November 5, 2007

For Immediate Release:

Mishima Paper Co., Ltd.
Code: 3872 (Second Section of Tokyo Stock Exchange)
Representative: Masahiro Murakami, President and Representative Director
Contact: Jyungo Kubota, General Manager, Planning Department
(Tel: 03-3542-3151)

Nippon Paper Group, Inc.
Code: 3893 (First Sections of Tokyo Stock Exchange, Osaka Securities Exchange and Nagoya Stock Exchange)
Representative: Masatomo Nakamura, President and Representative Director

Notice of Conclusion of Stock Swap Agreement

Following the resolutions at their respective extraordinary board of directors meetings held today, Mishima Paper Co., Ltd. (“Mishima Paper”) and Nippon Paper Group, Inc. (“Nippon Paper Group”) have entered into a stock swap agreement in accordance with the basic agreement for stock swap signed on October 24, 2007 to make Mishima Paper a wholly-owned subsidiary and Nippon Paper Group a wholly-owning parent company.

The proposed stock swap will be effective on February 1, 2008, subject to the approval at the extraordinary general shareholders’ meeting of Mishima Paper to be held on December 26, 2007.

Particulars are stated below:

1. Conditions for the Stock Swap:
   (1) Schedule of the stock swap:

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 5, 2007 (Mon)</td>
<td>Conclusion of stock swap agreement (Note 1)</td>
</tr>
<tr>
<td>November 9, 2007 (Fri)</td>
<td>Date of record in shareholders’ registries for general shareholders’ meetings (Note 2)</td>
</tr>
<tr>
<td>December 26, 2007 (Wed)</td>
<td>Approval of the stock swap at the general shareholders’ meeting (Note 2)</td>
</tr>
<tr>
<td>January 25, 2008 (Fri) (scheduled)</td>
<td>The last trading date of Mishima Paper shares</td>
</tr>
</tbody>
</table>
January 28, 2008 (Monday)  Date of delisting of Mishima Paper shares (scheduled)
February 1, 2008 (Friday)  Effective date of stock swap (scheduled)
Late March 2008 (scheduled)  Delivery of share certificates

(Note 1) This was originally scheduled on November 26, 2007 in the announcement “Notice of Stock Swap Agreement and Business Realignment” released as of October 24, 2007.

(Note 2) Nippon Paper Group is entitled to undertake the stock swap without obtaining the approval at a general shareholders’ meeting, pursuant to the provisions of Article 796, Paragraph 3 of the Companies Act of Japan.

(2) Stock swap ratio:

<table>
<thead>
<tr>
<th>Corporate Name</th>
<th>Nippon Paper Group (as a wholly-owning parent company)</th>
<th>Mishima Paper (as a wholly-owned subsidiary)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock Swap Ratio</td>
<td>1</td>
<td>0.00061</td>
</tr>
</tbody>
</table>

(Note 1) Stock allocation ratio:
0.00061 shares of Nippon Paper Group shall be allocated per 1 share of Mishima Paper.

(Note 2) The number of new shares to be allocated in the proposed stock swap:
17,699 shares of common stock
Nippon Paper Group will issue new 17,299 shares and provide 400 shares held as its treasury stock.

(3) Calculation base for the stock swap ratio:

(i) Basis for the calculation:
To attain the fairness and adequacy in determining the stock swap ratio, Nippon Paper Group appointed Nikko Cordial Securities Inc. as a third party, and Mishima Paper appointed Deloitte Tohmatsu FAS as a third party, to calculate and evaluate the stock swap ratio. Through negotiations and discussions using the results as a reference, Nippon Paper Group and Mishima Paper have determined the stock swap ratio would be deemed to be reasonable, and therefore, the both parties have reached an agreement. However, the stock swap ratio indicated above may be revised through consultations between Nippon Paper Group and Mishima Paper, if any material change is made as to any of the conditions based on which the calculation was made.
(ii) Methods and results of the calculation:

The results of the calculation made by the third-party calculation institutions are as follows:

Nikko Cordial Securities Inc. made the calculation using the market stock price method as to the evaluation of the value of Nippon Paper Group, and both the market stock price method and the DCF method as to the evaluation of the value of Mishima Paper.

