

March 8, 2016

Notice of the 97th Ordinary General Meeting of Shareholders

Dear Shareholders,

Please be advised that the 97th 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.

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

- 1. Date and Time:** **Wednesday, March 30, 2016, 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 97th fiscal year (from January 1, 2015 to December 31, 2015)
2. Non-consolidated financial statements for the 97th fiscal year (from January 1, 2015 to December 31, 2015)

Proposals:

- Proposal 1:** Distribution of Surplus
Proposal 2: Election of Nine (9) 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.

* 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 internet at the Company's website (<http://www.neg.co.jp>).

Business Report for the 97th Fiscal Year

Period from January 1, 2015
to December 31, 2015

The Company (“NEG”) changed the final date of its fiscal year from March 31 to December 31 from the 96th fiscal year.

Accordingly, as for the 96th fiscal year the nine-month period from April 1, 2014 to December 31, 2014 has been designated as the period for the consolidation of the Company and its domestic consolidated subsidiaries and the twelve-month period from January 1, 2014 to December 31, 2014 is the period for the consolidation of the Company’s overseas consolidated subsidiaries. We have therefore omitted year-on-year changes in earnings in the business report for this fiscal year.

1. Status of Corporate Group

(1) Progress and results of operations

Overall trend

The global economy recovered on the back of solid personal consumption and improved employment conditions in Europe and the US, as well as other factors. However, there were growing signs of a slowdown in China due to factors such as a decline in exports and fixed asset investments. The Japanese economy continued to sustain a modest recovery, as indicated by improvements in corporate earnings and employment conditions amid solid personal consumption.

Consolidated results of operations for the fiscal year under review

	96th Fiscal Year (April 2014 to December 2014)	97th Fiscal Year (January 2015 to December 2015)
	Millions of yen	Millions of yen
Net sales	192,692	251,177
Operating income	5,223	22,034
Ordinary income	6,883	14,272
Net income	5,938	9,636

Decline in prices for the substrate glass for liquid crystal displays (LCDs) narrowed and shipments remained stable. However, sales began to slow in the fourth quarter (October 1 to December 31, 2015). Sales of glass fiber were generally firm, despite some discrepancies between regions, and shipments of glass for optical devices remained strong.

On the profit/loss side, improved productivity and cost-cutting ensured stable operating income throughout the fiscal year. At the same time, ordinary income was pushed down by foreign exchange losses. In addition, although the reversal of deferred tax assets following tax system revisions, as well as loss on closure of the Fujisawa Plant, pushed down net income, it was

supported by gains on the reversal of provisions for special repairs and gains on sales of investment securities.

Sales by business category are as follows:

Category		96th Fiscal Year (April 2014 to December 2014)		97th Fiscal Year (January 2015 to December 2015)	
		Net sales	Breakdown	Net sales	Breakdown
Glass Business	Glass for electronic and information devices	Millions of yen 133,680	% 69.4	Millions of yen 167,050	% 66.5
	Glass for others	59,011	30.6	84,127	33.5
Total		192,692	100	251,177	100

Glass for electronic and information devices:

The decline in prices for substrate glass for LCDs narrowed and shipments remained stable, but sales slowed in response to the impact of sluggish demand for LCD panels in the fourth quarter. Shipments of cover glass for mobile devices (specialty glass for chemical strengthening) recovered as the result of an expansion in models adopted. Sales of glass for optical devices remained strong due to growing demand for communications infrastructure. In glass for electronic devices, sales of cover glass for image sensors were steady, despite the impact of seasonal fluctuations. Sales of substrate glass for solar cells were generally firm.

As a result, net sales of glass for electronic and information devices amounted to ¥167,050 million.

Glass for others:

Although glass fiber applications in high-function plastics for auto parts were affected by slower demand in Asia, sales increased due to solid performance in other regions. And while sales of glass for building materials were weak from the second quarter (April 1 to June 30, 2015), sales recovered in the fourth quarter. In the area of heat-resistant glass and glass for pharmaceutical and medical use, sales were generally firm, primarily overseas.

As a result, the net sales of glass for others amounted to ¥84,127 million.

(2) Capital investment

The NEG Group's capital investment amounted to ¥49,211 million in the fiscal year under review.

In the Glass for electronic and information devices sector, capital investment was made primarily for construction of production facilities at Electric Glass (Xiamen) Co., Ltd. In the Glass for others, capital investment was made mainly for enhancing production capacity of the Malaysian subsidiary.

(3) Fund procurement status

Funds required in the fiscal year under review were for capital investment and working

capital, which the Company financed with its own funds and borrowings, among other means.

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 December 31, 2015)

Lender	Borrowing Amount
Sumitomo Mitsui Banking Corporation	¥12.6 billion
Sumitomo Mitsui Trust Bank, Limited	¥8.6 billion
The Shiga Bank, Ltd.	¥7.8 billion

(5) Issues to be addressed

[Basic management policy]

In December 2015, in light of changes in the Company’s business structure resulting from social and technological advances, the Company Group revised its corporate philosophy to better fit the current business environment, while carrying on the thinking behind the original corporate philosophy. In conjunction with this, the Company Group clarified the direction it aspires to and the values all employees should share, and consolidated these in a corporate philosophy structure. Under the new Corporate Philosophy Structure, the Company Group will answer the needs from societies by developing, manufacturing and supplying glass products with various property and functions through technologies of material design, melting, forming and processing. At the same time, the Company Group will fulfill the social responsibility by performing important activities of Corporate Social Responsibilities (CSR). Through these activities, the Company Group will contribute to social development, strive to disseminate its corporate identity, raise corporate value and achieve sustainable growth.

“The NEG Corporate Philosophy Structure”

At Nippon Electric Glass, our corporate philosophy is a reflection of our founding mission, a statement of our devotion to creating products infused with the very best of human civilization for the betterment of society.

【Our corporate philosophy】

“We strive to build a brighter future for the world by uncovering the unlimited possibilities of glass for more advanced creative manufacturing.”

Our Slogan: GLASS FOR FUTURE

【Our vision】

“The world’s leading manufacturer of special glass”

【Our values】

- Customer first
- Get the job done
- Broad minds and open communication
- High ethical standards
- Consideration for the environment

[Target management indexes]

The Company Group considers that continuous research and development, growth investments, and sales and profits to support these activities are essential for business continuity and development for future. Therefore, the Company Group places Net sales, Operating income and Operating profit margin as important indexes, and set the numerical target in the Medium- and long term management strategy.

