TRANSLATION FOR REFERENCE ONLY

(Securities Identification Code: 5214)
March 7, 2018

Notice of the 99th Ordinary General Meeting of Shareholders

Dear Shareholders,

Please be advised that the 99th 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 Reference Document for the Ordinary General Meeting of Shareholders described below 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 29, 2018, 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 the Independent Auditor and the Board of Corporate Auditors for the 99th fiscal year (from January 1, 2017 to December 31, 2017)
2. Non-consolidated financial statements for the 99th fiscal year (from January 1, 2017 to December 31, 2017)

Proposals:

Proposal 1: Distribution of Surplus
Proposal 2: Election of Nine (9) Directors
Proposal 3: Election of One (1) Corporate Auditor
Proposal 4: Election of One (1) Substitute Corporate Auditor
Proposal 5: Payment of Bonuses to Directors

“Instructions on Voting”



Attending the Meeting in Person

When attending the meeting, please bring the enclosed voting form and present it at the reception desk.



Voting by Mail

Please indicate your approval or disapproval of the proposals in the enclosed voting form and then return the form to the Company by postal mail so that your vote is received by 5:00 pm on March 28, 2018 (Wednesday).



Voting via the Internet, etc.

Please vote via the Internet, etc. so that your vote is received by 5:00 pm on March 28, 2018 (Wednesday).

(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 99th Fiscal Year

Period from January 1, 2017 to December 31, 2017

1. Status of Corporate Group

(1) Progress and results of operations

Overall trend

In the global economy, the economy gradually recovered in Europe and the US on the back of improved personal consumption and employment conditions. There were signs of a recovery in China, partly due to the effects of government policies. The Japanese economy was also modestly recovering, due to improved personal consumption, employment conditions and company revenue.

Consolidated results of operations for the fiscal year under review

	98th Fiscal Year (January 2016 to December 2016)	99th Fiscal Year (January 2017 to December 2017)	Change
	Millions of yen	Millions of yen	%
Net sales	239,411	282,447	18.0
Operating income	19,571	32,201	64.5
Ordinary income	13,967	34,130	144.3
Profit attributable to owners of parent	4,968	27,184	447.1

In the Company Group, shipments of substrate glass for liquid crystal display (LCDs) increased steadily under a firm market base. Especially, it was due to the start of full-scale shipments to new customers after the second quarter (from April 1 to June 30, 2017). Shipments of glass fiber were solid. The European and US glass fiber businesses acquired from PPG Industries, Inc. (PPG) also made a contribution to sales.

The Company acquired all of the shares of PPG's US glass fiber business through the Company's US subsidiary on September 1, 2017, and changed the company name from PPG Industries Fiber Glass Products, Inc. to Electric Glass Fiber America, LLC. In addition to making this company a subsidiary, we acquired the intellectual property pertaining to the glass fiber business owned by PPG Industries Ohio, Inc., as well as the sales and IT division personnel related to the glass fiber business owned by PPG.

In terms of profit/loss, we ensured firm profits through the year from improved productivity on a company-wide basis and higher sales. As a result, both sales and profits far exceeded levels in the previous fiscal year (from January 1 to December 31, 2016).

Sales by business category are as follows:

Category		98th Fiscal Year (January 2016 to December 2016)		99th Fiscal Year (January 2017 to December 2017)		Change	
		Net sales	Breakdown	Net sales	Breakdown	Amount	Percentage
Glass Business	Electronics and Information Technology	Millions of yen 147,126	% 61.5	Millions of yen 149,157	% 52.8	Millions of yen 2,031	% 1.4
	Performance Materials and Others	92,285	38.5	133,289	47.2	41,003	44.4
Total		239,411	100	282,447	100	43,035	18.0

Electronics and Information Technology:

Sales of substrate glass for LCDs increased due to the full-scale start of shipments to new customers through the joint-venture for the processing of glass substrates in China (Fuqing City) from the second quarter on the back of solid demand. Sales of cover glass for mobile devices (specialty glass for chemical strengthening) were stable. In glass for electronic devices, sales of products such as functional powder glass and cover glass for image sensors grew on the back of solid demand related to home appliances and automobiles. Sales of glass for optical devices were solid, with the exception of some products. Sales of substrate glass for solar cells were stable.

As a result, net sales of Electronics and Information Technology amounted to ¥149,157 million, a year-on-year increase of 1.4%.

