

Nippon Paper Industries Co., Ltd.
 (Head Business Office)
 4-1 Oji 1-chome, Kita-ku, Tokyo
 (Headquarters)
 6 Kanda-surugadai 4-chome, Chiyoda-ku, Tokyo

**NOTICE OF THE NINETY-SECOND
 ORDINARY GENERAL MEETING OF SHAREHOLDERS**

(Ticker Code: 3863)

June 6, 2016

Dear Shareholders:

This is to inform you that the 92nd Ordinary General Meeting of Shareholders of Nippon Paper Industries Co., Ltd. will be held as set forth below and that you are cordially invited to attend it.

If you are not able to attend the meeting, you may exercise your voting rights either in writing or through electronic means (i.e., via the Internet, etc.). You are kindly requested to exercise your voting rights on or before 5:00 p.m. on June 28 (Tuesday), 2016, after examining the attached Reference Documents for the Ordinary General Meeting of Shareholders and in accordance with the guidance on pages 3 through 7.

1. Date and Time	June 29, 2016 (Wednesday), at 10:00 a.m. (Reception desk is scheduled to be opened at 9:00 a.m.)
2. Place	The International Conference Hall on the 2nd floor of the Keidanren (Japan Business Federation) Bldg., 3-2, Otemachi 1-chome, Chiyoda-ku, Tokyo (Please see the attached access map.) <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">Please understand that there will be no commemorative gift on the day of general meeting of shareholders. Shareholders' complimentary gift is scheduled to be delivered around the first half of July, as usual.</div>
3. Purpose	
Matters to be reported	(1) Report on the contents of the Business Report and the contents of the Consolidated Financial Statements, and the outcome of the audit conducted on the Consolidated Financial Statements by the Accounting Auditor and the Board of Statutory Auditors for the 92nd Fiscal Period (from April 1, 2015, to March 31, 2016).
Matters to be resolved	(2) Report on the contents of the Financial Statements for the 92nd Fiscal Period (from April 1, 2015, to March 31, 2016) Proposal 1: Appropriation of Retained Earnings Proposal 2: Election of Nine (9) Directors Proposal 3: Election of Two (2) Statutory Auditors Proposal 4: Election of One (1) Substitute Statutory Auditor

Yours truly,

Fumio Manoshiro
 President, Representative Director
 Nippon Paper Industries Co., Ltd.

[End]

Guidance Notes on the Exercise of Voting Rights

1. Exercising voting rights by attending the Ordinary General Meeting of Shareholders

The date and time of the Ordinary General Meeting of Shareholders

June 29, 2016 (Wednesday), at 10:00 a.m. (Reception desk is scheduled to be opened at 9:00 a.m.)

Please submit the Voting Form enclosed herewith at the reception desk.

2. Exercising voting rights in writing

Voting Deadline: No later than June 28, 2016 (Tuesday), at 5:00 p.m.

Please indicate your approval or disapproval of each of the proposals on the Voting Form enclosed herewith, and return the Voting Form to the Company so that it reaches us by no later than the above-mentioned voting deadline.

⇒Please see page 5 for further information.

3. Exercising voting rights via the Internet

Voting Deadline: No later than June 28, 2016 (Tuesday), at 5:00 p.m.

Please access the Company's designated website for exercising voting rights (<http://www.web54.net/>) and exercise your voting rights by entering your approval or disapproval of each of the proposals.

⇒Please see pages 5 to 7 for further information.

Disclosure through the Internet

◎ The following items are not included in the provided documents attached to this Notice of the Ordinary General Meeting of Shareholders since the Company discloses such information on the Company's website in accordance with laws and ordinances and Article 16 of the Company's Articles of Incorporation:

① A portion of the Changes of Assets and Profit/Loss Status section in the Business Report (Consolidated Financial Statements of the Company for the 89th term)

② Consolidated Statement of Changes in Shareholders' Equity, etc., in the

Consolidated Financial Statements

③ Notes to the Consolidated Financial Statements

④ Statement of Changes in Shareholders' Equity, etc., in the Non-Consolidated Financial Statements

⑤ Notes to the Non-Consolidated Financial Statements

Accordingly, the provided documents attached to this Notice of the 92nd Ordinary General Meeting of Shareholders are only part of the subject matter audited by the Accounting Auditor, statutory auditors and the Board of Statutory Auditors at the

time of preparation of the audit reports.

- © In the case where the Company finds need for any amendment to the Reference Documents for the Ordinary General Meeting of Shareholders, the Business Report, Non-Consolidated Financial Statements and/or Consolidated Financial Statements, such amendments will be posted on the Company's website.

The Company website: <http://www.nipponpapergroup.com/>

Guidance Notes on the Exercise of Voting Rights

Guidance Notes on the Exercise of Voting Rights in writing

Please indicate your approval or disapproval of each of the proposals on the Voting Form.

Proposals 1 and 4

- ▶Approval ⇒ Enter ○ mark in 「賛」 column
- ▶Disapproval ⇒ Enter ○ mark in 「否」 column

Proposals 2 and 3

- ▶Approval of all candidates ⇒ Enter ○ mark in 「賛」 column
- ▶Disapproval of all candidates ⇒ Enter ○ mark in 「否」 column
- ▶Indicating approval or disapproval of only some of the candidates
⇒ Enter ○ mark in 「賛」 column or 「否」 column and enter the candidate No. described in the Reference Document for the Ordinary General Meeting of Shareholders.

The “Exercise of Voting Rights code” and the “Password,” both of which are necessary to exercise voting rights via the Internet, are stated on the Voting Form.

Guidance Notes on the Exercise of Voting Rights via the Internet

Exercising voting rights through the Internet is only possible by using the company’s website designated below for voting.

The URL of the website for voting

<http://www.web54.net/>

1. Access to the website

↓

2. Login

↓

3. Enter password

↓

Enter your approval or disapproval of each of the proposals by following the instructions on the screen.

■For Institutional Investors

In addition to exercising voting rights through the Internet as described above, the electronic voting platform operated by ICJ Inc., a joint corporation established by the Tokyo Stock Exchange, Inc., etc., is available for nominal shareholders (including standing proxies) such as trust and custody banks when prior application for use of such

platform has been made.

1. Handling of the Exercise of Voting Rights

- When you exercise your voting rights more than once via the Internet, only the vote received last shall be accepted as valid.
- When you exercise your voting rights both in writing and via the Internet, only the vote received last shall be accepted as valid.
When both votes via the Internet and in writing arrive on the same day, only the vote via the Internet shall be accepted as valid.
- When you exercise your voting rights via the Internet, please make sure to exercise your voting rights by no later than 5:00 p.m. on June 28, 2016 (Tuesday).

2. Handling of Password

- Your password is a tool used to confirm that the person who is voting is in fact the shareholder himself/herself. Please keep it safe until this Ordinary General Meeting of Shareholders has ended. Please note that we will not reply to any inquiry about passwords by telephone.
- When you enter an incorrect password more than a certain number of times, the password will be locked and become invalid. If you wish your password to be reissued, please follow the instructions on the screen.

3. For Inquiries relating to Operation Method of Computer, etc.

- If you have any question about computer operation method, etc., relating to the exercise of voting rights on the website, please contact the following:
Web Support Dedicated Dial:
Stock Transfer Agency Web-Support Department
Sumitomo Mitsui Trust Bank, Ltd.
Telephone: 0120-(652)-031
(Operating Hours: 9:00 a.m. to 9:00 p.m.)
- For other inquiries about the registered address, the number of shares, etc., please contact the following:
Stock Transfer Agency Services, Business Center
Sumitomo Mitsui Trust Bank, Ltd.
Telephone: 0120-782-031
(Operating Hours: 9:00 a.m. to 5:00 p.m. excluding Sat., Sun. and Holidays)

System Requirements

To exercise of your voting rights via the Internet, please verify the following system requirements.

- (1) Screen resolution must be 800 horizontal × 600 vertical dots (SVGA) or more.
- (2) The following applications must be installed.
 - (i) Microsoft® Internet Explorer Ver.5.01 SP2 or subsequent version
 - (ii) Adobe® Acrobat® Reader® Ver.5.0 or subsequent version, or Adobe® Reader® Ver.6.0 or subsequent version (when you view the Reference Documents for the Ordinary Shareholders Meeting, etc., on screen)
 - Microsoft® and Internet Explorer are the registered trademarks or the trademarks of the Microsoft Corporation in the United States and other countries.
 - Adobe® Acrobat® Reader® and Adobe® Reader® are the registered trademarks or the trademarks of Adobe Systems Incorporated in the United States and other countries.
 - You may download any of the above software products from the website of the respective companies free of charge.
- (3) There are instances where an Internet connection is blocked due to a firewall, etc., so please confirm the status of a firewall, etc., with your system administrator.
- (4) Since the website uses pop-up functions, if you are using a function that automatically shuts off pop-ups (such as a pop-up blocking function), please access the website after disabling (or temporarily disabling) such function.

Reference Documents for the Ordinary General Meeting of Shareholders

Proposals and Reference Matters

Proposal 1: Appropriation of Retained Earnings

The Company is striving to meet the expectations of shareholders by strengthening its management platform and profitability of the group as a whole, and by achieving sustainable growth of corporate value.

The basic policy concerning dividends is to continue to pay stable dividends to the greatest extent possible on the basis of a comprehensive consideration of such factors as the business performance of the group and retention of sufficient internal reserves, etc.

The Company would like to propose that the year-end dividend for the current fiscal year be disbursed as follows:

1	Type of dividend property	Cash
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2	Allotment of dividend property	30 yen per share of common in the Company stock to shareholders and its total amount Total amount: 3,478,089,960 yen (Reference) The dividend for the current fiscal year will be 60 yen per share of stock in the Company including the interim dividend of 30 yen per share paid on December 1, 2015.
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3	Effective date of dividend of retained earnings	June 30, 2016
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(Reference)
Changes in the dividend per share

(unit: yen)

	12th Term (Fiscal year ended March 2012)	13th Term (Fiscal year ended March 2013)	90th Term (Fiscal year ended March 2014)	91st Term (Fiscal year ended March 2015)	92nd Term (Current) (Fiscal ended 2016) year March
Interim	10	10	10	20	30
Year-end	20	30	30	30	30
Annual	30	40	40	50	60

(Note) The interim and year-end dividends for the 12th Term (Fiscal year ended March 2012) and the 13th Term (Fiscal year ended March 2013) represent the dividend amounts of Nippon Paper Group, Inc.

Proposal 2. Election of Nine (9) Directors

The terms of office of all eight (8) Directors will expire as of the conclusion of this General Meeting of Shareholders. Accordingly, the Company requests that the shareholders elect nine (9) Directors (two (2) of them to be Outside Directors) with an increase of one (1) Outside Director to ensure the diversity of board members and further reinforce the auditing function of the Company's management.

The candidates for Director are as follows:

Candidate

No. 1 YOSHIO HAGA (Date of Birth: Dec. 24, 1949)

Reappointment

No. of shares in the Company held	Brief personal History, title and responsibilities	
29,515 shares	Apr. 1974	Joined Jujo Paper Co., Ltd.
	Jun. 2002	Manager of Komatsushima Mill of the Company
	Jun. 2004	Director, Deputy General Manager of Corporate Planning Div. of the Company
	Jun. 2005	Director, General Manager of Corporate Planning Div. of the Company
	Apr. 2006	Managing Director, General Manager of Corporate Planning Div. of the Company
	Jun. 2008	President, Representative Director of the Company
	Apr. 2013	President, Representative Director, President Corporate Officer of the Company
	Jun. 2014	Chairman, Representative Director of the Company (currently serving)

Tenure as a Director

12 years

Attendance at the Board of Directors meetings

16/16 (100%)

Reasons for selecting the candidate for Director

Mr. Yoshio Haga successively held the positions of Manager of the Komatsujima Plant and General Manager of the Corporate Planning Div. Having served as President and Representative Director for about six years, he now works to contribute to raising the corporate value of the Company as Chairman and Representative Director. Regarding the initiatives toward the restoration of the Ishinomaki Mill after the Great East Japan Earthquake, he presented resolute policies and strong leadership to drive the entire Company to achieve early reconstruction of the mill. The Company reappoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record with an excellent personality, broad insight and stringent self-discipline as a top management executive who fairly and precisely executes business administration and business operation, and that we can expect him to drive the Company in the pursuit of further development.

CandidateNo. **2** FUMIO MANOSHIRO (Date of Birth: Mar. 3, 1953)**Reappointment****No. of shares in the Company held** **Brief personal History, title and responsibilities**

16,854 shares	Apr. 1975	Joined Jujo Paper Co., Ltd.
	Jun. 2004	Deputy General Manager of Raw Material & Purchasing Div. of the Company
	Jun. 2006	Director, Deputy General Manager of Raw Material & Purchasing Div. of the Company
	Apr. 2007	Director, Manager of Yatsushiro Mill of the Company
	Jun. 2009	Director, General Manager of Raw Material & Purchasing Div. of the Company
	Jun. 2010	Managing Director, General Manager of Raw Material & Purchasing Div. of the Company
	Jun. 2012	Managing Director, General Manager of Corporate Planning Div. of the Company
	Apr. 2013	Director, Managing Corporate Officer, General Manager of Corporate Planning Div. and in charge of Affiliates & Subsidiaries of the Company
	Jun. 2014	President, Representative Director, President Corporate Officer of the Company (currently serving)

Tenure as a Director

10 years

Attendance at the Board of Directors meetings

16/16 (100%)

Reasons for selecting the candidate for Director

Mr. Fumio Manoshiro successively held the positions of Manager of the Yatsushiro Mill, General Manager of the Raw Material & Purchasing Div. and General Manager of the Corporate Planning Div. At present, he works to contribute to raising the corporate value of the Company as President and Representative Director. As for the Fifth Medium-Term Business Plan, which started last year, he drives the entire Company with his strong leadership and promotes strengthening the future-oriented growth foundation of the Company in line with the key strategies of reinforcement of existing businesses and growth by reform of the business structure. The Company reappoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record with an excellent personality, broad insight and stringent self-discipline as a top management executive who fairly and precisely executes business administration and business operation, and that we can expect him to drive the Company in the pursuit of further development.

