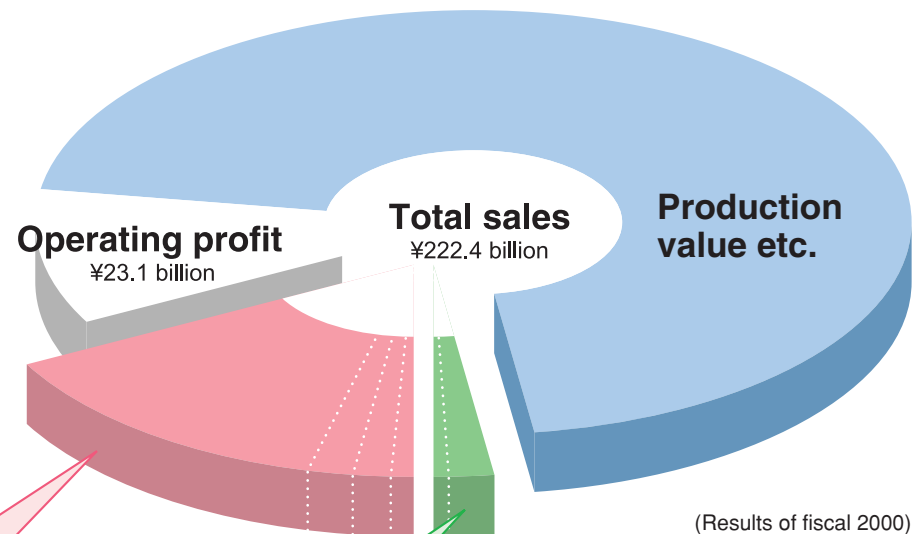


Environmental Management Results of Environmental Accounting

Two environmental costs

In addition to environmental conservation costs including cost of treatment/disposal of waste, facilities and equipment (depreciation) and cost of developing technologies (R&D&E cost), there are environmental impact costs including the cost of raw materials that wind up becoming industrial waste instead of becoming part of a marketable product and cost of purchasing solvents that do not produce a profit. Nitto Denko's environmental management makes decisions based on administration and analysis of these factors.



Environmental impact costs

Value of industrial waste*	¥35 billion
Energy	¥3.9 billion
Organic solvents	¥1.7 billion
Water	¥0.2 billion
Total	¥40.8 billion (¥3.4 billion/month)

*Cost of materials and processing of materials that wind up becoming industrial waste that does not produce a profit. Nitto Denko regards the ratio of value of industrial waste to sales value of own products as value of industrial waste ratio and uses it as a guideline for environmental management.

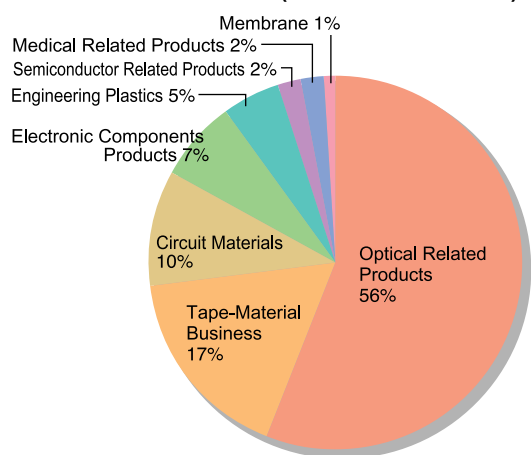
Environmental conservation cost

Environmental conservation costs such as treatment for industrial waste	¥3.8 billion
Environmental R&D&E	¥1.1 billion
Total	¥4.9 billion (¥407.9 million/month)

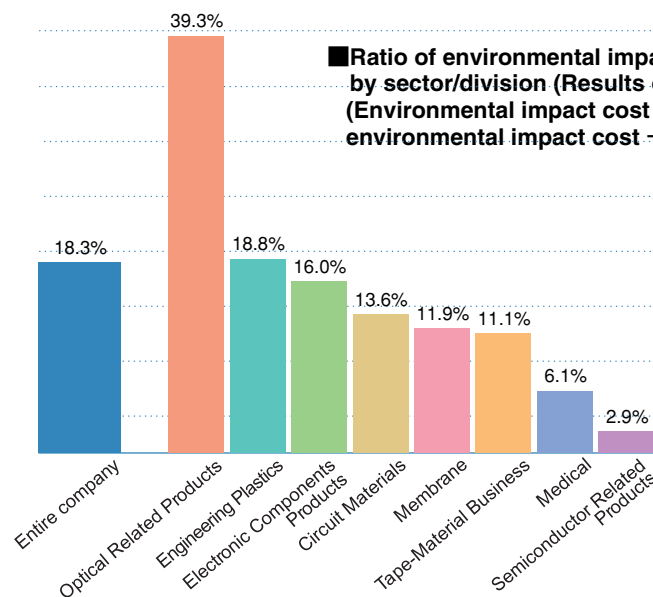
Environmental management philosophy

Devising suitable environmental measures according to environmental conservation cost and then reducing environmental impact cost by those measures is tied in with improvement of resource productivity and total low cost. This is the philosophy of environmental management that seeks compatibility of environment and business. Each year Nitto Denko puts together an environmental budget based on this philosophy, and clearly indicates responsibility of each sector/division.

