January 18, 2007

Company Name: Asahi Glass Co., Ltd. President & CEO: Masahiro Kadomatsu (Code No.: 5201; TSE 1st section) Contact: Shinichi Kawakami, General Manager, Corporate Communications & Investor Relations (Tel: +81-3-3218-5259)

# Asahi Glass Separates Marketing and Management Divisions of Domestic Business of Processed Glass for Construction

Asahi Glass Co., Ltd. (Head Office: Chiyoda-ku, Tokyo; President & CEO: Masahiro Kadomatsu, hereafter "Asahi Glass") decided at its Board of Directors' meeting held on January 18, 2007, to separate Marketing and Management Divisions of domestic business of Processed Glass for Construction and then to be absorbed and succeeded on May 1, 2007 by its wholly-owned subsidiary AGC AX Co., Ltd., (Head Office: Chiyoda-ku, Tokyo; President & CEO: Shinichi Harada, hereafter "AX") a company that manufactures processed glass for construction.

Details of the corporate separation are still undecided but will be announced at the conclusion of the Corporate Separation Agreement.

On the same day of the corporate separation, AX will merge with and succeed Asahi Glass Housing Materials Co., Ltd. (Head Office: Chiyoda-ku, Tokyo; President & CEO: Koichi Asanuma, hereafter "AGH"), a wholly owned subsidiary of Asahi Glass selling processed glass for construction, and AX will change its corporate name to AGC Glass Products Co., Ltd..

### 1. Purpose of Corporate Separation

By integrating manufacturing, marketing and sales activities of processed glass, which are currently operated by different companies, Asahi Glass aims to accelerate decision making and to expand sales of high value-added products.

#### 2. Outline of Corporate Separation

(1) Schedule for Corporate Separation (Spin-off will be conducted as a simplified procedures.)

January 18, 2007	Resolution of basic policies of Corporate Separation			
Middle of March 2007 (provisional)	Resolution and Conclusion of Corporate Separation			
	Agreement			
May 1, 2007 (provisional)	Effective Date of Corporate Separation			
*This separation will be conducted	through the simplified procedures provided under the			

This separation will be conducted through the simplified procedures provided under the Company Law of Japan, for which a resolution of the shareholders' meeting will not be required.

#### (2) Method of Separation

Short form corporate separation in which AX is the company succeeds the business and Asahi Glass is the succeeded company.

#### (3) Allocation of Shares

The number of shares AX to be issued in connection with the merger, which will be allocated only to Asahi Glass, is undecided.

### (4) Basis for this Allocation of Shares

The Successor Company (AX) is a wholly-owned subsidiary of Asahi Glass. In addition, in this separation the book values of assets and liabilities will be carried over, and since this separation is a short form corporate separation, in which all the shares to be issued by AX will be allocated to Asahi Glass. For this reason, discussions will be held with both companies to decide the number of shares to apportion.

(5) Decrease in capital etc. due to corporate separation

There will be no decrease in capital in Asahi Glass etc. in connection with this separation.

(6) Handling of stock acquisition rights and bonds with stock acquisition rights

The stock acquisition rights of AX shall not be delivered to the holders of the stock acquisition rights of Asahi Glass.

Furthermore, there are no relevant items relating to bonds with stock acquisition rights.

### (7) Rights and Obligations to be Succeeded by the Successor Company

The Successor Company (AX) is expected to succeed from Asahi Glass those portions of the assets and liabilities with respect to the Processed Glass for Construction Business and the related and ancillary businesses of Asahi Glass as of the Date of Corporate Separation, which are considered to be necessary for future operation of the relevant business.

The employees working for the Processed Glass for Construction Business as of the date of corporate separation are expected to be dispatched from Asahi Glass to the Successor Company.

(8) Prospects of paying debt obligations

Asahi Glass believes that both Asahi Glass and AX can pay the debt obligations incurred as a result of the business division and transfer.

## 3. Overview of the Successor Company Following Corporate Separation

(1) Corporate Name: AGC Glass Products Co., Ltd. (renamed from AGC AX Co., Ltd.)

(2) Principal Office:	2-9-18 Misaki-cho, Chiyoda-ku, Tokyo
(3) Capital:	1.03 billion yen
(4) Capital Structure:	Asahi Glass 100%
(5) Account Closing Date	December 31
(6) Representative:	Kimikazu Ichikawa (Projected)
(7) Employees:	About 640
(8) Business Operation:	Manufacturing and sale of processed glass for construction
(9) Manufacturing Site:	Current Plant (Kamisu-shi, Ibaraki Prefecture), etc. of AX,
	the Successor Company

