

NOTICE OF THE NINETY-FIFTH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Date and Time June 27, 2019 (Thursday)
 10:00 a.m. (Reception desk to be opened at 9:00 a.m.)

Place The International Conference Hall
 2nd floor of The Keidanren (Japan Business Federation) Bldg.,
 3-2, Otemachi 1-chome, Chiyoda-ku, Tokyo

Matters to be resolved

Proposal 1

Appropriation of Retained Earnings

Proposal 2

Election of Nine (9) Directors

Proposal 3

Election of Two (2) Audit & Supervisory Board Members

Proposal 4

Introduction of Stock Compensation Plan for Directors

Proposal 5

Revision in the Amount of Compensation for Directors

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Nippon Paper Industries Co., Ltd.
Ticker Code: 3863

Nippon Paper Group Mission

Mission

The Nippon Paper Group aims to contribute to better living and cultural progress everywhere it does business.

Vision

A corporate group that meets the following requirements and is sustainably needed by society

1. Drive social sustainability through our business
2. Delight our customers
3. Instill pride in employees
4. Give back to society

Values

Challenge : Embrace new challenges
Fairness : Be fair
Teamwork : Champion teamwork

Slogan

Shaping the future with trees

Constantly creating new value and contributing to better living and cultural progress, as a comprehensive biomass company shaping the future with trees.

Over many years, we have nurtured trees, made paper, and offered a wide range of products that support people's life and culture.

We have managed forests in an appropriate manner, and pursued a variety of businesses by fully utilizing wood resources out of sustainably managed forests. Those businesses address social issues such as global warming and depletion of resources on earth, and contribute to running sustainable society.

Going forward, we will continue to provide a wide range of products and services that make the most of the outstanding properties of wood, as we strive to maximize the value of sustainable forest resources for the future.

To Our Shareholders

June 2019

Fumio Manoshiro

President, Representative Director

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 95th Ordinary General Meeting of Shareholders of Nippon Paper Industries Co., Ltd. to be held on June 27, 2019 (Thursday).

The Nippon Paper Group aspires to be a corporate group that will continue to be trusted and needed by society, by contributing to better living and cultural progress of people all over the world through its business activities.

We ask for the further support of our shareholders in our endeavors.

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-FIFTH
ORDINARY GENERAL MEETING OF SHAREHOLDERS**

(Ticker Code: 3863)

June 4, 2019

Dear Shareholders:

This is to inform you that the 95th 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 26 (Wednesday), 2019, after examining the attached Reference Documents for the Ordinary General Meeting of Shareholders and in accordance with the guidance on pages 4 through 7.

1. Date and Time	June 27, 2019 (Thursday), 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.)
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 Audit & Supervisory Board for the 95th Fiscal Period (from April 1, 2018, to March 31, 2019). (2) Report on the contents of the Financial Statements for the 95th Fiscal Period (from April 1, 2018, to March 31, 2019)
Matters to be resolved	Proposal 1: Appropriation of Retained Earnings Proposal 2: Election of Nine (9) Directors Proposal 3: Election of Two (2) Audit & Supervisory Board Members Proposal 4: Introduction of Stock Compensation Plan for Directors Proposal 5: Revision in the Amount of Compensation for Directors

<p>· Please understand that there will be no commemorative gift (small 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.</p>
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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 27, 2019 (Thursday), 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 26, 2019 (Wednesday), 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 6 for further information.

3. Exercising voting rights via the Internet

Voting Deadline: No later than June 26, 2019 (Wednesday), at 5:00 p.m.

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

⇒ Please see pages 6 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 Basic Policy on Control of the Stock Company in the Business Report
- 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 94th Ordinary General Meeting of Shareholders are only part of the subject matter audited by the Accounting Auditor, Audit & Supervisory Board Members and the Audit & Supervisory Board 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: <https://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.

Proposal 1, 4 and 5

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

Proposal 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

<https://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, etc., only the vote received last shall be accepted as valid.
- When you exercise your voting rights both in writing and via the Internet, etc., only the vote received last shall be accepted as valid.
When both votes via the Internet, etc. and in writing arrive on the same day, only the vote via the Internet, etc. shall be accepted as valid.
- When you exercise your voting rights via the Internet, etc., please make sure to exercise your voting rights by no later than 5:00 p.m. on June 26, 2019 (Wednesday).

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, please contact the following:
 1. Shareholders with accounts at securities companies
Please contact the securities company where you have your account.
 2. Shareholders without accounts at securities companies (those with a special account)
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)

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 to shareholders and its total amount	30 yen per common share of the Company stock Total amount: 3,477,343,020 yen
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3	Effective date of dividend of retained earnings	June 28, 2019
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(Reference)
Changes in the dividend per share

(unit: yen)

	91st Term (Fiscal year ended March 2015)	92nd Term (Fiscal year ended March 2016)	93rd Term (Fiscal year ended March 2017)	94th Term (Fiscal year ended March 2018)	95th Term (Current) (Fiscal year ended March 2019)
Interim	20	30	30	30	0
Year-end	30	30	30	30	30
Annual	50	60	60	60	30

Proposal 2. Election of Nine (9) Directors

The terms of office of all nine (9) Directors will expire as of the conclusion of this General Meeting of Shareholders. Accordingly, the Company requests that the shareholders elect nine (9) Directors (three (3) of them 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. Furthermore, three (3) candidates for Outside Director fulfill the requirements for an Independent Officer prescribed by the Tokyo Stock Exchange.

The candidates for Director are as follows:

No.	Name	Current title and responsibilities at the Company	Attendance at the Board of Directors meetings
1	[Reappointment] Fumio Manoshiro	President, Representative Director, President Corporate Officer	13/13 (100%)
2	[Reappointment] Toru Nozawa	Director, Managing Corporate Officer, General Manager of Corporate Planning Div. and Financial Div., in charge of Affiliates & Subsidiaries	12/13 (92.3%)
3	[Reappointment] Kazufumi Yamasaki	Executive Vice President, Representative Director, Executive Vice President Corporate Officer, Aide to the President (concurrently serving) President of Nippon Paper Crexia Co., Ltd.	13/13 (100%)
4	[Reappointment] Akihiro Utsumi	Director, Managing Corporate Officer, General Manager of Personnel & General Affairs Div. and CSR Div.	13/13 (100%)
5	[Reappointment] Takeo Konno	Director, Corporate Officer, General Manager of Sales Management & Planning Div.	10/10 (100%)
6	[New appointment] Masanobu Iizuka	Corporate Officer, General Manager of Hokkaido Mill	—
7	[Reappointment] Yoshimitsu Aoyama [Outside] [Independent Officer]	Outside Director	13/13 (100%)
8	[Reappointment] Makoto Fujioka [Outside] [Independent Officer]	Outside Director	13/13 (100%)
9	[New appointment] Yoko Hatta [Outside] [Independent Officer]	Outside Director	—

(Note) Attendance at the Board of Directors meetings for Mr. Takeo Konno refers to the number of meetings attended after he assumed office on June 28, 2018.

Candidate

No. 1	FUMIO MANOSHIRO (Date of Birth: Mar. 3, 1953)	Reappointment
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No. of shares in the Company held	Brief personal history, title and responsibilities	
26,707 shares	Apr. 1975	Joined Jujo Paper Co., Ltd.
	Jul. 2001	General Manager of Forestry Dept. of Raw Material & Purchasing Div. of the Company
	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, General 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

13 years

Attendance at the Board of Directors meetings

13/13 (100%)

Reasons for selecting the candidate for Director

Mr. Fumio Manoshiro successively held the positions of General Manager of the Yatsushiro Mill, General Manager of the Raw Material & Purchasing Div. and General Manager of the Corporate Planning Div. as stated in the brief personal history above. At present, as President and Representative Director of the Company (from June 2014), he has driven the entire Company with his strong leadership and through reform of the business structure, reinforcement of existing businesses and early commercialization of new businesses, thereby promoted strengthening of the future-oriented corporate foundation of the Company and the Company Group. 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 to fairly and precisely execute business administration and business operation, and that we can expect him to supervise the management as a Chairman of Board of Directors and drive the Company in the pursuit of further development.

Candidate	
No. 2	TORU NOZAWA (Date of Birth: Mar. 10, 1959) Reappointment

No. of shares in the Company held	Brief personal history, title and responsibilities	
9,594 shares	Apr. 1981	Joined Jujo Paper Co., Ltd.
	Jun. 2005	General Manager of Treasurer's Dept. of Financial Div. of the Company
	Feb. 2008	General Manager of Accounting & Budgeting Dept. of Financial Div. of the Company
	Jun. 2009	Deputy General Manager of Financial Div. of the Company
	Apr. 2013	Corporate Officer, Deputy General Manager of Financial Div. of the Company
	Jun. 2014	Director, Corporate Officer, General Manager of Corporate Planning Div., in charge of Affiliates & Subsidiaries of the Company
	Jun. 2017	Director, Managing Corporate Officer, General Manager of Corporate Planning Div., in charge of Affiliates & Subsidiaries of the Company
	Jun. 2018	Director, Managing Corporate Officer, General Manager of Corporate Planning Div. and Financial Div., in charge of Affiliates & Subsidiaries of the Company (currently serving)

Tenure as a Director

5 years

Attendance at the Board of Directors meetings

12/13 (92.3%)

Reasons for selecting the candidate for Director

Mr. Toru Nozawa successively held the positions of General Manager of the Treasurer's Dept., General Manager of the Accounting & Budgeting Dept. and Deputy General Manager of Financial Div. as stated in the brief personal history above. At present, playing a central role in reform of the business structure and reinforcement of existing businesses, he works to contribute to raising the corporate value of the Company and the Company Group as Director, Managing Corporate Officer and General Manager of Corporate Planning Div. and Financial Div. of the Company (from June 2018). 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 a leadership of him to drive the Company in the pursuit of further growth and development with a focus on business expansion in the growth fields and early commercialization of new businesses.

CandidateNo. 3 KAZUFUMI YAMASAKI (Date of Birth: Jun. 6, 1955) Reappointment**No. of shares in the
Company held**

19,200 shares

Brief personal history, title and responsibilities

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 Technical & Engineering Div. of the Company
Jun. 2012 Director, General Manager of Technical & Engineering Div. of the Company
Apr. 2013 Director, Corporate Officer, General Manager of Technical & Engineering Div. and in charge of Research & Development Div. of the Company
Jun. 2013 Director, Corporate Officer, General Manager of Technical & Engineering Div. and General Manager of Energy Business Div., and in charge of Research & Development Div. of the Company
Oct. 2013 Director, Corporate Officer, General Manager of Technical & Engineering Div. and General Manager of Energy Business Div. of the Company
Jun. 2014 Director, Managing Corporate Officer, General Manager of Technical & Engineering Div. and General Manager of Energy Business Div. of the Company
Jun. 2015 Director, Managing Corporate Officer, General Manager of Research & Development Div., and in charge of Technical & Engineering Div. and Energy Business Div. of the Company
Jun. 2017 Executive Vice President, Representative Director, Executive Vice President Corporate Officer, Aide to the President, General Manager of Research & Development Div. and CSR Div. of the Company
Jun. 2018 **Executive Vice President, Representative Director, Executive Vice President Corporate Officer, Aide to the President of the Company (concurrently serving) President of Nippon Paper Crecia Co., Ltd.** (currently serving)

Status of important concurrent office in other entities

President of Nippon Paper Crecia Co., Ltd.

