

MOVE UP
Stronger

Faster
Higher



NIPPON DAISHOWA PAPERBOARD CO.,LTD.

- **Date Established:** August 28, 1913
- **Capital:** ¥10,864 million
- **URL:** <http://www.nichidaiita.co.jp/>
- **President:** Tetsuji Horikawa
- **Sales (fiscal 2004 forecast):** ¥188 billion
- **Main Product Lines:**

- ▶ Paperboard
Containerboard, folding box board
- ▶ Specialty Paper
Air filter paper, teabag filter paper, plug wrap paper[*14], adhesive paper, others



● **Company Strengths:**

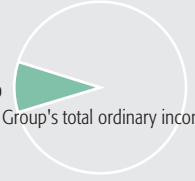
Nippon Daishowa Paperboard Co., Ltd. was created in April 2003 through the restructuring and integration of paperboard businesses within the Group. The Company now operates production bases all across the nation, which also adds flexibility to our sales activities. Our two main bases in Soka and Yoshinaga are located near major centers of consumption, which is advantageous in terms of both sales and raw material (wastepaper) procurement. To clearly define managerial accountability, each production base has been set up to operate as an independent manufacturing company. Each is committed to continually striving to reduce costs.

The Company undertook energetic efforts to shift production concentration early on, including closing the Osaka Mill in December 2000 and the Kameari Mill in March 2003. This helped us achieve an outstanding capacity utilization rate—by far the highest in the industry. We now have two containerboard production machines in operation with capacity of 1,000 tons per day, the largest level available in Japan. This equipment helps ensure steady, efficient production.

The Company has continually maintained stable volumes of production and sales thanks to the fact that many customers of our main products—containerboard and folding box board—are major consumers with large demand. In the specialty paper area, our advanced technology has helped us attain stable sales levels. In our downstream corrugated board business, our current objectives are to develop a more effective management style promote business integration, including partnerships with other companies.

The First Medium-Term Business Plan of NIPPON DAISHOWA PAPERBOARD CO., LTD.

■ Targets for Fiscal 2006
 Ordinary income: ¥9.5 billion 9.5%
 Ordinary margin on sales: 5 % of the Group's total ordinary income



- **Basic Policy**
Radically transforming our business structure
 - Increase profits
 - Improve financial standing
 - Earn greater customer trust
 - Nurture employees (delegate authority and mobilize human resources)

- **Action Plan**
 - **Create the Optimal Production Structure**
 - ▶ Rebuild the containerboard business
 - ▶ Restructure and bolster the corrugated board business (consolidate eight subsidiaries handling corrugated sheet into one; operating tie-up with Tokan Kogyo Co., Ltd.)

- **Reduce costs at each manufacturing company**
 - ▶ Waste power generation at Nippon Daishowa Paperboard Tohoku Co., Ltd.
 - ▶ Reduce manufacturing costs (DIP[*13] facility at Nippon Daishowa Paperboard Yoshinaga Co., Ltd.; reduce chemical consumption)
 - ▶ Cut distribution costs by eliminating cross-transportation and other measures

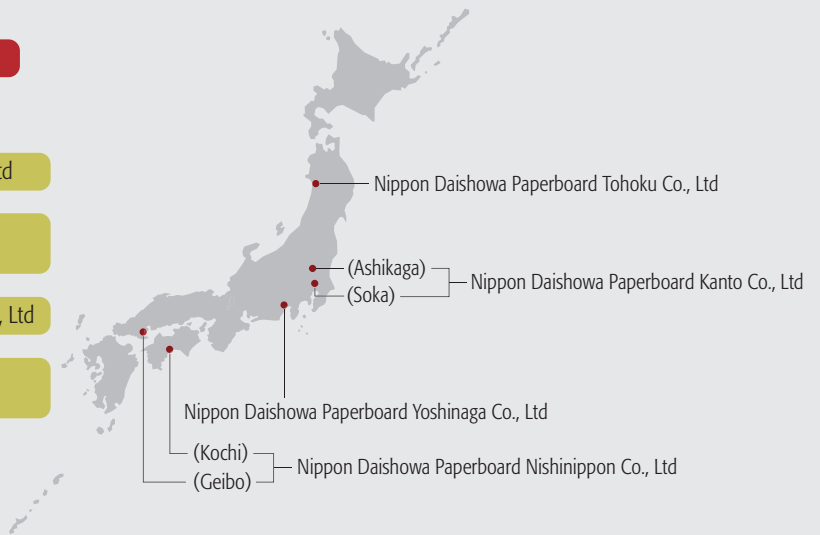
- **Aggressively expand into the specialty paper business**
- **Develop new products that truly satisfy customer needs**



Boiler for waste power generation[*15] will contribute to cost reduction and reducing environmental impact: Nippon Daishowa Paperboard Tohoku Co., Ltd.

* Please refer to the Glossary on pages 60 and 61 for details.

• Spinning Off Production Sites to Independent Manufacturing Companies (From April 1, 2003)



Nippon Daishowa Paperboard Co., Ltd. has handled the Group's entire paperboard business since April 2003. In the past, Japan's paperboard companies had to settle for low profits. Competition for market share was so fierce that prices did not reflect costs, and many companies suffered.

I believe that, under fair competition, the paperboard industry can succeed in sustaining its business and earning greater profits. But this can happen only if product prices accurately reflect production costs and the added value created. Further cost-cutting measures are also required. For example, we must use human resources more effectively and reduce interest-bearing liabilities. Lastly, we need a long-term plan to streamline all stages of production, from procuring wastepaper to producing the containerboard and finished products.

I am committed to doing my best to achieve the objectives specified in the First Medium-Term Business Plan, and to making continuous efforts to earn higher profits so that we can boost the return to the shareholders of Nippon Unipac Holding.

J. Horikawa

Tetsuji Horikawa
President, Nippon Daishowa Paperboard Co., Ltd.