Candidate

No. 3 SYUHEI MARUKAWA (Date of Birth: Dec. 21, 1951)

Reappointment

No. of shares in the Company held	Brief personal History, title and responsibilities	
13,315 shares	Apr. 1975	Joined Jujo Paper Co., Ltd.
	Jul. 2004	Deputy Manager of the Hokkaido (Yufutsu) Mill, Deputy Manager of the Hokkaido (Shiraoi) Mill
	Jun. 2005	Deputy General Manager of Personnel & General Affairs Div. and Manager, Personnel Dept. of the Company
	Jun. 2007	Director Deputy General Manager of Personnel & General Affairs Div. of the Company
	Jun. 2008	Director General, Manager of Personnel & General Affairs Div. of the Company
	Jun. 2010	Managing Director, General Manager of Personnel & General Affairs Div. of the Company
	Apr. 2013	Director Managing Corporate Officer, General Manager of Personnel & General Affairs Div. of the Company
	Jun. 2014	Director, Senior Managing Corporate Officer, General Manager of Personnel & General Affairs Div. of the Company
	Jun. 2015	Vice President, Representative Director, Vice President Corporate Officer, General Manager of CSR Div., and in charge of Personnel & General Affairs Div. of the Company (currently serving)

Tenure as a Director

9 years

Attendance at the Board of Directors meetings

16/16 (100%)

Reasons for selecting the candidate for Director

Mr. Syuhei Marukawa successively held the positions of Deputy Manager of the Hokkaido (Yufutsu) Mill, Deputy Manager of the Hokkaido (Shiraoi) Mill, Manager of the Personnel Dept. and General Manager of the Personnel & General Affairs Div., and presently serves as Vice President, Representative Director, and General Manager of CSR Div. He also served for many years as a top executive in the general affairs and personnel sectors by powerfully promoting various measures and structural reforms, including production system restructuring, in the general affairs and personnel sectors, contributing to the enhancement of competitiveness. The Company reappoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record with an excellent personality, broad insight and stringent

self-discipline as a top management executive who fairly and precisely executes business administration and business operation, and that we can expect him to drive the Company in the pursuit of further development.

Candidate

No. 4 KAZUFUMI YAMASAKI (Date of Birth: Jun. 6, 1955)

Reappointment

No. of shares in the Company held	Brief personal History, title and responsibilities	
11,505 shares	Apr. 1980	Joined Sanyo-Kokusaku Pulp Co., Ltd.
	Jun. 2010	Director, Deputy General Manager of Engineering Div. of the Company
	Mar. 2011	Director, Deputy General Manager of Disaster Restoration Div. and Deputy, General Manager of Engineering Div. of the Company
	Jun, 2012	Director, General Manager of Engineering Div. of the Company
	Apr. 2013	Director, Corporate Officer, General Manager of Engineering Div. and in charge of R&D Div. of the Company
	Jun. 2013	Director, Corporate Officer, General Manager of Engineering Div. and General Manager of Energy Business Div., and in charge of R&D Div. of the Company
	Oct. 2013	Director, Corporate Officer, General Manager of Engineering Div. and General Manager of Energy Business Div. of the Company
	Jun. 2014	Director, Managing Corporate Officer, General Manager of Engineering Div. and General Manager of Energy Business Div. of the Company
	Jun. 2015	Director, Managing Corporate Officer, General Manager of Engineering Div. and Research & Development Div. of the Company (currently serving)

Status of important concurrent office in other entities

Director of Nippon Paper Papyrus Co., Ltd.

Tenure as a Director

6 years

Attendance at the Board of Directors meetings

16/16 (100%)

Reasons for selecting the candidate for Director

Mr. Kazufumi Yamasaki successively held the positions of General Manager of the Engineering Div. and General Manager of the Energy Business Div., as well as of Director for approximately six years. At present, he works to contribute to raising the corporate value of the Company as Director, Managing Corporate Officer and General Manager of the Research & Development Div. The Company reappoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record with an excellent personality, broad insight and stringent self-discipline as a top management executive who fairly and

precisely executes business administration and business operation, and that we can expect him to drive the Company in the pursuit of further development.

Candidate

No. 5 AKIHIRO UTSUMI (Date of Birth: Dec. 20, 1956) New

appointment

No. of shares in the Company held	Brief personal History, title and responsibilities	
5,348 shares	Apr. 1979	Joined Jujo Paper Co., Ltd.
	Jun. 2008	Deputy General Manager of Personnel & General Affairs and Manager of Personnel Dept. of the Company
	Jun. 2009	Deputy General Manager of Personnel & General Affairs and Manager of General Affairs Dept. of the Company
	Jul. 2011	Manager of Iwakuni Mill and Manager of Corporate Secretary Dept. of the Company
	Apr. 2013	Corporate Officer, Manager of Yatsushiro Mill of the Company
	Jun. 2015	Director, Corporate Officer, General Manager of Personnel & General Affairs Div. of the Company (currently serving)

Tenure as a Director

1 year

Attendance at the Board of Directors meetings

9/11 (81.8%)

Reasons for selecting the candidate for Director

Mr. Akihiro Utsumi successively held the positions of Manager of the Personnel Dept., Manager of the General Affairs Dept. and Manager of the Yatsushiro Mill. At present, he works to contribute to raising the corporate value of the Company as Director, Corporate Officer and General Manager of the Personnel & General Affairs Div. The Company reappoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record with an excellent personality, broad insight and stringent self-discipline as a top management executive who fairly and precisely executes business administration and business operation, and that we can expect him to drive the Company in the pursuit of further development.

Candidate

No. **6** TORU NOZAWA (Date of Birth: Mar. 10, 1959)

Reappointment

No. of shares in the
Company held

5,722 shares

Brief personal History, title and responsibilities

Apr. 1981	Joined Jujo Paper Co., Ltd.
Jun. 2005	Manager of Finance Dept. of Administrative Div. of the Company
Feb. 2008	Manager of Accounting Dept. of Administrative Div. of the Company
Jun. 2009	Deputy General Manager of Administrative Div. of the Company
Apr. 2013	Corporate Officer, Deputy General Manager of Administrative Div. of the Company
Jun. 2014	Director, Corporate Officer, General Manager of Corporate Planning Div., in charge of Affiliates & Subsidiaries of the Company (currently serving)

Status of important concurrent offices in other entities

Director of Nippon Paper Crexia Co., Ltd.
Director of Paper Australian Pty Ltd.
Statutory Auditor of LINTEC Corporation

Tenure as a Director

2 years

Attendance at the Board of Directors meetings

16/16 (100%)

Reasons for selecting the candidate for Director

Mr. Toru Nozawa successively held the positions of Manager of the Finance Dept., Manager of the Accounting Dept. and Deputy General Manager of Administrative Div. At present, he works to contribute to raising the corporate value of the Company as Director, Corporate Officer and General Manager of Corporate Planning Div. The Company reappoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record with an excellent personality, broad insight and stringent self-discipline as a top management executive who fairly and precisely executes business administration and business operation, and that we can expect him to drive the Company in the pursuit of further development.

Candidate

No. 7	HIROFUMI FUJIMORI (Date of Birth: Oct.13, 1955)	Reappointment
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No. of shares in the Company held	Brief personal History, title and responsibilities	
3,088 shares	Nov. 1987 Dec. 2004 Apr. 2006 Apr. 2008 Jun. 2010 Jun. 2012 Jul. 2012 Feb. 2014 Jun. 2014 June 2015	Joined Sanyo-Kokusaku Pulp Co., Ltd. Chief of IR Office of the Nippon Paper Group, Inc. Deputy Chief of the Monitoring Room of Administrative Div. of the Company Chief of the Management Monitoring Office of Nippon Paper Group, Inc. Manager of CSR Dept. of CSR Div. of the same Deputy General Manager of CSR Div. and Manager of CSR Dept. of the same Vice President of Paper Australia Pty Ltd. President of the same Corporate Officer, Deputy General Manager of Financial Div. and Manager of Accounting & Budgeting Dept. of the Company Director, Corporate Officer and General Manager of Administrative Div. of the Company (currently serving)

Tenure as a Director

1 year

Attendance at the Board of Directors meetings

11/11 (100%)

Reasons for selecting the candidate for Director

Mr. Hirofumi Fujimori successively held the positions of Manager of the CSR Dept., President of Paper Australia Pty Ltd. and Manager of the Accounting Dept. At present, he works to contribute to raising the corporate value of the Company as Director, Corporate Officer and General Manager of the Administrative Div. The Company reappoints him as a candidate for Director based on its judgment that he sufficiently understands social responsibility and the mission of business operations and qualifies for this position, taking into account his abundant experience and good track record with an excellent personality, broad insight and stringent self-discipline as a top management executive who fairly and precisely executes business administration and business operation, and that we can expect him to drive the Company in the pursuit of further development.

Candidate

No. 8 YOSHIMITSU AOYAMA (Date of Birth: Apr. 4, 1939)

Reappointment

(Outside)

Independent

Officer

No. of shares in the Company held

0 share

Brief personal History, title and responsibilities

Dec. 1965	Associate Professor of the Faculty of Law at Tokyo University
Apr. 1977	Professor of the Faculty of Law at Tokyo University
Apr. 1996	Dean of the Faculty of Law at Tokyo University, Head of Tokyo University Graduate School for Law and Politic
Apr. 1999	Vice President of Tokyo University
May 2001	Professor emeritus of Tokyo University
Apr. 2004	Professor of Meiji University School of Law
Apr. 2006	Dean of Meiji University School of Law
Feb. 2007	Chairman of Legislative Council of the Ministry of Justice (thru Feb.2011)
Feb. 2008	Head Director of the Public Interest Incorporated Foundation of <i>Shinano Tsuzoku Daigaku-Kai</i> (currently serving)
Apr. 2009	Head Director of the Public Interest Incorporated Foundation of Dispute Resolution Center for Automotive Product Liability (currently serving)
Apr. 2010	Specially Appointed Professor of Meiji University School of Law (thru Mar. 2015)
Jun. 2013	Director of the Company (currently serving)

Status of important concurrent offices in other entities

Head Director of the Public Interest Incorporated Foundation of Dispute Resolution Center for Automotive Product Liability
Head Director of the Public Interest Incorporated Foundations of Shinano Tsuzoku Daigaku-Kai

Tenure as a Director

3 years

Attendance at the Board of Directors meetings

16/16 (100%)

Reasons for selecting the candidate for Outside Director

Mr. Yoshimitsu Aoyama is a candidate for Outside Director as defined in Article 2, Paragraph 3, Item 7, of the Ordinance for Enforcement of the Companies Act.

Mr. Aoyama has studied and taught jurisprudence at Tokyo University and other universities for many years and has held important positions, including Vice President of Tokyo University and Chair of the Legislative Council of Ministry of Justice. Although he does not have experience of direct involvement in actual business operation, Mr. Aoyama is expected to supervise and provide advice on compliance and the execution of duties of Directors of the Company by drawing on his

professional knowledge and experience accumulated as a legal expert. Accordingly, he is nominated for Outside Director.

Special notes on the candidate for Outside Director

1. In determining a candidate for Outside Director, the Company judges his or her independence by considering whether the candidate fulfills the standards of independence set by the Tokyo Stock Exchange, in addition to the statutory qualifications for being described as outside as stipulated by law, and confirming whether there are any conflicts of interest with the general shareholders of the Company.
2. In light of the aforementioned standards and qualifications, the Company judges that Mr. Aoyama has the independence required to be an independent officer and has reported to the Tokyo Stock Exchange that Mr. Aoyama is an Independent Officer under the provisions of said Exchange. When his reappointment is approved, the Company intends to keep his registration as an Independent Officer.
3. Pursuant to Article 427, Paragraph 1, of the Companies Act, the Company has entered into a Contract for Limitation of Liabilities with Mr. Yoshimitsu Aoyama with the limited liability amount for damages under Article 423, Paragraph 1, of the Companies Act, to be the amount stipulated by law. When his reappointment is approved, the Company intends to extend the relevant contract with him.

Candidate
 No. 9 MAKOTO FUJIOKA (Date of Birth: Mar. 27, 1950) New

Appointment
 (Outside) Independent Officer

No. of shares in the Company held	Brief personal History, title and responsibilities	
0 share	Apr. 1972	Entered the Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
	Jun. 1996	Deputy Director-General for Trade and Economy
	Jul. 1998	Deputy Director-General for International Exhibitions
	Feb. 2001	Ambassador extraordinary and plenipotentiary to the United Arab Emirates
	Sep. 2003	Retired from the Ministry of Economy, Trade and Industry
	Oct. 2003	Full-time adviser of Nippon Light Metal Co., Ltd.
	Jun. 2004	Director, Executive Officer of the same
	Jun. 2007	Director, Senior Executive Officer of the same
	Oct. 2012	Director of Nippon Light Metal Holdings Co., Ltd. (in charge of CSR & Auditing Administration Dept. (thru Jun. 2015))
	Jun. 2013	Director, Executive vice president, Senior executive officer of Nippon Light Metal Co., Ltd.
	Jul. 2015	Senior Director of Japan Association for Chemical Innovation (currently serving)

Status of important concurrent offices in other entities
 Senior Director of Japan Association for Chemical Innovation

Reasons for selecting the candidate for Outside Director

Mr. Makoto Fujioka is a candidate for Outside Director as defined in Article 2, Paragraph 3, Item 7, of the Ordinance for Enforcement of the Companies Act.

While he was with the Ministry of International Trade and Industry, Mr. Fujioka held important positions, including Deputy Director-General and Ambassador extraordinary and plenipotentiary to the United Arab Emirates. He also has experience in corporate management in the private sector. By using his broad knowledge and international perspective based on his experiences both in the public and private sectors, Mr. Fujioka is expected to supervise and provide advice on the execution of duties of the Company's Directors from an objective standpoint and is therefore nominated for Outside Director.

