



Current Business Issues & Progress of the Business Integration



November 28, 2001

NIPPON UNIPAC HOLDING

President

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Objectives of the Business Integration

- Current Business Issues

1. Enhancement of Profit Basis

2. Establishment of the Foundation
for the Future Growth

Pursuit of Management Efficiency

Objectives

Results

1. Structural Changes
of the Industry

Realization of
Orderly Market

2. Realization of the Synergy
Effects of the Integration

Advantageous
Cost Structure

3. Utilization of the
Surplus Capacity

Avoidance of New
Large Scale Investments

Current Business Issues

1. Enhancement of Profit Basis

Focus on NEP

(Nippon Unipac Economic Profit)
(NUP Version of EVA[®])

Return on Equity

Return on Invested Capital

Recurring Income/Net Sales

March 31, 2004
Targets

Over 12.3%

Over 9.4%

Over 8.2%

2. Establishment of the Foundation for the Future Growth

1. Enhancement of Profit Basis

Enhancement of Profit Basis

(1) Pursuit of Market Stability

(2) Prompt Realization of the Synergy Effects

(3) Restructuring of the Business

Rationalization of Production Facilities

-Implementing Immediate Actions & Achieving High Efficiency

Transfer of Diversified Businesses

to Newly Created Subsidiaries

-Enhancement of Core Competence in Each Business Segment

Restructuring of Paperboard Business

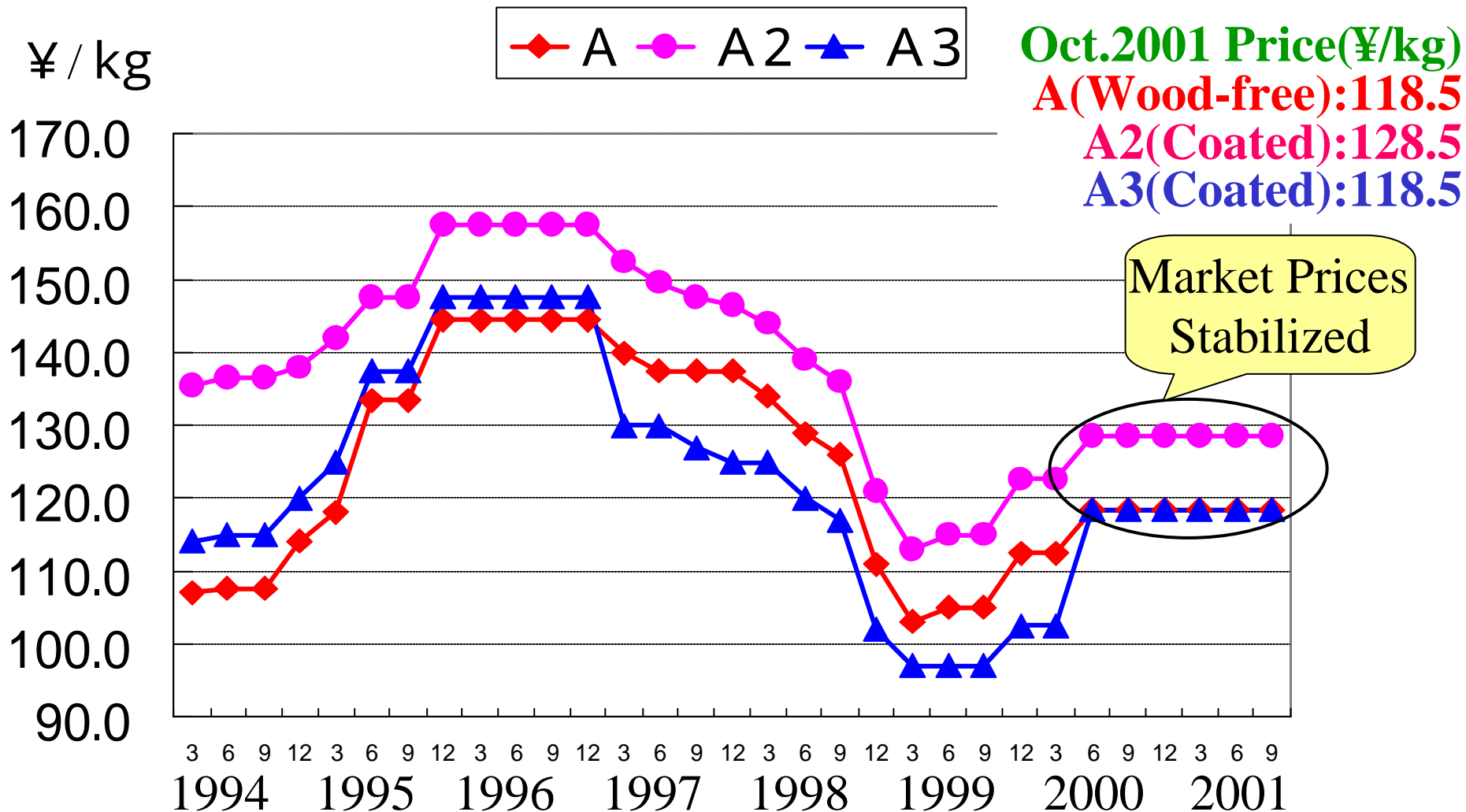
-Enhancement of the Business Basis for the Paperboard

