

[TRANSLATION]

May 22, 2009

To whom it may concern:

Company: Nippon Paper Group, Inc.
Representative: Yoshio Haga
President & Representative Director
Stock Code: 3893
Tokyo Stock Exchange 1st section
Osaka Stock Exchange 1st section
Nagoya Stock Exchange 1st section
Contact: Shuhei Marukawa, Director
Telephone: +81-(0)3-6665-1016

**Notice of the Revised Plan against Large-Scale Purchase
of Shares of Nippon Paper Group, Inc. (the Company)
(Takeover Defense Measures)**

The Company has been continuing to study the ideal of, including but not limited to the propriety of its extension of, the “Plan against Large-Scale Purchases of the Company’s Shares (Takeover Defense Measures)” (herein after referred to as “Existing Plan”), which was approved by the shareholders at the Seventh Ordinary General Shareholders’ Meeting of the Company held June 28, 2007 and has become effective since said date (with validity until the closing of the Ninth Ordinary General Shareholders’ Meeting of the Company scheduled to be held June 26, 2009 (hereinafter referred to as “this Ordinary General Shareholders’ Meeting”)), from the viewpoint of enhancing corporate value of the Company and consequently protecting the shareholders’ common interests, taking all the subsequent changes of circumstances into account.

As the result of such study, and depending on the basic policy of the persons controlling the decision-making over the financial and business policies of the Company resolved at the Board of Directors Meeting of the Company held May 24, 2007 (as defined in the note of Subsection 3 of Article 118 of the Ordinance for Enforcement of the Companies Act and which is hereinafter referred to as “Basic Policy”), the Company now hereby reports that it has decided, by a unanimous affirmative vote at the Board of Directors Meeting of the Company held today, and subject to the shareholders’ approval made at this Ordinary General Shareholders’ Meeting, to partially change the Existing Plan for the better and introduce the “Revised Plan against Large-Scale Purchase (as defined in attachment 3. (3) A) of the Company’s Shares (Takeover Defense Measures)” (hereinafter referred to as “Revised Plan”), which is an effort (as specified in said Subsection 3 B (2) of Article 118) to prevent the Company’s decision-making over the financial and business policies of the Company from being controlled by any inappropriate persons in light of the Basic Policy.

It is also reported that all of the four (4) statutory auditors of the Company,

[TRANSLATION]

inclusive of the two (2) outside statutory auditors, gave their consent to this Revised Plan on the condition that the Revised Plan be properly implemented.

Please note that, to the best of our knowledge, there are no offered Large-Scale Purchases of the Company's shares at the present time and no threats thereof, and consequently the revisions made by the Company in this Revised Plan are revisions made for or as an updated Defense Measure in so-called peace time. For your information, Shares and Major Shareholders of the Company applicable as of March 31, 2009 are listed in the Separate Sheet 1 attached hereto.

Please refer to the Attachment for the details of the Basic Policy and the Revised Plan.

The summarized contents, in which some updates or revisions appear in this Revised Plan, that were made through reviewing the Existing Plan, are as written below:

Notes:

(Summary of Updates or Revisions made to the Existing Plan)

Updates or revisions made to the Existing Plan are:

- (1) The duration, or effective period, has been changed from two (2) years to three (3) years (until the closing time of the Ordinary General Shareholders' Meeting of the Company to be held in the last one of the three (3) business years which will expire within three years after the closing of this Ordinary General Shareholders' Meeting).
- (2) Even in the event that it is deemed appropriate in the judgment of the Independent Committee to implement Allotment of Share Options without Contribution, if and when such Independent Committee believes it appropriate to have the shareholders' will verified and confirmed with respect to implementation of such Allotment of Share Options without Contribution, said Independent Committee shall recommend to the Board of Directors of the Company that it convene a shareholders' meeting to verify and confirm the shareholders' will (hereinafter referred to as "Shareholders' Meeting Verifying Shareholders' Will", which is not a shareholders' meeting legally required under the Companies Act, but the procedures of convocation and the method of exercising voting rights of such shall be in accordance with those applicable to any ordinary/extraordinary general shareholders' meeting held pursuant to the Companies Act and the Company's Articles of Incorporation, and such Shareholders' Meeting Verifying Shareholders' Will may be held at the time of any of the ordinary/extraordinary general shareholders' meetings) and that it refer to the bill concerning the Allotment of Share Options without Contribution to such Shareholders' Meeting of the Company, and the Board of Directors of the Company so recommended shall, as a rule, convene such Shareholders' Meeting Verifying Shareholders' Will and be obligated to act upon any resolution made at such Shareholders' Meeting.

[TRANSLATION]

- (3) With respect to the due term during which the Independent Committee may request the Company's Board of Directors to provide its opinion, alternative/counter proposal, and any relevant information, etc., the longest limit of such due term has been shortened from "sixty (60) days as a rule" to "thirty (30) days as a rule."
- (4) All the names or titles of the laws and ordinances affected by the enforcement of the Financial Instruments and Exchange Act have been amended and stipulations have also been amended, as necessary, in accordance with the implementation of the so-called Dematerialization of Stock Certificates.
- (5) All the necessary amendments have been made including but not limited to amendments stipulating to the cited parts relating to the above-written updates or revisions.

[End]

[TRANSLATION]

(Attachment)

1. Regarding Basic Policy

The Company believes that persons who control decision-making over the financial and business policies of the Company must be able to protect and enhance the corporate value of the Company and the common interests of the shareholders.

Meanwhile, as the shares in the Company are listed and are traded freely on markets by numerous investors, the Company believes that the persons to control decision-making over the financial and business policies of the Company should be decided based upon the will of its shareholders as a whole, and that the decision as to whether to accept a purchase offer for shares in a volume that will enable the purchaser to control decision-making over the financial and business policies of the Company should be made based upon the will of its shareholders as a whole. Nonetheless, there may be some forms of a Large-Scale Purchase of the Company's Shares or a purchase proposal to the Company's Shares that do harm to the common interests of its shareholders; those with a purpose or management policy after the acquisition that would obviously harm the corporate value of the target company and the common interests of its shareholders; those with the potential to substantially coerce shareholders into selling their shares; those that do not provide sufficient time or information for shareholders to consider the terms and conditions of the proposed acquisition, or for the Board of Directors of the Company to make an alternative/counter proposal; and those that require the target company to negotiate with the purchaser in order to procure more favorable terms and conditions for shareholders than those presented by the purchaser.

The Company judges that persons who conduct such a Large-Scale Purchase or make such a purchase proposal therefore to the Company are exceptionally not suitable to have control over the financial and business policies of the Company.

2. Regarding Efforts to Enhance the Basic Policy

(1) Regarding Mid-Term Business Plan

The Nippon Paper Group aims at sustainable development of corporate value, intending to balance development with stability. The Company will continue to create competitive and attractive products based on "on-site doctrine," a principle that goes back to a very starting point of manufacturing, and "total optimization," a way of optimally educating human resources and maximizing the synergy of the group as a whole. Also, as described in the "Group Vision 2015" announced in 2005, the Company carries out its strategy of positive development in order to become "a top-five player in all aspects in the global pulp and paper sector in 2015," while accomplishing durable growth. The Company aims not only at being a top-five player in sales but also at being recognized as a major player in the global pulp and paper sector in the field of corporate social responsibility and corporate governance that are inseparable from business, profit-earning power,

[TRANSLATION]

financial strength, technology development and total corporate power for overseas market development.

The reason for formulating the “Group Vision 2015” is that the Company believes that it is required to set up a guideline for sharing the long-term vision of “what the Company should be in the future” and acting in the same way in order to avoid taking measures from a short-term point of view when pursuing prospective growth and development. The managerial environment is always changing and measures to be taken by the Company to tackle the challenges of business cannot stay constant. However, the Company believes that it is possible to take measures from time to time more consistent and integrative if the Company clarifies its ultimate goal and acts without losing sight of this goal.

In the “Group Vision 2015,” the Company considers enhancing profit-earning power as the most important task for its domestic operation and tries to establish an optimal production framework and strengthen its competitiveness while focusing on the pulp and paper sector, the Company’s core business. In addition, the Company considers expansion into areas other than the pulp and paper sector as an opportunity for growth, and will expand sales in such business areas to almost thirty (30) percent of the total amount of sales of Nippon Paper Group by developing start-up businesses and mergers and acquisitions. As for its overseas operations, the Company considers them as a central area for scale expansion in the future, and wants to raise the sales amount from such overseas operations to almost thirty (30) percent of the total sales amount of Nippon Paper Group.

For the purpose of realizing such “Group Vision 2015,” the Company aims at its growth by further expanding the overseas businesses while continuing to strengthen domestic core businesses it has been tackling to date, as described in the “Third Mid-Term Business Plan” covering the period from April 1, 2009 to March 31, 2012. In particular, in Oceania, which is the Company’s priority area for its overseas marketing strategy, the Nippon Paper Group’s presence in such area is to be strengthened by leaps and bounds due to its acquisition of Australian Paper Pty Ltd. From now on, the Company will make every effort to soon realize the result of the subsequent synergy effect, along with strengthening the competitive power of such acquired company.

With these efforts as above-written, the Company tries to protect and enhance the corporate value of the Company and the common interests of its shareholders.

