

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code: 3861  
June 6, 2016

**NOTICE OF THE 92ND ORDINARY GENERAL  
MEETING OF SHAREHOLDERS**

Dear Shareholder:

You are cordially invited to attend the 92nd Ordinary General Meeting of Shareholders of Oji Holdings Corporation (the “Company”), which will be held on Wednesday, June 29, 2016, at 10:00 a.m., Japan Standard Time, at its Headquarters, 7-5, Ginza 4-chome, Chuo-ku, Tokyo, Japan.

**If you are unable to attend the meeting in person, you may exercise your voting rights in writing or online. In this case, please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights, following the “Instruction for Exercising Voting Rights” described on pages 22 and 23 by 5:00 p.m. Japan Standard Time, Tuesday, June 28, 2016.**

Sincerely yours,

Susumu Yajima,  
President and Chief Executive Officer  
Oji Holdings Corporation  
7-5, Ginza 4-chome, Chuo-ku, Tokyo, Japan

## MEETING AGENDA

### Items to Be Reported:

1. The business report and consolidated financial statements for the 92nd term (from April 1, 2015 to March 31, 2016); and report on auditing results of the consolidated financial statements by the Accounting Auditor and the Audit & Supervisory Board
2. The non-consolidated financial statements for the 92nd term (from April 1, 2015 to March 31, 2016)

### Items to Be Resolved:

**Item 1: Election of Thirteen (13) Directors**

**Item 2: Election of the Accounting Auditor**

**Item 3: Revision of remunerations, etc. of Directors**

**Item 4: Determination of the amounts and other detail of the performance-linked and stock-based remuneration, etc. for Directors**

### Matters related to the exercise of voting rights:

1. In the case that a voting form without indication of approval or disapproval for an agenda was submitted, it will be handled as an approval.
2. If you exercise your voting rights both in writing and online, the latter will prevail.  
In addition, if you exercise your voting rights online more than once, the last exercise of your voting rights will prevail.
3. In the case of attendance by proxy, please appoint another shareholder who has voting rights for the Company and submit to the Company a document (letter of proxy, etc.) which evidences the authority of proxy.

- 
1. Pursuant to the provisions of applicable laws and regulations and Article 15 of the Articles of Incorporation, of the documents to be provided with this notice, the documents listed below are not provided in this notice because they have been provided to shareholders on the website of Oji Holdings Corporation.

- “Subscription right to shares of the Company,” “System to ensure the properness of operations and an overview of the current status of its operation” and “Basic Policy on Corporate Control” in the business report
- “Consolidated Statement of Changes in Net Assets” and “Notes to Consolidated Financial Statements” in Consolidated Financial Statements
- “Non-consolidated Statement of Changes in Net Assets” and “Notes to Non-consolidated Financial Statements” in Non-consolidated Financial Statements

The above mentioned documents provided on the website comprise a portion of the documents audited by each Audit & Supervisory Board Member, the Audit & Supervisory Board and the Accounting Auditor in the course of the preparation of their audit reports.

2. When attending the meeting in person, please present the enclosed voting form at the reception desk.
  3. Please note that persons other than shareholders who are able to exercise voting rights, including proxies and their companions who are not shareholders, are not permitted to enter the venue.
  4. Please note that we may adjust the air conditioning and lighting in the venue of the Ordinary General Meeting of Shareholders on the day to save electricity. Please also note that the Company’s Officers and staff will be dressed in light clothing (Cool Biz style).
  5. If circumstances arise whereby revisions should be made to the contents of the Reference Documents for the General Meeting of Shareholders and business report, consolidated financial statements and non-consolidated financial statements, the Company will notify the revised version on the Company’s website (<http://www.ojiholdings.co.jp>).
-

## REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS

### Agenda Items and References

#### Item 1: Election of Thirteen (13) Directors


The terms of office for all the current thirteen (13) Directors will expire at the conclusion of this General Meeting of Shareholders. Therefore, the Company hereby requests the election of thirteen (13) Directors. The candidates for Director are as follows:

#### Candidates for Director

No.	Name	Attributes of the Candidate	Positions in the Company
1	Kiyotaka Shindo	Reelection	Representative Director and Chairman of the Board
2	Susumu Yajima	Reelection	Representative Director of the Board, President and CEO
3	Ryoji Watari	Reelection	Representative Director of the Board and Executive Vice President
4	Kazuo Fuchigami	Reelection	Representative Director of the Board and Executive Vice President
5	Gemmei Shimamura	Reelection	Director of the Board and Senior Executive Officer
6	Hidehiko Aoyama	Reelection	Director of the Board and Senior Executive Officer
7	Yoshiki Koseki	Reelection	Director of the Board and Executive Officer
8	Masatoshi Kaku	Reelection	Director of the Board and Executive Officer
9	Ryuichi Kisaka	Reelection	Director of the Board and Executive Officer
10	Kazuhiko Kamada	Reelection	Director of the Board and Executive Officer
11	Hiroyuki Isono	Reelection	Director of the Board and Executive Officer
12	Michihiro Nara	Reelection Outside director Independent director	Director
13	Nobuaki Terasaka	Reelection Outside director Independent director	Director

<Reference> The Company's Policies for Director Nomination and Standards of Independence for Outside Officers are published in the "Fundamental Policies on Corporate Governance" disclosed on the website of the Company on the Internet (<http://www.ojiholdings.co.jp/group/policy/governance.html>).

Brief history, positions and responsibilities in the Company  
and significant concurrent positions

<b>No. 1</b>  <b>Kiyotaka Shindo</b> (March 27, 1952)  	Reelection	April 1975	Joined the Company
		April 2007	Corporate Officer, the Company
		June 2009	Director and Executive Officer, the Company
		April 2012	Representative Director, President and CEO, the Company
		October 2012	Representative Director of the Board, President and CEO, the Company
		January 2015	Representative Director and Chairman of the Board, the Company (to the present)

▶ **Reasons for selecting as a candidate for director**  
 He has a wealth of experience and track record in the areas of engineering and overseas business in the Company as well as the Group companies.

Number of the Company shares owned: 62,000


Term of office as a director (as of the conclusion of this Meeting): 7 years

Number of attendance at meetings of the Board of Directors: 14/14 (100%)

He is in charge of running the Company as top executive, serving as Representative Director, President and Chief Executive Officer as well as Group CEO since 2012, and as Representative Director and Chairman of the Board as well as Group Co-CEO since 2015, driving the restructuring of the Company's business portfolio towards its completion. In view of the aforementioned, he has been selected as candidate for Director on an ongoing basis, as he is expected to further contribute to the Group's sustainable growth and medium- to long-term enhancement of its corporate value.

▶ **Other special notes**  
 ▶ There is no special interest between Mr. Kiyotaka Shindo and the Company.

Brief history, positions and responsibilities in the Company  
and significant concurrent positions

<b>No. 2</b>  <b>Susumu Yajima</b> (May 11, 1951)  	Reelection	April 1975	Joined the former Honshu Paper Co., Ltd.
		June 2006	Corporate Officer, the Company
		June 2009	Director and Executive Officer, the Company
		April 2012	Representative Director and Executive Vice President, the Company
		October 2012	Representative Director of the Board and Executive Vice President, the Company
		January 2015	Representative Director of the Board, President and CEO, the Company (to the present)

▶ **Reasons for selecting as a candidate for director**  
 He has a wealth of experience and track record in the areas of planning and forest resources and environment marketing business in the Company as well as the Group companies.

Number of the Company shares owned: 99,200

Term of office as a director (as of the conclusion of this Meeting): 7 years

Number of attendance at meetings of the Board of Directors: 14/14 (100%)

He is in charge of running the Company as top executive, serving since 2015 as Representative Director, President and Chief Executive Officer as well as Group Co-CEO, playing the leading role in formulating new medium-term management plans and management policies. In view of the aforementioned, he has been selected as candidate for Director on an ongoing basis, as he is expected to further contribute to the Group's sustainable growth and medium- to long-term enhancement of its corporate value.

▶ **Other special notes**  
 ▶ There is no special interest between Mr. Susumu Yajima and the Company.

Brief history, positions and responsibilities in the Company  
and significant concurrent positions

<b>No. 3</b>  <b>Reelection</b>  <b>Ryoji Watari</b> (February 2, 1953)	April 1975 April 2007 April 2011 June 2012 October 2012 June 2013	Joined the Company Corporate Officer, the Company Executive Officer, the Company Director and Executive Officer, the Company Director of the Board and Executive Officer, the Company Director of the Board and Senior Executive Officer, the Company Representative Director of the Board and Executive Vice President, the Company (to the present)
--	--	--



Number of the Company shares owned:	68,830
Term of office as a director (as of the conclusion of this Meeting):	4 years
Number of attendance at meetings of the Board of Directors:	14/14 (100%)

▶ Significant concurrent positions

- President and Representative Director, Oji Industrial Materials Management Co., Ltd.
- Chairman and Director, Oji Nepia Co., Ltd.
- Director, Oji Container Co., Ltd.
- Director, Oji Materia Co., Ltd.
- Director, Mori Shigyo Co., Ltd.


▶ Reasons for selecting as a candidate for director

He has a wealth of experience and track record in the areas of printing and communications media business and household and industrial materials businesses in the Company as well as the Group companies. He is in charge of running the Company, as part of its senior management team, currently serving as Representative Director of the Board and Executive Vice President, and President of Industrial Materials Company as well as Household and Consumer Products Company, contributing, in such capacity, to the strengthening of packaging business including corrugated containers capitalizing on the Group's overall strength, as well as expansion of disposable diaper business overseas. In view of the aforementioned, he has been selected as candidate for Director on an ongoing basis, as he is expected to further contribute to the Group's sustainable growth and medium- to long-term enhancement of its corporate value.

▶ Other special notes

- ▶ There is no special interest between Mr. Ryoji Watari and the Company.

Brief history, positions and responsibilities in the Company  
and significant concurrent positions

<p><b>No. 4</b>      Reelection</p> <p style="text-align: center;"><b>Kazuo Fuchigami</b> (July 22, 1951)</p> 	<p>April 1974      Joined the former Honshu Paper Co., Ltd.</p> <p>April 2008      Corporate Officer, the Company</p> <p>April 2011      Executive Officer, the Company</p> <p>June 2012      Director and Executive Officer, the Company</p> <p>October 2012    Director of the Board and Executive Officer, the Company</p> <p>June 2013      Director of the Board and Senior Executive Officer, the Company</p> <p>April 2015      Representative Director of the Board and Executive Vice President, the Company (to the present)</p>
<p>Number of the Company shares owned:</p>	<p>65,436</p>
<p>Term of office as a director (as of the conclusion of this Meeting):</p>	<p>4 years</p>
<p>Number of attendance at meetings of the Board of Directors:</p>	<p>14/14 (100%)</p>

▶ Significant concurrent positions

- President and Representative Director, Oji Functional Materials Progressing Center Inc.
- Director, Oji F-Tex Co., Ltd.
- Director, Oji Imaging Media Co., Ltd.

▶ Reasons for selecting as a candidate for director

He has a wealth of experience and track record in the areas of printing and communications media business and functional materials business in the Company as well as the Group companies.

He is in charge of running the Company, as part of its senior management team, currently serving as Representative Director of the Board and Executive Vice President, as well as President of Functional Materials Company, contributing, in such capacity, to the strengthening of overseas functional materials business and earlier commercialization of new materials.

In view of the aforementioned, he has been selected as candidate for Director on an ongoing basis, as he is expected to further contribute to the Group's sustainable growth and medium- to long-term enhancement of its corporate value.

▶ Other special notes

- ▶ There is no special interest between Mr. Kazuo Fuchigami and the Company.

Brief history, positions and responsibilities in the Company  
and significant concurrent positions

<b>No. 5</b>  <b>Gemmei Shimamura</b>  (January 1, 1953)	Reelection	April 1975	Joined the former Nippon Pulp Industry Co., Ltd.
		April 2008	Corporate Officer, the Company
		April 2011	Executive Officer, the Company
		June 2012	Director and Executive Officer, the Company
		October 2012	Director of the Board and Executive Officer, the Company
		April 2015	Director of the Board and Senior Executive Officer, the Company (to the present)



- ▶ Significant concurrent positions
  - President and Representative Director, Oji Management Office Inc.

▶ Reasons for selecting as a candidate for director

He has a wealth of experience and track record in the areas of forest resources and environment marketing business in the Company as well as the Group companies.

He is in charge of running the Company, as part of its management team, currently serving as General Manager of Corporate Governance Division, as well as President and Representative Director of Oji Management Office Inc., contributing, in such capacity, to the strengthening of corporate governance and financial base of the Group.

In view of the aforementioned, he has been selected as candidate for Director on an ongoing basis, as he is expected to further contribute to the Group's sustainable growth and medium- to long-term enhancement of its corporate value.

Number of the Company shares owned:	57,048
-------------------------------------	--------

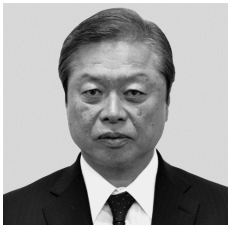
Term of office as a director (as of the conclusion of this Meeting):	4 years
--	---------

Number of attendance at meetings of the Board of Directors:	14/14 (100%)
---	-----------------

▶ Other special notes

- ▶ There is no special interest between Mr. Gemmei Shimamura and the Company.

Brief history, positions and responsibilities in the Company  
and significant concurrent positions

<b>No. 6</b>  <b>Hidehiko Aoyama</b>  (January 23, 1954)  	Reelection	April 1976	Joined the former Kanzaki Paper Co., Ltd.
		April 2008	Corporate Officer, the Company
		April 2012	Executive Officer, the Company
		October 2012	Executive Officer, the Company
		June 2013	Director of the Board and Executive Officer, the Company
		April 2015	Director of the Board and Senior Executive Officer, the Company (to the present)

- ▶ Significant concurrent positions
  - Representative Director, President and CEO, Oji Paper Co., Ltd.

▶ Reasons for selecting as a candidate for director

Number of the Company shares owned:	29,596	He has a wealth of experience and track record in the areas of printing and communications media, and logistics in the Company as well as the Group companies.
Term of office as a director (as of the conclusion of this Meeting):	3 years	He is in charge of running the Company, as part of its management team, currently serving as President of Printing and Communications Media Company, as well as Representative Director, President and CEO of Oji Paper Co., Ltd., contributing, in such capacity, to the streamlining of the production platform and the enhancement of cash flows.
Number of attendance at meetings of the Board of Directors:	14/14 (100%)	In view of the aforementioned, he has been selected as candidate for Director on an ongoing basis, as he is expected to further contribute to the Group's sustainable growth and medium- to long-term enhancement of its corporate value.

- ▶ Other special notes
  - ▶ There is no special interest between Mr. Hidehiko Aoyama and the Company.



Brief history, positions and responsibilities in the Company  
and significant concurrent positions

<b>No. 7</b>  <b>Yoshiki Koseki</b>  (August 8, 1954)	Reelection	April 1977	Joined the former Honshu Paper Co., Ltd.
		April 2010	Corporate Officer, the Company
		April 2012	Executive Officer, the Company
		June 2012	Director and Executive Officer, the Company
		October 2012	Director of the Board and Executive Officer, the Company (to the present)



Number of the Company shares owned:	23,000
Term of office as a director (as of the conclusion of this Meeting):	4 years
Number of attendance at meetings of the Board of Directors:	14/14 (100%)

- ▶ Significant concurrent positions
  - Representative Director, President and CEO, Oji Engineering Co., Ltd.

