(Securities Identification Code: 5214)
March 8, 2017

Notice of the 98th Ordinary General Meeting of Shareholders

Dear Shareholders,

Please be advised that the 98th 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: **Thursday, March 30, 2017, 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 98th fiscal year (from January 1, 2016 to December 31, 2016)
2. Non-consolidated financial statements for the 98th fiscal year (from January 1, 2016 to December 31, 2016)

Proposals:

Proposal 1: Distribution of Surplus
Proposal 2: Consolidation of Shares
Proposal 3: Election of Nine (9) Directors
Proposal 4: Election of One (1) Substitute Corporate Auditor
Proposal 5: 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 internet at the Company's website (http://www.neg.co.jp).

Business Report for the 98th Fiscal Year

Period from January 1, 2016 to December 31, 2016

1. Status of Corporate Group

(1) Progress and results of operations

Overall trend

In the global economy, the economy continued to gradually recover in Europe. The US economy also enjoyed a recovery on the back of solid employment conditions and personal consumption. A modest economic slowdown continued in China, but there were signs of a recovery due to the effect of various policies. With solid personal consumption, the Japanese economy continued to make modest recovery, due in part to improved employment conditions.

Consolidated results of operations for the fiscal year under review

	97th Fiscal Year (January 2015 to December 2015)	98th Fiscal Year (January 2016 to December 2016)	Change
	Millions of yen	Millions of yen	%
Net sales	251,177	239,411	(4.7)
Operating income	22,034	19,571	(11.2)
Ordinary income	14,272	13,967	(2.1)
Profit attributable to owners of parent	9,636	4,968	(48.4)

Note: With the application of "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013), etc., the account item presentation for "net income" has been changed to "profit attributable to owners of parent" from the fiscal year under review.

In the Company Group, sales of glass fiber increased due to a solid market and contributions from PPG's European business, acquired. However, while shipments increased for the substrate glass for liquid crystal displays (LCDs), prices fell gradually, and as a result sales came in below levels compared to the previous fiscal year.

On October 1, 2016, The Company acquired PPG's European glass fiber business. PPG Industries (UK) Limited's glass fibers business was acquired by Electric Glass Fiber UK, Ltd., which was newly established by The Company. Also, The Company acquired shares of PPG Industries Fiber Glass B.V. and changed its company name to Electric Glass Fiber NL, B.V.

On the profit/loss side, sales fell, the value of sales declined due to the strong yen, and foreign exchange losses were posted, but improved productivity, lower raw material and fuel costs and other factors supported operating income and ordinary income. Profit attributable to owners of parent fell short of the previous year due to impairment loss on production facilities and the reversal of deferred tax assets, despite upside factors such as the reversal of provisions for special repair costs.

Sales by business category are as follows:

Category		97th Fiscal Year (January 2015 to December 2015)		98th Fiscal Year (January 2016 to December 2016)		Change	
		Net sales	Breakdown	Net sales	Breakdown	Amount	Percentage
Glass Business	Electronics and Information Technology	Millions of yen 167,050	% 66.5	Millions of yen 147,126	% 61.5	Millions of yen (19,923)	% (11.9)
	Performance Materials and Others	84,127	33.5	92,285	38.5	8,158	9.7
Total		251,177	100	239,411	100	(11,765)	(4.7)

Note: Beginning in the 98th fiscal year, the categories of the reporting segments for sales by product were changed from “Glass for Electronic and Information Devices” to “Electronics and Information Technology” and from “Glass for Others” to “Performance Materials and Others”.

Electronics and Information Technology:

Shipments of substrate glass for LCDs gradually increased as demand for LCD panels recovered, but prices continued to fall slightly. Sales of cover glass for mobile devices (specialty glass for chemical strengthening) were affected by sluggish demand for smartphones. In glass for electronic devices, higher sales of new products contributed, but sales of glass for optical devices declined due to a slowdown in part of the communications infrastructure market. Sales of substrate glass for solar cells were generally firm.

As a result, net sales of Electronics and Information Technology amounted to ¥147,126 million, a year-on-year decrease 11.9%.

Performance Materials and Others:

Sales of glass fiber exceeded levels in the previous fiscal year. Although the value of sales declined for applications in high-function plastics for auto parts due to the strong yen, the market was solid in the fiscal year as a whole, shipments increased, and PPG’s European glass fiber business, acquired in October 2016, contributed on the sales side. Sales of glass for building materials, glass tubing for pharmaceutical and medical use, and heat-resistant glass fell short of forecasts overall, although there were some variations in respective market conditions.

As a result, net sales of Performance Materials and Others amounted to ¥92,285 million, a year-on-year increase 9.7%.

(2) Capital investment

The Company Group’s capital investment amounted to ¥46,429 million in the fiscal year under review.

In Electronics and Information Technology, capital investment was made primarily for construction of production facilities at Electric Glass (Xiamen) Co., Ltd., while in Performance Materials and Others, capital investment was made mainly for the acquisition of PPG’s European

glass fiber business.

