

June 6, 2012

## Notice of the 93rd Ordinary General Meeting of Shareholders

Dear Shareholders,

Please be advised that the 93rd 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 or via the Internet, etc. In this case, we cordially request that you review the attached Reference Document for the Ordinary General Meeting of Shareholders and exercise your voting rights in accordance with the "Information on Shareholders' Exercise of Voting Rights".

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

1. **Date and Time:** **Thursday, June 28, 2012, 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 93rd fiscal year (from April 1, 2011 to March 31, 2012)
2. Non-consolidated financial statements for the 93rd fiscal year (from April 1, 2011 to March 31, 2012)

#### Proposals:

- Proposal 1:** Distribution of Surplus  
**Proposal 2:** Election of Eight (8) Directors  
**Proposal 3:** Election of One (1) Substitute Corporate Auditor  
**Proposal 4:** Payment of Bonuses to Directors

### 4. Handling the exercising of voting rights

- (1) If you exercise your voting rights twice through voting by mail and via the Internet, etc., we will deem the vote cast via the Internet, etc. to be the effective one.
- (2) If you exercise your voting rights more than once via the Internet, etc., we will deem the last vote cast to be the effective one.

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\* 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 93rd Fiscal Year

Period from April 1, 2011  
to March 31, 2012

### 1. Status of Corporate Group

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

##### Overall trend

In the global economy, the uncertain situation continued despite steps toward gradual recovery in the U.S., mainly because of the stagnation in most European countries resulting from the sovereign debt crisis as well as the weakening pace of growth in China. In the Japanese economy, the business environment faced by the domestic manufacturing industry continued to be extremely severe as a result of deterioration in the export climate mainly due to the strength of the yen last year and this year, weak personal consumption, electric power problems, and high crude oil prices, among other factors while the Japanese economy was recovering gradually in line with restoration and reconstruction following the Great East Japan Earthquake. The environment surrounding the NEG Group was increasingly severe day by day as customers made substantial downward revisions to production levels amid continuing adjustment in the market.

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

	92nd Fiscal Year (April 2010 to March 2011)	93rd Fiscal Year (April 2011 to March 2012)	Increase or decrease
	Millions of yen	Millions of yen	%
Net sales	390,195	338,214	(13.3)
Operating income	117,471	61,638	(47.5)
Ordinary income	114,299	56,855	(50.3)
Net income	68,608	19,408	(71.7)

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Even though our business performance showed signs of moderate recovery in the first quarter (from April 1, 2011 to June 30, 2011), it slowed in the second quarter (from July 1, 2011 to September 30, 2011) as the business environment became more severe. From the third quarter (from October 1, 2011 to December 31, 2011), our business performance declined steadily, mainly because of further deteriorating situations for many product fields, price declines, and having to implement production adjustments. As a result of the above, our performance in the fiscal year under review was substantially lower than that of the previous fiscal year.

For the profit and loss aspect, factors constraining profits included declining sales and falling prices, as well as lowered capacity utilization resulting from production adjustments to reduce inventory and the execution of facility repairs and improvements and other works, while productivity improvements took longer than initially expected. Profits were also under downward pressure from increased depreciation and amortization costs and fuel costs.

In addition, loss related to the competition law with respect to glass for color cathode ray tubes and impairment loss on production facilities for glass for plasma display panels were recorded under extraordinary loss. Also, the NEG Group conducted a reversal of deferred tax assets following a tax revision.

As a result of the above, profits were significantly lower than those of the previous fiscal year.

Sales by business category are as follows:

Category		92nd Fiscal Year (April 2010 to March 2011)		93rd Fiscal Year (April 2011 to March 2012)		Increase or decrease	
		Net sales	Breakdown	Net sales	Breakdown	Amount	Percentage
Glass Business	Glass for electronic and information devices	Millions of yen 328,521	% 84.2	Millions of yen 272,481	% 80.6	Millions of yen (56,040)	% (17.1)
	Glass for others	61,673	15.8	65,732	19.4	4,058	6.6
Total		390,195	100	338,214	100	(51,981)	(13.3)

**Glass for electronic and information devices:**

Sales of glass for flat panel displays (FPDs) turned to a gentle recovery in the first quarter but then slowed in the second quarter due to the effect of production adjustments by customers. From the third quarter, product prices declined because there was not much improvement in supply and demand, and sales were weak overall as a result. Sales of glass related to optical products were generally firm on the back of communications infrastructure demand in emerging countries, despite signs of an adjustment phase in the second and third quarters. Regarding sales of cover glass for image sensors, increased shipments for digital single lens cameras compensated for a slump in sales for compact digital cameras. Sales of substrate glass for solar cells were favorable.

As a result, net sales of glass for electronic and information devices amounted to ¥272,481 million, a year-on-year decrease of 17.1%.

**Glass for others:**

For glass fiber, the pace of sales from the beginning of the fiscal year under review exceeded that of the previous fiscal year thanks to solid overseas demand for its application in auto parts. Even so, sales slowed down towards the fiscal year-end due to an adjustment phase that started in the summer. Regarding sales in the business areas of heat resistant glass, building materials and others, the recovery that had started in the housing industry and related markets lost its tempo, and there was also weakening production in some fields. As a result, sales remained weak overall.

As a result, the net sales of glass for others amounted to ¥65,732 million, a year-on-year increase of 6.6%.

**(2) Capital investment**

The NEG Group's capital investment amounted to ¥98,787 million in the fiscal year under review.

In the Glass for electronic and information devices sector, capital investment was made primarily for responding to thinner sheets and improving productivity of FPD glass. In the Glass for others, capital investment was made mainly for enhancing production capacity for heat resistant glass.

**(3) Fund procurement status**

Funds required in the fiscal year under review were for capital investment and for working capital, which the Company financed with its own funds, borrowings, etc.

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

**(4) Main Lenders (as of March 31, 2012)**

Lender	Borrowing Amount
Sumitomo Mitsui Banking Corporation	¥11.4 billion
The Sumitomo Trust and Banking Co., Ltd.	¥10.8 billion
Shiga Bank, Ltd.	¥8.4 billion

Note: The Sumitomo Trust and Banking Co., Ltd. merged with The Chuo Mitsui Trust and Banking Company, Limited and Chuo Mitsui Asset Trust and Banking Company, Limited and changed its name to Sumitomo Mitsui Trust Bank, Limited, as of April 1, 2012.

**(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 the various kinds of high-tech glass products that society and technological development demand and supplies the products to world markets.