[Medium- and long-term management strategy]

○ Company Group's business model

- Utilizing the strengths of human resources and our technical expertise, we will pursue high-value-added products and innovative products.
- Through creative manufacturing (*), we will meet the market's needs by providing glass in a wide variety of forms—substrate, tube, sphere, fiber, powder, forming goods, and “hybrid products”—that combine thin films, plastics, and metals, and that offer a range of functions.
- The Company Group will expand its business in the Electronics and Information Technology field with glass for displays and glass for optical and electronic devices, as well as in the Performance Materials and Other fields with glass fiber, glass tubing for pharmaceutical use, heat-resistant glass and glass for building materials, and will build a balanced business portfolio.
- In carrying out these activities, the Company Group will strive to fulfill its corporate social responsibilities and contribute to social development, while also increasing corporate value and pursuing sustainable growth.

(*) Company Group's vision of “creative manufacturing”

To meet society's needs, the Company Group carries out research and development based on cutting-edge technology (material design, manufacturing process technology [melting, forming, processing] and evaluation technology), creates top-notch products, and supplies its products steadily to the market through the highest quality standards and efficient production. The Company Group then uses feedback from the market for further research and development. This cycle represents the approach to “creative manufacturing” to which the Company Group

aspires.

○ Focus market areas

- The Company has designated the four areas of “Automotive and Transportation,” “Information Technology and Semiconductors,” “Medical Care,” and “Displays” as its “Expansion and reinforcement areas” that will directly lead to medium-term growth. The Company will focus on aggressively expanding business and strengthening competitiveness in these areas.
- The Company expects growth in the four areas of “Lighting,” “Energy,” “Social Infrastructure,” and “Home Appliances” as society develops. These are also areas in which the functionality of glass can be fully utilized. These areas are designated “Strategic development areas,” and research and development is under way to create new businesses in these areas.
- The above activities will enable the following needs in each area to be met.

- Expansion and reinforcement areas -

- ◎ Automotive and Transportation: Lightweight materials, in-vehicle lighting, display devices, in-vehicle cameras, electronic devices
- ◎ Information Technology and Semiconductors: High-speed and high-capacity optical communications equipment, next-generation semiconductors (small-sized, high-precision, high-functioning)
- ◎ Medical Care: Advanced pharmaceutical containers, cutting-edge medical equipment and devices
- ◎ Displays: Next-generation displays (high-definition, thin and lightweight, flexible)

- Strategic development areas -

- ◎ Lighting: Next-generation lighting (energy-saving, high-luminance, high-output)
- ◎ Energy: Natural energy systems, secondary batteries
- ◎ Social Infrastructure: High-functioning fire-resistant equipment, high-functioning structural materials (safe, durable, lightweight)
- ◎ Home Appliances: High-functioning home appliances and housing equipment materials, multi-function wall materials

○ Financial policy

- Emphasis on cash flow
- Efficient use of assets (reduction in financial assets and inventory assets, improvement of productivity for equipment and consolidation)

- Reinforcement of financial base (appropriate shareholders' equity ratio and effectively debt-free management)

[Medium-term business plan EGP2018]

The Company established a three-year medium-term business plan, "EGP2018" or Electric Glass Prospects 2018, covering fiscal 2016 through fiscal 2018. This plan will serve as a milestone in the Company's growth as "the world's leading manufacturer of special glass", the corporate vision we aspire to under the new corporate philosophy. The Company will use a range of measures to achieve this goal.

○ Basic policies and measures

(1) Strengthen profitability of "display" related business

- Improve productivity and quality by improving manufacturing process
- Smooth shift of production overseas
- Management based on controlling risk and prioritizing income/expenditures

(2) Expand business related to "performance materials, optical and electronic devices and medical care, heat-resistant, and building materials"

- Provide specifics for the M&A and alliance strategy to generate new business opportunities and growth synergy
- Grow existing businesses through sales expansion and investment
- Early commercialization of newly developed products

(3) Reinforcement of R&D

- Develop "materials, processes, and products" that take advantage of the superior features of glass
- Improve basic technologies in material design, manufacturing process technology, and evaluation technology
- Strengthen intellectual property strengths and utilize licensing-in and cross-licensing to generate new businesses and expand existing businesses

(4) Constructive investments

In addition to the usual capital investments, the Company will set aside about 50 billion yen spread out over the three-year period for strategic investments (including M&A and collaborations and affiliations with other companies).

TRANSLATION FOR REFERENCE ONLY

○ Management targets

- Net sales: 300 billion yen
(Breakdown) Electronics and Information Technology: 170 billion yen (glass for displays, glass for optical and electronic devices, etc.)
Performance Materials and Others: 130 billion yen (glass fiber, medical care, heat-resistant, building materials, etc.)
- Operating income: 30 billion yen
- Operating profit margin: 10%

Beginning in the next fiscal year, the Group will change its disclosure categories for sales by product so that “Glass for electronic and information devices” will be “Electronics and Information Technology”, and “Glass for others” will be “Performance Materials and Others”.

(6) Changes in assets and profit/loss

(Yen)

Item	94th Fiscal Year (April 2012 to March 2013)	95th Fiscal Year (April 2013 to March 2014)	96th Fiscal Year (April 2014 to December 2014)	97th Fiscal Year (January 2015 to December 2015)
Net sales	287,303 million	252,548 million	192,692 million	251,177 million
Operating income	24,967 million	16,170 million	5,223 million	22,034 million
Ordinary income	22,767 million	14,372 million	6,883 million	14,272 million
Net income	10,603 million	12,431 million	5,938 million	9,636 million
Net income per share	21.32	24.99	11.94	19.38
Total assets	697,385 million	707,021 million	731,184 million	726,937 million
Net assets	495,294 million	510,807 million	522,577 million	519,801 million
Net assets per share	982.97	1,011.46	1,032.66	1,045.08

Note: As a result of changes in the final date of its fiscal year, the period under consolidation in the 96th fiscal year is the nine-month period from April 1, 2014 to December 31, 2014 for the Company and its domestic consolidated subsidiaries and the twelve-month period from January 1, 2014 to December 31, 2014 for the Company’s overseas consolidated subsidiaries.

(7) Status of important subsidiaries (as of December 31, 2015)

Subsidiary name	Capital stock	Investment stake of the Company	Main business
Nippon Electric Glass (Malaysia) Sdn. Bhd.	MYR 1,303 million	100%	Production and sale of glass for electronics and information devices, and glass for others
Paju Electric Glass Co., Ltd.	KRW 84,120 million	60%	Processing and sale of glass for the electronics and information devices
Electric Glass (Korea) Co., Ltd.	KRW 167,117 million	100%	Production and sale of glass for the electronics and information devices
Electric Glass (Xiamen) Co., Ltd.	CNY 825 million	100%	Production and sale of glass for the electronics and information devices

Note 1. Electric Glass (Xiamen) Co., Ltd. increased its capital by CNY 364 million during the fiscal year under review.

