

October 3, 2005

Asahi Glass to Fully Withdraw from Domestic CRT Glass Production

Asahi Glass Co., Ltd.

Asahi Glass Co., Ltd. (Head Office: Tokyo; President & CEO: Masahiro Kadomatsu) has decided to stop operations of one cathode-ray tube (CRT) glass panel production furnace at its Takasago Plant (Takasago City, Hyogo Prefecture) by the end of March 2006, and fully withdraw from CRT glass productions in Japan.

Demand for CRT glass used in personal computers and televisions is projected to decline to about 220 million units for the fiscal year ending December 2005, from around 272 million units in fiscal 2004, due to a rapid shift towards TFT LCDs. In the first six months of this year, profitability of the Company's CRT business sharply deteriorated, hurt by a fall in sales volume, a drop in sales prices and a surge in the costs of raw materials and fuel. Against this backdrop, the Company adjusted operations at all its production bases both in Japan and abroad, while halting one panel production furnace and one funnel production furnace at the subsidiary Hankuk Electric Glass Co., Ltd. in September 2005. However, the demand for CRT glass is expected to gradually decline.

Under these circumstances, CRT manufacturers who were previously our customers have already disappeared from the domestic market. In response, the Company has decided to fully withdraw from the domestic CRT glass production by closing the panel production furnace at the Takasago Plant, a manufacturer of the large-size products that are experiencing a sharp fall in demand, by the end of March 2006. In addition, the Company plans to speed up the schedule for stopping operations of a funnel production furnace at the Takasago Plant, from by the end of 2005, to within November 2005.

After closing the panel production furnace at the Takasago Plant, the Company will continue manufacturing CRT panels and funnels in Southeast Asia, China, South Korea and Taiwan. The Company will take all necessary measures, including restructuring of the production system to meet the demand for CRT glass and the needs of the customers' manufacturing bases.

Meanwhile, the Company intends to proactively develop the flat-panel display (FPD) operations, by promptly responding to the increasing demand and investing in such plants and equipment.

With the closure of the panel production furnace at the Takasago Plant and the stoppage of the panel and funnel furnaces at Hankuk Electric Glass, the Company expects to incur an extraordinary loss of an estimated 10 billion yen for the year ending December 2005.

For further information regarding these issues, please contact Shinichi Kawakami, General Manager, Corporate Communications and Investor Relations Division, Asahi Glass Co., Ltd. (Direct inquiries to: Yoshihiko Saito, Telephone: +81-3-3218-5509, E-mail: info-pr@agc.co.jp)

[Reference]

1. Outline of Takasago Plant

- (1) Location: 5-6-1 Umei, Takasago City, Hyogo Prefecture
- (2) Representative: Kenji Terada, Plant Manager
- (3) Product: CRT glass (panels and funnels), semiconductor-related products 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: 514 (as of June 20, 2005)

2. Composition of CRT glass

CRT glass is composed of three parts: a panel on which the moving image is displayed, a funnel which is located behind this, and a neck tube which accommodates an electron gun.