(2) Efforts to Strengthen the Company’s Corporate Governance

The Company believes that a foundation of corporate governance is to execute the strategy for the development of our group companies in order to maximize its shareholders’ value by separating its management from performance of its business, to monitor our group companies as a “control tower” for the management of our group, and to increase accountability to the Company’s stakeholders including its shareholders.

Based upon this standpoint, the Company is separating our group governance

[TRANSLATION]

through the Company, a holding company, from the performance of business by our group companies, intending to clarify organization and its function.

With these efforts as written above, the Company continues to strengthen the corporate governance of the Company.

3. Details of Revised Plan

(1) Objective of the Revisions in this Revised Plan

The Revised Plan has been updated or revised as a measure to prevent the Company's financial and business directions from being controlled by an inappropriate party (or parties), in light of the Basic Policy as stated in Item 1 above.

The Company conducts a business mainly concerning pulp and paper and their related businesses. Paper has supported people's lives since the days before Christ and has contributed to the development of human culture. Also, the Company has been energetically dedicated to addressing environmental problems through tree planting, totally chlorine-free bleaching of pulp and other activities. The Company has been engaged actively in contribution to society or cultural activities in addition to pulp and paper business and environmental activities, and the Company believes that these activities are organically linked to one another and this link creates the synergy and generates corporate value for the Company.

In addition, as stated in Item 2. (1) above, the Company considers its growth by the expansion of the overseas businesses being pursued alongside a continuation of strengthening the domestic core business operations as core strategies of the Company under the Third Mid-Term Business Plan, and aims at being supported as a "Valuable Enterprise" by various stakeholders such as Shareholders, Customers, Business Partners, Employees and Local Communities, trying with best efforts to maximize the corporate value of the Company.

Unless a Large-Scale Purchase of the shares in the Company protects or enhances the corporate value of the Company in the mid/long term by correctly recognizing the managerial environment surrounding the Company and understanding the source of the corporate value of the Company, it is unlikely that the Company can achieve the Third Mid-Term Business Plan, and it is possible that the corporate value of the Company would be impaired.

Furthermore, in the event that the Company is offered a plan to purchase its shares by an outside purchaser, it is necessary that the shareholders appropriately recognize the effect of synergy resulting from the organic combination of the Company's tangible or intangible managerial resources, possible effects of the future measures, business fields and personal networks, and relationships of trust with culture and society. And it is also necessary that the shareholders appropriately recognize other items that comprise the corporate

[TRANSLATION]

value of the Company, and that the shareholders evaluate the effect of the Large-Scale Purchase of the Company's shares by the said purchaser on the corporate value of the Company.

In view of these factors as written above, the Company has judged that such revisions as detailed hereinafter in the Revised Plan are needed, when a third party has offered (or is going to offer) a Large-Scale Purchase of the Company's shares, to be able to deter such offer when it might include therein some fear or possibility of impairing corporate value of the Company by making it possible (i) for shareholders to appropriately decide whether to accept such offer, (ii) to secure the information and time needed so that the Company's Board of Directors can provide an alternative/counter proposal to shareholders, and (iii) to negotiate with the party about such offer and its possible unfair conditions in the interest of shareholders.

(2) Outline of the Revised Plan

A. Establishment of Rules of Large-Scale Purchase of the Company's Shares

In order to protect and enhance the corporate value of the Company and the common interests of the shareholders, in the event of any Large-Scale Purchase of the Company's share certificates, etc., the Revised Plan sets out procedures requiring any party/parties intending to conduct a Large-Scale Purchase ("Purchaser") to provide the Company with necessary and sufficient information concerning the attempted Large-Scale Purchase in advance, for the Company to secure sufficient time to collect relevant information with respect to such attempted Large-Scale Purchase and to investigate it, and for the Company to present the alternative/counter proposal prepared by the Company's Management and to proceed with proper negotiation with such Purchaser. (The details of such procedures shall be referred to in Items (3) and (4) below).

B. Use of Allotment of Share Options without Contribution

If a Purchaser effects a Large-Scale Purchase without following the required procedures set out in the Revised Plan or otherwise acts in a way that is deemed to be harmful to the corporate value of the Company and the common interests of the shareholders (for the details of these requirements, see Item (5) below), the Company will, by means of Allotment of Share Options without Contribution (as set forth in Article 277 and onwards of the Companies Act, which is hereinafter referred to as "this Share Options" as more specifically defined in Item (6) below), allot to all the shareholders of the Company at that time this Share Options with exercising conditions that do not allow the Purchaser to exercise any share options as well as the acquiring terms that the Company shall be entitled to acquire this Share Options from persons other than the Purchaser(s) in exchange for shares in the Company.

C. Use of Independent Committee to Eliminate Arbitrary Decisions by Board of Directors of the Company; etc.

[TRANSLATION]

The Revised Plan requires the process of judgment of the Independent Committee composed of members highly independent from the Company's Management pursuant to the Independent Committee Regulations (See the Separate Sheet 2 attached for details), in order to eliminate any possible arbitrary decisions made by the Board of Directors of the Company relating to the implementation or non-implementation of Allotment of this Share Options without Contribution as a counter-measure against a Large-Scale Purchase or the acquisition of this Share Options. In addition, the Revised Plan further requires that, in the event that such Independent Committee recommends, when Allotment of this Share Options without Contribution is implemented, that the Board of Directors of the Company verify and confirm what shareholders' intent/will will be, the Board of Directors of the Company shall convene a Shareholders' Meeting Verifying Shareholders' Will as a rule. Furthermore, the Company ensures transparency by way of timely disclosing from time to time the information regarding processes relevant to these procedures.

The initial Independent Committee at the time of the Update/Revision of the Plan is scheduled to be composed of two (2) outside company auditors of the Company and one (1) outside expert with considerable experience and standing in the community, all of whom are listed in the attached Separate Sheet 3 (Refer to the Separate Sheet 2 for the standards for appointing members, requirements for resolution and matters subject to such resolution, of the Independent Committee after such Update/Revision was implemented).

D. Exercise of this Share Options and the Company's acquisition of this Share Options

If an Allotment of this Share Options without Contribution took place in accordance with the Revised Plan and either the shareholders other than the Purchaser exercised this Share Options or any shares in the Company were delivered to the Company's shareholders other than the Purchaser in exchange for the Company's acquisition of this Share Options, then it would be possible for the ratio of voting rights of the Company's shares held by such Purchaser to be diluted by up to a maximum fifty (50) % compared to that before such exercise or acquisition.

(3) The Details of the Large-Scale Purchase Rules

The applicable rules of the Large-Scale Purchase set out by the Company (hereinafter referred to as "Large-Scale Purchase Rules") is such that requires that (i) any Purchaser shall provide the Board of Directors of the Company with any and all necessary and sufficient information relative to its Large-Scale Purchase activities/actions in advance, and (ii) such Purchaser shall be entitled to initiate said Large-Scale Purchase activities/actions only after a certain specified period of evaluation for the Board of Directors of the Company elapsed.

A. Definition of Large-Scale Purchase subject to this Revised Plan

The Revised Plan shall apply to the cases where there are any purchases or

[TRANSLATION]

acquisitions (excluding those which the Board of Directors of the Company approved in advance) that fall under the case or written below, any actions that possibly fall under either one of such cases or any attempt or plan to do such actions (hereinafter collectively referred to as “Large-Scale Purchase”).

a purchase or any other acquisition (Note 3) of the Company’s share certificates, etc. that would result in a holding ratio of share certificates, etc. (Note 2) of a Purchaser amounting to twenty (20) % or more of the share certificates, etc. (Note 1) issued by the Company; or

a purchase or any other acquisition (Note 7) of the Company’s share certificates, etc. that would result in the share certificates, etc. holding rate (Note 5) of a Purchaser and the share certificates, etc. holding rate of a person in a special relationship with the Purchaser (Note 6), totaling between them up to twenty (20)% or more of the share certificates, etc. (Note 4) issued by the Company.

Note 1. Defined in Section 1 of Article 27-23 of the Financial Instruments and Exchange Act. The same is applied to all provisions in this document unless otherwise provided.

Note 2. Defined in Section 4 of Article 27-23 of the Financial Instruments and Exchange Act. The same is applied to all provisions in this document unless otherwise provided. However, in calculating this holding ratio of share certificates, etc., (i) Persons in Special Relationship as defined in section 7 of Article 27-2 of the Financial Instruments and Exchange Act, (ii) an investment bank, security company or any other financial institutions entering into a financial advisory agreement with a Purchaser, a Purchaser’s tender offer agent, and a Purchaser’s lead managing underwriter (collectively, “Contracting Financial Institutions”), are each deemed under the Revised Plan to be the Purchaser’s Joint Holder (defined in section 5 of Article 27-23 of the Financial Instruments and Exchange Act; the same is applied throughout this document). In calculating this holding ratio of share certificates, etc., the Company may refer to the latest information disclosed by the Company about the total number of shares issued by the Company.

Note 3. This includes any means to enter into sales contract for, to claim for delivery of share certificates, etc. or to enter into any transactions as defined by Section 6 of Article 14 of the Enforcement Order of the Financial Instruments and Exchange Act.

Note 4. Defined in Section 1 of Article 27-2 of the Financial Instruments and Exchange Act. The same is applied to all provisions in this paragraph unless otherwise provided.