Note 2. The number of consolidated subsidiaries, including the four important subsidiaries above, is now 24 as of the end of the fiscal year under review due to a new establishment of one consolidated subsidiaries during the fiscal year under review.

(8) Description of main businesses (as of December 31, 2015)

The Company 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) Glass for Organic Light-Emitting Diode (OLED) Displays “Dinorex” Specialty Glass for Chemical Strengthening Glass for Optical Devices Capillary and Ferrule for Optical Communication Devices Lens for Optical Communication Devices “Micro Preform” Glass Materials for Aspherical Lenses Glass for Electronic Devices Functional Powdered Glass Sheet Glass for Image Sensors Glass Tube for Small Electronic Products “Lumiphous” Phosphor Glass Glass for Solar Cells
Glass for others	Glass Fiber Chopped Strands for Function Plastic Roving Glass for Reinforced Plastics Chopped-Strand Mats for Automobiles Alkali-Resistant Glass Fiber for Cement Reinforcement Glass for Building Materials Glass Blocks “Neoparies” Glass Ceramics Building Materials “FireLite” Fire Rated Glass “Lamion” Ultra-thin Glass Laminated Resin “Invisible glass” Glass with an Extremely Low Reflective Coating Heat-Resistant Glass “Neoceram” Super Heat-Resistant Glass Ceramic “Neorex” Heat-Resistant Glass Glass for Lighting Use Glass for Pharmaceutical and Medical Applications Glass tubing for Pharmaceutical and Medical Use “LX Premium” Radiation-Shielding Glass Glass for Thermos Flasks Glass Making Machinery

(9) Main sales offices and factories (as of December 31, 2015)

1) The Company

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

Note: Due to business restructuring, the Company closed down its Fujisawa Plant on April 30, 2015.

2) Subsidiaries

Company name	Location
Nippon Electric Glass (Malaysia) Sdn. Bhd.	Selangor, Malaysia
Paju Electric Glass Co., Ltd.	Gyeonggi, Korea
Electric Glass (Korea) Co., Ltd.	Gyeonggi, Korea
Electric Glass (Xiamen) Co., Ltd.	Fujian, China

(10) Status of employees (as of December 31, 2015)

Number of employees	Change from previous fiscal year
5,220	Increase of 136

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

Note 2: The number of employees of the Company is 1,658 (decrease of 75 compared with the previous fiscal year.)

2. Matters related to shares of the Company (as of December 31, 2015)**(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 243,750 shares of treasury stock.

(3) Number of shareholders 13,296**(4) Major shareholders (Top 10 shareholders)**

Name	Number of shares held (Thousands of shares)	Ratio of shareholding
NIPRO CORPORATION	68,335	13.7%
The Master Trust Bank of Japan, Ltd. (Trust Account)	33,283	6.7%
Japan Trustee Services Bank, Ltd. (Trust Account)	22,626	4.5%
Trust & Custody Services Bank, Ltd. (Collateral on Unit Trust Account)	14,547	2.9%
THE BANK OF NEW YORK 133524	12,815	2.6%
SAJAP	8,460	1.7%
The Shiga Bank, Ltd.	8,089	1.6%
Japan Trustee Services Bank, Ltd. (Trust Account No.4)	7,824	1.6%
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	7,650	1.5%
PICTET AND CIE (EUROPE) S.A.	5,599	1.1%

Note 1: The ratio of shareholding is calculated by excluding treasury stock (243,750 shares).

Note 2: The Company received a copy of the Report of Possession of Large Volume dated October 21, 2014 sent by Baillie Gifford & Co to notice that Baillie Gifford & Co and other one companies held 25,037 thousand shares as of October 15, 2014, but the Company did not include them in the major shareholders above as the Company could not confirm the number of shares beneficially held by them as of the end of the fiscal year under review.

Note 3: In the Change Report (the Change Report pertaining to Report of Possession of Large Volume) made available for public inspection on June 18, 2015, it is mentioned that GLG Partners LP held 26,018 thousand shares as of June 15, 2015, but the Company did not include it in the major shareholders above as the Company could not confirm the number of shares beneficially held by it as of the end of the fiscal year under review.

Note 4: In the Change Report (the Change Report pertaining to Report of Possession of Large Volume) made available for public inspection on July 6, 2015, it is mentioned that Sumitomo Mitsui Trust Bank, Limited and other two companies held 41,071 thousand shares as of June 30, 2015, but the Company did not include them in the major shareholders above 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 December 31, 2015)**

Name	Position in the Company	Assignment of work and significant concurrent positions
Masayuki Arioka	Chairman of the Board (Representative Director)	
Motoharu Matsumoto	President (Representative Director)	CEO [In charge of Auditing]
Shigeru Yamamoto	Director	Executive Vice President [Supervising: Technology, Intellectual Property and Thin Film Business]
Masahiro Tomamoto	Director	Senior Vice President [Supervising: Engineering and Plant Engineering] [In charge of Environmental Management, Furnace Design & Engineering] Group General Manager, Corporate Engineering Group
Hirokazu Takeuchi	Director	Senior Vice President [Supervising: Consumer Glass Business, Glass Fiber Business and Electronic Products Business] Group General Manager, Electronic Products Group
Akihisa Saeki	Director	Senior Vice President [Supervising: Display Glass Business] Group General Manager, Display Glass Business Group Chairman, Board of Directors, Electric Glass (Xiamen) Co., Ltd. Chairman, Board of Directors, Electric Glass (Nanjing) Co., Ltd.
Koichi Tsuda*	Director	Senior Vice President [Supervising: Corporate Strategy, Administration, Human Resources and Sales Management] [In charge of Accounting, Purchasing, Tokyo Branch Office and Export Control] Representative Director, Dong Yang Electronic Glass Co., Ltd.
Sumimaru Odano*	Outside Independent Director	Research Professor, Emeritus, Faculty of Economics, Shiga University
Fujio Kishi	Full-time Corporate Auditor	
Masahiko Oji*	Full-time Corporate Auditor	
Kazuya Ishii	Corporate Auditor	Certified Public Accountant Partner & Chairman of Seiryō Audit Corporation
Keijiro Kimura*	Corporate Auditor	Attorney at Law, Partner of Kyoei Law Office Outside Corporate Auditor, NAGAOKA INTERNATIONAL CORPORATION

Note 1: Director and Corporate Auditor marked with asterisks (*) are those who were newly elected at the 96th Ordinary General Meeting of Shareholders held on March 27, 2015 and

accordingly assumed their positions.

Note 2: Director Mr. Sumimaru Odano is an Outside Director and an Independent Director filed at Tokyo Stock Exchange Inc. pursuant to the provisions set forth by that company.

