

Emphasizing Our Strengths, Creating New Value

Thanks to its creative strategies and clear management vision, the Nitto Denko Group offers unique products that support people in their daily life.

The strength of the Nitto Denko Group is supported by a number of pillars.

Corporate Philosophy

We deliver “New Value” to our customers, employees and society.

Global Niche-leader Strategy

We are a global player in niche markets.

Technology-oriented Company

We cultivate our existing advanced technological know-how to remain ahead of the field.

Operations Based on “Three News”

A new product with a new application generates new demand, which grows into a new market.

Swift Management Response to Change

We adjust swiftly to changes in our business environment.

Global Business Development Strategy

We are truly global company, with 61 business operations throughout the world.

Environmental Awareness

We consider the environmental impact of every aspect of our corporate activities.

Corporate Philosophy

On the occasion of its 75th anniversary in 1993, Nitto Denko adopted a corporate vision, “Creating New Value,” to highlight the Company’s raison d’être and basic direction. The concept of “New Value” goes well beyond making a profit, encompassing the interests of customers, employees and society. We do not intend to lose sight of the relationship between the development of products and meeting the needs and aspirations of people in their daily lives. We believe that a corporation should act in harmony with society by offering useful products and playing its part in protecting the environment. Our ultimate goal is to become a global enterprise with a “trust first” corporate culture. Earning the respect and trust of our customers, employees and society at large is paramount.

NITTO DENKO

CORPORATE VISION

Creating New Value

- Respecting the individuality of all employees and enabling them to achieve personal fulfillment through their work.
- Creating functional products that satisfy customers.
- Respecting the environment and contributing to the global community.

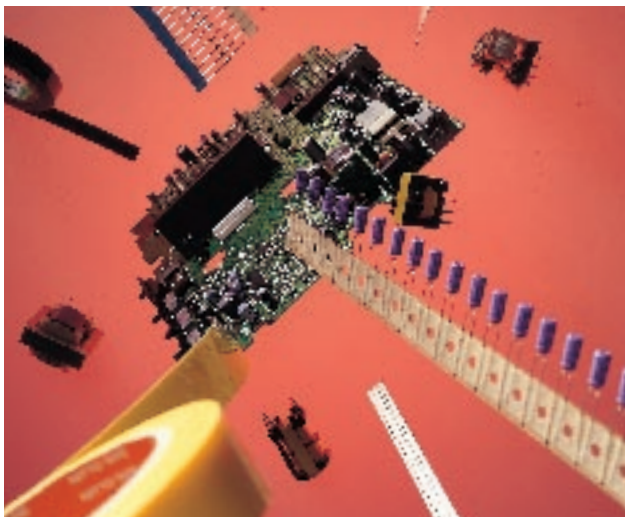
EMPLOYEE GUIDELINES

1. Remember that our customers deserve exceptional product quality and outstanding service.
2. Always put safety first.
3. Approach every task with motivation and diligence.
4. Use ethics and the law as your guides.
5. Strive to protect the environment and conserve natural resources.

Global Niche-leader Strategy

The global niche-leader strategy is one of Nitto Denko's basic corporate strategies. The strategy is to become a top player in under-exploited niche markets by identifying needs that have not yet been recognized by our competitors, or even by customers, and offering unique products with indispensable functionality which meet these needs. Examples include film that protects paint on new cars and

polarizing films used to manufacture LCDs for PCs. The Nitto Denko Group is working to develop such niche businesses on a global basis. Niche markets exist in almost every industrial field, and our functional materials are utilized in a variety of end-products.



Technology-oriented Company

We believe that we should become a total technology-oriented company in the new century, as the constant creation of new value requires a strong technological backbone. That is why R&D activities are a top priority. We also recognize the importance of making steady investments in R&D operations in order to gain fruitful results, and we have accordingly maintained a high ratio of R&D expenses to total sales.

We have promoted Group-wide R&D projects, led by the Chief Technical Officer (CTO), currently the presi-

dent of the Company, to cultivate lateral ties and accelerate strategic decision-making processes. We place the highest priority on these project teams, in terms of both human and financial resources. The Integrated Technology Strategic Meeting, convened regularly by the CTO, serves to share technologies throughout the Group and monitor progress made in the development of important technologies or products. Speedy and timely R&D activities requires efficient management that goes beyond divisional boundaries.

