

**Briefing Session on
Financial Results for the
Fiscal Year Ended March 31, 2008**

**A technology and intelligence oriented
company that turns wisdom into business**

Nagase & Co., Ltd.

May 15, 2008

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WIT2008
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~Model integrating manufacturing and trading company capabilities~

**Financial Highlights of
the Fiscal Year Ended March 31, 2008**

Overview of Consolidated Financial Results

◆ Overview of results for the fiscal year ended March 31, 2008

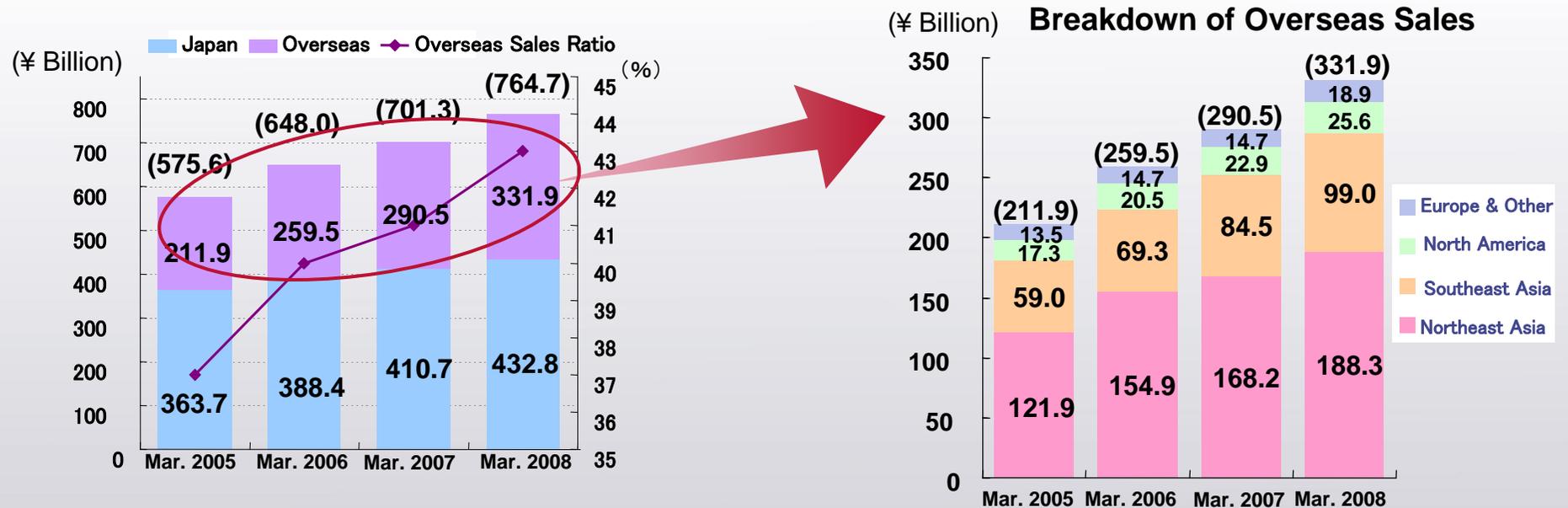
9.0% increase in revenues, 6.9% increase in ordinary income; however, 26.3% decrease in net income due to extraordinary loss

(¥ Billion)

	March 2008	March 2007	Increase (Decrease)	YoY Com- parison	(Reference) Interim Forecast
Net Sales	764.7	701.3	+63.4	109%	752.0
Gross Profit	80.5	73.6	+6.8	109%	79.5
SG&A Expenses [Actuarial loss on pension plan included in SG&A expenses- (1)]	-57.4 [-0.2]	-51.9 [1.7]	+5.4 [-1.8]	110%	
Operating Income	23.0	21.6	+1.3	106%	21.9
[Operating income excluding amortization of (1) above]	[23.2]	[19.9]	[+3.2]	[117%]	
Ordinary Income	24.8	23.2	+1.5	106%	23.6
Net Income	10.0	13.5	-3.5	73%	7.1
Net Income per Share (¥)	77.86	105.85			

Net Sales by Region (Domestic & Overseas)

Net Sales: ¥764.7 billion, up ¥63.4 billion year on year (incl. ¥41.4 billion increase in overseas sales)



Achieved sales growth in all regions; overseas sales ratio increased from 41% to 43%

1) Northeast Asia (Greater China)

- Expanded sales of chemicals and automotive plastics in China and South China
- Increased sales of plastics for electronic equipment applications incl. printers and copiers in Hong Kong and Shanghai

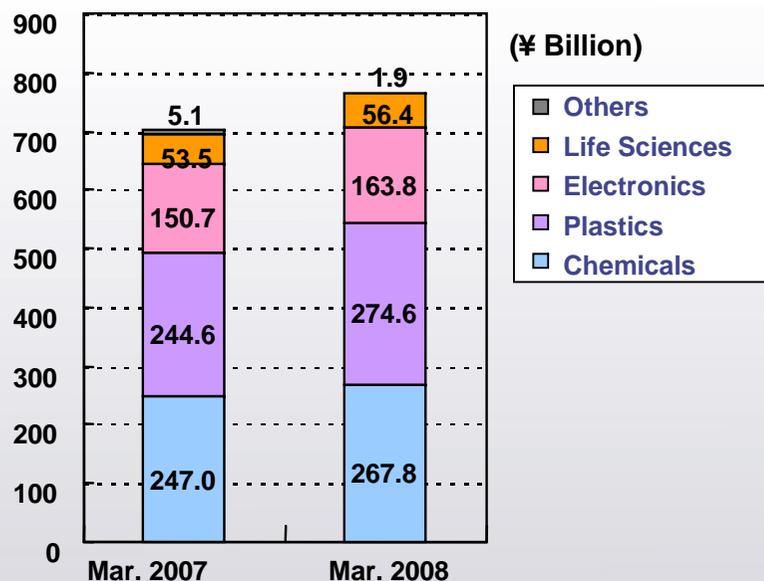
2) Southeast Asia (ASEAN)

- Strong sales of plastics for precision equipment and electronic equipment applications incl. printers and copiers, and automotive-related applications

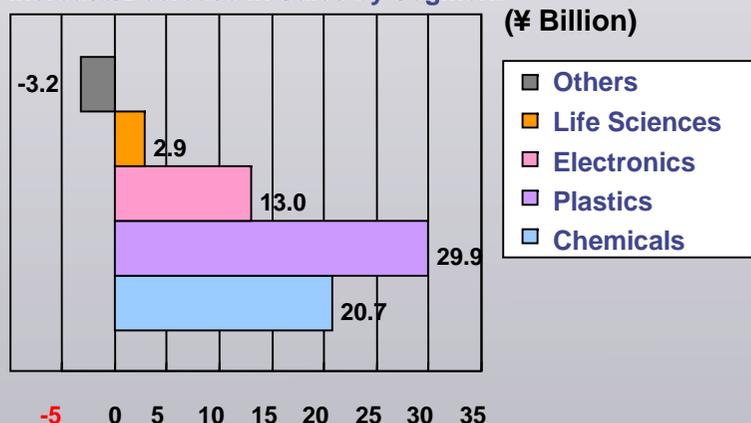
3) North America, Europe, Other

- Solid sales for automotive-related applications and pharmaceutical raw materials and intermediates

