

June 5, 2008

## Notice of 89th Ordinary General Meeting of Shareholders

Dear Shareholders,

Please be advised that the 89th Ordinary General Meeting of Shareholders will be held as follows, and we would be grateful if you could attend the meeting.

If you are unable to attend the meeting in person, you are entitled to vote by mail. In this regard, we cordially request that you return to us the enclosed voting right exercise form. To do so, please study the attached reference materials, indicate your approval or disapproval of each proposal on the attached voting form, and return it to reach us by 5:00 p.m., Thursday, June 26, 2008.

Yours faithfully,  
Tetsuji Mori, Chairman of the Board  
Nippon Electric Glass Co., Ltd.  
7-1, Seiran 2-chome, Otsu, Shiga, Japan

- 1. Date and Time:** Friday, June 27, 2008, from 10:00 a.m.  
**2. Venue:** Conference Room at the Head Office of the Company  
7-1, Seiran 2-chome, Otsu, Shiga, Japan

**3. Meeting Agenda:**

**Reporting:**

1. Business report, consolidated financial statements and results of audits of consolidated financial statements by Independent Auditors and the Board of Corporate Auditors for the 89th fiscal year (from April 1, 2007 to March 31, 2008)
2. Non-consolidated financial statements for the 89th fiscal year (from April 1, 2007 to March 31, 2008)

**Proposals:**

- Proposal 1:** Appropriation of Surplus  
**Proposal 2:** Election of nine (9) Directors  
**Proposal 3:** Election of two (2) substitute Corporate Auditors  
**Proposal 4:** Payment of Bonuses to Directors

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\* If you attend the meeting in person, please submit the enclosed voting right exercise form to the reception desk of the meeting.

\* Any revisions in reference documents for the general meeting of shareholders, business report, financial statements and consolidated financial statements will be disclosed on the Company's website (<http://www.neg.co.jp/JP/ir/>).

Offered Documents

## Business Report for the 89th Fiscal Year

Period from April 1, 2007  
to March 31, 2008

### 1. Status of Corporate Group

#### (1) Progress and results of operations

##### Overall trend

As for the global economy during the fiscal year under review, economic expansion continued in Asia, notably in China, and the European economy maintained its mild upswing on the whole, while the U.S. economy headed for a slowdown in the second half of the fiscal year against the backdrop of the sub-prime loan issue.

The Japanese economy remained on a recovery track supported by solid exports and firm capital expenditures, despite sharp rises in crude oil and material prices and lackluster consumer spending. However, uncertainty over the economic outlook has been deepened by factors such as fast-paced appreciation of the yen toward the end of the fiscal year.

In the display devices glass category, which is the core business of the Group, demand for glass for flat panel displays (FPDs) increased, backed by favorable factors including growth in the flat screen television market, albeit under the above-mentioned economic circumstances.

#### Consolidated results of operations for the fiscal year under review

	88th Fiscal Year (April 2006 to March 2007)	89th Fiscal Year (April 2007 to March 2008)	Increase (%)
	Millions of yen	Millions of yen	
Net sales	336,410	368,267	9.5
Operating income	84,585	100,882	19.3
Ordinary income	81,425	96,942	19.1
Net income	40,358	50,668	25.5

Net sales increased. Sales in the Information and Communications business sector increased supported by an expansion in sales of glass for FPDs. Sales in the Other Products businesses sector also exceeded those of the previous fiscal year with the increase in sales of glass fiber.

Profits suffered from a decline in product prices, as well as an increase in costs of raw materials and fuels and a rise in depreciation expenses. Nevertheless, profits increased, thanks to expanded sales of glass for FPDs and productivity improvement that more than offset the above negative factors.

As for extraordinary income and losses, the Company posted extraordinary income from liquidation of investment securities associated with its former subsidiary in U.K., extraordinary losses including impairment losses on CRT glass production facilities and on dissolution of its

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Indonesian subsidiary and loss from valuation of investment securities following the slowdown in stock market conditions.

Sales by business category are as follows:

Category			88th Fiscal Year (April 2006 to March 2007)		89th Fiscal Year (April 2007 to March 2008)		Increase	
			Net sales	Break-down	Net sales	Break-down	Amount	Percentage
Glass Business	Information and Communications	Glass for Display Devices	Millions of yen 256,889	% 76.4	Millions of yen 284,881	% 77.3	Millions of yen 27,992	% 10.9
		Glass for Electronic Devices	14,842	4.4	16,130	4.4	1,287	8.7
		Subtotal	271,731	80.8	301,011	81.7	29,280	10.8
	Other Products	Glass Fiber	26,289	7.8	31,416	8.5	5,127	19.5
		Building Materials, Heat-Resistant Glass, Glass Tubing and Other	36,923	11.0	34,380	9.4	(2,543)	(6.9)
		Subtotal	63,212	18.8	65,796	17.9	2,584	4.1
	Glass Business Total		334,944	99.6	366,808	99.6	31,864	9.5
Other Business			1,466	0.4	1,458	0.4	(7)	(0.5)
Total			336,410	100.0	368,267	100.0	31,856	9.5

## **Information and Communications**

### **Glass for display devices**

In FPD glass, sales of substrate glass for LCD exceeded those of the previous fiscal year owing to our response to an increase in demand by a productivity improvement of existing facilities and launching the operation of new facilities in December 2007. Sales of substrate glass for PDPs and glass for LCD back lights underachieved the plan due to negative factors such as price declines.

In the CRT glass business, sales decreased due to downsizing of the market and a reduction in capacities of the Group caused by a reduction in production facilities of its Malaysian subsidiary and a decision to dissolve its Indonesian subsidiary.

### **Glass for electronic devices**

Sales of glass for electronic devices exceeded those of the previous fiscal year, supported by strong sales of glass for image sensors used in digital cameras and cell phones.

As a result, sales in the Information and Communications sector amounted to ¥301,011 million, a year-on-year increase of 10.8%.

## **Other Products**

### **Glass fiber**

Sales of glass fiber increased due to the contribution toward the end of fiscal year from new facilities at the Malaysian subsidiary which launched operation in July 2007 to accommodate increased demand for reinforcing glass fiber used in high-function plastic auto parts.

### **Building materials, heat-resistant glass, glass tubing and other glass products**

Sales in building materials, heat-resistant glass, glass tubing and other glass products fell short of those of the previous fiscal year because of sluggish sales in the overall sector, as well as decreased sales of glass for building materials due to the effect of delays in construction approvals accompanying the revision in the Building Standard Law.

Consequently, sales in the Other Products sector amounted to ¥65,796 million, a year-on-year increase of 4.1%.

## **(2) Capital Expenditure**

The Group's capital expenditure amounted to ¥107,283 million in the fiscal year under review.

In the Information and Communications sector, capital expenditure totaled ¥81,578 million, primarily for boosting production capacity for FPD glass.

In the Other Products sector, capital expenditure was ¥25,697 million, mainly for enhancing production capacity for glass fiber.

## **(3) Fund procurement status**

Funds required in the fiscal year under review were the plant and equipment fund, bond redemption fund and working capital, which the Company financed with its own funds, borrowings, public offering and other financing method. Funds required by consolidated subsidiaries were primarily financed by loans within the Group in line with the policy of reducing

interest-bearing consolidated debt, with partial funding from borrowings.

