



February 6, 2013

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2012

Name of Company Listed: **Nippon Paper Group, Inc.**
 Stock Exchange Listings: Tokyo, Osaka and Nagoya
 Code Number: 3893
 URL: <http://www.nipponpapergroup.com/e/>
 Representative:
 Title of Representative Person: President
 Name of Representative Person: Yoshio Haga
 Person in Charge of Contact:
 Title of Contact Person: General Manager of Accounting & Budgeting Dept.
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 Planned date of Financial Report submission: February 14, 2013
 Planned date of the commencement of dividend payments: -
 Availability of support documentation: Yes
 Holding of financial result briefing: Yes (for institutional investors and investment analysts)

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

1. Consolidated Financial Results of Operations for the Nine Months Ended December 2012 (April 1, 2012–December 31, 2012)

(1) Consolidated Results of Operations

(The percentages indicate the percentage increase or decrease compared to the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2012	770,986	-1.1	17,515	-28.8	14,088	-	7,453	-
Nine months ended December 31, 2011	779,392	-6.6	24,615	-6.6	-3,420	-	-39,830	-

Note: Comprehensive income

Nine months ended December 2012	10,622 million yen	(- %)
Nine months ended December 2011	-46,483 million yen	(- %)

	Net income per share	Net income per share after adjusting for dilution
	Yen	Yen
Nine months ended December 31, 2012	64.37	-
Nine months ended December 31, 2011	-343.97	-

(2) Consolidated Financial Status

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2012	1,502,053	376,566	24.8
As of March 31, 2012	1,527,635	366,652	23.8

Reference: Shareholders' equity As of December 31, 2012 372,960 million yen
 As of March 31, 2012 363,066 million yen

2. Dividend Status

	Dividends per share				
	First quarter end	Second quarter end	Third quarter end	End of period	Annual
	Yen	Yen	Yen	Yen	Yen
Accounting period of fiscal year ended March, 2012	—	10.00	—	20.00	30.00
Accounting period of fiscal year ending March, 2013	—	10.00	—		
Accounting period of fiscal year ending March, 2013 (Projection)				30.00	40.00

Note: Revisions to latest dividend estimates /None

3. Projection of Consolidated Financial Results for the Fiscal Year Ending March 2013 (April 1, 2012–March 31, 2013)

(The percentages indicate the percentage increase or decrease compared to the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year	1,030,000	-1.2	27,000	-26.1	20,000	230.2	6,000	—	51.82

Note: Recent revisions to consolidated financial results /None

4. Others

[1] Has the Company made any important changes in its subsidiaries (changes in specified subsidiaries as a result of changes in the scope of consolidation)? /Yes

New — (Company name:)

Eliminated 1 company (Company name: Nippon Daishowa Paperboard Co., Ltd.)

[2] Has the Company adopted a specific accounting method for preparation of quarterly consolidated financial statements? /Yes

[3] Changes in Accounting principles, changes in accounting estimates, or restatements

(i) Has the Company made any changes in accounting principles following the revision of the Accounting Standard and others? /Yes

(ii) Has the Company made any changes in accounting principles other than those described in (i)? /No

(iii) Has the Company made any changes in accounting estimates? /Yes

(iv) Has the Company made any restatements? /No

[4] Number of issued and outstanding shares (common stock)

(i) Number of issued and outstanding shares (including treasury stock) as of:

December 31, 2012 116,254,892 Shares

March 31, 2012 116,254,892 Shares

(ii) Number of treasury stock as of:

December 31, 2012 465,434 Shares

March 31, 2012 461,905 Shares

(iii) Average number of shares during the periods of:

Nine months ended December 31, 2012 115,791,595 Shares

Nine months ended December 31, 2011 115,796,485 Shares

* Presentation of implementation status of quarterly review procedure

This “Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2012” is not subject to quarterly review procedures in accordance with the Financial Instruments and Exchange Law and, as of the date of publication of these quarterly consolidated financial results, the quarterly review procedures for the consolidated quarterly financial statements are currently in progress.

*Disclaimer regarding forward-looking statement and other remarks:

Any statement in this document regarding future performance of the Company is based on the information available at the time of the announcement and certain assumptions judged to be reasonable. Actual performance may differ from forecasts due to a variety of factors.

*The support documentation will be posted on the following our website.

