

**Sale of NPI interests in NORPAC, a US joint venture engaged in printing papers business  
- A part of Nippon Paper Industries' strategic review of printing papers business in North America-**

Nippon Paper Industries, Co., Ltd. (Headquartered in Chiyoda-ku Tokyo, hereinafter "Company") has strategically reviewed its printing papers business in North America as part of the fifth medium-term business plan (FY 2015 to FY 2017) in which the Company aims to transform its business structure. The Company today determined to sell its 50% interest in North Pacific Paper Company, LLC (hereinafter "NORPAC"), engaged in the printing papers business.

1. Sale of NORPAC

In 1976 the Company and Weyerhaeuser NR Company. (hereinafter "Weyerhaeuser") established a joint venture NORPAC in Longview, Washington, USA, in order to produce and sell newsprints and publication papers. Customers of NORPAC have a high opinion of the quality of the products, in which state-of-the art technologies of both companies were incorporated, and NORPAC had performed well in terms of sales over the long term in the Japanese and US markets. However, NORPAC has faced a tough business environment, due to a decrease in demand for newsprints and stiff competition in the US market. NORPAC has taken measures, including the cultivation of Asian markets, expansion in the sale of printing papers in the US market, and the development of new products, in addition to thorough cost reductions. While conducting a strategic review of its group companies from the viewpoint of targeted business portfolio in the fifth medium-term business plan, the Company started serious discussions about the future of NORPAC with Weyerhaeuser, which had announced the withdrawal from cellulose fiber business last November. As a result the Company has decided to sell all of its equity interest in NORPAC to Weyerhaeuser.

On October 4, 2016 (US time), Weyerhaeuser announced its sale of 100% of the equity in NORPAC to One Rock Capital Partners, LLC.

(1) Outline of NORPAC

(1)	Name	North Pacific Paper Company, LLC		
(2)	Location	3001 Industrial Way, Longview, WA 98632		
(3)	Title and name of representative	Craig Anneberg (President)		
(4)	Operations	Manufacture and sale of printing papers		
(5)	Establishment date	January 12, 1976		
(6)	Relationship between the Company and NORPAC	Capital relationships	The Company holds 50.00% ownership of NORPAC.	
		Personnel relationships	Four members of the Company including one director concurrently serve as directors of NORPAC.	
		Transaction relationships	The Company purchases approximately 60,000 tons of publication paper from NORPAC annually and supplies them to domestic users.	
(7)	The consolidated operating results and financial condition of NORPAC in the latest three years (In USD million)			
	FY	FY ended Dec. 2013	FY ended Dec. 2014	FY ended Dec. 2015
	Consolidated net assets	402	396	158
	Consolidated total assets	584	536	189
	Consolidated sales	534	501	462
	Consolidated operating profit	7	( 1 )	( 47 )
	Consolidated ordinary profit	7	( 1 )	( 47 )

(2) Sale price and settlement method

· Sale price	USD 40 million
· Settlement method	Cash settlement

(3) Schedule for the sale

· Date of the conclusion of the contract	October 5, 2016 (JST)
· Date of the transfer of the shares	October 28, 2016 (scheduled date)

(4) Supply of NORPAC products hereafter

The Company has annually distributed approximately 60,000 tons of publication paper manufactured by NORPAC to the domestic users. After the sale, the Company plans to replace the supply from NORPAC to its Kushiro and other domestic mills and has already undertaken the project for shifting production, including capital investments. These measures are expected to enable cost reductions and improve capacity utilization, realizing the strengthened competitiveness of existing operations, another challenge of the Company's fifth medium-term business plan.

2. Ongoing strategic review of printing papers business in North America

The Company is in the process of reviewing the business of Nippon Paper Industries USA Co., Ltd. (hereinafter "Nippon Paper Industries USA"), which is mainly engaged in manufacturing and selling wood-containing paper such as telephone directory paper, following the sale of NORPAC. The Company intends to focus on the business areas of packaging and industrial paper including liquid packaging board, which the Company purchased from Weyerhaeuser at the end of August in 2016. In case specific progress regarding Nippon Paper Industries USA happens hereafter, the Company will promptly give such notice.

3. Impact on FY2016 (ending March 2017)

The Company is expected to record approximately 9,000 million yen in losses from the sale of its equity interest in NORPAC as extraordinary losses in the settlement of accounts of the second quarter of FY2016. Review of the earnings forecasts for the cumulative period of the second quarter as well as the consolidated full year performance for the very FY2016 is underway and if any revision becomes necessary, the Company will disclose the figures promptly.