

Responsibility to Shareholders (Nitto Denko on a non-consolidated basis)

It is the policy of Nitto Denko to stably distribute profit among shareholders.

We always try to communicate with them, and their comments and suggestions are reflected in the group's corporate activities.

We will further enhance information disclosure on the website and are committed to growing with shareholders.

Dividend payout policy

Enhance the prior investment and divide up profits considering balance.

Nitto Denko's basic policy on dividend payout is to stably distribute profit among shareholders. The payout is determined considering the financial standing, level of profit, and overall trend in dividend payout comprehensively.

On the other hand, it is essential for the company to make positive prior investment in the fields of research and development, as well as production, in order to respond to the rapid technological innovation and customer needs in a timely manner.

Dividends to shareholders are to be 50 yen per share per year for the year ending March 31, 2006. While enhancing prior investment, Nitto Denko will efficiently invest the shareholder's equity and distribute profit considering the balance between the two.

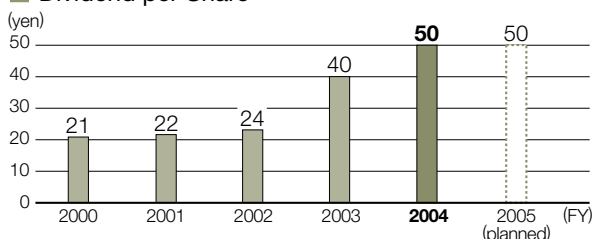
Inclusion in the SRI index

Nitto Denko is included in five SRI funds in fiscal 2004.

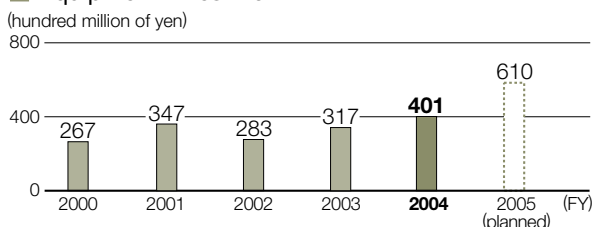
Social responsibility investment (SRI) is attracting more attention. SRI does not only evaluate the financial standing or growth of a company but also the efforts to fulfill corporate social responsibility including environmental conservation and compliance. In the U.S.A., it is said that more than 10% of the aggregate value of listed stock is SRI-related funds.

According to the investment reports of SRI funds in fiscal 2004, Nitto Denko is included in Nikko Eco Fund, Asahi Life SRI Social Contribution Fund (Asu-no-Hane), Sompo Japan Green Open (Buna-no-Mori), UBS Japan Eco Fund (Dr. Eco), and UFJ Eco Partners (Midori-no-Tsubasa).

Dividend per Share



Equipment Investment



General shareholders meeting

The company welcomes as many opinions and suggestions as possible from shareholders and reflects them in future corporate activities.

On June 24, 2004, the 139th regular general shareholders meeting was held at the Hotel Nikko Ibaraki Osaka. 204 shareholders participated, which is a significant increase from 165 last year.

An electronic voting system on the Internet was introduced in fiscal 2003, for shareholders who were not able to come up to the meeting. In total, 328 shareholders voted via the system, which was a dramatic increase from the 195 last year.

The company also had a reception welcoming shareholders after the meeting, where all directors and corporate vice presidents participated and had a chance to talk with shareholders at each table. The opinions and suggestions we received during this opportunity will be reflected in future corporate activities.

Communication with shareholders and investors

Prompt information disclosure on the website is being endeavored, especially for individual shareholders.

Nitto Denko has an opportunity to communicate with shareholders, investors, and analysts and reflects the contents of the communication in the group's management. To facilitate an understanding of the group, the company has enhanced a variety of communication tools including an annual report, other brochures, and the corporate website.

The ratio of foreign shareholders accounts for almost 50% of the total shares issued. Under the circumstances, the company sent representatives to twenty-seven companies mostly in North America and Europe to explain the current status of corporate management in fiscal 2004.

Although the ratio of shares owned by individual shareholders to total shares issued remains comparatively low, the number of such shareholders accounts for more than 90% of the total number of shareholders. To enhance information disclosure for individual shareholders, the company will accelerate the speed of information disclosure on the website.



Annual Report

Communication in fiscal 2004

- Result briefing via the conference call (quarterly in April, July, October, and February)
- Company information session for institutional investors (May)
- Meeting and interview with investor by Investor Relation (IR) Department (approximately 280 meetings and interviews)
- Foreign investors visited by the president and directors. (Total 27 companies mostly in North America and Europe)