

I

In the Market

To be an enterprise group that is expected and trusted by the market, we will fulfill our responsibilities to customers, shareholders, and suppliers.

It is the basic responsibility of an enterprise to satisfy customers through provision of high-quality products and services and to answer the expectation to shareholders by making a steady profit from the business activities and returning the profit to them. The Core Group Companies are committed to being an enterprise that is trusted and expected by stakeholders in both the product and stock markets.

Recognition of Current Situation

Since ancient days, paper has been used for a wide variety of purposes, including packaging and recording. It also plays indispensable roles as a protective material for important property and as media like notebooks, books, and newspapers to record and convey information to people. It is the responsibility of paper manufacturers to ensure a stable supply to society.

Needless to say, product supply is the revenue base of the Core Group Companies as well as a source for maintaining sound business and sharing profit with a variety of stakeholders.

It is very important to efficiently produce and sell safe products of high quality under a careful production plan, keeping a watchful eye on the business environment, including raw material procurement and distribution, and the trends in market demand.

The Core Group Companies aim at being an enterprise group that is trusted by stakeholders and contributes to society by ensuring a stable supply of safe products and services of high quality, while responding to the diverse requests of society.



Outline of FY2004 and Plan

To help customers use our products safely, the Core Group Companies transmit appropriate product information and respond to questions and requests from customers with a dedicated contact body in each operating company. Under the circumstances where consumers' awareness of product safety is increasing, enhancement of measures to prevent accidents caused by products and prevention of recurrence once an accident occurs is becoming more and more important. The Core Group Companies established the Philosophy and Basic Policy on Product Safety, under which we will further strengthen the safety

control over products and services.

Furthermore, to stably secure raw materials through fair trade where conservation of the global environment is well considered and to maintain the system for stable product supply, we will tackle enhancement of supply chain management (see page 16 to 21).

On the other hand, we will disclose information appropriately at the right time to shareholders and investors and maintain active dialogue with them, through which their opinions and requests are reflected to the greatest extent possible in fair and transparent company management. By continuing the supply of products needed by society, we will steadily make a profit and return it to stakeholders.

For Customers—Provision of Safe Products

The Philosophy and Basic Policy on Product Safety

Enhancement of measures to prevent accidents caused by products and prevention of recurrence once an accident occurs is becoming more and more important. The Nippon Paper Group established the Philosophy and Basic Policy on Product Safety in October 2004. Since then, it has provided safe products and services in accordance with the policy, considering it the Group's social responsibility. The Group is conducting business to further enhance the trust of customers and its contribution to society.

Philosophy and Basic Policy on Product Safety

(established on October 1, 2004)

Philosophy

We pledge to work to improve safety at every stage of the life cycle of our products, from design to manufacture, supply, and disposal, and to provide products and services that the public can trust.

Basic Policy

1. To provide safe products and services in response to the continued trust of our customers.
2. To respect related laws and standards in order to guarantee the safety of our products and services.
3. To provide customers with precise information on the safety, features, and correct usage of our products.
4. To set up a product and service safety management structure and ensure that all group employees have a thorough awareness of the importance of product safety.

Product safety management system

Each operating company composing the Core Group Companies has been tackling construction of a product safety management system individually since before the business integration in March 2001.

After the integration, the focus is on the product safety management system of the whole group, on which each system is built.

Building and implementing a product safety management system of the whole group

The Core Group Companies have the Product Safety Subcommittee under the CSR Committee founded in October 2003. The Subcommittee has control over the activities of the whole group in terms of product safety and discusses important issues including compliance with the Product Liability Law and chemical substance management.

Under the Product Safety Subcommittee is the Product Safety

Meeting where managers from related divisions of Nippon Paper Industries and product safety managers from the Group companies participate. In the Meeting, information on product safety is shared and measures against concerns are discussed among the Group companies, based on which reports are prepared and submitted to the subcommittee. Other subordinate organizations of the meeting are the Chemical Substance Manager Meeting and the LCA*1 Manager Meeting, each of which discusses chemical substance management and LCA concretely.

Promoting acquisition of certifications of quality management systems

The Core Group Companies promote acquisition of ISO 9001, an international standard for quality management. Higashimatsuyama Works of Nippon Paper Chemicals Co., Ltd., (then Nippon Paper Industries Co., Ltd.) acquired certification in 1996, the first in the Group. Nineteen mills or offices have acquired certification as of the end of FY2004.