(3) Fund procurement status

Funds required in the fiscal year under review were for capital investment, funds for the acquisition of PPG's European glass fiber business, funds for the redemption of bonds, and working capital, which the Company financed with its own funds and borrowings, among other means.

Aiming at 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, 2016)

Lender	Borrowing Amount
Sumitomo Mitsui Banking Corporation	¥11.6 billion
Sumitomo Mitsui Trust Bank, Limited	¥9.0 billion
The Shiga Bank, Ltd.	¥7.6 billion

(5) Issues to be addressed

[Basic management policy]

The Company Group's basic management policy is to respond to the needs of societies by developing, manufacturing, and supplying an abundance of glass products to the market with various properties and functions through the technologies of material design, melting, forming, and processing under the Company Corporate Philosophy Structure with the goal of becoming the world's leading manufacturer of special glass. At the same time, the Company Group will fulfill its social responsibility in line with the times by performing important CSR (corporate social responsibility) activities. 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 Company 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 and through 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
・Symbiosis with 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 term business Plan.

[Medium- and long-term management strategy and issues to be addressed]

○ The 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 and with a wide range of functions—substrate, tube, sphere, fiber, powder, forming goods, and "hybrid products"—that combine thin films, plastics, and metals.
- 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.

(*) The 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. The Company places these areas in "Strategic development areas," and will promote research and development to create new businesses in these areas.
- The Company will meet the following needs in each area through the above activities.

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

[Medium-term business plan EGP2018]

The Company Group is currently implementing its three-year medium-term business plan "EGP2018" or Electric Glass Prospects 2018, covering fiscal 2016 through fiscal 2018. The basic policies and measures and the management targets are as follows.

○ 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"
- Materialization of 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).

○ 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%

During the fiscal year under review that marks the first year of the plan, in the "Display" area, the Group expanded its business in the growing market of China through efforts including the decision to commence operations of a melting plant and make secondary capital investments (operations scheduled for the first quarter of 2018) in Xiamen, China; the commencement of operations at a processing plant in Nanjing, China; and an agreement for a processing joint-venture business in Fuzhou, China with Dongxu Optoelectronic Technology Co. Ltd. and its subsidiary (operations scheduled for the second quarter of 2017). In areas such as "Performance Materials," the Company acquired PPG's European glass fiber business; expanded production capacity for glass fiber and glass tubing for pharmaceutical and medical use in Malaysia; and made an investment in NS Materials Inc. aimed at gaining a foothold in the quantum dot (QD) phosphor device market in the future. In addition, in terms of new products and development, the Group commercialized glass for supporting semiconductor wafers, IR absorbing filters, and other products, and advanced with the development of glass frit for laser sealing of ceramic packaging, black copper mesh touch sensor sheets, and other products.

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

Item	95th Fiscal Year (April 2013 to March 2014)	96th Fiscal Year (April 2014 to December 2014)	97th Fiscal Year (January 2015 to December 2015)	98th Fiscal Year (January 2016 to December 2016)
Net sales	252,548 million	192,692 million	251,177 million	239,411 million
Operating income	16,170 million	5,223 million	22,034 million	19,571 million
Ordinary income	14,372 million	6,883 million	14,272 million	13,967 million
Profit attributable to owners of parent	12,431 million	5,938 million	9,636 million	4,968 million
Net income per share	24.99	11.94	19.38	9.99
Total assets	707,021 million	731,184 million	726,937 million	693,917 million
Net assets	510,807 million	522,577 million	519,801 million	509,564 million
Net assets per share	1,011.46	1,032.66	1,031.86	1,013.92

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, 2016)

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 Electronics and Information Technology, and Performance Materials and Others
Paju Electric Glass Co., Ltd.	KRW 84,120 million	60%	Processing and sale of Electronics and Information Technology
Electric Glass (Korea) Co., Ltd.	KRW 167,117 million	100%	Production and sale of Electronics and Information Technology
Electric Glass (Xiamen) Co., Ltd.	CNY 850 million	100%	Production and sale of Electronics and Information Technology
Electric Glass Fiber UK, Ltd.	GBP 30 million	100%	Production and sale of Performance Materials and Others

Notes: 1. Electric Glass (Xiamen) Co., Ltd. increased its capital by CNY 25 million during the fiscal year under review.
2. The number of consolidated subsidiaries, including the five important subsidiaries above, is now 26 as of the end of the fiscal year under review due to the addition of two subsidiaries from the acquisition of PPG's European glass fiber business during the fiscal year under review.

(8) Description of main businesses (as of December 31, 2016)

The Company Group mainly produces and sells special glass products including glass for Electronics and Information Technology, as well as glass making machinery.

Category	Main products
Electronics and Information Technology	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 Composites Glass for Solar Cells
Performance Materials and Others	Glass Fiber Chopped Strands for Function Plastic Roving 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 on Resin "Invisible glass" Ultra-Low Reflection Glass Heat-Resistant Glass "Neoceram" Super Heat-Resistant Glass Ceramic "StellaShine" Super Heat-Resistant Glass-ceramics for Cooking Appliance Top Plates "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, 2016)

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 Wakasa-Kaminaka Plant in Mikata-Kaminaka-gun, Fukui on December 31, 2016.