Summary of the above-mentioned public offering and other financing method is as follows.

Category	Number of share issued/disposed	Paid-in amount per share	Fund procured	Paid-in date
Public share offering	18.30 million shares	1,504.92 yen	27.5 billion yen	February 14, 2008
Disposition (offering) of treasury stock	1.05 million shares	1,504.92 yen	1.5 billion yen	February 14, 2008

**(4) Main creditors (as of March 31, 2008)**

Creditor	Amount
Sumitomo Mitsui Banking Corporation	17.3 billion yen
The Sumitomo Trust and Banking Co., Ltd.	14.1 billion yen
Shiga Bank, Ltd.	10.2 billion yen

**(5) Issues to be addressed**

Macroeconomic conditions are expected to remain unpredictable, with uncertainties over global economic developments, notably in the U.S., costs of raw materials and fuels and trends in exchange rates.

Looking at the business sectors of the Group, we anticipate sales to increase continuously as we can expect a favorable business environment mainly for the mainstay glass for FPDs. At the same time, however, we need to assume rapid changes in the business environment on supply and demand as well as prices of products caused by the intensification of competition in the industries of our customers and changes in future economic trends.

On the profit front, we are concerned about factors such as eroding product prices, launch of facilities and progress in productivity improvements, an increase in the depreciation burden accompanying expansion of capital expenditure and revision of the tax system, and a further increase in prices of raw materials and fuels.

Given these circumstances, the Company will address present management issues by implementing the measures listed below, and will strive to maintain and improve business results.

Glass for display devices

- Glass for FPDs: the Company will focus its efforts on enhancing supply capacity and increasing the yield ratio through measures such as improving existing facilities. While we are proceeding with construction of new facilities with targeted launch of operation in autumn this year, we will continue to augment production facilities at a proper timing in consideration of prospects for future demand. Through the above measures, we will strive to maintain and improve earnings while responding to demand expansion. At the same time, we will steadily enhance supply capacity of environmentally conscious products. In addition, we will press ahead with technology development related to ultra-thin sheet glass that responds to future needs of the market including further slimming down and reduction

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in weight of products.

- Glass for CRTs: While reviewing the production forces to accommodate downsizing of the market, the Company will strive to ensure profitability.

Glass for electronic devices

In addition to enhance imaging devices and optical communication related sectors, the Company will promote development of products for advanced technology sectors while utilizing non-glass technology such as for thin-film.

Glass fiber

In order to accommodate the global swell in demand for glass fiber, the Company augmented production facilities at its Malaysian subsidiary in the previous fiscal year and the fiscal year under review. Including the above measures, the Company will work on productivity improvement of its production facilities.

Heat-resistant glass

While we place expectations on growth of existing mainstay products, we will press ahead with development of applications by taking advantages of excellent characteristics of crystallized glass.

Reduction of interest-bearing debt

Although the Company has been making a large amount of capital expenditure primarily in the FPD glass sector, we will endeavor to reduce interest-bearing debt further while placing emphasis on timely capital expenditure responding to demand trends.

**(6) Changes in assets and profit/loss**

(Yen)

Item	86th Fiscal Year (April 2004 to March 2005)	87th Fiscal Year (April 2005 to March 2006)	88th Fiscal Year (April 2006 to March 2007)	89th Fiscal Year (April 2007 to March 2008)
Net sales	310,198 million	296,440 million	336,410 million	368,267 million
Operating income	51,108 million	51,952 million	84,585 million	100,882 million
Ordinary income	49,236 million	49,380 million	81,425 million	96,942 million
Net income	11,954 million	3,231 million	40,358 million	50,668 million
Net income per share	36.97	9.71	126.55	105.29
Total assets	495,567 million	486,016 million	519,707 million	588,030 million
Net assets	217,588 million	231,004 million	276,555 million	347,785 million
Net assets per share	681.50	723.87	852.83	691.27

Note 1: The Company completed a 2-for-1 split of its common stock effective March 10, 2005. Net income per share for the 86th fiscal year is calculated assuming the stock split was implemented at the beginning of the year.

Note 2: The Company completed a 1.5-for-1 split of its common stock effective April 1, 2007.

Note 3: Effective from the 88th fiscal year, the Company has adopted the "Accounting Standard for Presentation of Net Assets on Balance Sheet" (ASBJ Statement No.5 issued on December 9, 2005) and "Implementation Guidance on Accounting Standard for Presentation of Net Assets on Balance Sheet" (ASBJ Guidance No.8 issued on December 9, 2005).

**(7) Important subsidiaries (as of March 31, 2008)**

1) Status of important subsidiaries

Company name	Capital stock	Investment stake of the Company	Description of main business
Nippon Electric Glass (Malaysia) Sdn. Bhd.	M\$ 358 million	100%	Production and sale of glass for display devices, glass fiber and heat-resistant glass
Nippon Electric Glass (Fujian) Co., Ltd.	US\$ 127 million	91.4%	Production and sale of glass for display devices
Nippon Electric Glass (Korea) Co., Ltd.	KRW 5,000 million	100%	Processing and sale of glass for display devices
Nippon Electric Glass Taiwan Co., Ltd.	TWD 207 million	100%	Processing and sale of glass for display devices
Paju Electric Glass Co., Ltd.	KRW 36,000 million	60.0%	Processing and sale of glass for display devices

Note 1: P.T. Nippon Electric Glass Indonesia, for which the Company resolved to dissolve in September 2007, is excluded from the above table as that company is in the process of liquidation currently and ceased to be of importance.

Note 2: During the fiscal year under review, one affiliate company was converted into a subsidiary and was added to the scope of consolidation, bringing the total number of consolidated subsidiaries to 23 including the above five important subsidiaries.

2) Status of important affiliates

NEC Corporation holds 24.4% (including indirect ownership of 11.4%) of the voting rights of the all shareholders of the Company in effect. Accordingly, the Company is an affiliate of NEC Corporation.

**(8) Description of main businesses (as of March 31, 2008)**

The Group mainly produces and sells special glass products including glass for the information and communications industries, as well as glass making machinery.

Category		Main products
Information and Communications	Glass for Display Devices	Glass for Flat Panel Displays (FPD) Glass for Liquid Crystal Displays (LCD) Substrate Glass Tubes for Backlight Lamps Glass for Plasma Display Panels (PDP) Substrate Glass Glass Paste Glass for Cathode Ray Tubes (CRT)
	Glass for Electronic Devices	Glass for Optical Devices Capillary Ferrule Equipped with Optical Fiber Parts for Spherical Lenses “Micro Preform” Glass Materials for Aspherical Lenses Glass for Electronic Devices Powdered Glass Sheet Glass Glass Tube
Other Products	Glass Fiber	Chopped Strands for Function Plastic Yarns for Printed Circuit Boards Roving Glass for Reinforced Plastics Alkali-Resistant Glass Fiber
	Building Materials, Heat-Resistant Glass, Glass Tubing and Other	Glass for Building Materials Glass Blocks “Neoparies”, “Lapie” Glass Ceramics Building Materials “FireLite” Fire Rated Glass Radiation-Shielding Glass Glass for Interiors/Exteriors
		Heat-Resistant Glass “Neoceram” Super Heat-Resistant Glass Ceramic “Neorex” Heat-Resistant Glass
		Glass for Lighting Use Glass for Ampules, Vials, and Laboratory Use Glass for Thermos Flasks Glassmaking Machinery

