



September 12, 2007

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Asahi Glass Announces Demerger and Transfer of Shares of Asahi Fiber Glass Co., Ltd.

Asahi Glass Co., Ltd. decided at its Board of Directors' meeting held on September 12, 2007 to divest the glass wool and industrial materials operations from Asahi Glass Fiber Co., Ltd. and transfer the entire shares of a newly established company in the manner and on the basis described below:

1. Reasons for Demerger and Share Transfer

Asahi Glass, under its group vision, "*Look Beyond*", is committed to concentrating its management resources in its core business fields, and is continuously reviewing the possibilities of revising its business portfolio and reallocating its management resources in the process of carrying out its three-year medium-term management plan, "*JIKKO-2007*", which it implemented in 2005.

Asahi Fiber Glass Co., Ltd. (hereinafter referred to as "Current AFGC") currently manufactures and sells glass wool for use as residential heat-insulating material, and fiberglass reinforced thermoplastics for use as industrial materials mainly in Japan. However, based on the judgment that these operations would generate little synergy in the future with the business fields in which its group would actively mobilize its resources, Asahi Glass has decided to transfer Current AFGC's glass wool and fiberglass reinforced thermoplastics operations in keeping with its management policy to concentrate its management resources in the core businesses.

More specifically, Asahi Glass will first divest the glass wool and industrial materials operations as Current AFGC's main businesses from Current AFGC, and then transfer the entire shares of a newly established company (carrying the corporate name of Asahi Fiber Glass Co., Ltd.; hereinafter referred to as "New AFGC") to Current AFGC. Asahi Glass will continue to hold the entire shares of the demerged company that is slated to continue holding non-operating assets (including land and buildings) related to operations other than its main businesses (whose

corporate name would be changed from the tentative “Asahi Fiber Glass Co., Ltd.” to “AGC Estate Co., Ltd.”)

2. Schedule for Share Transfer

September 12, 2007: Asahi Glass Board of Director’s resolution on share transfer of New AFGC

November 1, 2007: Planned date of share transfer

3. Number of Shares to be Transferred, Transfer Price and Status of Share Ownership Before and After the Transfer

(1) Number of shares held before the transfer: 1 (Percentage ownership: 100%)

(2) Number of shares to be transferred: 1 (Transfer price: ¥16.05 billion)

(3) Number of shares held after the transfer: 0 (Percentage of ownership: 0%)

4. Overview of the Parties to Whom Shares of a Newly Established Company will be Transferred

Asahi Glass will transfer the whole of the shares of the newly established company (New AFGC) distributed from the demerged company (Current AFGC) as retained earnings to “Global Insulation,” a holding company (established on July 9, 2007) co-funded by Development Bank of Japan and a fund operated by Wise Partners.

Corporate Name	Development Bank of Japan	Wise Partners	Global Insulation
Representative	Takeshi Kokura, Governor	Tomohiro Nakano, Hiroyuki Kurihara	Hiroyuki Kurihara
Location of Head Office	1-9-1 Otemachi, Chiyoda-ku, Tokyo	2 Ichiban-cho, Chiyoda-ku, Tokyo	2 Ichiban-cho, Chiyoda-ku, Tokyo
Description of Main Business	Financial services including supply of long-term funds	Operation of private equity funds	Holding company for the transfer of shares
Relationship with Asahi Glass	None in terms of capital or human resources	None in terms of capital, human resources or business transaction	None in terms of capital, human resources or business transaction

5. Outline of Demerger

(1) Schedule for Demerger

September 12, 2007: Asahi Glass Board of Director’s resolution on demerger of New AFGC

October 24, 2007 (plan): General meeting of shareholders of Current AFGC

November 1, 2007 (plan): Planned date of demerger and establishment of the newly established company

(2) Method of Demerger

The planned demerger will take the form of a spin-off where Current AFGC as a subsidiary of Asahi Glass will be divested (with its tentative corporate name changed to AGC Estate Co., Ltd.) and New AFGC will be established.

(3) Allocation of Shares

By way of this demerger, New AFGC will issue one common share, and will allocate the whole of the said share to Current AFGC, and Current AFGC will concurrently distribute the whole of the said share to Asahi Glass as retained earnings. As a result, New AFGC will become a wholly-owned subsidiary of Asahi Glass.

(4) Decrease in Capital etc. as a Result of Demerger

There will be no decrease in capital.

(5) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights

The demerged company does not issue equity warrants or warrant bonds.