1. Enhancement of Profit Basis

(1) Pursuit of Market Stability



Nikkei Commodity Index (Major Paper Grades)



1. Enhancement of Profit Basis

(2) Prompt Realization of the Synergy Effects



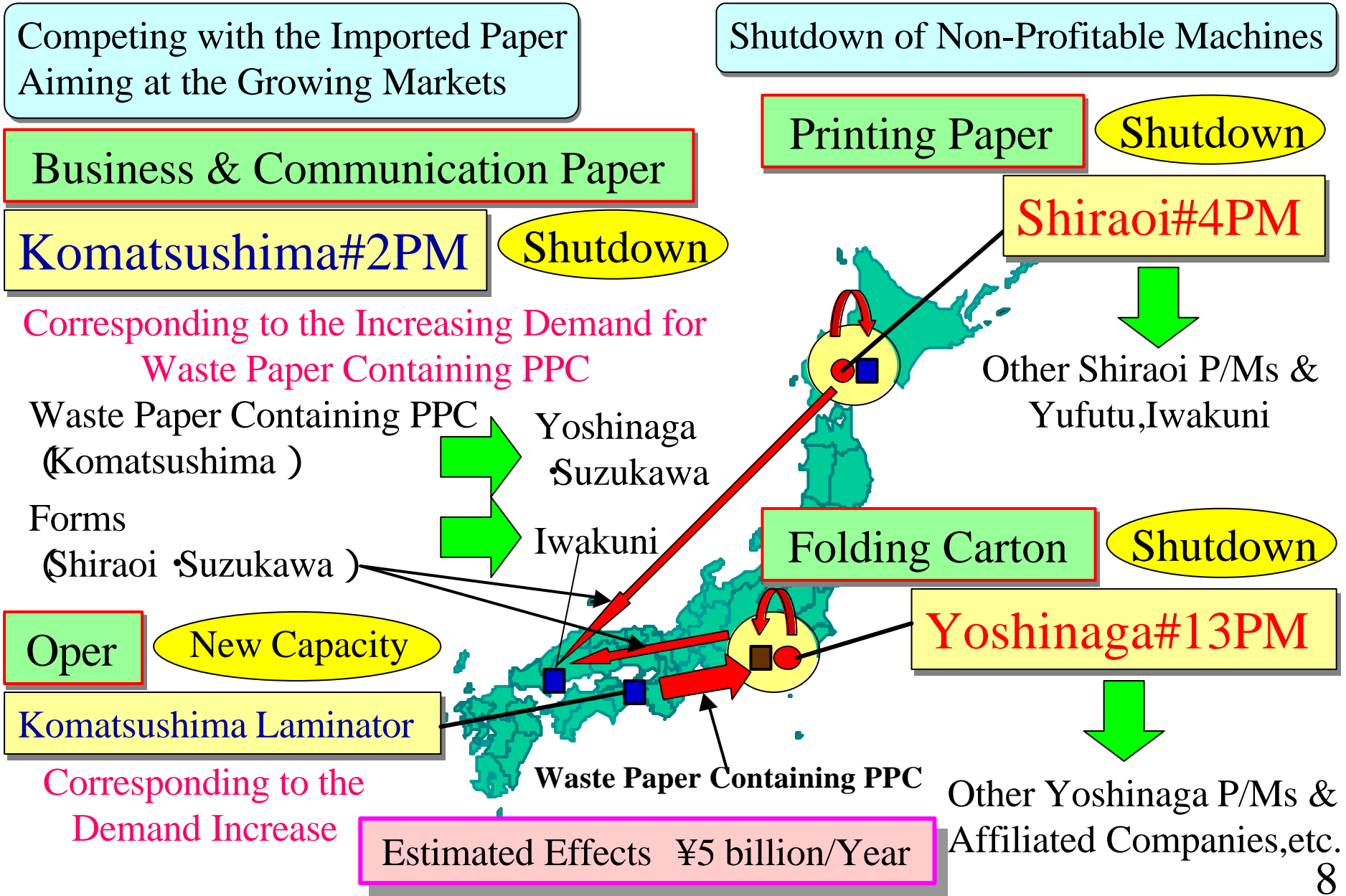
Realizing ¥50 billion of Cost Cutting at the Early Stage

