

August 3, 2011

Company name: Nippon Paper Group, Inc.

Representative: Yoshio Haga, President

(Stock code: 3893, First Section TSE, OSE and NSE)

**ANNOUNCEMENT CONCERNING ACQUISITION OF SHARES
IN LEE & MAN PAPER MANUFACTURING LIMITED**

Nippon Paper Group, Inc. (“the Group”) resolved at a meeting of the Board of Directors on August 3, 2011 to acquire additional shares of Lee & Man Paper Manufacturing Limited (“L&M”), the second largest linerboard maker in China. We plan to make L&M our equity method affiliate.

1 . Reason for acquisition of shares

The Group put emphasis on the Pacific Rim region as the most important market for our future growth and work to bolster the pulp and paper business.

In an effort to realize the expansion, in June 2010 we acquired 12% shares in L&M and simultaneously entered into the Business Collaboration Agreement (“BCA”) with L&M, accordingly dispatching 2 directors. We have worked extensively on operational knowledge sharing and technical cooperation with L&M through supporting the launch of L&M s white cardboard manufacturing facility in China.

Aiming to further develop our business in the Chinese market, we have decided to acquire additional shares in L&M at this time. Consequently, our shareholding in L&M will increase to 15.32% following completion of this acquisition. We plan to make L&M our equity method affiliate.

2 . Details of L&M (As at March 31, 2011)

(1)	Name	Lee & Man Paper Manufacturing Limited		
(2)	Location	(Registered Office) Cricket Square Hutchins Drive P.O.Box 2681 Grand Cayman KY1-1111 Cayman Island (Principal Office) 5th Floor, Liven House. 61-63 King Yip Street. Kwun Tong. Kowloon. Hong Kong		
(3)	Title and name of corporate representative	Lee Man Chun Raymond (CEO)		
(4)	Business	Manufacture and sales of linerboards		
(5)	Capital	HK\$ 117.241 million		
(6)	Date of incorporation	May 21, 2003		
(7)	Major shareholders and their holding ratios	Gold Best Holdings Ltd 53.18% Nippon Paper Group, Inc 11.65%		
(8)	Relationship with the listed company	Capital relationship	The Group holds 546,153,559 shares of L&M, which is 11.65% of number of shares outstanding as at August 3, 2011	
		Personnel relationship	2 persons including the president of the Group are directors of L&M	
		Trading relationship	None	
		Status regarding related parties	None	
(9)	Financial condition and business performance in the past 3 years (HK\$ million, except per share data, HK Cents for Consolidated net income per share)			
	Fiscal year	March, 2009	March, 2010	March, 2011
	Net assets	8,467	10,151	12,300
	Total assets	18,677	19,710	23,704
	Net assets per share	7.44	2.23	2.62
	Consolidated sales	9,649	11,099	14,034
	Consolidated net income	300	1,833	1,848
	Consolidated net income per share (Basic)	26.56	40.30	40.13
	Dividend per share	0.05	0.135	0.14

L&M implemented a 4-for-1 stock split in December 2009.

3 . Outline of Share Acquisition

(1) Method for share acquisition

The Group will purchase the shares in L&M from individual shareholders.

(2) Number of shares to be acquired, acquisition price, and shareholding percentage in L&M before and after acquisition

Number of shares held before the acquisition	546,153,559 (Shareholding percentage : 11.65 %)
Number of shares to be acquired	172,362,120 (Total acquisition price : Approximately HK\$937 million)
Number of shares held after the acquisition	718,515,679 (Shareholding percentage : 15.32%)

The above stated shareholding percentages are based on the number of outstanding shares of L&M as at August 3, 2011

4 . Schedule

(1) Resolution of the board of directors	August 3, 2011
(2) Date of stock acquisition	August 5, 2011 (expected)

5 . Future Prospects

The extent to which the share acquisition affects the consolidated and non-consolidated business performance is currently under review. We will promptly inform shareholders the extent as soon as it becomes available. We plan to make L&M our equity method affiliate.