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)

Signing of Agreement on Separation of 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") announced that Asahi Glass and its wholly-owned subsidiary AGC AX Co., Ltd., (Head Office: Chiyoda-ku, Tokyo; President & CEO: Shinichi Harada, hereafter "AX") signed the agreement regarding 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 AX that manufactures processed glass for construction (see January 18, 2007 press release "Asahi Glass Separates Marketing and Management Divisions of Domestic Business of Processed Glass for Construction"). Details of the agreement are summarized below.

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		
March 15, 2007	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		

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

AX will issue 200,000 shares in connection with the merger and will allocate it only to Asahi Glass.

(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 was 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 December 31, 2006)	
(1) Corporate Name	Asahi Glass Co., Ltd.	AGC AX Co., Ltd.	
	(Company to Separate the Business)	(Successor Company)	
(2) Business Operation	Manufacture and sale of glass,	Manufacturing and sale of processed	
	chemical products, etc.	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 Yurakucho, Chiyoda-ku, Tokyo	2-9-18 Misaki-cho, Chiyoda-ku, Tokyo	
(5) Representative	Masahiro Kadomatsu, President & CEO	Shinichi Harada, President & CEO	
(6) Capital	90,480 million yen	800 million yen	
(7) Issued Shares	1,186,013,684 shares	1,600,000 shares	
(8) Net Assets	628,680 million yen	4,840 million yen	
(9) Total Assets	1,177,576 million yen	13,563 million yen	
(10) Account Closing Date	December 31	December 31	
(11) Employees	5,856	529	
(12) Major Customers	Asahi Glass Fine Techno Taiwan Co., Ltd. Asahi Glass Fine Techno Korea Sharp Corporation, etc.	Asahi Glass Co., Ltd.	
(13) Major Shareholders and Percentages of Shares Held	Master Trust Bank of Japan Trust Account 5.90 % Japan Trustee Service Bank Trust Account 5.34% Meiji Yasuda Life Insurance 4.50% The Chase Manhattan Bank, N.A., London 4.29% Tokio Marine & Nichido Fire Insurance Co., Ltd. 3.98%	Asahi Glass 100%	
(14) Major Banks	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Bank, Ltd.	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	
(15) Relationships between the Parties	CapitalAsahi Glass Co., Ltd.RelationshipCo., Ltd.	owns in 100% of the shares of AGC AX	

Hur Rela	nan ationship	Asahi Glass Co., Ltd. dispatches directors, auditors and employees to AGC AX Co., Ltd.
Tra	nsactional	Asahi Glass Co., Ltd. sells raw glass for use in fabrication to
Rela	ationship	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
	2004	2005	2006	2004	2005	2006
Net Sales (Millions of yen)	579,875	576,229	637,050	25,053	25,148	26,185
Operating Income (Millions						
of yen)	37,152	46,554	61,247	1,666	1,195	971
Ordinary Income (Millions						
of yen)	41,257	62,504	73,607	1,520	1,026	813
Net Income (Millions of						
yen)	33,268	43,008	\triangle 31,807	803	582	393
Net Profit per Share (Yen)	28.34	36.81	riangle 27.12	502.34	364.10	245.64
Dividend per Share (Yen)	12.00	15.00	16.00	—	-	_
Shareholder Equity per						
Share (Yen)	500.77	578.15	536.00	2,415	2,779	3,024

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 2006

	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)	35,304	637,050	5.5%

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

(Millions of yen)

As	sets	Liab	ilities
Item	Amount	Item	Amount
Current assets	315	Current liabilities	0
Fixed assets	133	Fixed liabilities	0
Total	448	Total	0

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 is 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 December 31, 2006; no reduction of capital resulting from corporate separation)

(6) Total Assets

Total Assets as of December 31, 2006 were 1,177,576 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.