Special notes on the candidate for Outside Director

1. In determining a candidate for Outside Director, the Company judges his or her independence by considering whether the candidate fulfills the standards of independence set by the Tokyo Stock Exchange, in addition to the statutory qualifications for being described as outside as stipulated by law, and confirming whether there are any conflicts of interest with the general shareholders of the Company.
2. In light of the aforementioned standards and qualifications, the Company judges that Mr. Fujioka has the independence required to be an independent officer. When he assumes the office of Director, the Company will notify the Tokyo Stock Exchange that Mr. Fujioka is an Independent Officer under the provisions of said Exchange.

3. When Mr. Fujioka assumes the office of Director, the Company intends to conclude a contract with him to limit the liability for damages as prescribed in Article 423, Paragraph 1, of the Companies Act to the amount stipulated by law, in accordance with Article 427, Paragraph 1, of said Act.
4. Nippon Light Metal Co., Ltd., which Mr. Fujioka served as a Director from June 2004 to June 2015, received a cease-and-desist order and a payment order for a surcharge from the Japan Fair Trade Commission in February 2016, in relation to an act in violation of the Antimonopoly Act—prior determination of suppliers that would take orders for chemicals placed by a local government in Niigata—which allegedly started around 2011.

Notes:

1. There are no special conflicts of interest between each of the candidates and the Company.
2. The number of shares in the Company held by each candidate includes the number of shares held through the Nippon Paper Officers Share Ownership.
3. The attendance at meetings of the Board of Directors represents the status of attendance for each Director in office in the fiscal year ended March 31, 2016. Because Mr. Akihiro Utsumi and Mr. Hirofumi Fujimori were newly appointed at the 91st Ordinary General Meeting of Shareholders held on June 26, 2015, and assumed the office of Director at that time, the number of Board meetings they were able to attend differed from that of the other Directors.
4. Jujo Paper Co., Ltd., stated in the section of brief personal history, changed its trade name to Nippon Paper Industries Co., Ltd., as of April 1, 1993.
5. Sanyo-Kokusaku Pulp Co., Ltd., stated in the section of brief personal history, merged with the Company as of April 1, 1993.
6. Nippon Paper Group, Inc., stated in the section of brief personal history, merged with the Company as of April 1, 2013.

Proposal 3. Election of Two (2) Statutory Auditors

The terms of office of Statutory Auditors Seiichi Fusamura and Kunio Sakamoto will expire as of the conclusion of this General Meeting of Shareholders. Therefore, the Company requests that the shareholders elect two (2) Statutory Auditors, two (2) of which are to be Outside Directors.

The candidates were determined by the Board of Directors upon receiving a report by the Personnel & Remuneration Advisory Committee on the selection of candidates.

The candidates for Statutory Auditor are as follows.

This proposal has already received the consent of the Board of Statutory Auditors.

Candidate

No. 1 SEIICHI FUSAMURA (Date of Birth: Mar. 18, 1947)

Reappointment

Independent Officer

(Outside)

No. of shares in the Company held

0 share

Brief personal History, title and responsibilities

Jul. 1971	Assistant Judge of Kyoto District Court
Jun. 1998	Director-General of Judicial System and Research Dept., Minister's Secretariat, Ministry of Justice
Dec. 2001	Director-General of the Civil Affairs Bureau, Ministry of Justice
Oct. 2006	President of the Saitama District Court
Dec. 2009	President of the Sendai High Court
Jan. 2011	President of the Nagoya High Court
Mar. 2012	Retired
Apr. 2012	Public member of Tokyo Metropolitan Government Labor Relations Commission (Deputy Chairperson)
Jun. 2012	Auditor of the Company (currently serving) Registered as attorney (Daini Tokyo Bar Association)
Jan. 2013	Chairperson of Public Security Examination Commission (currently serving)
Aug. 2013	Chairperson of Tokyo Metropolitan Government Labor Relations Commission (currently serving)

Status of important concurrent offices in other entities

Chairperson of Public Security Examination Commission
Chairperson of Tokyo Labor Relations Commission

Tenure as an Outside Statutory Auditor

4 years

Attendance at the Board of Directors meetings

16/16 (100%)

Attendance at the Board of Statutory Auditors meetings

13/13 (100%)

Reasons for selecting the candidate for Outside Statutory Auditor

Mr. Seiichi Fusamura is a candidate for Outside Statutory Auditor as defined in Article 2, Paragraph 3, Item 8, of the Ordinance for Enforcement of the Companies Act.

Although he does not have experience of direct involvement in actual business operation, Mr. Fusamura is expected to reflect his significant experience with judicial institutions and deep insight as a legal expert in performing audits of the Company, and he is therefore nominated for Outside Statutory Auditor.

Special notes on the candidate for Outside Statutory Auditor

1. In determining a candidate for Outside Statutory Auditor, the Company judges his or her independence by considering whether the candidate fulfills the standards of independence set by the Tokyo Stock Exchange, in addition to the statutory qualifications for being described as outside, and confirming whether there are any conflicts of interest with the general shareholders of the Company.
2. In light of the aforementioned standards and qualifications, the Company judges that Mr. Fusamura has the independence required to be an independent officer and has reported to the Tokyo Stock Exchange that Mr. Fujioka is an Independent Officer under the provisions of said Exchange. If his reappointment is approved, the Company intends to keep his registration as an Independent Officer.
3. Pursuant to Article 427, Paragraph 1, of the Companies Act, the Company has concluded a contract with Mr. Fusamura to limit the liability for damages as prescribed in Article 423, Paragraph 1, of said Act to the amount stipulated by law. If his reappointment is approved, the Company intends to continue said contract with him.

Candidate

No. **2** YOKO HATTA (Date of Birth: Jun. 8, 1952) New

Appointment

No. of shares in the Company held	Independent Officer (Outside)	
0 share	Brief personal history, title and responsibilities	
	Aug. 1988	Joined Peat Marwick Main & Co. (currently KPMG LLP New York Office)
	Aug. 1997	Partner of the same Office
	Sep. 2002	Partner of KPMG Peat Marwick Tax Corporation (currently KPMG Tax Corporation)
	Jun. 2008	Auditor of International Christian University (currently serving)
	Jun. 2015	Outside Audit & Supervisory Board Member of Kobayashi Pharmaceutical Co., Ltd. (currently serving)
	Status of important concurrent offices in other entities	
	Auditor of International Christian University	
	Outside Audit & Supervisory Board Member of Kobayashi Pharmaceutical Co., Ltd.	

Reasons for selecting the candidate for Outside Statutory Auditor

Ms. Yoko Hatta is a candidate for Outside Statutory Auditor as defined in Article 2, Paragraph 3, Item 8, of the Ordinance for Enforcement of the Companies Act.

Although she does not have experience of direct involvement in actual business operation, Ms. Hatta is expected to reflect her significant experience with international accounting firms and deep knowledge on international tax affairs in performing audits of the Company, and she is therefore nominated for Outside Statutory Auditor.

Special notes on the candidate for Outside Statutory Auditor

- In determining a candidate for Outside Statutory Auditor, the Company judges his or her independence by considering whether the candidate fulfills the standards of independence set by the Tokyo Stock Exchange, in addition to the statutory qualifications for being described as outside, and confirming whether there are any conflicts of interest with the general shareholders of the Company.
- In light of the aforementioned standards and qualifications, the Company judges that Ms. Hatta has the independence required to be an independent officer. When she assumes the office of Statutory Auditor, the Company will notify the Tokyo Stock Exchange that Ms. Hatta is an Independent Officer under the provisions of said Exchange.
- When Ms. Hatta assumes the office of Statutory Auditor, the Company intends to conclude a contract with her to limit the liability for damages as prescribed in Article 423, Paragraph 1, of the Companies Act to the amount stipulated by law, in accordance with Article 427, Paragraph 1, of said Act.

Notes:

- There are no special conflicts of interest between each of the candidates and the Company.
- The attendance at meetings of the Board of Directors and the Board of Statutory Auditors represents the status of attendance during the period when each Statutory Auditor was in office in the fiscal year ended March 31, 2016.

Proposal 4: Election of One (1) Substitute Statutory Auditor

To prepare for a situation where the number of Statutory Auditors does not satisfy the number prescribed by laws and regulations, we request the election of one (1) substitute Statutory Auditor as a substitute for any of the Outside Statutory Auditors.

The candidate was determined by the Board of Directors upon receiving a report by the Personnel & Remuneration Advisory Committee on the selection of a candidate.

The candidate for substitute Statutory Auditor is as follows.

This proposal has already received the consent of the Board of Statutory Auditors.

AKIO OTSUKA (Date of Birth: Jan. 28, 1959)

Independent Officer (Outside)

No. of shares in the Company held	Brief personal history, title and responsibilities	
0 share	Apr. 1986	Registered as attorney (Daiichi Tokyo Bar Association), Shinmyo & Osanai
	Aug. 1991	Hamayotsu & Hamayotsu
	Apr. 1999	President of Aoyama Century Law Office
	Apr. 2004	Professor of Tokai University Law School
	Apr. 2005	Professor of University of Tsukuba Law School (currently serving)
		Partner of Tokyo Century Law Office
	Aug. 2012	President of Otsuka Sogo Law Office (currently serving)
	Apr. 2013	Dean of University of Tsukuba Law School (thru Mar. 2015)
	Status of important concurrent offices in other entities	
	Professor of University of Tsukuba Law School	
	President of Otsuka Sogo Law Office	

Reasons for selecting the candidate for substitute Outside Statutory Auditor

Mr. Akio Otsuka is a candidate for Outside Statutory Auditor as defined in Article 2, Paragraph 3, Item 8, of the Ordinance for Enforcement of the Companies Act.

Although he does not have experience of direct involvement in actual business operation, we expect that Mr. Otsuka will reflect his professional knowledge and experience accumulated through the practice of law in performing audits of the Company if he assumes the office of Outside Statutory Auditor, and he is therefore nominated for substitute Outside Statutory Auditor.

Special notes on the candidate for substitute Outside Statutory Auditor

1. In determining a candidate for Outside Statutory Auditor, the Company judges his or her independence by considering whether the candidate fulfills the standards of independence set by the Tokyo Stock Exchange, in addition to the statutory qualifications for being described as outside, and confirming whether there are any conflicts of interest with the general shareholders of the Company.
2. In light of the aforementioned standards and qualifications, the Company judges that Mr. Otsuka has the independence required to be an independent officer. When he assumes the office of Statutory Auditor, the Company will notify the Tokyo Stock Exchange that Mr. Otsuka is an

- Independent Officer under the provisions of said Exchange.
3. When Mr. Otsuka assumes the office of Statutory Auditor, the Company intends to conclude a contract with him to limit the liability for damages as prescribed in Article 423, Paragraph 1, of the Companies Act to the amount stipulated by law, in accordance with Article 427, Paragraph 1, of said Act.

Note:

There are no special conflicts of interest between the candidate and the Company.

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

(Attachment)

Business Report (From April 1, 2015, through March 31, 2016)

1. Status of the Company Group (a corporate group)

(1) Business Progress and Results

The Japanese economy in the current fiscal year continued in a gradual recovery trend against a background of an improved employment environment and solid personal consumption. On the other hand, a radical plunge in crude oil prices, the slowdown of economic growth in China and emerging countries, and volatile stock prices and exchange rates pose uncertainty for the future economic outlook.

In the paper and pulp industry, a challenging business environment continued due to sluggish demand for printing paper and persistently high prices of wastepaper.

The Company Group, in response to such a business environment, promoted cost reduction, revised product prices and worked to maintain the revised product prices. In the overseas business, partly because of a delay in the recovery of business performance, impairment losses on fixed assets and losses on the closure of mills were recorded. The Company Group also implemented sales and replacement of its assets to improve asset efficiency in light of its medium- to long-term strategy.

As a result of the above measures, as to the consolidated performance of the current term, sales revenue decreased by 45,394 million yen (4.3%) from the previous term to 1,007,097 million yen, whereas operating income decreased by 1,033 million yen (4.4%) to 22,623 million yen and ordinary income decreased by 6,080 million yen (26.2%) to 17,123 million yen. Net income attributable to owners of parent decreased by 20,758 million yen (89.5%) to 2,424 million yen.

Sales Revenue	1,007,097 million yen (decrease of 4.3% Y o Y)	Operating Income	22,623 million yen (decrease of 4.4% Y o Y)
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Ordinary Income	17,123 million yen (decrease of 26.2% Y o Y)	Net Income attributable to owners of parent	2,424 million yen (decrease of 89.5% Y o Y)
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Principal Businesses (As of March 31, 2016)

	Principal Products
Paper and Pulp Business	Paper, paperboard, household tissue, pulp, paper making materials
Paper-Related Business	Processed paper products, chemical products
Lumber, Construction Materials, Civil Engineering and Construction-Related Business	Lumber, construction materials, civil engineering and construction
Other Business	Logistics, leisure, other

Sales Revenue and Operating Income of Each Business Segment

Business Segment	Sales Revenue			Operating Income		
	Current Fiscal year (million yen)	Comparison with the Previous Term		Current Fiscal year (million yen)	Comparison with the Previous Term	
		Change in Amount (million yen)	% of Change (%)		Change in Amount (million yen)	% of Change (%)
Paper and Pulp Business	827,560	-7,961	-1.0	13,840	-1,182	-7.9
Paper-Related Business	88,912	-2,121	-2.3	2,661	-1,098	-29.2
Lumber, Construction Materials, Civil Engineering and Construction Related Business	62,155	2,912	4.9	3,639	1,516	71.4
Other Business	28,469	-38,224	-57.3	2,481	-268	-9.8
Total	1,007,097	-45,394	-4.3	22,623	-1,033	-4.4

Note: Figures rounded down to nearest million yen.

