

Nippon Paper Industries Co., Ltd. Announces the Asset Purchase of the Liquid Packaging Board Business of Weyerhaeuser Company in the United States

Nippon Paper Industries Co., Ltd. (President: Fumio Manoshiro; hereinafter, "the Company") announces that the Company has reached an agreement with Weyerhaeuser NR Company, a subsidiary of Weyerhaeuser Company (President and CEO: Doyle R. Simons, hereinafter, "Weyerhaeuser"), which is one of the leading comprehensive forest products companies in the world, concerning the asset purchase of Weyerhaeuser's Liquid Packaging Board business in Washington of Cellulose Fibers segment (hereinafter, "the Business") by a new consolidated subsidiary of the Company to be established in the United States (the company's name undecided, hereinafter referred as "the New Subsidiary") (hereinafter, asset purchase of the Business referred as "the Transaction") and concluded an asset purchase agreement with Weyerhaeuser at the resolutions of the board of directors held on June 15, 2016.

The Transaction, which requires the expiration of the waiting period for the reporting to the authorities, will be completed in 3Q, 2016.

1. Objectives of the Transaction

The Company, along with the fifth midterm business plan (FY2015-FY2017), focuses on 1) enhancing competitiveness of existing business and 2) transforming the business structure as key themes to reallocate management resources efficiently to the growth areas. The company is working to strengthen and expand the packaging business as one of the promising businesses in the future.

The Transaction enables the Paper-pak business of the Company to establish an integrated production system from base paper to processing and the Company to provide further added value to customers as a total system supplier.

The Business of Weyerhaeuser has established market confidence at a high level supported by its business advantages of the processing technology and equipment with high quality and the business locations suitable for exports. Weyerhaeuser and the Company have developed a strong relationship through the business in the liquid packaging board business and the joint venture of newsprint and publishing papers for many years. This Transaction occurs as a result of the agreement between Weyerhaeuser and the Company following Weyerhaeuser's strategic review of the Business.

The Transaction provides the Company with new manufacturing and marketing bases in North America. The Company will expand the sales in Asian markets by making the most of the locations along the Pacific Coast as well as capture an opportunity in North America to expand the business where an increase of the demands of paper packages is expected in line with the improvement of concerns on "paper" products in the US. Moreover, the Company accelerates the development of new business in the packaging segment of the Company group by cooperating with its industrial paper business, pursuing the synergies with the new structure of the package business established this April, such as the Packaging Communication Center and the Packaging Research Laboratories, and collaborating with other processing business companies as well as pursuing mergers and acquisitions.

2. Details of the Transaction

(1) Details of the Business

Production, processing, and sale of base paper for paper containers of liquid including soft drink and milk, and base paper for cup containers, etc.

(2) Results of the Business

	The Business (FY ended Dec. 2015)	Consolidated result of Weyerhaeuser (FY ended Dec. 2015)
Net sales	362 million USD	7,082 million USD
Gross profit	23 million USD	1,388 million USD
Operating income	9 million USD	919 million USD

(Note) The New Subsidiary purchases the Business in Washington only from Weyerhaeuser and estimates of net sales, gross profit, and operating income are showed above as it is difficult to recognize the independent costs of the Business

(3) Amount of assets and liabilities of the Business (as of Dec. 31, 2015)

Assets		Liabilities	
Item	Book value	Item	Book value
Receivable	29 million USD	Accounts payable	16 million USD
Inventories	68 million USD	Accrued liabilities	24 million USD
Prepaid expenses	0.4 million USD	Deferred income taxes	39 million USD
Property and equipment	192 million USD	Other liabilities	16 million USD
Construction in progress	0.5 million USD		
Other noncurrent assets	2 million USD		
Total	292 million USD	Total	95 million USD

(4) Purchase Price and Settlement

Purchase Price: 285 million USD

Settlement Cash

3. Overview of the Party of the Transaction (as of Dec. 31, 2015)

(1)	Company name	Weyerhaeuser Company	
(2)	Location	33663 Weyerhaeuser Way South, Federal Way, WA 98003	
(3)	Title and name of representative	Doyle R. Simons (President and CEO)	
(4)	Business description	Production of conifer-lumber, pulp, paper, and packing materials	
(5)	Capital	4,732 million USD	
(6)	Date established	Jan. 18, 1900	
(7)	Net asset	4,869 million USD	
(8)	Total asset	12,486 million USD	
(9)	Major shareholders and the ratios of shares held	BlackRock Institutional Trust Company, N.A.	4.97%
		First Eagle Investment Management, L.L.C.	4.83%
		T. Rowe Price Associates, Inc.	4.17%
		The Vanguard Group, Inc.	3.98%
(10)	Relationship between the Company and the Party	Capital relationship	There are no applicable items.
		Personnel relationship	There are no applicable items.
		Business relationship	The Party supplies base paper for liquid packaging board to the Company.
		Applicable situation of related parties	There are no applicable items.

4. Details of the New Subsidiary

The New Subsidiary will be the party to the Transaction. Although detail information of the New Subsidiary such as capital stock, etc. is undecided for now, the New Subsidiary will be consolidated subsidiary of the Company.

5. Schedule of the Transaction

(1)	Resolution of the Board of Directors	June 15, 2016
(2)	Execution of the Agreement	June 15, 2016
(3)	Completion of the Transaction	It will be completed in 3Q, 2016.

6. Summary of Accounting Procedure

For the purpose of Accounting Standard for Business Combination, this transaction is expected to be treated as an acquisition. The impact of goodwill to be expected is under assessment and will be announced once confirmed.

7. Outlook

The impact of the Transaction on business outlook, etc. for the fiscal year 2016 (ending Mar. 2017) is undetermined and will be promptly announced if matters to be published occur.

(Reference) The Company's financial outlook for FY2016 and result for FY2015

(Unit: millions of JPY)

	Net Sales	Operating Income	Ordinary Income	Net income
Outlook for FY2016 (ending Mar. 2017)	1,000,000	32,000	32,000	18,000
Result for FY2015 (ended Mar. 2016)	1,007,097	22,623	17,123	2,424