

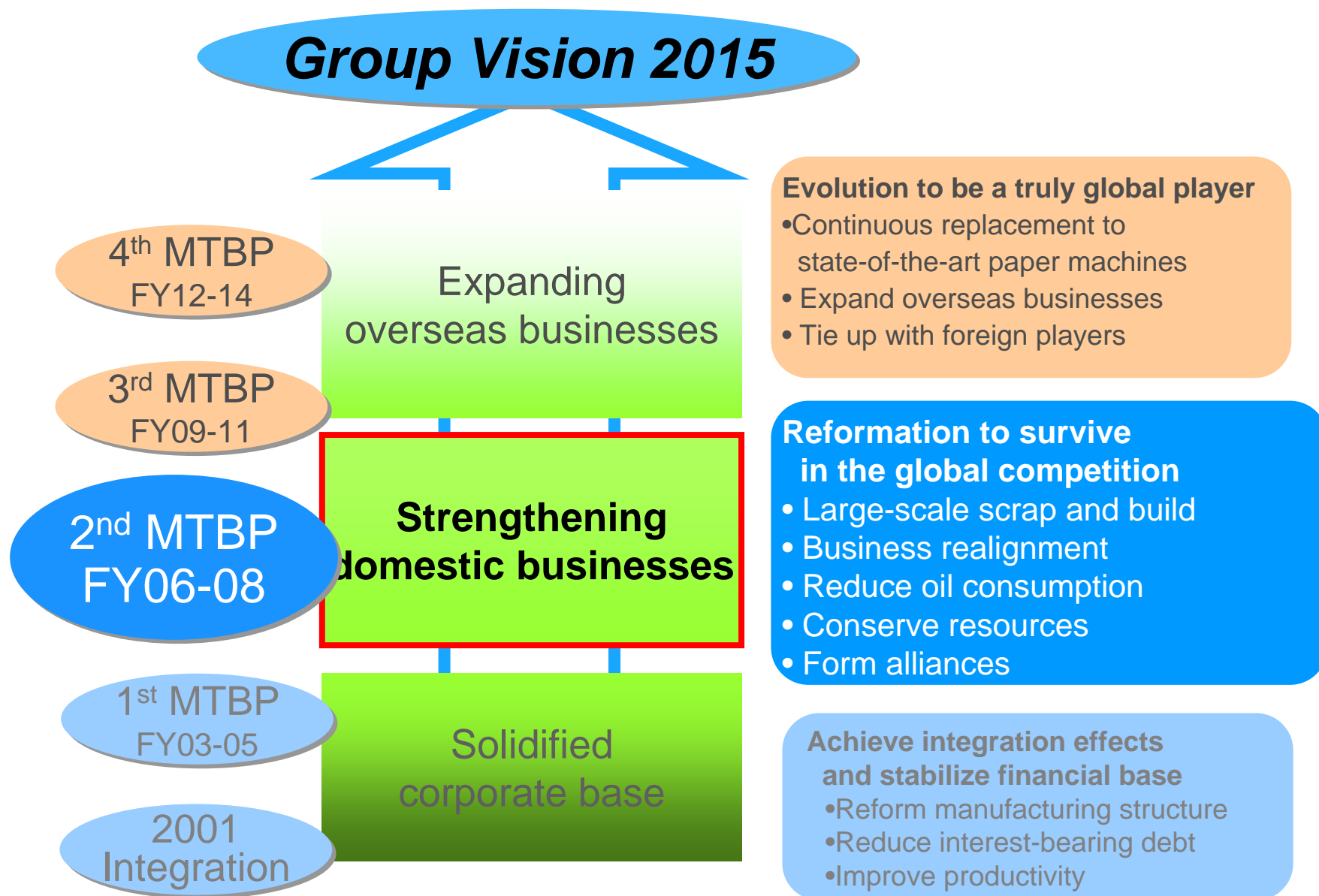


Progress of the 2nd Medium-term Business Plan



1. Position of 2nd MTBP in Group Vision 2015
2. Progress
3. Profit target and forecast
4. Focus of this fiscal year

● Position of 2nd MTBP in Group Vision 2015



- Reformation to survive in the global competition
 1. Large-scale S&B, and business realignment
 2. Energy shift to reduce oil consumption
 3. Securing resources
 4. Expanding exports
 5. Strategic alliances

