NITTO DENKO CORPORATION

ANNUAL REPORT 2002

Year ended March 31, 2002

Breaking the Rules to Create Robust Growth Engines

NITTO DENKO CORPORATION ANNUAL REPORT 2002

CREATING NEW VALUE

Nitto Denko Corporation is a company with an unchanging vision: creating new value precisely matched to the evolving needs of customers and the community.

The Company was founded in 1918 as Japan's first manufacturer of electrical insulation materials. Capitalizing particularly on our Group strengths in polymer synthesis, application and processing technologies, Nitto Denko has constantly stayed at the leading edge in the development and implementation of an expanding range of advanced technologies that enable us to offer customers in countless fields the products they need when they need them.

A basic Nitto Denko strategy, called Global Niche Top, is to establish overwhelming world dominance in carefully selected global niche businesses sought out in high-growth market sectors. Once the Company focuses on a niche business, it immediately aims for top market share by offering unique, sophisticated products that cannot be matched by the competition.

The statement, "Breaking the Rules to Create Robust Growth Engines," that appears on the cover of this report is a declaration of Nitto Denko's commitment to continuing growth and development. It means that Nitto Denko recognizes that it must reform to stay strong and vigorous in the 21st century and will not be held back by old rules that have been rendered meaningless by today's realities.

Consisting of 107 companies in 17 countries, the Nitto Denko Group is a continually evolving business organization that strives to enrich the quality of life worldwide through better products, while also helping to protect the environment and contributing to society.

Contents

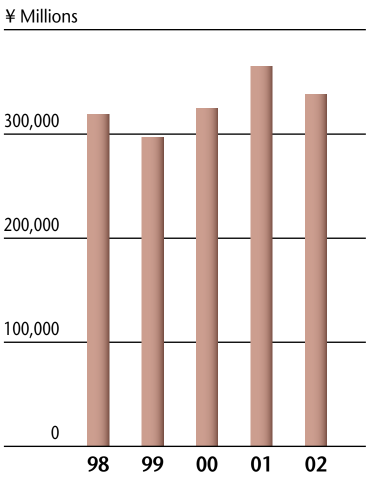
FINANCIAL HIGHLIGHTS

Nitto Denko Corporation and Consolidated Subsidiaries
For the Years Ended March 31, 2002 and 2001

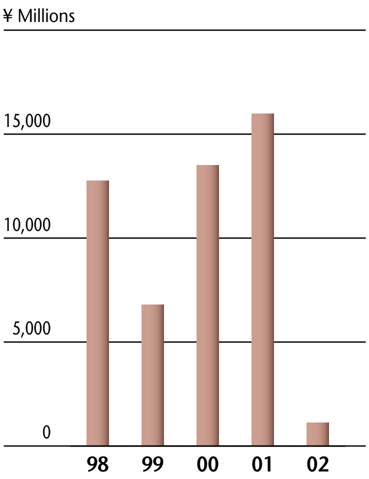
	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Net sales	**¥338,930**	¥365,698	**$2,544,520**
Net income	**1,115**	15,851	**8,371**
Shareholders' equity	**228,410**	226,894	**1,714,790**
	Yen		U.S. dollars
Per share of common stock:			
Net income	**¥ 6.42**	¥ 93.51	**$ 0.05**
Shareholders' equity	**1,314.50**	1,305.80	**9.87**
Cash dividends	**22.00**	21.00	**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 ¥133.20 = US$1. See Note 1 to Financial Statements.

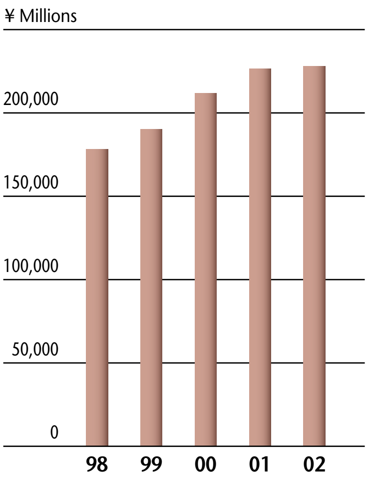
NET SALES



NET INCOME



SHAREHOLDERS' EQUITY



NITTO DENKO AT A GLANCE

The Nitto Denko Group supports a broad spectrum of industrial activities by providing an extensive lineup of high-performance products to markets around the globe. Developed by combining the Group's core polymer processing and synthesizing expertise with a variety of other advanced technologies, these products offer numerous sophisticated functions, including sealing, bonding, separation, permeation and diffusion. The Group's 107 companies strive to capture top share in global-scale niche markets. Consolidated net sales for fiscal 2002 amounted to ¥338,930 million.

■ INDUSTRIAL PRODUCTS

We offer a diversity of high-performance materials for innumerable highly specific applications in fields ranging from electronics to such consumer product sectors as home electric appliances and automobiles. Many of these products, including such basic items as adhesive tapes and sealing materials, as well as specialty products like surface protections films for automobile bodies, are No. 1 in market share in their market niches.

The Industrial Products sector posted sales of ¥183,699 million and operating income of ¥4,640 million in fiscal 2002.

MAIN PRODUCTS

Double-coated adhesive tapes for various kinds of industry, surface protection films, heat peelable sheets (REVALPHA), tape for transporting electronic components, foam sealing material (EPT Sealer).

■ ELECTRONIC PRODUCTS

Nitto Denko exploits our considerable store of core technologies to develop future-oriented electronic products matched to the changing needs of the global information industry. The products of this sector help to underpin technological advances throughout the electronics industry. LCD-use optical films (polarizing films and retardation films) and transparent encapsulating resins for optical devices are especially strong contributors to the industry that have become the world's best-selling products in their respective markets.

The Electronic Products sector posted sales of ¥119,627 million and operating income of ¥10,633 million in fiscal 2002.

MAIN PRODUCTS

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

■ FUNCTIONAL PRODUCTS

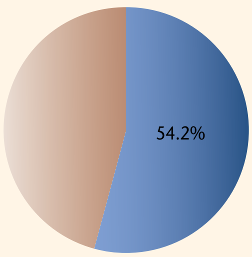
Nitto Denko's strong reputation as a contributor to the ecology sector derives mainly from our environmental protection, health care and other functional products. These include medical-use tapes, transdermal therapeutic patches, high-polymer separation membranes for separating, refining and condensing water and chemicals, and engineering plastics produced utilizing industry-leading fluoroplastic processing technologies. The list of top-market-share products in this sector includes reverse osmosis membranes used to generate ultrapure water for semiconductor production processes.

The Functional Products sector posted sales of ¥35,604 million and operating income of ¥4,039 million in fiscal 2002.

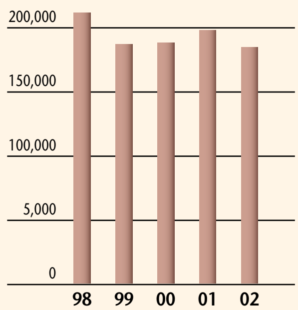
MAIN PRODUCTS

High-polymer separation membrane modules, transdermal therapeutic patches, fluoroplastic tapes, semi-conductive polyimide belts.

Share of Industrial Products



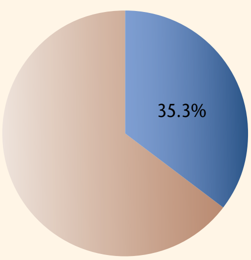
Net Sales
¥ Millions



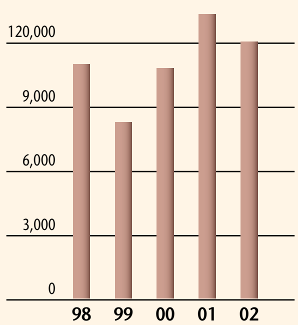
Peelable double-coated adhesive tape

REVALPHA

Share of Electronic Products



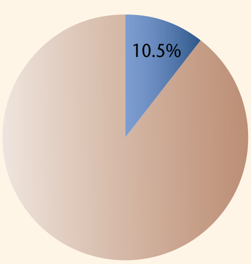
Net Sales
¥ Millions



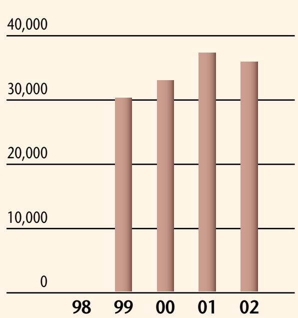
NRF

Car audio FPC

Share of Functional Products



Net Sales
¥ Millions



High-polymer separation membrane modules

Transdermal therapeutic patch

*The Corporation split industrial products into Industrial Products and Functional Products beginning fiscal 1999.

Toward a Lean and Muscular Corporate Structure — Productivity Reforms for Optimum Response to Market Needs —

Investment in Growth Segments Helps to Offset Poor Business Performance

In fiscal 2002, ended March 31, 2002, business results were strongly impacted by the downswing in the electronic industry following the collapse of the IT bubble, the slowing of the U.S. economy in the first half of the year, and the additional effect of the September 11 terrorist attacks in 2001. Sales were down 7.3% from the previous fiscal year, to ¥338,930 million, and operating income fell 44.5%, to ¥19,314 million.

The strong performance of Nitto Denko Corporation and its consolidated subsidiaries in the preceding fiscal year was largely due to structural reforms. However, with the dramatic changes in the market environment in fiscal 2002, we confronted the reality that such reforms were not sufficient. Further, in hindsight, the severity of the negative impact could have been avoided by launching the structural reforms from an earlier state.

With these changes in the business environment as a turning point, we decided that radical reforms enabling business segments to maintain profitability despite slight fluctuations in production was a critical issue that had to be addressed with the utmost urgency.

The downturn in performance was undeniably what led us to embark upon these initiatives. From a long-term perspective, we feel fortunate to have encountered a situation that forced us to tackle the situation early on.

On the positive side, resurging LCD-related products generated steady profits, membrane products performed well on the strength of expanding global demand, and medical-related products also turned in solid results.

The upturn in the LCD segment was largely due to the opportune timing of forward-looking investment in new plant and equipment, namely the completion of the third facility at the Onomichi Plant in time to capitalize on an upswing in demand. Focused and precise investment helped to ensure that we did not miss any business opportunities. Other major advances include the completion of the Toyohashi No. 13 Plant, SCM Center, the new Wisconsin Plant in the United States, and the new Suzhou Plant in China. In this way, our proactive push toward overall optimization produced tangible results.

Freezing of the "G-2002" Mid-term Plan and Formulation of the "Muscle Plan"

In the first half of fiscal 2002, the deteriorating business environment made it impossible to meet even monthly numerical targets. As the pace of market change accelerated to the point of making long-term projections impossible, we had no choice but to freeze our "G-2002" mid-term management plan. Faced with the need to carry out radical reforms quickly, we immediately started formulating the "Muscle Plan."

The Muscle Plan is not an objective but a methodology for achieving productivity reforms in every aspect of our business. In short, it is aimed at thoroughly eliminating waste throughout the Nitto Denko Group. The result will be a leaner, more agile company. The Muscle Plan is a response to the reality that the traditional style of reform through streamlining and consolidation alone can no longer be expected to ensure future growth, even in sectors with the potential for growth. We must also to shift to a slimmer and more muscular corporate structure.

Cutting fixed costs is the most difficult part of improving productivity through management and structural reforms. To achieve the target ratio of operating income to sales, a reduction in fixed costs by approximately ¥10 billion per year was determined to be essential. We therefore took steps to reduce the workforce by introducing early retirement. This initiative includes paying a fixed amount on top of benefits under an already existing retirement scheme and the opening of this option to an unrestricted number of employees. During the year, more than 10% of permanent employees in Japan opted for voluntary retirement. Personnel cutbacks are an agonizing choice, but one that cannot be avoided.

In April 2002, we spun off the Kyushu Plant. When operations were resumed, employees were re-employed using a wholly merit-based wage system revised to reflect local wage standards. This manufacturing sector restructuring plan became the first model for structural reforms required in all operating sectors.

Personnel cutbacks and spin-offs are key elements of problem-solving models that will be vigorously implemented to restructure group companies and business operations. Streamlining and consolidation of group companies will move forward in parallel.

These measures are producing a steady improvement in the cost efficiency of manufacturing operations, especially within high-cost business sectors. The initiatives under the Muscle Plan will be aggressively pursued up to March 2003, but those involving productivity reforms will be continued beyond March into the next fiscal period.

Productivity Reforms — Springboad Toward a Vigorous Growth Strategy

The Muscle Plan defines a specific growth strategy for each operating segment. In industrial products, the plan stresses "business revitalization," while in electronic products the focus is on thorough pursuit of "low-cost production." "Sustainable growth" is the goal in optical products, and in functional products, the objective is "global expansion." Each business segment has been tasked with clarifying a consistent vision for the future. This includes answering such key questions as, "What sort of company or business division do we want to become?"

Fiscal 2003 will see the definition of the issues each sector must tackle and the formulation of concrete plans for realizing objectives. The sharing of methods with other business segments will be required to ensure the best growth plans are applied company-wide for overall optimization. A primary goal of this process is to achieve a ratio of operating income to sales of 10% in fiscal 2004.

One model developed during the year already disseminated company-wide is that mentioned earlier of cutting fixed costs by implementing an early retirement scheme. Another is the spin-off of manufacturing operations developed as a model for productivity reforms in Japan. Methods being considered for achieving low-cost production in the electronic products segment include carrying out R&D for semiconductor products in Malaysia. Overseas R&D in the tape materials segment is another option. Further, it has already been decided that a portion of production of flexible printed circuits (FPCs), currently handled by the Kameyama Plant in Mie Prefecture, will be shifted to the new Suzhou Plant in China.

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

Enhancing Our Corporate DNA

Nitto Denko's motto for 2002 is, "Striving for New Growth with the Muscle Plan – Productivity Reforms, Breaking the Rules, and Expanding Our Creativity." This, taken together with such traditional Nitto Denko axioms as "Change represents opportunity," demonstrates a pattern of intrinsic positive thinking so basic to our corporate philosophy that we consider it part of the Nitto Denko DNA. The spirit of the Muscle Plan will also be ingrained into corporate thinking to the point that it also becomes a subconscious component of our genetic makeup.

