

## Notice of Convening

# The 147<sup>th</sup> Ordinary General Meeting of Shareholders

**Date and Time: 10:00 A.M., Thursday, 27 June 2013 (registration to begin from 9:00 A.M.)**

**Venue: Shinagawa Intercity Hall**

**15-4, Konan 2-Chome, Minato-ku, Tokyo**

(Please refer to the "Map of the Venue for the Ordinary General Meeting of Shareholders" attached at the end.)

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5 June 2013

Keiji Yoshikawa, Director,  
Nippon Sheet Glass Co., Ltd.

5-27, Mita 3-Chome, Minato-ku, Tokyo

## **Notice of Convening the 147th Ordinary General Meeting of Shareholders**

Dear Shareholder,

You are cordially invited to attend the 147th Ordinary General Meeting of Shareholders to be held as follows.

**Should you be unable to attend the meeting in person on the day, you are entitled to exercise your voting rights in writing or via the Internet. In this case you are kindly asked to review and consider the Reference Material for the General Meeting Shareholders produced below, and then exercise your voting rights according to explanations and instructions described in page 2 of the same no later than 26 June 2013 (Wed.), 5:45 p.m. (Japan time)**

Note:

**1. Date and Time:** 10:00 A.M., Thursday, 27 June 2013

**2. Venue:** Shinagawa Intercity Hall, 15-4, Konan 2-Chome, Minato-ku, Tokyo

(Please refer to the "Map of the Venue for the Ordinary General Meeting of Shareholders" attached at the end.)

### **3. Agenda**

#### **Matters to be Noted**

1. Business Reports, Reports of the Consolidated Financial Statements, and Audit Reports of the Independent Auditor and the Audit Committee on the Consolidated Financial Statements, for the 147th fiscal period from 1 April 2012 to 31 March 2013.
2. Reports of the Financial Statements for the 147th fiscal period from 1 April 2012 to 31 March 2013.

#### **Matters to be Resolved**

Proposal: Election of Eight Directors

#### 4. Online disclosure

Reference Material for the General Meeting of Shareholders and those Business Report, Consolidated Financial Statements, and Financial Statements which need to be attached to this Convening Notice are all as duplicated and shown in pages 3 to 55 below, with the exclusion of Notes to the Consolidated Financial Statements and Notes to the Financial Statements which are posted and made available on the Company's website at [www.nsg.com](http://www.nsg.com) in accordance with the relevant law and ordinance, and article 14 of the Articles of Incorporation..

#### 5. Exercising Voting Rights

(1) When exercising voting rights in writing

Indicate your approval or disapproval of the proposals in the enclosed voting rights exercising card and send it so that it reaches us no later than 26 June 2013 (Wed.), 5:45 p.m. (Japan time)

(2) When exercising voting rights via the Internet

When exercising voting rights via the Internet, please carefully read "**Information concerning exercising voting rights via the Internet**" as shown below (pages 56 to 59) and then exercise the rights no later than 26 June 2013 (Wed.), 5:45 p.m. (Japan time)

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- When attending the meeting on the day, please present the enclosed voting rights exercising card to the reception.
  - If it should become necessary to make any amendments to the Reference Material for any of the General Meeting of Shareholders, Business Reports, Unconsolidated Financial Statements and/or Consolidated Financial Statements, such amendments shall be notified to you by mail, or via the Company's website at [www.nsg.com](http://www.nsg.com).
  - Voting results of the meeting will be filed and shown via EDINET (<http://info.edinet-fsa.go.jp/>) in the form of an Extraordinary Report (in Japanese only), and also disclosed on the Company's website at [www.nsg.com](http://www.nsg.com) (in English) and at [www.nsg.co.jp](http://www.nsg.co.jp) (in Japanese). You are kindly asked to acknowledge and confirm that these actions would operate as alternatives to issue of a resolution notice.

## **Business Report**

From 1 April 2012  
To 31 March 2013

### **1. Matters Relating to the Current State of the Company's Corporate Group**

#### **(1) Overview and Results of Business Activities**

During the year to 31 March 2013, the Group continued to experience challenging conditions in its main markets. Volumes were generally similar through the year, but continued to be below the levels of the previous year. European Architectural volumes were weak, although there were signs of improvement elsewhere. Dispatches of Solar Energy glass were stable during the final quarter of the year, but remain at a relatively low level. Automotive markets were below the previous year, although North American volumes further improved during the final quarter. Technical glass markets were relatively robust, at levels similar to the previous year.

In Europe, economic difficulties continued to depress construction and refurbishment activity, with the fourth quarter also affected by harsh winter weather conditions. Prices were stable during the fourth quarter, but continue to be at historically low levels. Automotive markets were also challenging, with low levels of consumer demand leading to reductions in vehicle production compared to the previous year. During the fourth quarter, the German market, which had been robust earlier in the financial year, weakened, whilst most other significant markets in Western and Southern Europe continued to be depressed. Demand for vehicles in the UK remained relatively strong. AGR markets were flat, aided by the fourth quarter weather conditions. In Technical glass markets, volumes of glass cord for engine timing belts were below the previous year, consistent with conditions experienced in the Automotive business.

In Japan, underlying conditions in construction markets continued to gradually improve, with new housing starts being approximately 5 percent higher than the previous year, although unfavorable winter weather conditions had a negative impact on demand during the fourth quarter. In Automotive, domestic vehicle purchases, which had been relatively robust earlier in the year, were below the levels of the previous year during the third and fourth quarters. The weakening Japanese yen provided support to vehicle exports towards the end of the year. AGR markets were stable with demand levels similar to the previous year. Technical glass markets were robust, with strong demand for components for consumer electronic devices.

In North America, Architectural markets steadily improved during the year, but are still significantly below the level of 2008. Automotive light vehicle build also improved during the year, with the increased volumes continuing into the fourth quarter. Market conditions in AGR were challenging, with sluggish demand experienced during the fourth quarter.

In the rest of the world, the Group's Architectural markets in South America continued to grow, albeit relatively slowly. Architectural markets in South East Asia improved during the fourth quarter. In Automotive markets, light vehicle build volumes were ahead of the previous year, whilst AGR markets were stable.

As a consequence, the Group's year-end results are as shown in the table below.

Consolidated Revenue	¥ 521,346m (down 5.6%)
Consolidated Operating Profit before Exceptional Items	¥ 1,946m
Consolidated Operating Loss	¥ (17,258)m
Consolidated Loss before Taxation	¥ (29,068)m
Consolidated Loss for the Period	¥ (31,939)m
Consolidated Loss Attributable to Owners of the Parent	¥ (32,808)m

The performance by segment is as follows.

### **Architectural**

Results in the Architectural business continued to improve during the fourth quarter, although profitability remains relatively weak. Volumes were significantly below the previous year, although the rate of decline slowed during the year, and fourth quarter demand was relatively stable at low levels of activity. Profitability improved during the year as the impact of the Group's restructuring actions began to more than offset the deteriorating market conditions. Solar Energy dispatches, as anticipated, were significantly below the previous year.

In Europe, representing 38 percent of the Group's Architectural sales, revenues and profits fell from the

previous year. Losses narrowed during the year however, as restructuring actions significantly reduced the Group's European cost base. Excluding Solar Energy dispatches, cumulative Architectural volumes fell by approximately 12.5 percent from the previous year, leading to industry-wide over-capacity and a weak pricing environment. Industry-wide activities to reduce capacity continued through the year and prices were stable, but at a low level, during the fourth quarter. On 8 November 2012, the Group announced its intention to close its float glass line in Venice, Italy, which had previously been in a state of hot hold. Also on 8 November 2012, the Group announced that it had entered into consultation with employee representatives regarding plans to close its float glass plant in Halmstad, Sweden. Both of these float glass lines have subsequently ceased production. On 14 December 2012, the Group announced that one of its float glass lines in St Helens, UK, would be temporarily kept out of operation on hot hold.

Revenues in Japan, representing 33 percent of Architectural sales, were below the previous year, with improving domestic markets being more than offset by reduced dispatches of Solar Energy glass. Adverse weather conditions impacted demand during the fourth quarter, although underlying sentiment in the construction sector continued to improve, with new housing starts improving by approximately 5 percent from the previous year.

In North America, representing 9 percent of Architectural sales, revenues and profits were below the previous year. Dispatches of Solar Energy products fell, more than offsetting improving domestic construction markets.

In the rest of the world, revenues improved from the previous year with a full period of sales generated by the Group's Solar Energy float line in Vietnam, which commenced production during the previous year. Volumes in South America were similar to the previous year. Market conditions in South East Asia improved during the fourth quarter, whilst the Group's Solar Energy rolled line in China experienced weak demand throughout the year.

The Architectural business achieved sales of ¥ 215,739 million and an operating profit before exceptional items of ¥ 303 million.

## **Automotive**

In the Automotive business, revenues fell from the previous year, due largely to a significant decline in volumes in Europe, where light vehicle demand fell to its lowest level for more than 15 years. This was partly offset by relatively strong demand in Japan, where the previous year had been affected by the March 2011 earthquake, and also in North America.

Europe represents 43 percent of the Group's Automotive sales. In the European Original Equipment (OE) sector, revenues and profits fell from the previous year, due to reduced demand. Results in the Automotive Glass Replacement (AGR) business were similar to the previous year, with reduced demand being offset by an increasing proportion of sales of higher value-added products. On 26 October 2012, the Group announced that it had entered into consultation with employee representatives regarding its intention to close its Automotive manufacturing facilities in Landskrona, Sweden, and Ylöjärvi, Finland. The closure process for these plants will be completed during FY2014.

In Japan, representing 19 percent of the Group's Automotive sales, cumulative OE revenues and profits were higher than the previous year. Following the March 2011 earthquake, which significantly affected the start of the previous year, market volumes have improved steadily. During the third and fourth quarters, volumes were stable but below the level of the previous year. AGR revenues and profits were similar to the previous year.

In North America, representing 23 percent of the Group's Automotive sales, OE revenues improved from the previous year, due to increased volumes. Profitability remains weak. AGR revenues and profits fell, with reduced market demand.

In the rest of the world, local currency revenues were generally similar to the previous year. Profitability improved slightly but is still at a low level.

The Automotive business recorded sales of ¥ 245,022 million and an operating profit of ¥ 4,755 million.

## **Technical glass**

Revenues and profits in the Technical Glass Business were similar to the previous year. Demand for thin glass for displays remains stable, with end-customer demand in sectors such as smart phones and tablet devices generally positive. Demand for components used in multi-function printers continued to be sluggish during the fourth quarter. Demand for glass cord used in engine timing belts fell in Europe, consistent with market conditions experienced in the Automotive business.

The Technical Glass business recorded revenues of ¥ 59,404 million and an operating profit of ¥ 6,719 million.

## **Other**

This segment covers corporate costs, consolidation adjustments, certain small businesses not included in the segments covered above and the amortization of other intangible assets related to the acquisition of Pilkington plc. Operating losses incurred in Other Operations and Eliminations fell from the previous year due to cost savings and some non-recurring gains.

Consequently, this segment recorded revenues of ¥ 1,181 million and operating costs of ¥ 9,831 million.

