

June 4, 2009

Notice of 90th Ordinary General Meeting of Shareholders

Dear Shareholders,

Please be advised that the 90th 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 Document for the Ordinary General Meeting of Shareholders, 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 25, 2009.

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 26, 2009, 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 90th fiscal year (from April 1, 2008 to March 31, 2009)
2. Non-consolidated financial statements for the 90th fiscal year (from April 1, 2008 to March 31, 2009)

Proposals:

- Proposal 1:** Distribution of Surplus
Proposal 2: Partial Amendments of the Articles of Incorporation
Proposal 3: Election of Ten (10) Directors
Proposal 4: Election of Two (2) Substitute Corporate Auditors
Proposal 5: Payment of Bonuses to Directors
Proposal 6: Continuous Introduction of the Policy regarding Large Purchase of the Company's Shares (Defense against Acquisition)

* 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 Document for the Ordinary General Meeting of Shareholders, business report, non-consolidated financial statements and consolidated financial statements will be disclosed on the Company's website (<http://www.neg.co.jp/JP/ir/>).

Business Report for the 90th Fiscal Year

Period from April 1, 2008
to March 31, 2009

1. Status of Corporate Group

(1) Progress and results of operations

Overall trend

In the consolidated fiscal year under review, resource and energy prices continued to soar up until around the second quarter. Then in September last year, the Lehman Shock occurred, causing the U.S. subprime mortgage crisis to develop into a global financial crisis, which, along with falling stock prices, made a sudden and damaging blow to the real economy. As a result, the global economy rapidly deteriorated from the third quarter onwards, pushing economies around the world simultaneously into a “once-in-one-hundred-year” economic meltdown.

The business climate also took a serious turn for the worse in the Japanese economy. On one hand, consumer sentiment was cool: this was due to the various soaring prices in the first half of the fiscal year, and to the stock market’s sudden drop and the deteriorating economy in the second half. On the other hand, falls in exports and capital investment led to drastic reductions in production by the manufacturing industry, particularly automobile and electric and electronic manufacturers. These factors caused a rapidly deepening economic downturn.

Under these very difficult economic circumstances, the Company and its consolidated subsidiaries (“the Group”) experienced a turnaround from buoyant to slowdown in the sales of substrate glass for LCDs in the Company’s mainstay field of glass for flat panel displays (FPDs), mostly due to the impact of weakening demand and falling product prices as a result of production adjustments made by our customers from the middle of the second quarter. From the third quarter onwards the business environment had worsened at a pace well beyond expectations and the Company was forced to make a significant production cuts due to substantial drops in demand for substrate glass for LCDs, and sharp drop in demand for glass fiber, and other products in a broad range of fields that resulted from the global cooling of the economy.

Consolidated results of operations for the fiscal year under review

	89th Fiscal Year (April 2007 to March 2008)	90th Fiscal Year (April 2008 to March 2009)	Increase or decrease (%)
	Millions of yen	Millions of yen	
Net sales	368,267	335,662	(8.9)
Operating income	100,882	76,416	(24.3)
Ordinary income	96,942	64,319	(33.7)
Net income	50,668	21,831	(56.9)

TRANSLATION FOR REFERENCE ONLY

During the first six months of the fiscal year, sales continued to be steady, particularly in the first quarter. In the third quarter onwards, however, sales sharply decreased. As a result, sales for the consolidated fiscal year under review were significantly lower than the previous consolidated fiscal year.

The first quarter saw steady profits provided primarily by glass for FPDs despite profit restricting factors such as soaring raw materials and fuel prices and increased depreciation expenses. This is in contrast to the easing in demand and falls in product prices for substrate glass for LCDs in the second quarter, which caused a slowdown in earnings. In the third quarter onwards, there was a large drop in profits as a result of a significant deterioration of earnings, which were impacted by sudden drops in product demand, falls in product prices and significant drops in utilization ratios at facilities.

The following losses were recorded as extraordinary loss: losses from fixed assets as a result of reorganization and reduction of assets to adjust to market trends, impairment loss related to production facilities of glass for CRTs, and losses related to the slump in the stock market.

Sales by business category are as follows:

Category			89th Fiscal Year (April 2007 to March 2008)		90th Fiscal Year (April 2008 to March 2009)		Increase or decrease	
			Net sales	Break-down	Net sales	Break-down	Amount	Percentage
Glass Business	Information and Communications		Millions of yen	%	Millions of yen	%	Millions of yen	%
		Glass for Display Devices	284,881	77.3	262,514	78.2	(22,366)	(7.9)
		Glass for Electronic Devices	16,130	4.4	11,649	3.5	(4,480)	(27.8)
	Subtotal		301,011	81.7	274,164	81.7	(26,847)	(8.9)
	Other Products	Glass Fiber	31,416	8.5	29,615	8.8	(1,801)	(5.7)
		Building Materials, Heat-Resistant Glass, Glass Tubing and Other Products	34,380	9.4	30,455	9.1	(3,924)	(11.4)
		Subtotal	65,796	17.9	60,070	17.9	(5,725)	(8.7)
Total Glass Business			366,808	99.6	334,234	99.6	(32,573)	(8.9)
Other		1,458	0.4	1,427	0.4	(31)	(2.1)	
Total			368,267	100.0	335,662	100.0	(32,605)	(8.9)

Information and Communications

Glass for display devices

Concerning substrate glass for LCDs, the mainstay product, although sales were steady in the first quarter, in the second quarter, the market environment made a sudden change driving sales down, most notably in the third quarter onwards.

Glass for electronic devices

Sales rapidly declined in the third quarter onwards due to worsening market conditions for electronic devices.

As a result, sales in the Information and Communications sector amounted to ¥274,164 million, a year-on-year decrease of 8.9%.

Other Products

Glass fiber

Although sales continued to be steady up until the second quarter, particularly with respect to glass fiber used in high-function plastic auto parts, demand plunged in the wake of drastic cuts in production in the automotive industry that occurred from the third quarter, and sales dropped sharply in the fourth quarter.

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

Sales were down as a result of the slowdown in the housing construction market both in Japan and overseas.

Consequently, sales in the Other Products sector amounted to ¥60,070 million, a year-on-year decrease of 8.7%.

(2) Capital investment

The Group's capital investment amounted to ¥102,050 million in the fiscal year under review.

In the Information and Communications sector, capital investment totaled ¥93,671 million, primarily for boosting production capacity for FPD glass.

In the Other Products sector, capital investment was ¥8,378 million, mainly for improving productivity and enhancing production capacity etc.

(3) Fund procurement status

Funds required in the fiscal year under review were the plant and equipment fund and working capital, which the Company financed with its own funds and borrowings. 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.

Aiming at an efficient and flexible fund-raising, the Company has entered into a commitment line agreement in the total amount of ¥25,000 million with financial institutions in Japan.

(4) Main creditors (as of March 31, 2009)

Creditor	Amount
Sumitomo Mitsui Banking Corporation	¥22.2 billion
The Sumitomo Trust and Banking Co., Ltd.	¥19.1 billion
Shiga Bank, Ltd.	¥13.7 billion

(5) Issues to be addressed

[Basic management policy]

Under the corporate philosophy of “contributing to the welfare and prosperity of society by means of creating high-technology glass in harmony with the environment”, the Company broadly develops and produces various kinds of high-tech glass products that society and technological development demand and supplies the products to world markets.

The Group has seen significant changes in its environment, including not only severe competition between companies worldwide but also competition between various types of display devices and sophistication of technology. The Group’s basic management policy is to ensure the continuation and development of business in the future by establishing a solid management strength and base and while promptly and appropriately coping with the above-mentioned changes and is to strive to increase corporate value by meeting its social responsibilities as a company, through setting compliance as well as environmental conservation, promotion of employment of people with disabilities and contribution to local communities as major themes.

[Medium and long term management strategies of the Company]

- 1) Enhancement of the core business, establishment of a well-balanced business structure, and promotion of businesses for the next generation

The Company will strive to develop technological capabilities, enhance production/supply capabilities, and improve profitability, positioning the field of glass for display devices represented by glass for FPDs as its core business.

At the same time, the Company will place importance on expanding businesses in fields of glass other than for display devices, such as glass for electronic devices, glass fiber, and heat-resistant glass with the aim of establishing a well-balanced business structure in order to avoid excessive reliance on a single business field and achieve stable corporate growth.

In addition, the Company will strive for active business development in next-generation display devices, energy, new-type lighting and other fields that are expected to grow, making full use of various technologies including not only those related to supersized or ultrathin sheet glass but also thin filming, crystallization, high-precision processing, and composition, based on a broad range of core technologies (such as material design, processing, and appraisal).

- 2) Improvement of management/financial strength

The Company will aim to have solid management/financial strength resistant to changes in business environment through pursuit of further efficiency in its overall management and cash flow centric management.

[Issues to be addressed]

(Cash flow centric business management)

The Company will ensure production output corresponds to the demand trends and focus on optimizing inventories and cutting expenses while conducting a cash-flow centric business management model.

(Development of production system in the core field)

Demand for substrate glass for LCDs is shifting quickly to supersized and ultrathin substrate glass at an unexpected rate in an environment where customer operation is becoming active. The Company is pursuing development of production systems that include utilization ratios at facilities in response to the above-mentioned change.

(Reduction of interest-bearing debt)

Although the business environment around the Company has been changing rapidly since last autumn and has continued to be in a situation that is impossible to know what the future holds, the Company will strive to reduce interest-bearing debts further while securing liquidity at hand.