Note 5. Defined in section 8 of Article 27-2 of the Financial Instruments and Exchange Act. The same is applied to all provisions in this document unless otherwise provided. In calculating this share certificates, etc. holding rate, the Company may refer to the latest information disclosed by the Company about the total number of voting rights of the Company.

[TRANSLATION]

Note 6. Defined in section 7 of Article 27-2 of the Financial Instruments and Exchange Act; provided, however, that persons listed in Sub-Section 1 of said Section of said act shall not include those specified in Section 2 of Article 3 of the Cabinet Office Ordinance concerning Disclosure of a Tender Offer by a Purchaser other than the Issuing Company. In addition, any (i) Joint Holder or (ii) Contracting Financial Institution shall be deemed to be a person in a special relationship with the Purchaser. The same is applied to all provisions in this document unless otherwise provided.

Note 7. This includes any purchase or other reception with consideration and any reception similar to the reception with consideration as defined by Section 3 of Article 6 of the Enforcement Order of the Financial Instruments and Exchange Act.

B. Request to the Purchaser for its Provision of Required Information

Except for the case when the Board of Directors of the Company deems it unnecessary, the Company shall request the Purchaser to produce and provide to the Company, prior to the Purchaser's implementation of any of its Large-Scale Purchase actions/activities, all the information as set forth in each of the subsections below written (hereinafter referred to as "Required Information") as well as a written statement inclusive of Purchaser's undertakings expressing that the Purchaser shall, upon and during the course of its pursuing the Large-Scale Purchase actions/activities, comply with any provisions set forth by the Large-Scale Purchase Rules (hereinafter referred to as "Purchaser's Representation") in such form as designated by the Company.

The Company shall promptly notify and disclose to the shareholders the fact that such documented statement of the Purchaser's Representation has been produced and submitted by the Purchaser for/to the Company together with the fact that the Purchaser emerged, and disclose the contents of such Required Information (except for any information disclosed by the Purchaser under the condition that the Company shall be subject to a confidentiality obligation with respect to said information). In addition, the Company shall disclose to the shareholders, at and by such a time as determined appropriate by the Independent Committee, any and all other information the disclosure of which is deemed necessary or appropriate for the shareholders' judgment at the discretion of the Independent Committee.

The Independent Committee, if it determines that the information produced and provided by the Purchaser fails to meet the criteria for/as the Required Information, may directly or indirectly ask the Purchaser to provide additional information by a deadline date reasonably designated by the Committee. In such a case, the Purchaser shall be required to provide such additional information so requested by said deadline date.

The Independent Committee, if and when it determined that the Purchaser has fully provided all the Required Information, shall disclose such fact to the shareholders of the Company.

[TRANSLATION]

Required Information

The details (including but not limited to specific names, the capital structure or contribution, investment ratio, financial status, names of officers together with their background summary and their experience with similar kinds of business to the Company's or our group's business) of the Purchaser and its group (including but not limited to Joint Holders, a person in a special relationship with the Purchaser, major shareholders or investors and major subsidiaries and affiliated companies, and, in the case where the Purchaser is the very entity involved in the fund or investment, its major partners, investors (either direct or indirect) or any other members and general partners thereof and any other persons providing their continual advices regarding funds);

The purpose, method and other details of the Large-Scale Purchase (including but not limited to type of consideration and proposed value for the Large-Scale Purchase, time of the Large-Scale Purchase, structure of any related transactions/exchanges, the legality of the method of the Large-Scale Purchase, the feasibility of the Large-Scale Purchase, and, if share certificates, etc. of the Company are likely to be removed from the list of stock exchange after completion of the Large-Scale Purchase, the likeliness and reason of such fact; the Independent Committee may require Purchaser to submit a legal opinion written by qualified lawyers with respect to the legality of the method of the Large-Scale Purchase);

Existence or nonexistence of any communication with any third parties with respect to the Large-Scale Purchase (including but not limited to communication related to an Act of Making Important Suggestion, etc. (defined in section 1 of Article 27-26 of the Financial Instruments and Exchange Act) made to the Company; the same is applied throughout this document), and if any, the specific method of such communication and its details;

The basis/ground and process for the calculation of the price proposed for the purchase and other acquisitions relating to the Large-Scale Purchase (including but not limited to the existing circumstances and assumptions for the calculation, the calculation method, any numerical information used in such calculation, and the details of the synergy effects expected to be generated as a result of the series of transactions/exchanges related to the Large-Scale Purchase (including but not limited to the details of synergy effects to be distributed to the shareholders other than the Purchaser) and the basis/ground for such calculation of the synergy effects);

Details of the source(s) of the funds required for the purchase and other acquisitions relating to the Large-Scale Purchase (including without limitation the name(s) of provider(s) of the funds, inclusive of substantive provider(s) (either direct or indirect), the fund-raising method, the content/type of the collateral if any, the existence or nonexistence of any conditions precedent for the provision of the funds, and the details of any representations and covenants undertaken after such provision of the funds, and details of the related

[TRANSLATION]

transactions/exchanges if any);

The management policy, business planning, financial planning, fund planning, investment planning, capital policy, and dividend policy of the Company and the Company's group envisioned to be adopted after the effective completion of the Large-Scale Purchase (including but not limited to any plans relating to any sales of the Company's assets, any provisions of encumbrances and any other dispositions expected to be made after the effective completion of the Large-Scale Purchase);

Policy of treatment of officers, employees, business partners, customers and other stakeholders of the Company and the Company's group expected to be arranged after the effective completion of the Large-Scale Purchase;

Specific measures expected to be taken to avoid any conflicts of interest with the other shareholders of the Company; and

Any other information that the Independent Committee reasonably judges necessary.

[End]

In the event that the Independent Committee recognized that a Purchaser has initiated any actions/activities of Large-Scale Purchase without complying with the Large-Scale Purchase Rules, it shall as a general rule recommend the Company's Board of Directors to implement an Allotment of Share Options without Contribution in accordance with Item (4) A.(a) as written below, except for the case when there exists such a special circumstance where it should continue the discussion and negotiation with such Purchaser still making requests to such Purchaser for the submission of a Purchaser's Representations and all of the Required Information.

C. Evaluation on Actions/Activities of Large-Scale Purchase; Discussion and Negotiation with the Purchaser; Review on Alternative/Counter Proposal

(a) Request to the Company's Board of Directors for the Provision of Opinion, Alternative/Counter Proposal and Information, etc.

The Independent Committee may request the Company's Board of Directors also to present, within the evaluation period which the Independent Committee reasonably determines (however in no case may such period exceed thirty (30) days as a general rule from the day when the Company disclosed the fact that the Independent Committee has judged that the Purchaser has finished providing all the Required Information), an opinion as to the actions/activities relating to the Large-Scale Purchase, any supporting materials thereto, an alternative/counter proposal and any other information and data, etc. that the Independent Committee considers suitably necessary in order to compare and evaluate the details of the Purchaser's Representation and all of the Required Information against the business planning prepared by the Company's Board of Directors and

[TRANSLATION]

the company evaluation conducted by the Company's Board of Directors from the standpoint of protecting and enhancing the corporate value of the Company and the common interests of the shareholders.

(b) Independent Committee's Evaluation and Review

Before sixty (60) days as a general rule elapse from the day when the Independent Committee takes receipt of the information, etc. from the Purchaser and the Company's Board of Directors (in the case that the Independent Committee requested the Company's Board of Directors to provide information as set out in Item (a) above), the Independent Committee should conduct its evaluation and review on the details of any actions/activities of Large-Scale Purchase, collect, compare and study all the information produced by Purchaser and/or the Company's Board of Directors with respect to business planning, etc., and evaluate and review any alternative/counter proposals provided by the Company's Board of Directors (provided, however, that, in the case described in Item(4)A.(a) below, the Independent Committee may extend this period) (hereinafter referred to as "Independent Committee's Evaluation Period" which shall be reckoned separate from the thirty (30) days described in Item C.(a) written above). If deemed necessary for the purpose of causing the Purchaser to improve the proposed details of any actions/activities of Large-Scale Purchase in view of protecting and enhancing the corporate value of the Company and the common interests of the shareholders, the Independent Committee shall, directly or indirectly, discuss or negotiate with the Purchaser, or present to the shareholders, etc. an alternative/counter proposal prepared by the Company's Board of Directors and the like.

In order to ensure that any judgment made by the Independent Committee from time to time will be made in such a manner as supporting the corporate value of the Company and the common interests of the shareholders of the Company, the Independent Committee shall be entitled to obtain at the cost of the Company advices from independent third parties (including, without limitation, investment banks, security companies, financial advisors, lawyers, certified public accountants, management consultants and other experts.)

In the event that the Independent Committee requests the Purchaser, directly or indirectly, to provide any data and/or other information required for such evaluation or review or to hold meetings for such discussions or negotiations as written above, the Purchaser shall promptly comply with such request.

(4) Procedures to Deal with Actions/Activities of Large-Scale Purchase (Refer to Separate Sheet 4 attached for the summarized procedures)

A. Independent Committee Procedures for Recommendations, etc. and Resolutions of the Company's Board of Directors, etc.

(a) Independent Committee Procedures for Recommendations, etc.