## **(2) Capital Expenditure**

The capital expenditure of the Group totaled ¥ 25,986 million during the fiscal year under review, broken down by segment as follows:

Architectural	¥ 10,742 m
Automotive	¥ 13,491 m
Specialty Glass	¥ 1,669 m
Other	¥ 84 m

## **(3) Financial situation**

Net financial indebtedness increased by ¥ 9,693 million from 31 March 2012 to ¥ 360,848 million at the period end. Increases in indebtedness were caused primarily by the exchange rate fluctuations experienced during the year. Cash inflows from operating activities were ¥ 14,213 million. Included within this were cash inflows from reductions in working capital of ¥ 21,728 million. Cash outflows from investing activities were ¥ 7,041 million, including capital expenditure on property, plant, and equipment of ¥ 25,553 million. As

a result, total cash inflows before financing were ¥ 7,172 million. Currency movements generated an increase in net debt of approximately ¥ 8,840 million over the period. Gross debt was ¥ 447,849 million at the period end.

On 28 March 2013, the Group announced new financial facilities. These included a syndicated loan facility of ¥ 70,000 million, arranged by Sumitomo Mitsui Banking Corporation, new bilateral finance agreements of ¥ 9,000 million, and a further bank facility of ¥ 30,000 million. In addition, a new committed revolving credit facility of ¥ 25,000 million was signed with Sumitomo Mitsui Banking Corporation, which is intended to provide additional liquidity.

Note:  
The Group has adopted "Net Debt" (interest-bearing debt minus cash and cash equivalents) as a Key Performance Indicator for its financial performance.

#### **(4) Disposal of shares in other company**

In 1995 NSG Group acquired shares in FMC Wyoming Corporation based in Wyoming, U.S. to gain access to soda ash supply sources, which is one of the basic raw materials of glass. However, due to the global expansion of the Group and diversification of raw materials sources in the last two decades, the Group sold the shares owned in March 2013 as follows.

- A) Shares transferred
  - (i) Non-voting Stock: 100 shares (6.25% interest).
  - (ii) Voting Stock: 200 shares (share of voting rights: 20%)
- B) Transfer value: USD 80 million
- C) Purchaser: FMC Corporation

Note: FMC Corporation is a diversified chemical company, headquartered in Pennsylvania U.S., which had held 87.5 % of the shares in FMC Wyoming at the time immediately prior to the above transaction.

#### **(5) Issues to be addressed**

During FY2013, the Group's sales volumes fell from the previous year, with European Architectural volumes particularly affected by difficult economic conditions. Solar Energy dispatches were negatively impacted by decreased levels of government support for solar energy projects. Automotive volumes were affected by low levels of consumer confidence in Europe, resulting in light vehicle sales declining to their lowest level for more

than 15 years. Some markets performed better however, with Automotive and Architectural volumes in North America steadily improving, and Architectural markets in Japan also showing signs of recovery. Technical glass markets were robust, with volumes similar to the previous year.

The Group expects that in FY2014, activity in European markets will continue to be at a low level, although it does not anticipate a further significant decline in volumes. European Architectural prices, which ended FY2013 at historically low levels, are not expected to fall further. The pricing environment should be aided by industry-wide capacity reductions leading to an improved level of utilization. In Japan, markets are expected to benefit from improving business sentiment, resulting from a weakening currency and growth enhancing government policies, although Automotive volumes are expected to be negatively impacted by an end to vehicle purchase subsidies and further transfers of vehicle production to other locations. Volumes in North America should continue the improvement already experienced in FY2013, and volume growth is also expected in the Group's emerging markets. Solar Energy glass dispatches are anticipated to be stable. Technical glass markets are likely to be broadly in line with FY2013 levels.

For the Group's financial position, please kindly refer to the above section 1. (3) "Financial Situation" in pages 7 to 8. Discussion for securing further financial facilities has been in progress with the financial institutions.

In such circumstance, the Group's operating profitability will increasingly benefit from the restructuring actions that have been undertaken during FY2013. On 2 February 2012, the Group announced a program comprising exercises for capacity rationalization and headcount reduction. The acceleration of such restructuring program designed to improve the profitability has enabled the Group to generate benefits in FY2013 of ¥ 10,000 million, being a significant improvement on the Group's originally anticipated benefit for FY2013 of ¥ 5,000 million.

The Group now expects that recurring annual benefits for FY2014 will be approximately ¥ 20,000 per year, further approximately ¥ 30,000 million per year for FY2015, if compared to the level of FY2012 respectively. Total restructuring costs are now anticipated to be ¥ 30,000 million, which includes those already implemented till FY2013 and planned for FY2014. Related non-cash impairment charges are anticipated to be ¥ 9,000 million.

The Group will continue to focus on improving profitability, among others, by matching the capacity to demand, reducing the overhead and further accelerating the operational improvement actions.

Each business unit has specific issues to be addressed as follows.

### **Architectural**

The Group's Architectural business will continue to focus on matching capacity to demand. Significant actions were taken during FY2013 including the closure of two float plants in Europe, and the idling of two others. Architectural downstream sites were also closed across several locations. It is anticipated that further actions will be taken, particularly in Europe in FY2014.

The Architectural business produces a range of added value products that can greatly contribute to energy conservation in both residential and commercial buildings, together with products for the Solar Energy market that can be used in the process of producing renewable solar energy. The production process for these products is, however, energy intensive and the Group has experienced an increase in energy and energy related costs during FY2013.

The drive to produce clean renewable energy will continue to fuel growth for the Group's Solar Energy products business over the long-term, although volumes in FY2014 are not expected to be materially increased over the volumes of FY2013. Value added products, such as low-e glass designed to save energy in buildings, will become an increasingly important part of the Group's building products portfolio in emerging markets, particularly in China and South America. The Group's medium-term Architectural strategy is to develop its portfolio of value added products, where it has a technological advantage over competitors.

### **Automotive**

During FY2013, the Group announced the closure of two Automotive manufacturing sites in Europe. In FY2014 the Group intends to complete the process of transferring production from these sites to the Group's other European sites where the same parts can be manufactured at a lower cost level.

As in the Architectural business, the Group's Automotive business was faced with significant input prices of energy and other raw materials.

The Group expects to grow its Automotive business in emerging markets such as South America. During the year the Group has continued to expand its manufacturing capabilities in Poland. Technological advances in areas such as Solar Energy control and weight reduction will play an important part in the future of

Automotive glazing, and the Group expects to be a key player in these areas. The Group also expects to grow its AGR business both through organic growth and, where appropriate, strategic acquisitions.

### **Technical Glass**

The Group's Technical Glass business has a number of significant growth opportunities. The Group is currently planning to enhance the production capacity of ultra-thin glass for the Technical Glass businesses display division. High performance glass-cord, an essential element of belt-in-oil engine technology is also an important growth area for the Technical Glass business, and the Group is actively investing to increase its capability in this area. We will continue to take advantage of such opportunities successfully for further development of the business.

## (6) Assets and Business Results (Consolidated)

(Millions of yen, except per-share figures)

	144th period (FY 2010)	145th period (FY 2011)		146th period (FY 2012)	147th period (FY2013)
		JGAAP	IFRS	IFRS	IFRS
Revenue	588,394	577,212	577,069	552,223	521,346
Operating Profit	(17,183)	14,352	22,867	4,386	(17,258)
Ordinary Profit	(28,552)	7,730	—	—	—
Profit/(loss) before taxation	—	—	15,306	(4,822)	(29,068)
Net Income/(loss) or Profit/(loss) for the period	(41,313)	1,661	15,815	(1,749)	(31,939)
Profit/(loss) Attributable to Owners of Parent	—	—	12,430	(2,815)	(32,808)
Basic Earnings per Share or Earnings per Share Attributable to Owners of the Parent (Yen)	(65.61)	0.13	15.65	(3.12)	(36.36)
Net Assets or Total Shareholders' Equity	239,931	226,874	216,232	161,313	145,031
Net Assets per Share or Total Shareholders' Equity per Share (Yen)	297.73	239.40	239.69	178.77	160.68
Total Assets	933,721	868,588	889,420	848,752	885,436

### Notes:

1. The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) from the 146th financial year. The results of 145th financial year are also presented in accordance with IFRS.
2. Basic earnings per share (or basic earnings per share attributable to owners of the parent) is calculated by dividing the profit for the period (or the profit attributable to owners of the parent) by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares.
3. Net assets per share (or total shareholders' equity per share) is calculated by dividing the net assets (or total shareholders' equity) by the number of ordinary shares in issue as at the end of the financial year excluding ordinary shares purchased by the company and held as treasury shares.

## (7) Overview of Major Subsidiaries

Subsidiary undertakings	Country of operation and incorporation	Capital stock	% Ownership	Product or activity
<b>Japan</b>				
NSG Building Products Co Limited	Japan	JPY million 350	100	Architectural
Thanx Corporation Co Limited	Japan	JPY million 300	92.5	Architectural
Wintec Co Limited	Japan	JPY million 48	99.3 (0.2)	Architectural
Nanox Co Limited	Japan	JPY million 490	100	Technical Glass
<b>Europe</b>				
Pilkington United Kingdom Limited	UK	GBP thousand 179,978	100 (100)	Architectural and Other
Pilkington Automotive Limited	UK	EUR thousand 206,595	100 (100)	Automotive
Pilkington Technology Management Limited	UK	GBP thousand 441,320	100 (100)	Architectural and Automotive
Pilkington Deutschland AG	Germany	EUR thousand 69,290	96.3 (96.3)	Architectural and Other
Pilkington Automotive Deutschland GmbH	Germany	EUR thousand 18,996	100 (100)	Automotive
Pilkington Austria GmbH	Austria	EUR thousand 8,721	100 (100)	Architectural
Pilkington Norge AS	Norway	NKR thousand 18,399	100 (100)	Architectural
Pilkington Floatglas AB	Sweden	SKR thousand 222,000	100 (100)	Architectural
Pilkington Automotive Sweden AB	Sweden	SKR thousand 2,000	100 (100)	Automotive
Pilkington Automotive Finland OY	Finland	EUR thousand 19,414	100 (100)	Automotive
Pilkington Lahden Lasitehdas OY	Finland	EUR thousand 20,426	100 (100)	Automotive
Pilkington Danmark A/S	Denmark	DKR thousand 30,000	100 (100)	Architectural and Automotive
Pilkington International Glass Poland Sp. Z o.o.	Poland	Zloty thousand 507	100 (100)	Architectural
Pilkington Polska Sp. Z o.o.	Poland	Zloty thousand 147,340	100 (100)	Architectural
Pilkington Italia SpA	Italy	EUR thousand 112,996	100 (100)	Architectural and Automotive
NSG UK Enterprises Limited	UK	GBP thousand 1,801,478	100 (100)	Other
NSG Holding (Europe) Limited	UK	GBP thousand 1,431,010	100	Other
Pilkington Group Limited	UK	GBP thousand 1,983,926	100 (100)	Other

**Note:**

The % Ownership above in parentheses stands for the percentage owned indirectly through the Company's subsidiary/subsidiaries.