Performance Materials and Others:

Demand for glass fiber remained firm, primarily for high-function plastics used in auto parts. Sales reached a record high due in part to contributions from the aforementioned glass fiber business in Europe (made a subsidiary in October 2016) and in the US (made a subsidiary in September 2017). Sales of heat-resistant glass and glass tubing for pharmaceutical and medical use were firm, but sales of glass for building materials used in large domestic projects were sluggish. Glass manufacturing facilities were sold in this fiscal year.

As a result, net sales of Performance Materials and Others amounted to ¥133,289 million, a year-on-year increase of 44.4%.

(2) Capital investment

The Company Group's capital investment amounted to ¥52,913 million in the fiscal year under review.

In Electronics and Information Technology, we made investments aimed primarily at boosting production capacity, and in Performance Materials and Others, we made investments mainly for the acquisition of PPG's US 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 US 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, 2017)

Lender	Borrowing Amount
Sumitomo Mitsui Banking Corporation	¥25.1 billion
Sumitomo Mitsui Trust Bank, Limited	¥12.0 billion
The Shiga Bank, Ltd.	¥9.1 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

- Improvement of productivity and quality by improving manufacturing process
- Smooth shift of production overseas
- Management based on controlling risk and prioritizing the balance of income and 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
- Growth of existing businesses through sales expansion and investment
- Early commercialization of newly developed products

(3) Reinforcement of R&D

- Development of "materials, processes, and products" that take advantage of the superior features of glass
- Improvement of basic technologies in material design, manufacturing process technology, and evaluation technology
- Strengthening of 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%

In the fiscal year under review, which is the second year of the medium-term management plan, we expanded the display glass business in China, a growing market, with the start of operations at a new processing joint-venture company (Fuqing City) and preparations to boost production at our subsidiary for melting and forming processes (Xiamen City). In addition, we have made progress in activities which improves productivity, and therefore have reinforced profitability. In the performance materials business, we developed a global production and supply system for glass fiber (encompassing Japan, Malaysia, Europe, and the US) through our corporate acquisitions in the US. In new products and development, we developed flat glass fiber, which has an oval cross-section, and "BS-A Dark," glass tubing for pharmaceutical containers that provides higher light-shielding than previous products. We were also the first in the world to succeed in running an all solid state sodium-ion secondary battery, using glass ceramic as the cathode, at room temperature. We also established the NEG Endowed Chair in Glass Chemistry at Zhejiang University (Hangzhou City, Zhejiang Province, China). Through this endowment, we hope to strengthen our collaboration and affiliation with the university and make use of this collaboration in technological development.

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

Item	96th Fiscal Year (April 2014 to December 2014)	97th Fiscal Year (January 2015 to December 2015)	98th Fiscal Year (January 2016 to December 2016)	99th Fiscal Year (January 2017 to December 2017)
Net sales	192,692 million	251,177 million	239,411 million	282,447 million
Operating income	5,223 million	22,034 million	19,571 million	32,201 million
Ordinary income	6,883 million	14,272 million	13,967 million	34,130 million
Profit attributable to owners of parent	5,938 million	9,636 million	4,968 million	27,184 million
Net income per share	11.94	19.38	9.99	273.29
Total assets	731,184 million	726,937 million	693,917 million	764,420 million
Net assets	522,577 million	519,801 million	509,564 million	543,789 million
Net assets per share	1,032.66	1,031.86	1,013.92	5,416.93

Notes: 1. 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.

2. On July 1, 2017, the Company carried out a consolidation of shares at a ratio of one for every five common shares. Net income per share and net assets per share are calculated on the assumption that this consolidation of shares was carried out at the beginning of the 99th fiscal year.