Direct interviews are currently underway between the president and the 300 members comprising managerial staff throughout Japan. The aim of this initiative is to absorb opinions from the frontline of operations, while ensuring that the true intent of the Muscle Plan is communicated firsthand to every corner of the organization.

"3Es" + "O" Represent Strategic Growth Segments

Nitto Denko's potential for future growth is centered largely on the "3Es," or the electronics, ecology and energy segments, plus optical-related products in the rapidly expanding optoelectronics sector. Geographically, we plan to concentrate on the Chinese market. We are actively upgrading and expanding our manufacturing bases, and also strengthening marketing capability and streamlining distribution.

Membrane and water-related products, which are part of our global environment response technologies, are also expected to see major growth during the early years of this century. In medical-related products, we plan to move beyond our current line of transdermal drug delivery products into test agent peripherals and other new sectors. All of these represent future business strategies from a long-term perspective, and rather than Nitto Denko solely covering all of these areas, we intend to target global expansion with a view to alliances with other companies, partner businesses, M&A and other business tie-ups.

In electronics products, rising demand is expected for not only LCD panel products but also high-performance films, including plasma display panel (PDP) and electroluminescence (EL) products.

In the tape materials sector, "desolvation" has become the keyword. In addition to forging ahead with the development of adhesives that do not use solvents, we plan to develop new applications for adhesive products outside conventional fields. Encouraged by the steady rise in tape demand for use in semiconductor manufacturing processes, we plan to develop new "fine and clean" products for other sectors as well. This could even entail flexible small-lot production. Taken as a whole, we believe that shifting to highly profitable product segments is the key to revitalization.

Product development that transcends the barriers between business segments is also essential. Nitto Denko is the only company to manufacture products ranging from FPCs to semiconductor encapsulating packaging materials, and wafer protection and fixing tapes for semiconductor manufacturing. If we can develop products that fuse Nitto Denko's advanced technologies in these fields with film materials, we will be in a position to open up vast new markets. The issue to be addressed for the time being is launching newly developed product groups quickly while performance for LCD panels remains strong.

Strengthening Adaptability to a "Market-driven Era"

To ensure that business opportunities are not missed in today's business environment, companies must become closer to customers. To achieve growth in which our products match our customers' needs and priorities, as of April 1, 2002, we broke away from an operational framework integrating all aspects of product development and marketing from design through production, sales and distribution, and drastically reorganized sales operations to sharpen their response to market realities.

In fiscal 2003, Nitto Denko will apply a market-driven approach to every aspect of operations from product development to marketing and customer service. The product-oriented development system of the past will be replaced by one that responds to customer requirements via the shortest route, at the lowest cost, unfettered by barriers between business sectors.

We have also remapped the course to be followed in building Nitto Denko into a still more tightly integrated "technology-oriented company." A company cannot be described as being "technology-oriented" in terms of its development capability alone. Human resources appropriate for a technology-oriented company must be in place in all business sectors, especially those in charge of manufacturing, quality control and assessment, and intellectual property management. We will therefore be moving forcefully ahead with the rotation of human resources to optimize the allocation of corporate resources across a borderless company.

The effective implementation of the Muscle Plan is measured in terms of global optimization of the entire Nitto Denko Group. The standard for judging measures taken within the individual business sector is based on appropriate criteria ascertained from a Group perspective. Options include spin-off of businesses, sharing of production facilities and shifting of production to overseas locations such as China and Malaysia. The scenario also encompasses alliances with appropriate partner companies, expansion of OEM, cooperation in R&D, M&A and other moves aimed at breaking away from doing everything in-house. The rule for achieving overall optimization has therefore been defined as "Breaking the Rules."

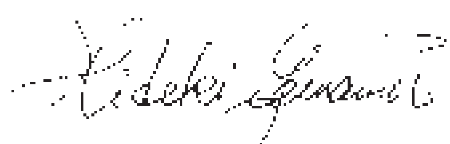
"Global Niche Top" Business Strategy Remains Unchanged

The Nitto Denko Group has adopted "Creating New Value" as the unwavering vision of the whole Group. In addition to promoting sound growth by continuing to provide new value to customers, we are striving to become a company that is truly valuable to all stakeholders, including end users, shareholders, employees, and society as a whole.

Nitto Denko will continue to grow in the future by providing value-added products through our "Global Niche Top" business strategy for capturing the global top share in various niche fields. We have defined fiscal 2003 as a period of preparation for our next leap forward. By implementing the Muscle Plan in line with the fundamental ideal that "Change represents opportunity," we will create a revitalized Nitto Denko with new muscle attributes that can be brought to bear globally.

The marine creatures that moved onto land millions of years ago passed through a difficult period of adaptation before diversifying into the many species of land animals we know today. Seeing ourselves in a similar situation, we at Nitto Denko Group are prepared to choose the necessary path, no matter how arduous, on the way to evolving both as a company and in the way we do business.

As we ready ourselves for the next leap forward, toward becoming a company able to achieve new and sustainable growth, we feel a strong sense of confidence in taking up the challenges we have set before us.

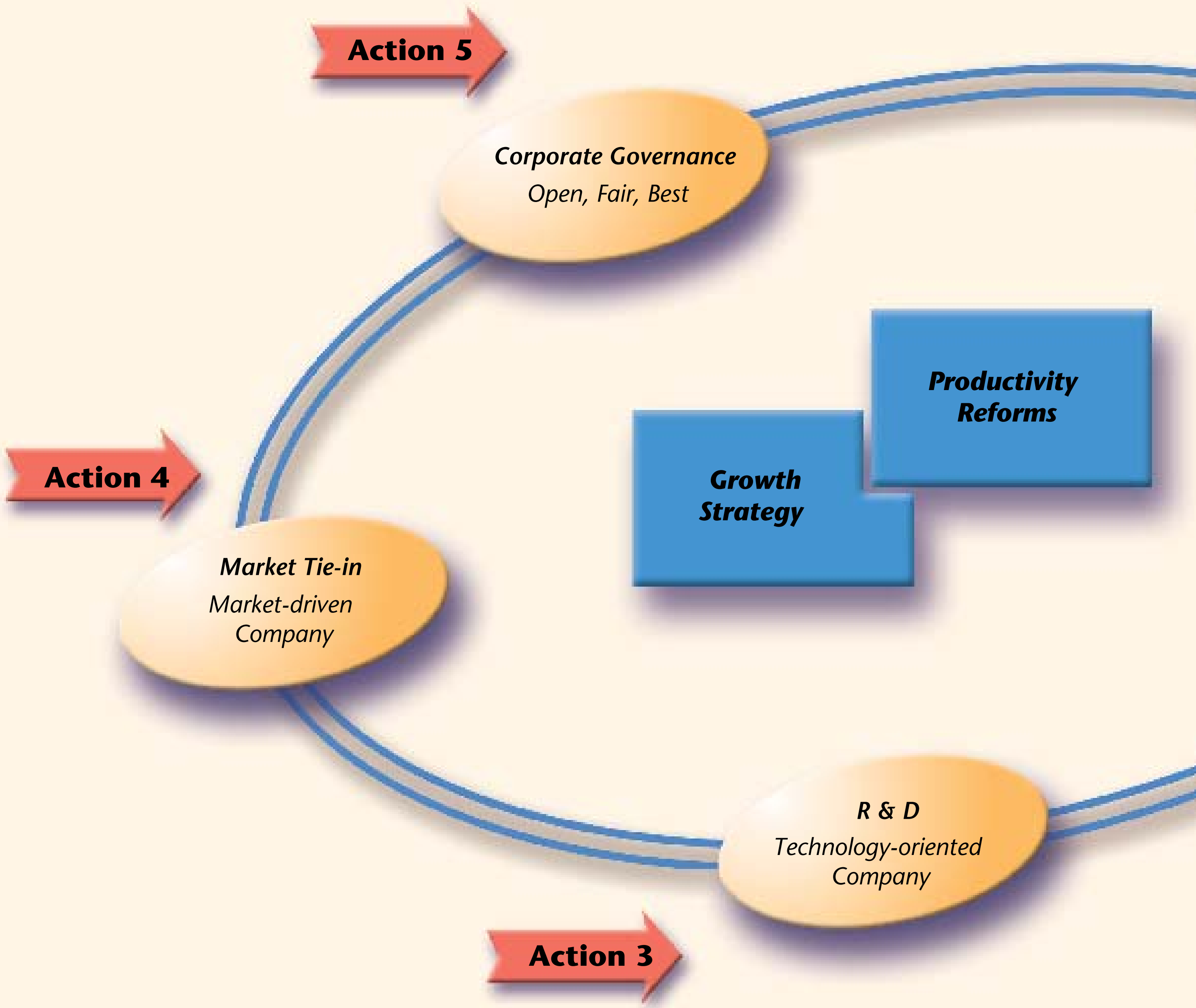


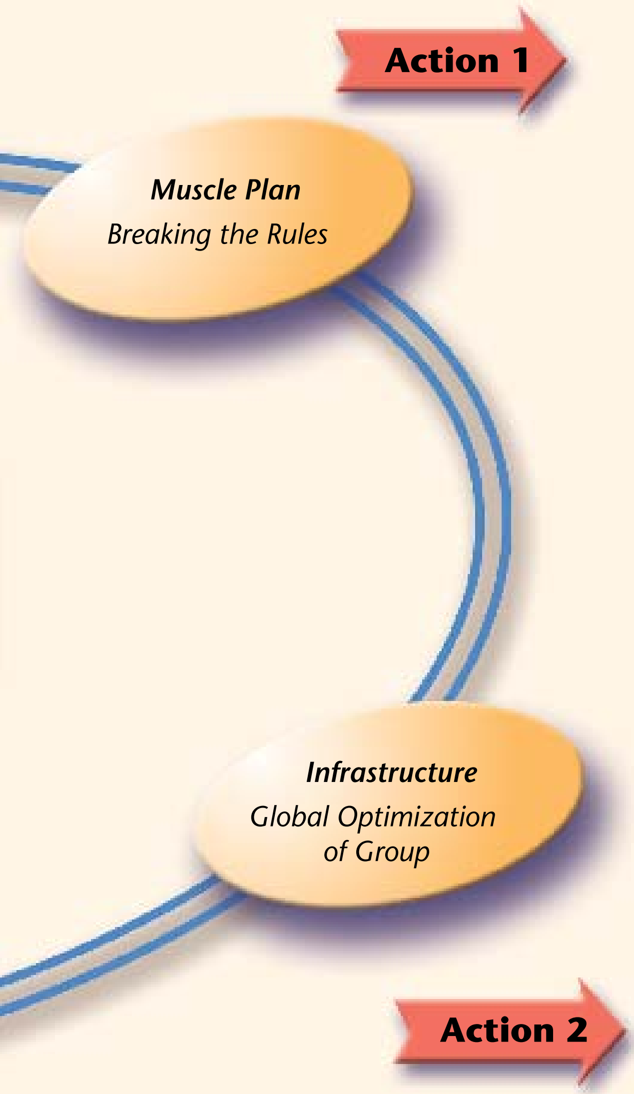
Hideki Yamamoto
Chairman

Masamichi Takemoto
President

Breaking the Rules to Create Robust Growth Engines

Actions for Continued Growth in the 21st Century





Nitto Denko Moves into Action

Nitto Denko's "Global Niche Top" management strategy of dominating high-growth niche markets with industry-leading products has regularly paid off in continuing steady growth. Our unremitting commitment to keeping ahead of the competition by reforming our business operations, distribution system and marketing infrastructure whenever necessary has also done much to maintain and improve business results. Still, these traditional reforms did not prepare us for the severe economic circumstances encountered during fiscal 2002, and Nitto Denko experienced the worst setback in the Group's history. Faced with this reality, management saw an urgent need for a root-deep transformation. The "G-2002" mid-term management plan was therefore suspended and a new plan formulated. This new plan centers on two basic concepts. The first is productivity reforms for rebuilding Nitto Denko into a lean, muscular company with high productivity. The second is a growth strategy defining concrete measures for simultaneously putting the Group back on the road to growth.

There will be no change in the long-standing corporate strategy of pursing Global Niche Top status toward enhancing our pursuit of excellence and growth. But, Nitto Denko intends to move into still more decisive action to power vigorous growth. Five phrases have been created to add zest and focus to this initiative: "Breaking the Rules," "Open, Fair, Best," "Global Optimization of Group," "Technology-oriented Company," and "Market-driven Company." Nitto Denko is now poised to move swiftly forward with actions reflecting the spirit of these concepts.

Action 1 Muscle Plan

"Breaking the Rules" — It's a New Game, the Old Rules No Longer Apply

The "G-2002" mid-term management plan has been suspended, and the Muscle Plan implemented in its place. The Muscle Plan focuses on productivity reforms and a growth strategy. It aims at trimming all excess weight off the Nitto Denko Group, fundamentally changing the cost structure, building corporate muscle needed for future growth and development and achieving the target ratio of operating income to sales of 10% in fiscal 2004.

The reform concept is epitomized by the motto "Breaking the Rules." What this means is that Nitto Denko is breaking away from current value standards, casting off conventional practices and shedding outdated decision-making criteria and operating systems in an all-out effort to change our business structure, work processes and way in which every employee thinks and acts.

◆ ***Outline of Muscle Plan***

Creation of a well-muscled body (group attributes) for achieving an operating profit margin of 10% in fiscal 2004.

Productivity Reforms

Cut fixed costs by ¥10 billion/year

- Manufacturing Productivity Reform
- Distribution Productivity Reform
- Headquarters/Administrative Function Productivity Reform
- Organization/Personnel System Infrastructure Reform

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Growth Strategy

- Revitalization of Tape Materials Products
- Pursuit of Low-Cost Production of Electronic Products
- Sustainable Growth of Optical Products
- Global Expansion of Functional Products

Action 2 Infrastructure

Global Optimization of Group — Cultivating a Cosmopolitan Perspective

The first stage of the Muscle Plan will be like pushing the reset button on every work process, system and practice throughout every facet of Nitto Denko Group operations from R&D through production and marketing. In the reassessment and improvement phase that follows, the overriding standard for every decision will be "Does it help to achieve Global Optimization of the Group?" No proposition will be accepted unless it is the best for the whole Group at the global level. The where, what and when of every proposal will also be meticulously judged in the same light.