Net Sales by Business Segment



Increase/Decrease in Sales by Segment

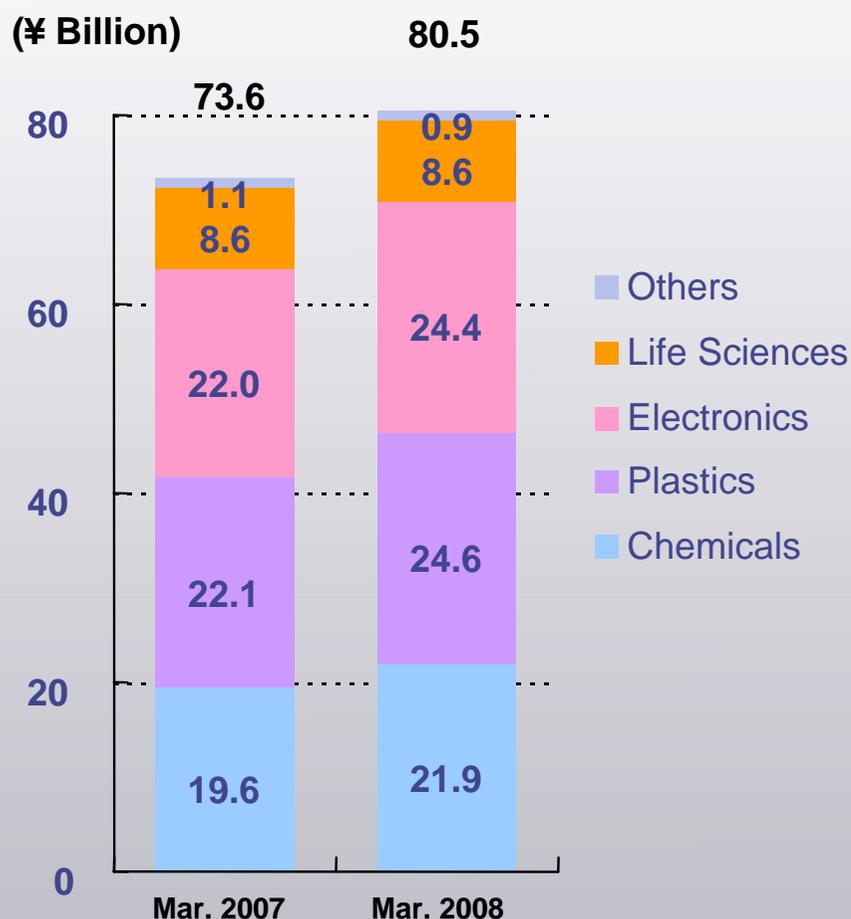


Review of Sales by Business Segment (Year-on-Year Comparison)

- **Chemicals +¥20.7 billion (108%)**
 - Strong sales of Nagase ChemteX Corp.'s LCD-related material
 - Increase in sales of urethane and paint materials for automotive industry
 - Strong sales of plastic raw materials, additives and other products to the performance chemical industry
 - Colors and imaging business flat
- **Plastics +¥29.9 billion (112%)**
 - Strong automotive-related sales in all regions
 - Increase in sales of plastics for electronic equipment in both Greater China and ASEAN
 - Decrease in sales of functional resins for media use
- **Electronics +¥13.0 billion (109%)**
 - Solid sales of Nagase ChemteX's chemicals, formulated epoxy resins and other products
 - In LCD-related business, decrease in sales of LCD modules, but increase in liquid crystal component processing, processing of aluminum casings for electronic equipment and optical film
 - Strong sales in precision polishing-related business for semiconductor post-processing; increase in sales of hard disk substrates
- **Life Sciences +¥2.9 billion (105%)**
 - Strong sales of pharmaceutical raw material and intermediates, slight increase in sales of fermented products
 - Beauty care business increased renewal of main products, but sales of existing products were sluggish
- **Others -¥3.2 billion (37%)**
 - Withdrew from business of direct-to-consumer sales of DVD movie software and other products; impact in year to March 2008 from recall of portable DVD players

Gross Profit by Business Segment

Gross Profit: ¥80.5 billion, up ¥6.8 billion year on year (109%)

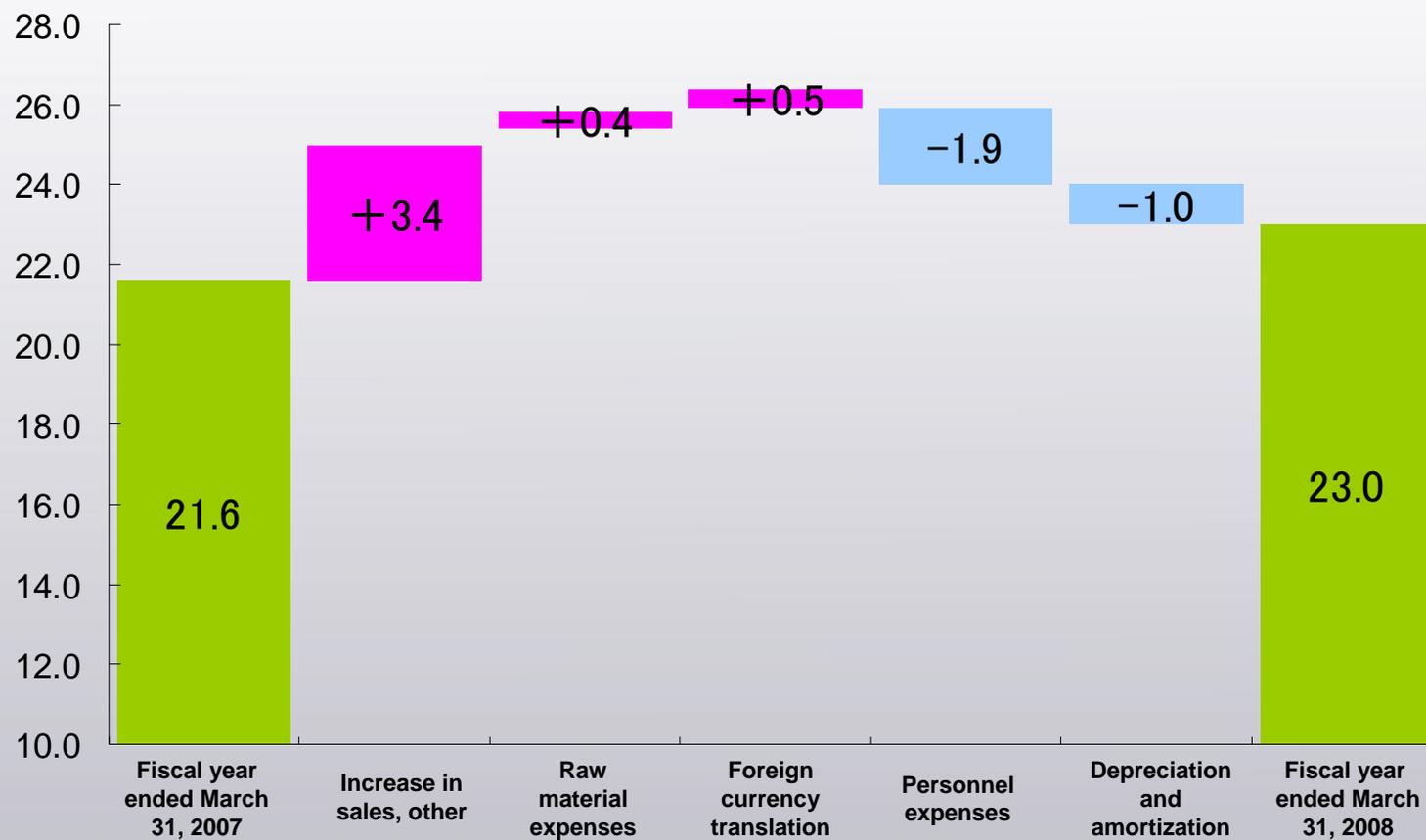


Review of Profit by Business Segment (Year-on-year Comparison)

Chemicals	+¥2.2 billion	(111%)
Plastics	+¥2.4 billion	(111%)
Electronics	+¥2.4 billion	(111%)
Life Sciences	+¥0.0 billion	(100%)
Others	- ¥0.2 billion	(80%)