- ▶ Reasons for selecting as a candidate for director  
 He has a wealth of experience and track record in the areas of engineering, and household and industrial material business in the Company as well as the Group companies.  
 He is in charge of running the Company, as part of its management team, currently serving as Executive Officer in charge of Innovation Promotion Division, as well as Representative Director, President and CEO of Oji Engineering Co., Ltd., contributing, in such capacity, to the promotion of development of new materials and products, along with the enhancement of technological strength of the Group.

In view of the aforementioned, he has been selected as candidate for Director on an ongoing basis, as he is expected to further contribute to the Group's sustainable growth and medium- to long-term enhancement of its corporate value.

- ▶ Other special notes
  - ▶ There is no special interest between Mr. Yoshiki Koseki and the Company.

Brief history, positions and responsibilities in the Company  
and significant concurrent positions

<b>No. 8</b>  <b>Reelection</b>  <b>Masatoshi Kaku</b>  (January 2, 1956)	April 1978	Joined the former Nippon Pulp Industry Co., Ltd.
	April 2011	Corporate Officer, the Company
	April 2012	Executive Officer, the Company
	October 2012	Executive Officer, the Company
	June 2013	Director of the Board and Executive Officer, the Company (to the present)




- ▶ Significant concurrent positions
  - Senior Managing Director, Oji Functional Materials Progressing Center Inc.
  - President and Representative Director, Oji F-Tex Co., Ltd.
  - President, Shinomura Chemical Industry Co Ltd.

Number of the Company shares owned:	18,620
Term of office as a director (as of the conclusion of this Meeting):	3 years
Number of attendance at meetings of the Board of Directors:	14/14 (100%)


- ▶ Reasons for selecting as a candidate for outside director  
 He has a wealth of experience and track record in the areas of engineering and functional materials business in the Company as well as the Group companies.  
 He is in charge of running the Company, as part of its management team, currently serving as Vice President of Functional Materials Company, as well as President and Representative Director of Oji F-Tex Co., Ltd., contributing, in such capacity, to the ongoing development and commercialization of highly functional and high value-added products including highly functional film.  
 In view of the aforementioned, he has been selected as candidate for Director on an ongoing basis, as he is expected to further contribute to the Group's sustainable growth and medium- to long-term enhancement of its corporate value.

- ▶ Other special notes
  - ▶ There is no special interest between Mr. Masatoshi Kaku and the Company.

Brief history, positions and responsibilities in the Company  
and significant concurrent positions

<p><b>No. 9</b></p> <p style="text-align: center;"><b>Ryuichi Kisaka</b> (May 21, 1956)</p> 	<p>Reelection</p> <p>April 1982 April 2010</p> <p>October 2012</p> <p>June 2013 June 2015</p>	<p>Joined the former Kanzaki Paper Co., Ltd. Deputy General Manager, Imaging Media Division and General Manager, Imaging Media Sales Department, the Company</p> <p>President and Representative Director, Oji Imaging Media Co., Ltd. (to the present)</p> <p>Corporate Officer, the Company</p> <p>Director of the Board and Executive Officer, the Company (to the present)</p>
<p>Number of the Company shares owned:</p>	<p>11,980</p>	<p>▶ Significant concurrent positions</p> <ul style="list-style-type: none"> <li>• Senior Managing Director, Oji Functional Materials Progressing Center Inc.</li> <li>• President and Representative Director, Oji Imaging Media Co., Ltd.</li> <li>• Director, Oji Paper (Thailand) Ltd.</li> </ul>
<p>Term of office as a director (as of the conclusion of this Meeting):</p>	<p>1 year</p>	<p>▶ Reasons for selecting as a candidate for director</p> <p>He has a wealth of experience and track record in the areas of research and development, and functional materials business in the Company as well as the Group companies.</p> <p>He is in charge of running the Company, as part of its management team, currently serving as Vice President of Functional Materials Company, as well as President and Representative Director of Oji Imaging Media Co., Ltd., contributing, in such capacity, to the enhancement of the global development of thermal paper business.</p> <p>In view of the aforementioned, he has been selected as candidate for Director on an ongoing basis, as he is expected to further contribute to the Group's sustainable growth and medium- to long-term enhancement of its corporate value.</p>
<p>Number of attendance at meetings of the Board of Directors:</p>	<p>10/10 (100%)</p>	<p>▶ Other special notes</p> <ul style="list-style-type: none"> <li>▶ There is no special interest between Mr. Ryuichi Kisaka and the Company.</li> <li>▶ Concerning Mr. Ryuichi Kisaka's attendance at meetings of the Board of Directors, the scope of the total number of meetings includes only those meetings of the Board of Directors held after his appointment on June 26, 2015.</li> </ul>

Brief history, positions and responsibilities in the Company  
and significant concurrent positions

<p><b>No. 10</b>    Reelection</p> <p style="text-align: center;"><b>Kazuhiko Kamada</b></p> <p style="text-align: center;">(February 7, 1960)</p> 	<p>May 2013    Joined Oji Management Office Inc.</p> <p>June 2013    General Manager, Corporate Strategy Office and Head Senior Manager, International Affairs, Oji Forest &amp; Products Co., Ltd.</p> <p>April 2014    President and Representative Director, Oji Forest &amp; Products Co., Ltd</p> <p>January 2015    Corporate Officer, the Company</p> <p>June 2015    Director of the Board and Executive Officer, the Company (to the present)</p>
<p>Number of the Company shares owned:    3,000</p>	<p>▶ Significant concurrent positions</p> <ul style="list-style-type: none"> <li>• Director, Oji Green Resources Co., Ltd.</li> <li>• Director, Oji Forest &amp; Products Co., Ltd.</li> <li>• Chairman, Pan Pac Forest Products Ltd.</li> </ul>
<p>Term of office as a director (as of the conclusion of this Meeting):    1 year</p>	<p>▶ Reasons for selecting as a candidate for director</p> <p>He has a wealth of experience and track record in the areas of overseas business, and forest resources and environment marketing business at a general trading company and the Company as well as the Group companies.</p>
<p>Number of attendance at meetings of the Board of Directors:    10/10 (100%)</p>	<p>▶ He is in charge of running the Company, as part of its management team, currently serving as President of Forest Resources and Environment Marketing Business Company, contributing, in such capacity, to the enhancement of lumber and pulp business as well as expansion of energy business such as biomass power generation.</p> <p>In view of the aforementioned, he has been selected as candidate for Director on an ongoing basis, as he is expected to further contribute to the Group's sustainable growth and medium- to long-term enhancement of its corporate value.</p>
	<p>▶ Other special notes</p> <ul style="list-style-type: none"> <li>▶ Mr. Kazuhiko Kamada is concurrently serving as President and Representative Director, O&amp;C Fiber Trading Co., Ltd., with which the Company has business relationship including the provision of loans.</li> <li>▶ Concerning Mr. Kazuhiko Kamada's attendance at meetings of the Board of Directors, the scope of the total number of meetings includes only those meetings of the Board of Directors held after his appointment on June 26, 2015.</li> </ul>

Brief history, positions and responsibilities in the Company  
and significant concurrent positions

No. 11 Reelection

**Hiroyuki Isono**

(May 20, 1960)



April 1984      Joined the Company  
September 2009      General Manager, Overseas Business Planning Section,  
Corporate Management Division, the Company  
October 2012      Director of the Board, Oji Management Office Inc.  
(to the present)  
April 2014      Corporate Officer, the Company  
June 2015      Director of the Board and Executive Officer, the Company  
(to the present)

▶ Significant concurrent positions

- Senior Managing Director, Oji Management Office Inc.
- Director, Jiangsu Oji Paper Co., Ltd.
- Chairman of the Board of Oji Fibre Solutions (NZ) Ltd.

Number of the Company shares owned:      11,472

Term of office as a director (as of the conclusion of this Meeting):      1 year

Number of attendance at meetings of the Board of Directors:      10/10 (100%)

▶ Reasons for selecting as a candidate for director

He has a wealth of experience and track record in the areas of overseas business and planning in the Company as well as the Group companies. He is in charge of running the Company, as part of its management team, currently serving as Deputy General Manager of Corporate Governance Division, Senior Managing Director of Oji Management Office Inc. and Chairman of the Board of Oji Fibre Solutions (NZ) Ltd., contributing, in such capacity, to the expansion of overseas business. In view of the aforementioned, he has been selected as candidate for Director on an ongoing basis, as he is expected to further contribute to the Group's sustainable growth and medium- to long-term enhancement of its corporate value.

▶ Other special notes

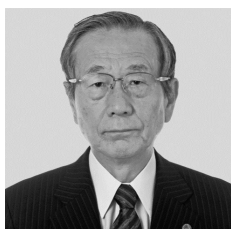
- ▶ Mr. Hiroyuki Isono is concurrently serving as Chairman of the Board of Oji Oceania Management (NZ) Ltd., with which the Company has business relationship including the provision of loans.
- ▶ Concerning Mr. Hiroyuki Isono's attendance at meetings of the Board of Directors, the scope of the total number of meetings includes only those meetings of the Board of Directors held after his appointment on June 26, 2015.

Brief history, positions and responsibilities in the Company  
and significant concurrent positions

<b>No. 12</b>	Reelection	April 1974	Registered as an attorney-at-law
	Outside director	June 2014	Director, the Company
	Independent director		(to the present)

**Michihiro Nara**

(May 17, 1946)



Number of the Company shares owned:	0
Term of office as a director (as of the conclusion of this Meeting):	2 years
Number of attendance at meetings of the Board of Directors:	13/14 (92.9%)

- ▶ Significant concurrent positions
  - Attorney-at-law
  - Outside Statutory Auditor, SEIKO EPSON CORPORATION
  - Outside Auditor, Chori Co., Ltd.
  - Outside Director, Nihon Tokushu Toryo Co., Ltd.
  
- ▶ Reasons for selecting as a candidate for outside director
 

He has a wealth of experience, high-level expertise and wide-ranging knowledge gained through his career as an attorney. He has been selected as a candidate for outside director on an ongoing basis, as he is believed capable to provide his opinions to the management of the Company, from a standpoint independent therefrom.

Although he does not have experience being directly involved in corporate management other than being an outside director or outside audit & supervisory board member, the Company judged that he will be able to duly carry out the duties as an outside director owing to the reasons stated above.
  
- ▶ Other special notes
  - ▶ There is no special interest between Mr. Michihiro Nara and the Company.
  - ▶ Mr. Michihiro Nara is a candidate for outside director as prescribed in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
  - ▶ The Company has designated Mr. Michihiro Nara as an independent director and notified the Tokyo Stock Exchange of such designation in accordance with its regulation. In the event that Mr. Nara is elected, the Company intends that he remain as an independent director.
  - ▶ Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has concluded a contract for limitation of liability with Mr. Michihiro Nara, limiting the liability for damage prescribed in Article 423, Paragraph 1 of the same Act. However, the maximum amount of the liability for damage based on the said contract is the amount prescribed in laws and regulations. In the event that Mr. Nara is elected, it is anticipated that the said contract will continue to remain in force.
  - ▶ During Mr. Michihiro Nara's office as an Outside Director at Nihon Tokushu Toryo Co., Ltd., a case of embezzlement of the company's funds by an ex-employee occurred in August 2015. Mr. Nara was not aware of that fact, but had regularly been making recommendations aimed to strengthen internal controls. Following the unraveling of the case, he also made recommendations to ensure thorough legal compliance and to strengthen the management system in order to prevent recurrence.

Brief history, positions and responsibilities in the Company  
and significant concurrent positions

<b>No. 13</b>	Reelection	April 1976	Joined Ministry of International Trade and Industry
	Outside director	July 2009	Director-General, Nuclear and Industrial Safety Agency
	Independent director	August 2011	Retired
		June 2015	Director, the Company (to the present)

**Nobuaki Terasaka**

(April 9, 1953)



▶ **Reasons for selecting as a candidate for outside director**  
He has a wealth of experience, high-level expertise and wide-ranging knowledge gained through his career as an administrative official, especially in the areas such as natural resources/energy and international trade. He has been selected as a candidate for outside director on an ongoing basis, as he is believed capable to provide his opinions to the management of the Company, from a standpoint independent therefrom.

▶ **Other special notes**

- ▶ There is no special interest between Mr. Nobuaki Terasaka and the Company.
- ▶ Mr. Nobuaki Terasaka is a candidate for outside director as prescribed in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
- ▶ The Company has designated Mr. Nobuaki Terasaka as an independent director and notified the Tokyo Stock Exchange of such designation in accordance with its regulation. In the event that Mr. Terasaka is elected, the Company intends that he remain as an independent director.
- ▶ Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has concluded a contract for limitation of liability with Mr. Nobuaki Terasaka, limiting the liability for damage prescribed in Article 423, Paragraph 1 of the same Act. However, the maximum amount of the liability for damage based on the said contract is the amount prescribed in laws and regulations. In the event that Mr. Terasaka is elected, it is anticipated that the said contract will continue to remain in force.
- ▶ Concerning Mr. Nobuaki Terasaka's attendance at meetings of the Board of Directors, the scope of the total number of meetings includes only those meetings of the Board of Directors held after his appointment on June 26, 2015.

Number of the Company shares owned:	0
Term of office as a director (as of the conclusion of this Meeting):	1 year
Number of attendance at meetings of the Board of Directors:	10/10 (100%)

## Item 2: Election of the Accounting Auditor

The terms of office for the accounting auditor of the Company, Ernst & Young ShinNihon LLC, will expire at the conclusion of this General Meeting of Shareholders. Shareholders are kindly requested to approve the appointment of PricewaterhouseCoopers Aarata as successor of the aforementioned, subject to the resolution for approval by the Audit & Supervisory Board.

The Audit & Supervisory Board selected PricewaterhouseCoopers Aarata as a candidate for the accounting auditor of the Company, as it is expected to conduct audit from fresh viewpoints after years of service by the incumbent accounting auditor, and is believed to have a framework to ensure adequacy in accounting audit, based on the overall evaluation of its independence as well as audit quality, etc.

Principal place of business, history, etc. of PricewaterhouseCoopers Aarata are as follows:

Name	PricewaterhouseCoopers Aarata	
Office	Principal place of business	Sumitomo Fudosan Shiodome Hamarikyu Bldg. 21-1, Ginza 8-chome, Chuo-ku, Tokyo
	Other office	Nagoya Office, Osaka Office, Fukuoka Liaison Office
History	June 2006	Established
	July 2006	Started operations
Overview	Capital	1,000 million yen (As of April 1, 2016)
	Personnel	Senior Partners/Partners: 121 Certified Public Accountants: 801 Passers of Certified Public Accountant Exam: 434 Audit assistants: 700 Other administrative staff: 383 Total: 2,439 (As of March 31, 2016)
	Number of auditee companies:	931 (As of June 30, 2015)

**(Note)** PricewaterhouseCoopers Aarata is scheduled to be renamed on July 1, 2016, as PricewaterhouseCoopers Aarata LLC, in connection with its conversion to a limited liability audit corporation, subject to completion of the necessary procedures including application for registration with the Financial Services Agency.