The following is a review of global optimization of group actions currently in progress.

Reorganization of R&D and Production Bases in the Electronics Sector

◆ ***New FPC plant in China***

A new flexible printed circuit (FPC) production base under construction at Nitto Denko (Suzhou) Co., Ltd., established in Suzhou in China's Jiangsu Province in July 2001, is expected to come on line with completion of the First Phase Plant in early 2003. As an integrated facility equipped to handle all production processes from the film stage onward, the plant will manufacture FPCs mainly for use in IT electronic equipment.

Currently, FPCs are manufactured at the Kameyama Plant in Japan, and only downstream operations are handled by facilities in China and Vietnam. As Nitto Denko's first offshore integrated FPC facility, the Suzhou Plant will step into place as the Nitto Denko's main Asian production base and contribute strongly to increasing market share in the region. Ensuing Second Phase expansion will make the Suzhou facility into a major production base matching the scale of the Kameyama Plant.

Suzhou was selected as the plant site based on the fact that many electronic equipment manufacturers have production bases in China. The Suzhou Plant is positioned to offer the SCM system of these manufacturers virtually waitless delivery.

◆ ***Semiconductor packaging material R&D base set up in Malaysia***

In April 2002, semiconductor encapsulating material production operations were transferred from the Kameyama Plant to Nitto Electronics Kyushu Corporation and Nitto Denko Electronics (Malaysia) Sdn. Bhd. In parallel, all R&D for general-purpose encapsulating materials was moved to Malaysia. R&D in Japan is now focused solely on materials for next-generation packaging applications.

The new R&D Center set up at Nitto Denko Electronics (Malaysia) Sdn. Bhd. in March 2002 has gone into operation and is moving forward with R&D of advanced encapsulating materials for multilayer high-density packages and other applications. Its technical service and evaluation capabilities with regard to encapsulating resins are on par with those in Japan. The R&D Center will play a central role particularly in R&D of semiconductor encapsulating materials for the Nitto Denko Group.

Nitto Denko (Suzhou) Co., Ltd.

Wisconsin Plant of Permacel

Toyohashi No.13 Plant

Nitto Denko Electronics (Malaysia) Sdn. Bhd.

Reorganization of Tape Sector Production and Marketing

◆ ***Permacel ramps up new plant in the United States***

Permacel, the Nitto Denko Group's New Jersey-based subsidiary, commenced operations at its new Wisconsin Plant in April 2002. Permacel's product lineup includes industrial adhesive tapes for bonding and surface protection of electronic components and automotive materials. A total of ¥6,500 million was invested to build the plant, which has a total floor area of 15,000 square meters. The workforce numbers around 100 and annual production capacity is on the order of ¥5,500 million. This added capability boosts the total production capacity of the Nitto Denko Group in the United States by 30%, from about ¥16,000 million to about ¥21,000 million.

◆ ***Tape operations consolidated at Toyohashi Plant***

The Toyohashi Plant, the Group's main domestic producer of industrial tapes, is to concentrate on development and production of new high-value-added products targeting the whole spectrum of electronics industries. The Toyohashi No. 13 Plant, completed in October 2001, is equipped with a Class 1,000 clean room used to manufacture protective films for LCDs, transparent double-coated tape, sound absorption materials for hard disks (HDDs) and vibration-damping adhesive labels.

The Toyohashi Plant will also be moving into production of new products with high potential to contribute to business performance, including cleaning materials for manufacturing plasma displays.

Action 3 R & D

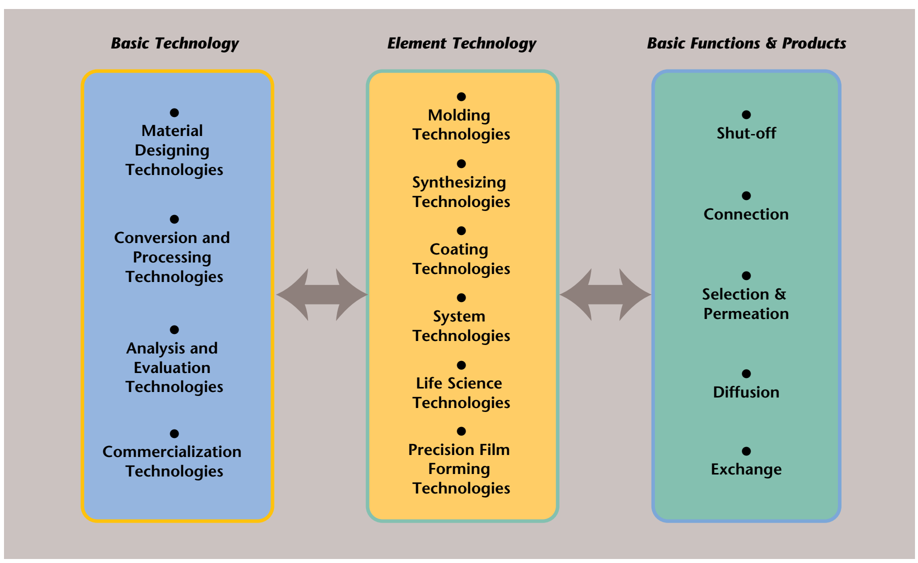
Toward a More Technology-oriented Company
— Exploiting the "Change Represents Opportunity" Tradition to Create New Technologies

Nitto Denko believes that we exist to serve society with the products we make and, to do this well, we endeavor constantly to create and apply new technologies. This is an immutable commitment unchanged by the turbulence of the times. It is simply part of our corporate DNA. Today, Nitto Denko is working to become a more agile, flexible organization that gives wide berth to people on the frontline. As part of this, we are concentrating corporate resources on "Group-wide R&D Projects" seen as initiatives compatible with both management strategy and business strategy. "Group-wide R&D Projects" is defined as an initiative of high strategic significance and urgency to be pursued under the direct control of the chief technical officer (CTO), whose duties are currently assumed by the president. Once monthly, the CTO calls an Integrated Technology Strategy Meeting, which is aimed primarily at promoting technology sharing throughout the Group, monitoring progress in the development of important technologies and products, and working out ways to allocate R&D resources for maximum efficiency and effect.

Nitto Denko takes the position that technologies are needed not only for product development but also for solving every problem related to production. The Company is therefore also aggressively engaged in the development of technologies in such areas as energy-saving processes, cost reduction, quality enhancement, waste reduction and environmental protection.

◆ ***Nitto Denko's Technology Platform***

Nitto Denko uses our core expertise as a starting point for a process of refinement, supplementation and combination that expands the breadth and depth of our technology platform through the development of technologies of expanded functionality and sophistication.



Action 4 Market Tie-in

Toward a More Market-driven Company
— When All Decisions Are Market Driven, Swift Response Is Indispensable

As of April 2002, Nitto Denko abandoned its business sector-based sales system of 14 years to put in place a new marketing system that bases business decisions solely on market realities. This transition was an urgent response to the realization that we could not survive in an era of turbulent market change without strengthening the market interface and overhauling sectors whose products no longer matched the needs and priorities of the market. Under the old system, marketing operations were handled separately by the individual sectors by the sales division in charge of each region. This made it impossible to 1) exploit the overall power of the whole Group, 2) move ahead with marketing on a global scale,

3) ascertain emerging customer needs through sharing of information between different sales divisions, and 4) deploy personnel flexibly. As the development of new products cutting across two or more business sectors was therefore difficult, the segments frequently got locked into a pattern of a single product for a single market. The newly introduced sales market sector-based system consists of eight marketing divisions each in charge of a different market segment, including automobiles, electric devices and health care. With this system, customers in every market can be offered total solutions developed by the entire Nitto Denko Group, enabling us to maintain our businesses in closer contact with customer wants and needs. The goal is to build a marketing system that can come up with the solution the customer needs via the shortest route and enables development and production of new products unfettered by barriers between business sectors.

Action 5 Corporate Governance

Open, Fair, Best — Staying Attentive to the Interests of Every Stakeholder

In 1993, Nitto Denko adopted "Creating New Value" as a corporate vision and also defined the Employee Guidelines for day-to-day corporate activities toward realizing this vision. Nitto Denko is especially concerned about protecting the environment. In addition to drawing up its own voluntary plan for environmental protection and formulating a "Basic Environment Policy," we also publish an "Environment Report." Since fiscal 2002, we have conducted environmental accounting encompassing both Nitto Denko Corporation and some consolidated subsidiaries.

One of the guidelines stipulates that Nitto Denko as a company and its employees must conduct themselves in accordance with the law and good ethics. This principle is reflected, for example, in the "Open, Fair, Best" policy aimed at structuring a better and more comprehensive disclosure system that is transparent to the eyes of shareholders and investors.

Nitto Denko is organized by business operation, with the general manager of each business sector having the authority to make decisions regarding ordinary daily operations. Strategy decisions and matters regarding the setting of operating segment and company-wide goals are discussed and decided by different deliberating bodies as explained in the following. Issues of utmost importance are taken up by the Board of Directors.

◆ ***Board of Directors***

The Board of Directors, which is composed of 14 directors and four participating auditors elected at the Ordinary General Meeting of Shareholders held on June 22, 2001, is the highest decision-making body in the administration of all aspects of the company's business. The Board of Directors has the authority to make all management decisions other than those falling under the power of the General Meeting of Shareholders. The Group Management Committee, whose members include four area leaders in the world, deliberates and decides important matters regarding the Nitto Denko Group within the scope of the authority delegated by the Board of Directors.

◆ ***Board of Auditors***

The Board of Auditors, which is composed of four auditors elected at the Ordinary General Meeting of Shareholders held on June 22, 2001, audits the business operations and accounts of the company. The Board of Auditors conducts business operation audits to determine whether or not the actions of the Board of Directors in conducting the business of the company are in compliance with the laws and regulations and the Articles of Incorporation. In conducting account audits, the Board of Auditors receives a report from an external auditor (auditing corporation) on auditing methods and results and judges their appropriateness. Based on these, the Board of Auditors prepares an audit report and submits it to the Board of Directors.

ENVIRONMENTAL ACTIVITIES

"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 accordingly, have established mid- to long-term objectives 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.

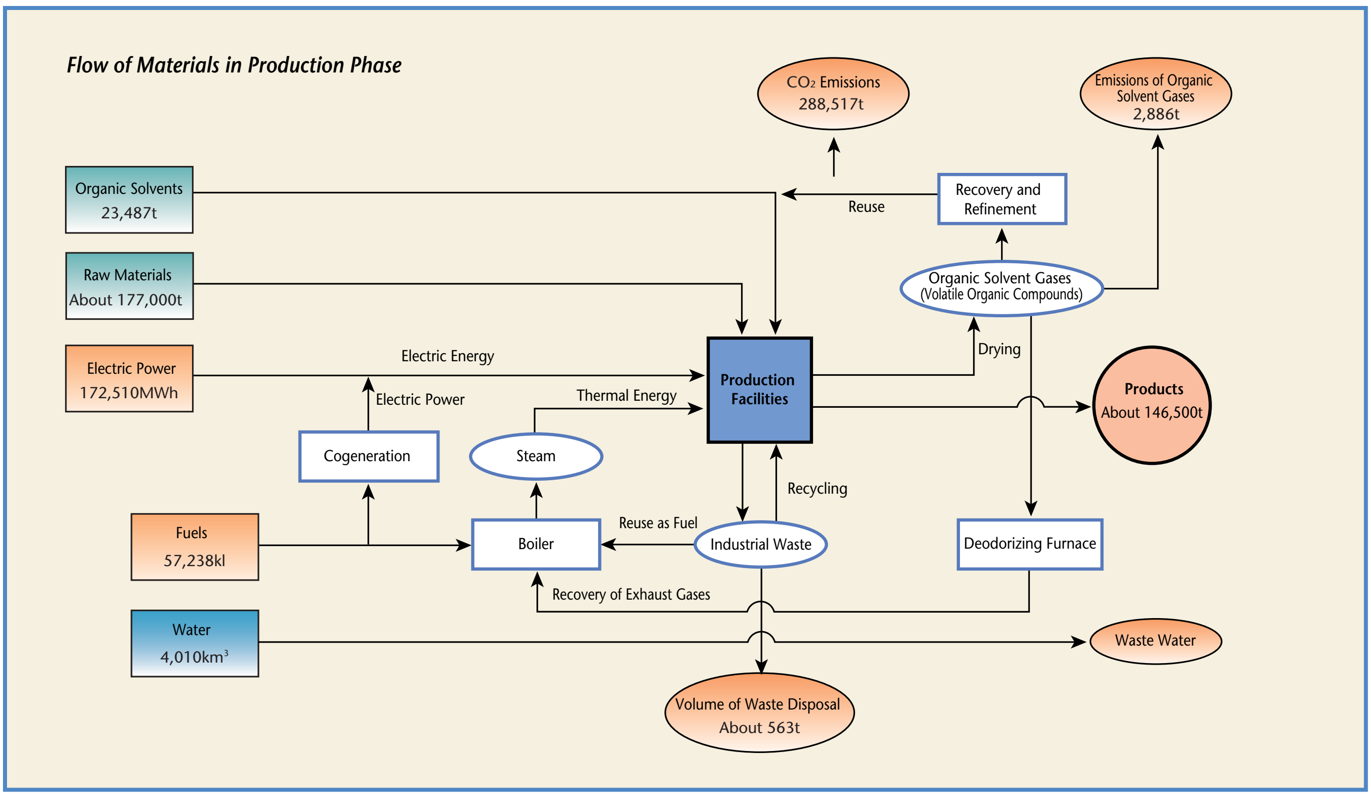
At the same time, we introduced an internally developed environmental accounting system in fiscal 2001, and actively promoted the implementation of this system to some Group companies in fiscal 2002.

As one of the main features of Nitto Denko's environmental accounting system, 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 Environmental Accounting System."

