

The background features large, stylized letters spelling out 'WORLD'. The letters are rendered in a light blue and yellow color scheme, with some letters appearing as semi-transparent overlays. The 'W' and 'L' are particularly prominent, with the 'L' being a large, light blue letter on the left side of the page.

NITTO DENKO CORPORATION

ANNUAL REPORT 2001

Year ended March 31, 2001

Drive to global niche top positions

through combined group strengths

Creating New Value

Nitto Denko Corporation is all about "Creating New Value." A consistent dedication to the development and continual improvement of technologies in ways that dovetail with the needs of customers has been, is and always will be the source of our strength.

Incorporated in 1918, we were Japan's first manufacturer of electrical insulation materials. Building on our core skills in the fields of polymer synthesis, processing and application development, we quickly assumed a leading role in the industry. Guided by our vision of "Creating New Value," we have always striven to ensure that our technological diversification is quickly reflected in products that allow customers to add value to their own products.

Nitto Denko's fundamental business strategy is to aim to be the "Global Niche Top." That is to say, we work to gain the global top share in a variety of niche fields in emerging markets by providing unique and sophisticated products.

The advent of the 21st century and the remarkable speed of change in all aspects of life that it symbolically heralds has served to make us more conscious than ever of our responsibilities as a corporate citizen of the world. In producing first-class products, the Nitto Denko Group, with 102 companies around the world, seeks to enhance the quality of life in ways that respect the natural environment and its inhabitants. That is a total commitment.

➤ Contents

Financial Highlights	1
Nitto Denko in Brief	2
To Our Shareholders	4
NITTO DENKO CHALLENGE	8
Overview of Business Segments	11
Nitto Denko & the Environment	18
Six-Year Summary	19
Analysis of Results of Operations and Financial Condition	20
Financial Statements	22
Nitto Denko Group	38
Nitto Denko Directory	40
Corporate Data	41

FINANCIAL HIGHLIGHTS

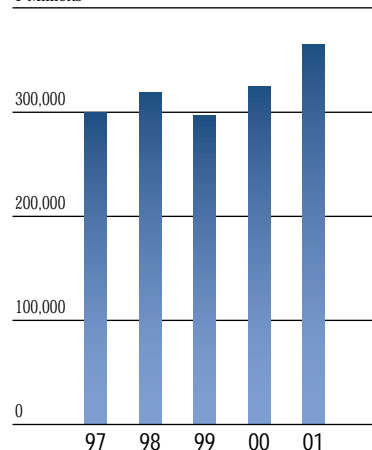
Nitto Denko Corporation and Consolidated Subsidiaries
For the Years Ended March 31, 2001 and 2000

	Millions of yen		Thousands of U.S. dollars
	2001	2000	2001
Net sales	¥365,698	¥325,399	\$2,951,558
Net income	15,851	13,399	127,934
Shareholders' equity.....	226,894	212,126	1,831,267
Per share of common stock:			
	Yen		U.S. dollars
Net income	¥ 93.51	¥ 82.04	\$0.75
Shareholders' equity.....	1,305.80	1,273.95	10.54
Cash dividends	21.00	18.00	0.17

Note: The United States dollar amounts in this report are given for convenience only and represent translations of Japanese yen at the rate of ¥123.90 = US\$1. See Note 1 to Financial Statements.

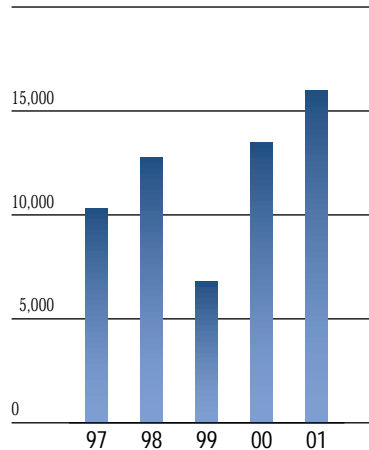
NET SALES

¥ Millions



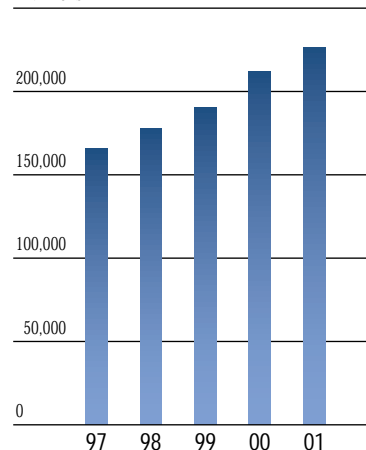
NET INCOME

¥ Millions



SHAREHOLDERS' EQUITY

¥ Millions



NITTO DENKO IN BRIEF

	Nitto Denko Group	Industrial Products
Outline	<p>The Nitto Denko Group supports a wide range of industrial activities by providing high-function products to markets worldwide. These functions include sealing, bonding, separation, permeation and diffusion. We create our products by combining polymer processing and synthesizing techniques with other leading-edge technologies. The 102 companies within the Group are making concerted efforts to make Nitto Denko a global leader in niche markets. Consolidated net sales for fiscal 2001 were approximately ¥366 billion.</p>	<p>We offer a diverse range of functional materials in a variety of fields, from leading-edge electronic materials to consumer goods such as home electric appliances and automobiles. Many of our products, including adhesive tapes, sealing materials, and surface protection film for automobile bodies, enjoy a top share in their respective global markets.</p>
Mid-term Management Plan	<p>Our three-year management plan sets out common goals for the entire Nitto Denko Group, which comprises 102 companies, particularly the achievement of "high performance and group-wide growth through global niche top positions."</p> <p><i>Strategic Management Aims</i></p> <p>Growth through new products, structural reform, selective market focus, and convergence of synergies</p> <ul style="list-style-type: none"> * Differentiation through technology creating original products * Focusing on markets with outstanding growth potential (3Es) * Implementation of business strategies on a global scale * Reorganization of business structure and reform of managerial infrastructure <p><i>Group Targets (for fiscal 2003, ending March 31, 2003)</i></p> <ul style="list-style-type: none"> * Net sales: ¥420 billion * Income before income taxes: ¥45 billion * ROA: 12% 	<p>Establish a new growth path globally through continuous enhancement of our business structure and focus on growth markets (3Es) based on tape technologies.</p> <ul style="list-style-type: none"> * Focus on the electronics market <ul style="list-style-type: none"> - Strengthen new product development - Increase productivity - Reinforce marketing * Enhance further our business structure * Develop environment-friendly technologies and products * Reduce costs further * Achieve goals of global strategy through synergies among Group companies * Establish SCM center * Reduce industrial waste
Focus on Fiscal 2001	<ul style="list-style-type: none"> * Promoted further reorganization of business structure * Promoted consolidated Group management * Reorganized domestic sales structure * Introduced an "environment accounting system" 	<ul style="list-style-type: none"> * Strengthened adhesive tape business for advanced electronic products (decided to increase production in Japan, Belgium, Malaysia and Thailand)
Topics of Fiscal 2001	<ul style="list-style-type: none"> * In April 2000, established Nitto Americas, Inc. to integrate administration in North America * In May 2000, established Nitto Denko Himawari Co., Ltd. to promote the employment of the physically handicapped and the elderly * In October 2000, Nitto Denko Technical Corporation, a new subsidiary engaged in R&D, began operations in California * Moody's upgraded Nitto Denko's credit rating to A3 * In October 2000, established Nitto Denko Matex Corporation by integrating three sales agencies 	<ul style="list-style-type: none"> * In April 2000, integrated the general consumer products business into Nitoms Inc. * In April 2001, integrated the life care products business into Nitto Life-tech Co., Ltd.

Electronic Products	Functional Products
<p>In response to the explosive and diversifying demand in the information field, we foresee market needs and develop functional products based on our accumulated base technologies. In particular, our products serve to sustain technological advances in the electronics industry. Examples of products that have already achieved a top share in the global market include LCD-use optical films (polarizing films and retardation films) and transparent encapsulating resins for optical devices.</p>	<p>We are contributing to the "ecology" industry by developing a number of products related to health care and the environment. We provide medical-use tapes, transdermal therapeutic patches, polymer separation membranes for water and chemicals, and engineering plastics developed utilizing our fluoro-resin processing techniques. Our reverse osmosis membranes used during the manufacture of semiconductors to generate ultra-pure water enjoy a top position in the world market.</p>
<p>Targeting high-profit operations by establishing technological advantages, investing vigorously and developing operations globally</p> <p><i>Optical-related business</i></p> <ul style="list-style-type: none"> * Refocus business style from "market-connected" to "market-leading" * Concentrate management resources on new product development * Establish an optimal global production system and strengthen product supply capabilities <p><i>Semiconductor-related business</i></p> <ul style="list-style-type: none"> * Develop and launch new products suitable for next-generation semiconductors * Implement "semiconductor encapsulating materials No. 1 program" * Create new markets for transparent encapsulating resins <p><i>Flexible printed circuit business</i></p> <ul style="list-style-type: none"> * Improve operations by introducing a new production control system * Enhance profit structure by shifting to overseas production * Establish foundations for expanded operations 	<p>Increase size of the functional products business through concentration strategies based on technological strengths</p> <p><i>Medical-related business</i></p> <ul style="list-style-type: none"> * Enter overseas markets for transdermal therapeutic patches * Reorganize surgical products business * Enter the detection/diagnosis business in North America <p><i>Engineering plastics business</i></p> <ul style="list-style-type: none"> * Gain niche top position for polyimide belt business * Expand overseas sales of filtration products * Create new market for "Sunmap" porous films <p><i>Membrane business</i></p> <ul style="list-style-type: none"> * Establish global production system at selected locations * Develop next-generation products for growth * Create new porous membrane business
<ul style="list-style-type: none"> * Established a system to increase production of LCD optical films * Launched full-scale production of "NIPOCS," an LCD-use polarization converting system * Promoted production of semiconductor encapsulating resin in mini-tablet form 	<ul style="list-style-type: none"> * Increased production capacity of transdermal therapeutic patches for asthma treatment by 30% * Made plan to develop new applications for fluoro-resin porous modules * Focused on selected membrane products and markets
<ul style="list-style-type: none"> * In July 2000, started construction of a third factory for the production of LCD optical films at the Onomichi Plant, to begin operations in summer 2001, aiming at doubling total capacity * In September 2000, added a production line at the No.2 Factory, Onomichi Plant, increasing capacity for polarizing films by 50% * In autumn 2000, strengthened converting processing capability for LCD optical films at processing bases in South Korea and Taiwan. Established new plant in Shanghai and expanded plant in Shenzhen. Overall, conversion processing capability doubled. 	<ul style="list-style-type: none"> * Received new orders for UF membranes from a seawater desalination plant in Fukuoka * In March 2001, started operations at a Quality Assurance Center in the Tohoku Plant in order to ensure the quality of transdermal therapeutic patches for overseas markets

TO OUR SHAREHOLDERS

*A technology-oriented,
market-driven company
creating new value to
become the top player in
global niche markets*

Shift to "Growth Business" Delivers Excellent Results

The business results of Nitto Denko Corporation and its consolidated subsidiaries for fiscal 2001, ended March 31, 2001, were extremely encouraging. Consolidated net sales totaled ¥365,698 million, up 12.4% over fiscal 2000, ended March 31, 2000.

Operating income amounted to ¥34,824 million, up 30.9%.

These results were all the more satisfying given the adverse business environment, with continued deflationary tendencies in Japan and a slowing of the U.S. economy. It is the second successive year that we have achieved two-digit growth in sales and income.

The increases in sales and income reflect our work in reorganizing our business structure over the last five years. We have shifted our focus onto rapidly growing fields, including general electronics and IT, where we have the potential to become a global market leader. In addition, we have motivated our entire staff to emphasize profitability rather than sales. Our employees at every level now understand that, to improve our corporate value, we must utilize our advanced technological know-how to create new, high value-added products. In this way, we will generate new demand and eventually new markets.



Left: Hideki Yamamoto, Chairman Right: Masamichi Takemoto, President

See page 16

See page 8 ▶ 1

The shift to growth business is well under way. In fiscal 2001, our substantial R&D investment in the medical-related products segment bore fruit. [Products such as our transdermal therapeutic patches for asthma sufferers have proven popular.](#)

Until at least fiscal 2005, the electronics, ecology, and energy-related segments (the "3Es") are likely to drive our growth. [In October 2000, we set up an R&D base in the U.S., specializing in the bioscience and optical communications fields.](#)

Our future development activities will be keenly focused on fields in which we have competitive advantages and the potential to offer high value-added products that compete on quality rather than price. We will implement our "selection and concentration" policy vigorously, taking decisive measures to divest weak segments and further enhance our capabilities in our already strong segments.

Under our mid-term management plan, "G-2002," we are targeting consolidated net sales of ¥420 billion and income before income taxes of ¥45 billion. To meet these targets, we will accelerate our restructuring program, emphasizing a reduction in our currently high fixed costs.

During fiscal 2001, we closed four regional sales offices, and merged three sales agencies into one. Nevertheless, our sales structure still requires further reorganization.

Technological Strength – New Product Sales Top 40% of Total Sales

Since 1997, we have been establishing ourselves as a technology-oriented company. In the second half of fiscal 2001, the ratio of new product sales to total sales reached 42%. We also increased the ratio of "completely new products," as opposed to upgrades, to over 30% of new product sales, thereby exceeding our target.

See page 10 ▶ 4

An example of our upcoming new products is [the world's first plastic substrate for use in LCDs of cellular phones. We plan to launch the substrate in calendar 2001.](#)

Corporate Governance

In fiscal 2001, we redoubled our efforts to act as a socially responsible corporate citizen. We are keen to establish an open corporate culture and emphasize activities that contribute to society and its development. On May 1, 2000, we created a subsidiary, Nitto Denko Himawari Co., Ltd., under the auspices of a government scheme aimed at promoting the employment of the physically handicapped and the aged. The subsidiary started operations in October 2000. We also enhanced transparency both within and outside the Company in order to gain the respect of the public and thus enhance our corporate value.

Management Change to Enhance "Market-in" Strategy

In April 2001, we appointed a new president, Mr. Masamichi Takemoto. His elevation marks a move to a new generation of leaders. One of Mr. Takemoto's main priorities is to ensure that Nitto Denko becomes more market-driven. This appointment is intended to rejuvenate our management team in readiness for expected radical changes in our business environment.

An important part of our strategy to overcome ever-intensifying global competition is to build a firmer foundation for our overseas operations. In fiscal 2002, we intend to increase to 40% the ratio of overseas sales to total sales.

Since the fall of 2000, IT-related markets have been stagnant, adversely affected by difficult conditions in the U.S. However, when they recover we anticipate that completely new business fields will be created, presenting tremendous opportunities. We are determined to attain the top position in these new fields



and become the trusted partner of choice for many customers. To do this, we must offer new products and technologies unique to Nitto Denko. The constant development of original products relatively immune to price competition requires both strong technological skills and the ability to identify customer needs accurately. In short, our next step is to become a "market-driven" company as well as a technology-oriented company. Under this two-pronged strategy, we will strive to reach a global niche top position in the anticipated new business areas.