In December 2005, Nippon Daishowa

Paperboard Yoshinaga Co., Ltd. obtained the certification, and this will complete the acquisition of by all mills of Nippon Daishowa Paperboard group companies. Gotsu Works and Yufutsu Works of Nippon Paper Chemicals Co., Ltd. will acquire the certification in January, 2006.

In addition to ISO 9001, each company implements other quality management methods that match its business and product characteristics. For example, NIPPON PAPER-PAK CO., LTD. introduced the method for HACCP*2 and implements it together with ISO, resulting in improved quality and hygienic management.

*1 LCA stands for Life Cycle Assessment. It is to analyze and evaluate the environmental impact generated in all processes from raw material procurement to processing of parts and components, production, construction, operation, disassembly and disposal of products and structures.

*2 HACCP stands for Hazard Analysis and Critical Control Point. It is a hygiene management method developed by the National Aeronautics and Space Administration (NASA) when it produced the space diet. It detects and analyzes all hazards that may occur in every stage of the food production process, identifies the critical control points to prevent the occurrence of hazards, defines management standards, and constantly observes, measures, and records compliance to the standards to secure product safety.

Developing safe products

Highly functional resin product reducing VOC

Nippon Paper Chemicals Co., Ltd.

To be prepared for the future recycling of resources and waste treatment, use of polyolefin (PO) material is increasing more than ever in the packaging materials fields and the automobile industries.

Nippon Paper Chemicals Co., Ltd., produces SUPERCHLON[®], which is chlorinated polypropylene (PP) Resin, and AUOREN[®], which is an appropriately acid modified PP resin with a special crystal structure. These two products demonstrate excellent adhesive properties to PO materials and are highly rated and widely used as raw materials for coatings, inks, and adhesives.

On the other hand, in the coating and adhesion processes of a wide variety of manufacturers, reduction of volatile organic compounds (VOC) included in the coatings and adhesives and emitted into the air has become a critical issue in light of environmental conservation and the physical safety of operators. To respond to that social requirement, the company has endeavored to develop an aqueous type of SUPERCHLON[®] and AUOREN[®]. The products include less VOC, while sustaining the same workability and performance as existing inks and adhesives. A significant reduction of VOC in the coating process is highly evaluated.

In view of the enforcement of



SUPERCHLON[®] and AUOREN[®]

restrictions on VOC emissions scheduled for April 2006, these products are expected to answer a wide variety of customer needs.

Promoting measures taken on products against sick house syndrome

PAL CO., LTD.

People living in newly built, additionally constructed, or renovated houses sometimes complain of irritation to the eyes and throat, headaches, and other physical problems. Sick house syndrome has become a medical issue. Chemical substances emitted from construction materials and furniture have been identified as one of the causes of the syndrome, as well as poor ventilation from airtight homes. It is said that volatile organic compounds (VOC), such as formaldehyde and toluene, are closely related to the phenomenon. For this reason, VOC and its emissions attracted attention.

To address the issue, the following measures were taken in the production process of construction materials: 1) avoid using the chemical substances in question; 2) switch to materials that will not cause problems; and 3) reduce the amount of emissions of chemical substances. Trade organizations that take control of the construction material business also implemented substantial measures in response to enforcement of the PRTR Law and the amendment to the Building Standards Law.

PAL CO., LTD. places the issue of sick house syndrome as one of the top priorities and has continued aggressive efforts since 1998. The company identified the chemical substances and amount of emissions included in all products and raw materials. Based on the results, it promoted the reduction of the use of formaldehyde, as well as total abolition of the use of other substances subject to VOC restrictions, or conversion to other substances.

For wooden flooring materials, including strip flooring,* the company replaced the raw material, plywood, with one emitting less formaldehyde. In the production process of strip flooring, it stopped the use of substances subject to VOC restrictions and decided to use other materials. Through these efforts, the working environment in the factory was also improved.

Wood materials for stairs are now produced using coatings that do not include substances specified by PRTR Law.

For fittings including doors and closet doors, the company uses wood base materials with less formaldehyde emissions and adhesives that do not contain materials subject to VOC restrictions and the PRTR Law to paste components together. Decoration materials for the surface of fittings has already been changed from vinyl chloride resin to olefin resin, which thus eliminated the threat of generation of dioxin when incinerated.