In the event that a Purchaser emerges, the Independent Committee shall

[TRANSLATION]

make a recommendation on the actions/activities of Large-Scale Purchase to the Company's Board of Directors in accordance with the following procedures through . In the case that the Independent Committee made a recommendation provided for in through below to the Company's Board of Directors or made any other resolution, or in any case when the Independent Committee considers appropriate, the Independent Committee shall disclose, promptly after such recommendation was made, the outline of said recommendation and any other items the Independent Committee considers appropriate to be disclosed (including the period and the reason, if the Independent Committee extends the Independent Committee's Evaluation Period).

In the Event That Independent Committee Recommends the Exercise of Allotment of the Share Options without Contribution:

In the event that the Purchaser fails to comply with the procedures set forth in this Revised Plan, or if the Independent Committee determined that the Large-Scale Purchase by the Purchaser meets any of the requirements set out under Item (5) below as a result of its evaluation/review made on the details of Purchaser's actions/activities of Large-Scale Purchase and consequently the implementation of Allotment of the Share Options without Contribution is deemed appropriate, the Independent Committee shall recommend the implementation of Allotment of the Share Options without Contribution to the Company's Board of Directors, regardless of whether the Independent Committee's Evaluation Period has commenced or ended.

However, even after the Independent Committee has already made one previous recommendation for the Allotment of the Share Options without Contribution, the Independent Committee may newly recommend to the Company, until the last day prior to the Exercise Period Commencement Date (as defined in Item (6) F. below), to suspend the Allotment of the Share Options without Contribution (before the Allotment without Contribution takes effect) or to acquire the Share Options without consideration (after the Allotment without Contribution has taken effect), if the Independent Committee determines that either of the events below applies.

- (a) The Purchaser withdraws the Large-Scale Purchase or otherwise said Large-Scale Purchase ceased to exist after such recommendation; or
- (b) There arose any change in the base facts, etc. upon which the recommendation decision relied, and consequently the Large-Scale Purchase by said Purchaser is now proved not to meet any of the requirements set out in the Item (5) below or it proved not to be reasonable to implement the Allotment of the Share Options without Contribution or to allow the shareholders to exercise the Share Options even if the Large-Scale Purchase by said Purchaser does meet one of the requirements under Item (5) below.

[TRANSLATION]

The Independent Committee shall be further authorized to recommend, at its discretion, that Company's Board of Directors convene the Shareholders' Meeting Verifying Shareholders' Will and to refer the bill concerning the Allotment of the Share Options without Contribution in the event that the Purchaser's Large-Scale Purchase may include any possibility not to meet the requirements through of the requirements set forth in the following Item (5) with respect to the Allotment of Share Options without Contribution in spite of the case when the Independent Committee deems the Allotment of Share Options without Contribution appropriate.

In the Event That Independent Committee Recommends the Non-Implementation of Allotment of the Share Options without Contribution:

In the event that the Independent Committee determined, as the result of its evaluation/review made on Purchaser's actions/activities of the Large-Scale Purchase, or as the result of its discussions and negotiations made with the Purchaser, that the actions/activities of the Large-Scale Purchase by the Purchaser do not meet any of the requirements set out in the Item (5) below or that it was determined not appropriate to implement the Allotment of Share Options without Contribution in spite of the fact that all of such actions/activities do meet such requirements, the Independent Committee shall recommend the Company's Board of Directors not to implement the Allotment of Share Options without Contribution regardless of whether the Independent Committee's Evaluation Period has expired or not.

However, even after the Independent Committee has already made one previous recommendation for the non-implementation of the Allotment of Share Options without Contribution, the Independent Committee shall make a new determination including its recommendation to implement the Allotment of Share Options without Contribution and may newly recommend such new determination to the Company's Board of Directors if there arose any change in the base facts, etc. upon which the recommendation decision relied, and consequently the Large-Scale Purchase by said Purchaser is now proved to meet the requirements set out in the first portion of Item above.

In the Event That the Independent Committee Extends the Independent Committee's Evaluation Period:

In the event that it proves that the Independent Committee cannot make its recommendation to or not to implement Allotment of Share Options without Contribution within the Independent Committee's Evaluation Period, the Independent Committee shall make a resolution to extend such Independent Committee's Evaluation Period to a reasonable extent necessary for its evaluation on the actions/activities of

[TRANSLATION]

the Large-Scale Purchase of such Purchaser, its discussions and negotiations with such Purchaser and its study on an alternative/counter proposal (This extension procedure shall apply to the case when any further extension of the Independent Committee's Evaluation Period is necessarily made after such first extension) .

If the Independent Committee's Evaluation Period was extended by way of the resolution described above, the Independent Committee shall disclose the reason and the extended period and continue to collect any necessary information and continue its evaluation efforts, etc. and use its best efforts to make a recommendation for the implementation or non-implementation of the Allotment of Share Options without Contribution within such extended period.

Other Recommendations, etc. by the Independent Committee

In addition to Items through above, the Independent Committee may present any of its determinations, etc. to the Company's Board of Directors as to the items the Company's Board of Directors may ask for from time to time.

- (b) Resolutions of the Company's Board of Directors, Holding of Shareholders' Meeting Verifying Shareholders' Will:

The Company's Board of Directors, as one of the statutory organizations established under the Companies Act, shall promptly make a resolution relating to the implementation or non-implementation of the Allotment of Share Options without Contribution by taking any recommendation of the Independent Committee into consideration to the maximum extent. In addition, the Company's Board of Directors shall be entitled to make its resolution to suspend the Allotment of Share Options without Contribution and any other resolutions, in the event that the Large-Scale Purchase was withdrawn or there arose any change in the base facts upon which the recommendation decision relied, even after the Independent Committee had already made, to the Company's Board of Directors, its previous recommendation for the implementation of the Allotment of Share Options without Contribution.

Further, in the event that the Company's Board of Directors is recommended by the Independent Committee to convene the Shareholders' Meeting Verifying Shareholders' Will with respect to the implementation of the Allotment of Share Options without Contribution, the Company's Board of Directors shall promptly convene the Shareholders' Meeting Verifying Shareholders' Will and refer the bill concerning the implementation of the Allotment of the Share Options without Contribution as far as it proves practically possible to convene the Shareholders' Meeting Verifying Shareholders' Will after considering various matters including but not limited to the details of the actions or activities of the Large-Scale Purchase and time to spare, so that a Shareholders' Meeting Verifying Shareholders' Will can be held within the shortest time period as far as practically possible. During any opportunity when

[TRANSLATION]

a resolution is made at the Shareholders' Meeting Verifying Shareholders' Will regarding the implementation of Allotment of Share Options without Contribution, the Company's Board of Directors shall promptly make a resolution regarding the implementation of the Allotment of Share Options without Contribution.

In the event that the Company's Board of Directors made its resolution regarding the implementation or non-implementation of the Allotment of Share Options without Contribution, or that the Company's Board of Directors made its resolution to convene the Shareholders' Meeting Verifying Shareholders' Will, or that it was resolved at the Shareholders' Meeting Verifying Shareholders' Will to implement or not to implement the Allotment of Share Options without Contribution, the Company's Board of Directors shall promptly disclose the summary of such resolution and any other matters which the Company's Board of Directors considers appropriate to disclose.

On the other hand, the Purchaser shall be obligated not to implement any purchase of the share certificates, etc. of the Company up until the Company's Board of Directors or the Shareholders' Meeting Verifying Shareholders' Will makes its resolution with respect to the implementation or non-implementation of the Allotment of Share Options without Contribution.

B. Changes Made to Required Information

Pursuant to Item (3) B above, in the event that the Independent Committee considers that the Purchaser has made any substantial change(s) to the Required Information after the Company disclosed the fact that it deemed the production or submission of all Required Information to be completed, any and all actions or processes taken pursuant to this Revised Plan with respect to the Large-Scale Purchase based upon the Required Information previously provided (hereinafter in this subsection (B) referred to as the "Previous Large-Scale Purchase before Change") shall be suspended and the Large-Scale Purchase based upon such changed Required Information shall be newly subject to the Large-Scale Purchase Rules as those actions or activities separate from the Previous Large-Scale Purchase before Change.

(5) Requirements for Allotment of Share Options without Contribution

The Company intends to implement the Allotment of Share Options without Contribution by a resolution of the Company's Board of Directors or the Shareholders' Meeting Verifying Shareholders' Will as described in Item (4) A.(b) above, if it is considered that a Large-Scale Purchase of a Purchaser falls under any of the items below and it is reasonable to implement the Allotment of Share Options without Contribution.

As described in Items (4) A.(a) and (b) above, the Company's Board of Directors shall without failure make its determination as to whether an action of a Purchaser falls under any requirement below and furthermore if it is reasonable or not to implement the Allotment of Share Options without Contribution through

[TRANSLATION]

the recommendation of the Independent Committee by taking into consideration such recommendation to the maximum extent.