### **Item 3: Revision of remunerations, etc. of Directors**

While the maximum remuneration, etc. for Directors of the Company was approved at 900 million yen a year at the 82nd General Meeting of Shareholders held on June 29, 2006, including base compensation, bonus and subscription rights to shares to be allotted as stock options as compensation, which has remained unchanged to date, the Company wishes to revise this arrangement by decreasing the maximum remuneration, etc. by 200 million yen to 700 million yen (including 50 million yen for Outside Directors), in connection with the scheduled discontinuation of new issuance of stock options as compensation, subject to the resolution for approval of Agenda Item 4 as originally proposed, for which shareholders are kindly asked to approve.

Remuneration for Directors shall, as before, not include the salary for employees for the Directors concurrently serving as employees.

Number of Directors is currently set to be 13 (including two Outside Directors), which shall again be 13 (including two Outside Directors) after the resolution for approval of Agenda Item 1, as originally proposed.

#### **Item 4: Determination of the amounts and other detail of the performance-linked and stock-based remuneration, etc. for Directors**

1. Reason for the proposal and justification for the proposed remuneration

Whereas the current remuneration, etc. for Directors of the Company (excluding Outside Directors; the same shall apply hereinafter) consists of “base remuneration,” “bonuses,” and “stock options as stock-based remuneration,” the Company proposes to discontinue the granting of “stock options as stock-based remuneration” going forward and introduce instead a performance-linked and stock-based remuneration plan for Directors (hereinafter referred to as the “Plan”) for the approval of shareholders.

The Plan is designed to motivate Directors to contribute more to enhancing the medium- to long-term business performance of the Company and its corporate value, through further clarifying linkage between remuneration for Directors and the Company’s business performance as well as shareholder value, whereby Directors share common interest with shareholders, including not only the merit derived from the rising share price, but also the risk associated with the decline in share price. Accordingly, the Company considers introduction of the Plan justifiable.

More specifically, separately from the annual maximum amount of remuneration, etc. (“base remuneration” and “bonuses”) for Directors proposed in Item 3 above (700 million yen a year (including 50 million yen for Outside Directors), but not including the salary for employees for the Directors concurrently serving as employees), the Company requests the approval of shareholders for the payment of new performance-linked and stock-based remuneration to Directors of the Company.

If the proposal in Item 1 is approved as proposed, the number of Directors covered by the Plan will be 11.

2. Amount of remuneration, etc. and other details of the Plan

(1) Outline of the Plan

The Plan is a performance-linked and stock-based remuneration plan, in which a trust established and funded with money by the Company (hereinafter the “Trust”) shall acquire shares of the Company, and a number of such shares corresponding to the number of points granted to each Director by the Company according to certain criteria, including performance/financial index of the Company shall be delivered to the Director through the Trust. Such shares shall be delivered to each Director at the time of his/her retirement from office, in principle.

(2) Maximum amount of money to be contributed by the Company

Initially the trust period of the Trust shall be three years, and the Company shall establish the Trust for the benefit of Directors who meet certain beneficiary requirements, by contributing, during the period of the Trust, an amount not exceeding 600 million yen, as funds necessary for the Trust to acquire shares of the Company to be delivered to Directors under the Plan, as part of the remuneration for Directors in service in a period of three years between the fiscal year ending March 31, 2017 and the fiscal year ending March 31, 2019. The Trust shall acquire shares of the Company using the money entrusted by the Company, either in the stock market or from the Company in the form of purchase of its treasury shares that are disposed of.

Note: The monetary amount to be actually entrusted to the Trust by the Company shall be the amount including the estimated necessary expenses such as trust fees and compensation for the Trust administrator, etc. on top of the aforementioned funds for acquiring shares of the Company.

The trust period may, at its expiry, be extended for another three years by resolution of the Board of Directors of the Company (including the case of effectively extending the trust period, by transferring the trust assets of the Trust to another trust established by the Company for the identical purpose; hereinafter the same) to effect renewal of the Plan. In such instance, the Company shall additionally contribute an amount not exceeding 600 million yen into the Trust for each extended trust period, as the additional funds for acquiring shares of the Company necessary for the purpose of delivery to Directors under the Plan (provided, however, that in such instance of additional contribution, if there remains shares of the Company (excluding the number of shares of the

Company corresponding to the points already granted to Directors) or cash in the trust assets at the expiry of the trust period immediately before the extension, the aforementioned maximum amount of additional contribution shall be 600 million yen less the amount equivalent to such residual shares as well as residual cash). In this case, the grant of points as describe in (3) (i) below, as well as the delivery of shares of the Company as described in (4) below shall continue during the extended trust period.

However, even in the case where the grant of points is not continued as described above, if there are Directors who already received the granted points at the expiry of the trust period, but have not yet retired from office, the Company may extend the trust period of the Trust until such Directors retire from office and the associated delivery of shares of the Company is completed.

(3) Method of calculation of the number of shares of the Company to be granted to Directors and the maximum number of shares to be granted

(i) Method of awarding points to Directors and the maximum number of points to be awarded

The Company shall, pursuant to the Share Delivery Regulations established by its Board of Directors, grant to each Director the number of points calculated by the following calculation formula in accordance with the rank of individual Directors, as well as criteria such as performance/financial index of the Company at the end of May each year during the trust period, as well as on the day of retirement from office of the Director.

<Calculation formula>

Rank-based basic points (\*1) granted each month to Director in service × performance-linked payment rate (\*2)

(\*1) Rank-based basic points are determined for each rank of Directors separately by resolution of the Board of Directors, based on the amount of base remuneration as well as the book value per share of the Company held by the Trust.

(\*2) Performance-linked payment rate shall be determined commensurate with criteria such as performance/financial index for the previous fiscal year (while the points to be granted on the day of retirement from office shall be determined commensurate with criteria such as performance/financial index announced immediately prior thereto); provided, however, that the aggregate number of points to be granted to Directors by the Company in a fiscal year shall not exceed 570,000.

(ii) Delivery of shares of the Company based on the number of points awarded

Directors will receive the delivery of shares of the Company in accordance with the procedure described in (4) below based on the number of points awarded under (i) above.

The number of shares of the Company to be delivered to each Director shall be calculated by multiplying the number of points granted to such Director by 1.0 (which may, in the event of circumstances that can reasonably justify adjustment to the number of shares of the Company to be delivered, such as share split or share consolidation of shares of the Company, be subject to such reasonable adjustment according to the ratio of such share split or share consolidation or other circumstances).

(4) Delivery of shares of the Company to Directors

Delivery of shares of the Company to each Director as described in (3) above shall be done by the Trust, subject to the completion of the predetermined beneficiary verification procedures by each Director at the time of his/her retirement from office; provided, however, that certain portion of the shares of the Company to be delivered shall be sold/realized in the Trust first, and delivered in the form of cash in lieu of shares of the Company, and that in the event of realization of shares of the Company held in the Trust due to the settlement following the circumstances such as subscription of a tender offer for shares of the Company held in the Trust, the Trust may also effect the delivery in the form of cash in lieu of shares of the Company.

(5) Exercise of voting rights of Company's shares in the Trust

Regarding the Company's shares in the Trust, no voting rights will be exercised during the Trust term to ensure the neutrality to management.

(6) Procedure at the termination of the trust period

Of the residual assets held in the Trust at the termination of the trust period, shares of the Company

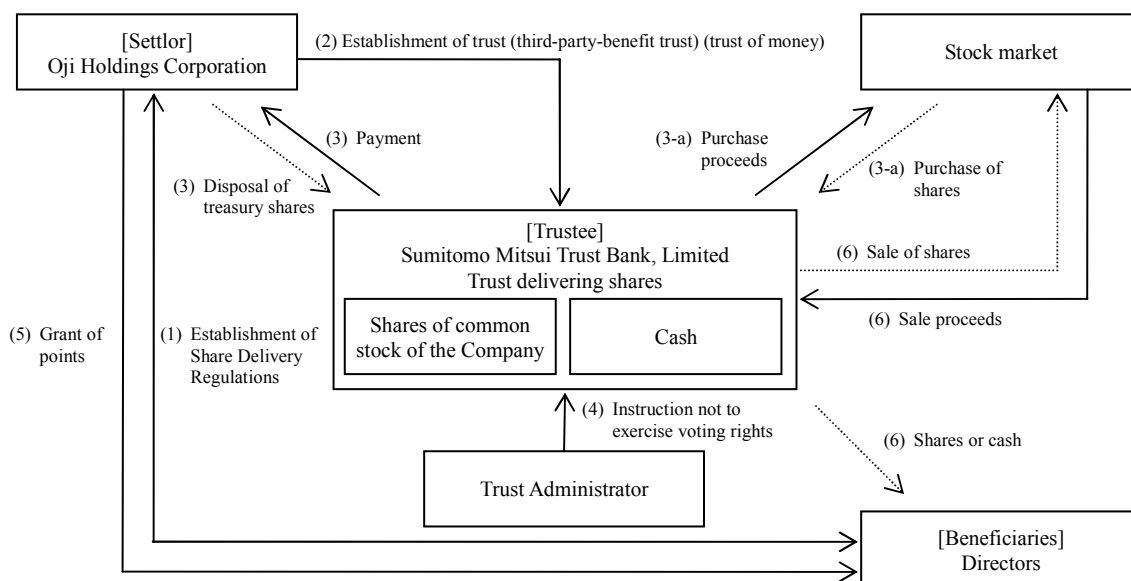
shall wholly be acquired without consideration by the Company and then cancelled by resolution of the Board of Directors, while certain amount of cash shall be donated to specified public service promotion corporations with no interest in the Company or directors and audit & supervisory board members of the Company, subject to prior arrangement of relevant provisions in the Share Delivery Regulations as well as in the trust agreement.

(7) Other details of the Plan

Other details of the Plan will be determined by the Board of Directors within the limit set forth in this proposal.

(Reference)

Overview of the Plan



(Note) Dotted lines denote the movements of shares.

- (1) The Board of Directors of the Company will establish Share Delivery Regulations intended for its directors (excluding outside directors).
- (2) The Company will establish a trust delivering shares (third-party-benefit trust) for Directors as beneficiaries. When doing so, the Company will entrust such amount of money as to be equivalent to that for funds to acquire shares (limited to an amount within the purview approved at a general meeting of shareholders) to the trustee.
- (3) The trustee will acquire, in one lump, a sufficient enough number of shares of the Company that are expected to be delivered in future (either through the stock market or disposal of treasury shares).
- (4) The Company will appoint a trust administrator (to be limited to be a party independent of the Company or any director and audit & supervisory board member of the Company) who is responsible throughout the trust period for protecting the interests of the beneficiaries who are covered by the Share Delivery Regulations and supervising the trustee. Throughout the trust period, the trust administrator will give instructions not to exercise any voting rights associated with the shares of the Company held within the Trust.
- (5) Pursuant to the Share Delivery Regulations, the Company will grant points to the eligible Directors.
- (6) The Directors fulfilling requirements prescribed in the Share Delivery Regulation and the trust agreement related to the Trust will receive, as beneficiaries of the Trust, a delivery of shares of the Company corresponding to the accumulated number of points from the trustee. In certain specific cases set forth in advance in the Share Delivery Regulations and the Trust Agreement, the trustee will sell part of the shares to be delivered in the stock market and deliver cash.

Overview of the Trust

- |  |  |
|--|--|
| (1) Name:                                  | Trust Delivering Shares for Officers   |
| (2) Settlor:                               | Oji Holdings Corporation   |
| (3) Trustee:                               | Sumitomo Mitsui Trust Bank, Limited  |
| (4) Beneficiaries:                         | Eligible Directors fulfilling requirements of the Beneficiaries  |
| (5) Trust administrator:                   | The Company will select a third party who does not have any interest in the Company or directors and audit & supervisory board members of the Company. |
| (6) Trust type:                            | Trust of money other than money trust (third-party-benefit trust)  |
| (7) Date of trust agreement:               | August 2016 (scheduled)  |
| (8) Date on which money will be entrusted: | August 2016 (scheduled)  |
| (9) Trust period:                          | From August 2016 (scheduled) to August 2019 (scheduled)  |

## **Instruction for Exercising Voting Rights**

### **How to Exercise Your Voting Rights**

- **If you are able to attend the General Meeting of Shareholders:**

Please bring the enclosed voting form with you and present it at the reception desk on the day of the meeting (name seals are not required).

Date and time of the meeting: **Wednesday, June 29, 2016, at 10:00 a.m. Japan Standard Time**

- **If you are unable to attend the General Meeting of Shareholders:**

1. To exercise your voting rights in writing:

Please indicate whether you are for or against for each agenda item listed on the enclosed voting form, and return the form by post so that it reaches us by the deadline below.

\*In the case that a voting form without indication of approval or disapproval for an agenda was submitted, it will be handled as an approval.

Deadline: **Tuesday, June 28, 2016 at 5:00 p.m. Japan Standard Time**

2. To exercise your voting rights online:

Please make sure to read “Instruction for Exercising Voting Rights” (page 4) first and then access the designated Shareholder Voting Website (<http://www.web54.net>; Japanese) from your personal computer. Login by entering the voter code and password which are given on the enclosed voting form, and enter whether you are for or against for each agenda item by the below deadline, following the on-screen instructions.

Deadline: **Tuesday, June 28, 2016 at 5:00 p.m. Japan Standard Time**

- **“ICJ Platform,”** a platform for electronic exercise of voting rights operated by ICJ Inc., will be available for institutional investors.

## **Instruction for Exercising Voting Rights**

### **Please read the following if you plan to exercise your voting rights online.**

1. The only way to exercise your voting rights online is to use the Shareholder Voting Website (<http://www.web54.net>). In order to vote online, you will need the voter code and password mentioned on the right edge of the voting form.

Please note that a dedicated website for access via mobile phone is not available.

2. If you use the Shareholder Voting Website, your provider may charge for connection fees, and your telecommunications carrier may charge you for communication (telephone) fees, but these fees must be borne by the shareholder.

### **• Passwords**

1. Passwords are a means for confirming that the person casting the vote is the shareholder. Please store it with care until the close of this Meeting. Please note that we cannot give out passwords over the telephone.
2. If you enter your password incorrectly a certain number of times, the site will become locked and unusable. If this happens, please follow the on-screen instructions.
3. This password is only valid for this Meeting.

### **For computer operating instructions or other questions**

1. Please call the number below with any questions about how to vote on this site from a personal computer.

Dedicated Phone Line of Stock Transfer Agency “Web Support”

Sumitomo Mitsui Trust Bank, Limited.

Telephone: 0120 (652) 031 (toll free, Japan only)

(Calling hours: 9:00 a.m. to 9:00 p.m.)

2. Please call the number below to check your registered address, number of voting shares, etc.

Stock Transfer Agency Operation Center

Sumitomo Mitsui Trust Bank, Limited.

Telephone: 0120 (782) 031 (toll free, Japan only)

(Calling hours: 9:00 a.m. to 5:00 p.m., weekends and holidays excluded)

(Attached Documents)

Business Report (from April 1, 2015 to March 31, 2016)

1. Review of Group Operations

(1) Review of Operations

Looking at the economic environment of the Group for fiscal 2015, the fiscal year ended March 31, 2016, in Japan the economy on the whole continued on a recovery trend on the back of such factors as the weaker yen, the fall in crude oil prices, and inbound tourism consumption until economic uncertainty started to rise at the beginning of 2016 due to the rapid rise in the yen and fall in stock prices. Looking overseas, although the U.S. economy continued to grow moderately supported by healthy personal consumption, concerns about the economic slowdown in emerging economies and resource-rich countries lingered due to significant falls in resource prices and weaker local currencies. In addition, the development of the European debt crisis and geopolitical risks in various regions added to uncertainty.

