2-9-18 Misaki-cho, Chiyoda-ku, Tokyo
- (3) Capital: 1.03 billion yen
- (4) Capital Structure: Asahi Glass 100%
- (5) Account Closing Date: December 31
- (6) Representative: Kimikazu Ichikawa (Projected)
- (7) Employees: About 640
- (8) Business Operation: Manufacturing and sale of processed glass for construction
- (9) Manufacturing Site: Current Plant (Kamisu-shi, Ibaraki Prefecture), etc. of AX, the Successor Company

#### 4. Overview of the Parties to Corporate Separation

(As of June 30, 2006)

(1) Corporate Name	Asahi Glass Co., Ltd. (Company to Separate the Business)	AGC AX Co., Ltd. (Successor Company)
(2) Business Operation	Manufacture and sale of glass, chemical products, etc.	Manufacturing and sale of processed glass for construction
(3) Date Established	June 1, 1950	December 2, 1967 (Initial corporate name: Tokyo Flat Glass Center Co., Ltd.) *Changed to current corporate name upon merger on October 1, 1990.
(4) Principal Office	1-12-1 Yurakucho, Chiyoda-ku, Tokyo	2-9-18 Misaki-cho, Chiyoda-ku, Tokyo
(5) Representative	Masahiro Kadomatsu, President & CEO	Shinichi Harada, President & CEO
(6) Capital	90,480 million yen	800 million yen
(7) Issued Shares	1,186,013,684 shares	1,600,000 shares
(8) Net Assets	674,428 million yen	4,536 million yen
(9) Total Assets	1,195,064 million yen	13,237 million yen
(10) Account Closing Date	December 31	December 31
(11) Employees	5,840	522
(12) Major Customers	Asahi Glass Fine Techno Taiwan Co., Ltd. Asahi Glass Fine Techno Korea Sharp Corporation, etc.	Asahi Glass Co., Ltd.
(13) Major Shareholders and Percentages of Shares Held	Master Trust Bank of Japan Trust Account 6.73 % The Chase Manhattan Bank, N.A., London 5.65% Japan Trustee Service Bank Trust Account 4.68% Meiji Yasuda Life Insurance 4.50% Tokio Marine & Nichido Fire Insurance Co., Ltd. 3.98%	Asahi Glass 100%
(14) Major Banks	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Bank, Ltd.	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
(15) Relationships between the Parties	Capital Relationship	Asahi Glass Co., Ltd. owns in 100% of the shares of AGC AX Co., Ltd.

	Human Relationship	Asahi Glass Co., Ltd. dispatches directors, auditors and employees to AGC AX Co., Ltd.
	Transactional Relationship	Asahi Glass Co., Ltd. sells raw glass for use in fabrication to AGC AX Co., Ltd. Asahi Glass Co., Ltd. buys back processed glass from AGC AX Co., Ltd.

(16) Business Results for the Last Three Fiscal Years

( in millions of yen, except per share amounts)

	Asahi Glass Co., Ltd. (Company to Separate the Business)			AGC AX Co., Ltd. (Successor Company)		
	December 2003	December 2004	December 2005	December 2003	December 2004	December 2005
Net Sales (Millions of yen )	413,656	579,875	576,229	25,046	25,053	25,148
Operating Income (Millions of yen)	5,817	37,152	46,554	2,361	1,666	1,195
Ordinary Income (Millions of yen)	8,870	41,257	62,504	2,217	1520	1,026
Net Income (Millions of yen)	14,759	33,268	43,008	1,332	803	582
Net Profit per Share (Yen)	12.54	28.34	36.81	832.65	502.34	364.10
Dividend per Share (Yen)	6.75	12.00	15.00	—	—	—
Shareholder Equity per Share (Yen)	479.45	500.77	578.15	1,993	2,415	2,779

\* Due to change in its account closing date, fiscal year of Asahi Glass ended December 2003 represents results for nine months.

## 5. Description of the Business to be Separated

### (1) Business to be separated

- Marketing and business management of processed glass for construction

### (2) Business Results of Processed Glass for Construction Business for Fiscal Year 2005

	Processed Glass for Construction Business (a)	Business Results of the Asahi Glass for FY ended December 2005 (b)	Ratio (a/b)
Net Sales (Millions of yen)	35,961	576,229	6.2%

### (3) Items and Amounts of Assets and Liabilities to Be Succeeded (December 31, 2006)

Detailed the amounts of assets and liabilities to be succeeded are yet undecided.

## 6. Outline of Accounting transaction

The separation will be classified as transaction under common control in corporate merger accounting rules and therefore no financial impact in expected. Goodwill will not be recognized in the transaction.

## 7. 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) Principal Office

1-12-1 Yurakucho, Chiyoda-ku, Tokyo

(4) Representative

Masahiro Kadomatsu, Representative Director, President & CEO

(5) Capital

90,480 million yen (as of June 30, 2006; no reduction of capital resulting from corporate separation)

(6) Total Assets

Total Assets as of June 30, 2006 were 1,195,064 million yen. Impacts of the corporate separation on the amount of reduction in the assets of Asahi Glass are negligible.

(7) Account Closing Date

December 31

(8) Financial Impacts on Business Results

– Prospective Business Results following Corporate Separation

Impacts of the corporate separation on non-consolidated business results will be negligible.

— Prospective Consolidated Results following Corporate Separation

Impacts of the corporate separation on consolidated business results will be negligible as this is a restructuring within the group with a wholly owned subsidiary.