Applicable Cases:

The case when a Purchaser does not comply with procedures set forth in the Large-Scale Purchase Rules in conducting the Large-Scale Purchase;

The case when a Purchaser is considered to intend to conduct the Large-Scale Purchase with no intention to participate in the Company's management, but for the sole purpose of raising the stock price and compelling the Company or any parties concerned with the Company to purchase the shares at considerably higher prices;

The case when a Purchase is considered to intend to conduct the Large-Scale Purchase to carry out a so-called scorched-earth policy (i.e., a forced transfer of intellectual properties, know-how, franchisees, major business partners, customers and others, which are essential for the Company's business operations to the Purchaser and its group companies) through gaining temporary control of the Company's management;

The case when a Purchaser is considered to intend to conduct the Large-Scale Purchase to divert the Company's assets as collateral and/or repayment funds for liabilities of the Purchaser and its group companies after gaining control of the Company's management;

The case when a Purchaser is considered to intend to conduct the Large-Scale Purchase to have the Company dispose of its real estate, securities and other assets, etc., which has no immediate effect on the Company's ongoing business through temporary control of the Company's management and have it distribute temporarily higher dividends with the profits from such disposal, or sell out when the Company's shares soar due to such temporarily increased dividends;

The case when a Purchaser is considered to have made threats to compulsorily restrict the shareholders' opportunity or liberty to make decisions and to substantially compel the shareholders to sell the shares in the Company, through a so-called two-tiered purchase procedure (i.e., making the purchase in the form of a tender offer, etc., by unilaterally setting unfavorable second-tier purchase conditions without inviting the shareholder to purchase all shares in the Company at the first-tier or intentionally not clarifying it) and the like; (provided, however, that just being a partial tender offer does not automatically fall under this item);

The case when the terms of a Large-Scale Purchase (including type and amount of consideration for the Large-Scale Purchase, time of the Large-Scale Purchase, the legality of the Large-Scale Purchase, the feasibility of the Large-Scale Purchase, the management policy or business plan after completing the Large-Scale Purchase, policy of treatment of minor

[TRANSLATION]

shareholders, employees, business partners, customers and other stakeholders of the Company) can be considered to be inadequate or inappropriate in light of the Company's intrinsic value, with reasonable grounds;

The case when it is deemed improper to allow the Purchaser to take control of the Company from the view point of good public order and morality (e.g., such as when the Purchaser includes a person in its management or major shareholders, who has relations with any antisocial force); and

The case when it is deemed that the Large-Scale Purchase may significantly impair the corporate value of the Company and the common interests of the shareholders in any manner comparable to cases through above.

(6) Outline of the Allotment of Share Options without Contribution

The outline of the Allotment of Share Options without Contribution under this Revised Plan is described below:

A. Number of Share Options:

The number of the Share Options shall be the same number as the final and total number of issued and outstanding shares in the Company (excluding the number of shares in the Company held by the Company at that time) on a certain date (the "Allotment Date") that is separately determined by the Company's Board of Directors in a resolution relating to the Allotment of Share Options without Contribution ("Allotment Resolution").

B. Shareholders Eligible for Allotment:

The Company shall allot the Share Options to those shareholders, other than the Company, who are recorded in the Company's final register of shareholders as of the Allotment Date, at the ratio of one Share Option for every one share in the Company.

C. Effective Date of the Allotment of Share Options without Contribution:

The Company's Board of Directors shall separately determine the effective date of the Allotment of Share Options without Contribution in the Allotment Resolution.

D. Number of Shares to be Acquired upon Exercise of the Share Options:

The number of shares (Note 8) to be acquired upon exercise of each Share Option (the "Applicable Number of Shares") shall be one share unless a special adjustment is otherwise made.

Note 8: Even if the Company becomes a corporation with Class Shares (Subsection 13 of Article 2 of the Companies Act) in the future, the class of the

[TRANSLATION]

shares in the Company to be issued upon the exercise of Share Options and the shares to be delivered in exchange for the acquisition of Share Options shall be the same as the shares being issued by the Company at the time of this Ordinary General Shareholders' Meeting (i.e., common shares).

E. The Amount of Properties to be Contributed upon Exercise of Share Options:

Contributions upon exercise of the Share Options are to be in cash, and the amount per share of properties to be contributed upon exercise of the Share Options shall be an amount separately determined by Company's Board of Directors in the Allotment Resolution within the range between a minimum of one yen and a maximum of any amount equivalent to one-half of the fair market value of one share in the Company.

F. Exercise Period of the Share Options:

The commencement date of Exercise Period of the Share Options shall be the date determined by the Company's Board of Directors at the Allotment Resolution (this commencement date of the exercise period shall be referred to as the "Exercise Period Commencement Date"), and the effective period of such Exercise Period shall be from "for one (1) month" to "for three (3) months" long as determined by the Company's Board of Directors in the Allotment Resolution; provided, however, that if the Company acquires the Share Options pursuant to the provisions of J. below, the Exercise Period for the Share Options with respect to that acquisition shall be up to and including the business day immediately prior to the relevant acquisition date. Further, if the final day of the Exercise Period falls on a holiday for the payment place for the cash payable upon exercise, the final day shall be the preceding business day.

G. Conditions for the Exercise of the Share Options:

(I) Specified Large Volume Holders (Note 9), (II) Joint Holders of Specified Large Volume Holders (Note 10), (III) Specified Large Volume Purchasers (Note 11), (IV) Special Affiliates with Special Large Volume Purchasers (Note 12), or (V) Any transferee of or successor to the Share Options of any person falling under (I) through (IV) above without the approval of the Company's Board of Directors, or (VI) Any Affiliated Party of any person falling under (I) through (V) above (Note 13) (the parties falling under (I) through (VI) shall collectively be referred to as "Non-Qualified Parties") may not exercise, as a general rule, the Share Options. Further, non-residents of Japan who are required to follow certain procedures under foreign laws and ordinances to exercise the Share Options may not, as a general rule, exercise the Share Options (provided, however, that certain nonresidents such as those who may use any exemption provisions under applicable laws and ordinances in such foreign country shall be entitled to exercise the Share Options, and the Share Options held by nonresidents shall be subject to acquisition by the Company in exchange for shares in the Company as set forth in Item J below).

Note 9. As a general rule, Specified Large Volume Holders shall mean those persons (including those who were deemed by the Company's Board of Directors as falling under such definitions) who are the holders (including

[TRANSLATION]

those deemed as holders by Section 3 of Article 27-23 of the Financial Instruments and Exchange Act) of the share certificates, etc. (as defined by Section 1 of Article 27-23 of the Financial Instruments and Exchange Act. The same shall apply to other provisions all through this document unless otherwise specifically defined) issued by the Company and whose holding ratio of share certificates, etc. (as defined by Section 4 of Article 27-23 of the Financial Instruments and Exchange Act.) exceeds twenty (20) % or more; provided, however, that such persons, as those who were considered by the Company's Board of Directors as persons giving no harm to the corporate value or the common interests of the shareholders of the Company by acquiring or holding such share certificates, etc. issued by the Company as well as those who are falling under "certain specified persons" as separately set forth by the Company's Board of Directors in the Allotment Resolution, shall be excluded from this definition of Specified Large Volume Holders.

Note 10. Joint Holders of Specified Large Volume Holders shall mean those persons as defined by the Section 5 of Article 27-23 of the Financial Instruments and Exchange Act, which definition shall include those who are deemed to be "Joint Holders" under Section 6 of the preceding article (and those who were deemed by the Company's Board of Directors to be falling under the definition "Joint Holders" as well).

Note 11. As a general rule, Specified Large Volume Purchasers shall mean those persons (including those persons deemed by the Company's Board of Directors to fall under this definition) who made their public notice of their intention that they may purchase and/or otherwise deal with (as defined by Section 1 of Article 27-1 of the Financial Instruments and Exchange Act. The same shall apply to other provisions all through this document), through tender offer (as defined by Section 6 of Article 27-2 of the Financial Instruments and Exchange Act), the share certificates, etc. issued by the Company and the share certificates, etc. holding rate (as defined by Section 8 of Article 27-2 of the Financial Instruments and Exchange Act. The same shall apply to other provisions all through this document) of such share certificates, etc. (as defined by Section 1 of Article 27-2 of the Financial Instruments and Exchange Act. The same shall apply to this Note 11) owned by them (including those persons deemed to be included in such definition pursuant to Section 1 of Article 7 of the Enforcement Order of the Financial Instruments and Exchange Act) of which would total twenty (20) % or more after the completion of such purchase if combined with those owned by their special affiliates; provided, however, that such persons, as those who were considered by the Company's Board of Directors as persons giving no harm to the corporate value or the common interests of the shareholders of the Company by acquiring or holding such the shares or other securities, etc. issued by the Company as well as those who are falling under "certain specified persons" as separately set forth by the Company's Board of Directors at the Allotment Resolution, shall be excluded from this definition of Specified Large Volume Purchasers.

Note 12. Special Affiliates with Special Large Volume Purchasers shall mean such persons as defined by Section 7 of Article 27-2 of the Financial Instruments

[TRANSLATION]

and Exchange Act (included therein are those who were considered by the Company's Board of Directors as falling under this definition); provided, however, that, with respect to those persons as listed in Sub-Section 1 of said Section, any and all persons as set forth in Section 2 of Article 3 of the Cabinet Office Order concerning Disclosure relating to Tender Offer for Share Certificates, etc. by Persons Than Issuer shall be excluded.

Note 13. Affiliated Party shall mean such person (including those persons deemed by the Company's Board of Directors to fall under this definition) who controls that person, is controlled by that person or is under common control as that of said person, or such person who was deemed by the Company's Board of Directors as such person as acting in collaboration with that person. The word "control" as used herein shall mean the case "Controlling the decision on financial and business policies (of other companies, etc.)" (as defined by Section 3 of Article 3 of the Ordinance for Enforcement of the Companies Act).