Through this environmental accounting system, we intend to shift environmental policy from a conventional approach centered on waste management to the development and establishment of new manufacturing technologies that produce zero waste, together with pursuing a balance between environmental management and business performance.

Non-consolidated Environmental Costs (Millions of Yen)

	Fiscal 2002	Fiscal 2001
Net sales	**195,456**	222,406
Environmental conservation costs		
General expenses	**976**	960
Waste disposal	**925**	949
Outsourcing	**227**	230
Salary and compensation	**515**	522
Depreciation and amortization	**1,159**	1,119
Technology development	**1,141**	1,115
Total	**4,943**	4,895
Environmental impact costs		
Waste costs	**30,918**	34,967
Energy	**3,970**	3,915
Solvent supply	**1,561**	1,693
Industrial water supply	**260**	227
Total	**36,709**	40,802
Environmental impact costs ratio to net sales	**18.8%**	18.3%



TOPICS OF THE YEAR

Polyimide Belt Wins Nikkei Industrial Daily Awards for Superiority

Nitto Denko's polyimide belt received the prestigious Nikkei Industrial Daily Awards for Superiority for its outstanding heat resistance, mechanical strength, insulation performance and seamless design. This award is presented annually to new products and services of exceptional excellence by Nikkei Shinbun, Japan's leading and business and financial newspaper.

The polyimide belt represents the first application of high-durability polyimide to the color transfer belt at the heart of a color copying machine. Thanks to its uniform semi-conductive property, seamless structure and large size, the belt achieves improved color printing resolution and a 10-fold increase in copier printing speed over earlier types.

Polyimide belt

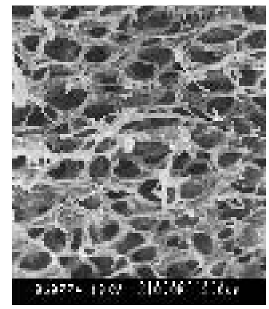
Series of Major New Products Marketed

◆ *Ultra-thin multilayer fexible printed circuit (FPC)*

Responding to electronic equipment industry demands for smaller, lighter and thinner flexible printed circuits (FPCs), the Company developed an ultra-thin electronic component mounting board that allows lamination of up to 10 circuit wiring layers with a 50% reduction in both thickness and weight. Owing to its totally filmed surface, the FPC can accommodate complex circuitry at high density for optimum compactness. Applications are expected in electronic equipment requiring light weight and small size, and in semiconductor imposers.

◆ *Porous polyimide circuit board material for high-frequency applications*

With the advent of the broadband era has come the need for rapid, high-volume data transfers, and the frequencies used in a wide range of electronic equipment are rising in proportion. The newly marketed porous polyimide substrate material is a polyimide resin evenly formed with a huge number of pores to make it ideal for circuit boards that handle high-frequency signals. The material more than matches the signal transfer performance of the current mainstream PTFE (polytetrafluoroethylene), while also offering excellent heat resistance, strength and formability.



Porous polyimide circuit board material (magnification)

◆ *Wafer-shaped cleaner*

Nitto Denko developed and marketed the world's first wafer-shaped cleaner for removing dirt from the suction table of a wafer prober. The cleaner consists of a silicon wafer (dummy) with a synthetic resin sheet attached to its mirror surface. Dirt arising during upstream processes can be picked up and removed simply by pneumatically conveying the cleaner through the wafer prober. In addition to reducing wafer damage, the cleaner decreases wafer prober downtime because cleaning is possible without shutting down the equipment.

INDUSTRIAL PRODUCTS

On a consolidated basis, net sales of industrial products in fiscal 2002 were ¥183,699 million, down 6.5% from fiscal 2001, while operating income was ¥4,640 million, down 64.9% from the previous fiscal period, owing to cutbacks in IT-related investment, production adjustments of mobile phones and personal computers and a decline in new housing starts.

Bonding and Joining Products

Sales of bonding and joining products dropped sharply due to a decrease in production of home electronics, communications and OA equipment and other products in the electronics sector, which accounts for 60% of this segment, accompanied by inventory disposal by electronic component manufacturers. Another factor in a decline in business performance was the disposal of inventory held by the Nitto Denko Group as a result of the establishment of an SCM system in fiscal 2002.

With the start of operations at the No. 13 facility at the Toyohashi Plant, which is equipped with a fully integrated clean system, we launched production of differentiated, high-value-added products in growth fields in the electronics business.

Sealing Products

Owing to the drop in new housing starts, increases in overseas production of home electronics and inventory adjustments of electronic equipment, sales of sealing products were slack, with the exception of expanding our market share of reinforcement and vibration-damping materials for automobiles. We will continue to examine market needs and our production system in response to increased demand.

Full-scale production of our sound and dust-proof foam sealant for electronics equipment, such as LCDs or hard disks (HDDs), which was launched in fiscal 2002, will commence in fiscal 2003.

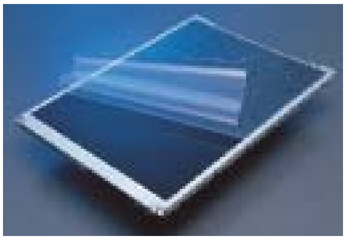
EPT Sealer

Anticorrosion and Waterproofing Products

The housing materials industry was generally sluggish, partly due to the decrease in housing construction starts. Despite an increase in demand for waterproofing and airtight-type products from the housing construction industry as a result of the requirements of the Housing Quality Assurance Act, including positive sales of housing-related products, such as ZENTEN SHEET waterproof-weathering materials, overall sales remained flat.

Surface Protection Products

Due to flat sales for the automobile industry, accompanied by a slow-down in sales for the electronics and housing construction materials industries, total sales of surface protection products decreased as a result. Conversely, within this segment, sales of protective packaging material for polarizing films for LCDs remained strong.



E-MASK

Production of automobile surface protection products and protective films for painted surfaces of automobiles, will commence in the United States and Europe in fiscal 2003, setting the stage for sales expansion in these areas.

Packaging System

Amid extremely lethargic economic conditions, the packaging industry was adversely impacted due to a large amount of non-performing loans. As a result, sales and income in this area fell in fiscal 2002. Further, due to intensified price competition for industrial packaging tapes, which is expected to continue, we shifted our focus toward securing profits from sales of high-value-added products, including new environment-friendly products.

Construction Materials

Sales of construction materials decreased slightly due to a downturn in the construction materials and coating materials industries, which were adversely affected by a drop in new housing starts. On the other hand, sales of new products created through close customer marketing activities were favorable.

The home renovation market is projected to grow in fiscal 2003, and on this basis, we will focus on related products. Moreover, we are planning to start supplying dehalogenation adhesive tapes, our new environment-friendly product, to the automobile and housing construction materials industries.

Life Care Products

The maturation of the markets for diapers, sanitary products and body-warmers has intensified price competition. Although sales of materials for disposable body-warmers were down, owing to an unusually mild winter, the porous film BREATHRON is expected to maintain a large share of the market thanks to its high quality. Further, we have improved diaper tapes to meet the demand for diapers that are kind to skin. In line with our expectations for the life care market to grow in Asia, in April 2001, Nitto Life-tech Co., Ltd. assumed overall control of development, manufacturing and sales functions for this business in response to rapid and chaotic changes in the market.

BREATHRON

Consumer Products

Earnings in this segment dropped due to sluggish personal consumption and intense price competition. Among 92 new items released in fiscal 2002, small floor cleaners were well received, becoming a hit product. In order to boost production of carpet cleaners, our mainstay product, we increased production facilities at Nitoms Inc.'s Toyohashi Plant.

Adhesive cleaner series

Industrial-use Bar-code Labels

Despite signs of recovery at the end of the term, we posted losses in sales and income in this business area due to the stagnating market for communications devices, the primary market in this field.

Over the medium and long term, however, we expect these markets to grow. In fiscal 2003, we aim to increase sales to manufacturers of HDDs and related components, as well as the aluminum industry, and to pursue new markets. In parallel, we will focus on the expansion of profits through enhanced productivity.

Electronic Component-related Products

A slowdown in communications devices and the PC-related industries dampened sales of thermal release sheets used in the manufacturing process and tapes used for transporting components, which resulted in lagging sales of electronic components as a whole. Orders from component manufacturers have been on the rise since March 2002, although future performance remains uncertain.

Electronic component carrier tapes

We are currently restructuring our business system within the Group and are in the process of transferring production to Nitto Shinko Co., Ltd. and Nitto Denko Materials (Malaysia) Sdn. Bhd. In fiscal 2003, we are planning to launch promising new products for wafer prober cleaning systems and semiconductor packaging processes.

Electrical Insulation Products

In spite of an increase in sales of power generation equipment boosted by especially strong demand from the electric utility industry in the United States, business in this field was slack, owing to cutbacks in investment in new equipment by Japanese electric companies, a decline in the IT industry and reduction of earnings produced by the elimination of underperforming products.

High-voltage electrical insulation tapes

Domestic business conditions are projected to remain sluggish in fiscal 2003. We will concentrate our energies in receiving orders from the Taiwanese market where a five-year plan for power generation is in progress.

ELECTRONIC PRODUCTS

Net sales of electronic products in fiscal 2002 amounted to ¥119,627 million, down 9.5% from fiscal 2001. Operating income was ¥10,663 million, down 35.1%. Sales of LCD-related products increased substantially, supported by expanded sales of high-tech optical films for LCD monitors. Conversely, sales of semiconductor-related products and flexible printed circuits (FPCs) were adversely affected by the IT-industry downturn. As a result, overall business slowed in this segment.

LCD-related Products

With the progress in the shift from CRT to LCDs in response to decreases in the price of LCD monitors, and increases in sales of LCD TVs, sales of wide angle polarizing films (NWF) and polarizing films with retardation films for TVs increased sharply. Sales of NIPOCS were also up as a result of an increase in demand for high-luminance LCDs. However, sales of mobile phone panels were on a downward trend due to inventory adjustments, and sales of retardation films and transmissive polarizing films for mobile phones decreased slightly. On the other hand, prior investment in plant and equipment (No. 3 Facility at Onomichi Plant and processing bases in Southeast Asia) which coincided with an increase in demand, contributed to strong sales of LCD-related products.

NIPOCS

Semiconductor-related Products

Sales of semiconductor encapsulating resins and wafer-protection tapes for the semiconductor manufacturing process, which were seriously affected by the falloff in demand for PCs and peripherals and communications devices, dropped sharply. However, sales of semiconductor encapsulating resins began to recover in the latter stages of the second half of fiscal 2002, mainly in the Taiwanese market. Encapsulating resins for optical devices for DVDs, in particular, also showed signs of recovery. There is a strong indication that the downturn in this field has bottomed out.

NITRON-T Series

Further, we discontinued production of semiconductor encapsulating resins at the Kameyama Plant, the former production base for semiconductor-related products in March 2002, and started production at two production bases, Nitto Electronics Kyushu Co., Ltd., a spin-off company, and Nitto Denko Electronics (Malaysia) Sdn. Bhd. from April 2002.

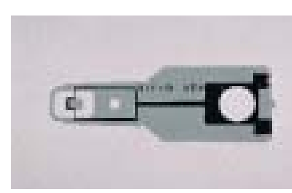
Flexible Printed Circuit Products

Sales of FPCs were slow due to inventory adjustments of IT-related products. Currently, a new plant is under construction in Suzhou, China. This integrated production facility, which will comprise start-to-finish manufacture of FPCs, will be our first such plant of its kind overseas. The facility to be constructed in the first phase of the project is scheduled to start operation at the beginning of 2003 in manufacturing FPCs for electronics, including IT-related products. We will begin application of high-density FPCs in fiscal 2003, with integrated production scheduled to start in the first half of fiscal 2003. Further, we will continue to examine applications to support our customers' needs via new product development.

FPC

Thin Metal Core Boards and Related Products

Although sales of HDDs were sluggish due to a reduction in market demand for PCs, sales of thin metal core boards with precision circuits increased over the previous fiscal period, bringing an increase in market share in shifting to new specifications. The market for HDDs is expected to pick up in fiscal 2003 after bottoming out. In addition, thin metal core boards with precision circuits will be switched to the new specifications, resulting in an expected increase in sales in this field.



Thin metal core board for HDDs

FUNCTIONAL PRODUCTS

Net sales of functional products in fiscal 2002 amounted to ¥35,604 million, down 3.8% from fiscal 2001. Operating income was ¥4,039 million, down 22.4%. Sales of medical-related products, including transdermal therapeutic patches and membrane products for desalination plants remained steady.

Medical-related Products

We maintained the largest share for transdermal therapeutic patches in the Japanese market, with increases in sales of patches for asthma and steady sales of patches for angina pectoris treatment. Among our surgical products, sales of adhesive bandage sheets and surgical tapes remained strong. Total sales in this field increased slightly as a result. Amid price competition in the surgical product market, we have implemented reorganization of this business and established Sanshin Kako Co., Ltd., targeting an improved profit structure for the Group. Production will be subsequently transferred to the new company. In addition, plans for introducing our transdermal therapeutic patches overseas are underway.

Transdermal therapeutic patches

Engineering Plastic Products

Sales of processing materials for electronic components and semiconductors decreased in fiscal 2002 due to a downturn in the electronics industry. Conversely, corresponding to a focus on environmental concerns, demand in bag filters used for anti-dioxin measures and filtration products in the office automation (OA), automotive, home electronics and organic electroluminescence (EL) equipment fields expanded. Sales of polyimide belts for OA equipment also remained steady.

In addition to domestic and overseas sales expansion of NITOFLON fluoroplastic adhesive tapes, we expect to increase sales of filtration products and polyimide belts in fiscal 2003.

Semi-conductive polyimide belts

Membrane Products

Although sales of products for semiconductor industry applications decreased due to continued cutbacks in capital investment, overseas demand for membranes used in seawater desalination remained strong, leading to a slight increase in sales in this field.

In the semiconductor industry, in line with an increase in the number of new plants in Asia, we are planning to focus on expansion of the business in this region.

