

UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF OHIO EASTERN DIVISION

In re)	Case No. 04-63851
NIPPON ELECTRIC GLASS OHIO, INC.	{	Federal I.D. No. 95-4658750
Debtor.	{	Chapter 11
)	Judge John E. Hoffman, Jr.

ORDER GRANTING MOTION AUTHORIZING DEBTOR TO (1) SELL SCRAP MACHINERY AND INVENTORY DESTROYED BY FIRE LOSS AND PAY EXPENSES RELATING THERETO, AND (2) ADVANCE FUNDS TO SUBSIDIARY FOR SEVERANCE PAYMENTS TO TERMINATED EMPLOYEES AND OTHER FIRE-RELATED EXPENSES

Upon consideration of the Motion Authorizing Debtor to (1) Sell Scrap Machinery and Inventory Destroyed by Fire Loss and Pay Expenses Relating Thereto, and (2) Advance Funds to Subsidiary for Severance Payments to Terminated Employees and Other Fire-Related Expenses (the "Motion") filed on October 25, 2004 by Nippon Electric Glass Ohio, Inc. (the "Debtor"), debtor and debtor in possession; and it appearing that the relief requested is in the best interest of the Debtor's

estate, its creditors and other parties in interest; and it appearing the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that due and sufficient notice of the Motion having been given; and after due deliberation and cause appearing therefore; it is hereby ORDERED that:

- 1. The Motion is granted.
- 2. The Debtor is authorized to sell to Dlubak Glass Company ("Dlubak") approximately 1,698 tons of broken glass on the terms set forth in the Motion, and to pay all costs and expenses associated with the sale.
- 3. The Debtor is authorized to sell to Shimizu America Corpoation ("Shimizu") approximately 440 tons of scrap metal on the terms set forth in the Motion and to pay all costs and expenses associated with the sale.
- 4. In the event that subsequent to entry of this Order, the Debtor obtains an offer for any of the aforesaid property from a different purchaser or purchasers on terms that would result in a higher net recovery to the estate than the proposed sales to Dlubak and/or Shimizu, the Debtor is authorized to substitute the other purchaser or purchasers for Dlubak and/or Shimizu.
- 5. The Debtor is authorized to advance to its subsidiary, Nippon Electric Glass Mexico S.A. de C.V. ("NEG Mexico") up to \$500,000 on the following terms, pursuant to documentation submitted to the Court prior to the hearing:
- a. The advance shall be used solely for severance payments to NEG Mexico employees upon termination of their employment and for other expenses resulting from the casualty loss that occurred at NEG Mexico's facility in Mexicali, Mexico.
- b. The advance shall be repaid to the Debtor upon NEG Mexico's receipt of insurance proceeds from Policy No. 1351105, issued by Grupo National Provincial, S.A. (the "GNP

Policy") sufficient to repay the advance, but in any event the advance shall be repaid no later than one year from the date of the advance.

- b. NEG Mexico shall pay interest on the advance at an annual rate of 6.75.
- c. NEG Mexico shall assign to the Debtor its right to insurance proceeds from the GNP Policy.
- 6. The Debtor is authorized and empowered to take all actions and execute all documents necessary or appropriate to implement the relief granted in this Order.

IT IS SO ORDERED.

Copies to attached service list.



Exhibit B

ASSEMBLY (MAQUILA) AGREEMENT, ENTERED INTO BY AND BETWEEN NIFFON ELECTRIC GLASS CALIFORNIA, INC., A DELAWARE, UNITED STATES OF AMERICA CORPORATION, WITH OFFICES IN LOS ANGELES, CALIFORNIA, IN THE UNITED STATES OF AMERICA (HEREINAFTER REFERRED TO AS THE COMPANY), AND NIPPON ELECTRIC GLASS MEXICO, S.A. DE C.V., A MEXICAN CORPORATION, WITH OFFICES IN MEXICALI, BAJA CALIFORNIA, IN THE UNITED MEXICAN STATES (HEREINAFTER REFERRED TO AS THE CONTRACTOR), PURSUANT TO THE FOLLOWING STATEMENTS AND CLAUSES:

STATEMENTS

- a. COMPANY states that it desires that CONTRACTOR assemble and/or manufacture for it, in CONTRACTOR's industrial facilities in the City of Mexicali, Baja California, United Mexican States, all kinds of goods, materials merchandises of glass and related supplies (hereinafter referred to as the PRODUCTS).
- b CONTRACTOR states that it is willing and able to assemble and/or manufacture the PRODUCTS for COMPANY under the terms and conditions hereinafter set forth.
- c. Having stated the foregoing, the parties, in consideration of the mutual promises and undertakings set forth herein, agree on the following:

CLAUSES

FIRST:

CONTRACTOR convenants and agrees exclusively with COMPANY, to assemble and/or manufacture those of the PRODUCTS which COMPANY may wish to produce in the City of Mexicali, Baja California, United Mexican States, utilizing equipment, machinery, raw materials, parts and components which have been provided or which henceforth shall be provided by COMPANY, as well as CONTRACTOR's own, which are to be used exclusively in and for the work that is to be carried out by CONTRACTOR for COMPANY. CONTRACTOR guarantees that the assembly and/or manufacture of the PRODUCTS shall be carried out in strict compliance with the instructions, designs, specifications and quality standards of COMPANY. If the PRODUCTS assembled and/or manufactured by CONTRACTOR do not comply with the instructions, designs, specifications and quality standards of COMPANY, CONTRACTOR shall reassemble or refabricate the PRODUCTS without additional cost

to COMPANY. COMPANY's technical and supervisory personnel shall have the right to freely access the plant and offices of CONTRACTOR during work hours, and further shall have the right to examine the materials, work in process and finished goods of CONTRACTOR.

SECOND:

Those articles, materials and components used in the assembly and/or manufacture of the PRODUCTS referred to in clause first hereof, and the equipment and machinery which COMPANY may deliver to CONTRACTOR for the purposes indicated in clause first hereof, are, and at all times shall continue to be, the sole and exclusive property of COMPANY, and once the PRODUCTS covered by this agreement have been assembled and/or manufactured in Mexico, they must be returned by CONTRACTOR to COMPANY, at such places and destinations as COMPANY may determine. COMPANY shall bear the corresponding shipping, freight, cartage and insurance charges for same while in transit to and from Mexico, and duties on importation into the United States of America.

THIRD:

Except as otherwise provided in clause fourth hereof, or as otherwise agreed to by the parties in writing CONTRACTOR may not, under any circumstances, or for any reason, sell, or in any other manner dispose of, any of the parts or components, or any of the assembled and/or manufactured Products, referred to herein, within the United Mexican States or the United States of America, or any other place.

FOURTH:

Any samples of the PRODUCTS officially requested by any agency or department of the Federal Government of the United Mexican States, may only be delivered upon written authorization of COMPANY, and only when an official receipt is given by the requesting agency or department.

FIFTH:

COMPANY shall determine, in its sole discretion at all times, which PRODUCTS shall be assembled and/or manufactured for it by CONTRACTOR, as well as in what amounts, numbers and quantities, and the types and qualities of materials which shall be used by CONTRACTOR in performing the work hereby contracted.



schedule of the various components and/or PRODUCTS and the parts required therefor, for a period of one fiscal year, at least ninety (90) days in advance of the start of the said fiscal year, so that CONTRACTOR may obtain the necessary permits or licenses from the Federal Government of the United Mexican States for the import of such components and/or parts.

SEVENTH:

As payment for compliance with the obligations of THE CONTRACTOR in accordance with this contract, THE COMPANY will (i) reimburse THE CONTRACTOR for all operating costs incurred in the process or assembly and (ii) pay THE CONTRACTOR an additional sum for maquila services as minimum five percent of the operating costs of THE CONTRACTOR.

The parties agree that while the contract is in effect, without the need to amend it, THE COMPANY and THE CONTRACTOR may change, as often as they deem pertinent, payment for maquila services and/or include or exclude any other item not contained in the preceding paragraph.

EIGHTH:

CONTRACTOR shall maintain cost records containing data about work, general expenses, management, importation, shipments, handling, customs and related expenses for the export of the PRODUCTS, all of which records shall be subject to the review of COMPANY.

NINTH:

CONTRACTOR shall maintain in good condition, any and all materials received from COMPANY and any and all inventory consigned thereto.

TENTH:

CONTRACTOR shall obtain, from an authorized insurance company acceptable to COMPANY, an insurance policy acceptable to and for the benefit of, COMPANY, covering any and all parts and materials being processed or finished, and machinery and equipment, from loss or damage caused by fire, lightning, hail, cyclones, hurricanes, storms, explosions, airplanes, collisions, robberies, flooding, earthquakes and disturbances.