The NEG Group has seen significant changes in its environment, including not only severe competition between companies worldwide but also demands for higher quality product and sophistication of technology. The NEG 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 to strive to increase corporate value by meeting its social responsibilities as a company, setting compliance as well as environmental conservation, promotion of employment of people with disabilities and contribution to local communities as major themes.

[Management target indicators]

The Company is committed to continuously reducing and curtailing interest-bearing debts by setting the future goal of strengthening its financial position through various measures and formulas to reduce and curtail interest-bearing debts to the level of 20% as a percentage of consolidated net sales.

[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 reinforce technological capabilities, expand production/supply capabilities, and improve profitability, positioning the field of glass for display devices as its core business.

At the same time, the Company will place importance on expanding businesses in fields of glass for non-display devices, such as glass for electronic devices, substrate glass for solar cells, glass fiber, glass for medical applications 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, medical 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 coating, crystallization, high-precision processing, and composition, based on a broad range of core technologies (such as materials and products design, processing, and appraisal). The Company has recently begun shipping glass for organic EL displays and phosphor glass for LED lights. We have also developed a number of unique products, including 'invisible glass' (glass with an extremely low reflective coating), 'ultrathin sheet glass-resin laminate' (produced by laminating ultrathin sheet glass and resin), and liquid crystal lenses. We are committed to proactively fostering these and other unique products.

- 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]

- 1) Adaptation to thinner sheets and enhancement of technological capabilities regarding glass for display devices, and expansion of glass for non-display devices field

A rapid shift to thinner sheets in substrate glass has been observed in the market for glass for liquid crystal displays. The NEG Group actively made necessary capital investments in facilities and equipment to quickly adapt to the rapidly increasing demands for thin sheets. Though product prices continue to fall within today's harsh market environment, we will

continue our efforts to enhance profitability by maximizing our output per facility through improvements in yields, as well as benefiting from the effect of reduced costs for raw materials and fuel arising from the production of thin sheets. In addition, as needs for high function and ultrahigh fine glass grow in display markets, we will also leverage further improvements to our technologies and product quality to expand sales of our products and services. The NEG Group will maintain its commitment to meeting the demand for glass for organic EL displays of all sizes (small- and medium-sized to large), a demand expected to further grow. For specialty glass for chemical strengthening (CX-01), the NEG Group is committed to actively expanding sales while promptly responding to the trends in demands for cover glass, including cover glass for smart phones and tablet PCs.

Meanwhile, we are committed to expanding sales in the fields of glass fiber, heat-resistant glass, and glass for medical applications in order to promote the expansion of glass for non-display devices. We have been expanding our manufacturing facilities related to these businesses, and we will expand our business by combining our increased capabilities with increased sales.

2) Cash flow centric business management

The Company will ensure production activities corresponding to the demand trends and strive to optimize inventories and curtail expenses while conducting a cash-flow centric business management.

3) Reduction of interest-bearing debt

As part of our effort to improve the NEG Group's financial strength, we have been continuously working to reduce interest-bearing debt to the level of 20% as a percentage of consolidated net sales. As such, interest-bearing debt as of the end of the fiscal year under review decreased by ¥7,400 million from the end of the previous fiscal year. However, the consolidated net sales also decreased and as a result, the ratio of interest-bearing debt to consolidated net sales was 25.7%, an increase of 1.5 percentage points from the end of the previous fiscal year. The NEG Group will continue working to manage and reduce interest-bearing debt.

Meanwhile, the European Commission made an investigation with respect to the Company's sales of glass for color cathode ray tubes for the prior years, alleging that the sales might have breached the EU Competition Law. Ultimately, surcharges of 43 million euro were imposed on the Company in a settlement reached between the Company and the Commission in October 2011.

The Korean Fair Trade Commission also investigated the Company's sales of the same products for the prior years, alleging that the sales might have breached the Monopoly Regulation and Fair Trade Act. In this case, the Commission ultimately decided to impose surcharges totaling 3,750 million won on the Company and its subsidiary in Malaysia in January 2012. Though the Company and said subsidiary cannot agree to this decision, they have decided to pay the surcharges in consideration of the lengthy proceedings, costs, and overall impacts on business that our bringing a lawsuit against this decision would probably give rise to.

The Company has consistently striven to abide by all laws and regulations, including the Anti-Monopoly Act. As such, we deeply regret the Company's involvement in these incidents.

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Taking this occasion, we would like to express our deep apologies to shareholders for giving them cause for concern. To respond to these incidents, two Representative Directors would return a part of their remunerations. We will continue to extend our best efforts to thoroughly enforce corporate ethics and further improve the Company's compliance system.

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

(Yen)

Item	90th Fiscal Year (April 2008 to March 2009)	91st Fiscal Year (April 2009 to March 2010)	92nd Fiscal Year (April 2010 to March 2011)	93rd Fiscal Year (April 2011 to March 2012)
Net sales	335,662 million	332,387 million	390,195 million	338,214 million
Operating income	76,416 million	98,426 million	117,471 million	61,638 million
Ordinary income	64,319 million	91,419 million	114,299 million	56,855 million
Net income	21,831 million	54,926 million	68,608 million	19,408 million
Net income per share	43.89	110.41	137.92	39.02
Total assets	588,413 million	646,443 million	692,622 million	687,069 million
Net assets	352,744 million	406,306 million	468,037 million	475,736 million
Net assets per share	701.62	808.75	932.17	945.47

**(7) Status of important subsidiaries (as of March 31, 2012)**

Company name	Capital stock	Investment stake of the Company	Description of main business
Nippon Electric Glass (Malaysia) Sdn. Bhd.	M\$ 1,303 million	100%	Production and sale of glass for electronics and information devices, and glass for others
Nippon Electric Glass (Korea) Co., Ltd.	KRW 5,000 million	100%	Processing and sale of glass for the electronics and information devices
Nippon Electric Glass Taiwan Co., Ltd.	TW\$ 210 million	100%	Processing and sale of glass for the electronics and information devices
Paju Electric Glass Co., Ltd.	KRW 84,120 million	60%	Processing and sale of glass for the electronics and information devices

Note: The Company newly established a consolidated subsidiary in the fiscal year under review. As a result, the number of consolidated subsidiaries including four important subsidiaries above is now 21.

**(8) Description of main businesses (as of March 31, 2012)**

The NEG Group mainly produces and sells special glass products including glass for electronic and information devices, as well as glass making machinery.