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
Electric Glass Fiber UK, Ltd.	Wigan, England

(10) Status of employees (as of December 31, 2016)

Number of employees	Change from previous fiscal year
5,849	Increase of 629

Notes: 1. The number of employees represents the number of working employees.
2. The number of employees of the Company is 1,644 (decrease of 14 compared with the previous fiscal year.)

2. Matters related to shares of the Company (as of December 31, 2016)

(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 251,848 shares of treasury stock.

(3) Number of shareholders 12,467

(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)	38,708	7.8%
Japan Trustee Services Bank, Ltd. (Trust Account)	32,290	6.5%
THE BANK OF NEW YORK 133524	11,893	2.4%
Japan Trustee Services Bank, Ltd. (Trust Account No.9)	10,687	2.1%
Trust & Custody Services Bank, Ltd. (Collateral on Unit Trust Account)	8,551	1.7%
The Shiga Bank, Ltd.	8,089	1.6%
Trust & Custody Services Bank, Ltd. (Investment Trust Account)	6,859	1.4%
Japan Trustee Services Bank, Ltd. (Trust Account No.4)	6,088	1.2%
STATE STREET BANK AND TRUST COMPANY 505223	5,854	1.2%

Notes: 1. The ratio of shareholding is calculated by excluding treasury stock (251,848 shares).

2. 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. In the Change Report (the Change Report pertaining to Report of Possession of Large Volume) of Nomura Securities Co., Ltd. made available for public inspection on August 4, 2016, it is mentioned that NOMURA INTERNATIONAL PLC and other one company held 22,139 thousand shares as of July 29, 2016, 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.
4. In the Report of Possession of Large Volume made available for public inspection on November 21, 2016, it is mentioned that Nomura Asset Management Co., Ltd. held 24,952 thousand shares as of November 15, 2016, 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.
5. In the Report of Possession of Large Volume made available for public inspection on

December 22, 2016, it is mentioned that Asset Management One Co., Ltd. held 27,631 thousand shares as of December 15, 2016, 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, 2016)

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]
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, Glass Fiber Products Group
Akihisa Saeki	Director	Senior Vice President [Supervising: Display Glass Business and 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.
Koichi Tsuda	Director	Senior Vice President [Supervising: Corporate Strategy and Sales Management] [In charge of Administration, Human Resources, Information Systems, Accounting, Purchasing, Tokyo Branch Office and Security Trade Control] General Manager, Human Resources Division Representative Director, Dong Yang Electronic Glass Co., Ltd.
Hiroki Yamazaki*	Director	Senior Vice President [Supervising: Technology] [In charge of Intellectual Property] Group General Manager, Corporate Technology Group
Sumimaru Odano	Outside Independent Director	Emeritus Professor, Shiga University
Shuichi Mori*	Outside Independent Director	

Name	Position in the Company	Assignment of work and significant concurrent positions
Fujio Kishi	Full-time Corporate Auditor	
Masahiko Oji	Full-time Corporate Auditor	
Kazuya Ishii	Outside Independent Corporate Auditor	Certified Public Accountant Partner & Chairman of Seiryo Audit Corporation
Keijiro Kimura	Outside Independent Corporate Auditor	Attorney at Law, Partner of Kyoei Law Office Outside Corporate Auditor, NAGAOKA INTERNATIONAL CORPORATION

Notes: 1. Directors marked with asterisks (*) are those who were newly elected at the 97th Ordinary General Meeting of Shareholders held on March 30, 2016 and accordingly assumed their positions.

2. Director Mr. Sumimaru Odano and Mr. Shuichi Mori are an Outside Director and an Independent Director filed at Tokyo Stock Exchange Inc. pursuant to the provisions set forth by that company.
3. Corporate Auditors Mr. Kazuya Ishii and Mr. Keijiro Kimura are Outside Corporate Auditors and Independent Auditors filed at Tokyo Stock Exchange Inc. pursuant to the provisions set forth by that company.
4. Corporate Auditor Mr. Kazuya Ishii is qualified as a certified public accountant and has deep insight into financial affairs and accounting.
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, 2016, there are 14 Executive Officers who are not Directors.
6. The following is the name of the director who retired during the fiscal year under review and his position at the retirement and retirement dates.

Name	Position at the retirement	Year, month and date of retirement
Shigeru Yamamoto	Director	March 30, 2016 (expiration of the term of office)

7. Effective January 1, 2017, “Assignment of work and significant concurrent positions” of Directors Mr. Hirokazu Takeuchi and Mr. Koichi Tsuda are changed as follows:

Name	Position in the Company	Assignment of work and significant concurrent positions
Hirokazu Takeuchi	Director	Executive Vice President [Supervising: Consumer Glass Business, Glass Fiber Business and Electronic Products Business] Group General Manager, Glass Fiber Products Group
Koichi Tsuda	Director	Senior Vice President [Supervising: Accounting, Purchasing and Sales Management] [In charge of Corporate Strategy, Administration, Human Resources, Information Systems, Tokyo Branch Office and Security Trade Control] General Manager, Human Resources Division Representative Director, Dong Yang Electronic Glass Co., Ltd.

