

MOVE UP

Stronger

Higher

Faster



NIPPON PAPER CHEMICALS CO.,LTD.

- **Date Established:** October 1, 2002
- **Capital:** ¥3 billion
- **URL:** <http://www.npchem.co.jp/>
- **President:** Akira Machihara
- **Sales (fiscal 2004 forecast):** ¥24 billion
- **Main Product Lines:**

- ▶ Dissolving pulp (DP)
- ▶ Chlorinated polyolefin (PPC products)*3]
- ▶ Lignin products
- ▶ Carboxymethyl cellulose
- ▶ Powdered cellulose
- ▶ Ribonucleic acid, yeast extract
- ▶ Stevia extract, glycyrrhizin (natural sweetener)

● **Company Strengths:**

Established on October 1, 2002, as a spin-off from Nippon Paper Industries Co., Ltd., our Company specializes in the comprehensive use of wood resources. Our businesses are founded on three pillars.

The first pillar is the business related to cellulose and lignin, which are the main components of wood. We deal in DP, carboxymethyl cellulose, powdered cellulose and lignin products through our integrated technology of wood resource utilization, which is the Nippon Unipac Holding Group's core competence. Especially for DP and lignin, we maintain an overwhelming sales share in the domestic market as the only manufacturer in Japan.

The second is the food-related business. We develop our own technology to differentiate our ribonucleic acid and Stevia extract products, which makes us a world-class competitor in those products. In addition, our yeast extract is highly regarded for its unique flavor.

The third and last pillar is high-functional synthetic polymer products. Low chlorinated polyolefins enjoy the No. 1 share in the world market for their excellent quality.

Based on the world-leading technology developed by our business units, synergetic cooperation in production, sales and R&D makes it possible for the Company to strengthen its position to ensure our customers' satisfaction as well as focus carefully on environmental issues.

The First Medium-Term Business Plan of NIPPON PAPER CHEMICALS CO., LTD.

■ **Targets for Fiscal 2006**

Ordinary income: ¥3 billion

Ordinary margin on sales: 12 %

3%

of the Group's total ordinary income



■ **Basic Policy**

- Select business and invest business resources effectively.
- Act decisively and implement our strategies swiftly and completely.
- Develop products that meet customer needs, based on the three pillars of our operations: manufacturing, sales, and research.

■ **Action Plan**

- Strengthen international competitiveness by clearly differentiating the quality of our dissolving pulp products.
- Expand businesses of dispersing agents*2] for concrete and dyes.
- Develop and refine new environment-friendly PPC products, and expand the sales.
- Explore new business opportunities in high-growth-potential industries such as the resources, environment and health fields, and focus our energies on new research and development.

The Company could enjoy relatively smooth sailing in our first term, from October 2002 to March 2003 as we achieved the targets set out in our plan. Over the next three years, we will solidify our business foundation and work toward realizing our future vision.

The Medium-Term Business Plan sets a target of more than ¥3 billion in ordinary income for fiscal 2006. While this may seem high, the entire Company is committed to making tremendous progress in the coming three years.

Under the motto of "Invention and Innovation", we are ready to face the challenges ahead and work toward achieving our goals.

Akira Machihara
President, Nippon Paper Chemicals Co., Ltd.



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