Note 3: Corporate Auditors Mr. Kazuya Ishii and Mr. Keiji Kimura are Outside Corporate Auditors and Independent Auditors filed at Tokyo Stock Exchange Inc. pursuant to the provisions set forth by that company.

Note 4: Corporate Auditor Mr. Kazuya Ishii is qualified as a certified public accountant and has deep insight into financial affairs and accounting.

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 December 31, 2015, there are 13 Executive Officers who are not Directors.

Note 6: The following is the names of directors and 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
Yuzo Izutsu	Chairman of the Board	March 27, 2015 (expiration of the term of office)
Koichi Inamasu	Director	March 27, 2015 (expiration of the term of office)
Nobuhiro Miyamoto	Full-time Corporate Auditor	March 27, 2015 (expiration of the term of office)
Mineya Hamaoka	Corporate Auditor	March 27, 2015 (expiration of the term of office)

Note 7: As of March 2, 2015, Mr. Kazuhiro Takeuchi retired from the Representative Director, Dong Yang Electronic Glass Co., Ltd. and Mr. Koichi Tsuda assumed the position.

Note 8: As of March 6, 2015, Mr. Akihisa Saeki assumed the Chairman, Board of Directors, Electric Glass (Nanjing) Co., Ltd.

Note 9: As of March 19, 2015, Mr. Motoharu Matsumoto retired from the Chairman, Board of Directors, Electric Glass (Xiamen) Co., Ltd. and Mr. Akihisa Saeki assumed the position.

Note 10: As of October 1, 2015, Mr. Kazuhiro Takeuchi retired from the President, the OLED Material Solutions Co., Ltd.

Note 11: Effective January 1, 2016, “Assignment of work and significant concurrent positions” of Directors Mr. Shigeru Yamamoto, Mr. Hirokazu Takeuchi and Mr. Akihisa Saeki are changed as follows:

Name	Position in the Company	Assignment of work and significant concurrent positions
Shigeru Yamamoto	Director	Executive Vice President [Supervising: Technology and Intellectual Property]
Hirokazu Takeuchi	Director	Senior Vice President [Supervising: Consumer Glass Business, Glass Fiber Business and Electronic Products Business] Group General Manager, Glass Fiber Group
Akihisa Saeki	Director	Senior Vice President [Supervising: Display Glass Business, Thin film Business] Group General Manager, Display Glass Business Group Chairman, Board of Directors, Electric Glass (Xiamen) Co., Ltd. Chairman, Board of Directors, Electric Glass (Nanjing) Co., Ltd.

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

Category	Number	Total amount of remuneration
Director (of which, Outside Director)	10 (1)	¥298 million (¥3 million)
Corporate Auditor (of which, Outside Corporate Auditor)	6 (3)	¥48 million (¥10 million)
Total	16	¥346 million

Note: The total amount of remunerations for Directors includes bonuses to Directors of ¥60 million, which is to be resolved at the 97th Ordinary General Meeting of Shareholders scheduled to be held on March 30, 2016.

(3) Matters related to Outside Director and Outside Corporate Auditors

- 1) Significant concurrent position(s) of Outside Director and Outside Corporate Auditors for other entities and relationships between the Company and such other entities (as of December 31, 2015)

Category	Name	Significant concurrent positions
Director	Sumimaru Odano	Research Professor, Emeritus, Faculty of Economics, Shiga University
Corporate Auditor	Kazuya Ishii	Certified Public Accountant Partner & Chairman of Seiryō Audit Corporation
Corporate Auditor	Keijiro Kimura	Attorney at Law, Partner of Kyoei Law Office Outside Corporate Auditor, NAGAOKA INTERNATIONAL CORPORATION

Note: There is no special relationship between the Company and the entities for which Mr. Sumimaru Odano, Mr. Kazuya Ishii and Keijiro Kimura work as described in “Significant concurrent positions.”

2) Main activities during the fiscal year under review

Category	Name	Status of main activities
Director	Sumimaru Odano	Mr. Sumimaru Odano attended all of the Board of Directors Meetings held after his assuming the office of the Director during the fiscal year under review, and made inquiries and expressed opinions where appropriate, mainly from the expert viewpoint of an Economist.
Corporate Auditor	Kazuya Ishii	Mr. Kazuya Ishii 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.
Corporate Auditor	Keijiro Kimura	Mr. Keijiro Kimura attended all of the Board of Directors Meetings and Corporate Auditors Meetings held after his assuming the office of the Corporate Auditor during the fiscal year under review, and made inquiries and expressed opinions where appropriate, mainly from the expert viewpoint of an Attorney at Law.

3) Outline of the liability limitation agreement

The Company has concluded a liability limitation agreement with each of the Outside Director and Outside Corporate Auditors. This agreement specifies that, in compliance with Article 427, Paragraph 1 of the Corporation Law, when each of Outside Director or Outside Corporate Auditor bears 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 person execute his or her duties as Outside Directors or Outside Corporate Auditors in good faith 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	¥64 million
Total amount of money and other property benefits that shall be paid by the Company and its subsidiaries	¥65 million

Note 1: In the auditing contract between the Company and the Independent Auditor, the amount of remuneration for auditing under the Corporation Law and the amount of remuneration for auditing under 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 commissioned the Independent Auditor to issue confirmation regarding application for reduction or exemption of the amount of charge imposed under the Feed-in Tariff Scheme for Renewable Energy in addition to service as provided in Article 2, Paragraph 1 of the Certified Public Accountants Act and paid fees for the services accordingly.
- Note 3: Four important subsidiaries of the Company listed in “(7) Status of important subsidiaries” in “1. Status of Corporate Group” are audited by accounting firms other than the said Independent Auditor of the Company.
- Note 4: The Board of Corporate Auditors has given its consent to the amount of remuneration paid to the Independent Auditor as the Board of Corporate Auditors verified the details of the audit plan, status of performance of audit duties, grounds for calculation of estimated remuneration and other matters pertaining to the Independent Auditor and concluded that these were appropriate.

(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, pursuant to Article 344 of the Corporation Law, the Board of Corporate Auditors may decide the contents of proposal submitted to a shareholders' meeting of the Company concerning dismissal or non-reappointment of the Independent Auditor.

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 of the Company and its subsidiaries 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 Company 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 such materials throughout the Company 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 are 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 all Group companies from an independent position based on internal auditing regulations and the auditing plan, and shall report on 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 a 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 forth 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 related business of the Company that it recognizes as important (such as those relating to compliance, finance, environment, disaster, trade control, information management, quality, product safety, 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 President 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 Board of Directors Meetings and the Management Committee.

