



Shin-ichiro Matsumura
President



Making full use of recycled paper, the Company's insulation materials is also used in the Makomanai sports arena (Sapporo Winter Olympics venue).



Nippon Paper Lumber Co., Ltd.

Established:

September 10, 1970

Paid-in Capital:

¥440 million

URL:

<http://www.np-l.co.jp>

Representative:

President Shin-ichiro Matsumura

Main Products:

Imported logs (*softwood, hardwood*)

Lumber products

Glued lumber

Plywood

Pulpwood, woodchips

Wastepaper

Insulation materials

Sales in Fiscal 2004

(including intergroup sales) **totaled:**

¥74.0 billion

>> Operating Environment For fiscal 2004, the number of new housing starts showed a year-on-year increase for the first time in three years, owing to a demand rush prior to the expiration of housing loan tax breaks. As a result, demand recovered for lumber and housing materials. We expect demand to remain largely unchanged in fiscal 2005 due to the government's decision to extend housing loan tax breaks. Nevertheless, we believe the operating environment for the lumber industry is uncertain due to several negative factors that include rising materials prices around the world and higher freight charges.

>> Company Strengths After integrating the Nippon Paper Group's logs and lumber operations, Nippon Paper Lumber is leveraging its creditability and capital position as a member of the Nippon Paper Group to achieve further growth as the top company in the log and lumber distribution industry. More than 170 lumber professionals handle a wide range of log and lumber products, directly importing from countries around the world and meeting end user needs through a national network of marketing bases. We aim to expand the recycling business by planting forests as well as by collecting, shipping and selling scrap wood chips and wastepaper.

>> Performance in Fiscal 2004 As a result of making every effort to realize synergy effects, Nippon Paper Lumber recorded a significant boost in sales and profits in fiscal 2004. Sales of existing products increased, especially in the paper raw material division in accordance with the consolidation of the domestic chip collecting business from the Nippon Paper Group, which contributed to the Group overall. Nippon Paper Lumber also focused efforts on expanding sales of lumber products, a primary objective in the Medium-Term Business Plan.

>> Outlook Pre-cut lumber is fast becoming mainstream in the industry. This trend is particularly pronounced in major cities in Japan. To meet this demand, Nippon Paper Lumber is making concerted efforts to reorganize its lumber distribution centers in the Tokyo metropolitan area and to bolster marketing in the lumber product and building material division. We intend to lead the market in our own way by revaluing domestic lumber and strengthening the recycling business. Combining Group-wide efforts, we aim to attain the targets of the Medium-Term Business Plan and realize further synergy effects.