Under the conditions, for fiscal 2015, the Oji Group recorded consolidated net sales of 1,433,595 million yen (up 6.4% from the previous year), operating income of 73,685 million yen (up 57.8%), and ordinary income of 62,362 million yen (up 17.7%). Profit attributable to owners of parent was 15,257 million yen (down 12.0%) due to factors including the recording of impairment loss attributable to the Company's consolidated subsidiary Jiangsu Oji Paper Co., Ltd. under extraordinary losses.

The situation for each business segment was as follows.

Segment	Net sales		Operating income	
Household and Industrial Materials	603,759 million yen	(Up 7.5% year on year)	18,774 million yen	(Up 29.2% year on year)
Functional Materials	210,957 million yen	(Down 6.3% year on year)	11,913 million yen	(Up 27.2% year on year)
Forest Resources and Environment Marketing Business	267,661 million yen	(Up 26.5% year on year)	31,505 million yen	(Up 111.1% year on year)
Printing and Communications Media	309,418 million yen	(Down 0.5% year on year)	2,253 million yen	(-)
Others	266,717 million yen	(Down 3.4% year on year)	8,855 million yen	(Up 10.7% year on year)
Subtotal	1,658,514 million yen	(Up 4.6% year on year)	73,303 million yen	(Up 58.8% year on year)
Adjustments	(224,918) million yen	(-)	381 million yen	(-)
Total	1,433,595 million yen	(Up 6.4% year on year)	73,685 million yen	(Up 57.8% year on year)

(Notes) 1. Adjustments represent those mainly for inter-segment transactions.

2. Numbers less than one million yen are rounded down to the nearest million.

[Household and Industrial Materials]

Net sales 603,759 million yen

Operating income 18,774 million yen

Main Businesses: Containerboard/corrugated containers, Boxboard/packaging materials, Folding cartons/paper bags, Household papers, Disposable diapers

In the domestic business, containerboard exports increased from fiscal 2014, but sales for the domestic market remained weak. As a result, total domestic and export sales of containerboard declined from the previous year in terms of volume. Corrugated containers retained strong sales, particularly for use in beverages and fresh produce and sales volume increased. In household paper, sales volume of both tissue paper and toilet rolls increased. Sales volume of disposable diapers for babies increased significantly supported by strong sales of remodeled products. Sales of those products for adults also increased.

In the overseas business, in Southeast Asia, which is one of the core business areas, containerboard sales performed strongly, while sales of corrugated containers were also buoyant, primarily for beverage and processed food uses. In addition, Oji Fibre Solutions (NZ) Ltd., which became a



consolidated subsidiary through acquisition in December 2014, also contributed to the increase in sales from the previous year.

[Functional Materials]

Net sales 210,957 million yen Operating income 11,913 million yen

Main Businesses: Specialty paper, Thermal paper, Adhesive products, Film

In specialty paper, domestic sales declined from the previous year, mainly due to withdrawal from certain businesses; however, the Group promoted sales expansion by focusing on development of new products and new customers. Export sales increased from the previous year mainly driven by new orders received. Thermal paper sales in Japan grew steadily.

In overseas business, thermal paper sales declined in North America, but increased in Europe and South America.

[Forest Resources and Environment Marketing Business]

Net sales 267,661 million yen Operating income 31,505 million yen

Main Businesses: Lumber, Pulp, Energy

In the domestic business, sales of rayon pulp increased from the previous year as export sales were strong. The Group started to sell electricity using biomass boilers from April 2015 in Nichinan City, Miyazaki Prefecture and from January 2016 in Ebetsu City, Hokkaido. In Niseko-cho, Hokkaido, electricity sales increased owing to the completion of the overhaul work of a hydroelectric power plant.

In the overseas business, pulp sales increased from the previous year owing to the start of the commercial operation of pulp manufacturing facilities at Jiangsu Oji Paper Co., Ltd. in January 2015 and the contribution of Oji Fibre Solutions (NZ) Ltd., which became a consolidated subsidiary through acquisition in December 2014.

[Printing and Communications Media]

Net sales 309,418 million yen Operating income 2,253 million yen

Main Businesses: Newsprint, Printing/publication/communication paper

Newsprint sales declined from the previous year reflecting the decline in newspaper circulation.

Although sales volume of printing and communication paper decreased from the previous year due mainly to a decrease in demand, sales remained nearly flat from the previous year reflecting the effect of price adjustment.

[Others]

Net sales 266,717 million yen Operating income 8,855 million yen

Main businesses: Real estate, Machinery, Trading

Sales in the others segment decreased from the previous year due to a decline in sales for the machinery business and other businesses.

**(2) Capital investment of Oji Group**

The Group's capital investment for the year under review amounted to 57,387 million yen, a decrease of 22,691 million yen compared to the previous year.

The Group has continued to make such investments in fields required for restructuring its business portfolio and to implement works aimed at achieving improved product quality, higher energy efficiency, and greater productivity, as well as projects for safety and the environment.

The following summarizes the Group's principal capital investment programs.

1. Principal works that were completed during the year under review

Company Name	Work description
Oji Green Energy Nichinan	Works to install a biomass boiler (Oji Paper Nichinan Mill)
Oji Green Energy Ebetsu	Works to install a biomass boiler (Oji F-Text Ebetsu Mill)
Oji GS Packaging (Yangon) Co., Ltd.	Works to set up a new corrugated container mill (Myanmar)
Ojitex (Vietnam) Co., Ltd.	Works to set up a new corrugated container mill (Vietnam)

## 2. Principal works that were underway during the year under review

Company Name	Work description
New Tac Kasei Co., Ltd.	Works to install optical adhesive material production equipment (Toyonaka Plant)
Oji F-Tex Co., Ltd.	Works to renovate hydroelectric power plant (Fijinomiya base, Tokai Mill)
Oji F-Tex Co., Ltd.	Works to renovate hydroelectric power plant (First base, Tokai Mill)
Oji Fibre Solutions (NZ) Ltd.	Works to install additional paper bag production equipment (New Zealand)
Oji Asia Household Products Sdn. Bhd.	Works to set up a new mill for disposable diapers (Malaysia)
Pan Pac Forest Products (Otago) Ltd	Works to install lumbering equipment (New Zealand)

### (3) Changes in assets and results of operation

Segment	88th FY2011	89th FY2012	90th FY2013	91st FY2014	92nd FY2015
Net sales (millions of yen)	1,212,912	1,241,471	1,332,510	1,347,281	1,433,595
Operating income (millions of yen)	53,780	52,383	62,023	46,694	73,685
Ordinary income (millions of yen)	48,375	54,565	70,358	52,970	62,362
Profit attributable to owners of parent (millions of yen)	22,177	25,600	33,801	17,344	15,257
Profit per share (yen)	22.46	25.93	34.22	17.55	15.44
Total assets (millions of yen)	1,634,992	1,831,251	1,915,676	2,164,091	1,934,921
Net assets (millions of yen)	463,299	579,128	670,356	801,372	730,915
Net assets per share (yen)	454.20	511.95	581.69	666.40	600.34

- (Notes) 1. Profit per share was calculated by dividing profit attributable to owners of parent by the average number of shares outstanding for the year under review upon subtracting from it the number of treasury stocks.
2. Net assets per share were calculated by dividing net assets by the number of shares outstanding at the end of the year under review upon subtracting from it the number of treasury stocks.
3. Numbers less than one million yen are rounded down to the nearest million.

### (4) Issue to address of Oji Group

#### Business strategy of Oji Group

The Group is striving to achieve medium- to long-term enhancement of its corporate value, by exploring “beyond the boundaries into the future,” based on the three themes of the Group’s management philosophy, namely, “Creation of Innovative Values,” “Contribution to Future and the World” and “Harmony with Nature and Society.”

Under the aforementioned management philosophy, the Group has established as basic policy of its business strategies, three objectives of “Expansion of Overseas Businesses,” “Concentration and Advancement of Domestic Businesses” and “Enhancement of Financial Foundation,” whereby the following management target has been set out.

Management target for fiscal 2018	
Consolidated operating income	Balance of interest-bearing liabilities
100 billion yen	700 billion yen

To achieve the aforementioned, the following specific initiatives are being taken.

#### (a) Household and Industrial Materials

- Industrial Materials (Containerboard business, Corrugated containers business, Boxboard and packaging papers business, Folding cartons and paper bag business)

The Group has been expanding its business operations in Southeast Asia, India and Oceania. Our new corrugated container mills started operations one after another in these regions, namely one in Myanmar in May 2015, one in India in December 2015, and another in Vietnam in March 2016. In Oceania, reinforcement of paperboard and packaging businesses is under way, following the acquisition of Oji Fibre Solutions (NZ) Ltd. in December 2014, while in Malaysia, it was decided in February 2016, to acquire Dazun Paper Industrial Company Sdn. Bhd., a company engaged in manufacturing and sales of corrugated container. The Group will further drive and expand its integrated packaging operation through strengthening operational base of the existing businesses, as well as enhancing their manufacturing/sales network.

In Japan's domestic market, the Group is set to further promote material-processing-integrated business. In the meantime, the Group intends to boost profit by strengthening operational base of the existing businesses, drawing on the measures for expanding business and enhancing productivity/competitiveness in its corrugated container processing business through M&As, thereby aiming to become the leading integrated packaging maker.

- Household and Consumer Products (Household paper business, Disposable diaper business)  
As for the disposable diaper products in the Japan's domestic market, the Group is engaged in new products development and product quality enhancement, as well as enhancing marketing, primarily under the initiative of the Personal Care Innovation Center, including continuous functional enhancement and brand development in the area of disposable baby diapers, while driving new products development in the market segment with high growth potential in the area of adult-use disposable diapers. Furthermore, in the area of disposable baby diapers, new facilities for manufacturing fastening tape-type disposable diaper started operation in April 2016, while new manufacturing facilities for pants-type disposable diaper is scheduled to launch within fiscal 2016. As the expansion of overseas business is under way primarily in Southeast Asia, the Group set up a joint venture in Indonesia and acquired a diaper company in Malaysia in January 2015, while launching a new disposable diaper plant in April 2016 also in Malaysia.

In the area of Household Products, we intend to expand high-value-added products and establish a premium brand by expanding lines of environmentally friendly products including FSC certified products, and by promoting development of high-quality products through continuous quality improvements.

- (b) Functional Materials (Specialty paper business, Thermal paper business, Adhesive products business, Film business)

Up until now, the Group's development of the functional materials business in Southeast Asia has been primarily in upstream businesses such as thermal paper business and adhesive products business. However, in May 2016, the Group acquired 60% of the shares of the Malaysian company Hyper-Region Labels Sdn. Bhd., as well as its affiliates, which is engaged in manufacturing and sales of printing/processing products. Looking forward, the Group will strive to expand business into midstream and downstream aspects of functional materials business in Southeast Asia. In Brazil, the Group decided to increase the production capacity of Oji Papéis Especiais Ltda. by approximately 10%, in order to meet the robust demand for thermal paper products in South America. Overseas business shall further be expanded into the future.

In Japan, the Group is accelerating the development of high-grade film capitalizing on the new film manufacturing facilities and Advanced Film Research Center, as part of an effort to materialize prompt development of highly functional and high value-added products, along with the creation of new products and new technologies.

- (c) Forest Resources and Environment Marketing Business (Lumber business, Pulp business, Energy business)

In overseas markets, the Group has been expanding its lumber and pulp business operations, focusing on resource-rich countries. In the lumber business, the Group's new lumber plants went on stream in Vietnam and Myanmar in April and November 2015, respectively, while

sawmill in New Zealand completed its renewal and started production in April 2015. The Group's pulp business has been reinforced by the softwood pulp business of Oji Fibre Solutions (NZ) Ltd. along with hardwood pulp business of Jiangsu Oji Paper Co., Ltd., which launched production in January 2015, materializing broader product line-up and enhanced sales activities mainly in Asia. In Indonesia and Vietnam, business development along with sales enhancement is under way in diverse range of businesses, including lumber processing, fuel and pulp, driven primarily by the locally established sales companies.

In Japan's domestic market, the Group has been accelerating new business initiatives. Three biomass power generators started operation in March and April 2015, as well as in January 2016, respectively, while reaching agreement in March 2016 with Mitsubishi Paper Mills Limited on the establishment of a joint venture for joint biomass power generation business, installing a biomass power generator in the premises of the company's Hachinohe Mill. Of the hydropower generator renovation work which has been under way at 12 sites in Hokkaido and Shizuoka Prefectures, work at eight sites has been completed. In the meantime, the Group established a joint venture for electric power sales in February 2015, while reinforcing the production facilities of the wood fuel chip for biomass power generators utilizing the untapped domestic wood resources, and proceeding with the expansion of procurement of palm kernel shells in Indonesia, as part of an effort to expand energy business. Furthermore, dissolving pulp (DP) equipment which launched operation in 2014 started production to supply materials for rayon, while development for special application of such equipment is under way.

(d) Printing and Communications Media (Newsprint business, Printing/publication/communications paper business)

The Group is conducting restructuring of its production platform, as appropriate, but closely taking into account the current business environment, whereby Oji Paper Co., Ltd. shut down paper machine No.7 at its Tomioka Mill in March 2016, and is scheduled to shut down paper machine No.4 at its Kasugai Mill in March 2017. The Group will aim to achieve an increase in cash flows, along with strengthening of its international competitiveness, through continuously reviewing/restructuring its cost structure by establishing a demand-based optimal production structure.

In China, meanwhile, Jiangsu Oji Paper Co., Ltd. commenced integrated production of pulp and paper based on the operation of its kraft pulp facility, with a view to strengthening its competitiveness.

(e) Improving research and development (R&D)

The Group is engaged in the innovative value creation, through flexible and streamlined research and development activities, mainly under the initiative of the Innovation Promotion Division, in close collaboration with the operations within the Group associated with the areas of business where growth in demand is expected, such as cellulose nano-fiber materials and water treatment.

As respects the cellulose nano-fiber materials, the Group decided to install a pilot plant in Tomioka Mill of Oji Paper Co., Ltd., which is scheduled to start operation in the second half of fiscal 2016.

Furthermore, the Company commenced in May 2015 business alliance with Chuetsu Pulp & Paper Co., Ltd., involving a third-party stock allocation, whereby the Company converted Chuetsu Pulp & Paper Co., Ltd. into its equity method affiliate company. The Company will implement cost rationalization measures and explore into new areas of business, through the joint ventures to be established under such collaboration, for the purposes of joint-procurement of imported wood chips, production of high grade boxboard, and manufacturing of paper bags, with a view to enhancing its corporate value.

By carrying out the measures above, the Group aims to become a global corporate group that continues to create innovative value.

<Reference> Basic Views on Corporate Governance

Drawing on the fundamental values and the behavior principles that the Oji Group has carried down as a company since its founding, the Oji Group has formulated the Oji Group Corporate Code of Conduct by which it as a whole engages in corporate activities with an awareness of its responsibility and a high ethical principle as a corporate citizen. The Oji Group will continuously strive towards enhancement of its corporate governance, regarding it as one of the highest priority issues in its management, by ensuring efficiency, soundness and transparency of the management, while building trust relationship with its diverse stakeholders. In doing so, the Oji Group will aim to increase its corporate value and become a company that is trusted by society.