(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 business, and it will set an annual budget (business plan) by each business group and on a company-wide basis at the Board of Directors Meetings. 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 Meetings, meetings of the Management Committee, and meetings of business groups.

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

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

The Company has established and is ensuring compliance with the “Group Code of Conduct” and the “Principles of Activities”, which comprise the standards for judgement and behavior of Directors and employees of the Company Group, and it also operates the Internal Reporting System.

Furthermore, to ensure the appropriateness of the Company Group’s financial reporting, the Company Group companies have established and are operating the necessary organizational systems and the Internal Auditing Department (the Auditing Division) evaluates the validity of such systems.

Besides the above actions, the Company shall identify and resolves management issues of subsidiaries as deemed appropriate, by means such as dispatching Directors and Corporate Auditors to subsidiaries, determining Executive Officers in charge of each subsidiary, establishing a system for accepting consultations regarding execution of businesses, and

having the administration departments of the Head Office or relevant business groups exchange information regularly with subsidiaries. In addition, risk surveys of the Company and its subsidiaries shall be regularly conducted, and the Company shall identify the risks for the Company Group to take measures as deemed appropriate. In particular, as for overseas subsidiaries, the Company has prepared a list of matters to be reported to the Company in the event of large-scale natural disaster, etc., and in case of any problems shall, strive to identify them and implement countermeasures. The top management of the Company and subsidiaries shall hold meetings to improve management efficiency as the need arises.

To enhance the business efficiency of the Company Group, the Group Finance and the Group Common Accounting System are utilized.

(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 Corporate Auditors in their duties as the need arises. In the meantime, opinions of Corporate Auditors concerning transfer, etc. of such employees shall be respected.

(7) 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 Group. In addition, responsible personnel shall report on the status of operation of the Internal Reporting System and the status of implementation of internal auditing appropriately.

Directors and employees shall report promptly when requested to do so by Corporate Auditors.

In order to understand issues relating to auditing of subsidiaries, Corporate Auditors shall cooperate with Corporate Auditors of the subsidiaries appropriately.

(8) Systems to ensure that a person who has made reports to a Corporate Auditor does not receive disadvantageous treatment because of such reporting

The operation status of the Internal Reporting System is reported to Corporate Auditors appropriately. Dismissals or other disadvantageous treatments against reporters under the Internal Reporting System for the reason of such reporting shall be prohibited, as specified in rules set forth by the Company.

(9) Matters concerning policies regarding procedures for advance payments or reimbursements of costs arising from execution of duties of Corporate Auditors, and processing of other costs or liabilities arising from execution of such duties

Regarding expenses arising from execution of duties of Corporate Auditors, payment processing shall be made based on a request from Corporate Auditors.

(10) Other systems to ensure that auditing by Corporate Auditors will be performed effectively

Corporate Auditors shall exchange opinions with the Representative Directors, the

Independent Auditor, and the Auditing Division as deemed appropriate.

6. Summary of Status of operation of 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

As special initiatives for the fiscal year under review, the Company (1) revised its “Corporate Philosophy”, etc. and (2) introduced a business continuity plan (BCP).

(1) Revision of “Corporate Philosophy”, etc.

During the fiscal year under review, the Company revised its “Corporate Philosophy” after discussion with the Compliance Committee, the Board of Directors, etc. and also revised “The NEG Group Code of Conduct” and “Principles of Activities.” The Company ensures that all Directors and Corporate Auditors, and employees are conscious of the revised “Corporate Philosophy,” “The NEG Group Code of Conduct,” and “Principles of Activities,” by distributing portable cards to them, etc.

(2) Introduction of a business continuity plan (BCP)

During the fiscal year under review, the Company introduced a business continuity plan (BCP) that reflects the key components of business continuity in the existing Basic Rules of Measures Toward Disaster.

The status of other operations is as follows.

(3) Key meetings

The following key meetings were held in the fiscal year under review.

The Board of Directors meetings were held 14 times. The Outside Director, who does not have interests with the Company, attended all of the meetings in order to ensure the legality of the execution of the Directors’ duties and enhance the appropriateness and efficiency of the Directors’ execution of duties. Each business group meetings were held on a monthly basis, where progress on the budget, revisions to plans and other matters were discussed. In addition, the Board of Corporate Auditors meetings were held 13 times, the Management Committee meetings were held 24 times and the Compliance Committee meetings were held 3 times.

(4) Corporate Auditors’ execution of duties

Corporate Auditors carried out audits in line with the audit plans devised by the Board of Corporate Auditors, attended the Board of Directors meetings and other important meetings to ascertain the process for important internal decision-making and the status of execution of duties,

and review related documents, such as the minutes of meetings. In addition, Corporate Auditors met as needed with the Company's Representative Directors, Directors, and subsidiaries' Directors.

Corporate Auditors also met as needed with subsidiaries' Corporate Auditors, the Internal Auditing Department (the Auditing Division), and Independent Auditors to proactively work in closer cooperation with them.

(5) Internal auditing

The Internal Auditing Department (the Auditing Division) audits the operations of each division and Group companies in line with the prepared internal auditing plans for the purpose of helping to strengthen the NEG Group's overall compliance. The audit results were reported to the President and the Board of Corporate Auditors.

(6) Risk identification and response

The Company identifies risks that could have a major impact on business operations in a timely and appropriate manner, carries out risk surveys to devise measures to avoid and mitigate such risks, evaluates risks based on survey results, and considers countermeasures.

In the fiscal year under review, the Company carried out risk surveys. Based on the result of the survey, the Company has been organizing and evaluating the results, and considering countermeasures.

(7) Status of implementation of key education and training

The Compliance Committee devises and implements compliance education plans.

The Company has designated October as the month for strengthening compliance. In the fiscal year under review, internal training sessions for Company employees and employees of domestic subsidiaries were held, in addition, a seminar given by lawyers and aimed at top management, was held for Directors and Corporate Auditors, and executives.

In the fiscal year under review, training sessions on the Antitrust Act and a study session on EU competition laws were given for relevant employees, and compliance training sessions were given to managers at overseas subsidiaries.

In addition, case sheets which introduce situations that employees are likely to encounter are distributed monthly for the purpose of raising compliance awareness.