(7) Status of important subsidiaries (as of December 31, 2017)

Subsidiary name	Capital stock	Investment stake of the Company	Main business
Nippon Electric Glass (Malaysia) Sdn. Bhd.	MYR 1,303 million	100%	Production and sale of glass in the field of Electronics and Information Technology, and Performance Materials and Others
Paju Electric Glass Co., Ltd.	KRW 84,120 million	60%	Processing and sale of glass in the field of Electronics and Information Technology
Electric Glass (Korea) Co., Ltd.	KRW 167,117 million	100%	Production and sale of glass in the field of Electronics and Information Technology
Electric Glass (Xiamen) Co., Ltd.	CNY 1,525 million	100%	Production and sale of glass in the field of Electronics and Information Technology
Electric Glass Fiber America, LLC	USD 100	100%	Production and sale of glass in the field of Performance Materials and Others

Notes: 1. Electric Glass (Xiamen) Co., Ltd. increased its capital by CNY 675 million during the fiscal year under review.
2. The Company's equity stake in Electric Glass Fiber America, LLC is an indirect holding through the Company's US subsidiary.
3. The number of consolidated subsidiaries, including the five important subsidiaries above, is now 27 as of the end of the fiscal year under review due to the addition of one subsidiary from the acquisition of PPG's US glass fiber business.

(8) Description of main businesses (as of December 31, 2017)

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, 2017)

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
Precision Glass Processing Center	Kusatsu, Shiga

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 America, LLC	North Carolina, US

(10) Status of employees (as of December 31, 2017)

Number of employees	Change from previous fiscal year
6,776	Increase of 927

Notes: 1. The number of employees represents the number of working employees.
2. The number of employees of the Company is 1,644 (the same as at the end of the previous fiscal year).

2. Matters related to shares of the Company (as of December 31, 2017)

(1) Total number of shares authorized to be issued: 240,000,000 shares

(2) Total number of shares issued: 99,523,246 shares

Notes: 1. Total number of shares issued includes 53,734 shares of treasury stock.

2. On July 1, 2017, the Company carried out a consolidation of shares at a ratio of one for every five common shares. As a result, the total number of shares authorized to be issued decreased by 960,000,000 shares, and the total number of shares issued decreased by 398,092,988 shares.

(3) Number of shareholders 11,085

(4) Major shareholders (Top 10 shareholders)

Name	Number of shares held (Thousands of shares)	Ratio of shareholding
NIPRO CORPORATION	12,715	12.8%
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,810	8.9%
Japan Trustee Services Bank, Ltd. (Trust Account)	5,804	5.8%
THE BANK OF NEW YORK 133524	1,858	1.9%
Japan Trustee Services Bank, Ltd. (Trust Account No.9)	1,772	1.8%
Japan Trustee Services Bank, Ltd. (Trust Account No.5)	1,649	1.7%
The Shiga Bank, Ltd.	1,617	1.6%
Trust & Custody Services Bank, Ltd. (Collateral on Unit Trust Account)	1,410	1.4%
STATE STREET BANK WEST CLIENT - TREATY 505234	1,342	1.3%
GOVERNMENT OF NORWAY	1,272	1.3%

Notes: 1. The ratio of shareholding is calculated by excluding treasury stock (53,734 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. The number of shares before the share consolidation is provided for said number of shares.
3. In the Report of Possession of Large Volume made available for public inspection on June 21, 2017, it is mentioned that BlackRock Japan Co., Ltd. and other six companies held 24,930 thousand shares as of June 15, 2017, 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. The number of shares before the share consolidation is provided for said number of shares.
4. In the Change Report (the Change Report pertaining to Report of Possession of Large Volume) made available for public inspection on December 22, 2017, it is mentioned that Nomura Securities Co., Ltd. and other two companies held 5,314 thousand shares as of

December 15, 2017, 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, 2017, it is mentioned that Mizuho Securities Co., Ltd. and other one company held 5,509 thousand shares as of December 15, 2017, 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, 2017)

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]
Hirokazu Takeuchi	Director	Executive Vice President [Supervising: Consumer Glass Business, Glass Fiber Business and Electronic Products Business] Group General Manager, Glass Fiber Group
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
Akihisa Saeki	Director	Senior Vice President [Supervising: Display Glass Business and Thin Film Business] Group General Manager, Display Glass Group Chairman, Board of Directors, Electric Glass (Shanghai) Co., Ltd. Chairman, Board of Directors, Electric Glass (Xiamen) Co., Ltd. Chairman, Board of Directors, Electric Glass (Nanjing) Co., Ltd. Representative Director, Dong Yang Electronic Glass Co., Ltd.
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, Security Trade Control]

Name	Position in the Company	Assignment of work and significant concurrent positions
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 Director, KEA Institute Co., Ltd.
Shuichi Mori	Outside Independent Director	Outside Director, TOKAI Cable Network Corporation
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

