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Press Release

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(Security Code: 2497, Mothers section of the Tokyo Stock Exchange)

Retirement of Treasury Stock through Third Party Placement, Changes in Our Main Shareholders

Tokyo, Japan – May 8, 2008 – The ngi group is pleased to announce that during our Board of Directors meeting held on May 8, 2008, we have decided to retire some of our treasury stock. Furthermore with regards to reports of our financing through third party placement of shares, we take this opportunity to clarify the fact that no new shares will be issued in this financing and only treasury stock will be used in the third party placement.

Moreover, we also take this opportunity to announce changes in our main shareholders.

Details

I Retirement of Treasury Stock through Third Party Placement

1. Purpose of the Retirement of Treasury Stock through Third Party Placement

We have identified the 3 dimensional Internet, MetaVerse (Virtual Worlds) and venture capital investments as key growth businesses to focus upon in our business expansion strategy. And as part of our business strategy ngi and our consolidated subsidiary 3Di, Inc. (Tokyo, President and CEO Satoshi Koike) have entered into a business agreement with NTT Investment Partners, Inc. (Tokyo, President and CEO Hiroo Unoura, NTT-IP), a 100% owned subsidiary of Nippon Telegraph and Telephone Corporation (Tokyo, President and CEO Satoshi Miura, NTT) which was established in February 2008 for the purpose of investing in companies which hold strong growth potential using new technologies and businesses, to conduct joint venture capital investment activities in the areas of next generation networks (NGN), 3D Internet and MetaVerse and other new businesses.

Against this backdrop, the fund managed by NTT-IP will take on a third party placement of shares in 3Di as part of our efforts to fortify our relationship with the NTT Group as part of our strategy of fortifying relationships with the NTT Group. Furthermore we retired some of our treasury stock to NTT-IP as well.

2. Uses of the Funds Procured

(1) Value of Procured Funds

¥1,452 million

(2) Specific Uses of Procured Funds

Funds raised from the retirement of our treasury stock will be used to develop new applications in the realm of 3D Internet and MetaVerse, repayment of debt, and for investment in new businesses.

(3) Expected Date of Use of Procured Funds

We do not have any specific dates for the uses of the procured funds yet.

(4) Our Rationale Behind the Uses of the Procured Funds

We have conducted venture capital investments in the field of the Internet and helped to cultivate various advanced businesses in which we have invested. In the future we expect to continue to invest in the 3D Internet, MetaVerse and other innovative business realms.

Going forward, we will use this third party placement to fortify our relationship with the NTT Group and pursue synergies in the areas of 3D Internet and MetaVerse, as well as other business realms.

Furthermore we will use funds procured to repay debts as part of our strategy of fortifying our financial position, in addition to invest in other business areas. We believe that these uses of the procured funds is justified because they are designed to raise our shareholder value.

3. Trends in Our Earnings, and Equity Financings

(1) Our Consolidated Earnings Performance During the Most Recent Three Years (Units: Million yen)

	FY3/06	FY3/07	FY3/08
Net Sales	1,896	5,329	7,775
Operating Profit	373	2,481	2,653
Recurring Profit	363	2,428	2,498
Net Profit	199	1,265	735
EPS (Yen)	5,396.90	32,443.62	6,233.93
Dividends Per Share (Yen)	—	2,500	1,200
Book Value Per Share (Yen)	42,632.00	279,278.54	81,351.71

(2) Various Share Related Data, Including Shares Issued and Latent Shares

(As of May 7, 2008)

Type	Shares	Ratio of Total Shares Issued
Total shares issued	126,966	100%
Latent shares at the current share price	6,088 株	4.79%
Latent shares at the low exercise share price	—	—%
Latent shares at the high exercise share price	—	—%

(Note) "Latent shares" are shares potentially arising from exercise of stock options.

(3) Conditions as of the Most Recent Equity Financing

Retirement of Treasury Stock through Third Party Placement

Retirement date	May 26, 2008
Type of shares retired	Common Stock
Number of shares to be retired	11,000
Retirement price	¥132,000 per share
Total value of retired shares	¥1,452,000,000
Total shares issued at time of retirement	126,966
Treasury stock remaining after retirement	1,271
Acquirer of retired shares	NTT Investment Partners Fund Investment Limited Liability Partnership

(4) Equity Financing Conditions in the Past 3 Years

Public Offering

Issuance date	August 29, 2006
Procured funds value	¥1,942,500,000 (Issuance price: ¥555,000)
Total shares issued at time of public offering	36,962
Uses of procured funds	Development of new services, working capital, others
Projected date of fund usage	From FY March 2007 to FY March 2008
Current conditions of funds usage	Development of new services, working capital, others

(5) Recent Share Price Conditions

(a) Conditions within the Past Three Years

(Units: Yen)

	FY3/06	FY3/07	FY3/08
Opening price	—	1,200,000	274,000
High price	—	1,530,000	292,000
Low price	—	236,000	73,900
Closing price	—	271,000	153,000

(Note) 1. Because we were listed on the Mothers section of the Tokyo Stock Exchange on August 30, 2006 we do not show share prices for FY3/06.