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

Category	Number	Total amount of remuneration
Director (of which, Outside Director)	10 (2)	¥296 million (¥11 million)
Corporate Auditor (of which, Outside Corporate Auditor)	4 (2)	¥49 million (¥10 million)
Total	14	¥346 million

Note: The total amount of remunerations for Directors includes bonuses to Directors of ¥60 million, which is to be resolved at the 98th Ordinary General Meeting of Shareholders scheduled to be held on March 30, 2017.

(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, 2016)

Category	Name	Significant concurrent positions
Director	Sumimaru Odano	Emeritus Professor, Shiga University
Corporate Auditor	Kazuya Ishii	Certified Public Accountant Partner & Chairman of Seiryo 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 Mr. 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 16 of the Board of Directors Meetings held during the fiscal year under review, and made inquiries and expressed opinions where appropriate, mainly from the expert viewpoint of an economist.
Director	Shuichi Mori	Mr. Shuichi Mori attended all 13 of the Board of Directors Meetings held after assuming the office of Director from March 30, 2016 during the fiscal year under review, and made inquiries and expressed opinions where appropriate, mainly based on many years of experience in corporate management.
Corporate Auditor	Kazuya Ishii	Mr. Kazuya Ishii attended all 16 of the Board of Directors Meetings and 13 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 14 of 16 Board of Directors Meetings and 12 of 13 Corporate Auditors Meetings held 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 Directors or Outside Corporate Auditors 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	¥67 million
Total amount of money and other property benefits that shall be paid by the Company and its subsidiaries	¥68 million

Notes: 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.
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.
3. Five 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.
4. The Board of Corporate Auditors has given it 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 and makes corporate ethics thoroughly known to comply with them within the Company Group, and the committee shall implement the following: [1] planning of revision of "Corporate Philosophy," "The Company 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

The status of operations is as follows.

(1) Key meetings

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

The Board of Directors meetings were held 16 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 2 times.

(2) Corporate Auditors' execution of duties

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

(3) Internal auditing

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

(4) 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 addition, business continuity plan (BCP) response drills are also conducted in preparation for disasters.

(5) 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, employees of domestic subsidiaries and employees of overseas 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 others were given for relevant employees.

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, 2016)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	254,870	Current liabilities	86,024
Cash and deposits	132,001	Notes and accounts payable - trade	31,611
Notes and accounts receivable - trade	49,133	Short-term loans payable	19,197
Merchandise and finished goods	38,977	Current portion of bonds	10,000
Work in process	1,456	Income taxes payable	1,338
Raw materials and supplies	19,979	Provision for loss on closing plants	437
Deferred tax assets	4,066	Other provision	89
Other	9,351	Other	23,350
Allowance for doubtful accounts	(96)	Non-current liabilities	98,328
		Bonds payable	30,000
		Long-term loans payable	40,800
		Provision for special repairs	23,127
Non-current assets	439,047	Other provision	31
Property, plant and equipment	367,399	Net defined benefit liability	1,561
Buildings and structures	78,656	Other	2,808
Machinery, equipment and vehicles	267,860	Total Liabilities	184,353
Land	13,638	(Net Assets)	
Construction in progress	5,857	Shareholders' equity	490,624
Other	1,386	Capital stock	32,155
Intangible assets	7,179	Capital surplus	34,320
Investments and other assets	64,468	Retained earnings	424,441
Investment securities	55,161	Treasury shares	(293)
Deferred tax assets	7,094	Accumulated other comprehensive income	13,663
Other	2,242	Valuation difference on available-for-sale securities	22,558
Allowance for doubtful accounts	(29)	Deferred gains or losses on hedges	(418)
		Foreign currency translation adjustment	(8,744)
		Remeasurements of defined benefit plans	266
		Non-controlling interests	5,276
		Total Net Assets	509,564
Total Assets	693,917	Total Liabilities and Net Assets	693,917

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

Consolidated statement of income

(From January 1, 2016 to December 31, 2016)

(Millions of yen)

Item		Amount
Net sales		239,411
Cost of sales		187, 903
Gross profit		51,508
Selling, general and administrative expenses		31,937
Operating income		19,571
Non-operating income		
Interest income	170	
Dividend income	1,071	
Gain on sales of goods	209	
Other	498	1,950
Non-operating expenses		
Interest expenses	1,097	
Depreciation of inactive non-current assets	1,299	
Foreign exchange losses	3,848	
Other	1,308	7,553
Ordinary income		13,967
Extraordinary income		
Reversal of provision for special repairs	8,911	
Other	537	9,449
Extraordinary losses		
Impairment loss	6,488	
Loss on disaster	944	
Other	782	8,215
Profit before income taxes		15,202
Income taxes – current	2,270	
Income taxes - deferred	7,255	9,526
Profit		5,676
Profit attributable to non-controlling interests		707
Profit attributable to owners of parent		4,968