Notes: 1. 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.
2. 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.
3. Corporate Auditor Mr. Kazuya Ishii is qualified as a certified public accountant and has deep insight into financial affairs and accounting.
4. On March 20, 2017, Director Mr. Koichi Tsuda retired as Representative Director at Dong Yang Electronic Glass Co., Ltd. and Director Mr. Akihisa Saeki assumed the position.
5. On March 30, 2017, Director Mr. Koichi Tsuda retired as General Manager, Human Resources Division.
6. On June 21, 2017, Director Mr. Shuichi Mori was appointed as Outside Director of TOKAI Cable Network Corporation.
7. On September 28, 2017, Corporate Auditor Mr. Keijiro Kimura's term as Outside Corporate Auditor of NAGAOKA INTERNATIONAL CORPORATION ended and he retired from the position.
8. On October 1, 2017, Director Mr. Akihisa Saeki was appointed as Chairman, Board of Directors of Electric Glass (Shanghai) Co., Ltd.
9. On November 9, 2017, Director Mr. Sumimaru Odano was appointed as Director of KEA Institute Co., Ltd.
10. 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. Names and assignment of work of Executive Officers as of January 1, 2018 are as follows. Executive Officers marked with asterisks (*) are those who concurrently serve as Directors.

Name	Assignment of work
Motoharu Matsumoto*	CEO [In charge of Auditing]
Hirokazu Takeuchi*	Executive Vice President [Supervising: Consumer Glass Business, Glass Fiber Business and Electronic Products Business] Group General Manager, Glass Fiber Group
Masahiro Tomamoto*	Senior Vice President [Supervising: Engineering and Plant Engineering] [In charge of Environmental Management, Furnace Design & Engineering] Group General Manager, Corporate Engineering Group
Akihisa Saeki*	Senior Vice President [Supervising: Display Glass Business and Thin Film Business] Group General Manager, Display Glass Group
Koichi Tsuda*	Senior Vice President [Supervising: Accounting, Purchasing and Sales Management] [In charge of Corporate Strategy, Administration, Human Resources, Information Systems, Tokyo Branch Office, Security Trade Control]
Hiroki Yamazaki*	Senior Vice President [Supervising: Technology] [In charge of Intellectual Property] Group General Manager, Corporate Technology Group
Shigeru Goto	Vice President [In charge of Glass Fiber Business in US] Chairman, Board of Directors, Electric Glass Fiber America, LLC
Toshimasa Kanai	Vice President [In charge of Thin Film Business] General Manager, Thin Film Division, Production, Display Glass Group
Akira Kishimoto	Vice President [In charge of Consumer Glass Business] Group General Manager, Consumer Glass Products Group
Norio Nakamura	Vice President [In charge of Glass Fiber Business, Production] General Manager, Glass Fiber Division, Production, Glass Fiber Group
Kiyohide Takeuchi	Vice President [In charge of Electric Glass Building Materials Co., Ltd.] Representative Director President, Electric Glass Building Materials Co., Ltd.
Kunihiro Nakagawa	Vice President [In charge of Electronic Products Business, Sales] General Manager, Electronic Products Division, Sales, Electronic Products Group

Name	Assignment of work
Hiroaki Nomura	Vice President [In charge of Glass Fiber Business, Sales and Sales Management] General Manager, Glass Fiber Division, Sales, Glass Fiber Group
Masaya Kubo	Vice President [In charge of Nippon Electric Glass (Malaysia) Sdn. Bhd.] President, Nippon Electric Glass (Malaysia) Sdn. Bhd.
Haruki Matsumiya	Vice President [In charge of Engineering, Plant Engineering] General Manager, Engineering Division, Corporate Engineering Group
Tomonori Kano	Vice President [In charge of Display Glass Business, Production] General Manager, Display Glass Division, Production, Display Glass Group
Masaaki Kadomi	Vice President [In charge of Technology] General Manager, Corporate Technology Division, Corporate Technology Group
Mamoru Morii	Vice President [In charge of Accounting, Purchasing] General Manager, Accounting Division
Masashi Takahata	Vice President [In charge of Consumer Glass Business, Sales] General Manager, Consumer Glass Products Division, Sales, Consumer Glass Products Group
Takuo Horiuchi	Vice President [In charge of Display Glass Business, Sales] General Manager, Display Glass Division, Sales, Display Glass Group
Masahiro Kobayashi	Vice President [In charge of Electronic Products Business] Group General Manager, Electronic Products Group

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

Category	Number	Total amount of remunerations
Director (of which, Outside Director)	9 (2)	¥331 million (¥14 million)
Corporate Auditor (of which, Outside Corporate Auditor)	4 (2)	¥52 million (¥11 million)
Total	13	¥383 million

Note: The total amount of remunerations for Directors includes bonuses to Directors of ¥80 million, which is to be resolved at the 99th Ordinary General Meeting of Shareholders scheduled to be held on March 29, 2018.

