

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