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

Consolidated Balance Sheet

(As of December 31, 2015)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
<u>Current assets</u>	267,429	<u>Current liabilities</u>	105,399
Cash and deposits	144,345	Notes and accounts payable - trade	29,587
Notes and accounts receivable – trade	47,391	Short-term loans payable	29,230
Merchandise and finished goods	40,084	Current portion of bonds	10,000
Work in process	1,631	Income taxes payable	3,428
Raw materials and supplies	22,459	Provision for loss on plant closing	1,035
Deferred tax assets	5,029	Other provision	78
Other	6,562	Other	32,039
Allowance for doubtful accounts	(75)	<u>Non-current liabilities</u>	101,736
		Bonds payable	40,000
		Long-term loans payable	27,500
		Provision for special repairs	31,650
		Other provision	27
<u>Non-current assets</u>	459,507	Net defined benefit liability	1,202
<u>Property, plant and equipment</u>	386,012	Other	1,357
Buildings and structures	82,687	<u>Total Liabilities</u>	207,136
Machinery, equipment and vehicles	267,932		
Land	12,656	(Net Assets)	
Construction in progress	21,216	<u>Shareholders' equity</u>	493,648
Other	1,519	Capital stock	32,155
<u>Intangible assets</u>	4,185	Capital surplus	34,350
<u>Investments and other assets</u>	69,309	Retained earnings	427,431
Investment securities	55,314	Treasury shares	(289)
Deferred tax assets	12,560	<u>Accumulated other comprehensive income</u>	19,570
Other	1,502	Valuation difference on available-for-sale securities	23,290
Allowance for doubtful accounts	(67)	Deferred gains or losses on hedges	(205)
		Foreign currency translation adjustment	(3,515)
		<u>Minority interests</u>	6,582
		<u>Total Net Assets</u>	519,801
<u>Total Assets</u>	726,937	<u>Total Liabilities and Net Assets</u>	726,937

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

TRANSLATION FOR REFERENCE ONLY

Consolidated Statement of Income

(From January 1, 2015 to December 31, 2015)

(Millions of yen)

Item	Amount	
Net sales	251,177	
Cost of sales	198,171	
Gross profit	53,005	
Selling, general and administrative expenses	30,971	
Operating income	22,034	
Non-operating income		
Interest	357	
Dividend income	1,226	
Subsidy income	312	
Other	871	2,767
Non-operating expenses		
Interest expenses	1,118	
Depreciation of inactive non-current assets	2,149	
Foreign exchange losses	5,742	
Other	1,520	10,529
Ordinary income	14,272	
Extraordinary income		
Reversal of provision for special repairs	3,868	
Gain on sales of investment securities	2,131	
Other	28	6,029
Extraordinary losses		
Loss on sales and retirement of non-current assets	495	
Impairment loss	1,485	
Loss on closing of plants	1,255	
Other	265	3,502
Income before income taxes and minority interests	16,799	
Income taxes - current	5,672	
Income taxes - deferred	780	6,453
Income before minority interests	10,345	
Minority interests in income	708	
Net income	9,636	

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

Consolidated Statement of Changes in Net Assets
(From January 1, 2015 to December 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	32,155	34,350	423,763	(280)	489,989
Changes of items during period					
Dividends of surplus			(5,968)		(5,968)
Net income			9,636		9,636
Purchase of treasury shares				(9)	(9)
Disposal of treasury shares		(0)		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(0)	3,668	(8)	3,659
Balance at end of current period	32,155	34,350	427,431	(289)	493,648

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	17,882	(763)	6,525	23,644	8,943	522,577
Changes of items during period						
Dividends of surplus						(5,968)
Net income						9,636
Purchase of treasury shares						(9)
Disposal of treasury shares						0
Net changes of items other than shareholders' equity	5,408	558	(10,040)	(4,073)	(2,361)	(6,435)
Total changes of items during period	5,408	558	(10,040)	(4,073)	(2,361)	(2,775)
Balance at end of current period	23,290	(205)	(3,515)	19,570	6,582	519,801

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

Non-consolidated Balance Sheet

(As of December 31, 2015)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
<u>Current assets</u>	190,161	<u>Current liabilities</u>	93,659
Cash and deposits	90,630	Accounts payable - trade	35,892
Notes receivable - trade	1,619	Short-term loans payable	27,400
Accounts receivable - trade	40,581	Current portion of bonds	10,000
Merchandise and finished goods	19,431	Accounts payable - other	5,253
Work in process	1,407	Accrued expenses	5,737
Raw materials and supplies	15,936	Income taxes payable	1,758
Deferred tax assets	3,721	Provision for loss on plant closing	1,035
Other	16,861	Other provision	62
Allowance for doubtful accounts	(28)	Other	6,519
		<u>Non-current liabilities</u>	99,849
<u>Non-current assets</u>	462,366	Bonds payable	40,000
<u>Property, plant and equipment</u>	223,196	Long-term loans payable	27,500
Buildings and structures	41,772	Provision for special repairs	31,650
Machinery and equipment	169,662	Other provision	58
Vehicles, tools, and furniture	1,595	Other	640
Land	8,139	<u>Total Liabilities</u>	193,508
Other	56	(Net Assets)	
Construction in progress	1,970	<u>Shareholders' equity</u>	435,923
<u>Intangible assets</u>	2,499	Capital stock	32,155
<u>Investments and other assets</u>	236,670	Capital surplus	34,350
Investment securities	53,629	Legal capital surplus	33,885
Shares of subsidiaries and associates	94,056	Other capital surplus	464
Investments in capital of subsidiaries and associates	23,201	Retained earnings	369,706
Long-term loans receivable	58,107	Legal retained earnings	2,988
Deferred tax assets	7,083	Other retained earnings	366,717
Other	627	Reserve for special depreciation	542
Allowance for doubtful accounts	(36)	General reserve	205,770
		Retained earnings brought forward	160,405
		Treasury shares	(289)
		<u>Valuation and translation adjustments</u>	23,097
		Valuation difference on available-for-sale securities	23,290
		Deferred gains or losses on hedges	(193)
		<u>Total Net Assets</u>	459,020
<u>Total Assets</u>	652,528	<u>Total Liabilities and Net Assets</u>	652,528

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

Non-consolidated Statement of Income
(From January 1, 2015 to December 31, 2015)

(Millions of yen)

Item	Amount	
Net sales		159,848
Cost of sales		139,880
Gross profit		19,968
Selling, general and administrative expenses		18,948
Operating loss		1,020
Non-operating income		
Interest and dividend income	12,087	
Technical support fee	4,932	
Other	1,247	18,268
Non-operating expenses		
Interest expenses	562	
Depreciation of inactive non-current assets	1,454	
Foreign exchange losses	1,040	
Other	679	3,737
Ordinary income		15,551
Extraordinary income		
Reversal of provision for special repairs	3,868	
Gain on sales of investment securities	2,131	
Other	88	6,089
Extraordinary loss		
Loss on retirement of non-current assets	336	
Impairment loss	1,230	
Loss on closing of plants	1,255	
Other	265	3,087
Income before income taxes		18,552
Income taxes - current	3,272	
Income taxes - deferred	1,728	5,001
Net income		13,551