The status of each business segment is as follows:

Paper and Pulp Business

Sales Revenue: 827,560 million yen (decrease of 1.0% Y o Y)

In the newsprint business, sales volume fell below that of the previous term as a result of a decline of circulation. In the printing paper business, although domestic sales volume fell below that of the previous term due to overall sluggish demand such as low demand for advertising, the sales volume of exports exceeded that of the previous term as a result of our efforts for sales expansion.

In the paperboard business, the sales volume fell below that of the previous term.

In the household tissues business, the sales volume exceeded that of the previous term due to favorable sales of newly released toilet tissue and healthcare products, etc., and of commercial-use products for hotels because of inbound tourism.

As a result of the above, the sales revenue of this segment decreased by 7,961 million yen (1.0%) from the previous term to 827,560 million yen and operating income decreased by 1,182 million yen (7.9%) from the previous term to 13,840 million yen.

Paper-Related Business

Sales Revenue: 88,912 million yen (decrease of 2.3% Y o Y)

Chemical products generally progressed steadily, but sales volume of functional materials for liquid crystal use fell below that of the previous term.

As to the liquid-packaging carton, the sales volume was at the same level as that of the previous term due to steady sales of cartons for milk, etc.

As a result of the above, the sales revenue of this segment decreased by 2,121 million yen (2.3%) from the previous term to 88,912 million yen and operating income decreased by 1,098 million yen (29.2%) from the previous term to 2,661 million yen.

Lumber, Construction Material, Civil Engineering and Construction-Related Business

Sales Revenue: 62,155 million yen (increase of 4.9% Y o Y)

As to the lumber and construction material, both revenues and profits

increased from the previous term due to the recovery of new housing construction, etc.

As a result of the above, the sales revenue increased by 2,912 million yen (4.9%) to 62,155 million yen and operating income increased by 1,516 million yen (71.4%) from the previous term to 3,639 million yen.

Other Business

Sales Revenue: 28,469 million yen (decrease of 57.3% Y o Y)

As to the consolidated results of the other business, both revenues and profits dropped due to such reasons as the assignment of all shares of Shikoku Coca-Cola Bottling Co., Ltd. in the beverage business, followed by the exclusion of the company from the scope of consolidation.

As a result of the above, the sales revenue of this segment decreased by 38,224 million yen (57.3%) from the previous term to 28,469 million yen and operating income decreased by 268 million yen (9.8%) from the previous term to 2,481 million yen.

(2) Status of Capital Investment

The amount of capital investment of the Company Group during the current fiscal year reached a total of 46,800 million yen. The major capital investments were the establishment of the printing paper products management system and the installation of new facilities for the power generation business.

(3) Status of Financing Activities

The Company Group procured funds through a long-term loan of 39,000 million yen and the issuance of bonds of 10,000 million yen, etc. for the purpose of operating capital and for investments and loans to affiliated companies in the group.

Further, the Company Group has introduced a cash management system (CMS) and is managing funds in the group in an integrated fashion and allocating funds throughout the group efficiently and flexibly.

(4) Issues to be addressed

The Company has been promoting its Fifth Medium-Term Business Plan for the three-year period from April 2015, with the major goals being the enhancement of

the competitiveness of existing business, the extension of growing sectors and the cultivation and expansion of new businesses. During the first fiscal year of this plan, we could not reach the goals of the plan, partly because of a plunge in domestic demand for newsprint and printing paper beyond our projections, intensified competition among container board manufacturers and a delay in recovery in performance of our overseas business due to such circumstances as a fall in demand for paper for phone books in North America and a plunge in the sales prices of such paper, and a surge in raw materials costs in our thermal paper business in Europe affected by the weak euro. In the overseas business, due to the severe market environment, the Company Group conducted the impairment of its fixed assets in its businesses in North America and Europe.

During the current fiscal year, the second year of the Fifth Medium-Term Business Plan, we will implement the following measures in each business of the Company Group to overcome such severe business circumstances and achieve the goals of the plan.

In the paper business sector, to strengthen our competitiveness, we will implement aggressive capital investment to improve costs and stabilize our operation. To cope with the continuing decline in domestic demand, we will fully utilize a sales company launched in Singapore in 2015 to promote aggressive exports from Japan and maintain the operational rate of our production facilities. Furthermore, to provide customers with an increasingly higher-level sense of security and trust while aiming to have Nippon Paper Group become customers' first choice, from the fiscal year ending March 2017 we plan to adopt steadily new systems to improve management of the order receiving status for printing paper, business communication paper and industrial paper and the enhancement of product traceability.

Concerning the paperboard business, the Company finalized an agreement with Tokushu Tokai Paper Co., Ltd. ("Tokushu Tokai Paper"), concerning the containerboard and sack and general purpose kraft paper businesses to integrate their sales functions, conduct a demerger of the manufacturing business at the Shimada Mill of Tokushu Tokai Paper and investment by the Company in a new manufacturing company to be established by the demerger. Preparations are under way toward the start of the business alliance on October 1, 2016. Leveraging both companies' strengths, we will pursue synergies such as the enhancement of quality and cost competitiveness at the new manufacturing company, the joint procurement of raw materials and fuels, and the establishment of an effective sales system.

In our overseas business, we will focus on the stabilization of operations and the shift to high-value-added products. In Australia, Paper Australian Pty Ltd. will continue to strive to expand the sales of environment-friendly recycled paper products. At the company's Maryvale Mill, we will implement a profit improvement plan including personnel rationalization, and conduct investments aiming to stabilize operation.

In North America, Nippon Paper Industries USA Co., Ltd. installed facilities to dissolve waste cardboard boxes, shifting from paper for phone books to industrial paper. In Europe, Jujo Thermal Ltd. conducted capital investment to manufacture high-value-added thermal paper products, striving to expand sales. In Southeast Asia, Siam Nippon Industrial Paper Co., Ltd. (SNP), aims to expand sales of high-potential one-side glazed paper, which is used in the packaging of food and medical products.

In our healthcare business, we will expand sales mainly of products for which deodorant sheet made of functional cellulose nanofibers is adopted, make concentrated investments in the Kyoto Mill of Nippon Paper Crecia Co., Ltd., and promote exports to markets in China and elsewhere in Asia, where significant future growth is expected.

In the chemical business, we will conduct capital investment to strengthen the competitiveness of the Gotsu Works and manufacture new products, focusing on materializing the effects. In the liquid-packaging carton business, to strengthen sales, we concluded a license agreement with ELOPAK in Norway to adopt Elo-Caps™ cartons for chilled liquid in Japanese markets. ELOPAK has been developing sales of these cartons around the world.

Furthermore, as a measure to strengthen our packaging field, we established the Packaging Communication Center and the Packaging Research Laboratory in April 2016. The Packaging Communication Center will provide marketing and proposal functions in order to meet customers' requests. The Packaging Research Laboratory will work on the development of packaging materials and technology based on woody biomass. These two organizations will serve as a hub for strengthening the cooperation of the group companies, aiming to grow in this field.

In the energy business, we will strive to launch thermal power generation using multi fuels (coal and biomass) at the Ishinomaki Mill as scheduled, and strive to quickly determine details of the thermal power generation at the Akita Mill, which is currently under consideration, aiming to launch such projects. Also, to establish the technology for biomass fuels, for which domestic demand is on the rise, and

make its practical applications quickly, we established demonstration facilities for the production of woody biomass fuels using Torrefaction technology (torrefied pellets) in Thailand. We will promote collaborative research and development with Phoenix Pulp & Paper Public Corporation Ltd. in Thailand.

In the healthcare, chemical and packaging businesses, all of which are growth fields, we will strive to expand our businesses, promoting M&As in Japan and overseas.

In regard to our financial condition, with ROA (Return on Assets) as a management goal of the Fifth Medium-Term Business Plan, we will continue to improve asset efficiency. As to the currently held assets, in light of our medium- to long-term strategy, we will aggressively implement sales or replacement of assets on the basis of most effective utilization.

We will continue the transformation of business structures as a comprehensive biomass company, both domestically and overseas, through allocation of management resources focusing on growing sectors and new businesses.

(5) Changes of Assets and Profit/Loss Status

Category	(Reference) Nippon Paper Group, Inc.	The Company			
	13th Term (Ended March 2013)	90th Term (Ended March 2014)	91st Term (Ended March 2015)	92nd Term (Current) (Ended March 2016)	
(million yen) Sales Revenue	1,025,078	1,081,277	1,052,491	1,007,097	
(million yen) Ordinary Income	23,081	28,188	23,204	17,123	
(million yen) Net income attributable to owners of parent	10,652	22,770	23,183	2,424	
(Yen) Basic earnings per share	92.00	196.67	200.27	20.95	
(million yen) Total Assets	1,497,729	1,480,894	1,495,622	1,390,918	
(%) ROE (Return on equity)	2.8	5.6	5.1	0.5	
(%) ROA (Return on assets)	2.3	2.7	2.2	2.0	

- (Notes)
1. Figures rounded down to nearest million yen.
 2. Since the Company merged with Nippon Paper Group, Inc., in an absorption-type merger as of April 1, 2013, and took over the consolidated financial statement of Nippon Paper Group, Inc., the scope of consolidation of the Company from the 90th term has no substantive change from the scope of consolidation of Nippon Paper Group, Inc., for the term ended March 2013.
 3. In order to maintain the consistency and continuity of the disclosure, the status of assets and profit/loss of the Company for the 90th term and after are compared with the status of assets and profit/loss of Nippon Paper Group, Inc., for the term ended March 2013. Further, the status of assets and profit/loss of the Company for the 89th term, before the merger with Nippon Paper Group, Inc., is required in the business report under the Companies Act and is posted on the Company's website on the Internet (<http://www.nipponpapergroup.com/>).
 4. ROE (Return on Equity) and ROA (Return on assets) were calculated using the following formula.

$$\text{ROE (Return on Equity)} = \frac{\text{Net income attributable to owners of the parent}}{\text{average of the balance at the beginning of the term and the balance at the term-end of Shareholders' equity and Accumulated other comprehensive income}}$$

$$\text{ROA (Return on assets)} = \frac{\text{Ordinary income} + \text{Interest expenses}}{\text{Total assets at the term-end}}$$

(6) Status of Principal Subsidiaries, etc. (As of March 31, 2016)

① Status of Principal Subsidiaries

Company Name	Capital	The Company's voting rights ratio	Principal business operation
[Paper & Pulp Business]	Million yen	%	
Nippon Paper Papyrus Co., Ltd.	3,949	100.0	Manufacture and sales of specialty paper
Nippon Paper Crexia Co., Ltd.	3,067	100.0	Manufacture and sales of household tissues
Paper Australia Pty Ltd.	(1,000 AUD) 662,280	100.0	Manufacture and sales of paper, paperboard, pulp and office supplies
NP Trading Co., Ltd.	Million yen 1,000	98.3	Sales of paper, pulp and chemicals
[Lumber, Construction Materials, Civil Engineering and Construction-Related Business]			
Nippon Paper Lumber Co., Ltd.	Million yen 440	100.0	Sales of lumber and sawed lumber
[Others]			
Nippon Paper Logistics Co., Ltd.	Million yen 70	100.0	Warehouse, transport, and freight shipment

(Notes) 1. Figures rounded down to nearest million yen and nearest thousand Australian dollars.

2. The Company assigned all shares of Shikoku Coca-Cola Bottling Co., Ltd., to Coca-Cola West Co., Ltd., as of May 18, 2015.

② Status of Business Combinations

- a) The number of consolidated subsidiaries for the current term is 38 companies and the number of equity method affiliates is 10 companies.
- b) As of April 24, 2015, the Company terminated the Business Collaboration Agreement with Lee & Man Paper Manufacturing Limited (hereinafter, referred to as "L&M"), which was an equity method affiliated company, and excluded L&M from the scope of application of the equity method. Also, the Company sold all of the shares of L&M by June 25, 2015.

(7) Primary Sales Offices and Mills (As of March 31, 2016)

Domestic	<p>Nippon Paper Industries Co., Ltd.: Head Office (Chiyoda-ku, Tokyo) Sales Bases: Head Office, 5 sales branch offices Production Bases: Kushiro Mill (Kushiro-shi, Hokkaido), Hokkaido Mills (Tomakomai-shi, Asahikawa-shi, and Shiraoi-cho-Shiraoi-gun, Hokkaido), Akita Mill (Akita-shi, Akita) Ishinomaki Mill (Ishinomaki-shi, Miyagi), Iwanuma Mill (Iwanuma-shi, Miyagi), Nakoso Mill (Iwaki-shi, Fukushima), Ashikaga Mill (Ashikaga-shi, Tochigi), Soka Mill (Soka-shi, Saitama), Fuji Mill (Fuji-shi, Shizuoka), Otake Mill (Otake-shi, Hiroshima), Iwakuni Mill (Iwakuni-shi, Yamaguchi), Yatsushiro Mill (Yatsushiro-shi, Kumamoto).</p> <p>Laboratories: Central R&D Laboratory (Kita-ku, Tokyo), Agri-Biotechnology Research Laboratory (Kita-ku, Tokyo).</p>
	<p>Paper-Pak Div. Sales Bases: Head Office, 4 sales offices Production Bases: Soka Paper-Pak Co., Ltd. (Soka-shi, Saitama), Egawa Paper-Pak Co., Ltd. (Goka-machi, Sashima-gun, Ibaraki), Miki Paper-Pak Co., Ltd. (Miki-shi, Hyogo), Ishioka Kako Co., Ltd. (Ishioka-shi, Ibaraki), Nakoso Film Co., Ltd. (Iwaki-shi, Fukushima)</p>
	<p>Chemical Business Div. Sales Bases: Head Office, 1 sales office Production Bases: Gotsu Works (Gotsu-shi, Shimane), Iwakuni Works (Iwakuni-shi, Yamaguchi), Higashi-matsuyama Works (Higashi-matuyama-shi, Saitama), Yufutsu Works (Tomakomai-shi, Hokkaido).</p>
	<p>Nippon Paper Papyrus Co., Ltd.: Head Office (Chiyoda-ku, Tokyo) Sales bases: Head Office, 1 branch office. Production Bases: Harada Mill (Fuji-shi, Shizuoka), Suita Mill (Suita-shi, Osaka), Kochi Mill (Ino-cho, Agawa-gun, Kochi).</p>
	<p>Nippon Paper Crecia Co., Ltd.: Head Office (Chiyoda-ku, Tokyo) Sales bases: Head Office, 7 sales branch offices, 3 branch offices. Production Bases: Tokyo Mill (Soka-shi, Saitama), Kaisei Mill (Kaisei-cho, Ashigarakami-gun, Kanagawa), Koyo Mill (Fuji-shi, Shizuoka), Kyoto Mill (Fukuchiyama-shi, Kyoto).</p>
Overseas	<p>Paper Australia Pty Ltd. (Australia)</p>

- (Notes)
1. As of July 1, 2015, the Company integrated the operational bases of the paper and paperboard business and removed one branch office and three sales offices.
 2. The Company's Soka Mill and Ashikaga Mill became the Kanto Mill by integration of their organizations as of April 1 of this year.
 3. The Company assigned all shares of Shikoku Coca-Cola Bottling Co., Ltd. to Coca-Cola West Co., Ltd. as of May 18, 2015.

