

May 23, 2003

Nippon Unipac Holding
Nippon Paper Industries Co., Ltd.
SAN-MIC CHIYODA CORPORATION
Jujo Shoji Co., Ltd.

Reorganization of Trading Department (Paper and Commodities) of Nippon Unipac Holding Group

Nippon Unipac Holding Group (the “Group”) has decided to reorganize its trading department, currently engaged in the purchase and sale of paper, paper processed products and various kinds of paper-making raw materials, as follows:

The Group plans to turn SAN-MIC CHIYODA CORPORATION, 57.2% owned by Nippon Paper Industries Co., Ltd., into a wholly-owned subsidiary of Nippon Paper Industries, and also, by merging Jujo Shoji Co., Ltd., which is currently a wholly-owned subsidiary of Nippon Paper Industries, and SAN-MIC CHIYODA CORPORATION, consolidate these two trading companies in the Group into one wholly-owned subsidiary of Nippon Paper Industries.

By turning SAN-MIC CHIYODA CORPORATION, a distributor of paper and processed products for Nippon Paper Industries, into a wholly-owned subsidiary of Nippon Paper Industries, the alliances between the two companies will be further strengthened through the sharing of management resources and information. This will enable the Group to better promote and develop its business in order to meet the needs of our customers. We intend to promote the development of flexible business strategies and improve our organization structure through the integration of the manufacturing and sales departments, in order to adjust to the difficult changes in our business conditions.

Further, through the merger of SAN-MIC CHIYODA CORPORATION and Jujo Shoji, we will be able to reduce costs by sharing the sales departments for paper and commodities between the two companies and strengthen the material procurement function for Nippon Paper Industries. This will, in turn, contribute to the strengthening of the Group’s competitiveness in the paper industry, which is the Group’s core business.

The Group is reorganizing its operation through the use of an “integration and split” method with the aim of having a more responsive and efficient management structure. As for the reorganization of the trading department in the Group, each of the Group companies will direct their efforts to carrying out the reorganization to better respond to the expectations and needs of our customers and shareholders. We ask for your continued support and understanding during this period of reorganization.

Please note that in order to promptly complete the process of turning SAN-MIC CHIYODA CORPORATION into a wholly-owned subsidiary of Nippon Paper Industries and maintain the liquidity of shares owned by the shareholders of SAN-MIC CHIYODA CORPORATION, we are planning to perform a share exchange between Nippon Unipac Holding, a listed company, and SAN-MIC CHIYODA CORPORATION, in October of this year.

Effective today, Nippon Unipac Holding and SAN-MIC CHIYODA CORPORATION have entered into a share exchange agreement. Prior to the said share exchange, so as to avoid the situation of a subsidiary holding shares of its parent company, Nippon Unipac Holding and Nippon Paper Industries entered into a share purchase and sale agreement with respect to the shares of SAN-MIC CHIYODA CORPORATION currently owned by Nippon Paper Industries.

I. Scheme of Reorganization:

1st Step

SAN-MIC CHIYODA CORPORATION becomes a wholly-owned subsidiary of Nippon Unipac Holding

- (1) On May 23, 2003, Nippon Unipac Holding entered into the share purchase agreement regarding the transfer to Nippon Unipac Holding of all of the shares of SAN-MIC CHIYODA CORPORATION currently owned by Nippon Paper Industries (22,067,521 shares; its shareholding ratio: 57.2%).
- (2) On October 1, 2003, SAN-MIC CHIYODA CORPORATION shall become a wholly-owned subsidiary of Nippon Unipac Holding by means of a share exchange between Nippon Unipac Holding and SAN-MIC CHIYODA CORPORATION.

2nd Step

SAN-MIC CHIYODA CORPORATION becomes a wholly-owned subsidiary of Nippon Paper Industries

- (3) In January 2004 (scheduled), SAN-MIC CHIYODA CORPORATION shall become a wholly-owned subsidiary of Nippon Paper Industries by means of a share exchange between Nippon Paper Industries and SAN-MIC CHIYODA CORPORATION.