## (7) Overview of Major Subsidiaries (continued)

Subsidiary undertakings	Country of operation and incorporation	Capital stock		% Ownership	Product or activity
<b>North America</b>					
Pilkington North America Inc.	USA	USD thousand	1	100 (100)	Architectural, Automotive, and Other Operations
L-N Safety Glass SA de CV	Mexico	Mex.Peso thousand	225,481	100 (100)	Automotive
<b>Rest of the world</b>					
Vidrieria Argentina S.A.	Argentina	Arg.Peso thousand	178,000	51.0 (51.0)	Architectural
Vidrios Lirquén S.A.	Chile	Chi.Peso thousand	26,879,513	51.6 (51.6)	Architectural
Pilkington Automotive Argentina S.A.	Argentina	Arg.Peso thousand	155,452	100 (100)	Automotive
Pilkington Brasil Limitada	Brazil	Real thousand	86,532	100 (100)	Architectural, Automotive , and Other Operations
Guilin Pilkington Safety Glass Co Limited	China	RMB thousand	100,000	100 (100)	Automotive
Changchun Pilkington Safety Glass Co Limited	China	RMB thousand	129,216	72.5 (72.5)	Automotive
Pilkington Solar (Taicang), Limited	China	RMB thousand	305,151	100 (100)	Architectural
Suzhou NSG Electronics Co Limited	China	RMB thousand	371,689	100	Technical Glass
NSG Hong Kong Co Limited	China	HKD thousand	800	100 (100)	Technical Glass
Malaysian Sheet Glass Sdn. Bhd.	Malaysia	MYR thousand	81,151	100	Architectural and Automotive
Vietnam Float Glass Co Limited	Vietnam	VND billion	512	55.0	Architectural
NSG Vietnam Glass Industries Limited	Vietnam	VND billion	1,378	100 (100)	Architectural

### Note:

The % Ownership above in parentheses stands for the percentage owned indirectly through the Company's subsidiary/subsidiaries.

## (8) Major Businesses of the Group

Segments	Contents
Architectural	Architectural, representing 42 percent of cumulative Group sales includes the manufacture and sale of flat glass and various interior and exterior glazing products within the commercial and residential markets. It also supplies glass for the Solar Energy sector
Automotive	Automotive, with 47 percent of Group sales, supplies a wide range of automotive glazing for new vehicles and for replacement markets.
Technical Glass	Technical Glass, representing 11 percent of Group sales, comprises a number of discrete businesses, including the manufacture and sale of very thin glass for small displays, lenses and light guides for printers, as well as glass fiber products, such as battery separators and glass components for engine timing belts.
Other	This segment covers corporate costs, consolidation adjustments, certain small businesses not included in the segments covered above, and the amortization of intangible assets related to the acquisition of Pilkington plc.

## (9) Main Offices and Plants of the Group

The Company	Head Office	5-27, Mita 3-Chome, Minato-ku, Tokyo, Japan
	Branch Offices	Minato-ku, Tokyo; Chuo-ku, Osaka-shi; Toyota-shi, Aichi; Minami-ku, Hiroshima-shi
	Plants	Ichihara-shi, Chiba; Sagami-hara-shi, Kanagawa; Yokkaichi-shi, Mie; Tsu-shi, Mie; Tarui-cho, Fuwa-gun, Gifu; Minami-ku, Kyoto-shi; Maizuru-shi, Kyoto
Major Subsidiaries	Japan	NSG Building Products Co Limited (Ichihara-shi, Chiba), Thanx Corporation Co Limited (Edogawa-ku, Tokyo), , Wintec Co Limited (Chuo-ku, Osaka-shi), Nanox Co Limited (Fukushima-shi, Fukushima)
	Europe	Pilkington United Kingdom Limited (UK) Pilkington Automotive Limited (UK) Pilkington Technology Management Limited (UK) Pilkington Deutschland AG (Germany) Pilkington Automotive Deutschland GmbH (Germany) Pilkington Austria GmbH (Austria) Pilkington Norge AS (Norway) Pilkington Floatglas AB (Sweden) Pilkington Automotive Sweden AB (Sweden) Pilkington Automotive Finland OY (Finland) Pilkington Lahden Lasitehdas OY (Finland) Pilkington Danmark A/S (Denmark) Pilkington International Glass Poland Sp. Z o.o. (Poland) Pilkington Polska Sp. Z o.o. (Poland) Pilkington Italia SpA (Italy) NSG UK Enterprises Limited (UK) NSG Holding (Europe) Limited (UK) Pilkington Group Limited (UK)
	North America	Pilkington North America Inc. (USA) L-N Safety Glass SA de CV (Mexico)
	Rest of the World	Vidrieria Argentina S.A. (Argentina) Vidrios Lirquén S.A. (Chili) Pilkington Automotive Argentina S.A. (Argentina) Pilkington Brasil Limitada (Brazil) Guilin Pilkington Safety Glass Co Limited (China) Changchun Pilkington Safety Glass Co Limited (China) Pilkington Solar (Taicang), Limited (China) Suzhou NSG Electronics Co Limited (China) NSG Hong Kong Co Limited (China) Malaysian Sheet Glass Sdn. Bhd. (Malaysia) Vietnam Float Glass Co Limited (Vietnam) NSG Vietnam Glass Industries Limited (Vietnam)

## (10) Permanent Employees

Segments	Number of employees
Architectural Glass	9,081
Automotive	14,365
Technical Glass	3,175
Other	1,311
Total	27,932 (down by 1,770 year on year)

## (11) Main Loan Creditors to the Group

Creditors	Amount (Millions of yen)
Development Bank of Japan	31,543
Japan Bank for International Cooperation	11,655
European Investment Bank	8,342
Sumitomo Mitsui Banking Corporation	6,089
Sumitomo Mitsui Trust Bank, Limited	5,625
HSBC UK	4,481
Shoko Chukin Bank	4,453
Bayerische Landesbank	3,659
Sumitomo Life Insurance Company	2,500
Shinsei Bank, Limited	2,250
Aozora Bank, Ltd.	2,250
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,250

Note: In addition to above, NSG Group has syndicated loans of the total amount of ¥ 233,055 million, of which ¥ 87,328 million is underwritten by Sumitomo Mitsui Banking Corporation.

## 2. Matters Related to the Company's Shares

**(1) Authorized number of shares to be issued:**

1,775,000,000 shares

**(2) Total number of shares issued:**

903,550,999 shares  
(Shares held as treasury: 963,765 shares)

**(3) Number of shareholders**

86,959

**(4) Top 10 shareholders**

	Number of Shares (Thousand)	Percentage of Shares
Japan Trustee Services Bank, Ltd. (Trust Account)	27,479	3.04
The Master Trust Bank of Japan, Ltd. (Trust Account)	25,839	2.86
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	14,129	1.57
Credit Suisse Securities (Europe) Limited PB Omnibus Client Account	12,839	1.42
Chase Manhattan Bank GTS Clients Account Escrow	12,377	1.37
State Street Client Omnibus Account OM44	12,347	1.37
Raiffeisen Bank International AG Client A/C	12,175	1.35
Toyota Motor Corporation	9,610	1.06
Sumitomo Life Insurance Company	9,148	1.01
Japan Trustee Services Bank, Ltd. (Retirement Benefit Trust Account of Sumitomo Mitsui Trust Bank)	8,769	0.97

Note:  
Where the percentage of shares is calculated, treasury shares are excluded from the total number of issued shares.

## 3. Policy on return of our profits to shareholders

The Group's dividend policy is to secure dividend payments based on sustainable business results. As a consequence of the current market conditions faced by the Group and the loss recorded for the year, the directors do not recommend a dividend for this financial year. The Group recognizes the importance of dividends to its shareholders and anticipates resuming dividend payments when the financial performance of the Group allows.

#### 4. Matters Related to the Company's Stock Acquisition Rights, etc

##### (1) Stock acquisition rights (stock options) owned by Directors as of the end of fiscal year

Category	Name	Issue Price	Exercise Price	Exercise Period	No. of Stock Acquisition Rights	Type and Number of Shares to be Issued with the Exercise of Stock Acquisition Rights	No. of Holders
The Company's Directors (Excluding External Directors)	Stock acquisition rights (No. 1)	Free	¥ 418 per share	From 1 July 2006 to 28 June, 2014	103	103,000 Common shares (1,000 Common shares per right)	3
	Stock acquisition rights (No. 2)	Free	¥ 466 per share	From 1 July 2007 to 28 June 2015	111	111,000 Common shares (1,000 Common shares per right)	3
	Stock acquisition rights (No. 3)	Free	¥ 578 per share	From 1 July 2008 to 28 June 2016	72	72,000 Common shares (1,000 Common shares per right)	3
	Stock acquisition rights issued in Sep. 2007 (Stock-compensation type)	¥ 666.31 per share	¥ 1 per share	From 29 Sep. 2007 to 28 Sep. 2037	55	55,000 Common shares (1,000 Common shares per right)	3
	Stock acquisition rights issued in Sep. 2008 (Stock-compensation type)	¥ 497.51 per share	¥ 1 per share	From 28 Sep 2008 to 27 Sep 2038	111	111,000 Common shares (1,000 Common shares per right)	3
	Stock acquisition rights issued in Sep. 2009 (Stock-compensation type)	¥ 255.12 per share	¥ 1 per share	From 1 Oct 2009 to 30 Sep 2039	220	220,000 Common shares (1,000 Common shares per right)	3
	Stock acquisition rights issued in Sep. 2010 (Stock-compensation type)	¥ 139.42 per share	¥ 1 per share	From 1 Oct 2010 to 30 Sep 2040	188	188,000 Common shares (1,000 Common shares per right)	3
	Stock acquisition rights issued in Oct. 2011 (Stock-compensation type)	¥ 126.28 per share	¥ 1 per share	From 15 Oct 2011 to 14 Oct 2041	218	218,000 Common shares (1,000 Common shares per right)	3
Stock acquisition rights issued in Sep. 2012 (Stock-compensation type)	¥ 21.43 per share	¥ 1 per share	From 29 Sep 2012 to 28 Sep 2042	615	615,000 Common shares (1,000 Common shares per right)	3	
Total	—	—	—	—	1,693	1,693,000 Common shares	3

**(2) Stock acquisition rights (stock options) issued to Corporate Officers during the fiscal year**

Category	Name	Issue Price	Exercise Price	Exercise Period	No. of Stock Acquisition Rights	Type and Number of Shares to be Issued with the Exercise of Stock Acquisition Rights	No. of Holders
Corporate Officers	Stock acquisition rights issued in Sep. 2012 (Stock-compensation type)	¥ 21.43 per share	¥ 1 per share	From 29 Sep 2012 to 28 Sep 2042	894	894,000 Common shares (1,000 Common shares per right)	13

## 5. Matters Related to Directors and Executive Officers of the Company

### (1) Name etc. of Directors and Executive Officers

#### A) Directors

##### (i) As of 31 March 2012

Name	Non-executive position		Material concurrent office
Katsuji Fujimoto	Director, Chairman of NSG Group	A member of Nomination Committee and Audit Committee	—
Tomoaki Abe	Director, Vice Chairman	A member of Nomination Committee, Audit Committee and Compensation Committee	—
George Olcott	Director	Chairman of Compensation Committee, and a member of Nomination Committee and Audit Committee	<ul style="list-style-type: none"> <li>➤ Senior Fellow, Judge Business School, University of Cambridge</li> <li>➤ Director, NKSJ Holdings, Inc.</li> <li>➤ Project Professor of Research Center for Advanced Science and Technology of The University of Tokyo</li> </ul>
Sumitaka Fujita	Director	Chairman of Audit Committee, and a member of t Nomination Committee and Compensation Committee	<ul style="list-style-type: none"> <li>➤ Director, The Furukawa Electronic, Co., Ltd.</li> <li>➤ Director, NKSJ Holdings, Inc.</li> <li>➤ Director, Olympus Corporation</li> </ul>
Seichi Asaka	Director	Chairman of Nomination Committee, and a member of Audit Committee and Compensation Committee	<ul style="list-style-type: none"> <li>➤ Director, NKSJ Holdings, Inc.</li> </ul>
Hiroshi Komiya	Director	A member of Nomination Committee and Audit Committee	<ul style="list-style-type: none"> <li>➤ President and Representative Director, General Imaging Japan</li> </ul>
Keiji Yoshikawa	Director	A member of Nomination Committee and Compensation Committee	—
Clemens Miller	Director	—	—
Mark Lyons	Director	—	—