ELEVENTH

of COMPANY, and the work performed by COMPANY shall continue to be the property CONTRACTOR any rights to or under such trademarks.

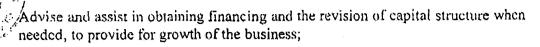
TWELFTH:

The parties agree that COMPANY shall, directly or indirectly, make available to CONTRACTOR, the benefit of its knowledge, know-how and commercial, technical and practical experience, which may be useful in the organization, management and operation of CONTRACTOR's facilities, and shall render certain management assistance and services to CONTRACTOR in connection therewith, so that: a) all of the obligations to COMPANY assumed by CONTRACTOR in accordance herewith are properly and efficiently complied with; and b) all of the materials, parts and components delivered to CONTRACTOR for the purposes indicated in clause first hereof are effectively and efficiently utilized exclusively for such purposes.

THIRTEENTH:

The assistance and services to be rendered and performed, or caused to be rendered and performed, by COMPANY, in the fulfillment of the foregoing undertaking, shall include the following:

- Advise and assist in determining the number and types of employees necessary to operate and manage CONTRACTOR's facilities, and the scope and requirements of assignments and positions;
- b. Advise and assist in the establishment of purchasing procedures for the procurement of raw materials and other supplies;
- c. Advise and assist in the establishment of CONTRACTOR's facilities, including production, quality and inventory controls;
- d. Advise with respect to the packaging and storing of all materials;
- e Advise and assist in the establishment of maintenance practices and procedures and in the development of an inventory control for materials;
- f. Advise and assist in the establishment of accounting, auditing and budget procedures, cost analysis, and capital and operating cost controls;



- h Provide training for supervisory and production personnel;
- i. Provide quality control services for components and finished products,
- j. Advise and assist in the installation of, and operational training for, new equipment; and
- k. Provide such other assistance and services as to which the parties may mutually agree.

The above described assistance and services shall be rendered by those employees which COMPANY may consider appropriate. The individuals involved in the rendering of such assistance and services shall at all times be and remain employees of COMPANY, and CONTRACTOR assumes no liability for their salaries and other benefits, which shall be covered at all times and in their entirety by COMPANY. Said individuals shall under no circumstances be considered to be employees of, or subordinate to, CONTRACTOR.

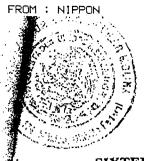
CONTRACTOR undertakes to hold COMPANY harmless and relieved from any and all liabilities, risks, expenses (including, without limitation, legal counsel's fees and expenses), process cases, litigation, claims, legal actions brought, and judgments of any kind whatsoever, derived from injury to persons or damage in their properties arising out of or related to the operation contained in this agreement or as a consequence of the condition of the same, including any employer -worker conflict between CONTRACTOR and its workers, social security and tax claims.

FOURTEENTH:

COMPANY shall also, to the extent agreed upon, provide for the training, at its head office, of a reasonable number of CONTRACTOR's employees, in the accounting budgetary cost and inventory systems and controls used by COMPANY.

FIFTEENTH:

The parties agree that COMPANY shall not obtain any payment from CONTRACTOR for the provision of its know-how, and of its management and technical assistance, to CONTRACTOR.



SIXTEENTH:

COMPANY shall provide to CONTRACTOR, any and all information required for the manufacture of the PRODUCTS through specifications, instructions, materials, etc., which shall always be considered as the property of COMPANY and shall only be used by CONTRACTOR to perform its obligations under this agreement, and any third parties which may have or obtain access to any such information shall be obligated to return such information as required by COMPANY.

SEVENTEENTH:

Neither party shall be liable to the other in the event of any delay in the performance or the breach of this agreement, if caused by fire, flooding, work stoppage, shortage of raw materials or any other act of God or force majeure.

EIGHTEENTH:

CONTRACTOR covenants and agrees to comply with all applicable laws and regulations in the United Mexican States in order to avoid penalties or government action, so as to hold all machinery, equipment, materials, parts and tools, of any type or nature, or finished products, which are owned by COMPANY, free of any liens, claims or charges by any agency or department of the Federal, State or Municipal Governments.

NINETEENTH:

This agreement shall continue in force for a period of one year from the date hereof unless earlier terminated, by either party. Either party may terminate this agreement at any time upon sixty days prior written notice to the other party.