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

Consolidated statement of changes in equity

(From January 1, 2016 to December 31, 2016)

(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	427,431	(289)	493,648
Changes of items during period					
Dividends of surplus			(7,957)		(7,957)
Profit attributable to owners of parent			4,968		4,968
Purchase of treasury shares				(4)	(4)
Disposal of treasury shares		(0)		0	0
Purchase of shares of consolidated subsidiaries		(29)			(29)
Other			(0)		(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(29)	(2,989)	(4)	(3,023)
Balance at end of current period	32,155	34,320	424,441	(293)	490,624

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	23,290	(205)	(3,515)	-	19,570	6,582	519,801
Changes of items during period							
Dividends of surplus							(7,957)
Profit attributable to owners of parent							4,968
Purchase of treasury shares							(4)
Disposal of treasury shares							0
Purchase of shares of consolidated subsidiaries							(29)
Other							(0)
Net changes of items other than shareholders' equity	(731)	(212)	(5,229)	266	(5,906)	(1,305)	(7,212)
Total changes of items during period	(731)	(212)	(5,229)	266	(5,906)	(1,305)	(10,236)
Balance at end of current period	22,558	(418)	(8,744)	266	13,663	5,276	509,564

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

Non-consolidated balance sheet

(As of December 31, 2016)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	167,744	Current liabilities	71,667
Cash and deposits	83,430	Accounts payable - trade	30,151
Notes receivable - trade	1,600	Short-term loans payable	14,100
Accounts receivable - trade	33,306	Current portion of bonds	10,000
Merchandise and finished goods	17,747	Accounts payable - other	6,020
Work in process	1,218	Accrued expenses	4,756
Raw materials and supplies	13,063	Income taxes payable	154
Deferred tax assets	3,072	Provision for loss on closing plants	437
Other	14,331	Other provision	61
Allowance for doubtful accounts	(25)	Other	5,986
		Non-current liabilities	94,621
		Bonds payable	30,000
Non-current assets	451,782	Long-term loans payable	40,800
Property, plant and equipment	208,653	Provision for special repairs	23,127
Buildings and structures	36,020	Other provision	37
Machinery and equipment	160,752	Other	656
Vehicles, tools, furniture and fixtures	1,200	Total Liabilities	166,288
Land	7,471	(Net Assets)	
Other	37	Shareholders' equity	431,098
Construction in progress	3,170	Capital stock	32,155
		Capital surplus	34,349
Intangible assets	2,339	Legal capital surplus	33,885
Investments and other assets	240,790	Other capital surplus	464
Investment securities	53,477	Retained earnings	364,886
Shares of subsidiaries and associates	107,326	Legal retained earnings	2,988
Investments in capital of subsidiaries and associates	23,606	Other retained earnings	361,897
Long-term loans receivable	53,860	Reserve for special depreciation	180
Deferred tax assets	1,074	General reserve	205,770
Other	1,472	Retained earnings brought forward	155,947
Allowance for doubtful accounts	(28)	Treasury shares	(293)
		Valuation and translation adjustments	22,140
		Valuation difference on available-for-sale securities	22,558
		Deferred gains or losses on hedges	(418)
		Total Net Assets	453,239
Total Assets	619,527	Total Liabilities and Net Assets	619,527

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

Non-consolidated statement of income

(From January 1, 2016 to December 31, 2016)

(Millions of yen)

Item		Amount
Net sales		143,576
Cost of sales		124,789
Gross profit		18,787
Selling, general and administrative expenses		19,701
Operating loss		914
Non-operating income		
Interest and dividend income	10,067	
Technical support fee	3,016	
Other	858	13,942
Non-operating expenses		
Interest expenses	510	
Depreciation of inactive non-current assets	994	
Foreign exchange losses	1,672	
Other	705	3,882
Ordinary income		9,145
Extraordinary income		
Reversal of provision for special repairs	8,911	
Other	12	8,924
Extraordinary losses		
Impairment loss	6,345	
Other	568	6,914
Profit before income taxes		11,156
Income taxes - current	311	
Income taxes - deferred	7,706	8,018
Profit		3,137

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

Non-consolidated statement of changes in equity

(From January 1, 2016 to December 31, 2016)

(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	464	34,350	2,988	542	205,770	160,405	369,706	(289)	435,923
Changes of items during period											
Changes of reserve for special depreciation						(361)		361	-		-
Dividends of surplus								(7,957)	(7,957)		(7,957)
Profit								3,137	3,137		3,137
Purchase of treasury shares										(4)	(4)
Disposal of treasury shares			(0)	(0)						0	0
Net changes of items other than shareholders' equity											
Total changes of items during period	-	-	(0)	(0)	-	(361)	-	(4,458)	(4,820)	(4)	(4,824)
Balance at end of current period	32,155	33,885	464	34,349	2,988	180	205,770	155,947	364,886	(293)	431,098