Tenure as a Director

9 years

Attendance at the Board of Directors meetings

13/13 (100%)

Reasons for selecting the candidate for Director

Mr. Kazufumi Yamasaki successively held the positions of General Manager of the Technical & Engineering Div., General Manager of the Energy Business Div., General Manager of Research & Development Div. and General Manager of CSR Div. as stated in the brief personal history above. At present, while assisting the President as Executive Vice President, Representative Director of the Company, he vigorously promotes transformation of the business structure (business expansion of the growth fields focused on household tissue and healthcare products, etc.) as President of Nippon Paper Crexia Co., Ltd. (from June 2018), working to contribute to raising the corporate value of the Company and the Company Group. 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	<u>AKIHIRO UTSUMI</u> (Date of Birth: Dec. 20, 1956)	<u>Reappointment</u>
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No. of shares in the Company held	Brief personal history, title and responsibilities	
9,239 shares	Apr. 1979 Jun. 2008 Jun. 2009 Jul. 2011 Apr. 2013 Jun. 2015 Jun. 2017 Jun. 2018	Joined Jujo Paper Co., Ltd. Deputy General Manager of Personnel & General Affairs Div. and General Manager of Personnel Dept. of the Company Deputy General Manager of Personnel & General Affairs Div. and General Manager of General Affairs Dept. of the Company Deputy General Manager of Iwakuni Mill of the Company Corporate Officer, General Manager of Yatsushiro Mill of the Company Director, Corporate Officer, General Manager of Personnel & General Affairs Div. of the Company Director, Managing Corporate Officer, General Manager of Personnel & General Affairs Div. of the Company Director, Managing Corporate Officer, General Manager of Personnel & General Affairs Div. and CSR Div. of the Company (currently serving)

Tenure as a Director

4 years

Attendance at the Board of Directors meetings

13/13 (100%)

Reasons for selecting the candidate for Director

Mr. Akihiro Utsumi successively held the positions of General Manager of the Personnel Dept., General Manager of the General Affairs Dept. and General Manager of the Yatsushiro Mill as stated in the brief personal history above. At present, he works to contribute to raising the corporate value of the Company and the Company Group as Director, Managing Corporate Officer and General Manager of the Personnel & General Affairs Div. and CSR Div. of the Company (from June 2018). 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 to fairly and precisely execute business administration and business operation, and that we can expect him to drive the Company in the pursuit of further development.

CandidateNo. 5 **TAKEO KONNO** (Date of Birth: Jul. 11, 1957) **Reappointment**

No. of shares in the Company held	Brief personal history, title and responsibilities	
8,222 shares	Apr. 1981	Joined Jujo Paper Co., Ltd.
	Jun. 2008	General Manager of Production Dept. of Technical & Engineering Div. of the Company
	Jun. 2010	Deputy General Manager of Iwanuma Mill of the Company
	Jun. 2012	Deputy General Manager of Technical & Engineering Div. of the Company
	Jun. 2014	Corporate Officer, General Manager of Hokkaido Mill of the Company
	Jun. 2017	Corporate Officer, General Manager of Sales Management & Planning Div. of the Company
	Jun. 2018	Director, Corporate Officer, General Manager of Sales Management & Planning Div. of the Company (currently serving)

Status of important concurrent office in other entities

President of Nippon Paper Logistics Co., Ltd.

Tenure as a Director

1 year

Attendance at the Board of Directors meetings

10/10 (100%)

Reasons for selecting the candidate for Director

Mr. Takeo Konno successively held the positions of General Manager of Production Dept., Deputy General Manager of Technical & Engineering Div. and General Manager of Hokkaido Mill as stated in the brief personal history above. At present, he works to contribute to raising the corporate value of the Company and the Company Group as Director, Corporate Officer and General Manager of Sales Management & Planning Div. (from June 2018). 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 to fairly and precisely execute business administration and business operation, and that we can expect him to drive the Company in the pursuit of further development.

CandidateNo. 6 **MASANOBU IIZUKA** (Date of Birth: Jan.17, 1960) **New appointment**

No. of shares in the Company held	Brief personal history, title and responsibilities	
4,426 shares	Apr. 1984	Joined Jujo Paper Co., Ltd.
	Feb. 2006	Vice President of Daishowa-Marubeni International Ltd.
	Oct. 2011	General Manager of Production Department of Yatsushiro Mill of the Company
	Jun. 2014	Deputy General Manager of Yatsushiro Mill of the Company
	Jul. 2015	Deputy General Manager of Corporate Planning Div. and General Manager of International Business Dept. of the Company
	Jun. 2017	Corporate Officer, General Manager of Hokkaido Mill of the Company (currently serving)

Reasons for selecting the candidate for Director

Mr. Masanobu Iizuka successively held the positions of Vice President of Daishowa-Marubeni International Ltd., Deputy General Manager of Yatsushiro Mill and Deputy General Manager of Corporate Planning Div. as stated in the brief personal history above. At present, he works to contribute to raising the corporate value of the Company and the Company Group as Corporate Officer and General Manager of Hokkaido Mill (from June 2017). The Company appoints 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 to fairly and precisely execute business administration and business operation, and that we can expect him to drive the Company in the pursuit of further development with a focus on corporate planning and international business.

(Note) The candidate Mr. Masanobu Iizuka is scheduled to assume the office of Director of Nippon Paper Creca Co., Ltd. on June 18, 2019.

Candidate

No. 7 YOSHIMITSU AOYAMA (Date of Birth: Apr. 4, 1939) Reappointment
Independent Officer (Outside)

No. of shares in the Company held	Brief personal history, title and responsibilities	
0 shares	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
	Apr. 2001	Professor of the Faculty of Law at Seikei 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> (thru Jun. 2017)
	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	Outside Director of the Company (currently serving)
	Feb. 2018	Representative Director of the Japan International Dispute Resolution Center (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 Representative Director of the Japan International Dispute Resolution Center	

Tenure as a Director

6 years

Attendance at the Board of Directors meetings

13/13 (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 Chairman of the Legislative Council of Ministry of Justice as stated in the brief personal history above. 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 renominated 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 laws and regulations, 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. If his reappointment is approved, the Company intends to keep his registration as an Independent Officer.
3. The Company has concluded a contract with Mr. Aoyama to limit the liability for damages as prescribed in Article 423, Paragraph 1, of the Companies Act to the amount stipulated by laws and regulations, in accordance with Article 427, Paragraph 1, of said Act. If his reappointment is approved, the Company intends to extend the relevant contract with him.

Candidate	
No. 8	<u>MAKOTO FUJIOKA</u> (Date of Birth: Mar. 27, 1950) Reappointment Independent Officer (Outside)

No. of shares in the Company held	Brief personal history, title and responsibilities	
1,000 shares	Apr. 1972 Jun. 1996 Jul. 1998 Feb. 2001 Sep. 2003 Oct. 2003 Jun. 2004 Jun. 2007 Oct. 2012 Jun. 2013 Jul. 2015 Jun. 2016	Entered the Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry) Deputy Director-General for Trade and Economy of the same Deputy Director-General for International Exhibitions the same Ambassador extraordinary and plenipotentiary to the United Arab Emirates Retired from the Ministry of Economy, Trade and Industry Full-time adviser of Nippon Light Metal Co., Ltd. Director, Executive Officer of the same Director, Senior Executive Officer of the same Director of Nippon Light Metal Holdings Co., Ltd. (in charge of CSR & Auditing Administration Dept. (thru Jun. 2015) Director, Executive vice president, Senior executive officer of Nippon Light Metal Co., Ltd. (thru Jun. 2015) Senior Director of Japan Association for Chemical Innovation (currently serving) Outside Director of Eagle Industry Co., Ltd. (currently serving) Outside Director of NOK CORPORATION (currently serving) Outside Director of the Company (currently serving)

Tenure as a Director

3 years

Attendance at the Board of Directors meetings

13/13 (100%)

Status of important concurrent offices in other entities

Senior Director of Japan Association for Chemical Innovation
 Outside Director of NOK CORPORATION
 Outside Director of Eagle Industry Co., Ltd.

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 (currently Ministry of Economy, Trade and Industry), Mr. Fujioka held important positions as stated in the brief personal history above, 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 renominated 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 laws and regulations, 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, and has registered him as an Independent Officer pursuant to the relevant provisions of Tokyo Stock Exchange. Subject to the approval of his reelection, the Company will reappoint him as an Independent Officer.
3. Mr. Fujioka had served as Director of Nippon Light Metal Co., Ltd. through June 2015. Although the Company has purchase transactions related to raw materials with Nippon Light Metal Co., Ltd., the amount of the transactions is negligible (the amount of the Company's purchases from Nippon Light Metal Co., Ltd. is less than 1% of the net sales of Nippon Light Metal Co., Ltd.).
4. Mr. Fujioka currently serves as Senior Director of Japan Association for Chemical Innovation. Although the Company pays membership fees to said association, the amount of the fees is negligible (less than 1 million yen per year).
5. Mr. Fujioka currently serves as Outside Director of Eagle Industry Co., Ltd. Although the Company has purchase transactions related to equipment with Eagle Industry Co., Ltd., the amount of transactions is negligible (the amount of the Company's purchases from Eagle Industry Co., Ltd. is less than 1% of the net sales of Eagle Industry Co., Ltd.).
6. The Company has concluded a contract with Mr. Fujioka to limit the liability for damages as prescribed in Article 423, Paragraph 1, of the Companies Act to the amount stipulated by laws and regulations, in accordance with Article 427, Paragraph 1, of said Act. If his reappointment is approved, the Company intends to extend the relevant contract with him.
7. Nippon Light Metal Co., Ltd., at 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.

Candidate	
No. 9	YOKO HATTA (Date of Birth: Jun. 8, 1952) New appointment Independent Officer (Outside)

No. of shares in the Company held	Brief personal history, title and responsibilities	
0 shares	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)
	Jun. 2016	Outside Audit & Supervisory Board Member of IHI Corporation (currently serving) Outside Audit & Supervisory Board Member of the Company (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.
Outside Audit & Supervisory Board Member of IHI Corporation

Reasons for selecting the candidate for Outside Director

Ms. Yoko Hatta is a candidate for Outside Director as defined in Article 2, Paragraph 3, Item 7, 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 supervise and provide advice on the execution of duties of Directors of the Company by drawing on her significant experience with international accounting firms and deep knowledge on international tax affairs as stated in the brief personal history above, as well as her experience of serving as Outside Audit & Supervisory Board Member (from June 2016). The Company appoints her as a candidate for Outside Director in view of ensuring diversity at the Board and promotion of a wider role for women.