The Fundamental Policies on Corporate Governance of the Company is posted on its website (<http://www.ojiholdings.co.jp/group/policy/governance.html>).

**(5) Main businesses of Oji Group**

(as of March 31, 2016)

Segment	Main Businesses
Household and Industrial Materials	Containerboard business, Corrugated containers business, Boxboard and packaging papers business, Folding cartons and paper bags business, Household papers business, Disposable diapers business
Functional Materials	Specialty paper business, Thermal paper business, Adhesive products business, Film business
Forest Resources and Environment Marketing Business	Lumber business, Pulp business, Energy business
Printing and Communications Media	Newsprint business, Printing and publication and communications paper business
Others	Real estate business, Machinery business, Trading business

**(6) Main offices and mills of Oji Group (as of March 31, 2016)****(i) The Company**

Main Sites	
Headquarters:	Chuo-ku, Tokyo
Research Centers:	Koto-ku, Tokyo, Amagasaki, Hyogo, other

**(ii) Domestic subsidiaries**

Stated in the table titled “(8) Significant subsidiaries”

**(7) Employees of Oji Group**

(as of March 31, 2016)

Segment	Number of employees	Change from previous fiscal year-end
Household and Industrial Materials	15,569	An increase of 136
Functional Materials	4,531	A decrease of 124
Forest Resources and Environment Marketing Business	7,205	An increase of 365
Printing and Communications Media	3,575	A decrease of 408
Others	2,725	A decrease of 32
Total	33,605	A decrease of 63

**(8) Significant subsidiaries**

(as of March 31, 2016)

Company name	Headquarter location	Capital stock	Percentage of voting rights of the Company	Major business description
Japan Brazil Paper and Pulp Development Ltd.	Chuo-ku, Tokyo	millions of yen 61,788	% (55.5)	Management of pulp production company in Brazil. Pulp trading in the country
Oji Container Co., Ltd.	Chuo-ku, Tokyo	10,000	(100)	Production and distribution of corrugated container products (sheet and box)
OJI TAC Co., Ltd.	Chuo-ku, Tokyo	1,550	(100)	Production and distribution of paper- and resin-processed products, packaging materials, and adhesive paper
Oji Packaging Co., Ltd.	Edogawa-ku, Tokyo	1,500	(100)	Production and distribution of folding cartons and synthetic resin container
Oji Logistics Co., Ltd.	Chuo-ku, Tokyo	1,434	100	Warehousing, truck transportation, and domestic sea transportation services
Kyokuyo Pulp & Paper Co., Ltd	Chuo-ku, Tokyo	1,300	90.0	Trading of paper, synthetic resin, and packaging materials
Oji Cornstarch Co., Ltd.	Chuo-ku, Tokyo	1,000	(60.0)	Production and distribution of corn starch and saccharified products
Oji Engineering Co., Ltd.	Chuo-ku, Tokyo	800	100	Design, manufacture, installation, overhaul, and distribution of various machinery products
Oji Real Estate Co., Ltd.	Chuo-ku, Tokyo	650	(100)	Real-estate trading, brokerage, leasing, and management services
Oji Materia Co., Ltd.	Chuo-ku, Tokyo	600	100	Production and distribution of paperboard (containerboards, specialty paperboards, and boxboards), packaging materials, and pulps
Oji Nepia Co., Ltd.	Chuo-ku, Tokyo	350	100	Production and distribution of sanitary paper and disposable diaper
Oji Paper Co., Ltd.	Chuo-ku, Tokyo	350	100	Production and distribution of newsprint, paper, and pulp
Oji F-Tex Co., Ltd.	Chuo-ku, Tokyo	350	100	Production and distribution of specialty printing paper, specialty function paper, film products, and specialty paperboard
Oji Imaging Media Co., Ltd.	Chuo-ku, Tokyo	350	100	Production and distribution of thermal recording paper (paper and film) and inkjet paper
Oji Green Resources Co., Ltd.	Chuo-ku, Tokyo	350	100	Trading in lumber, pulp, and raw fuel materials, plantation business management, and the energy business
Mori Shigyo Co., Ltd.	Kyoto-shi, Kyoto	310	(100)	Production and distribution of corrugated container products (sheet and box)
Oji Forest & Products Co., Ltd.	Chuo-ku, Tokyo	288	(100)	Trading in lumber and paper raw materials, gardening, and afforestation services
Oji Papéis Especiais Ltda.	Brazil	Millions of Brazilian Real 409	(100)	Production and distribution of thermal recording paper and carbonless copy paper
Celulose Nipo-Brasileira S.A.	Brazil	Millions of US dollars 257	(55.5)	Plantation service and production and distribution of pulp

Company name	Headquarter location	Capital stock	Percentage of voting rights of the Company	Major business description
Jiangsu Oji Paper Co., Ltd.	China	Millions of US dollars 911	% (90.0)	Production and distribution of paper and pulp
KANZAN Spezialpapiere GmbH	Germany	Millions of euros 25	(94.7)	Production and distribution of thermal recording paper
GS Paper & Packaging Sdn. Bhd.	Malaysia	Millions of Malaysian ringgit 255	(75.0)	Production and distribution of containerboards and corrugated container products (sheet and box)
Harta Packaging Industries Sdn. Bhd.	Malaysia	Millions of Malaysian ringgit 18	(100)	Production and distribution of corrugated container products (sheet and box)
Oji Fibre Solutions (NZ) Ltd.	New Zealand	Millions of New Zealand dollars 728	(60.0)	Production and distribution of pulp, paperboard, corrugated container products, and paper bag products
Pan Pac Forest Products Ltd.	New Zealand	Millions of New Zealand dollars 126	(100)	Forest management, plantation and logging services. Distribution of lumbers and production and distribution of pulp and lumber products
Oji Paper (Thailand) Ltd.	Thailand	Millions of Thai baht 1,340	(100)	Production and distribution of carbonless copy paper and thermal recording paper
Kanzaki Specialty Papers Inc. (USA)		Millions of US dollars 34	(100)	Production and distribution of thermal recording paper

- (Notes)
1. Oji Paper Trading (China) Co., Ltd. is no longer included in the table above as a significant subsidiary in consideration of the size of its business and other factors.
  2. Carter Holt Harvey Pulp & Paper Ltd. was renamed to Oji Fibre Solutions (NZ) Ltd. as of October 31, 2015.
  3. Capital stock value less than the minimum unit is truncated for presentation.
  4. The percentage of voting rights of the Company shown in parentheses denotes one that includes voting rights held by subsidiaries.
  5. The number of the Group's consolidated subsidiaries as of March 31, 2016 stood at 176, including significant subsidiaries whose names are listed above. The number of equity method affiliate companies totaled 20 as of March 31, 2016.
  6. There is no subsidiary that falls under the category of specified wholly-owned subsidiary as of March 31, 2016.



**(9) Financing activities of Oji Group**

The Group obtained necessary cash by securing loans from financial institutions and issuing commercial paper.

**(10) Main lenders and Borrowing amount of Oji Group**

(as of March 31, 2016)

Lender	Loan balance
	millions of yen
Mizuho Bank, Ltd.	60,458
Sumitomo Mitsui Banking Corporation	54,725
The Norinchukin Bank	43,610
Nippon Life Insurance Company	32,085
Sumitomo Mitsui Trust Bank, Limited	30,038

(Notes) 1. In addition to the loans listed above, the Company obtained 211,827 million yen in syndicate loans.

2. Numbers less than one million yen are rounded down to the nearest million.

**(11) The status of the Group's corporate reorganization activities and acquisition of shares in other companies**

- (i) In December 2014, the Company decided to execute a business tie-up and equity tie-up—achieved by subscribing to a third-party stock allocation—with Chuetsu Pulp & Paper Co., Ltd. for the purpose of further improving investment efficiency and equity efficiency by both companies mutually further utilizing the other's business resources. Furthermore in May 2015, the Company subscribed to the aforementioned third-party stock allocation, whereby the Company converted Chuetsu Pulp & Paper Co., Ltd. into its equity method affiliate company.
- (ii) In March 2015, the Company decided to transfer of all the shares that the Company owns of Alpac Forest Products Inc. (30% of the issued shares), an equity method affiliate company that operates a pulp business from the viewpoint of efficient utilization of management resources through selection and concentration of pulp operations to Hokuetsu Kishu Paper Co., Ltd. The Company wholly transferred the aforementioned shares in October 2015.
- (iii) With a view to expanding adhesive label business in the Southeast Asia region where economy is growing significantly, the Company along with its subsidiary Oji Asia Management Sdn. Bhd. (a wholly-owned subsidiary of the Company), acquired 60% of the issued shares in Hyper-Region Labels Sdn. Bhd., a Malaysian company engaged in manufacturing and sales of printing/processed products, including label printing products, folding cartons, pamphlets, and those in its affiliates in May 2016.
- (iv) As part of the strategy to actively develop packaging business in the Southeast Asia, India and Oceania regions where economies are growing significantly, the Company decided in February 2016 to arrange acquisition of 100% of the issued shares in a Malaysian company engaged in manufacturing and sales of corrugated containers, Dazun Paper Industrial Company Sdn. Bhd., by the Company's subsidiaries GS Paper & Packaging Sdn. Bhd. (75% owned by the Company) and HPI Resources Bhd. (100% owned by the Company) on a joint basis.

**(12) Policy concerning exercise of authority in case that the Articles of Incorporation stipulates that the Board of Directors shall determine dividends of surplus, etc.**

(i) Basic policy for distribution of profit

The Company's basic policy is to maintain stable dividends to shareholders to the extent possible while comprehensively considering the business results for each business year and the internal reserves necessary in preparation for future management initiatives.

(ii) Matters related to year-end dividend

The year-end dividend for the current fiscal year will be 5 yen per share with the record date of March 31, 2016 by comprehensively considering the business results and future business environment, etc.

Combined with the interim dividend of 5 yen per share, which was implemented for the interim period, this will bring total dividends for the current fiscal year to 10 yen per share, the same as for the previous fiscal year.

(a) Type of dividend property

Cash

(b) Matters related to allotment of dividend property to shareholders and total amount thereof 5 yen per common share of the Company; Total amount 4,950,018,110 yen

(c) Effective date of dividends of surplus

June 7, 2016

**(13) Significant matters related to the current state of the corporate group other than those mentioned in the preceding items**

Not applicable.

## 2. Shares of the Company (as of March 31, 2016)

- (1) Total number of shares authorized to be issued 2,400,000,000 shares  
 (2) Total number of shares issued 1,064,381,817 shares  
 (Treasury stock) (74,378,195 shares)  
 (3) Total number of shareholders 67,050 shareholders  
 (2,703 decrease compared with March 31, 2015)

### (4) Major shareholders (top 10)

Name of shareholder	Shares held	Percentage of total shares issued
	thousand shares	%
The Master Trust Bank of Japan, Ltd. (Trust account)	62,592	6.3
Japan Trustee Services Bank, Ltd. (Trust account)	52,522	5.3
Japan Trustee Services Bank, Ltd. (Trust account 4)	32,637	3.3
Sumitomo Mitsui Banking Corporation	31,668	3.2
Mizuho Bank, Ltd.	31,636	3.2
Nippon Life Insurance Company	25,658	2.6
Oji Group Employee Stock-holding Association	22,716	2.3
Japan Pulp and Paper Company Limited	17,464	1.8
The Norinchukin Bank	16,654	1.7
Chieko Fujisada	14,844	1.5

- (Notes) 1. The Company holds treasury stock of 74,378 thousand shares, which is excluded from the above list.  
 2. The percentage of total shares issued has been calculated after excluding the Company's treasury stock (74,378 thousand shares).  
 3. Numbers less than one thousand are rounded down to the nearest thousand.

### 3. Officers of the Company

#### (1) Directors and Audit & Supervisory Board Members (Positions, name, responsibilities, and significant concurrent positions)

(as of March 31, 2016)

Positions	Name	Responsibilities and significant concurrent positions
Representative Director and Chairman of the Board*	Kiyotaka Shindo	Group Co-CEO
Representative Director of the Board, President and CEO*	Susumu Yajima	Group Co-CEO
Representative Director of the Board and Executive Vice President*	Ryoji Watari	President, Industrial Materials Company and President, Household and Consumer Products Company President and Representative Director, Oji Industrial Materials Management Co., Ltd. Chairman and Director, Oji Nepia Co., Ltd. Director, Oji Container Co., Ltd. Director, Oji Materia Co., Ltd. Director, Mori Shigyo Co., Ltd.
Representative Director of the Board and Executive Vice President*	Kazuo Fuchigami	President, Functional Materials Company President and Representative Director, Oji Functional Materials Progressing Center Inc. Director, Oji F-Tex Co., Ltd. Director, Oji Imaging Media Co., Ltd.
Director*	Gemmei Shimamura	General Manager, Corporate Governance Div. President, Oji Management Office Inc. In charge of: Oji Human Support Co., Ltd. Oji Business Center Co., Ltd. Oji Paper Management (Shanghai) Co., Ltd.
Director*	Hidehiko Aoyama	President, Printing and Communications Media Company Representative Director, President and CEO, Oji Paper Co., Ltd. In charge of Oji Logistics Co., Ltd.
Director*	Yoshiki Koseki	In charge of Innovation Promotion Div. Representative Director, President and CEO, Oji Engineering Co., Ltd.
Director*	Masatoshi Kaku	Vice President, Functional Materials Company Senior Managing Director, Oji Functional Materials Progressing Center Inc. President and Representative Director, Oji F-Tex Co., Ltd.
Director*	Ryuichi Kisaka	Vice President, Functional Materials Company Senior Managing Director, Oji Functional Materials Progressing Center Inc. President and Representative Director, Oji Imaging Media Co., Ltd. Director, Oji Paper (Thailand) Ltd.
Director*	Kazuhiko Kamada	President, Forest Resources and Environment Director, Oji Green Resources Co., Ltd. Director, Oji Forest & Products Co., Ltd. Chairman, Pan Pac Forest Products Ltd.
Director*	Hiroyuki Isono	Deputy General Manager of Corporate Governance Division Senior Managing Director, Oji Management Office Inc. Director, Jiangsu Oji Paper Co., Ltd. Chairman of the Board of Oji Fibre Solutions (NZ) Ltd.

Positions	Name	Responsibilities and significant concurrent positions
Director	Michihiro Nara	Attorney-at-law Outside Statutory Auditor, Seiko Epson Corp. Outside Auditor, Chori Co., Ltd. Outside Director, Nihon Tokushu Toryo Co., Ltd.
Director	Nobuaki Terasaka	
Audit & Supervisory Board Member	Motokazu Ogata	(Standing) Audit & Supervisory Board Member of Oji Container Co., Ltd., Oji Packaging Co., Ltd., Oji Engineering Co., Ltd., Oji Real Estate Co., Ltd., Oji Materia Co., Ltd., Oji Paper Co., Ltd. and Mori Shigyo Co., Ltd.
Audit & Supervisory Board Member	Satoshi Fukui	(Standing) Audit & Supervisory Board Member of Oji F-TEX Co., Ltd., Oji Imaging Media Co., Ltd. and Oji Green Resources Co., Ltd.
Audit & Supervisory Board Member	Makoto Katsura	
Audit & Supervisory Board Member	Mikinao Kitada	Attorney-at-law Outside Director, Sharp Corporation Outside Director, Askul Corporation Outside Audit & Supervisory Board Member, Yokogawa Bridge Holdings Corp.
Audit & Supervisory Board Member	Yuko Miyazaki	Attorney-at-law Outside Director, Seven Bank, Ltd.