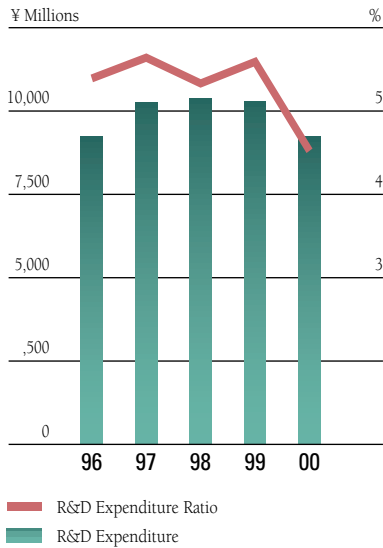
Operations Based on

Niche markets undergo radical changes extremely quickly. This requires swift, continual development of new products. The ratio of new product sales to total sales stands at 40%. With the aim of establishing a truly “metabolic” business style, we constantly review the lineup of our mature products with a view to replacing those that are not generating sufficient profit with new ones more closely aligned to customers’ needs.

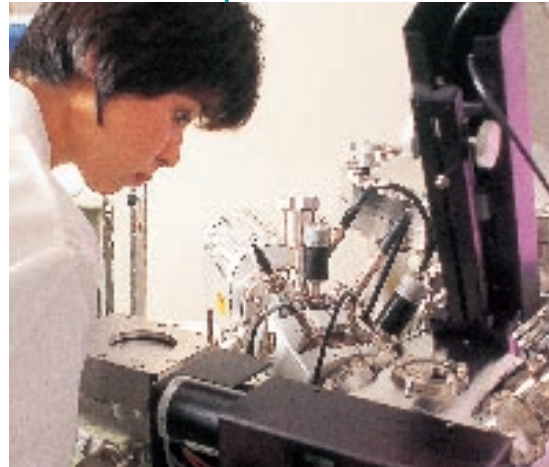
The constant creation create new products depends

upon steady growth in technology development and sales. Our basic concept is to develop new products by combining our core polymer processing capability with new technologies. Supporting this capability is our thorough customer-first policy. We collect information from customers in order to anticipate new market requirements and reflect as yet unrecognized needs in new products. In this way, we create new markets and new businesses — another important aspect of our niche-leader strategy. Combining a new

R&D Expenditure (Non-consolidated)



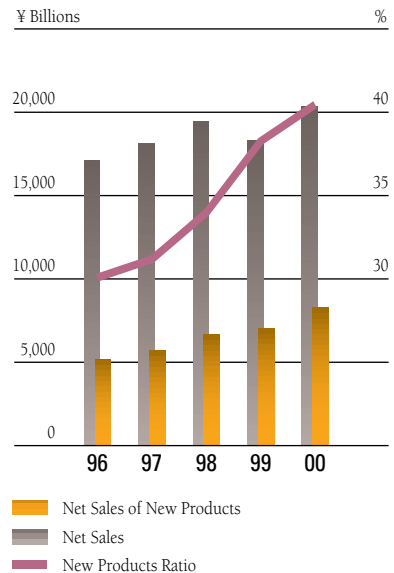
R&D expenditure in fiscal 2000 decreased due to a change in accounting standards.



“Three News”

product with a new application generates new demand, which grows into a new market. Our operations focus on the rapid creation of “Three News” (“Sanshin”), i.e., new products, new applications, and new demand, by making the most of Nitto Denko’s combined corporate strength.

Changes in New Products Ratio (Non-consolidated)



Swift Management Response to Change

Our business or management style needs to be adjusted according to changes in the business environment. Thus, our management structure is designed to quickly respond to rapidly changes in the market environment. This is the source of the Nitto Denko Group's core competencies. Regarding change as a new business opportunity and promptly making appropriate modifications to our business structure are the two factors which have supported our continued growth. By speeding up the collection of information, decision-making processes, and implementation of decisions made, we have been able to improve business and management efficiency. We will continue with this approach through frequent reviews of mature business lines, styles and systems.

We will eliminate business sectors whose potential is exhausted. During fiscal 2000, we integrated and closed some of our electrical insulation products businesses, transferred the packaging materials and consumer products businesses to Group companies, and divested part of our retail bar-code labels business in North America.