In addition, in the moth-proofing process for wood flooring materials and base sheets for exterior walls, organophosphorus insecticide, which is not subject to construction-related laws and restrictions but toxicity is a concern, is avoided and nonorganophosphorus agent is used.

* Strip flooring: Wood-flooring material with a long narrow shape and Japanese-style design. It is often used at the entrance or in corridors.



Low-formaldehyde construction materials

For Customers—Provision of Safe Products

Pursuing comfort in the use of a product

CRECIA Corporation

CRECIA Corporation develops and produces household paper products that provide customers with a sense of relief. For example, as a personal care product, it markets pads and liners providing more comfort and higher functions for customers who suffer from light incontinence. Another example is tissue paper wetted with lotion that provides a higher moisture retention function to prevent damaging the skin of customers suffering from pollinosis or rhinitis.



Kleenex® Lotion Tissues Aloe Plus

Improving quality control in the production process

Enhancing hygiene of food-packaging bags

Nippon Seitai Corporation

Nippon Seitai Corporation endeavors to manufacture products that ensure safety for customers. In 2002, the company adopted a policy to exercise unprecedented original hygienic measures. Since then, it has improved the production line that produces large-size food-packaging bags.

Specifically, the improvement includes raising employees' awareness of hygiene, as well as the addition of an anteroom and double shutters to the entrance to the production area to prevent any foreign matter from entering the area.

Furthermore, foreign matter removal equipment, N Cleaner, was installed in each tubemaking machine to suck foreign matter adhered to the surface of

paper and film. It turned out that in the production process of heavy-duty paper bags, edge dust and other foreign matter tended to adhere to the kraft paper, the major material of the bags. The company determined to introduce a three-step removal system, where N Cleaners are incorporated into printers and bag-making machines in addition to the tubemaking machines. After verifying its elimination by a self-designed and developed prototype, the system was introduced in the Asahikawa and Saitama Mills in July 2004, both of which mostly produce food-packaging bags.

Introduction of this system dramatically improved the reliability of foreign matter removal. The above two factories are now able to produce the clean bags as standard. The company is preparing to introduce the system in other bag-making factories.

Enhancing hygienic management in the liquid packaging carton production

NIPPON PAPER-PAK CO., LTD.

The Food Safety Basic Law was established to improve food safety and hygiene on May 23, 2003 in Japan. Part of the Food Sanitation Law was amended on May 30, 2003, and manufacturers and sellers of food packaging were positioned as food related businesses in the food industry. Such progress in development of legal systems reflects higher demand from society in terms of food safety and hygiene.

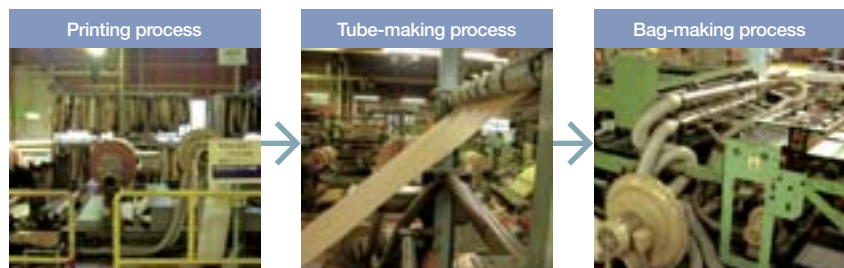
NIPPON PAPER-PAK produces and sells paper cartons and other beverage

cartons to milk and other food manufacturers. The company gives special consideration to occupational safety and health and offers products made mostly of paper fiber. It introduced the philosophy of HACCP in the liquid packaging carton production process in 1999 and has endeavored to enhance hygienic management. To maintain cleanliness in the production area, for example, employees change footwear to the one for exclusive use in such areas and remove foreign matter with an air shower in the anteroom. The work wear is redesigned to improve the capability to prevent foreign matter from falling and other hygienic functions. Basic measures are thoroughly taken, including the habit of washing hands and sterilization with alcohol. In addition, all toilets are equipped with the Washlet, a Japanese-style bidet.

