

To All Shareholders,

Hideo Takasaki, President
Nitto Denko Corporation

**Supplementary Explanation concerning Agenda Item 4 of
the 151st Ordinary General Meeting of Shareholders**

Nitto Denko Corporation (the “Company”) proposed the election of three Corporate Auditors as Agenda Item 4 of the 151st Ordinary General Meeting of Shareholders to be held on June 24, 2016. The Company herein provides a supplementary explanation concerning this agenda.

1. Concerning Agenda Item 4

In Agenda Item 4 (Election of three Corporate Auditors), the Company requests the election of Messrs. Yoshihiro Taniguchi, Masashi Teranishi and Mitsuhide Shiraki as Corporate Auditors.

2. Supplementary Explanation concerning Mr. Masashi Teranishi

Mr. Teranishi serves as Honorary Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Bank of Tokyo-Mitsubishi UFJ) and has experience working at the same group in the past.

While the Company reports Bank of Tokyo-Mitsubishi UFJ as a major creditor of the Company in its Business Report, its loan balance stands at 3,172 million yen, which accounts for only 0.4% of the total assets of the Nitto Denko Group (the “Group”). Furthermore, the borrowing is made by the Company’s overseas subsidiary, and the Company itself has no outstanding borrowing from Bank of Tokyo-Mitsubishi UFJ.

The Group has business relationships with two of the three largest banks in Japan as one of the Group’s various means of financing. Bank of Tokyo-Mitsubishi UFJ is only one of them and has no relationship with the Company, such as so-called principal banker that affects the management of the Company.

The Company stipulates “Criteria for Election of Independent Outside Directors and Outside Corporate Auditors” (please refer to page 2 for the content of these criteria) and selects candidates for Outside Corporate Auditors based on the said criteria. There is no conflict of interest between the Company and Mr. Teranishi.

In light of the above, the Company believes that there is no issue with the independence of Mr. Teranishi as an Outside Corporate Auditor.

Mr. Teranishi has made use of his experience at financial institutions over many years, and his deep financial knowledge, in the auditing of the Company as an Outside Corporate Auditor for eight years, since June 2008. In this fiscal year, he participated in all of the Board of Directors meetings (12 times) and all of the Board of Corporate Auditors meetings (13 times), and made useful comments mainly from the viewpoint of finance. The Company believes that his insight and experience can continue to be reflected in the auditing of the Company.

As iterated above, the Company believes that Mr. Teranishi is qualified for the position of Outside Corporate Auditor, and requests your kind understanding and support in this matter.

<Criteria for Election of Independent Outside Directors and Outside Corporate Auditors>

1. The Outside Director/Outside Corporate Auditor is not, nor has been an executing person (Director, Corporate Auditor, Corporate Vice President or any other employee) of the Company or the Group.
2. The Outside Director/Outside Corporate Auditor is not an important executing person (director, corporate auditor, accounting advisor, executive officer or executive director, or any other important employee) of a major shareholder of the Company (a shareholder holding 10% or more of the voting rights of the Company).
3. The Outside Director/Outside Corporate Auditor is not an important executing person of a company of which the Company is a major shareholder.
4. The Outside Director/Outside Corporate Auditor is not an important executing person of a major counterparty of the Company (a counterparty for which the amount of payment or receipt for transactions with the Company for the latest fiscal year exceeds 2% of consolidated gross sales).
5. The Outside Director/Outside Corporate Auditor is not an important executing person of a major financial institution of the Company (a financial institution to which the Group's aggregate amount of loans payable for the latest fiscal year exceeds 2% of consolidated total assets).
6. The Outside Director/Outside Corporate Auditor is not a legal professional, accounting and tax professional, consultant, or research and education specialist who receives a large amount of compensation or donation (for the latest fiscal year, 10 million yen or more in the case of an individual and more than 2% of consolidated gross sales in the case of a corporation or an organization) from the Company.
7. The Outside Director/Outside Corporate Auditor does not have a kinship (being a relative within the third degree of kinship or a relative living together) with an executing person of the Company or the Group.
8. In addition to the above, the Outside Director/Outside Corporate Auditor does not have any interest that is reasonably considered to give rise to any doubt on the independence as an independent outside director or independent outside corporate auditor or to a conflict of interest with shareholders of the Company.