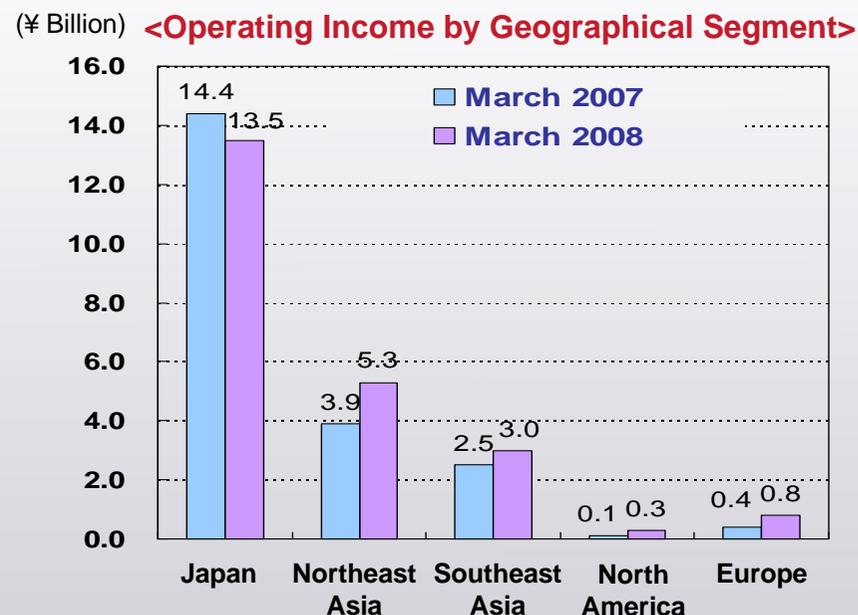
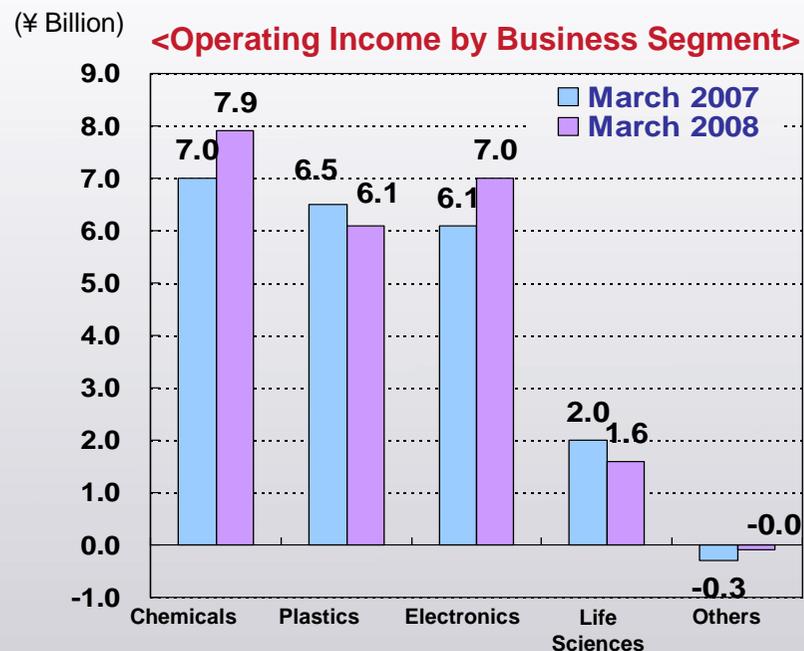
Factors that Increased/Decreased Operating Income

(¥ Billion)



Operating Income

¥23.0 billion, up ¥1.3 billion year on year (106%)



- Chemicals decreased ¥0.2 billion on a nonconsolidated basis, but overall increase of ¥0.9 billion due to Nagase ChemteX and overseas increase.
- Plastics profits decreased ¥0.9 billion in Japan. Overseas, plastics decreased slightly in NE Asia but increased ¥0.5 billion in SE Asia. Overall decrease of ¥0.4 billion.
- Electronics profits decreased ¥0.4 billion in Japan, but overseas sales were strong in NE Asia and increased ¥1.3 billion due to exclusion of consolidated subsidiaries. Overall decrease of ¥0.9 billion.
- Life Sciences and Nagase ChemteX profits decreased. Overall decrease of ¥0.4 billion.

- In Japan, nonconsolidated profits decreased due to an increase in personnel costs.
- In NE Asia, chemicals and electronics were the primary drivers of a substantial increase in profits.
- Plastics profits increased in SE Asia

Non-Operating Income/Loss and Extraordinary Income/Loss

Non-Operating Income/Loss

(¥ Billion)

	Mar. 2008	Mar. 2007	Increase (Decrease)	YoY Comparison
Non-Operating Income/Loss	1.7	1.5	0.1	113%
Net interest income	0.4	0.6	-0.1	76%
Others	1.2	0.9	0.3	138%

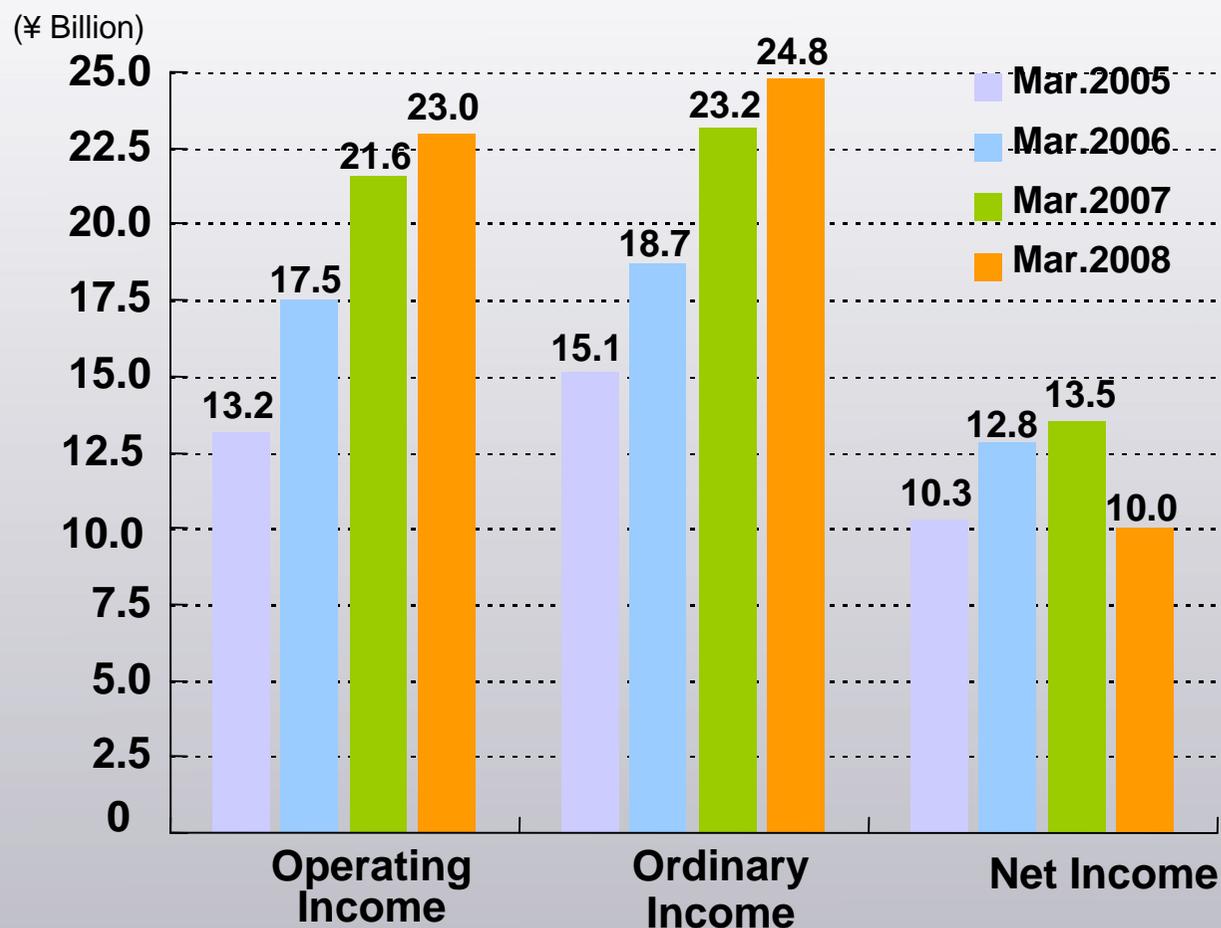
Extraordinary Income/Loss

(¥ Billion)

