

## Message from the President

It has already been more than a year since the Great East Japan Earthquake of 2011. We are pleased to see the economy being reinvigorated in the affected area, thanks to the indomitable spirit of the Tohoku District people and ceaseless endeavor for reconstruction. Meanwhile, I understand that the disaster victims suffered severely, both physically and mentally. I would like to reiterate our deepest sympathy to all those affected, and sincerely hope that they can return to their pre-earthquake lives at the earliest possible date.

### Toward Achieving Our Medium-Term Management Plan

The NGK SPARK PLUG Group envisages its ideal state in 2020 as a distinguished manufacturing company, a highly profitable company, a progressive company, and a personnel “assets” company. To achieve that vision, the Group has established the new medium-term management plan “The Evolution of the NGK SPARK PLUG,” which is divided into three stages: Delving, Renovating and Evolving. This year marks the last year of the Delving stage (three years from fiscal 2010 to 2012), during which we are to delve into existing businesses and seek new businesses. In the previous two years, we reflected upon what our Company had done, and analyzed its position in the context of the entire industry and in comparison with other companies, so as to deepen understanding of our present conditions. Furthermore, to attain the objectives of this Delving stage, we are focusing our efforts on strengthening our research and development system, human resources and quality manufacturing capabilities.

Specifically, we have strengthened our research and development system by bolstering technology marketing functions and developing technologies and new products based on our ceramic technologies, mainly in the energy and environmental fields. These initiatives will facilitate our further growth. To accelerate that growth, we have set up the Engineering R&D Group and the New Business Advancement Group.

In terms of strengthening human resources, various reforms are under way to develop capable human resources suitable for a global company with operation sites in various parts of the world, and to promote diversity management. Building up a fair corporate climate will enhance the motivation of employees, enabling them to maximize their abilities and grow into human resources as important assets of our Company. We promote the establishment of a system to realize this goal.

To strengthen our quality manufacturing capabilities, it is essential to continuously secure cooperation and hand down expertise to future generations beyond the organizational boundaries, as well as to be deeply attentive to manufacturing facilities. In the belief that the foundation for consolidating our outstanding position as a manufacturing company lies in production technologies, we are committed to enhancing those technologies.

Through the above initiatives, we go all out to bolster the Company’s basic capabilities and operating base. At the same time, the NGK SPARK PLUG Group aspires to its ideal state, paving the way for the next stages of Renovating (launching new products or new business) and Evolving (developing existing and new business at an accelerated rate).



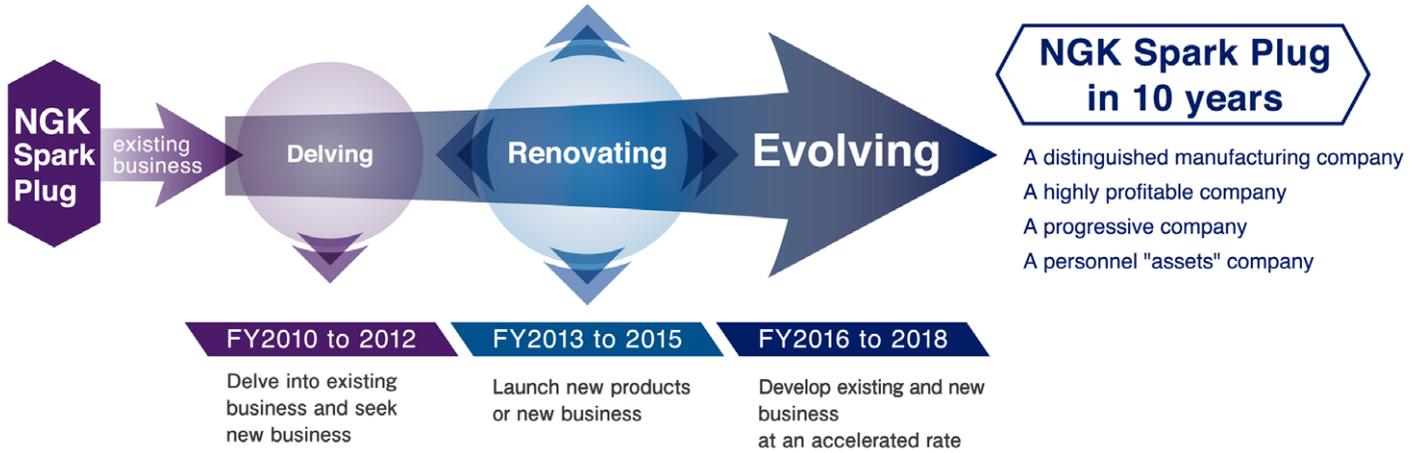
**Shinichi Odo**  
President and Chief Executive Officer



September 2012

Message from the President

Overview of the New Medium-Term Management Plan



### Environmental Initiatives

It is the mission of a company to strike a balance between economic growth and environmental preservation, and to achieve sustainable development in conjunction with society. We also believe that, in response to social expectations and challenges, our Company can further evolve by developing technologies and products that are friendly to people and the environment. In April last year, NGK SPARK PLUG CO., LTD. formulated Eco Vision 2015, which stipulates targets to be accomplished by fiscal 2015. In fiscal 2011, the inaugural year of the Vision, we successfully achieved the total volume targets for greenhouse gas emissions, but fell just one step short of the basic unit targets. We continue to pursue improvements to reduce emissions. As for technologies and products, through the commercialization of solid oxide fuel cells (SOFCs) we strive to realize a smart grid and promote the development of various products geared for a hydrogen energy-based society.

### Promotion of CSR

Since the previous year, we have reviewed our initiatives for compliance and risk management, which constitute the fundamental fields of corporate activity. Concerning compliance, we established the employee education and helpline systems to prevent compliance violations. We also built up a violation surveillance and correction mechanism, which, should a problem occur, swiftly collects and disseminates information inside and outside the Company. Regarding risk management, experiences in the Great East Japan Earthquake and the severe flooding in Thailand remind us of the

vulnerability of the supply chain and the importance of the BCP. We are now reviewing our business continuity management system so as to minimize impact of any natural disaster on our stakeholders, with priority given to the protection of human life.

### Initiatives to Bring About Innovations

I was appointed President of the Company in June last year. Immediately after my inauguration, I made it my mission to bring innovations to NGK SPARK PLUG CO., LTD. taking advantage of my experience in managing an overseas local subsidiary, as well as my youth and aggressiveness. With "global," "speed" and "fair" as keywords, I am pushing forward with drastic organization and system reforms. This fiscal year, I introduced the corporate officer system to implement speedy decision-making and business execution. In addition, to reinforce the formulation and implementation of companywide strategies, the Corporate Administration Group was set up, to integrate Head Office functions. I hope that all Group employees share the same vision and sense of values, and improve their individual capabilities, autonomy and creativity while respecting each other's individuality, so as to act in full awareness of their own missions. I believe that this would enable all employees to make optimum use of their capacity to drive innovations of the NGK SPARK PLUG Group. We will continue our efforts to be a company that is precious to all stakeholders. We hereby release CSR Report 2012, which compiles our activities during fiscal 2011. We would very much appreciate your unreserved comments and opinions.