

Company: Rengo Co., Ltd.
Representative: Kiyoshi Otsubo, President and CEO
Stock code: 3941

Company Nippon Paper Group, Inc.
Representative: Masatomo Nakamura, President and CEO
Stock code: 3893

Company: Sumitomo Corporation
Representative: Motoyuki Oka, President and CEO
Stock code: 8053

Rengo, Nippon Paper Group, and Sumitomo Corporation Sign Strategic Alliance Agreement

Tokyo, March 2, 2007 – Rengo Co., Ltd., (“Rengo”) the Nippon Paper Group, Inc., (“Nippon Paper Group”) and Sumitomo Corporation (“Sumitomo”) today signed a strategic alliance agreement based on a Memorandum of Understanding of November 20, 2006.

Agreement Outline

1. Goals of Strategic Alliance

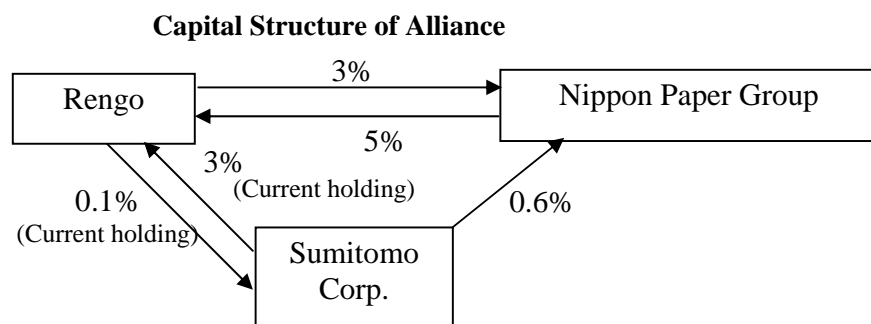
- i. Ensure the alliance partners play a central role in strengthening the domestic foundations and international competitiveness of Japan’s paperboard and corrugated cardboard industries.
- ii. Increase corporate value by swiftly realizing alliance synergies, raising profitability by eliminating investment overlaps, and boosting management efficiency.
- iii. Contribute to society and enhance consumer lifestyles by maintaining and stabilizing Japan’s world-class paperboard recycling system and developing new packaging solutions.

2. Capital Alliance

As announced on November 20, 2006, the three companies will acquire and retain shares in each other to cement their strategic alliance.

- i. Rengo will acquire 3% of Nippon Paper Group’s outstanding common stock by March 31, 2008.
- ii. Nippon Paper Group will acquire 5% of Rengo’s outstanding common stock by March 31, 2008.
- iii. Sumitomo will transfer Rengo shares that consolidated subsidiary Sumisho Paper Co.,

Ltd., holds (1.5% of Rengo's outstanding common stock) to Nippon Paper Group in exchange for 0.6% of the latter's outstanding common stock, representing an equivalent value. The shares transferred to Nippon Paper Group will become part of that company's abovementioned stake in Rengo.



3. Operational Initiatives

- i. Jointly scrap and build paperboard facilities
 - Evaluate and build an optimal paperboard production structure, centered on containerboard.
- ii. Comprehensively reinforce alliance partners' packaging businesses
 - Launch measures aimed at promoting consolidation and forging new business alliances in the corrugated cardboard sector.
 - Collaborate in the folding packaging segments.
- iii. Joint procurement of raw materials
 - Build a comprehensive operational structure for the joint procurement of recovered paper.
 - Jointly explore ways to procure raw materials and power sources more cost effectively.
- iv. Joint expansion of overseas businesses
 - Leverage the existing overseas networks operated by the Rengo Group and the Nippon Paper Group to expand international business and boost exports.
 - Identify overseas companies and projects as targets for co-investment.
- v. Other initiatives (distribution, research and development, technological exchange, and IT systems)
 - Harness OEM agreements to eliminate transportation overlaps.
 - Identify and implement joint research and development projects.

- Exchange production technologies to enhance productivity, quality control and operational efficiency.
- Share information on personnel policies and technical training.
- Consider joint development and application of IT systems and collaboration in electronic data interchange (EDI).

4. Implementation Structure

The three partners will form an Alliance Committee to assess and implement the initiatives proposed under the strategic alliance agreement. They will also establish sub-committees as needed to plan and execute initiatives and thereby swiftly realize alliance benefits.

5. Broadening Alliance

The partners agree to discuss broadening their alliance if they conclude that such steps will contribute to the further development of the domestic paperboard and corrugated cardboard industries and enhance each company's corporate value.

Timeframe

March 2, 2007	Signing of Basic Agreement on Mutual Stock Holdings and Strategic Alliance
	Organizing the Alliance Committee and sub-committees
April 1, 2007	Commence implementation alliance initiatives