

NEWS

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Nippon Paper Industries and Daishowa Paper Manufacturing Streamline

Production Operations Under Group-Wide Restructuring Scheme

Tokyo, November 1, 2001 – Nippon Paper Industries Co., Ltd. and Daishowa Paper Manufacturing Co., Ltd. today jointly announced a short-term plan to restructure production as part of the ongoing integration of the two companies under the Nippon Unipac Holding Group. The restructuring scheme is designed to concentrate production resources in cost-efficient, high-quality technologies, enabling the group to compete more effectively against imported paper products. The plan features the shutdown and disposition of three major papermaking machines at three mills, and calls for aggressive efforts to increase production capacities for paper products with growing sales and prospects for further expansion. These near-term measures include boosting production of *Oper*, a specialty paper laminated with polyolefin-based resin material that has superior waterproofing qualities and excels in printability.

The table below details the joint restructuring plans for production, which Nippon Paper Industries and Daishowa Paper Manufacturing estimate will save up to ¥5.1 billion. The paper products that have been produced by the decommissioned machines will continue to be manufactured at other mills, and the two companies stand ready to ensure a stable supply of high-quality paper products to customers. While both companies are dedicated

to achieving the goals of these short-term plans, they continue to address mid- and long-term management challenges within the Nippon Unipac Holding Group.

Streamlining Production (Shutdown and Disposition of Machines, Production Increases)

Mill/Facility	Annual Production Capacity	Paper Products	Planned
(Daishowa) Shiraoui Mill, Machine No.4	34,000 tons	Printing paper	Cease operations in March 2002
(Daishowa) Honsha Mill Yoshinaga Div. Machine No.13	26,000 tons	Paperboard	Cease operations in March 2002
(Nippon Paper) Komatsushima Mill, Machine No.2	59,000 tons	Communication paper	Cease operations in September 2003
Total Production Reductions	119,000 tons		
(Nippon Paper) Komatsushima Mill, <i>Oper</i> Production	28 million m ²	<i>Oper</i>	Increase production in October 2002

Planned Capital Investment for Production Increases

Mill/Facility: Purpose of investment	Cost (¥ billion)
(Daishowa) Honsya Mill Yoshinaga Div.: Modify N1 machine and strengthen de-inking pulp (DIP) production facility in order to produce PPC (Plain Paper Copiers) paper	1.6
(Nippon Paper) Iwakuni Mill: Install a new winder for boosting production of paper rolls for business form printing	0.8
(Nippon Paper) Komatsushima Mill: Install a new laminator for increasing <i>Oper</i> production	1.1
TOTAL COST	3.5