Ratio of environmental impact cost by sector/division (Results of fiscal 2000)



Ratio of environmental impact cost by sector/division (Results of fiscal 2000) (Environmental impact cost ratio = environmental impact cost ÷ total sales)



*When environmental accounting was expanded to all Nitto Denko group companies, sales value of own products was changed to total sales beginning with fiscal 2000 results.

Nitto Denko has its own perception of the correlation between management and environment. With the company's system of environmental accounting, data is totaled and is disclosed to the public as a brief statement of accounts. The company also participates in the Ministry of the Environment's committee on corporate research of environmental accounting and is a member of one of the committees of the Ministry of the Economy, Trade and Industry. Starting in fiscal 2001, the company has been summing up its domestic manufacturing companies, and plans to expand this to include overseas in fiscal 2002.

Results of fiscal 2000

Nitto Denko introduced environmental accounting in fiscal 2000 and disclosed the totals as an attached brief statement of accounts. This was carried out for Nitto Denko only for fiscal 2000, but the company plans to gradually add manufacturing companies belonging to the group starting in fiscal 2001. Nitto Denko's environmental accounting system has the following three features:

1. The environmental budget is revised annually using environmental accounting.
2. In addition to environmental conservation cost of the Ministry of the Environment's guidelines, the cost of materials and processing of materials that wind up becoming industrial waste that does not produce a profit (value of industrial waste) and cost of purchasing water, solvents and energy to be consumed within the company at the manufacturing stage are defined as environmental impact costs and are included in environmental costs.
3. Reduction of environmental impact costs is considered to be beneficial to the environment, and helps to enhance resource productivity and is tied in with total low cost.

Environmental accounting was carried out for Nitto Denko alone in fiscal 2000 for each sector/division. As a result, environmental impact costs more or less slid and increased to achieve the budget of total sales and sales value of own products. Environmental cost ratio (ratio of environmental impact costs occupied in total sales) was 18.3%. Continuing to advance technological development centered around reduction of value of industrial waste, as a concrete figure, the company hopes to reduce environmental impact cost ratio to 13%.

Environmental cost (Unit: ¥1 million/month)

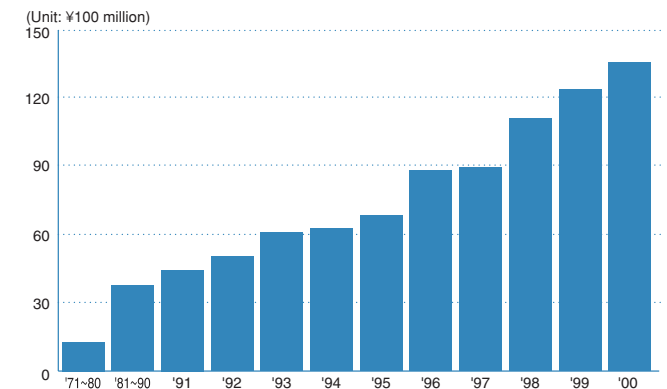
Categories	Fiscal 2000 budget	Fiscal 2000 results
Total sales	17,995.0	18,534.2
Sales value of own products	16,594.6	17,093.3
Environmental conservation costs		
General and administrative overhead	66.9	80.0
Treatment for industrial waste	68.7	79.1
External services for environmental management	20.2	19.2
Personnel	43.1	43.5
Depreciation	58.3	93.2
R&D&E	118.3	92.9
Total	375.5	407.9
Environmental impact costs		
Value of industrial waste	2,645.1	2,913.9
Energy	309.7	326.3
Organic solvents	150.0	141.1
Water	21.7	18.9
Total	3,126.5	3,400.2
Ratio of environmental impact costs	17.4%	18.3%

Applicable range of totaling: Nitto Denko only, April 2000 - March 2001

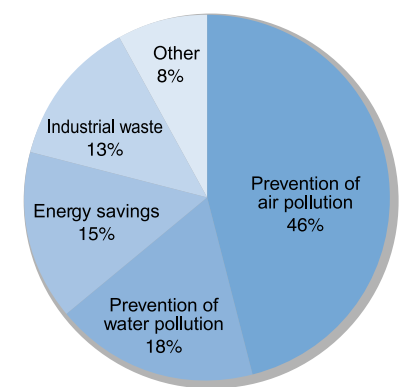
Investment in environmental conservation equipment since 1971

Nitto Denko has continuously introduced new environmental conservation equipment and technologies. The total investment is currently about ¥14 billion. In the past, the equipment and technologies dealt mainly with prevention of air pollution, but the percentage of equipment designed to save energy is on the rise. The second co-generation unit was installed at the Toyohashi plant in fiscal 2000.

Total investment in environmental conservation (fiscal 1971 - 2000)



Breakdown of total investment in environmental conservation (fiscal 1971 - 2000)



Topics Bringing out new potential for environmental accounting.

Nitto Denko is currently active in the Ministry of the Economy, Trade and Industry's committee on environmental accounting and study of advancement of eco-business as a model company of material flow accounting being developed in Germany. With this system, the flow of material to production and to waste is divided from material used for production to indirect cost so you can know the quantity and cost of materials for each process. The company feels that such a system of environmental accounting would be effective for internal management.



Committee meeting at Toyohashi plant