For risk management, the company referred to the guidelines specified in the Japanese Industrial Standards (JIS) and others and established the Product Risk Management Manual. It clarifies which measures should be taken in case of a product accident. Emergency drills are conducted every year, where effectiveness of the manual is verified, including traceability and an emergency communication network.

The company will further strengthen the hygienic management and study possibilities of introducing ISO 22000*, a new management system, in addition to ISO 9001 and 14001, certifications of which have already been acquired and systems introduced.

Foreign matter removal equipment incorporated in three processes



* ISO 22000: International standards for food safety management systems (FSMS), including requirements specified in HACCP and part of ISO 9001. The standards can be used independently but can be used together with other standards like ISO 9001 as well. It covers the whole food supply chain, including food and services suppliers, and is scheduled to be internationally standardized around autumn 2005.



Changing to footwear for exclusive use in the production area



Hand washing and sterilization with alcohol before entering the production area



Air shower in an anteroom before entering the production area to remove foreign matter

Providing handling suggestions

For pulp and paper products, MSDS,* inclusion of chemical substances and analytical data of the included chemical substances are provided to customers by request.

For household paper products, handling suggestions are clearly indicated on the products and MSDS is also provided as required for the orderers of

OEM (original equipment manufacturing) products.

In FY2004, no nonconformity or breach of regulations regarding product information and descriptive labeling was found, and no defective was collected in terms of product safety.

* MSDS stands for Material Safety Data Sheet. To ensure proper management of chemical substances by businesses, advanced submission of the sheet is mandatory, when transferring or providing products containing chemical substances specified by the PRTR Law. The sheet shall include properties and handling suggestions of the chemical substance.

Protecting personal information of customers

CRECIA Corporation deals with household paper products for consumers and, by the nature of the business, the company handles personal information of customers through such operations as answering inquiries and consumer campaigns. To ensure compliance with the Personal Information Protection Law enforced in full scale in April 2005, the responsible organization and manager were clearly determined in FY2004 and the Basic Policy Concerning Privacy Protection was established as of April 1, 2005. This was made open to the public on the Web site. The company made every effort to enforce compliance with the policy on its employees and will continue education and efforts to raise awareness of the employees as well as enhance its managing system.



CRECIA website

Reflecting comments and requests from customers in business

The Core Group Companies always endeavor to take customers' comments and requests as a valuable asset, reflect them in product development and process improvement to increase customer satisfaction, and continue to be an enterprise group that is worth being trusted.

To respond to complaints from customers promptly, each operating company has its own dedicated organization. These organizations conduct their own activities while constituting the Product Safety Meeting to share information on complaints and claims for compensation accumulated by each company, as well as measures taken.

Major operating companies and their dedicated organizations

Company name	Dedicated organization
Nippon Paper Industries Co., Ltd.	Quality Assurance Dept.
Nippon Daishowa Paperboard Co., Ltd.	Customer Service Dept.
CRECIA Corporation	S.E.Q. Division and Customer Service Representatives
NIPPON PAPER-PAK CO., LTD.	Quality Assurance Dept.

Nippon Paper Industries responding to customers' comments

To respond to the comments and complaints from customers promptly, Nippon Paper Industries deploys service engineers (SE) to all sales offices in various parts of the country. SEs visit the customer's site to check the circumstances subject to the complaint, locate the cause, and take remedial measures with related divisions and production factories.

For Customers—Provision of Safe Products

CRECIA responding to customers' comments

On all household, industrial, and nursingcare products of CRECIA Corporation, telephone numbers of customer support are clearly specified. This is the company's representative for inquiries, indication, opinions, and suggestions from diverse customers who show interest in the CRECIA products. The roles of this function are classified into the following three categories:

- 1) For Customers

It fulfills a high level of customer satisfaction by acknowledging inquiries and complaints and adequately responding to them. The company regards customer opinions as a treasure trove of valuable information.

2) For the Company

Complaints and opinions from customers are communicated to the related divisions within the company and used for product improvement or development and service enhancement.