Category	Main products
Glass for electronic and information 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 Optical Devices Capillary and Ferrule for Optical Connectors Parts for Spherical Lenses “Micro Preform” Glass Materials for Aspherical Lenses Glass for Electronic Devices Powdered Glass Sheet Glass Glass Tube Glass for solar cells “CX-01” Specialty Glass for Chemical Strengthening
Glass for others	Glass Fiber Chopped Strands for Function Plastic Yarns for Printed Circuit Boards Roving Glass for Reinforced Plastics Alkali-Resistant Glass Fiber 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 Glass Making Machinery



**(9) Main sales offices and factories (as of March 31, 2012)**

## 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	Nagahama, 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 (Korea) Co., Ltd.	Kyong-buk, Korea
Nippon Electric Glass Taiwan Co., Ltd.	Taichung City, Taiwan
Paju Electric Glass Co., Ltd.	Gyeonggi, Korea

**(10) Status of employees (as of March 31, 2012)**

Number of employees	Change from previous fiscal year
5,301	Increase of 42

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

Note 2: The number of employees of the Company is 1,844 (decrease of 12 compared with the previous fiscal year.)

**2. Matters related to shares of the Company (As of March 31, 2012)****(1) Total number of shares authorized to be issued:** 1,200,000,000 shares**(2) Total number of shares issued:** 497,616,234 shares

Note: Total number of shares issued includes 206,939 shares of treasury stock.

**(3) Number of shareholders** 14,254**(4) Major shareholders (Top 10 shareholders)**

Name	Number of shares held (Thousands of shares)	Ratio of shareholding
NIPRO CORPORATION	56,967	11.5%
Japan Trustee Services Bank, Ltd. (Sumitomo Trust & Banking Sai-Shintaku (“Re-Trust”) / NEC Corporation Employee Retirement Benefit Trust Account)	55,780	11.2%
Japan Trustee Services Bank, Ltd. (Trust account)	39,169	7.9%
The Master Trust Bank of Japan, Ltd. (Trust account)	28,973	5.8%
MELLON BANK TREATY CLIENTS OMNIBUS	12,425	2.5%
Shiga Bank, Ltd.	8,089	1.6%
Japan Trustee Services Bank, Ltd. (Trust account No.4)	7,495	1.5%
JP MORGAN CHASE BANK 380055	6,902	1.4%
National Mutual Insurance Federation of Agricultural Cooperatives	6,427	1.3%
MELLON BANK, N.A. AS AGENT FOR ITS CLIENT MELLON OMNIBUS US PENSION	6,151	1.2%

Note 1: The ratio of shareholding is calculated by excluding treasury stock (206,939 shares).

Note 2: Together with its subsidiaries, NIPRO CORPORATION holds 58,991 thousand shares (ratio of shareholding 11.9%) of the Company.

Note 3: 55,780 thousand shares held by Japan Trustee Services Bank, Ltd. (Sumitomo Trust &amp; Banking Sai-Shintaku (“Re-Trust”) / NEC Corporation Employee Retirement Benefit Trust Account) are the Company’s shares held by NEC Corporation and contributed to the Employee Retirement Benefit Trust Account. The authority to give instructions on the exercise of voting rights for these shares is held by NEC Corporation. NEC Corporation holds 56,525 thousand shares (ratio of shareholding 11.4%) of the Company including the above-mentioned contributions to the Employee Retirement Benefit Trust Account and shares held by its affiliate.

Note 4: The Company received a copy of the Change Report (the Change Report pertaining to Report of Possession of Large Volume) dated December 6, 2011 sent by Sumitomo Mitsui Trust Holdings, Inc. to the effect that the Sumitomo Trust and Banking Co., Ltd. and other three companies held 36,780 thousand shares as of November 30, 2011, but the Company did not include them in the major shareholders as the Company could not confirm the number of shares beneficially held by them as of the end of the fiscal year under review.

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

#### (1) Names, etc. of Directors and Corporate Auditors (as of March 31, 2012)

Name	Position in the Company	Assignment of work and significant concurrent positions
Yuzo Izutsu	Chairman of the Board (Representative Director)	
Masayuki Arioka	President (Representative Director)	CEO [In charge of Auditing]
Shuji Ito	Director	Executive Vice President [In charge of Environmental Management, Furnace Design & Engineering, Engineering, Plant Engineering]
Masanori Yokota	Director	Executive Vice President [Supervising: LCD Glass Business] Group General Manager, LCD Glass Business
Shigeru Yamamoto	Director	Senior Vice President [Supervising: Technology, Advanced Material & Technology, Research & Development, Intellectual Property, Electronic Products Business, Thin Film Business] [In charge of New Products]
Koichi Inamasu	Director	Senior Vice President [Supervising: CRT Glass Business, 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.
Masahiro Miyake*	Director	Senior Vice President [Supervising: Consumer Glass Business, Glass Fiber Business] [In charge of Building Materials Sales Business] Group General Manager, Consumer Glass Group
Tamotsu Kitagawa*	Director	Senior Vice President [In charge of LCD Glass Sales, STN Glass Business, Sales Management] General Manager, LCD Glass Division, Sales, LCD Glass Group President, Electric Glass Trade, Co., Ltd. Chairman, Electric Glass (Shanghai) Co., Ltd.
Motoharu Matsumoto*	Director	Senior Vice President [Supervising: Administration, Human Resources] [In charge of Accounting, Purchasing]
Nobuhiro Miyamoto	Full-time Corporate Auditor	

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Name	Position in the Company	Assignment of work and significant concurrent positions
Fujio Kishi*	Full-time Corporate Auditor	
Kazuhiro Ito	Corporate Auditor	Certified Public Accountant, Certified Public Tax Accountant, Kazuhiro Ito CPA Office Professor, The Konan Graduate School of Accountancy Auditor of Nara Medical University
Mineya Hamaoka*	Corporate Auditor	Attorney at Law, Seiwa Law Office Outside Corporate Auditor, HANSHIN ELECTRIC RAILWAY, Co., Ltd. Outside Director, ASICS Corporation

Note 1: Directors and Corporate Auditors marked with asterisks (\*) are Directors and Corporate Auditors who were newly elected at the 92nd Ordinary General Meeting of Shareholders held on June 29, 2011 and accordingly assumed their positions.

Note 2: Corporate Auditors Mr. Kazuhiro Ito and Mr. Mineya Hamaoka are Outside Corporate Auditors.

Note 3: Corporate Auditor Mr. Kazuhiro Ito is qualified as a certified public accountant as well as a certified public tax accountant and has deep insight into financial affairs and accounting.

