

March 30, 2007
Nippon Paper Group, Inc.

**Basic Agreement on Merger
between a Subsidiary (NP Trading Co., Ltd.) and Mantsune Corporation**

Nippon Paper Group, Inc. announces that NP Trading Co., Ltd., one of its consolidated subsidiaries, and Mantsune Corporation have reached a basic agreement to merge the companies. The details are described in the attached sheet.

For inquiries on this matter, please contact Nippon Paper Industries Co., Ltd.

March 30, 2007

NP Trading Co., Ltd.
Mantsune Corporation
Nippon Paper Industries Co., Ltd.

Basic Agreement on Merger between NP Trading Co., Ltd. and Mantsune Corporation

NP Trading Co., Ltd. (President: Toshio Yamamoto), a consolidated subsidiary of Nippon Paper Industries Co., Ltd. (President: Masatomo Nakamura), and Mantsune Corporation (President: Eichi Takizawa), an agent of Nippon Paper Industries, have reached a basic agreement to merge the companies on October 1, 2007.

The two companies have been striving independently to expand their operations. NP Trading Co., Ltd. has been operating as the main agent of Nippon Paper Industries and Mantsune Corporation as a general agent for major paper manufacturers handling paper, paperboards and film. With the future outlook surrounding the paper distribution industry becoming increasingly severe, the companies have decided to strengthen the functions of the trading companies and management bases through a merger.

Hiroyuki Ito, currently chairman of Mantsune Corporation, is expected to be appointed chairman of the new company, while Toshio Yamamoto, now president of NP Trading Co., Ltd., will become president. The new company will seek to extract synergies from the merger as the main agent of Nippon Paper Industries at the earliest time possible and to bolster its functions as a trading company by handling the broad array range of products of the paper manufacturers with whom the two companies have been dealing.

The surviving company in the merger and the name of the merged company will be NP Trading Co., Ltd., and the head office location and merger ratio of the merged company will be determined through consultations to take place between the two companies.

[Profiles of the Companies]

| | <u>NP Trading Co., Ltd.</u> | <u>Mantsune Corporation</u> |
|--------------------------|-----------------------------|-----------------------------|
| 1. Head office | Chiyoda-ku, Tokyo | Chuo-ku, Tokyo |
| 2. Representative | Toshio Yamamoto (President) | Eichi Takizawa (President) |
| 3. Date of establishment | July 1979 | September 1951 |
| 4. Capital | 1,000 million yen | 330 million yen |
| 5. Sales | 232,100 million yen | 43,000 million yen |
| 6. Number of employees | 392 | 124 |