Swift Response to Change is in Nitto Denko's "DNA"

Since its foundation, Nitto Denko has regarded swift response to change as the essence of its business style. The ability to anticipate change and to innovate in response is in our genes.

Nitto Denko is akin to a collection of high-tech ventures covering a variety of technology segments. This structure gives us a great advantage. By sharing the vast amount of information accumulated in each venture, we can propose cutting-edge products tailored to meet changing market needs. We can also quickly evaluate the technical feasibility of products.

Our ability to change with the times goes beyond developing advanced products. For example, we have also transformed our manufacturing processes in response to growing concerns about conservation of the natural environment.

Our current priority in terms of change is to establish Nitto Denko as a truly market-driven company. We intend to exchange staff between our sales and technology development

sides. Sales staff who understand the thinking of our engineers can give more valuable feedback to engineers and customers alike. Similarly, technicians who understand the position of our sales staff, and who have listened to our customers directly, will be better placed to develop technologies that dovetail with our "market-in" philosophy. They will also be more highly motivated to anticipate changes in customer demand. Improved communications between all staff members will ensure that every employee fully understands our two-pronged strategy.

Sustained Growth through Further Innovation and Substantial Investment

For calendar 2001, our motto is, "Change represents opportunity. Innovation is the tool to sustain growth." This reflects our positive attitude to the fast-changing market environment of recent years, an environment that has provided us with tremendous opportunities for technological innovation and market expansion.

For example, in March 1998, we established the Adhesive Tape Research Center within our Toyohashi Plant [to accelerate the development of new manufacturing processes designed to reduce environmental impact and manufacturing costs](#). Staff at the center have subsequently developed emission-free technologies and "clean" manufacturing processes for adhesive tapes and surface protection films used during the manufacture and assembly of IT-related equipment.

By viewing change as an opportunity, we are able to develop

See page 8 ▶ 2

See page 15

previously unthought of products, applications and demand. This aspect of Nitto Denko's DNA, which values change, will manifest itself in the sustained growth and enhanced profitability of the Nitto Denko Group.

Over the three years beginning fiscal 2002, we will make capital investments in a total amount of ¥100 billion.

Approximately 70% will be invested in the electronics-related fields, mainly [to enhance our manufacturing facilities for LCD plastic substrates and other LCD-related products, including LCD polarizing films](#). We also plan [to increase our production capacity and quality for adhesive tapes and surface-protection films for IT-related products, for which demand is growing strongly](#).

We will advance into new product fields, in particular by continuing to make strategic moves in the growing "3Es." More specifically, we intend to expand in the fields of energy-related materials, pharmaceutical reagents, and others. On the environmental front, we will reduce the environmental impact of production at the "source" rather than at the "exit." That is to say, we will establish manufacturing processes that do not produce waste, rather than disposing of the waste later. We will also undertake R&D into manufacturing costs reduction.

All of these moves are aimed at securing pole position in the "new business world" expected to emerge once the current slowdown ends.

"Creating New Value" is the common management philosophy throughout the Nitto Denko Group. Our ultimate goal is to

become a company truly valuable to end-users, shareholders, employees, and other stakeholders. We are convinced we are on the right track in the pursuit of our long-term Group-wide goal of becoming a "Global Niche Top" enterprise with a market capitalization of ¥1,000 billion.



Hideki Yamamoto
Chairman



Masamichi Takemoto
President

See page 9 ▶ 3



NITTO DENKO CHALLENGE

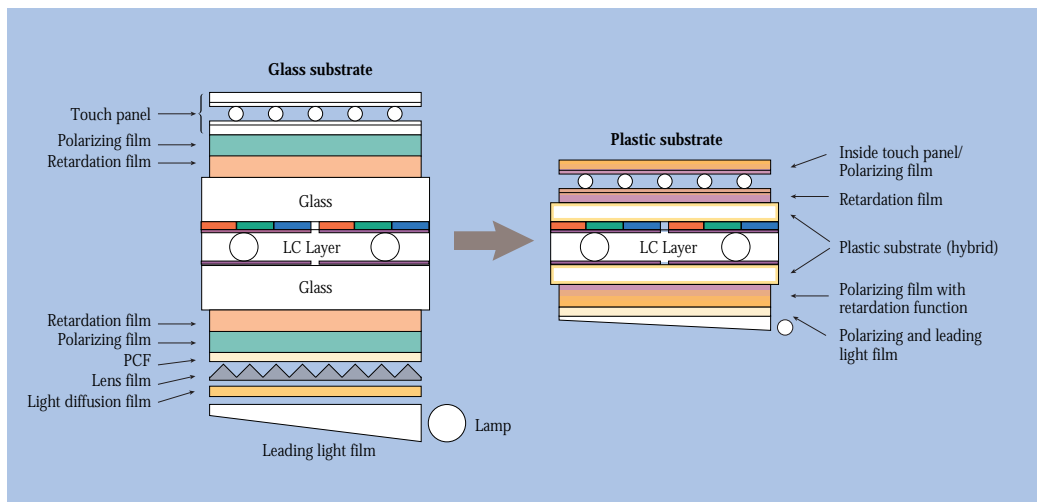
➤ 1. Launching Mass-production of the World's First Plastic Substrate

We have developed an advanced plastic substrate for use in LCD panels of mobile phones and will begin mass-production on a ¥2 billion, state-of-the-art production line within calendar 2001. This new substrate will allow the production of ultra-thin LCDs which are light, have excellent definition and are extremely durable.

In the substrate we use an original thermosetting resin instead of glass. This enabled us to reduce the LCD substrate's thickness by one-half and its weight by one-third, compared with conventional glass-based substrates. By utilizing our advanced thin-film processing techniques accumulated in the adhesive tape business, we developed a production process that

allows us to produce the substrate in a range of thicknesses, from film-type (200 microns) to sheet-type (1 millimeter). We have added the optical properties to the substrate itself, reducing the need for the optical film laminated onto glass substrates. Unlike glass substrate, this plastic substrate can be shipped in rolled as well as sheet form.

Our substrate has already attracted interest from LCD panel makers and others. In the future, we plan to expand the substrate's applications to general mobile equipment, including PDAs and PCs, organic electroluminescence (EL), the semiconductor field, solar-power equipment and others.



➤ 2. Introduction of Environment Accounting System

We place a high priority on environmental issues. In fiscal 2001, we launched our "environment accounting system," under which we identify all expenses related to our environment protection activities, and monitor costs and results. In fiscal 2001, we implemented this system on a non-consolidated basis. In fiscal 2002, we will begin to extend the system throughout the Nitto Denko Group's manufacturing operations. Our environment accounting system is distinguished by the following three characteristics:

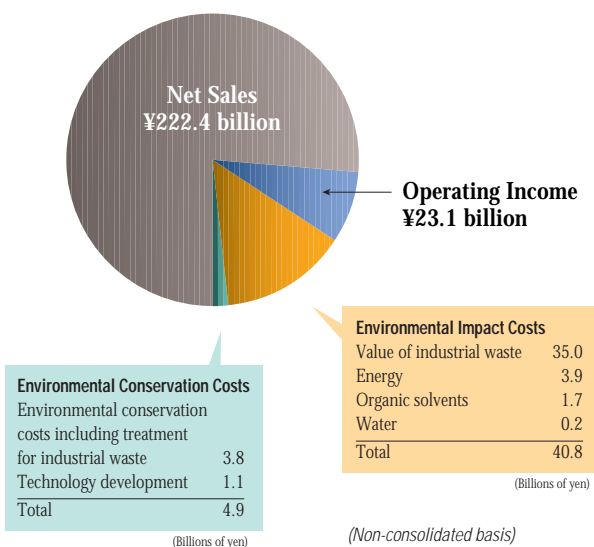
1. We draw up an "environment budget" for each fiscal year.
2. Under environmental impact costs, we include the costs of raw materials used in processing industrial waste, and the costs associated with the purchase of energy, solvents and industrial-use water, in addition to the environmental conservation costs identified in the Ministry of the Environment's "Guidelines for Introducing an Environment Accounting System."

3. A reduction in environmental impact costs has brought benefits in terms of more efficient use of resources.

The purpose of our environmental accounting system is to promote conservation of the natural environment while allowing our business to grow. We are making efforts to gradually reduce the environmental impact cost, i.e., environment-related costs as a percentage of total sales. During fiscal 2001, the environ-

ment accounting system was adopted division by division. The environmental impact cost for fiscal 2001 was 18.3%. We will now proceed with technical development work designed to decrease the costs of industrial waste processing. Our aim is to bring the environmental impact cost ratio down to 13% by the end of fiscal 2006.

Environmental Impact Costs and Environmental Conservation Cost



Non-consolidated Environmental Costs		(Millions of Yen)
		Fiscal 2001
Net sales		222,406
Sales value of own products		205,119
Environmental conservation costs		
General expenses		960
Waste disposal		949
Outsourcing		230
Salary and compensation		522
Depreciation and amortization		1,119
Technology development		1,115
Total		4,895
Environmental impact costs		
Waste costs		34,967
Energy		3,915
Solvent supply		1,693
Industrial water supply		227
Total		40,802
Environmental impact cost ratio to net sales		18.3%

➤ 3. Revitalization of Adhesive Tape Business

The industrial-use adhesive tape business is a mainstay business of Nitto Denko. The adhesive tape market has been expanding rapidly, due mainly to increased demand related to communications and information devices, including mobile phones, wafer protection tapes for the semiconductor manufacturing process, LCDs and PDP surface protection. We expect demand to continue to expand, for example in the household digital electric appliance field.

In response, we are planning an aggressive investment strategy. The Nitto Denko Group will invest a total of ¥30 billion in the tape business over three years. We intend to

increase the profit ratio by investing in facilities for the production of adhesive tape for information and communications devices, where we can add substantial additional value. We have identified our adhesive tape business as a source of strong future growth.

Investment Plans

• Europe

We are adding a "clean room" building at the factory operated by Nitto Europe N.V. in Belgium, with operations scheduled to start in the fall of 2001. Total investment in this facility will

amount to ¥4 billion over three years. Full-scale production of wafer protection tapes for the semiconductor manufacturing process and transparent double-coated adhesive tapes, for both of which we expect strong demand from major cellular phone manufacturers in Europe, will begin in the fall of 2001.

• **Asia**

We are constructing a new plant at Nitto Denko Materials (Malaysia) Co., Ltd.'s factory to produce adhesive tapes for electronic component application. We are also adding a new back-end processing line for sound-absorbing materials for HDDs at Nitto Denko Material (Thailand) Co., Ltd.'s factory. We will also establish processing and sales bases in Vietnam and The

Philippines. These investments in Asia will total ¥2.5 billion over three years.

• **Japan**

We will add a "clean room" building and five production lines to the Toyohashi Factory. We will also renew the factory's existing facilities. The new lines will start operations successively beginning in October 2001, and will eventually produce surface protection adhesive tape for displays, transparent double-coated adhesive tapes for optical films, and sound-absorbing materials and vibration-damping adhesive labels for HDDs. We will invest a total of ¥20 billion at Toyohashi over three years.



New factory at Toyohashi Plant

➤ **4. Bioscience and Optical Communications R&D Center Opened in U.S.**

In October 2000, Nitto Denko Technical Corporation, a new subsidiary engaged in R&D into advanced material technologies in the bioscience and optical communications fields, started operations in Oceanside, California. The main goal of this company is to develop technologies that can lead to the creation of new businesses in the next 10 to 20 years. Its focus is on gene

diagnosis and organic materials for use in optical communications terminal devices. The staff includes Japanese and U.S. researchers. Professors at the University of California (San Diego) and the University of Arizona participate in various projects as advisors.

Overview of Business Segments

INDUSTRIAL PRODUCTS

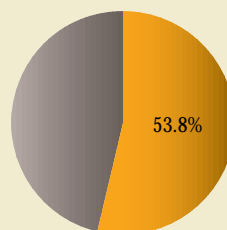
We offer a diverse range of functional materials in a variety of fields, from leading-edge electronic materials to consumer goods based on tape technologies.

PRODUCTS

Surface protection film for automobiles bodies, thermal release sheet (REVALPHA), ceramic bar-code label, tape for transporting electronic components, foam sealing material (EPT Sealer)

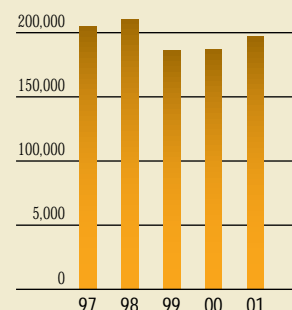
Share of industrial products: 53.8% Sales: ¥196,535 million

Share of Industrial Products



Net Sales

¥ Millions



ELECTRONIC PRODUCTS

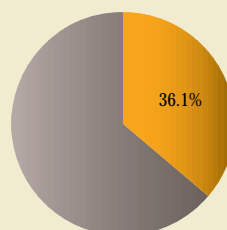
Our products, such as optical films, semiconductor-related products, and flexible printed circuit products, serve to sustain technological advances in the electronics industry.

PRODUCTS

Polarizing films (NPF), retardation films (NRF), polarization converting system (NIPOCS), thin metal core boards for magnetro resistive heads, flexible printed circuits, semiconductor encapsulating resins

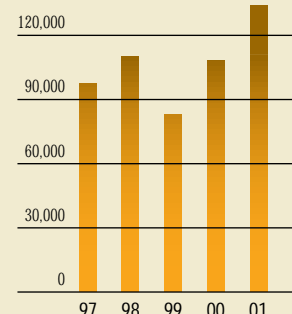
Share of electronic products: 36.1% Sales: ¥132,145 million

Share of Electronic Products



Net Sales

¥ Millions



FUNCTIONAL PRODUCTS

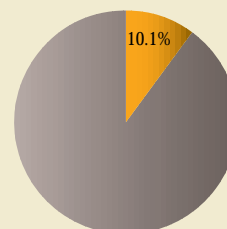
We are contributing to the environment and health care. We provide medical-related products, polymer separation membrane for refining water, and engineering plastics.

PRODUCTS

Polymer separation membrane modules for application in the semiconductor manufacturing process, transdermal therapeutic patches, fluoroplastic tapes, semi-conductive polyimide belts

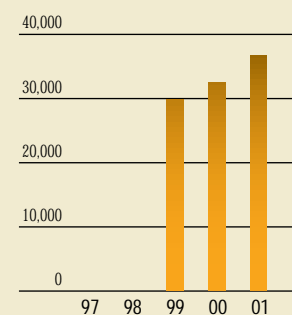
Share of functional products: 10.1% Sales: ¥37,018 million

Share of Functional Products



Net Sales

¥ Millions



*The Corporation split industrial products into industrial products and functional products beginning fiscal 1999.