Note 4: Corporate Auditors Mr. Kazuhiro Ito and Mr. Mineya Hamaoka are Independent Auditors filed at the financial instrument exchanges pursuant to the provisions set forth by the same exchanges.

Note 5: The Company has adopted Executive Officer System. “Supervising” and “In charge” in the “Assignment of work and significant concurrent positions” indicate work assignments of Executive Officers. As of March 31, 2012, there are 12 Executive Officers who are not Directors.

Note 6: The following is the names of directors and corporate auditors who retired during the fiscal year under review and their positions at the retirement and retirement dates.

Name	Position at the retirement	Year, month and date of retirement
Katsumi Inada	Director	June 29, 2011 (expiration of the term of office)
Masami Atsuji	Director	June 29, 2011 (expiration of the term of office)
Hitoshi Yasuda	Full-time Corporate Auditor	June 29, 2011 (expiration of the term of office)
Takuro Takeuchi	Corporate Auditor	June 29, 2011 (expiration of the term of office)

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Note 7: Effective April 1, 2012, “Assignment of work and significant concurrent positions” of Directors Mr. Shuji Ito, Mr. Shigeru Yamamoto, Mr. Koichi Inamasu, Mr. Masahiro Miyake, Mr. Tamotsu Kitagawa and Mr. Motoharu Matsumoto, and a Corporate Auditor Mr. Kazuhiro Ito are changed as follows:

Name	Position in the Company	Assignment of work and significant concurrent positions
Shuji Ito	Director	Executive Vice President [Supervising: Environmental Management, Furnace Design & Engineering, Engineering, Plant Engineering, Security Trade Control]
Shigeru Yamamoto	Director	Senior Vice President [Supervising: Technology, Advanced Material & Technology, Research & Development, Intellectual Property, Consumer Glass Business, Electronic Products Business, Thin Film Business] [In charge of New Products]
Koichi Inamasu	Director	Executive Vice President [Supervising: Glass Fiber Business, CRT Glass Business, 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.
Masahiro Miyake	Director	Senior Vice President [In charge of Environmental Management, Furnace Design & Engineering, Engineering, Plant Engineering, Security Trade Control]
Tamotsu Kitagawa	Director	Senior Vice President [In charge of LCD Glass Sales, STN Glass Business, Sales Management] Deputy Group General Manager, LCD Glass Group President, Electric Glass Trade, Co., Ltd. Chairman, Electric Glass (Shanghai) Co., Ltd.
Motoharu Matsumoto	Director	Senior Vice President [Supervising: Administration, Human Resources] [In charge of Accounting, Purchasing, Tokyo Branch Office]
Kazuhiro Ito	Corporate Auditor	Certified Public Accountant, Certified Public Tax Accountant, Kazuhiro Ito CPA Office Professor, The Konan Graduate School of Accountancy Auditor, Nara Medical University Auditor, Sakai City Hospital Organization

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

Category	Number	Total amount of remuneration
Director	11	¥371 million
Corporate Auditor (of which, Outside Corporate Auditor)	6 (3)	¥51 million (¥11 million)
Total	17	¥422 million

Note: The total amount of remunerations for Directors includes a bonus to Directors of ¥121 million, which is to be resolved at the 93rd Ordinary General Meeting of Shareholders scheduled to be held on June 28, 2012.

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

1) Significant concurrent position of Outside Corporate Auditors for other entities and relationships between the Company and such other entities (as of March 31, 2012)

Category	Name	Significant concurrent positions
Corporate Auditor	Kazuhiro Ito	Certified Public Accountant, Certified Public Tax Accountant, Kazuhiro Ito CPA Office Professor, The Konan Graduate School of Accountancy Auditor, Nara Medical University
Corporate Auditor	Mineya Hamaoka	Attorney at Law, Seiwa Law Office Outside Corporate Auditor, HANSHIN ELECTRIC RAILWAY, Co., Ltd. Outside Director, ASICS Corporation

Note: There is no special relationship between the Company and the entities for which Mr. Kazuhiro Ito and Mr. Mineya Hamaoka work as described in “Significant concurrent positions.”

## 2) Main activities during the fiscal year under review

Category	Name	Status of main activities
Corporate Auditor	Kazuhiro Ito	<p>Mr. Kazuhiro Ito attended all of the Board of Directors Meetings and Corporate Auditors Meetings held during the fiscal year under review, and made inquiries and expressed opinions where appropriate, mainly from the expert viewpoint of a Certified Public Accountant and Certified Tax Accountant.</p> <p>Also, as described in “1. Status of Corporate Group (5) Issues to be addressed,” the Company paid surcharges imposed for violations of the EU Competition Law and other laws and regulations. Mr. Ito held hearings with relevant divisions and departments, as appropriate, and made suggestions and recommendations at the Board of Directors and the Board of Corporate Auditors meetings with respect to the responses to the investigations and the measures to prevent reoccurrence of such incidents, including thorough and reinforced compliance with laws and regulations, when these bodies reported and deliberated policies for the responses to the investigations.</p>
Corporate Auditor	Mineya Hamaoka	<p>Mr. Mineya Hamaoka attended all of the Board of Directors Meetings and Board of Corporate Auditors Meetings held after assuming the office on June 29, 2011 during the fiscal year under review, and made inquiries and expressed opinions where appropriate, mainly from the viewpoint of an Attorney at Law.</p> <p>Also, as described in “1. Status of Corporate Group (5) Issues to be addressed,” the Company paid surcharges imposed for violations of the EU Competition Law and other laws and regulations. Mr. Hamaoka held hearings with relevant divisions and departments, as appropriate, and made suggestions and recommendations at the Board of Directors and the Board of Corporate Auditors meetings with respect to the prevention of reoccurrence of such incidents, including thorough compliance with laws and regulations and reinforcement of internal education, when these bodies reported and deliberated policies for the response to the investigations.</p>

## 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 unintentionally and without gross negligence.

**4. Status of Independent Auditor**

**(1) Name of Independent Auditor**

**KPMG AZSA LLC**

**(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 shall be paid by the Company and its subsidiaries	¥74 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: The Company entrusts the Independent Auditor with advisory services related to International Financial Reporting Standards in addition to service as provided in Article 2, Paragraph 1 of the Certified Public Accountants Act and pays fees for the advisory services accordingly.