(6) Changes in assets and profit/loss

(Yen)

Item	87th Fiscal Year (April 2005 to March 2006)	88th Fiscal Year (April 2006 to March 2007)	89th Fiscal Year (April 2007 to March 2008)	90th Fiscal Year (April 2008 to March 2009)
Net sales	296,440 million	336,410 million	368,267 million	335,662 million
Operating income	51,952 million	84,585 million	100,882 million	76,416 million
Ordinary income	49,380 million	81,425 million	96,942 million	64,319 million
Net income	3,231 million	40,358 million	50,668 million	21,831 million
Net income per share	9.71	126.55	105.29	43.89
Total assets	486,016 million	519,707 million	588,030 million	588,413 million
Net assets	231,004 million	276,555 million	347,785 million	352,744 million
Net assets per share	723.87	852.83	691.27	701.62

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

Note 2: 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, 2009)

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.	TW\$ 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: Taking into account the merger of two subsidiaries in the consolidated fiscal year under review, the total number of consolidated subsidiaries became 22 including the above five important subsidiaries.

2) Status of important affiliates

NEC Corporation holds 24.4% (including indirect ownership of 11.3%) 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, 2009)

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 Products	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, 2009)

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, 2009)

Category		Number of employees
Glass Business	Information and Communications	3,819
	Other Products	1,029
	Total Glass Business	4,848
Other	—	30
Administration Departments		69
Total		4,947

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

Note 2: The number of employees of the Company is 1,918.

2. Matters related to shares of the Company (As of March 31, 2009)

- (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 131,778 shares of treasury stock)
- (3) **Number of shareholders** 14,306
- (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%
Japan Trustee Services Bank, Ltd. (Trust account)	32,093	6.4%
The Master Trust Bank of Japan, Ltd. (Trust account)	25,685	5.2%
Japan Trustee Services Bank, Ltd. (Trust account 4G)	20,898	4.2%
NIPRO Corporation	17,824	3.6%
JP MORGAN CHASE BANK 380055	14,348	2.9%
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUSACCOUNT	9,562	1.9%
Shiga Bank, Ltd.	8,089	1.6%
Nippon Life Insurance Company	7,312	1.5%

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 and contributed to the Employee Pension Trust Account by NEC Corporation; 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 August 21, 2008 was sent to the Company by Fidelity Investments and its joint holder, stating that said company held 24,859 thousand shares of the Company as of August 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, 2009)

Name	Position in the Company	Assignment of work and position held in other companies
Tetsuji Mori	Chairman of the Board (Representative Director)	
Yuzo Izutsu	President (Representative Director)	CEO [In charge of auditing]
Hiroshi Kato	Director	Executive Vice President [Supervising: Electronic Products Business, Thin Films Business, Environmental Management] Group General Manager, Electronic Products Group Representative Director, Dong Yang Electronic Glass Co., Ltd.
Katsumi Inada	Director	Executive Vice President [Supervising: Consumer Glass Business, Glass Fiber Business and Building Materials Business] Group General Manager, Consumer Glass Products Group Group General Manager, Glass Fiber Products Group
Masayuki Arioka	Director	Executive Vice President [Supervising: LCD Glass Business and PDP Glass Plate Business] Group General Manager, LCD Glass Group
Masami Atsuji	Director	Executive Vice President [Supervising: 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 Products] President, Nippon Electric Glass Technical Information Center Co., Ltd.
Koichi Inamasu	Director	Senior Vice President [Supervising: CRT Glass Business] Group General Manager, CRT Glass Group Managing Director, Nippon Electric Glass (Malaysia) Sdn. Bhd.
Shuji Ito	Director	Senior Vice President [In charge of Environmental Management, Furnace Design & Engineering, Engineering and Plant Engineering]

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Name	Position in the Company	Assignment of work and position held in other companies
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: Corporate Auditors Mr. Takuro Takeuchi and Mr. Fujio Okada are Outside Corporate Auditors.

Note 2: The Company has adopted Executive Officer System. “Supervising” 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, 2009, there are 11 Executive Officers who are not Directors.

Note 3: Effective April 1, 2009, “Assignment of work and positions held in other companies” of Directors Mr. Hiroshi Kato, Mr. Katsumi Inada, Mr. Masayuki Arioka, Mr. Shigeru Yamamoto and Mr. Koichi Inamasu are changed as follows:

Name	Position in the Company	Assignment of work and positions held in other companies
Hiroshi Kato	Director	Executive Vice President [Supervising: Electronic Products Business and Environmental Management] [In charge of Thin Films Business] Group General Manager, Electronic Products Group Representative Director, Dong Yang Electronic Glass Co., Ltd.
Katsumi Inada	Director	Executive Vice President [Supervising: Consumer Glass Business, Glass Fiber Business and Building Materials Business] Group General Manager, Glass Fiber Products Group
Masayuki Arioka	Director	Executive Vice President [Supervising: Overall Production]
Shigeru Yamamoto	Director	Senior Vice President [Supervising: Patent] [In charge of Technical, Advanced Materials & Technology, Research & Development and New Products] President, Nippon Electric Glass Technical Information Center Co., Ltd.
Koichi Inamasu	Director	Senior Vice President [Supervising: CRT Glass Business and PDP Glass Plate Business] Group General Manager, CRT Glass Group Group General Manager, PDP Glass Plate Group Chairman, Board of Directors, Nippon Electric Glass (Malaysia) Sdn. Bhd.

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

Category	Number	Total amount of remuneration
Director	9	¥385 million
Corporate Auditor (of which, Outside Corporate Auditor)	4 (2)	¥52 million (¥9 million)
Total	13	¥437 million

Note 1: The total amount of remuneration for Directors includes a bonus to Directors of ¥113 million, which is to be resolved at the 90th Ordinary General Meeting of Shareholders scheduled to be held on June 26, 2009.

Note 2: The Company adopted a resolution to abolish the retirement benefit program for officers on June 29, 2004, the date of the 85th Ordinary General Meeting of Shareholders, and make payment to the Directors and Corporate Auditors remaining at office after conclusion of the said general meeting of retirement benefits for officers corresponding to their respective terms of office up to the time of abolishment of the program; the payment to be made at their respective times of retirement.

Under the resolution mentioned above, the Company plans to pay ¥306 million to six Directors and ¥1.5 million to two Corporate Auditors (of which ¥0.5 million is to be paid to one Outside Corporate Auditor) at their respective times of retirement.

(3) Matters related to Outside Corporate Auditors

1) Concurrent position of Outside Corporate Auditors for other companies (as of March 31, 2009)

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. Takuro 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. Fujio 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. 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	¥68 million
Total amount of money and other property benefits that must be paid by the Company and its subsidiaries	¥68 million

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, the amount of remuneration regarding the audit of the English version of the consolidated financial statements and the amount of remuneration for auditing in compliance with the Financial Instruments and Exchange Act have not been separated distinctly, nor can they be separated in essence. Accordingly, the above amount indicates the total of these amounts.

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

(3) 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 Internal Auditing Department (the Auditing Division) shall implement internal auditing of each division and Group companies from an independent position based on internal auditing regulations and the auditing plan, and shall report the status of implementation to the President as necessary.

(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, the Company and its Group companies shall improve and operate the necessary organizational systems and the Internal Auditing Department (the Auditing Division) shall evaluate the validity of such systems.

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 exceptionally 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 thereby increasing profitability.
- Reinforcing and upgrading combined technologies based on special glass and high technology glass materials and thereby expanding 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/>).

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, 2009)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
<u>Current assets</u>	200,062	<u>Current liabilities</u>	165,640
Cash and cash equivalents	96,693	Notes and accounts payable-trade	30,035
Notes and accounts receivable-trade	47,166	Short-term loans payable	64,894
Merchandise and finished goods	25,585	Current portion of bonds	20,000
Work in process	1,348	Accounts payable-other	37,020
Raw materials and supplies	15,317	Accrued income taxes	1,348
Deferred tax assets	6,248	Other reserves	222
Others	8,304	Others	12,118
Allowance for doubtful accounts	(601)	<u>Non-current liabilities</u>	70,029
<u>Fixed assets</u>	388,351	Long-term loans payable	44,988
<u>Tangible fixed assets</u>	362,859	Reserve for special repairs	23,132
Buildings and structures	51,151	Other reserves	1,790
Machinery, equipment and vehicles	264,578	Others	118
Land	14,107	Total Liabilities	235,669
Construction in progress	30,223	(Net Assets)	
Others	2,798	<u>Shareholders' equity</u>	356,378
<u>Intangible fixed assets</u>	934	Common stock	32,155
<u>Investments and other assets</u>	24,557	Capital surplus	34,358
Investment securities	14,133	Retained earnings	290,061
Deferred tax assets	9,083	Treasury stock	(196)
Others	1,720	<u>Valuation and translation adjustments</u>	(7,335)
Allowance for doubtful accounts	(380)	Net unrealized gain on other securities	1,410
		Deferred gains or losses on hedges	10
		Foreign currency translation adjustments	(8,757)
		<u>Minority interests</u>	3,700
		Total Net Assets	352,744
Total Assets	588,413	Total Liabilities and Net Assets	588,413

Note: Amounts less than ¥1 million are omitted.

Consolidated Statement of Income

(From April 1, 2008 to March 31, 2009)

(Millions of yen)

Item	Amount	
Net sales		335,662
Cost of sales		234,571
Gross profit		101,090
Selling, general and administrative expenses		24,674
Operating income		76,416
Non-operating income		
Interest and dividend income	1,553	
Others	1,176	2,729
Non-operating expenses		
Interest expenses	1,774	
Foreign exchange losses	3,761	
Loss on disposal of property, plant and equipment	3,108	
Depreciation of inactive property, plant and equipment	2,060	
Others	4,122	14,826
Ordinary income		64,319
Extraordinary income		
Gain on prior period adjustment	634	
Others	6	640
Extraordinary loss		
Loss on disposal of property, plant and equipment	3,386	
Loss on sales of property, plant and equipment	15,902	
Impairment loss	2,441	
Loss on sales of investment securities	1,905	
Others	762	24,398
Income before income taxes		40,560
Income taxes-current	15,492	
Income taxes-deferred	3,268	18,760
Minority interests (loss)		(31)
Net income		21,831

Note: Amounts less than ¥1 million are omitted.