3rd Step

Merger between SAN-MIC CHIYODA CORPORATION and Jujo Shoji

- (4) In April 2004 (scheduled), SAN-MIC CHIYODA CORPORATION and Jujo Shoji shall merge.

For your reference:

Jujo Shoji:

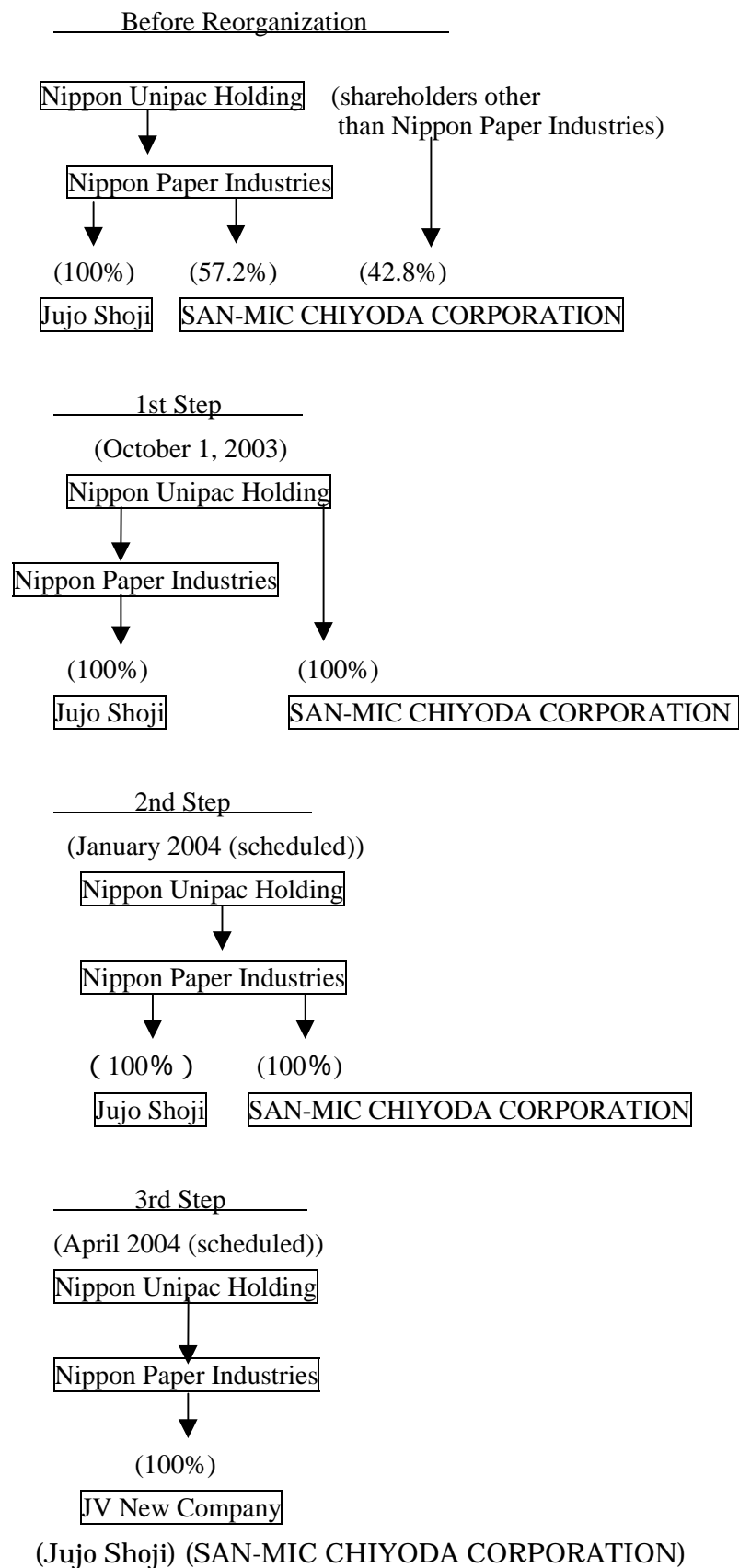
(Location) Chuo-ku, Tokyo

(Description of Business) Sales of paper and paper-related materials

(Amount of Capital) 50 million yen

(Amount of Sales) 19 billion yen

(Diagrammatic Illustration of Scheme)



(Note) The above illustration indicates the investment relationship relating to SAN-MIC CHIYODA CORPORATION and Jujo Shoji.