FY2003 Effects (est.)

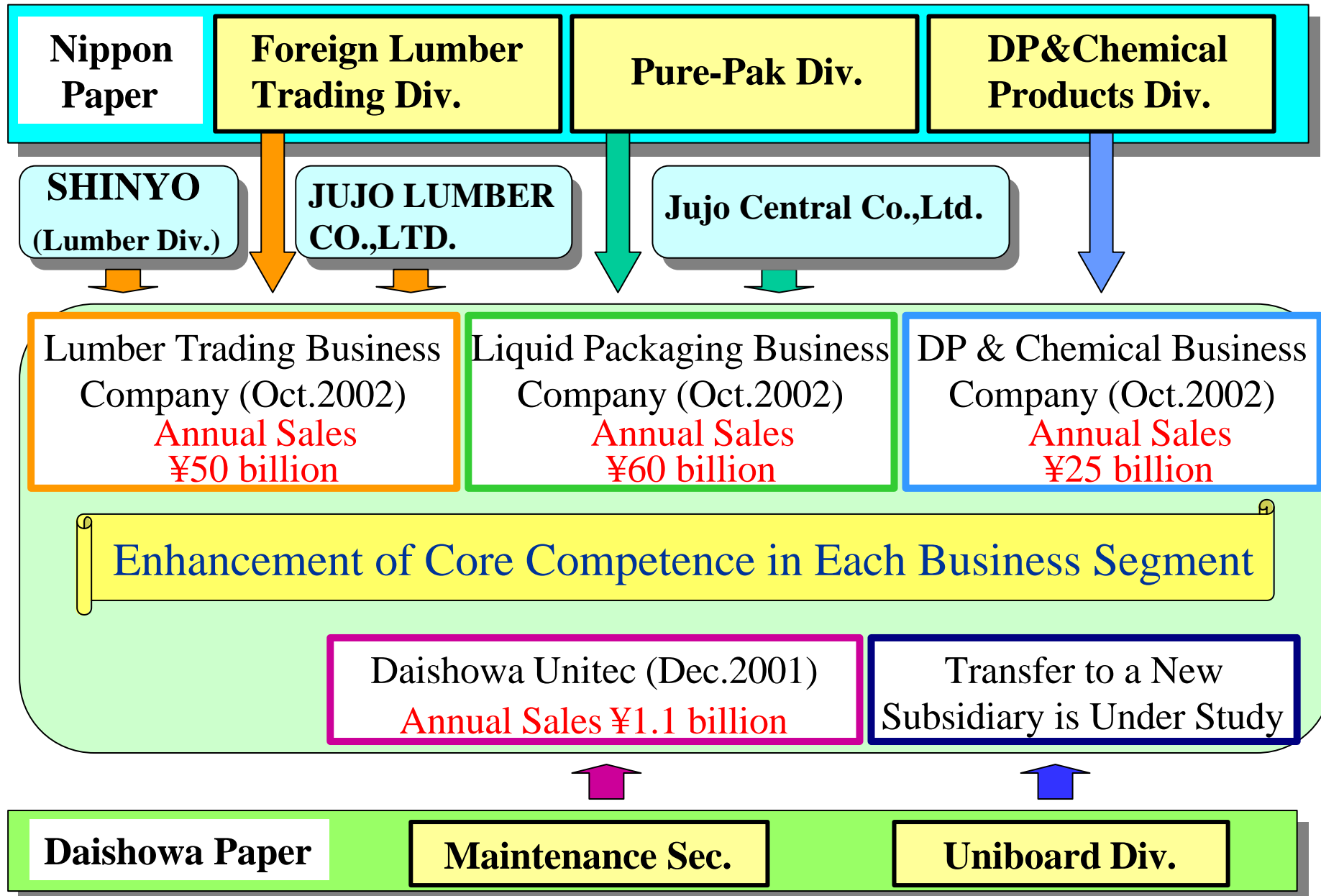
| | | |
|--|--------------------|-----------------------|
| 1. Material Cost | ¥15 billion | |
| 2. Other Variable Cost | ¥11 billion | |
| 3. Sales, Distribution Cost | ¥ 8 billion | |
| 4. Financing Cost | ¥ 3 billion | |
| 5. Labor Cost | ¥10 billion | |
| 6. Cost Benefits From the Rationalization of Production Facilities | ¥ 5 billion | Apr.-Sep.2001 Results |
| Total Cost Reduction | ¥52 billion | ¥11 billion |