(6) Rights and Obligations to be Succeeded by the Newly Established Company

New AFGC as the newly established company is slated to take over from Current AFGC those assets and liabilities which are deemed necessary for the execution of Current AFGC's glass wool and industrial materials operations as of the date of demerger.

(7) Prospects of Paying Debt Obligations

Neither Current AFGC nor New AFGC is expected to face any problem in performing the respective debt obligations as a result of this demerger.

6. Overview of the Parties to the Demerger

(1) Overview of Demerger (as of June 30, 2007)

Corporate Name	Asahi Fiber Glass Co., Ltd. * Corporate name to be changed tentatively to AGC Estate Co., Ltd. on the date of demerger
Business Operation	Production and sales of glass wool, fiberglass reinforced thermoplastics and others
Date Established	November 1, 1956
Location of Head Office	3-6-3 Kanda Kajicho, Chiyoda-ku, Tokyo
Representative	Akira Kitsunezuka, President & CEO
Capital	6,000 million yen
Number of Issued Shares	26,000,000
Net Assets	13,813 million yen
Total assets	24,876 million yen
Fiscal Closing Date	December 31
Number of Employees	474
Major Customers	Sumitomo Forestry, Mitsubishi Shoji Construction Materials, Vuteq Corporation, Nice Corporation, Meiwa Corporation, Daiwa House Industry
Major Shareholders and Percentages of Shares Held	Asahi Glass Co., Ltd. 100%

(2) Overview of Newly Established Company

Corporate Name	Asahi Fiber Glass Co., Ltd.
Business Operation	Production and sales of glass wool, fiberglass reinforced thermoplastics and others
Date Established (Plan)	November 1, 2007
Location of Head Office	3-6-3 Kanda Kajicho, Chiyoda-ku, Tokyo
Representative	Akira Kitsunozuka, President & CEO
Capital	To be determined
Number of Issued Shares	1
Total Assets	To be determined
Fiscal Closing Date	December 31
Number of Employees (Plan)	474
Major Customers	Sumitomo Forestry, Mitsubishi Shoji Construction Materials, Vuteq Corporation, Nice Corporation, Meiwa Corporation, Daiwa House Industry
Major Shareholder and Percentage of Shares Held	Asahi Glass Co., Ltd. 100%

(3) Demerged Company's Business Performance for the Last Three Fiscal Years

(Consolidated financial results of Current AFGC)

	Fiscal Year ended December 2004	Fiscal Year ended December 2005	Fiscal Year ended December 2006
Net Sales (Million Yen)	43,811	42,684	31,927
Operating Income (Million Yen)	1,729	1,616	1,304
Ordinary Income (Million Yen)	1,716	1,626	1,473
Net Income (Million Yen)	189	(2,720)	2,216
Net Income per Share (Yen)	7.26	(104.60)	85.23
Dividend per Share (Yen)	0	0	0
Shareholders' Equity per Share (Yen)	540.47	435.06	520.29

7. Description of Business to be Demerged

(1) Business to be Demerged

Production and sales of glass wool and fiberglass reinforced thermoplastics

(2) Demerged Segments' Business Performance in Fiscal Year ended December 2006

	Business Segments' Net Sales (a)	Demerged Company's Total Net Sales in FY December, 2006 (b)	Ratio (a/b)
Net Sales (Million Yen)	29,240	31,927	91.6%

(3) Items and Amounts of Assets and Liabilities to be Demerged

Detailed amounts of assets and liabilities to be succeeded by the newly established companies are yet undecided.

8. Status of Demerged Company after the Demerger

Corporate Name	AGC Estate Co., Ltd. (tentative name) * Corporate name to be changed from Asahi Fiber Glass Co., Ltd. on the date of demerger
Business Operation	Leasing of land and buildings
Location of Head Office	1-12-1 Yurakucho, Chiyoda-ku, Tokyo (plan)
Representative	To be appointed
Capital	6,000 million yen
Fiscal Closing Date	December 31

9. Financial Impacts on Business Performance

Impacts of the demerger on Asahi Glass's business performance will be negligible. The amounts of assets and liabilities to be succeeded by the newly established company are not yet determined at this time, but the share transfer is expected to give rise to a consolidated extraordinary gain of approximately 6 to 8 billion yen and a non-consolidated extraordinary gain of 5 to 7 billion yen in the fiscal year ended December 2007.

Asahi Glass will announce details of these extraordinary gains as soon as the amounts of assets and liabilities to be succeeded by the newly established company are fixed.