■ INDUSTRIAL PRODUCTS

Consolidated net sales of industrial products in fiscal 2001 amounted to ¥196,535 million, up 5.8% over fiscal 2000. Consolidated operating income was ¥13,229 million, up 23.4%. Sales of tapes used in electronic appliances and automobiles were especially strong.



Peelable double-coated adhesive tape

Bonding and Joining Products

Both domestic and overseas sales of bonding and joining products for the electronics field, including communications and OA equipment, increased. Sales of existing products rose and sales of new products were strong. Increased production capacity for coating equipment facilitated sales growth.

In the second half of fiscal 2001, we were adversely affected by inventory adjustments among our customers, but given that the market is predicted to recover by mid-fiscal 2002, we will continue to concentrate on the electronics field.

Sealing Products

Our reinforcement and vibration-damping materials were adopted for a number of new automobile models and sales increased substantially. We now produce EPT Sealer, our foam sealant, in Japan, North America (U.S.), Europe (Belgium) and Asia (Thailand). Sales were up in fiscal 2001, making an important contribution to the overall improvement in business performance. Sales of film sealing materials for electronics, HDDs, mobile phones and similar applications increased. The target markets in these fields are extremely competitive. In response, we are vigorously promoting sales of new products while also rationalizing the lineup of existing products.



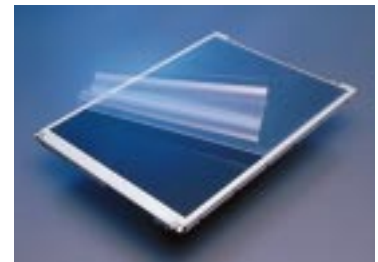
EPT Sealer

Anticorrosion and Waterproofing Products

Though new housing starts were flat, the requirements of the Housing Quality Assurance Act have increased demand for waterproofing and airtight-type products from the housing construction industry. As a result, we increased sales of ZENTEN SHEET waterproof-weathering materials. This rise in demand is expected to continue. Sales of anticorrosion materials decreased, reflecting a reduction in construction work by gas companies.

Pro-Techno Products

Sales of general construction materials were approximately the same as for fiscal 2000. Sales of IT-related products, including surface protection products for stainless steel for semiconductor manufacturing and aluminum plates for LCDs and semiconductor manufacturing increased substantially. In fiscal 2001, we began overseas sales of E-MASK, a protective packaging material for polarizing films for LCDs; exports to Taiwan and South Korea were especially strong. We



E-MASK

expect this product to contribute significantly to overall performance in fiscal 2002. In the first half of fiscal 2002, we will begin operations at our new SCM Center, which features a fully integrated system from manufacture to delivery.

Packaging System

In the second half of fiscal 2001, electronics companies reduced inventories sharply, which had an adverse impact on packaging products sales and income. Sales for fiscal 2001 were virtually unchanged from fiscal 2000. We pushed sales of environment-friendly products, including such new products as dehalogenation sealing tape and OPP tape. We plan to reduce the time period of our basic contract in order to improve cash flow. We are also establishing enhanced distribution and information systems, and introducing a CRM (customer relationship management) system.

Construction Materials

The housing construction market in fiscal 2001 was virtually unchanged from fiscal 2000. In response, the industry sought to add value by focusing on materials that contribute to "safer housing." We launched dehalogenation adhesive tapes and other environment-friendly products, and sales were encouraging. To reduce costs, we are enhancing the efficiency of the finishing process and integrating the product lineup. In fiscal 2002, we will focus on the introduction of new products and expanding sales, particularly recycling- and environment-related products.



Vinyl tapes for electrical insulation

Life Care Products

The maturation of the markets for diapers and body-warmers has intensified price competition. Sales of material for disposable body-warmers were up, thanks to inclement weather in Japan. With the country's birth rate decreasing, sales of baby diaper tape were weak. Elsewhere in Asia, however, we expect the life care market to grow. In April 2001, in response to price competition and the rapid appearance of new products in this field, Nitto Life-tech Co., Ltd. took over all development, manufacturing and sales functions for this business.

Consumer Products

Prices in this field continued to decrease rapidly. Beginning in April 2000, we integrated our consumer products business into Nitto Inc. Sales of new products went well. Beginning fiscal 2002, the Group as a whole will vigorously explore new fields and expand overseas sales channels.



Flooring cleaner

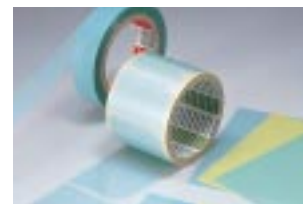
Industrial-use Bar-code Labels

The market for communications devices grew in the first half of fiscal 2001, then went sour in the second. Our sales to manu-

facturers tracked this trend, and rose only slightly for fiscal 2001 as a whole. Over the medium and long term, however, we expect the information and communication devices markets to grow. Through fiscal 2002 and beyond, we will continue to reinforce our marketing efforts targeting manufacturers of computers, memory devices and mobile phones. We also aim to increase sales of new products designed for high heat-resistance applications such as cathode ray tubes.

Electronic Component-related Products

Sales of REVALPHA thermal release sheets used for temporary holding in the electronic components manufacturing process increased, as did sales of tapes used for transporting electronic components for mobile terminals. A slowdown in the second half of fiscal 2001 in the communications devices and PC industries held sales of electronic components to only a slight increase. Nevertheless, we will start operations at our new factory in Malaysia in August 2001 to ensure adequate production capacity in the first half of fiscal 2002, when the market is expected to recover. We are also promoting sales of new products used in the manufacturing process and developing numerous new applications of existing products.



REVALPHA

Electrical Insulation Products

Investment in new equipment by Japanese electric companies was weak, leading to stagnant domestic demand in this field.

In fiscal 2000, we worked to eliminate all unprofitable products, and this was reflected in a slight decrease in sales in fiscal 2001. New products included electrical insulation materials for electric vehicle motors, which we expect to contribute significantly to performance in fiscal 2002. We will continue to focus on new markets for high-performance insulating materials.

Stagnant domestic demand has led to falling prices and we expect this to continue in fiscal 2002. In response, we will further rationalize production and review our distribution methods.

■ ELECTRONIC PRODUCTS

Net sales of electronic products in fiscal 2001 amounted to ¥132,145 million, an increase of 23.4% over fiscal 2000. Operating income was ¥16,392 million, up 28.8%.

Sales of LCD-related materials were strong, as were sales of a number of new products. Sales of semiconductor- and flexible printed circuit-related materials increased, supported by expanding mobile phone and computer markets. However, sales of thin metal core boards for HDD magnetoresistive head materials were poor due to intense price competition.



NIPOCS

LCD-related Products

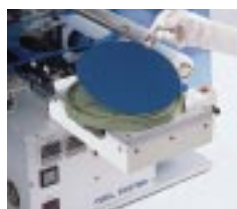
Higher demand for LCD monitors and notebook computers led to significantly increased sales of polarizing film for large panels and wide-angle polarizing films.

Against a background of increased demand for mobile phones, sales of semi-transmissive polarizing films for mobile phone panels and retardation films also increased. These factors boosted sales of LCD-related products substantially.

In the last quarter of fiscal 2001, sales were down due to inventory adjustments by manufacturers. However, we expect demand for LCD monitors and notebook computers to recover during the first half of fiscal 2002 and demand for mobile phones to bounce back in the second half. In summer 2001, we will start mass-production of plastic substrates for LCD panels, a new product well received in fiscal 2001.

Semiconductor-related Products

Supported by growing sales of PC and peripherals, and mobile phones, sales of semiconductor encapsulating resins and wafer-protection tapes for the semiconductor manufacturing process increased. Substantial capi-



Silicon wafer protective tape applicator

tal investment in the semiconductor industry led to excellent sales of silicone wafer protective tape applicators. In fiscal 2001, we expanded our lineup of transparent encapsulating resins for optical devices, which contributed to sales. In the second half, the electronics market in North America was sluggish and inventory adjustments by manufacturers reduced sales. Nevertheless, for fiscal 2001 as a whole, we greatly improved our sales performance. Our introduction of environment-friendly resins and other new products is gathering momentum.

Flexible Printed Circuit Products

Continued growth in the IT industry and the communications market has underpinned increased sales of flexible printed circuits (FPCs).

Mobile phone and flat panel display (FPD) applications grew particularly rapidly. Sales



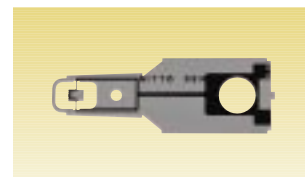
FPC for HDDs

of FPCs for HDDs, optical drives and other PC-related devices were almost unchanged from fiscal 2000. We released a fine-pattern FPC for the latest super-compact, high-definition IC for use in color mobile phones, and this contributed significantly to sales. We will continue to develop applications to support our customers' new product development.

Thin Metal Core Boards and Related Products

Although demand for HDDs increased, heads per drive decreased, leaving the demand for heads virtually unchanged.

We were somewhat slow to shift



Thin metal core board for HDDs

to the specifications deriving from the change in the mainstream format for suspension flexible circuits, so production and shipping volumes of thin metal core boards with circuits for HDD heads decreased. Also, greater competition lowered prices. The combined effect of these factors was a disappointing sales performance. However, we expect sales of our additive-type long-tail product, introduced in fiscal 2001, to increase in the second half of fiscal 2002.

➤ Optical-related Business: Maintaining Market Leadership

The optical-related business is changing rapidly. We are responding by anticipating changes in demand and proposing new products. We are also establishing advanced manufacturing systems. We aim to switch from a "market-connected" approach to a "market-leading" approach.

■ The Onomichi Plant is the Largest Facility of its Type in the World

Optical Design Center Opens

In March 2001, we opened an Optical Design Center at our Onomichi Plant. The Onomichi Plant is now our sole base for developing variable optical films for LCDs. Previously, development work was divided between the Onomichi and Toyohashi plants.

The Center has a floor space of 4800 square meters. Equipped with the latest testing and evaluation equipment, it has a staff complement of 60, engaged in developing LCD optical film products, mainly polarizing film for LCDs.

Now that the Center is operational, we can justly say that we have a comprehensive, advanced new product development system dedicated to the LCD-related field capable of staying close to the evolving needs of customers.



Third Facility Under Construction

A third facility at the Onomichi Plant is scheduled for completion in August 2001.

In July 1999, we began operations at the plant's second facility, and in September 2000 we increased production there. As a result, production capacity for polarizing films rose from eight million to 18 million square meters. When the third facility is fully operational, production capacity will increase to 24 million square meters.

The new facility, which is four stories and is constructed of reinforced concrete, has a total floor space of approximately 8000 square meters. Our total investment will amount to ¥10 billion. We are expanding production capacity in anticipation of increased demand, particularly from the mobile phone, PC and other digital equipment fields. We predict global market growth of approximately 20% per annum.

■ New Converting Processing Facilities in Taiwan and South Korea

In April 2000, we opened a new facility for optical film converting processing at Nitto Denko (Taiwan) Corp., increasing annual production capacity from 10 million to 20 million units (15-inch panel size). In July 2000, we started construction of a new facility at Korea Nitto Optical Co., Ltd. that will increase annual converting processing capacity to 10 million units.

These new facilities are our response to a rapid increase in demand in Taiwan and South Korea, and our need to shorten delivery times to customers in these countries.

With a view to ensuring we stay closely in touch with our customers, we are now considering introduction of a multi-polar management system for our LCD-related converting processing activities.

■ FUNCTIONAL PRODUCTS

Net sales of functional products in fiscal 2001 amounted to ¥37,018 million, up 13.8% over fiscal 2000.

Operating income was ¥5,203 million, up 64.7%. Sales of medical-related products, including transdermal therapeutic patches, engineering plastics for electronic products, and membranes for the semiconductor industry increased.

Medical-related Products

Sales of our market-leading transdermal therapeutic patches for asthma increased, while sales of patches for angina pectoris treatment held steady.

In the surgical products market, price competition is intensifying. We are therefore reorganizing this business, particularly its profit structure. In June 2001, we introduced "Yu-ki ban Alpha," a new surgical tape that is much gentler on the skin than existing tapes. We expect this product to gain market share rapidly.



Transdermal therapeutic patch

In the diagnostic drugs and bacteria detection kits fields, we plan to launch new products and explore the introduction of new manufacturing technology. In the first half of fiscal 2002, we will make a detailed plan for introducing our transdermal therapeutic patches overseas.

Engineering Plastic Products

We increased sales of polyimide belts to two major domestic copier and laser printer manufacturers who have recently introduced new products. Orders for bag filter increased, with most going to incinerators or other applications requiring high heat resistance. Filtration products for the OA, automotive (lamps, electrics), home electronics, and organic EL equipment fields sold well. Sales of fluoroplastic adhesive tape for the food and electronics fields held steady.

We are working toward a mass-production system for polyimide belts to cope with increased demand.



Bag filter

Membrane Products

Sales of polymer separation membrane modules for application in the semiconductor industry increased. Overseas demand for membranes used in seawater desalination is growing, which led to an improved performance in this field. Furthermore, our membranes will be used in a large-scale seawater desalination plant to be built in Fukuoka.

Growth in overseas water treatment markets is expected to continue. In response, we intend to launch new products, including advanced purification equipment. To this end, we are strengthening ties with Hydranautics, our U.S. subsidiary.



Reverse osmosis membrane modules

➤ Introducing Transdermal Therapeutic Patches to Overseas Markets

We are proceeding with the launch of full-scale sales of transdermal therapeutic patches in overseas markets. In September 2000, we established a team to deal with the legal aspects of clinical development and other matters. We have concluded a contract with a medical consulting firm with a view to obtaining cGMP (current Good Manufacturing Practice) certification, a prerequisite to gaining approval from the FDA of the U.S. and the regulatory authorities in various other countries. In March 2001, we completed construction of a Quality Control Center within the Tohoku Plant. We

have equipped the center with leading-edge facilities, including automatic inspection devices for therapeutic patches, in order to ensure thorough quality control. Initially, we plan to introduce our asthma therapeutic patch to the Korean market, and follow up with exports to Europe and the U.S.



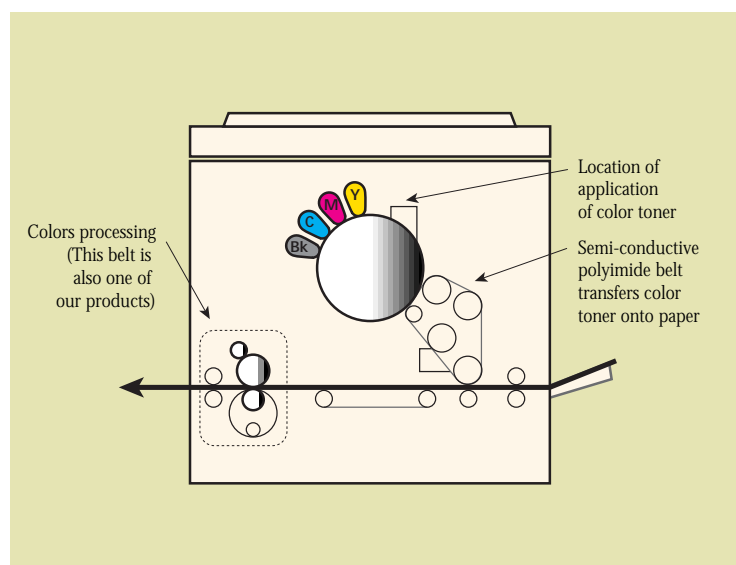
Quality Control Center

➤ Semi-conductive Polyimide Belts Allow High-resolution, High-speed, Low-cost Color Copiers

We expect the color copier market to grow strongly. At present, color copiers constitute approximately 10% of the total copier market. However, the latest high-resolution, high-speed, low-cost color copiers are likely to rapidly capture market share from black-and-white copiers. Our polyimide belts are ideal for use in these advanced copiers.