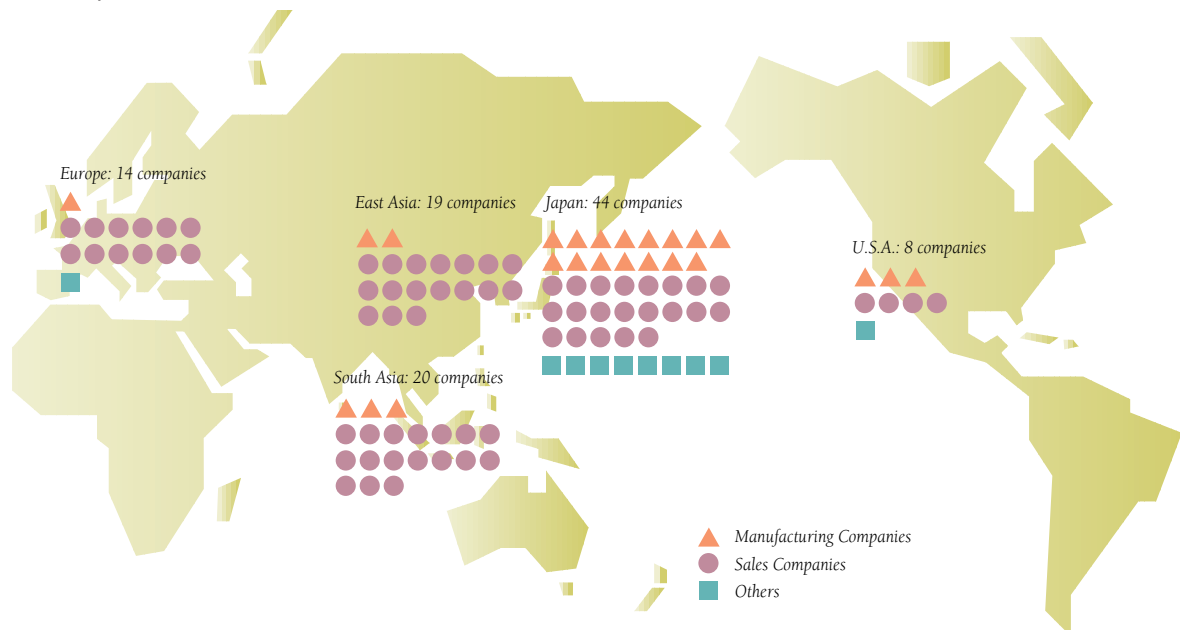
Global Business Development Strategy

Under our global niche-leader strategy, we have vigorously promoted business globalization through entry into overseas markets. We currently have 61 overseas operations. The ratio of sales to customers outside Japan to total Group consolidated sales is 34.3%. In fiscal 2000, we introduced a four-region management structure comprising North America, Europe, East Asia, and South Asia. The area leader of each region plans strategic moves within the region in cooperation with each of the Company's business divisions. Also, we have established a Group Management Committee so that area leaders can participate in the management of the Nitto Denko Group. Responsibility for the implementation of technology and product strategies on a global basis

lies with the head of each of the Company's business division. In addition to a vertical link between overseas Group companies and business division management at head office, we now have an inter-region horizontal network to encourage the development of business strategies more closely attuned to regional situations. The four-region management structure fosters quick decision-making in each region, the sharing of information and resources, and mutual business, financial, and contractual support. Adding Japan to this quadripolar management system, we intend to pursue optimal efficiency in the administration of production, sales, and management activities within the Nitto Denko Group as a whole, with the ultimate goal of achieving a truly global management.

Global Network of Nitto Denko Group
(As of July 1, 2000)

Domestic: 44 companies (Manufacturing Companies: 15, Sales Companies: 21, Others: 8)
Overseas: 61 companies (Manufacturing Companies: 9, Sales Companies: 50, Others: 2)



Environmental Awareness

Conservation of the global environment is mankind's most important task. Through the creation of new value, the Nitto Denko Group has placed a sharper focus on environment-related issues, considering the environmental impact of every aspect of its corporate activities.

Materials Flow in the Production Phase

We encourage full-production cycle environmental protection activities focusing on the following:
 Reducing industrial waste generation, eliminating the use of organic solvents and reducing emissions of organic solvent gases, eliminating the generation of substances harmful to the environment, and reducing energy consumption.