Note 3: Four important subsidiaries of the Company listed in “(7) Important subsidiaries” in “1. Status of Corporate Group” are audited by accounting firms 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 at a shareholders’ meeting of the Company 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 NEG Group, and the committee shall implement the following: 1) planning of revision of



“Corporate Philosophy”, “The NEG Group Code of Conduct” and “Principles of Activities,” and planning, preparing and implementing various measures to disseminate them throughout the NEG 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 the document management rules and other rules set by the Company.

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

The Company assesses risks periodically, identifies any management risks and takes necessary measures to mitigate or eliminate them.

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 Committee 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 group system approach in order to clarify management targets and efficiently operate businesses, and will set an annual budget (business plan) by business group and on a company-wide basis at the Board of Directors Meeting. In addition, the Company shall manage business achievements on a monthly basis and discuss and examine important management issues from various perspectives at the Board of Directors Meeting, Management Committee and meetings of business groups.

In order to make sure that necessary information is conveyed to interested parties and an appropriate decision is made on a timely basis, information technology such as electronic approval systems is utilized.

**(5) Systems to ensure the appropriateness of operations of the NEG 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 NEG Group, and will also operate the Internal Reporting System.

Furthermore, to ensure the appropriateness of the NEG Group’s financial reporting, the Company and its Group companies shall establish 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 groups 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 stock companies**

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

Entities that control decisions on financial and business policies of the Company should be those entities which adequately understand the Company’s management philosophy, characteristics of its businesses and trustworthy relationship with its stakeholders, and secure and enhance the common interest of the shareholders and corporate value of the Company in the medium and long terms. Therefore, when any entity appears that would attempt a large-scale

purchase of the Company's shares, which would have the entity's share of voting rights of the Company's shares rise to 20% or above (hereinafter, such purchase referred to as the Large-Scale Purchase, and such entity referred to as "Large-Scale Purchaser"), the Company believes a decision on whether or not to accept the Large-Scale Purchase should ultimately be made by its shareholders; provided, however, the Company is provided with sufficient information that it has asked the Large-Scale Purchaser to provide and the shareholders have been provided with the Board of Directors' assessment and review of such information.

**(2) Overview of specific measures**

- 1) Special measures that contribute to effective utilization of assets of the Company, formation of appropriate corporate group and achievement of other basic policies

On the basis of management with emphasis on close business relationships with the specific customers who account for the majority of the Company's net sales, the Company has striven to direct management resources into growth fields, enhance profitability, build up a well balanced business structure, and promote research and development activities by leveraging knowledge and technologies related to glass, robust relationships with customers and suppliers, and good labor relationships to the maximum extent.

- 2) 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 introduced the Large-Scale Purchase Rules which enable the Company to provide sufficient information to shareholders and to secure a sufficient period of time in case of the execution of Large-Scale Purchase. In this connection the Company has developed the response policies according to which the Company addresses both cases where a Large-Scale Purchaser fails to comply with the rules and where complies with the rules.

The Board of Directors of the Company requests the Large-Scale Purchaser to provide necessary and complete information and sets a relevant time of period to study and evaluate the information after the receipt thereof, and presents alternatives as necessary and appropriate. When the rules are not observed by Large-Scale Purchasers or when the Special Committee makes a recommendation to permit implementation of countermeasures such as allocating stock acquisition rights, free of charge, such countermeasures may be put into action by the resolution of the Board of Directors (General Meeting of Shareholders may be convened to confirm the intent of shareholders)

**(3) The judgment of the Board of Directors of the Company that the measures described above in (2) are in line with the basic policy and will not impair the common interest of shareholders of the Company, and that they will not be implemented for the purpose of maintaining the positions of directors of the Company, and the reasons thereof**

- The measures satisfy three principles set forth in the guidelines for defense against acquisition announced on May 27, 2005 by the Ministry of Economy, Trade and Industry and the Ministry of Justice and take into consideration the takeover defense measures issued on June 30, 2008 by the Corporate Value Study Group.
- The measures are introduced to secure and improve the common interest of the shareholders and corporate value.

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- The Ordinary General Meeting of Shareholders of the Company held in 2009 has approved the measures. The measures can be abolished by a resolution of the General Meeting of Shareholders of the Company.
- The Special Committee, which is comprised of outside experts, has been established and a system for ensuring prevention of any arbitrary implementation of the measures by the Board of Directors has been ensured.

The above-mentioned basic policy on control of stock companies is an overview. For details of the Response Policy, please refer to the “Continuation of the Response Policy (Counter measures against acquisition) regarding Large-Scale Purchase of the Company’s Shares” (disclosure documents dated April 27, 2009) on the Company’s website (<http://www.neg.co.jp/>).

**(Reference)\***

The effective term of the Response Policy shall end upon the close of the 93rd Ordinary General Meeting of Shareholders scheduled to be held on June 28, 2012. At the meeting of the Board of Directors held on May 18, 2012, the Company has already resolved to discontinue the Response Policy after the effective period expires.

\* The above is presented not as part of the content of Business Report but as a reference for shareholders.

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Note: Monetary amounts and numbers of shares in this business report are rounded down, whereas percentages and per-share data are rounded to the nearest unit.

**Consolidated Balance Sheet**

(As of March 31, 2012)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
<u>Current assets</u>	224,415	<u>Current liabilities</u>	135,199
Cash and deposits	105,827	Notes and accounts payable-trade	41,208
Notes and accounts receivable-trade	56,230	Short-term loans payable	43,398
Merchandise and finished goods	29,830	Accrued income taxes	2,005
Work in process	2,170	Other reserves	131
Raw materials and supplies	20,905	Others	48,455
Deferred tax assets	4,010	<u>Non-current liabilities</u>	76,133
Others	5,545	Bonds	20,000
Allowance for doubtful accounts	(103)	Long-term loans payable	20,413
<u>Fixed assets</u>	462,654	Reserve for special repairs	33,430
<u>Tangible fixed assets</u>	420,311	Other reserves	1,487
Buildings and structures	62,923	Others	801
Machinery, equipment and vehicles	328,541	<u>Total Liabilities</u>	211,333
Land	13,274	(Net Assets)	
Construction in progress	12,089	<u>Shareholders' equity</u>	482,037
Others	3,482	Common stock	32,155
<u>Intangible fixed assets</u>	1,458	Capital surplus	34,355
<u>Investments and other assets</u>	40,884	Retained earnings	415,799
Investment securities	22,182	Treasury stock	(274)
Deferred tax assets	17,522	<u>Accumulated other comprehensive income</u>	(11,753)
Others	1,225	Net unrealized gain on other securities	824
Allowance for doubtful accounts	(45)	Deferred gains or losses on hedges	(5)
		Foreign currency translation adjustments	(12,572)
		<u>Minority interests</u>	5,452
		<u>Total Net Assets</u>	475,736
<u>Total Assets</u>	687,069	<u>Total Liabilities and Net Assets</u>	687,069

Note: Amounts less than ¥1 million are rounded down.

