

April 30, 2015

Company name: Nippon Paper Industries Co., Ltd.

Representative: Fumio Manoshiro, President

(Stock code: 3863, First Section TSE)

Announcement Concerning Conclusion of Agreement on the Transfer of Shikoku Coca-Cola Bottling Shares and Occurrence of an Extraordinary Loss

Nippon Paper Industries Co., Ltd. (head office: Chiyoda-ku, Tokyo; President: Fumio Manoshiro) has been holding discussions, aiming to conclude a final agreement concerning the the transfer of all shares of common stock issued by Shikoku Coca-Cola Bottling Co., Ltd. (head office: Takamatsu, Kagawa Prefecture; President: Takahiro Maeda; hereinafter “Shikoku Coca-Cola”), a consolidated subsidiary of Nippon Paper Industries, to Coca-Cola West Co., Ltd. (head office: Fukuoka, Fukuoka Prefecture; President: Tamio Yoshimatsu; hereinafter, “CCW”) (hereinafter, the “Stock Transfer”), as announced in the press release issued April 3, 2015 entitled “Nippon Paper Industries and Coca-Cola West Reach Basic Agreement on the Transfer of Shikoku Coca-Cola Bottling Shares.” Nippon Paper Industries today announced that it has concluded a stock transfer agreement concerning the Stock Transfer with CCW. Details are as follows.

1. Background and objectives of the Stock Transfer

Since Nippon Paper Industries founded Shikoku Inryo (current Shikoku Coca-Cola) in 1963 as part of its business diversification, Shikoku Coca-Cola has built a strong position and track record as a leading company in Shikoku. Nippon Paper Industries subsequently had Shikoku Coca-Cola’s shares listed on the Second Section of the Osaka Stock Exchange in 1993, the First Section of the Tokyo Stock exchange in 2000, and made the company a wholly owned subsidiary in 2009, and has worked to strengthen the business foundation of Shikoku Coca-Cola in an increasingly harsh business environment affected by factors such as growing diversity in consumer needs and economized consumption.

However, with competition on the beverage market becoming more and more intense, Nippon Paper Industries has come to the conclusion that increasing Shikoku Cocal-Cola’s business efficiency as a coca-cola bottling business and taking into account the regional characteristics of its business areas are the keys to Shikoku Cocal-Cola’s sustainable growth and development alongside local communities.

Nippon Paper Industries has also concluded that this Stock Transfer will help it accelerate the conversion of its business structure, enabling it to grow into a comprehensive biomass company at the global level by concentrating its management resources in the biochemical, healthcare, and energy sectors, and will increase the value of Nippon Paper group companies, and its discussions with CCW have today led to the conclusion of a stock transfer agreement concerning this Stock Transfer..

2. Overview of the subsidiary subject to the Stock Transfer (Shikoku Coca-Cola)

(1)	Company name	Shikoku Coca-Cola Bottling Co., Ltd.
(2)	Location	1378 Kasugacho, Takamatsu, Kagawa Prefecture
(3)	Title and name of representative	Takahiro Maeda, Representative Director and President
(4)	Business description	Production and sale of soft drinks
(5)	Capital	5,576 million yen (as of December 31, 2014)
(6)	Date established	January 7, 1963

(7)	Major shareholder and shareholding ratio	Nippon Paper Industries Co., Ltd. 100%		
(8)	Relationship with Nippon Paper Industries	Capital relationship	As of today, Nippon Paper Industries owns 100% of the shares of common stock issued by Shikoku Coca-Cola.	
		Personnel relationship	Two Nippon Paper Industries employees hold the posts of auditors in Shikoku Coca-Cola and four other Nippon Paper Industries employees are on loan to Shikoku Coca-Cola group companies.	
		Business relationship	Nippon Paper Industries has a loan from Shikoku Coca-Cola as part of cash management system (CMS)	
		Applicability to related parties	Shikoku Coca-Cola is a consolidated subsidiary of Nippon Paper Industries and, therefore, a related party of Nippon Paper Industries.	
(9)	Business results and financial position in the last 3 years (consolidated)			
	Fiscal year ending December	2012 (in yen)	2013 (in yen)	2014 (in yen)
	Consolidated net assets	36,433 million	35,974 million	35,675 million
	Consolidated total assets	41,368 million	41,619 million	40,076 million
	Consolidated net assets per share	1,557.4	1,537.8	1,525.0
	Consolidated net sales	48,984 million	48,838 million	46,999 million
	Consolidated operating income	289 million	326 million	(115 million)
	Consolidated ordinary income	538 million	604 million	151 million
	Consolidated net income	150 million	(197 million)	40 million
	Consolidated net income per share	6.4	(8.4)	1.8
	Dividends per share	15.8	15.8	15.8

Note: An audit certificate has not been issued for the consolidated financial results in (9).

3. Overview of the transferee (CCW)

(1)	Company name	Coca-Cola West Co., Ltd.
(2)	Location	7-9-66 Hakozaki, Higashi-ku, Fukuoka
(3)	Title and name of representative director	Tamio Yoshimatsu, Representative Director and President
(4)	Business description	Production and sales of soft drinks and food products
(5)	Capital	15,231 million yen (as of December 31, 2014)
(6)	Date established	December 20, 1960
(7)	Consolidated net assets	254,150 million yen (as of December 31, 2014)
(8)	Consolidated total assets	337,260 million yen (as of December 31, 2014)
(9)	Major shareholders and shareholding ratios (as of December 31, 2014)	Ricoh Company, Ltd.: 15.37% New Technology Development Foundation: 4.76% Satsuma Shuzo Co., Ltd.: 4.23% MCA Holdings Co., Ltd.: 3.97% Japan Trustee Services Bank, Ltd. (trust account): 3.79%

(10)	Relationship with Nippon Paper Industries	C a p i t a l relationship	Not applicable
		P e r s o n n e l relationship	Not applicable
		B u s i n e s s relationship	Not applicable
		Applicability to related parties	Not applicable

4. Number of shares transferred, transfer price, and the state of shares owned before and after the transfer

(1)	Number of shares owned before the transfer	23,394,076 shares (Number of voting rights : 233,940) (Ownership percentage : 100%)
(2)	Number of shares transferred	23,394,076 shares (Number of voting rights: 233,940)
(3)	Transfer price	9,760 million yen (see Note 1)
(4)	State of shares owned after the transfer	0 shares (Number of voting rights: 0) (Ownership percentage : 0.0%)

Note 1: The transfer price was determined upon consultation with the counterparty to the stock transfer based on stock price evaluation (by the DCF method and other methods) by an outside expert (financial advisor). *

5. Schedule

(1)	Resloution of the Board of Directors	April 30, 2015
(2)	Conclusion of the Stock Transfer Agreement	April 30, 2015
(3)	Execution of stock transfer	May 18, 2015 (planned)

6. Outlook

As a result of the Stock Transfer, Nippon Paper Industries expects to post a loss on the sale of shares of Shikoku Coca-Cola of around 16.4 billion yen as an extraordinary loss in the consolidated first-quarter results of the fiscal year ending March 31, 2016. Ahead of the Stock Transfer, Nippon Paper Industries plans to receive dividends of around 8.8 billion yen from Shikoku Coca-Cola.

The consolidated financial results forecast for the fiscal year ending March 31, 2016 is currently being carefully examined and will be announced at the time of the consolidated financial results announcement for the fiscal year ended March 31, 2015 scheduled on May 15, 2015.