(8) Status of Employees (As of March 31, 2016)

Names by Business Segment	Number of employees	Comparison with the end of previous term
Paper and Pulp Business	7,368	+31
Paper-Related Business	1,286	Unchanged
Lumber, Construction Materials, Civil Engineering and Construction-Related Business	1,636	-35
Other Business	1,238	-1,025
All Companies (Cross-organization)	213	-1
Total	11,741	-1,030

- (Notes) 1. Number of employees means the number of personnel who are actually working.
2. "All Companies (Cross-organization)" indicates employees who belong to the administrative department and cannot be classified by specific business segment.
3. The decrease in the number of employees of "Other Business" was mainly due to the exclusion of Shikoku Coca-Cola Bottling Co., Ltd. from the scope of consolidation by transferring all shares of the company.

(9) Status of Main Lenders (As of March 31, 2016)

Creditor	Balance of Borrowings
Mizuho Bank Ltd.	113,661 million yen
Development Bank of Japan, Inc.	83,020 million yen
The Norinchukin Bank	46,500 million yen
Sumitomo Mitsui Banking Corporation	39,921 million yen
Nippon Life Insurance Company	36,000 million yen
Meiji Yasuda Life Insurance Company	32,000 million yen
Sumitomo Mitsui Trust Bank, Ltd.	28,500 million yen
Mitsubishi UFJ Trust & Banking Corporation	24,300 million yen
Mizuho Trust & Banking Co., Ltd.	22,000 million yen
Mitsui Life Insurance Company Limited	21,500 million yen

(Note) Figures rounded down to nearest million yen.

2. Shares of the Company (As of March 31, 2016)

- (1) Total number of authorized shares 300,000,000 shares
- (2) Total number of issued shares 116,254,892 shares
(including 318,560 treasury shares)
- (3) Number of shareholders 81,042
- (4) Major shareholders (Top 10)

Name	Number of shares held	Percentage of shares held
Ichigo Trust Pte. Ltd.	10,550,700	9.10%
Japan Trustee Services Bank, Ltd. (Trust Account)	7,919,800	6.83%
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,150,500	4.44%
Mizuho Bank Ltd.	4,341,855	3.75%
Chase Manhattan Bank Gts Clients Account Escrow	4,254,703	3.67%
Rengo Co., Ltd.	3,351,241	2.89%
Nippon Paper Industries Co., Ltd. Employee Share Ownership	3,105,029	2.68%
Nippon Life Insurance Company	3,091,365	2.67%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	2,669,500	2.30%
Mitsui Life Insurance Company Limited	2,258,900	1.95%

(Note) Percentage of shares held is calculated excluding the 318,560 treasury shares.

3. Officers and Directors of the Company

(1) Directors and Statutory Auditors (As of March 31, 2016)

Title in the Company	Name	Areas of responsibility, important offices concurrently held in other companies or organizations
Chairman and Representative Director	Yoshio Haga	
President and Representative Director	Fumio Manoshiro	President Corporate Officer
Vice President and Representative Director	Shuhei Marukawa	Vice President Corporate Officer, Aide to the President, General Manager of CSR Div. in Charge of Personnel & General Affairs Div.
Director	Kazufumi Yamasaki	Managing Corporate Officer, General Manager of Research & Development Div. in Charge of Technical & Engineering Div. and Energy Business Div., Director of Nippon Paper Papyrus Co., Ltd.
Director	Akihiro Utsumi	Corporate Officer, General Manager of Personnel & General Affairs Div.
Director	Toru Nozawa	Corporate Officer, General Manager of Corporate Planning Div., in Charge of Affiliated Companies, Director of Nippon Paper Crecia Co., Ltd, Director of Paper Australia Pty Ltd., Outside Director of LINTEC Corporation
Director	Hirofumi Fujimori	Corporate Officer, General Manager of Financial Div.
Outside Director	Yoshimitsu Aoyama	Head Director of the Public Interest Incorporated Foundation of Dispute Resolution Center for Automotive Product Liability, and Head Director of the Public Interest Incorporated Foundation of <i>Shinano Tsuzoku Daigaku-Kai</i> .
Standing Statutory Auditor (full-time)	Hiroshi Matsuo	Statutory Auditor of Nippon Paper Crecia Co., Ltd.
Statutory Auditor (full-time)	Mitsuo Nagoshi	Statutory Auditor of NP Trading Co., Ltd.
Outside Statutory Auditor	Seiichi Fusamura	Attorney at Law, Chairman of the Public Security Examination Commission, Chairman of Tokyo Metropolitan Government Labor Relations Commission
Outside Statutory Auditor	Kunio Sakamoto	Certified Public Accountant, Tax Accountant, Head of Office Kunio Sakamoto of Certified Public Accountant & Tax Accountant

(Notes) 1. Each of the following persons was newly elected at the 91st Ordinary General Meeting of Shareholders held on June 26, 2015, and took the office.

Directors: Akihiro Utsumi, Hirofumi Fujimori

2. Each of the following persons retired as of the conclusion of the 91st Ordinary General Meeting of Shareholders held on June 26, 2015.

Vice President and Representative Director: Hironori Iwase, Masaru Motomura

Director: Haruo Fujisawa

3. Mr. Shuhei Marukawa was newly elected as the Vice President and Representative Director at the Board of Directors held on June 26, 2015, and took his office.

4. Changes of post, responsibilities and important concurrently holding offices of the Officers made during the current fiscal year are as follows:

Name	New post, responsibility, etc.	Former post, responsibility, etc.	Date of Change
Yoshio Haga	(Retired)	Director of Lee & Man Paper Manufacturing Limited	April 24, 2015
Shuhei Marukawa	Vice President Corporate Officer, Aide to the President, General Manager of CSR Div., in Charge of Personnel & General Affairs Div.	Senior Managing Corporate Officer, General Manager of Personnel & General Affairs Div.	June 26, 2015
Kazufumi Yamasaki	Managing Corporate Officer, General Manager of Research & Development Div. in Charge of Technical & Engineering Div. and Energy Business Div.	Managing Corporate Officer, General Manager of Technical & Engineering Div., and General Manager of Energy Business Div.	June 26, 2015
Toru Nozawa	Outside Director of LINTEC Corporation	Outside Statutory Auditor of LINTEC Corporation	June 24, 2015
Mitsuo Nagoshi	Statutory Auditor of NP Trading Co., Ltd.	(Newly appointed)	June 18, 2015

5. Mr. Yoshimitsu Aoyama is an Outside Director set forth in Article 2, Item 15 of the Companies Act.
6. Mr. Seiichi Fusamura and Mr. Kunio Sakamoto are Outside Statutory Auditors as set forth in Article 2, Item 16 of the Companies Act.
7. Standing Statutory Auditor (full-time), Mr. Hiroshi Matsuo has work experience in accounting departments for many years and has considerable expertise in finance and accounting.
8. Statutory Auditor (full-time), Mr. Mitsuo Nagoshi has held the position in overseas business management departments for many years, and has experience of managing overall operations, including accounting and financing aspects of overseas subsidiaries. He has considerable expertise in finance and accounting.
9. Outside Statutory Auditor, Mr. Kunio Sakamoto possesses qualifications as Certified Public Accountant and Tax Accountant, and has considerable expertise in finance and accounting.
10. The Company has filed Outside Director Mr. Yoshimitsu Aoyama, Outside Statutory Auditor Mr. Seiichi Fusamura and Outside Statutory Auditor Mr. Kunio Sakamoto as Independent Officers of the Tokyo Stock Exchange Inc. with the said Stock Exchange in accordance with the provisions thereof.

[For reference: Corporate Officers (as of March 31, 2016)]

Title in the Company	Name	Responsibilities
President Corporate Officer	Fumio Manoshiro	
Vice President Corporate Officer	Shuhei Marukawa	Aide to the President, General Manager of CSR Div. in Charge of Personnel & General Affairs Div.
Senior Managing Corporate Officer	Shinichi Sato	General Manager of Printing Paper Sales Div., in Charge of International Sales Management & Planning Dept.
Managing Corporate Officer	Kazufumi Yamasaki	General Manager of Research & Development Div. in Charge of Technical & Engineering Div. and Energy Business Div.
Managing Corporate Officer	Masahiko Ohta	General Manager of Chemical Div.
Managing Corporate Officer	Ken Hamaoki	Manager of Iwakuni Mill and Manager of Otake Mill
Corporate Officer	Tsutomu Naito	Manager of Nakoso Mill
Corporate Officer	Hitoshi Kemuriyama	Manager of Ishinomaki Mill and Manager of Iwanuma Mill
Corporate Officer	Tetsuya Oichi	General Manager of Paper-Pak Div.
Corporate Officer	Toru Otowa	Manager of Fuji Mill
Corporate Officer	Takahiro Maeda	General Manager of Newsprint Sales Div.
Corporate Officer	Akihiro Utsumi	General Manager of Personnel & General Affairs Div.
Corporate Officer	Toru Nozawa	General Manager of Corporate Planning Div., in Charge of Subsidiaries and Affiliated Companies
Corporate Officer	Kazumori Fukushima	Manager of Kushiro Mill
Corporate Officer	Yozo Igarashi	Manager of Yatsushiro Mill
Corporate Officer	Kazunobu Toyama	General Manager of Duplex Board & Industrial Paper Sales Div.
Corporate Officer	Satoru Muto	General Manager of Containerboard Sales Div.
Corporate Officer	Hirofumi Fujimori	General Manager of Financial Div.
Corporate Officer	Takeo Konno	Manager of Hokkaido Mill
Corporate Officer	Kunihiko Kashima	President of Paper Australia Pty Ltd.
Corporate Officer	Akihiko Yoshida	Manager of Akita Mill
Corporate Officer	Tetsuya Yamamoto	Manager of Soka Mill and Manager of Ashikaga Mill
Corporate Officer	Shoji Ueda	General Manager of Technical & Engineering Div. and Manager of Plant Engineering Dept.
Corporate Officer	Atsushi O'haru	General Manager of Business Communication Paper Sales Div.

(Note) Soka Mill and Ashikaga Mill became Kanto Mill by integration of their organizations as of April 1 of this year.

(2) Total amount of remuneration, etc., for Directors and Statutory Auditors for the current fiscal year

	Number of Persons	Total amount of remuneration, etc. (yen)
Directors	11	401 million
Statutory Auditors	4	61 million

- Notes:
1. Figures rounded down to nearest million yen.
 2. The numbers above include three (3) Directors who retired during the relevant business year.
 3. A resolution for maximum total remuneration for Directors to be 800 million yen per fiscal year was adopted at the Extraordinary General Meeting of Shareholders held on February 22, 2013.
 4. A resolution for maximum total remuneration for statutory auditors to be 120 million yen per fiscal year was adopted at the 83rd Ordinary General Meeting of Shareholders held on June 22, 2007.

(3) Policies on Determination of Remuneration, etc., for Directors and Statutory Auditors

1) Remuneration system

- (a) In regard to remuneration for Directors, to provide an incentive to strive to improve shareholder value through management with conscious efforts for the medium- to long-term enhancement of corporate value, the Company has formulated a guideline for the purchase and holding of the Company's own shares. Based on this guideline, part of each Director's monthly remuneration shall be contributed to the Nippon Paper Officers Share Ownership to purchase shares of the Company. The purchased shares shall continue to be held by each Director during his/her term of office.
- (b) In regard to monthly remuneration for Directors, the base amounts shall be determined according to their respective responsibilities in the Company. 70% of the base amount is to be paid as a fixed amount and 30% of it, in principle, is to be varied depending on the business results of the preceding fiscal year. There are no bonuses or retirement benefits.
- (c) In regard to Outside Directors and Statutory Auditors, monthly remuneration is paid to them at fixed amounts. In light of the type of their responsibilities, contribution to the Nippon Paper Officers Share Ownership shall be voluntary.

2) Procedure to determine remuneration

- (a) To further strengthen corporate governance, the Company shall establish the Personnel & Remuneration Advisory Committee as an advisory body for the Board of Directors. The majority of this Committee shall consist of Independent Outside Directors.
- (b) The Personnel & Remuneration Advisory Committee, being consulted by the Board of Directors regarding the system for remuneration for Directors and

Statutory Auditors of the Company and other related matters, shall deliberate the appropriateness of such a system, etc., and provide advice based on the evaluation of business performance and other factors of the Company.

- (c) The Personnel & Remuneration Advisory Committee shall consist of the President and Representative Director, the General Manager of the Personnel & General Affairs Division and the Independent Outside Directors, and its secretariat shall be the Manager of the Personnel Department.
- (d) The Personnel & Remuneration Advisory Committee shall deliberate, with the appropriate involvement of the Independent Outside Directors who are the members of the Committee, receiving their advice.
- (e) The Board of Directors shall determine the remuneration, etc. for Directors, receiving the opinions of the Personnel & Remuneration Advisory Committee.