H. The Increased Capital and Capital Reserve In Case of Issuance of Shares due to the Exercise of Share Options

The amount of respective Increased Capital and Capital Reserve in case of issuance of the shares in the Company due to the Exercise of Share Options shall be the maximum amount of the limit of capital increase calculated according to Clause 1 of Article 17 of the Accounting Regulation Ordinance, and no increase of the capital reserve shall occur.

I. Restriction on Transfer of the Share Options:

Any acquisition of the Share Options by way of any transfer shall be subject to the approval of the Company's Board of Directors.

J. Acquisition of the Share Options by the Company

At any time on or before the date immediately prior to the Exercise Period Commencement Date, if the Company's Board of Directors recognizes that it is appropriate for the Company to acquire the Share Options, the Company may, on a day separately determined by the Company's Board of Directors, acquire all of the Share Options without consideration.

On a day separately determined by the Company's Board of Directors, the Company may acquire all of the Share Options that have not been exercised on or before the business day immediately prior to such date determined by the Company's Board of Directors, that are held by parties other than Non-Qualified Parties and, in exchange, deliver shares in the Company in the number equivalent to the number of the Applicable Number of Shares for every one Share Option. Further, in the event that any third party or parties other than Non-Qualified Parties hold the Share Options that any Non-Qualified Parties used to hold by way of transfer, etc. after such day when such transfer, etc. was made, the Company shall be entitled to perform the effort to acquire such Share Options multiple times.

[TRANSLATION]

K. Delivery of Share Options in Case of Merger (only when the Company is absorbed due to a merger), Absorption-type Company Split, Incorporation-type Company Split, Exchange of Shares or Share Transfer:

The Company's Board of Directors shall separately set out the details of such delivery of Share Options in the Allotment Resolution.

L. Issuance of Share Options Certificate:

The Company shall not issue the Share Options Certificate with respect to the Share Options.

M. Others:

In addition to the above-written provisions, the details of the Share Options shall be separately set out by the Company's Board of Directors in the Allotment Resolution.

4. Impact on Shareholders and Investors

(1) Impact of the Rules of Large-Scale Purchase on Shareholders and Investors:

The Rules of Large-Scale Purchase aims at providing the shareholders with necessary information to judge whether to accept an offer of the Large-Scale Purchase and the opinion of the Company's Board of Directors that currently manages the Company, and guaranteeing a chance for the shareholders to be shown an alternative proposal. This enables the shareholders to make a decision with respect to whether to accept an offer of the Large-Scale Purchase with sufficient information and leads to protecting the corporate value of the Company and the common interests of the shareholders. Therefore, the Company believes that the establishment of the Large-Scale Purchase Rules will promote appropriate decision-making by the shareholders and investors and that it will benefit shareholders and investors.

Please note that, as stated in Items 3.(4)A and 3.(5) above, the Company's response to the Large-Scale Purchase depends on the compliance or non-compliance by the Purchaser with the procedure set out in the Rules of Large-Scale Purchase and therefore the shareholders and investors should pay attention to the activities of the Purchaser.

(2) Impact on Shareholders and Investors at the Time of the Allotment of Share Options without Contribution:

When the Company's Board of Directors resolves to grant the Allotment of Share Options without Contribution, shareholders on the record on the date specified by a resolution of that meeting, shall be given one Share Option for one share at no consideration. If a shareholder does not act to exercise the

[TRANSLATION]

Share Options including payment of monies, as described in detail in the following Item (3) B during the exercise period, its own shares shall be diluted by execution of Share Options held by other shareholders.

However, it is possible that the Company will acquire the Share Options of all shareholders other than Non-Qualified Parties and, in exchange, deliver shares in the Company in accordance with the procedures set out in Item (3) C above. If the Company carries out such acquisition procedures, all shareholders other than Non-Qualified Parties will come to receive shares in the Company without exercising their Share Options or paying an amount equivalent to the exercise price, and no dilution of the aggregate shares in the Company they hold will result (rather only dilution of the value per share in the Company they hold will result).

Furthermore, the Company, even if the Allotment Date has passed or the Allotment of Share Options without Contribution has taken effect, may cancel the Allotment and acquire those Share Options without consideration nor delivery of the shares in the Company to the entitled shareholders up until the day immediately prior to Exercise Period Commencement Date due to circumstances such as, for example, if the Purchaser withdraws its Large-Scale Purchase of the shares in the Company (provided, however, that in case of the Company cancelling the Allotment of Share Options without Contribution or acquiring without consideration the Share Options, the Company shall in principle choose to cancel the Allotment up until prior to four (4) business days (Fall-Off Day) before the Allotment Date.). In these cases any dilution of stock value will not occur, and investors who made selling transactions on the assumption of dilution may suffer from unexpected losses depending on stock price fluctuation.

(3) Necessary Procedures for Shareholders upon the Allotment of Share Options without Contribution:

A. Procedures for Entry of Name Transfer in Shareholders' Register:

If the Company's Board of Directors resolves to implement an Allotment of Share Options without Contribution, the Company shall first give public notice of the Allotment Date for the Allotment of Share Options without Contribution. In this case, as the Company will make the Allotment of Share Options without Contribution to the shareholders who are recorded on the Company's last register of shareholders as of the Allotment Date, it shall be necessary for shareholders to arrange for the procedures for entry of name transfer as soon as possible.

Furthermore, all of the shareholders who are recorded on the Company's last register of shareholders as of the Allotment Date shall become the holders of the Share Options as a matter of course on the effective date of the Allotment of Share Options without Contribution.

B. Procedures for Exercising Share Options:

[TRANSLATION]

The Company shall deliver, as a general rule, an exercise request form for the Share Options (in a form prescribed by the Company and containing necessary matters such as the terms and number of the Share Options for the exercise and exercise date with respect to the Share Options, as well as representations and warranties regarding matters such as whether the shareholders themselves are not Non-Qualified Parties, indemnity clauses and other covenants) and other documents necessary for the exercise of the Share Options to all shareholders being recorded on the Company's last register of shareholders as of the Allotment Date. After the Allotment of Share Options without Contribution, the shareholders shall be issued one share in the Company per one Share Option upon submitting these necessary documents and paying to the place handling such payments the price determined by the Company's Board of Directors in the Allotment Resolution, which shall be an amount within the range between a minimum of one yen and a maximum of any amount equivalent to one-half the fair market value of one share in the Company, both during the Exercise Period of the Share Options and before the acquisition of the Share Options by the Company takes effect).

C. Procedures for the Acquisition of Share Options by the Company:

If the Company's Board of Directors determines to acquire the Share Options, the Company will acquire the Share Options in accordance with the legal procedures as separately determined by the Company's Board of Directors. When the Company delivers the shares in the Company to shareholders in exchange for the acquisition of the Share Options, it shall do so without undue delay. In this case, the shareholders concerned shall be separately requested to submit, in a form prescribed by the Company, representations and warranties regarding matters such as the fact that they are not Non-Qualified Parties, indemnity clauses and other covenants.

In addition to the above, the Company shall disclose information or notify all of its shareholders with respect to the particulars of the Allotment method of the Share Options, method of procedures for entry of name change, exercise method and method for acquisition by the Company after any resolution of the Company's Board of Directors in relation to a Allotment of Share Options without Contribution, and therefore, the Company requests that shareholders check these details at that time.

5. Rationale of the Revised Plan

(1) Fully Satisfying the Requirements of the Guidelines for Takeover Defense Measures:

The Revised Plan fully satisfies the three principles (three principles: a principle to protect and enhance the corporate value and the common interests of shareholders, a principle of disclosure in advance and the emphasis on

[TRANSLATION]

shareholders' will, and a principle of necessity and appropriateness) set out in the Guidelines Regarding Takeover Defense Measures for the Purchase for Protecting and Enhancing Corporate Value and Shareholders' Common Interests released by the Ministry of Economy, Trade and Industry together with the Ministry of Justice on May 27, 2005.

(2) Revisions to Protect and Enhance Common Interests of Shareholders:

As stated in Item 3. (1) above, the objective of the revisions made in this Revised Plan is to protect and enhance the Company's corporate value and the common interest of the shareholders. For this objective, this Revised Plan makes it possible for the Company to secure the necessary information and the time for its shareholders to examine any acquisition proposals, and enables the Company's Board of Directors to present a counterproposal, and enables the Company to properly negotiate with the Purchaser on behalf of the shareholders of the Company.

(3) To Request Shareholders' Will (Resolution of the Shareholders' Meeting, Sunset Clause):

The Company plans to introduce the Revised Plan subject to the approval of this General Shareholders' Meeting.

Further, this Revised Plan ensures that the Company shall verify and confirm, in certain specified cases, what the will of the shareholders is at the Shareholders' Meeting Verifying Shareholders' Will with respect to whether or not to implement the Allotment of Share Options without Contribution.

Furthermore, the Company plans that the effective period of this Revised Plan shall be three (3) years until the closing of the General Shareholders' Meeting for the business year ending in March, 2012. It shall be noted that this Revised Plan may be abolished, by the resolution of either the Shareholders' Meeting or the Company's Board of Directors even prior to the expiration of such effective period of this Revised Plan.