3) For Society

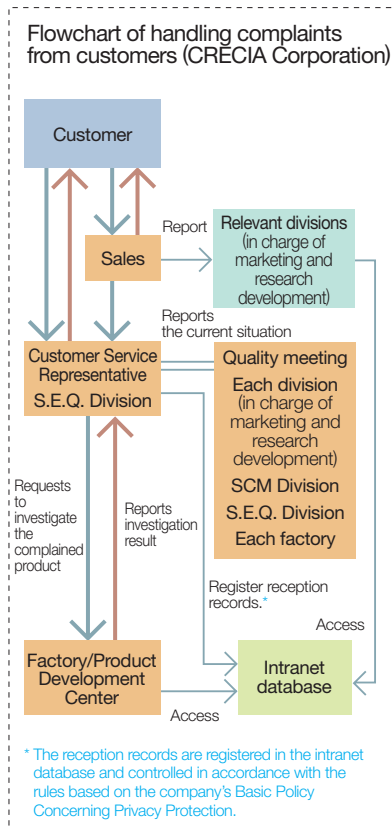
It is used to measure the degree of customer satisfaction through the viewpoint of customers and establish a corporate culture that stands on compliance.

As a mechanism to accomplish these roles, CRECIA has constructed a Customer Support System on its intranet. A database of the inquiries and opinions is compiled and utilized. Customer service representatives make a summary of accumulated information, provide it to the related divisions, and reflect customer opinions in the business activities through a monthly report to the division meetings. The database is accessible from related divisions like marketing and development and utilized for product development as required.

The customer service representatives strive to realize zero complaints and to improve quality in liaison with headquarters and the quality control sections of factories. A quality control meeting is held quarterly, attended by the staff from both headquarters and factories. Each factory holds meetings to identify the cause and

measures against complaints it receives and to improve product quality.

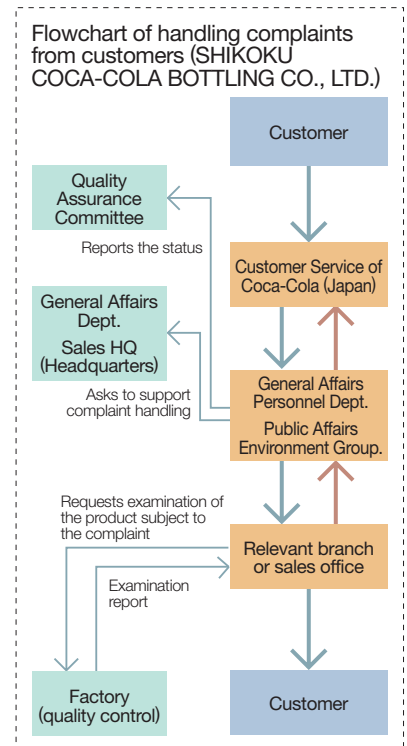
Serious complaints are classified into four categories and submission of cause/measures reports is obligatory: 1) Product Liability (PL) Law related issues or a case that may influence the human body; 2) a case that may destroy company credibility; 3) a product that is unusable or does not carry out its function; and 4) a product that is usable but falls outside the standard or permissible range.



SHIKOKU COCA-COLA BOTTLING responding to customers' complaints

Consumer complaints regarding products are handled by Customer Service of Coca-Cola (Japan) via toll-free telephone, and the information is distributed to SHIKOKU COCA-COLA BOTTLING via the Internet. The person in charge shall transfer it to the relevant office when receiving the information.

The company has an Incident Management & Crisis Resolution System for accidents caused by the product. The system comprises responsible persons from the relevant departments in the company and addresses the issues according to the assessed level of crisis.



Sample of improvement utilizing customers' opinions Security Long Pad

CRECIA received a request from customers to remodel the incontinence pad to prevent leakage and added 3D gather to the pad to prevent leakage from the side. To prevent leakage from the back, the company developed a new longer product named the Security Long Pad.



Security Long Pad

For Customers—Stable Product Supply

Efforts for stable production

Production plan based on the demand forecast

The Core Group Companies are fully aware that stable product supply is an imperative responsibility of a manufacturer. We produce pulp and paper products according to a carefully adjusted production plan to fill actual demand based on the annual or biannual budget and prevent equipment failure and disordered operation, factors that inhibit stable production, from occurring.

Efforts to prevent equipment failure

Regular maintenance is incorporated in the production plan for each production facility to prevent failure from occurring. For all the efforts, accidental failure may occur. Monitoring and maintenance system are prepared to enable prompt repair and recovery even at night.

The decrease in production that naturally comes with equipment failure shall be recovered by production adjustment within the month of the failure or absorbed by inventory adjustment in the factory or the company.