(4) Matters Regarding Outside Officers

- ① Concurrently served executive posts, etc. in other entities, etc., and relationship between the Company and such entities, etc.

Title in the Company	Name	Concurrent Position	Relationship between the Company and Such Other Entities
Outside Director	Yoshimitsu Aoyama	Head Director of the Public Interest Incorporated Foundation of Dispute Resolution Center for Automotive Product Liability, Head Director of the Public Interest Incorporated Foundation of <i>Shinano Tsuzoku Daigaku-Kai</i> .	No special relationship
Outside Statutory Auditor	Seiichi Fusamura	Chairman of the Public Security Examination Commission, Chairman of Tokyo Metropolitan Government Labor Relations Commission	No special relationship
Outside Statutory Auditor	Kunio Sakamoto	Head of Office Kunio Sakamoto of Certified Public Accountant & Tax Accountant	No special relationship

② Major activities in the current fiscal year

Title in the Company	Name	Board of Directors Meeting Attendance	Board of Auditors Meeting Attendance	Main Activities
Outside Director	Yoshimitsu Aoyama	16 of 16 (100%)	—	He asked suitable questions both on resolutions and on reports from the perspective of an expert, mainly as a legal expert, as well as voiced his opinion from an independent perspective, as necessary.
Outside Statutory Auditor	Seiichi Fusamura	16 of 16 (100%)	13 of 13 (100%)	He asked suitable questions both on resolutions and on reports from the perspective of an expert, mainly as an

				attorney at law, as well as voiced his opinion from an independent perspective, as necessary. Further, he made reports regarding his audit conducted as an Outside Statutory Auditor, discussed material matters about the audit, as well as asked suitable questions regarding other Statutory Auditors' audits and as necessary, voiced his opinions from an independent perspective.
Outside Statutory Auditor	Kunio Sakamoto	15 of 16 (93.7%)	13 of 13 (100%)	He asked suitable questions both on resolutions and on reports from the perspective of an expert, mainly as a certified public accountant and tax accountant, as well as voiced his opinion from an independent perspective, as necessary. Further, he made reports regarding his audit conducted as an Outside Statutory Auditor, discussed material matters about the audit, as well as asked suitable questions regarding other Statutory Auditors' audits and as necessary, voiced his opinions from an independent perspective.

③ Outline of the Contract for Limitation of Liabilities

Pursuant to Article 427, Paragraph 1, of the Companies Act, the Company entered into a Contract for Limitation of Liabilities with Outside Director Mr. Yoshimitsu Aoyama, Outside Statutory Auditor Mr. Seiichi Fusamura and Outside Statutory Auditor Mr. Kunio Sakamoto, which limits the amount of their liability for damages under Article 423, Paragraph 1 of the Company Act to the amount provided in laws and ordinances.

④ Total amount of remuneration

	Number	Total Amount of Remuneration, etc.
Outside Officer	3	25 million yen

(Note) Figures rounded down to nearest million yen.

4. Status of Accounting Auditor

(1) Name of Accounting Auditor Ernst & Young Shin Nihon LLC

(2) Amount of remuneration, etc. for the Accounting Auditor during the relevant fiscal year

	Amount
① Amount of remuneration, etc. to be paid to Accounting Auditor by the Company	173 million yen
② Total Amount of Cash and other Financial Benefits to be paid to Accounting Auditor by the Company and Subsidiaries of the Company	243 million yen

(Notes) 1. Figures rounded down to nearest million yen.

2. The Board of Statutory Auditors gave consent on the amount of remuneration, etc. to be paid to the Accounting Auditor as a result of the careful screening of details of the audit plan for the current fiscal year such as the number of hours required for the audit and the staff allocation, checking and evaluation of the audit performance for the preceding fiscal year, appropriateness of the Accounting Auditor's auditing operation concerning the business operation of the Company and the grounds for calculation of the estimates that become the basis of the amount of remuneration, etc.

3. Since the amounts of remuneration, etc. for audits under the Companies Act and that for audits under the Financial Instruments and Exchange Act are not explicitly distinguished in the audit contract between the Company and Accounting Auditor and cannot be practically distinguished, the amount in ① above includes remuneration, etc. for audits under the Financial Instruments and Exchange Act.

4. Among the Company's primary subsidiaries, Paper Australia Pty Ltd. has undergone a statutory audit by Ernst & Young, which belongs to the same network as the Company's Accounting Auditor.

(3) Policy for determining Accounting Auditor dismissal or non-reappointment

① If the Accounting Auditor falls under any of the items under Article 340, Paragraph 1 of the Companies Act, the Board of Statutory Auditors will dismiss the Accounting Auditor by the unanimous consent of all Statutory Auditors pursuant to the provision of the same Article.

② The Board of Statutory Auditors shall determine the contents of any proposal regarding dismissal or non-reappointment to be submitted to the General Meeting of Shareholders with due consideration for the independence and the qualifications of the accounting auditor provided in the related laws and regulations or standards, etc. (Business Accounting Council "Quality Control Standards for Audit" Oct. 28, 2005, etc.).

(4) Order to suspend operation as a disciplinary action relative to the

Accounting Auditor for the past two years

Outline of the content of the sanction, etc. announced by the Financial Services Agency as of December 22, 2015

- ① Entity on which the sanction was imposed
 - Ernst & Young Shin Nihon LLC
- ② Content of the disciplinary action
 - Order to suspend part of the three-month operation of the firm (suspension of operation regarding entering into a new contract) (January 1, 2016 to March 31, 2016)
 - Order to improve operation (improvement of the operation management system)
- ③ Reason for the disciplinary action
 - When Ernst & Young ShinNihon LLC audited the financial documents for a client corporation, the CPAs of said accounting firm in charge of the client neglected to recognize serious fraud and concluded that the client's financial documents containing serious fraud were without such fraud.
 - The operation of said accounting firm was recognized to be extremely negligent.

5. System to ensure the appropriateness of business operation and the status of operation of such system

(1) System to ensure the appropriateness of business operation

The Company formulated the Basic Policies to Establish the Internal Control Systems by a resolution adopted at the Board of Directors Meeting held on May 25, 2006, and has made necessary amendments as needed. The details of the Basic Policies are as follows:

- 1) "System to ensure execution of duties by Directors in conformity with laws and ordinances or the Articles of Incorporation"
 - ① For appropriate and sound execution of the Company's business, the Board of Directors establishes an effective internal control system and establishes an organizational structure that complies with laws and ordinances or the Articles of Incorporation.
 - ② The Board of Statutory Auditors audits the effectiveness and function of the internal control systems.
- 2) "System to ensure the propriety of business operation of the Company and

its subsidiaries”

- ① System for preservation and management of information related to execution of duties by Directors

The statutory documents and any other documents related to execution of duties by Directors shall be appropriately preserved and managed in accordance with the rules for documents management, etc.

- ② Rules and other systems related to the management of risks of loss of the Company and its subsidiaries

For risks related to execution of the business of the Company and its group companies, depending on the type of individual risk, the department in charge of such risk will endeavor to prevent risk by means such as implementing education and training under manuals, in addition to establishing necessary rules and guidelines. If any problem occurs, the parent company will, together with its subsidiaries, prevent enlargement of damage to the Company Group, and lay out a framework necessary to minimize such damage.

- ③ System to ensure efficient execution of duties by Directors of the Company and its subsidiaries

- (a) Establishes a system with which each body and organizations including the Board of Directors functions effectively and exercises its duties properly and efficiently in accordance with the rules for decision-making such as the rules of the Board of Directors, rules of approval, and rules for segregation of duties.
- (b) Introduce the Corporate Officer System and separate the function of overall management supervision and decision making by the Board of Directors from the function of execution of each individual department’s business by the Corporate Officers, to clarify where the responsibility and authority lay.
- (c) Each business sector and each group company will not only establish a three (3) year medium-term business plan and clarify its issues and goals, but also manage its performance thoroughly under such plan during each fiscal year.
- (d) To pursue the development of the entire Company Group, the Company shall hold meetings of the Management Strategy Committee as needed to deliberate on important matters related to the Company Group such as management strategies for each business field.

- ④ System to ensure execution of duties by employees of the Company and its subsidiaries in conformity with laws and ordinances or the Articles of Incorporation
 - (a) Establish the “Nippon Paper Group Action Charter” and “Nippon Paper Codes of Conduct,” and familiarize all employees with compliance thereto.
 - (b) The Management Audit Office implements internal audits of the Company and its group companies pursuant to the Internal Audit Rules, etc.
 - (c) Establish “Nippon Paper Group Help Line” as an internal report system within the Company Group and operate this system strictly.
- ⑤ Systems related to the reporting of the matters concerning execution of duties by Directors, etc., of the Company’s subsidiaries to the Company
 - (a) In order to ensure appropriate operation of business within the Group, the Company shall establish a fundamental policy for the Group companies’ business management and operation rules for affiliated companies, and appropriately manage business operations in the Group according to such systems as application for approval, advance and ex post facto report to the Company, etc.
 - (b) The Statutory Auditors ensure appropriate operation of business within the Group through presiding over the “Nippon Paper Group Statutory Auditor Liaison Committee,” which consists of the Statutory Auditors of the primary group companies of the Company, and the Board of Statutory Auditors of the Company, and have periodic discussions about audit policy and audit method, etc., and enhance mutual collaboration by exchanging information, etc.
 - (c) The Company shall hold Presidents’ Meetings of associated companies to receive reports on the current situation and issues of the primary group companies of the Company.
- ⑥ System related to employees who assist in execution of duties by the Statutory Auditors, matters related to the independence of such employees from the Directors and matters related to ensuring the effectiveness of the instructions given to such employees
 - (a) Assign some employees of the Company as the assistants of the Statutory Auditors who assist the Statutory Auditors in executing their duties. For such assignment, prior consent by the Statutory

Auditors is required.

- (b) The Company's employees who assist the Statutory Auditors in executing their duties shall follow the instructions from the Statutory Auditors and prioritize performing the duties related to their instructions.
- ⑦ System for Directors and employees to report to the Statutory Auditors; other system related to the report to the Statutory Auditors; and system to ensure effective audit by the Statutory Auditors
- (a) Directors, Corporate Officers and employees will report to the Board of Statutory Auditors without delay when he/she becomes aware of any material breach of laws and ordinances or the Articles of Incorporation, concerning the execution of duties, any fact of wrongdoing or any possibility of material damage to the Company. And the Statutory Auditors may, at any time, request that the Directors, Corporate Officers and employees make a report to them.
 - (b) Further, in order to appropriately convey the Company's information to the Statutory Auditors, without limiting to the reports from the Directors, Corporate Officers and employees, the Company shall facilitate an environment to allow the Statutory Auditors to exchange information closely with the Accounting Auditor and legal advisors, etc.
 - (c) Representative Directors endeavor to communicate closely with the Statutory Auditors through such means as holding meetings as often as possible with Statutory Auditors, etc. Moreover, Representative Directors ensure, upon request by the Statutory Auditors, attendance of the Statutory Auditors at any material meetings.
 - (d) At meetings of the Nippon Paper Group Statutory Auditor Liaison Committee, the Statutory Auditors of the Company shall receive explanation from the Statutory Auditors of the group companies on the content of reports received from the officers and employees of such group companies.
 - (e) The department in charge of the Company's Nippon Paper Group Help Line shall report regularly to the Company's Statutory Auditors on the status of internal reporting from the officers and employees of the Company Group.
 - (f) The Company shall provide rules for operation of the Nippon Paper Group Help Line, in which it is to be clearly stipulated that users of the

internal reporting system should not suffer disadvantageous treatment and that an internal disciplinary measure might be imposed on those who give disadvantageous treatment to such users.

- (g) Based on the audit plans formulated by the Statutory Auditors, the Company shall provide an annual budget for paying expenses and costs that are incurred by the execution of duties by the Statutory Auditors.
- (h) When the Statutory Auditors request the Company to make an advance payment of expenses based on Article 388 of the Companies Act that are necessary to execute their duties, the Company shall process such expenses or debts promptly.
- ⑧ System to ensure the reliability of financial reports of the Company and its subsidiaries

In order to ensure the reliability of financial reports, the Company shall improve an internal control system for financial reporting and operate such system properly in accordance with rules of internal control for financial reports. Further, the Company shall evaluate the system's effectiveness on a continuing basis and take necessary measures to improve the system.

- ⑨ System of the Company and its subsidiaries toward elimination of anti-social forces

The Company and its subsidiaries shall never have any relationship with any anti-social force or organization. The Company and its subsidiaries shall take a resolute stand against unreasonable demand and respond to such incident in coordination with outside specialized agencies, as needed.

- (2) Status of operation of the system to ensure the appropriateness of operation

The outline of the operation of the system to ensure the appropriateness of operation of the Company during the current fiscal year was as follows.

- ① Risk management system
 - (a) Based on the Environmental Charter of the Company Group, to promote the reduction of the environmental impact associated with business activities, the Company established the Nippon Paper Group Environmental Committee. During the current fiscal year, the committee met twice to check and verify the status of the progress of the group companies' efforts for the reduction of environmental impact and legal compliance.
 - (b) To control all the Company Group's activities concerning product safety,

the Company established the Nippon Paper Group Product Safety Committee. The Committee held two meetings during the current fiscal year to check and verify the content of related activities at each group company and report on the newly formulated “Product Safety Management Guideline.”

② Compliance system

- (a) To notify and disseminate compliance among employees, the Company Group is conducting various education and training events. The basic training targeting all domestic consolidated subsidiaries of the Company was conducted at 22 operational bases of the Group to recognize risks and conduct awareness surveys.
- (b) The Company operates the Nippon Paper Group Help Line as its internal reporting system. The Compliance Office of the CSR Department, which is in charge of this system, has responded to all the items reported and consulted via this system and addressed each issue appropriately in alliance with related departments and attorneys. The status of such internal reporting was reported quarterly from the Compliance Office of the CSR Department to the Statutory Auditors.
- (c) To eliminate anti-social forces, the Company revised its internal guideline and conducted activities for its dissemination.

