

October 24, 2007

Nippon Paper Group, Inc.
Representative: Masatomo Nakamura, President and Representative Director
Code: 3893 (First Section of Tokyo Stock Exchange; Osaka Securities Exchange; and
Nagoya Stock Exchange)

Notice Concerning Earnings Forecast Revisions as well as Extraordinary Losses Attendant with Business Restructuring

In view of recent earnings trends, we have revised our consolidated earnings forecasts for the first half of fiscal 2007 ending March 31, 2008 that we issued on April 27, 2007.

In addition, the Board of Directors passed a resolution that approves the restructuring of several Nippon Paper Group businesses at an extraordinary meeting convened earlier today. Due to this, an extraordinary loss will be recorded in the second half of fiscal 2007, thus we have also revised our consolidated earnings forecasts for the fiscal 2007.

The revised forecasts for fiscal 2007 are shown in the table below:

1. Revisions to Consolidated Earnings Forecasts for Fiscal 2007

(1) Forecasts for First Half of Fiscal 2007 (April 1, 2007, to September 30, 2007)

	Net Sales (millions of yen)	Operating Income (millions of yen)	Ordinary Income (millions of yen)	Net Income (millions of yen)
Original forecast (A)	600,000	12,000	12,000	2,000
Revised forecast (B)	597,400	14,400	13,900	4,600
Increase/decrease (B - A)	-2,600	2,400	1,900	2,600
Percentage increase/decrease (%)	-0.4	20.0	15.8	130.0
Results for first half of fiscal 2006	581,141	19,738	20,152	6,894

(2) Forecasts for Fiscal 2007 (April 1, 2007, to March 31, 2008)

	Net Sales (millions of yen)	Operating Income (millions of yen)	Ordinary Income (millions of yen)	Net Income (millions of yen)
Original forecast (A)	1,210,000	30,000	29,000	10,000
Revised forecast (B)	1,220,000	30,000	30,000	5,000
Increase/decrease (B - A)	10,000	0	1,000	-5,000
Percentage increase/decrease (%)	0.8	0.0	3.4	-50.0
Results for fiscal 2006	1,175,264	44,655	47,088	22,952

2. Reasons for Revisions

(1) Revisions to First-Half Earnings Forecasts for Fiscal 2007

Prices for raw materials and fuel have risen more sharply than we anticipated against a global backdrop of tight supply/demand conditions, but thanks to solid progress made revising product prices and lowering costs, we now expect operating income and ordinary income to slightly exceed our previous forecasts. Taking also into account extraordinary profit from gains on the sale of shares in a subsidiary, we now expect first-half net income to surpass our previous forecast.

(2) Revisions to Fiscal 2007 Earnings Forecasts

Attendant with the restructuring of Group businesses, the Nippon Paper Group plans to book about ¥12.6 billion in business restructuring losses (losses stemming from business asset impairment) as extraordinary losses in the second half of fiscal 2007. This restructuring initiative will result in the discontinuation of facilities at consolidated subsidiary Nippon Paper Industries Co., Ltd.'s Fushiki Mill (4-5-6 M/C), Komatsushima Mill (1 M/C), and consolidated subsidiary Nippon Daishowa Paperboard Nishinippon Co., Ltd.'s Waki Works (3-4 M/C). Consequently, we now expect net income in fiscal 2007 to be lower than our previous forecast.

* These earnings forecasts are predicated on 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.