- (Notes) 1. Mr. Michihiro Nara and Mr. Nobuaki Terasaka, Directors, are outside directors as prescribed in Article 2, Item 15 of the Companies Act.  
The Company has designated both Mr. Osamu Akiyama and Mr. Michihiro Nara, as independent directors and notified the Tokyo Stock Exchange of such designation in accordance with its regulation.
2. Mr. Makoto Katsura, Mr. Mikinao Kitada, and Ms. Yuko Miyazaki are outside audit & supervisory board members as prescribed in Article 2, Item 16 of the Companies Act. The Company has designated Mr. Makoto Katsura and Mr. Mikinao Kitada as independent directors and notified the Tokyo Stock Exchange of such designation in accordance with its regulation.
3. The following changes were made to Directors of the Board and Audit & Supervisory Board Members at the conclusion of the 91<sup>st</sup> Ordinary General Meeting of Shareholders held on June 26, 2015.
- |            |                                  |                  |                 |                |                  |
|------------|----------------------------------|------------------|-----------------|----------------|------------------|
| Assumption | Director                         | Ryuichi Kisaka   | Kazuhiko Kamada | Hiroyuki Isono | Nobuaki Terasaka |
| Retirement | Director                         | Kazuhisa Shinoda | Takeshi Azuma   | Osamu Akiyama  |                  |
| Assumption | Audit & Supervisory Board Member | Yuko Miyazaki    |                 |                |                  |
| Retirement | Audit & Supervisory Board Member | Kenjiro Ueno     |                 |                |                  |
4. Standing Audit & Supervisory Board Members were elected by a resolution of the Audit & Supervisory Board at a meeting held on June 26, 2015, as follows.
- |   |                |
|---|----------------|
| Audit & Supervisory Board Member (Standing) | Motokazu Ogata |
| Audit & Supervisory Board Member (Standing) | Satoshi Fukui  |
5. Mr. Motokazu Ogata, Audit & Supervisory Board Member, has sound knowledge of finance and accounting due to his long experience serving in the Company's finance and accounting business unit after joining the Company, and to his experience serving as a Director of the Board in charge of the finance and accounting business unit of a subsidiary of the Company.
6. The eleven (11) Directors of the Board whose names are marked with an asterisk concurrently serve as Executive Officers.
7. Effective April 1, 2016, partial changes were made to the responsibilities of Directors of the Board concurrently serving as Executive Officers. Their post-change responsibilities are as shown in the table of the following section titled "(2) The Status of Executive Officers."

8. Pursuant to the provisions of the Articles of Incorporation, the Company has concluded, in conformity with Article 427, Paragraph 1 of the Companies Act, a contract for limitation of liability with all of its Outside Directors and Audit & Supervisory Board Members on the limitation of liability for damages set forth in Article 423, Paragraph 1 of the Companies Act. The maximum amount of the liability for damages under the above-mentioned contract is set at an amount provided for by applicable laws and regulations.

## (2) The Status of Executive Officers

(as of April 1, 2016)

Positions	Name	Responsibilities
Chairman of the Board*	Kiyotaka Shindo	Group Co-CEO
President and Chief Executive Officer*	Susumu Yajima	Group Co-CEO
Executive Vice President*	Ryoji Watari	President, Household and Industrial Materials Company Representative Director and President, Oji Industrial Materials Management Co., Ltd. Representative Director and Chairman of the Board, Oji Nepia Co., Ltd. (Concurrently)
Executive Vice President*	Kazuo Fuchigami	President, Functional Materials Company President, Oji Functional Materials Progressing Center Inc.
Senior Executive Officer*	Gemmei Shimamura	General Manager, Corporate Governance Div. President, Oji Management Office Inc. In charge of: Oji Human Support Co., Ltd. Oji Business Center Co., Ltd. Oji Paper Management (Shanghai) Co., Ltd.
Senior Executive Officer*	Hidehiko Aoyama	President, Printing and Communications Media Company Representative Director, President and CEO, Oji Paper Co., Ltd. In charge of Oji Logistics Co., Ltd.
Executive Officer*	Yoshiki Koseki	In charge of Innovation Promotion Div. Representative Director, President and CEO, Oji Engineering Co., Ltd.
Executive Officer*	Masatoshi Kaku	Vice President, Functional Materials Company Senior Managing Director, Oji Functional Materials Progressing Center Inc. President and Representative Director, Oji F-Tex Co., Ltd. President, Shinomura Chemical Industry Co Ltd.
Executive Officer*	Ryuichi Kisaka	Vice President, Functional Materials Company Senior Managing Director, Oji Functional Materials Processing Center, Inc. President, Oji Imaging Media Co., Ltd.
Executive Officer*	Kazuhiko Kamada	President, Forest Resources and Environment Marketing Business Company
Executive Officer*	Hiroyuki Isono	Deputy General Manager, Corporate Governance Div. Senior Managing Director, Oji Management Office Inc.
Senior Executive Officer	Takashi Nozawa	Vice President, Industrial Materials Company Director and Vice President, Oji Industrial Materials Management Co., Ltd. President and Representative Director, Oji Materia Co., Ltd.
Executive Officer	Yasuo Nakanishi	President, Oji Asia Packaging Sdn. Bhd.
Executive Officer	Yoshiaki Takeda	Deputy General Manager, Corporate Governance Div.

Positions	Name	Responsibilities
		Executive Director, Oji Management Office Inc.
Executive Officer	Shoji Fujiwara	President, Oji Green Resources Co., Ltd.
Corporate Officer	Masanori Oshiumi	Senior Executive Officer, Oji Industrial Materials Management Co., Ltd. President, Oji Container Co., Ltd.
Corporate Officer	Noriaki Shimizu	President, Oji Nepia Co., Ltd.
Corporate Officer	Jun Maruyama	Senior Executive Officer, Oji Industrial Materials Management Co., Ltd. President, Mori Shigyo Co., Ltd.
Corporate Officer	Masaru Yokoyama	General Manager, Innovation Promotion Div.
Corporate Officer	Nobuyuki Fujisawa	President, Kyokuyo Pulp & Paper Co., Ltd.
Corporate Officer	Tomita Junnichi	President, Oji Asia Management Sdn. Bhd.
Corporate Officer	Koichi Ishida	Senior Managing Director, Oji Paper Co., Ltd.

(Note) The eleven (11) Executive Officers whose names are marked with an asterisk concurrently serve as Directors of the Board.

### (3) Total Amount of Remuneration, etc. for Directors and Audit & Supervisory Board Members for the Year under Review

Position	No. of Personnel	Remuneration	Bonuses	Stock options	Total
Director (Outside Director)	16 (3)	410 million yen (30 million yen)	129 million yen –	78 million yen –	619 million yen (30 million yen)
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	6 (4)	83 million yen (31 million yen)	10 million yen –	– –	93 million yen (31 million yen)
Total	22	494 million yen	139 million yen	78 million yen	712 million yen

- (Notes)
1. The maximum remuneration, etc. for Directors determined by a resolution of the General Meeting of Shareholders is 900 million yen a year (resolution of the 82<sup>nd</sup> Ordinary General Meeting of Shareholders held on June 29, 2006).
  2. The maximum remuneration, etc. for Audit & Supervisory Board Members determined by a resolution of the General Meeting of Shareholders is 97 million yen a year (resolution of the 82<sup>nd</sup> Ordinary General Meeting of Shareholders held on June 29, 2006).
  3. As of March 31, 2016, the number of Directors stood at thirteen (13) and that of Audit & Supervisory Board Members at five (5).
  4. In addition to the above, the following officers' retirement benefits were paid to a Director who retired from office at the conclusion of the 91st Ordinary General Meeting of Shareholders held on June 26, 2015:  
One Director: 13 million yen  
In conjunction with the abolishment of the retirement benefits plan for Directors, it was proposed at the 82nd Ordinary General Meeting of Shareholders held on June 29, 2006 to pay retirement benefits to seven (7) Directors who were reelected on that day based on the period of service as Director until the conclusion of that General Meeting. The approval was granted and decisions of specific amounts and methods of said payment were left to the Board of Directors.
  5. Numbers less than one million yen are rounded down to the nearest million.

**(4) Matters Relating to Outside Officers**

(i) Relationships between the Company and organizations where significant concurrent positions are held

(as of March 31, 2016)

Position	Name	Concurrent positions
Outside Director	Michihiro Nara	Attorney-at-law, Outside Statutory Auditor, Seiko Epson Corporation, Outside Corporate Auditor, Chori Co., Ltd., Outside Director, Nihon Tokushu Toryo Co., Ltd.
Outside Audit & Supervisory Board Member	Mikinao Kitada	Attorney-at-law, Outside Director, Sharp Corporation, Outside Statutory Auditor, Askul Corporation, Outside Director, Yokogawa Bridge Holdings Corp.
Outside Audit & Supervisory Board Member	Yuko Miyazaki	Attorney-at-law, Outside Director, Seven Bank, Ltd.

The Company has no special interest with the organizations where Outside Officers hold significant concurrent positions above.

(ii) Major activities during the fiscal year ended March 31, 2016

Position	Name	Status of attendance at the Board of Directors' Meeting	Status of attendance at the Audit & Supervisory Board Meeting	Principal comments
Outside Director	Michihiro Nara	13/14 (92.9%)	–	Provided expert opinions based on his rich experience and his wide-ranging knowledge from attorney's professional perspective
Outside Director	Nobuaki Terasaka (Appointed on June 26, 2015)	10/10 (100%)	–	Provided expert opinions based on his rich experience in government and his wide-ranging knowledge
Outside Audit & Supervisory Board Member	Makoto Katsura	14/14 (100%)	17/17 (100%)	Provided expert opinions based on his rich experience as a diplomat and his wide-ranging knowledge
Outside Audit & Supervisory Board Member	Mikinao Kitada	13/14 (92.9%)	17/17 (100%)	Provided expert opinions based on his rich experience in the legal field and his wide-ranging knowledge
Outside Audit & Supervisory Board Member	Yuko Miyazaki (Appointed on June 26, 2015)	9/10 (90.0%)	13/13 (100%)	Provided expert opinions based on his rich experience and his wide-ranging knowledge from attorney's professional perspective

(Note) In respect of status of attendance, Mr. Nobuaki Terasaka, Director, only attended Board of Directors Meetings held after he assumed office on June 26, 2015. Ms. Yuko Miyazaki, Audit & Supervisory Board Member, only attended Board of Directors Meetings and the Audit & Supervisory Board Meetings held after he assumed office on June 26, 2015.



#### **4. Matters related to Accounting Auditors**

##### **(1) Name of the Accounting Auditor**

Ernst & Young ShinNihon LLC

##### **(2) Accounting Auditor Remunerations, etc. for the Year under Review**

Segment	Amount paid
Remuneration of the Company's Accounting Auditors	millions of yen 77
The amount required to be paid to Accounting Auditors by the Company and its consolidated subsidiaries	244
Total amount of other property benefits	

- (Notes) 1. The above-mentioned payments include audit fee under the Financial Instruments and Exchange Act because the audit agreement between the Company and its Accounting Auditors does not distinguish between the audit fee under the Companies Act and the audit fee under the Financial Instruments and Exchange Act.
2. The Audit & Supervisory Board of the Company has given the consent prescribed in Article 399, Paragraph 1 of the Companies Act concerning the amount of remuneration, etc. for Accounting Auditors after examining and evaluating, among others, the audit plan developed by the Accounting Auditors, the comparison between the audit plan and the actual results for fiscal 2014, audit hours, and changes in the amount of remuneration.
3. Numbers less than one million yen are rounded down to the nearest million.

##### **(3) Description of Non-audit Service**

No applicable services

##### **(4) Company's Subsidiaries Audited by Another Audit Firm among Significant Subsidiaries**

Among the Company's significant subsidiaries, the following companies are audited by a certified public accountant or an audit firm other than the Company's Accounting Auditors (including without limitation such entity at a non-Japan location that has qualifications equivalent to those of the Company's Accounting Auditors) (limited to such entity as conforms to the Companies Act or the Financial Instruments and Exchange Act [or any non-Japan laws or regulations equivalent to the former acts]: Mori Shigyo Co., Ltd., Oji Papéis Especiais Ltda., Celulose Nipo-Brasileira S.A., Jiangsu Oji Paper Co., Ltd., KANZAN Spezialpapiere GmbH, GS Paper & Packaging Sdn. Bhd., Harta Packaging Industries Sdn. Bhd., Oji Fibre Solutions (NZ) Ltd., Pan Pac Forest Products Ltd., Oji Paper (Thailand) Ltd., and Kanzaki Specialty Papers Inc.

##### **(5) Company's Policy on Accounting Auditor Dismissal or Non-reappointment Decision**

If an Accounting Auditor is deemed to have significant difficulty in properly performing his/her duties, the Audit & Supervisory Board determines a proposal to be submitted to the General Meeting of Shareholders for dismissing or not reappointing the Accounting Auditor.

Or, if an Accounting Auditor is deemed to fall under any of provisions in Article 340, Paragraph 1 of the Companies Act, the Accounting Auditor shall be dismissed, based on the unanimous agreement of Audit & Supervisory Board members.

##### **(6) Business Suspension Order to Which the Accounting Auditor Was Subject during Past Two Years**

The outline of the disciplinary action and other administrative order announced by the Financial Services Agency on December 22, 2015 is as follows:

- (i) Subject of administrative order  
Ernst & Young ShinNihon LLC (Location: Chiyoda-ku, Tokyo)
- (ii) Content of administrative order
- Suspension from accepting new engagements for three months from January 1, 2016 to March 31, 2016
  - Order for improvement of business operations (improvement of business management system)
- (iii) Reason for administrative order
- (a) In regard to the audit of financial documents for TOSHIBA CORPORATION for the fiscal years ended March 31, 2010, 2012 and 2013, Ernst & Young ShinNihon LLC's certified public

accountants, in negligence of due care, attested that the financial statements contained no material misstatement, when in fact the statements contained material misstatement.  
(b) The audit corporation's operation of services was found to be grossly inappropriate.