Consolidated Statement of Changes in Shareholders' Equity

(From April 1, 2008 to March 31, 2009)

(Millions of yen)

Item	Amount	Item	Amount
Shareholders' equity		Valuation and translation adjustments	
Common stock		Net unrealized gain on other securities	
Beginning balance	32,155	Beginning balance	3,683
Change during the current fiscal year		Change during the current fiscal year	
Total change during the current fiscal year	-	Net change of items other than shareholders' equity during the current fiscal year	(2,272)
Ending balance	32,155	Total change during the current fiscal year	(2,272)
Capital surplus		Ending balance	1,410
Beginning balance	34,516	Deferred gains or losses on hedges	
Change during the current fiscal year		Beginning balance	-
Disposition of treasury stock	(158)	Change during the current fiscal year	
Total change during the current fiscal year	(158)	Net change of items other than shareholders' equity during the current fiscal year	10
Ending balance	34,358	Total change during the current fiscal year	10
Retained earnings		Ending balance	10
Beginning balance	272,803	Foreign currency translation adjustments	
Change during the current fiscal year		Beginning balance	838
Dividends from surplus	(4,974)	Change during the current fiscal year	
Net income	21,831	Net change of items other than shareholders' equity during the current fiscal year	(9,596)
Effect of changes in accounting policies applied to foreign subsidiaries	401	Total change during the current fiscal year	(9,596)
Total change during the current fiscal year	17,258	Ending balance	(8,757)
Ending balance	290,061	Total valuation and translation adjustments	
Treasury stock		Beginning balance	4,522
Beginning balance	(44)	Change during the current fiscal year	
Change during the current fiscal year		Net change of items other than shareholders' equity during the current fiscal year	(11,857)
Acquisition of treasury stock	(509)	Total change during the current fiscal year	(11,857)
Disposition of treasury stock	357	Ending balance	(7,335)
Total change during the current fiscal year	(151)	Minority interests	
Ending balance	(196)	Beginning balance	3,832
Total shareholders' equity		Change during the current fiscal year	
Beginning balance	339,431	Net change of items other than shareholders' equity during the current fiscal year	(131)
Change during the current fiscal year		Total change during the current fiscal year	(131)
Dividends from surplus	(4,974)	Ending balance	3,700
Net income	21,831	Total net assets	
Acquisition of treasury stock	(509)	Beginning balance	347,785
Disposition of treasury stock	199	Change during the current fiscal year	
Effect of changes in accounting policies applied to foreign subsidiaries	401	Dividends from surplus	(4,974)
Total change during the current fiscal year	16,947	Net income	21,831
Ending balance	356,378	Acquisition of treasury stock	(509)
		Disposition of treasury stock	199
		Effect of changes in accounting policies applied to foreign subsidiaries	401
		Net change of items other than shareholders' equity during the current fiscal year	(11,989)
		Total change during the current fiscal year	4,958
		Ending balance	352,744

Note: Amounts less than ¥1 million are omitted

Non-consolidated Balance Sheet

(As of March 31, 2009)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
<u>Current assets</u>	167,475	<u>Current liabilities</u>	159,883
Cash and cash equivalents	73,698	Accounts payable-trade	28,996
Notes receivable-trade	1,587	Short-term loans payable	61,531
Accounts receivable-trade	46,859	Current portion of long-term loans payable	1,024
Merchandise and finished goods	17,485	Current portion of bonds	20,000
Work in process	2,859	Accounts payable-other	35,016
Raw materials and supplies	10,882	Accrued expenses	9,053
Deferred tax assets	5,422	Accrued income taxes	79
Others	8,743	Other reserves	199
Allowance for doubtful accounts	(62)	Others	3,983
<u>Fixed assets</u>	365,923	<u>Non-current liabilities</u>	61,956
<u>Tangible fixed assets</u>	309,177	Long-term loans payable	38,405
Buildings and structures	40,535	Reserve for special repairs	23,132
Machinery and equipment	229,537	Other reserves	386
Vehicles and equipment	2,207	Others	32
Land	8,998	Total Liabilities	221,839
Lease assets	40	(Net Assets)	
Construction in progress	27,858	<u>Shareholders' equity</u>	310,137
<u>Intangible fixed assets</u>	620	Common stock	32,155
Right of using facilities	318	Capital surplus	34,358
Others	301	Capital reserve	33,885
<u>Investments and other assets</u>	56,125	Other capital surplus	472
Investment securities	11,958	Retained earnings	243,819
Stocks of affiliates	22,803	Legal reserve	2,988
Investments in capital of affiliates	4,188	Other retained earnings	240,831
Long-term loans	8,835	General reserve	205,770
Deferred tax assets	7,251	Retained earnings brought forward	35,061
Others	1,188	Treasury stock	(196)
Allowance for doubtful accounts	(100)	<u>Valuation and translation adjustments</u>	1,421
		Net unrealized gain on other securities	1,410
		Deferred gains or losses on hedges	10
		Total Net Assets	311,558
Total Assets	533,398	Total Liabilities and Net Assets	533,398

Note: Amounts less than ¥1 million are omitted.

Non-consolidated Statement of Income

(From April 1, 2008 to March 31, 2009)

(Millions of yen)

Item	Amount	
Net sales		271,571
Cost of sales		189,067
Gross profit		82,503
Selling, general and administrative expenses		15,954
Operating income		66,548
Non-operating income		
Interest and dividend income	4,045	
Technical support fee	1,589	
Others	1,328	6,963
Non-operating expenses		
Interest expenses	1,305	
Loss on disposal of inventories	1,015	
Loss on disposal of property, plant and equipment	2,728	
Depreciation of inactive property, plant and equipment	1,933	
Others	3,470	10,453
Ordinary income		63,059
Extraordinary income		
Gain on prior period adjustment	556	556
Extraordinary loss		
Loss on disposal of property, plant and equipment	3,386	
Loss on sales of property, plant and equipment	15,902	
Loss on sales of investment securities	1,905	
Loss from valuation of investment in capital of affiliates	2,213	
Others	1,246	24,655
Income before income taxes		38,960
Income taxes-current	13,272	
Income taxes-deferred	1,359	14,631
Net income		24,328

Note: Amounts less than ¥1 million are omitted.

Non-consolidated Statement of Changes in Shareholders' Equity

(From April 1, 2008 to March 31, 2009)

(Millions of yen)

Item	Amount	Item	Amount
Shareholders' equity		Treasury stock	
Common stock		Beginning balance	(44)
Beginning balance	32,155	Change during the current fiscal year	
Change during the current fiscal year		Acquisition of treasury stock	(509)
Total change during the current fiscal year	-	Disposition of treasury stock	357
Ending balance	32,155	Total change during the current fiscal year	(151)
Capital surplus		Ending balance	(196)
Capital Reserve		Total shareholders' equity	
Beginning balance	33,885	Beginning balance	291,093
Change during the current fiscal year		Change during the current fiscal year	
Total change during the current fiscal year	-	Dividends from surplus	(4,974)
Ending balance	33,885	Net income	24,328
Other Capital surplus		Acquisition of treasury stock	(509)
Beginning balance	630	Disposition of treasury stock	199
Change during the current fiscal year		Total change during the current fiscal year	19,043
Disposition of treasury stock	(158)	Ending balance	310,137
Total change during the current fiscal year	(158)	Valuation and translation adjustments	
Ending balance	472	Net unrealized gain on other securities	
Total capital surplus		Beginning balance	3,683
Beginning balance	34,516	Change during the current fiscal year	
Change during the current fiscal year		Net change of items other than shareholders'	
Disposition of treasury stock	(158)	equity during the current fiscal year	(2,272)
Total change during the current fiscal year	(158)	Total change during the current fiscal year	(2,272)
Ending balance	34,358	Ending balance	1,410
Retained earnings		Deferred gains or losses on hedges	
Legal reserve		Beginning balance	-
Beginning balance	2,988	Change during the current fiscal year	
Change during the current fiscal year		Net change of items other than shareholders'	
Total change during the current fiscal year	-	equity during the current fiscal year	10
Ending balance	2,988	Total change during the current fiscal year	10
Other Retained earnings		Ending balance	10
General reserve		Total valuation and translation adjustments	
Beginning balance	155,770	Beginning balance	3,683
Change during the current fiscal year		Change during the current fiscal year	
Provision of general reserve	50,000	Net change of items other than shareholders'	
Total change during the current fiscal year	50,000	equity during the current fiscal year	(2,261)
Ending balance	205,770	Total change during the current fiscal year	(2,261)
Retained earnings		Ending balance	1,421
Beginning balance	65,707	Total net assets	
Change during the current fiscal year		Beginning balance	294,776
Dividends from surplus	(4,974)	Change during the current fiscal year	
Provision of general reserve	(50,000)	Dividends from surplus	(4,974)
Net income	24,328	Net income	24,328
Total change during the current fiscal year	(30,646)	Acquisition of treasury stock	(509)
Ending balance	35,061	Disposition of treasury stock	199
Total retained earnings		Net change of items other than shareholders'	
Beginning balance	224,466	equity during the current fiscal year	(2,261)
Change during the current fiscal year		Total change during the current fiscal year	16,782
Dividends from surplus	(4,974)	Ending balance	311,558
Provision of general reserve	-		
Net income	24,328		
Total change during the current fiscal year	19,353		
Ending balance	243,819		

Note: Amounts less than ¥1 million are omitted

(Reference)**1. Consolidated cash flows (From April 1, 2008 to March 31, 2009)**

(Millions of yen)

Item	Amount
Net cash provided by operating activities	89,873
Net cash used in investing activities	(121,975)
Net cash provided by financing activities	27,438
Effect of exchange rate changes on cash and cash equivalents	(1,759)
Cash and cash equivalents at beginning of year	101,046
Cash and cash equivalents at end of year	94,623

2. Segment information**Information by geographic area (From April 1, 2008 to March 31, 2009)**

(Millions of yen)

	Japan	Asia	Other areas	Total	Elimination and corporate	Consolidated total
I. Net sales and operating income (loss)						
Net sales						
(1) External	128,885	203,727	3,049	335,662	-	335,662
(2) Inter-segment	148,206	11,013	46	159,267	(159,267)	-
Total sales	277,091	214,741	3,096	494,929	(159,267)	335,662
Operating expenses	207,793	211,367	2,945	422,106	(162,860)	259,246
Operating income	69,297	3,374	150	72,822	3,593	76,416
II. Identifiable assets	456,092	101,465	1,427	558,985	29,428	588,413

3. Overseas sales information (From April 1, 2008 to March 31, 2009)

(Millions of yen)

	Asia	Other areas	Total
Overseas sales	213,834	18,459	232,293
Consolidated sales			335,662
Percentage of overseas sales	63.7%	5.5%	69.2%

Note: Amounts less than ¥1 million are omitted.