Efforts to prevent disordered operation

Disordered operation means that the machine itself operates but has some defective condition like production of defectives. We focus on identification of the cause and the measures taken to solve the disorder. Normally, it is addressed by each factory, mainly by the department or section in charge of the relevant equipment. However, if it requires large amount of investment or more personnel than estimated due to the disorder involving a wide variety of problems, the headquarters shall participate in problem solving.

Report on the causes of fire and the measures taken

In FY2004, two factories in the Core Group Companies had a fire, and the operation was temporarily suspended. The following are the reports on the outline of two fire accidents:

● Asahikawa Mill of Nippon Paper Industries Co., Ltd.

In the middle of the night on April 27, 2004, Asahikawa Mill of Nippon Paper Industries (Asahikawa city, Hokkaido) had a fire due to an oil leak in one paper machine. A public fire department extinguished the fire after approximately two hours of fire fighting. No spread of the fire to other facilities or outside the factory was observed.

Cause of the fire

From a rotary joint that supplies high-temperature oil into a roll (equipment to smooth the surface of paper) installed on the paper machine, oil leaked and caught fire. The joint had been serviced by its manufacturer and was operated for the first time on the day of the fire. It is assumed that the frictional heat caused by the poor servicing melted the components and resulted in an oil leak.

Preventative measures taken

To prevent the frictional heat, the cause of the oil leak, from occurring, we requested the manufacturer to redesign the rotary joint and review the servicing control standards, both of which were completed.

● Nippon Daishowa Paperboard Tohoku Co., Ltd.

In the afternoon of March 14, 2005, a fire occurred from a cut tire bin (a container that stores tire chips for fuel) of the paper sludge (PS) boiler generator in the Nippon Daishowa Paperboard Tohoku (Akita city, Akita prefecture). A public fire department tried to extinguish the fire by hosing and injecting nitrogen gas. At the same time, to place top priority on human life and safety, the factory operation was suspended. This is because the bin might explode if the tire chips in the bin caught fire.

In the early morning of the third day after fire broke out, the fire went down and hit a lull. In the afternoon of the twelfth day, March 25, the fire was extinguished. No spread of a fire to other facilities or outside the factory or injured person, including firefighter, was observed. However, we do recognize the inconvenience to neighbors from the black smoke and offensive odor caused from the combustion of tire chips

Cause of the fire

The facility was under piping work. It is assumed that a spark from the gas burner used by the piping company was caught by the fuel tire chips in the bin.

Preventative measures taken

All production facilities of Nippon Daishowa Paperboard as well as Nippon Daishowa Paperboard Tohoku reviewed the company regulations in terms of disaster and fire prevention. Especially, use of fire and communication, and direction and confirmation of engineering works involving the use of fire were strictly regulated and all employees and subcontractors were made fully familiarized with the regulation. The cut tire bin and ancillary facilities lost by the fire were temporarily restored and operation of the PS boiler was restarted from May. We are discussing with the manufacturers to prepare a substantial restoration plan, paying attention to fire prevention and extinction.

For Shareholders—

Appropriate Information Disclosure and Return of Profit

Fair and positive information disclosure

Basic principles in information disclosure

The Nippon Paper Group works together to promote company management to fulfill the corporate social responsibility (CSR) including securing ethics, fairness and transparency in addition to pursuing economic profit.

To secure transparency in the company management, the company endeavors to help a variety of stakeholders understand the Group's management and business activities through prompt and fair information disclosure. The Action Charter and the Codes of Conduct (see page 11) define the fair and positive disclosure of corporate information.

IR Office is placed under the direct control of the president and responsible for the information disclosure to shareholders and investors. It consists of the full-time staff from the Nippon Paper Group as well as staff from the major subsidiaries (Nippon Paper Industries, Nippon Daishowa Paperboard, and CRECIA) that account for significant portion of the Group's performance. This enables them to accurately grasp the Group's business. Concrete activities include account settlement results and strategy explanatory meetings, and other regular corporate information sessions, as well as annual reports and other information disclosures on the website.

FY2005 is the final year of the First Medium-term Business Plan (FY2003 to 2005) and we will explain its progress, present the medium-term vision, and disclose risk information on a timely basis.