(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, 2017)

Category	Name	Significant concurrent positions
Director	Sumimaru Odano	Emeritus Professor, Shiga University Director, KEA Institute Co., Ltd.
Director	Shuichi Mori	Outside Director, TOKAI Cable Network Corporation
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

Note: There are no special relationships between the Company and any of the entities described in "Significant concurrent positions" or NAGAOKA INTERNATIONAL CORPORATION. Corporate Auditor Mr. Keijiro Kimura retired from said corporation on September 28, 2017.

2) Main activities during the fiscal year under review

Category	Name	Status of main activities
Director	Sumimaru Odano	Mr. Sumimaru Odano attended all 14 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 14 of the Board of Directors Meetings held 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 14 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 all 14 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 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 of remunerations
Amount of remuneration for auditing service stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Law	¥64 million
Total amount of money and other property benefits that shall be paid by the Company and its subsidiaries	¥79 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 and an advisory service for accounting 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 its consent to the amount of remuneration paid to the Independent Auditor as the Board of Corporate Auditors verified the details of the audit plan, status of performance of audit duties, grounds for calculation of estimated remuneration and other matters pertaining to the Independent Auditor and concluded that these were appropriate.

(3) Policy on decision to dismiss or not reappoint Independent Auditor

In cases where an Independent Auditor is considered to fall under any section of Article 340, Paragraph 1 of the Corporation Law, the Board of Corporate Auditors may dismiss said Independent Auditor upon unanimous consent of the Corporate Auditors.

In cases in which it is considered difficult for an Independent Auditor to execute its duties appropriately, as well as for reasons of the Company, pursuant to Article 344 of the Corporation Law, the Board of Corporate Auditors may decide the contents of proposal to be 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 14 times. The Outside Director, who does not have interests with the Company, attended all of the meetings in order to ensure the legality of the execution of the Directors' duties and enhance the appropriateness and efficiency of the Directors' execution of duties. Each business group meetings were held on a monthly basis, where progress on the budget, revisions to business 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 Auditor 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.

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

(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 an outside instructor 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 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, 2017)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	262,932	Current liabilities	103,835
Cash and deposits	117,068	Notes and accounts payable - trade	37,991
Notes and accounts receivable - trade	61,145	Short-term loans payable	35,607
Merchandise and finished goods	44,156	Income taxes payable	1,993
Work in process	1,605	Provision for loss on closing plants	2,930
Raw materials and supplies	23,604	Other provision	108
Deferred tax assets	5,511	Other	25,205
Other	10,004	Non-current liabilities	116,795
Allowance for doubtful accounts	(164)	Bonds payable	30,000
		Long-term loans payable	53,053
		Deferred tax liabilities	3,991
		Provision for special repairs	23,277
Non-current assets	501,488	Provision for loss on closing plants	823
Property, plant and equipment	393,817	Other provision	36
Buildings and structures	82,605	Net defined benefit liability	1,900
Machinery, equipment and vehicles	267,048	Other	3,711
Land	13,034	Total Liabilities	220,631
Construction in progress	29,838	(Net Assets)	
Other	1,291	Shareholders' equity	509,836
Intangible assets	35,019	Capital stock	32,155
Goodwill	21,848	Capital surplus	34,320
Other	13,171	Retained earnings	443,667
Investments and other assets	72,650	Treasury shares	(306)
Investment securities	65,899	Accumulated other comprehensive income	28,982
Deferred tax assets	2,896	Valuation difference on available-for-sale securities	30,123
Other	3,879	Deferred gains or losses on hedges	(208)
Allowance for doubtful accounts	(25)	Foreign currency translation adjustment	(1,279)
		Remeasurements of defined benefit plans	346
		Non-controlling interests	4,969
		Total Net Assets	543,789
Total Assets	764,420	Total Liabilities and Net Assets	764,420