## Consolidated Financial Statements

### Consolidated Balance Sheets

(Millions of yen, with fractions less than one million yen discarded)

	As of March 31, 2016	As of March 31, 2015 (Ref.)
<b>Assets</b>		
Current assets		
Cash and deposits	43,968	45,567
Notes and accounts receivable–trade	285,954	298,826
Short-term investment securities	7,486	16,717
Merchandise and finished goods	98,145	98,996
Work in process	18,921	19,689
Raw materials and supplies	80,109	82,051
Deferred tax assets	14,439	9,771
Short-term loans receivable	4,834	4,854
Accounts receivable–other	22,302	19,269
Other	11,309	14,620
Allowance for doubtful accounts	(3,438)	(1,973)
<b>Total current assets</b>	<b>584,033</b>	<b>608,392</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	210,163	230,297
Machinery, equipment and vehicles	414,754	501,020
Tools, furniture and fixtures	5,591	6,422
Land	237,478	239,698
Forests	119,049	119,108
Standing timber	122,764	130,555
Lease assets	2,696	2,656
Construction in progress	24,977	40,709
<b>Total property, plant and equipment</b>	<b>1,137,477</b>	<b>1,270,469</b>
Intangible assets		
Goodwill	9,836	16,042
Other	13,167	16,085
<b>Total intangible assets</b>	<b>23,004</b>	<b>32,127</b>
Investments and other assets		
Investment securities	149,094	203,675
Long-term loans receivable	5,337	3,493
Long-term prepaid expenses	21,302	22,101
Net defined benefit asset	4,300	8,912
Deferred tax assets	880	6,055
Other	11,111	10,095
Allowance for doubtful accounts	(1,620)	(1,232)
<b>Total investments and other assets</b>	<b>190,405</b>	<b>253,102</b>
<b>Total noncurrent assets</b>	<b>1,350,887</b>	<b>1,555,699</b>
<b>Total assets</b>	<b>1,934,921</b>	<b>2,164,091</b>

(Millions of yen, with fractions less than one million yen discarded)

	As of March 31, 2016	As of March 31, 2015 (Ref.)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable–trade	198,167	209,977
Short-term loans payable	178,157	319,720
Commercial papers	27,000	10,000
Current portion of bonds	20,020	20,055
Accounts payable–other	16,260	17,501
Accrued expenses	43,096	49,077
Income taxes payable	7,354	6,262
Allowance for loss on transfer of shares of affiliated companies	–	12,362
Other	26,022	37,981
<b>Total current liabilities</b>	<b>516,079</b>	<b>682,938</b>
<b>Noncurrent liabilities</b>		
Bonds payable	120,000	140,020
Long-term loans payable	432,556	372,784
Deferred tax liabilities	54,447	72,096
Deferred tax liabilities for land revaluation	7,908	8,333
Provision for loss on litigation	2,942	5,079
Net defined benefit liability	52,207	63,949
Long-term deposits received	8,020	8,061
Other	9,843	9,455
<b>Total noncurrent liabilities</b>	<b>687,925</b>	<b>679,780</b>
<b>Total liabilities</b>	<b>1,204,005</b>	<b>1,362,719</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	103,880	103,880
Capital surplus	112,857	112,951
Retained earnings	359,830	354,828
Treasury stock	(42,638)	(42,748)
<b>Total shareholders' equity</b>	<b>533,930</b>	<b>528,912</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	25,316	53,213
Deferred gains or losses on hedges	(771)	(346)
Revaluation reserve for land	5,463	5,059
Foreign currency translation adjustment	41,369	76,457
Remeasurements of defined benefit plans	(11,833)	(4,638)
<b>Total accumulated other comprehensive income</b>	<b>59,545</b>	<b>129,744</b>
Subscription rights to shares	260	342
Non-controlling interests	137,179	142,372
<b>Total net assets</b>	<b>730,915</b>	<b>801,372</b>
<b>Total liabilities and net assets</b>	<b>1,934,921</b>	<b>2,164,091</b>

## Consolidated Statements of Income

(Millions of yen, with fractions less than one million yen discarded)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2015 (Ref.)
Net sales	1,433,595	1,347,281
Cost of sales	1,101,584	1,062,506
Gross profit	332,011	284,775
Selling, general and administrative expenses	258,325	238,080
Operating income	73,685	46,694
Non-operating income		
Interest and dividends income	4,603	4,404
Foreign exchange gains	–	13,280
Equity in earnings of affiliates	3,970	2,057
Miscellaneous income	5,693	4,706
Total non-operating income	14,267	24,449
Non-operating expenses		
Interest expenses	9,885	11,068
Foreign exchange losses	8,591	–
Miscellaneous loss	7,112	7,105
Total non-operating expenses	25,590	18,173
Ordinary income	62,362	52,970
Extraordinary income		
Gain on sales of investment securities	16,154	1,306
Gain on contribution of securities to retirement benefit trust	14,722	–
Gain on sales of noncurrent assets	3,273	84
Other	–	161
Total extraordinary income	34,150	1,553
Extraordinary loss		
Impairment loss	61,569	191
Business structure improvement expenses	2,742	1,152
Provision of allowance for transfer of shares of affiliated companies	–	12,366
Other	5,184	3,110
Total extraordinary losses	69,496	16,820
Income before income taxes and minority interests	27,016	37,703
Income taxes—current	15,075	15,199
Income taxes—deferred	(4,031)	410
Profit	15,972	22,094
Profit attributable to non-controlling interests	714	4,749
Profit attributable to owners of parent	15,257	17,344

## Non-consolidated Financial Statements

### Non-consolidated Balance Sheets

(Millions of yen, with fractions less than one million yen discarded)

	As of March 31, 2016	As of March 31, 2015 (Ref.)
<b>Assets</b>		
Current assets		
Cash and deposits	3,654	4,543
Operating accounts receivable	144	170
Real estate for sale	14	14
Deferred tax assets	837	2,526
Short-term loans receivable	51,328	67,369
Accounts receivable–other	9,715	7,609
Other	258	332
Allowance for doubtful accounts	(338)	(386)
<b>Total current assets</b>	<b>65,614</b>	<b>82,181</b>
Noncurrent assets		
Property, plant and equipment		
Buildings	20,685	21,803
Structures	627	718
Machinery and equipment	327	590
Vehicles	0	0
Tools, furniture and fixtures	855	973
Land	45,872	46,284
Forests	15,642	15,643
Standing timber	22,577	22,692
Lease assets	3	–
Construction in progress	616	383
<b>Total property, plant and equipment</b>	<b>107,208</b>	<b>109,088</b>
Intangible assets		
Software	7	8
Other	55	56
<b>Total intangible assets</b>	<b>62</b>	<b>64</b>
Investments and other assets		
Investment securities	71,088	80,965
Stocks of subsidiaries and affiliates	519,979	533,484
Investments in capital	2	2
Investments in capital of subsidiaries and affiliates	6,360	6,360
Long-term loans receivable	407,608	408,286
Long-term prepaid expenses	1,584	1,838
Other	632	1,067
Allowance for doubtful accounts	(1,448)	(1,597)
<b>Total investments and other assets</b>	<b>1,005,808</b>	<b>1,030,407</b>
<b>Total noncurrent assets</b>	<b>1,113,079</b>	<b>1,139,560</b>
<b>Total assets</b>	<b>1,178,694</b>	<b>1,221,741</b>

(Millions of yen, with fractions less than one million yen discarded)

	As of March 31, 2016	As of March 31, 2015 (Ref.)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable–trade	21	26
Short-term loans payable	211,987	312,991
Commercial papers	27,000	10,000
Current portion of bonds	20,000	20,000
Lease obligations	0	–
Accounts payable–other	12,521	6,570
Accrued expenses	4,524	3,397
Income taxes payable	511	202
Allowance for transfer of shares of subsidiaries and affiliates	292	5,477
Provision for loss on guarantees	34	–
Other	1,677	1,621
<b>Total current liabilities</b>	<b>278,570</b>	<b>360,287</b>
<b>Noncurrent liabilities</b>		
Bonds payable	120,000	140,000
Long-term loans payable	407,767	332,590
Lease obligations	2	–
Deferred tax liabilities	345	4,724
Provision for retirement benefits	2,688	2,236
Long-term deposits received	5,116	5,354
Other	2,211	1,605
<b>Total noncurrent liabilities</b>	<b>538,132</b>	<b>486,512</b>
<b>Total liabilities</b>	<b>816,702</b>	<b>846,800</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	103,880	103,880
Capital surplus		
Capital reserve	108,640	108,640
Other capital surplus	1,240	1,351
<b>Total capital surplus</b>	<b>109,880</b>	<b>109,991</b>
<b>Retained earnings</b>		
Retained earnings reserve	24,646	24,646
<b>Other retained earnings</b>		
Reserve for advanced depreciation of noncurrent assets	17,791	17,935
Reserve for overseas investment loss	293	432
General reserve	101,729	101,729
Retained earnings brought forward	26,940	34,383
<b>Total retained earnings</b>	<b>171,401</b>	<b>179,128</b>
Treasury stock	(42,957)	(43,113)
<b>Total shareholders' equity</b>	<b>342,206</b>	<b>349,887</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	19,999	24,711
Deferred gains or losses on hedges	(474)	–
<b>Total valuation and translation adjustments</b>	<b>19,524</b>	<b>24,711</b>
Subscription rights to shares	260	342
<b>Total net assets</b>	<b>361,991</b>	<b>374,941</b>
<b>Total liabilities and net assets</b>	<b>1,178,694</b>	<b>1,221,741</b>

## Non-consolidated Statements of Income

(Millions of yen, with fractions less than one million yen discarded)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2015 (Ref.)
Operating revenue	30,436	31,498
Operating expenses		
General and administrative expenses	14,801	15,115
Other	2,838	2,994
Operating income	12,796	13,388
Non-operating income		
Interest and dividends income	7,234	7,275
Brand maintenance income	1,190	1,424
Miscellaneous income	656	519
Total non-operating income	9,081	9,220
Non-operating expenses		
Interest expenses	5,901	6,478
Brand maintenance expenses	1,483	1,386
Miscellaneous loss	803	1,394
Total non-operating expenses	8,189	9,259
Ordinary income	13,689	13,349
Extraordinary income		
Gain on sales of noncurrent assets	2,549	0
Gain on sales of investment securities	556	1,283
Total extraordinary income	3,106	1,284
Extraordinary loss		
Loss on valuation of shares of subsidiaries and affiliates	13,230	–
Provision of allowance for transfer of shares of subsidiaries and affiliates	292	5,477
Other	146	272
Total extraordinary losses	13,669	5,749
Income before income taxes	3,126	8,883
Income taxes—current	785	303
Income taxes—deferred	169	(1,178)
Profit	2,170	9,758



**REPORT OF INDEPENDENT AUDITORS**

May 26, 2016

To the Board of Directors of Oji Holdings Corporation

**Ernst & Young ShinNihon LLC**

Designated and Engagement Partner  
Certified Public Accountant

Kenji Murayama (Seal)

Designated and Engagement Partner  
Certified Public Accountant

Takashi Nagasaka (Seal)

Designated and Engagement Partner  
Certified Public Accountant

Tetsu Shimamura (Seal)

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements, that is, the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and the notes to consolidated financial statements of Oji Holdings Corporation (the "Company") applicable to the fiscal year from April 1, 2015 to March 31, 2016.

**Responsibility of the Company's management for consolidated financial statements**

The Company's management is responsible for preparing and properly presenting consolidated financial statements in accordance with accounting standards generally accepted in Japan. This includes establishing and operating internal control determined as necessary by the management for the preparation and proper presentation of consolidated financial statements that are free of material misstatement caused by fraud or error.

**Responsibility of independent auditors**

Our responsibility is to independently express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement.

An audit entails performing procedures to gain evidence of audit with regard to the amounts and presentation of the consolidated financial statements. Based on our judgment, we select and apply the auditing procedures in consideration of the assessment of risks associated with the material misstatement of consolidated financial statements caused by fraud or error. The purpose of the audit is not to express an opinion on the effectiveness of internal control; however, in conducting risk assessment, we will consider internal control relating to the preparation and proper presentation of consolidated financial statements to formulate relevant auditing procedures depending on the conditions. An audit also includes examining the assessment of the accounting policies, the methods of application thereof, and significant estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that we have obtained adequate and appropriate audit evidence as the basis for our opinion.

**Audit opinion**

As a result of our audit, it is our opinion that the above consolidated financial statements properly present in all material respects the Company's financial position and the results of operations of the corporate group comprising Oji Holdings Corporation and its consolidated subsidiaries applicable to the year ended March 31, 2016 in accordance with accounting standards generally accepted in Japan.

**Conflict of interest**

Our firm and engagement partners have no interest in the Company that must be disclosed pursuant to the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

**REPORT OF INDEPENDENT AUDITORS**

May 26, 2016

To the Board of Directors of Oji Holdings Corporation

**Ernst & Young ShinNihon LLC**

Designated and Engagement Partner  
Certified Public Accountant  
Kenji Murayama (Seal)

Designated and Engagement Partner  
Certified Public Accountant  
Takashi Nagasaka (Seal)

Designated and Engagement Partner  
Certified Public Accountant  
Tetsu Shimamura (Seal)

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the financial statements, that is, the balance sheet, the statement of income, the statement of changes in net assets, the notes to financial statements, and the supplementary schedules of Oji Holdings Corporation (the "Company") applicable to the 92nd business year from April 1, 2015 to March 31, 2016.

**Responsibility of the Company's management for financial statements**

The Company's management is responsible for preparing and properly presenting financial statements and the supplementary schedules in accordance with accounting standards generally accepted in Japan. This includes establishing and operating internal control determined as necessary by the management for the preparation and proper presentation of financial statements and the supplementary schedules that are free of material misstatement caused by fraud or error.

**Responsibility of independent auditors**

Our responsibility is to independently express an opinion on the financial statements and the supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements and the supplementary schedules are free of material misstatement.

An audit entails performing procedures to gain evidence of audit with regard to the amounts and presentation of the financial statements and the supplementary schedules. Based on our judgment, we select and apply the auditing procedures in consideration of the assessment of risks associated with the material misstatement of financial statements and the supplementary schedules caused by fraud or error. The purpose of the audit is not to express an opinion on the effectiveness of internal control; however, in conducting risk assessment, we will consider internal control relating to the preparation and proper presentation of financial statements and the supplementary schedules to formulate relevant auditing procedures depending on the conditions. An audit also includes examining the assessment of the accounting policies, the methods of application thereof, and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that we have obtained adequate and appropriate audit evidence as the basis for our opinion.

**Audit opinion**

As a result of our audit, it is our opinion that the above financial statements and the supplementary schedules properly present in all material respects the Company's financial position and the results of operations of the Company applicable to the year ended March 31, 2016 in accordance with accounting standards generally accepted in Japan.

**Conflict of interest**

Our firm and engagement partners have no interest in the Company that must be disclosed pursuant to the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

### **AUDIT REPORT OF THE AUDIT & SUPERVISORY BOARD**

The Audit & Supervisory Board, having deliberated the issues based on the reports made by each Audit & Supervisory Board Member regarding the execution of duties by the Directors during the 92nd business year from April 1, 2015 to March 31, 2016, prepared this Audit Report and hereby submits it as follows:

1. Outline of auditing method applied by the Audit & Supervisory Board Members and the Audit & Supervisory Board and details thereof

(1) The Audit & Supervisory Board established auditing policies, allocation of duties, and other relevant matters, and received reports from each Audit & Supervisory Board Member regarding his or her audits and results thereof, as well as received reports from the Directors, other relevant personnel, and Accounting Auditors regarding execution of their duties, and requested explanations as necessary.

(2) In accordance with the auditing policies, allocation of duties, and other relevant matters established by the Audit & Supervisory Board, each Audit & Supervisory Board Member endeavored to collect information, established auditing circumstances through communication with Directors, internal audit staff and other employees, and executed audits using the following method.

1) Audit & Supervisory Board Members attended the Board of Directors' meetings and other important meetings to receive reports regarding execution of duties from Directors, employees, etc. and requested explanations as necessary. Audit & Supervisory Board Members also inspected significant approved documents and examined the status of operations and financial position at its headquarters, etc. Furthermore, Audit & Supervisory Board Members received from subsidiaries their business reports as necessary through communication and information sharing with their Directors and Audit & Supervisory Board Members, and examined the status of operations and financial position at its principal offices, etc.