Reference Document for the Ordinary General Meeting of Shareholders

Proposals and reference matters

Proposal 1: Distribution 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.

Under the basic policy mentioned above, we intend to pay ¥5 per share as year-end dividends for the fiscal year under review as described below considering our overall business results during the fiscal year under review and other related factors. As a result, the annual dividend will be ¥10 per share, an increase of ¥1 from the previous fiscal year, including the interim dividend of ¥5.

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

- (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 ¥2,487,422,280
- (3) Effective date of distribution of surplus: June 29, 2009

Proposal 2: Partial Amendments of the Articles of Incorporation

1. Reasons for the amendments

Upon enforcement of the Law for Partial Revision of the Law on Transfer of Bonds, etc. for Streamlining Settlement Concerning Stock Trading, etc. (Law No. 88 of 2004; hereinafter referred to as the “Law for Streamlining Settlement of Stocks, etc.”) on January 5, 2009, the book-entry transfer system of stocks became applied to all the stocks of listed companies as of the said day (i.e. implementation of the share certificate dematerialization).

In connection with such a change, we intend to make necessary amendments to the Articles of Incorporation, such as deletion of the provisions concerning share certificates, beneficial shareholders, and the register of beneficial shareholders, each of which are no longer necessary, and renumber the articles.

With regard to the register of lost share certificates, which must be continuously prepared and kept until the day in one year after the day following the date of the enforcement date of the Law for Streamlining Settlement of Stocks, etc., we will establish necessary provisions in the Supplementary Provisions.

In conjunction with this implementation in accordance with Article 6, Paragraph 1 of the Supplementary Provisions of the Law for Streamlining Settlement of Stocks, etc., it has been deemed that, the amendment to the Articles of Incorporation for abolishing Article 7 of the existing Articles of Incorporation (Issue of Share Certificates) was resolved on January 5, 2009, or the day when said act took effect, the effective date of the amendment.

2. Details of amendments

We propose to amend part of the existing Articles of Incorporation as follows:

(The underlined portions show the parts to be amended.)

Existing Articles of Incorporation	Proposed Amendment
<p>(Issue of Share Certificates)</p> <p><u>Article 7.</u></p> <p><u>The Company shall issue share certificates for its shares.</u></p>	(Deleted)
<p>Article <u>8.</u></p> <p>(Omitted)</p>	<p>Article <u>7.</u></p> <p>(Unchanged)</p>
<p>(Number of Shares Constituting One Unit <u>and Non-issuance of Share Certificates Constituting Less Than One Unit</u>)</p> <p>Article <u>9.</u></p> <p><u>1 The number of shares constituting one unit of the Company shall be one thousand (1,000).</u></p> <p><u>2 Notwithstanding the provisions of Article 7, the Company shall not issue any share certificate for shares constituting less than one unit, unless otherwise set forth in the Share Handling Regulations.</u></p>	<p>(Number of Shares Constituting One Unit)</p> <p>Article <u>8.</u></p> <p>The number of shares constituting one unit of the Company shall be one thousand (1,000).</p> <p>(Deleted)</p>

TRANSLATION FOR REFERENCE ONLY

Existing Articles of Incorporation	Proposed Amendment
<p>(Rights Concerning Shares Constituting Less Than One Unit)</p> <p>Article <u>10</u>.</p> <p>The shareholders of the Company <u>(including the beneficial shareholders; hereinafter the same)</u> shall not exercise rights other than those described below with respect to their shares constituting less than one unit.</p> <p>(1) Rights specified in each Item of Article 189, Paragraph 2 of the Corporation Law;</p> <p>(2) Right to make a claim under the provisions of Article 166, Paragraph 1 of the Corporation Law;</p> <p>(3) Right to receive allocation of shares offered and allotment of stock acquisition rights offered, in accordance with the number of shares held by each shareholder; and</p> <p>(4) Right to make a claim provided for in the following Article.</p>	<p>(Rights Concerning Shares Constituting Less Than One Unit)</p> <p>Article <u>9</u>.</p> <p>The shareholders of the Company shall not exercise rights other than those described below with respect to their shares constituting less than one unit.</p> <p>(1) Rights specified in each Item of Article 189, Paragraph 2 of the Corporation Law;</p> <p>(2) Right to make a claim under the provisions of Article 166, Paragraph 1 of the Corporation Law;</p> <p>(3) Right to receive allocation of shares offered and allotment of stock acquisition rights offered, in accordance with the number of shares held by each shareholder; and</p> <p>(4) Right to make a claim provided for in the following Article.</p>
<p>Article <u>11</u>.</p> <p style="text-align: center;">(Omitted)</p>	<p>Article <u>10</u>.</p> <p style="text-align: center;">(Unchanged)</p>
<p>Article <u>12</u>.</p> <p style="text-align: center;">(Omitted)</p>	<p>Article <u>11</u>.</p> <p style="text-align: center;">(Unchanged)</p>
<p>(Manager of Register of Shareholders)</p> <p>Article <u>13</u>.</p> <p>1 The Company shall have a manager of register of shareholders for its shares.</p> <p>2 The manager of register of shareholders and its business office shall be determined by a resolution of the Board of Directors and public notice shall be given thereof.</p> <p>3 The register of shareholders <u>(including the register of beneficial shareholders; hereinafter the same)</u>, original register of stock acquisition rights <u>and register of lost share certificates</u> of the Company shall be prepared and kept, and other business pertaining to the register of shareholders, original register of stock acquisition rights <u>and register of the lost share certificates</u> shall be entrusted by the manager of register of shareholders on consignment and shall not be handled by the Company.</p>	<p>(Manager of Register of Shareholders)</p> <p>Article <u>12</u>.</p> <p>1 (Unchanged)</p> <p>2 (Unchanged)</p> <p>3 The register of shareholders <u>and</u> original register of stock acquisition rights of the Company shall be prepared and kept, and other business pertaining to the register of shareholders <u>and</u> original register of stock acquisition rights shall be entrusted by the manager of register of shareholders on consignment and shall not be handled by the Company.</p>

TRANSLATION FOR REFERENCE ONLY

Existing Articles of Incorporation	Proposed Amendment
<p>Article <u>14</u>.</p> <p style="text-align: center;">(Omitted)</p> <p>Through</p> <p>Article <u>39</u>.</p> <p style="text-align: center;">(Omitted)</p> <p style="text-align: center;">(Newly established)</p>	<p>Article <u>13</u>.</p> <p style="text-align: center;">(Unchanged)</p> <p>Through</p> <p>Article <u>38</u>.</p> <p style="text-align: center;">(Unchanged)</p> <p><u>(Supplementary Provisions)</u></p> <p><u>Article 1. The register of lost share certificates of the Company shall be prepared and kept, and other business pertaining to the register of lost share certificates shall be entrusted by the manager of register of shareholders on consignment and shall not be handled by the Company.</u></p> <p><u>Article 2. The preceding Article and this Article will remain effective until January 5, 2010, and will be deleted as of January 6, 2010.</u></p>

Proposal 3: Election of Ten (10) Directors

The terms of office for all nine (9) Directors will expire as of the close of this Ordinary General Meeting of Shareholders. Therefore, we would like you to approve appointment of ten (10) Directors including one (1) additional Director for reinforcement of the management system.

