

April 3, 2015

To All Concerned Parties :

Company name :	Nippon Paper Industries Co., Ltd.	
Representative :	President & Representative Director	Fumio Manoshiro
	(stock code: 3863, Tokyo Stock Exchange 1 st Section)	
Inquiries on this release :	Related Business Div	Tomomi Nishimoto (Tel. (03) 6665-1004)
Company name :	Coca-Cola West Co., Ltd.	
Representative :	Representative Director and President	Tamio Yoshimatsu
	(stock code: 2579, Tokyo Stock Exchange 1 st Section, Fukuoka Stock Exchange)	
Inquiries on this release :	Assistant to President Responsible for business development	Yoshitsugu Shimahara (Tel. (092)641-8774)

The Basic Agreement on the Transfer of shares of Shikoku Coca-Cola Bottling Co., Ltd.

Nippon Paper Industries Co. Ltd. (hereinafter “Nippon Paper”, HQ: Chiyoda-ku, Tokyo) and Coca-Cola West Co., Ltd. (hereinafter “CCW”, HQ: Fukuoka-shi, Fukuoka) hereby announce that today we have concluded an basic agreement on transaction in which Nippon Paper will transfer all of the issued common shares (hereinafter “the Transaction”) of Shikoku Coca-Cola Bottling Co., Ltd. (hereinafter “Shikoku CCBC”, HQ: Takamatsu-shi, Kagawa), the consolidated subsidiary of Nippon Paper, to CCW. Nippon Paper and CCW will develop a consultative process aiming at entering into a final contract at the earliest feasible time.

1. Background and Objective

Both Coca-Cola bottlers, CCW and Shikoku CCBC, have established a solid position in each business area as leading companies.

Business environment surrounding CCW and Shikoku CCBC, however, is becoming more and more challenging with changing consumer needs, budget minded consumers, change in sales channels and severe competition.

Under those circumstances, CCW has reached a recognition that it is most important to conduct unified management of Coca-Cola bottling business in west Japan and drive business efficiency through acquiring share of Shikoku CCBC. When CCW and Shikoku CCBC deploy collaborative marketing activity, we will be able to strive to gain competitive advantage, improve cost structure, realize effective use of human resources, integrate supply chain and enhance productivity. Maximizing those synergy effect will enable further growth and development of CCW and Shikoku CCBC and increase corporate value of both party, and thus leads to the benefit of all stakeholders – shareholders, customers and consumers.

Nippon Paper established Shikoku Inryo (later changed to Shikoku CCBC) in 1963 as part of business diversification program, and was listed on the 2nd section of the Osaka Stock Exchange in 1993 and listed on the 1st section of Tokyo Stock Exchange in 2000. In 2009, Nippon Paper acquired 100% ownership of Shikoku CCBC. Nippon Paper has been implementing measures to strengthen the management base up to today. But considering stiffer beverage market competition, Nippon Paper realized it is of critical importance for Shikoku CCBC to improve their business efficiency in order to maintain sustainable growth.

For Nippon Paper business as well, the Transaction will enable them to focus resource allocation on their business field, such as biochemical, health care, energy to accelerate their business structure shift and make a big leap forward as a global level biomass enterprise.

With those background and goal in mind, Nippon Paper and CCW have been discussing about transferring all of Shikoku CCBC stock from Nippon Paper to CCW and both parties have reached basic agreement today to that effect.

CCW, with the Transaction in effect, will reinforce Coca-Cola business in west Japan and continue to take leading role in Coca-Cola System change.