The semi-conductive polyimide belt is a seamless tubular film that transfers toner onto paper. In conventional copiers, a photosensitive drum performs this role. Photosensitive drums need time to warm

up and thus slow the copying process, and their size stands in the way of compact design. In contrast, polyimide belts are flexible and compact, and their flat surface reproduces scanned images very precisely. Currently, two major copier manufacturers use our semi-conductive polyimide belts.



Nitto Denko & the Environment

"Promoting business activities in harmony with the natural environment" is one of the core tenets of our management philosophy. We aim to reduce the impact of our activities on the natural environment, and have set mid to long-term targets in this regard. Our two most important goals are to develop products that do not damage the environment and to develop manufacturing technologies that do not generate industrial waste. In 1993, we published the "Nitto Denko Environment Protection Activities Program" in which we established the following targets.

1. Reduction of industrial waste by 50% by the end of fiscal 2003 (fiscal 1992 base)

During fiscal 2001, we implemented a "no waste" plan throughout the Corporation. In July 2000, we launched a research project aimed at reducing the cost of industrial waste processing, and began upgrading our manufacturing processes for improving resource productivity.

2. We will reduce the required "energy unit" (energy consumption per product unit) by 20% by the end of fiscal 2003 (fiscal 1991 base)

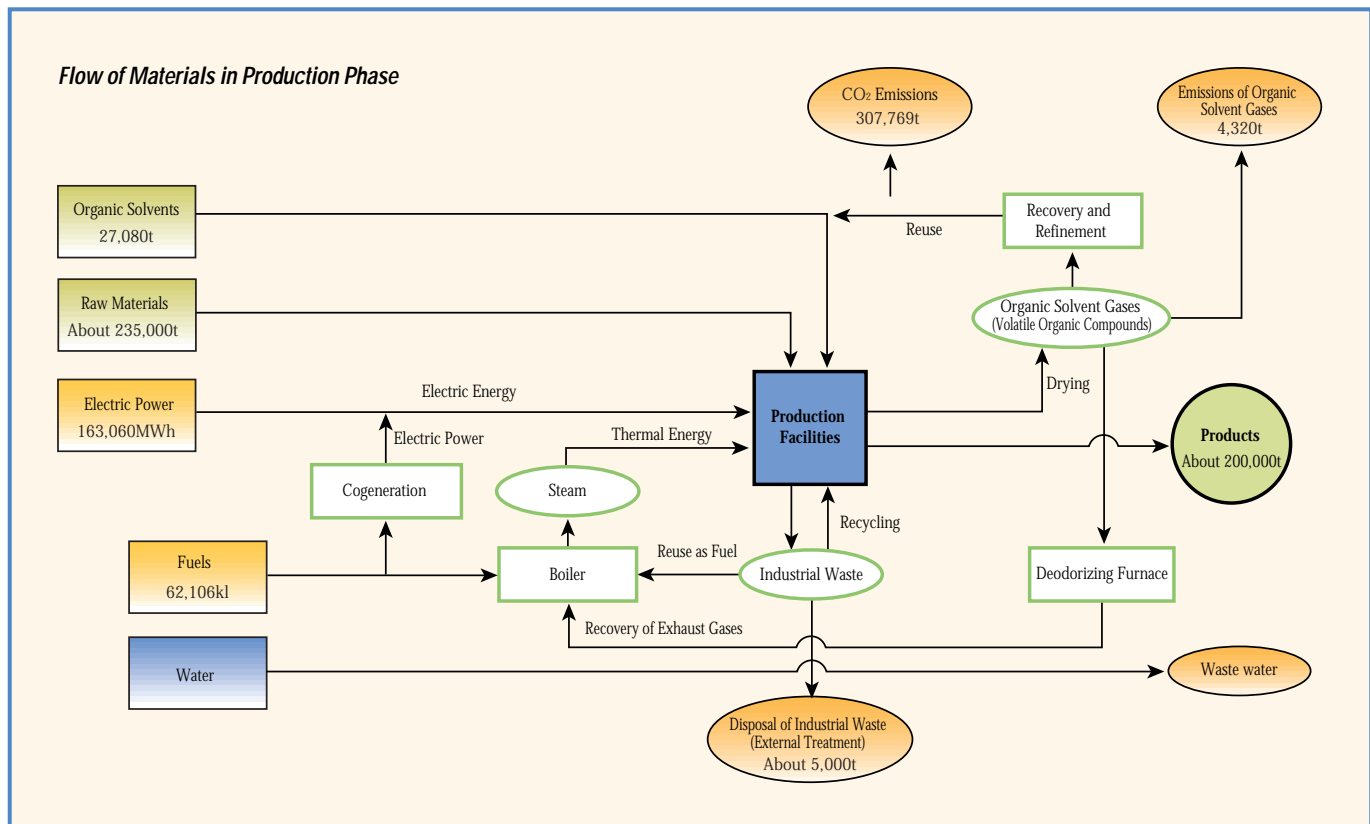
In March 2000, we installed a second cogeneration system at the Toyohashi Plant. Cogeneration systems reduce CO₂ emissions and substantially decrease energy consumption.

3. We will reduce organic solvent emissions by 50% by the end of fiscal 2003 (fiscal 1999 base)

We have developed a solvent-free adhesive tape, thereby reducing organic solvent emissions during production. We have also installed solvent recovery equipment to further reduce emissions, and deodorizing facilities.

4. We will continue to work toward the maintenance of ISO 14001 certification

All the plants and the head office of the Nitto Denko Corp. have obtained ISO 14001 certification. Subsidiaries and affiliates in Japan and overseas are currently working toward certification.



SIX-YEAR SUMMARY

Nitto Denko Corporation and Consolidated Subsidiaries
For the Years Ended March 31

	Thousands of	Millions of yen					
	U.S. dollars	2001	2000	1999	1998	1997	1996
Net sales.....	\$2,951,558	¥365,698	¥325,399	¥297,104	¥319,318	¥299,829	¥271,463
Industrial products.....	1,592,171	197,270	187,676	186,407	211,101	205,460	186,851
Electronic products.....	1,074,374	133,115	107,798	82,442	109,642	96,991	86,855
Functional products (Note A).....	300,129	37,186	32,894	30,143	-	-	-
Eliminations.....	(15,116)	(1,873)	(2,969)	(1,888)	(1,425)	(2,622)	(2,243)
Operating provision for income.....	281,065	34,824	26,612	18,262	24,782	20,602	17,069
Income before provision for income taxes.....	207,619	25,724	21,583	12,709	23,232	19,829	15,638
Net income.....	127,934	15,851	13,399	6,739	12,664	10,252	8,302
Domestic sales.....	2,443,535	302,754	276,137	246,050	257,914	243,987	230,170
Overseas sales (Note B).....	1,005,270	124,553	98,029	91,935	108,348	88,914	73,346
North America.....	319,742	39,616	38,366	38,765	45,209	-	-
Europe.....	156,440	19,383	15,156	16,078	19,086	-	-
Asia & Oceania.....	529,088	65,554	44,507	37,092	44,053	-	-
Eliminations.....	(497,247)	(61,609)	(48,767)	(40,881)	(46,944)	(33,072)	(32,053)
Depreciation & amortization.....	148,063	18,345	16,464	14,845	14,582	14,621	13,161
Capital expenditure.....	264,140	32,727	24,014	22,717	18,813	16,782	19,825
R&D expenses.....	100,266	12,423	10,647	10,227	11,439	11,212	9,717
Total assets.....	2,886,634	357,654	334,501	317,135	319,592	310,542	294,546
Shareholders' equity.....	1,831,267	226,894	212,126	190,622	178,441	165,917	156,986
Number of employees.....	9,857	9,857	9,092	9,257	8,698	8,589	8,617
	U.S. dollars	Yen					
Net income per share of common stock.....	\$ 0.75	¥93.51	¥82.04	¥43.51	¥82.96	¥67.56	¥54.81
Cash dividends per share of common stock.....	0.17	21.00	18.00	14.00	14.00	12.50	12.00
Number of shares outstanding (thousands).....	173,758	173,758	166,512	158,319	153,752	152,092	151,533
Number of shareholders.....	14,745	14,745	5,943	5,382	5,505	7,274	7,491
		(%)					
ROE.....	7.22	7.22	6.65	3.65	7.35	6.35	5.40
ROA.....	4.58	4.58	4.11	2.12	4.02	3.39	2.85
Operating income ratio.....	9.52	9.52	8.18	6.15	7.76	6.87	6.29
Equity ratio.....	63.44	63.44	63.42	60.11	55.83	53.43	53.30
Asset turnover (times).....	1.06	1.06	1.00	0.93	1.01	0.99	0.93
	U.S. dollars	Thousands of yen					
Net sales per employee.....	\$ 299,435	¥37,100	¥35,790	¥32,095	¥36,712	¥34,909	¥31,503

(Note A) The Corporation split Industrial products into Industrial products and Functional products in 1999.

(Note B) Overseas sales by geographic areas had not been presented until 1998.

ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Sales Overview

Nitto Denko's consolidated net sales for fiscal 2001, ended March 31, 2001, amounted to ¥365,698 million, a 12.4% increase against fiscal 2000 and a record high for the corporation.

The first half of fiscal 2001 saw steady growth, with the U.S. economy acting as the motor of the world economy. In the second half, the bursting of the dotcom bubble in the U.S. had an adverse knock-on effect in Europe and Asia, and growth slowed. In turn, this slowdown hit exports from Japan, stymieing economic recovery.

Nitto Denko's electronic products business, including LCD-related products and flexible printed circuit products, performed particularly well. The increased net sales also reflected the Corporation's initiative to expand its overseas activities.

Net sales of electronic products amounted to ¥132,145 million, an increase of 23.4%, and accounted for 36.1% of total sales, up 3.2 percentage points.

Net sales of industrial products amounted to ¥196,535 million, an increase of 5.8%, and accounted for 53.8% of total sales, down 3.3 percentage points.

Net sales of functional products amounted to ¥37,018 million, an increase of 13.8%, and accounted for 10.1% of total sales, up 0.1 percentage points.

Net sales to customers outside Japan amounted to ¥139,152 million, a 24.7% up against fiscal 2000, and accounted for 38.1% of total sales, up 3.8 percentage points.

Income Analysis

Cost of sales amounted to ¥259,277 million, an increase of 11.4%.

This compares with an increase in net sales of 12.4%, and the ratio of cost of sales to net sales decreased by 0.6 percentage points to 70.9%.

Gross profit amounted to ¥106,421 million, a 14.8% increase against fiscal 2000. The ratio of gross profit to net sales increased 0.6 percentage points to 29.1%.

Selling, general and administrative (SGA) expenses were up 8.4% to ¥71,597 million, due mainly to an increase in labor costs. However, as a consequence of continued restructuring of subsidiaries and structural streamlining to enhance group profitability, the ratio of SGA expenses to net sales decreased 0.7 percentage points to 19.6%.

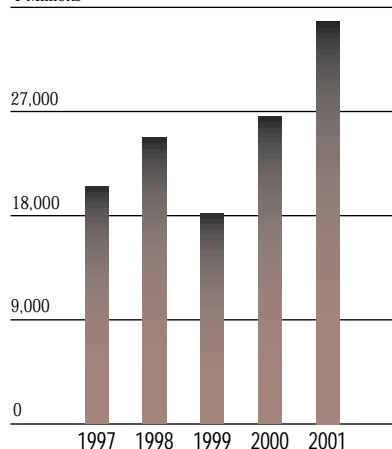
As a result, operating income increased 30.9% to ¥34,824 million. The operating income ratio increased by 1.3 percentage points to 9.5%.

In other income and expenses, interest and dividend income amounted to ¥914 million. Interest expense amounted to ¥478 million, net gain in sales of marketable securities and investments in securities amounted to ¥48 million. Amortization of net transition obligation in retirement benefit accounting policy amounted to ¥15,567 million. Thereby, other income and expenses resulted in a ¥9,100 million loss.

Income before provision for income taxes increased 19.2% to

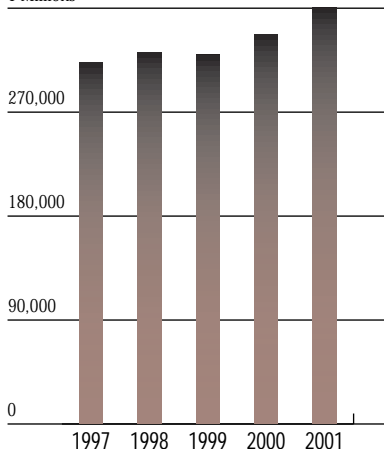
OPERATING INCOME

¥ Millions



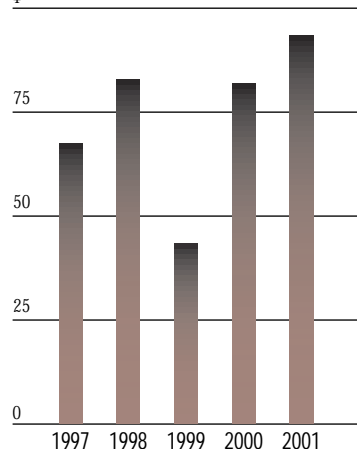
TOTAL ASSETS

¥ Millions



NET INCOME PER SHARE

¥



¥25,724 million. Net income amounted to ¥15,851 million, an 18.3% increase against fiscal 2000. The ratio of net income to net sales was 4.3%, up 0.2 percentage points. Net income per share was ¥93.51, an increase of ¥11.47. ROE rose by 0.57 percentage points to 7.22%.

Analysis of Financial Condition

Total assets as of March 31, 2001 amounted to ¥357,654 million, an increase of ¥23,153 million against the figure at the end of fiscal 2000. This was attributable mainly to an increase in current assets, including cash on hand and in banks, and inventories.

Among current assets, cash on hand and in banks increased ¥7,545 million to ¥54,926 million and inventories increased ¥8,186 million to ¥35,682 million. Marketable securities increased as the Corporation and its domestic consolidated subsidiaries adopted the new domestic accounting standard for financial instruments from fiscal 2001, thus increasing total current assets to ¥205,189 million, up ¥23,607 million.