2. As of April 1, 2007 we issued a 3 for 1 stock split.

(b) Share Price Conditions within the Past 6 Months

(Units: Yen)

	11/07	12/07	1/08	2/08	3/08	4/08
Opening price	224,000	250,000	198,000	165,000	179,000	152,000
High price	265,000	281,000	206,000	200,000	180,000	161,000
Low price	178,000	174,000	153,000	122,000	137,000	125,000
Closing price	249,000	206,000	164,000	185,000	153,000	129,000

(c) Share Price on the Day Before Treasury Stock Retirement Was Determined (Units: Yen)

	May 7, 2008
Opening price	127,000
High price	131,000
Low price	125,000
Closing price	127,000

(d) Main Shareholders and Ratio of Shareholdings

Prior to Retirement (March 31, 2008)		After Retirement	
Kiyoshi Nishikawa	23.68%	Kiyoshi Nishikawa	23.68%
Satoshi Koike	9.08%	Satoshi Koike	9.08%
Hiroshi Mikitani	3.07%	NTT Investment Partners Fund Investment Limited Liability Partnership	8.67%
Morgan Stanley and Co.	2.75%	Hiroshi Mikitani	3.07%
Deutsche Bank AG London	2.44%	Morgan Stanley and Co.	2.75%
Japan Asia Investment Co., Ltd.	2.36%	Deutsche Bank AG London	2.44%
Kentaro Ichihara	2.07%	Japan Asia Investment Co., Ltd.	2.36%
Japan Securities Finance Co., Ltd.	1.74%	Kentaro Ichihara	2.07%
Netyear group, Inc.	1.44%	Japan Securities Finance Co., Ltd.	1.74%
Kozue Nishikawa	1.42%	Netyear group, Inc.	1.44%

- (Note) 1) Prior to retirement (March 31, 2008) we had treasury stock of 12,271 shares (Equivalent to 9.67% of total shares issued), and we did not include this position in the top shareholders.
- 2) The shareholdings of the main shareholders are shown in percent of total shares issued after retirement.

4. Impact to Our Earnings

The retirement of our treasury stock will take place within the fiscal year March 2009 and is a transaction which impacted mainly our capital accounts and its impact upon our earnings is negligible as we do not anticipate any extraordinary loss.

5. Conditions and Rationale of the Retirement

(1) Calculation Method of the Retirement Price

To arrive at the retirement price (Paid in price in accordance with corporate law), we took the average price between the period from April 9, 2008 to May 8, 2008 of ¥139,315 and discounted it by 5% to ¥132,000 (Rounding down to the nearest ¥1,000). The discount rate was determined in consideration of the possibility for pricing fluctuation in light of the market conditions until the pay in date.

(2) Regarding the Number of Shares to Be Retired and Dilution Potential

The number of treasury stock to be retired is 11,000 shares, or equivalent of 8.67% of total shares issued. We have taken the decision to retire our treasury stock for the purposes of pursuing synergies in the 3D Internet and MetaVerse business realm, expanding our other businesses in line with our business alliance with NTT and NTT-IP, and raising our corporate value. Consequently we deem the amount of treasury stock to be retired reasonable from the perspective of its impact upon liquidity in the markets and to dilution.

6. Reason for Selection of the Acquiring Third Party

(1) Overview of the Acquiring Third Party

1)	Name	NTT Investment Partners Fund Investment Limited Liability Partnership	
2)	Establishment method	Created in accordance with civil law	
3)	Headquarters	Otemachi 2-3-1, Chiyoda-ku, Tokyo	
4)	General partner	NTT Investment Partners Co., Ltd.	
5)	Total payment	¥10.0 billion	
6)	Relationship with our Company	Capital conditions between listed company (including directors, related persons, main shareholders) and acquirer of treasury stock	None
		Relationship between executives of the investment partnership and the listed company	None

(2) Reason for Selection of the Third Party

We have selected NTT and NTT-IP because of our alliance formed to fulfill the common goal of expanding the 3D Internet and MetaVerse business and to extract synergies from this business. We also chose these partners as our third party to acquire our treasury stock because of their ability to raise our corporate value.

(3) Holding Policy of the Third Party

We have confirmed the intention of promoting business through the alliance between our Company, 3Di, NTT, and NTT-IP as the reason for the acquisition of our treasury stock.

Furthermore NTT Investment Partners Fund has agreed to notify us in writing of the name, address, amount of shares and other related information in the event that they transfer ownership of our shares within two years of the date of acquisition. In turn we will notify the stock exchange and the general public of such changes in ownership.

Furthermore NTT Investment Partners Fund has agreed to notify our Company seven days in advance of the transfer of an equivalent of less than 5% of our total shares issued of their intention to undertake such a transaction.

(Reference) Details of the Treasury Stock Retirement

- (1) Shares to be Retired
11,000
- (2) Price of Shares to be Retired
¥132,000 per share
- (3) Total Value of Shares to be Retired
¥1,452,000,000
- (4) Retirement Method
Sale to NTT Investment Partners Fund
- (5) Payment Date
May 26, 2008
- (6) Number of Treasury Shares Remaining after Retirement
1,271

II Change in Main Shareholders

1. Reason for the Change

The changes to the main shareholders resulting from the retirement of treasury stock through third party placement and increase in the number of shareholders with voting rights are listed below.

2. Main Shareholders Name

- (a) Name: Satoshi Koike
- (b) Address: Minato-ku, Tokyo

3. Number of Voting Rights (Shares Owned)

	Number of Voting Rights (Shareholdings)	Ratio of Voting Rights Owned to Total Voting Rights	Shareholder Rank
Before Transfer (As of May 7, 2008)	11,516 (11,516 Shares)	10.05%	2
After Transfer	11,516 (11,516 Shares)	9.93%	2

4. Expected Date of Transfer

May 26, 2008

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