2. Overview of Shikoku CCBC

(1) Company name	Shikoku Coca-Cola Bottling Co., Ltd.			
(2) Location	1378 Kasuga-machi, Takamatsu-shi, Kagawa			
(3) Name and title of representative	Takahiro Maeda, Representative Director and President			
(4) Business field	Production and sale of soft drink			
(5) Capital	5,576 MM JPY (as of Dec 31, 2014)			
(6) Date established	Jan 7, 1963			
(7) Major shareholders and shareholding ratio	Nippon Paper Industries Co. 100 %			
(8) Most recent business results (consolidated)				
	FY ending Dec	2012	2013	2014
	Consolidated net asset	36,433 MM JPY	35,974 MM JPY	35,675 MM JPY
	Consolidated total asset	41,368 MM JPY	41,619 MM JPY	40,076 MM JPY
	Consolidated book value per share	1,557.4 JPY	1,537.8 JPY	1,525.0 JPY
	Consolidated revenue	48,984 MM JPY	48,838 MM JPY	46,999 MM JPY
	Consolidated operating income	289 MM JPY	326 MM JPY	△ 115 MM JPY
	Consolidated ordinary income	538 MM JPY	604 MM JPY	151 MM JPY
	Consolidated net income	150 MM JPY	△ 197 MM JPY	40 MM JPY
	Consolidated earnings per share	6.4 JPY	△ 8.4 JPY	1.8 JPY
	Dividends per share	15.8 JPY	15.8 JPY	15.8 JPY

Note: Consolidated results of (8) are still unaudited

3. Overview of Nippon Paper

(1)	Company name	Nippon Paper Industries Co.	
(2)	Location	1-4-1 Oji, Kita-ku, Tokyo	
(3)	Name and title of representative	Fumio Manoshiro, President & Representative Director	
(4)	Business field	Production and distribution of newsprint, printing paper, business communication paper, industrial paper and pulp	
(5)	Capital	104,873 MM JPY (as of Dec 31, 2014)	
(6)	Date established	August 1, 1949	
(7)	Consolidated net asset	469,249 MM JPY (as of Dec 31, 2014)	
(8)	Consolidated total asset	1,512,342 MM JPY (as of Dec 31, 2014)	
(9)	Major shareholders and shareholding ratio (as of Sep 30, 2014)	Japan Trustee Services Bank, Ltd. (trust account)	7.12 %
		The Master Trust Bank of Japan, Ltd. (trust account)	4.63 %
		Mizuho Bank, Ltd.	3.73 %
		Rengo Co., Ltd.	2.88 %
		Nippon Paper Employee Stock Ownership	2.83 %
(10)	Relationship with Shikoku CCBC	Capital relationship	As of today, Nippon Paper own 100% of issued stock of Shikoku CCBC
		Personnel relationship	2 Nippon Paper employees hold the posts of auditors in Shikoku CCBC and 4 other employees are on loan to Shikoku CCBC group companies
		Business relationship	Nippon Paper has a loan from Shikoku CCBC as part of CMS program
		Related party relationship	Shikoku CCBC is a consolidated subsidiary of Nippon Paper, and therefore a Related Party of Nippon Paper

4. Overview of CCW

(1)	Company name	Coca-Cola West Co., Ltd.	
(2)	Location	7-9-66 Hakozaki, Higashi-ku, Fukuoka	
(3)	Name and title of representative	Tamio Yoshimatsu, Representative Director and President	
(4)	Business field	Production and sale of soft drinks and foods	
(5)	Capital	15,231 MM JPY (as of Dec 31, 2014)	
(6)	Date established	Dec 20, 1960	
(7)	Consolidated net asset	254,150 MM JPY (as of Dec 31, 2014)	
(8)	Consolidated total asset	337,260 MM JPY (as of Dec 31, 2014)	
(9)	Major shareholders and shareholding ratio (as of Dec 31, 2014)	RICOH Company, Ltd.	15.37 %
		New Technology Development Foundation	4.76 %
		Satsuma Shuzo Co., Ltd.	4.23 %
		MCA Holdings Co., Ltd.	3.97 %
		Japan Trustee Service Bank (trust account)	3.79 %
(10)	Relationship with Shikoku CCBC	Capital relationship	As of today, Shikoku CCBC hold 8,461 CCW shares (0.01% of total share issued (111,125,714))
		Personnel relationship	does not fall under the category of related parties
		Business relationship	CCW has business relationship with shikoku through the sales of products each other
		Related party relationship	does not fall under the category of related parties

5. Future steps

Nippon Paper and CCW will continue close talk so that we can conclude the final contract in the end of April (TBD). Transfer price and the date of the Transaction shall be announced as soon as they are determined.

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