**Consolidated Statement of Income**

(From April 1, 2011 to March 31, 2012)

(Millions of yen)

Item	Amount	
Net sales		338,214
Cost of sales		248,544
Gross profit		89,669
Selling, general and administrative expenses		28,031
Operating income		61,638
Non-operating income		
Interest and dividend income	1,424	
Insurance income	535	
Others	1,932	3,892
Non-operating expenses		
Interest expenses	966	
Foreign exchange losses	1,111	
Loss on disposal of fixed assets	1,469	
Depreciation of inactive fixed assets	2,594	
Loss on spoiled work	1,504	
Others	1,030	8,675
Ordinary income		56,855
Extraordinary income		
Reversal of provision for special repairs	4,046	
Gain on sales of investment securities	1,478	
Others	12	5,538
Extraordinary loss		
Loss on disposal of property, plant and equipment	2,366	
Impairment loss	17,620	
Loss related to competition law case	4,752	
Others	875	25,615
Income before income taxes		36,778
Income taxes-current	18,525	
Income taxes-deferred	(2,407)	16,118
Net income before minority interests		20,659
Minority interests		1,251
Net income		19,408

Note: Amounts less than ¥1 million are rounded down.

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

(From April 1, 2011 to March 31, 2012)

(Millions of yen)

Item	Amount	Item	Amount
Shareholders' equity		Accumulated other comprehensive income	
Common stock		Net unrealized gain on other securities	
Beginning balance	32,155	Beginning balance	3,139
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	(2,315)
Ending balance	32,155	Total change during the current fiscal year	(2,315)
Capital surplus		Ending balance	824
Beginning balance	34,357	Deferred gains or losses on hedges	
Change during the current fiscal year		Beginning balance	(32)
Disposition of treasury stock	(1)	Change during the current fiscal year	
Total change during the current fiscal year	(1)	Net change of items other than shareholders' equity during the current fiscal year	26
Ending balance	34,355	Total change during the current fiscal year	26
Retained earnings		Ending balance	(5)
Beginning balance	403,355	Foreign currency translation adjustments	
Change during the current fiscal year		Beginning balance	(9,032)
Dividends from surplus	(6,964)	Change during the current fiscal year	
Net income	19,408	Net change of items other than shareholders' equity during the current fiscal year	(3,539)
Total change during the current fiscal year	12,444	Total change during the current fiscal year	(3,539)
Ending balance	415,799	Ending balance	(12,572)
Treasury stock		Total accumulated other comprehensive income	
Beginning balance	(233)	Beginning balance	(5,925)
Change during the current fiscal year		Change during the current fiscal year	
Acquisition of treasury stock	(46)	Net change of items other than shareholders' equity during the current fiscal year	(5,828)
Disposition of treasury stock	5	Total change during the current fiscal year	(5,828)
Total change during the current fiscal year	(40)	Ending balance	(11,753)
Ending balance	(274)	Minority interests	
Total shareholders' equity		Beginning balance	4,328
Beginning balance	469,634	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	1,124
Dividends from surplus	(6,964)	Total change during the current fiscal year	1,124
Net income	19,408	Ending balance	5,452
Acquisition of treasury stock	(46)	Total net assets	
Disposition of treasury stock	4	Beginning balance	468,037
Total change during the current fiscal year	12,402	Change during the current fiscal year	
Ending balance	482,037	Dividends from surplus	(6,964)
		Net income	19,408
		Acquisition of treasury stock	(46)
		Disposition of treasury stock	4
		Net change of items other than shareholders' equity during the current fiscal year	(4,703)
		Total change during the current fiscal year	7,698
		Ending balance	475,736

Note: Amounts less than ¥1 million are rounded down.

**Non-consolidated Balance Sheet**

(As of March 31, 2012)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
<u>Current assets</u>	195,771	<u>Current liabilities</u>	132,138
Cash and deposits	81,366	Accounts payable-trade	42,438
Notes receivable-trade	1,367	Short-term loans payable	19,000
Accounts receivable-trade	69,896	Current portion of long-term loans payable	23,272
Merchandise and finished goods	16,181	Accounts payable-other	32,489
Work in process	2,066	Accrued expenses	7,550
Raw materials and supplies	15,854	Other reserves	121
Deferred tax assets	3,129	Others	7,266
Others	5,950	<u>Non-current liabilities</u>	72,027
Allowance for doubtful accounts	(42)	Bonds	20,000
<u>Fixed assets</u>	443,309	Long-term loans payable	17,844
<u>Tangible fixed assets</u>	348,191	Reserve for special repairs	33,430
Buildings and structures	50,319	Other reserves	120
Machinery and equipment	279,397	Others	633
Vehicles and equipment	2,201	<u>Total Liabilities</u>	204,166
Land	8,768	(Net Assets)	
Lease assets	125	<u>Shareholders' equity</u>	434,096
Construction in progress	7,378	Common stock	32,155
<u>Intangible fixed assets</u>	1,083	Capital surplus	34,355
<u>Investments and other assets</u>	94,034	Capital reserve	33,885
Investment securities	20,497	Other capital surplus	470
Stocks of affiliates	49,730	Retained earnings	367,859
Investments in capital of affiliates	2,090	Legal reserve	2,988
Long-term loans	5,811	Other retained earnings	364,871
Deferred tax assets	14,984	Reserve for special depreciation	1,890
Others	931	General reserve	205,770
Allowance for doubtful accounts	(12)	Retained earnings brought forward	157,210
		Treasury stock	(274)
		<u>Valuation and translation adjustments</u>	818
		Net unrealized gain on other securities	824
		Deferred gains or losses on hedges	(5)
		<u>Total Net Assets</u>	434,915
<u>Total Assets</u>	639,081	<u>Total Liabilities and Net Assets</u>	639,081

Note: Amounts less than ¥1 million are rounded down.