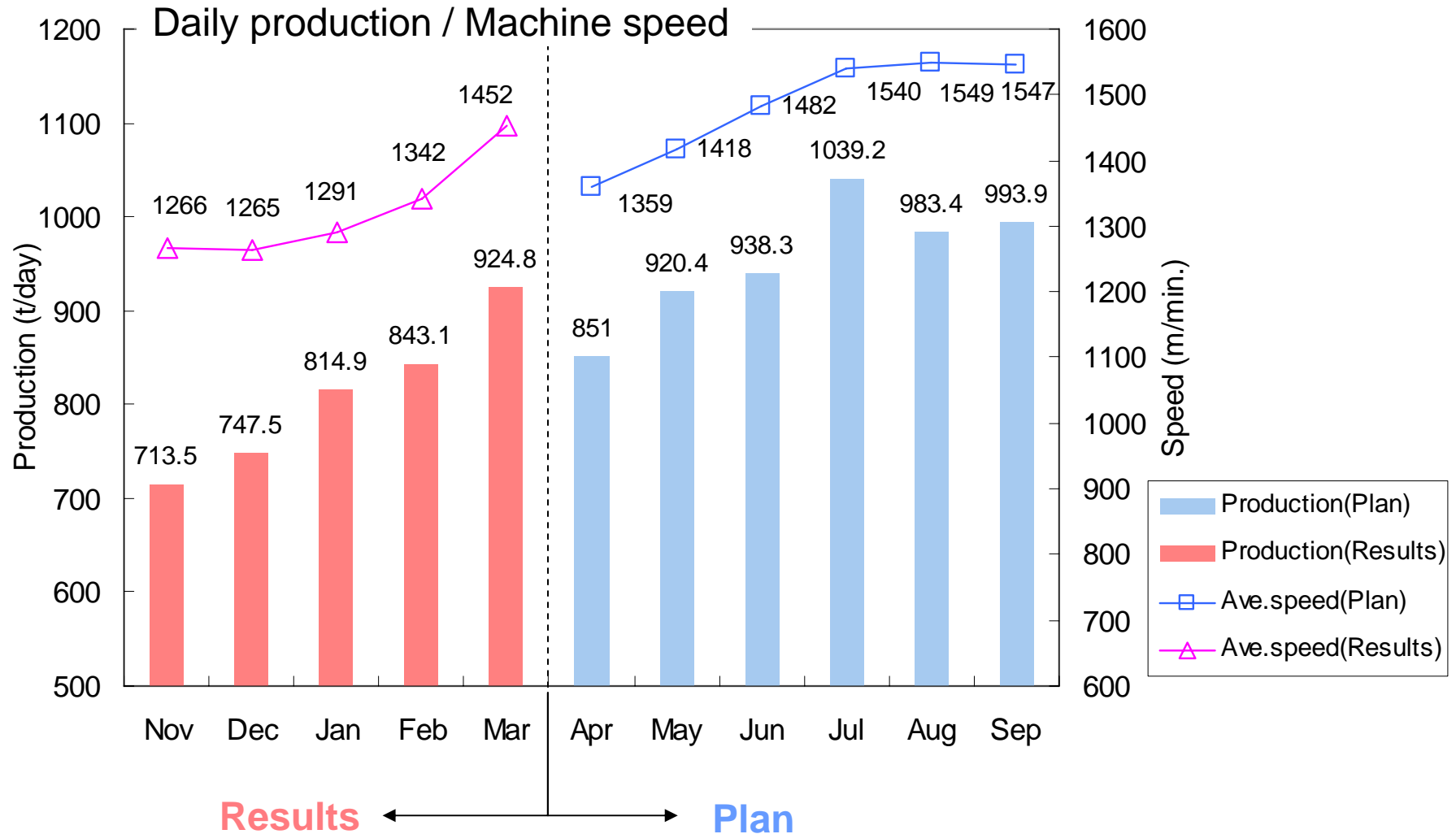
**Scale, Fundamental conditions of production sites,
Technology, Market**

● Optimize production structure centering on Ishinomaki PM#N6

- PM#N6 started commercial operation Nov. 2007
- FCP coaters decommission completed Mar. 2008
- Cease paper production at 3 sites Sep. 2008

PM	Capacity	Coating Cap.
▪ Ishinomaki N6	+350kt	+350kt
▪ Ishinomaki 3,5	- 100	
▪ FCP 30,31,32	- 240	- 240
▪ Fushiki 4,5,6	- 120	- 50
▪ Komatsushima 1	- 60	
▪ Waki 3,4	- 50	- 20
Total	- 220kt	+ 40kt