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

Consolidated statement of income

(From January 1, 2017 to December 31, 2017)

(Millions of yen)

Item	Amount	
Net sales		282,447
Cost of sales		211,787
Gross profit		70,659
Selling, general and administrative expenses		38,457
Operating income		32,201
Non-operating income		
Interest income	272	
Dividend income	1,583	
Foreign exchange gains	1,521	
Other	1,478	4,855
Non-operating expenses		
Interest expenses	700	
Depreciation of inactive non-current assets	907	
Other	1,319	2,927
Ordinary income		34,130
Extraordinary income		
Gain on sales of non-current assets	1,317	
Gain on sales of investment securities	1,941	3,258
Extraordinary losses		
Loss on closing of plants	3,430	
Loss on valuation of investment securities	735	
Other	590	4,756
Profit before income taxes		32,632
Income taxes – current	4,293	
Income taxes - deferred	650	4,944
Profit		27,688
Profit attributable to non-controlling interests		504
Profit attributable to owners of parent		27,184

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

TRANSLATION FOR REFERENCE ONLY

Consolidated statement of changes in equity

(From January 1, 2017 to December 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	32,155	34,320	424,441	(293)	490,624
Changes of items during period					
Dividends of surplus			(7,957)		(7,957)
Profit attributable to owners of parent			27,184		27,184
Purchase of treasury shares				(14)	(14)
Disposal of treasury shares		(0)		0	0
Other			(0)		(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(0)	19,226	(13)	19,212
Balance at end of current period	32,155	34,320	443,667	(306)	509,836

	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	22,558	(418)	(8,744)	266	13,663	5,276	509,564
Changes of items during period							
Dividends of surplus							(7,957)
Profit attributable to owners of parent							27,184
Purchase of treasury shares							(14)
Disposal of treasury shares							0
Other							(0)
Net changes of items other than shareholders' equity	7,565	209	7,464	79	15,318	(306)	15,012
Total changes of items during period	7,565	209	7,464	79	15,318	(306)	34,224
Balance at end of current period	30,123	(208)	(1,279)	346	28,982	4,969	543,789

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

TRANSLATION FOR REFERENCE ONLY

Non-consolidated balance sheet

(As of December 31, 2017)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	170,194	Current liabilities	88,920
Cash and deposits	65,124	Accounts payable - trade	36,630
Notes receivable - trade	1,967	Short-term loans payable	33,026
Accounts receivable - trade	41,629	Accounts payable - other	3,924
Merchandise and finished goods	19,954	Accrued expenses	5,578
Work in process	2,221	Income taxes payable	531
Raw materials and supplies	14,603	Provision for loss on closing plants	2,930
Deferred tax assets	3,828	Other provision	80
Other	20,897	Other	6,218
Allowance for doubtful accounts	(31)	Non-current liabilities	109,738
		Bonds payable	30,000
		Long-term loans payable	51,873
Non-current assets	509,710	Deferred tax liabilities	3,218
Property, plant and equipment	193,738	Provision for special repairs	23,277
Buildings and structures	34,162	Provision for loss on closing plants	823
Machinery and equipment	151,025	Other provision	37
Vehicles, tools, furniture and fixtures	905	Other	508
Land	6,075	Total Liabilities	198,658
Other	19	(Net Assets)	
Construction in progress	1,549	Shareholders' equity	451,331
		Capital stock	32,155
Intangible assets	2,135	Capital surplus	34,349
Investments and other assets	313,835	Legal capital surplus	33,885
Investment securities	62,686	Other capital surplus	463
Shares of subsidiaries and associates	139,308	Retained earnings	385,132
Investments in capital of subsidiaries and associates	36,103	Legal retained earnings	2,988
Long-term loans receivable	74,387	Other retained earnings	382,144
Other	1,375	Reserve for special depreciation	56
Allowance for doubtful accounts	(25)	General reserve	205,770
		Retained earnings brought forward	176,318
		Treasury shares	(306)
		Valuation and translation adjustments	29,915
		Valuation difference on available-for-sale securities	30,123
		Deferred gains or losses on hedges	(208)
		Total Net Assets	481,246
Total Assets	679,905	Total Liabilities and Net Assets	679,905

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

Non-consolidated statement of income

(From January 1, 2017 to December 31, 2017)