**(ii) As of 1 April 2013**

Name	Non-executive position		Material concurrent office
Seiichi Asaka	Director, Chairman of the Board	A member of Nomination Committee, Audit Committee and Compensation Committee	➤ Director, NKSJ Holdings, Inc.
George Olcott	Director	Chairman of Nomination Committee, and a member of Audit Committee and Compensation Committee	➤ Senior Fellow, Judge Business School, University of Cambridge ➤ Director, NKSJ Holdings, Inc. ➤ Project Professor of Research Center for Advanced Science and Technology of The University of Tokyo
Sumitaka Fujita	Director	Chairman of Audit Committee, and a member of t Nomination Committee and Compensation Committee	➤ Director, The Furukawa Electronic, Co., Ltd. ➤ Director, NKSJ Holdings, Inc. ➤ Director, Olympus Corporation
Hiroshi Komiya	Director	Chairman of Compensation Committee, and a member of Nomination Committee and Audit Committee	➤ President and Representative Director, General Imaging Japan
Katsuji Fujimoto	Director	A member of Nomination Committee and Audit Committee	—
Tomoaki Abe	Director	A member of Nomination Committee, Audit Committee and Compensation Committee	—
Keiji Yoshikawa	Director	A member of Nomination Committee and Compensation Committee	—
Clemens Miller	Director	—	—
Mark Lyons	Director	—	—

**Notes:**

- Messrs. Seiichi Asaka, George Olcott, Sumitaka Fujita, and Hiroshi Komiya are External Directors as stipulated in Article 2 Clause 15 of the Companies Act and notified to Tokyo Stock Exchange and Osaka Securities Exchange (hereinafter collectively referred to as the Exchanges) as Independent Directors. In addition to such criteria set by the Exchanges, the Company originally has more stringent criteria with respect to such independency of directors considering their relationships with the Group itself, Group's directors and/or Group's major shareholders, which all four External Directors also meet.
- A member of Audit Committee, Mr. Sumitaka Fujita has specialized knowledge particularly on finance and accounting to a respectable degree with his career of Chief Financial Officer at ITOCHU Corporation for seven years.

**B) Executive Officers (As of 31 March 2013)**

Name	Executive position			Material concurrent office
Keiji Yoshikawa	Representative Officer	Executive	President and CEO	—
Clemens Miller	Representative Officer	Executive	Vice President and COO	—
Mark Lyons	Representative Officer	Executive	CFO	—

Note: An Executive Officer was newly appointed on 1 April as follows.

Name	Executive position		Material Concurrent Office
Kenichi Morooka	Executive Officer	Deputy CFO	—

## **(2) Compensation for Directors and Executive Officers**

### **A) Principles of Compensation for Directors, and Executive Officers**

#### **(i) Organization & Responsibilities**

The Compensation Committee was established following the Shareholders' Meeting in June 2008. Its membership consists of the four External Directors of NSG Group, one of the Group's internal non-executive Directors and a Director who concurrently serves as Representative Executive Officer. The current chairman is Mr. Hiroshi Komiya, an External Director. No member of the Committee is allowed to be present when matters relating to his specific compensation are being discussed. The Committee is supported by a secretariat from the Human Resources function and may use information from specialist external advisers when necessary. During the year 2012/13, the Committee met on seven occasions.

The Committee is responsible for:

- Determining the policy on individual compensation and other perquisites payable to the Directors and Executive Officers of the Company
- Determining individual compensation and other perquisites payable to the Directors and Executive Officers of the Company

The Committee also notes decisions made on the compensation of Corporate Officers and Senior Managers in the Group.

#### **(ii) Compensation Policy for Executive Officers**

NSG Group is a global business, operating in 29 countries worldwide. The objectives of the compensation policy are to ensure that packages of employment terms and conditions are market competitive and designed in such a way as to attract, retain and motivate Executive Officers of the highest caliber on a worldwide basis in an international business.

The policy aims to ensure that each individual's basic salary and incentives are aligned with the performance of the Group and the interests of shareholders as well as reflecting the commitment and achievements of the individuals concerned. While some of the elements of the packages of the Executive Officers will vary depending on the market conditions in the countries in which they are

directly employed, annual bonus and long-term incentive plans follow a global policy and are structured, designed and co-ordinated at Group level.

Salary and benefit packages are set at market competitive levels and annual performance-related payments are assessed against the achievement of key targets which are mainly financial.

The salaries of Executive Officers are reviewed annually. The policy is to broadly align salaries with market medians for a global business. In determining what are the appropriate market rates, account is taken of turnover, market capitalization and the complexity and breadth of internationalization. In reviewing salaries, account is also taken of the scope and responsibilities of the role, the performance of the individual, the progress the Company is making against its targets and plans and of salary increases planned for other managers.

Each Executive Officer participates in an annual performance-related incentive scheme. The Committee establishes the performance criteria and sets the appropriate bonus parameters. The incentive plans are based mainly on challenging financial performance targets relating to the annual budget which is approved by the Board. No bonus is paid to the Executive Officers if a minimum entry level of performance is not achieved.

Each Executive Officer may be invited to participate in a Long Term Incentive Plan (LTIP). These plans are designed to reward the achievement of the Group's longer term objectives over a three year period. An LTIP may be issued annually. Therefore at any point in time there may be up to three overlapping plans in operation. The performance criteria for these plans are in the main financial measures. No payment is made if the entry point is not met. Payments from these plans are in cash. In order to align Executive Officers with shareholders, cash payments earned from these plans are factored up or down according to the share price movement during each three year plan period.

### (iii) Compensation Policy for External and non-executive Directors

The role of non-executive Directors is to supervise all Group business as members of the Board of Directors. In order for them to fulfill this role adequately and effectively, and for the Group to retain individuals with the capability and experience required, the appropriate compensation level of

non-executive Directors is set based on comparisons with other companies using benchmark data provided by specialist external advisers.

Internal non-executive Directors receive a salary and are eligible for Stock Compensation-type Stock Options. They are not eligible for performance-related bonuses or awards under long-term incentive plans.

External Directors receive fees for the performance of their duties. They are not eligible for performance-related bonuses or awards under long-term incentive plans.

## B) Amount of Compensation for Directors and Executive Officers

### (i) Amount of Compensation for Directors and Executive Officers Paid by the Company

Category	Headcount	Compensation (Million Yen)		
		Basic Salary	Bonus	Other Benefits
Directors who do not concurrently serve as Executive Officers (referred to just as "Director(s)") of which are External Directors	6	172	-	11
	4	57	-	-
Executive Officers	3	77	0	23

#### Notes:

- In addition to the amounts shown in this table which are amounts either paid or reimbursed by NSG, additional amounts were paid to certain Executive Officers by subsidiaries of the Company, and these are shown in a separate table (ii) below. Payments to Executive Officers, as shown in this table, are payments earned by Mr. Yoshikawa, payment or reimbursement of costs for Mr. Naylor, and accommodation costs in Japan as Other Benefits for Mr. Lyons. Mr. Naylor retired from the position of Executive Officer as of the end of the board of directors meeting held immediately after the end of the 146th Ordinary General Meeting of Shareholders.
- Amounts shown relate to the periods for which the office of Director and Executive Officer was held.
- The data for Executive Officers includes that for an Executive Officer who retired as of the end of the board of directors meeting held immediately after the end of the 146<sup>th</sup> AGM.
- No payment was earned in respect of the Annual Bonus for the year from April 2012 to March 2013. No payment was earned in respect of the Long Term Incentive Plan covering the three financial years from April 2010 to March 2013.
- Other Benefits for Directors include an amount of 9 Million Yen for Stock Options awarded to two internal Directors, which is the Stock Compensation-type Stock Option introduced as a retirement saving plan in accordance with the abolishment of director's retirement allowance scheme in 2007 under Japanese employment terms.
- Other Benefits for Executive Officers include an amount of 4 Million Yen for Stock Options awarded to an Executive Officer, which is the Stock Compensation-type Stock Option introduced as a retirement saving plan in accordance with the abolishment of director's retirement allowance scheme in 2007 under Japanese employment terms.
- Other Benefits include pension fund contributions, healthcare provision and accommodation costs.
- Where amounts in US dollar have been converted to Japanese Yen these have been done at an average exchange rate for the year of USD 1:83 JPY.

(ii) Amount of Compensation for Executive Officers Paid by Subsidiaries

Category	Headcount	Compensation (Million Yen)		
		Basic salary	Bonus	Other Benefits
Executive Officers	3	119	0	24

Notes:

1. The amounts shown include all compensation paid to Messrs. Lyons, Miller and Fallon as Executive Officers. Mr. Fallon retired therefrom as of the end of the board of directors meeting held immediately after the end of the 146th Ordinary General Meeting of Shareholders.
2. Amounts shown relate to the periods for which the office of Executive Officer was held. No payment was earned in respect of the Annual Bonus for the year from April 2012 to March 2013. No payment was earned in respect of the Long Term Incentive Plan covering the three financial years from April 2010 to March 2013.
3. Other Benefits include pension fund contributions, healthcare provision, transport costs.
4. Where amounts in UK sterling and EURO have been converted to Japanese Yen this has been done at an average exchange rate for the year of GBP1: 131 JPY and EUR1: 107 JPY respectively.

**(3) Matters related to External Directors**

**A) Material concurrent office of External Directors (in case that the External director has also executive positions such as an Executive Director and Executive Officer or is an External Director or Auditor of other organizations)**

Name	Concurrent Position
Seiichi Asaka	➤ External Director, NKSJ Holdings, Inc.
George Olcott	➤ External Director, NKSJ Holdings, Inc.
Sumitaka Fujita	➤ External Director, The Furukawa Electronic, Co., Ltd.
	➤ External Director, NKSJ Holdings, Inc.
	➤ External Director, Olympus Corporation
Hiroshi Komiya	➤ President and Representative Director, General Imaging Japan

Note:

NSG does not have any special relationship in business with NKSJ Holdings, Inc., The Furukawa Electronic, Co., Ltd., General Imaging Co., Ltd., and Olympus Corporation.