Ishinomaki PM#N6 operation status



New boiler construction progress

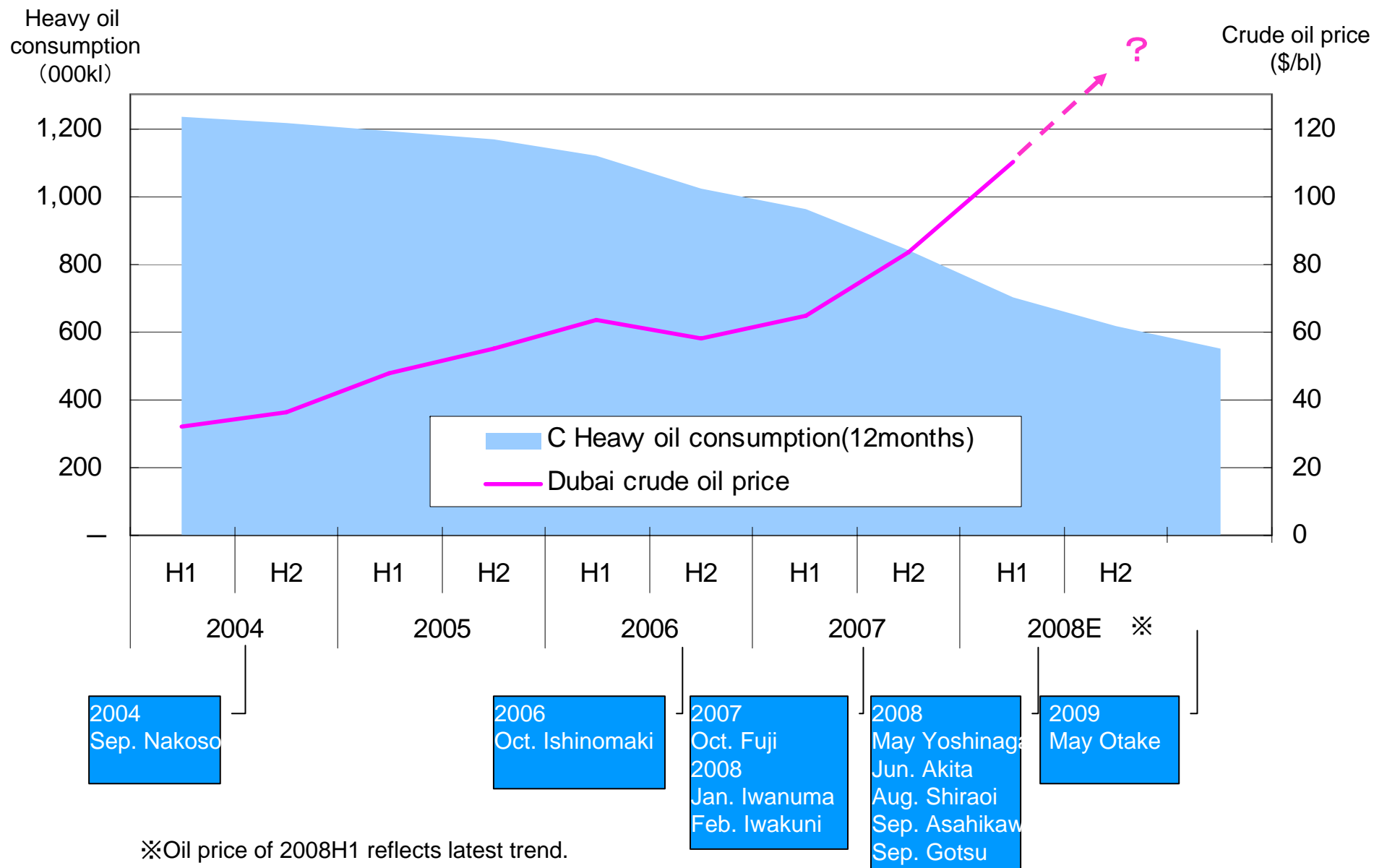
Reducing oil consumption

Operation start	Company	Mill	Fuel	Steam flow	Heavy oil reduction	Investment
				t/h	000kl	¥ billion
Sep 2004	NPI	Nakoso	Biomass	105	19	3.9
Oct 2006	NPI	Ishinomaki	Biomass	180	55	5.3
Oct 2007	NPI	Fuji	Biomass	230	103	6.4
Jan 2008	NPI	Iwanuma	New energy	230	87	11.5
Feb 2008	NPI	Iwakuni	Biomass	180	86	10.1
May 2008	NDB	Yoshinaga	New energy	180	93	6.7
Jun 2008	NDB	Akita	Coal	180	75	5.9
Aug 2008	NPI	Shiraoi	New energy	280	56	9.0
Sep 2008	NPI	Asahikawa	Biomass	170	5	6.9
Sep 2008	NPC	Gotsu	Pulverized coal	105	43	5.3
May 2009	NDB	Otake	Coal	260	114	11.2
2004–2009 Total					736	82.1
Studying	NPI	Iwakuni II	New energy	260		

