

**Translation**

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Member of the Financial Accounting Standards Foundation



January 27, 2010

## CONSOLIDATED FINANCIAL RESULTS for the Third Quarter of the Year Ending March 31, 2010 (Unaudited)

Company name: **Nippon Electric Glass Co., Ltd.**  
 Listing: First Section of the Tokyo Stock Exchange  
 First Section of the Osaka Securities Exchange  
 Securities identification code: 5214  
 URL: <http://www.neg.co.jp/>  
 Representative: Masayuki Arioka, President and Representative Director  
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 TEL: +81-77-537-1700 (from overseas)

Scheduled date to file quarterly report: February 12, 2010

Scheduled date to commence dividend payments: –

(in millions of yen with fractional amounts discarded, unless otherwise noted)

### 1. Consolidated performance for the third quarter of the year ending March 31, 2010 (From April 1, 2009 to December 31, 2009)

#### (1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
		%		%		%		%
For the nine months ended								
December 31, 2009	235,050	(14.9)	62,587	(17.6)	57,177	(19.0)	35,259	(11.7)
December 31, 2008	276,045	-	75,987	-	70,617	-	39,913	-

	Net income per share	Diluted net income per share
For the nine months ended	yen	yen
December 31, 2009	70.88	-
December 31, 2008	80.24	-

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of			%	yen
December 31, 2009	633,027	384,175	60.1	764.92
March 31, 2009	588,413	352,744	59.3	701.62

Reference: Equity

As of December 31, 2009: 380,525 million yen  
 As of March 31, 2009: 349,043 million yen

## 2. Cash dividends

	Cash dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	yen	yen	yen	yen	yen
For the year ended March 31, 2009	-	5.00	-	5.00	10.00
For the year ending March 31, 2010	-	5.00	-	—	—
For the year ending March 31, 2010 (Forecasts)	—	—	—	5.00 - 6.00	10.00 - 11.00

Note: Revision of the forecasts in the third quarter of the year ending March 31, 2010: None

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2010 (From April 1, 2009 to March 31, 2010)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
		%		%		%		%	yen
For the year ending March 31, 2010	325,000 - 335,000	(3.2) - (0.2)	92,500 - 97,500	21.0 - 27.6	85,500 - 90,500	32.9 - 40.7	52,500 - 55,500	140.5 - 154.2	105.53-111.56

Note: Revision of the forecasts in the third quarter of the year ending March 31, 2010: Yes

As detailed on page 4, in the section of “3. Qualitative information regarding consolidated earnings forecasts of [Qualitative Information and Financial Statements],” earnings forecasts are disclosed in the form of a range.

## 4. Others

- (1) **Changes in significant subsidiaries during the period** (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) **Application of simplified accounting and special accounting for preparing the quarterly consolidated financial statements:** Yes
- (3) **Changes in accounting policies, procedures, and methods of presentation for preparing the quarterly consolidated financial statements** (changes to be described in the section of “Changes in basis of preparation for quarterly consolidated financial statements”)
  - A. Changes due to revisions to accounting standards: None
  - B. Changes due to other reasons: None
- (4) **Number of issued shares (common stock)**
  - A. Total number of issued shares at the end of the period (including treasury stock)
    - As of December 31, 2009: 497,616,234 shares
    - As of March 31, 2009: 497,616,234 shares
  - B. Number of treasury shares at the end of the period
    - As of December 31, 2009: 145,521 shares
    - As of March 31, 2009: 131,778 shares
  - C. Average number of shares during the period (cumulative from the beginning of the fiscal year)
    - For the nine months ended December 31, 2009: 497,477,403 shares
    - For the nine months ended December 31, 2008: 497,446,843 shares

### \* Proper use of earnings forecasts, and other special directions

The forward-looking statements, including earnings forecasts, contained in these materials are based on certain assumptions deemed to be reasonable by the Company and include risks and contingencies. Actual business results may differ substantially due to a number of factors. For more details, please refer to the section of “3. Qualitative information regarding consolidated earnings forecasts of [Qualitative Information and Financial Statements]” on page 4.

## [Qualitative Information and Financial Statements]

### 1. Qualitative information regarding consolidated operating results (Nine months ended December 31, 2009)

#### (1) Overview

Concerning the global economy, in Asia, the Chinese economy followed a course of recovery centered on internal demand. As for the U.S. and Europe, although the economic situation remained serious, the downward slide appears to have stopped due to the effect of economic stimulus measures and the like.

In the Japanese economy, there was an increase in exports mainly in Asia and signs of a recovery in personal consumption boosted by the effect of economic stimulus measures and the like. However, corporate earnings and the employment situation continued to be severe, and capital investment and housing investment also were sluggish, which together with other factors caused economic circumstances overall to remain severe.

Against the backdrop of such circumstances, the Company and its consolidated subsidiaries (“the NEG Group”) enjoyed a recovery in the sales of glass for flat panel displays (FPDs), as a result of a recovery in demand in our customer industry. In the other business sector, the progress of recovery is gradual overall and there were earnings improvements in several business areas.

#### (2) Operating results

(Billions of yen)

	Nine months ended December 31, 2008	Nine months ended December 31, 2009	Change (%)
Net sales	276.0	235.0	(14.9)
Operating income	75.9	62.5	(17.6)
Ordinary income	70.6	57.1	(19.0)
Net income	39.9	35.2	(11.7)

Note: Amounts less than 100 million yen are omitted.