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 laws and regulations, 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 Ms. Hatta has the independence required to be an independent officer. When she assumes the office of Director, the Company will notify the Tokyo Stock Exchange that Ms. Hatta is an Independent Officer under the provisions of said Exchange.
3. Ms. Yoko Hatta currently serves as Outside Audit & Supervisory Board Member of IHI Corporation. Although the Company has purchase transactions related to facilities with IHI Corporation, the amount of the transactions is negligible (the amount of the Company's purchases from IHI Corporation is less than 1% of the net sales of IHI Corporation).
4. When Ms. Yoko Hatta assumes the office of Director, 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 laws and regulations, in accordance with Article 427, Paragraph 1, of said Act.
5. Ms. Yoko Hatta currently serves as Outside Audit & Supervisory Board Member of IHI Corporation. In January 2019, it was discovered that inappropriate work had been performed in the commercial aircraft engine maintenance business of the company. To address the incident, the company received an order to conduct repairs by authorized method pursuant to the Aircraft Manufacturing Industry Act from the Ministry of Economy, Trade and Industry in March 2019, and also received an operation improvement order in accordance with the Civil Aeronautics Act from the Ministry of Land, Infrastructure, Transport and Tourism in April 2019. Ms. Hatta had made proposals about the importance of legal compliance and internal control based on her wealth of experience and deep insight prior to the discovery of the fact, and after the event came to light, she has received reports on the progress in the investigation of the fact, ascertained the status and performed her duties, including the recommendation to immediately investigate the impact on safety, take appropriate recurrence preventive measures, and further strengthen and ensure compliance.
6. Ms. Yoko Hatta is currently an Outside Audit & Supervisory Board Member of the Company. She will have been in the office for three years as of the conclusion of this General Meeting of Shareholders. She will resign from the post of Audit & Supervisory Board Member of the Company as of the conclusion of this General Meeting of Shareholders.

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 in office in the fiscal year ended March 31, 2019. Because Mr. Takeo Konno was newly appointed at the 94th Ordinary General Meeting of Shareholders held on June 28, 2018, and assumed the office of Director at that time, the number of Board meetings he was 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.

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.

Proposal 3. Election of Two (2) Audit & Supervisory Board Members

Audit & Supervisory Board Members Mitsuo Nagoshi and Yoko Hatta will resign as of the conclusion of this General Meeting of Shareholders. Accordingly, the Company requests that the shareholders elect two (2) Audit & Supervisory Board Members (one (1) of them to be Outside Audit & Supervisory Board Member).

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 Audit & Supervisory Board Members are as follows:

This proposal has already received the consent of the Audit & Supervisory Board.

Candidate

No. 1 KAZUNARI TATSU (Date of Birth: April 28, 1960) New appointment

No. of shares in the Company held	Brief personal history, title and responsibilities	
626 shares	Apr. 1983	Joined Jujo Paper Co., Ltd.
	Jun. 2013	General Manager of Treasurer's Dept., Financial Div. of the Company
	Jun. 2015	Deputy General Manager of Financial Div. and General Manager of Treasurer's Dept. of the Company
	Jun. 2017	Deputy General Manager of Corporate Planning Div. and General Manager of Subsidiaries and Affiliated Companies Dept. of the Company (currently serving)

Reasons for selecting the candidate for Audit & Supervisory Board Member

Mr. Kazunari Tatsu successively held the positions of General Manager of Treasurer's Dept. and Deputy General Manager of Financial Div. as stated in the brief personal history above. At present, while assisting General Manager as Deputy General Manager of Corporate Planning Div. (from June 2017), he serves as General Manager of Subsidiaries and Affiliated Companies Dept. The Company appoints him as a candidate for Audit & Supervisory Board Member based on its judgment that he has an excellent personality and insights that contribute to an increase in soundness and transparency of management by auditing the Directors' execution of duties from a fair and objective standpoint, with many years of experience and good track record in the Company Group and his abundant knowledge regarding business administration and business operation.

(Note) The candidate Mr. Kazunari Tatsu is scheduled to assume the office of Audit & Supervisory Board Member of NP Trading Co., Ltd. on June 20, 2019.

Candidate

No. 2 NANAKO AONO (Date of Birth: Jan. 15, 1962) New appointment
Independent Officer (Outside)

No. of shares in the Company held

0 shares

Brief personal history, title and responsibilities

Apr. 1984 Joined The Nikko Securities Co., Ltd (currently SMBC Nikko Securities Inc.)
Nov. 1995 Joined Chuo Aoyama Audit Corporation
Jul. 2002 Joined BUSICOM Co., Ltd. (currently OAG BUSICOM Co., Ltd.)
Mar. 2005 Director of OAG BUSICOM Co., Ltd.
Jun. 2008 Outside Audit & Supervisory Board Member of DUSKIN CO., LTD. (until June 2016)
May 2010 **Representative Director and President of GEN Co., Ltd.** (currently serving)
Jun. 2017 **Outside Audit & Supervisory Board Member of MISUMI Group Inc.** (currently serving)

Status of important concurrent offices in other entities

Representative Director and President of GEN Co., Ltd.
Outside Corporate Auditor of MISUMI Group Inc.

Reasons for selecting the candidate for Outside Audit & Supervisory Board Member

Ms. Nanako Aono is a candidate for Outside Audit & Supervisory Board Member as defined in Article 2, Paragraph 3, Item 8, of the Ordinance for Enforcement of the Companies Act.

The Company appoints her as a candidate for Outside Audit & Supervisory Board Member in expectation that she can contribute to an increase in soundness and transparency of management by auditing the Directors' execution of duties from a neutral and objective standpoint, drawing on her experience of serving as director and auditor at private sector in a wide range of industries and deep insight she cultivated as a certified public accountant.

Special notes on the candidate for Outside Audit & Supervisory Board Member

1. In determining a candidate for Outside Audit & Supervisory Board Member, 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 Ms. Aono has the independence required to be an independent officer. When she assumes the office of Audit & Supervisory Board Member, the Company will notify the Tokyo Stock Exchange that Mr. Aono is an Independent Officer under the provisions of said Exchange.
3. When Ms. Aono assumes the office of Audit & Supervisory Board Member, 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 laws and regulations, in accordance with Article 427, Paragraph 1, of said Act.

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. 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.

Proposal 4: Introduction of Stock Compensation Plan for Directors

1. Reasons for the proposal and rationality

In this Proposal, the Company requests that the shareholders approve the introduction of a new Stock Compensation Plan “Board Benefit Trust” (hereinafter referred to as the “Plan”) to the Company’s Directors (excluding Outside Directors). (The Plan will be also introduced to the Company’s Corporate Officers, etc., who are not serving concurrently as Directors (hereinafter collectively referred to as “Directors, etc.”).)

The objective of this Proposal is to make a clearer link between the compensation provided to Directors and the Company’s share value, and thereby increase their motivation to make contributions to improve the Company’s mid- to long-term performance and increase its corporate value by Directors sharing with shareholders not only the benefits of rising share prices but also the risks associated with falling share prices. In light of this objective, the Company deems the contents of this Proposal as appropriate.

This Proposal is to pay a new stock compensation to the Company’s Directors separately from the amount of compensation to Directors, which was approved at the Extraordinary General Meeting of Shareholders held on February 22, 2013 (a maximum of 800 million yen per year. Additionally, in Proposal 5 “Revision in the Amount of Compensation for Directors,” the Company proposes that the amount of compensation for Directors be revised to 700 million yen or less per year (including 60 million yen or less per year for Outside Directors) by reducing the said amount of compensation for Directors, subject to the approval of this Proposal 4 as originally proposed). Therefore, the Company requests shareholders’ approval for the calculation method of the amount of compensation along with its details. Furthermore, it is also requested that the details of the Plan will be determined at the discretion of the Board of Directors within the limit as shown in 2. below.

At present, the number of Directors subject to the Plan is seven, excluding two Outside Directors. If Proposal 2 “Election of Nine (9) Directors” is approved as originally proposed, the number of Directors will be six, excluding three Outside Directors.

2. Calculation method of the amount of compensation under the Plan and details thereof

(1) Outline of the Plan

The Plan is a stock compensation plan under which shares of the Company will be acquired through a trust (hereinafter, the trust established based on the Plan shall be referred to as the “Trust”) using money contributed by the Company as a source, and the Company’s shares and the money equivalent to the market value of the Company’s shares (hereinafter referred to as the “Company Stock, etc.”) will be delivered to the Directors, etc. through the Trust in accordance with the Officer Stock Benefit Regulations established by the Company. In principle, the Directors, etc. will receive delivery of the Company Stock, etc. upon their retirement from office.

(2) Individuals subject to the Plan

Directors (excluding Outside Directors) and Corporate Officers, etc., who are not serving concurrently as Directors

(3) Amount to be entrusted

Subject to the approval of this Proposal, the Company will introduce the Plan to cover the three fiscal years from the fiscal year ending March 31, 2020 to that ending March 31, 2022 (hereinafter, this period is referred to as the “Initial Applicable Period,” and the Initial Applicable Period and each three-fiscal-year period that starts after the Initial Applicable Period are each referred to as an “Applicable Period”) and each subsequent Applicable Period, and will contribute the money defined below as a source for the Trust to acquire shares of the Company for the purpose of delivering Company Stock, etc. to the Directors, etc.

First, the Company will establish the Trust (August 2019 (tentative)) and contribute money equivalent to an amount expected as necessary funds for the Initial Applicable Period in the establishment of the Trust. The upper limit of the points to be awarded to the Directors, etc., based on the Plan is 80,000 points per fiscal year (including 25,000 points as the portion for Directors), as detailed in item (5) below, and, upon establishing the Trust, the Company will contribute a reasonable amount of funds to the Trust, taking into account the closing price of regular transactions of the Company's common stock on the Tokyo Stock Exchange immediately before. For reference, assuming a closing price of 2,132 yen as of May 14, 2019, the upper limit of the necessary funds referenced above will be approximately 512 million yen.

Further, after the Initial Applicable Period, the Company will, in principle, make additional contributions to the Trust every Applicable Period until the Plan ends by making a reasonable estimate of the number of shares necessary to deliver to the Directors, etc. based on the Plan in order for the Trust to maintain funds deemed necessary to acquire the shares in advance. Provided, however, that in cases where such an additional contribution is made and the Company's shares (excluding any undelivered portion of the Company's shares corresponding to the number of points awarded to Directors, etc., regarding each Applicable Period until immediately before) and money (hereinafter referred to as the “Remaining Shares”) remain within the trust assets, the Remaining Shares are used as a source for delivery under the Plan in the following Applicable Period, and the Remaining Shares will be taken into account when calculating the additional contribution for the next Applicable Period.

Any decision by the Company to make additional contributions will be disclosed in a timely and appropriate manner.

(4) Method of acquiring Company's shares and amount of shares to be acquired

The Trust will acquire the Company's shares through the stock market or the disposal of treasury shares of the Company using the funds contributed in (3) above as a source.

Shares for the Initial Applicable Period will be acquired within the upper limit of 240,000 shares soon after the Trust is established. Whenever the Trust acquires Company's shares, the details of the transaction will be disclosed in a timely and appropriate manner.