The results of each evaluation are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Nippon Paper Group</th>
<th>Mishima Paper</th>
<th>Stock Swap Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Market Stock Price Method</td>
<td></td>
<td>Market Stock Price Method</td>
<td>1:0.000534  ~  0.000572</td>
</tr>
<tr>
<td>B Market Stock Price Method</td>
<td></td>
<td>DCF Method</td>
<td>1:0.000522  ~  0.000715</td>
</tr>
</tbody>
</table>

Nikko Cordial Securities Inc. adopted the stock price average for the period ended on November 2, 2007, with respect to the market stock price method used for Nippon Paper Group, and adopted the stock price averages for the one-month and three-month periods ended on October 22, 2007 (prior to the date on which the proposed stock swap was reported in the media) with respect to the market stock price method used for Mishima Paper, in consideration for the peculiar circumstance of the development in the stock price of this company after the press report concerning the proposed stock swap and other factors. Further, in adopting the DCF method as to Mishima Paper, the stock value of this company was calculated based on the business plan provided by Mishima Paper.

(Note) The evaluation performed by Nikko Cordial Securities Inc. was based on the assumption that the materials received from Mishima Paper and the various information referenced by Nikko Cordial Securities Inc. were accurate and complete and that the projected business plan and the financial forecast of Mishima Paper contained in such information and materials had been reasonably prepared based on the best possible forecast and judgment made by Mishima Paper at present.

On the other hand, Deloitte Tohmatsu FAS adopted the market stock price method with respect to the calculation of the stock value of Nippon Paper Group, and both the market stock price method and the DCF method with
respect to the calculation of the stock value of Mishima Paper. The results of each calculation are as follows:

<table>
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<th>Nippon Paper Group</th>
<th>Mishima Paper</th>
<th>Stock Swap Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Market Stock Method</td>
<td>Market Stock Price</td>
<td>Method</td>
<td>1:0.000507 ~ 0.000671</td>
</tr>
<tr>
<td>B Market Stock Method</td>
<td>Stock Price DCF Method</td>
<td>1:0.000472 ~ 0.000746</td>
<td></td>
</tr>
</tbody>
</table>

With respect to the market stock price method used for Nippon Paper Group, Deloitte Tohmatsu FAS adopted the stock price averages for the one-month, three-month and six-month periods ended on November 2, 2007, comprehensively taking into account the proposed stock swap and the amendment to the business forecast announced on October 24, 2007 and other factors.

With respect to the market stock value of Mishima Paper, the stock price averages for the one-month, three-month and six-month periods ended on November 2, 2007 were adopted, comprehensively taking into account the proposed stock swap and the amendment to the business forecast announced on October 24, 2007 and other factors. In adopting the DCF method as to Mishima Paper, the calculation of the stock value was made based on the business plan provided by Mishima Paper.

(Note) In adopting the DCF method as to Mishima Paper, Deloitte Tohmatsu FAS relied on the information provided by Mishima Paper and other generally available information, etc. without any modification in principle, and conducted no independent verification with respect to the accuracy and completeness of such information and materials, on the assumption that all of such materials and information are accurate and complete. Further, it is supposed that the information concerning the financial forecast provided by Mishima Paper had been reasonably prepared based on the best possible forecast and judgment made by Mishima Paper at present.

(iii) Relationship with the calculation institutions:

Neither Nikko Cordial Securities Inc. nor Deloitte Tohmatsu FAS falls under any one of the interested parties of Nippon Paper Group or Mishima Paper.
2. Status of the Wholly-owning Parent Company after the Stock Swap:

The proposed stock swap shall not increase the amount of Nippon Paper Group’s paid-in capital.

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