The term of this agreement shall be automatically extended for additional periods of one year each, provided that neither party notifies the other as to any earlier termination hereof pursuant to the provisions of the immediately preceding paragraph.

TWENTIETH:

This agreement shall automatically be terminated upon the occurrence of any of the following events: insolvency, debt servicing stoppage, bankruptcy or liquidation of either of the parties hereto, or in the event that any rights thereto are assigned, sold or freely transferred.



TWENTY-FIRST:

The parties hereto recognize and agree that CONTRACTOR is an independent entity, that it shall be fully responsible for making its own management decisions, and that the information and services rendered by COMPANY to CONTRACTOR hereunder are merely advice and assistance, and CONTRACTOR is under no obligation to accept or follow such advice or accept such assistance except to the extent specifically required by this agreement.

TWENTY-SECOND:

The provisions of this agreement are for the sole benefit of the parties hereto. No benefits or obligations are intended to accrue to any third party, or any agent, employee, successor or assign of either party to this agreement. Neither this agreement nor any of the rights or benefits conferred hereby may be assigned, sold or transferred in any manner whatsoever without the express prior written consent of both parties to this agreement, which consent must make specific reference to this agreement. Such consent may be withheld with or without cause or reason.

TWENTY SECOND BIS:

The parties agree to appoint Messers. Roberto Márquez Alonso, Cristina Padrón González, Marco Polo Castro Pérez, Armando Aguilar Mondragón, Guillermo Monroy Hernández and Marco Antonio Bautista Sepúlveda to appear jointly or severally before the Notary Public to formalized the present agreement.

TWENTY-THIRD:

This agreement shall supersede any and all agreements previously entered into between the parties with respect to the subject matter hereof. The parties agree that this agreement shall be construed under the laws of the United Mexican States, and no modification of this agreement shall be valid except when made in writing and executed by both parties.

TWENTY-FOURTH:

This agreement is executed in the Spanish and English languages. In the event of any dispute in the Mexican Courts with respect to the construction or interpretation of this agreement, the English language version shall prevail.

This agreement is executed by each of the parties, in duplicate, at the place and on the date set forth below.

NIPPON ELECTRIC GLASS CALIFORNIA, INC.

NIPPON ELECTRIC GLASS MEXICO, S.A. DE C.V.

	Shizeyo Fujii President	By: Sliggy Fujin Position: presidente
Place:	and the state of t	Place:
Date:		Date:

NIPPON ELECTRIC GLASS MEXICO, S.A. DE C.V. Y/O NIPPON ELECTRIC GLASS OHIO, INC.

Póliza No. 1351105

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INDUSTRIAL PACKAGE POLICY

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9,581		N. USD 9,100,000. PRIMERA RIESGO 80 %	Fire to Machinery E/Q to Machinery
31			Fire E/Q
	·	USD 3,800,000.	Fire to Inventory E/Q to Inventory
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40		2,000	Glass Brokage
40 USD		USD	ũ
750		1,000,000 USD	Civil Liability
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Risk Location:

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	Mexicali

Net Annual Premium for 2004:

20,379

\$ **5 7 7 8** <Bodega OTS> Calle Jose Ma. Salvatierra 404, Col. Garita de Otay, Tijuana,
<Assemblies de Mexico> Av. Produccion y Calidad 20, Parque Industrial Internacional Tijuana, Tijuana,
<Parque Industrial La Campania> Av. La Campania 19511, Fracc. La Campania, Naves 13, 15 y 17, Tijuana,

<Transportes Juan Carlos de Mexicali / Amerpack Warehouse> Av. Jatnii S/N, Carret San Luis 11.5 km, Parque Industrial Cucapah, BCN

<Transportes Juan Carlos de Mexicali / Panama Warehouse> <Transportes Juan Carlos de Mexicali / Calle 4 Warehouse> Av. Panama 24, Col. Cuahutemoc Norte, Mexicali

Calle 4ta, 1003, Col. Gonzalez Ortega, Mexicali,

Covered Risk: ALL RISK, Earthquake

Deductible - FIRE Line : No Deductible Other Risk: U\$ 5,000/per event

E/Q: 2% of Sum Insured Flood: 1% od Sum Insured
Fire Consecuential Loss: 3 operation days Theft, Money: 10% of Loss amount with Min. 50 days of min wage
Liability: 10% Glass: 5% of Sum Insured