(5) Calculation method of Company Stock, etc., to be delivered to Directors

The Directors, etc. will be awarded the number of points as determined by their position every fiscal year in accordance with the Officer Stock Benefit Regulations. The upper limit of the total number of points to be awarded to the Directors, etc., per fiscal year is 80,000 points (including 25,000 points as the portion for Directors). This has been determined through a comprehensive evaluation taking into account the current level of Officers' compensation provided, trends in the number of

Directors, etc., future prospects, etc., and therefore, the Company deems it as appropriate.

With regard to the points awarded to the Directors, etc., one point shall be converted into one share of common stock in the Company when the Company Stock, etc., is delivered as described in (6) below (however, in the event of a stock split, gratis allotment of shares, or reverse stock split, etc., in relation to the Company's shares after this proposal is approved, in accordance with the ratio thereof, reasonable adjustment shall be made to the upper limit of points, the number of points already awarded, or the conversion ratio).

In principle, the number of points awarded to Directors, etc., as a reference for delivery of the Company Stock, etc. described in (6) below, should be the number of points granted to said Directors, etc., by the time of their retirement (hereinafter, points calculated in this way shall be referred to as "Fixed Points").

(6) Calculation method of delivery of Company Stock, etc., and the amount of compensation, etc.

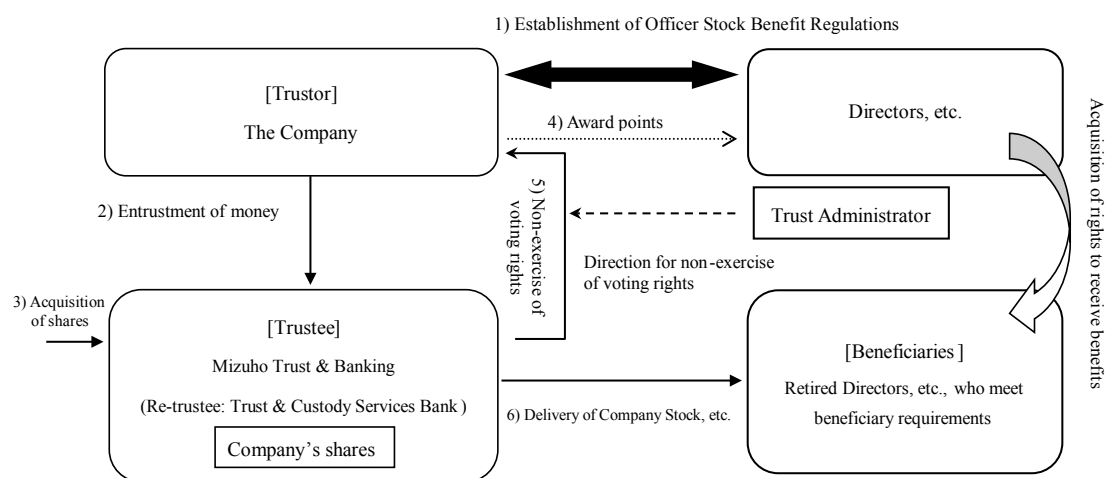
If a Director, etc., who has retired from office meets the beneficiary requirements prescribed in the Officer Stock Benefit Regulations, the said Director, etc. will be able to receive the Company's shares from the Trust after his/her retirement in proportion to the number of the Fixed Points in principle, as described in (5) above, by taking the prescribed procedures to confirm the beneficiary. However, if certain requirements set forth under the Officer Stock Benefit Regulations are met, the Company will pay, to a certain percentage, an amount of money equivalent to the market value of the Company's shares in lieu of delivering the shares themselves. In order to perform this money payment, the Trust may sell shares of the Company.

The amount of compensation, etc., received by the Directors will be the total number of points awarded to the Directors multiplied by the book value per share of the Company's shares held by the Trust (however, in the event of a stock split, gratis allotment of shares, or reverse stock split, etc., in relation to the Company's shares, reasonable adjustment shall be made in accordance with the ratio thereof).

(7) Handling of dividends

Dividends pertaining to the shares of the Company within the Trust account will be received by the Trust and allocated to the amount of payment to acquire the shares of the Company or to the trust fees, etc. for the trustee related to the Trust. In addition, upon the termination of the Trust, dividends, etc. remaining within the Trust will be donated to entities that have no interest in the Company or the Directors, etc. of the Company.

<Structure of the Plan>



- 1) The Company establishes the “Officer Stock Benefit Regulations” within the framework of the approval received in this Proposal.
- 2) The Company entrusts money within the framework of the approval received in this Proposal.
- 3) The Trust acquires shares of the Company using the money entrusted in 2) as a source through the stock market or the disposal of treasury stock of the Company.
- 4) The Company awards points to the Directors, etc. in accordance with the “Officer Stock Benefit Regulations.”
- 5) The Trust will not exercise voting rights for the Company’s shares held by the Trust account based on direction from the trust administrator, who is independent from the Company.
- 6) The Trust delivers the Company’s shares to retired Directors, etc. who meet the beneficiary requirements set under the “Officer Stock Benefit Regulations” (hereinafter referred to as the “Beneficiaries”) based on the number of points they have been awarded. If a Director, etc., meets certain requirements set under the “Officer Stock Benefit Regulations,” the Company will pay, to a certain percentage of the points awarded, them money equivalent to the market value of such shares.

<Reference: Overview of the Plan>

Individuals subject to the Plan	Directors (excluding Outside Directors) and Corporate Officers, etc., who are not serving concurrently as Directors
Initial Applicable Period	Three fiscal years (FY 2019 to FY 2021)
Expected contribution by the Company for the Initial Applicable Period as a source to acquire the necessary amount of Company's share for delivery to the Directors, etc.	Approximately 512 million yen (assuming a closing price of 2,132 yen as of May 14, 2019)
Acquisition method of Company's shares	Through the stock market or the disposal of treasury stock of the Company
Upper limit of points to be awarded to individuals subject to the Plan	80,000 points per fiscal year (including 25,000 points as the portion for Directors)
Money conversion of the upper limit of points to be awarded to individuals subject to the Plan (assuming a closing price of 2,132 yen as of May 14, 2019)	Approximately 171 million yen per fiscal year (including approximately 53 million yen as the portion for Directors)
Standard for awarding points	The number of points determined by their position
Period for delivery of Company Stock, etc., to individuals subject to the Plan	Upon their retirement from office, in principle

Proposal 5: Revision in the Amount of Compensation for Directors

At the Extraordinary General Meeting of Shareholders held on February 22, 2013, it was approved that the amount of compensation for Directors of the Company will be 800 million yen or less per year. In line with the introduction of a stock compensation plan, given that a stock compensation will be approved separately from the aforementioned amount, the Company proposes that the amount of compensation for Directors be reduced to a maximum of 700 million yen per year (including a maximum of 60 million yen per year for Outside Directors).

This Proposal takes effect conditional upon approval for Proposal 4 “Introduction of Stock Compensation Plan for Directors” in its original form at this General Meeting of Shareholders.

Currently, the number of Directors is nine (including two Outside Directors). If Proposal 2 “Election of Nine (9) Directors” is approved as originally proposed, the number of Directors will be nine (including three Outside Directors) as of the conclusion of this General Meeting of Shareholders.

(Attachment)

Business Report (From April 1, 2018, through March 31, 2019)

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

(1) Business Progress and Results

The Japanese economy in the current fiscal year continued on a moderate recovery trend primarily due to improvements in employment and income situations and the effect of various government measures. Nonetheless, with concerns over the impact of the trade friction between the U.S. and China on the economy and other factors, the outlook remains uncertain.

The business environment surrounding the Company Group was challenging, with a price hike in raw materials and fuels. In the fiscal year ended March 31, 2019, we started the “Sixth Medium-Term Business Plan,” and promoted the transformation of business structure under the policies to “reorganize the production structure of the paper business and make maximum utilization of in-house facilities” and “expand businesses in growth areas and achieve early commercialization of new businesses.”

As a result of the above measures, as to the consolidated performance of the current term, sales revenue increased by 22,204 million yen (2.1%) from the previous term to 1,068,703 million yen, operating income increased by 2,001 million yen (11.4%) to 19,615 million yen and ordinary income increased by 5,251 million yen (28.2%) to 23,901 million yen. Net loss attributable to owners of the parent was 35,220 million yen, due to recording of extraordinary losses including loss on reorganization of production structure, impairment losses and provision for environmental measures, etc.

Sales Revenue	1,068,703 million yen (increase of 2.1% Y o Y)	Operating Income	19,615 million yen (increase of 11.4% Y o Y)
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Ordinary Income	23,901 million yen (increase of 28.2% Y o Y)	Net Loss Attributable to Owners of the Parent	35,220 million yen
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Principal Businesses (As of March 31, 2019)

	Principal Products
Paper and Paperboard Business	Paper, paperboard, pulp, paper making materials
Livelihood-related Business	Household tissue, processed paper products, chemical products
Energy Business	Electric power
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 Paperboard Business	738,467	-3,281	-0.4	-8,057	-1,809	-
Livelihood-related Business	201,698	9,237	4.8	11,560	-402	-3.4
Energy Business	36,227	18,401	103.2	7,920	3,780	91.3
Lumber, Construction Materials, Civil Engineering and Construction Related Business	59,796	-2,981	-4.7	4,896	407	9.1
Other Business	32,514	828	2.6	2,693	-123	-4.4
Total	1,068,703	22,204	2.1	19,012	1,853	10.8
Adjustment	-	-	-	602	-147	-
Consolidated total	1,068,703	22,204	2.1	19,615	2,001	11.4

Note: 1. Adjustment is an elimination of inter-segment transactions.

2. Figures rounded down to nearest million yen.

The status of each business segment is as follows:

Paper and Paperboard Business

Sales Revenue: 738,467 million yen (decrease of 0.4% Y o Y)

In the paper business, domestic sales volume was low overall and fell below that of the previous term as a result of a decline of circulation of newspapers and low demand for advertising in the printing paper business.

As to paperboard products, although domestic sales volume fell below that of the previous term, exports was firm mainly to Asia.

As a result of the above, the sales revenue of this segment decreased by 3,281 million yen (0.4%) from the previous term to 738,467 million yen and operating loss was 8,057 million yen due to effects from factors such as higher price of raw materials and fuels.

Livelihood-related Business

Sales Revenue: 201,698 million yen (increase of 4.8% Y o Y)

In the household tissues business, sales volume exceeded that of the previous term due to strong demand for products such as healthcare products and business use products for hotels.

As to the liquid-packaging carton, the sales volume exceeded that of the previous term thanks to the sales expansion of resealable paper cartons for fruit juice and an increase in sales volume of filling machines.

As to chemical products, sales volume exceeded that of the previous term due to steady sales of functional coating resins for automobile use and functional cellulose (CMC) used for lithium-ion batteries. As to functional films, however, sales volume in Japan declined from the previous term.

As a result of the above, the sales revenue of this segment increased by 9,237 million yen (4.8%) from the previous term to 201,698 million yen and operating income decreased by 402 million yen (3.4%) from the previous term to 11,560 million yen.

