

URL <http://www.ngkntk.co.jp>
Stock listing Tokyo 1st section, Nagoya 1st section
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Representative Shinichi Odo, President

**Notice for capital and business alliance with Eastern Co., Ltd.
regarding restructuring of organic-IC-package business**

NGK SPARK PLUG CO., LTD. (NTK) today announced that NTK forms capital and business alliance with Eastern Co., Ltd. (Eastern), one of the foremost makers in global IC packages market for Non-MPU, such as CSP type organic-IC-packages used for logic ICs in cellphone and for memory ICs with high reputation for ultra-thin substrate processing techniques and manufacturing process technology. NTK and Eastern agree that NTK will be holding 33.4% of voting right of Eastern.

By the business alliance, both NTK and Eastern accelerate of expanding mutual package business into FC-CSP package, which used for application processors for smartphones and tablet PCs (smart device APs), and enhance price competitiveness in each organic-IC-package market through an integration of each manufacture function.

NTK changes innovatively the organic-IC-package business into fabless organization specialized in function of design, development and sales, applying Eastern as consignment manufacture which has excellent competitive in price and flexibility, in addition to foreign strategic partner which has also high power for price competition.

Growing market of IC-package for FC-CSP

The market in smart phones and tablet PCs is growing rapidly in contrast to PC market. The electrical components are required higher function for smart device APs. It means our products in FC-CSP base for smart device APs with the advantage low-profile and downsizing are expected strong demand.

NTK expects to provide competitive and forefront product in the market unification of the technology of Eastern which has from CSP market, such as ultra-thin substrate processing techniques and manufacturing process technology, miniaturization technology from organic-IC-package for MPU, which will offer the whole expertise from NTK to Eastern.

NTK will continue to commit the growing IC-package market with the alliance, utilizing the advantages, price competitiveness and mobility of Eastern and development technology of NTK.

Transition in NTK's whole manufacturing line of organic-IC-package

NTK has steadily progressed reconstruction in manufacturing structure. NTK has organized them overseas for volume product need to be high competitive in price and in Japan for high value added product need technology. This is due to NTK's policy. On December 2012, NTK has changed organic-IC-package for MPU manufacturing line to foreign strategic partner, and has restructured manufacturing lines in Japan to be adequately compact size.

In the business alliance, NTK and Eastern have decided to integrate our whole organic-IC-package manufacturing to Eastern to enhance price competitiveness in each organic-IC-package market. NTK has been confident that NTK can exercise our advantage dedicating ourselves in forefront technology, development, and sales.

For production transfer, NTK will start from items approved by the customer. NTK plans to complete all transfer by the end of fiscal year ending March 2014. NTK has been discussing use for main factory for organic-IC-package of NTK after completion of production transfer.

Subscription to new Eastern's shares

Eastern raises share capital to issue 2,011 thousand stocks by way of third-party allocation of shares in March 29, 2013. NTK subscribes all of such shares by 1,130 yen per share. Eastern uses 2,273 million yen of the proceeds obtained by the capital alliance for growth of semiconductor-packaging-substrates business, as development of IC packages in relation to the business alliance and investment in plant and equipment thereof.

About Eastern

(1) Name	Eastern Co., Ltd.	
(2) Representative	Noriaki Nakagiri, president and CEO	
(3) Business Lines	Production and sales of semiconductor packaging substrates Production and sales of electronic equipment such as power supply equipment, etc.	
(4) Headquarter	1-8-37 Tsukahara, Chino, Nagano Prefecture, Japan 391-853	
(5) Paid in Capital	3,500 millions of yen (Number of issued shares: 4,168 thousand shares)	
(6) Total assets (Consolidated)	16,346 millions of yen	
(7) Net assets (Consolidated)	6,753 millions of yen	
(8) Net sales (Consolidated)	17,773 millions of yen (for the fiscal year ended March 31, 2012)	
(9) Number of employees	Consolidated 1,136	Non-consolidated 704
(10) Main shareholders		
	Tokyo Small and Medium Business Investment & Consultation Co., Ltd.	16.1%
	Stock Ownership Association of Eastern employees	11.6%
(11) URL	http://www.eastern.co.jp/	
Note : as of March 31, 2012 (other than net sales)		

Forecast

The alliance has an insignificant impact on our financial forecast for the current fiscal year ending March 31, 2013. NTK considers it in middle term management plan and plan to announce it as soon as detail is decided. We estimate no or little impairment loss of assets from the transition in whole manufacturing line of organic-IC-package.