## 4. Overview of the Parties to Corporate Separation

		-	(As of June 30, 2006)		
(1) Corporate Name	Asahi Glass Co.,	Ltd.	AGC AX Co., Ltd.		
		parate the Business)	(Successor Company)		
(2) Business Operation	Manufacture and		Manufacturing and sale of processed		
· · ·	chemical product		glass for construction		
(3) Date Established	June 1, 1950		December 2, 1967 (Initial corporate name: Tokyo Flat Glass Center Co., Ltd.) *Changed to current corporate name upon merger on October 1, 1990.		
(4) Principal Office	1-12-1 Yurakuch	o, Chiyoda-ku, Tokyo	2-9-18 Misaki-cho, Chiyoda-ku, Tokyo		
(5) Representative	Masahiro Kadom CEO	atsu, President &	Shinichi Harada, President & CEO		
(6) Capital	90,480 million ye	en	800 million yen		
(7) Issued Shares	1,186,013,684 sh	ares	1,600,000 shares		
(8) Net Assets	674,428 million	yen	4,536 million yen		
(9) Total Assets	1,195,064 million	n yen	13,237 million yen		
(10) Account Closing Date	December 31		December 31		
(11) Employees	5,840		522		
(12) Major Customers	Asahi Glass Fine Ltd. Asahi Glass Fine Sharp Corporatio		Asahi Glass Co., Ltd.		
(13) Major Shareholders and Percentages of Shares Held	London Japan Trustee Ser Account Meiji Yasuda Life Tokio Marine & T Co., Ltd.	6.73 % attan Bank, N.A., 5.65% rvice Bank Trust 4.68% e Insurance 4.50% Nichido Fire Insurance 3.98%	Asahi Glass 100%		
(14) Major Banks	The Bank of Tok Ltd. Mizuho Bank, Lt	yo-Mitsubishi UFJ, d.	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		
(15) Relationships between the Parties	Capital RelationshipAsahi Glass Co., Ltd. owns in 100% of the shares of AGC AX Co., Ltd.				

Hum Rela	nan tionship	Asahi Glass Co., Ltd. dispatches directors, auditors and employees to AGC AX Co., Ltd.
Tran	sactional	Asahi Glass Co., Ltd. sells raw glass for use in fabrication to
Rela	tionship	AGC AX Co., Ltd. Asahi Glass Co., Ltd. buys back
	_	processed glass from AGC AX Co., Ltd.

(16) Business Results for the Last Three Fiscal Years

( in millions of yen, expect per share amounts)

	Asahi Glass Co., Ltd.			AGC AX Co., Ltd.		
	(Company to Separate the Business)			(Successor Company)		
	December	December	December	December	December	December
	2003	2004	2005	2003	2004	2005
Net Sales (Millions of yen )	413,656	579,875	576,229	25,046	25,053	25,148
Operating Income (Millions						
of yen)	5,817	37,152	46,554	2,361	1,666	1,195
Ordinary Income (Millions						
of yen)	8,870	41,257	62,504	2,217	1520	1,026
Net Income (Millions of						
yen)	14,759	33,268	43,008	1,332	803	582
Net Profit per Share (Yen)	12.54	28.34	36.81	832.65	502.34	364.10
Dividend per Share (Yen)	6.75	12.00	15.00	—	—	_
Shareholder Equity per						
Share (Yen)	479.45	500.77	578.15	1,993	2,415	2,779

\* Due to change in its account closing date, fiscal year of Asahi Glass ended December 2003 represents results for nine months.

### 5. Description of the Business to be Separated

(1) Business to be separated

• Marketing and business management of processed glass for construction

(2) Business Results of Processed Glass for Construction Business for Fiscal Year 2005

	Processed Glass for Construction Business (a)	Business Results of the Asahi Glass for FY ended December 2005 (b)	Ratio (a/b)
Net Sales (Millions of yen)	35,961	576,229	6.2%

(3) Items and Amounts of Assets and Liabilities to Be Succeeded (December 31, 2006)

Detailed the amounts of assets and liabilities to be succeeded are yet undecided.

### 6. Outline of Accounting transaction

The separation will be classified as transaction under common control in corporate merger accounting rules and therefore no financial impact in expected. Goodwill will not be recognized in the transaction.

## 7. Outline of the Company Following Corporate Separation

(1) Corporate Name

Asahi Glass Co., Ltd.

### (2) Business Operation

Manufacture and sale of glass and chemical products

(3) Principal Office

1-12-1 Yurakucho, Chiyoda-ku, Tokyo

(4) Representative

Masahiro Kadomatsu, Representative Director, President & CEO

(5) Capital

90,480 million yen (as of June 30, 2006; no reduction of capital resulting from corporate separation)

(6) Total Assets

Total Assets as of June 30, 2006 were 1,195,064 million yen. Impacts of the corporate separation on the amount of reduction in the assets of Asahi Glass are negligible.

(7) Account Closing Date

December 31

- (8) Financial Impacts on Business Results
- Prospective Business Results following Corporate Separation

Impacts of the corporate separation on non-consolidated business results will be negligible.

- Prospective Consolidated Results following Corporate Separation

Impacts of the corporate separation on consolidated business results will be negligible as this is a restructuring within the group with a wholly owned subsidiary.