Energy Business

Sales Revenue: 36,227 million yen (increase of 103.2% Y o Y)

In March 2018, a coal-and-biomass-mixed combustion power generation facility at Nippon Paper Ishinomaki Energy Center Ltd. commenced operations,

which contributed to earnings.

As a result of the above, the sales revenue increased by 18,401 million yen (103.2%) from the previous term to 36,227 million yen and operating income increased by 3,780 million yen (91.3%) from the previous term to 7,920 million yen.

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

Sales Revenue: 59,796 million yen (decrease of 4.7% Y o Y)

As to the lumber and construction material business, the number of new housing construction projects had been weak due to a decrease in construction of housing for rent, and the sale volume of lumber and construction materials products fell below that of the previous term.

As a result of the above, the sales revenue decreased by 2,981 million yen (4.7%) from the previous term to 59,796 million yen and operating income increased by 407 million yen (9.1%) from the previous term to 4,896 million yen.

Other Business

Sales Revenue: 32,514 million yen (increase of 2.6% Y o Y)

As to the consolidated results of the other business segment, the sales revenue increased by 828 million yen (2.6%) from the previous term to 32,514 million yen and operating income decreased by 123 million yen (4.4%) from the previous term to 2,693 million yen.

(Note) The segment classification was changed from the current fiscal year. The year-on-year comparison stated above are based on the previous term's figures that have been reclassified in line with the new segmentation.

(2) Status of Capital Investment

The amount of capital investment of the Company Group during the current fiscal year reached a total of 60,300 million yen. The major capital investment was renovation and conversion of facilities for paper and paperboard business.

(3) Status of Financing Activities

The Company Group procured funds through borrowings from financial

institutions and issuance of commercial papers.

(4) Issues to be addressed

① Handling of PCB Waste

As announced on January 25, 2019, the Company found that PCB (polychlorinated biphenyl) waste was stored at its mills, and notified the municipalities of Iwaki-shi and Yokohama-shi, where the PCB waste is to be stored, in December 2018. At present, the Company takes appropriate measures consulting with the relevant authorities.

As an expense to dispose of the PCB waste, the Company recorded provision for environmental measures of 13.7 billion yen under extraordinary losses for the consolidated third quarter of the current fiscal year.

The details including the concentration, volume, and the background of the PCB waste generation are now under investigation by the countermeasures committee that the Company set up in-house. Considering the fact that notifications were not filed with the municipalities, recurrence prevention measures that the Company is currently projecting are as follows:

Firstly, we ensure thorough understanding of environmental laws and regulations. With regard to revised or newly established laws and regulations, we seek to extract matters of possible risks at an early stage and establish a system to respond to them properly. More precisely, a responsible department of the Head office will explain at the Nippon Paper Group Environmental Committee, and present concrete measures to the selected departments concerned. The status of response will be reported at the following meetings of the Committee.

Secondly, we strengthen the legal compliance system of the administrative departments. This includes supervision as to the compliance of environmental laws and regulations by a legal affairs department with the eye of a third-party, along with guidance and advice provided as necessary.

Thirdly, we place greater emphasis on compliance. We hold compliance seminars conducted by external lecturers to the officers of the Company Group. The contents of the seminars we have held for employees will be revised to incorporate the current incident.

② Progress of the Sixth Medium-Term Business Plan (from April 2018 to March 2021)

Under the Sixth Medium-Term Business Plan that the Company Groups is

currently promoting, we work to reorganize the production structure of the paper business, expand businesses in growth areas and achieve early commercialization of new businesses in order to realize sustainable growth of the Company Group.

In the first year of the Plan, the sales revenue were generally in line with the Sixth Medium-Term Business Plan, thanks to sales expansion in the resealable liquid-packaging carton and new filling machines, increased sales volume of the household tissues and healthcare products, and the commencement of operation of the coal-and-biomass-mixed combustion power generation facility at Nippon Paper Ishinomaki Energy Center Ltd. On the other hand, operating income fell short of the Plan, primarily due to the impact of higher price of raw materials and fuels including wastepaper and pulp in the paper and paperboard business and household tissues business. Capital investment in each growth field of the packaging, household tissues, healthcare, chemical and energy business is in progress generally according to the Plan. In addition, as the issue of marine pollution by microplastics is drawing attention, expectations for “paper,” which is made from “wood,” a recyclable material, are on the rise. In response to diversifying needs for the “shift to paper products,” we established Paperising Promotion Office in August 2018.

In this fiscal year, which is the second year of the Sixth Medium-Term Business Plan, we will implement initiatives toward achieving the targets in each business.

In **the paper business**, we announced a price revision of printing and business communication papers in November 2018, and revised the product prices. Amid an ongoing rise in the prices of raw materials and fuels as well as logistics cost, we strive for stable supply and cost reduction through stable operation, while maintaining the product prices. With regard to the reorganization of the production structure, we will stop eight paper machines in sequence as planned, from March 2019 to January 2020.

In **the paperboard business**, we announced a price revision in October 2018 and revised the product prices. As demand for containerboard has been increasing both in Japan and overseas, we seek to optimize the balance of production and sales between the domestic market and exports in order to maintain product prices.

We will restore the profitability of the Paper and paperboard business in Japan through these measures and establish a business foundation that generates stable profit.

We will continue to position the packaging, household tissues, healthcare, chemical and energy businesses as growth fields. In **the packaging business**,

although there is a concern over a decrease in demand due to declining population in Japan, the beverage market sees a need for beverage products maintaining the authentic texture of ingredients, due to the growing health consciousness among consumers. We developed “NSATOM®,” an aseptic filling system for paper packaging for filling highly viscous beverage with particles and long fibers, and roll out a new type of paper packaging tailored to the market needs. As demand for pulp is strong globally, we install additional pulp drying machines at Nippon Dynawave Packaging Company LLC in North America with a view to expanding pulp production and sales. Also, we strive to improve the subsidiary’s earnings capacity by improving print performance of liquid packaging board and production efficiency.

In the **household tissues and healthcare business**, we decided to install the No.2 paper machine at Crecia-Kasuga Co., Ltd. as demand for long roll toilet tissue, as represented by “triple roll toilette tissues,” has been growing in recent years for its ease of carry and space-saving size. Combined with the No.1 paper machine which commenced operation in May 2018, this installation is intended to enhance our supply system. For the healthcare products, as a growth in demand is projected on the back of changes in lifestyles due to the aging of population, we will develop and introduce to the market new products that can be used with comfort, while installing additional processing machines.

In the **chemical business**, we will install new manufacturing facilities for the functional cellulose (CMC) at the Gotsu Mill. CMC is widely used for food, sanitation and industrial applications. Particularly, in recent years, it is finding increasing application in lithium-ion batteries for electric vehicles. With the additional installation of manufacturing facilities, we aim to shift to highly value-added and high-quality fields of products. Despite being small in market size, demand for highly profitable products, such as CMC and functional coating agents used for automobile paints, is expanding mainly in Asia. The Company seeks to expand the sales of these products in the overseas market.

In the **energy business**, we take an effort to stabilize the operation of the coal-and-biomass-mixed combustion power generation facility at Nippon Paper Ishinomaki Energy Center Ltd., which commenced its operation in March 2018. Commercialization of a biomass power generation business with biomass mono-fuel combustion currently projected at the Hokkaido Mill (Yufutsu) was also decided. As renewable energy gains more attention, we endeavor to expand businesses that can leverage our advantages, such as procurement capability of biomass resources and operational skills of power generation facilities.

We will continue to develop applications for **new materials** such as “CELLENPIA®” (cellulose nanofiber, hereinafter, “CNF”), “SHIELDPLUS®” and “MinerPa®,” aiming to achieve early commercialization.

With regard to “CELLENPIA®,” the Carboxymethylated CNF manufactured at our Gotsu Mill was adopted for Japanese confectionery and cosmetic products.

With regard to the TEMPO oxidized CNF manufactured at the Ishinomaki Mill, we will continue to develop applications as a material for industrial use. In the “SHIELDPLUS®” series, we commenced sample delivery of “SHIELDPLUS® Premier,” a product with greater vapor barrier properties, in April 2019. In addition, to promote market penetration for “SHIELDPLUS®” series in Europe where environmental awareness is high, we commenced study on the production at Jujo Thermal Oy. As for “MinerPa®,” a facility for demonstrating its production was completed at the Fuji Mill in October 2018 and full-fledged sample delivery is conducted. We will actively develop its applications taking the advantage of its excellent features including deodorant and antibacterial effects, and flame resistance.

As part of paperising initiative, we developed and released paper straws featuring smoother surface, high durability and safety in April 2019. In addition, to expand the value chain for the packaging business, we acquired a flexible packaging company in Malaysia. As the trend away from using plastics is accelerating all over the world with heightened environmental awareness, the Group continues to drive the development of new products under the slogan of “Let paper do what it can do,” and expands the use of papers. We will make aggressive investments in the growth fields and new materials businesses and accelerate the transformation of our business structure to promote business expansion by accurately tapping into needs and creating new demand through development of new products.

Regarding investment under the Sixth Medium-Term Business Plan, we will implement measures to maximize the business value of existing businesses and the growth fields of the Company Group by allocating our resources including human resources and assets as well as our capital to the growth fields appropriately, while giving full consideration to financial discipline.

(5) Changes of Assets and Profit/Loss Status

Category	92nd Term (Ended March 2016)	93rd Term (Ended March 2017)	94th Term (Ended March 2018)	95th Term (Current) (Ended March 2019)
(million yen) Sales Revenue	1,007,097	992,428	1,046,499	1,068,703
(million yen) Operating income	22,623	23,764	17,613	19,615
(million yen) Ordinary Income	17,123	26,994	18,649	23,901
(million yen) Net income (loss) attributable to owners of the parent	2,424	8,399	7,847	(35,220)
(Yen) Basic earnings (loss) per share	20.95	72.57	67.80	(304.34)
(million yen) Total Assets	1,390,918	1,388,885	1,429,892	1,390,814
(%) ROE (Return on equity)	0.5	2.0	1.8	(8.6)
(%) ROA (Return on assets)	2.0	2.6	1.9	2.2

- (Notes)
1. Figures rounded down to nearest million yen.
 2. ROE (Return on Equity) and ROA (Return on assets) were calculated using the following formula.

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

$$\text{ROA (Return on assets)} = \frac{\text{Ordinary income} + \text{Interest expenses}}{\text{Total assets at the term-end}}$$
 3. The Company applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28; February 16, 2018) from the beginning of the 95th Term. Total assets and ROA (Return on assets) for the 94th Term are in the figures that retrospectively apply the said accounting standard.