(Millions of yen)

Item		Amount
Net sales		150,907
Cost of sales		128,010
Gross profit		22,896
Selling, general and administrative expenses		20,027
Operating income		2,868
Non-operating income		
Interest and dividend income	19,816	
Technical support fee	8,555	
Other	1,829	30,201
Non-operating expenses		
Interest expenses	374	
Loss on retirement of non-current assets	235	
Depreciation of inactive non-current assets	734	
Other	300	1,645
Ordinary income		31,424
Extraordinary income		
Gain on sales of non-current assets	1,139	
Gain on sales of investment securities	1,941	3,081
Extraordinary losses		
Loss on closing of plants	3,430	
Loss on valuation of investment securities	735	
Other	353	4,519
Profit before income taxes		29,986
Income taxes - current	1,801	
Income taxes - deferred	(19)	1,782
Profit		28,204

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

Non-consolidated statement of changes in equity

(From January 1, 2017 to December 31, 2017)

(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	34,349	2,988	180	205,770	155,947	364,886	(293)	431,098
Changes of items during period											
Changes of reserve for special depreciation						(123)		123	-		-
Dividends of surplus								(7,957)	(7,957)		(7,957)
Profit								28,204	28,204		28,204
Purchase of treasury shares										(14)	(14)
Disposal of treasury shares			(0)	(0)						0	0
Net changes of items other than shareholders' equity											
Total changes of items during period	-	-	(0)	(0)	-	(123)	-	20,370	20,246	(13)	20,232
Balance at end of current period	32,155	33,885	463	34,349	2,988	56	205,770	176,318	385,132	(306)	451,331

	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	22,558	(418)	22,140	453,239
Changes of items during period				
Changes of reserve for special depreciation				-
Dividends of surplus				(7,957)
Profit				28,204
Purchase of treasury shares				(14)
Disposal of treasury shares				0
Net changes of items other than shareholders' equity	7,565	209	7,774	7,774
Total changes of items during period	7,565	209	7,774	28,007
Balance at end of current period	30,123	(208)	29,915	481,246

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

(Reference)

Consolidated statement of cash flows (Summary)

(From January 1, 2017 to December 31, 2017)

(Millions of yen)

Item	Amount
Net cash provided by (used in) operating activities	46,159
Profit before income taxes	32,632
Depreciation	28,734
Foreign exchange gains	(2,315)
Increase in notes and accounts receivable - trade	(6,176)
Increase in inventories	(2,181)
Increase in notes and accounts payable - trade	1,327
Income taxes paid	(3,295)
Other, net	(2,565)
Net cash provided by (used in) investing activities	(68,644)
Purchases of non-current assets	(16,516)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(59,389)
Other, net	7,261
Net cash provided by (used in) financing activities	9,797
Net increase in long- and short-term loans payable	28,611
Redemption of bonds	(10,000)
Cash dividends paid	(7,958)
Dividends paid to non-controlling interests	(811)
Other, net	(44)
Effect of exchange rate changes on cash and cash equivalents	355
Net decrease in cash and cash equivalents	(12,331)
Cash and cash equivalents at beginning of period	126,167
Cash and cash equivalents at end of period	113,835

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 of the Company, and it also takes the financial situation etc. into consideration. The Company also considers flexible profit-sharing as opportunities present.

For year-end dividends for the fiscal year under review, we will pay ¥50 per share.

On July 1, 2017, the Company carried out a consolidation of shares at a ratio of one for every five common shares. The Company paid an interim dividend of ¥8 per share with the record date of June 30, 2017, which was prior to the consolidation of shares. When calculated on the basis after the consolidation of shares, the annual dividend for the fiscal year will be ¥90 per share, including the interim dividend of ¥40. This will be an increase of ¥10 from the annual dividend of ¥80 per share (actual paid amount was ¥16) for the previous fiscal year when the consolidation of shares is taken into consideration.

