

February 10, 2016

Company name : Nippon Paper Industries Co., Ltd.  
Representative : Fumio Manoshiro, President  
(Stock code: 3863, First Section, TSE)

**Notice of Losses Expected to Arise at Overseas Affiliates, Revisions to Projection of Consolidated Financial Results for the Fiscal Year Ending March 31, 2016, and Loss on Valuation of Shares of Subsidiaries and Associates**

Nippon Paper Industries Co., Ltd. (“the Company”) announces that losses are expected to arise at overseas affiliates for the fiscal year ending March 31, 2016 (April 1, 2015 - March 31, 2016) as described below. As a result, the Company will revise its projection of consolidated financial results for the fiscal year ending March 31, 2016 that it announced on November 5, 2015 as described below.

The Company also advises that a loss on the valuation of shares of subsidiaries and associates will arise in its non-consolidated earnings.

1. Losses Expected to Arise at Overseas Affiliates

An overseas consolidated subsidiary and an overseas equity-method affiliate of the Company are expected to record an impairment loss of noncurrent assets as a result of reassessing the value of the assets based on accounting standards in light of earnings trends. As a result, in the fourth quarter of the fiscal year ending March 31, 2016, the Company is expected to record about ¥10 billion equity in losses of affiliates related to an equity method affiliate that conducts the newsprint business in North America as non-operating expenses and an impairment loss of about ¥5 billion at a consolidated subsidiary that conducts the telephone directory paper business in North America as extraordinary losses. The Company has also posted an impairment loss of about ¥3 billion at a consolidated subsidiary that conducts the thermal paper business in Europe as an extraordinary loss in the third quarter of the fiscal year ending March 31, 2016.

The amount of losses is a current estimate, and could change due to future procedures for the settlement of accounts.

2. Revisions to Projection of Consolidated Financial Results for Fiscal 2015 (April 1, 2015 - March 31, 2016)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous projection (A)	1,030,000	25,000	30,000	15,000	129.58
Revised projection (B)	1,030,000	25,000	20,000	1,000	8.64
Change (B-A)	-	-	-10,000	-14,000	-120.94
Rate of change (%)	-	-	-33.3	-93.3	-
(Reference) Fiscal Year Ended March 2015	1,052,491	23,656	23,204	23,183	200.27

Reason for revisions

As stated in “1. Losses Expected to Arise at Overseas Affiliates,” the Company will revise its projection of consolidated financial results for the fiscal year ending March 31, 2016 that it announced on November 5, 2015.

3. Loss on Valuation of Shares of Subsidiaries and Associates Expected to Arise in Non-consolidated Earnings

As the impairment loss is expected to arise at the overseas equity-method affiliate, the Company expects that it will record a loss on the valuation of shares of subsidiaries and associates of about ¥23.5 billion as an extraordinary loss, since the real value of shares in the overseas equity-method affiliate owned by the Company has declined substantially.

As the loss on the valuation of shares of subsidiaries and associates will be offset and eliminated in the consolidated settlement of accounts, it will not have an impact on the consolidated earnings.

(Note) The earnings forecasts above are based on the information available as of the date when this release was issued. Actual earnings performance in the future may differ from projections due to a variety of factors.