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	61,500
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] Supervising: Electronic Products Business and Environmental Management In charge of Thin Films Business [Representative Director, Dong Yang Electronic Glass Co., Ltd.]	34,000

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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) [Assignment of work for executive officers] Supervising: Consumer Glass Business, Glass Fiber Business and Building Materials Business	32,500
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 Apr. 2008: Executive Vice President (Incumbent) [Assignment of work for executive officers] Supervising: Overall Production	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] Supervising: Accounting In charge of Administrative and Purchasing	43,000

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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
7	Shigeru Yamamoto (December 19, 1953)	<p>Apr. 1978: Joined Nippon Electric Glass</p> <p>Oct. 1997: General Manager, Technical Division</p> <p>June 2002: Vice President</p> <p>June 2005: Director (Incumbent) Senior Vice President (Incumbent)</p> <p>Apr. 2008: General Manager, New Product Department (Incumbent)</p> <p>[Assignment of work for executive officers]</p> <p>Supervising: Patent</p> <p>In charge of Technical, Advanced Materials & Technology, Research & Development and New Product</p> <p>[President, Nippon Electric Glass Technical Information Center Co., Ltd.]</p>	9,000
8	Koichi Inamasu (January 30, 1952)	<p>Apr. 1974: Joined Nippon Electric Glass</p> <p>June 1998: General Manager, Personnel Division</p> <p>June 2002: Vice President</p> <p>Apr. 2006: Group General Manager, CRT Glass Group (Incumbent)</p> <p>June 2006: Director (Incumbent) Senior Vice President (Incumbent)</p> <p>Apr. 2009: Group General Manager, PDP Glass Plate Group (Incumbent)</p> <p>[Assignment of work for executive officers]</p> <p>Supervising: CRT Glass Business, PDP Glass Plate Business</p> <p>[Chairman, Board of Directors, Nippon Electric Glass (Malaysia) Sdn. Bhd.]</p>	17,500
9	Shuji Ito (December 18, 1948)	<p>Apr. 1971: Joined Nippon Electric Glass</p> <p>May 1999: General Manager, Furnace Design and Engineering Division</p> <p>June 2001: Vice President</p> <p>June 2007: Director (Incumbent) Senior Vice President (Incumbent)</p> <p>[Assignment of work for executive officers]</p> <p>In charge of Environmental Management, Furnace Design & Engineering, Engineering and Plant Engineering</p>	18,000

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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
10	Masanori Yokota (June 13, 1950)	Apr. 1976: Joined Nippon Electric Glass June 2005: General Manager, LCD Glass Division, Production Apr 2006: Vice President (Incumbent) Apr. 2009: Group General Manager, LCD Glass Group (Incumbent) [Assignment of work for executive officers] Supervising: LCD Glass Business	-

- Notes: 1. The abovementioned candidates have no conflicts of interest with the Company.
 2. The Company has adopted the Executive Officer System. “Supervising” 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, 2009.

Proposal 4: 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 Apr. 2007: Associate Vice President and General Manager, Financial Internal Control Promotion Division, NEC Corporation (Incumbent)	—
2	Yasuhiro Uozumi (November 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, 2009.
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 expertise and experience 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 5: Payment of Bonuses to Directors

The Company proposes that it shall pay Directors' bonuses totaling ¥113,490,000 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.

Proposal 6: Continuous Introduction of the Policy regarding Large Purchase of the Company's Shares (Defense against Acquisition)

The Company introduced the Policy regarding Large Purchase of the Company's Shares (hereinafter referred to as the "Existing Policy") with shareholder approval at the Company's 87th Ordinary General Meeting of Shareholders held on June 29, 2006.

Since the effective period of the Existing Policy is up to the end of the Company's 90th Ordinary General Meeting of Shareholders held on June 26, 2009 (hereinafter referred to as the "Ordinary General Meeting"), the Company has studied how to handle the Existing Policy in consideration of revisions to laws and regulations and court cases, theories, and social valuations on defensive measures against acquisition after introduction of the Existing Policy.

As a consequence, at the meeting of the Board of Directors held on April 27, 2009, the Company resolved with the unanimous approval of the Company Directors (i) to make amendments to the "Basic policy regarding party in control of decision on the Company's financial affairs and business policies" and other rules and (ii) to continuously introduce "the Policy regarding Large Purchase of the Company's Shares (Defense against Acquisition)" (hereinafter referred to as the "Policy") which reflects partial amendments the Existing Policy subject to an approval of shareholders at the Ordinary General Meeting on the Policy which reflects partial amendment to the Existing Policy. Therefore, we ask you to approve the Policy.

Please read below for details regarding the basic policy related to corporate control and the Policy.

Major amendments to the Existing Policy which will take effect upon introduction of the Policy are described below:

- Addition of a rule that states that the Company shall, upon judgment that large purchase information has completely been offered by a large purchaser, disclose the facts thereof, and clarify the commencement of the assessment period for the Board of Directors;
- Addition of countermeasures against large purchasers such as free-of-charge allocation of stock acquisition rights and other measures allowed in the Corporation Law, other laws and regulations, and the Company's Articles of Incorporation;
- Addition of a rule that the maximum number of shares to be obtained in exchange for a stock acquisition right is two (2) in case of free-of-charge allocation of stock acquisition rights as countermeasures against a large purchaser;
- Clarification of acquisition clauses and acquisition conditions regarding stock acquisition rights;
- Addition of a rule that states that the Company may confirm shareholder's will with respect to implementation of countermeasures against a large purchaser at the time of such implementation; and

- Other necessary amendments in consideration of implementation of share certificate dematerialization.

As of May 20, 2009, the Company has received no notice or proposal of large purchase from any particular third party.

At the same time, the Company is an affiliate of NEC Corporation, which substantially holds 24.4% (including an indirect share of 11.3%) of the voting rights of all the shareholders of the Company, but the Company shall not apply the Policy to NEC Corporation on the grounds that it has continuously held 20% or more of the Company's shares since foundation of the Company.

[Details regarding the basic policy related to corporate control and the Policy]

I. Basic policy regarding party in control of decision on the Company's financial affairs and business policies

The Company recognizes that since the shares of the Company, as a listed company, are freely traded, the status of party in control of the Company should ultimately be rest on each of the shareholder.

However, in determining whether or not to accept a large purchase of the Company's shares, it is important that the shareholders are provided with sufficient information from the party that intends to make a large purchase and the results of an assessment and review by the Board of Directors of the Company and the opinion of the Board of Directors.

In addition, at the Group, which is in the manufacturing sector, in-house development and improvement of products and manufacturing technologies is necessary and indispensable to secure and increase corporate value and the common interest of shareholders, but in some cases it may take several years or more for such efforts to bring about successful business results. Therefore, the Company believes that the party which decides the Company's financial affairs and business policies must be one which fully understands the Company's management principles, business characteristics, sources of corporate value, and relationship of trust with stakeholders supporting the Company and secures and increases the corporate value and the common interest of shareholders of the Company in mid- to long-term. Accordingly, the Company considers a party which makes an inappropriate large purchase or other similar act which is likely to decrease the corporate value or the common interest of shareholders exceptionally inappropriate as one which controls the decision on the Company's financial affairs and business policies.

II. Special approaches to contribute to the implementation of the basic policy, including effective use of corporate property, formation of proper business group, and other approaches

The Company has been engaging in the manufacture and sale of special glass and high-tech glass, which are mainly used as components and materials for industrial products, since the foundation in 1949.

A large portion of the Company's sales comes from transactions with specific customers. Accordingly, the Company will not improve its corporate value unless it conducts management and business activities focusing on a close relationship with these customers.

In addition, the specialized knowledge, technology and know-how regarding special glass and high-tech glass, solid relationship with clients and good labor-management relations based on

mutual trust, which have been accumulated for more than half a century, are also the important managerial resources of the Company.

The Company intends to make effective use of corporate property and increase its corporate value from a long-term perspective using those accumulated managerial resources by:

- Grasping customer's needs in an early stage and developing and offering in the short term new products which meet such customer's needs using the Company's unique development system, including applying and incorporating its own elemental technology through collaboration with various divisions, such as research and development, manufacturing, and sales division etc.
- Investing the management resources selectively into the growth segment such as the segment related to flat panel display, etc. in response properly to the change of business environment
- Always making an effort to improve technical capabilities, establishing a more efficient production and supply system, and enhancing profitability; and
- Enhancing and expanding the combining technique based on special glass and high-tech glass materials, and developing the business in functional product areas.

In recent years, the Group has worked on shifting its business structure in the field of glass for display devices as a core business in response to dramatic changes in the video device market (such as shrinking of the CRT market and the rapid growth of the FPD market). With respect to glass for FPDs as a core product whose demand is expected to continue to expand, the Company is trying to reinforce its business by improving the productivity of existing facilities and establishing new facilities.

At the same time, in order to avoid excessive reliance on glass for FPDs and establish a well-balanced business structure, the Company has placed importance on expansion of its business in other fields such as glass fiber, glass for electronic devices, and heat-resistant glass.

Further, under the recognition that capacity for technological development, which enables production of new technologies and products on the basis of technologies accumulated over the years, is important for the creation and nurture of next-generation businesses, the Company will continue to actively conduct R&D activities.

As described above, the Company is trying to increase its corporate value and the common interest of its shareholders.

III. Details of the policy regarding large purchase of the Company's shares (Measures for prevention of control over decision on the Company's financial affairs and business policies by an inappropriate party in light of the basic policy)

In case of a purchase of the Company's shares and other securities (Note 3) with the aim of increasing the voting rights ratio (Note 2) of a specific shareholder group (Note 1) to 20% or more or a takeover bid of the Company's shares and other securities as a result of which the voting right ratio of a specific shareholder group reaches 20% or more (Note 4) (hereinafter, such purchase being referred to as a "Large Purchase" and such party which makes a Large Purchase being referred to as a "Large Purchaser"), the Company will, in an attempt to comply with the basic policy described in Section I above, introduce certain reasonable rules to provide shareholders with sufficient information and to secure the time necessary for shareholders' judgment of the information so provided (hereinafter referred to as the "Large Purchase Rules") (see Section III-2

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below) and provide for certain response policies in each case of compliance or noncompliance with the rules (see Section III-3 below). The Company employs the approaches described above as measures to prevent decisions on the Company's financial affairs and business policies from being controlled by an inappropriate party in light of the basic policy described in Section I above.

(The policy regarding Large Purchase of the Company's shares as described in Section III above will be hereinafter referred to as the "Policy".)

Note 1: "Specific shareholder group" means

- (i) a holder (as prescribed in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Law, including a person deemed as holder under Article 27-23, Paragraph 3 of the same law; the same applies hereinafter) and its joint holders (as prescribed in Article 27-23, Paragraph 5 of the same law, including a person deemed as joint holders under Paragraph 6 of the same article; the same applies hereinafter) of shares and other securities (as prescribed in Article 27-23, Paragraph 1 of the same law) of the Company; or
- (ii) a person who makes a purchase or other similar transaction (as prescribed in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Law, including purchases and other similar transactions made in a financial instruments exchange market) of shares and other securities (as prescribed in Article 27-2, Paragraph 1 of the same law) of the Company and persons related thereto (meaning special related persons as prescribed in Article 27-2, Paragraph 7 of the same law).