(4) Emphasis on the Decisions of Independent Parties and Disclosure of Information:

In introducing this Revised Plan, the Company shall establish the Independent Committee as an organization that will eliminate any arbitrary decisions by the Company's Board of Directors and its directors, and objectively carry out the substantive decisions on behalf of the shareholders in the operation of said Revised Plan.

The initial Independent Committee is composed of two (2) outside statutory auditors of the Company and one (1) outside expert with considerable experiences and standing in the community who are highly independent from the Company's management, and the members are specified in the Separate Sheet 3 attached hereto.

[TRANSLATION]

If a Large-Scale Purchase of shares in the Company were to actually occur, this Independent Committee will, as set out in Items 3.(3) and 3.(4) above, make recommendations as to the implementation or the non-implementation of the Allotment of Share Options without Contribution in view of whether or not the Large-Scale Purchase would have a detrimental effect on the corporate value of the Company and the common interests of the shareholders, etc. Then, the Company's Board of Directors will, by taking into consideration those recommendations to the maximum extent, pass a resolution as to the implementation or the non-implementation of such Allotment pursuant to the Companies Act; (provided, however, that such resolution shall be subject to the decision of the Shareholders' Meeting Verifying Shareholders' Will if the bill was referred to such Shareholders' Meeting with respect to the implementation or the non-implementation of the Allotment of Share Options without Contribution).

In this way, the Independent Committee will strictly monitor any arbitrary actions by non-outside directors and disclose the outlines of its decisions to the shareholders, and will ensure a structure under which the Revised Plan is only operated in a transparent way to the extent contributing to the corporate value of the Company and the common interests of the shareholders.

(5) Establishment of Reasonably Objective Requirements:

As described in Items 3.(4)A(a) and 3.(5) above, it can be said that the Revised Plan is designed so that it will not be triggered unless any reasonable and detailed objective requirements have been satisfied, and further that it ensures a structure to eliminate any arbitrary triggering by the Company's Board of Directors.

(6) Obtaining the Advices of Third-Party Experts:

The Revised Plan specifies that, if a Purchaser emerges, the Independent Committee may seek to obtain the advices of independent third parties (including investing banks, securities companies, financial advisors, lawyers, certified public accountants, management consultants and any other experts) at the cost of the Company. The structure is established in such a manner that the fairness and objectiveness of any judgments made by the Independent Committee are now more strictly secured.

(7) No Dead-Hand Takeover Defense Measures:

As detailed in Item 6 below, the Revised Plan is designed in such a way that it may be abolished by such directors as appointed by the persons who acquired a large number of shares in the Company and elected by the Company's Shareholders' Meeting, and it has nothing to do with the so-called "Dead-Hand Takeover Defense Measures" (a takeover defense measure in which the triggering of the measure cannot be stopped, even if a majority of the members of the Board of Directors are replaced).

[TRANSLATION]

6. Effective Period, Abolition and Amendment of the Revised Plan

The duration, or effective period, of this Revised Plan shall be up until the closing of the Ordinary General Shareholders' Meeting of the Company (planned to be held in June, 2012) for the last one (for the business year ending in March, 2012) of the three (3) business years which will end within three years after this Revised Plan is approved by the shareholders in this Ordinary General Shareholders' Meeting); provided, however, that this Revised Plan shall be forthwith abolished at any time even prior to the scheduled expiry date of this Revised Plan when a resolution has been made to abolish it either by the Shareholders' Meeting or Board of Directors of the Company. And it is further possible to verify and confirm the shareholders' will with respect to whether to continue or abolish this Revised Plan through or during exercising shareholders' voting rights regarding the item on the agenda for the election of the directors on board at the annual Ordinary Shareholders' Meeting, since the term of office of any director on the Board of the Company is one (1) year.

It also must be noted that the Company at its Board of Directors' Meeting may revise or amend the Revised Plan as necessary even during the effective period of such Revised Plan but subject to, and after obtaining, the approval of the Independent Committee.

In the event that the Revised Plan is abolished, amended or otherwise disposed of, the Company will promptly disclose such facts including the abolition, amendment or any other disposition together with any details of such facts and any other relative items.

For your information, the provisions of any laws and regulations cited in this Revised Plan are those relying on such laws and regulations which have become effective and been under enforcement since May 22, 2009, and therefore, if any need arises thereafter for modification of the provisions and/or terms used in each of the above-written items of this document due to the enactment of any new laws and regulations or amendments and/or abolitions thereto, the Company's Board of Directors may properly read or construe the provisions or terms of said Revised Plan within the reasonable extent or scope from time to time, but only after the Company's Board of Directors has evaluated and considered such new enforcement, amendment or abolition of such laws and regulations.

[TRANSLATION]

(Separate Sheet 1)

Shares and Principal Shareholders of the Company (as of March 31, 2009)

1. Shares

- (1) Total Number of Authorized Shares: 300,000,000 shares
 (2) Total Number of Issued and Outstanding Shares: 112,253,463 shares (including 62,721 treasury shares)

(Note) Effective as of January 4, 2009, the Company enforced its share split at the ratio of one (1) to one hundred (100), and also introduced the unit share system putting one hundred (100) shares into one (1) unit share.

- (3) Number of Shareholders: 63,034 people

2. Major Shareholders (top 10) of the Company (number of shares and ratio of voting rights)

Name	Equity participation in our company	
	Number of shares held	Percentage of voting rights held
1. Japan Trustee Services Bank, Ltd. (Trust Account)	11,303,900	10.18 %
2. The Master Trust Bank of Japan, Ltd. (Trust Account)	8,153,500	7.34 %
3. Japan Trustee Services Bank, Ltd. (Trust Account 4 G)	7,198,800	6.48 %
4. Nippon Life Insurance Company	3,761,703	3.39 %
5. Rengo Co., Ltd.	3,320,353	2.99 %
6. Mitsui Life Insurance Co., Ltd.	2,258,900	2.03 %
7. Mizuho Corporate Bank, Ltd.	2,195,124	1.98 %
8. Mizuho Bank, Ltd.	2,146,731	1.93 %
9. Daio Paper Corporation	2,076,911	1.87 %
10. Nippon Paper Group, Inc. Employee Share Ownership	2,071,467	1.86 %

[TRANSLATION]

(Separate Sheet 2)

Outline of the Rules of the Independent Committee

- The Independent Committee shall be established by resolution of the Company's Board of Directors.
- There shall be no less than three (3) members of the Independent Committee (the "Committee Members"), and the Company's Board of Directors shall elect the Committee Members from (i) outside statutory auditors of the Company, or (ii) outside experts, who are independent from the management that conducts the execution of the business of the Company. Such experts must be experienced corporate managers, parties with knowledge of the investment banking industry, attorneys, certified public accountants, researchers whose research focuses on the Companies Act or the like, or parties of similar qualifications, and must have executed with the Company an agreement separately specified by the Company's Board of Directors that contains a provision obliging them to exercise the duty of care of a good manager or a similar provision.
- The term of Committee Members of the Independent Committee shall be until the close of the Company's Board of Directors first held after the close of the Ordinary General Shareholders' Meeting regarding the last business year that ends within three (3) years of the time of appointment. The term of Committee Members appointed as members to fill a vacancy, or added members, shall be until the time of expiration of the term of present Committee Members. However, the term of any Committee Member who is an outside statutory auditor shall end simultaneously in the event that they cease to be a statutory auditor (except in the case of their re-appointment).
- The Independent Committee shall resolve on the matters listed below and submit recommendations to the Company's Board of Directors containing the details and reasons for such resolutions. Respecting such recommendations of the Independent Committee to the maximum extent, the Company's Board of Directors shall pass resolutions concerning the implementation, non-implementation or other action pertaining to an Allotment of Share Options without Contribution as a governing body under the Companies Act; (provided, however, that it shall comply with the decision made by the Shareholders' Meeting Verifying Shareholders' Will in the event that it referred to such Shareholders' Meeting the bill regarding whether or not to implement the Allotment of Share Options without Contribution). Each Committee Member and each director of the Company must make such decisions with a view to whether or not the corporate value of the Company and the common interests of its shareholders will be enhanced, and they must not serve solely for the purpose of their own interests or those of third parties.
 - (a) The implementation or non-implementation of the Allotment of Share Options without Contribution; provided, however, that it shall include that the Independent Committee refers to the Shareholders' Meeting Verifying Shareholders' Will the bill regarding whether or not to implement the Allotment of Share Options without Contribution;
 - (b) The cancellation of the Allotment of Share Options without Contribution or the Acquisition of Share Options without Contribution; and
 - (c) Any other matters that are for determination by the Company's Board of Directors in respect to which it has consulted the Independent Committee.