③ Statutory Auditors’ audit and internal audit

- (a) The Statutory Auditors held six meetings of the Nippon Paper Group Statutory Auditor Liaison Committee, at which they received reports on audit activities at each group company.
- (b) The Management Audit Office conducted internal audits on the Company and its subsidiaries based on the audit plan for the fiscal year and reported the audit results to the President and Representative Director and the full-time Statutory Auditors, etc. The Chief of the Management Audit Office attended the Nippon Paper Group Statutory Auditor Liaison Committee meeting twice and explained the audit plan for the fiscal year and other related matters.

④ The Group companies’ business management

- (a) The Presidents’ Meeting of associated companies was held among the Company and its 20 primary group companies, where each group company reported its activities toward achieving the Medium-Term Business Plan.

(b) At the Management Strategy Committee, each of the Company's divisions and three primary group companies reported the status of progress of the Medium-Term Business Plan, made evaluations and conducted discussions.

⑤ Directors' execution of duties

The Company revised the rules of the Board of Directors to enrich the content on the agenda related to the basic management policy and governance from the fiscal year ending March 2017, while transferring the authority for decision making on execution of partial duties to the President and Representative Director.

6. Basic Policy on Control of the Stock Company

(1) About the Basic Policy

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

Meanwhile, as the shares of the Company are listed and traded freely in the market, the Company also believes that the way of person who control of the Company should ultimately rest on the will of the shareholders as a whole, and that the final decision as to whether or not to accept a purchase offer for shares that involves a change of control of the Company should also be ultimately made based upon the will of the shareholders as a whole. Nonetheless, among those large-scale purchases or offers to purchase the Company's shares, etc., there may be cases that would harm the common interests of the shareholders such as: those with a purpose of acquisition or intended management policies after the acquisition that would obviously harm the corporate value and, subsequently, the common interests of shareholders; those with a potential to substantially coerce shareholders into selling their shares; those not providing sufficient time or information for the shareholders to consider the conditions, etc., of the acquisition, or for the Board of Directors of the Company to make an alternative proposal; and those requiring negotiation with the purchaser in order to procure more favorable terms than those presented by the purchaser, etc.

The Company considers such person who makes or offers such large-scale purchases are exceptionally not suitable as a person to have control over the financial and business policies of the Company.

(2) Efforts to Realize the Basic Policy

1) Medium-Term Business Plan

The Company Group is practicing corporate activities which seek to balance the affluent human life with the global environment through utilization of versatile and renewable wood resources centering on paper and pulp business.

In order to ensure this sustainable growth continues, we formulate and promote the Medium-Term Business Plan every three years. We have been promoting the Fifth Medium-Term Business Plan (3 years) since April 2015. We, as a comprehensive biomass corporation, will accelerate transformation of our business structure by prioritizing management resource allocation in the growing fields such as healthcare, chemical, energy, packaging, etc. Meanwhile, we will secure more stable profits from the existing business by further investment in reinforcement of infrastructure, and will support the transformation of business structure.

We will contribute to human life and culture through sound material-cycle business based on forest resources and will work on to ensure and enhance the corporate value and the common interest of its shareholders.

2) Efforts for Corporate Governance

The Company places highest priority on realizing a fair management through further improvement of management transparency to our stakeholders including shareholders. We introduced the Corporate Officer System to ensure segregation of execution of business from supervision of management and will continue to strive to strengthen the function for supervision of the Board of Directors. The Company, as a commanding office for group management, will promote growth strategies, monitor affiliated business and promote compliance.

With such efforts, the Company will work on further reinforcement of corporate governance.

(3) The Plan for Large-Scale Purchases of Shares, etc. of the Company (Take-Over Defense Measure)

① Outline of the Plan

The Company set the “Plan for Large-Scale Purchases of Shares, etc., of the Company (Take-Over Defense Measure)” (hereinafter referred to as the “Plan”) as a measure to prevent any party deemed inappropriate in light of the Basic Policy stated in (1) above from controlling the decision making regarding the financial and

business policies of the Company.

The effective period of the Plan ends at the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 2018. The outline of the Plan is as follows:

(a) Establishment of the Large-Scale Purchase Rule

In order to ensure and enhance the corporate value of the Company Group and, ultimately, the common interests of its shareholders, the Plan sets out procedures, in the event that a Large-Scale Purchase of the Company's shares, etc. is attempted. Such procedures (i) require the party intending a Large-Scale Purchase (hereinafter, referred to as the "Large-Scale Purchaser") to provide necessary and sufficient information concerning the Large-Scale Purchase, in advance, (ii) secure sufficient time to gather information with respect to the Large-Scale Purchase and to provide full consideration, etc. thereafter, and (iii) to present an alternative proposal, etc. by the management of the Company to the shareholders, and to negotiate with the Large-Scale Purchaser.

(b) Use of an Allotment of Share Options without Contribution (*Shinkabu Yoyakuken Mushou Wariate*)

In the case where there is deemed to be a risk of damage to the corporate value of the Company and the common interests of its shareholders, such a case as, in which the a Large-Scale Purchaser carries out a Large-Scale Purchase without following the procedures set out in the Plan, etc., the Company will allot share options (hereinafter, referred to as the "Share Options") having a condition for exercise that does not allow the Large-Scale Purchaser to exercise its rights and a condition for acquisition to the effect that the Company may acquire the Share Options from parties other than the Large-Scale Purchaser in exchange for shares in the Company, to all shareholders of the Company at such time in the manner of the Allotment of Share Options without Contribution (stipulated in Article 277 et. seq. of the Companies Act).

(c) Use of an Independent Committee to Eliminate Arbitrary Decisions by the Board of Directors of the Company

In order to eliminate arbitrary decisions by the Board of Directors of the Company regarding the implementation or non-implementation of the Allotment of Share Options without Contribution or the acquisition of the Share Options as a countermeasure against a Large-Scale Purchases, the

Plan requires the Board of Directors to obtain a judgment from the Independent Committee, consisting of only outside members who are highly independent from the Company's management, in accordance with the Independent Committee Rules. In addition, on the occasion of implementation of the Allotment of Share Options without Contribution, if the Independent Committee recommends that the Company confirm the shareholders' will regarding the implementation of the Allotment of Share Options without Contribution, in principle, the Board of Directors of the Company will call a General Meeting of Shareholders for confirmation of the shareholders' will. Furthermore, in the course of such procedures, the Company will ensure its transparency by disclosing information about the process to shareholders in a timely manner.

The Independent Committee under the Plan is composed of one (1) outside director and two (2) outside statutory auditors of the Company and one (1) outside expert.

(d) Exercise of the Share Options and Acquisition of the Share Options by the Company

In the case where the Allotment of Share Options without Contribution takes place in accordance with the Plan and either the shareholders other than the Large-Scale Purchaser exercise the Share Options or the shareholders other than the Large-Scale Purchaser receive shares of the Company in exchange for the acquisition of the Share Options by the Company, then it would be possible for the voting rights ratio of the shares in the Company held by the Large-Scale Purchaser to be diluted by up to 50% compared to before such exercise or acquisition.

② Outline of the Impact, etc. of the Plan on the Shareholders and Investors

(a) Impact of the Large-Scale Purchase Rule

The Large-Scale Purchase Rule aims to provide the shareholders with the information necessary to make a decision regarding whether or not to accept an offer for a Large-Scale Purchase and with the opinion of the Board of Directors of the Company that currently manages the Company, and to assure the shareholders an opportunity for an alternative proposal to be presented. The Company believes that this will enable the shareholders to make an appropriate decision with respect to whether or not to accept an offer of the Large-Scale Purchase with sufficient

information and will protect the corporate value of the Company and, ultimately, the common interests of its shareholders. Therefore, the Company believes that establishment of the Large-Scale Purchase Rule will be the foundation for making an appropriate decision on investment by the shareholders and investors, and will benefit the shareholders and investors.

(b) Impact at the Time of the Allotment of Share Options without Contribution

In the case where the Board of Directors of the Company resolves implementation of the Allotment of Share Options without Contribution, one Share Option shall be allotted, at no cost, for each share held by the shareholders on the record as of the allotment date, which will be separately determined in the resolution for the Allotment of Share Options without Contribution. If a shareholder does not take the procedures for exercising the Share Options, its own shares in the Company shall be diluted by exercise of the Share Options held by other shareholders.

However, the Company may acquire the Share Options of all shareholders other than the unqualified parties and, in exchange, deliver shares in the Company. If the Company carries out such acquisitions, all shareholders other than the unqualified parties will receive shares in the Company without exercising their Share Options nor paying in the sum of monies equivalent to the exercise price, and no dilution of the aggregate shares in the Company held will result; rather, only dilution of the value per share in the Company held will result.

③Rationality of the Plan

The fairness and objectivity of the Plan are ensured for the following reasons: the Plan fully satisfies the three principles stipulated in “the Guidelines for Takeover Defense Measures to Ensure or Enhance the Corporate Values/Common Interests of Shareholders,” released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005; the Plan was updated upon approval by the shareholders at the 91st Ordinary General Meeting of Shareholders of the Company held on June 26, 2015; in certain cases, the shareholders’ will regarding whether or not to implement the Allotment of Share Options without Contribution will be confirmed at a General Meeting of Shareholders for Confirmation of the Shareholders’ will; the Plan is designed in a way not to be triggered unless its substance fulfills reasonable and detailed objective

requirements; that the Independent Committee, composed of highly independent outside members, was set up for the operation of the Plan, and any resolution by the Company's Board of Directors will be made upon giving maximum respect to the judgment of the Independent Committee regarding whether or not to implement the Allotment of Share Options without Contribution; the Independent Committee may obtain advice from the independent third parties at the Company's expenses; the Plan can be abolished by resolution of the General Meeting of Shareholders of the Company or the Board of Directors of the Company even before the expiration of the effective period of the Plan; the Plan is designed in a way that it may be abolished by the Directors who are designated by the party that purchased a large number of shares in the Company and elected at a General Meeting of Shareholders of the Company (not a Dead Hand Takeover Defense Measure), etc.

Please refer to the Company's website on the Internet for the details of the Plan. (http://www.nipponpapergroup.com/news/mt_pdf/20150515.pdf)

Consolidated Financial Statements
Consolidated Balance Sheet

(As of March 31, 2016)

(Unit: million yen)

Category	Amount	Category	Amount
Assets		Liabilities	
Current assets	[502,912]	Current liabilities	[449,912]
Cash and Deposit	112,510	Notes payable and accounts payable-trade	113,354
Notes receivable and accounts receivable-trade	192,941	Short-term loan payable	243,366
Merchandise and finished goods	79,529	Current portion of bonds	13,000
Work in process	18,299	Corporate income taxes payable, etc.	4,147
Raw materials and Supplies	60,244	Other current liabilities	76,043
Deferred tax assets	9,324	Fixed liabilities	[516,320]
Other current assets	30,609	Bonds payable	60,000
Allowance for doubtful accounts	(547)	Long-term loan payable	385,725
Fixed assets	[888,006]	Deferred tax liabilities	18,877
(Tangible fixed assets)	[669,298]	Provision for environmental measure	470
Buildings and Structures	132,711	Retirement benefits liabilities	42,210
Machinery, Equipment and Vehicles	281,515	Other fixed liabilities	9,036
Land	215,084	Total liabilities	966,233
Forested land and forestation	20,046	Net assets	
Construction in progress	14,101	Shareholders' equity	[402,814]
Other tangible fixed assets	5,838	Capital	104,873
(Intangible assets)	[15,291]	Capital Surplus	217,104
Intangible assets	15,291	Retained earnings	82,215
(Investment and other assets)	[203,416]	Treasury Stocks	(1,378)
Investment securities	180,782	Accumulated other comprehensive income	[19,185]
Retirement benefits assets	1,750	Valuation difference on other securities	18,974
Deferred tax assets	10,730	Deferred gain or loss on hedges	(1,193)
Other investment and other assets	10,743	Currency translation adjustment account	15,088
Allowance for doubtful accounts	(590)	Accumulated adjustment of retirement benefits	(13,683)
		Non-controlling interests	[2,685]
		Total net assets	424,685
Total assets	1,390,918	Total liabilities/net assets	1,390,918

Consolidated Statement of Profit and Loss

(From April 1, 2015 through March 31, 2016)

(Unit: million yen)

Category	Amount	
Net Sales		1,007,097
Cost of Sales		800,185
Gross Income		206,912
Expenses for sales and general administration		184,289
Operating Income		22,623
Non-Operating income		
Interest Income	307	
Dividend Income	2,472	
Foreign exchange gain	7,628	
Miscellaneous income	4,109	14,518
Non-Operating expenses		
Interest expenses	10,002	
Equity in losses of affiliates	7,500	
Miscellaneous expenses	2,514	20,017
Ordinary Income		17,123
Extraordinary Income		
Gain on sales of investment securities	20,821	
Others	803	21,625
Extraordinary Losses		
Loss on sales of shares in subsidiaries	16,510	
Impairment losses	9,925	
Costs for Business Structure Reform	3,701	
Loss on retirement of fixed assets	2,172	
Others	1,776	34,086
Net income before tax and other adjustment for the current term		4,662
Corporate income tax, inhabitant tax and business tax	5,048	
Adjustment for corporate income tax, etc.	(2,486)	2,562
Net Income for the current term		2,100
Net loss attributable to non-controlling interests		324
Net income attributable to owners of the parent		2,424

TRANSLATION

Financial Statements**Balance Sheet**

(As of March 31, 2016)

(Unit: million yen)