Operating

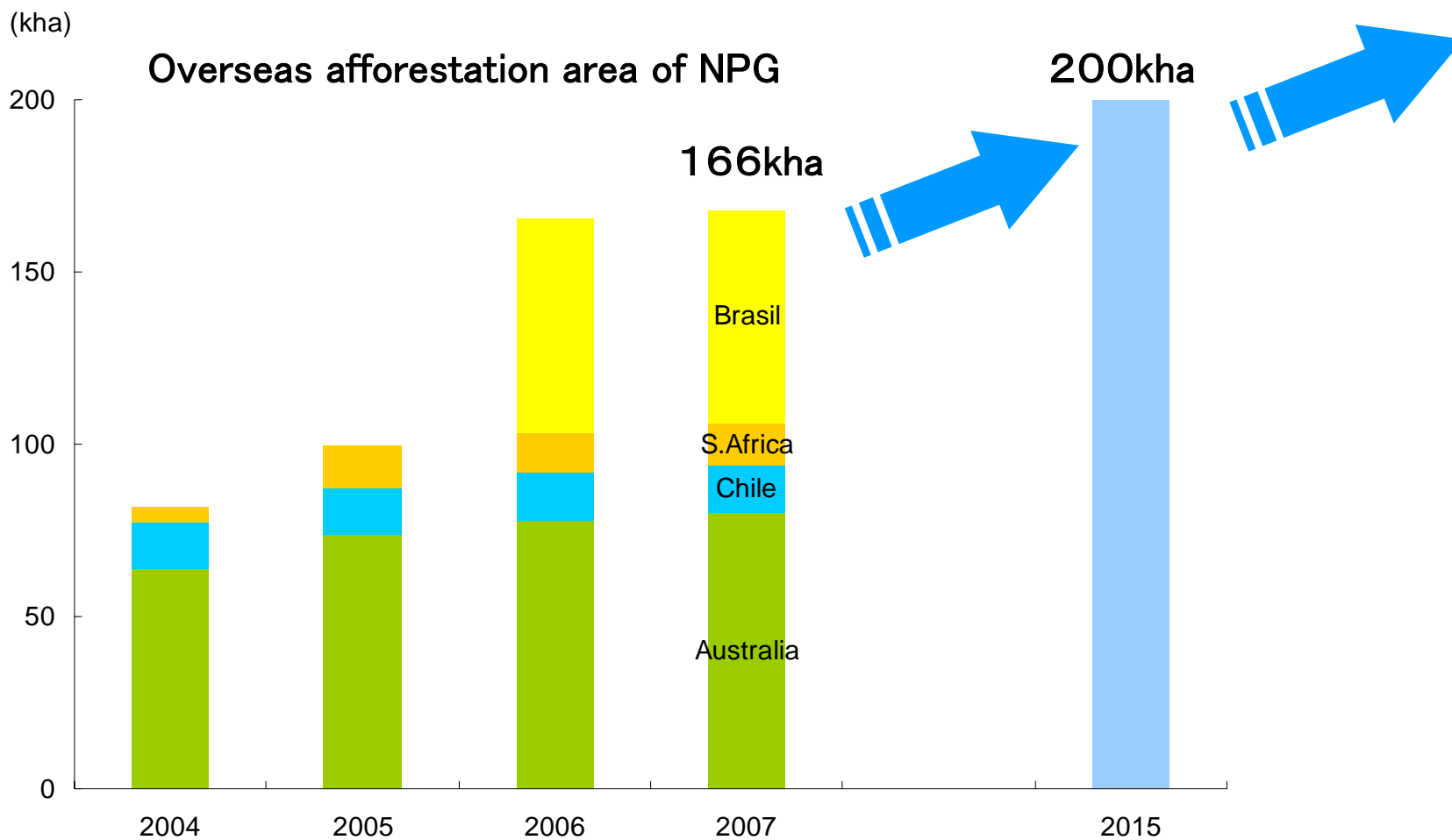


Progress -2. Energy shift



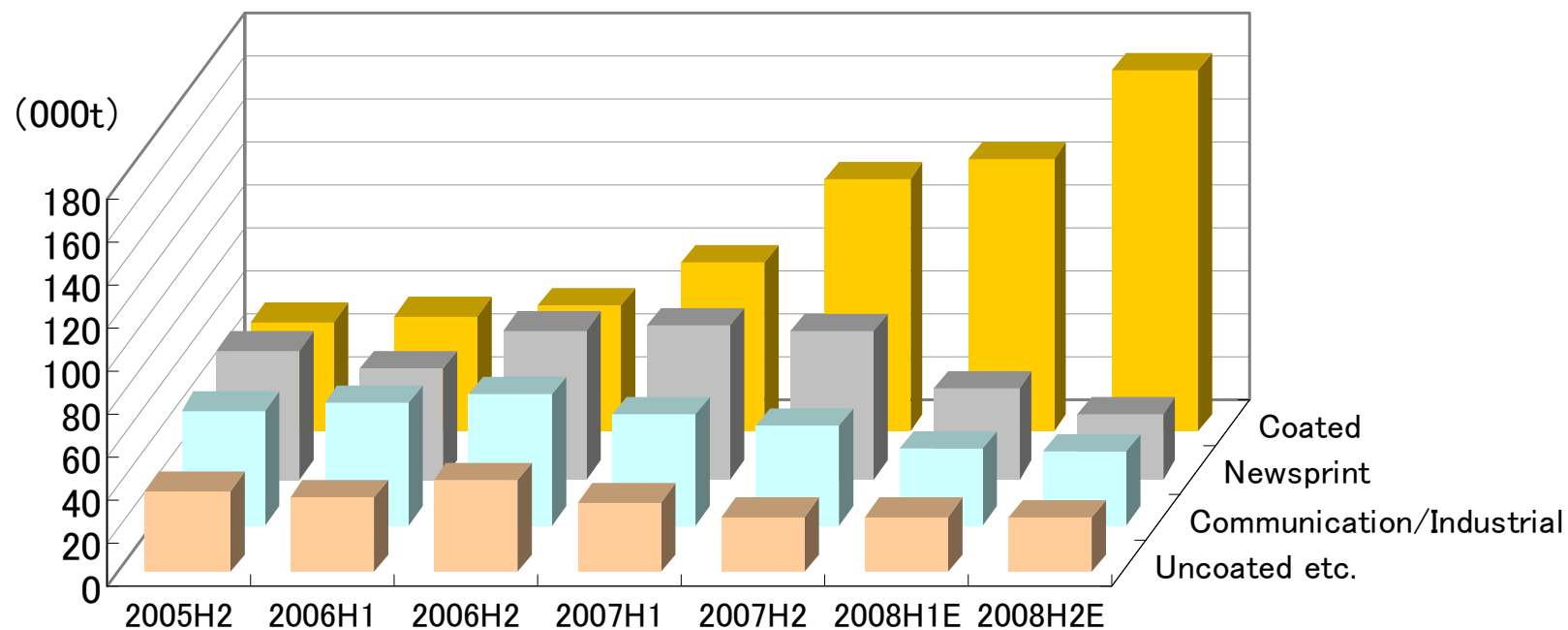
Progress –3. Securing resources

● Acquired afforestation area in Brasil (AMCEL)