**Non-consolidated Statement of Income**

(From April 1, 2011 to March 31, 2012)

(Millions of yen)

Item	Amount	
Net sales		280,080
Cost of sales		213,483
Gross profit		66,597
Selling, general and administrative expenses		19,948
Operating income		46,648
Non-operating income		
Interest and dividend income	3,698	
Technical support fee	2,245	
Others	2,672	8,617
Non-operating expenses		
Interest expenses	788	
Loss on disposal of property, plant and equipment	1,359	
Depreciation of inactive property, plant and equipment	2,588	
Loss on spoiled work	1,504	
Others	1,162	7,402
Ordinary income		47,862
Extraordinary income		
Reversal of provision for special repairs	4,046	
Gain on sales of investment securities	1,478	
Others	254	5,780
Extraordinary loss		
Loss on disposal of property, plant and equipment	2,177	
Impairment loss	17,980	
Loss related to competition law case	4,750	
Others	725	25,633
Income before income taxes		28,010
Income taxes-current	15,474	
Income taxes-deferred	(3,722)	11,751
Net income		16,258

Note: Amounts less than ¥1 million are rounded down.

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

(From April 1, 2011 to March 31, 2012)

(Millions of yen)

Item	Amount	Item	Amount
Shareholders' equity		Treasury stock	
Common stock		Beginning balance	(233)
Beginning balance	32,155	Change during the current fiscal year	
Change during the current fiscal year		Acquisition of treasury stock	(46)
Total change during the current fiscal year	-	Disposition of treasury stock	5
Ending balance	32,155	Total change during the current fiscal year	(40)
Capital surplus		Ending balance	(274)
Capital reserve		Total shareholders' equity	
Beginning balance	33,885	Beginning balance	424,844
Change during the current fiscal year		Change during the current fiscal year	
Total change during the current fiscal year	-	Dividends from surplus	(6,964)
Ending balance	33,885	Net income	16,258
Other capital surplus		Acquisition of treasury stock	(46)
Beginning balance	471	Disposition of treasury stock	4
Change during the current fiscal year		Total change during the current fiscal year	9,251
Disposition of treasury stock	(1)	Ending balance	434,096
Total change during the current fiscal year	(1)	Valuation and translation adjustments	
Ending balance	470	Net unrealized gain on other securities	
Total capital surplus		Beginning balance	3,139
Beginning balance	34,357	Change during the current fiscal year	
Change during the current fiscal year		Net change of items other than shareholders'	
Disposition of treasury stock	(1)	equity during the current fiscal year	(2,315)
Total change during the current fiscal year	(1)	Total change during the current fiscal year	(2,315)
Ending balance	34,355	Ending balance	824
Retained earnings		Deferred gains or losses on hedges	
Legal reserve		Beginning balance	(32)
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	26
Ending balance	2,988	Total change during the current fiscal year	26
Other retained earnings		Ending balance	(5)
Reserve for special depreciation		Total valuation and translation adjustments	
Beginning balance	-	Beginning balance	3,106
Change during the current fiscal year		Change during the current fiscal year	
Provision of reserve for special depreciation	1,890	Net change of items other than shareholders'	
Total change during the current fiscal year	1,890	equity during the current fiscal year	(2,288)
Ending balance	1,890	Total change during the current fiscal year	(2,288)
General reserve		Ending balance	818
Beginning balance	205,770	Total net assets	
Change during the current fiscal year		Beginning balance	427,951
Total change during the current fiscal year	-	Change during the current fiscal year	
Ending balance	205,770	Dividends from surplus	(6,964)
Retained earnings brought forward		Net income	16,258
Beginning balance	149,807	Acquisition of treasury stock	(46)
Change during the current fiscal year		Disposition of treasury stock	4
Provision of reserve for special depreciation	(1,890)	Net change of items other than shareholders'	
Dividends from surplus	(6,964)	equity during the current fiscal year	(2,288)
Net income	16,258	Total change during the current fiscal year	6,963
Total change during the current fiscal year	7,403	Ending balance	434,915
Ending balance	157,210		
Total retained earnings			
Beginning balance	358,565		
Change during the current fiscal year			
Dividends from surplus	(6,964)		
Net income	16,258		
Total change during the current fiscal year	9,294		
Ending balance	367,859		

Note: Amounts less than ¥1 million are rounded down.

(Reference)

**Consolidated Statement of Cash Flows (Summary)**

(From April 1, 2011 to March 31, 2012)

(Millions of yen)

Item	Amount
Net cash provided by operating activities	83,736
Income before income taxes and minority interests	36,778
Depreciation and amortization	54,784
Impairment loss	17,620
Decrease in notes and accounts receivable	7,605
Increase in inventories	(8,130)
Decrease in notes and accounts payable	(1,428)
Payment for income taxes, net	(32,954)
Others	9,459
Net cash used in investing activities	(79,827)
Purchases of property, plant and equipment	(78,475)
Others	(1,352)
Net cash used in financing activities	(14,731)
Decrease in long- and short-term loans, net	(7,434)
Cash dividends paid	(6,962)
Others	(334)
Effect of exchange rate changes on cash and cash equivalents	(334)
Net decrease in cash and cash equivalents	(11,156)
Cash and cash equivalents at beginning of fiscal year	116,366
Cash and cash equivalents at end of fiscal year	105,209

Note: Amounts less than ¥1 million are rounded down.

## Reference Document for the Ordinary General Meeting of Shareholders

### 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 this policy, the Company has continuously increased the dividend amount while addressing matters such as enhancement of the glass for display field and expansion of the glass for non-display field, as well as reducing interest-bearing debt.

For year-end dividends for the fiscal year under review, we will pay ¥8 per share based on this policy. As a result, the annual dividend will be ¥15 per share, an increase of ¥2 from the previous fiscal year, including the interim dividend of ¥7.

An internal retained fund will be provided for research and development with an eye toward future and business expansion in growth fields 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:  
¥8 per share of common stock of the Company; a total amount of ¥3,979,274,360
- (3) Effective date of distribution of surplus:  
June 29, 2012

**Proposal 2: Election of Eight (8) 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 propose the election of eight (8) Directors.