II. Outline of Share Exchange between Nippon Unipac Holding and SAN-MIC CHIYODA CORPORATION:

Nippon Unipac Holding and SAN-MIC CHIYODA CORPORATION have agreed to turn SAN-MIC CHIYODA CORPORATION into a wholly-owned subsidiary of Nippon Unipac Holding by means of a share exchange and entered into a share exchange agreement in accordance with the resolutions adopted by the respective board of directors of said two companies during the board meetings of both companies held on May 23, 2003:

1. Summary of Share Exchange Agreement:

(1) Method:

In order for Nippon Unipac Holding to become the parent company of SAN-MIC CHIYODA CORPORATION with 100% ownership in the said company and for SAN-MIC CHIYODA CORPORATION to become a wholly-owned subsidiary of Nippon Unipac Holding, the share exchange will be affected in accordance with the procedures set forth in Articles 352 through 363 of the Commercial Code of Japan.

(2) Share Exchange Ratio:

| Company Name | Nippon Unipac Holding | SAN-MIC CHIYODA CORPORATION |
|----------------------|-----------------------|-----------------------------|
| Share Exchange Ratio | 1 | 0.00027 |

Note 1: Allotment of Stock:

Upon the share exchange, Nippon Unipac Holding will allot 0.00027 shares of Nippon Unipac Holding in exchange for one share of SAN-MIC CHIYODA CORPORATION to the shareholders (including the beneficial shareholders) of SAN-MIC CHIYODA CORPORATION who are listed on the shareholders' register and the beneficial shareholders' register of SAN-MIC CHIYODA CORPORATION at the close of business of the day immediately preceding the date on which the share exchange is performed. However, that no allotment of Nippon Unipac Holding's shares will be made as to 22,067,521 shares of SAN-MIC CHIYODA CORPORATION to be owned by Nippon Unipac Holding as of the the date immediately preceding the date on which the share exchange is performed.

Note 2: Basis for Calculating Share Exchange Ratio:

We have requested Nikko Cordial Securities Inc. to calculate an appropriate share exchange ratio, and with reference to their calculation results, the parties, after mutual consultation, have agreed to the aforementioned ratio.

Note 3: Results and Method of Calculation by a Third Party and the Basis therefor:

Nikko Cordial Securities Inc. applied the market share price method to the Nippon Unipac Holding shares, and the market share price method, revised net asset book value method and earning capitalization method to SAN-MIC CHIYODA CORPORATION shares. After analyzing the results obtained from these methods, they calculated the share exchange ratio.

Note 4: Number of Shares to Be Newly Issued through Share Exchange:

Nippon Unipac Holding will allot and deliver 4,456.74 reasury stock of Nippon Unipac Holding in respect of all of the relevant shares.

(3) Amount of Capital Stock and Capital Reserve to Be Increased:

- (i) Capital Stock: Not to be increased.
- (ii) Capital Reserve: To be increased by an amount derived by multiplying the ratio of the outstanding shares of SAN-MIC CHIYODA CORPORATION to be transferred to Nippon Unipac Holding as a result of the share exchange by the net assets of SAN-MIC CHIYODA CORPORATION as at the day on which the share exchange is performed, less the total amount of the book value of the treasury stock to be transferred to the shareholders of SAN-MIC CHIYODA CORPORATION from Nippon Unipac Holding. Provided, however, that the amount of capital reserve will not be increased if the result obtained from said calculation is zero.

