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FOR IMMEDIATE RELEASE

ASAHI GLASS REPORTS RESULTS FOR THE FIRST HALF OF FISCAL 2000

TOKYO — Asahi Glass Company, Limited, today reported its nonconsolidated operating results for the first half of fiscal 2000, ended September 30, 1999. Net sales totaled ¥345,855 million ($3,234 million), a decline of 4.9% from the first half of fiscal 1999. Ordinary income fell 51.8%, to ¥5,020 million ($47 million), while net income dropped 30.1%, to ¥3,525 million ($33 million).

Net income per share was ¥3.00 ($0.028), down from ¥4.29. The Company declared an interim dividend of ¥4.50 ($0.042) per common share, on a par with the fiscal 1999 interim dividend.

Operating Results

Japan's economy, while personal consumption and housing investment both seemed to be in upturn, continued to stagnate in the first half of fiscal 2000 with private-sector capital investment still sluggish.

Asahi Glass responded to these conditions by stepping up its operating activities. However, a slowdown in demand for mainstay products, coupled with sagging market conditions, slightly drove down net sales, while reduced gains on sales of marketable securities and an increase in foreign exchange loss contributed to declines in ordinary income and net income.

Glass and Related Operations

Sales of glass and related operations dipped 2.4% in the period under review, to ¥183,213 million ($1,713 million), and accounted for 53.0% of net sales. Rising demand for housing bolstered sales of insulating double-glazing glass units, while sales of fire-resistant siding board also expanded. However, overall sales of flat glass and construction materials were dampened by flagging construction of office buildings, which reduced sales of float glass.Despite higher demand for use in compact cars, owing to a change in standards for these vehicles, sluggish domestic demand and a drop in exports drove down sales of fabricated glass, most of which is used in automobile production.

Glass bulb sales edged up from the first half of fiscal 1999. Although cathode ray tube manufacturers in Japan scaled back production, slowing domestic sales, exports of products and plant equipment were firm. Sales of reinforced panels for flat cathode ray tubes (CRTs) were also firm.

Chemicals Operations

Chemicals operations generated sales of ¥96,165 million ($899 million), down 19.8%, and equivalent to 27.8% of net sales. Despite increased sales of urethane products, operating conditions in key customer industries remained harsh, restraining sales of mainstays such as caustic soda and vinyl chloride.

Ceramics and Refractories Operations

Ceramics and refractories operations generated sales of ¥7,604 million ($71 million), down 17.6% and equivalent to 2.2% of net sales. Flagging demand continued to push down sales of fused cast refractories, while the market for bonded and castable refractories remained stagnant.

Electronics Operations

Sales in the electronics operations category climbed 34.3%, to ¥52,962 million ($495 million), representing 15.3% of net sales. This improvement was fueled by a strong recovery in demand for personal computers (PCs), which significantly increased sales of glass substrates for thin-film transistor liquid crystal displays (LCDs), and by brisk sales of magnetic disks.

Other Operations

Other operations generated sales of ¥5,909 million ($55 million), a decline of 20.3%, and equivalent to 1.7% of net sales.

Outlook for Fiscal 2000

Although Japan's economy is expected to improve gradually, a strong recovery is unlikely as private-sector capital investment is forecast to remain sluggish. Furthermore, concern about the effectiveness of the Japanese government's current stimulus measures and the direction of consumer spending, as well as fluctuations in the foreign exchange market continue to cause uncertainty and invite caution.

For the current fiscal year, ending March 31, 2000, Asahi Glass projects nonconsolidated net sales to slip 6% from fiscal 1999, to ¥680,000 million ($6,358 million). Ordinary income is expected to amount to ¥13,000 million ($122 million), a gain of 7%, while net income is projected to total ¥10,000 million ($94 million), up 23%.

Despite firm sales of a number of products, overall demand in the glass and related operations, chemicals operations, and ceramics and refractories operations segments is not expected to recover in the second half of the period. Accordingly, sales in all three segments is expected to decline from the fiscal 1999 level. In contrast, firm demand for PCs is expected to support continued growth in demand for glass substrates for thin-film transistor LCDs, resulting in an increase in sales in the electronics operations segment.

Asahi Glass will continue to implement aggressive measures to improve efficiency and rationalize operations in the second half of fiscal 2000. In line with the strategies of its current business plan and in the spirit of the plan's slogan, "Shrink to Grow," the Company will also step up efforts to restructure its operations with the aim of bolstering ordinary and net income.