Progress –4. Expanding exports

- Created Overseas sales division
- Exploring “New” markets – Oceania, USA



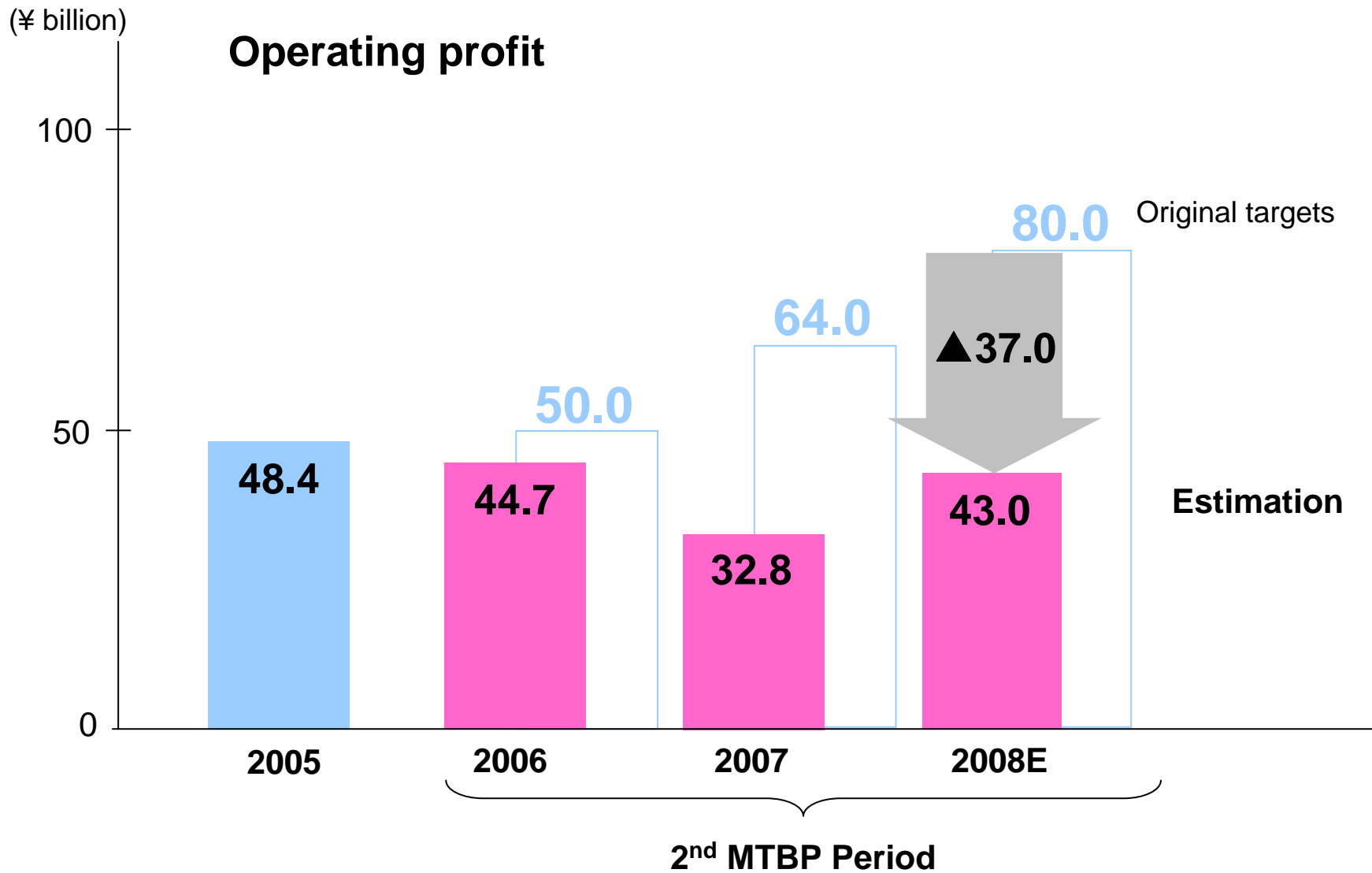
Successfully expanding coated paper exports,
and further this year

● Progress –5. Strategic alliances

- Hokuetsu paper
 - Mutual OEM
 - Started to supply from Ishinomaki N6. Jan. 2008-
 - Procure from Hokuetsu N9, when it starts operation
 - Technology exchange in various fields and manners
- Rengo
 - Increasing use of NDB containerboard
 - Accommodating wastpaper, etc.
- Overseas alliances
 - Yuen Foong yu(Taiwan), SCG Paper(Thailand)
 - Started mill visits and other exchanges
 - Explore opportunities of collaboration
 - Afforestation, OEM, Cultivating new markets, etc.