## B) Major activities of External Directors during fiscal year

Name	Major Activities
Seiichi Asaka	Attended all 12 Board of Directors meetings, all seven Nomination Committee meetings, all 12 Audit Committee meetings and all seven Compensation Committee meetings held during the fiscal year under review, and made statements as necessary mainly from a specialized viewpoint of an experienced business manager.
George Olcott	Attended all 12 Board of Directors meetings, six of the seven Nomination Committee meetings, 10 of the 12 Audit Committee meetings, and all seven Compensation Committee meetings held during the fiscal year under review, and made statements as necessary mainly from a specialized viewpoint of an academic expert and an experienced business manager.
Sumitaka Fujita	Attended all 12 Board of Directors meetings, all seven Nomination Committee meetings, 11 of 12 Audit Committee meetings, and all seven Compensation Committee meetings held during the fiscal year under review, and made statements as necessary mainly from a specialized viewpoint of an experienced business manager.
Hiroshi Komiya	Attended all 12 Board of Directors meetings, all seven Nomination Committee meeting, and all 12 Audit Committee meetings held during the fiscal year under review, and made statements as necessary mainly from a specialized viewpoint of an experienced business manager.

## C) Outline of an agreement on liability limitation

An agreement is concluded between the Company and each of the External Directors, to the effect that the liability of each of the External Directors in performing their duties in good faith and without gross negligence be limited to the amount as stipulated by law.

## 6. Independent Auditor

### (1) Name of Independent Auditor

Ernst & Young ShinNihon LLC

### (2) Fees, etc, to Independent Auditor with respect to fiscal year

Fees, etc., to Independent Auditor for Fiscal Year under Review	¥ 145 million
Monetary and/or other property benefits payable by the Company and its subsidiaries to Independent Auditor	¥ 145 million

Notes:

1. The audit contract between the Company and the Independent Auditor does not differentiate fees related to auditing as Independent Auditor pursuant to the Companies Act and fees related to auditing pursuant to the Financial Instruments and Exchange Act. It is not practically possible to differentiate them, either. As such, the Fees, etc., to Independent Auditor for Fiscal Year in the above table are the combined sum for these services.
2. Ernst & Young are the Group companies' principal auditors.

### (3) Policies on dismissal or non-reappointment of independent auditor

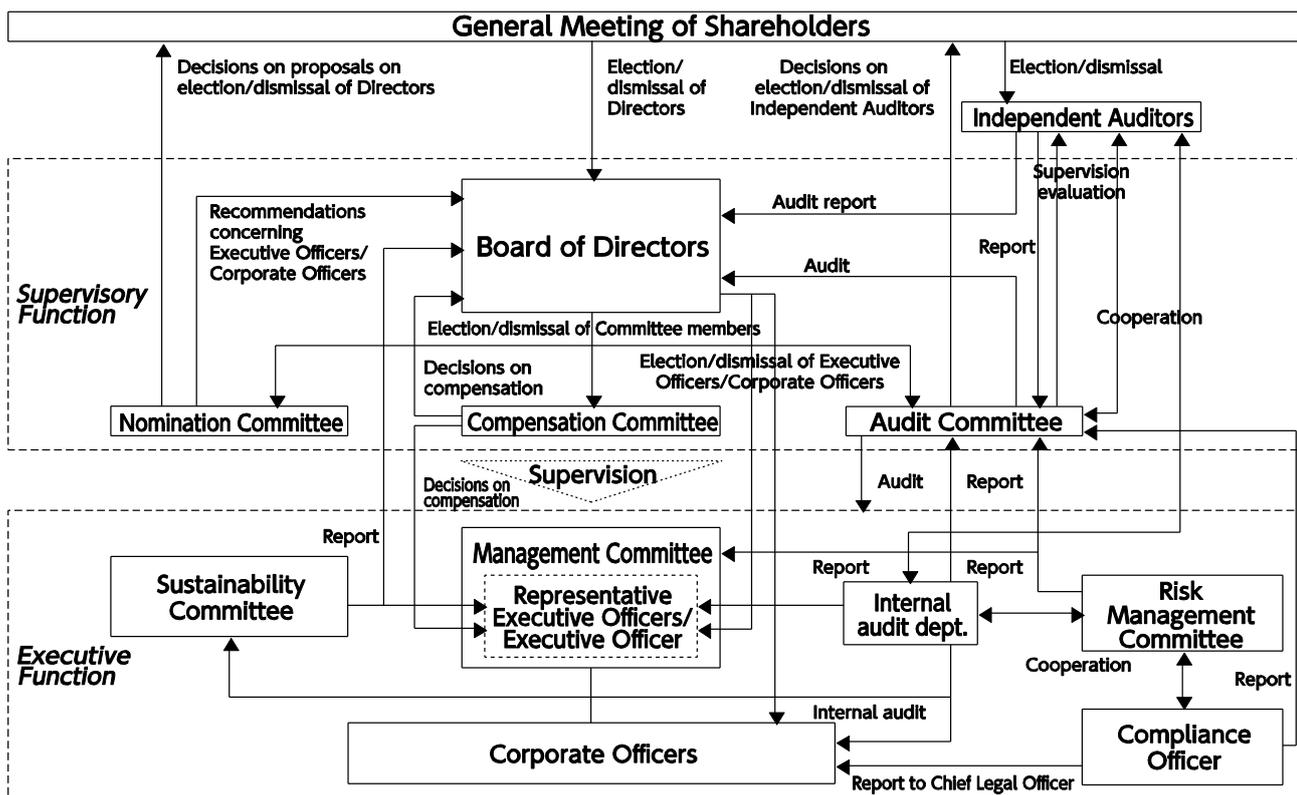
In addition to the dismissal of the independent auditor by the Audit Committee pursuant to stipulations in Article 340.1 of the Companies Act, the Audit Committee shall, in principle, propose an agenda for dismissal or non-reappointment of the accounting auditor to the General Meeting of Shareholders when the Audit Committee judges that the independent auditor is unable to perform its duties properly, due to violation of law by the independent auditor or other matters impairing eligibility or independence as the auditor.

## 7. Status of corporate governance

### (1) Policy and structure

The Group adopts a Company with Committees structure, under which we intend and seek to introduce additional safeguards for shareholders, increase the transparency of management, and enhance corporate governance by separating the functions of execution and oversight, with the role of the external directors strengthened.

## (2) Management system



- A) Board of Directors** decides or approves matters delegated to it by resolution of the General Meeting of Shareholders as well as especially important matters on the execution of the Company's business, in addition to the matters provided by laws and ordinances or by the Articles of Incorporation, and supervises the duties of Directors and Executive Officers.
- B) Nomination Committee** decides the details of the agenda items on appointment and removal of Directors to be submitted to the General Meeting of Shareholders, and give recommendation or advice on candidates for Executive Officers and Corporate Officers to the Board of Directors.
- C) Audit Committee** conducts audits of the execution of duties by Directors and Executive Officers, prepares audit reports, and decides the details of agenda items on the appointment and removal of independent auditors, as well as their non-reappointment.
- D) Compensation Committee** makes decisions on principles with respect to determination on compensations for Directors and Executive Officers, and thereunder individual compensations of Directors and Executive Officers.
- E) Management Committee** guides management operations of the Group and monitor implementation of development of such management operations.
- F) Sustainability Committee** reviews strategy and coordinates all sustainability activities in the NSG Group and ensures effective communication of these matters with our stakeholders.
- G) Risk Management Committee** defines the framework for the overall risk management of the Group and monitors the implementation thereof.

**(3) Systems to Ensure Execution of Duties by Executive Officers are Compliant with Laws and Articles of Incorporation and to Secure Appropriateness of Operations, etc.**

**A) Matters regarding Directors and/or Employees who support the execution of duties by the Audit Committee**

The Company has established an Audit Committee Office to assist the Audit Committee and a requisite number of staff is assigned to it.

**B) Matters pertaining to the independence of the above Directors and/or Employees**

Matters pertaining to the staff of the Audit Committee Office are required to be notified to and agreed by the Audit Committee in advance.

**C) System for reporting by Executive Officers and employees to the Audit Committee and other systems concerning reporting to the Audit Committee**

Executive Officers and other employees are required to report the following to the Audit Committee.

- (i) When an individual discovers any fact that has the potential to cause substantial damage to the NSG Group.
- (ii) When any director, officer or employee performs any act in violation of any law, ordinance or the Articles of Incorporation, or is considered to have possibly performed those acts.
- (iii) Matters requested to be reported by the Audit Committee and other matters considered helpful for audit.

**D) Other system to ensure effective audit by the Audit Committee**

- (i) Members appointed by Audit Committee have the right to attend important meetings.
- (ii) The Audit Committee interviews, as required, the directors, officers and employees to obtain information required for audits and receives periodic reports regarding the risk status of the Group from the relevant functions responsible for management of their respective risks.
- (iii) The Audit Committee may inspect material internal documents such as information materials for important meetings and requisition proposals.
- (iv) The Audit Committee receives explanations from the Executive Officer in charge concerning the settlement of accounts at the end of fiscal year as well as quarterly settlement of accounts prior to approval by the Board of Directors.
- (v) The Audit Committee meets regularly with the Internal Audit Function and Independent Auditor to gather information as required.

**E) System for ensuring that the performance of duties by Executive Officers and employees complies with laws and regulations, and the Articles of Incorporation**

The Group ensures strict compliance with laws and regulations, and the Articles of Incorporation and upholds corporate ethics in accordance with the "Values and Principles" and actively fulfills corporate social responsibilities.

The Group communicates and promotes the "NSG Group Code of Conduct" (regarding business ethics and compliance with laws/ regulations/ internal rules) established under the "Values and Principles" and internal rules (the Group's policies, procedures and guidelines) to the directors, officers and employees of the Group through its internal communication network and implements education and training programs.

Functions responsible for laws, regulations and internal rules are required to monitor the status of compliance in coordination with the Internal Audit Function and report it to the Audit Committee.

A Reporting of Concerns Procedure has been established to provide a framework through which the directors, officers and employees of the Group may report or seek counsel on matters related to compliance.

**F) System for retaining and managing information pertaining to Executive Officers' performance of duties**

Executive Officers retain and/or manage documents and any other information regarding their duties, pursuant to the applicable laws and internal rules.

**G) Rules and system pertaining to Risk Management**

Accurate financial reporting as well as proper and prompt information disclosure is ensured.

To cope with the risks that accompany corporate activities, the risks faced by the Group are comprehensively identified and managed. Further, the responsible functions have established appropriate internal regulations to manage the respective risks in such areas as compliance, environment, safety, disaster management, product quality, information security, fund management, materials procurement, research and development and credit control. The Group arranges risk diversification and insurance as needed.

To manage major incidents, the Group prepares rules and takes actions accordingly.

**H) System for ensuring the efficient performance of Executive Officers' duties**

The Group manages consistent policies by specifying the Executive Officers annual objectives based on the long-term plan.

The duties and authority of Executive Officers and other employees, through resolutions by the Board of Directors, are clearly established and operated in accordance with internal rules on the division of duties and delegation of authority. Management decisions are made in accordance with the Terms of Reference and other rules on internal meetings, as well as the applicable criteria for submitting proposals for deliberation. Furthermore, utilizing information technology, the Company is developing systems to enhance further the efficiency of operations.

**I) System for ensuring proper operation of corporate activities by the Group comprising the Company and its subsidiaries**

The “NSG Group Values and Principles,” “NSG Group Code of Conduct” and internal rules are communicated throughout the Group. Each Business Line and Group Function has defined rules and authority within its responsible area and provides guidance to ensure that internal control systems are properly implemented.

Transactions among the Group Companies must be conducted properly, in compliance with all applicable laws and regulations, accounting principles, and other social norms.