At the same time, 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. Further, we will start an assembly-line process at Nitto Denko (Shanghai Songjang) Co., Ltd., thus establishing a three-site production system, comprising these two companies and the Shiga Plant.

High-polymer separation membrane modules

SIX-YEAR SUMMARY

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

	Thousands of U.S. dollars	Millions of yen					
	2002	**2002**	2001	2000	1999	1998	1997
Net sales	**$2,544,520**	**¥338,930**	¥365,698	¥325,399	¥297,104	¥319,318	¥299,829
Industrial products	**1,382,365**	**184,131**	197,270	187,676	186,407	211,101	205,460
Electronic products	**901,974**	**120,143**	133,115	107,798	82,442	109,642	96,991
Functional products (Note A)	**268,769**	**35,800**	37,186	32,894	30,143	-	-
Eliminations	**(8,588)**	**(1,144)**	(1,873)	(2,969)	(1,888)	(1,425)	(2,622)
Operating income	**145,000**	**19,314**	34,824	26,612	18,262	24,782	20,602
Income before provision for income taxes	**27,943**	**3,722**	25,724	21,583	12,709	23,232	19,829
Net income	**8,371**	**1,115**	15,851	13,399	6,739	12,664	10,252
Domestic sales	**2,158,731**	**287,543**	302,754	276,137	246,050	257,914	243,987
Overseas sales (Note B)	**810,353**	**107,939**	124,553	98,029	91,935	108,348	88,914
North America	**246,051**	**32,774**	39,616	38,366	38,765	45,209	-
Europe	**108,814**	**14,494**	19,383	15,156	16,078	19,086	-
Asia & Oceania	**455,488**	**60,671**	65,554	44,507	37,092	44,053	-
Eliminations	**(424,564)**	**(56,552)**	(61,609)	(48,767)	(40,881)	(46,944)	(33,072)
Depreciation & amortization	**153,476**	**20,443**	18,345	16,464	14,845	14,582	14,621
Capital expenditures	**302,635**	**40,311**	32,727	24,014	22,717	18,813	16,782
R&D expenses	**97,995**	**13,053**	12,423	10,647	10,227	11,439	11,212
Total assets	**2,630,180**	**350,340**	357,654	334,501	317,135	319,592	310,542
Shareholders' equity	**1,714,790**	**228,410**	226,894	212,126	190,622	178,441	165,917
Number of employees	**9,510**	**9,510**	9,857	9,092	9,257	8,698	8,589
	U.S. dollars	Yen					
Net income per share of common stock	**$ 0.05**	**¥ 6.42**	¥ 93.51	¥ 82.04	¥ 43.51	¥ 82.96	¥ 67.56
Cash dividends per share of common stock	**0.17**	**22.00**	21.00	18.00	14.00	14.00	12.50
Number of shares outstanding (thousands)	**173,758**	**173,758**	173,758	166,512	158,319	153,752	152,092
Number of shareholders	**15,386**	**15,386**	14,745	5,943	5,382	5,505	7,274
	(%)						
ROE	**0.49**	**0.49**	7.22	6.65	3.65	7.35	6.35
ROA	**0.32**	**0.32**	4.58	4.11	2.12	4.02	3.39
Operating income ratio	**5.70**	**5.70**	9.52	8.18	6.15	7.76	6.87
Equity ratio	**65.20**	**65.20**	63.44	63.42	60.11	55.83	53.43
Asset turnover (times)	**0.97**	**0.97**	1.06	1.00	0.93	1.01	0.99
	U.S. dollars	Thousands of yen					
Net sales per employee	**$ 267,560**	**¥ 35,639**	¥ 37,100	¥ 35,790	¥ 32,095	¥ 36,712	¥ 34,909

(Note A) The Corporation split industrial products into Industrial Products and Functional Products in 1999.
(Note B) Overseas sales by geographic area had not been presented until 1998.

RESULTS OF OPERATIONS

Sales Overview

On a consolidated basis, Nitto Denko's net sales for fiscal 2002, ended March 31, 2002, amounted to ¥338,930 million, down 7.3% from the previous fiscal year, whereas the inclusion of Kyoshin Corporation as a consolidated subsidiary contributed to this sales increase.

During fiscal 2002, the world economy demonstrated growing signs of global recession, mainly due to the bursting of the IT bubble along with a decline in the U.S. economy in the wake of the terrorist attacks in the United States in September, 2001. The Japan economy also continued to be dragged down by deflation and seriously impacted by a decrease in production, a significant scaling back of capital expenditures and a continuing decline in corporate financial performance. Although a slight indication of a bottoming-out occurred in the third quarter of the fiscal period, marked by improvements in inventory adjustments and a leveling-out of declining sales of exports, the economy failed to realize a full-fledged recovery.

Under such economic conditions, with the exception of certain business areas such as LCD-related products, medical-related products and polymer separation membrane modules, the financial performance of the Group has been impaired by cutbacks in IT-related investment, adverse effects of production adjustments in mobile phones and personal computers, and a decrease in housing construction starts.

Summary of Results by Business Segment

Industrial Products

Net sales of industrial products amounted to ¥183,699 million, down 6.5% from the previous fiscal year. Sales of bonding and joining products and surface protection products remained weak due to a slump in the electronics industry. Sales of electronic component-related products declined due to a continuing slowdown in production by electronic component manufacturers. A drop in housing starts resulted in lower sales of paint products in particular, while sales of waterproofing and sealing products remained robust among housing and construction materials.

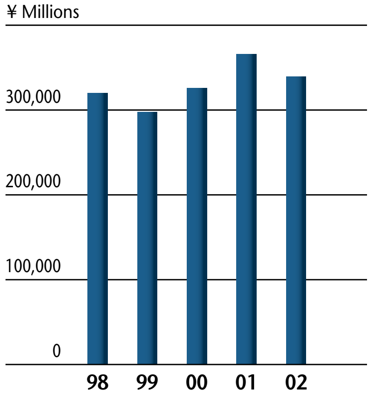
Electronic Products

Net sales of electronic products amounted to ¥119,627 million, down 9.5%. This was due mainly to stagnant sales of semiconductor-related products as a result of declining demand in the information and communication industries. Among flexible printed circuits (FPCs), sales were largely offset by a unit decline of optical disc drivers and consumer electronics appliances. Conversely, a surge in demand contributed to continuing positive sales of LCD-related products, including high-performance optical films for LCD monitors and retardation films for LCD TVs.

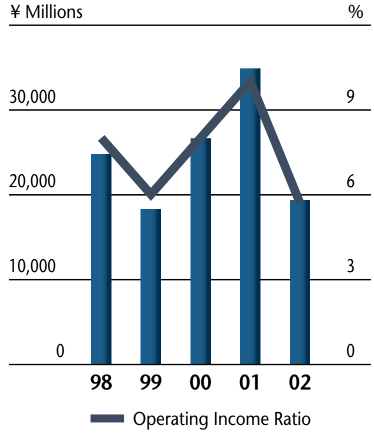
Functional Products

Net sales of functional products amounted to ¥35,604 million, down 3.8% from the previous fiscal period. Among medical-related products, sales of surgical products and transdermal therapeutic patches increased. Concerning polymer separation membrane modules, sales of membrane modules of industrial/portable water increased significantly in the United States, Europe and China. Regarding engineering plastic products, sales of processing and equipment products for the electronics industry remained weak.

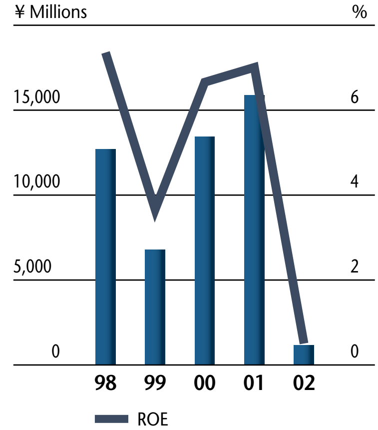
NET SALES



OPERATING INCOME & OPERATING INCOME RATIO



NET INCOME & ROE



Results by Geographic Areas

In Japan, net sales totaled ¥237,460 million, down 4.3% from the previous fiscal period, and operating income decreased 41.9% to ¥16,727 million, whereas the inclusion of Kyoshin Corporation as a consolidated subsidiary contributed to this sales increase. With the exception of certain business areas such as LCD-related products, medical-related products and polymer separation membrane modules, the financial performance of the Group has been severely affected by cutbacks in IT-related investment, adverse effects of production adjustments in mobile phones and personal computers, and a decrease in housing construction starts.

In North America, net sales amounted to ¥31,338 million, down 17.5% from the previous fiscal period, whereas operating income was ¥172 million, representing a decrease of 87.7%. Sales of electronic products dropped, affected by a slowdown in the IT industry. Although sales of auto-related products increased significantly, sales of industrial products decreased due to a slump in electronics and other industries. Conversely, sales of polymer separation membrane modules used in agricultural water and seawater desalination increased, respectively.

In Europe, a plunge in demand in the semiconductor and mobile phone markets impacted the financial performance of LCD- and semiconductor-related products. In addition, sales of circuit-related materials for computer peripherals and electronic appliances significantly decreased, resulting in a sharp drop in sales of electronic products, while sales of industrial products, such as mobile phone-related materials, remained weak due to a slump in the electronics industry. As a result, net sales in the region decreased 24.6% to ¥13,287 million, and operating income decreased 75.7% to ¥249 million.

In the Asia & Oceania region, sales of semiconductor-related materials and materials for electronic components drastically declined, acutely affected by a decrease in IT demand worldwide. Although demand for LCD-related materials increased in response to an expansion in LCD monitors, net sales amounted to ¥56,846 million, down 8.4%, and operating income amounted to ¥1,341 million, a decline of 61.6% compared to the previous fiscal period.

Income Analysis

Cost of sales amounted to ¥247,823 million, down 4.4%. This compares with a decrease in net sales of 7.3%, and an increase in the ratio of cost of sales to net sales by 2.2 percentage points to 73.1%.

Gross profit amounted to ¥91,107 million, down 14.4%. The ratio of gross profit to net sales decreased 2.2 percentage points to 26.9%.

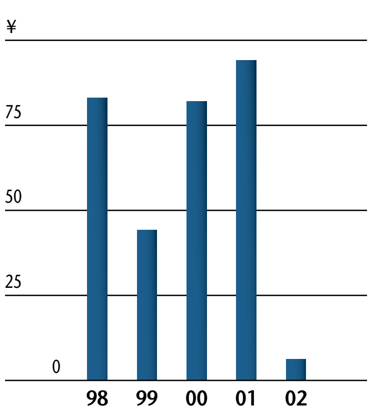
Selling, general and administrative (SGA) expenses were up 0.3% to ¥71,793 million. The ratio of SGA expenses to net sales increased 1.6 percentage points to 21.2%.

As a result, operating income decreased 44.5% to ¥19,314 million compared to ¥34,824 million in fiscal 2001.

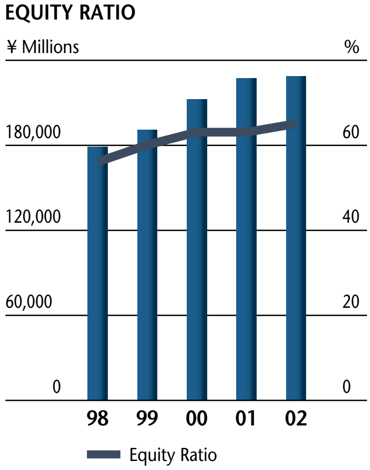
With regard to other income and expenses, losses on evaluation of investment in securities amounted to ¥4,870 million, and restructuring expense, including expenses related to early retirement benefits along with an early retirement scheme, totaled ¥11,518 million. As a result, other income and expenses resulted in a loss totaling ¥15,592 million.

Income before provision for income taxes decreased 85.4% to ¥3,722 million. Net income amounted to ¥1,115 million, a 93.0% decrease. The ratio of net income to net sales was 0.3%, down 4.0

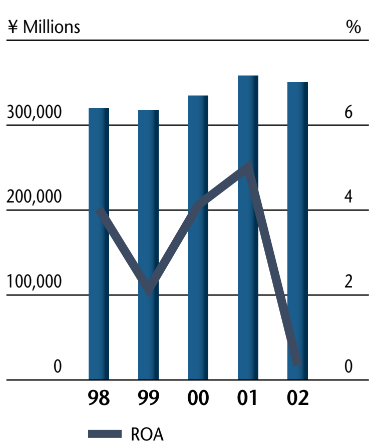
NET INCOME PER SHARE



SHAREHOLDERS' EQUITY & EQUITY RATIO



TOTAL ASSETS & ROA



percentage points. Net income per share was ¥6.42, a decrease of ¥87.09. ROE declined by 6.7 percentage points to 0.5%.

ANALYSIS OF FINANCIAL CONDITION

Assets and Liabilities & Shareholders' Equity

Total assets amounted to ¥350,340 million, representing a 2.0% decrease.

Regarding current assets, cash on hand and in banks decreased ¥15,386 million to ¥39,540 million. Trade notes and accounts receivable fell ¥849 million to ¥91,145 million as a result of a drop in net sales. Inventories decreased ¥2,146 million to ¥33,536 million. As a result, total current assets amounted to ¥182,032 million, down 11.3%, or ¥23,157 million, compared to the previous fiscal year.

Plant and equipment increased ¥16,494 million to ¥129,969 million, mainly due to an increase in production facilities, reflecting the Group's substantial investment, including the Onomichi Plant in Japan, the Suzhou Plant in China and a new plant for adhesive tapes for industrial use in the United States.

Total current liabilities decreased ¥13,788 million to ¥89,040 million, mainly as a result of a decrease in income taxes. Long-term liabilities decreased ¥1,258 million to ¥23,548 million due to a decline in the allowance for severance and pension benefits. As a result, total liabilities decreased ¥15,046 million to ¥112,588 million. Interest-bearing liabilities decreased ¥547 million to ¥9,219 million.

Shareholders' equity increased ¥1,516 million to ¥228,410 million. The shareholders' equity ratio rose 1.8 percentage points to 65.2%. Shareholders' equity per share increased ¥8.73 to ¥1,314.53.