Continue to strengthen ties in each alliance

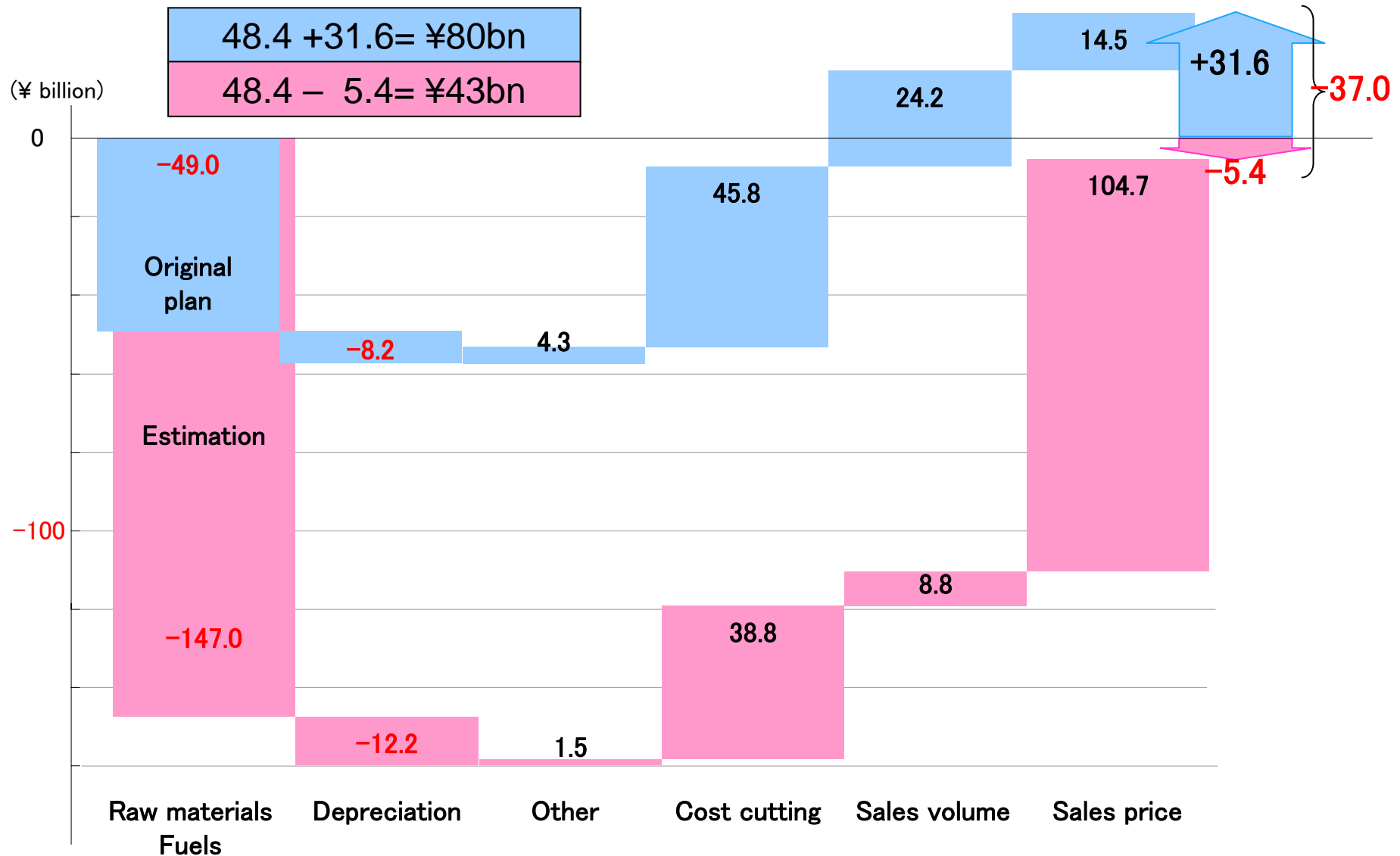
Profit target and forecast



Profit target and forecast



OP change factors (against 2005 results= ¥48.4billion)