The Company expects to pay a year-end dividend of ¥4.5 ($0.042) per common share, bringing the annual dividend to ¥9.00 ($0.084) per share.

Management Policy

Basic Policy

It is the policy of Asahi Glass to provide the best materials solutions in leading industries by drawing on its glass and chemicals technologies. By doing so, Asahi Glass aims to be the world's leading company in its glass, chemicals and other core businesses in terms of profitability and growth.

Allocation of Profits

Asahi Glass recognizes guaranteeing a fair return to shareholders as one of its key management tasks. Accordingly, the Company pledges to maintain stable dividends while at the same time allocating funds to research and development and capital investment, as well as mergers and acquisitions (M&A), to maximize corporate value.

Medium- and Long-Term Strategies and Objectives

Since October 1998, Asahi Glass has pursued a management plan known by its slogan, “Shrink to Grow.” “Shrink” refers to strategically re-categorizing businesses by discarding or restructuring uncompetitive operations, while “grow” involves striving to enhance competitiveness in its core businesses, expand global operations and inaugurate new businesses with outstanding profit potential. On the shrinkage side, Asahi Glass has closed down one of its float glass production facilities in Japan, while on the growth side, an M&A deal has enabled the Company to establish fluoropolymers business bases in North America and Europe.

Under the “Shrink to Grow” plan, Asahi Glass aims to increase its consolidated return on equity to 6% by fiscal 2002 and 10% by fiscal 2004.

Reinforce Consolidated Group Management System

Not only to improve operational efficiency and effectiveness, but also to ensure management transparency and objectivity, Asahi Glass is revamping its management system to clarify the roles and responsibilities of each corporate and business unit. To accelerate responsiveness and decision-making at the management level, the Company is also formulating a new corporate structure with fewer levels of authority and allocating greater responsibility to individual units. At the same time, with the aim of promoting more effective Group and global management, the Company is reorganizing its business units and introducing a new unit performance evaluation system based on the cost of capital.

Looking Ahead

Asahi Glass believes that the most crucial tasks it currently faces are to restructure its business portfolio to ensure optimum profitability and to implement the strategies outlined in the “Shrink to Grow” plan.

To guide its activities during the three-year period from fiscal 2000 through fiscal 2002, Asahi Glass has launched “Shrink to Grow 2001,” a program of specific actions formulated in line with the “Shrink to Grow” plan that focuses on the Company’s commodity businesses, such as architectural glass and basic chemicals, and its specialty materials businesses, which encompass a number of high-value-added businesses that are small in scale but have significant profit potential.

To strengthen its domestic commodities businesses, which include architectural glass and basic chemicals, Asahi Glass will withdraw from or divest unprofitable businesses and implement stringent measures to reduce costs. Overseas, many of the markets for key commodity products show outstanding growth potential. Accordingly, the Company will take decisive steps to expand the scale of its operations overseas through M&A activities, including acquiring majority shares in key overseas affiliates , thereby ensuring an optimal global product mix at each of its domestic and overseas manufacturing bases.

In the specialty materials businesses, Asahi Glass will endeavor to maximize promising opportunities in the life sciences, energy and environment, and information and electronics fields, all of which the Company believes will be key growth industries in the 21st century.

Year 2000 Compliance

Computer systems and microcomputer-controlled manufacturing equipment are integral to manufacturing today. The Year 2000 Problem, or Y2K, is thus a crucial issue for management, which in December 1996 launched a drive to systematically tackle this problem on the initiative of the Information Systems Center of the Company.

On December 1, 1998, Asahi Glass formed its Year 2000 Problem Committee, headed by President Shinya Ishizu, and supported by Managing Director and Chief Technology Officer Hajime Amemiya, who oversees Y2K activities. The committee manages the overall Y2K responses of the Company's operations, including those of its domestic and overseas affiliates. The committee's secretariat comprises the Information Systems Center, Engineering Center and Chemical Engineering Division. The progress of implementing measures is reported regularly to the Chief Technology Officer.

Asahi Glass has completed most of its Y2K-compliance simulations, as follows:

Internal Systems and Equipment

Asahi Glass finished testing of main information systems for such areas as sales, logistics and warehousing, accounting and purchasing by March 1999. Testing of the Manufacturing Facility Control Systems and Microcomputer-Based Control equipment was concluded in September 1999.

Systems and Equipment of Main Domestic and Foreign Affiliates

As of September 1999, 173 of the Company's main domestic and foreign affiliates were Y2K-compliant.