	Mar. 2008	Mar. 2007	Increase (Decrease)
Extraordinary Income	2.6	0.3	2.2
Gain on sales of property and equipment	0.0	0.0	-0.0
Gain on sales of investments in securities	2.6	0.2	2.3
Extraordinary Loss	7.2	0.4	6.7
Loss on voluntary recall of goods	6.4	—	6.4
Others	0.7	0.4	0.2

Ordinary Income and Net Income

- ◆ Ordinary Income: ¥24.8 billion, up ¥1.5 billion year on year (107%)
- ◆ Net Income: ¥10.0 billion, down ¥3.5 billion year on year (74%)



Major Changes in Balance Sheet

(1) Increase in working capital (previous fiscal year end was a holiday; sales increased; increase in transactions with a longer period until advance investments is recovered)

(2) ¥25.5 billion decrease in investment securities (reduced market value) and ¥13.6 billion decrease in valuation and translation adjustments

(¥ Billion)

Assets	Mar. 2008	Mar. 2007	Increase (Decrease)	Liabilities and Net Assets	Mar. 2008	Mar. 2007	Increase (Decrease)
Cash and time deposits	23.4	21.9	+1.5	Notes and accounts payable	134.8	141.4	-6.5
Notes and accounts receivable	231.8	218.0	+13.7	Short-term loans	24.3	14.2	+10.1
Inventories	42.9	43.3	-0.4	Provision for voluntary recall of goods	0.5	—	+0.5
Other current assets	11.3	8.2	+3.0	Other current liabilities	24.1	21.4	+2.7
Property, plant and equipment	35.8	31.8	+4.0	Long-term debt	8.9	6.2	+2.7
Intangible fixed assets	3.3	2.9	+4.0	Accrued retirement benefits for employees	6.6	6.8	-0.1
Investments in securities	62.5	88.0	-25.5	Other fixed liabilities	11.8	20.9	-9.0
Other fixed assets	8.4	8.3	+1.0	Shareholders' equity	180.0	170.9	+9.0
				[Treasury stock included in above]	[- 5.3]	[5.4]	[+0.0]
				Valuation, foreign currency, and other adjustments	20.5	34.1	-13.6
				Stock acquisition rights	0.1	0.1	+0.0
				Minority interests	7.6	6.4	+1.1
				[Net worth ratio]	[47.8%]	[48.5%]	[-0.7%]
Total assets	491.8	422.8	-2.9	Total liabilities and net assets	491.8	422.8	-2.9

Cash Flows

Operating activities used net cash of ¥2.5 billion due to increase in working capital, provision for voluntary recall of goods*, income taxes, etc.

Investing activities used net cash of ¥7.0 billion, reflecting purchase of property and equipment, intangible fixed assets, and the purchase and sale of investment securities. Raised capital through long- and short-term debt, to meet working capital demand and for future investment.

*Provision for voluntary recall of goods: ¥5.9 billion

(¥ Billion)

	Mar. 2008	Major components	Mar. 2007
Cash flows from operating activities	- 2.5	Income before income taxes ¥20.2 billion Depreciation and amortization ¥5.1 billion Working capital - ¥18.7 billion Long-term prepaid expenses - ¥7.6 billion Taxes paid - ¥2.3 billion and other factors	10.8
Cash flows from investing activities	- 7.0	Purchases of property and equipment -¥7.3 billion Purchases of securities and investments -¥2.5 billion Sales of investments in securities ¥4.4 billion Purchases of intangible assets -¥1.6 billion and other factors	-5.2
Cash flows from financing activities	10.7	Increase in short-term debt ¥6.2 billion Proceeds from long-term debt ¥5.9 billion Cash dividends paid -¥1.3 billion: and other factors	-8.4
Increase in cash and cash equivalents	1.5	Increase in cash on hand: ¥1.0 billion Increase from changes in the scope of Consolidation ¥0.4 billion	-0.0
Cash and cash equivalents at the end of the period	23.5		21.9

Performance of Major Consolidated Subsidiaries

(¥ Million)

	Company Name	Net Sales	YoY Comparison	Operating Income	YoY Comparison	Net Income	YoY Comparison
Parent Company	Nagase & Co., Ltd.	522,260	105%	7,292	88%	2,728	35%
Manufacturing	Nagase ChemteX Corp.	27,521	112%	3,051	108%	1,587	99%
	Totaku Industries, Inc.	7,475	98%	532	81%	420	89%
Sales	Nagase Plastics Co., Ltd.	15,210	117%	74	92%	28	68%
	Nagase Chemical Co., Ltd.	15,031	110%	225	100%	111	100%
	Nagase Colors & Chemicals Co., Ltd.	13,557	99%	176	99%	76	84%
Overseas	Nagase (Hong Kong) Ltd.	77,566	130%	1,592	117%	1,338	117%
	Nagase (Thailand) Co., Ltd.	35,984	132%	1,635	143%	1,156	140%
	Nagase Singapore (Pte) Ltd.	35,634	108%	598	82%	563	80%

**Performance Forecast for the
Fiscal Year Ending March 31, 2009**

Performance Forecast for the Fiscal Year Ending March 31, 2009

- ◆ First forecast of decrease in operating income and ordinary income in seven years due to foreign currency fluctuation and the effect of depreciation and amortization due to retirement benefit accounting and large-scale investments

(¥ Billion)

	Fiscal Year ending March 31, 2009 (Forecast)	Fiscal Year ended March 31, 2008 (Actual)	Increase (Decrease)	YoY Comparison (%)
Net Sales	770.0	764.7	+ 5.2	101%
Gross Profit	81.9	80.5	+ 1.3	102%
Operating Income	21.0	23.0	- 2.0	91%
[Operating Income (excluding amortization of actuarial loss on pension plan)]	[23.1]	[23.2]	[- 0.0]	[100%]
Ordinary Income	22.0	24.8	- 2.8	89%
Net Income	13.0	10.0	+ 2.9	130%