Note 2: "Voting rights ratio" means

- (i) in the case of the specific shareholder group falling under Item (i) of Note 1 above, the group's share holding ratio (as prescribed in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Law and calculated based on the number of shares including those held by the joint holders (as prescribed in the same paragraph; the same applies hereinafter)), or
- (ii) in the case of the specific shareholder group falling under Item (ii) of Note 1 above, the total of the share holding ratio (as prescribed in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Law) of the Large Purchaser and that of the entities related thereto.

In calculating each share holding ratio, any of the securities reports, quarterly reports or reports on the condition of treasury stock purchases, which has been submitted recently, may be referred to with respect to the total number of voting rights (as prescribed in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Law) and the total number of outstanding shares (as prescribed in Article 27-23, Paragraph 4 of the same law).

Note 3: "Shares and other securities" means shares and other securities set forth in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Law.

Note 4: In either case, unless otherwise approved in advance by the Board of Directors of the Company, the method of purchase, such as market buying or tender offer bid, would not be concerned. Any purchases of the Company's shares and other securities by a specific shareholder group whose voting rights has been amounted to 20% or more as of the effective date of the Policy shall be excluded.

1. Need for the Policy

The Company has a unique position, which has been established since its foundation in the area of special glass and high-tech glass, including glass for FPDs. The Company's products such as glass for liquid crystal displays and glass for plasma displays are essential materials to the field of display devices and other fields. The Company holds many products with a large market share, and

which are handled by only a few companies. Accordingly, it is possible that a Large Purchaser, who is interested in the business or specialized knowledge, technology and know-how related to special glass and high-tech glass of the Company, may suddenly appear.

As described in Section I above, the Company recognizes that, upon the appearance of such Large Purchaser, the judgment on whether or not to accept a Large Purchase should ultimately be rest on each of the shareholder. However, the Company believes that, for the shareholders to make such a judgment, it is important that the shareholders are provided with sufficient information from the Large Purchaser and the results of an assessment and review by the Board of Directors of the Company and the opinion of the Board of Directors.

It is especially difficult to grasp the corporate value of the Company, including the specialized knowledge, technology, and know-how regarding to special glass and high-tech glass which the Company has accumulated for more than half a century, without understanding the above-mentioned business characteristics of the Company. For the shareholders, in assessing act of a Large Purchase by a Large Purchaser, it is extremely important that the shareholders are properly provided with not only information unilaterally furnished by the Large Purchaser, but also with the Company's Board of Directors opinion and assessment on the Large Purchase, which fully understands the business characteristics of the Company.

On the basis of the above attitude, the Company's Board of Directors decided to continuously introduce the Large Purchase Rules after partial amendment. The Company believes that this approach will contribute to the achievement of the basic policy described in Section I above.

2. Details of the Large Purchase Rules

(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" specifying its intention to conduct a Large Purchase in accordance with the Large Purchase Rules. The Large Purchaser shall mention in the Statement of Compliance with the Large Purchase Rules the name and address of the Large Purchaser, its governing law of establishment, name of a representative, contact information within Japan, outline of the proposed Large Purchase and its pledge to comply with the Large Purchase Rules.

Upon receipt of a proposal of a Large Purchase, the Company will promptly make an official announcement of such fact.

(2) Submission of Large Purchase Information

Following submission of a Statement of Compliance with the Large Purchase Rules, the Company will have the Large Purchaser submit information necessary and sufficient for judgment by shareholders and formation of opinions as the Company's Board of Directors (hereinafter referred to as "Large Purchase Information") in a document stated in Japanese.

Specifically, within five (5) business days after receipt of a Statement of Compliance with the Large Purchase Rules, the Company's Board of Directors will deliver to the Large Purchaser a list of Large Purchase Information to be initially submitted and request prompt submission of Large Purchase Information. Further, if the Company deems the information initially provided to be insufficient as Large Purchase Information, the Board of Directors may ask the Large Purchaser to submit additional information. If the Board of Directors judges that submission of the Large Purchase Information by a Large Purchaser has been completed, it will disclose the facts of such

completion and commencement of assessment and review by the Board of Directors as described in Section (3) below at an appropriate time and in an appropriate manner.

The principal items of the Large Purchase Information List are as follows:

- (i) Brief summary of the Large Purchaser and its group;
- (ii) Purpose, method and details of the Large Purchase;
- (iii) Existence of communication with a third party in conducting the Large Purchase and the details thereof if any such communication exists;
- (iv) Grounds for the calculation of purchase price;
- (v) Evidence of purchase funds (including the method of raising funds, name of the provider (including substantial provider) of purchase funds and other outline);
- (vi) Management policy, business plan, financial plan, capital policy and dividend policy of the Company and the Group which are intended to be taken after the completion of the Large Purchase;
- (vii) Basic policy regarding the Company's special limited important customers and the continued business relationship with such important customers which is intended to be taken after the completion of the Large Purchase; and
- (viii) Basic policy after the completion of the Large Purchase regarding the relationship between (1) the employees, clients, local society and other interested persons of the Company and the Group, and (2) the Company and the Group.

The Company will publicly announce all or part of the Large Purchase Information submitted to the Board of Directors of the Company, 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 to evaluate of the Large Purchase, the Board of Directors of the Company shall be given the amount of time specified below to assess, review, negotiate, form its opinion and develop an alternative plan (the "Board of Directors' Assessment Period") after completion of the provision of the Large Purchase Information by the Large Purchaser to the Board of Directors of the Company. (Provided, however, that if the Board of Directors of the Company asks the Special Committee to reconsider the recommendations of the Special Committee as described later, each of the following periods can be extended for up to ten (10) days. In the event of such extension, the information regarding the fact thereof and the reasons therefor shall be disclosed.)

- (i) In the case of purchase of all the shares of the Company through a tender offer bid made in exchange for Japanese yen in cash only, a period of sixty (60) days; and
- (ii) In the case of other means of Large Purchase, a period of ninety (90) days.

The Board of Directors of the Company will, with advice of outside experts as necessary, fully assess and review the provided Large Purchase Information, and establish 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 negotiate an improvement of conditions regarding the Large Purchase with the Large Purchaser, and 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. If General Meeting of Shareholders is convened to confirm shareholders' will as described

in Section 3 (2) below, the Large Purchaser shall not commence a Large Purchase until the General Meeting of Shareholders ends.

3. In the event of action to be taken on the Large Purchase

(1) In the event the Large Purchaser does not comply with the Large Purchase Rules

If a Large Purchaser does not comply with the Large Purchase Rules, regardless of the actual method of purchase, the Board of Directors of the Company may take countermeasures such as free-of-charge allocation of stock acquisition rights and other measures allowed in the Corporation Law, other laws and regulations, and the Company's Articles of Incorporation (hereinafter referred to as "Countermeasures") in order to protect common interest of shareholders and the corporate value of the Company.

The outline of free-of-charge allocation of stock acquisition rights by the Board of Directors by way of Countermeasures is as follows:

- (i) Shareholders subject to free-of-charge allocation and conditions for allocation
The Board of Directors shall allocate to the shareholders listed or recorded in the final register of shareholders as of the allocation date separately determined by the Board of Directors (meaning shareholders that are deemed to be listed or recorded in the register of shareholders as of the allocation date pursuant to Article 152, Paragraph 1 of the Act on Transfer of Bonds, Shares, etc.) stock acquisition rights at the rate of one (1) right per share held by each of such shareholders (excluding the Company's common stock held by the Company).
- (ii) Type and number of shares subject to stock acquisition rights
The shares subject to stock acquisition rights shall be the common stock of the Company, and up to two (2) shares can be acquired per stock acquisition right; provided, however, that if the Company splits its stock or consolidates its stock, necessary adjustment shall be made.
- (iii) Total number of stock acquisition rights to be allocated
The total number of stock acquisition rights to be allocated will be determined by the Board of Directors of the Company, which is up to the total number of outstanding shares of the Company as of the allocation date (excluding the Company's shares held by the Company as of the same date).
- (iv) Payment for the shares on the exercise of stock acquisition rights
One yen per stock acquisition right
- (v) Transfer of stock acquisition rights
The approval of the Board of Directors of the Company is required for the transfer of stock acquisition rights.
- (vi) Exercise conditions, acquisition clauses, and acquisition conditions regarding stock acquisition rights
Exercise conditions, including the prohibition of exercise by a Large Purchaser, will be determined. The details thereof will be separately determined at a meeting of the Board of Directors. In addition, the Company may provide for acquisition clauses and acquisition conditions. Consequently, a Large Purchaser and other shareholders may be differently handled in terms of acquisition price or other condition, and stock acquisition rights held by a Large Purchaser may be excluded from objects of acquisition.

(vii) Exercise period and other conditions of stock acquisition rights

The exercise period, events and conditions for cancellation and other necessary matters regarding stock acquisition rights will be separately determined at a meeting of the Board of Directors.

(2) In the event the Large Purchaser complies with the Large Purchase Rules

If the Large Purchaser complies with the Large Purchase Rules, even if the Board of Directors of the Company opposes the relevant Large Purchase, the Board of Directors of the Company, in principle, will not take the Countermeasures against the Large Purchase, although the Board of Directors of the Company will not rule out the possibility of expressing an opposing opinion, presenting an alternative plan or trying to persuade the shareholders. The shareholders will be asked to decide whether or not to accept the proposal of the Large Purchaser after taking into consideration the details of such proposed purchase, the opinion of the Board of Directors of the Company, any alternative plan given by the Board and other factors. However, even if the Large Purchaser complied with the Large Purchase Rules, when it is judged that the Large Purchase significantly damages the common interest of the shareholders, such as irrecoverable damage to the Company, the Board of Directors of the Company may implement the countermeasures including allocation of stock acquisition rights (specific details of the stock acquisition right are as described in Section 3 (1) above), free of charge, to protect the common interest of shareholders and the corporate value of the Company. If the Board of Directors intends to implement Countermeasures and deems confirmation of shareholder will appropriate in light of the common interest of the shareholders, it may convene a General Meeting of Shareholders to confirm shareholder's will regarding implementation of the Countermeasures and, if a General Meeting of Shareholders is held, will not implement the Countermeasures without the approval of a majority of the voting rights held by the shareholders present thereat.