Plant and equipment increased ¥12,005 million to ¥113,475 million, mainly as a result of an increase in buildings and structures, machinery and others, reflecting the Corporation's substantial investment in production facilities.

Total liabilities increased by ¥9,310 million to ¥127,634 million.

Shareholders' equity increased ¥14,768 million to ¥226,894 million. Shareholders' equity ratio rose 0.02 percentage points to 63.44%. Shareholders' equity per share increased ¥31.85 to ¥1,305.80.

Cash Flow Analysis

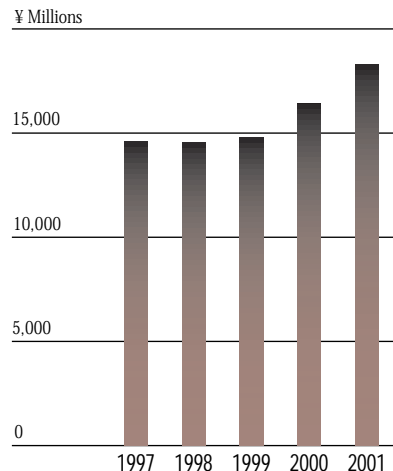
As of March 31, 2001, consolidated cash and cash equivalents were ¥57,989 million, an increase of ¥5,377 million against fiscal 2000. This was in despite of increased capital expenditure and income taxes. In fiscal 2001, the Corporation changed its method of calculating cash and cash equivalents (see Note 1 (j) for details).

Net cash provided by operating activities decreased ¥5,808 million to ¥33,950 million. Income before provision for income taxes amounted to ¥25,724 million, reflecting continued strong sales of electronic products. Increased income taxes and others offset early recovery of trade receivables.

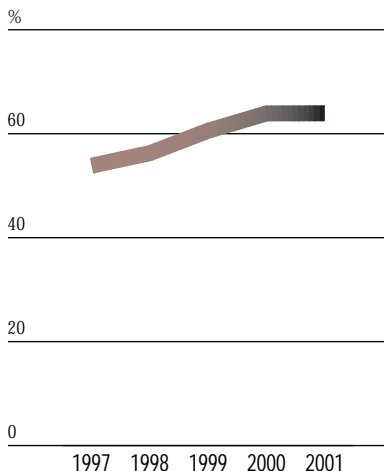
Net cash used in investing activities increased ¥6,302 million to ¥26,833 million. This reflects the fact that capital expenditure for electronic products increased substantially over the fiscal 2000 figure.

Net cash used in financing activities decreased ¥4,738 million to ¥2,270 million. This is attributable mainly to decreased payment of long-term bank loans and increased payment of dividends.

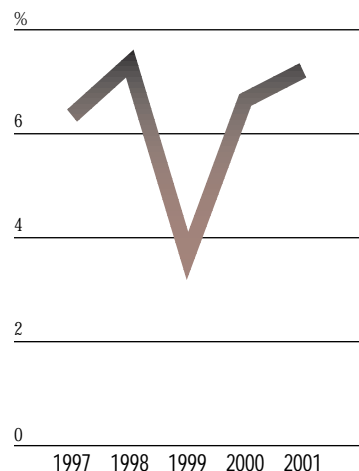
DEPRECIATION & AMORTIZATION



EQUITY RATIO



ROE



CONSOLIDATED BALANCE SHEETS

Nitto Denko Corporation and Consolidated Subsidiaries
March 31, 2001 and 2000

Assets	Millions of yen		Thousands of U.S. dollars	
	2001	2000	2001	2000
Current Assets:				
Cash on hand and in banks (Note 2)	¥ 54,926	¥ 47,381	\$ 443,309	\$ 382,413
Marketable securities (Notes 2 and 3)	8,692	4,396	70,153	35,480
Trade notes and accounts receivable	91,994	92,865	742,486	749,516
Allowance for doubtful receivables	(1,158)	(1,297)	(9,346)	(10,468)
Inventories (Note 4)	35,682	27,496	287,990	221,921
Deferred tax assets and other (Note 5)	15,053	10,741	121,493	86,691
Total current assets	<u>205,189</u>	<u>181,582</u>	<u>1,656,085</u>	<u>1,465,553</u>
Plant and Equipment, at Cost (Note 6):				
Land	19,209	20,481	155,036	165,303
Buildings	88,131	80,256	711,308	647,748
Machinery and equipment	189,749	167,942	1,531,469	1,355,464
	<u>297,089</u>	<u>268,679</u>	<u>2,397,813</u>	<u>2,168,515</u>
Accumulated depreciation	(183,614)	(167,209)	(1,481,953)	(1,349,548)
	<u>113,475</u>	<u>101,470</u>	<u>915,860</u>	<u>818,967</u>
Investments and Other Assets:				
Investments in nonconsolidated subsidiaries and affiliates (Note 3)	12,811	12,254	103,398	98,902
Investments in securities (Note 3)	10,814	15,630	87,280	126,150
Goodwill (Note 1(a))	1,860	1,818	15,012	14,673
Other assets	13,505	9,439	108,999	76,183
	<u>38,990</u>	<u>39,141</u>	<u>314,689</u>	<u>315,908</u>
Foreign Currency Translation Adjustments	-	12,308	-	99,338
	<u>¥357,654</u>	<u>¥334,501</u>	<u>\$2,886,634</u>	<u>\$2,699,766</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Liabilities and Shareholders' Equity	Millions of yen		Thousands of U.S. dollars	
	2001	2000	2001	2000
Current Liabilities:				
Short-term bank loans, including current portion of long-term debt (Note 6)	¥ 7,266	¥ 15,435	\$ 58,644	\$ 124,576
Trade notes and accounts payable	74,231	64,465	599,120	520,299
Accrued expenses	11,672	12,318	94,205	99,419
Income taxes (Note 5)	8,819	8,594	71,178	69,362
Other current liabilities	840	927	6,780	7,482
Total current liabilities	102,828	101,739	829,927	821,138
Long-term Liabilities:				
Long-term debt (Note 6)	2,500	2,175	20,178	17,554
Estimated retirement and termination allowances	-	11,032	-	89,040
Allowance for severance and pension benefits (Note 7)	19,324	-	155,964	-
Retirement allowances for directors and corporate auditors	1,384	1,783	11,170	14,391
Other long-term liabilities	1,598	1,595	12,898	12,873
	24,806	16,585	200,210	133,858
Minority Interests	3,126	4,051	25,230	32,696
Commitments and Contingent Liabilities (Note 10)				
Shareholders' Equity (Note 9):				
Common stock, par value ¥50 per share	26,784	22,030	216,174	177,805
Authorized — 400,000,000 shares				
Issued — 173,758,428 shares in 2001 and 166,511,553 shares in 2000				
Additional paid-in capital	50,482	45,728	407,441	369,072
Retained earnings	156,543	144,372	1,263,462	1,165,230
Foreign currency translation adjustments	(6,914)	-	(55,802)	-
Cost of treasury stock	(1)	(4)	(8)	(32)
	226,894	212,126	1,831,267	1,712,074
	¥357,654	¥334,501	\$2,886,634	\$2,699,766

CONSOLIDATED STATEMENTS OF INCOME

Nitto Denko Corporation and Consolidated Subsidiaries
For the Years Ended March 31, 2001 and 2000

	Millions of yen		Thousands of U.S. dollars	
	2001	2000	2001	2000
Net Sales	¥365,698	¥325,399	\$2,951,558	\$2,626,303
Cost of Sales	259,277	232,729	2,092,631	1,878,361
Gross profit	106,421	92,670	858,927	747,942
Selling, General and Administrative Expenses	71,597	66,058	577,862	533,156
Operating income	34,824	26,612	281,065	214,786
Other Income (Expenses):				
Interest and dividend income	914	744	7,377	6,005
Interest expense	(478)	(789)	(3,858)	(6,368)
Gain on sales of marketable securities and investments in securities, net	48	2	387	16
Equity in earnings of nonconsolidated subsidiaries and affiliates	508	788	4,100	6,360
Prior service cost of pension plan	-	(4,819)	-	(38,894)
Special pension plan contribution	-	(628)	-	(5,069)
Gain on securities contributed to employee retirement benefit trust	7,466	-	60,258	-
Net transition obligation due to the change in accounting for retirement benefits	(15,567)	-	(125,642)	-
Other, net	(1,991)	(327)	(16,068)	(2,639)
	(9,100)	(5,029)	(73,446)	(40,589)
Income before Provision for Income Taxes	25,724	21,583	207,619	174,197
Provision for Income Taxes (Note 5):				
Current	14,298	11,757	115,400	94,891
Deferred, net	(4,433)	(3,783)	(35,779)	(30,533)
	9,865	7,974	79,621	64,358
Minority Interests in Net Income of Consolidated Subsidiaries	(8)	(210)	(64)	(1,695)
Net Income	¥ 15,851	¥ 13,399	\$ 127,934	\$ 108,144
Per Share of Common Stock (Note 9):				
Net Income	¥ 93.51	¥ 82.04	\$ 0.75	\$ 0.66
Net Income—Diluted	91.81	78.86	0.74	0.64
Cash Dividends, Applicable to Earnings of the Year	21.00	18.00	0.17	0.15

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Nitto Denko Corporation and Consolidated Subsidiaries
For the Years Ended March 31, 2001 and 2000

	Number of Shares (thousands)		Millions of yen		Thousands of U.S. dollars	
	2001	2000	2001	2000	2001	2000
Common Stock (Note 9):						
Authorized shares	400,000	400,000				
Outstanding shares —						
Beginning balance	166,512	158,319	¥ 22,030	¥ 16,656	\$ 177,805	\$ 134,431
Conversion of bonds	7,246	8,193	4,754	5,374	38,369	43,374
Ending balance	<u>173,758</u>	<u>166,512</u>	<u>¥ 26,784</u>	<u>¥ 22,030</u>	<u>\$ 216,174</u>	<u>\$ 177,805</u>
Additional Paid-in Capital (Note 9):						
Beginning balance			¥ 45,728	¥ 40,354	\$ 369,072	\$ 325,698
Conversion of bonds			4,754	5,374	38,369	43,374
Ending balance			<u>¥ 50,482</u>	<u>¥ 45,728</u>	<u>\$ 407,441</u>	<u>\$ 369,072</u>
Retained Earnings (Note 9):						
Beginning balance			¥144,372	¥133,620	\$1,165,230	\$1,078,450
Net income			15,851	13,399	127,934	108,144
Cash dividends paid			(3,339)	(2,400)	(26,950)	(19,370)
Directors' bonuses			(341)	(247)	(2,752)	(1,994)
Ending balance			<u>¥156,543</u>	<u>¥144,372</u>	<u>\$1,263,462</u>	<u>\$1,165,230</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Nitto Denko Corporation and Consolidated Subsidiaries
For the Years Ended March 31, 2001 and 2000

	Millions of yen		Thousands of U.S. dollars	
	2001	2000	2001	2000
Cash Flows from Operating Activities:				
Income before provision for income taxes	¥ 25,724	¥ 21,583	\$ 207,619	\$ 174,197
Adjustments to reconcile income before provision for income taxes to net cash provided by operating activities:				
Depreciation and amortization	18,345	16,464	148,063	132,881
Interest and dividend income	(914)	(744)	(7,377)	(6,005)
Interest expense.....	478	789	3,858	6,368
Foreign exchange loss.....	272	363	2,195	2,930
Equity in earnings of nonconsolidated subsidiaries and affiliates	(508)	(787)	(4,100)	(6,352)
(Gains) Loss on sales and disposal of fixed assets.....	(236)	730	(1,905)	5,892
Decrease (increase) in trade notes and accounts receivable.....	5,255	(9,060)	42,413	(73,123)
Decrease (increase) in inventories.....	(5,655)	(901)	(45,642)	(7,272)
Decrease (increase) in other receivables.....	(3,447)	6,685	(27,821)	53,955
Increase in trade notes and trade accounts payable.....	184	6,898	1,485	55,674
Other, net.....	8,327	4,885	67,209	39,426
Total.....	47,825	46,905	385,997	378,571
Interest and dividend income received	864	595	6,973	4,803
Interest paid	(470)	(789)	(3,793)	(6,368)
Income taxes paid	(14,269)	(6,953)	(115,166)	(56,118)
Net cash provided by operating activities	33,950	39,758	274,011	320,888
Cash Flows from Investing Activities:				
Decrease in marketable securities, net	331	3,462	2,672	27,942
Acquisitions of plant and equipment	(27,777)	(24,014)	(224,189)	(193,818)
Proceeds from sales of plant and equipment.....	2,597	2,367	20,960	19,104
Decrease (increase) in time deposits, net	(1,313)	68	(10,597)	549
Purchase of investments in securities.....	(97)	(2,743)	(783)	(22,139)
Proceeds from sales of investments in securities	1,027	1,237	8,289	9,984
Other, net.....	(1,601)	(908)	(12,922)	(7,328)
Net cash used in investing activities	(26,833)	(20,531)	(216,570)	(165,706)
Cash Flows from Financing Activities:				
Proceeds from long-term debt	1,762	1,690	14,221	13,640
Repayments of long-term debt.....	(106)	(3,750)	(856)	(30,266)
(Decrease) in short-term debt, net	(544)	(1,866)	(4,391)	(15,061)
Proceeds from bonds issuance	-	300	-	2,421
Repayments of bonds	(5)	(935)	(40)	(7,546)
Dividends paid	(3,339)	(2,451)	(26,950)	(19,782)
Other, net.....	(38)	4	(305)	32
Net cash used in financing activities	(2,270)	(7,008)	(18,321)	(56,562)
Foreign Currency Exchange Loss in Cash and Cash Equivalents	530	(909)	4,278	(7,337)
Net Increase in Cash and Cash Equivalents	5,377	11,310	43,398	91,283
Cash and Cash Equivalents, Beginning of Year	47,244	35,934	381,308	290,025
Cash and Cash Equivalents of Newly Consolidated Company	352	-	2,841	-
Increase in Cash and Cash Equivalents due to Change in Definition.....	5,016	-	40,484	-
Cash and Cash Equivalents, End of Year	¥ 57,989	¥ 47,244	\$ 468,031	\$ 381,308
Non-cash Investing and Financing Activities:				
Increase in common stock and additional paid-in capital on conversion of convertible bonds	¥ 9,508	¥ 10,748	\$ 76,739	\$ 86,747

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Nitto Denko Corporation and Consolidated Subsidiaries
For the Years Ended March 31, 2001 and 2000

1. Summary of Significant Accounting and Reporting Policies

NITTO DENKO CORPORATION (the "Corporation") and its consolidated domestic subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Japanese Commercial Code and the Securities and Exchange Law and in conformity with accounting principles and practices generally accepted in Japan, which are different from the accounting and disclosure requirements of International Accounting Standards. The accounts of foreign consolidated subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles and practices prevailing in the respective countries of domicile.

