

Nippon Unipac Holding
Nippon Paper Industries Co., Ltd.
Daishowa Paper Manufacturing Co., Ltd.

The establishment of Nippon Unipac Holding Group

We are pleased to announce that Nippon Unipac Holding was established on March 30, 2001 and Nippon Paper Industries Co., Ltd. (NPI) and Daishowa Paper Manufacturing Co., Ltd. (DPM) will conduct their business activities as subsidiaries of Nippon Unipac Holding from now on.

We would also like to show the outline of the principal management policy and financial targets of Nippon Unipac Holding as well as the mid-term management plans for NPI and DPM, which have been just formulated in order to improve our response to the diversified requirements by customers and increase the corporate value of our group as a whole.

Taking this opportunity, we would like to sincerely ask customers, vendors, suppliers of NPI and DPM and also shareholders of Nippon Unipac Holding for continuous patronage and support as you have rendered to us in the past.

【The principal management policy of Nippon Unipac Holding】

Nippon Unipac Holding will lead NPI and DPM to realize synergy effects such as production cost reduction and logistic cost reduction at the earliest stage and aims at becoming a world-class leading paper manufacturing group with solid international competitiveness.

On the basis of the recognition that business practice to co-exist with natural environment is imperative for the sustainability of a corporation, Nippon Unipac Holding set up the Environmental Charter in which we are committed to develop our business as a recycle-based sustainable corporate group.

Nippon Unipac Holding will require NPI and DPM to focus more on capital efficiency in their management in order to increase the corporate value of the whole group. Especially, during the three-year period till the year 2003, NPI and DPM will tackle the following challenges.

NPI will build a solid foundation for the further development of Nippon Unipac Group by implementing efficient and effective distribution and use of managerial resources.

DPM will become a profitable company good enough to pay dividend in the year 2003 by improving its financial structure and cost competitiveness.

Nippon Unipac Holding will formulate strategies for the entire group in such area as development of its core paper business both in Japan and foreign countries, and rationalization of the group companies and also coordinate NPI and DPM to implement them.

Nippon Unipac Holding is committed to be accountable to investors by realizing fair and appropriate information disclosure. It will make its investors relation activities more active and effective for that purpose.

【Financial targets of Nippon Unipac Holdings】

<u>The targets for the year 2003</u>	
Earning ratio	
Ordinary profits to net sales	Above 8.2%
(Ordinary profits)	(Above 120 billion yen)
ROE	Above 12.3%
ROIC	Above 9.4 %
Interest bearing liabilities	
Interest bearing liabilities	Below 740 billion yen
D / E ratio	Below 1.3
Number of employees	Below 15,000

Reference: expected net sales in 2003 is 1,400 billion yen

【Mid-term management plan of Nippon Paper Industries Co., Ltd.】

Please see Annex 1.

【Mid-term management plan of Daishowa Paper Manufacturing Co., Ltd.】

Please see Annex 2

For further information, please contact:

About Nippon Unipac Holding

Toshiro Sato
Planning and Administration Group
Nippon Unipe Hoding
Tel 03-3218-9330

About Nippon Paper Industries

Yukio Fukunaga
Corporate Planning Dept.
Nippon Paper Industries Co., Ltd.
Tel 03-3218-8036

About Daishowa Paper Manufacturing

Jungo Kubota
Corporate Planning Dept.
Daishowa Paper Manufacturing Co., Ltd.

Annex.1 【Mid-term management plan of Nippon Paper Industries Co., Ltd.】

<u>Financial targets for the year 2003</u>		
<u>Earning ratio</u>	【Non-consolidated basis】	【Consolidated basis】
Ordinary profits to net sales	Above 10%	Above 8 %
(Amount of Ordinary profits)	(Above 70 billion yen)	(Above 90 billion yen)
ROE	Above 10%	Above 11%
ROIC	Above 10%	Above 10%
<u>Interest bearing liabilities</u>	【Non-consolidated basis】	【Consolidated basis】
Amount of Interest bearing liabilities	Below 290 billion yen	Below 450 billion yen
D / E ratio	Below 0.8	Below 1.0
<u>Number of employees</u>	Below 4,800	Below 11,000

To become a world-class leading company

Focus on N E P

(Modified version of EVA®)

Principal Policy

- 1 . To realize synergy effects of the business integration at the earliest stage
- 2 . To rationalize paper production capacity
- 3 . To become a customer-oriented corporation
- 4 . To improve labor productivity and the revitalize our human resources
- 5 . To spin-out non-core business
- 6 . To improve subsidiaries' earning power
- 7 . To co-exist with natural environment

「 More centered on “Selective and focused investment” 」

Annex. 2 【Mid-term management plan of Daishowa Paper Manufacturing Co., Ltd.】

<u>Financial targets for the year 2003</u>		
<u>Earning ratio</u>	【Non-consolidated basis】	【Consolidated basis】
Ordinary profits to net sales (Ordinary profits)	Above 9% (Above 27 billion yen)	Above 9 % (Above 30 billion yen)
ROE	Above 15%	Above 18%
ROIC	Above 9 %	Above 8 %
<u>Interest bearing liabilities</u>	【Non-consolidated basis】	【Consolidated basis】
Amount of Interest bearing liabilities	Below 270 billion yen	Below 290 billion yen
D / E ratio	Below 2.5	Below 2.5
Interim target	Reduction of 100 billion yen from the debt level at the end of March, 2000 by the end of 2003	
<u>Number of employees</u>	Below 3,000	Below 4,000

Challenge for the improvement of cost structure

Principal policy

- 1 . To realize synergy effects of business integration at the earliest stage
- 2 . To improve variable cost structure and build cost competitiveness to compete globally
- 3 . To write-off the accumulated loss of subsidiaries and improve the financial condition of the Daishowa group
- 4 . To improve the company's basic function as a manufacturing company, establish a solid corporate foundation to compete in rapidly changing business environment, and realize payment of dividend in 2003.

Specific measures

- 1 . Reduction of variable cost especially in raw materials
- 2 .Reconstruction of management style as a group company to shoulder Nippon Unipac Holding
- 3 . Reduction of employees to 3,000
- 4 . Improvement of capital structure and reduction of financial cost