

**Nippon Paper Industries Co., Ltd. Announces the Sale of Port Angeles Paper Mill
to US Subsidiary of Bio Pappel**

Nippon Paper Industries Co., Ltd. (Headquartered in Chiyoda-ku Tokyo, hereinafter “Company”) today announced the sale of the Port Angeles Washington paper mill and cogeneration assets, which are owned and operated by Nippon Paper Industries USA Co., Ltd. (hereinafter “NPIUSA”), to McKinley Paper Company (hereinafter “McKinley”). McKinley is the US subsidiary of Bio-Pappel S.A.B. de C.V. (hereinafter “Bio-Pappel”), the leading company in Mexico in paper and paper products business.

1. Sale of NPIUSA Assets

The Company acquired NPIUSA’s Port Angeles mill in 1988 in order to produce and sell printing and writing papers including telephone directory paper. Although NPIUSA performed well in sales and leveraged light weight and high quality paper products mainly in the North American market for many years, it has recently been facing a severe business environment due to diminishing demand for its products. After conducting a strategic review of its global operations as part of its fifth medium-term business plan (FY2015-FY2017), the Company concluded that the Port Angeles mill did not fit with its global strategy and objectives and began looking for an appropriate buyer. McKinley has an intension to sustain Port Angeles mill operation and that is agreed with Company’s expectation. As a result, the Company has decided to sell NPIUSA’s assets to McKinley.

2. Outline of NPIUSA

(1) Operations

- Manufacture and sale of printing and writing paper
- Generation and sale of renewable energy

(2) Operating results and Financials of NPIUSA (in USD million)

	FY ended 12/31/14	FY ended 12/31/15	FY ended 12/31/16 (Unaudited)
Net assets	58	(6)	106
Total assets	193	153	158
Net sales	85	58	51
Operating profit	(21)	(30)	(26)
Pre-tax profit	(22)	(82)	(30)

3. Schedule for the sale

Date of the signing of the contract	March 2, 2017 (JST) / March 1, 2017 (PST)
Date of the transfer of the assets	March 31, 2017 (scheduled date)

4. Impact on FY2016 (ending March 2017)

Since the Company has already recorded an extraordinary loss on the sale of NPIUSA's assets in the settlement of accounts as of the third quarter of FY2016 as described in "Notice of Extraordinary Loss (Loss on Business Withdrawal)" published on February 8, 2017, there is no material change on its consolidated financial earnings forecast for the full year of FY 2016.

On a non-consolidated basis, the Company is expected to record an extraordinary loss of 23.0 billion yen as loss on valuation of stocks of subsidiaries and affiliates. This appropriation of extraordinary loss has no impact on the consolidated full year performance.

About Nippon Paper Industries

Nippon Paper Industries Co., Ltd. is one of the top 10 pulp and paper companies in the world. Founded in 1949 the company owns more than 160 group companies and 180 thousand hectares of private timberlands. Under its slogan of "Shaping the Future with Trees", Nippon Paper develops a diversified business as a comprehensive biomass company by leveraging its technologies and forest resources. The company generates approximately 1,000 billion yen in net sales and employs nearly 12 thousand people. Its common stock trades on the Tokyo Stock Exchange under the securities code 3863. Learn more at www.nipponpapergroup.com/english/