The accompanying consolidated financial statements are a translation of the audited consolidated financial statements of the Corporation which were prepared in accordance with accounting principles and practices generally accepted in Japan from the accounts and records maintained by the Corporation and its consolidated subsidiaries and were filed with the Ministry of Finance ("MOF") as required by the Securities and Exchange Law.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made in the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The translation of the Japanese yen amounts into U.S. dollars are included solely for the convenience of the readers, using the prevailing exchange rate at March 31, 2001, which was ¥123.90 to U.S.\$1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

Significant accounting and reporting policies are summarized as follows:

(a) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Corporation and significant companies over which the Corporation has power of control through majority voting right or existence of certain conditions evidencing control by the Corporation.

Investments in nonconsolidated subsidiaries and affiliates over which the Corporation has the ability to exercise significant influence over operating and financial policies of the investees are accounted for on the equity method.

In the elimination of investments in subsidiaries, the portion of the assets and liabilities of a subsidiary attributable to the subsidiary's shares owned by the Corporation are evaluated based on the fair value at the time when the Corporation acquired control of the subsidiary. The amounts of assets and liabilities attributable to minority shareholders of the subsidiary are determined using the financial statements of the subsidiary.

Material intercompany balances and transactions have been eliminated in consolidation.

In November 1989, the Corporation acquired Graphic Technology, Inc. through Nitto Denko America, Inc., a wholly-owned subsidiary of the Corporation. The excess of the cost over the underlying book value, amounting to ¥5,535 million (\$4,673 thousand), is being amortized as goodwill over 20 years. In principle, the excess of the cost over the underlying net equity of investments in nonconsolidated subsidiaries and affiliates is being amortized over 5 years.

(b) Translation of Foreign Currencies

Effective April 1, 2000, the Corporation and its domestic subsidiaries adopted the revised Accounting Standard for Foreign Currency Transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the year-end rates.

Investments in the common stock of foreign nonconsolidated subsidiaries and affiliates denominated in foreign currencies are translated into Japanese yen at the historical rates.

Balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the year-end rates except for shareholders' equity accounts, which are translated at the historical rates. Revenue and expense accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the year-end rates.

The resulting foreign currency translation adjustments are shown as a separate component of shareholders' equity.

The effect of adopting the Standard is immaterial.

(c) Leases

Finance leases, except those leases for which the ownership of the leased assets is considered to be transferred to the lessee, are primarily accounted for as operating leases.

(d) Marketable Securities and Investments in Securities

Prior to April 1, 2000, marketable equity securities and interest-bearing securities are stated at the lower of average cost or market as determined on an individual security basis and non-marketable securities are stated at average cost.

Effective April 1, 2000, the Corporation and its domestic subsidiaries adopted the new Japanese accounting standard for financial instruments ("Opinion Concerning Establishment of Accounting Standard for Financial Instruments" issued by the Business Accounting Deliberation Council on January 22, 1999).

The Corporation and its domestic subsidiaries classified securities into the following two categories: (a) securities held for trading purposes (hereafter, "Trading securities"), (b) all other securities (hereafter, "Other securities").

Trading securities are stated at fair market value and unrealized gains and losses are charged to income. Realized gains on the sale of such securities are determined by the average cost method.

Other securities are stated at the average cost method.

Trading securities are included in the current assets and other securities are included in investments and other assets. As a result, as of March 31, 2000, marketable securities in current assets

increased by ¥3,684 million (\$29,734 thousand) and investments in securities decreased by the same amount compared with what would have been recorded under the previous accounting standard.

As a result of adopting the new accounting standard for financial instruments, income before provision for income taxes decreased by ¥1,707 million (\$13,777 thousand).

(e) Inventories

Inventories are mainly stated at the lower of average cost or market.

(f) Depreciation

Depreciation of plant and equipment is computed by using primarily the declining-balance method over their estimated useful lives.

Maintenance and repairs, including minor replacements and betterments, are charged to income as incurred.

(g) Income Taxes

The Corporation and its consolidated subsidiaries recognize tax effects of temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting purposes.

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

(h) Research and Development Expenses

Research and development expenses are charged to income as incurred. Research and development expenses charged to income amounted to ¥12,423 million (\$100,266 thousand) and ¥10,647 million (\$85,932 thousand) for the years ended March 31, 2001 and 2000, respectively.

(i) Employee's Severance and Pension Benefits

The Corporation and its domestic subsidiaries have retirement plans and a contributory funded pension plan for employees, which are defined benefit plans.

At March 31, 2000, the amount payable under the retirement plans, if all employees had voluntarily terminated their services as of each balance sheet date, net of plan assets held by plan trustees, is fully accrued. Pension expenses were charged to income as incurred.

Effective April 1, 2000, the Corporation and its domestic subsidiaries adopted the new accounting standard, "Opinion on Setting Accounting Standard for Employees' Severance and Pension Benefits", issued by the Business Accounting Deliberation Council on June 16, 1998 (the "New Accounting Standard").

Under the New Accounting Standard, the Corporation and its domestic subsidiaries provided allowance for employees' severance and retirement benefits at March 31, 2001 based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at that date. Allowance and expenses for severance and pension benefits are determined based on the amounts actuarially calculated using certain assumptions. The discount rate of projected benefit obligation and the rate of expected return on plan assets used by the Corporation and its domestic subsidiaries are 3.5 % and 1.5 - 4.0 %, respectively.

Prior service cost of pension plans are amortized over the fixed years less than the estimated average remaining service lives of the employees, which is 12 years for current year, from the current fiscal year.

The actuarial net losses are amortized over the fixed years less than the estimated average remaining service lives of the employees, which is 12 years for current year, from the next fiscal year.

The excess of the projected benefit obligation over the fair value of plan assets as of April 1, 2000 was ¥15,567 million (\$125,642 thousand) and was recognized as the "net transition obligation" as of April 1, 2000 and fully charged to income. The Corporation also recognized ¥7,446 million (\$60,258 thousand) gain on the contribution of the Corporation's investment securities to the employee retirement benefit trust in 2000.

As a result of the adoption of the "New Accounting Standard" in the year ended March 31, 2001, severance and pension benefits expense decreased by ¥1,286 million (\$10,379 thousand), operating income increased by ¥1,286 million (\$10,379 thousand) and income before provision for income taxes decreased by ¥6,815 million (\$55,004 thousand) compared with what would have been recorded under the previous accounting standard.

(j) Definition of Cash Equivalents in the Consolidated Statements of Cash Flows

Cash and cash equivalents in the consolidated statements of cash flows include cash on hand, demand deposits, time deposits maturing within three months from the date of acquisition, and short-term investments maturing within three months from the date of acquisition with high liquidity and low risk in terms of fluctuations in value.

Short-term financial instruments maturing within three months from the date of acquisition have been included in cash and cash equivalents in the statements of cash flows from fiscal 2001, based on a judgment that their price fluctuation risks due to changes in interest rates are low.

As a result, cash flows from investing activities decreased by ¥1,825 million (\$14,730 thousand), while cash and cash equivalents as of March 31, 2000 increased by ¥5,016 million (\$40,484 thousand), compared with the amount calculated under the previous method.

(k) Derivative Transactions and Hedge Accounting

Effective April 1, 2000, the Corporation and its domestic subsidiaries adopted the new Japanese accounting standard for financial instruments ("Opinion Concerning Establishment of Accounting Standard for Financial Instruments" issued by the Business Accounting Deliberation Council on January 22, 1999).

As a result, if a forward foreign exchange contract is executed to hedge a future transaction denominated in a foreign currency, the Corporation and its domestic subsidiaries defer recognition of gains or losses on evaluation of derivative financial instruments until the related losses or gains on the hedged items are recognized.

(l) Reclassifications

Certain prior year amounts have been reclassified to conform to 2001 presentation.

2. Cash and Cash Equivalents

Reconciliation of cash and cash equivalents to the account on balance sheets as of March 31, 2001 and 2000 comprise as follows:

	Millions of yen		Thousands of U.S. dollars	
	2001	2000	2001	2000
Cash on hand and in banks	¥54,926	¥47,381	\$443,309	\$382,413
Time deposits	(1,450)	(137)	(11,703)	(1,105)
Securities and other	4,513	-	36,425	-
Cash and cash equivalents	¥57,989	¥47,244	\$468,031	\$381,308

3. Securities

Previous fiscal year, ended March 31, 2000

The carrying amount, fair value and net unrealized holding gains or losses of quoted securities included in short-term investments, investments in securities and investments in nonconsolidated subsidiaries and affiliates in the accompanying consolidated balance sheet at March 31, 2000 are as follows:

	Millions of yen		Thousands of U.S. dollars			Millions of yen		Thousands of U.S. dollars	
Current:					Non current:				
Carrying amount:					Carrying amount:				
Equity securities.....	¥ 38	\$ 307			Equity securities.....	¥11,332	\$ 91,461		
Debt securities	2,025	16,344			Debt securities	9	73		
Other	54	435			Other	650	5,246		
	<u>2,117</u>	<u>17,086</u>				<u>11,991</u>	<u>96,780</u>		
Fair value:					Fair value:				
Equity securities.....	66	533			Equity securities.....	21,778	175,771		
Debt securities	2,087	16,844			Debt securities	9	73		
Other	54	436			Other	656	5,294		
	<u>2,207</u>	<u>17,813</u>				<u>22,443</u>	<u>181,138</u>		
Net unrealized holding gains:					Net unrealized holding gains:				
Equity securities.....	28	226			Equity securities.....	10,446	84,310		
Debt securities	62	500			Debt securities	-	-		
Other	-	-			Other	6	48		
	<u>¥ 90</u>	<u>\$ 726</u>				<u>¥10,452</u>	<u>\$84,358</u>		

Current fiscal year ended March 31, 2001

The carrying amount and net unrealized gains or losses on securities in the accompanying consolidated balance sheet at March 31, 2001 are as follows:

	Millions of yen	Thousands of U.S. dollars
Trading securities		
Carrying amount:	¥8,501	\$68,612
Unrealized gains or loss, net.....	45	363
Other securities with no fair value		
Non-listed equity securities		
carrying amount	579	4,673

The information excludes unlisted securities.

The contractual maturities of debt securities are as follows:

	Millions of yen				Thousands of U.S. dollars	
	Within one year	Over one year through five years	Over five years through ten years	Over ten years	Total	Total
Other securities						
Corporate bond	¥ 9	¥ -	¥ -	¥ -	¥ 9	\$ 73
Other.....	-	30	-	-	30	242
Total	<u>¥ 9</u>	<u>¥ 30</u>	<u>¥ -</u>	<u>¥ -</u>	<u>¥ 39</u>	<u>\$ 315</u>

4. Inventories

Inventories as of March 31, 2001 and 2000 are as follows:

	Millions of yen		Thousands of U.S. dollars	
	2001	2000	2001	2000
Finished products.....	¥15,281	¥11,729	\$123,333	\$ 94,665
Work in process	13,689	10,481	110,484	84,592
Raw materials	6,712	5,286	54,173	42,664
	<u>¥35,682</u>	<u>¥27,496</u>	<u>\$287,990</u>	<u>\$221,921</u>

5. Income Taxes

The Corporation is subject to a number of different income taxes which, in the aggregate, indicate normal tax rates in Japan of approximately 42% for the years ended March 31, 2001 and 2000.

The following table summarizes the significant differences between the normal tax rates and the Corporation's effective tax rates for financial statement purposes for the years ended March 31, 2001 and 2000:

	2001	2000
Normal statutory tax rates.....	42%	42%
Permanently nondeductible expenses	1	2
Dividends received, not taxable	(1)	(1)
Undistributed earnings of overseas subsidiaries and affiliates.....	(1)	(1)
Tax credits.....	(2)	(1)
Differences in normal tax rate of foreign subsidiaries	(1)	(2)
Other, net	0	(2)
Effective tax rate	<u>38%</u>	<u>37%</u>

Significant components of the Corporation's deferred tax asset and liabilities as of March 31, 2001 are as follows:

	Millions of yen	Thousands of U.S. dollars
Current assets		
Deferred tax assets:		
Inventories	¥ 404	\$ 3,261
Unrealized gains on inventories.....	957	7,724
Allowance for doubtful receivables ...	77	621
Accrued revenue.....	168	1,356
Enterprise taxes	656	5,295
Accounts payable.....	157	1,267
Accrued expenses	1,765	14,245
Other.....	696	5,618
Total current deferred tax assets.....	<u>4,880</u>	<u>39,387</u>
Other assets		
Deferred tax assets:		
Depreciation.....	¥1,019	\$ 8,224
Intangible assets	178	1,437
Severance and pension benefits	5,460	44,068
Retirement allowances for directors and corporate auditors.....	572	4,617
Other.....	1,296	10,459
Total long-term deferred tax assets.....	<u>8,525</u>	<u>68,805</u>
Deferred tax liabilities:		
Reserve for special depreciation.....	¥ 566	\$ 4,568
Undistributed earnings of overseas subsidiaries and affiliates.....	1,252	10,105
Total deferred tax liabilities.....	<u>1,818</u>	<u>14,673</u>
Net deferred tax assets.....	<u>¥6,707</u>	<u>\$54,132</u>

6. Short-term Bank Loans and Long-term Debt

Short-term bank loans are principally notes payable to banks due in 30-365 days. The average interest rate on these loans with banks, as of March 31, 2001 and 2000 was approximately 2.9% and 2.1%,

respectively. Long-term debt as of March 31, 2001 and 2000 is summarized below:

	Millions of yen		Thousands of U.S. dollars	
	2001	2000	2001	2000
3.9% unsecured convertible bonds, due 2001	¥ -	¥ 9,513	\$ -	\$ 76,780
0.69% to 8.00% loans from banks and others, due in installments through 2003	3,892	3,221	31,413	25,997
2.1% mortgage bonds, due 2005	300	300	2,421	2,421
1.1% mortgage bonds, due 2002	200	200	1,614	1,614
4.1% to 7.3% unsecured loans from a government- sponsored agency, due 2002	10	20	81	161
	<u>4,402</u>	13,254	<u>35,529</u>	106,973
Current portion	<u>(1,902)</u>	(11,079)	<u>(15,351)</u>	(89,419)
	<u>¥ 2,500</u>	<u>¥ 2,175</u>	<u>\$20,178</u>	<u>\$ 17,554</u>

Following is a summary of the terms of conversion and redemption of convertible bonds:

	*Conversion price per share	Redemption at the option of the Corporation
3.9% convertible bonds, due 2001	¥1,312.00	At 103% to 100% of principal after March 31, 1997, decreasing 1% annually

*The above conversion price is subject to change in case of issuance of common stock at less than fair value.

At March 31, 2001, land of ¥652 million (\$5,262 thousand), buildings with a net book value of ¥479 million (\$3,866 thousand) and investments in securities of ¥20 million (\$161 thousand) are pledged as collateral for ¥500 million (\$4,036 thousand) of mortgage bonds and ¥106 million (\$856 thousand) of trade notes and accounts payable.