**(9) Main sales offices and factories (as of March 31, 2008)**

## 1) The Company

Name	Location
Head Office	Otsu, Shiga
Osaka Office & Sales Headquarters	Yodogawa-ku, Osaka
Tokyo Office & Sales Headquarters	Minato-ku, Tokyo
Otsu Factory	Otsu, Shiga
Fujisawa Factory	Fujisawa, Kanagawa
Shiga-Takatsuki Factory	Ika-gun, Shiga
Notogawa Factory	Higashiomi, Shiga
Wakasa-Kaminaka Factory	Mikata-Kaminaka-gun, Fukui
Precision Glass Processing Center	Kusatsu, Shiga

## 2) Subsidiaries

Company name	Location
Nippon Electric Glass (Malaysia) Sdn. Bhd.	Selangor, Malaysia
Nippon Electric Glass (Fujian) Co., Ltd.	Fujian, China
Nippon Electric Glass (Korea) Co., Ltd.	Kyong-buk, Korea
Nippon Electric Glass Taiwan Co., Ltd.	Taichung County, Taiwan
Paju Electric Glass Co., Ltd.	Gyeonggi-do, Korea

**(10) Status of employees (as of March 31, 2008)**

Category		Number of employees
Glass Business	Information and Communications	5,017
	Other Products	1,150
	Total of Glass Business	6,167
Other	—	31
Administration Departments		78
Total		6,276

Note 1: The number of employees represents the number of workers.

Note 2: The number of employees of the Company is 1,938.

**2. Matters related to shares of the Company (As of March 31, 2008)****(1) Total number of shares authorized to be issued:** 1,200,000,000 shares**(2) Total number of shares issued:** 497,616,234 shares (including 46,344 shares of treasury stock)

Note 1: The Board of Directors Meeting held on March 5, 2007 resolved that the Company perform a 1.5-for-1 split of its common stock effective April 1, 2007, for shareholders as of March 31, 2007, and that it modify the Articles of Incorporation to increase the total number of shares authorized to be issued in accordance with the stock split ratio.

Accordingly, the total number of shares authorized to be issued increased by 400,000,000 shares to 1,200,000,000 shares and the total number of shares issued increased by 159,772,078 shares to 479,316,234 shares.

Note 2: Based on the resolution of the Board of Directors Meeting held on January 28, 2008, the Company held a public offering of its common stock and issued 18,300,000 shares with the paying-in date on February 14, 2008. Accordingly, the total number of shares issued increased to 497,616,234 shares.

Concurrently with the above public offering, the Company disposed (offered for sale) 1,050,000 shares of treasury stock.

**(3) Number of shareholders** 13,841**(4) Major shareholders**

Name	Number of shares held (Thousands of shares)	Investment stake
NEC Corporation	64,828	13.0%
Japan Trustee Services Bank, Ltd. (Sumitomo Trust & Banking Sai-Shintaku ("Re-Trust")/NEC Corporation Employee Pension Trust Account)	55,780	11.2%
State Street Bank and Trust Company	26,351	5.3%
Japan Trustee Services Bank, Ltd. (Trust account)	24,895	5.0%
The Master Trust Bank of Japan, Ltd. (Trust account)	18,798	3.8%
NIPRO Corporation	17,824	3.6%
Shiga Bank, Ltd.	8,089	1.6%
Goldman Sachs International	7,922	1.6%
Goldman Sachs & Co. Regular account	7,872	1.6%
Daiwa Securities SMBC Co. Ltd.	7,754	1.6%

Note 1: The shares (55,780 thousand shares) held by Japan Trustee Services Bank, Ltd. (Sumitomo Trust & Banking Sai-Shintaku (re-trust)/NEC Corporation Employee Pension Trust Account) are the Company's shares held by NEC Corporation and contributed to the Employee Pension Trust Account; voting rights for these shares are in effect held by NEC Corporation.

Note 2: A copy of a change report (Change Report on Large Shareholdings) dated February 21, 2008 was sent to the Company by Fidelity Investments and its joint holder, stating that said company held 33,070 thousand shares of the Company as of February 15, 2008. However, the Company was not able to confirm the number of shares that they actually held as of the

end of the fiscal year under review. Accordingly, they are not included in the above list of major shareholders.

### 3. Matters related to Directors and Corporate Auditors of the Company

#### (1) Names, etc. of Directors and Corporate Auditors (as of March 31, 2008)

Name	Position in the Company	Assignment of work and position held in other companies
Tetsuji Mori	Chairman (Representative director)	
Yuzo Izutsu	President (Representative director)	CEO [In charge of auditing]
Hiroshi Kato	Director	Executive Vice President [Control: Electronic Products, Thin films, New Product, Environmental Management] Group General Manager, Electronic Products Group Representative Director, Dong Yang Electronic Glass Co., Ltd.
Katsumi Inada	Director	Executive Vice President [Control: Consumer Glass Products, Glass fiber Products and Building Materials] Group General Manager, Consumer Glass Products Group; Group General Manager, Glass Fiber Products Group
Masayuki Arioka	Director	Senior Vice President [Control: LCD Glass and PDP Glass Plate] Group General Manager, LCD Glass Group
Masami Atsuji	Director	Senior Vice President [Control: Accounting] [In charge of Administrative and Purchasing]
Shigeru Yamamoto	Director	Senior Vice President [In charge of Technical, Advanced Materials & Technology, Research & Development and Patent] President, Nippon Electric Glass Patent Center Co., Ltd.*
Koichi Inamasu	Director	Senior Vice President [Control: CRT Glass] Group General Manager, CRT Glass Group President, Nippon Electric Glass (Malaysia) Sdn. Bhd.

Name	Position in the Company	Assignment of work and position held in other companies
Shuji Ito	Director	Senior Vice President [In charge of Environmental Management, Furnace Design & Engineering, Engineering and Plant Engineering]
Hitoshi Yasuda	Full-time Corporate Auditor	
Nobuhiro Miyamoto	Full-time Corporate Auditor	
Takuro Takeuchi	Corporate Auditor	Lawyer
Fujio Okada	Corporate Auditor	Executive officer, NEC Corporation

Note 1: Mr. Toshio Hayashi resigned as Corporate Auditor at the closing of the 88th Ordinary General Meeting of Shareholders held on June 28, 2007.

Note 2: Corporate Auditors Mr. Takuro Takeuchi and Mr. Fujio Okada are Outside Corporate Auditors.

Note 3: The Company has adopted Executive Officer System. “Control” and “in charge” in the Brief Personal Profile (Assignment of work and positions held in other companies) indicate work assignments of executive officers. As of March 31, 2008, there are 11 executive officers who are not directors.

Note 4: \*Effective April 1, 2008, Nippon Electric Glass Patent Center Co., Ltd. changed the company name to Nippon Electric Glass Technology Information Center Co., Ltd.