#### (Net sales)

Although sales in the first, second and third quarters have continued to recover from the bottom level experienced in the fourth quarter of the previous fiscal year (January 1 to March 31, 2009), net sales fell year on year.

#### Glass for display devices:

Sales of glass for FPDs rebounded, but glass for cathode ray tubes further contracted in market size and its sales decreased.

#### Glass for electronic devices:

Sales maintained a gradual path of recovery, particularly glass related to optical communication and glass for image sensors.

#### Glass fiber:

Sales of glass fiber for auto parts, a mainstay product, recovered.

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

Under the influence of the stagnation of demand for housing and construction both in Japan and overseas, sales remained weak.

#### (Profits)

Despite being lower than the same period of the previous fiscal year, profits improved in each quarter as a result of the sales recovery of glass for FPDs, a lift in operations and productivity improvements. A loss on retirement of noncurrent assets arising from the reorganization of assets and loss on liquidation of subsidiaries and affiliates related to the dissolution of a subsidiary in China occurred and these were recorded as extraordinary loss. On the other hand, a tax effect was also generated from this subsidiary and this helped raise net income.

## 2. Qualitative information regarding consolidated financial position

(Billions of yen)

	As of March 31, 2009	As of December 31, 2009	Change
Total assets	588.4	633.0	44.6
Liabilities	235.6	248.8	13.2
Net assets	352.7	384.1	31.4

Note: Amounts less than 100 million yen are omitted.

### (Total assets)

In current assets, there was an increase in cash and cash equivalents. Also, a recovery in sales brought an increase of notes and accounts receivable-trade and a decrease of merchandise and finished goods. In noncurrent assets, property, plant and equipment increased mostly with the expansion of facilities related to glass for FPDs.

### (Liabilities)

In current liabilities, notes and accounts payable-trade increased due to the lift in operations, and income taxes payable increased due to a recovery in profit. Also, current portion of bonds decreased due to bonds reaching maturity. In noncurrent liabilities, new bonds were issued.

### (Net assets)

In addition to an increase in retained earnings, valuation difference on available-for-sale securities increased due to a recovery in the stock market.

## 3. Qualitative information regarding consolidated earnings forecasts

(Billions of yen)

	Fiscal year ended March 31, 2009	Fiscal year ending March 31, 2010	Change (%)
Net sales	335.6	325.0 – 335.0	(3.2) – (0.2)
Operating income	76.4	92.5 – 97.5	21.0 – 27.6
Ordinary income	64.3	85.5 – 90.5	32.9 – 40.7
Net income	21.8	52.5 – 55.5	140.5 – 154.2

Note: Amounts less than 100 million yen are omitted.

Looking at the fourth quarter, demand for glass for FPDs is expected to be generally steady. While ensuring production output corresponds to demand trends, the Company shall also aim to raise profitability through productivity improvement and cost reduction efforts. In the other business sector, despite having recovery expectations for some products, the Company expects that it will take time to achieve a full-scale recovery overall, and it shall continue to focus on improving profitability while responding to the respective market trends. Based on the above circumstances, the Company expects fourth quarter earnings to be slightly higher than the third quarter.

Looking at the earnings forecast for the fiscal year ending March 31, 2010 by considering the earnings of the nine months (April 1 to December 31, 2009) with the above projections, as shown in the table above, the Company expects net sales to fall year on year, but all types of income to rise year on year.

The change occurring in the business environments surrounding the Company is immense and the future trends of product demand and prices, as well as other factors, will significantly impact earnings. It is therefore difficult to provide accurate earnings forecasts of the future. Consequently, earnings forecasts for the fiscal year ending March 31, 2010 are disclosed in the form of a range. If the various factors turn out more favorable than the Company expected (plan at the beginning of the fiscal year), earning results are expected to be close to the higher limit of the range; conversely, if the various factors deteriorate, then the earning results are expected to be close to the lower limit of the range.

(Concerning Disclosure of Earnings Forecasts)

To deliver earlier and more appropriate earnings information, in addition to disclosing earnings forecasts according to timely disclosure standards as stipulated by the stock exchanges, the Company will notify shareholders and investors of earnings forecasts according to the following schedule.

Disclosure schedule	Content of forecast	
	Earnings forecast for current reporting period (cumulative basis) (disclosure of numerical figures)	Outlook for next reporting period (three-month basis) (disclosure of range for net sales and operating income)
Late June	Three months	Second quarter
Late September	Six months	Third quarter
Late December	Nine months	Fourth quarter
Late March	Full year	First quarter

The forward-looking statements, including earnings forecasts, contained in these materials are based on certain assumptions deemed to be reasonable by the Company and include risks and contingencies. Actual business results may differ substantially due to a number of factors. Factors that may impact actual business results include the economic conditions of global markets, various rules and regulations such as those concerning trade, significant fluctuation of supply and demand of products in principal markets as well as the financial situation showing extensive changes in prices on capital markets and extensive changes in exchange rates between the yen and other major currencies such as the U.S. dollar and the Euro, interest rates and rapid technological advancement. Factors not mentioned here also could have a significant impact on business results.