The Internal Audit Function evaluates and examines the effectiveness of the Group’s internal controls, and makes proposals for improvement and efficiency of the Group’s business operation.

The above reports are prepared by:

1. Rounding off any fraction of one million yen to the nearest one million yen. ; and
2. Rounding down any fraction of 1,000 shares to the nearest 1,000 shares.

## Consolidated Balance Sheet (as of 31 March 2013)

(in JPY millions)

<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Non-current assets</b>	<b>591,360</b>	<b>Current liabilities</b>	<b>293,042</b>
Goodwill	116,768	Financial liabilities:	
Intangible assets	84,496	Borrowings	152,585
Property, plant and equipment	267,983	Derivative financial instruments	1,744
Investment property	635	Trade and other payables	113,780
Investments accounted for using the equity method	45,063	Taxation liabilities	3,371
equity		Provisions	17,982
Trade and other receivables	14,208	Deferred income	2,914
Financial assets:		Liabilities related to assets held for sale	666
Available-for-sale investments	6,742		
Derivative financial instruments	1,362	<b>Non-current liabilities</b>	<b>436,941</b>
Deferred tax assets	51,797	Financial liabilities	
Tax receivables	2,306	Borrowings	
		Provision for retirement benefits of directors	291,793
		Derivative financial instruments	1,727
		Trade and other payables	1,049
		Deferred tax liabilities	23,641
		Taxation liabilities	1,295
		Retirement benefit obligations	89,760
		Provisions	18,620
		Deferred income	9,056
		<b>Total: Liabilities</b>	<b>729,983</b>
<b>Current assets</b>	<b>294,076</b>	<b>EQUITY</b>	
Inventories	100,790	<b>Capital and reserves attributable to the Company's equity shareholders</b>	<b>145,031</b>
Construction work-in-progress	428	Called up share capital	116,449
Trade and other receivables	101,242	Capital surplus	127,511
Financial assets:		Treasury stock	(374)
Available-for-sale investments	652	Stock subscription rights	592
Derivative financial instruments	2,168	Retained earnings	(11,275)
Cash and cash equivalents	83,472	Retained earnings (Translation adjustment at the IFRS translation date)	(68,048)
Tax receivables	2,686	Accumulated other comprehensive income	(19,824)
		<b>Non-controlling interests</b>	<b>10,422</b>
		<b>Total: Equity</b>	<b>155,453</b>
		<b>Total: Liabilities and equity</b>	<b>885,436</b>
<b>Total: Assets</b>	<b>885,436</b>		

## Consolidated Income Statement (for the period of 1 April 2012 to 31 March 2013)

(in JPY millions)

<b>Net sales</b>	521,346
Cost of sales	(404,027)
<b>Gross profit</b>	117,319
Other income	7,915
Distribution costs	(50,784)
Administrative expenses	(60,592)
Other expenses	(11,912)
<b>Operating profit before exceptional items</b>	1,946
Exceptional items	(19,204)
<b>Operating loss</b>	(17,258)
Finance income	1,823
Finance expenses	(15,883)
Share of post-tax profit of joint ventures and associates	2,250
<b>Loss before taxation</b>	(29,068)
Taxation	(2,871)
<b>Loss for the period</b>	(31,939)
Profit attributable to non-controlling interests	869
Loss attributable to owners of the parent	(32,808)
<b>Loss for the period</b>	(31,939)

Consolidated Statement of Comprehensive Income (Reference only)  
 (for the period of 1 April 2012 to 31 March 2013)

(in JPY millions)

Loss for the period	(31,939)
Other comprehensive income:	
Foreign currency translation adjustments	26,188
Post-retirement benefits, net of taxation	(6,581)
Revaluation of available-for-sale investments	(35)
Cash flow hedges – fair value gains, net of taxation	435
Share of other comprehensive income of affiliates	(1,318)
Total: Other comprehensive income for the period, net of taxation	18,689
<b>Total comprehensive income for the period</b>	<b>(13,250)</b>
Attributable to non-controlling interests	1,707
Attributable to owners of the parent	(14,957)
	<b>(13,250)</b>

## Consolidated statement of changes in equity (for the period of 1 April 2012 to 31 March 2013)

(in JPY millions)

	Equity attributable to the company's shareholders					
	Called up share capital	Capital surplus	Treasury stock	Stock subscription rights	Retained earnings	Retained earnings (Transition adjustment at the IFRS transition date)
Balance: as of 1 April 2012	116,449	127,511	(475)	657	30,793	(68,048)
<b>Comprehensive income for the year:</b>						
Profit / (loss) for the year					(32,808)	
Other comprehensive income					(7,899)	
<b>Total comprehensive income for the year</b>	-	-	-	-	(40,707)	-
<b>Transactions with owners:</b>						
Purchase of treasury stock			(3)			
Disposal of treasury stock		(7)	1			
Dividends paid					(1,354)	
Share based payments			103	(65)		
Transfer of retained earnings to capital surplus		7			(7)	
Other						
<b>Total transactions with owners</b>	-	-	101	(65)	(1,361)	-
Balance: as of 31 March 2013	116,449	127,511	(374)	592	(11,275)	(68,048)

	Equity attributable to the company's shareholders					Non controlling interests	Total equity
	Exchange translation reserve	Fair value reserve	Hedging reserve	Total other comprehensive income	Total equity attributable to the company's shareholders		
Balance: as of 1 April 2012	(43,628)	1,051	(2,997)	(45,574)	161,313	9,222	170,535
<b>Comprehensive income for the year:</b>							
Profit / (loss) for the year					(32,808)	869	(31,939)
Other comprehensive income	25,350	(35)	435	25,750	17,851	838	18,689
<b>Total comprehensive income for the year</b>	25,350	(35)	435	25,750	(14,957)	1,707	(13,250)
<b>Transactions with owners:</b>							
Purchase of treasury stock				-	(3)		(3)
Disposal of treasury stock				-	(6)		(6)
Dividends paid				-	(1,354)	(436)	(1,790)
Share based payments				-	38		38
Transfer of retained earnings to capital surplus				-	-		-
Other				-	-	(71)	(71)
<b>Total transactions with owners</b>				-	(1,325)	(507)	(1,832)
Balance: as of 31 March 2013	(18,278)	1,016	(2,562)	(19,824)	145,031	10,422	155,453

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## Balance Sheet (as of 31 March 2013)

(in JPY millions)

<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Current assets</b>	<b>131,698</b>	<b>Current liabilities</b>	<b>157,740</b>
Cash and cash deposits	1,586	Accounts payable - trade	15,004
Notes receivable	1,594	Short-term bank borrowings	40,000
Accounts receivable-trade	18,542	Current portion of Bonds	21,250
Products and goods	12,964	Current portion of Long-term borrowings	50,942
Work in process	2,479	Lease obligations	683
Raw materials and consumables	6,418	Accounts payable - non-trade	12,225
Short term loan receivable	71,778	Accrued income tax	137
Other current assets	17,648	Accrued expenses	3,510
Allowance for doubtful accounts	(1,311)	Customers' deposits	12,708
<b>Fixed assets</b>	<b>498,511</b>	Provision for employees' bonuses	990
<b>Tangible assets</b>	<b>43,598</b>	Provision for warranties	111
Buildings	14,678	Other current liabilities	180
Structures	1,396	<b>Fixed liabilities</b>	<b>182,180</b>
Machinery & Equipment	14,396	Bonds	62,750
Vehicles	10	Long-term bank borrowings	107,260
Tools & Fixtures	2,967	Lease obligations	1,420
Land	9,275	Accrued retirement benefits	2,707
Leased assets	41	Provision for rebuilding furnaces	6,233
Construction in progress	835	Environmental provision	224
<b>Intangible assets</b>	<b>2,604</b>	Asset retirement obligations	446
Computer software	161	Deferred tax liabilities	871
Leased assets	2,026	Other fixed liabilities	269
Other intangible assets	417	<b>Total: Liabilities</b>	<b>339,920</b>
<b>Investments and other assets</b>	<b>452,309</b>	<b>NET ASSETS</b>	
Investments in securities	1,043	<b>Shareholders' equity</b>	<b>288,652</b>
Investments in subs. & affiliates	349,887	Common stock	116,449
Long-term loan receivable	97,202	Capital surplus	124,772
Long-term prepaid expenses	2,572	Capital surplus	124,772
Other assets	1,624	Retained earnings	47,805
Allowance for doubtful accounts	(19)	Earned surplus	6,377
		Other retained earnings	41,428
		Reserve for adv'ed depreciation	2,370
		General reserve	34,977
		Retained earnings carried forward	4,081
		Treasury stocks – at cost	(374)
		<b>Valuation and translation adjustments</b>	<b>1,045</b>
		Net unrealized holding gain on derivatives	1,045
		<b>Stock subscription rights</b>	<b>592</b>
<b>Total: Assets</b>	<b>630,209</b>	<b>Net Assets</b>	<b>290,289</b>
		<b>Total: Liabilities and net assets</b>	<b>630,209</b>

## Income Statement (for the period of 1 April 2012 to 31 March 2013)

(in JPY millions)

<b>Net sales</b>	<b>98,767</b>
Cost of sales	(76,400)
<b>Gross income</b>	<b>22,367</b>
Selling, general and administrative expenses	(23,642)
<b>Operating loss</b>	<b>(1,275)</b>
<b>Non-operating income</b>	
Interest and dividend income	5,284
Other income	398
Total: Non-operating income	<b>5,682</b>
<b>Non-operating expense</b>	
Interest expense	(4,897)
Other expense	(625)
Total: Non-operating expense	<b>(5,522)</b>
<b>Ordinary loss</b>	<b>(1,115)</b>
<b>Extraordinary income</b>	
Gain from sale of fixed assets	630
Gain from sale of securities	1,286
Other	24
Total: Extraordinary income	<b>1,940</b>
<b>Extraordinary loss</b>	
Loss on sale of fixed assets	(566)
Loss on scrapping of fixed assets	(1,731)
Loss on impairment of intangible fixed assets	(21)
Loss on sale of investments in subsidiaries & affiliates	(703)
Loss on valuation of investments in subsidiaries & affiliates	(498)
Loss on restructuring expenditure	(3,107)
Other	(63)
Total: Extraordinary loss	<b>(6,689)</b>
<b>Net loss before tax</b>	<b>(5,864)</b>
<b>Taxation</b>	
Income tax: Current	772
Income tax: Deferred	238
Total: Taxation	1,010
<b>Net loss</b>	<b>(4,854)</b>

## Statement of changes in net assets (for the period of 1 April 2012 to 31 March 2013)

(in JPY millions)

	Shareholders' equity										
	Common stock	Capital surplus			Earned surplus	Retained earnings				Treasury shares	Sub-Total
		Capital surplus	Other capital surplus	Sub-total		Other retained earnings			Sub-total		
					Reserve for advanced depreciation	General reserve	Retained earnings carried forward				
<b>Balance: as of 1 April 2012</b>	116,449	124,772	-	124,772	6,377	2,691	34,977	9,975	54,020	(475)	294,766
Changes during the period:											
Reversal of reserve for deferred gain on fixed assets						(321)		321	—		—
Dividends								(1,354)	(1,354)		(1,354)
Net loss								(4,854)	(4,854)		(4,854)
Exercise of stock subscription rights										103	103
Acquisition of treasury shares										(3)	(3)
Disposal of treasury shares			(7)	(7)						1	(6)
Transfer of retained earnings to capital surplus			7	7				(7)	(7)		—
Changes in unrealized holding gain, hedges, etc.											
Total	—	—	—	—	—	(321)	—	(5,894)	(6,215)	101	(6,114)
<b>Balance: as of 31 March 2013</b>	116,449	124,772	—	124,772	6,377	2,370	34,977	4,081	47,805	(374)	288,652

