

Fiscal Year Ended March 2005

Brief Note on Settlement of Accounts (Consolidated)

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: Takahiko Miyoshi

Person in Charge of Contact:

Title of Contact Person: Director, Member of the Board

Name of Contact Person: Keisuke Ito

Telephone: (03)3218-9300

Date on Which the Board of Directors' Meeting Was held to Approve the Settlement of Accounts: May 11, 2005

Whether U.S. Accounting Standards Are Adopted: No

1. Consolidated Results of Operations for the Accounting Period of Fiscal Year 2005 (April 1, 2004 to March 31, 2005)**(1) Consolidated Business Results**

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

| | Net sales | | Operating income | | Ordinary income | |
|---------------------------------------|-----------------|--------|------------------|--------|-----------------|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Accounting period of fiscal year 2005 | 1,179,696 | (-1.1) | 65,231 | (17.2) | 62,801 | (24.0) |
| Accounting period of fiscal year 2004 | 1,192,649 | (2.3) | 55,679 | (10.4) | 50,665 | (27.7) |

| | Net income | | 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 |
|---------------------------------------|-----------------|---------|----------------------|---|------------------|----------------------------------|------------------------------|
| | Millions of yen | % | Yen | Yen | % | % | % |
| Accounting period of fiscal year 2005 | 24,350 | (0.4) | 21,996.96 | 21,107.50 | 5.6 | 4.0 | 5.3 |
| Accounting period of fiscal year 2004 | 24,258 | (397.0) | 22,025.22 | 21,132.64 | 5.8 | 3.1 | 4.2 |

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

Accounting period of fiscal year 2005 1,993 million yen

Accounting period of fiscal year 2004 3,207 million yen

2. Average number of shares (consolidated):

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

Accounting period of fiscal year 2004 1,092,364.04 shares

3. Changes in accounting method: No

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 2005 | 1,529,975 | 442,876 | 28.9 | 404,369.11 |
| Accounting period of fiscal year 2004 | 1,637,366 | 429,621 | 26.2 | 392,140.80 |

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

| | |
|---------------------------------------|---------------------|
| Accounting period of fiscal year 2005 | 1,094,565.87 shares |
| Accounting period of fiscal year 2004 | 1,095,071.82 shares |

(3) Consolidated Cash Flows

| | 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 2005 | 108,195 | -26,062 | -86,009 | 18,181 |
| Accounting period of fiscal year 2004 | 87,089 | -72,664 | -28,830 | 21,624 |

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

Number of consolidated subsidiaries: 44

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

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

Consolidated (New): 1 company (Eliminated): 8 companies

Equity method (New): 0 (Eliminated): 0

2. Projection of Consolidated Results of Operations for the Fiscal Year Ending March 2006 (April 1, 2005 to March 31, 2006)

| | Net sales | Ordinary income | Net income |
|---------------------------|-----------------|-----------------|-----------------|
| | Millions of yen | Millions of yen | Millions of yen |
| Interim accounting period | 590,000 | 32,000 | 3,000 |
| Full fiscal year | 1,180,000 | 70,000 | 21,000 |

(Reference) Projected net income per share (full fiscal year): 19,185.69 yen

The projection of consolidated results of operations was prepared based on information available to management as of the date the projection was released. Actual results may vary from the projection numbers as a result of various factors in the future.

All financial information has been prepared in accordance with accounting principles generally accepted in Japan. This document is an English-language translation of the Japanese-language original.