Communication with shareholders in a general shareholders meeting

Nippon Paper Group, Inc. has held the general shareholders meetings at Toshoh Hall in Marunouchi, Tokyo since the first meeting in FY2001 considering the convenience of shareholders and wanting to invite as many shareholders as possible. In FY2004, approximately 200 shareholders took part in the meeting. The company answered questions about provision for doubtful receivables and the business of Nippon Paper Group in detail in the question and answer session.

To reflect the opinions of shareholders home and abroad in the company management, the company endeavors to help understanding of the agenda and promote execution of voting rights by mailing English invitations through a subcontracting specialized company. Approximately 80% of voting rights were executed in the meeting in FY2004. We will continue efforts to send invitation to shareholders at the earliest possible timing, and to provide information through a specialized company.

As a communication tool with shareholders, the company issues and sends business reports biannually after the general shareholder meeting and the finalization of interim account settlement.

IR activities eliminating information gap

Regular explanatory meetings are held to promote appropriate and timely information disclosure and understanding through dialogue with investors.

For institutional investors and analysts, the company holds biannual account settlement and strategy explanatory meetings after the announcement of interim and full year financial results, presented by the president and accounting/finance

director, president also holds small meetings four times a year. Annual reports are issued and sent out annually to outline the account settlement and business. In addition, IR Office of Nippon Paper Group plays a key role in inviting and visiting domestic and overseas investors to have individual meeting with them and conduct mill tours. Hereafter, IR activities overseas shall be enhanced.

On the other hand, for individual investors, the company holds explanatory meetings and sends annual reports upon request. Furthermore, the company endeavors to disclose information fairly and timely to institutional and individual investors in Japan and overseas utilizing the Internet and the company's Web site. The data and materials used in account settlement and strategy explanatory meetings for analysts are disclosed on the company's Web site in both Japanese and English. Separate IR Web sites for institutional investors and individual investors are open to transmit the company's IR information.

As a new service, it started distribution of IR information via e-mail to institutional investors and analysts in FY2004. From FY2005, IR information is also distributed to individual investors who have registered for the information distribution service.



Account settlement and strategy explanatory meeting

Major explanatory meetings in FY2004

- Biannual account settlement and strategy explanatory meetings
- Biannual account settlement explanation on the Web site
- Four small meetings with the President
- Approximately 200 individual meetings (interviews with institutional investors and analysts)
- Four mill tours
- One explanatory meeting for individual investors
- One explanatory meeting for sales representatives of securities companies



Mill tour



IR website

Reflecting opinions from shareholders and investors in business

The Nippon Paper Group is committed to dialogue with shareholders and investors and reflecting their opinions and requests in the company management. The comments and requests collected through explanatory and other meetings are reported to the top management by the responsible division each time and the top management refers to it when they make decisions. In FY2004, there were inquiries from shareholders about the additional measures and the timing for returning profit and the top management is carefully studying the case.

Basic policy about dividends

Nippon Paper Group, Inc. is committed to reinforcing the management base, improving profitability, making effort for sustainable growth of its corporate value, and thus fulfilling the expectations of shareholders.

It is our basic policy about dividends to comprehensively examine the Group's performance and enhancement of earning retention and to continue stable distribution of dividends whenever possible.

Transition of dividends (yen)



Evaluation form external research/rating agencies

Debt rating

Listed below are the major debt ratings of Nippon Paper Group, Inc.

Major debt rating

Rating agencies	Ratings
Rating and Investment Information, Inc. (R&I)	Long-term bond: A (as of December 2004)
Japan Credit Rating Agency, Ltd. (JCR)	Long-term bond: A+ (as of December 2004)
Standard and Poor's (S&P)	Long-term bond: BBB- (as of March 2005)

Evaluation from SRI research/rating agencies

Recently, Socially Responsible Investment (SRI), which evaluates a company from social dimensions including compliance, environmental conservation, and respect for human rights, has become familiar at home and abroad, in addition to the profit and financial standing of the company. A variety of agencies provide SRI evaluation and Nippon Paper Group, Inc. is included in the following SRI indices:

Major SRI indices including Nippon Paper Group, Inc.
(as of the end of August 2005)

Overseas

- FTSE4 Good Global Index
- FTSE4 Good Japan Index

Japan

- Morningstar SRI Index