Cash Flow Analysis

As of March 31, 2002, cash and cash equivalents, end of year were ¥40,105 million, down ¥17,884 million versus the previous fiscal period. This was largely due to an 85.5% decrease in income before provision for income taxes to ¥3,722 million, vigorous capital investment and income taxes paid, along with an increase in cash and cash equivalents of a newly consolidated company amounting to ¥1,638 million.

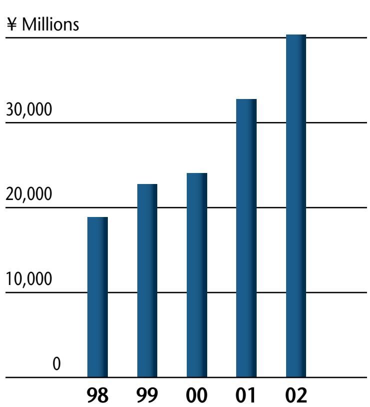
Net cash provided by operating activities decreased to ¥20,013 million. This is mainly attributable to income before provision for income taxes amounting to ¥3,722 million, depreciation and amortization totaling ¥20,443 million, a decrease in trade notes and accounts receivable amounting to ¥10,836 million, a decrease in trade notes and accounts payable totaling ¥4,697 million and income taxes paid amounting to ¥15,483 million.

Net cash used in investing activities increased to ¥35,593 million, due in part to acquisitions of plant and equipment focusing on electronic products, which amounted ¥41,630 million.

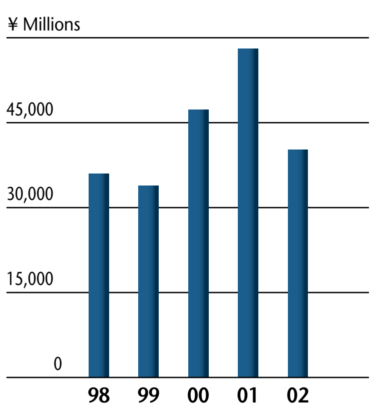
Net cash used in financing activities increased to ¥4,445 million, mainly attributable to dividends paid totaling ¥3,820 million.

Previously revenues and expenses of both domestic and foreign subsidiaries and equity investments have been translated into yen using the year-end spot exchange rates. From the current fiscal year, they are translated into yen at average exchange rates during the period. As a result of this change, net cash provided by operating activities decreased ¥271 million, net cash used in investing activities increased ¥400 million and net cash used in financing activities decreased ¥117 million.

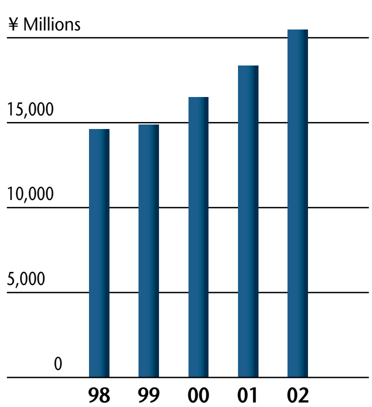
CAPITAL EXPENDITURES



CASH & CASH EQUIVALENTS



DEPRECIATION & AMORTIZATION



Nitto Denko Corporation and Consolidated Subsidiaries
As of March 31, 2002 and 2001

Assets	Millions of yen		Thousands of U.S. dollars	
	2002	2001	**2002**	2001
Current Assets:				
Cash on hand and in banks (Note 2)	**¥ 39,540**	¥ 54,926	**$ 296,847**	$ 412,357
Marketable securities (Notes 2 and 3)	**5,693**	8,692	**42,740**	65,255
Trade notes and accounts receivable	**91,145**	91,994	**684,272**	690,646
Allowance for doubtful receivables	**(1,328)**	(1,158)	**(9,970)**	(8,694)
Inventories (Note 4)	**33,536**	35,682	**251,772**	267,883
Deferred tax assets and other (Note 5)	**13,446**	15,053	**100,946**	113,011
Total current assets	**182,032**	205,189	**1,366,607**	1,540,458
Plant and Equipment, at Cost (Note 6):				
Land	**19,773**	19,209	**148,446**	144,212
Buildings	**98,946**	88,131	**742,838**	661,644
Machinery and equipment	**206,093**	189,749	**1,547,245**	1,424,542
	324,812	297,089	**2,438,529**	2,230,398
Accumulated depreciation	**(194,843)**	(183,614)	**(1,462,786)**	(1,378,484)
	129,969	113,475	**975,743**	851,914
Investments and Other Assets:				
Investments in nonconsolidated subsidiaries and affiliates (Note 3)	**10,827**	12,811	**81,284**	96,179
Investments in securities (Note 3)	**7,321**	10,814	**54,962**	81,186
Goodwill (Note 1(a))	**1,610**	1,860	**12,087**	13,964
Other assets	**18,581**	13,505	**139,497**	101,389
	38,339	38,990	**287,830**	292,718
	¥ 350,340	¥357,654	**$ 2,630,180**	$2,685,090

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	
	2002	2001	**2002**	2001
Current Liabilities:				
Short-term bank loans, including current portion				
of long-term debt (Note 6)	**¥ 7,257**	¥ 7,266	**$ 54,482**	$ 54,550
Trade notes and accounts payable	**69,522**	74,231	**521,937**	557,290
Accrued expenses	**10,247**	11,672	**76,929**	87,628
Income taxes (Note 5)	**749**	8,819	**5,623**	66,209
Other current liabilities	**1,265**	840	**9,497**	6,305
Total current liabilities	**89,040**	102,828	**668,468**	771,982
Long-term Liabilities:				
Long-term debt (Note 6)	**1,962**	2,500	**14,730**	18,769
Allowance for severance and pension benefits (Note 7)	**18,373**	19,324	**137,935**	145,075
Retirement allowances for directors and corporate auditors	**1,102**	1,384	**8,273**	10,390
Other long-term liabilities	**2,111**	1,598	**15,849**	11,997
	23,548	24,806	**176,787**	186,231
Minority Interests	**9,342**	3,126	**70,135**	23,469
Commitments and Contingent Liabilities (Note 10)				
Shareholders' Equity (Note 9):				
Common stock	**26,784**	26,784	**201,081**	201,081
Authorized — 400,000,000 shares				
Issued — 173,758,428 shares in 2002 and 2001				
Additional paid-in capital	**50,482**	50,482	**378,994**	378,994
Retained earnings	**153,518**	156,543	**1,152,538**	1,175,248
Net unrealized holding gains on securities	**663**	-	**4,978**	-
Foreign currency translation adjustments	**(3,034)**	(6,914)	**(22,778)**	(51,907)
Cost of treasury stock	**(3)**	(1)	**(23)**	(8)
	228,410	226,894	**1,714,790**	1,703,408
	¥ 350,340	¥357,654	**$ 2,630,180**	$2,685,090

CONSOLIDATED STATEMENTS OF INCOME

Nitto Denko Corporation and Consolidated Subsidiaries
For the Years Ended March 31, 2002 and 2001

	Millions of yen		Thousands of U.S. dollars	
	2002	2001	**2002**	2001
Net Sales	**¥ 338,930**	¥365,698	**$ 2,544,520**	$2,745,480
Cost of Sales	**247,823**	259,277	**1,860,534**	1,946,524
Gross profit	**91,107**	106,421	**683,986**	798,956
Selling, General and Administrative Expenses	**71,793**	71,597	**538,986**	537,515
Operating income	**19,314**	34,824	**145,000**	261,441
Other Income (Expenses):				
Interest and dividend income	**545**	914	**4,092**	6,862
Interest expense	**(218)**	(478)	**(1,637)**	(3,589)
Gain on sales of marketable securities and investments in securities, net	**406**	48	**3,048**	360
Equity in earnings of nonconsolidated subsidiaries and affiliates	**234**	508	**1,757**	3,814
Gain on securities contributed to employee retirement benefit trust	-	7,466	-	56,051
Net transition obligation due to the change in accounting for retirement benefits	-	(15,567)	-	(116,869)
Loss on evaluation of investments in securities (Note 1(d))	**(4,870)**	-	**(36,562)**	-
Restructuring expense (Note 12)	**(11,518)**	-	**(86,471)**	-
Other, net	**(171)**	(1,991)	**(1,284)**	(14,947)
	(15,592)	(9,100)	**(117,057)**	(68,318)
Income before Provision for Income Taxes	**3,722**	25,724	**27,943**	193,123
Provision for Income Taxes (Note 5):				
Current	**4,171**	14,298	**31,314**	107,342
Deferred, net	**(1,971)**	(4,433)	**(14,797)**	(33,280)
	2,200	9,865	**16,517**	74,062
Minority Interests in Net Income of Consolidated Subsidiaries	**(407)**	(8)	**(3,055)**	(59)
Net Income	**¥ 1,115**	¥ 15,851	**$ 8,371**	$ 119,002

Per Share of Common Stock (Note 9):

	Yen		U.S. dollars	
Net Income	**¥ 6.42**	¥ 93.51	**$ 0.05**	$ 0.70
Net Income—Diluted	-	91.81	-	0.69
Cash Dividends, Applicable to Earnings of the Year	**22.00**	21.00	**0.17**	0.16

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, 2002 and 2001

	Number of Shares (thousands)		Millions of yen		Thousands of U.S. dollars	
	2002	2001	**2002**	2001	**2002**	2001
Common Stock (Note 9):						
Authorized shares	400,000	400,000				
Outstanding shares —						
Beginning balance	173,758	166,512	**¥ 26,784**	¥ 22,030	**$ 201,081**	$ 165,390
Conversion of bonds	-	7,246	**-**	4,754	**-**	35,691
Ending balance	173,758	173,758	**¥ 26,784**	¥ 26,784	**$ 201,081**	$ 201,081
Additional Paid-in Capital (Note 9):						
Beginning balance			**¥ 50,482**	¥ 45,728	**$ 378,994**	$ 343,303
Conversion of bonds			**-**	4,754	**-**	35,691
Ending balance			**¥ 50,482**	¥ 50,482	**$ 378,994**	$ 378,994
Retained Earnings (Note 9):						
Beginning balance			**¥ 156,543**	¥144,372	**$ 1,175,248**	$1,083,874
Net income			**1,115**	15,851	**8,371**	119,002
Cash dividends paid			**(3,820)**	(3,339)	**(28,679)**	(25,068)
Directors' bonuses			**(320)**	(341)	**(2,402)**	(2,560)
Ending balance			**¥ 153,518**	¥156,543	**$ 1,152,538**	$1,175,248
Net Unrealized Holding Gains on Securities:						
Beginning balance			**¥ -**	¥ -	**$ -**	$ -
Net increase			**663**	-	**4,978**	-
Ending balance			**¥ 663**	¥ -	**$ 4,978**	$ -
Foreign Currency Translation Adjustments:						
Beginning balance			**¥ (6,914)**	¥ -	**$ (51,907)**	$ -
Net increase (decrease)			**3,880**	(6,914)	**29,129**	(51,907)
Ending balance			**¥ (3,034)**	¥ (6,914)	**$ (22,778)**	$ (51,907)
Cost of Treasury Stock:						
Beginning balance			**¥ (1)**	¥ (4)	**$ (8)**	$ (30)
Net increase (decrease)			**(2)**	3	**(15)**	22
Ending balance			**¥ (3)**	¥ (1)	**$ (23)**	$ (8)

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, 2002 and 2001

	Millions of yen		Thousands of U.S. dollars	
	2002	2001	**2002**	2001
Cash Flows from Operating Activities:				
Income before provision for income taxes	**¥ 3,722**	¥ 25,724	**$ 27,943**	$ 193,123
Adjustments to reconcile income before provision for income taxes to net cash provided by operating activities:				
Depreciation and amortization	**20,443**	18,345	**153,476**	137,725
Interest and dividend income	**(545)**	(914)	**(4,092)**	(6,862)
Interest expense	**218**	478	**1,637**	3,589
Foreign exchange (gain) loss	**(11)**	272	**(83)**	2,042
Equity in earnings of nonconsolidated subsidiaries and affiliates	**(234)**	(508)	**(1,757)**	(3,814)
Loss on evaluation of investments in securities	**4,870**	-	**36,562**	-
(Gain) Loss on sales and disposal of fixed assets	**39**	(236)	**293**	(1,772)
Decrease (increase) in trade notes and accounts receivable	**10,836**	5,255	**81,351**	39,452
Decrease (increase) in inventories	**4,100**	(5,655)	**30,781**	(42,455)
Decrease (increase) in other receivables	**1,471**	(3,447)	**11,044**	(25,878)
Increase (decrease) in trade notes and accounts payable	**(4,697)**	184	**(35,263)**	1,381
Other, net	**(4,994)**	8,327	**(37,493)**	62,516
Total	**35,218**	47,825	**264,399**	359,047
Interest and dividend income received	**502**	864	**3,769**	6,487
Interest paid	**(224)**	(470)	**(1,681)**	(3,529)
Income taxes paid	**(15,483)**	(14,269)	**(116,239)**	(107,125)
Net cash provided by operating activities	**20,013**	33,950	**150,248**	254,880
Cash Flows from Investing Activities:				
Decrease in marketable securities, net	**1,958**	331	**14,700**	2,485
Acquisitions of plant and equipment	**(41,630)**	(27,777)	**(312,538)**	(208,536)
Proceeds from sales of plant and equipment	**3,032**	2,597	**22,763**	19,497
Decrease (increase) in time deposits, net	**756**	(1,313)	**5,676**	(9,857)
Purchase of investments in securities	**(891)**	(97)	**(6,689)**	(728)
Proceeds from sales of investments in securities	**2,160**	1,027	**16,216**	7,710
Other, net	**(978)**	(1,601)	**(7,343)**	(12,020)
Net cash used in investing activities	**(35,593)**	(26,833)	**(267,215)**	(201,449)
Cash Flows from Financing Activities:				
Proceeds from long-term debt	**1,598**	1,762	**11,997**	13,228
Repayments of long-term debt	**(1,582)**	(106)	**(11,877)**	(796)
Decrease in short-term debt, net	**(563)**	(544)	**(4,227)**	(4,084)
Repayments of bonds	**-**	(5)	**-**	(38)
Dividends paid	**(3,820)**	(3,339)	**(28,679)**	(25,068)
Other, net	**(78)**	(38)	**(585)**	(284)
Net cash used in financing activities	**(4,445)**	(2,270)	**(33,371)**	(17,042)
Foreign Currency Exchange Loss in Cash and Cash Equivalents	**503**	530	**3,776**	3,979
Net Increase (Decrease) in Cash and Cash Equivalents	**(19,522)**	5,377	**(146,562)**	40,368
Cash and Cash Equivalents, Beginning of Year	**57,989**	47,244	**435,353**	354,685
Cash and Cash Equivalents of a Newly Consolidated Company	**1,638**	352	**12,298**	2,642
Increase in Cash and Cash Equivalents due to Change in Definition	**-**	5,016	**-**	37,658
Cash and Cash Equivalents, End of Year	**¥ 40,105**	¥ 57,989	**$ 301,089**	$ 435,353
Non-cash Investing and Financing Activities:				
Increase in common stock and additional paid-in capital on conversion of convertible bonds	**¥ -**	¥ 9,508	**$ -**	$ 71,381

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

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. Certain accounting principles and practices generally accepted in Japan are different from International Accounting Standards and standards in other countries in certain respects as to application and disclosure requirements. Accordingly, the accompanying financial statements are intended for use by those who are informed about Japanese accounting principles and practices.