Note 5: Effective April 1, 2008, “Assignment of work and positions held in other companies” of Directors Mr. Hiroshi Kato, Mr. Masayuki Arioka, Mr. Masami Atsuji and Mr. Shigeru Yamamoto are changed as follows:

Name	Position in the Company	Assignment of work and positions held in other companies
Hiroshi Kato	Director	Executive Vice President [Control: Electronic Products, Thin films, Environmental Management] Group General Manager, Electronic Products Group Representative Director, Dong Yang Electronic Glass Co., Ltd.
Masayuki Arioka	Director	Executive Vice President [Control: LCD Glass and PDP Glass Plate] Group General Manager, LCD Glass Group
Masami Atsuji	Director	Executive Vice President [Control: Accounting] [In charge of Administrative and Purchasing]
Shigeru Yamamoto	Director	Senior Vice President [In charge of Technical, Advanced Materials & Technology, Research & Development, Patent and New Product] President, Nippon Electric Glass Information Support Center Co., Ltd.

**(2) The amount of remuneration for Directors and Corporate Auditors**

Category	Number	Total amount of remuneration
Director	9	382 million yen
Corporate Auditor	4	42 million yen
Total	13	424 million yen

Note: The amount of remuneration for Directors includes a bonus to directors of 129 million yen, which is to be resolved at the 89th Ordinary General Meeting of Shareholders scheduled to be held on June 27, 2008.

**(3) Matters related to Outside Corporate Auditors**

- 1) Concurrent position of Outside Corporate Auditors for Other Companies (as of March 31, 2008)

Category	Name	Status of interlocking of office
Corporate Auditor	Fujio Okada	Executive officer, NEC Corporation

Note: The Company is an affiliate company of NEC Corporation. NEC Corporation sells computer and communication devices and provides maintenance and communication service, etc. to the Company.

- 2) Main activities during the fiscal year under review

Category	Name	Status of main activities
Corporate Auditor	Takuro Takeuchi	Mr. Takeuchi attended all of the Board of Directors Meetings and the Board of Corporate Auditors Meetings held during the fiscal year under review, and made inquiries and expressed opinions where appropriate, mainly from the expert's viewpoint of a lawyer.
Corporate Auditor	Fujio Okada	Mr. Okada attended all of the Board of Directors Meetings and the Board of Corporate Auditors Meetings held during the fiscal year under review, and made inquiries and expressed opinions where appropriate, mainly from the viewpoint of corporate legal affairs.

- 3) Outline of the liability limitation agreement

The Company has concluded a liability limitation agreement with each of the Outside Corporate Auditors. This agreement specifies that, in compliance with Article 427, Paragraph 1 of the Corporation Law, when Outside Corporate Auditors bear liability for damage against the Company as stipulated in Article 423, Paragraph 1 of the Corporation Law, the relevant liability for damages shall be limited to the minimum liability for damages as stipulated in Article 425, Paragraph 1 of the Corporation Law, provided that said persons execute their duties as Outside Corporate Auditors of the Company in good faith and without serious

misconduct.

4) Total amount of remuneration of Outside Directors and Outside Corporate Auditors

Number	Total amount of remuneration
2	8 million yen

**4. Status of Independent Auditor**

**(1) Name of Independent Auditor**

KPMG AZSA & Co.

**(2) Amount of remuneration for Independent Auditor in the fiscal year under review**

	Amount paid
Amount of remuneration for auditing service stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Law	39 million yen
Total amount of money and other property benefits that must be paid by the Company and its subsidiaries	52 million yen

Note 1: In the auditing contract between the Company and the Independent Auditor, the amount of remuneration for auditing in compliance with the Corporation Law and that in accordance with the Financial Instruments and Exchange Law have not been separated distinctly, nor can they be separated in essence. Accordingly, the above amount includes remuneration for auditing in accordance with the Financial Instruments and Exchange Law.

Note 2: Five important subsidiaries of the Company listed in “(7) Important subsidiaries etc.” in “1. Status of Corporate Group” are audited by Independent Auditors other than the said Independent Auditor of the Company.

**(3) Details of non-auditing services**

In consideration of services other than auditing services as stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Law, the Company paid remuneration to the Independent Auditor for advisory services related to the evaluation of internal controls for financial reporting and preparing comfort letters to carry out public share offerings and disposition (offering for sale) of treasury stock.

**(4) Policy on decision to dismiss or not reappoint Independent Auditor**

In cases where an Independent Auditor is considered to fall under any section of Article 340, Paragraph 1 of the Corporation Law, the Board of Corporate Auditors may dismiss said Independent Auditor upon unanimous consent of the Corporate Auditors.

In cases in which it is considered difficult for an Independent Auditor to execute its duties appropriately, as well as for reasons of the Company, the Board of Directors may propose the agenda concerning dismissal or non-reappointment of the Independent Auditor with approval of, or by demand of, the Board of Corporate Auditors.

**5. Systems to ensure execution of duties by directors complying with laws and regulations and the Articles of Incorporation and other systems to ensure the appropriateness of operations of stock companies**

**(1) Systems to ensure that the execution of duties by directors and employees shall comply with laws and regulations and the Articles of Incorporation**

The Company has established the Compliance Committee as a specialized body that continuously ensures compliance with laws and regulations as well as corporate ethics within the Group, and the committee shall implement the following: 1) planning of revision of “Corporate Philosophy”, “The Group Code of Conduct” and “Principles of Activities,” and planning, preparing and implementing various measures to disseminate them throughout the Group companies; 2) collecting and analyzing information about compliance including movement of social conditions, relevant laws and regulations at home and abroad, and providing training; and 3) operating an Internal Reporting System (Liaison Offices: Compliance Committee and a law firm). The details of these implemented actions shall be regularly reported to the Board of Directors and the Corporate Auditors.

The department internal auditing (the Auditing Division) shall perform internal auditing as deemed appropriate.

**(2) Systems for storage and management of information related to execution of duties by directors**

Documents concerning execution of duties by directors (approval documents and other decision-making documents, minutes of meetings, etc.) shall be kept and managed appropriately in compliance with laws and regulations as well as rules and guidelines set by the Company.

**(3) Regulations and other systems concerning loss and risk management**

Risks of businesses of the Company which it recognizes as important (such as compliance, finance, environment, disaster, control of trade, information management, quality, safety and health) shall be overseen by the responsible departments or by specialized committees through means such as establishing regulations and guidelines, providing training and preparing manuals as the need arises. As for risks that have newly arisen, the CEO will promptly determine the personnel responsible for them and implement countermeasures.

Issues of particular importance to management shall be discussed at and reported to the Management Conference and the Board of Directors Meeting.

**(4) Systems to ensure efficient execution of duties by directors**

The Company has introduced the executive officer system and business division system approach in order to clarify management targets and efficiently operate businesses, and will set an annual budget (business plan) by business division and on a company-wide basis at the Board of Directors Meeting. In addition, the Company shall manage earnings on a monthly basis and discuss and examine important management issues from various perspectives at the Board of Directors Meeting, Management Conference and meetings of business divisions.

In order to make sure that necessary information is conveyed to interested parties on a

timely basis, information technology such as electronic approval systems is utilized.

**(5) Systems to ensure the appropriateness of operations of the Group comprising the Company and its subsidiaries**

The Company shall establish and ensure compliance with the “The Group Code of Conduct” and the “Principle of Activities”, which will be the standards for judgment and behavior of directors and employees of the Group, and will also operate the Internal Reporting System.

