

April 20,2016

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Securities Code: 5334
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Notice of Capital and Business Alliance with Japan Medical Dynamic Marketing Inc.
and Acquisition of Stock Shares (Equity Method Affiliate)

Nagoya, April 20, 2016—NGK SPARK PLUG CO.,LTD.(Securities Code 5334, hereafter referred to as “NGK SPARK PLUG”, “Us”, or “We”) announced today that the company has decided to conclude a capital and business alliance agreement with Japan Medical Dynamic Marketing Inc. (Securities Code 7600, hereafter “MDM”) and stock transfer agreement with ITOCHU Corporation (Securities Code 8001, hereafter “ITOCHU”) to acquire stock shares of MDM (both transactions collectively referred to as “the Alliance” or “Alliance”).

1. Strategic Rationale for the Alliance

Owing to the core technology of the new ceramics materials, NGK SPARK PLUG currently holds a high market share in the global automobile-related businesses especially in the spark plugs and oxygen sensors used in engine parts for automobiles. In our technical ceramics-related businesses (e.g. semiconductor IC package, cutting tools and industrial ceramics including medical ceramics), NGK SPARK PLUG is currently actively investing and pursuing a “select and concentrate“ approach segments with growth potential.

In the 7th Mid-Term Management Plan’s “Evolving 3 years ” that started from April 2016, We announced the plan to “Develop existing and new business at an accelerated rate” and are investing our management resources to apply core technologies to product development in the three market areas “environment and energy”, “next generation vehicles” and “medical applications” that are expected to grow.

Specifically, in the implant business of the medical applications, we continue to operate only in domestic production and sales of the various artificial bone products that are applied to ceramics technology. However, through the Alliance, we will expand our business domain to the production and sales of orthopedic implants products and promote the expansion of the ceramics products to the global market. NGK SPARK PLUG will also nurture the medical-related business as a new pillar of revenue and embark upon growing as a global manufacturer of comprehensive orthopedic implants.

MDM offers high improved product development capabilities, existing product portfolio in the field of orthopedics and production and sales operations in North America. Therefore, by building a strong cooperative relationship through the Alliance, We believe that MDM contributes significantly to the expansion of orthopedic implants

business, which aligns with our target business model based on “research and development” and “improvisation”.

On the other hand, we believe that, for MDM and NGK SPARK PLUG as well, the Alliance will facilitate achievement of the medium-term management plan and value enhancement by the availing management resources to the maximum.

2. Details of the Alliance

1) Content of the Alliance

Under the agreement, NGK SPARK PLUG and MDM agree to implement the Alliance in areas listed below. The detailed policies and content of the Alliance will be determined going forward on the basis of mutual discussions between the two companies.

- ① To effectively use NGK SPARK PLUG’s domestic sales, development, and manufacturing, etc, in the field of the medical equipments.
- ② To effectively leverage MDM Group’s domestic/overseas development, manufacturing and sales network in the field of the medical equipments.
- ③ The two companies will consider the possibility of collaboration in the development, production sales and other functions to facilitate global expansion.

Further, directors will be appointed from NGK SPARK PLUG to MDM. A proposal regarding the appointment is to be submitted to the 44th general shareholders’ meeting of MDM to be held in June 2016.

2) The Number of Acquisition Shares and the Status of Shares before and after the Acquisition

NGK SPARK PLUG today concluded a stock transfer agreement with ITOCHU under which it will acquire from the latter stock equal to 30.00% of the total number of issued shares of MDM (7,942,764 shares) with effect on May 16, 2016.

As a result, MDM will thereby become an equity-method affiliate of NGK SPARK PLUG.

1)	Number of shares before change	0 (Number of Voting Rights:0) (% Voting Rights :0.0%)
2)	Number of shares Acquired shares	7,942,764 shares (Number of Voting Rights: 7,942,764)
3)	Acquisition cost	6,195,356 thousand yen (@780yen per share)
4)	Number of shares post transfer	7,942,764shares (Number of Voting Rights: 7,942,764) (% Voting Rights :30%)

3. Overview of MDM (As of September 2015)

1)	Company Name	Japan Medical Dynamic Marketing Inc.
2)	Location	12-2, Ichigayadaimachi, Shinjuku-ku, Tokyo 162-0066 JAPAN
3)	President	Masao Okawa
4)	Business	Import and sale of medical devices

