

Relationship with Shareholders (Nitto Denko Corporation on a Non-Consolidated Basis)

Nitto Denko Corporation is committed to the stable distribution of profits to shareholders. The Company made special efforts to promote communication with shareholders and was commended by the Tokyo Stock Exchange (TSE) for its achievements in information disclosure in fiscal 2005. We will endeavor to further promote such disclosure.

Dividend Payout Policy

Stably Distributing Profits to Shareholders while Actively Investing for the Future

Nitto Denko Corporation's basic dividend payout policy is to distribute profits to shareholders in a consistent manner. The Company, however, thinks it necessary to aggressively invest in research, development, and production facilities to meet the future needs of customers by achieving rapid technological innovations. We pay dividends to shareholders in consideration of our financial situation, profitability, and payout ratio in a comprehensive manner.

In the fiscal year ended March 2006, we paid an annual dividend per share of ¥60, exceeding the amount we had initially planned to pay (¥50) while continuing to make large capital investments in growth fields. For annual dividends to be paid to shareholders for the year ending March 2007, we plan to pay ¥70 per share. We will maintain a good balance between the payment of dividends to shareholders and investments made in sustainable business growth in the future while efficiently managing shareholders' equity.

Inclusion in the SRI Funds

Being Included in the New SRI Funds in Fiscal 2005

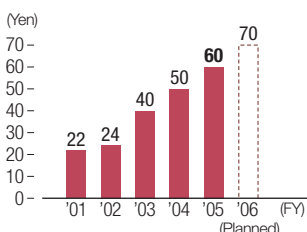
People are paying more attention to socially responsible investment (SRI), which takes into account environmental conservation and compliance in addition to financial situation and the growth possibility of the investee.

According to management reports on leading ECO funds and SRI funds in the Japanese market, shares of Nitto Denko Corporation were newly included in the investment target of large SRI funds, such as the DC Daiwa SRI Mother Fund and Sumishin SRI Mother Fund in fiscal 2005. As a result, as of the end of fiscal 2005, Nitto Denko Corporation's shares included in these funds are almost doubled in terms of monetary value compared with their value in the previous fiscal year (based on the results of an internal survey).

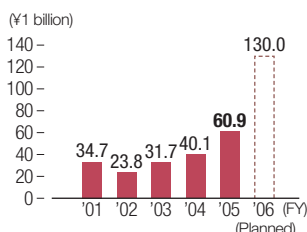
Inclusion of Nitto Denko's Shares in the Investment Target of SRI Funds

- Nikko Eco Fund
- Asahi Life SRI Social Contribution Fund (Asu-no-Hane)
- Sampo Japan Green Open (Buna-no-Mori)
- UBS Japan Eco Fund (Dr. Eco)
- Eco Partners (Midori-no-Tsubasa)
- DC Daiwa SRI Mother Fund
- Sumishin SRI Mother Fund

Dividend per Share



Capital Investment



General Meeting of Shareholders

Incorporating the Opinions and Proposals of More Shareholders into Future Corporate Activities

Nitto Denko held its 141st Ordinary General Meeting of Shareholders on June 23, 2006. Of the 15,740 shareholders that have voting rights, 216 attended the meeting, up slightly from the number of participants in last year's meeting (205 people). For shareholders who are not able to attend a general meeting, we introduced a method with which they can exercise their voting rights over the Internet, starting with the 138th Ordinary General Meeting of Shareholders. Also, from the 141st meeting, we made it possible for institutional investors to electronically exercise their voting rights. As a result, a total of 321 voting rights were electronically exercised via the Internet.

A roundtable meeting was held after the general meeting of shareholders to promote exchanges between shareholders and the management of the Company. The directors and corporate vice presidents talked with shareholders informally at tables. We will incorporate the opinions and proposals received from shareholders into our future business activities.

Communicating with Shareholders and Investors

Promoting Prompt Web-Based Information Disclosure to Individual Shareholders

Nitto Denko Corporation is committed to communicating with shareholders, investors, and analysts and utilizes what it has gained through such communication in the management of the Nitto Denko Group.

As of the end of March 2006, 55.9% of Nitto Denko Corporation's shares are held by foreigners; the top managers of the Company went overseas, especially to North America and Europe, to explain the Company's business situation to the local shareholders in the area. Also, the number of individual shareholders accounts for 93.7% of all Nitto Denko Corporation shareholders, although the percentage of shares held by these private shareholders is relatively low. We are therefore trying to provide more substantial information to them on our Web site and through other media.

TOPICS

Commended by the TSE for Achievements in Information Disclosure

In fiscal 2005, Nitto Denko Corporation was commended by the Tokyo Stock Exchange (TSE) for its achievements in information disclosure. The TSE started this annual commendation, which was in its 11th year in fiscal 2005, to encourage listed companies to enhance their information disclosure. The TSE gives commendations to companies that are committed to proper, proactive information disclosure.

Nitto Denko Corporation was given a commendation in recognition of the brief, clear information disclosure provided in its financial summaries as well as for its enhanced IR activities on its Web site. We will further promote our IR activities in the future.



TSE commendation ceremony