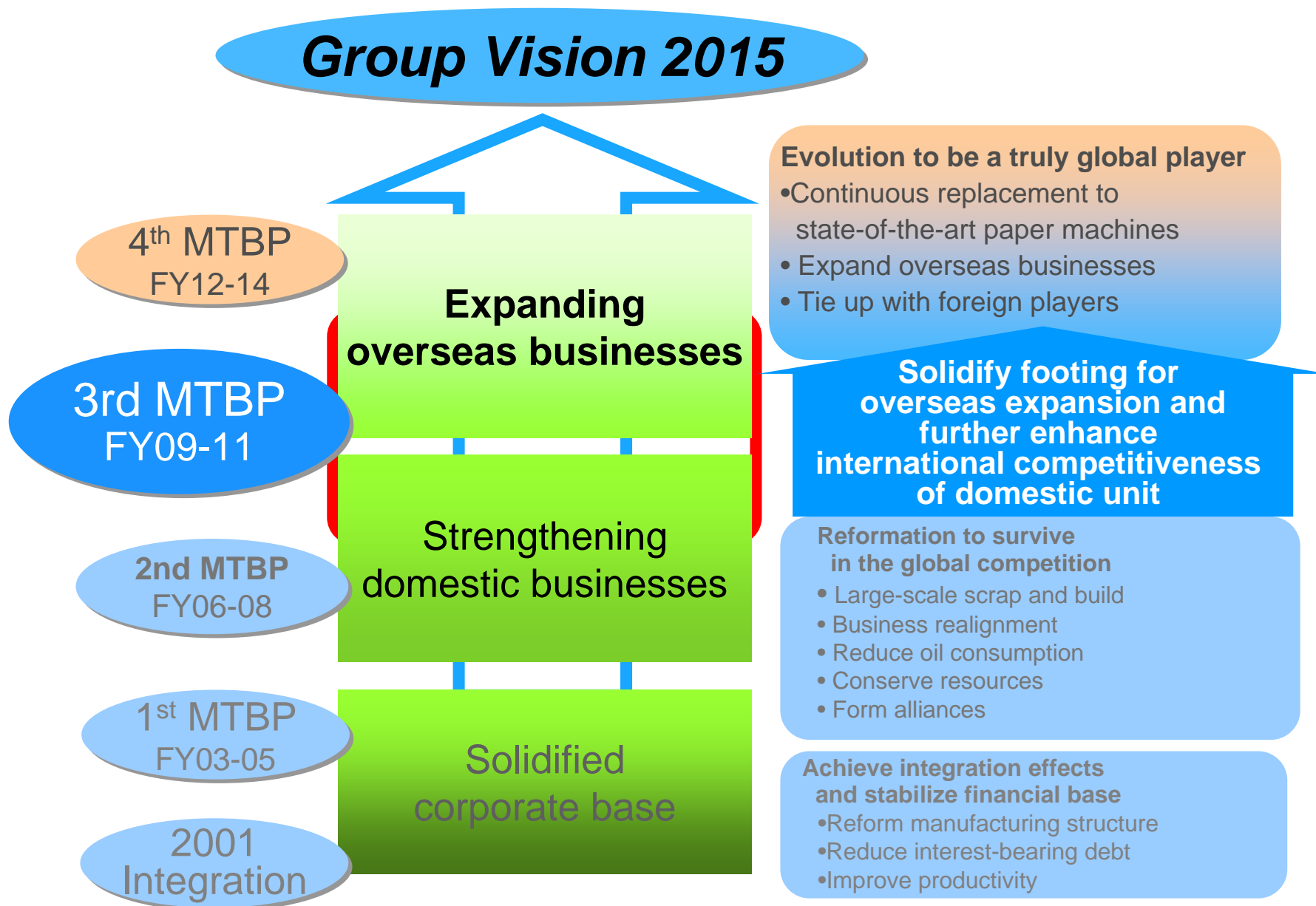


● Focus of this fiscal year

- Greatest effort put to pass on raw materials and fuels cost increase
 1. 15% for paper, 25% for household tissue
 2. Paperboard
- Accomplish business realignment
 1. Smooth business succession
 2. Sufficient employee care and support to improve morale
 3. Utilize/sell facilities and land
- Formulate 3rd MTBP

- Work to restore public confidence
 1. Reinforce Group headquarters' supervisory functions
 2. Operate De-inked pulp content management system

● Focus of this fiscal year – Formulating 3rd MTBP



Focus of this fiscal year – Formulating 3rd MTBP

- Solidify footing for overseas expansion
 1. Cultivate markets (own and collaborative work)
 2. Building optimal production structure through alliances
- Further enhance int'l competitiveness of domestic units
 1. Replace production facilities
 2. Deepen ties with alliance partners

- Secure resource
 1. Expand afforestation
 2. Diversify sources

	2006	2007	2008	2009	2010	2011
2nd MTBP	Strengthen domestic base, Strategic move to overseas businesses					
3rd MTBP				Expand and improve profitability of overseas business,		
Measures			Ishinomaki N6		Investment in Ishinomaki	
		Energy shift(Building boilers)				
			Biz realignment			
		Hokuetsu alliance				
		Rengo alliance				
		Yuen Foong yu alliance				
		SCG Paper alliance				
		AMCEL acquisition	Overseas afforestation expansion			

Move on to the 2nd stage of overseas expansion

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