The Board of Directors of the Company will discuss and negotiate with the Large Purchaser as necessary, and even after the Company decides to allocate stock acquisition rights free-of-charge as Countermeasures, if the Large Purchaser offers to make material changes to the matters upon which the Board of Directors' judgment was based, such as cases in which it proposes to change matters regarding the fundamental factors of the Large Purchase, the Board of Directors may discontinue the Countermeasures, such as by suspending the free-of-charge allocation of stock acquisition rights, as long as such discontinuation is one (1) business day before the shareholders' ex-rights date a result of the implementation of the Countermeasures and as long as the common interest of shareholders is not damaged.

The following Items (i) through (vii) are cases in which the Large Purchase significantly damages the common interest of shareholders. If the Company does not deem such Large Purchase to fall under any of the following Items (i) through (vii), the Company shall not take the Countermeasures.

- (i) When the Company judges the intent of the Large Purchaser to be purchasing the shares of the Company to boost the stock price and to cause the Company or any person concerned of the Company to buy the shares at a high price, without having any real intention to participate in the management of the Company (so-called greenmailer);
- (ii) When the Company judges the intent of the Large Purchaser to be purchasing the shares of the Company to transfer the intellectual property, know-how, corporate

- confidential information, main clients and customers which are necessary for the business operation of the Company to the Large Purchaser, its group companies or others by temporarily controlling the management of the Company;
- (iii) When the Company judges the intent of the Large Purchaser to be purchasing the shares of the Company with the intention of diverting the Company's assets to collateral or repayment resources for liabilities of the Large Purchaser, its group companies or others after controlling the management of the Company;
 - (iv) When the Company judges the intent of the Large Purchaser to be purchasing shares of the Company to cause the Company to make temporary high dividends with the proceeds from disposal, such as sale, of highly priced assets and other property, including real estate and securities, which are not immediately utilized for the business operation of the Company at that time, or selling the shares of the Company at the highest price by taking advantage of a rapid rise in stock price due to temporary high dividends, by temporarily controlling the management of the Company;
 - (v) When the Company judges that the fact that taking control of the Company by the Large Purchaser will destroy the continued business relationship with the customers, including the important customers that are the source of the corporate value of the Company, and will cause irrecoverable damage to the Company;
 - (vi) In addition to Items (i) through (v) above, when the Company judges that the Large Purchaser does not have any real intention to aim for reasonable management, and that acquisition of the control of the Company by the Large Purchaser will cause irrecoverable damage to the Company;
 - (vii) When the Company judges that the method of purchase of the Company's shares proposed by the Large Purchaser is likely to restrict the shareholders' opportunity or freedom to make decisions, and virtually forces the shareholders to sell the shares of the Company, including when any high-handed two-tiered purchase (this refers to the purchase of shares, such as tender offer bid, which is conducted by not soliciting the purchase of all of the shares at the time of first purchase, and setting the purchase conditions of the second tier to be less advantageous than the purchase conditions of the first tier or not specifying the purchase conditions of the second tier; provided, however, that this does not mean that all purchases by means of partial tender offer bid shall automatically be deemed to fall under this case.)
- (3) In taking the Countermeasures in accordance with (1) or (2) above, the Board of the Directors of the Company shall reach a unanimous decision.
- (4) When determining whether or not to take the Countermeasures in accordance with (1) or (2) above, the Board of Directors of the Company shall disclose information regarding the details of such decision and reason therefor, the outline of the recommendations by the Special Committee and reason therefor, and any other matters deemed appropriate by the Board of Directors.

4. Establishment of the Special Committee – Procedure to secure the fairness of the Countermeasures

(1) Establishment of the Special Committee

To appropriately operate the Large Purchase Rules and secure the reasonableness and fairness of the judgment of the Board of Directors of the Company, the Company will establish the Special Committee as a body independent of the Board of Directors of the Company. The Special Committee shall consist of three (3) to five (5) members who are elected from outside directors of the Company, outside corporate auditors of the Company, attorneys, tax accountants, certified public accountants, persons with academic backgrounds, persons specializing in investment banking, outside persons with experience in serving as director or executive officer, or other persons. The three (3) members of the Special Committee under the Existing Policy will continue to act as members of the Special Committee under the Policy, and their brief personal profiles are described in Brief Personal Profile of Members of the Special Committee in Exhibit 1.

(2) Role of the Special Committee

The role of the Special Committee shall be as follows.

- (i) The Board of Directors of the Company shall, prior to implementation of Countermeasures in cases falling under either of Section 3 (1) or Section 3 (2) above, consult the Special Committee on whether or not to implement the Countermeasures, and, following such consultation, the Special Committee shall make recommendations. If the Special Committee recommends that Countermeasures not be implemented, the Board of Directors shall not implement the Countermeasures in accordance with the recommendations; provided, however, that if the Board of Directors judges that there is any material error in recognition of facts upon which the Special Committee relied in judgment or that the basis of judgment of the Special Committee is unreasonable, the Board of Directors may ask the Special Committee for reconsideration only once. If the Board of Directors asks the Special Committee for reconsideration, it shall officially announce the reason therefor.
- (ii) The Board of Directors of the Company shall seek the Special Committee's advice in determining whether or not the information provided by the Large Purchaser in accordance with Section 2 (2) above is sufficient. The Board of Directors shall in principle respect the recommendations of the Special Committee.

5. Rationality of the Policy

(1) Satisfaction of requirements of Guidelines for Defense against Acquisition

The Policy satisfies three principles (principle of securing and improvement of corporate value and common interest of shareholders, principle of prior disclosure and shareholders' will, and principle of necessity and rationality) 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.

Additionally, the Policy reflects the descriptions in the report "Takeover Defense Measures in Light of Recent Environmental Changes" announced by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry on June 30, 2008.

(2) Introduction for the purpose of securing and improving the common interest of shareholders

As mentioned above, the Policy shall be introduced for the purpose of securing and improving the corporate value and therefore the common interest of shareholders, by securing the information and time necessary for the shareholders to determine whether the relevant Large Purchase is appropriate or not in the event of the Large Purchase of the shares of the Company and by enabling the Board of Directors to negotiate for the shareholders.

(3) Respect for the shareholders' will

The Company introduced the Existing Policy with shareholder approval at the Ordinary General Meeting of Shareholders held on June 29, 2006, and decided to continuously introduce the Policy on the condition that shareholder approval will be obtained on introduction of the Policy at the Ordinary General Meeting of Shareholders held on June 26, 2009.

In addition, the effective term of the Policy is set to expire at the close of the Ordinary General Meeting of Shareholders of the Company in 2012 as stated in Section 7 (2) below. If prior to such expiration date the Policy is resolved to be abolished at the General Meeting of Shareholders of the Company, the Policy shall be abolished at that time to reflect the shareholders' intention.

(4) Respect for the judgment of highly-independent outside person

In introducing the Existing Policy, the Company has established the Special Committee as a body to eliminate any arbitrary implementation of Countermeasures by the Board of Directors and objectively make a substantial judgment on operation of the Existing Policy for the benefit of shareholders.

Under the Policy as well, the Company will continue to have a Special Committee consisting of outside intellectuals (see Exhibit 2 regarding the criteria for election of members of the Special Committee).

If a Large Purchase is actually made against the Company, the Special Committee shall determine whether or not such purchase significantly damages the corporate value and the common interest of shareholders of the Company and other matters in accordance with the Special Committee Regulations, and, if the Special Committee recommends that the Countermeasures not be implemented, the Board of Directors shall follow the recommendation and shall not implement the Countermeasures; provided, however, that if the Board of Directors judges that there is any material error in recognition of facts upon which the Special Committee relied in judgment or that the basis of judgment of the Special Committee is unreasonable, the Board of Directors may ask the Special Committee for reconsideration only once. The outline of recommendations of the Special Committee, the reason for judgment and other information will be disclosed to shareholders as appropriate.

As mentioned above, a system is designed to ensure the Policy is operated within the extent of contributing to the corporate value and the common interest of shareholders of the Company, under strict oversight by the highly independent Special Committee to prevent any arbitrary implementation of Countermeasures by the Board of Directors.

(5) Establishment of reasonable and objective requirements

In the Policy, as mentioned above, the Countermeasures against the Large Purchase are designed to be implemented only if reasonable, detailed and objective requirements are met, and it

can be said that a system is designed to ensure the arbitrary implementation of the Countermeasures by the Board of Directors can be prevented.

(6) Receipt of third party experts' opinion

If a Large Purchaser appears, the Special Committee can consult with an independent third party (including experts such as financial advisors, certified public accountants, attorneys and consultants) at the expense of the Company. This ensures the fairness and objectivity of the Special Committee's judgment.

(7) No dead hand defense against acquisition

As described above, the 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 (defense against acquisition which cannot be prevented from being implemented even if the majority of members of the Board of Directors are replaced).

6. Impact on Shareholders and Investors and Other Matters

(1) Impact on shareholders and investors upon introduction of the Policy

At the time of the introduction of the Policy, no free-of-charge allocation of stock acquisition rights is made. Therefore, there is no direct and specific impact on the rights or economic interest of the shareholders and investors.