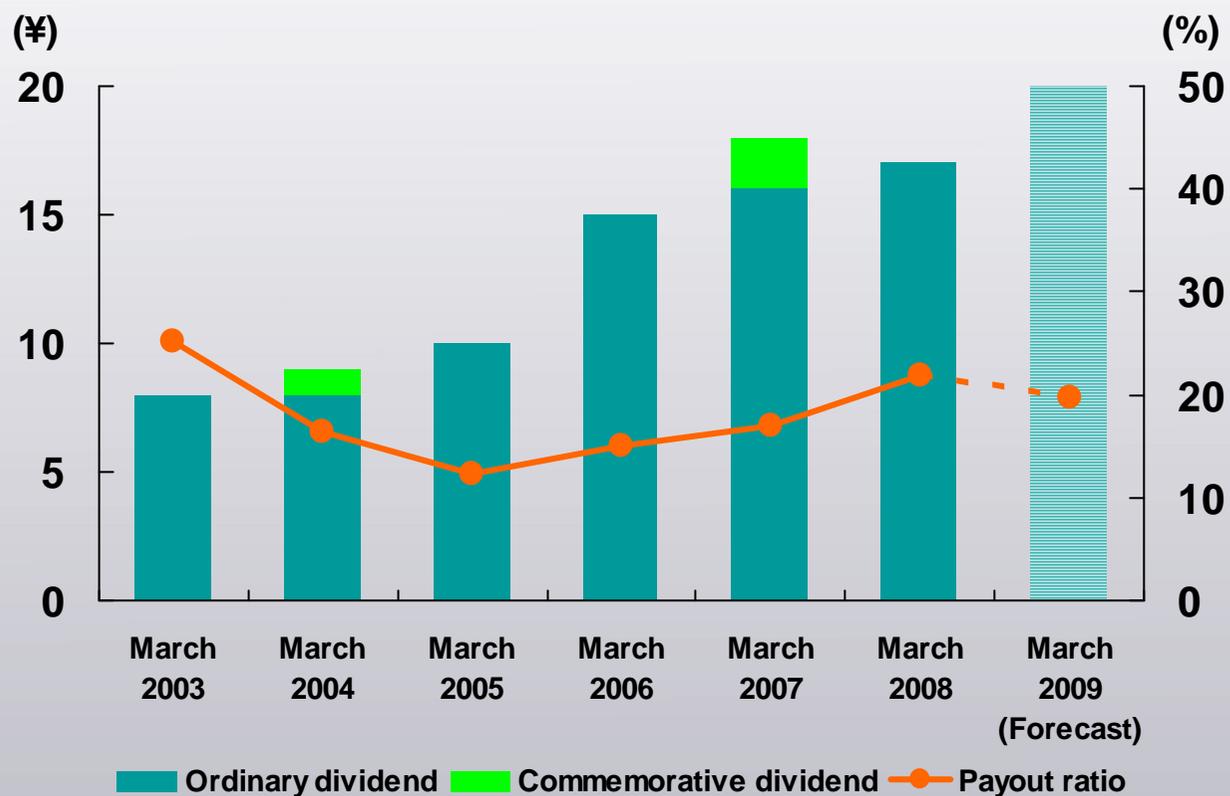
Performance Forecast by Segment for the Fiscal Year Ending March 31, 2009

(¥ Billion)

	Fiscal Year ending March 31, 2009 (Forecast)	Fiscal Year ended March 31, 2008 (Actual)	YoY Comparison (%)	Forecast
Chemicals	272.0	267.8	102%	<ul style="list-style-type: none"> Expand sales of Nagase Group products Expand revenues in Asia
Plastics	277.0	274.6	101%	<ul style="list-style-type: none"> Continued strong sales for automotive-related applications Decrease in sales for precision equipment and electronic equipment
Electronics	159.5	163.8	97%	<ul style="list-style-type: none"> Decrease in sales for display related applications Effect of large-scale investments after March 2011
Life Sciences	59.8	56.4	106%	<ul style="list-style-type: none"> Expand sales of pharmaceutical raw materials and intermediates
Others	1.7	1.9	88%	
Total	770.0	764.7	101%	

Dividend Policy

Nagase's basic policy is to further enhance its corporate structure and earnings capabilities while taking into consideration medium- and long-term capital requirements to continue generating steady dividends.



Initiatives in the Final Year of Medium-Term Management Plan *WIT2008*

A technology and intelligence oriented company that turns wisdom into business

W ---- *Wisdom*

I ---- *Intelligence*

T ---- *Technology*

Positioning of Medium-Term Management Plan WIT2008

Reform

WIT2000

- Reform management foundations
- Launch Group management

Promotion

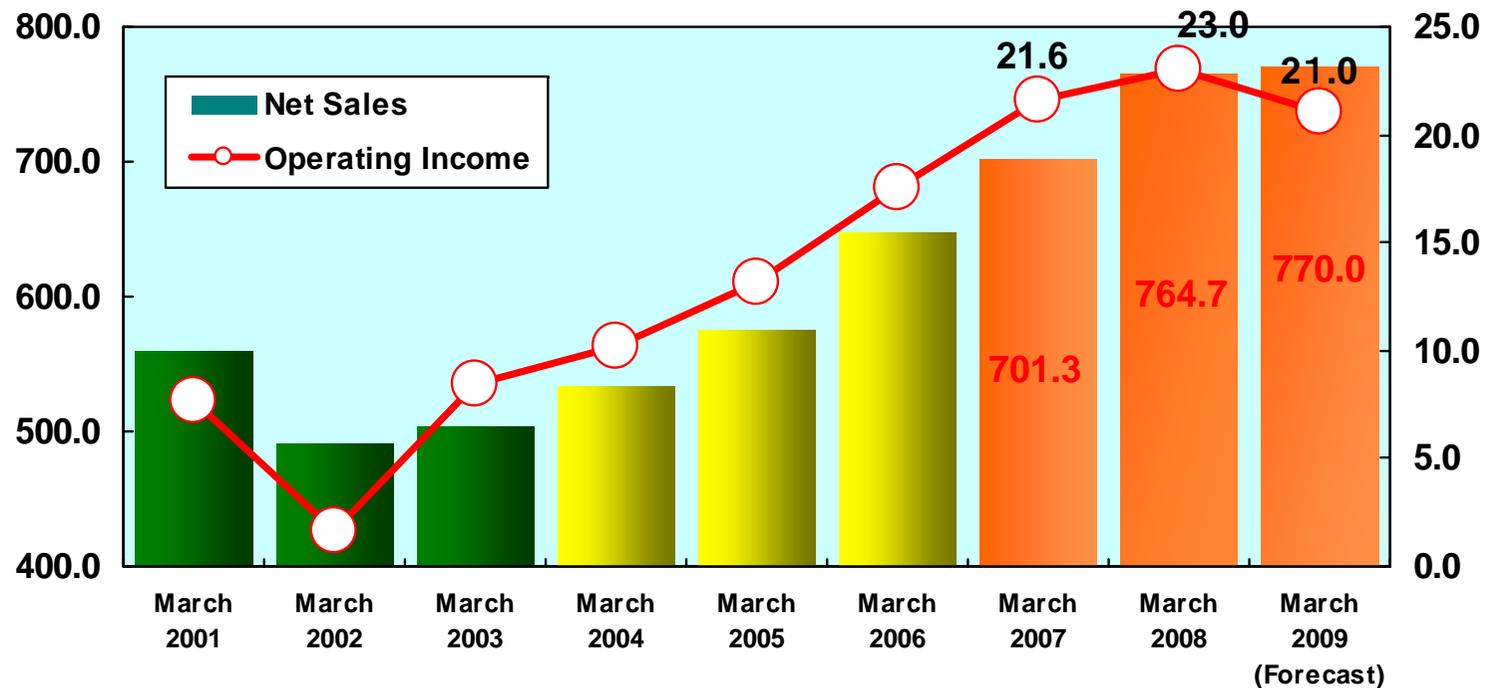
WIT21

- Clearly define business policy
- Enhance business foundations
- Enhance management foundations