(1) Type of dividend assets:
Cash

(2) Matters related to allocation of dividend assets to shareholders and the total amount thereof:
¥50 per share of common stock of the Company; a total amount of ¥4,973,475,600

(3) Effective date of distribution of surplus:
March 30, 2018

Proposal 2:

Election of Nine (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>13,800</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]
14 of 14 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>4,000</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 and US. 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]
14 of 14 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>3,200</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]
14 of 14 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, Furnace Design & Engineering</td><td>5,700</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]
14 of 14 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 Group (Incumbent)
[Assignment of work for an executive officer]
Supervising: Display Glass Business and Thin Film Business
[Significant Concurrent Position]
Chairman, Board of Directors, Electric Glass (Shanghai) Co., Ltd.
Chairman, Board of Directors, Electric Glass (Xiamen) Co., Ltd.
Chairman, Board of Directors, Electric Glass (Nanjing) Co., Ltd.
Representative Director, Dong Yang Electronic Glass Co., Ltd.</td><td>2,700</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]
14 of 14 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)
[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, Security Trade Control</td><td>1,100</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]
14 of 14 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">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>1,000</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]
14 of 14 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, Shiga University
Mar. 2015: Director of the Company (Incumbent)
[Significant Concurrent Position]
Emeritus Professor, Shiga University
Director, KEA Institute Co., Ltd.</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.
[Status of attendance at the Board of Directors meeting]
14 of 14 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: Representative Director, President, Jupiter Telecommunications Co., Ltd. Jan. 2014: Representative Director, Chairman, Jupiter Telecommunications Co., Ltd. June 2015: Retired from Jupiter Telecommunications Co., Ltd. Mar. 2016: Director of the Company (Incumbent) [Significant Concurrent Position] Outside Director, TOKAI Cable Network Corporation	300
	[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] 14 of 14 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 three 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 two years 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 with SUMITOMO CORPORATION amounted to 1.4% 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 six 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 3: Election of One (1) Corporate Auditor

The terms of office for Corporate Auditor Mr. Kazuya Ishii will expire as of the close of this Ordinary General Meeting of Shareholders. Therefore, we would like you to approve appointment of one (1) Corporate Auditor.

The Board of Corporate Auditors has already approved this proposal.

The candidate for Corporate Auditor is as follows:

Name (Date of birth)	**Brief personal profile, position and significant concurrent positions**	**Number of the Company shares held**
Katsuhiro Matsui (September 24, 1964) (New) (Outside) (Independent)	Oct. 1990: Joined Showa Ota Audit Corporation (currently Ernst & Young ShinNihon LLC) Aug. 1994: Registered as a Certified Public Accountant Oct. 2010: Left Ernst & Young ShinNihon LLC Nov. 2010: Registered as a Certified Public Tax Accountant Established Matsui-jicpa (incumbent) May 2011: Representative Partner, Sakura Horwath LLC (incumbent) [Significant Concurrent Position] Representative, Matsui-jicpa Representative Partner, Sakura Horwath LLC (incumbent)	None
[Reasons for selection as Outside Corporate Auditor candidate] Mr. Katsuhiro Matsui has expertise and extensive experience as a certified public accountant and a certified public tax accountant. The Company proposes his election to enable this expertise and experience to be reflected in the Company's audits. Mr. Katsuhiro Matsui 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 Corporate Auditor of the Company due to the reasons mentioned above.		

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

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

(1) Mr. Katsuhiro Matsui is a candidate for Outside Corporate Auditor.

(2) Outline of limited liability agreement:

If the election of Mr. Katsuhiro Matsui is approved, the Company intends to enter into an agreement with him concerning liability for damages as stipulated in Article 423, Paragraph 1 of the Corporation Law. This agreement shall limit his liability for damages to the minimum

liability amount stipulated in Article 425, Paragraph 1 of the Corporation Law.

3. Mr. Katsuhiro Matsui is the candidate for the Independent Auditor 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) July 2012: Representative, Katsube Takahashi Law Office (incumbent) [Significant Concurrent Position] Representative, Katsube Takahashi Law Office Outside Director, Inaba Denki Sangyo Co., Ltd. Outside Corporate Auditor, Aeon Delight Co., Ltd.	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, the Company has considered that he is capable of appropriately performing the duties of an Outside Corporate Auditor of the Company due to the reasons mentioned above.		

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:
   If Mr. Tsukasa Takahashi assumes the office of Outside Corporate Auditor, the Company intends to enter into an agreement with him concerning liability for damages as stipulated in Article 423, Paragraph 1 of the Corporation Law. This agreement shall limit his liability for damages to the minimum liability amount 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 ¥80 million to seven (7) Directors excluding Outside Directors as of the end of the fiscal year under review in consideration of earnings, etc. during the fiscal year under review.