The candidates for Directors are as follows:

No.	Name (Date of birth)	Brief personal profile, position, responsibilities and significant concurrent positions	Number of the Company shares held
1	Yuzo Izutsu (December 12, 1944)	Apr. 1967: Joined Nippon Electric Glass June 1996: Director (Incumbent) June 2000: Senior Director June 2002: Executive Vice President June 2003: President CEO June 2009: Vice Chairman June 2010: Chairman (Incumbent)	70,500
2	Masayuki Arioka (September 28, 1948)	Apr. 1978: Joined Nippon Electric Glass June 1999: Director (Incumbent) June 2002: Vice President June 2004: Senior Vice President Apr. 2008: Executive Vice President June 2009: President (Incumbent) CEO (Incumbent) [Assignment of work for executive officers] In charge of Auditing	37,000
3	Masanori Yokota (June 13, 1950)	Apr. 1976: Joined Nippon Electric Glass June 2005: General Manager, LCD Glass Division, Production, LCD Glass Group Apr. 2006: Vice President Apr. 2009: Group General Manager, LCD Glass Group (Incumbent) June 2009: Director (Incumbent) Senior Vice President Apr. 2011: Executive Vice President (Incumbent) [Assignment of work for executive officers] Supervising: LCD Glass Business	5,000

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No.	Name (Date of birth)	Brief personal profile, position, responsibilities and significant concurrent positions	Number of the Company shares held
4	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</p> <p>Apr. 2012: Executive Vice President (Incumbent)</p> <p>[Assignment of work for executive officers]</p> <p>Supervising: Technology, Advanced Materials &amp; Technology, Research &amp; Development, Intellectual Property, Consumer Glass Business, Electronic Products Business, Thin Film Business</p> <p>In charge of New Products</p>	15,000
5	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</p> <p>Apr. 2009: Group General Manager, PDP Glass Plate Group (Incumbent)</p> <p>Apr. 2012: Executive Vice President (Incumbent)</p> <p>[Assignment of work for executive officers]</p> <p>Supervising: Glass Fiber Business, CRT Glass Business, PDP Glass Plate Business</p> <p>[Concurrent significant positions]</p> <p>Chairman, Board of Directors, Nippon Electric Glass (Malaysia) Sdn. Bhd.</p>	27,000
6	Masahiro Miyake (October 18, 1950)	<p>Apr. 1975: Joined Nippon Electric Glass</p> <p>Oct. 1997: General Manager, General Glass Division, Fujisawa Plant</p> <p>June 2001: Vice President</p> <p>June 2011: Director (Incumbent) Senior Vice President (Incumbent)</p> <p>[Assignment of work for executive officers]</p> <p>In charge of Environmental Management, Furnace Design &amp; Engineering, Engineering, Plant Engineering, Security Trade Control</p>	22,000

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No.	Name (Date of birth)	Brief personal profile, position, responsibilities and significant concurrent positions	Number of the Company shares held
7	Tamotsu Kitagawa (April 3, 1950)	Apr. 1973: Joined Nippon Electric Glass June 2001: Vice President June 2005: General Manager, LCD Glass Division, Sales, LCD Glass Group June 2011: Director (Incumbent) Senior Vice President (Incumbent) Apr. 2012: Deputy Group General Manager, LCD Glass Group (Incumbent) [Assignment of work for executive officers] In charge of LCD Glass Sales, STN Glass Business, Sales Management [Concurrent significant positions] President, Electric Glass Trade, Co., Ltd. Chairman, Electric Glass (Shanghai) Co., Ltd.	17,000
8	Motoharu Matsumoto (May 30, 1957)	Apr. 1982: Joined Nippon Electric Glass Feb. 2005: General Manager, Accounting Division Apr. 2007: Vice President June 2011: Director (Incumbent) Senior Vice President (Incumbent) [Assignment of work for executive officers] Supervising: Administration, Human Resources In charge of Accounting, Purchasing, Tokyo Branch Office	9,000

- Notes: 1. Candidate Mr. Tamotsu Kitagawa concurrently assumes the position of Chairman of Electric Glass (Shanghai) Co., Ltd whose business is processing and sales of glass for electronic and information devices. The Company has a business relationship with Electric Glass (Shanghai) Co., Ltd. where the Company sells semi-finished products to Electric Glass (Shanghai) Co., Ltd. and buys finished products of LCD glass from the same company. The other candidates have no conflicts of interest with the Company.
2. The Company has adopted the Executive Officer System. “Supervising” and “In charge of” in the “Brief personal profile, position, responsibilities and significant concurrent positions” indicate work assignments of executive officers.
3. Number of the Company shares held indicates the number of shares held as of March 31, 2012.

**Proposal 3: Election of One (1) Substitute Corporate Auditor**

To prepare for the case in which the Company does not have the number of Corporate Auditors stipulated in laws and regulations, we propose the election of one (1) substitute Corporate Auditor in advance.

The Board of Corporate Auditors has already approved this proposal.

The candidate for substitute Corporate Auditor is as follows:

Name (Date of birth)	Brief personal profile, position and significant concurrent positions	Number of the Company shares held
Keijiro Kimura (April 14, 1961)	Apr. 1987: Registered as an Attorney at Law Joined Showa Law Office Jan. 1994: Registered at New York State Bar Association July 1995: Registered as Patent Attorney May 1998: Established Kyoei Law Office (existing) [Concurrent significant positions] Outside Director, Chuou Denryoku Co., Ltd. Outside Corporate Director, NAGAOKA INTERNATIONAL CORPORATION Outside Director, OSK Nippon Kagekidan Co., Ltd.	None

- Notes: 1. The abovementioned candidate has no conflicts of interest with the Company.  
 2. Number of the Company shares held indicates the number of shares held as of March 31, 2012.  
 3. Matters related to the candidate for substitute Outside Corporate Auditor are as follows:  
 (1) Mr. Keijiro Kimura is candidate for substitute Outside Corporate Auditor.  
 (2) Reason for selecting the candidate as the candidate for substitute Outside Corporate Auditor:  
 Mr. Keijiro Kimura has expertise and extensive experience as an Attorney at Law. The Company proposes that Mr. Kimura be elected as the substitute Corporate Auditor in the hope that he will reflect such expertise and experience when auditing the Company.  
 (3) Reason that the Company determined that the above candidate can execute his duties as Outside Corporate Auditor appropriately:  
 Mr. Keijiro Kimura has no experience of involvement in corporate management in a way other than as an outside director or corporate auditor. However, since Mr. Kimura has expertise and extensive experience as an Attorney at Law, the Company judges that he can execute his duties as Outside Corporate Auditor appropriately.  
 (4) Outline of limited liability agreement:  
 Provided that Mr. Keijiro Kimura assumes the office of Outside Corporate Auditor of the Company, it shall conclude an agreement with him concerning liability for damages as specified in Article 423, Paragraph 1 of the Corporation Law that his relevant liabilities for damages shall be limited to the minimum liability amounts as stipulated in Article 425, Paragraph 1 of the Corporation Law.  
 4. Mr. Keijiro Kimura fulfills the requirements for the Independent Auditor pursuant to the provisions of the Financial Instruments Exchanges.

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

The Company proposes that it shall pay Directors' bonuses totaling ¥121.19 million 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.