

FOR IMMEDIATE RELEASE

**AGC to establish a system toward reorganization of its domestic
Chlor-Alkali business—making Hokkaido Soda into a subsidiary—**

Tokyo, February 28, 2012—AGC (Asahi Glass Co., Ltd.; Head Office: Tokyo; President & CEO: Kazuhiko Ishimura) announced today that it has converted Hokkaido Soda Co., Ltd. (hereinafter Hokkaido Soda) into a subsidiary with an investment stake of 51 percent. This decision is part of the Company's efforts toward reorganizing its domestic Chlor-Alkali¹ business following the signing of a basic agreement with other stakeholders to withdraw its capital investment from Kashima Chlorine & Alkali Co., Ltd. The AGC Group will strive to strengthen its competitiveness by running the domestic Chlor-Alkali business with the existing Chiba Plant and Kashima Plant operating in an integrated manner with Hokkaido Soda.

Caustic soda², produced by electrolysis, is used as a basic industrial chemical in wide range of industries such as inorganic and organic chemicals, paper and pulp, and food, with an annual domestic demand of about 3.5 million tons³. Meanwhile, demand for chlorine, which is produced concurrently with caustic soda by electrolysis, has been declining in recent years with the fall in shipments of chlorine derivatives such as vinyl chloride. Considering that both caustic soda and chlorine are produced in the Chlor-Alkali business, the supply system in this business needs to be reviewed in such a way as to achieve the optimal production balance that reflects the domestic market conditions.

As part of its efforts to review the supply system, AGC has already made a basic agreement to withdraw its capital investment from Kashima Chlorine & Alkali Co., Ltd. and has decided to consolidate production to the Chiba Plant and the Kashima Plant. In addition, AGC will make Hokkaido Soda, which has been the foothold of the Group's Chlor-Alkali business, into a subsidiary to further step up cooperation with the company in terms of production and sale.

The AGC Group will work toward establishing the optimal production balance in the Chlor-Alkali business under the integrated operation system of the Chiba Plant, the Kashima Plant, and Hokkaido Soda, as well as pursuing the improvement of the production efficiency of electrolysis facilities to reorganize its domestic Chlor-Alkali business and boost competitiveness.

The AGC Group will promote expansion of production capacity in overseas markets, which show potential for growth in the Chlor-Alkali business. In addition, the Group will move forward with increasing the efficiency and consolidation of production facilities in Japan to exhaustively work on the enhancement of its corporate structure.

Notes: 1. Electrolysis of brine for producing caustic soda and chlorine

2. Sodium Hydroxide (NaOH)

3. Total amount (3.47 million tons) in the calendar year 2011 compiled by Japan Soda Industry Association

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<Reference>

1. AGC Group's production sites for chlor-alkali products (after reorganization)
 - Japan: Chiba Plant, Kashima Plant, Hokkaido Soda (newly made subsidiary)
 - Overseas: P.T. Asahimas Chemical (Indonesia), AGC Chemicals (Thailand) Co., Ltd.

2. Profile of Hokkaido Soda
 - (1) Company name: Hokkaido Soda Co., Ltd.
 - (2) Location: Tomakomai City, Hokkaido
 - (3) Capital: 1.2 billion yen
 - (4) Shareholders*: AGC 51%; Nippon Paper 10%; Oji Paper 9.8%; Nippon Light Metal 6.2%;
Others 23%
 - (5) Established: 1949
 - (6) Business: Production and sale of basic chemicals, cosmetic raw materials, and salt for
general use
 - (7) Number of employees: 137 (as of December 2011)

*Investment ratio after making Hokkaido Soda Co., Ltd. into a subsidiary