Furthermore, to ensure the appropriateness of the Group’s financial reporting, a system shall be implemented to enable reports to be submitted properly in compliance with laws and regulations

Besides the above actions, the Company shall keep track of and solve management issues of subsidiaries as deemed appropriate, by means such as dispatching directors to subsidiaries and having the administration departments of the Head Office or relevant business divisions exchange information regularly with subsidiaries. The top management of the Company and subsidiaries shall hold meetings to improve management efficiency as the need arises.

**(6) Matters related to employees assigned to assist Corporate Auditors in their duties and independence of such employees from Directors in the event Corporate Auditors’ request such employees**

Employees who belong to the Administrative Division shall assist the duties of Corporate Auditors as the need arises. In the meantime, opinions of Corporate Auditors concerning transfer, etc. of such employees shall be respected.

**(7) Systems for Directors and Employees to report to Corporate Auditors, and other systems concerning reporting to Corporate Auditors**

Directors and employees shall report without delay before or after the fact on matters that would have an important influence on the Company and the Group. In addition, responsible personnel shall report the status of operation of the Internal Reporting System and the status of implementation of internal auditing as deemed appropriate.

Directors and employees shall report promptly when requested by the Board of Corporate Auditors.

**(8) Other systems to ensure that auditing by Corporate Auditors will be performed effectively.**

The Corporate Auditors shall exchange opinions with the Representative Director, Independent Auditor and the Auditing Division as deemed appropriate.

## **6. Basic policy on control of publicly-traded companies**

### **(1) Basic policy on the nature of entities that control decisions on financial and business policies of the Company**

The Company believes that entities that control decisions on financial and business policies of the Company should preferably be those that contribute to the corporate value of the Company, and therefore to securing and improving the common interest of the shareholders. Considering that the shares of the Company, being a publicly-traded company, are traded freely in the market, we think that the nature of entities that control the Company should ultimately be left to the decision of shareholders of the Company.

However, some of the large share purchases of the Company's shares (hereinafter, referred to as the Large Purchases of the Company's Shares) may practically force shareholders to sell the shares they hold or not give sufficient time and information to shareholders on terms of purchase, etc., leading to impairment of corporate value, and therefore harming the common interest of the shareholders. We believe that entities that execute such Large Purchases of the Company's Shares (hereinafter, referred to as Large Purchasers) are not appropriate for controlling decisions on financial and business policies of the Company.

### **(2) Special efforts that contribute to effective utilization of assets of the Company, formation of appropriate corporate group and achievement of other basic policies**

A large portion of sales of the Company depends on transactions with specific customers, and we must place emphasis on close business relationships with these customers in proceeding with management and business activities in order to continuously improve corporate value.

The Company has other important management resources including expertise, technology and know-how related to special glass and high-tech glass which it has accumulated over half a century, strong relationships with business partners and a good labor-management relationship based on mutual trust. While taking full advantage of these management resources, the Company will strive to enhance corporate value from a longer-term perspective through the following measures:

- Promptly identifying new needs of customers, and developing and providing new products that these customers demand in a short period of time, by applying and incorporating key technologies and based on the Company's unique development system, where the Research and Development, Production and Sales Departments of the Company work as a team.
- Accommodating changes in the business environment appropriately, in addition to intensively investing the management resources in growth sectors such as FPD-related products.
- Constantly striving to improve the technological level, establishing more efficient production and supply systems and increasing profitability.
- Reinforcing and upgrading combined technologies based on special glass and high technology glass materials to expand businesses with high-function products.

### **(3) Measures to prevent decisions on the financial and business policies of the Company from being controlled by entities deemed inadequate in view of basic policy**

The Company has established the Large Purchase Rules as described below:

The purpose of the Large Purchase Rules is to ensure prior provision of necessary and sufficient information from a Large Purchaser to the Board of Directors of the Company and the commencement of the Large Purchase after the lapse of a certain period, during which the Board of Directors of the Company shall assess the Large Purchase.

When the Large Purchase Rules is not observed or when the Company judges the Large Purchase to significantly damage the common interest of the shareholders although the Large Purchase Rule is observed, and when it is judged that the Large Purchase will cause irrecoverable damage to the Company, the Company may allocate stock acquisition rights, free of charge, as a Countermeasure.

The outline of the Large Purchase Rules is as follows:

- 1) Submission of Statement of Compliance with the Large Purchase Rules (In conducting the Large Purchase, the Large Purchaser shall first submit to the Board of Directors of the Company the “Statement of Compliance with the Large Purchase Rules”.)
- 2) Submission of Large Purchase Information (The Board of Directors of the Company shall deliver to the Large Purchaser, after the receipt of the Statement of Compliance with the Large Purchase Rules, the list of Large Purchase information to be submitted and the Large Purchaser shall provide the information requested on the list. The Company will publicly announce all or part of such information when the Board of Directors of the Company deems it appropriate to do so.)
- 3) Assessment and Review by the Board of Directors of the Company (Depending on the difficulty of assessing and reviewing of the Large Purchase, the Board of Directors of the Company shall be given either 60 days or 90 days to assess, review, negotiate, form an opinion and develop an alternative plan after completion of the provision of the Large Purchase information by the Large Purchaser to the Board of Directors of the Company. The Board of Directors of the Company will, with the advice of outside experts as necessary, assess and review the provided Large Purchase information, and publicly announce the opinion of the Board of Directors of the Company. In addition, if deemed necessary by the Board of Directors of the Company, the Board of Directors may propose an alternative plan of the Board of Directors to the shareholders. The Large Purchase may commence only after the Board of Directors’ Assessment Period has elapsed.)

**(4) Measures as described above in (2) and (3) are in line with the basic policy and will not impair the common interest of shareholders and therefore the corporate value of the Company, nor will they be implemented for the purpose of maintaining the positions of directors of the Company.**

Measures as described above in (2) and (3) are provided with the following system to ensure that they are used reasonably.

- 1) The measures satisfy three principles set forth in the “Guidelines for Defense against Acquisition for Securing or Improvement of Corporate Value and Common Interest of Shareholders” announced on May 27, 2005 by the Ministry of Economy, Trade and Industry and the Ministry of Justice.
- 2) The measures are introduced for the purpose of securing and improving the common interest of the shareholders, by securing the information and time necessary for the

shareholders to determine whether or not the relevant Large Purchase is appropriate and by enabling negotiations for the benefit of shareholders.

- 3) The measures have a system to reflect the intention of the shareholders and place emphasis on the shareholders' intention as shown by the fact that the Company has obtained approval of the shareholders for introducing the Response Policy concerning the Large Purchase Rules at the Ordinary General Meeting of Shareholders, and that the effective term of the Response Policy has been set to three years.
- 4) The Company has established the Special Committee as a body to eliminate any arbitrary implementation of the Countermeasures by the Board of Directors and objectively make a substantial judgment on implementation of the Response Policy and thus will respect the judgment of highly independent parties outside the Company.
- 5) In the Response Policy, the Countermeasures against the Large Purchase are designed to be implemented only if they satisfy reasonable, detailed and objective requirements, and the Company ensures it has a system whereby the arbitrary implementation of the Countermeasures by the Board of Directors can be prevented.
- 6) The Special Committee is allowed to consult with an independent third party (including experts such as attorneys and certified public accountants) at the expense of the Company. This ensures the fairness and objectivity of the Special Committee's judgment.
- 7) The Response Policy can be abolished at the General Meeting of Shareholders of the Company, thus, it is not the so-called dead hand defense against acquisition (a type of poison pill defense against acquisition which cannot be prevented from being implemented even if the majority of members of the Board of Directors are replaced).