	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	23,290	(193)	23,097	459,020
Changes of items during period				
Changes of reserve for special depreciation				-
Dividends of surplus				(7,957)
Profit				3,137
Purchase of treasury shares				(4)
Disposal of treasury shares				0
Net changes of items other than shareholders' equity	(731)	(224)	(956)	(956)
Total changes of items during period	(731)	(224)	(956)	(5,781)
Balance at end of current period	22,558	(418)	22,140	453,239

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

(Reference)

Consolidated statement of cash flows (Summary)

(From January 1, 2016 to December 31, 2016)

(Millions of yen)

Item	Amount
Net cash provided by (used in) operating activities	48,261
Profit before income taxes	15,202
Depreciation	31,255
Impairment loss	6,488
Decrease in provision for special repairs	(8,523)
Foreign exchange losses	3,441
Increase in notes and accounts receivable - trade	(1,021)
decrease in inventories	4,550
Increase in notes and accounts payable - trade	680
Income taxes paid	(5,450)
Other, net	1,638
Net cash provided by (used in) investing activities	(36,138)
Purchases of non-current assets	(27,687)
Payments for transfer of business	(7,433)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(5,066)
Other, net	4,048
Net cash provided by (used in) financing activities	(17,624)
Net increase in long- and short-term loans payable	3,390
Redemption of bonds	(10,000)
Cash dividends paid	(7,957)
Dividends paid to non-controlling interests	(2,019)
Other, net	(1,036)
Effect of exchange rate changes on cash and cash equivalents	(2,187)
Net decrease in cash and cash equivalents	(7,688)
Cash and cash equivalents at beginning of period	133,856
Cash and cash equivalents at end of period	126,167

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.

(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 ¥3,978,915,088

(3) Effective date of distribution of surplus:
March 31, 2017

Proposal 2: Consolidation of Shares

1. Reason for conducting a consolidation of shares

Based on the Action Plan for Standardization of Trading Units, all domestic stock exchanges of Japan aim to achieve standardization of trading units of all common stock listed on the domestic stock exchanges of Japan by October 1, 2018. The standardized trading unit will be 100 shares. Out of respect for these aims as a company listed on the Tokyo Stock Exchange, the purpose of the consolidation of shares is to change the Company's share-trading unit from 1,000 shares to 100 shares and to adjust the investment unit to a level deemed preferable by all domestic stock exchanges of Japan (50,000 to 500,000 yen) while taking into consideration medium to long-term stock price fluctuations.

2. Ratio for the consolidation

We propose the consolidation of the Company's common stock at a ratio of one share for every five shares.

If there are any fractional shares as a result of this consolidation of shares, they will be disposed of at once by the Company based on the provisions of Article 235 of the Companies Act, and the proceeds from disposal will be distributed to shareholders holding fractional shares in accordance with the ratio of fractional shares.

3. Effective date of the consolidation of shares

July 1, 2017

4. Total number of authorized shares as of the effective date

240 million shares

(Reference)

If this proposal is approved in its original form, the Company will partially amend its Articles of Incorporation to take effect on July 1, 2017 without the resolution of the shareholders meeting for the partial amendment of the Articles of Incorporation based on the provisions of Article 182 Paragraph 2 and Article 195 Paragraph 1 of the Companies Act.

(Changes are underlined.)

Current Articles of Incorporation	Amended Articles of Incorporation after the approval of this proposal
Chapter 1 General Provisions	Chapter 1 General Provisions
Article 1 (Omitted) through Article 5 (Omitted)	Article 1 (Unchanged) through Article 5 (Unchanged)
(Total number of shares authorized to be issued)	(Total number of shares authorized to be issued)
Article 6 The total number of shares authorized to be issued by the Company shall be <u>one billion two hundred million (1,200,000,000).</u>	Article 6 The total number of shares authorized to be issued by the Company shall be <u>two hundred forty million (240,000,000).</u>
Article 7 (Omitted)	Article 7 (Unchanged)
(Number of shares constituting one unit)	(Number of shares constituting one unit)
Article 8 The number of shares constituting one unit of the Company shall be <u>one thousand (1,000)</u>.	Article 8 The number of shares constituting one unit of the Company shall be <u>one hundred (100)</u>.
Article 9 (Omitted) through Article 39 (Omitted)	Article 9 (Unchanged) through Article 39 (Unchanged)

Proposal 3:

Election of Eight (9) Directors

The terms of office for all nine (9) Directors will expire as of the close of this Ordinary General Meeting of Shareholders. We propose the election of nine (9) Directors.