As is customary in Japan, short-term and long-term bank loans are made under general agreements which provide that additional security and guarantees for present and future indebtedness will be given upon request of the bank, and that any collateral so furnished will be applicable to all indebtedness to that bank. To date, the Corporation and its subsidiaries have not received any such requests from the banks. In addition, the agreements provide that the bank has the right to offset cash deposited against any

short-term debt or long-term debt that becomes due, and, in case of default and certain other specified events, against all other debt payable to the bank.

The aggregate annual maturities of long-term debt are summarized below:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2003	¥1,859	\$15,004
2004	341	2,752
2005	-	-
2006	300	2,422
2007 and thereafter	-	-
	<u>¥2,500</u>	<u>\$20,178</u>

7. Employees' Severance and Pension Benefits

As explained in Note 1. (Significant accounting policies), effective April 1, 2000, the Corporations and its domestic subsidiaries adopted the new accounting standard for employees' severance and pension benefits, under which allowance and expenses for severance and pension benefits are determined based on the amounts obtained by actuarial calculations.

Allowance for severance and pension benefits as of March 31, 2001 consists of the following:

	Millions of yen	Thousands of U.S. dollars
Projected benefit obligation.....	¥108,774	\$877,918
Unrecognized prior service costs.....	(23)	(186)
Unrecognized actuarial differences.....	(16,186)	(130,638)
Less fair value of pension assets.....	<u>(73,241)</u>	<u>(591,130)</u>
Allowance for severance and pension benefits	<u>¥ 19,324</u>	<u>\$155,964</u>

Severance and pension benefits expense for the year ended March 31, 2001 comprises the following:

	Millions of yen	Thousands of U.S. dollars
Service costs - benefits earned during the year	¥ 3,932	\$31,735
Interest cost on projected benefit obligation.....	3,552	28,669
Expected return on plan assets.....	(2,880)	(23,245)
Amortization of prior service costs	1	8
Amortization of net transition obligation	<u>15,567</u>	<u>125,642</u>
Severance and pension benefits expense.....	<u>¥20,172</u>	<u>\$162,809</u>

8. Leases

Finance Leases

Information relating to finance leases, except those leases for which the ownership of the leased assets is considered to be transferred to the lessee, at March 31, 2001 and 2000 and for the fiscal years then ended, is as follows.

	Millions of yen			Thousands of U.S. dollars
	Cost	Accumulated depreciation	Net amount	Net amount
2000				
Buildings	¥ 18	¥ 11	¥ 7	\$ 56
Machinery and vehicles	520	219	301	2,429
Tools and equipment	1,820	1,020	800	6,457
Other	159	68	91	735
	<u>¥2,517</u>	<u>¥1,318</u>	<u>¥1,199</u>	<u>\$ 9,677</u>

	Millions of yen			Thousands of U.S. dollars
	Cost	Accumulated depreciation	Net amount	Net amount
2001				
Buildings	¥ 28	¥ 15	¥ 13	\$ 105
Machinery and vehicles	565	297	268	2,163
Tools and equipment	2,387	1,239	1,148	9,266
Other	233	112	121	976
	<u>¥3,213</u>	<u>¥1,663</u>	<u>¥1,550</u>	<u>\$12,510</u>

	Millions of yen		Thousands of U.S. dollars	
	2001	2000	2001	2000
Future minimum lease payments				
Due within one year	¥ 589	¥ 502	\$ 4,754	\$ 4,052
Due after one year	1,011	740	8,160	5,972
	<u>¥1,600</u>	<u>¥1,242</u>	<u>\$12,914</u>	<u>\$10,024</u>
Lease payments for the year ended March 31	¥ 704	¥ 648	\$ 5,682	\$ 5,230

Operating Leases

Future minimum lease payments due under operating leases as of March 31, 2001 and 2000 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2001	2000	2001	2000
Due within one year	¥ 6	¥10	\$ 48	\$ 81
Due after one year	7	13	57	105
	<u>¥13</u>	<u>¥23</u>	<u>\$105</u>	<u>\$186</u>

9. Shareholders' Equity and Per Share Data

The Japanese Commercial Code provides that at least one-half of the proceeds from shares issued at a price in excess of par value, including shares issued upon conversion of bonds, be included in common stock.

The Code also provides that an amount equivalent to at least 10% of cash dividends paid and other cash outlays resulting from appropriations of retained earnings with respect to each fiscal or interim six-month period be appropriated to the legal reserve until such reserve equals 25% of the issued capital. Legal reserve is included in

retained earnings.

The Code also provides that additional paid-in capital and the legal reserve are not available for cash dividends, but may be used to reduce a capital deficit by resolution of the shareholders or may be capitalized by resolution of the Board of Directors.

Cash dividends are declared by the Board of Directors on a semi-annual basis in the three months after the end of each six-month period, and are payable to the shareholders of record at the end of such six-month period. Dividends applicable to the last six months

and related appropriations of retained earnings are subject to the approval of the shareholders and are recorded at the time they are approved.

However, dividends per share are shown in the accompanying consolidated statements of income in the period to which they are applicable.

Net income per share is based on the weighted average number of shares of common stock outstanding during the year. Diluted net income per share is based on the assumption that all dilutive convertible bonds were converted into common stock at the beginning of the year.

The shareholders approved, at the general meeting of shareholders held on June 22, 2001, the declaration of the final cash dividends of ¥11.00 (\$0.09) per share totaling ¥1,911 million (\$15,424 thousand).

The Commercial Code of Japan allows a company to retire a portion of its outstanding shares upon approval of the shareholders at the annual general shareholders' meeting. On June 26, 1998, the Corporation's annual general shareholders' meeting passed a resolution to enable the Corporation to purchase and retire up to 15 million outstanding shares based on the resolution of a Board of Directors' meeting.

10. Commitments and Contingent Liabilities

Capital Expenditure Program

Under the capital expenditure program of the Corporation and its subsidiaries, it is estimated that ¥49,607 million (\$400,379 thousand) will be expended during the two years ending March 31, 2003, of which ¥22,194 million (\$179,128 thousand) represents contractual commitments.

Contingent Liabilities

The Corporation and certain consolidated subsidiaries are contingently liable, as of March 31, 2001, for trade notes receivable which were discounted or endorsed of ¥1,191 million (\$9,613 thousand), and as guarantors for borrowings of ¥5,367 million (\$43,317 thousand) by certain employees and nonconsolidated subsidiaries.

11. Derivative Financial Instruments and Hedging Transactions

The Corporation and its subsidiaries (the "Corporations") use foreign exchanges forward contracts as derivative financial instruments only for the purpose of mitigating future risks of fluctuation of foreign currency exchange rates with respect to foreign currency receivables and payables.

The derivative transactions are executed and managed by the Corporations' Finance Department in accordance with the established policies and within the specified limits on the amounts of derivative transactions allowed. The credit risk of such derivatives is assessed at low as the counter-parties of these transactions financial institutions are highly rated.

The following summarizes hedging derivative financial instruments used by the Corporations and items hedged:

Hedging instruments:

Foreign exchange forward contracts

Hedged items:

Foreign currency trade receivables and trade payables

The estimated fair values of the Corporations' derivatives at March 31, 2000 are summarized as follows:

Fiscal year ended March 31, 2000:

	Millions of yen	Thousands of U.S. dollars
<i>Foreign exchange forward contracts:</i>		
To sell foreign currencies:		
U. S. dollars: Contract amount due		
within one year	¥428	\$3,454
Estimated fair value	426	3,438
Net unrealized loss	¥ 2	\$ 16

Fiscal year ended March 31, 2001:

There are no items to disclose as all the derivative transactions are effective hedges.

12. Related Party Transactions

Significant related party transactions of the Corporation as of March 31, 2001 and for the year then ended are summarized as follows:

Name of Related Company	Paid-in Capital (millions)	Principal Business	Direct equity ownership percentage by the Corporation	Millions of yen				Thousands of U.S. dollars	
				Transactions		Balances		Transactions for the year ended Mar. 31, 2001	Balance as of Mar. 31, 2001
				Description of transaction	for the year ended Mar. 31, 2001	Account	as of Mar. 31, 2001		

Affiliates:

Kyoshin Shoji Co., Ltd.	¥360	Wholesale of electric products and industrial products	46.7%	Sale of products	¥50,399	Accounts receivable	¥12,339	\$406,772	\$99,588
-------------------------	------	--	-------	------------------	---------	---------------------	---------	-----------	----------

13. Operating Segment Information

(1) Business Segments

The Corporation operates principally in three business segments: Industrial Products, Electronic Products and Functional Products.

Industrial Products include bonding and joining products, surface protection products, anti-corrosion and waterproof products, sealing products, packaging products and equipment, and electronic component-related products.

Electronic Products include semiconductor-related products, LCD-related products and flexible printed circuit products.

Functional Products include medical-related products, polymer separation membranes and fluoroplastic products.

Business segment information for the years ended March 31, 2001 and 2000 is as follows:

Net Sales

	Millions of yen		Thousands of U.S. dollars	
	2001	2000	2001	2000
Industrial Products	¥197,270	¥187,676	\$1,592,171	\$1,514,738
Electronic Products.....	133,115	107,798	1,074,374	870,040
Functional Products.....	37,186	32,894	300,129	265,488
Eliminations	(1,873)	(2,969)	(15,116)	(23,963)
Consolidated Total.....	¥365,698	¥325,399	\$2,951,558	\$2,626,303

Operating Income

	Millions of yen		Thousands of U.S. dollars	
	2001	2000	2001	2000
Industrial Products	¥13,229	¥10,723	\$106,772	\$ 86,546
Electronic Products.....	16,392	12,728	132,300	102,728
Functional Products.....	5,203	3,161	41,993	25,512
Consolidated Total.....	¥34,824	¥26,612	\$281,065	\$214,786

Assets

	Millions of yen		Thousands of U.S. dollars	
	2001	2000	2001	2000
Industrial Products	¥137,202	¥134,811	\$1,107,361	\$1,088,063
Electronic Products.....	100,697	84,881	812,728	685,077
Functional Products.....	36,909	33,158	297,893	267,619
Corporate	82,846	81,651	668,652	659,007
Consolidated Total.....	¥357,654	¥334,501	\$2,886,634	\$2,699,766

Depreciation and Amortization

	Millions of yen		Thousands of U.S. dollars	
	2001	2000	2001	2000
Industrial Products	¥ 8,100	¥ 7,577	\$ 65,375	\$61,154
Electronic Products.....	7,325	6,129	59,120	49,467
Functional Products.....	2,920	2,758	23,568	22,260
Consolidated Total.....	¥18,345	¥16,464	\$148,063	\$132,881

Capital Expenditures

	Millions of yen		Thousands of U.S. dollars	
	2001	2000	2001	2000
Industrial Products	¥13,876	¥11,077	\$111,993	\$89,403
Electronic Products.....	13,034	8,366	105,198	67,522
Functional Products.....	5,817	4,571	46,949	36,893
Consolidated Total.....	¥32,727	¥24,014	\$264,140	\$193,818

(2) Geographic Areas

Geographic area information for the years ended March 31, 2001 and 2000 is as follows:

Net Sales

	Millions of yen		Thousands of U.S. dollars	
	2001	2000	2001	2000
Japan	¥302,754	¥276,137	\$2,443,535	\$2,228,709
Other	124,553	98,029	1,005,270	791,195
North America.....	39,616	38,366	319,742	309,653
Europe.....	19,383	15,156	156,440	122,325
Asia & Oceania.....	65,554	44,507	529,088	359,217
Eliminations	(61,609)	(48,767)	(497,247)	(393,601)
Consolidated Total.....	¥365,698	¥325,399	\$2,951,558	\$2,626,303

Operating Income

	Millions of yen		Thousands of U.S. dollars	
	2001	2000	2001	2000
Japan	¥28,776	¥21,785	\$232,252	\$175,827
Other	5,923	4,827	47,805	38,959
North America.....	1,403	1,636	11,324	13,204
Europe.....	1,025	903	8,273	7,288
Asia & Oceania.....	3,495	2,288	28,208	18,467
Eliminations	125	-	1,008	-
Consolidated Total.....	¥34,824	¥26,612	\$281,065	\$214,786

Assets

	Millions of yen		Thousands of U.S. dollars	
	2001	2000	2001	2000
Japan	¥187,529	¥181,837	\$1,513,551	\$1,467,611
Other	89,235	72,018	720,218	581,259
North America.....	48,831	40,204	394,116	324,488
Europe.....	9,647	8,453	77,861	68,224
Asia & Oceania.....	30,757	23,361	248,241	188,547
Corporate	80,890	80,646	652,865	650,896
Consolidated Total.....	¥357,654	¥334,501	\$2,886,634	\$2,699,766

(3) Net Sales to Customers Outside Japan

Manufacturing operations of the Corporation and its subsidiaries are primarily in Japan. Net sales of the Corporation and its sub-

sidiaries to customers outside Japan for the years ended March 31, 2001 and 2000 are as follows:

	Millions of yen		Thousands of U.S. dollars	
	2001	2000	2001	2000
North America.....	¥ 37,974	¥37,307	\$ 306,489	\$301,106
Europe.....	18,256	13,974	147,345	112,785
Asia & Oceania.....	82,922	60,308	669,265	486,747
	¥139,152	¥111,589	\$1,123,099	\$900,638

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
NITTO DENKO CORPORATION:

We have audited the accompanying consolidated balance sheets of NITTO DENKO CORPORATION (a Japanese corporation) and its consolidated subsidiaries as of March 31, 2001 and 2000, and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended, expressed in Japanese yen. Our audits were made in accordance with generally accepted auditing standards in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of NITTO DENKO CORPORATION and its consolidated subsidiaries as of March 31, 2001 and 2000, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan applied on a consistent basis during the periods, except as noted in the following paragraph.

As explained in Note 1 (b) (d) (i) and (k), in the year ended March 31, 2001, NITTO DENKO CORPORATION and its consolidated subsidiaries prospectively adopted new Japanese accounting standards for "transaction of foreign currencies", "marketable securities and investments in securities", "employee's severance and pension benefits" and "derivative transactions and hedge accounting". Also, as explained in Note 1 (j) in the year ended March 31, 2001, NITTO DENKO CORPORATION and its consolidated subsidiaries changed, with our concurrence, the definition of cash equivalents.

Also, in our opinion, the U.S. dollar amounts in the accompanying consolidated financial statements have been translated from Japanese yen on the basis set forth in Note 1.

