

**Fiscal Year Ended March 2006**  
**Brief Note on Settlement of Accounts (Consolidated)**  
**(News Flash)**

Name of Company Listed: **Nippon Paper Group, Inc.**

Stock Exchange Listings: Tokyo, Osaka and Nagoya

Code Number: 3893

Location of Corporate Headquarters: Tokyo

URL: <http://www.np-g.com>

Representative:

Title of Representative Person: President

Name of Representative Person: Masatomo Nakamura

Person in Charge of Contact:

Title of Contact Person: Director, Member of the Board

Name of Contact Person: Keisuke Ito

Telephone: +81-(0)3-3218-9300

Date on Which the Board of Directors' Meeting Was Held to Approve the Settlement of Accounts: April 28, 2006

Whether U.S. Accounting Standards Are Adopted: No

**1. Consolidated Results of Operations for the Accounting Period of Fiscal Year Ended March 2006 (April 1, 2005 to March 31, 2006)**

(Amounts indicated are displayed with amounts of less than one million yen rounded off.)

**(1) Consolidated Business Results**

|  | Net sales       |        | Operating income |         | Ordinary income |         | Net income      |         |
|--|-----------------|--------|------------------|---------|-----------------|---------|-----------------|---------|
|  | Millions of yen | %      | Millions of yen  | %       | Millions of yen | %       | Millions of yen | %       |
| Accounting period of fiscal year ended March, 2006 | 1,152,166       | (-2.3) | 48,391           | (-25.8) | 49,403          | (-21.3) | 17,192          | (-29.4) |
| Accounting period of fiscal year ended March, 2005 | 1,179,696       | (-1.1) | 65,231           | (17.2)  | 62,801          | (24.0)  | 24,350          | (0.4)   |

|  | Net income per share | Net income per share after adjusting for dilution | Return on equity | Ordinary margin on gross capital | Ordinary margin on net sales |
|--|----------------------|---|------------------|----------------------------------|------------------------------|
|  | Yen                  | Yen   | %                | %                                | %                            |
| Accounting period of fiscal year ended March, 2006 | 15,760.27            | 15,123.82   | 3.9              | 3.3                              | 4.3                          |
| Accounting period of fiscal year ended March, 2005 | 21,996.96            | 21,107.50   | 5.6              | 4.0                              | 5.3                          |

Notes: 1. Investment income and loss accounted for by the equity method:

Accounting period of fiscal year ended March, 2006 1,696 million yen

Accounting period of fiscal year ended March, 2005 1,993 million yen

2. Average number of shares (consolidated):

Accounting period of fiscal year ended March, 2006 1,077,253.61 shares

Accounting period of fiscal year ended March, 2005 1,094,820.37 shares

3. Changes in accounting method: Yes

4. Percentages for net sales, operating income, ordinary income and net income indicate the percentage increase/decrease compared with the accounting period of the previous fiscal year.

(2) Consolidated Financial Status

|  | Total assets    | Total shareholders' equity | Equity ratio | Shareholders' equity per share |
|--|-----------------|----------------------------|--------------|--------------------------------|
|  | Millions of yen | Millions of yen            | %            | Yen                            |
| Accounting period of fiscal year ended March, 2006 | 1,492,427       | 440,316                    | 29.5         | 413,525.41                     |
| Accounting period of fiscal year ended March, 2005 | 1,529,975       | 442,876                    | 28.9         | 404,369.11                     |

Note: Number of issued and outstanding shares at the end of the accounting periods (consolidated):

|  |                     |
|--|---------------------|
| Accounting period of fiscal year ended March, 2006 | 1,064,268.11 shares |
| Accounting period of fiscal year ended March, 2005 | 1,094,565.87 shares |

(3) Consolidated Cash Flow

|  | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--|
|  | Millions of yen                      | Millions of yen                      | Millions of yen                      | Millions of yen                            |
| Accounting period of fiscal year ended March, 2006         | 132,054                              | -40,398                              | -96,550                              | 13,963                                     |
| Interim accounting period of fiscal year ended March, 2005 | 108,195                              | -26,062                              | -86,009                              | 18,181                                     |

(4) Matters Relating to the Scope of Consolidation and Application of the Equity Method

Number of consolidated subsidiaries: 41 companies

Number of non-consolidated subsidiaries to which the equity method is applied: 0

Number of affiliated companies to which the equity method is applied: 6 companies

(5) Changes in the Scope of Consolidation and Application of the Equity Method

Consolidated (New): 0 (Eliminated): 3 companies

Equity method (New): 1 company (Eliminated): 1 company

**2. Projection of Consolidated Results of Operations for the Fiscal Year Ending March 2007 (April 1, 2006–March 31, 2007)**

|                           | Net sales       | Ordinary income | Net income      |
|---------------------------|-----------------|-----------------|-----------------|
|                           | Millions of yen | Millions of yen | Millions of yen |
| Interim accounting period | 590,000         | 19,000          | 6,000           |
| Full fiscal year          | 1,200,000       | 51,000          | 21,000          |

(Reference) Projected net income per share (full fiscal year) 19,731.87 yen

Forecast performance is predicted based on the information available at the time of the announcement. Actual performance may differ from forecasts due to a variety of factors.

*This document is an English-language translation of the Japanese-language original.*