

Company name: Nippon Paper Group, Inc.
 Representative: Yoshio Haga, President
 (Stock code: 3893, First Section TSE, OSE and NSE)

Notice Concerning Recognition of Extraordinary Losses and
 Revision of Consolidated Earnings Forecast

Nippon Paper Group, Inc. ("the Company") announces that it has decided to record extraordinary losses for the second quarter of the fiscal year ending March 31, 2012 as below. And in view of recent earnings trends, the Company revised its consolidated earnings forecast announced on August 3, 2011 as below.

1. Recognition of Extraordinary Losses

i) Extraordinary Loss due to the Great East Japan Earthquake

The Company has decided to record an extraordinary loss of 3.9 billion yen for the second quarter of the fiscal year ending March 31, 2012, including a fixed cost for the period of suspension of operations in the mills damaged by the disaster, etc. As a consequence, for the first half of this fiscal year, the extraordinary loss due to the Great East Japan Earthquake is 8.4 billion yen.

ii) Business restructuring expenses

To respond to the severe business environment in the Japanese paper market, the Company decided to move forward with the paper business revitalization and developed the "Plan for Paper Business Revitalization" which was released on August 3, 2011. In association with that, the Company has decided to record an impairment loss on fixed assets, etc. of 18.4 billion yen for the second quarter of the fiscal year ending March 31, 2012.

2. Revision of Consolidated Earnings Forecast for the first half of the fiscal year ending March 31, 2012 (April 1, 2011 to September 30, 2011)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen/hundredth of yen
Previous forecast (A)	510,000	13,000	12,000	-13,000	-112.26
Revised forecast (B)	511,500	14,400	-12,500	-39,200	-338.52
Increase/decrease (B – A)	1,500	1,400	-24,500	-26,200	–
Percentage increase/decrease (%)	0.3	10.8	–	–	–
(Reference) Results for the first half of the fiscal year ended March 31, 2011	551,450	16,839	14,243	6,329	54.65

Reasons for Revision

Net sales and operating income will exceed the previous forecast, while ordinary income and net income will fall below it because the company has decided to amortize in full goodwill of 25.4 billion yen incurred as a result of the stock acquisition of Lee & Man Paper Manufacturing Limited by including the said amount in the equity-method investment loss.

The consolidated earnings forecast for the full fiscal year will be released at the time of the announcement of the consolidated financial results for the first half of the fiscal year ending March 31, 2012 scheduled for November 2, 2011.

(Note) The above forecast is made based on information currently available. Actual results may differ from projections due to a variety of factors.