	Unrealized holding gain, etc.			Stock options	Total
	Unrealized holding gain on securities	Net unrealized holding gain on derivatives	Sub-total		
<b>Balance: as of 1 April 2012</b>	267	830	1,097	657	296,520
Changes during the period:					
Reversal of reserve for deferred gain on fixed assets					—
Dividends					(1,354)
Net loss					(4,854)
Exercise of stock subscription rights					103
Acquisition of treasury shares					(3)
Disposal of treasury shares					(6)
Transfer of retained earnings to capital surplus					—
Changes in unrealized holding gain, hedges, etc.	(267)	215	(52)	(65)	(117)
Total	(267)	215	(52)	(65)	(6,231)
<b>Balance: as of 31 March 2013</b>	—	1,045	1,045	592	290,289

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## Reference materials for proposal at General Meeting of Shareholders

### Proposal: Election of Eight Directors

The term of office of all the nine Directors shall expire as of the end of this Ordinary General Meeting of Shareholders. It is therefore proposed that the following eight Directors be elected. Details of the Director candidates are as follows:

No.	Name	
1	Seiichi Asaka	Candidate for External Director
2	Keiji Yoshikawa	
3	Clemens Miller	
4	Mark Lyons	
5	Kenichi Morooka	
6	George Olcott	Candidate for External Director
7	Sumitaka Fujita	Candidate for External Director
8	Hiroshi Komiya	Candidate for External Director

No. 1 **Mr. Seiichi Asaka** (Date of birth: 24 December 1942)

■ **Brief career history**

Apr. 1965	Joined NSK Ltd.
Jun. 1994	Director, NSK Ltd.
Jun. 1997	Managing Director, NSK Ltd.
Jun. 2000	Representative Director, Senior Managing Officer, NSK Ltd.
Jun. 2002	Representative Director, President, NSK Ltd.
Jun. 2004	Director, President & Representative Chief Executive Officer, NSK Ltd.
Jun. 2009	Director, Chairman, NSK Ltd.
Apr. 2010	Director, Chairman, NSK Ltd. Director, NKSJ Holdings, Inc. (Current position)
Jun. 2010	Director, Chairman, NSK Ltd. Director, NSG Group (Current position)
Jun. 2011	Honorary Chairman, NSK Ltd. (Current position)
Apr. 2013	Chairman of the Board, NSG Group (Current position)

■ **Positions/responsibilities at NSG Group:** Director, Chairman of the Board, and a member of Nomination Committee, Audit Committee and Compensation Committee

■ **Number of the Company's shares owned:** 0

■ **Material concurrent office:** Director, NKSJ Holdings, Inc.

■ **Reasons for recommendation as an External Director:**

Mr. Seiichi Asaka has rich experiences and wide-ranging insights as a manager, which the board believes can be utilized for improvement of the Group business.

■ **Terms of office to date as External Director:**

Mr. Seiichi Asaka will have been the External Director for three years as of the end of this General Meeting of Shareholders.

■ **Brief career history**

Apr. 1973	Joined the Company
Apr. 2003	General Manager of Information & Telecommunication Device Division, Information Technology Company
Oct. 2003	General Manager of Information & Telecommunication Device Division, Information Technology Company & Plant Manager of SAGAMIHARA Plant
Jun. 2004	Corporate Officer, General Manager of Information & Telecommunication Device Division, Information Technology Company & Plant Manager of SAGAMIHARA Plant
Jun. 2006	Corporate Officer, President of Information Technology Company, General Manager of Information & Telecommunication Device Division and General Manager of Planning Department
Sep. 2006	Corporate Officer, President of Information Technology Company, and General Manager of Planning Department
Apr. 2007	Corporate Officer, General Manager of IT Business Line, and General Manager of Planning Department
Jan. 2008	Corporate Officer, General Manager of IT Business Line
Jun. 2008	Director, Executive Officer, Head of Specialty Glass Worldwide
Feb. 2012	Director, Representative Executive Officer, Executive Vice President and CPMO
Apr. 2012	Director, Representative Executive Officer, President and CEO (Current position)

■ **Positions/responsibilities at NSG Group:** Director, Representative Executive Officer, President and CEO, and a member of Nomination Committee and Compensation Committee

■ **Number of the Company's shares owned:** 66,895

■ **Material concurrent office:** n/a

■ **Brief career history**

Jul. 1992	Joined Flachglas AG (currently Pilkington Deutschland AG)
Dec.2002	Head of Business Planning, Building Products Europe Managing Director, Fire Protection, BP Europe
Jun. 2005	Managing Director, Building Products Fire Protection & Coatings
Apr. 2007	Managing Director, Solar Energy Business Managing Director, Building Products Fire Protection & Coatings
Aug. 2007	Managing Director, Building Products Europe Managing Director, Building Products Fire Protection & Coatings
Jun. 2008	Senior Corporate Officer, Head of Building Products Europe, NSG Group
Apr. 2010	Senior Corporate Officer, Vice President of Commercial and Solar Energy Products, NSG Group
Jun.2011	Director, Executive Officer, Head of Building Products Worldwide, NSG Group
Feb. 2012	Director, Executive Officer, Head of Architectural glass SBU and Technical Glass SBU, NSG Group
Apr. 2012	Director, Representative Executive Officer, Executive Vice President and COO, Head of Architectural glass SBU and Technical Glass SBU, NSG Group
Jun. 2012	Director, Representative Executive Officer, Executive Vice President and COO, NSG Group (Current Position)

■ **Positions/responsibilities at NSG Group:** Director, Representative Executive Officer, Executive Vice President and COO

■ **Number of the Company's shares owned:** 0

■ **Material concurrent office:** n/a

No. 4 **Mr. Mark Lyons** (Date of birth: 31 October 1962)

■ **Brief career history**

Apr. 1990	Joined Pilkington plc (Currently Pilkington Group Limited)
Jan. 2003	CFO, Building Products Worldwide
Mar. 2005	President, Building Products Europe
Apr. 2007	General Manager, BP Regional Operations, and Managing Director, Building Products Europe, NSG Group
Jun. 2007	Senior Corporate Officer, General Manager, BP Regional Operations, Managing Director, Building Products Europe, NSG Group
Oct. 2007	Senior Corporate Officer, Head of Building Products Worldwide, NSG Group
Jun. 2008	Director, Executive Officer, Head of Building Products Worldwide, NSG Group
Jun. 2011	Director, Executive Officer, CFO, NSG Group
Apr. 2012	Director, Representative Executive Officer, CFO, NSG Group (Current position)

■ **Positions/responsibilities at NSG Group:** Director, Representative Executive Officer, CFO

■ **Number of the Company's shares owned:** 0

■ **Material concurrent office:** n/a

No. 5 **Mr. Kenichi Morooka** (Date of birth: 12 December 1956)

■ **Brief career history**

Apr. 1979	Joined The Sumitomo Bank, Limited□(Currently Sumitomo Mitsui Banking Corporation)
Apr. 1993	Senior Assistant General Manager, International Affairs (Tokyo), The Sumitomo Bank, Limited
Jun. 2002	President, SMBC Securities, Inc., and Vice President, SMBC Capital Markets, Inc.
Dec. 2006	General Manager, Promotion of Business Integration, and Senior Manager, Finance, NSG Group
Jun. 2008	Corporate Officer, Head of Financial Planning, NSG Group
Apr. 2011	Corporate Officer, CFO, Specialty Glass, General Manager of SG Administration, and Head of Corporation Planning Communication, NSG Group
Jun. 2011	Senior Corporate Officer, CFO, Specialty Glass, General Manager of SG Administration, and Head of Corporation Planning Communication, NSG Group
Feb.2012	Senior Corporate Officer, Head of Corporate Planning Communication, NSG Group
May 2012	Senior Corporate Officer, Deputy CFO, NSG Group
Apr. 2013	Executive Officer, Deputy CFO, NSG Group (Current position)

- **Positions/responsibilities at NSG Group:** Executive Officer, Deputy CFO
- **Number of the Company's shares owned:** 3,432
- **Material concurrent office:** n/a

No. 6 **Mr. George Olcott** (Date of birth: 7 May 1955)

■ **Brief career history**

Jul. 1986	Joined S.G. Warburg & Co., Ltd
Nov. 1991	Director of S.G. Warburg & Co., Ltd
Sep 1993	Executive Director, Equity Capital Market Group, S.G. Warburg Securities London
Apr. 1997	Head of Tokyo branch, SBC Warburg
Apr. 1998	Vice President, LTCB-UBS-Brinson Asset Management
Feb. 1999	President, UBS Asset Management (Japan) President, Japan UBS Brinson
Jun. 2000	Managing Director, Equity Capital Market, UBS Warburg Tokyo
Sep. 2001	Judge Business School, University of Cambridge
Mar. 2005	FME Teaching Fellow, Judge Business School, University of Cambridge
Mar. 2008	Senior Fellow, Judge Business School, University of Cambridge (Current position)
Jun. 2008	Director, NSG Group (Current position)
Apr. 2010	Director, NKSJ Holdings, Inc. (Current position)
Sep. 2010	Project Professor of Research Center for Advanced Science and Technology of The University of Tokyo (Current position)

- **Positions/responsibilities at NSG Group:** Director, Chairman of Nomination Committee, and a member of Audit Committee and Compensation Committee
- **Number of the Company's shares owned:** 0
- **Material concurrent offices:** Senior Fellow, Judge Business School, University of Cambridge, Director, NKSJ Holdings, Inc., and Project Professor of Research Center for Advanced Science and Technology of The University of Tokyo
- **Reasons for recommendation as an External Director:**  
Mr. George Olcott has considerable experiences and broad insights as an academic and as a manager, which the board believes should contribute to the Group business.
- **Terms of office to date as External Director:**  
Mr. George Olcott will have been the External Director for five years as of the end of this General Meeting of Shareholders.