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 appropriate Local Financial Bureau of the Ministry of Finance as required by the Securities and Exchange Law.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made to 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, 2002, which was ¥133.20 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 under 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 ($41,554 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 five years.

(b) Translation of Foreign Currencies

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.

Prior to April 2001, revenue and expenses accounts of the consolidated foreign subsidiaries are translated into Japanese yen at year-end rates. Effective April 1, 2001, the Corporation changed the translation into Japanese yen of income statements of consolidated overseas subsidiaries from year-end rates to average rates. As a result of this change for the year 2002, sales decreased ¥5,975 million ($44,857 thousand) and charged for income are immaterial.

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

(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

Marketable securities consist of certificates of marketable equity and interest-bearing securities.

Investments in securities consist principally of marketable and non-marketable equity securities and interest-bearing securities.

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 and losses on sales of such securities are determined by the average cost method.

In the year ended March 31, 2001, other securities were principally stated at the average cost method under the provision for a one-year grace period by the new Accounting Standards for Financial Instruments subject to disclosure as indicated in Note 3.

Effective April 1, 2001, other securities with fair market value are stated at fair market value. Unrealized holding gains and losses on these securities are reported, net of applicable income taxes, as a separate component of shareholders' equity. As a result of this change, net unrealized holding gains on securities of ¥663 million ($4,978 thousand) were recorded, investments in securities increased by ¥1,466 million ($11,006 thousand), minority interests increased by ¥190 million ($1,426 thousand) and deferred tax assets decreased by ¥613 million ($4,602 thousand) compared with what would have been recorded under the previous accounting standard. Deferred tax assets were included in other assets. Realized gains and losses on sales of such securities were principally determined by the average method.

Other securities with no fair market value are stated at average cost.

If the fair market value of other securities declines significantly, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as a loss in the period of decline. If the net asset value of other securities with no fair market value declines significantly, such securities should be written down to the net asset value by charging to income. In these cases, such fair market value or the net asset value will be carried forward to the next year.

(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 ¥13,053 million ($97,995 thousand) and ¥12,423 million ($93,266 thousand) for the years ended March 31, 2002 and 2001, 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.

The Corporation and its domestic subsidiaries provided allowance for employees' severance and pension benefits at March 31, 2002 based on the estimated amounts of projected benefit obligation and the fair value of 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 the 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 the 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 ($116,869 thousand) and was recognized as the "net transition obligation" as of April 1, 2000 and fully charged to income. The Corporation also recognized ¥7,466 million ($56,051 thousand) gain on the contribution of the Corporation's investment securities to the employee retirement benefit trust in 2001.

(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.

(k) Derivative Transactions and Hedge Accounting

All derivative financial instruments are stated at fair value and recorded on the balance sheets as of March 31, 2002.

Also, 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 2002 presentation.

Net unrealized holding gains on securities in the prior year's consolidated financial statements have not been reclassified.

2. Cash and Cash Equivalents

Reconciliation of cash and cash equivalents to the account on balance sheets as of March 31, 2002 and 2001 comprises as follows:

	Millions of yen		Thousands of U.S. dollars	
	2002	2001	**2002**	2001
Cash on hand and in banks	**¥ 39,540**	¥ 54,926	**$ 296,847**	$ 412,357
Time deposits	**(745)**	(1,450)	**(5,593)**	(10,886)
Securities and others	**1,310**	4,513	**9,835**	33,882
Cash and cash equivalents	**¥ 40,105**	¥ 57,989	**$ 301,089**	$ 435,353

3. Securities

A. The following tables summarize acquisition costs, book values and fair value of securities with available fair values:

(a) Trading securities as of March 31, 2002 and 2001

	Millions of yen		Thousands of U.S. dollars	
	2002	2001	**2002**	2001
Trading securities:				
Carrying amount	**¥ 5,599**	¥ 8,501	**$ 42,035**	$ 63,821
Unrealized gains (losses), net	**(48)**	45	**(360)**	338

(b) Available-for-sale securities as of March 31, 2002

	Millions of yen			Thousands of U.S. dollars		
Type	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Securities with book values exceeding acquisiton costs						
Equity securities	¥4,320	¥5,883	¥1,562	$32,432	$44,166	$11,734
Bonds	1	1	0	8	8	0
Others	94	94	0	706	706	0
Total	¥4,415	¥5,978	¥1,562	$33,146	$44,880	$11,734
Securities with book values not exceeding acquisition costs						
Equity securities	¥ 22	¥ 21	¥ (1)	$ 165	$ 158	$ (7)
Bonds	963	873	(90)	7,230	6,554	(676)
Others	45	40	(5)	338	300	(38)
Total	¥1,030	¥ 934	¥ (96)	$ 7,733	$ 7,012	$ (721)

B. The following table summarizes the book values of securities with no available fair values as of March 31, 2002 and 2001:

	Millions of yen		Thousands of U.S. dollars	
	2002	2001	**2002**	2001
Other securities with no fair value				
Non-listed equity securities:				
Carrying amount	**¥ 504**	¥ 579	**$ 3,784**	$ 4,347

C. The contractual maturities of debt securities are as follows:

	Millions of yen					Thousands of U.S. dollars
As of March 31, 2001	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	$ 68
Other	-	30	-	-	30	225
Total	¥ 9	¥ 30	¥ -	¥ -	¥ 39	$ 293

D. Total sales of available-for-sale securities sold in the year ended March 31, 2002 amounted to ¥2,160 million ($16,216 thousand) and the related gains and losses amounted to ¥630 million ($4,730 thousand) and ¥209 million ($1,569 thousand), respectively.

4. Inventories

Inventories as of March 31, 2002 and 2001 are as follows:

	Millions of yen		Thousands of U.S. dollars	
	2002	2001	**2002**	2001
Finished products	**¥12,751**	¥15,281	**$ 95,728**	$114,722
Work in process	**14,825**	13,689	**111,299**	102,770
Raw materials	**5,960**	6,712	**44,745**	50,391
	¥33,536	¥35,682	**$251,772**	$267,883

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, 2002 and 2001.

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, 2002 and 2001:

	2002	2001
Normal statutory tax rates	**42%**	42%
Permanently nondeductible expenses	**7**	1
Dividends received, not taxable	**(4)**	(1)
Undistributed earnings of overseas subsidiaries and affiliates	**(11)**	(1)
Tax credits	**(6)**	(2)
Differences in normal tax rates of foreign subsidiaries	**(7)**	(1)
Losses on unprofitable subsidiaries and affiliates	**42**	0
Other, net	**(4)**	0
Effective tax rate	**59%**	38%

Significant components of the Corporation's deferred tax asset and liabilities as of March 31, 2002 are as follows:

	Millions of yen	Thousands of U.S. dollars
Current		
Deferred tax assets:		
Inventories	¥ 312	$ 2,342
Unrealized gains on inventories	700	5,255
Allowance for doubtful receivables	142	1,066
Accrued revenue	271	2,035
Accounts payable	647	4,857
Accrued expenses	1,732	13,003
Other	454	3,409
Total current deferred tax assets	4,258	31,967
Deferred tax liabilities:		
Enterprise taxes	¥ 230	$ 1,727
Net deferred tax assets	¥4,028	$30,240
Long-term		
Deferred tax assets:		
Depreciation	¥1,203	$ 9,032
Intangible assets	257	1,929
Severance and pension benefits	5,851	43,926
Retirement allowances for directors and corporate auditors	452	3,393
Investments in securities	2,035	15,278
Other	1,730	12,989
Total long-term deferred tax assets	11,528	86,547
Deferred tax liabilities:		
Reserve for special depreciation	¥ 676	$ 5,075
Undistributed earnings of overseas subsidiaries and affiliates	1,046	7,853
Net unrealized holding gains on securities	613	4,602
Total deferred tax liabilities	2,335	17,530
Net deferred tax assets	¥9,193	$69,017

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, 2002 and 2001 was approximately 2.5% and 2.9%, respectively. Long-term debt as of March 31, 2002 and 2001 is summarized below:

	Millions of yen		Thousands of U.S. dollars	
	2002	2001	**2002**	2001
0.80% to 8.00% loans from banks and others, due in installments through 2009	**¥ 3,203**	¥ 3,892	**$ 24,047**	$ 29,219
2.1% mortgage bonds, due 2005	**300**	300	**2,252**	2,252
1.1% mortgage bonds, due 2002	**200**	200	**1,501**	1,502
4.1% to 7.3% unsecured loans from a government-sponsored agency, due 2002	**-**	10	**-**	75
	3,703	4,402	**27,800**	33,048
Current portion	**(1,741)**	(1,902)	**(13,070)**	(14,279)
	¥ 1,962	¥ 2,500	**$ 14,730**	$ 18,769

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, 2002, land of ¥574 million ($4,309 thousand), buildings with a net book value of ¥533 million ($4,002 thousand) and investments in securities of ¥26 million ($195 thousand) are pledged as collateral for ¥500 million ($3,754 thousand) of mortgage bonds and ¥144 million ($1,081 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
2004	¥1,159	$ 8,701
2005	734	5,511
2006	15	113
2007	15	113
2008 and thereafter	39	292
	¥1,962	$14,730

7. Employees' Severance and Pension Benefits

Allowance for severance and pension benefits as of March 31, 2002 and 2001consists of the following:

	Millions of yen		Thousands of U.S. dollars	
	2002	2001	**2002**	2001
Projected benefit obligation	**¥ 112,457**	¥ 108,774	**$ 844,271**	$ 816,622
Unrecognized prior service costs	**(22)**	(23)	**(165)**	(173)
Unrecognized actuarial differences	**(21,308)**	(16,186)	**(159,970)**	(121,517)
Less fair value of pension assets	**(72,754)**	(73,241)	**(546,201)**	(549,857)
Allowance for severance and pension benefits	**¥ 18,373**	¥ 19,324	**$ 137,935**	$ 145,075

Severance and pension benefits expense for the year ended March 31, 2002 and 2001 comprises the following:

	Millions of yen		Thousands of U.S. dollars	
	2002	2001	**2002**	2001
Service costs-benefits earned during the year	**¥ 4,199**	¥ 3,932	**$ 31,524**	$ 29,520
Interest costs on projected benefit obligation	**3,774**	3,552	**28,333**	26,667
Expected return on plan assets	**(2,674)**	(2,880)	**(20,075)**	(21,622)
Amortization of actuarial differences	**1,349**	-	**10,128**	-
Amortization of prior service costs obligation	**2**	1	**15**	7
Amortization of net transition obligation	**-**	15,567	**-**	116,869
Severance and pension benefits expense	**¥ 6,650**	¥ 20,172	**$ 49,925**	$ 151,441

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, 2002 and 2001 and for the fiscal years then ended, is as follows.

	Millions of yen			Thousands of U.S. dollars
2001	Cost	Accumulated depreciation	Net amount	Net amount
Buildings	¥ 28	¥ 15	¥ 13	$ 98
Machinery and vehicles	565	297	268	2,012
Tools and equipment	2,387	1,239	1,148	8,619
Other	233	112	121	908
	¥3,213	¥1,663	¥1,550	$11,637

	Millions of yen			Thousands of U.S. dollars
2002	Cost	Accumulated depreciation	Net amount	Net amount
Buildings	¥ 29	¥ 20	¥ 9	$ 68
Machinery and vehicles	814	399	415	3,116
Tools and equipment	1,108	757	351	2,635
Other	527	211	316	2372
	¥2,478	¥1,387	¥1,091	$8,191

	Millions of yen		Thousands of U.S. dollars	
	2002	2001	**2002**	2001
Future minimum lease payments				
Due within one year	**¥ 434**	¥ 589	**$3,258**	$ 4,422
Due after one year	**691**	1011	**5,188**	7,590
	¥1,125	¥1,600	**$8,446**	$12,012
Lease payments for the year ended March 31	**¥ 774**	¥ 704	**$5,811**	$ 5,285

Operating Leases

Future minimum lease payments due under operating leases as of March 31, 2002 and 2001 are as follows:

	Millions of yen		Thousands of U.S. dollars	
	2002	2001	**2002**	2001
Due within one year	**¥ 6**	¥ 6	**$ 45**	$45
Due after one year	**10**	7	**75**	53
	¥16	¥13	**$120**	$98

9. Shareholders' Equity and Per Share Data

Prior to October 1, 2001, the Japanese Commercial Code provided that at least one-half of the proceeds from shares issued at a price in excess of par value be included in common stock. Effective October 1, 2001, the Code abolished par value of shares and provides that at least one-half of the proceeds from shares issued be included in common stock and the remaining amount of the proceeds be accounted for as additional paid-in capital. In conformity therewith, the Corporation recorded as common stock over one-half of the principal amount of the convertible bonds converted into common stock.