Customers and Suppliers

To confirm the progress of efforts by customers and suppliers which exchange transaction data with Asahi Glass to cope with Y2K, the Company gathered information through questionnaires. As of the end of October 1999, 98% of these companies were Y2K-compliant. The Company plans to conduct simulation tests with those companies that are not yet compliant and is currently determining appropriate testing methods and schedules. Achievement of compliance for these companies is expected in November 1999.

Budget

Asahi Glass' Y2K compliance budget is around ¥460 million, of which ¥440 million had already been spent by the end of the first half of fiscal 2000. Such expenditures have not included the cost of systems and facilities upgrades, which are hard to quantify. Management believes that such expenditures will not materially affect its operations.

Contingency Plans

To provide for a wide range of possibilities, Asahi Glass completed the formulation of contingency plans that emphasize minimizing risk and ensuring uninterrupted operations at the end of June 1999. Since then, the Company has been working on contingency plans designed to cope with social disruption and ensure appropriate distribution of material and product inventories. Asahi Glass is also taking steps to ensure an effective chain of command and adequate information gathering capabilities between December 29, 1999, and January 5, 2000, considered the peak period for Y2K-related problems. These steps include the establishment of a Y2K Response Committee, creation of an internal Y2K response structure and construction of an emergency contact network.

The Company's domestic and overseas affiliates are developing their own contingency plans based on the Asahi Glass model. Completion of these plans is expected in November 1999.

Y2K will have a broad impact on the social and economic infrastructure. Although it is hard to cover every contingency, Asahi Glass will continue to do its best to alleviate any problems that arise.

Note: Yen figures in this report have been translated into U.S. dollars at the rate of ¥106.95=$1, the prevailing rate on September 30, 1999.

Nonconsolidated Financial Highlights

Asahi Glass Company, Limited

	April 1, 1999 – September 30, 1999		April 1, 1998 – September 30, 1998		Y-on-Y Change (%)
	Millions of yen/ Percent				
Net sales	¥345,855		¥363,748		(4.9)
Operating income	2,937		(2,801)		—
Ordinary income	5,020		10,414		(51.8)
Net income	3,525		5,043		(30.1)
Exports	90,897		82,599		10.0
Export ratio	26.3%		22.7%		
Sales by Operation/ Percentage of Net Sales					
Glass and related operations	¥183,213	53.0%	¥187,705	51.6%	(2.4)
Chemicals operations	96,165	27.8	119,954	33.0	(19.8)
Ceramics and refractories operations	7,604	2.2	9,233	2.6	(17.6)
Electronics operations	52,962	15.3	39,438	10.8	34.3
Other operations	5,909	1.7	7,416	2.0	(20.3)
	¥345,855	100.0%	¥363,748	100.0%	(4.9)
Per Share Data (in yen)					
Net income	¥3.00		¥ 4.29		
Interim dividend	4.50		4.50		
Annual dividend	9.00		9.00		

Nonconsolidated Statements of Income
Asahi Glass Company, Limited

	Millions of Yen	
	April 1, 1999 – September 30, 1999	April 1, 1998 – September 30, 1998
Net Sales	¥345,855	¥363,748
Cost of Sales	296,825	316,221
Selling, General and Administrative Expenses	46,092	50,328
Operating income	2,937	(2,801)
Other Income and Expenses:		
Other Income:		
Interest and dividend income	6,516	11,951
Others	1,186	4,627
	7,703	16,578
Other Expenses:		
Interest expenses	1,835	1,869
Others	3,785	1,493
	5,621	3,362
Ordinary Income	5,020	10,414
Extraordinary Income:		
Gains on sales of fixed assets	2,168	1,839
Gains on sales of investment securities	22,904	302
Transfer from allowance for bad debts	24	152
	25,097	2,293
Extraordinary Losses:		
Loss on disposal of fixed assets	9,137	2,198
Loss on write-down of marketable securities	—	3,066
Restructuring expenses	13,730	—
R&D expenses for previous year	2,224	—
	25,092	5,265
Net income before income taxes	5,025	7,443
Income taxes	1,500	2,400
Net income after taxes	3,525	5,043
Earnings Carried Forward from the Previous Year	11,209	13,169
Adjustments on deffered tax from the Previous Year	7,857	—
Transfer from reserve for introducing differed tax accounting	8,967	—
Unappropriated retained earnings at year-end	¥31,559	¥18,212

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