No. 7 **Mr. Sumitaka Fujita** (Date of birth: 24 December 1942)

■ **Brief career history**

Apr. 1965	Joined ITOCHU Corporation
Jun. 1995	Executive Director, ITOCHU Corporation
Apr. 1997	Senior Executive Director, ITOCHU Corporation
Apr. 1998	Senior Executive Director, Representative Director, ITOCHU Corporation
Apr. 1999	Representative Director, Chief Executive Director, Chief Financial Officer, ITOCHU Corporation
Apr. 2001	Representative Director, Vice President, Chief Financial Officer, ITOCHU Corporation
Apr. 2003	Representative Director, Vice President, Chief Financial Officer, Chief Compliance Officer
Apr. 2006	Representative Director, Vice Chairman, ITOCHU Corporation
Jun. 2006	Director, Vice Chairman, ITOCHU Corporation
Jun. 2007	Director, Orient Corporation (Retired in Jun. 2010)
Jun. 2008	Senior Advisor, ITOCHU Corporation Director, The Furukawa Electric, Co., Ltd. (Current position) Auditor, NIPPONKO Insurance Company, Limited
Jun. 2009	Senior Advisor, ITOCHU Corporation Director, NSG Group (Current position) Auditor, NIPPONKOA Insurance Company, Limited
Apr. 2010	Senior Advisor, ITOCHU Corporation Director, NKSJ Holdings, Inc. (Current position)
Jul. 2010	<i>Rjji</i> , ITOCHU Corporation (current position)
Apr. 2012	Director, Olympus Corporation (Current position)

- **Positions/responsibilities at NSG Group:** Director, Chairman of Audit Committee, and a member of Nomination Committee and Compensation Committee
- **Number of the Company's shares owned:** 10,000
- **Material concurrent offices:** Director, The Furukawa Electric, Co., Ltd., Director, NKSJ Holdings, Inc. and Director, Olympus Corporation
- **Reasons for recommendation as an External Director:**  
Mr. Sumitaka Fujita has rich experiences and wide-ranging insights as a manager, which the board believes can be utilized for improvement of the Group business.
- **Terms of office to date as External Director:**  
Mr. Sumitaka Fujita will have been the External Director for four years as of the end of this General Meeting of Shareholders.

No. 8 **Mr. Hiroshi Komiya** (Date of birth: 7 April 1942)

■ **Brief career history**

Apr. 1965	Joined Bridgestone Corporation
Apr. 1989	General Manager, North American Business Division, Bridgestone Corporation
Apr. 1991	Director, Bridgestone Firestone Inc.
Aug. 1994	Joined Olympus Corporation as General Manager, Corporate Planning Division
Jun. 1997	Director, Olympus Corporation
Jun. 1999	Managing Director, Olympus Corporation
Jun. 2004	Senior Managing Director, Olympus Corporation
Jan. 2007	Chairman & CEO, General Imaging Company
Mar. 2009	Chairman, General Imaging Company President & Representative Director, General Imaging Japan Co., Ltd. (Current position)
Jun. 2010	Director, NSG Group (Current position)

- **Positions/responsibilities at NSG Group:** Director, Chairman of Compensation Committee, and a member of Nomination Committee and Audit Committee
- **Number of the Company's shares owned:** 0
- **Material concurrent office:** President & Representative Director, General Imaging Japan, Co., Ltd.
- **Reasons for recommendation as an External Director:**

Mr. Hiroshi Komiya has rich experiences and wide-ranging insights as a manager, which the board believes can be utilized for improvement of the Group business.
- **Terms of office to date as External Director:**

Mr. Hiroshi Komiya will have been the External Director for three years as of the end of this General Meeting of Shareholders.

Notes:

1. Messrs. Seiichi Asaka, George Olcott, Sumitaka Fujita, and Hiroshi Komiya are candidates for the External Directors stipulated in Article 2 Clause 15 of the Companies Act. In addition, all of them have been notified to Tokyo Stock Exchange and Osaka Securities Exchange as Independent Directors. Furthermore, the Company originally has more stringent criteria with respect to such independency of directors considering their relationships with the Group itself, Group's directors and/or Group's major shareholders, which all four candidates for External Directors also meet.

2. Particulars of the candidates for External Directors are as follows:

(1) Violation of laws, ordinances or the articles of incorporation, or other unlawful conducts in business execution in the companies where the candidates for External Directors were Directors, Executive Officers or Auditors over the past five years (those occurred during their term of office)

A) Mr. Seiichi Asaka assumed office of a director of NSK Ltd. for the period from June 1994 to June 2011. In February 2013 certain employees of NSK Ltd. were sentenced by the Tokyo District Court to the pecuniary penalty and imprisonment (suspended) for the suspected facts of violation of Anti-monopoly Act in connection with the transaction of bearing products. In March 2013 NSK Ltd. received the cease and desist order, and surcharge payment order by JFTC in connection therewith. The cases and facts recognized thereat relate to business operations of NSK Ltd. during the period of his tenure as director. In addition to the above, overseas subsidiaries of NSK, Ltd. in Germany and U.S. were also subjected to the investigations by the relevant authorities, and recently, Korean and Singaporean subsidiaries were also dawn-raided on suspicion of violations of the competition laws by the relevant authorities in July 2012 and in February 2013 respectively. The subject matters of such investigation by the authorities relates to the business conducted during such time as he assumed the office of the director of the company.

B) When Mr. Sumitaka Fujita was a Director of ITOCHU Corporation it was found that the former employee of the said company had been engaged in fraudulent accounting with regard to transactions of drinkable ethanol produced overseas. Further, it was also found that in relation to a tripartite transaction where the company imported certain heavy machinery and materials from a foreign state for forwarding (on-transfer of) the same to the ultimate user located in Mongolia, while those transactions were in essence accounted for as sale and purchase transaction, there were effectively transactions of rendering financial assistance without involving any aspect of transfer of goods. Mr. Sumitaka Fujita was not involved in either of those transactions and focused his attention and efforts on strengthened compliance actions and internal control during such time as he retained the office of Director for the company.

C) He was elected as External Director of the Furukawa Electric in June 2008 and in August of the same year it was found that in relation to a part of plate/tube products made from alloy of copper and iron the company in question calculated the performance criteria with regard to product quality by conduct of the test as different from that required by JIS qualification and it was subsequently subject to cancellation of JIS mark certification (qualified in April 2009 again).

In addition, during the period of his office above, in March 2009 The Japan Fair Trade Commission (JFTC) issued cease and desist order, and surcharge payment order to the Furukawa Electric for the violation of the Anti-monopoly Act in connection with cross-linked high-foaming polyethylene sheets business, further in May 2010 JFTC also issued and imposed the same cease and desist order, and surcharge payment order to the Furukawa Electric on this occasion for alleged violation of the Anti-monopoly Act in respect of the business of optical fiber cable and other related products.

Moreover, in September 2011 The Furukawa Electric entered into a plea agreement with the U.S. Department of Justice to pay a fine in connection with the suspected cartel with respect to the automotive wire harness and other related products, and was further ordered to pay a fine by the Canadian authority in April 2013.

Albeit he was not engaged in any of the cases above and not aware of any of the facts thereof until these were revealed, on a daily basis Mr. Fujita put forward various proposals from the viewpoint of legal compliance and brought to the attention of the management in

this regard and particularly from revelation of this occurrence he has been also seeking to ensure (by taking the occasion of the board meetings or otherwise) that the Company should be sufficiently mindful of compliance needs and spirit and should take appropriate measures for prevention of any such further case.

D) He assumed the office of External Auditor of NIPPONKOA Insurance Company in June 2008. On 23 October 2009 during his incumbency of such office, Financial Services Agency issued operational improvement order to NIPPONKOA in connection with some cases of delay in insurance payments caused by inadequate and inappropriate activities.

He significantly contributed to business improvement of NIPPONKOA Insurance Company in terms of fact-finding process and appropriate action for prevention of recurrence of the cases like above by giving the Board of Directors and Board of Auditors of the company valuable comments and advice on broad issues based on his experiences and insights as business manager at other major companies in different industries.

(2) Agreement on liability limitation with External Directors

The Company concluded an agreement with Messrs. Seiichi Asaka, George Olcott, Sumitaka Fujita, and Hiroshi Komiya respectively to the effect that the liability of each of the External Directors in performing their duties in good faith and without gross negligence be limited to the amount permissible by law.

## **Information concerning Exercising Voting Right via the Internet**

Please note the following matters upon exercising voting rights via the Internet.

### **1. Website for exercising voting rights**

Exercising voting rights via the Internet can be carried out only through the following website specified by the Company: <http://www.web54.net> (in Japanese only)

### **2. Voting rights**

- (1) When exercising voting rights via the Internet, use voting rights code and password listed in the enclosed voting rights exercising card and follow the on-screen directions to indicate your approval or disapproval of the proposals.
- (2) Though voting rights may be exercised till 5:45 p.m. (Japan time) of 26 June (Wed.) 2013, it would be greatly appreciated if you could kindly exercise the rights earlier to facilitate early tabulation of the voting results.
- (3) When a shareholder exercises his or her voting right both in writing and via the Internet, the voting rights exercised via the Internet shall take precedence over the one in writing. When a shareholder exercises his or her voting right multiple times via the Internet, the last valid exercise of voting rights via the Internet shall be considered as the shareholder's final vote.
- (4) The shareholder shall bear any connection fees of the service provider or telecommunication charges upon using the website for exercising voting rights.

### **3. Voting rights code and password**

- (1) The password is very important information to identify you at the voting. Please treat it very carefully in the same manner as if it is your personal seal or secret number.
- (2) In the event that you put wrong password a certain number of times such password will become invalid. If you wish reissue of the password please follow the instruction shown on the screen.
- (3) The voting rights code written on voting rights exercising card shall be valid only for this General Meeting of Shareholders.

### **4. System Requirements for Exercising Voting Rights via the Internet**

Please confirm the following system requirements of your computer when you exercise voting rights via Internet:

(1) Website for personal computer

A) Display resolution of the computer is 800 × 600 (SVGA) or higher.

B) Following applications are installed into the computer

(i) Microsoft® Internet Explorer 5.01 SP2 or its higher version as Internet browser software

(ii) Adobe® Acrobat® Reader™ 4.0 or its higher version, or Adobe® Reader™ 6.0 or its higher version as PDF file browser

\* Microsoft is the registered trademark of Microsoft Corporation in the U.S. and other countries. Internet Explorer is the name of product provided by Microsoft Corporation. Adobe® Acrobat® Reader™ and Adobe® Reader™ are the trademarks or registered trademarks of Adobe Systems Incorporated in the U.S. and other countries.

\* You can download such software for free at the website of each company respectively.

(iii) If the pop-up broker is active on your computer please make it (temporarily) inactive and Cookie enabled for this website in the privacy setting.

(iv) If you cannot access the website the Internet access might be restricted due to the setting of firewall proxy server and security software. In such case please check the settings.

(2) Website for mobile phone

Mobile phone is capable of 128-bit SSL communication (encrypted communication), and either of the following services is available: i) i-mode, ii) EZweb or iii) Yahoo! Keitai

\* i-mode, EZweb, Yahoo! and Yahoo! Keitai are trademarks or registered trademarks of NTT DoCoMo, Inc., KDDI Corporation, Yahoo! Incorporated and SoftBank Mobile Corporation respectively.

\* In the case that you access the website by using; full browsing application of mobile devices; PC via network provided by the mobile device or; Smartphone device, your voting is deemed as the one exercised on the website for personal computer.

## **5. Inquiries regarding Exercising Voting Rights via the Internet**

(1) Contact for any inquiries regarding the exercise of voting rights via the Internet

Web support desk of Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited

Telephone number:

0120-652-031 (from 9 a.m. to 9 p.m. Japan time, toll free in Japan)

(2) Contact for other information such as request for documents

A) If you have a shareholder account of securities company:

Please contact the securities company administrating your shareholder account

B) If you do NOT have a shareholder account of securities company:

Please contact the Administration Center of Transfer Agency of Sumitomo Mitsui Trust Bank

Telephone number:

0120-782-031 (Weekdays from 9 a.m. to 5 p.m. Japan time, toll free in Japan)

## **6. Electronic Voting Platform for institutional shareholders**

The Electronic Voting Platform operated by ICJ, inc. is available for institutional shareholders.



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