Category	Amount	Category	Amount
Assets		Liabilities	
Current assets	[404,566]	Current liabilities	[381,606]
Cash and Deposit	101,047	Notes payable	9,907
Notes receivable	1,028	Accounts payable-trade	52,900
Accounts receivable-trade	118,582	Short-term loan payable	239,418
Merchandise and finished goods	48,633	Current portion of bonds	13,000
Work in process	12,605	Account payable	48,355
Raw materials and Supplies	44,976	Accrued expenses	8,029
Short-term loan receivable	62,138	Corporate income taxes payable, etc.	1,125
Other accounts receivable	8,822	Other current liabilities	8,869
Deferred tax assets	4,976	Fixed liabilities	[458,539]
Other current assets	9,013	Bonds payable	60,000
Allowance for doubtful accounts	(7,258)	Long-term loan payable	364,633
Fixed assets	[787,089]	Provision for retirement benefits	4,533
(Tangible fixed assets)	[524,198]	Provision for environmental measure	334
Buildings	83,518	Deferred tax liabilities for revaluation	25,671
Structures	20,042	Other fixed liabilities	3,366
Machinery and Equipment	210,766	Total liabilities	840,146
Vehicles	69	Net assets	
Tools, furniture and fixture	3,799	Shareholders' equity	[312,128]
Land	174,685	Capital	104,873
Forested land & forestation	19,050	Capital surplus	130,230
Lease assets	915	Legal capital surplus	83,552
Construction in progress	11,350	Other capital surplus	46,678
(Intangible assets)	[3,874]	Retained earnings	78,089
Software	2,048	Legal retained earnings	432
Other intangible assets	1,826	Other retained earnings	77,657
(Investment and other assets)	[259,015]	Reserve for prevention of specific disasters	103
Investment securities	62,156	Reserve for reduction entry of fixed assets	
Shares in and investment in capital of affiliates	181,962	Retained earnings carried forward	3,631
Long-term loan receivable	166	Treasury Stocks	(1,065)
Long-term prepaid expenses	920	Valuation and translation adjustments, etc.	[39,381]
Deferred tax assets	9,168	Valuation difference on other securities	17,462
Other investment and other assets	4,989	Deferred gain or loss on hedges	(984)
Allowance for doubtful accounts	(347)	Revaluation difference on land	22,903
		Total net assets	351,509
Total assets	1,191,655	Total liabilities/net assets	1,191,655

TRANSLATION

Statement of Profit and Loss

(From April 1, 2015 through March 31, 2016)

(Unit: million yen)

Category	Amount	
Net Sales		638,479
Cost of Sales		496,845
Gross Income		141,633
Expenses for sales and general administration		123,131
Operating Income		18,502
Non-Operating income	31,913	
Interest and dividend Income	10,510	
Foreign exchange gain	3,295	45,719
Miscellaneous income		
Non-Operating expenses	8,922	
Interest expenses	2,391	11,313
Miscellaneous expenses		52,908
Ordinary Income		
Extraordinary Income		
Gain on sales of investment securities	4,251	
Others	456	4,707
Extraordinary Losses		
Loss on valuation of shares in affiliates	29,629	
Loss on sales of shares in affiliates	2,500	
Loss on retirement of fixed assets	1,934	
Others	1,661	35,726
Pre-tax net income for the current term		21,889
Corporate income tax, inhabitant tax and business tax	484	
Adjustment for corporate income tax, etc.	921	1,405
Net Income for the current term		20,484

TRANSLATION

Audit Report

Independent Auditor's Report on the Consolidated Financial Statements: True Copy

Independent Auditor's Report

May 11, 2016

To: The Board of Directors
Nippon Paper Industries Co., Ltd.

Ernst & Young ShinNihon LLC
Designated Limited Liability Partner
Executive Member CPA Masaichi Nakamura (Seal)
Designated Limited Liability Partner
Executive Member CPA Minoru Io (Seal)
Designated Limited Liability Partner
Executive Member CPA Tatsuya Kushida (Seal)

Pursuant to the provisions in the Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements, which consist of the consolidated balance sheet, the consolidated statement of profit and loss, the consolidated statement of changes in shareholders' equity, and the notes to the consolidated financial statement for the consolidated fiscal year from April 1, 2015 through March 31, 2016 of Nippon Paper Industries Co., Ltd.

Responsibilities of the Management for the Consolidated Financial Statements

Responsibilities of the management are to prepare and properly present the consolidated financial statements in compliance with the corporate accounting standards generally accepted as fair and appropriate in Japan. It includes to set up and to operate the internal control system which the management deemed necessary for preparation and proper presentation of the consolidated financial statements without material misrepresentation caused by fraud or error.

Responsibilities of the Auditors

Our responsibilities as an accounting firm are to express our opinion from an independent standpoint on the consolidated financial statements based on the audit we conducted. We conducted our audit in accordance with the auditing standards generally accepted as fair and appropriate in Japan. The auditing standards require us to draw up an audit plan and to conduct audit based on such plan in order to obtain a reasonable assurance as to whether the consolidated financial statements are free of any material misrepresentation.

The audit involves taking procedures to obtain audit evidences about the amounts and disclosure of the consolidated financial statements. The audit procedures are selected and applied, at our own discretion, based on our evaluation on risks for material misrepresentation in the consolidated financial statements caused by fraud or error. The purpose of audit is not to express opinion on the effectiveness of internal control system; however, in order to draw up appropriate audit procedures corresponding to the situation, we review the internal control system relating to the preparation of and proper presentation of the consolidated financial statements at the time of risk assessment. Further, the audit also involves reviewing the overall presentation of the consolidated financial statements including evaluation of the accounting policy adopted by the management and the method of its application, as well as the estimates made by the management.

We believe that we have obtained sufficient and adequate audit evidence for a basis for expressing our opinion.

Audit Opinion

We find that the above consolidated financial statements are in compliance with the corporate accounting standards generally accepted as fair and appropriate in Japan, and present properly, in all material aspects, the status of the assets and profit/loss of the corporate group consisting of Nippon Paper Industries Co., Ltd. and its consolidated subsidiaries for the period relevant to the consolidated financial statement.

Conflict of Interest

There is no vested interest required to be stated under the provisions of the Certified Public Accountant Act between the Company and our auditing firm or its executive members.

[END]

TRANSLATION

Accounting Auditor's Report; True Copy

Independent Auditor's Report

May 11, 2016

To: The Board of Directors
Nippon Paper Industries Co., Ltd.

Ernst & Young ShinNihon LLC
Designated Limited Liability Partner
Executive Member CPA Masaichi Nakamura (Seal)
Designated Limited Liability Partner
Executive Member CPA Minoru Io (Seal)
Designated Limited Liability Partner
Executive Member CPA Tatsuya Kushida (Seal)

Pursuant to the provisions in the Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the financial statements, which consist of the balance sheet, the statement of profit and loss, the statement of changes in shareholders' equity and the notes to the non-consolidated financial statement and its supplementary schedule for the 92nd fiscal term from April 1, 2015 through March 31, 2016 of Nippon Paper Industries Co., Ltd.

Responsibilities of the Management for the Financial Statements

Responsibilities of the management are to prepare and properly present the financial statements and its supplementary schedule in compliance with the corporate accounting standards generally accepted as fair and appropriate in Japan. It includes to set up and to operate the internal control system which the management deem necessary for preparation and proper presentation of the financial statements and its supplementary schedule without material misrepresentation caused by fraud or error.

Responsibilities of the Auditor

Our responsibilities as an accounting firm are to express our opinion from an independent standpoint on the financial statements and its supplementary schedule based on the audit we conducted. We have conducted our audit in accordance with the auditing standards generally accepted as fair and appropriate in Japan. The audit standards require us to draw up an audit plan and to conduct audit based on such plan in order to obtain a reasonable assurance about whether the financial statements and its supplementary schedule are free from any material misrepresentation.

The audit involves taking procedures to obtain audit evidences about the amount and disclosure of the financial statement and its supplementary schedule. The audit procedures are selected and applied, at our own discretion, based on our evaluation on risks for material misrepresentation in the financial statements and its supplementary schedule caused by fraud or error. The purpose of audit is not to express opinion on the effectiveness of internal control system; however, in order to draw up appropriate audit procedures corresponding to the situation, we review the internal control system relating to preparation of and proper presentation of the financial statements and its supplementary schedule at the time of risk assessment. Further, the audit also involves reviewing the overall presentation of the financial statements and its supplementary schedule including evaluation of the accounting policy adopted by the management and the method of its application, as well as the estimates made by the management.

We believe that we have obtained sufficient and adequate audit evidences to be the basis for forming our opinion.

Audit Opinion

We find that the above financial statements and its supplementary schedule are in compliance with the corporate accounting standards generally accepted as fair and appropriate in Japan, and present properly, in all material aspects of the status of the assets and profit/loss for the period relevant to the financial statement and its supplementary schedule.

TRANSLATION

Conflict of Interests

There are no vested interests required to be stated pursuant to the provisions of the Certified Public Accountant Act between the Company and our auditing firm or its executive member.

[End]

TRANSLATION

Audit Report of the Board of Statutory Auditors: True Copy

Audit Report

The Board of Statutory Auditors, upon deliberation based on the audit reports prepared by each of the Statutory Auditors on execution of duties by the Directors during the 92nd fiscal year, from April 1, 2015 through March 31, 2016, has prepared this Audit Report and presents as follows;

1. Method and detail of audit by Statutory Auditors and the Board of Statutory Auditors

- (1) The Board of Statutory Auditors determined the audit policy and the task division, and in addition to receiving reports about the status of implementation of audit and result thereof from each statutory auditor, received reports from Directors, etc. and from the Accounting Auditor on the status of execution of their duties, and, when necessary requested their explanations.
- (2) In compliance with the statutory auditors' audit standards which the Board of Statutory Auditors established, and in accordance with the audit policy and task division, each Statutory Auditors endeavored to gather information and to improve audit environment through communicating well with the Directors, the management monitoring office, and other employees, etc. and conducted audits by the following methods;
 - (i) Attended the Board of Directors' meetings and other important meetings to receive reports from the Directors and employees, etc. on the status of execution of their duties and requested their explanations as needed; reviewed important documents of decision making, etc.; and examined the status of performance and assets at the Company's head office and primary business offices. As to the subsidiaries, we communicated with and exchanged information with the Directors and Statutory Auditors, etc., of the subsidiaries, and visited the subsidiaries, etc. and received reports on their businesses as needed.
 - (ii) Received reports regularly, requested their explanations as necessary and expressed our opinion about the status of formation and operation of the systems (the internal control system), including the system to ensure execution of duties by Directors in conformity with laws or ordinances and the Articles of Incorporation described in the Business Report and the system formed in accordance with the resolutions and the substance thereof by the Board of Directors regarding formulation of other system which is provided in the paragraph 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act as a necessary system to ensure appropriate business operation of a corporate group consisting of the stock company and its subsidiaries.
 - (iii) As to the basic policy on suitability of person who controls the decision making over the financial and business policies of the Company stipulated in the Ordinance for Enforcement of the Companies Act, and each of its approach as described in the Business Report, we conducted study of the contents in view of the status, etc. of deliberation by the Board of Directors and other bodies.
 - (iv) Monitored and verified whether the Accounting Auditor maintained its independent position and implemented appropriate audits, and received reports from the Accounting Auditor on the status of execution of their duties, and, when necessary, requested explanation from them. We also received the notice from the Accounting Auditor to the effect that the firm has established the "system to ensure appropriate execution of their duties" (as stipulated in each Item in the Article 131 of the Corporate Accounting Rule) in accordance with the "Quality Control Standards for Audit" (Business Accounting Council, October 28, 2005), etc., and, when necessary, requested their explanations.

Through the methods above, we examined the Business Report and its Supplementary Schedule, the financial statements (the balance sheet, the statement of profit and loss, the statement of changes in shareholders' equity, and the notes to the non-consolidated financial statements) and its supplementary schedule as well as the consolidated financial statement (the consolidated balance sheet, the consolidated statement of profit and loss, the consolidated statement of changes in shareholders' equity, etc., and the notes to the consolidated financial statement) for the current fiscal term.

2. Conclusion of the audit

(1) Conclusion of audit of the Business Report, etc.

- (i) We find that the business report and its supplementary schedule fairly present the status of the Company in compliance with the laws or ordinances and the Articles of Incorporation.
- (ii) We find that there is no material fact of misconduct or serious violation of laws or ordinances or the Articles of Incorporation by any Directors in executing of their duties.
- (iii) We find that the substance of resolutions by the Board of Directors regarding the internal control system is appropriate. And we find that there is no item to be pointed out as to the entries in the Business Report regarding the relevant internal control system or as to execution of duties by the Directors including the internal control system relating to the financial report.

TRANSLATION

(iv) We find that there is no item to be pointed out as to the entries in the business report regarding the basic policy on suitability of person(s) who controls the decision making over the financial and business policies of the Company stipulated in the Ordinance for Enforcement of the Companies Act. Further, we find that each of its approach meets the current basic policy and will not impair the common interest of shareholders of the Company, and not intended to maintain the positions of officers in the Company.

(2) Conclusion of audit on the Financial Statement and its Supplementary Schedule

We find that the method and result of audit by the Ernst & Young Shin Nihon LLC are appropriate.

(3) Conclusion of audit on the Consolidated Financial Statement

We find that the method and result of audit by the Ernst & Young Shin Nihon LLC are appropriate.

May 12, 2016

Board of Statutory Auditors

Nippon Paper Industries Co., Ltd.

Standing Statutory Auditor (full-time) Hiroshi Matsuo (Seal)

Statutory Auditor (full-time) Mitsuo Nagoshi (Seal)

Statutory Auditor Seiichi Fusamura (Seal)

Statutory Auditor Kunio Sakamoto (Seal)

(Note) Statutory Auditor Seiichi Fusamura and Statutory Auditor Kunio Sakamoto are the Outside Statutory Auditors stipulated in the item 16 of Article 2 and the paragraph 3 of Article 335 of the Companies Act.

[End]