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

Non-consolidated Statement of Changes in Net Assets
(From January 1, 2015 to December 31, 2015)

(Millions of yen)

	Shareholders' equity										
	Capital stock	Capital surplus			Retained earnings					Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other Retained earnings			Total retained earnings		
						Reserve for special depreciation	General reserve	Retained earnings brought forward			
Balance at beginning of current period	32,155	33,885	465	34,350	2,988	875	205,770	152,489	362,122	(280)	428,349
Changes of items during period											
Changes of reserve for special depreciation						(332)		332	-		-
Dividends of surplus								(5,968)	(5,968)		(5,968)
Net income								13,551	13,551		13,551
Purchase of treasury shares										(9)	(9)
Disposal of treasury shares			(0)	(0)						0	0
Net changes of items other than shareholders' equity											
Total changes of items during period	-	-	(0)	(0)	-	(332)	-	7,915	7,583	(8)	7,573
Balance at end of current period	32,155	33,885	464	34,350	2,988	542	205,770	160,405	369,706	(289)	435,923

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of current period	17,882	(101)	17,780	446,129
Changes of items during period				
Changes of reserve for special depreciation				-
Dividends of surplus				(5,968)
Net income				13,551
Purchase of treasury shares				(9)
Disposal of treasury shares				0
Net changes of items other than shareholders' equity	5,408	(91)	5,316	5,316
Total changes of items during period	5,408	(91)	5,316	12,890
Balance at end of current period	23,290	(193)	23,097	459,020

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

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

(From January 1, 2015 to December 31, 2015)

(Millions of yen)

Item	Amount
Net cash provided by (used in) operating activities	46,797
Income before income taxes and minority interests	16,799
Depreciation	37,153
Decrease in provision for special repairs	(1,204)
Foreign exchange losses	6,081
Increase in notes and accounts receivable - trade	(2,133)
Increase in inventories	(9,330)
Decrease in notes and accounts payable - trade	(1,541)
Income taxes paid	(2,822)
Other, net	3,794
Net cash provided by (used in) investing activities	(32,638)
Purchases of non-current assets	(44,599)
Proceeds from sales of investment securities	3,153
Other, net	8,807
Net cash provided by (used in) financing activities	(7,892)
Net increase in long- and short-term loans payable	715
Cash dividends paid	(5,969)
Other, net	(2,638)
Effect of exchange rate changes on cash and cash equivalents	(2,234)
Net increase in cash and cash equivalents	4,032
Cash and cash equivalents at beginning of period	129,823
Cash and cash equivalents at end of period	133,856

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 decides on the amount of dividend payment based on a basic policy of maintaining a long-term and stable return of profits to shareholders that is not significantly affected by fluctuations in earnings, and it also takes the financial situation etc. into consideration. The Company also considers flexible profit-sharing as opportunities present. At the same time, the Company aims to fulfill the expectations of shareholders by boosting its corporate value through the effective use of funds for forward-thinking research and development, investment in growth, and reinforcement of the Company's financial base.

For year-end dividends for the fiscal year under review, we will pay ¥8 per share. As a result, the annual dividend will be ¥16 per share, including the interim dividend of ¥8. This amount is equal to the amount converted to a full year (12 months) of dividends paid in the previous fiscal year (9 months) period.

- (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 ¥3,978,979,872
- (3) Effective date of distribution of surplus:
March 31, 2016

Proposal 2:

Election of Eight (9) Directors

The terms of office for all eight (8) Directors will expire as of the close of this Ordinary General Meeting of Shareholders. We propose the election of nine (9) Directors by increase of one (1) more Outside Director to enhance the Company's governance system.

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	Masayuki Arioka (September 28, 1948) (Reappointed)	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 CEO Mar. 2015: Chairman (Incumbent)	59,000

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No.	Name (Date of birth)	Brief personal profile, position, responsibilities and significant concurrent positions	Number of the Company shares held
2	Motoharu Matsumoto (May 30, 1957) (Reappointed)	Apr. 1982: Joined Nippon Electric Glass June 2011: Director (Incumbent) Senior Vice President Apr. 2013: Executive Vice President Mar. 2015: President (Incumbent) CEO (Incumbent) [Assignment of work for an executive officer] In charge of Auditing	14,000
3	Masahiro Tomamoto (July 19, 1955) (Reappointed)	Apr. 1978: Joined Nippon Electric Glass Apr. 2009: Vice President General Manager, LCD Glass Division, Production, LCD Glass Group June 2013: Director (Incumbent) Senior Vice President (Incumbent) Apr. 2014: Group General Manager, Corporate Engineering Group (Incumbent) [Assignment of work for an executive officer] Supervising: Engineering and Plant Engineering In charge of Environmental Management and Furnace Design & Engineering	19,000
4	Hirokazu Takeuchi (June 7, 1959) (Reappointed)	Apr. 1982: Joined Nippon Electric Glass Apr. 2010: Vice President Group General Manager, Electronic Products Group June 2013: Director (Incumbent) Senior Vice President (Incumbent) Jan. 2016: Group General Manager, Glass Fiber Group (Incumbent) [Assignment of work for an executive officer] Supervising: Consumer Glass Business, Glass Fiber Business and Electronic Products Business	13,000
5	Akihisa Saeki (December 23, 1956) (Reappointed)	Apr. 1982: Joined Nippon Electric Glass Apr. 2012: Vice President General Manager, LCD Glass Division, Production, LCD Glass Group June 2014: Director (Incumbent) Senior Vice President (Incumbent) Mar. 2015: Group General Manager, Display Glass Business Group (Incumbent) [Assignment of work for an executive officer] Supervising: Display Glass Business, Thin Film Business [Concurrent Significant Position] Chairman, Board of Directors, Electric Glass (Xiamen) Co., Ltd. Chairman, Board of Directors, Electric Glass (Nanjing) Co., Ltd.	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
6	Koichi Tsuda (October 15, 1959) (Reappointed)	<p>Apr. 1982: Joined Nippon Electric Glass</p> <p>Apr. 2011: Vice President General Manager, Administrative Division</p> <p>Mar. 2015: Director (Incumbent) Senior Vice President (Incumbent)</p> <p>[Assignment of work for an executive officer] Supervising: Corporate Strategy, Administration, Human Resources and Sales Management</p> <p>In charge of Accounting, Purchasing, Tokyo Branch Office and Security Trade Control</p> <p>[Concurrent Significant Position] Representative Director, Dong Yang Electronic Glass Co., Ltd.</p>	3,000
7	Sumimaru Odano (September 30, 1945) (Reappointed) (Outside) (Independent)	<p>Apr. 2000: Professor, Faculty of Economics, Shiga University</p> <p>Apr. 2003: Director of the Center for Risk Research, Faculty of Economics, Shiga University</p> <p>Apr. 2011: Research Professor, Emeritus, Faculty of Economics, Shiga University (Incumbent)</p> <p>Mar. 2015: Director of the Company (Incumbent)</p> <p>[Concurrent Significant Position] Research Professor, Emeritus, Faculty of Economics, Shiga University</p>	None
8	Hiroki Yamazaki (March 11, 1962) (New)	<p>Apr. 1984: Joined Nippon Electric Glass</p> <p>Oct. 2006: General Manager, Technical Division</p> <p>Apr. 2011: Vice President (Incumbent)</p> <p>Oct. 2012: General Manager, Corporate Technology Division</p> <p>Jan. 2016: Group General Manager, Corporate Technical Group (Incumbent)</p> <p>[Assignment of work for an executive officer] In charge of Technology and Intellectual Property</p>	3,000
9	Shuichi Mori (March 8, 1949) (New) (Outside) (Independent)	<p>Apr. 1972: Joined SUMITOMO CORPORATION</p> <p>June 2008: Representative Director, Executive Vice President, SUMITOMO CORPORATION</p> <p>Mar. 2011: Retired from SUMITOMO CORPORATION</p> <p>Mar. 2011: President, Jupiter Telecommunications Co., Ltd.</p> <p>Jan. 2014: Chairman, Jupiter Telecommunications Co., Ltd.</p> <p>June 2015: Retired from Jupiter Telecommunications Co., Ltd.</p>	1,500

