

FOR IMMEDIATE RELEASE

Company: Nippon Paper Group, Inc.  
 Representative: Yoshio Haga, President  
 Stock Code: 3893 First Section TSE, OSE & NSE

### Nippon Paper Group to Shut Paper Machines to Curtail 880,000 tons

Nippon Paper Group, Inc. announces that it will shut 15 paper and paperboard machines in response to the recent sharp decline in demand. The Group has been compelled to operate below capacity to meet demand decrease, however, it has decided to consolidate its production at more efficient machines to raise the operating rates.

In addition, the Group will cease all paper machine operation during the regular maintenance period of boilers and pulp machines. This will also help curtail production capacity.

As a result of these actions, the Nippon Paper Group expects to reduce its annual total paper and paperboard production capacity by around 880,000 metric tons. Details are as follows:

List of production facilities to be shut (15 machines in total: 14 for paper and 1 for paperboard)

	Site	Facility	<u>Capacity (in thousands of metric tons per year)</u>	<u>Products</u>
[Paper]				
Nippon Paper Industries Co., Ltd.	Yufutsu Mill	No.1 Paper machine & No.1 Coater	59	Coated paper
Ditto	Iwakuni Mill	No.5 Paper machine & No.3 Coater	83	Coated paper
Nippon Daishowa Paperboard Co., Ltd.	Otake Mill	No.7 Paper machine & No.1 Coater	80	Coated paper
Nippon Paper Industries Co., Ltd.	Ishinomaki Mill	No.2 Paper machine	24	Fine paper
Ditto	Ditto	No.6 Paper machine	44	Mechanical paper
Ditto	Fuji Mill	F7 Paper machine	27	Fine and mechanical paper
Ditto	Nakoso Mill	No.1 Paper machine	44	Business communication paper
Ditto	Iwakuni Mill	No.3 Paper machine	26	Business communication paper
Ditto	Fuji Mill	S2 Paper machine	15	Industrial paper
Ditto	Ditto	S3 Paper machine	10	Industrial paper
Ditto	Ditto	S4 Paper machine	30	Industrial paper
		Subtotal:	442	
		Additional capacity curtailment by ceasing operation during the regular maintenance period of boilers and pulp machines:	300	At all mills
		Paper Total:	742	
[Paperboard]				
Nippon Daishowa Paperboard Co., Ltd.	Soka Mill	No.1 Paperboard machine	133	Linerboard and corrugated medium
		Paper and Paperboard Total:	875	

[Schedule] To be shut within the first half of FY2009

The Nippon Paper Group will be taking the most effective measures available to avoid inconveniencing customers and other stakeholders. The amount of the resulting impairment loss on fixed assets will be reported separately, as soon as it is available.