



To Our Stakeholders

**Fiscal 2010 - The "Year of our Offensive"  
With "Green, Clean and Fine" as  
key themes, the Nitto Denko Group  
will develop new business areas.**

Yukio Nagira  
President, Nitto Denko Corporation

I would like to express my appreciation for the understanding and patronage that the Nitto Denko Group has received from our shareholders, investors, customers, business partners and local communities. On behalf of the Nitto Denko Group, this report will outline our fiscal 2009 activities and present our key fiscal policies for 2010.

industrial materials for hybrid cars and functional materials such as transdermal drug delivery patches used for treating high blood pressure. Overall, sales increased 4.1% to 601.8 billion yen and our operating income rose 305.3% to 56.0 billion yen when compared to the same period in fiscal 2008.

**Business Summary for Fiscal  
2009**

The business environment throughout fiscal 2009 gradually improved with the expansion of domestic demand in developing countries including China along with inventory adjustments and the economic-stimulus measures that took place in many countries. This all transpired despite concerns surrounding the global financial crisis which occurred in the second half of fiscal 2008.

Given the economic circumstances the Nitto Denko Group has promoted a growth plan centering on a fundamental reform of cost calculation which composed of three criteria; "Removing (Mu)", "Reducing (Gen)" and "Replacing (Dai)". In addition to "Mu Gen Dai" related activities, contributions to our business results were made from the sales of products which we had previously advanced the development of. Such products include electronic materials used in the production of LCD televisions, hard disk drives (HDD) and touch-sensitive panels,

**Approaches for Fiscal 2010**

In fiscal 2010, it is expected that the economy will continue to improve as a result of the influence of economic-stimulus measures in some countries. It is considered that corporations which meet the need in global markets will continue to experience an increase in profits. However the outlook for the economy from next autumn onwards is partly unpredictable. For this reason it will be important to judge the growth field well and to be highly sensitive to changing markets.

We consider fiscal 2010 as the "Year of the Offensive". Whilst keeping the activity of "Mu Gen Dai" in our hearts, which to date has contributed greatly to our business recovery, we will be focusing on developing several new potential growth areas and new products.

With respect to industrial materials, we will globally enhance our development of technology, production and distribution more than ever. We are currently constructing a mechanism of meeting domestic

demand across developing countries such as China, India and Turkey.

With regards to electronic materials, the competition from Korean and Taiwanese rivals is tightening. We aim to maintain stable profits in the future through continued superiority in technology and through further improvements to our business structure.

In the area of functional materials, we will at an accelerated pace develop our medical-related materials (transdermal drug delivery patches) and polymer separation membrane (reverse osmosis membrane) into being pillars of our business.

## Our 100th Anniversary since Inauguration

In 2018 Nitto Denko will have its 100th anniversary since its inauguration. We aspire to being regarded as "a corporation which keeps on growing" when that time comes about.

A great deal was lost throughout the recent financial crisis and it is considered that it will take one or two years for the global economy to return to a more stable position. Given the current global economic situation, we will focus on a number of specific areas and work towards targeting our growth within those areas. For us to realize this purpose we will need to take the helm whilst moving into new business fields. The keywords informing our approach are; "Green, Clean and Fine".

In the future, we will firm up both our core industrial tape business (sheet or film products) and optoelectronics business (electronics materials including peripheral material of next-generation displays) and develop new growth industry fields stemming from our "Green (contribution to the global environment), Clean (support for new energy) and Fine (life science)" core themes. We will develop these themes globally applying them to both new products and new applications. In order to ensure the overall quality improvement of the corporation, we will continue to cultivate and develop those of our human resource who demonstrate initiative, innovation and who are motivated to meet the challenge.

## Profit Allotment Policy

The Nitto Denko Group management considers the return of profits to our shareholders to be of high-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 into research, development and production fields. When determining cash allotments we comprehensively assess the financial standing of our accounts, profit levels and dividend payout.

The interim dividend and year end dividend amounts for fiscal 2009 were the same at 20 yen per share whilst the annual dividend amount per share was 40 yen. Forthcoming annual dividends are projected to be 60 yen, an increase of 20 yen, in line with comprehensive calculations regarding future profits and business investment.

## Corporate Social Responsibility

The corporate vision of the Nitto Denko Group is "Creation of New Value" and we consider this to be our purpose. The guiding principles which we embrace that will assist us actualize our corporate vision are "Open, Fair and Best".

At a time where we are experiencing a big turning point in the economy with new values emerging, corporate strength, social responsibility and true value are being put to the test. The Nitto Denko Group not only contributes to society through its business activities but also sincerely is committed to "quality", "safety", "challenge", "compliance" and the "environment" as reflected by our guiding principles. We hold on to these principles with a great deal of pride and conviction. We believe that through embracing this attitude in all that we do, we will be successful in realizing our responsibility to our stakeholders.

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