The candidates for Directors are as follows:

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Brief personal profile, position, responsibilities and significant concurrent positions</th><th>Number of the Company shares held</th></tr>
<tr><td rowspan="2">1</td><td>Masayuki Arioka
(September 28, 1948)
(Reappointed)</td><td>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)</td><td>64,000</td></tr>
<tr><td colspan="3">[Reasons for selection as Director candidate]
Mr. Masayuki Arioka, after serving as General Manager of the Glass Fiber Products Division and Group General Manager of the LCD Glass Group, served as President for six years, and during this period he promoted the stabilization of the Group’s business through means such as improvements in the business portfolio and the manufacturing and development infrastructure while actively investing in growth fields. In addition, he is currently serving as the Chair of the Board of Directors and General Meeting of Shareholders as the Chairman of the Board of Directors while serving as a Representative Director focused on external matters. The Company has deemed that he would contribute to the further growth of the Group in consideration of his experience and achievements, and accordingly the Company proposes his election.
[Status of attendance at the Board of Directors meeting]
16 of 16 times (100%)</td></tr>
<tr><td rowspan="2">2</td><td>Motoharu Matsumoto
(May 30, 1957)
(Reappointed)</td><td>Apr. 1982: Joined Nippon Electric Glass
Apr. 2007: Vice President
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</td><td>17,000</td></tr>
<tr><td colspan="3">[Reasons for selection as Director candidate]
Mr. Motoharu Matsumoto has served as President of a UK subsidiary and a US subsidiary, General Manager of the Accounting Division, and Group General Manager of the Display Glass Group, and has abundant experience and insight regarding global corporate management and finance. Since appointment as President, he has carried out the establishment of the new Corporate Philosophy Structure in December 2015 and the formulation of the medium-term business plan “EGP2018” in February 2016, and he has steadily implemented measures to achieve EGP2018 including investments in growth fields such as the acquisition of a glass fiber business in Europe. The Company has deemed that he would contribute to the further growth of the Group in consideration of his experience and achievements, and accordingly the Company proposes his election.
[Status of attendance at the Board of Directors meeting]
16 of 16 times (100%)</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Brief personal profile, position, responsibilities and significant concurrent positions</th><th>Number of the Company shares held</th></tr>
<tr><td rowspan="2">3</td><td>Hirokazu Takeuchi
(June 7, 1959)
(Reappointed)</td><td>Apr. 1982: Joined Nippon Electric Glass
Apr. 2010: Vice President
Group General Manager, Electronic Products Group
June 2013: Director (Incumbent)
Senior Vice President
Jan. 2016: Group General Manager, Glass Fiber Group (Incumbent)
Jan. 2017: Executive Vice President(Incumbent)
[Assignment of work for an executive officer]
Supervising: Consumer Glass Business, Glass Fiber Business and Electronic Products Business</td><td>15,000</td></tr>
<tr><td colspan="3">[Reasons for selection as Director candidate]
Mr. Hirokazu Takeuchi has served at important posts in the electronic products business and has contributed to the development of new products ahead of other companies and the expansion of business in the field of electronics products that is constantly undergoing technical innovation. He is currently working towards establishing a global production structure and strengthening product development capabilities as a Director and Executive Vice President who supervises the consumer glass business, glass fiber business, and electronic products business. The Company has deemed that he would contribute to the further growth of the Group in consideration of his experience and achievements, and accordingly the Company proposes his election.
[Status of attendance at the Board of Directors meeting]
16 of 16 times (100%)</td></tr>
<tr><td rowspan="2">4</td><td>Masahiro Tomamoto
(July 19, 1955)
(Reappointed)</td><td>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</td><td>24,000</td></tr>
<tr><td colspan="3">[Reasons for selection as Director candidate]
Mr. Masahiro Tomamoto has served at important posts in the display glass business and has contributed to improvements in the competitiveness of the display glass business through means such as success in developing large-size and thin-plate substrate glass for displays. He is currently contributing to advances in production process reforms, productivity improvements, and the achievement of environmentally-friendly production as a Director and Senior Vice President who supervises the Corporate Engineering Group. The Company has deemed that he would contribute to the further growth of the Group in consideration of his experience and achievements, and accordingly the Company proposes his election.
[Status of attendance at the Board of Directors meeting]
16 of 16 times (100%)</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Brief personal profile, position, responsibilities and significant concurrent positions</th><th>Number of the Company shares held</th></tr>
<tr><td rowspan="2">5</td><td>Akihisa Saeki
(December 23, 1956)
(Reappointed)</td><td>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</td><td>9,000</td></tr>
<tr><td colspan="3">[Reasons for selection as Director candidate]
Mr. Akihisa Saeki has served at important posts in the display glass business including President of a subsidiary in Malaysia, and has devoted himself to launching production at newly established subsidiaries overseas, and production and quality improvements on-site. He is currently promoting strategic businesses including the establishment of a production structure in China where considerable growth is expected going forward for the display market as a Director and Senior Vice President who supervises the display glass business. The Company has deemed that he would contribute to the further growth of the Group in consideration of his experience and achievements, and accordingly the Company proposes his election.
[Status of attendance at the Board of Directors meeting]
16 of 16 times (100%)</td></tr>
<tr><td rowspan="2">6</td><td>Koichi Tsuda
(October 15, 1959)
(Reappointed)</td><td>Apr. 1982: Joined Nippon Electric Glass
Apr. 2011: Vice President
General Manager, Administrative Division
Mar. 2015: Director (Incumbent)
Senior Vice President (Incumbent)
Oct. 2016: General Manager, Human Resources Division (Incumbent)
[Assignment of work for an executive officer]
Supervising: Accounting, Purchasing and Sales Management
In charge of Corporate Strategy, Administration, Human Resources, Information Systems, Tokyo Branch Office and Security Trade Control
[Concurrent Significant Position]
Representative Director, Dong Yang Electronic Glass Co., Ltd.</td><td>4,000</td></tr>
<tr><td colspan="3">[Reasons for selection as Director candidate]
Mr. Koichi Tsuda has served as General Manager of the Administrative Division and a Representative Director of a domestic subsidiary, and has abundant experience and insight regarding management of the Group, including supporting the management foundations of the Group. He is currently playing a role in management areas such as the Group’s global business strategy and finance as a Director and Senior Vice President who supervises corporate departments. The Company has deemed that he would contribute to the further growth of the Group in consideration of his experience and achievements, and accordingly the Company proposes his election.
[Status of attendance at the Board of Directors meeting]
16 of 16 times (100%)</td></tr>
</table>