<http://www.nipponpapergroup.com/e/ir/presentation.html>

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

(Appendices)

1. Qualitative Information Regarding the Quarterly Closing of Accounts

(1) Qualitative information regarding consolidated operating results

Consolidated net sales of Nippon Paper Group, Inc., and its consolidated subsidiaries (the "Group") for the nine months ended December 31, 2012 amounted to ¥770,986 million (down 1.1% year-on-year). Operating income was ¥17,515 million (down 28.8% year-on-year), ordinary income was ¥14,088 million and net income was ¥7,453 million on a consolidated basis for the nine-month period under review.

Operating results by business segment are summarized as follows:

Pulp and Paper:

The sales volume of newsprint increased year-on-year due to such positive factors as the recovery in advertising demand, the favorable effects of the London Olympic Games and the House of Representatives election. Although our production capacity of printing paper recovered due to the reconstruction of several plant facilities that were affected by the Great East Japan Earthquake, thereby boosting sales volume year-on-year, sales prices declined during the period under review. The sales volume of business communication paper dropped year-on-year mainly due to an increase in imports of paper in the form of copy paper. As for paperboard, sales volumes of containerboard and white paperboard dropped year-on-year, reflecting sluggish demand and a year-on-year decline in transportation demand for relief supplies bound for disaster-stricken areas. The sales volume of household paper products increased year-on-year, reflecting a demand decline after an immediate demand increase immediately following the earthquake disaster in the previous fiscal year.

As a result, consolidated operating results in the pulp and paper division were as follows:

Consolidated net sales	¥ 603,348 million (down 1.6% year-on-year)
Consolidated operating income	¥ 8,313 million (down 45.6% year-on-year)

Paper-Related:

A sales recovery was found in the liquid-packaging cartons business from a decline of orders received in the previous fiscal year due to the adverse effects of the earthquake disaster. Sales in the chemical products business increased mainly due to favorable sales of functional materials for LC application despite a considerable decline in export prices of dissolving pulp (DP).

As a result, consolidated operating results in the paper-related division were as follows:

Consolidated net sales	¥ 71,933 million (up 1.0% year-on-year)
Consolidated operating income	¥ 5,399 million (down 11.2% year-on-year)

Wood Products and Construction Related:

Consolidated operating results in the wood products and construction-related segment recorded increases in sales and profits, due to a recovery in new housing starts and the favorable effects from earthquake-reconstruction-related works in the civil engineering and construction business.

Consolidated net sales	¥ 44,207 million (up 1.8% year-on-year)
Consolidated operating income	¥ 1,808 million (up 38.4% year-on-year)

Other:

Consolidated operating results in the other segment were as follows:

Consolidated net sales	¥ 51,496 million (down 0.2% year-on-year)
Consolidated operating income	¥ 1,993 million (up 2.5% year-on-year)

(2) Qualitative information regarding consolidated financial results forecasts

There is no change in the Group's consolidated financial results forecasts for the year ending March 31, 2013, which were released on November 7, 2012.

2. Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2012	As of December 31, 2012
Assets		
Current Assets		
Cash and deposits	119,363	73,004
Notes and accounts receivable-trade	205,182	230,277
Merchandise and finished goods	84,875	83,425
Work in process	18,935	21,341
Raw materials and supplies	51,087	51,888
Other current assets	67,666	63,813
Allowance for doubtful receivables	(765)	(737)
Total current assets	<u>546,344</u>	<u>523,012</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	478,844	483,418
Accumulated depreciation	(330,600)	(338,259)
Buildings and structures, net	<u>148,244</u>	<u>145,158</u>
Machinery, equipment and vehicles	2,084,731	2,103,286
Accumulated depreciation	(1,762,573)	(1,782,739)
Machinery, equipment and vehicles, net	<u>322,158</u>	<u>320,546</u>
Land	224,301	225,928
Construction in progress	27,721	26,458
Other	89,789	90,934
Accumulated depreciation	(59,713)	(59,513)
Other, net	<u>30,075</u>	<u>31,421</u>
Total property, plant and equipment	<u>752,501</u>	<u>749,513</u>
Intangible assets		
Goodwill	17,094	16,078
Other	6,694	6,920
Total intangible assets	<u>23,789</u>	<u>22,998</u>
Investments and other assets		
Investments in securities	184,358	184,766
Other	22,147	23,005
Allowance for doubtful receivables	(1,505)	(1,243)
Total investments and other assets	<u>205,000</u>	<u>206,528</u>
Total noncurrent assets	<u>981,291</u>	<u>979,040</u>
Total assets	<u>1,527,635</u>	<u>1,502,053</u>

