

# The Group's First Medium-Term Business Plan

(Announced on April 9, 2003)

In April 2003, the Nippon Unipac Holding Group began operation under a brand-new system based on the reorganization of each business. Concurrent with this new beginning, the Group has drawn up the First Medium-Term Business Plan covering fiscal 2004 to 2006.

## Accelerated rationalization of production facilities (Faster)

### Shutdown machines

	The number of shutdown machines	Reduction in production capacity
Paper	8	- 370,000 t/a.
Paperboard	3	- 260,000 t/a.
Household tissue	2	- 40,000 t/a.
Total	13 paper machines	- 670,000 t/a.

### Shutdown schedule

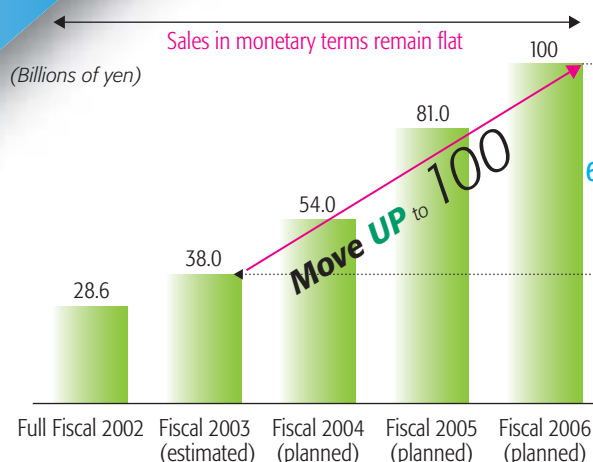
March 2003	Fiscal 2004	Fiscal 2005	Fiscal 2006	Capacity utilization rate
2 machines	4 machines	5 machines	2 machines	96%(+8%)

## Prompt realization of synergy effects from reorganization of business (Faster)

Higher

Faster

## Consolidated ordinary income: More than ¥100 billion (Higher)



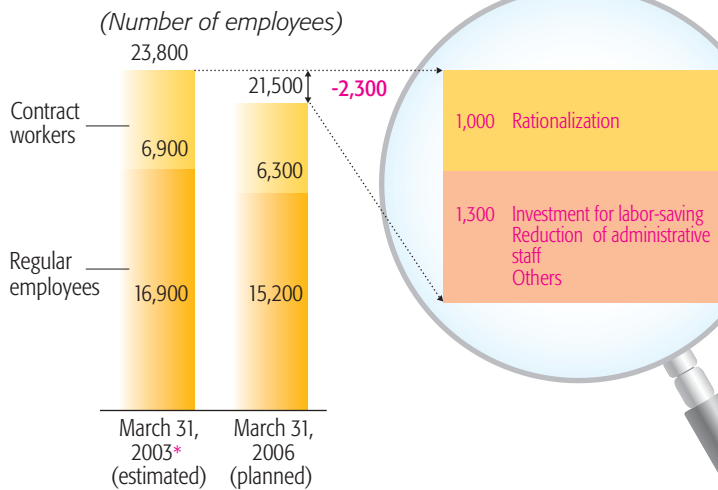
### Factors causing increase/decrease in profit (Fiscal 2003 vs 2006)

¥ 60 billion	Cost reduction	14	Rationalization	Increase Factors
		12	Labor cost	
		21	Manufacturing, distribution cost	
		7	Material cost	
		6	Interest and others	
¥ 2 billion	Other factors	10	Product line up	Decrease Factors
		6	Depreciation/amortization	
		-14	Material (market price)	
		62	(Total)	

# MOVE UP

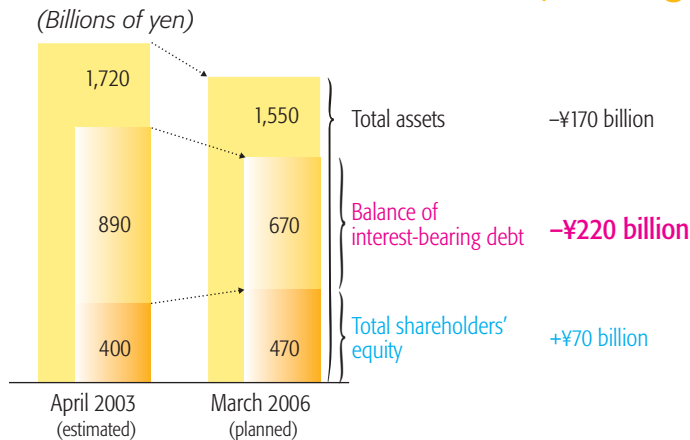
## Stronger

### ▶ To raise productivity by 10% (Stronger)



\* Including subsidiaries newly consolidated in fiscal 2004

### ▶ Consolidated interest-bearing debt: Under ¥700 billion (Stronger)



		Difference	
Debt/equity (D/E) ratio (times)	2.1	1.3	-0.8
Equity ratio (%)	23.3	30.3	+7.0

### Cash flows for three years

(Fiscal 2004-2006)

#### Inflow

Ordinary income	¥235 billion
Depreciation and amortization	¥240 billion
<b>Total inflow</b>	<b>¥475 billion</b>

#### Outflow

Investment	¥185 billion
Repayment of debt	¥220 billion
Tax payment *1	¥40 billion
Dividends paid, etc. *2	¥30 billion
<b>Total outflow</b>	<b>¥475 billion</b>

\*1 Including tax effects leading to the realization of losses

\*2 Consecutive payments of steady dividends

### Ordinary income plan of each subsidiary

(Strengthening of profit basis of subsidiaries under the banner of Nippon Unipac Holding)

Consolidated subsidiary	(Billions of yen) Fiscal 2006 planned
Nippon Paper Industries Co., Ltd.	70.0
Nippon Daishowa Paperboard Co., Ltd. *	9.5
CRECIA Corporation	4.5
NIPPON PAPER-PAK CO., LTD.	4.0
Nippon Paper Chemicals Co., Ltd.	3.0
Nippon Paper Lumber Co., Ltd.	1.5
Other consolidated subsidiaries	7.5
<b>Total</b>	<b>100.0</b>

\* Consolidated basis for Nippon Daishowa Paperboard Co., Ltd. and stand-alone basis for the rest of the companies