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<tr><th>No.</th><th>Name
(Date of birth)</th><th>Brief personal profile, position, responsibilities and significant concurrent positions</th><th>Number of the Company shares held</th></tr>
<tr><td rowspan="2">7</td><td>Hiroki Yamazaki
(March 11, 1962)
(Reappointed)</td><td>Apr. 1984: Joined Nippon Electric Glass
Oct. 2006: General Manager, Technical Division
Apr. 2011: Vice President
Oct. 2012: General Manager, Corporate Technology Division
Jan. 2016: Group General Manager, Corporate Technical Group (Incumbent)
Mar. 2016: Director (Incumbent)
Senior Vice President (Incumbent)
[Assignment of work for an executive officer]
Supervising: Technology
In charge of Intellectual Property</td><td>3,000</td></tr>
<tr><td colspan="3">[Reasons for selection as Director candidate]
Mr. Hiroki Yamazaki has served at important posts in the technical division, and has devoted himself to initiatives such as the establishment of a technology planning system for the swift development of high-performance glass materials. He is currently engaged in strengthening R&D at the Group and joint development with research institutions in Japan and overseas as a Director and Senior Vice President who supervises the Corporate Technical Group. The Company has deemed that he would contribute to the further growth of the Group in consideration of his experience and achievements, and accordingly the Company proposes his election.
[Status of attendance at the Board of Directors meeting(after assuming the Director from March 30, 2016)]
13 of 13 times (100%)</td></tr>
<tr><td rowspan="2">8</td><td>Sumimaru Odano
(September 30, 1945)
(Reappointed)
(Outside)
(Independent)</td><td>Apr. 2000: Professor, Faculty of Economics, Shiga University
Apr. 2003: Director of the Center for Risk Research, Faculty of Economics, Shiga University
Apr. 2011: Emeritus Professor, Shiga University (Incumbent)
Research Professor, Faculty of Economics
Mar. 2015: Director of the Company (Incumbent)
[Concurrent Significant Position]
Emeritus Professor, Shiga University</td><td>None</td></tr>
<tr><td colspan="3">[Reasons for selection as Director candidate]
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.
[Status of attendance at the Board of Directors meeting]
16 of 16 times (100%)</td></tr>
</table>

No.	Name (Date of birth)	Brief personal profile, position, responsibilities and significant concurrent positions	Number of the Company shares held
9	Shuichi Mori (March 8, 1949) (Reappointed) (Outside) (Independent)	Apr. 1972: Joined SUMITOMO CORPORATION June 2008: Representative Director, Executive Vice President, SUMITOMO CORPORATION Mar. 2011: Retired from SUMITOMO CORPORATION Mar. 2011: President, Jupiter Telecommunications Co., Ltd. Jan. 2014: Chairman, Jupiter Telecommunications Co., Ltd. June 2015: Retired from Jupiter Telecommunications Co., Ltd. Mar. 2016: Director of the Company (Incumbent)	1,500
	[Reasons for selection as Director candidate] Mr. Shuichi Mori has served as Representative Director and Executive Vice President at Sumitomo Corporation and President and Chairman at Jupiter Telecommunications Co., Ltd. He has been involved in the management of these companies for many years, and has expertise and extensive experience regarding corporate management. The Company proposes his election to enable this expertise and experience to be reflected in the Company's management. [Status of attendance at the Board of Directors meeting(after assuming the Director from March 30, 2016)] 13 of 13 times (100%)		

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) Mr. Sumimaru Odano is currently an Outside Director of the Company, and his term of office will be two years at the close of this Ordinary General Meeting of Shareholders.
   (3) 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 continue the limitation of liability agreement 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) Mr. Shuichi Mori 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.
   (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 1.6% 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 five years has passed since his retirement from SUMITOMO CORPORATION.
   (4) Outline of limited liability agreement:

Mr. Shuichi Mori 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. Shuichi Mori is reappointed as Outside Director, he and the Company will continue the limitation of liability agreement for Outside Director.

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 4: 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
[Reasons for selection as substitute Outside Corporate Auditor candidate] 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. 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.		

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) 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 5: 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.