	Development, manufacture and sales of domestic medical products Promotion of medical products to medical professionals and major hospitals throughout Japan																						
5) Capital	3,001,929 thousand yen																						
6) Establishment	May 28, 1973																						
7) Major Shareholders and Shareholding Ratio	<table border="0"> <tr> <td>ITOCHU Coporation</td> <td>30.00%</td> </tr> <tr> <td>Takashi Watanabe</td> <td>5.45%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (trust account)</td> <td>3.95%</td> </tr> <tr> <td>Yasuo Watanabe</td> <td>3.82%</td> </tr> <tr> <td>Kazuhiro Shimazaki</td> <td>3.37%</td> </tr> <tr> <td>The Master Trust Bank of Japan ,Ltd. (trust account)</td> <td>2.88%</td> </tr> <tr> <td>NORTHERN TRUST CO.(AVFC) RE-HCR00 (The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Department, standing proxy)</td> <td>2.79%</td> </tr> <tr> <td>BNYM SA/NV FOR BNYM CLIE NT ACCOUNT MPCS JAPAN(The Bank of Tokyo-Mitsubishi UFJ, Ltd, standing proxy)</td> <td>2.48%</td> </tr> <tr> <td>International Technology Transfer Corporation</td> <td>1.49%</td> </tr> <tr> <td>Hiroshi Kusakabe</td> <td>1.47%</td> </tr> </table>			ITOCHU Coporation	30.00%	Takashi Watanabe	5.45%	Japan Trustee Services Bank, Ltd. (trust account)	3.95%	Yasuo Watanabe	3.82%	Kazuhiro Shimazaki	3.37%	The Master Trust Bank of Japan ,Ltd. (trust account)	2.88%	NORTHERN TRUST CO.(AVFC) RE-HCR00 (The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Department, standing proxy)	2.79%	BNYM SA/NV FOR BNYM CLIE NT ACCOUNT MPCS JAPAN(The Bank of Tokyo-Mitsubishi UFJ, Ltd, standing proxy)	2.48%	International Technology Transfer Corporation	1.49%	Hiroshi Kusakabe	1.47%
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8) Relationship between the Listed Company and the Company	Capital	There is no capital relationship that should be disclosed.																					
	Human Resources	There is no HR relationship that should be disclosed.																					
	Sales Relationship	NGK SPARK PLUG supplies artificial bone-related products as OEM to MDM. Except for the above, there is no sales relationship that should be disclosed.																					
	Status to related parties	There is no information that should be disclosed.																					
9) Consolidated Operating Results and Financial Condition of the Recent Three Years of the company																							
Accounting Term (From April to March 31)	FY2013	FY2014	FY2015																				
Net Assets	10,838,248 thousand yen	11,051,653 thousand yen	10,853,773 thousand yen																				
Total Assets	16,455,165 thousand yen	19,483,684 thousand yen	20,167,616 thousand yen																				
Net Assets Per Share	409.58 yen	417.65 yen	409.70 yen																				

Sales	8,134,461 yen	9,459,467 yen	11,855,226 yen
Operating Profit	△152,458 thousand yen	661,350 thousand yen	1,295,413 thousand yen
Ordinary Profit	△395,657 thousand yen	475,722 thousand yen	1,086,951 thousand yen
Profit Attributable to Owners of Parent	△397,894 thousand yen	286,656 thousand yen	△391,528 thousand yen
Net Income Per Share	△15.04 yen	10.83 yen	△14.80 yen
Dividend Per Share	5.0 yen	5.0 yen	5.0 yen

4. Schedule

1)	Date of conclusion of the alliance agreement	April 20,2016
2)	Date of conclusion of stock transfer agreement	April 20,2016
3)	Date of stock transfer	May 16,2016 (Planned)

(Note) Consummation of the Stock Acquisition is premised on the fact that there are no factors that will prevent the consummation of the stock acquisition, such as issuing of a cease and desist order, etc., as a result of an examination by the Japan Fair Trade Commission of the advance notification pursuant to Article 10, Paragraph 2 of the Antimonopoly Law.

5. Outlook

NGK SPARK PLUG will inform regarding the impact of the Alliance on the future consolidated results with Consolidated financial reports in accordance with Japanese GAAP to be released on May 9, 2016.