(6) Status of Principal Subsidiaries, etc. (As of March 31, 2019)

① Status of Principal Subsidiaries

Company Name	Capital	The Company's voting rights ratio	Principal business operation
[Paper and paperboard business]	Million yen	%	
Nippon Paper Papyrus Co., Ltd.	3,949	100.0	Manufacture and sales of specialty paper
Paper Australian 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	100.0	Sales of paper, pulp and chemicals
Nippon Tokai Industrial Paper Supply Co., Ltd.	350	65.0	Sales of paper and paperboard
[Livelihood-related business]			
Nippon Paper Crexia Co., Ltd.	Million yen 3,067	100.0	Manufacture and sales of household tissues
Nippon Dynawave Packaging Company LLC	(1,000 USD) 200,000	100.0	Manufacture, processing and sales of base paper for paper containers of liquid including soft drink and milk, and base paper for cup containers, etc., manufacture and sales of pulp
[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

(Note) Figures rounded down to nearest million yen, nearest thousand Australian dollars and nearest thousand U.S. dollars.

② Status of Business Combinations

- (a) The number of consolidated subsidiaries for the current term is 48 companies and the number of equity method affiliates is 10 companies.
 (b) The Company sold all the shares in Daishowa-Marubeni International Ltd., a Canadian company engaged in commercial pulp, on December 10, 2018.

(7) Primary Sales Offices and Mills (As of March 31, 2019)

Domestic	<p>Nippon Paper Industries Co., Ltd.: Head Office (Chiyoda-ku, Tokyo) Sales Bases: Head Office, 5 sales branch offices and others Production Bases: Kushiro Mill (Kushiro-shi, Hokkaido), Hokkaido Mills (Tomakomai-shi, Asahikawa-shi, and Shiraoi-cho, Hokkaido), Akita Mill (Akita-shi, Akita) Ishinomaki Mill (Ishinomaki-shi, Miyagi), Iwanuma Mill (Iwanuma-shi, Miyagi), Nakoso Mill (Iwaki-shi, Fukushima), Kanto Mills (Ashikaga-shi, Tochigi and Soka-shi, Saitama), Fuji Mill (Fuji-shi, Shizuoka), Gotsu Mill (Gotsu-shi, Shimane), Otake Mill (Otake-shi, Hiroshima), Iwakuni Mill (Iwakuni-shi, Yamaguchi), Yatsushiro Mill (Yatsushiro-shi, Kumamoto), Higashimatsuyama Mill (Higashimatsuyama-shi, Saitama), Nippon Paper Liquid Package Product Co., Ltd. Egawa Mill (Gokamachi, Ibaraki), Miki Mill (Miki-shi, Hyogo), Ishioka Mill (Ishioka-shi, Ibaraki) Laboratories: Research Laboratory (Kita-ku, Tokyo), Packaging Research Laboratory (Kita-ku, Tokyo), Cellulose Nanofiber (CNF) Research Laboratory (Fuji-shi, Shizuoka), Chemical Products Research Laboratory (Iwakuni-shi, Yamaguchi), Functional Materials Development Laboratory (Higashimatsuyama-shi, Saitama)</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, Kochi)</p>
	<p>Nippon Paper Crecia Co., Ltd.: Head Office (Chiyoda-ku, Tokyo) Sales bases: Head Office, 9 sales branch offices Production Bases: Tokyo Mill (Soka-shi, Saitama), Kaisei Mill (Kaisei-cho, Kanagawa), Koyo Mill (Fuji-shi, Shizuoka), Kyoto Mill (Fukuchiyama-shi, Kyoto)</p>
Overseas	Paper Australian Pty Ltd. (Australia)
	Nippon Dynawave Packaging Company LLC (U.S.)

(8) Status of Employees (As of March 31, 2019)

Names by Business Segment	Number of employees	Comparison with the end of previous term
Paper and paperboard business	7,229	+710
Livelihood-related business	2,536	+9
Energy business	54	-1
Lumber, Construction Materials, Civil Engineering and Construction-Related Business	1,411	-781
Other Business	1,527	+139
All Companies (Cross-organization)	186	-14
Total	12,943	+62

- (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 segment classification was changed from the current fiscal year. The year-on-year comparison stated above are based on the previous term's figures that have been reclassified in line with the new segmentation.

(9) Status of Main Lenders (As of March 31, 2019)

Creditor	Balance of Borrowings
Mizuho Bank Ltd.	96,843 million yen
Development Bank of Japan, Inc.	59,720 million yen
The Norinchukin Bank	47,721 million yen
Sumitomo Mitsui Banking Corporation	39,197 million yen
MUFG Bank, Ltd.	36,239 million yen
Sumitomo Mitsui Trust Bank, Ltd.	33,182 million yen
Nippon Life Insurance Company	31,000 million yen
Meiji Yasuda Life Insurance Company	30,500 million yen
Mizuho Trust & Banking Co., Ltd.	26,000 million yen
Mitsui Life Insurance Company Limited	21,000 million yen

- (Notes) 1. In addition to the above, the Company procured syndicated loan which amounts to 54,147 million yen.
2. Figures rounded down to nearest million yen.
3. Mitsui Life Insurance Company Limited changed its trade name to TAIJU LIFE INSURANCE COMPANY LIMITED on April 1, 2019.

2. Shares of the Company (As of March 31, 2019)

- (1) Total number of authorized shares 300,000,000 shares
- (2) Total number of issued shares 116,254,892 shares
(including 343,458 treasury shares)
- (3) Number of shareholders 82,192
- (4) Major shareholders (Top 10)

Name	Number of shares held	Percentage of shares held
Ichigo Trust Pte. Ltd.	11,739,700	10.13%
Japan Trustee Services Bank, Ltd. (Trust Account)	10,411,674	8.98%
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,111,800	6.14%
Mizuho Bank Ltd.	4,341,855	3.75%
Nippon Paper Industries Co., Ltd. Employee Share Ownership	3,039,229	2.62%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	2,724,300	2.35%
Nippon Life Insurance Company	2,473,165	2.13%
Mitsui Life Insurance Company Limited	2,258,900	1.95%
Sumitomo Mitsui Banking Corporation	1,993,846	1.72%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,840,400	1.59%

- (Note) 1. Percentage of shares held is calculated excluding the 343,458 treasury shares.
2. Mitsui Life Insurance Company Limited changed its trade name to TAIJU LIFE INSURANCE COMPANY LIMITED on April 1, 2019.

3. Officers and Directors of the Company

(1) Directors and Audit & Supervisory Board Members (As of March 31, 2019)

Title in the Company	Name	Areas of responsibility, important offices concurrently held in other companies or organizations
Chairman, Representative Director	Yoshio Haga	
President, Representative Director	Fumio Manoshiro	President Corporate Officer
Executive Vice President, Representative Director	Kazufumi Yamasaki	Executive Vice President Corporate Officer, Aide to the President President of Nippon Paper Crexia Co., Ltd. Director of Nippon Paper Papylia Co., Ltd.
Director	Akihiro Utsumi	Managing Corporate Officer, General Manager of Personnel & General Affairs Div. and CSR Div.
Director	Toru Nozawa	Managing Corporate Officer, General Manager of Corporate Planning Div. and Financial Div., in charge of Affiliates & Subsidiaries, Director of Nippon Paper Crexia Co., Ltd, Outside Director of LINTEC Corporation
Director	Takeo Konno	Corporate Officer, General Manager of Sales Management & Planning Div. President of Nippon Paper Logistics Co., Ltd.
Director	Shoji Ueda	Corporate Officer, General Manager of Technical & Engineering Div. and Energy Business Div. President of Nippon Paper Ishinomaki Energy Center Ltd.
Outside Director	Yoshimitsu Aoyama	Head Director of the Public Interest Incorporated Foundation of Dispute Resolution Center for Automotive Product Liability and Representative Director of the Japan International Dispute Resolution Center
Outside Director	Makoto Fujioka	Senior Director of Japan Association for Chemical Innovation, Outside Director of NOK CORPORATION, Outside Director of Eagle Industry Co., Ltd.
Audit & Supervisory Board Member (full-time)	Hirofumi Fujimori	Statutory Auditor of Nippon Paper Crexia Co., Ltd.
Audit & Supervisory Board Member (full-time)	Mitsuo Nagoshi	Statutory Auditor of NP Trading Co., Ltd.
Outside Audit & Supervisory Board Member	Seiichi Fusamura	Attorney at Law, Chairman of the Public Security Examination Commission, Chairman of Tokyo Metropolitan Government Labor Relations Commission
Outside Audit & Supervisory Board Member	Yoko Hatta	Auditor of International Christian University, Outside Corporate Auditor of IHI Corporation, Outside Audit & Supervisory Board Member of Kobayashi Pharmaceutical Co., Ltd.

(Notes) 1. The following persons were newly elected at the 94th Ordinary General Meeting of Shareholders held on June 28, 2018, and took the office.

Director: Takeo Konno

Audit & Supervisory Board Member (full-time): Hirofumi Fujimori

2. The following persons retired as of the conclusion of the 94th Ordinary General Meeting of Shareholders held on June 28, 2018.
Director: Hirofumi Fujimori
Audit & Supervisory Board Member (full-time): Hiroshi Matsuo
3. At the Audit & Supervisory Board meeting held on Jun 28, 2018, Mr. Hirofumi Fujimori was elected as Audit & Supervisory Board Member (full-time) and took the 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
Fumio Manoshiro	(Retired)	Chairman of Japan Paper Association	May 21, 2018
Kazufumi Yamasaki	President of Nippon Paper Crecia Co., Ltd.	(Newly appointed)	June 19, 2018
	Executive Vice President Corporate Officer, Aide to the President	Executive Vice President Corporate Officer, Aide to the President, General Manager of Research & Development Div. and CSR Div.	June 28, 2018
Akihiro Utsumi	Managing Corporate Officer, General Manager of Personnel & General Affairs Div. and CSR Div.	Managing Corporate Officer, General Manager of Personnel & General Affairs Div.	June 28, 2018
Toru Nozawa	Managing Corporate Officer, General Manager of Corporate Planning Div. and Financial Div., in charge of Affiliates & Subsidiaries,	Managing Corporate Officer, General Manager of Corporate Planning Div., in charge of Affiliates & Subsidiaries	June 28, 2018
Shoji Ueda	President of Nippon Paper Ishinomaki Energy Center Ltd.	(Newly appointed)	June 14, 2018

5. Mr. Yoshimitsu Aoyama and Mr. Makoto Fujioka are Outside Directors set forth in Article 2, Item 15 of the Companies Act.
6. Mr. Seiichi Fusamura and Ms. Yoko Hatta are Outside Audit & Supervisory Board Members as set forth in Article 2, Item 16 of the Companies Act.
7. Audit & Supervisory Board Member (full-time), Mr. Hirofumi Fujimori successively held the positions General Manager of Accounting & Budgeting Dept., Corporate Officer, and General Manager of Financial Div., and has considerable expertise in finance and accounting.
8. Audit & Supervisory Board Member (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 Audit & Supervisory Board Member, Ms. Yoko Hatta has work experience in international accounting firms, etc. for many years, and has considerable expertise in finance and accounting.
- 10 The Company has filed Outside Director Mr. Yoshimitsu Aoyama, Outside Director Mr. Makoto Fujioka, Outside Audit & Supervisory Board Member Mr. Seiichi Fusamura and Outside Audit & Supervisory Board Member Ms. Yoko Hatta as Independent Officers of the Tokyo Stock Exchange in accordance with the provisions thereof.