1. Enhancement of Profit Basis (3) Restructuring of the Business

-Rationalization of Production Facilities (Phase 1)



1. Enhancement of Profit Basis (3) Restructuring of the Business
-Transfer of Diversified Businesses to Newly Created Subsidiaries



1. Enhancement of Profit Basis (3) Restructuring of the Business -Restructuring of Paperboard Business



Japan Paperboard
Industries Co.,Ltd.

Restructuring in Western Japan (1998-2000)
Osaka Mill Closed (at the end of 2000)
* Concentrated to the Geibo Mill (S&B)

Restructuring in Eastern Japan (2001-2003)
Advancing the date of Kameari Mill Closure
(Sep.2003 Mar.2003)
* Improved Facility Utilization
(Soka,Ashikaga Mill)

Daishowa Paper
Mfg.Co.,Ltd.

Tohoku Paper
Co., Ltd.

Nippon Paperboard
Sales Ltd.

(July 2001 Business Started)

Cost Reduction in Paperboard Business **¥7 billion** (FY2003)

Establishment of the Foundation for the Future Growth

(1) Maximized Utilization of the Production Capacity

(Utilization of the Leading Mills & the Modification/ Optimization of the Machines to Meet the Market Growth)

(2) Focusing on Promising Products & New Technologies

(3) Focusing on Promising Markets

(Development of Overseas Production Bases Mainly through Strategic Alliances)

(4) Development of Business Models Based on Co-existence with Environment

(5) Development of a New Group Accounting System

2. Establishment of the Foundation for the Future Growth

(2) Focusing on Promising Products & New Technologies

Paper Products

1. High Waste Paper Containing Paper
2. Bulky Publishing & Magazine Paper
3. New Business & Communication Paper

:High Gloss Ink-jet Paper

:Oper[®] (Waterproof Synthetic Paper)

:IR (Infrared Rays) Thermal Paper
(Optically Recordable Thermal Paper)