(2) Impact on shareholders and investors upon implementation of the Countermeasures

The Board of Directors of the Company may take the above Countermeasures to protect the common interest of the shareholders of the Company and the corporate value of the Company, but if the Board of Directors of the Company decides to take the Countermeasures, the Company shall make appropriate disclosure in accordance with applicable laws, regulations, securities exchange rules and other rules from time to time.

The Company does not expect to have a situation where the shareholders, other than the Large Purchaser, suffer any particular loss in regards to their legal rights or financial standing upon implementation of the Countermeasures; provided, however, the Large Purchaser who violates the Large Purchase Rules may be disadvantaged in the aspect of legal rights or financial standing as a result of the Countermeasures. The Policy is published to point out to the Large Purchaser in advance that it will not violate the Large Purchase Rules, and to encourage the Large Purchaser to comply with the Large Purchase Rules.

Even after a decision on free-of-charge allocation of stock acquisition rights, the Board of Directors may discontinue the Countermeasures, such as by suspending the free-of-charge allocation of stock acquisition rights, as long as such discontinuation is one (1) business day before the shareholders' ex-rights date a result of the implementation of the Countermeasures and as long as the common interest of shareholders is not damaged. The Company assumes no situation where shareholders suffer any particular loss due to dilution of the stock value in connection with such cases.

(3) Procedures to be taken by the shareholders upon implementation of the Countermeasures

When exercising stock acquisition rights, the shareholders must pay a certain amount within the predetermined period to acquire new shares. The details of the procedure shall be otherwise

notified to the shareholders when the procedure actually needs to be taken, in accordance with applicable laws, regulations, and securities exchange rules.

7. Establishment, Effective Term, Continuance and Change of the Policy

- (1) The Policy was determined at the meeting of the Board of Directors of the Company held on April 27, 2009, with the approval of all of the directors. All of the corporate auditors of the Company, including two (2) outside corporate auditors, were present at such meeting of the Board of Directors, and all the corporate auditors agreed to the Policy on condition that the actual operation of the Policy would be properly conducted.
- (2) The Policy will be continuously introduced if it is deliberated by shareholders at the Ordinary General Meeting of Shareholders held on June 26, 2009 and approved by a majority of the shareholders present thereat. If approved by the shareholders at this Ordinary General Meeting of Shareholders, the Policy shall be effective until the close of the Ordinary General Meeting of Shareholders scheduled to be held in June 2012, provided, however, that if prior to such expiration date the Policy is resolved to be abolished at the General Meeting of Shareholders of the Company, the Policy shall be abolished at that time.
- (3) The Company changed the Articles of Incorporation in 2003 to set the term of office of all of the directors to one (1) year, and the term of office of all directors expire at the close of the Ordinary General Meeting of Shareholders, which is held in June each year. Even within the effective term of the Policy, the Board of Directors of the Company may review the Policy, as necessary, by taking into consideration any revisions to related laws and regulations, trends of legal judgments, responses of the securities exchange and other public organizations, and other matters from the perspective of maintenance and improvement of the common interest of the shareholders of the Company and corporate value of the Company. The Board of Directors will also seek the shareholders' judgment on the review.

[Exhibit 1]

Brief Personal Profile of Members of the Special Committee

Takuro Takeuchi

- Apr. 1984: Registered as an Attorney
Joined Nagashima & Ohno Law Office (currently, Nagashima Ohno & Tsunematsu Law Office)
- Oct. 1993: Established Tokuda & Takeuchi Law Office
- May 2001: Established Takeuchi Law Office (present)
- June 2003: Outside Corporate Auditor of the Company (incumbent)
- June 2006: Members of the Special Committee (incumbent)

Yasushi Gorokawa

- Apr. 1961: Joined Peat Marwick Mitchell Japan (current KPMG Azsa & Co.)
- Apr. 1965: Registered as a Certified Public Accountant
- Sep. 1985: Representative Partner, Minato Auditing Firm
- Feb. 2003: Representative Partner, KPMG Azsa & Co.
- Aug. 2003: Left KPMG Azsa & Co.
Representative, Yasushi Gorokawa Office (incumbent)
- Apr. 2006: Member of the Osaka-City Fair Duty Review Committee (incumbent)
- June 2006: Members of the Special Committee (incumbent)

Keijiro Kimura

- Apr. 1987: Registered as an Attorney
Joined Showa Law Office
- Jan. 1994: Registered as a member of the New York State Bar Association
- May 1998: Established Kyoei Law Office (present)
- Apr. 2004: Professor, Kwansai Gakuin University Law School (incumbent)
- June 2006: Members of the Special Committee (incumbent)

[Exhibit 2]

Special Committee Regulations (Outline)

1. Establishment of Special Committee and Election and Removal of Members
 - (i) The Company establishes the Special Committee by a resolution of the Board of Directors.
 - (ii) The Special Committee consists of three (3) to five (5) members.
 - (iii) The members of the Special Committee shall be elected from the outside directors of the Company, outside corporate auditors of the Company, attorneys, tax accountants, certified public accountants, persons with academic backgrounds, persons specializing in investment banking or outside persons who have experience serving as directors or executive officers, who satisfy all of the criteria described at the end of this Exhibit.
 - (iv) The members of the Special Committee shall be elected and dismissed by resolution of the Board of Directors; provided, however, that the resolution of dismissal shall be adopted by the affirmative approval of not less than two-thirds (2/3) of the directors present.

2. Term of Office of the Special Committee Members

The term of office of Special Committee members shall commence from the date of election and end at the close of the Ordinary General Meeting of Shareholders of the Company that is held immediately after the election, unless otherwise provided by a resolution of the Board of Directors.

3. Remuneration of the Special Committee Members
 - (i) The amount of remuneration of Special Committee members and the time of payment thereof shall be determined by the Board of Directors with the consent of all of the Special Committee members and corporate auditors.
 - (ii) If a Special Committee member pays the actual cost of travel expenses or other expenses for the performance of its duties, the Company shall reimburse such actual cost to the Special Committee member at the request of the Special Committee member.

4. Resolution Requirements

Resolutions of the Special Committee shall be adopted by a majority of Special Committee members.

5. Recommendations to the Board of Directors
 - (i) Upon consultation from the Board of Directors, the Special Committee shall make recommendations on whether to implement the Countermeasures in cases where the Large Purchase Rules have been or have not been observed by a Large Purchaser.
 - (ii) Upon request from the Board of Directors, the Special Committee shall give advice on whether or not the information supplied by a Large Purchaser is sufficient in offering of Large Purchase Information.

TRANSLATION FOR REFERENCE ONLY

(iii) The Special Committee members, in giving (i) recommendations or (ii) advice shall be required to judge from the perspective of whether or not the Large Purchase contributes to the corporate value and common interest of the shareholders of the Company, and shall not act in the personal interest of them or the Directors of the Company.

6. Third Party Advice

The Special Committee may consult with independent third parties (including experts such as financial advisors, certified public accountants, attorneys and consultants), for which the Company shall bear the expense, as necessary.

[Election Criteria of Members]

The members shall be elected from among those people that satisfy all of the following criteria.

- (i) The person in question is not, or was not, a director or employee conducting the business of the Company or an affiliate of the Company (Note 1), or the person in question is not a spouse or relative within the third degree of relationship of such director or employee.
- (ii) If the person in question or a spouse or relative within the third degree of relationship of the person in question is a director or employee of a company other than the Company, with respect to one of the recent two fiscal years, the total amount paid by the Company to such other company in consideration of goods or services or the total amount paid by such other company to the Company in consideration of goods or services does not exceed one hundred million (100,000,000) yen or 2% of the consolidated sales of such other company, whichever is higher.
- (iii) The person in question is not, or was not in the past two (2) years, a legal advisor of the Company or a subsidiary of the Company, partner of the law firm to which the advisor belongs, or the person in question is not a spouse or relative within the third degree of relationship of such advisor.
- (iv) The person in question is not, or was not in the past two (2) years, a representative partner or partner of, or accountant belonging to, an auditing firm that audited the accounts of the Company or a subsidiary of the Company, or the person in question is not a spouse or relative within the third degree of relationship of such representative partner, partner or accountant.
- (v) The person in question is not, or was not in the past two (2) years, an advisor or outside advisor (including a partner thereof if such outside advisor is a corporation or partnership) of the Company or a subsidiary of the Company, or the person in question is not a spouse or relative within the third degree of relationship of such advisor or outside advisor.
- (vi) The person in question is not, or was not in the past two (2) years, a director, executive officer or employee of a company with a committee-based corporate governance structure, the position of member of whose nomination committee or remuneration committee is concurrently assumed by a representative director of the Company, or the person in question is not a spouse or relative within the third degree of relationship of such director, executive officer or employee.
- (vii) The person in question does not receive, or has not received in the past two (2) years, remuneration (other than the director's remuneration, corporate auditor's remuneration and Special Committee member's remuneration) in excess of five million (5,000,000) yen a year from the Company regardless of its name, or the person in question is not a spouse or relative within the third degree of relationship of such receiving person.

(Note) Affiliate means an affiliate set forth in Article 2, Paragraph 3, Item 22 of the Corporation Computation Regulation.

[Exhibit 3]

Matters Related to Shares of the Company (As of March 31, 2009)

- 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 131,778 shares of treasury stock)
- 3. Number of shareholders:** 14,306

4. Major shareholders (top 10)

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
Japan Trustee Services Bank, Ltd. (Trust account)	32,093	6.4
The Master Trust Bank of Japan, Ltd. (Trust account)	25,685	5.2
Japan Trustee Services Bank, Ltd. (Trust account 4G)	20,898	4.2
NIPRO Corporation	17,824	3.6
JP MORGAN CHASE BANK 380055	14,348	2.9
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUSACCOUNT	9,562	1.9
Shiga Bank, Ltd.	8,089	1.6
Nippon Life Insurance Company	7,312	1.5

(Note) The investment stake is the percentage of the total number of shares issued including treasury stock.