Reinforcement

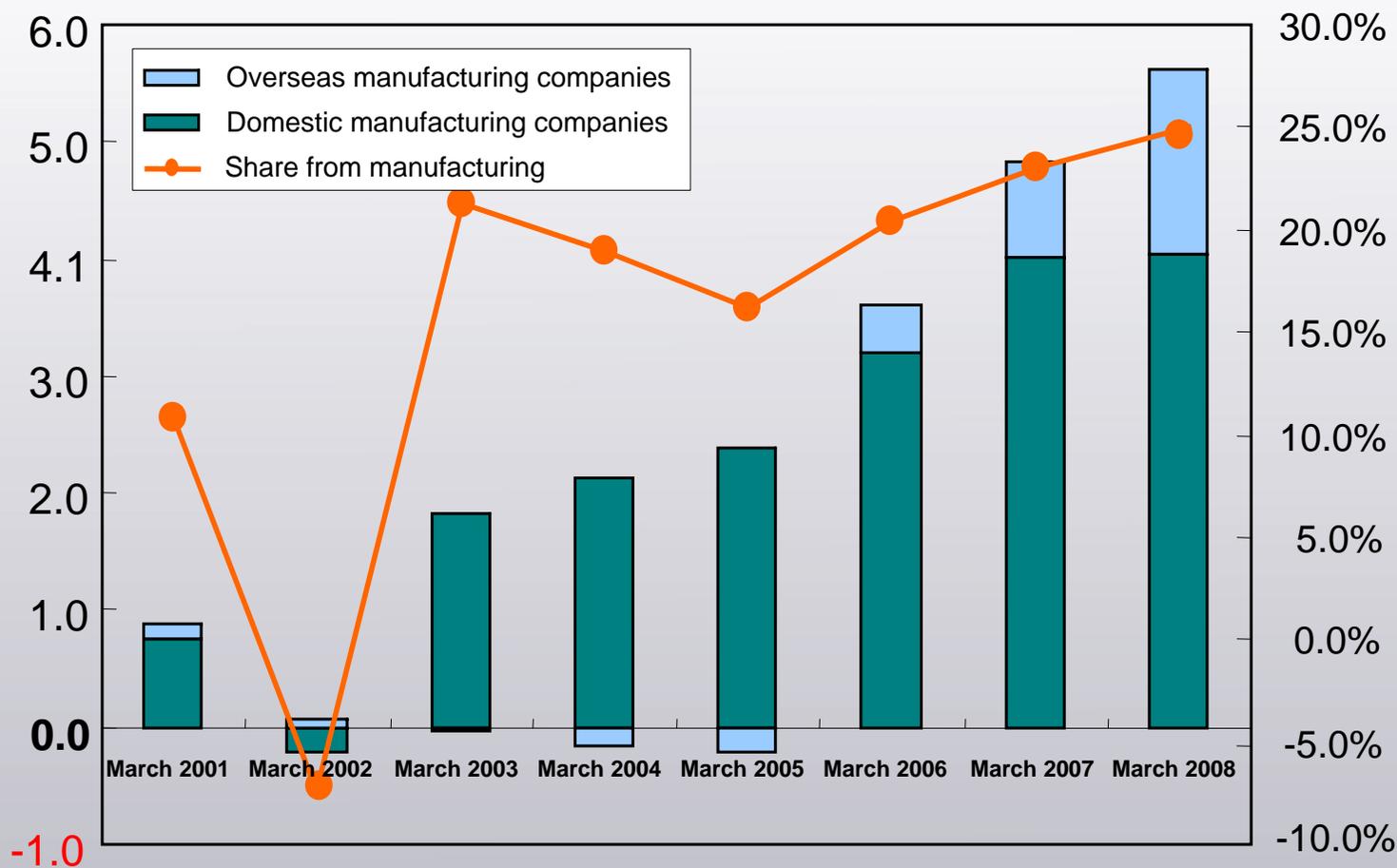
WIT2008

- Strengthen administrative operations
- Maintain Nagase's unique corporate culture
- Deepen business portfolio strategy



Share of Operating Income from Manufacturing

(¥ Billion)



Basic Strategies of WIT2008

**Become More Robust
to Achieve Sustainable Growth**

**Invest Aggressively in
Key Areas**

**Expand Business
Base**

**Restructure for
High Profitability**

Deepen Business Portfolio Strategy

**Maintain Sound
Financial Position**

**Improve Consolidated
Management System**

**Ensure Thorough
Risk Management**

Strengthen Administrative Operations

Front-line Focus

**Enhance Personnel
Quality and Quantity**

**Strengthen
Technology
and Intelligence**

Maintain Nagase's Unique Corporate Culture

Main Initiatives of *WIT2008* (1)

■ Expand Business Base: Increase Presence in Asia

- Established joint venture in charge of textile-related business in China (Company name: ON Co-Labo Corporation; 50/50 joint venture between Nagase and OG Co., Ltd.); established in Nov. 2007)
- Obtain license to establish sales company in Vietnam (to establish subsidiary)
- Construction progressing on 2nd factory of joint venture for plastic coloring in Vietnam

■ Invest Aggressively in Key Areas: ¥30.0 Billion over 3 Years

【Electronics】

- Construction of plant with Nagase ChemteX for production and recycling of chemicals for large LCD panels (Construction scheduled to begin in first half of 2008, ¥9.0 billion investment)
- Established joint venture to carry out recycling in Asia of raw material of developer for LCD panels (Company name: SN Tech Corporation; SACHEM Inc. 65%, Nagase 30%, Nagase ChemteX 5%; established Jan. 2008)

【Life Sciences】

- Acquire venture company (iGENE Therapeutics, Inc.) with RNA interference technology to control the level of expression of particular genes
~Build new drug discovery into high-value-added new drug discovery tool and service~

Main Initiatives of *WIT2008* (2)

■ Structural Improvement for High Profitability: Improve Profitability through Unique Nagase Businesses and Restructure Businesses

【Strengthen and Expand Nanotech Business】

- Investment in nanotechnology-related venture business in U.S. (Nanochem Corporation)

- New production equipment for nanoscale inorganic composites with optical film application

【Business Restructuring】

- Liquidate Alpha Bumping Technology Co., Ltd. (contract processing of silicon wafers)

■ Maintain Sound Financial Position

- Focus on cash flow, improve operating cash flow
- Continuous review of assets

■ Improve Consolidated Management System

- Established Greater China Management Office (GMCO) to create a unified operating structure in the region

■ Enhance Personnel Quality and Quantity

- Cultivation of “diversity” and “specialization”
Programs to develop, strengthen and train foreign managers

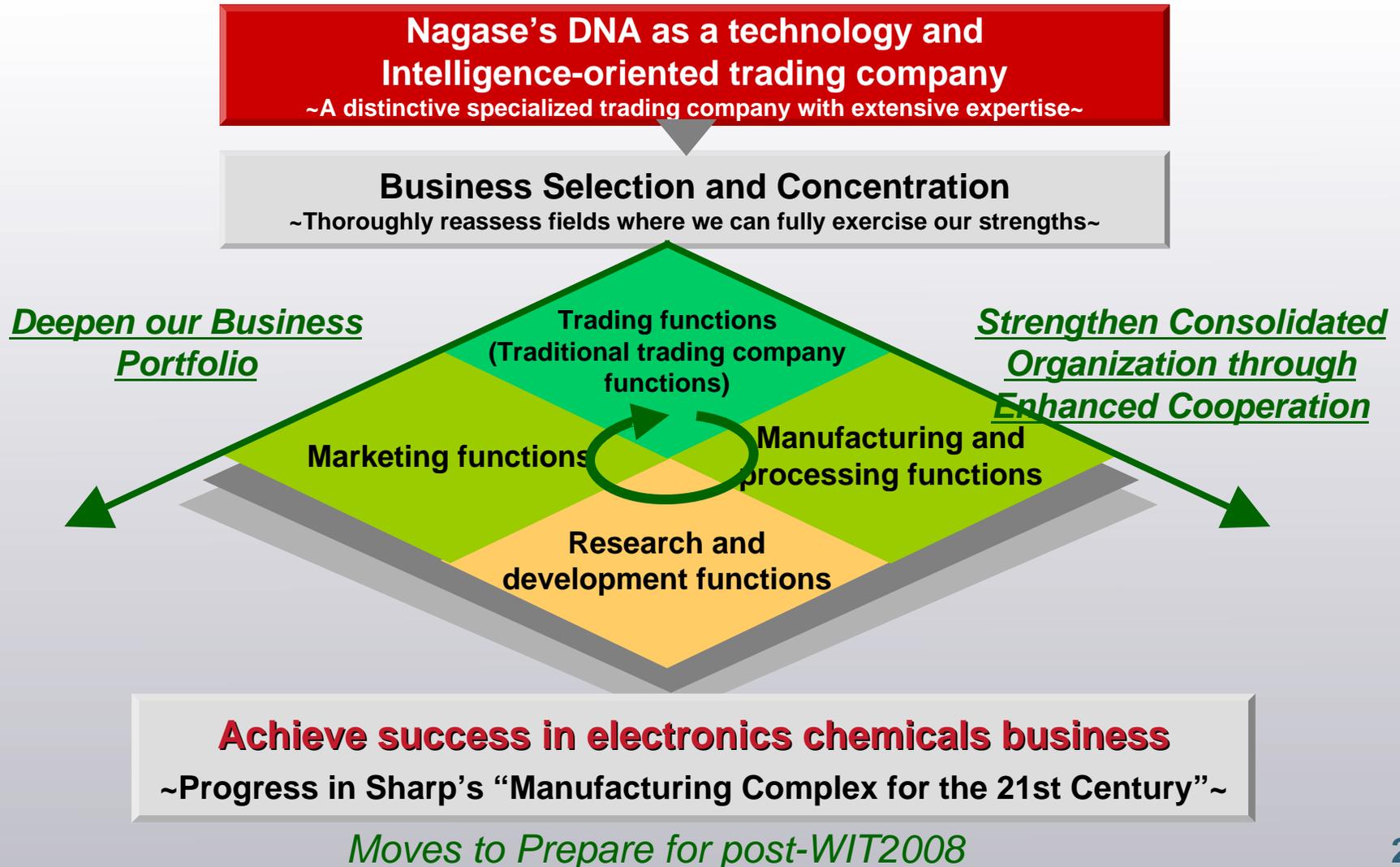
Main Initiatives of *WIT2008* (3)