Effective October 1, 2001, the Japanese Commercial Code provides that an amount equivalent to at least 10% of cash dividends paid and other cash outlays resulting from appropriation of retained earnings with respect to each annual period be appropriated to legal reserve shall be appropriated and set aside as a legal reserve until the total amount of legal reserve and additional paid-in capital equals 25% of stated capital.

On condition that the total amount of legal reserve and additional paid-in capital remains being equal to or exceeding 25% of stated capital, they are available for distribution by the resolution of the shareholders' meeting.

Legal reserve is included in retained earnings.

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 21, 2002, the declaration of the final cash dividends of ¥11.00 ($0.08) per share totaling ¥1,911 million ($14,347 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 ¥30,037 million ($225,503 thousand) will be expended during the two years ending March 31, 2004, of which ¥11,439 million ($85,878 thousand) represents contractual commitments.

Contingent Liabilities

The Corporation and certain consolidated subsidiaries are contingently liable, as of March 31, 2002, for trade notes receivable which were discounted or endorsed of ¥750 million ($5,631 thousand), and as guarantors for borrowings of ¥1,844 million ($13,844 thousand) by certain employees and nonconsolidated subsidiaries.

11. Derivative Financial Instruments and Hedging Transactions

Fiscal years ended March 31, 2002 and 2001:
There are no items to disclose as all the derivative transactions are effective hedges.

12. Restructuring Expense

In fiscal 2002, the Corporation and certain consolidated subsidiaries implemented a restructuring program. The program resulted in a restructuring expense of ¥11,518 million ($86,471 thousand), which principally reflects the additional severance costs and loss on business liquidation of subsidiaries.

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, 2002 and 2001 is as follows:

Net Sales

	Millions of yen		Thousands of U.S. dollars	
	2002	2001	**2002**	2001
Industrial Products	**¥184,131**	¥197,270	**$1,382,365**	$1,481,006
Electronic Products	**120,143**	133,115	**901,974**	999,362
Functional Products	**35,800**	37,186	**268,769**	279,174
Eliminations	**(1,144)**	(1,873)	**(8,588)**	(14,062)
Consolidated Total	**¥338,930**	¥365,698	**$2,544,520**	$2,745,480

Operating Income

	Millions of yen		Thousands of U.S. dollars	
	2002	2001	**2002**	2001
Industrial Products	**¥ 4,640**	¥13,229	**$ 34,835**	$ 99,317
Electronic Products	**10,634**	16,392	**79,835**	123,063
Functional Products	**4,040**	5,203	**30,330**	39,061
Consolidated Total	**¥19,314**	¥34,824	**$145,000**	$261,441

Assets

	Millions of yen		Thousands of U.S. dollars	
	2002	2001	**2002**	2001
Industrial Products	**¥149,758**	¥137,202	**$1,124,309**	$1,030,045
Electronic Products	**100,931**	100,697	**757,740**	755,983
Functional Products	**37,626**	36,909	**282,477**	277,095
Corporate	**62,025**	82,846	**465,654**	621,967
Consolidated Total	**¥350,340**	¥357,654	**$2,630,180**	$2,685,090

Depreciation and Amortization

	Millions of yen		Thousands of U.S. dollars	
	2002	2001	**2002**	2001
Industrial Products	**¥ 9,780**	¥ 8,100	**$ 73,423**	$ 60,811
Electronic Products	**7,991**	7,325	**59,993**	54,992
Functional Products	**2,672**	2,920	**20,060**	21,922
Consolidated Total	**¥20,443**	¥18,345	**$153,476**	$137,725

Capital Expenditures

	Millions of yen		Thousands of U.S. dollars	
	2002	2001	**2002**	2001
Industrial Products	**¥19,610**	¥13,876	**$147,222**	$104,174
Electronic Products	**14,688**	13,034	**110,270**	97,853
Functional Products	**6,013**	5,817	**45,143**	43,671
Consolidated Total	**¥40,311**	¥32,727	**$302,635**	$245,698

(2) Geographic Areas

Geographic area information for the years ended March 31, 2002 and 2001 is as follows:

Net Sales

	Millions of yen		Thousands of U.S. dollars	
	2002	2001	**2002**	2001
Japan	**¥287,543**	¥302,754	**$2,158,731**	$2,272,928
Other	**107,939**	124,553	**810,353**	935,083
North America	**32,774**	39,616	**246,051**	297,418
Europe	**14,494**	19,383	**108,814**	145,518
Asia & Oceania	**60,671**	65,554	**455,488**	492,147
Eliminations	**(56,552)**	(61,609)	**(424,564)**	(462,531)
Consolidated Total	**¥338,930**	¥365,698	**$2,544,520**	$2,745,480

Operating Income

	Millions of yen		Thousands of U.S. dollars	
	2002	2001	**2002**	2001
Japan	**¥16,727**	¥28,776	**$125,578**	$216,036
Other	**1,762**	5,923	**13,228**	44,467
North America	**172**	1,403	**1,291**	10,533
Europe	**249**	1,025	**1,869**	7,695
Asia & Oceania	**1,341**	3,495	**10,068**	26,239
Eliminations	**825**	125	**6,194**	938
Consolidated Total	**¥19,314**	¥34,824	**$145,000**	$261,441

Assets

	Millions of yen		Thousands of U.S. dollars	
	2002	2001	**2002**	2001
Japan	**¥192,253**	¥187,529	**$1,443,341**	$1,407,875
Other	**99,737**	89,235	**748,776**	669,932
North America	**53,423**	48,831	**401,074**	366,599
Europe	**9,124**	9,647	**68,498**	72,425
Asia & Oceania	**37,190**	30,757	**279,204**	230,908
Corporate	**58,350**	80,890	**438,063**	607,283
Consolidated Total	**¥350,340**	¥357,654	**$2,630,180**	$2,685,090

(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 subsidiaries to customers outside Japan for the years ended March 31, 2002 and 2001 are as follows:

	Millions of yen		Thousands of U.S. dollars	
	2002	2001	**2002**	2001
North America	**¥ 26,931**	¥ 37,974	**$202,185**	$ 285,090
Europe	**15,476**	18,256	**116,186**	137,057
Asia & Oceania	**85,469**	82,922	**641,659**	622,538
	¥127,876	¥139,152	**$960,030**	$1,044,685

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, 2002 and 2001, 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, 2002 and 2001, 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 (Note 1) applied on a consistent basis during the periods, except as noted in the following paragraph.

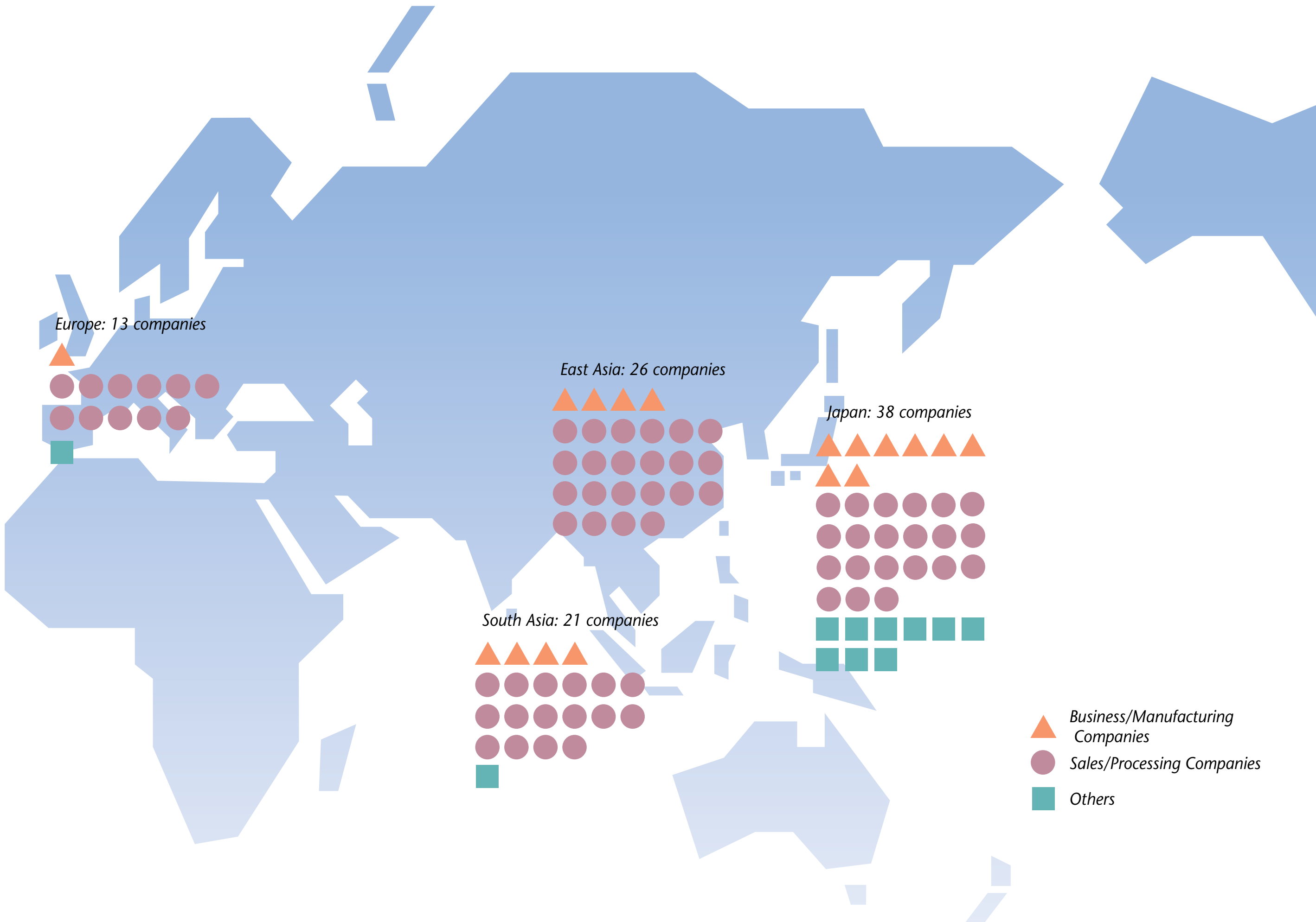
Effective April 1, 2001, NITTO DENKO CORPORATION and its consolidated subsidiaries adopted a new accounting requirement for other securities with fair market values under the Accounting Standards for Financial Instruments, which was adopted in the previous year (Note 1 (d)). In addition, NITTO DENKO CORPORATION and its consolidated subsidiaries changed, with our concurrence, its method of translating income statements of foreign consolidated subsidiaries (Note 1 (b)).

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 21, 2002

Asahi & Co.

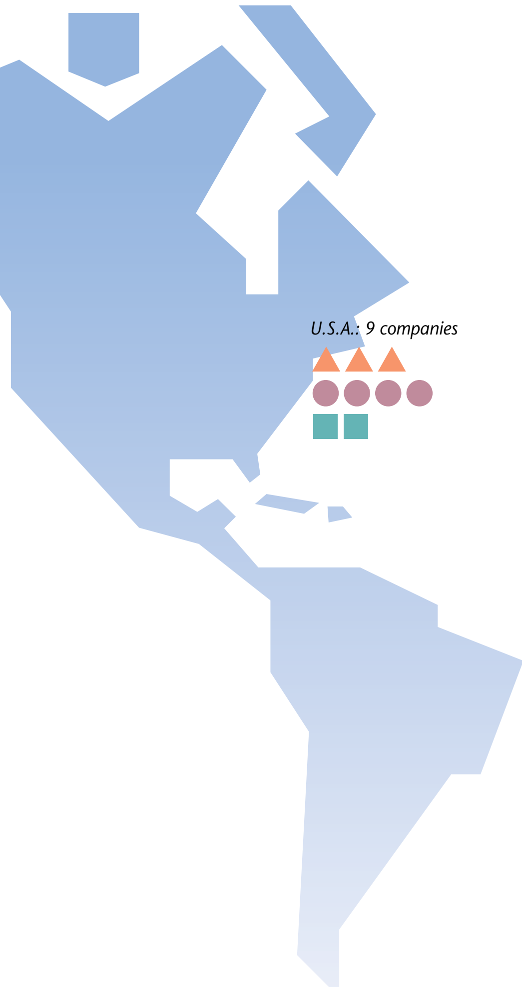
(As of March 31, 2002)



Domestic

(Consolidated Subsidiaries)

- Nissho Corp.
  http://www.nissho.org/
- Kyoshin Corp.
  http://www.kyoshin.co.jp/
- Nitto Denko Matex Corp.
- Nitto Denko Packaging System Corp.
- Nitto Shinko Co., Ltd.
  http://www.nittoshinko.co.jp/
- Nitoms Inc.
  http://www.nitoms.com/
- Nitto Life-tech Co., Ltd.
- Sanshin Kasei Co., Ltd.
- Nitto Seiki Co., Ltd.
  http://www.nitto.co.jp/nittoseiki.html
- Toyohashi Nikka Co., Ltd.
- Saitama Nitto Denko Corp.
- Mie Nitto Denko Corp.
- Jinsec Corp.
- 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.nittousa.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 (Suzhou) Co., Ltd.
- 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.
  http://www.nitto.co.kr/
- 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

(As of April 1, 2002)

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

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

CORPORATE DATA

(As of March 31, 2002)

Company Name NITTO DENKO CORPORATION

Established October 25, 1918

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

Employees 9,510

Capital US$201,081 thousand

Fiscal Year-end March 31

Shares Issued 173,758,428

Stock Exchange Listings
Tokyo, Nagoya, Osaka stock exchanges

Independent Auditors
Asahi & Co.

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 Prefectures

Board of Directors (As of June 22, 2002)

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:	Katsuhiro Akamatsu
	Yasuo Ninomiya
	Tatsunosuke Fujiwara
	Ryoichi Ota
	Tetsuo Horiuchi
	Shunichiro Sayanagi
Corporate Auditors:	Tsuneo Asada
	Makoto Yoshida
	Hisashi Hosokawa
	Shiko Saikawa

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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/

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