For details of the Response Policy, please refer to the "Response Policy (Countermeasures against acquisition) Regarding Large Purchase of the Company's Shares" (disclosure documents dated May 9, 2006) on the Company's website (<http://www.neg.co.jp/>).

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Note: Figures and the number of shares in this business report are rounded down to the nearest unit.

**Consolidated Balance Sheet**

(As of March 31, 2008)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
<u>Current assets</u>	238,858	<u>Current liabilities</u>	189,606
Cash and cash equivalents	101,046	Notes and accounts payable-trade	46,070
Notes and accounts receivable-trade	84,825	Short-term loans payable	67,654
Inventories	39,730	Accounts payable-other	35,105
Deferred tax assets	10,011	Accrued income taxes	29,629
Others	3,824	Other reserves	351
Allowance for doubtful accounts	(579)	Others	10,794
<u>Fixed assets</u>	349,172	<u>Non-current liabilities</u>	50,639
<u>Tangible fixed assets</u>	318,527	Bonds payable	20,000
Buildings and structures	44,489	Long-term loans payable	9,112
Machinery, equipment and vehicles	240,544	Reserve for special repairs	17,611
Land	14,322	Other reserves	1,766
Construction in progress	16,229	Others	2,148
Others	2,941	<b>Total Liabilities</b>	<b>240,245</b>
<u>Intangible fixed assets</u>	863	(Net Assets)	
Goodwill	116	<u>Shareholders' equity</u>	339,431
Others	746	Common stock	32,155
<u>Investments and other assets</u>	29,781	Capital surplus	34,516
Investment securities	19,265	Retained earnings	272,803
Deferred tax assets	6,904	Treasury stock	(44)
Others	4,080	<u>Valuation and translation adjustments</u>	4,522
Allowance for doubtful accounts	(468)	Net unrealized gain on other securities	3,683
		Foreign currency translation adjustments	838
		<u>Minority interests</u>	3,832
		<b>Total Net Assets</b>	<b>347,785</b>
<b>Total Assets</b>	<b>588,030</b>	<b>Total Liabilities and Net Assets</b>	<b>588,030</b>

Note: Amounts less than ¥1 million are omitted.

**Consolidated Statement of Income**

(From April 1, 2007 to March 31, 2008)

(Millions of yen)

Item	Amount	
Net sales		368,267
Cost of sales		241,576
Gross profit		126,690
Selling, general and administrative expenses		25,808
Operating income		100,882
Non-operating income		
Interest and dividend income	1,260	
Others	1,577	2,838
Non-operating expenses		
Interest expenses	1,444	
Loss on disposal of inventories	1,684	
Loss on disposal of property, plant and equipment	1,479	
Others	2,168	6,778
Ordinary income		96,942
Extraordinary income		
Gain on prior period adjustment	724	
Gain on sales of investment securities	368	
Gain on liquidation of investment securities	2,065	3,157
Extraordinary loss		
Loss on disposal of property, plant and equipment	1,766	
Impairment loss	6,363	
Loss from valuation of investment securities	1,267	
Others	228	9,626
Income before income taxes		90,474
Income taxes-current	38,210	
Income taxes-deferred	1,668	39,878
Minority interests (loss)		(72)
Net income		50,668

Note: Amounts less than ¥1 million are omitted.

**Consolidated Statement of Changes in Shareholders' Equity**

(From April 1, 2007 to March 31, 2008)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	18,385	20,129	225,961	(805)	263,671
Variation during the current consolidated fiscal year					
Issuance of new shares	13,770	13,770	-	-	27,540
Dividends from surplus	-	-	(3,826)	-	(3,826)
Net income	-	-	50,668	-	50,668
Acquisition of treasury stock	-	-	-	(226)	(226)
Disposition of treasury stock	-	616	-	986	1,603
Decrease due to Chinese accounting standards	-	-	(0)	-	(0)
Net change of items other than shareholders' equity during the current fiscal year	-	-	-	-	-
Total change during the current consolidated fiscal year	13,770	14,386	46,842	760	75,759
Balance as of March 31, 2008	32,155	34,516	272,803	(44)	339,431

	Valuation and translation adjustments			Minority interests	Total net assets
	Net unrealized gain on other securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2007	6,969	1,309	8,279	4,605	276,555
Variation during the current consolidated fiscal year					
Issuance of new shares	-	-	-	-	27,540
Dividends from surplus	-	-	-	-	(3,826)
Net income	-	-	-	-	50,668
Acquisition of treasury stock	-	-	-	-	(226)
Disposition of treasury stock	-	-	-	-	1,603
Decrease due to Chinese accounting standards	-	-	-	-	(0)
Net change of items other than shareholders' equity during the current fiscal year	(3,286)	(470)	(3,757)	(772)	(4,529)
Total change during the current consolidated fiscal year	(3,286)	(470)	(3,757)	(772)	71,229
Balance as of March 31, 2008	3,683	838	4,522	3,832	347,785

Note: Amounts less than ¥1 million are omitted.

**Non-consolidated Balance Sheet**

(As of March 31, 2008)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
<u>Current assets</u>	199,795	<u>Current liabilities</u>	179,966
Cash and cash equivalents	71,706	Accounts payable-trade	42,104
Notes receivable-trade	3,555	Short-term loans payable	63,746
Accounts receivable-trade	80,942	Current portion of long-term loans payable	1,893
Merchandise and finished goods	9,605	Accounts payable-other	32,667
Semi-finished goods and work in process	9,523	Accrued expenses	7,274
Raw materials and supplies	10,910	Accrued income taxes	27,600
Deferred tax assets	7,975	Other reserves	331
Others	5,677	Others	4,350
Allowance for doubtful accounts	(101)	<u>Non-current liabilities</u>	41,342
<u>Fixed assets</u>	316,291	Bonds payable	20,000
<u>Tangible fixed assets</u>	251,112	Long-term loans payable	1,214
Buildings and structures	33,051	Reserve for special repairs	17,611
Machinery and equipment	191,796	Other reserves	385
Vehicles and equipment	2,243	Others	2,131
Land	8,999	<u>Total Liabilities</u>	221,309
Construction in progress	15,021	(Net Assets)	
<u>Intangible fixed assets</u>	303	<u>Shareholders' equity</u>	291,093
Right of using facilities	60	Common stock	32,155
Others	243	Capital surplus	34,516
<u>Investments and other assets</u>	64,875	Capital reserve	33,885
Investment securities	16,838	Other capital surplus	630
Stocks of affiliates	23,223	Retained earnings	224,466
Investments in capital of affiliates	6,402	Legal reserve	2,988
Long-term loans	11,069	Other retained earnings	221,477
Deferred tax assets	4,584	General reserve	155,770
Others	2,950	Retained earnings brought forward	65,707
Allowance for doubtful accounts	(194)	Treasury stock	(44)
		<u>Valuation and translation adjustments</u>	3,683
		Net unrealized gain on other securities	3,683
		<u>Total Net Assets</u>	294,776
<u>Total Assets</u>	516,086	<u>Total Liabilities and Net Assets</u>	516,086

Note: Amounts less than ¥1 million are omitted.