- **Ensure Thorough Risk Management**
 - Awareness, understanding and control of new risks accompanying conversion of our business structure
 - Establish Quality and Environmental Control Office to strengthen administrative organization for manufacturing businesses and imported products

Strengthen and Enhance Internal Control System
Reform Compliance Committee as Risk Compliance Committee
~Build Comprehensive Risk Management System~

**Comprehensive awareness, understanding
and control of various risks**
Address legal compliance and corporate ethics
~Maintain honest and fair business practices~

Success of Nagase's Unique Corporate Culture through WIT2008



**Progress toward Sharp's "Manufacturing Complex
for the 21st Century"**

~Model integrating manufacturing and trading company capabilities~

Executive Officer
GM, Electronic Chemicals Department

Tomitaka Ito

Development of Nagase's Electronic Chemicals Business

<Business segment>

Chemicals

Electronics

<Organizational structure>

1960

Photosensitive materials

Photoresists for semiconductors

Began manufacturing function

Nagase

Nagase Chemicals Ltd. (1982~)

1980

Photoresist manufacturing (1982~1988)

- Photoresist conversion
- Adjustment of photoresist adhesion, segmentation and microfiltration

Nagase used its strengths to create a unique product

Nagase Electronic Chemicals Ltd. (1987~)

1990

Developer

Stripping agent

Nagase R&D Center (1990~)

Core of manufacturing function

2000

Expansion from semiconductors to LCD field

Added CMS devices

- Control chemicals during process
- Contribute to enhancing product yield
- Include reuse and recycling

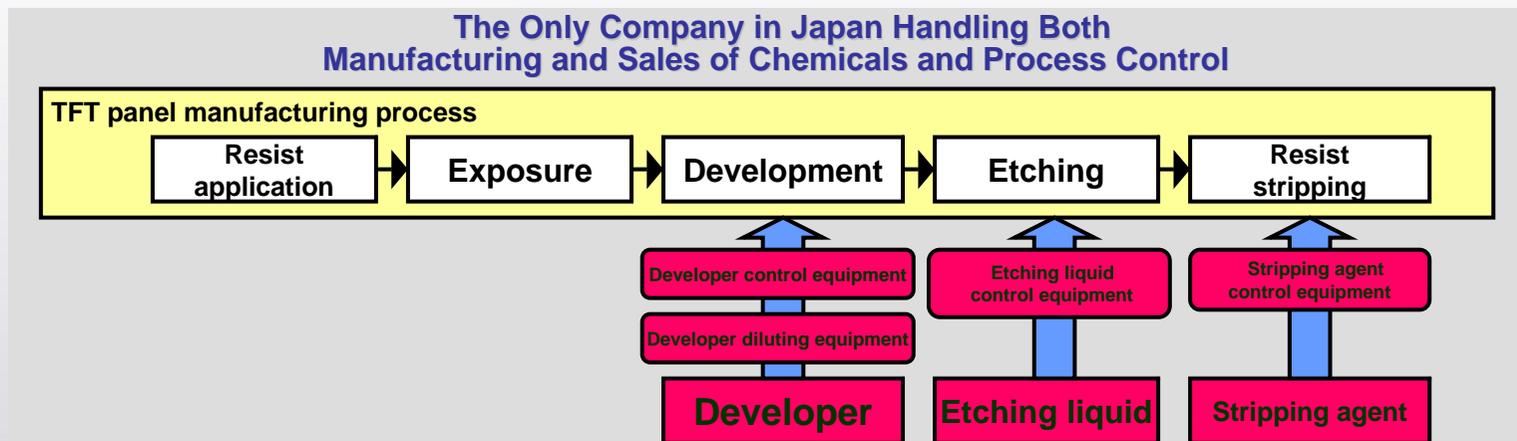
Proposed control systems

Nagase ChemteX Corp. (2001~)

Began large-scale investment

Electronic Chemicals Business Strengths

~Model integrating manufacturing and trading company capabilities~



- Competitiveness of Nagase's etching liquid and stripping agent products (technological support)
 - Manufacturers in Japan and in Asia have provided opportunities for growth
- Solution proposals based on process expertise
 - Comprehensive proposals from providing chemicals to process control systems, reuse and recycling
 - Build strategy around environmentally friendly technology
- Development overseas
 - Expand overseas chemical production bases and build skills and experience in Korea, Taiwan, China and Singapore

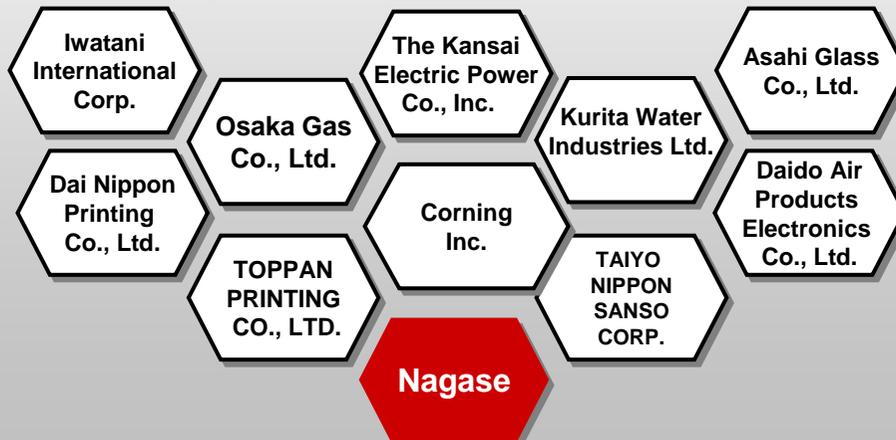
Overview of Sharp's "Manufacturing Complex for the 21st Century"

Sharp's "Manufacturing Complex for the 21st Century"
(Sakai City, Osaka; 1.27 million m²)

LCD panel
factory

Thin-film solar cell
factory

Includes related infrastructure facilities and
major component and equipment manufacturers



Concept Behind "Manufacturing Complex for the 21st Century"

- **Vertically integrated, barrier-free intercompany development**
 - ... Reduce distribution costs, unify operations including production planning
- **Close cooperation between companies**
 - ... Technological innovation by merging knowledge and expertise
- **Common use of infrastructure including gas and electricity**
 - ... Raise productivity