(4) Cash Dividends:

Nippon Unipac Holding and SAN-MIC CHIYODA CORPORATION will pay dividends up to the amounts set forth below to the respective shareholders (including the beneficial shareholders) or registered pledgees who are listed on the shareholders' registers and the beneficial shareholders' registers of the respective companies as at the close of business on March 31, 2003.

- Nippon Unipac Holding: 8,000 yen per share (Total Amount: 8,730 million yen)
- SAN-MIC CHIYODA CORPORATION: 3.00 yen per share (Total Amount: 116 million yen)

(5) Money Payment Associated with Share Exchange:

No money payment will be made in connection with the share exchange.

2. Schedule of Share Exchange:

| | |
|-----------------|--|
| May 23, 2003 | Board of Directors meeting to approve the share exchange Signing of Share Exchange Agreement |
| June 27, 2003 | Ordinary shareholders meeting of SAN-MIC CHIYODA CORPORATION (for approval of Share Exchange Agreement) |
| October 1, 2003 | Effective date of share exchange |

- * In accordance with the provisions of Article 358 of the Commercial Code of Japan (Short-form Share Exchange), Nippon Unipac Holding will not seek a resolution of the shareholders meeting for approval of such share exchange.

3. Outline of the Companies which are Parties to Share Exchange

(1) As of March 31, 2003:

| | | | | | | | | |
|--|--|---|--------------------------|--|--------------------|---|----------------|---|
| Trade Name | Nippon Unipac Holding | SAN-MIC CHIYODA CORPORATION | | | | | | |
| Description of Business | Pure holding company of primarily paper and paperboard businesses | Seller of paper and paper processed products | | | | | | |
| Date of Incorporation | March 2001 | January 1947 | | | | | | |
| Location of Head Office | Chiyoda-ku, Tokyo | Chiyoda-ku, Tokyo | | | | | | |
| Representative | Takahiko Miyoshi, Director & President | Akira Yokoyama, Director & President | | | | | | |
| Total Number of Issued and Outstanding Shares | 1,105,235.63 shares | 38,574,000 shares | | | | | | |
| Shareholders' Equity | 417,930 million yen | 10,211 million yen | | | | | | |
| Total Assets | 449,440 million yen | 87,539 million yen | | | | | | |
| Fiscal Year | March 31 | March 31 | | | | | | |
| Number of Employees | 16 | 327 | | | | | | |
| Major Shareholders and Their Shareholding Ratios | The Master Trust Bank of Japan, Ltd. (trust account): 5.57% Mizuho Corporate Bank, Ltd.: 4.78% Japan Trustee Services Bank, Ltd. (trust account): 3.58% Combined interest of top 10 shareholders: 29.83% | Nippon Paper Industries: 57.21% Mizuho Corporate Bank, Ltd.: 3.84% Mizuho Trust Retirement Benefit Trust (Mishima Paper Co., Ltd. Account): 1.97% Combined interest of top 10 shareholders: 72.49% | | | | | | |
| Relationship with Relevant Parties | <table border="1"> <tr> <td>Stock Ownership Relation</td> <td>Nippon Paper Industries is a consolidated wholly-owned subsidiary of Nippon Unipac Holding. Nippon Paper Industries is the largest shareholder with an interest of 57.2% in SAN-MIC CHIYODA CORPORATION.</td> </tr> <tr> <td>Personnel Relation</td> <td>Four ex-officers and ex-employees of Nippon Paper Industries, a wholly-owned subsidiary of Nippon Unipac Holding, have assumed office as directors (two) and statutory auditors (two) of SAN-MIC CHIYODA CORPORATION.</td> </tr> <tr> <td>Trade Relation</td> <td>SAN-MIC CHIYODA CORPORATION sells the products of Nippon Paper Industries, a wholly-owned subsidiary of Nippon Unipac Holding, and delivers raw materials to Nippon Paper Industries.</td> </tr> </table> | | Stock Ownership Relation | Nippon Paper Industries is a consolidated wholly-owned subsidiary of Nippon Unipac Holding. Nippon Paper Industries is the largest shareholder with an interest of 57.2% in SAN-MIC CHIYODA CORPORATION. | Personnel Relation | Four ex-officers and ex-employees of Nippon Paper Industries, a wholly-owned subsidiary of Nippon Unipac Holding, have assumed office as directors (two) and statutory auditors (two) of SAN-MIC CHIYODA CORPORATION. | Trade Relation | SAN-MIC CHIYODA CORPORATION sells the products of Nippon Paper Industries, a wholly-owned subsidiary of Nippon Unipac Holding, and delivers raw materials to Nippon Paper Industries. |
| Stock Ownership Relation | Nippon Paper Industries is a consolidated wholly-owned subsidiary of Nippon Unipac Holding. Nippon Paper Industries is the largest shareholder with an interest of 57.2% in SAN-MIC CHIYODA CORPORATION. | | | | | | | |
| Personnel Relation | Four ex-officers and ex-employees of Nippon Paper Industries, a wholly-owned subsidiary of Nippon Unipac Holding, have assumed office as directors (two) and statutory auditors (two) of SAN-MIC CHIYODA CORPORATION. | | | | | | | |
| Trade Relation | SAN-MIC CHIYODA CORPORATION sells the products of Nippon Paper Industries, a wholly-owned subsidiary of Nippon Unipac Holding, and delivers raw materials to Nippon Paper Industries. | | | | | | | |