**Non-consolidated Statement of Income**

(From April 1, 2007 to March 31, 2008)

(Millions of yen)

Item	Amount	
Net sales		303,616
Cost of sales		193,856
Gross profit		109,760
Selling, general and administrative expenses		17,168
Operating income		92,592
Non-operating income		
Interest and dividend income	4,632	
Technical support fee	1,861	
Others	1,721	8,215
Non-operating expenses		
Interest expenses	1,158	
Loss on disposal of inventories	1,653	
Loss on disposal of property, plant and equipment	1,430	
Others	2,824	7,066
Ordinary income		93,740
Extraordinary income		
Gain on prior period adjustment	337	
Gain on sales of investment securities	368	
Gain on liquidation of investment securities	2,065	2,771
Extraordinary loss		
Loss on disposal of property, plant and equipment	1,405	
Impairment loss	1,770	
Loss from valuation of investment securities	1,267	
Loss from valuation of investment in capital of affiliates	2,607	
Others	280	7,332
Income before income taxes		89,179
Income taxes-current	34,808	
Income taxes-deferred	1,290	36,098
Net income		53,081

Note: Amounts less than ¥1 million are omitted.

**Non-consolidated Statement of Changes in Shareholders' Equity**

(From April 1, 2007 to March 31, 2008)

(Millions of yen)

	Shareholders' equity							
	Common stock	Capital surplus			Legal reserve	Retained earnings		
		Capital reserve	Other capital surplus	Total capital surplus		Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance as of March 31, 2007	18,385	20,115	14	20,129	2,988	125,770	46,453	175,211
Variation during the current fiscal year								
Issuance of new shares	13,770	13,770	-	13,770	-	-	-	-
Dividends from surplus	-	-	-	-	-	-	(3,826)	(3,826)
Provision of general reserve	-	-	-	-	-	30,000	(30,000)	-
Net income	-	-	-	-	-	-	53,081	53,081
Acquisition of treasury stock	-	-	-	-	-	-	-	-
Disposition of treasury stock	-	-	616	616	-	-	-	-
Net change of items other than shareholders' equity during the current fiscal year	-	-	-	-	-	-	-	-
Total change during the current fiscal year	13,770	13,770	616	14,386	-	30,000	19,254	49,254
Balance as of March 31, 2008	32,155	33,885	630	34,516	2,988	155,770	65,707	224,466

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	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gain on other securities	
Balance as of March 31, 2007	(805)	212,921	6,969	219,891
Variation during the current fiscal year				
Issuance of new shares	-	27,540	-	27,540
Dividends from surplus	-	(3,826)	-	(3,826)
Provision of general reserve	-	-	-	-
Net income	-	53,081	-	53,081
Acquisition of treasury stock	(226)	(226)	-	(226)
Disposition of treasury stock	986	1,603	-	1,603
Net change of items other than shareholders' equity during the current fiscal year	-	-	(3,286)	(3,286)
Total change during the current fiscal year	760	78,171	(3,286)	74,885
Balance as of March 31, 2008	(44)	291,093	3,683	294,776

Note: Amounts less than ¥1 million are omitted.

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(Reference)

1. Consolidated cash flows (From April 1, 2007 to March 31, 2008)

(Millions of yen)

Item	Amount
Net cash provided by operating activities	102,429
Net cash used in investing activities	(91,930)
Net cash provided by financing activities	5,524
Effect of exchange rate changes on cash and cash equivalents	(368)
Cash and cash equivalents at beginning of year	85,391
Cash and cash equivalents at end of year	101,046

2. Segment information

Information by geographic area (From April 1, 2007 to March 31, 2008)

(Millions of yen)

	Japan	Asia	Other areas	Total	Elimination and corporate	Consolidated total
I. Net sales and operating income (loss)						
Net sales						
(1) External	155,289	210,032	2,946	368,267	-	368,267
(2) Inter-segment	154,852	11,686	50	166,589	(166,589)	-
Total sales	310,141	221,718	2,996	534,856	(166,589)	368,297
Operating expenses	213,672	217,461	2,804	433,938	(166,554)	267,384
Operating income	96,468	4,256	192	100,917	(34)	100,882
II. Identifiable assets	439,880	144,339	1,901	586,121	1,909	588,030

3. Overseas sales information (From April 1, 2007 to March 31, 2008)

(Millions of yen)

	Asia	Other areas	Total
Overseas sales	231,644	19,718	251,363
Consolidated sales			368,267
Percentage of overseas sales	62.9%	5.4%	68.3%

Note: Amounts less than ¥1 million are omitted.

## Reference Document for the Ordinary General Meeting of Shareholders

### Proposals and reference matters

#### Proposal 1: Appropriation of Surplus

The Company determines its dividend amounts according to its policy of (1) returning profits to its shareholders over the long-term and in a stable manner without letting the dividends be largely affected by fluctuations in the Company's performance, as well as (2) reserving profits internally to strengthen its corporate structure and to prepare for future business developments, while also taking the financial situation and other factors into consideration.

The Company wishes to propose that the year-end dividend will be ¥5 per share for the fiscal year under review in recognition of the continuous support of shareholders, and in consideration of not only our increases in sales and profits on both a consolidated and non-consolidated basis thanks to the expansion of flat panel display (FPD) glass demand, but also our improved financial strength.

As a result, the annual dividend will be ¥9 per share, including the interim dividend of ¥4. If converted by using the criteria before the stock split as of April 1, 2007 (each common share was split into 1.5 shares), the annual dividend per share for the fiscal year under review would be ¥13.5 (¥6 for the interim dividend and ¥7.5 for the year-end dividend), an increase of ¥2.5 per share in substance compared with the dividend for the previous fiscal year.

An internal retained fund will be provided for research and development with an eye toward future and future business expansion primarily in FPD glass operations, etc., and we will endeavor to respond to expectations of shareholders by improving corporate value.

#### 1. Matters related to the year-end dividend

- (1) Type of dividend assets: Cash
- (2) Matters related to allocation of dividend assets to shareholders and the total amount thereof:  
¥5 per share of common stock of the Company; a total amount of ¥2,487,849,450
- (3) Effective date of distribution of surplus: June 30, 2008

#### 2. Matters related to accumulation of general reserve

- (1) Items of retained earnings which will be increased and the amount thereof:  
General reserve ¥50,000,000,000
- (2) Items of surplus which will be decreased and the amount thereof:  
Unappropriated earnings brought forward ¥50,000,000,000

**Proposal 2: Election of nine (9) Directors**

The terms of office for all nine (9) Directors will expire as of the close of this Ordinary General Meeting of Shareholders. We propose that the following nine (9) candidates for Director will be elected.