<Overview of LCD Panel Factory>

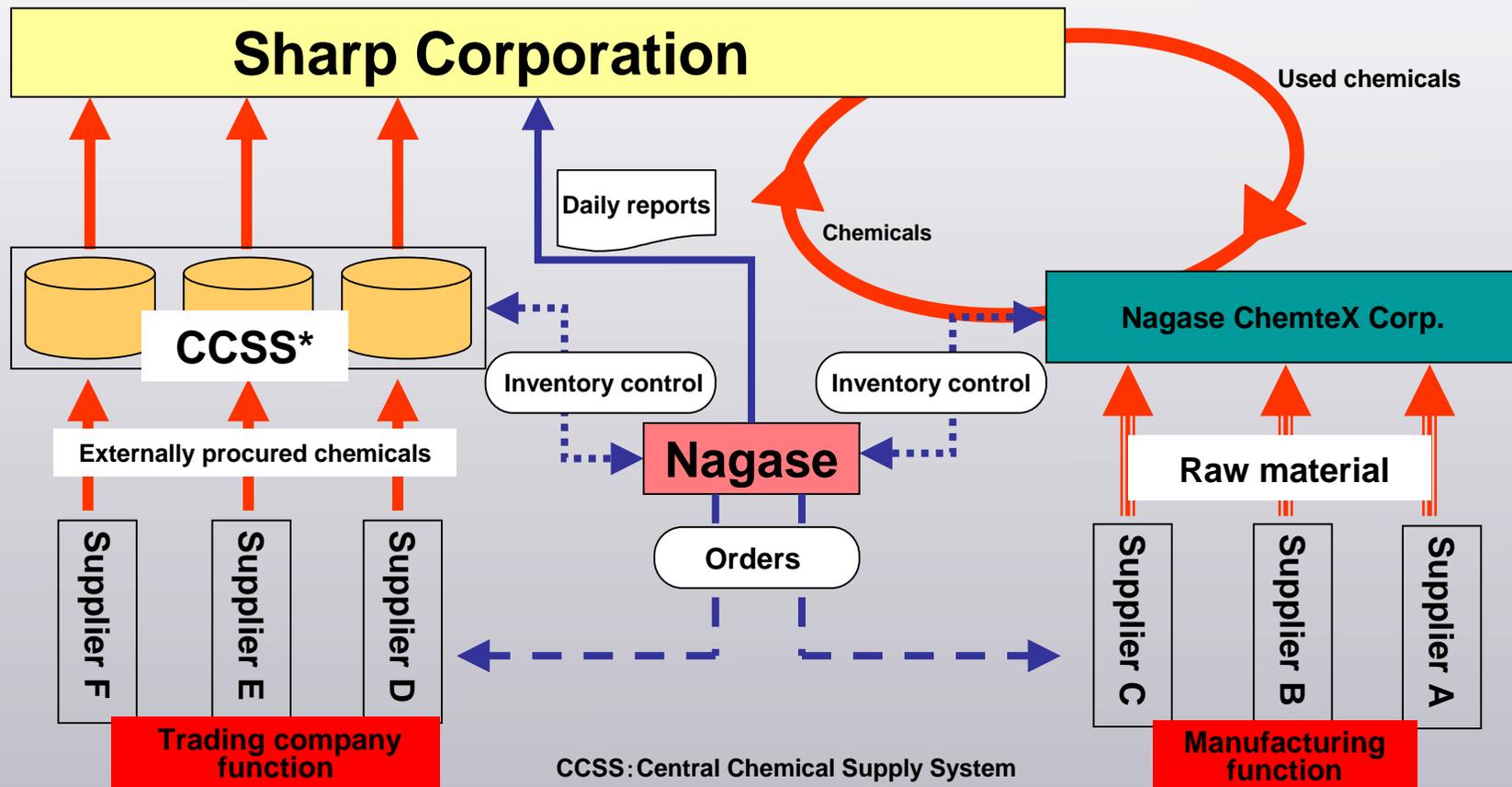
- Start of operations: By March 2010
- Mother glass size: 10th generation
(2,850mm x 3,050mm)
- Main products: 40-inch, 50-inch, 60-inch class
LCD panels for large-screen TVs
- *Sharp: 66%, Sony: 34%

Functions of Sharp's "Manufacturing Complex for the 21st Century"

Consistent System (Gate-checker Function)
 Not just the supply of developer, stripping agent, etchant, and cleaning agents, but a comprehensive control and recycling system for all related chemicals
 ¥9.0 billion investment over 3 years; will begin operation by March 2010

Will contribute to:

- Major reduction in chemical and raw material use
- Environmentally sound, recycling oriented factory



Nagase Group Policies for the Future

<Nagase ChemteX Corp.>

Development of environmentally friendly chemicals

- Long-life chemicals
- Easily recyclable chemicals
- PRTR-compliant chemicals
- Enhancement of recycling technology (for all chemicals)

Development of high-performance chemicals

- Proprietary resists (LCDs, solar cells, TABs)

<Nagase CMS Technology Co., Ltd.>

Upgrade chemical control equipment systems to create processes that use less chemicals

- Remote surveillance control equipment
- On-site integrated system for resists
- Simplified recycling system

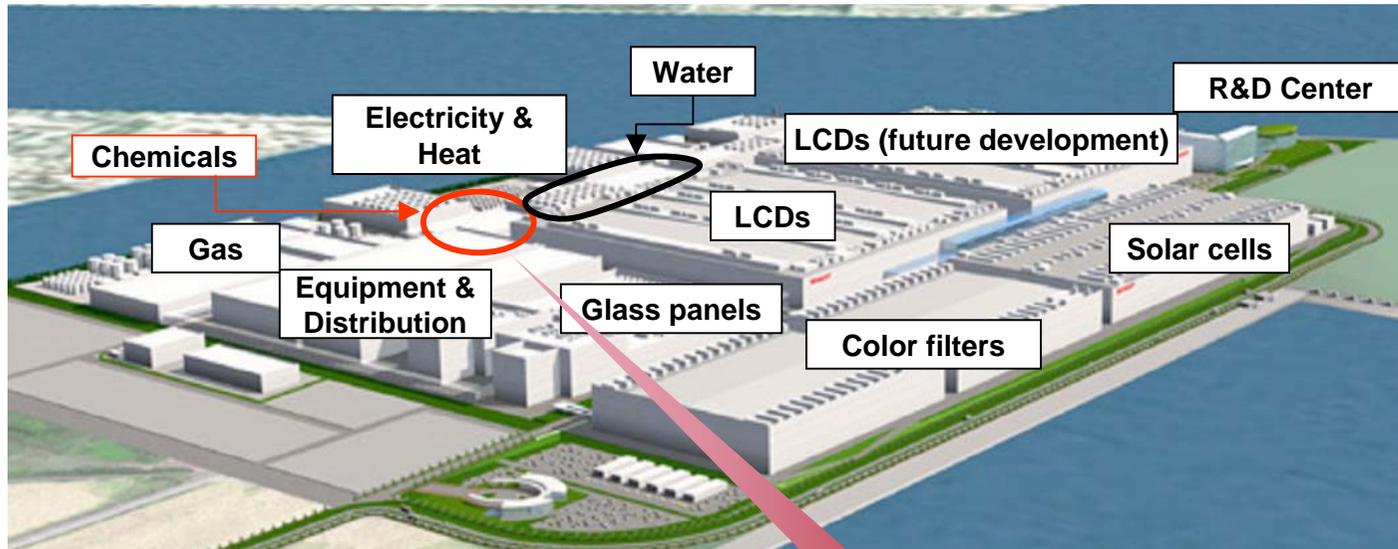
<Nagase & Co., Ltd.>

Become the only company in the global chemical industry that handles all the functions of chemical manufacturing, recycling and process innovation

Contribute to continued development of the liquid crystal industry through a technology-based business model
— Environmentally friendly production of environmentally friendly LCD panels

Expand global business (Nagase serves the LCD industry worldwide)

Image of Sharp's "Manufacturing Complex for the 21st Century"



"Manufacturing Complex for the 21st Century"
(Final completed conceptual image)



Nagase Group Chemical Plant (Final completed conceptual image)

NAGASE

A technology and intelligence oriented company
that turns wisdom into business

Nagase & Co., Ltd.

<http://www.nagase.co.jp>

This presentation contains projections based on assumptions, forecasts and plans for the future as of May 15, 2008. Actual results may differ from projections due to risks and uncertainties associated with the global economy, competition, exchange rates fluctuations and other risks and uncertain factors