[TRANSLATION]

- In addition to the matters prescribed above, the Independent Committee may conduct the matters listed below.
 - (a) Determining whether certain purchases fall under the Large-Scale Purchase which is subject to the Plan;
 - (b) Determining the information that the Purchaser and the Company's Board of Directors should provide to the Independent Committee, and the deadline for the provision of that information;
 - (c) Examination and consideration of the terms of the Purchaser's Large-Scale Purchase;
 - (d) Negotiation and discussion with the Purchaser;
 - (e) Request for an alternative proposal to the Company's Board of Directors and consideration of the alternative proposal;
 - (f) Determining the extension of the Independent Committee Consideration Period;
 - (g) Approval of modification or amendment of the Plan;
 - (h) Any other matters that the Revised Plan prescribes that the Independent Committee may conduct;
 - (i) Any matters that the Company's Board of Directors separately determines that the Independent Committee may conduct.
- If the Independent Committee decides that the information provided by the Purchaser are inadequate as Required Information (see Item 3.(3)B of the Revised Plan), it shall request that the Purchaser submit Required Information additionally. Further, if the Independent Committee receives from the Purchaser Purchaser's Representations and the Required Information, it may request that the Company's Board of Directors provide within a certain period an opinion regarding the terms of the Large-Scale Purchase by the Purchaser and materials supporting that opinion, an alternative proposal (if any), and any other information and the like that the Independent Committee may consider necessary from time to time.
- If it is necessary in order to have the terms of the Purchaser's Large-Scale Purchase revised from the standpoint of protecting and enhancing the corporate value of the Company and the common interests of its shareholders, the Independent Committee shall either directly or indirectly discuss and negotiate with the Purchaser, or present to shareholders or others the alternative plan presented by the Company's Board of Directors, or conduct any similar action.
- In order to collect the necessary information, the Independent Committee may request the attendance of a director, statutory auditor or employee of the Company, or any other person that the Independent Committee considers necessary, and may require explanation of any matter it requests.
- The Independent Committee may, at the Company's expense, obtain the advice of an independent third-party expert (including financial advisors, certified public accountants, attorneys, consultants and other experts) or take similar actions.
- Any Committee Member and the Company's Board of Directors may convene a meeting of the Independent Committee when a Large-Scale Purchase arises or there is a threat thereof, or at any other time.
- Resolutions of a meeting of the Independent Committee shall, as a general rule, pass with the majority of the votes cast when all Committee Members are in attendance.

[TRANSLATION]

[End]

[TRANSLATION]

(Separate Sheet 3)

Career Summary of Members of the Independent Committee

The initial members of the Independent Committee, at the time of the introduction of the Revised Plan, are expected to be the three people listed below:

Tatsuo Uemura

Main Positions:

Dean of the Faculty of Law and the School of Law, Waseda University
Professor, Faculty of Law and the Graduate School of Law, Waseda University
Leader Professor, Global COE, Waseda Institute for Corporation Law and Society

Background Summary:

Apr. 1948 Born
Apr. 1986 Professor, Faculty of Law, Senshu University
Apr. 1990 Professor, Faculty of Law, Rikkyo University
Apr. 1997 Professor, Faculty of Law, Waseda University
Oct. 2003 Leader Professor, 21st Century Center of Excellence (Currently known as Global COE), Waseda Institute for Corporation Law and Society
Sep. 2006 Professor, Faculty of the Graduate School of Law, Waseda University
 Dean of the Faculty of Law and the School of Law, Waseda University

Main Official Appointments, etc.:

Provisional Member of Industrial Structure Council of Ministry of Economy, Trade and Industry
Expert Member of Financial Council
Member of National Life Council
Director of Japan Private Law Academy
Director of Japan Investor-Protection Fund
Member of Self-Regulation Enterprise Advisory Board of Tokyo Stock Exchange, Inc
Council of Japan Securities Research Institute Foundation
Outside Director of Shiseido Company, Ltd
Councilor of Shochiku Otani Library
Former Member of Expert Panel of Council on Economic and Fiscal Policy (Chief Lead of Finance/Capital Market Improvement WG)
Former Member of Department of Corporation Law (Non-Issuance of Share Certificates etc) of Legislative Council
Former Commissioner for National Bar Examination

Yoshihiro Morikawa

Main Positions:

Statutory Auditor of the Company and Nippon Paper Industries Co., Ltd.
Certified Public Accountant

[TRANSLATION]

Background Summary:

Jun. 1939 Born
Apr. 1971 Tetsuzo Ota & Co. (currently, Ernst & Young ShinNihon LLC)
Sep. 1974 Registration as Certified Public Accountant
May 1994 Representative Partner, Showa Ota & Co. (currently, Ernst & Young ShinNihon LLC)
Jun. 2005 Retirement from Ernst & Young ShinNihon (currently, Ernst & Young ShinNihon LLC) (to present)
Jun. 2006 Statutory Auditor of the Company and Nippon Paper Industries Co., Ltd. (current)

Naoki Yanagida

Main Positions:

Statutory Auditor of the Company and Nippon Paper Industries Co., Ltd.

Attorney

Background Summary:

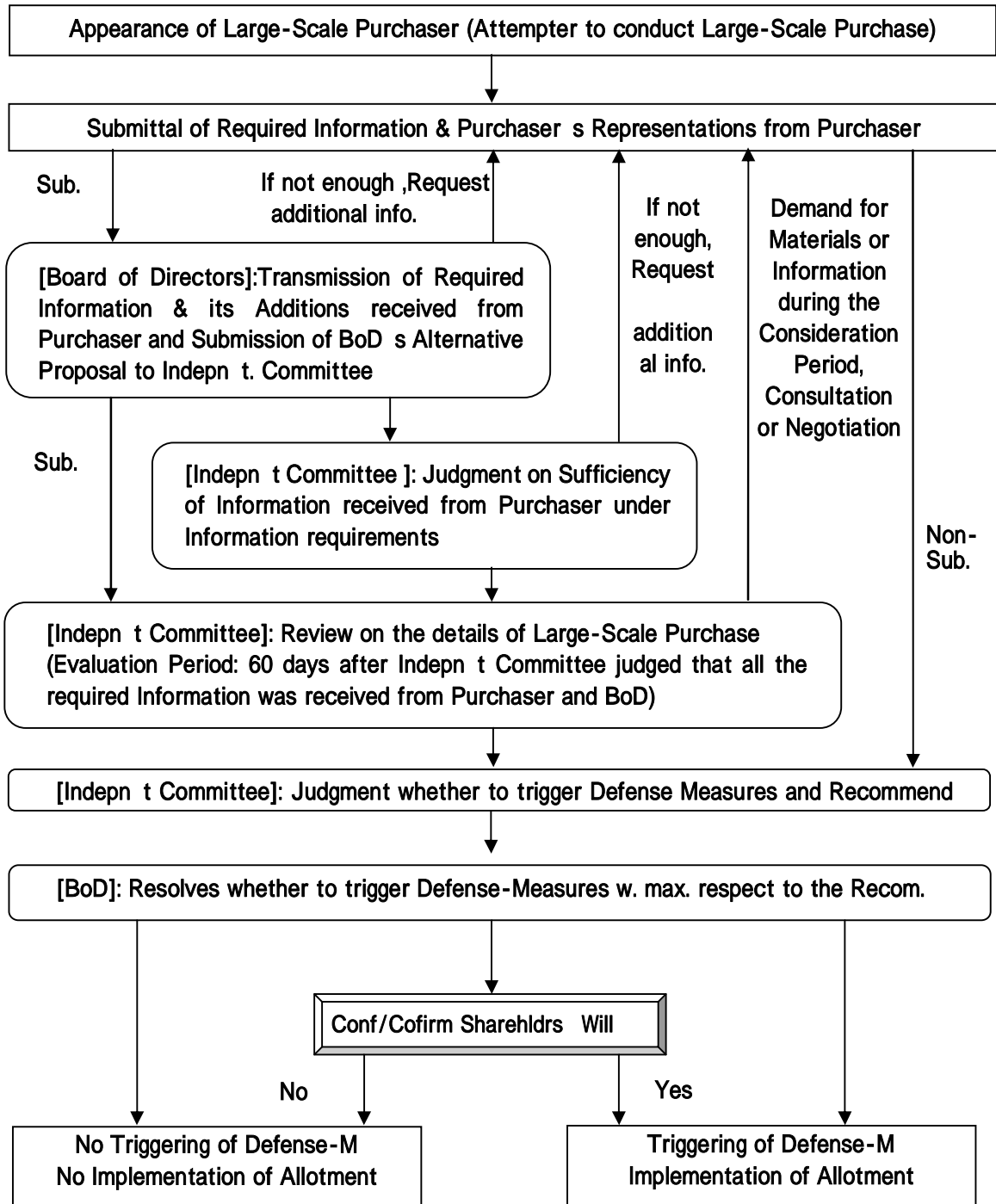
Feb. 1960 Born
Apr. 1987 Registration as Attorney of Tokyo Bar Association, Law Offices of Yanagida & Nomura
May 1998 Daiwa Securities Co., Ltd. (currently, Daiwa Securities Group Inc.)
Apr. 2000 Law Offices of Yanagida & Nomura (to present)
Jun. 2004 Statutory Auditor of the Company and Nippon Paper Industries Co., Ltd. (current)

- * None of the persons listed above have any relationships of special interest with the Company.
- * Mr. Yoshihiro Morikawa and Mr. Naoki Yanagida are outside statutory auditors, as set forth in Subsection 16 of Article 2 of the Companies Act.

[TRANSLATION]

(Separate Sheet 4)

Flow of Procedures in the Revised Plan (Summary)



The above is just an image on a flow-chart, therefore please refer to the text of the Revised Plan for details.

[End]