The candidates for Director are as follows:

No.	Name (Date of birth)	Brief personal profile, position, responsibilities and representation for other companies	Number of the Company shares held
1	Tetsuji Mori (January 2, 1937)	Apr. 1959: Joined Nippon Electric Glass June 1982: Director June 1988: Managing Director June 1990: Senior Managing Director June 1992: Vice President June 1996: President June 2002: CEO June 2003: Vice Chairman June 2005: Chairman (Incumbent)	112,023
2	Yuzo Izutsu (December 12, 1944)	Apr. 1967: Joined Nippon Electric Glass June 1996: Director June 2000: Managing Director June 2002: Director Executive Vice President June 2003: President (Incumbent) CEO (Incumbent) [Assignment of work for executive officers] In charge of auditing	58,500
3	Hiroshi Kato (January 12, 1947)	Apr. 1969: Joined Nippon Electric Glass Nov. 1994: Department Manager, Color Funnel Production Department, CRT Glass Division Nov. 1995: President, Nippon Electric Glass (Malaysia) Sdn. Bhd. June 1998: Director of the Company (Incumbent) June 2002: Vice President June 2003: Senior Vice President June 2005: Group General Manager, Electronic Products Group (Incumbent) Apr. 2006: Executive Vice President (Incumbent) [Assignment of work for executive officers] Control: Electronic Products, Thin films, Environmental Management [Representative Director, Dong Yang Electronic Glass Co., Ltd.]	31,000

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No.	Name (Date of birth)	Brief personal profile, position, responsibilities and representation for other companies	Number of the Company shares held
4	Katsumi Inada (June 17, 1948)	Apr. 1971: Joined Nippon Electric Glass Nov. 1995: General Manager, Electronic Products Division, Production June 1998: Director (Incumbent) June 2002: Vice President June 2003: Senior Vice President June 2005: Group General Manager, Glass Fiber Products Group (Incumbent) Apr. 2006: Executive Vice President (Incumbent) Group General Manager, Consumer Glass Products Group (Incumbent) [Assignment of work for executive officers] Control: Consumer Glass Products, Glass Fiber Products and Building Materials	31,800
5	Masayuki Arioka (September 28, 1948)	Apr. 1978: Joined Nippon Electric Glass Mar. 1997: General Manager, Glass Fiber Division, Production June 1999: Director (Incumbent) June 2002: Vice President June 2004: Senior Vice President June 2005: Group General Manager, LCD Glass Group (Incumbent) Apr. 2008: Executive Vice President (Incumbent) [Assignment of work for executive officers] Control: LCD Glass and PDP Glass Plate	29,000
6	Masami Atsuji (January 3, 1948)	Apr. 1971: Joined Nippon Electric Glass June 1997: General Manager, Accounting Division June 2000: Director (Incumbent) June 2002: Vice President June 2004: Senior Vice President Apr. 2008: Executive Vice President (Incumbent) [Assignment of work for executive officers] Control: Accounting In charge of Administrative and Purchasing	39,300
7	Shigeru Yamamoto (December 19, 1953)	Apr. 1978: Joined Nippon Electric Glass Oct. 1997: General Manager, Technical Division June 2002: Vice President June 2005: Director (Incumbent) Senior Vice President (Incumbent) Apr. 2007: General Manager, New Product Department (Incumbent) [Assignment of work for executive officers] In charge of Technical, Advanced Materials & Technology, Research & Development, Patent and New Product [President, Nippon Electric Glass Information Support Center Co., Ltd.]	5,500

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No.	Name (Date of birth)	Brief personal profile, position, responsibilities and representation for other companies	Number of the Company shares held
8	Koichi Inamasu (January 30, 1952)	Apr. 1974: Joined Nippon Electric Glass June 1998: General Manager, Personnel Division June 2002: Vice President Apr. 2006: Group General Manager, CRT Glass Group (Incumbent) June 2006: Director (Incumbent) Senior Vice President (Incumbent) [Assignment of work for executive officers] Control: CRT Glass [President, Nippon Electric Glass (Malaysia) Sdn. Bhd.]	14,500
9	Shuji Ito (December 18 1948)	Apr. 1971: Joined Nippon Electric Glass May 1999: General Manager, Furnace Design and Engineering Division June 2001: Vice President June 2007: Director (Incumbent) Senior Vice President (Incumbent) [Assignment of work for executive officers] In charge of Environmental Management, Furnace Design & Engineering, Engineering and Plant Engineering	17,300

- Notes: 1. The abovementioned candidates have no conflicts of interest with the Company.  
 2. The Company has adopted the executive officer system. “Control” and “in charge” indicate work assignments of executive officers.  
 3. Number of Company shares held indicates the number of shares held as of March 31, 2008.

**Proposal 3: Election of two (2) substitute Corporate Auditors**

To prepare for a case in which the Company lacks the number of Corporate Auditors stipulated in laws and regulations, we propose that Mr. Kaoru Ikenaga be elected as the substitute Corporate Auditor for Outside Corporate Auditor Mr. Fujio Okada, and Mr. Yasuhiro Uozumi as the substitute Corporate Auditor for Outside Corporate Auditor Mr. Takuro Takeuchi.

The Board of Corporate Auditors has already approved this proposal.

The candidates for substitute Corporate Auditor are as follows:

No.	Name (Date of birth)	Brief personal profile, position, responsibilities and representation for other companies	Number of the Company shares held
1	Kaoru Ikenaga (July 22, 1949)	Apr. 1973: Joined NEC Corporation Apr. 2004: General Manager, Accounting Division of NEC Corporation (Incumbent) Apr. 2007: Associate Vice President and General Manager, Financial Internal Control Promotion Division, NEC Corporation (Incumbent)	—
2	Yasuhiro Uozumi (Nov. 30, 1966)	Apr. 1993: Registered as lawyer Joined OH-EBASHI LPC & Partners Aug. 2002: Partner of OH-EBASHI LPC & Partners (Incumbent)	—

Notes: 1. The abovementioned candidates have no conflicts of interest with the Company.

2. Number of Company shares held indicates the number of shares held as of March 31, 2008.

3. Matters related to the candidates for substitute Outside Corporate Auditors are as follows:

(1) Mr. Kaoru Ikenaga and Mr. Yasuhiro Uozumi are candidates for substitute Outside Corporate Auditors.

(2) Reason for selecting the candidates as the candidate for substitute Outside Corporate Auditor:  
Mr. Kaoru Ikenaga has long years of experience and extensive knowledge of accounting operations at NEC Corporation. The Company proposes that Mr. Ikenaga be approved as the substitute Corporate Auditor in the hope that he will employ such experience and knowledge when auditing the Company.

Mr. Yasuhiro Uozumi has expertise and extensive experience as lawyer. The Company proposes that Mr. Uozumi be approved as the substitute Corporate Auditor in the hope that he will reflect such experience and knowledge when auditing the Company.

(3) Reasons that the Company determined that the above candidates can execute their duties as Outside Corporate Auditors appropriately:

Since Mr. Kaoru Ikenaga has long years of experience and extensive knowledge of accounting operations of companies, the Company judges that he can execute his duties as Outside Corporate Auditor appropriately.

Since Mr. Yasuhiro Uozumi has expertise and extensive experience as a lawyer, the Company judges that he can execute his duties as Outside Corporate Auditor appropriately.

(4) Outline of limited liability agreement:

Provided that Mr. Kaoru Ikenaga or Mr. Yasuhiro Uozumi assumes the office of Outside Corporate Auditor of the Company, it shall conclude an agreement with the relevant person concerning liability for damages as specified in Article 423, Paragraph 1 of the Corporation Law that the their relevant liabilities for damages shall be limited to the minimum liability amounts as stipulated in Article 425, Paragraph 1 of the Corporation Law.

**Proposal 4: Payment of Bonuses to Directors**

The Company proposes that it shall pay Directors' bonuses totaling ¥129,960,000 to nine (9) Directors as of the end of the fiscal year under review in consideration of earnings, etc. during the fiscal year under review.