Company:	Rengo Co., Ltd.
Representative:	Kiyoshi Otsubo, President and CEO
Stock code:	3941
Company	Nippon Paper Group, Inc.
Representative:	Masatomo Nakamura, President and CEO
Stock code:	3893
Company:	Sumitomo Corporation
Representative:	Motoyuki Oka, President and CEO

8053

Stock code:

Rengo, Nippon Paper Group, and Sumitomo Corporation Agree Strategic Alliance

Tokyo, November 20, 2006 – Rengo Co., Ltd., ("Rengo") the Nippon Paper Group, Inc., ("Nippon Paper Group") and Sumitomo Corporation ("Sumitomo") today signed a Memorandum of Understanding (MOU) for a strategic alliance.

This alliance is an initiative by the three firms to address the tough operating environment in Japan's domestic paperboard and packaging industry and overcome increasingly intense competition in Asian and other overseas markets.

Rengo, Nippon Paper Group and Sumitomo Corporation today agreed to work towards a basic contract to form a strategic operational and capital alliance. Under this contract, all parties would agree to leverage their individual and collective strengths to increase international competitiveness and reinforce their core operations. At the same time, they will respect each other's autonomy in managing their individual paper and packaging businesses, promote healthy competition and the maximization of corporate value.

Agreement Outline

1. Goals of Strategic Alliance

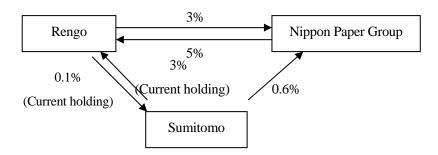
- i. Further strengthen the partners' core paperboard and packaging businesses, work more closely together in overseas markets by harnessing Sumitomo's domestic and overseas networks, and cultivate new growth areas. These efforts are aimed at enhancing corporate value amid growing global competition.
- ii. Leverage synergies to maintain large presences in the domestic market, building a leadership position in the Asian market.
- iii. Go beyond supplying materials to delivering optimal solutions to customers.

2. Capital Alliance

The three companies will acquire and retain shares in each other to cement their strategic alliance.

- Rengo will acquire 3% of Nippon Paper Group's outstanding common stock by March 31, 2008.
- Nippon Paper Group will acquire 5% of Rengo's outstanding common stock by March 31, 2008.
- iii. Sumitomo will transfer Rengo shares that consolidated subsidiary Sumisho Paper Co., Ltd., holds (1.5% of Rengo's outstanding common stock) to Nippon Paper Group in exchange for 0.6% of the latter's outstanding common stock, representing an equivalent value. The shares transferred to Nippon Paper Group will become part of that company's abovementioned stake in Rengo.





3. Operational Goals for the Strategic Alliance

- i. Formulate a comprehensive strategy to restructure and strengthen the packaging businesses within Nippon Paper Group.
- ii. Expand the scope of the Firms' joint supply network as part of efforts to restructure overall paperboard production (principally containerboard and boxboard) and work together to cut logistics costs.
- iii. Leverage Sumitomo's domestic and overseas networks to strengthen raw materials procurement operations and enhance marketing activities.
- iv. Jointly scrap and build containerboard facilities.
- v. Share technological and human resources in the paperboard and packaging businesses.
- vi. Identify and cultivate new growth areas in packaging business.
- vii. Other mutually agreed initiatives.

4. Timeframe

The three Firms aim to sign a final agreement by February 28, 2007.