Osaka, Japan
June 22, 2001

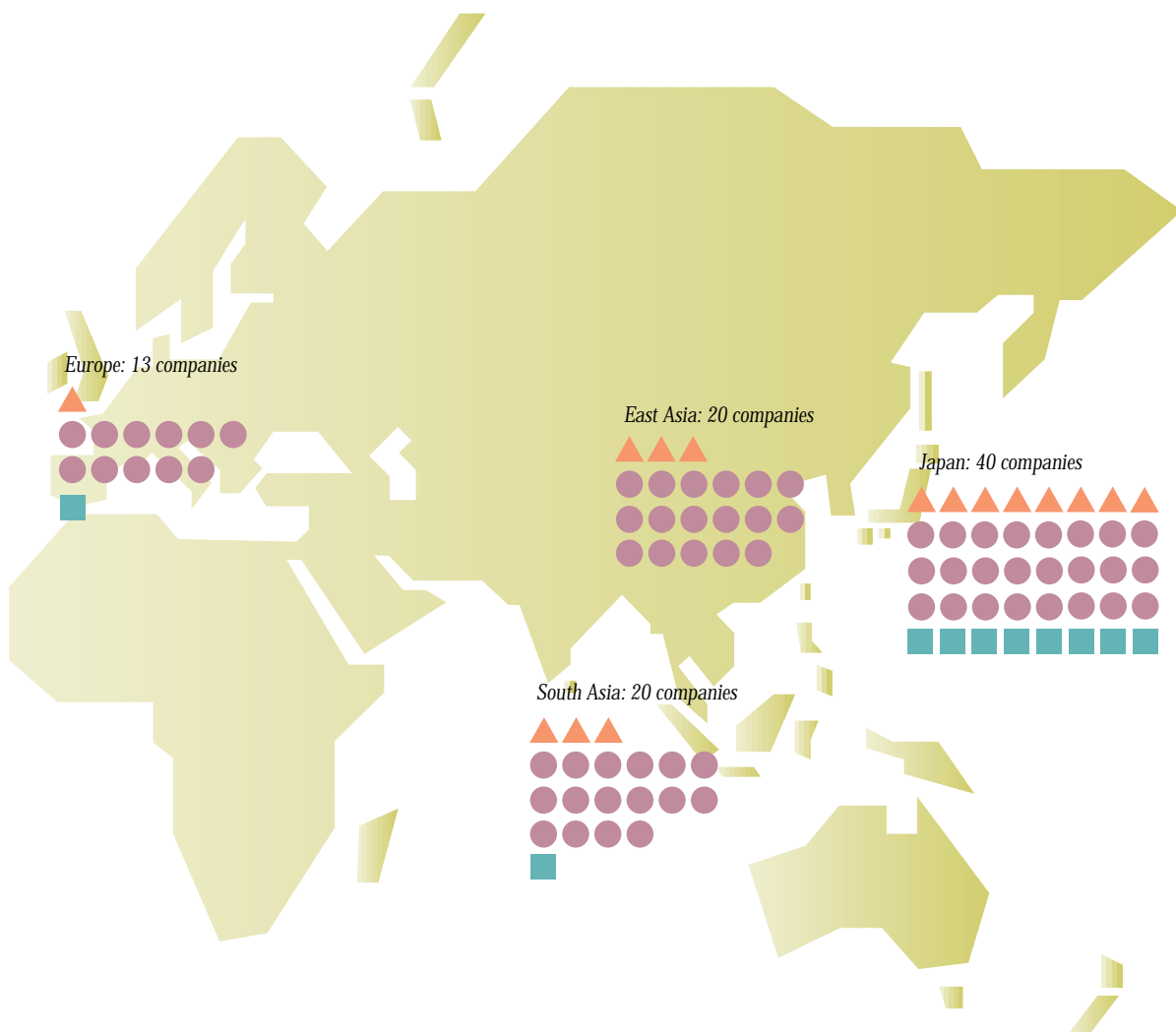


Statement on Accounting Principles and Auditing Standards

This statement is to remind users that accounting principles and auditing standards and their application in practice may vary among nations and therefore could affect, possibly materially, the reported financial position and results of operations. The accompanying financial statements are prepared based on accounting principles generally accepted in Japan, and the auditing standards and their application in practice are those generally accepted in Japan. Accordingly, the accompanying consolidated financial statements and the auditors' report presented above are for users familiar with Japanese accounting principles, auditing standards and their application in practice.

NITTO DENKO GROUP

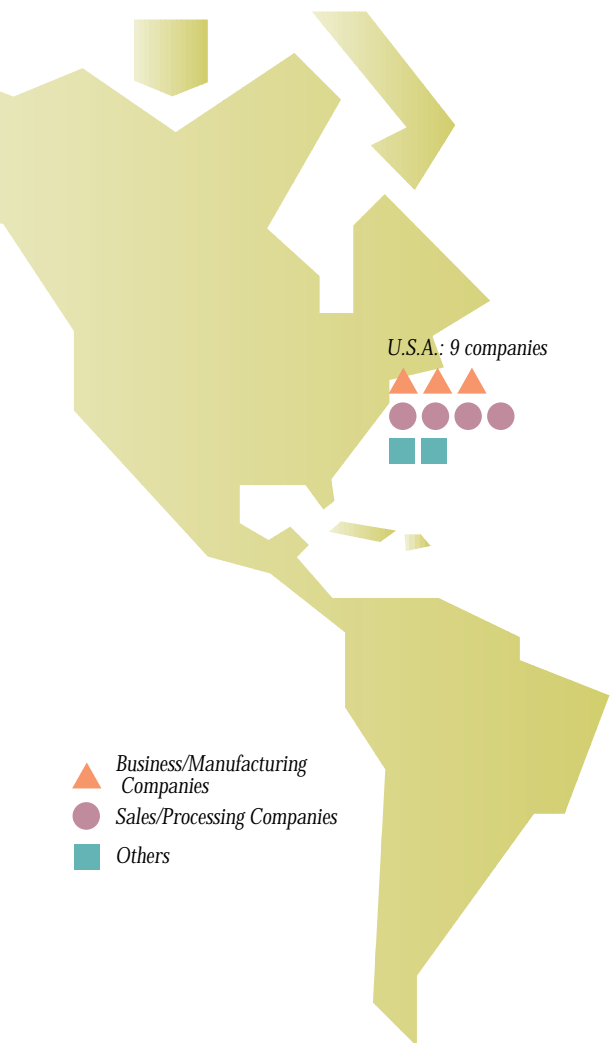
(As of March 31, 2001)



Domestic

(Consolidated Subsidiaries)

- Nitto Shinko Co., Ltd.
<http://www.nittoshinko.co.jp>
- Nitoms Inc.
<http://www.nitoms.com>
- Nitto Denko Packaging System Corp.
- Nitto Denko Matex Corp.
<http://www.nittomatex.co.jp>
- Nissho Corp.
<http://www.nissho.org>
- Fukusan Shouko Co., Ltd.
- Sanshin Kasei Co., Ltd.
- Nihon Electrical Insulating Materials Co., Ltd.
- Nitto Life-tech Co., Ltd.
- Nitto Seiki Co., Ltd.
<http://www.nitto.co.jp/nittoseiki.html>
- Nitto Kakohzai Co., Ltd.
- Toyohashi Nikka Co., Ltd.
- Saitama Nitto Denko Corp.
- Mie Nitto Denko Corp.
- Jinsec Corp.
<http://www.jinsec.co.jp>
- Nitto Medical Co., Ltd.
<http://www.nitmed.co.jp>
- Nissho Sangyo Co., Ltd.



U.S.A.

(Consolidated Subsidiaries)

- Nitto Americas, Inc (NJ)
- Permacel (NJ)
<http://www.permacel.com>
- Hydranautics (CA)
<http://www.membranes.com>
- Graphic Technology, Inc. (KS)
<http://www.graphic-tech.com>
- Nitto Denko America, Inc. (CA)
<http://www.nitto.com>

(Among non-consolidated subsidiaries and affiliates)

- Nitto Denko Technical Corp. (CA)

Europe

(Consolidated Subsidiaries)

- Nitto Europe N.V. (Belgium)
<http://www.nittoeur.com>
- Nitto Deutschland GmbH (Germany)
- Nitto France S. A. R. L. (France)
- Nitto Scandinavia AB (Sweden)
- HY Membranes Iberia (SL) (Spain)
- HY B.V. (Netherlands)
- HY GmbH (Germany)

(Among non-consolidated subsidiaries and affiliates)

- Nitto U.K. Limited
- Nitto Italia S.R.L.
- Nitto Polska sp.zo.o.

East Asia

(Consolidated Subsidiaries)

- Nitto Denko (Shanghai Songjiang) Co., Ltd. (China)
- Nitto Denko (Taiwan) Corp.
- Nitto Denko (HK) Co., Ltd.
- Nitto Denko (Shanghai Pu Dong New Area) Co., Ltd. (China)

(Among non-consolidated subsidiaries and affiliates)

- Korea Nitto Optical Co., Ltd.
- Korea Nitto Denko Co., Ltd.
- Nitto Denko (Xiamen) Co., Ltd.
- Nitto Denko Materials (Shenzhen) Co., Ltd.
- Nitto-Nistem (Philippines) Co., Ltd.

South Asia & Oceania

(Consolidated Subsidiaries)

- Nitto Denko (Singapore) Pte. Ltd.
- Nitto Denko Electronics (Malaysia) Sdn. Bhd.
- Nitto Denko Materials (Malaysia) Sdn. Bhd.
- Nitto Denko (Australia) Pty. Ltd.

(Among non-consolidated subsidiaries and affiliates)

- Nitto Denko Material (Thailand) Co., Ltd.
- Nitto Denko Vietnam Co., Ltd.
- Nitto Denko (Thailand) Co., Ltd.
- P. T. Nitto Materials Indonesia

- Business/Manufacturing Companies
- Sales/Processing Companies
- Others

NITTO DENKO DIRECTORY

(As of March 31, 2001)

■ Head Office

1-1-2, Shimohozumi, Ibaraki, Osaka 567-8680, Japan
TEL: 81-726-22-2981 FAX: 81-726-26-1505

■ Core Technology Center

1-1-2, Shimohozumi, Ibaraki, Osaka 567-8680, Japan
TEL: 81-726-22-2981 FAX: 81-726-21-0307

■ Production Engineering Development Center

18, Hirayama, Nakahara-cho, Toyohashi, Aichi 441-3194
TEL: 81-532-41-1121 FAX: 81-532-41-8468

■ Reliability Evaluation Center

18, Hirayama, Nakahara-cho, Toyohashi, Aichi 441-3194
TEL: 81-532-41-1121 FAX: 81-532-41-7269

■ Tohoku Plant

101, Sunada, Shimonome, Iwadeyama-cho, Tamatusuri,
Miyagi 989-6493
TEL: 81-229-72-2211 FAX: 81-229-72-2297

■ Kanto Plant

1-8-5, Hatara-cho, Fukaya, Saitama 366-8521
TEL: 81-48-571-3171 FAX: 81-48-573-1043

■ Toyohashi Plant

18, Hirayama, Nakahara-cho, Toyohashi, Aichi 441-3194
TEL: 81-532-41-1121 FAX: 81-532-41-7288

■ Kameyama Plant

919, Fuke-cho, Kameyama, Mie 519-0193
TEL: 81-5958-2-1151 FAX: 81-5958-3-3384

■ Shiga Plant

61-7, Sasadani Yamadera-cho, Kusatsu, Shiga 525-0042
TEL: 81-77-562-7711 FAX: 81-77-565-3515

■ Onomichi Plant

455-6, Hongo, Minosato-cho, Onomichi, Hiroshima 722-0212
TEL: 81-848-48-2100 FAX: 81-848-48-4550

■ Kyushu Plant

2307-2, Yoshida, Mitakawa-cho, Kanzaki, Saga 842-0031
TEL: 81-952-53-1166 FAX: 81-952-53-5104

■ Tokyo Office

1-11-2, Ohsaki, Shinagawa-ku, Tokyo 141-0032
TEL: 81-3-5740-2101 FAX: 81-3-5740-2250

■ Tohoku Office

4-6-1, Chuo, Aoba-ku, Sendai, Miyagi 980-0021
TEL: 81-22-222-7271 FAX: 81-22-267-6434

■ Kita-kanto Office

16-11, Sakae-cho, Takasaki, Gunma 370-0841
TEL: 81-27-324-5611 FAX: 81-27-324-5655

■ Nagoya Office

1-17-13, Nishiki, Naka-ku, Nagoya, Aichi 460-0003
TEL: 81-52-221-7811 FAX: 81-52-231-0237

■ Osaka Office

2-4-9, Umeda, Kita-ku, Osaka 530-0001
TEL: 81-6-6341-9531 FAX: 81-6-6341-0730

■ Chu-shikoku Office

4-25, Fukuro-cho, Naka-ku, Hiroshima 730-0036
TEL: 81-82-248-0563 FAX: 81-82-248-0584

■ Kyushu Office

3-2-1, Hakataekimae, Hakata-ku, Fukuoka 812-0011
TEL: 81-92-441-5426 FAX: 81-92-472-6323

■ Belgium Office

Eikelaarstraat 22, Ind. Park Zuid Zone 12A, 3600 Genk, Belgium
Tel: 32-89-360111 Fax: 32-89-362242

■ Shenzhen Office

No. 2 Bldg., Cuigang Industrial Zone, Huaide, Fuyong, Baoan
District, Shenzhen City, China
Tel: 86-755-7390757 Fax: 86-755-7396965

CORPORATE DATA

(As of March 31, 2001)

Company Name NITTO DENKO CORPORATION

Established October 25, 1918

Head Office 1-1-2, Shimohozumi, Ibaraki,
Osaka 567-8680, Japan

Employees 9,857

Capital US\$216,174 thousand

Fiscal Year-end March 31

Shares Issued 173,758,428

Stock Exchange Listings

Tokyo, Nagoya, Osaka stock exchanges

Independent Auditors

Arthur Andersen

Business Lines Manufacture and sales of the following:
Bonding and joining products, sealing products, anticorrosion and waterproof products, surface protection products, packaging system, construction materials, life care products, consumer products, industrial-use bar-code labels, electronic component-related products, electrical insulating products, LCD-related products, semiconductor-related products, flexible printed circuit products, thin metal core boards and related products, medical-related products, engineering plastics products, membrane products

Domestic Offices

Tokyo, Sendai, Takasaki, Nagoya, Osaka, Hiroshima, Fukuoka

Overseas Offices

Genk, Belgium; Shenzhen, China

Domestic Plants

Miyagi, Saitama, Aichi, Mie, Shiga, Hiroshima,
Saga Prefectures

Board of Directors (As of June 23, 2001)

Chairman: Hideki Yamamoto

President: Masamichi Takemoto

Vice President: Koichi Takatsuka

Senior Executive Managing Director: Mikio Aizawa

Executive Managing Directors: Yasuki Nishizaka
Tetsuo Iwaki
Yoshiyasu Kamiyama
Yukio Nagira

Directors: Katsuhiko Akamatsu
Yasuo Ninomiya
Tatsunosuke Fujiwara
Ryoichi Ota
Tetsuo Horiuchi
Shunichiro Sayanagi

Corporate Auditors: Tsuneo Asada
Makoto Yoshida
Hisashi Hosokawa
Shiko Saikawa

NITTO DENKO CORPORATION

1-1-2, Shimohozumi, Ibaraki, Osaka 567-8680, Japan

Phone: 81-726-22-2981 Fax: 81-726-26-1505

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