(2) Business Results of the Most Recent Three Fiscal Terms:

(a) Nippon Unipac Holding:

| Fiscal Year Ended | Consolidated | | | Non-consolidated | | |
|-------------------------------|--------------|------------|------------|----------------------------|----------------------------|---------------------------|
| | Sep. 2001 | March 2002 | March 2003 | Sep. 2001 | March 2002 | March 2003 |
| Sales Amount (million yen) | 615,185 | 596,237 | 1,165,450 | 6,145 | 10,419 | 9,329 |
| Ordinary Profit (million yen) | 12,248 | 16,315 | 39,671 | 5,301 | 9,588 | 7,884 |
| Net Profit (million yen) | 2,813 | -3,449 | 4,880 | 5,251 | 9,541 | 7,748 |
| Net Profit Per Share (yen) | 2,611.51 | -3,200.59 | 4,283.53 | 4,859.93 | 8,829.64 | 7,077.70 |
| Dividend Per Share (yen) | - | - | - | 4,000 (six-month dividend) | 4,000 (six-month dividend) | 8,000 (one-year dividend) |
| Net Asset Per Share (yen) | 381,128.83 | 377,308.99 | 374,133.23 | 373,023.72 | 377,820.15 | 382,957.16 |

- Note 1: The figures described in the columns for the non-consolidated sales represent operating revenues (since no business is conducted).
- Note 2: As the company was incorporated on March 30, 2001, the fiscal year ending September 30, 2001 is for the period from March 30, 2001 to September 30, 2001 and the fiscal year ending March 31, 2002 is for the period from October 1, 2001 to March 31, 2002.
- Note 3: As a consolidated subsidiary of Nippon Unipac Holding, results of SAN-MIC CHIYODA CORPORATION are reflected in the consolidated statements of Nippon Unipac Holding.

(b) SAN-MIC CHIYODA CORPORATION:

| Fiscal Year End | Consolidated | | | Non-consolidated | | |
|-------------------------------|--------------|------------|------------|-----------------------------|-----------------------------|-----------------------------|
| | March 2001 | March 2002 | March 2003 | March 2001 | March 2002 | March 2003 |
| Sales Amount (million yen) | 189,548 | 170,792 | 168,740 | 186,171 | 167,902 | 165,861 |
| Ordinary Profit (million yen) | 1,546 | 822 | 1,423 | 1,430 | 772 | 1,283 |
| Net Profit (million yen) | 256 | -281 | 425 | 215 | -350 | 350 |
| Net Profit Per Share (yen) | 6.64 | -7.29 | 10.67 | 5.59 | -9.10 | 8.76 |
| Dividend Per Share (yen) | - | - | - | 6.00 (one-year dividend) | 6.00 (one-year dividend) | 6.00 (one-year dividend) |
| Net Asset Per Share (yen) | 292.54 | 281.65 | 268.62 | 291.91 | 279.18 | 264.44 |