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- Notes: 1. All 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. Matters related to the candidate for Outside Director Mr. Sumimaru Odano are as follows:
- (1) Mr. Sumimaru Odano is a candidate for Outside Director.
 - (2) Reasons for selecting the candidate as the candidate for Outside Director and reasons why the Company considers that he can execute his duties as Outside Director appropriately:
Mr. Sumimaru Odano has expertise and extensive experience of international economy as an economist. The Company proposes that Mr. Odano be approved as Outside Director in the hope that he will reflect such expertise and experience in the Company’s management. Mr. Sumimaru Odano has no experience of involvement in corporate management in a way other than as an outside director; however, the Company has considered that he is capable of appropriately performing the duties of an Outside Director of the Company due to the reasons mentioned above.
 - (3) Mr. Sumimaru Odano is currently an Outside Director of the Company, and his term of office will be one year at the close of this Ordinary General Meeting of Shareholders.
 - (4) Outline of limited liability agreement:
Mr. Sumimaru Odano and the Company executed a limitation of liability agreement with respect to his duty as an Outside Director of the Company that limits his liability for damages to the Company pursuant to Article 423(1) of the Corporation Law up to the sum total of the amounts listed in the items of Article 425(1) of the Corporation Law (“the Limitation of Liability Contract for Outside Director”). Provided that Mr. Sumimaru Odano is reappointed as Outside Director, he and the Company will execute the Limitation of Liability Contract for Outside Director.
4. Matters related to the candidate for Outside Director Mr. Shuichi Mori are as follows:
- (1) Mr. Shuichi Mori is a candidate for Outside Director.
 - (2) Reasons for selecting the candidate as the candidate for Outside Director:
Mr. Shuichi Mori has been involved in the management of SUMITOMO CORPORATION and Jupiter Telecommunications Co., Ltd. for many years, and has expertise and extensive experience in corporate management. The Company proposes that Mr. Mori be approved as Outside Director in the hope that he will reflect such expertise and experience in the Company’s management.
 - (3) The Company Group has an ongoing business relationship with SUMITOMO CORPORATION Group, where Mr. Shuichi Mori served as a representative director (the transaction value amounted to 2.0% of the Company’s consolidated net sales in the fiscal year under review). In addition, both the Company and SUMITOMO CORPORATION hold stock in each other’s companies, but the respective shareholding ratio is less than 0.1%. The Company believes that there are no problems as regards this relationship between the two companies and Mr. Mori’s independence because the above transactions ratio and shareholding ratio are insignificant, and four years has passed since his retirement from SUMITOMO CORPORATION.
 - (4) Outline of limited liability agreement:
Provided that Mr. Shuichi Mori is appointed as Outside Director, he and the Company will execute a limitation of liability agreement with respect to his duty as an Outside Director of the Company that limits his liability for damages to the Company pursuant to Article 423(1) of the Corporation Law up to the sum total of the amounts listed in the items of Article 425(1) of the Corporation Law.
5. Mr. Sumimaru Odano and Mr. Shuichi Mori are the candidates for the Independent Directors pursuant to the provisions of Tokyo Stock Exchange Inc.

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
Tsukasa Takahashi (December 10, 1962)	Apr. 1989 Registered as an Attorney at Law Joined Katsube Law Office (Currently, Katsube Takahashi Law Office) (Incumbent) [Concurrent significant positions] Attorney at Law of Katsube Takahashi Law Office Outside Director, Inaba Denki Sangyo Co. Ltd. Outside Corporate Auditor, Nippon Paint Holdings Co., Ltd. Outside Corporate Auditor, Aeon Delight Co., Ltd. Adjunct Professor of Kyoto University Law School	None

Notes: 1. The abovementioned candidate has no conflicts of interest with the Company.

2. Matters related to the candidate for substitute Outside Corporate Auditor are as follows:

(1) Mr. Tsukasa Takahashi is candidate for substitute Outside Corporate Auditor.

(2) Reason for selecting the candidate as the candidate for substitute Outside Corporate Auditor:

Mr. Tsukasa Takahashi has expertise and extensive experience as an Attorney at Law. The Company proposes that Mr. Takahashi be elected as the substitute Corporate Auditor in the hope that he will reflect such expertise and experience when auditing the Company.

(3) Reason why the Company determined that the above candidate can execute his duties as Outside Corporate Auditor appropriately:

Mr. Tsukasa Takahashi has no experience of involvement in corporate management in a way other than as an outside director or corporate auditor. However, since Mr. Takahashi 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. Tsukasa Takahashi assumes the office of Outside Corporate Auditor, the Company shall conclude an agreement with him concerning liability for damages as specified in Article 423, Paragraph 1 of the Corporation Law. This agreement shall state 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.

3. Mr. Tsukasa Takahashi fulfills the requirements for the Independent Corporate Auditor pursuant to the provisions of Tokyo Stock Exchange Inc.

Proposal 4: Payment of Bonuses to Directors

The Company proposes that it shall pay Directors' bonuses totaling ¥60 million to seven (7) Directors excluding Outside Director as of the end of the fiscal year under review in consideration of earnings, etc. during the fiscal year under review.