

August 3, 2016

Company name: Nippon Paper Industries Co., Ltd.
Representative: Fumio Manoshiro, President
(Securities Code: 3863, First section, TSE)

Nippon Paper Industries Co., Ltd. Announces Conclusion of Company Split Agreement and Share Undertaking Agreement Concerning the Sales Function Integration in terms of Containerboard and Sack & General Purpose Kraft Paper Business Alliance with Tokushu Tokai Paper Co., Ltd.

As Nippon Paper Industries Co., Ltd. (hereinafter, "**the Company**") announced in the press release "Nippon Paper Industries Co., Ltd Announces Conclusion of Integration Agreement with Tokushu Tokai Paper Co., Ltd. Concerning Containerboard and Sack & General Purpose Kraft Paper Business", dated April 25, 2016 (hereinafter, "**the April 25th Press Release**"), on April 25, 2016, the Company executed an integration agreement (hereinafter, "**the Integration Agreement**") with Tokushu Tokai Paper Co., Ltd. (hereinafter, "**Tokushu Tokai Paper**"), which contains the terms and conditions of the demerger of the manufacturing business at Shimada Mill of Tokushu Tokai Paper (hereinafter, "**Shimada Mill**") and the investment by the Company in Shin Tokai Paper Co., Ltd. (hereinafter, "**Shin Tokai Paper**"), newly established by Tokushu Tokai Paper for the purpose of the demerger of Shimada Mill, as well as of the integration of sales functions of the containerboard and sack & general purpose kraft paper business (hereinafter, "**the Business**") of the Company and Tokushu Tokai Paper (hereafter, the transactions stated above are collectively referred to as "**the Business Alliance**").

The Company announces that, based on the Integration Agreement, the Company resolved that, at the Board of Directors meeting today, the Company will conduct an absorption-type company split (hereinafter, "**the Company Split**") on October 1, 2016 by which rights and obligations, owned by the Company related to the sales function of the Business, will be transferred to Nippon Tokai Industrial Paper Supply Co., Ltd. (hereinafter, "**NTI**"), newly established by the Company for the purpose of the integration of sales functions of the Business of the Company and Tokushu Tokai Paper, and the Company today consequently executed an absorption-type company split agreement with NTI regarding the Company Split. In addition, the Company resolved that, also based on the Integration Agreement, at the Board of Directors meeting today, the Company will undertake the shares in Shin Tokai Paper (hereinafter, "**the Share Undertaking**") on October 1, 2016 and today consequently executed a share undertaking agreement (hereinafter, "**the Share Undertaking Agreement**") with Shin Tokai Paper regarding the Share Undertaking.

Furthermore, the Company also announces that, based on the Integration Agreement, Tokushu Tokai paper executed an absorption-type company split agreement with NTI, by which rights and obligations, owned by Tokushu Tokai Paper related to the sales function of the Business, will be transferred to NTI on October 1, 2016 (hereinafter, the company split and the agreement stated above are respectively referred to as "**the New Sales Company Split**" and "**the New Sales Company Split Agreements**", collectively with the absorption-type company split and the absorption-type company agreement between the Company and NTI).

The details of the New Sales Company Split Agreements and the Share Undertaking Agreement are stated in the April 25th Press Release. The New Sales Company Split will be implemented without approval of a shareholders meeting of the Company and Tokushu Tokai Paper by way of a short-form company split pursuant to the provisions of Article 784, Paragraph 2 of the Companies Act.

The impact of the Business Alliance on the consolidated financial results of the Company for the fiscal year ending March 31, 2017 is now being estimated and is not reflected in the consolidated financial results forecast announced by the Company on May 13, 2016.

The overview of NTI (described as New Sales Company in the April 25th Press Release), not finalized as of April 25, 2016, is below.

Overview of NTI ([*1])

	NTI (as of July 15, 2016)
(1) Company name	Nippon Tokai Industrial Paper Supply Co., Ltd.
(2) Location	Chiyoda-ku, Tokyo, Japan
(3) Title and name of representative	Satoru Muto, Representative Director
(4) Business description	Sale of paper and paperboard
(5) Capital	10 million yen
(6) Date established	July 15, 2016
(7) Number of outstanding shares	200
(8) Fiscal year end	March 31
(9) Major shareholders and shareholding ratios	Nippon Paper Industries Co., Ltd. 100%

[*1] As NTI was established on July 15, 2016, it does not have any fixed fiscal financial and business results.

Overview of NTI after the completion of the Business Alliance

	NTI
(1) Company name	Nippon Tokai Industrial Paper Supply Co., Ltd.
(2) Location	Chiyoda-ku, Tokyo, Japan
(3) Title and name of representative	Satoru Muto, President & Representative Director (scheduled)
(4) Business description	Sale of paper and paperboard
(5) Capital	100 million yen
(6) Fiscal year end	March 31
(7) Net asset	As of the present not finalized
(8) Total asset	As of the present not finalized
(9) Major shareholders and shareholding ratios	Nippon Paper Industries Co., Ltd. 65% Tokushu Tokai Paper Co., Ltd. 35%

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