4. Status after Share Exchange

(1) Trade Name, Business, Location of Head Office and Representative:

With respect to the trade name, description of business, location of head office and representative of each of the relevant companies, there will be no change to the description appearing above in Section 3. (Outline of the Companies which are Parties to Share Exchange).

(2) Capital Stock:

As set forth in Section 1.(3) above, the capital stock of Nippon Unipac Holding will not increase as a result of this share exchange.

(3) Effect on Business Performance:

The effect on the consolidated business performance of Nippon Unipac Holding and SAN-MIC CHIYODA CORPORATION will be negligible.

III. Acquisition of Shares of SAN-MIC CHIYODA CORPORATION by Nippon Unipac Holding (Change of Parent Companies and Major Shareholders):

Nippon Unipac Holding entered into a share purchase and sale agreement with Nippon Paper Industries today in accordance with the resolutions adopted by the board of directors at its meeting with respect to the acquisition of the shares of SAN-MIC CHIYODA CORPORATION. As a result of the foregoing, SAN-MIC CHIYODA CORPORATION will become a subsidiary of Nippon Unipac Holding, and Nippon Unipac Holding will become the parent company and a major shareholder of SAN-MIC CHIYODA CORPORATION. Further, after said share purchase and sale transaction, Nippon Paper Industries will cease to be a parent company and a major shareholder of SAN-MIC CHIYODA CORPORATION.

1. Purpose of Acquiring Shares:

Prior to the share exchange between Nippon Unipac Holding and SAN-MIC CHIYODA CORPORATION, Nippon Unipac Holding shall purchase all of the shares of SAN-MIC CHIYODA CORPORATION currently owned by Nippon Paper Industries in order to avoid the situation of a subsidiary holding shares of its parent company.

2. Outline of the Subsidiary and Parent Companies Effected:

Please refer above to (Outline of Companies which Are Parties to the Share Exchange).

3. Number of Voting Rights Owned by Nippon Unipac Holding and Nippon Paper Industries Prior to and Following the Transaction:

(1) Ownership of Nippon Unipac Holding

a. Number of Voting Rights Owned Prior to the Transaction:

Direct Ownership: 0 (Holding Ratio: 0%)

Indirect Ownership: 22,465 (Holding Ratio: 58.36%)

b. Number of Shares to Be Acquired: 22,067,521

c. Number of Voting Rights Owned After the Transaction:

Direct Ownership: 22,067 (Holding Ratio: 57.2%) (Major shareholder)

Indirect Ownership: 398 (Holding Ratio: 1.03%)

(2) Nippon Paper Industries Co., Ltd.:

a. Number of Voting Rights Owned Prior to the Transaction:

Direct Ownership: 22,067 (Holding Ratio: 57.32%) (Major shareholder)

Indirect Ownership: 50 (Holding Ratio: 0.12%)

b. Number of Shares to Be Transferred: 22,067,521

c. Number of Voting Rights Owned After the Transaction:

| | | |
|---------------------|----|-------------------------|
| Direct Ownership: | 0 | (Holding Ratio: 0%) (-) |
| Indirect Ownership: | 50 | (Holding Ratio: 0.12%) |

4. Schedule:

on May 23, 2003: Signing of the Share Purchase and Sale Agreement

on June 25, 2003 (scheduled): Delivery of Shares

5. Prospects of Business Performance after Turning SAN-MIC CHIYODA CORPORATION into a Subsidiary:

The effect on the consolidated business performance of Nippon Unipac Holding will be negligible, as Nippon Unipac Holding has already accounted for the business results of SAN-MIC CHIYODA CORPORATION as its consolidated subsidiary.