Environmental Management System

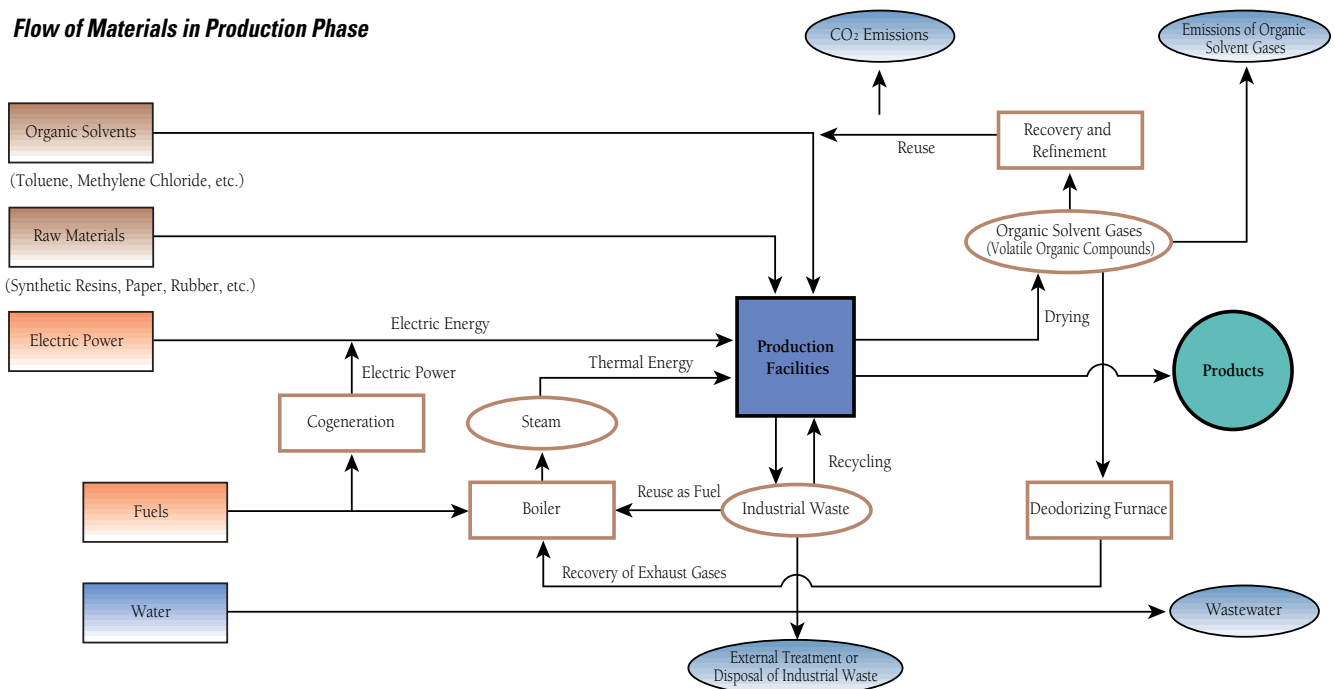
Nitto Denko incorporates an environmental management system into its overall business structure. We are seeking more ISO14001 certifications, the international environmental management standard, in order to accelerate and enhance efforts throughout the Group to protect the environment. To date, all seven manufacturing plants, the headquarters of Nitto Denko, and 19 domestic and overseas Group companies have obtained ISO14001.

Voluntary Plan

In 1993, we developed a voluntary environmental protection plan. Its aims are as follows:

* 50% reduction in industrial waste generation by 2002 (base 1991)

Flow of Materials in Production Phase



* 20% reduction in the required “energy unit” (energy consumption per product unit) by 2002 (base 1990)

* 50% reduction in organic solvent gas emissions by 2002 (base 1998)

Environmental Accounting System

In fiscal 2000, Nitto Denko launched an “environmental accounting system” to identify all expenses related to our environment protection activities and monitor the costs incurred and actual results. The data generated by this accounting system will be used to plan a special “environment budget,” scheduled to be introduced in fiscal 2001, and will eventually be utilized in overall corporate management.

Environment-friendly Products

We are pushing ahead with the development of products that are friendly to the environment in terms of resource saving and recycling, and the elimination of harmful substances in our operations.

Easy Incineration

Automobile body surface protection film; halogen-free masking tape

Recycling

Waterproof, air-tight construction materials for housing use; soundproofing materials for piping

Easy Dismantling

Peelable double-coated adhesive tape for recycling of OA equipment and home electric appliances, thermal-release sheet (REVALPHA)

Pesticides

Pheromone tape; agrochemicals incorporating micro-organisms

Wastewater Treatment

Oily wastewater treatment membrane unit



“Environment-conscious Management” Incorporating Environmental Protection Activities in Business Operations

