

I would like to express my appreciation for the understanding and patronage that the Nitto Denko Group continues to receive from our shareholders, investors, customers, business partners and local communities. On behalf of the Nitto Denko Group, this report will outline our fiscal 2012 activities and present our key policies for fiscal 2013.

Business Summary of Fiscal 2012

As for the business environment throughout fiscal 2012 abroad, the U.S. economy continued on a path to a mild recovery. However, due not only to Europe's ongoing debt crisis, but also the decelerating economies of developing countries, the business environment was harsh. In the domestic business environment, in line with some mild signs of a pick-up and against a background of restoration in demand since the Great East Japan Earthquake, our hopes for near-term economic recovery, our chief priority, rose. This was due to factors from the weak yen to the new financial and fiscal policies accompanying the change of government.

We at the Nitto Denko Group considered fiscal 2012 as the "Year to Overcome Challenges," going beyond our fiscal 2011 motto of the "Year to Take on Challenges," striving to succeed in the marketplace, get ahead of our competition and "overcome" our own limitations. In the electronics industry, where our primary products compete, we introduced new products for smartphones and tablet PCs, devices whose markets are growing dramatically. In the automotive industry, we expanded our sales of industrial tapes, mainly in line with a recovery in production volume of vehicles. Simultaneously, due to our actively promoting a multipronged strategy, creating ample new business opportunities and further globalizing, we sense a shift to new growth in our industrial tapes and medical business. Overall, sales increased by 11.2% to 675.6 billion yen and operating income increased 21.6% to 68.6 billion yen, when compared to fiscal 2011.

Approaches for Fiscal 2013

As for economic forecasts for fiscal 2013, due to various policy measures and economic stimulus policies taken, the risk of economic crisis has decreased and economic growth has been boosted abroad. At home, it is predicted that economic measures by the new administration will encourage growth in the short run. However, it is considered that the business environment will remain uncertain.

In such an environment, the Nitto Denko Group considers fiscal 2013 as the "Year to Enter a New Phase". When every employee strives unflinchingly, boosting their level of awareness, they will develop the ability to take on challenges in the world.

Furthermore, we will reform our logo this fiscal year, aiming not only to enhance both our appeal by gaining more recognition of our corporation and our capacity to gather and transmit information, but to also thoroughly instill common values which will become a unifying force within the Group.

In our industrial tape business, we will establish a system which will enable us to consistently manage a range of processes, from the development of products and the procurement of raw materials to the production and sales of products on site, further promoting our globalization. In particular, in developing countries, we will supply products commensurate with the level of industrial development of each particular market, creating Area Niche Top (ANT) products.

We anticipate that products of our optronics business, centered on information fine materials for smartphones and tablet PCs, will enjoy continued strong growth in demand.

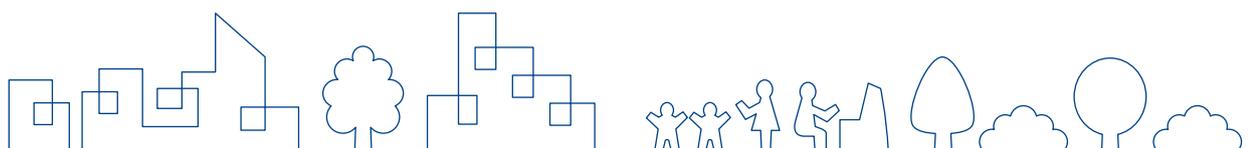
In our medical and membrane businesses, we will enhance our operating base and increase total profitability. In particular, in our medical business, we will pour management resources into our oligonucleotide medicine business, with its potential to grow in the future, in order to improve our manufacturing and development functions globally. In our membrane business, we will raise profitability by making a shortlist of markets to pursue.

In fiscal 2013, we will consider capital investments of a record-setting 90 billion yen in order to seize business opportunities. We will realize sound growth with speedy and nimble judgment.

In fiscal 2013 we aim to achieve a record-setting increase of 13.2 % to 765 billion yen in sales and of 39.8 % to 96 billion yen in operating income, when compared to fiscal 2012.

Mid-term Management Plan

In fiscal 2013 we have launched a three-year mid-term management plan, "NITTO-2015". We aim to achieve 920 billion yen in sales and 120 billion yen in operating income in fiscal 2015. In this plan, we will address three challenges under our basic concept of "improvement of 'healthy



business growth' based on a safe and comfortable working environment."

The first of these challenges is "business growth". In line with seeking a balance between expansion of our present business and the creation of new business, we will establish new themes centered on the growth fields of "Green (Environment), Clean (Energy) and Fine (Life Science)". We launched sales of a new energy-saving (thermal insulation and heat insulation) window film, "PENJEREX®", and new development of antifouling protection film for marine applications, "MARINGLIDE™", in fiscal 2012, and will continue to create new business. Furthermore, we will develop our anticorrosion and waterproof materials business at facilities in China by taking advantage of our cultivated technologies and actual performance over the years.

The second challenge is "qualitative improvement". It is difficult to realize corporate growth through pursuing business performance alone. It is necessary to improve quality, too. By uniting business growth with such policies as "providing eco-friendly products," "pursuing quality and making customers happy" and "engaging in social responsibility," we will accomplish an improvement in corporate value and realize corporate growth.

The third challenge is "human resource development". In the process of our growing in the world, not only the ability to accomplish business performance, but also human resources who understand our corporate culture and possess the corporate ethos of Nitto, are indispensable. Regardless of nationality or gender, we rate human resources with the ability to become next generation leaders, "Nitto Person", and cultivate them through educational programs, including evaluations.

Profit Allotment Policy

We consider the return of profits to our stakeholders to be of the highest priority. As a manufacturer, in order to keep pace with rapid technological innovation and our need to serve our customers in a timely fashion, it is imperative that we make positive prior investments in the fields of research and development and production. When determining cash allotments, we comprehensively assess the financial standing of our accounts, profit levels and dividend payouts.

The year-end dividend for fiscal 2012 was 50 yen per share, whilst the annual dividend per share was 100 yen, equivalent to fiscal 2011. Forthcoming annual dividends are

projected to be 100 yen, equivalent to fiscal 2012 and in line with comprehensive calculations regarding future profits and business investment.

Corporate Social Responsibility

The Nitto Denko Group regards "Creation of New Value" as our corporate vision and the reason for our being. "Open, Fair and Best" are our guiding principles to realize this corporate vision.

In facing a big turning point for the world economy, business corporations are required to show flexible and expeditious responses to changes in society's expectations. It is particularly at such times that approaches to social responsibility reflect upon the comprehensive strength of a corporation.

We believe that not only by contributing to society through our business performance, but also by returning again to our guiding principles of "Open, Fair and Best", and approaching sincerely each of our activities with pride and pluck, we will be successful in realizing the expectations of our stakeholders.

The Nitto Denko Group looks forward to your ever deeper patronage and further guidance.



Yukio Nagira
Board Member and President, Nitto Denko Corporation