[For reference: Corporate Officers (as of March 31, 2019)]

Title in the Company	Name	Responsibilities
President Corporate Officer	Fumio Manoshiro	
Executive Vice President Corporate Officer	Kazufumi Yamasaki	Aide to the President (concurrently serving) President of Nippon Paper Crecia Co., Ltd.
Managing Corporate Officer	Toru Otowa	General Manager of Ishinomaki Mill and Iwanuma Mill
Managing Corporate Officer	Takahiro Maeda	General Manager of Newsprint Sales Div.
Managing Corporate Officer	Akihiro Utsumi	General Manager of Personnel & General Affairs Div. and CSR Div.
Managing Corporate Officer	Toru Nozawa	General Manager of Corporate Planning Div. and Financial Div., in charge of Affiliates & Subsidiaries
Managing Corporate Officer	Kazumori Fukushima	General Manager of Business Communication & Industrial Paper Sales Div.
Corporate Officer	Yozo Igarashi	General Manager of Chemical Sales Div.
Corporate Officer	Satoru Muto	President of Nippon Tokai Industrial Paper Supply Co., Ltd.
Corporate Officer	Takeo Konno	General Manager of Sales Management & Planning Div.
Corporate Officer	Akihiko Yoshida	General Manager of Iwakuni Mill and Otake Mill
Corporate Officer	Shoji Ueda	General Manager of Technical & Engineering Div. and Energy Business Div.
Corporate Officer	Atsushi O'haru	General Manager of Printing Paper Sales Div.
Corporate Officer	Yasuhito Obayashi	General Manager of Paper-Pak Sales Div.
Corporate Officer	Shigeru Inoue	General Manager of Kanto Mill
Corporate Officer	Atsumi Yasunaga	General Manager of Kushiro Mill
Corporate Officer	Masanobu Iizuka	General Manager of Hokkaido Mill
Corporate Officer	Yasuhiko Nishiguchi	General Manager of the Shimada Mill, Shin Tokai Paper Co., Ltd.
Corporate Officer	Shinichiro Nakamura	General Manager of Fuji Mill
Corporate Officer	Mitsuhiro Sugino	Deputy General Manager of Technical & Engineering Div. and General Manager of Production Dept.
Corporate Officer	Takashi Ochi	General Manager of Research & Development Div. and Research Laboratory

(2) Total amount of remuneration, etc., for Directors and Audit & Supervisory Board Members for the current fiscal year

	Number of Persons	Total amount of remuneration, etc. (million yen)
Directors	10	362
Audit & Supervisory Board Members	5	56

- Notes:
1. Figures rounded down to the nearest million yen.
 2. The numbers above include one (1) Director and one (1) Audit & Supervisory Board Member 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 Audit & Supervisory Board Members 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 Audit & Supervisory Board Members

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 Audit & Supervisory Board Members, 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 Audit & Supervisory Board Members 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 General 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.

【Reference: Remuneration for Directors】

	As of March 31, 2019	In and after the fiscal year ending March 31, 2020 (scheduled)
Composition of remuneration	<ul style="list-style-type: none"> ● Monthly remuneration only ● Part of monthly remuneration is contributed to the Nippon Paper Officers Share Ownership 	<ul style="list-style-type: none"> ● Consists of monthly remuneration and stock remuneration ● Part of monthly remuneration is contributed to the Nippon Paper Officers Share Ownership
Maximum remuneration	<ul style="list-style-type: none"> ● 800 million yen per year (monthly remuneration) 	<ul style="list-style-type: none"> ● 700 million yen per year (monthly remuneration) ● 25,000 points per year (stock remuneration) <p>* 1 point is equivalent to 1 share; i.e., 50 million yen when the stock price per share is 2,000 yen</p>
Performance-based	<ul style="list-style-type: none"> ● 30% of monthly remuneration is performance-based ● Criteria of performance evaluation is net sales, ordinary income and ROA (year on year percentage change) on the Company's non-consolidated basis 	<ul style="list-style-type: none"> ● 30% of monthly remuneration is performance-based ● Criteria of performance evaluation: 60% on the Company's non-consolidated basis and 40% on the Company Group's consolidated basis ● Non-consolidated performance indicators are the same as left ● Consolidated performance indicators are net sales, operating income and ROA (rate of achievement of the Medium-Term Business Plan)

(Notes) 1. Information in and after the fiscal year ending March 31, 2020 stated above are conditional upon the approval for the Proposal 4 “Introduction of Stock Compensation Plan for Directors” and Proposal 5 “Revision in the Amount of Compensation for Directors” in their original form at this General Meeting of Shareholders.

2. Outside Directors and Audit & Supervisory Board Members will receive fixed monthly remunerations only in and after the fiscal year ending March 31, 2020.

(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	No special relationship
		Representative Director of the Japan International Dispute Resolution Center	No special relationship
Outside Director	Makoto Fujioka	Senior Director of Japan Association for Chemical Innovation	Although the Company pays membership fees to said association, the amount of the fees is negligible (less than one million yen per year).
		Outside Director of NOK CORPORATION	No special relationship
		Outside Director of Eagle Industry Co., Ltd.	Although the Company has purchase transactions related to equipment with Eagle Industry Co., Ltd., the amount of transactions is negligible (The amount of the Company's purchases from Eagle Industry Co., Ltd. is less than 1% of the net sales of Eagle Industry Co., Ltd.).
Outside Audit & Supervisory Board Member	Seiichi Fusamura	Chairman of the Public Security Examination Commission	No special relationship
		Chairman of Tokyo Metropolitan Government Labor Relations Commission	No special relationship
Outside Audit & Supervisory Board Member	Yoko Hatta	Auditor of International Christian University	No special relationship
		Outside Corporate Auditor of IHI Corporation	Although the Company has purchase transactions related to equipment with IHI Corporation, the amount of transactions is negligible (The amount of the Company's purchases from IHI Corporation is less than 1% of the net sales of IHI Corporation.).
		Outside Audit & Supervisory Board Member of Kobayashi Pharmaceutical Co., Ltd.	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	13 of 13 (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 Director	Makoto Fujioka	13 of 13 (100%)	—	He asked suitable questions both on resolutions and on reports based on his extensive experience in governments and the private sector, as well as voiced his opinion from an independent perspective, as necessary.
Outside Audit & Supervisory Board Member	Seiichi Fusamura	12 of 13 (92.3%)	14 of 14 (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 Audit & Supervisory Board Member, discussed material matters about the audit, as well as asked suitable questions regarding other Audit & Supervisory Board Members' audits and as necessary, voiced his opinions from an independent perspective.
Outside Audit & Supervisory Board Member	Yoko Hatta	13 of 13 (100%)	14 of 14 (100%)	She asked suitable questions both on resolutions and on reports based on her extensive experience in international accounting firms, etc., as well as voiced her opinion from an independent perspective, as necessary. Further, she made reports regarding her audit conducted as an Outside Audit & Supervisory Board Member, discussed material matters about the audit, as well as asked suitable questions regarding other Audit & Supervisory Board Members' audits and as necessary, voiced her 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 Director Mr. Makoto Fujioka, Outside Audit & Supervisory Board Member Mr. Seiichi Fusamura and Outside Audit & Supervisory Board Member Ms. Yoko Hatta, which limits the amount of their liability for damages under Article 423,

Paragraph 1 of the Companies Act to the amount provided in laws and ordinances.

④ Total amount of remuneration

	Number	Total Amount of Remuneration, etc.
Outside Officer	4	37 million yen

(Note) Figures rounded down to nearest million yen.

4. Status of Accounting Auditor

(1) Name of Accounting Auditor Ernst & Young ShinNihon LLC

(Note) Ernst & Young ShinNihon LLC, the Company's Accounting Auditor, changed its trade name in Japanese effective July 1, 2018. However, its trade name in English remains unchanged.

(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	183 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	267 million yen

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

2. The Audit & Supervisory Board 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 Australian Pty Ltd. and Nippon Dynawave Packaging Company LLC have 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 Audit & Supervisory Board will dismiss the Accounting Auditor by the unanimous consent of all Audit & Supervisory Board Members pursuant to the provision of the same Article.

② The Audit & Supervisory Board 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.).

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 Audit & Supervisory Board 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) Establish 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 Audit & Supervisory Board Members ensure appropriate operation of business within the Group through presiding over the “Nippon Paper Group Audit & Supervisory Board Member Liaison Committee,” which consists of the Audit & Supervisory Board Members of the primary group companies of the Company, and the Audit & Supervisory Board 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 Audit & Supervisory Board Members, 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 Audit & Supervisory Board Members who assist the Audit & Supervisory Board Members in executing their duties. For such assignment, prior consent by the Audit & Supervisory Board Members is required.
 - (b) The Company’s employees who assist the Audit & Supervisory Board Members in executing their duties shall follow the instructions from the Audit & Supervisory Board Members and prioritize performing the duties related to their instructions.
- ⑦ System for Directors and employees to report to the Audit & Supervisory Board Members; other system related to the report to the Audit & Supervisory Board Members; and system to ensure effective audit by the Audit & Supervisory Board Members
- (a) Directors, Corporate Officers and employees will report to the Audit & Supervisory Board 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 Audit & Supervisory Board Members 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 Audit & Supervisory Board Members, without limiting to the reports from the Directors, Corporate Officers and employees, the Company shall facilitate an environment to allow the Audit & Supervisory Board Members to exchange information closely with the Accounting Auditor and legal advisors, etc.

- (c) Representative Directors endeavor to communicate closely with the Audit & Supervisory Board Members through such means as holding meetings as often as possible with Audit & Supervisory Board Members, etc. Moreover, Representative Directors ensure, upon request by the Audit & Supervisory Board Members, attendance of the Audit & Supervisory Board Members at any material meetings.
 - (d) At meetings of the Nippon Paper Group Audit & Supervisory Board Member Liaison Committee, the Audit & Supervisory Board Members of the Company shall receive explanation from the Audit & Supervisory Board Members 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 Audit & Supervisory Board Members 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 Audit & Supervisory Board Members, the Company shall provide an annual budget for paying expenses and costs that are incurred by the execution of duties by the Audit & Supervisory Board Members.
 - (h) When the Audit & Supervisory Board Members 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 Company strives to ensure the appropriateness of operation through formulating and operating the Basic Policies to Establish the Internal Control Systems. As described in "Issues to be addressed" in the Business Report, however, it was discovered that the storage of PCB waste had not been properly reported. We continue the investigation of the facts and take thorough initiatives to prevent recurrence. In addition to the above, 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) The Company established the Environmental Committee, the Safety and Disaster Prevention Committee and the Product Safety Committee to promote risk management activity across the entire Company Group. Each Committee was held twice during the current fiscal year to confirm efforts of each group company.

(b) Common measures for environment, safety and disaster, and product safety include various type of audits. The Company implements internal audits at each mill, document inspection and on-site audits by the section responsible in the head office and mutual audits among group companies and share the summary and results of audits within the Group through each committee organization.

② Compliance system

(a) 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, specialized external companies and attorneys. The status of such internal reporting was reported quarterly from the Compliance Office of the CSR Department to the Audit & Supervisory Board Members.