Bio-Technology

Application of Biotechnology - Raising Cloned Elite Trees

:MAT Vector[®] (Autonomous Regeneration & Visible
Selection of Marker-Free Transgenic Plants)

:Mass Production of High-quality Cloned Seedlings of Superior Plants

:Low-Temperature Plant Tissue Storage Method

2. Establishment of the Foundation for the Future Growth (3) Focusing on Promising Markets



Profitability, Market Prospect, Business Risk

Development of New Overseas Production Bases

1. Region

Promising Markets, e.g. Asian Countries

2. Market

Local Market
Local Needs (Market/Price/Quality) / Investment

3. Products

Newsprint, Communication Paper, Paperboard

4. Business Approach

Mainly through Strategic Alliances

5. Human Resources

Utilizing Abundant Experiences in Overseas Businesses

Restructuring of Existing Overseas Businesses

2. Establishment of the Foundation for the Future Growth



(3) Focusing on Promising Markets- Restructuring of Existing Overseas Businesses

Nippon Paper - High Value Added Products

Daishowa Paper - Row Material Procurement

- Overseas Offices & Branches
- Nippon Paper's Overseas Subsidiaries & Affiliates
- Daishowa Paper's Overseas Subsidiaries & Affiliates



2. Establishment of the Foundation for the Future Growth

(4) Development of Business Models Based on Co-existence with Environment



Advanced Action Programs for Co-existence with Environment

Environmental Reports
Environmental Accounting

Zero- Discharge(Emission) Campaign

(Started 10 Years Ago)

ISO14001

Biotechnology

(Developing High Yield Trees)



High Waste Paper
Containing Paper

Co-existence With
Environment

Tree-Farm
Operations



Reducing Dependence on Fossil Fuels

(Utilizing Black Liquor from Kraft Pulp Processing)

(Utilizing Paper Sludge for Fuel)

Elementally Chlorine- Free
Bleaching Method

(Introduction to all Mills is in Progress)

(First Ozone Bleaching in Japan)

2. Establishment of the Foundation for the Future Growth

(5) Development of a New Group Accounting System



Unified Repository of Accounting & Management Information

SAP® R/3®

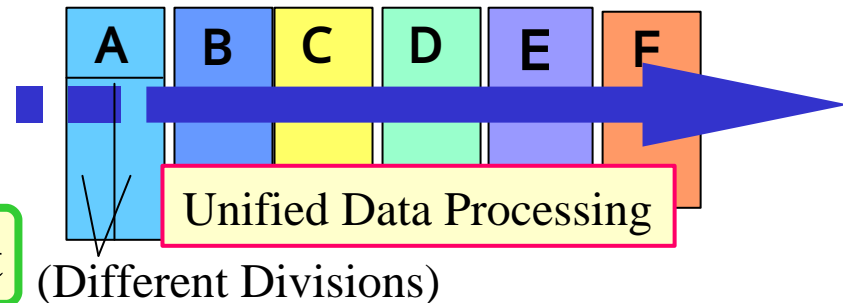
Oct. 2002 To be Introduced to Nippon & Daishowa Paper, etc.

Oct. 2003 To be Introduced to Consolidated Subsidiaries

Minimizing Administrative Cost

Quarterly Closing of Group Accounts

Group Wide Centralized Cash Management



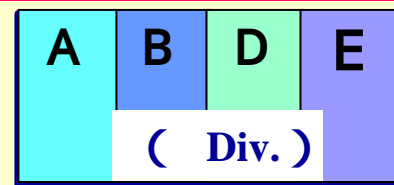
Utilization & Sharing of Management Information

Pursuit of Timely Strategic Management

Strategic Business Restructuring

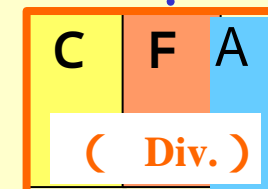
Development of Overseas Businesses /Business Alliances

Management By Div.'s NEP



M&A, Alliances

Potential Alliance Partners





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