	(Millions of yen)	
	As of March 31, 2012	As of December 31, 2012
Liabilities		
Current liabilities		
Notes and account payable-trade	127,975	133,231
Short-term loans payable	212,231	229,546
Current portion of bonds payable	20,000	-
Accrued income taxes	5,799	2,440
Allowance for loss on seismic disaster	10,026	3,655
Other	121,744	102,519
Total current liabilities	497,777	471,393
Long-term liabilities		
Bonds payable	48,000	48,000
Long-term loans payable	555,724	549,435
Accrued retirement benefits	29,274	29,900
Accrued environmental costs	599	573
Other provisions	729	641
Other	28,877	25,542
Total long-term liabilities	663,205	654,093
Total liabilities	1,160,983	1,125,486
Net assets		
Shareholders' equity		
Common stock	55,730	55,730
Capital surplus	266,252	266,250
Retained earnings	50,849	57,506
Treasury stock, at cost	(1,307)	(1,309)
Total shareholders' equity	371,524	378,177
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	1,866	267
Net deferred gain on hedges	376	1,025
Translation adjustments	(10,700)	(6,509)
Total accumulated other comprehensive income	(8,458)	(5,217)
Minority interests in consolidated subsidiaries	3,586	3,606
Total net assets	366,652	376,566
Total liabilities and net assets	1,527,635	1,502,053

3. Quarterly Consolidated Statements of Operations and Statements of Comprehensive Income
- Quarterly Consolidated Statements of Operations -

(Millions of yen)

	Nine months ended December 31, 2011	Nine months ended December 31, 2012
Net sales	779,392	770,986
Cost of sales	602,871	599,970
Gross profit	176,521	171,016
Selling, general and administrative expenses		
Freightage related expenses	43,503	44,323
Sales related expenses	47,146	49,264
Salaries and allowances	34,777	33,938
Other	26,477	25,974
Total selling, general and administrative expenses	151,905	153,501
Operating income	24,615	17,515
Other income		
Interest income	288	334
Dividend income	2,065	1,727
Equity in earnings of affiliates	-	4,074
Other	3,631	3,570
Total other income	5,985	9,706
Other expenses		
Interest expense	8,993	9,087
Equity in losses of affiliates	21,769	-
Other	3,260	4,045
Total other expenses	34,022	13,132
Ordinary income (loss)	(3,420)	14,088
Extraordinary income		
Subsidy	-	566
Gain on sales of investments in securities	116	466
Other	973	405
Total extraordinary income	1,089	1,439
Extraordinary loss		
Business restructuring expenses	23,326	1,447
Loss on retirement of noncurrent assets	856	1,181
Loss on valuation of investments in securities	1,857	553
Loss on seismic disaster	11,787	12
Other	1,560	1,678
Total extraordinary loss	39,389	4,873
Income (loss) before income taxes and minority interests in consolidated subsidiaries	(41,720)	10,654
Income taxes—current	4,568	3,735
Income taxes—deferred	(6,381)	(560)
Total income taxes	(1,812)	3,175
Income (loss) before minority interests	(39,908)	7,479
Minority interests in consolidated subsidiaries	(77)	25
Net income (loss)	(39,830)	7,453

- Quarterly Consolidated Statements of Comprehensive Income -

	(Millions of yen)	
	Nine months ended December 31, 2011	Nine months ended December 31, 2012
Income (loss) before minority interests	(39,908)	7,479
Other comprehensive income		
Net unrealized holding gain (loss) on other securities	6,633	(1,585)
Net deferred gain (loss) on hedges	(848)	462
Translation adjustments	(10,423)	2,224
Share of other comprehensive income of affiliates accounted for using the equity method	(1,936)	2,041
Total other comprehensive income	(6,574)	3,143
Comprehensive income	(46,483)	10,622
(Details)		
Comprehensive income attributable to shareholders	(46,210)	10,551
Comprehensive income attributable to minority interests	(272)	70