- ③ Audit & Supervisory Board Members' audit and internal audit
 - (a) The Audit & Supervisory Board Members held five meetings of the Nippon Paper Group Audit & Supervisory Board Member Liaison Committee, at which they received reports on audit activities at each group company.
 - (b) The Management Audit Office performed internal audits of the Company and the group companies and made reports on the results to President and Representative Director and full-time Audit & Supervisory Board Members three times and Outside Directors and Outside Audit & Supervisory Board Members three times. The Management Audit Office also performed evaluation on validity of internal audits regarding financial reporting of the Company and the group companies. President and Representative Director reported summaries of these result to the Board of Directors.
 - (c) The Management Audit Office attended meetings of the Nippon Paper Group Audit & Supervisory Board Member Liaison Committee to integrate internal audit and Audit & Supervisory Board Members' audit.

- ④ The Group companies' business management
 - (a) The Presidents' Meeting of associated companies was held among the Company and its 21 primary group companies, where each group company reported issues to be addressed and initiatives for the Medium-Term Business Plan.

- ⑤ System of execution of duties
 - (a) The Board of Directors held thirteen regular meetings. Material matters are deliberated in advance at the Management Strategy Committee and Management Execution Committee and submitted to the Board of Directors.
 - (b) With regard to the effectiveness of the Board of Directors,

self-evaluation was performed by each Director and Audit & Supervisory Board Member in the form of a questionnaire and deliberated at the Board of Directors meeting. While evaluating that their current state was almost appropriate, the Board of Directors raised “providing greater support to Outside Officers to facilitate their activities” as a point for improvement for the current fiscal year, and confirmed the policy to enrich the information provided to Outside Officers.

Consolidated Financial Statements
Consolidated Balance Sheet

(As of March 31, 2019)

(Unit: million yen)

Category	Amount	Category	Amount
Assets		Liabilities	
Current assets	[515,407]	Current liabilities	[477,866]
Cash and Deposit	63,455	Notes payable and accounts payable-trade	145,132
Notes receivable and accounts receivable-trade	234,671	Short-term loan payable	224,227
Merchandise and finished goods	87,025	Current portion of bonds	10,000
Work in process	20,518	Corporate income taxes payable, etc.	5,156
Raw materials and Supplies	70,351	Other current liabilities	93,349
Other current assets	39,933	Fixed liabilities	[517,603]
Allowance for doubtful accounts	(550)	Bonds payable	50,000
Fixed assets	[875,406]	Long-term loan payable	401,474
(Tangible fixed assets)	[677,613]	Deferred tax liabilities	27,600
Buildings and Structures	135,997	Provision for environmental measure	14,780
Machinery, Equipment and Vehicles	287,382	Retirement benefits liabilities	13,776
Land	199,435	Other fixed liabilities	9,970
Forested land and forestation	26,146	Total liabilities	995,470
Construction in progress	22,096	Net assets	
Other tangible fixed assets	6,555	Shareholders' equity	[355,125]
(Intangible assets)	[11,137]	Capital	104,873
Intangible assets	11,137	Capital Surplus	216,414
(Investment and other assets)	[186,655]	Retained earnings	35,265
Investment securities	159,198	Treasury Stocks	(1,427)
Retirement benefits assets	6,215	Accumulated other comprehensive income	[30,033]
Deferred tax assets	4,492	Valuation difference on other securities	21,274
Other investment and other assets	17,452	Deferred gain or loss on hedges	(2,283)
Allowance for doubtful accounts	(703)	Currency translation adjustment account	15,419
		Accumulated adjustment of retirement benefits	(4,377)
		Non-controlling interests	[10,184]
		Total net assets	395,343
Total assets	1,390,814	Total liabilities /net assets	1,390,814

Consolidated Statement of Profit and Loss

(From April 1, 2018 through March 31, 2019)

(Unit: million yen)

Category	Amount	
Net sales		1,068,703
Cost of sales		871,218
Gross income		197,485
Expenses for sales and general administration		177,870
Operating income		19,615
Non-operating income		
Interest Income	444	
Dividend Income	2,066	
Equity in earnings of affiliates	10,641	
Miscellaneous income	4,501	17,655
Non-operating expenses		
Interest expenses	7,391	
Foreign exchange losses	1,707	
Miscellaneous expenses	4,269	13,368
Ordinary income		23,901
Extraordinary income		
Gain on sales of investment securities	3,106	
Gain on sales of fixed assets	1,987	
Others	90	5,185
Extraordinary losses		
Loss on reorganization of production structure	18,330	
Impairment losses	14,252	
Provision for environmental measures	13,700	
Loss on retirement of fixed assets	2,088	
Others	8,359	56,730
Net loss before tax and other adjustment for the current term		27,644
Corporate income tax, inhabitant tax and business tax	4,454	
Adjustment for corporate income tax, etc.	644	5,098
Net loss for the current term		32,742
Net income attributable to non-controlling interests		2,477
Net loss attributable to owners of the parent		35,220

TRANSLATION

Financial Statements**Balance Sheet**

(As of March 31, 2019)

(Unit: million yen)

Category	Amount	Category	Amount
Assets		Liabilities	
Current assets	[374,819]	Current liabilities	[368,277]
Cash and Deposit	39,282	Notes payable	14,201
Notes receivable	1,087	Accounts payable-trade	63,219
Accounts receivable-trade	139,720	Short-term loan payable	212,857
Merchandise and finished goods	45,655	Current portion of bonds	10,000
Work in process	13,356	Account payable	45,359
Raw materials and Supplies	49,813	Accrued expenses	7,516
Short-term loan receivable	70,024	Corporate income taxes payable, etc.	884
Other accounts receivable	16,963	Other current liabilities	14,237
Other current assets	8,703	Fixed liabilities	[439,693]
Allowance for doubtful accounts	(9,788)	Bonds payable	50,000
Fixed assets	[720,521]	Long-term loan payable	347,629
(Tangible fixed assets)	[450,063]	Provision for environmental measure	14,646
Buildings	76,471	Deferred tax liabilities	2,042
Structures	19,702	Deferred tax liabilities for revaluation	19,195
Machinery and Equipment	168,664	Other fixed liabilities	6,179
Vehicles	32	Total liabilities	807,970
Tools, furniture and fixture	3,381	Net assets	
Land	147,059	Shareholders' equity	[262,027]
Forested land & forestation	18,452	Capital	104,873
Lease assets	1,758	Capital surplus	130,229
Construction in progress	14,539	Legal capital surplus	83,552
(Intangible assets)	[4,413]	Other capital surplus	46,677
Software	2,946	Retained earnings	28,039
Other intangible assets	1,466	Legal retained earnings	432
(Investment and other assets)	[266,045]	Other retained earnings	27,607
Investment securities	49,962	Reserve for prevention of specific disasters	127
Shares in and investment in capital of affiliates	202,071	Reserve for reduction entry of fixed assets	3,212
Long-term loan receivable	417	Retained earnings carried forward	24,267
Long-term prepaid expenses	866	Treasury Stocks	(1,114)
Prepaid pension cost	8,242	Valuation and translation adjustments, etc.	[25,343]
Other investment and other assets	5,024	Valuation difference on other securities	18,417
Allowance for doubtful accounts	(540)	Deferred gain or loss on hedges	(1,456)
		Revaluation difference on land	8,383
		Total net assets	287,371
Total assets	1,095,341	Total liabilities/net assets	1,095,341

TRANSLATION

Statement of Profit and Loss

(From April 1, 2018 through March 31, 2019)

(Unit: million yen)

Category	Amount	
Net sales		610,441
Cost of sales		512,780
Gross income		97,660
Expenses for sales and general administration		106,081
Operating loss		8,420
Non-operating income		
Interest and dividend Income	11,431	
Miscellaneous income	3,639	15,070
Non-operating expenses		
Interest expenses	5,560	
Miscellaneous expenses	2,852	8,413
Ordinary loss		1,763
Extraordinary income		
Gain on sales of shares in affiliates	5,989	
Gain on sales of investment securities	2,957	
Gain on sales of fixed assets	1,344	10,290
Extraordinary losses		
Loss on reorganization of production structure	24,694	
Loss on valuation of shares in affiliates	17,727	
Impairment losses	14,791	
Provision for environmental measures	13,700	
Loss on retirement of fixed assets	1,882	
Others	2,648	75,445
Pre-tax net loss for the current term		66,918
Corporate income tax, inhabitant tax and business tax	(2,038)	
Adjustment for corporate income tax, etc.	(1,632)	(3,671)
Net loss for the current term		63,246

TRANSLATION

Audit Report

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

Independent Auditor's Report

May 17, 2019

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

Ernst & Young ShinNihon LLC
Designated Limited Liability Partner
Executive Member CPA Kazuomi Nakamura (Seal)
Designated Limited Liability Partner
Executive Member CPA Tadashi Watanabe (Seal)
Designated Limited Liability Partner
Executive Member CPA Takahiro Kawagishi (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, 2018 through March 31, 2019 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 17, 2019

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

Ernst & Young ShinNihon LLC
Designated Limited Liability Partner
Executive Member CPA Kazuomi Nakamura (Seal)
Designated Limited Liability Partner
Executive Member CPA Tadashi Watanabe (Seal)
Designated Limited Liability Partner
Executive Member CPA Takahiro Kawagishi (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 94th fiscal term from April 1, 2018 through March 31, 2019 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.

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 Audit & Supervisory Board: True Copy

Audit Report

The Audit & Supervisory Board, upon deliberation based on the audit reports prepared by each of the Audit & Supervisory Board Members on execution of duties by the Directors during the 95th fiscal year, from April 1, 2018 through March 31, 2019, has prepared this Audit Report and presents as follows;

1. Method and detail of audit by Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board 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 Audit & Supervisory Board Member, 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 Audit & Supervisory Board Members' audit standards which the Audit & Supervisory Board established, and in accordance with the audit policy and task division, each Audit & Supervisory Board Members 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 Audit & Supervisory Board Members, 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

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is appropriate. In addition, as stated in the Business Report, it was discovered that the storage of PCB waste had not been reported during the period under review. The Audit & Supervisory Board will pay close attention to the status of investigations by the countermeasures committee and the implementation of recurrence prevention measures. We find that there is no other 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.

(iv) We find that there is no item to be pointed out as to the entries in the business report regarding the basic policy and its initiatives 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.

(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 17, 2019

Audit & Supervisory Board

Nippon Paper Industries Co., Ltd.

Standing Audit & Supervisory Board Member (full-time) Hirofumi Fujimori (Seal)

Audit & Supervisory Board Member (full-time) Mitsuo Nagoshi (Seal)

Audit & Supervisory Board Member Seiichi Fusamura (Seal)

Audit & Supervisory Board Member Yoko Hatta (Seal)

(Note) Audit & Supervisory Board Member Seiichi Fusamura and Audit & Supervisory Board Member Yoko Hatta are the Outside Audit & Supervisory Board Members stipulated in the item 16 of Article 2 and the paragraph 3 of Article 335 of the Companies Act.

[End]