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Asahi Glass to Establish New Manufacturing Facility for Large TFT LCD Glass Substrates in Japan

Asahi Glass Co., Ltd.

Asahi Glass Co., Ltd. (Headquarters: Tokyo; President & CEO: Masahiro Kadomatsu) has decided to expand its production capacity of non-alkali glass substrates for TFT LCDs (Thin Film Transistor Liquid Crystal Displays) panels. The Company will construct an additional glass furnace for large glass substrates at its Takasago Plant (Takasago, Hyogo Prefecture) with an investment of approximately 14 billion yen. The new furnace will have an annual production capacity of four million square meters of glass, and construction is scheduled to commence in October 2004, with commercial production slated to start in October 2005.

After completion of this new furnace, the Company's total production capacity will be 22 million square meters of glass per annum, once all seven furnaces are in operation—including the three at the Keihin Plant, the one at the Kansai Plant as well as the two under construction in Taiwan (of which one furnace is scheduled to start operation in September 2004)—

Demand for TFT LCD panels is expected to grow 25% annually over the coming years in terms of volume. In addition to demand for PC monitors, demand for TVs is expected to grow significantly. There are fears of a further strained supply-demand situation for TFT LCD glass substrates, especially in large size, since TFT panel manufacturers plan to produce panels larger than 6G (6th-generation) size from 2005 onwards.

Asahi Glass has so far increased its production capacity in response to growing demand. To meet demand for glass substrates which is expected to further expand in the future, the Company has now decided to newly construct a furnace in the Takasago Plant, which is equipped with efficient conditions of location due to the availability of space for constructing a furnace/building and the utilization of existing infrastructure. The new furnace will be a manufacturing facility designed with large glass substrates in mind to meet demand for such larger panels.

Asahi Glass will proactively expand its presence by identifying the trends in demand for glass substrates in Japan, Korea and Taiwan, while ensuring a stable supply for customers, as it sets its sights on becoming the global leader in this business.

For further information, please contact Shinichi Kawakami, General Manager, Corporate Communications Division, Asahi Glass Co., Ltd.

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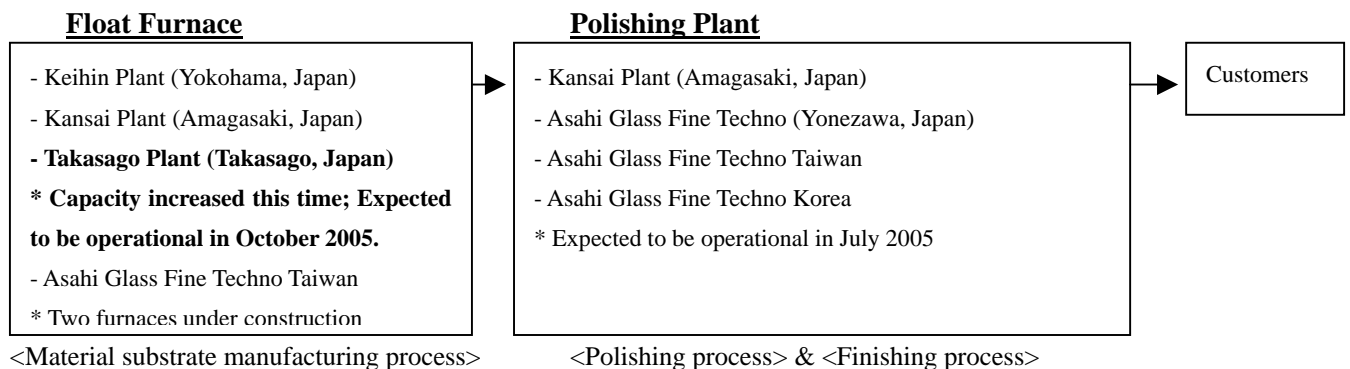
[Reference]

1. Features of Glass for TFT LCD Glass Substrate of Asahi Glass

Asahi Glass is the only glass manufacturer in the world to employ the *float process* in the manufacturing process of glass for TFT LCD glass substrates. “AN100” grade glass substrate, put on the market in 1998, exhibits the following major features:

- (1) Large-sized glass for TFT LCD glass substrates that can be supplied stably and in volume.
- (2) “AN100” provides all the features sought after in large-sized TFT LCD glass substrates of 5G (5th-generation size: larger than 1 square meter) or greater, which will find their way into the mainstream in the TFT LCD panel industry in the near future.
 - 1) It is less prone to warpage in TFT LCD panel manufacturing process, since it is more durable than other manufacturers’ glass substrates.
 - 2) Warpage and variations in substrate thickness are small, and it has excellent dimensional stability.
- (3) The “AN100” is an eco-friendly product. It is the only non-alkali TFT LCD glass substrate not to include such toxic materials as arsenic trioxide (As_2O_3) or antimony trioxide (Sb_2O_3).

2. Flowchart of the Asahi Glass TFT LCD Glass Substrate Manufacturing Process



3. Outline of Takasago Plant

- (1) Location: 5-6-1 Umei, Takasago, Hyogo Prefecture
- (2) Representative: Kenji Terada, Plant Manager
- (3) Product: Glass bulb for cathode-ray tube, semiconductor-related product made of silicon carbide
- (4) Site area: Approximately 380,000 square meters (of which, approx. 90,000 square meters are leased to Asahi Glass Ceramics Co., Ltd.)
- (5) Number of employees: 568 (as of June 20, 2004)