2) Audit & Supervisory Board Members monitored and verified the resolutions adopted by the Board of Directors regarding the establishment of the system for ensuring that the Directors' duties, which are a part of the business report and described in the Company's website in accordance with laws and regulations and the provisions of the Articles of Incorporation, are executed in conformity of laws and regulations, and the Articles of Incorporation of the Company, and the establishment of the system necessary to ensure proper business operations of a corporate group consisting of a stock company and its subsidiaries set forth in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, and the systems (Internal Control System) established in accordance with the resolution of the Board of Directors.

3) Audit & Supervisory Board Members reviewed the basic policy stipulated in Article 118, Item 3 (a) of the Ordinance for Enforcement of the Companies Act and the activities stipulated in (b) in the same Item, which are described in the Company's website, as stated in 2) above, based on the deliberations at the meetings of the Board of Directors and other meetings.

4) Audit & Supervisory Board Members also monitored and verified that Accounting Auditor maintains independence and conducts the audits appropriately. Audit & Supervisory Board Members also received reports of the status of the execution of duties from Accounting Auditor and requested explanations as necessary. In addition, Audit & Supervisory Board Members were informed of the arrangement of the "System for ensuring that the duties are executed appropriately" (matters stipulated in the items of Article 131 of the Corporate Accounting Rules) in accordance with "Standards for the Quality Control of Audits" (Business Accounting Council, October 28, 2005) from the Accounting Auditor. Furthermore, Audit & Supervisory Board Members were given an explanation regarding the order and plan for improvement of business operations that the Accounting Auditor received from the Financial Services Agency on December 22, 2015.

In accordance with the procedures mentioned above, we reviewed the business report and its supplementary schedules, the financial statements (the balance sheet, statement of income, statement of changes in net assets and notes to the financial statements), and the supplementary schedules, as well as the consolidated financial statements (the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and notes to the consolidated financial statements), for the year ended March 31, 2016.

## 2. Results of Audit

### (1) Results of audit of business report etc.

- 1) The business report and supplementary schedules present fairly the condition of the Company in conformity with related laws and regulations, and the Articles of Incorporation of the Company.
- 2) Regarding the execution of duties by Directors, there were no instances of misconduct or material matters in violation of laws and regulations, nor the Articles of Incorporation of the Company.
- 3) Resolution of the Board of Directors regarding the Internal Control System is fair and reasonable. There are no matters requiring additional mention regarding the description in the business report and the execution of duties by Directors concerning such Internal Control System.
- 4) There are no matters to be pointed out with respect to the basic policies on those who control the decision of the Company's financial and operational policies. Activities stipulated in Article 118, Item 3 (b) of the Ordinance for Enforcement of the Companies Act are in line with such basic policies, unharmed to common interest of shareholders, and not intended to maintain the positions of Directors or Audit & Supervisory Board Members of the Company.

### (2) Results of audit of financial statements and supplementary schedules

The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.

### (3) Results of audit of consolidated financial statements

The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.

May 26, 2016

Audit & Supervisory Board of Oji Holdings Corporation

Audit & Supervisory Board Member (Standing)	Motokazu Ogata	(Seal)
Audit & Supervisory Board Member (Standing)	Satoshi Fukui	(Seal)
Audit & Supervisory Board Member	Makoto Katsura	(Seal)
Audit & Supervisory Board Member	Mikinao Kitada	(Seal)
Audit & Supervisory Board Member	Yuko Miyazaki	(Seal)

Note: Mr. Makoto Katsura, Mr. Mikinao Kitada, and Ms. Yuko Miyazaki are outside audit & supervisory board members prescribed in Article 2, Item 16, and Article 335, Paragraph 3 of the Companies Act.

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

## **INTERNET DISCLOSURE FOR NOTICE OF THE 92ND ORDINARY GENERAL MEETING OF SHAREHOLDERS**

**The 92nd term  
(from April 1, 2015 to March 31, 2016)**

Subscription Right to Shares of the Company  
System to Ensure the Properness of Operations and  
an Overview of the Current Status of its Operation  
Basic Policies on the Control of the Company  
Consolidated Statement of Changes in Net Assets  
Consolidated Statements of Cash Flows (Condensed)  
Notes to Consolidated Financial Statements  
Non-consolidated Statement of Changes in Net Assets  
Notes to Non-consolidated Financial Statements

### **Oji Holdings Corporation**

Pursuant to the provisions of applicable laws and regulations and Article 15 of the Articles of Incorporation, the items listed above are provided to shareholders on the website of Oji Holdings Corporation (<http://www.ojiholdings.co.jp>).

## Subscription right to shares of the Company

### Summary of subscription right to shares held by the Company's Officers as of March 31, 2016

(as of March 31, 2016)

Name of subscription right to shares	Allotment date	Number of holders of subscription right to shares	Number of subscription right to shares	Class and number of shares to be delivered upon exercise of subscription rights to shares outstanding	Exercise period of subscription right to shares
Oji Paper Co., Ltd. 4th Subscription Rights to Shares (For Directors)	July 13, 2009	Director (excluding the Outside Board Members) 2	24 (1,000 shares of common stock per unit)	Common stock 24,000 shares	July 14, 2009 to June 30, 2029
Oji Paper Co., Ltd. 5th Subscription Rights to Shares (For Directors)	July 16, 2010	Director (excluding the Outside Board Members) 2	30 (1,000 shares of common stock per unit)	Common stock 30,000 shares	July 17, 2010 to June 30, 2030
Oji Paper Co., Ltd. 6th Subscription Rights to Shares (For Directors)	July 15, 2011	Director (excluding the Outside Board Members) 2	30 (1,000 shares of common stock per unit)	Common stock 30,000 shares	July 16, 2011 to June 30, 2031
Oji Paper Co., Ltd. 7th Subscription Rights to Shares (For Directors)	July 17, 2012	Director (excluding the Outside Board Members) 6	103 (1,000 shares of common stock per unit)	Common stock 103,000 shares	July 18, 2012 to June 30, 2032
Oji Holdings Corporation 8th Subscription Rights to Shares (For Directors)	July 16, 2013	Director (excluding the Outside Board Members) 8	158 (1,000 shares of common stock per unit)	Common stock 158,000 shares	July 17, 2013 to June 30, 2033
Oji Holdings Corporation 9th Subscription Rights to Shares (For Directors)	July 15, 2014	Director (excluding the Outside Board Members) 8	126 (1,000 shares of common stock per unit)	Common stock 126,000 shares	July 16, 2014 to June 30, 2034
Oji Holdings Corporation 10th Subscription Rights to Shares (For Directors)	July 14, 2015	Director (excluding the Outside Board Members) 11	199 (1,000 shares of common stock per unit)	Common stock 199,000 shares	July 15, 2015 to June 30, 2035

- (Notes) 1. The acquisition of subscription rights to shares by transfer shall require approval by a resolution of the Board of Directors.
2. The 4th Subscription Rights to Shares through the 7th Subscription Rights to Shares were allocated prior to the Company's trade name change dated October 1, 2012 (former trade name: Oji Paper Co., Ltd.).
3. The payment amount for the exercise of Subscription Rights to Shares is one (1) yen per share for each instance of exercise.

## **System to ensure the properness of operations and an overview of the current status of its operation**

The Company has established the following policies for the development of the system to ensure the properness of operations. In the current business year, in connection with the amendments to the Companies Act and the Ordinance for Enforcement of the Companies Act, the Company made partial amendments to the policies at the Board of Directors held on May 29, 2015.

### **(1) System to ensure that execution of duties by Directors and employees of the Company and its subsidiaries complies with laws and regulations, and the Articles of Incorporation**

- (i) The Company, having established the Oji Group Corporate Code of Conduct and the Oji Group Behavior Standard, shall reaffirm that Directors and employees of the Company and its subsidiaries engage in corporate activities with awareness of themselves as corporate citizens and with high sense of ethical principles worthy of the trust of society, and shall give its commitment for the continuity of it.
- (ii) The Company shall strive to identify and remedy any problems by establishing a department that works on thorough compliance with laws and regulations through enhancement of Group-wide compliance systems including education for legal compliance and business ethics helpline systems.
- (iii) The Company has established an in-house contact point department and enhanced its internal systems, in order to ensure complete severance of relationships with antisocial groups and organizations. The Company shall stand firmly against antisocial groups and organizations.
- (iv) The department in charge of internal audits shall perform audits on compliance and report results to the meetings stipulated in the Group Regulations.

### **(2) System for preservation and management of information concerning execution of duties by Directors**

Documents, including electromagnetic documentation, shall be preserved and managed in accordance with laws and regulations as well as the Company Regulations concerning handling of documents.

Documents shall be made accessible at any time upon a request from Directors or Audit & Supervisory Board Members.

### **(3) Regulations and other systems for management of risk of loss of the Company and its subsidiaries**

- (i) The meetings stipulated in the Group Regulations shall be responsible for deliberation and reporting of important matters concerning risk management and internal control system of the entire Group, and also for deliberation of draft revisions of the Basic Policy on the Construction of Internal Control System.
- (ii) The Company shall clarify its risk management system by formulating a series of Regulations that forms a basis for the Group's risk management. The Company, at the same time, shall manage risks of the entire Group in a comprehensive and inclusive manner to develop systems appropriate to each risk type.
- (iii) The department in charge of internal audits shall perform audits on risk management and report results to the meetings stipulated in the Group Regulations.

### **(4) System to ensure efficient execution of duties by Directors of the Company and its subsidiaries**

- (i) The Company shall clarify the goals and challenges that should be shared among Directors and employees of the Company and its subsidiaries, by establishing the Group-wide management philosophy, basic management policy, medium-term management plan and annual master plan.
- (ii) Each Director of the Company and its subsidiaries shall implement concrete measures in relation to his/her businesses in charge, based upon the above-written philosophy, basic policy and plans, grasp progress appropriately and promptly through utilization of systems that make full use of IT, and make reports on them to the Board of Directors of the Company and its subsidiaries. The Company shall develop systems that more certainly achieve goals and overcome challenges, by facilitating improvements through elimination or reduction of factors that impede efficiency, if any identified.
- (iii) The Company shall clarify authority and responsibility of employees of the Company and its significant subsidiaries, in order to encourage systematic and efficient operations of their duties.

**(5) System to ensure the properness of operations by the corporate group comprised of the Company and its subsidiaries; and system for reporting to the Company on matters concerning execution of duties by Directors of the Company's subsidiaries**

- (i) The Company shall clearly stipulate in the Group Regulations roles of the Company and its subsidiaries as well as systems of Group governance.
- (ii) The Company shall stipulate in the Group Regulations consistent approval and reporting procedures within the Group to ensure a check-and-balance within the Group.

**(6) Matters related to employees posted as assistants to Audit & Supervisory Board Members when Audit and Supervisory Board Members so require; matters related to independency of such employees from Directors; and matters related to ensuring effectiveness of Audit & Supervisory Board Members' instruction to such employees**

- (i) The Company shall establish a department that assists the duties of the Audit & Supervisory Board Members and appoint several dedicated employees who are capable of sufficiently verifying the Company's business operations.
- (ii) The department that assists the duties of the Audit & Supervisory Board Members shall be under the direct control of the Audit & Supervisory Board; and any change in personnel affairs, evaluation and disciplinary action in relation to employees of the department shall be subject to consent of the Audit & Supervisory Board Members.
- (iii) Employees at the department that assists the duties of the Audit & Supervisory Board Members shall follow the instructions and orders of the Audit & Supervisory Board Members.

**(7) System for reporting to the Audit & Supervisory Board Members by Directors and employees of the Company and its subsidiaries, Audit & Supervisory Board Members of the Company's subsidiaries, or by recipients of reports from them; and system to ensure individuals making a report are not treated unfavorably on the grounds of making a report**

- (i) Regarding matters concerning execution of important business and matters that may cause a substantial loss, their deliberation and reporting in the meetings specified in the Group Regulations are stipulated in the Group Regulations. The Company shall ensure a system in which important matters are reported to Audit & Supervisory Board Members through their attendance in relevant meetings, inspection of materials, etc.
- (ii) Directors and employees of the Company and its subsidiaries as well as Audit & Supervisory Board Members of the Company's subsidiaries shall make reports as needed to the Audit & Supervisory Board on matters the Audit & Supervisory Board Members deem necessary and specifically request for reporting in addition to matters legally designated.
- (iii) The Company shall regularly make reports to the Audit & Supervisory Board Members on compliance including internal audits, risk management, business ethics helpline system, etc.
- (iv) With regard to the business ethics helpline system, the Company shall ensure systems that prevent unfavorable treatment on the grounds of making a report.

**(8) Matters concerning policies for handling expenses arising in relation to execution of duties by Audit & Supervisory Board Members**

- (i) The Company shall promptly respond to any request made by Audit & Supervisory Board Members for expenses that arise when executing their duties.
- (ii) Every year, there shall be a budget provided to respond to expenses which Audit & Supervisory Board Members require based on audit plans.

**(9) Other systems to ensure that audits by Audit & Supervisory Board Members are performed effectively**

The Company shall provide opportunities for Audit & Supervisory Board Members to regularly exchange opinions with the Representative Director and Accounting Auditors.



An overview of the current status of operation of the system to ensure the properness of operations is as follows.

(1) Status of implementation of the initiatives for compliance

- All officers and employees of the Oji Group have been issued pocket-sized “Oji Group Corporate Code of Conduct” and “Oji Group Behavior Standard”, which specify the rules they are expected to follow, to ensure that these rules are fully known across the Group.
- In an effort to promote compliance awareness, the Corporate Compliance Department publishes and distributes “Compliance News” mainly to the domestic Group companies on a monthly basis, while “Global Compliance News” to the overseas Group companies on a bimonthly basis, apart from the implementation of internal training sessions as appropriate, on the subject of compliance and various laws and regulations. Furthermore, the Corporate Compliance Department, from time to time, conducts compliance awareness survey of the Group’s employees, and prepares action plans based on the results thereof in an effort to improve such awareness.
- Compliance officer and compliance promotion leader are assigned to each entity and department under the Oji Group, while each worksite holds compliance meetings at least semi-annually, requiring participation by all staff, as part of an effort to enhance the extent and level of compliance awareness.
- The “Group Bribery Prevention Regulations” have been newly established, under which a preventative structure and measures against bribery is being further enhanced by encouraging awareness-raising through education and training within the Group.
- Business ethics helpline system is in place for preventing legal violations or improprieties, and promptly detecting/correcting them, where two contact points, one inside the Company and the other outside the Company (an attorney’s office) have been established, which are open to consultation and reporting by all officers and employees of the Group.

(2) Status of implementation of the initiatives for risk management

- Under the Group Risk Management Regulations, risk management structure is clarified by defining responsible department as well as supporting departments by risk types, whereby risks involving the Group are exhaustively and comprehensively managed.
- The Group’s Rules for Emergency Response have been established, whereby trainings based on the business continuity plan are conducted on a regular basis, as part of an effort to strengthen the crisis management structure.
- The Internal Audit Department shall perform audits on the status of compliance, risk management and internal control at the Group companies, to verify the effectiveness of the internal control functions and credibility of financial reporting, and report on the results thereof at the Group Management Meeting.

(3) Status of implementation of the initiatives to ensure efficient system to execute duties

- Fourteen meetings of the Board of Directors were held, in which deliberation and reporting were made on the matters related to the important business execution as defined under the medium-term management plan which sets the direction of the entire Group, the laws and regulations as well as the Group regulations.

- Important matters are deliberated and reported at the Board of Directors, after deliberation and reporting at Holdings Management Meetings and (or) Group Management Meetings, etc. Execution of businesses in accordance with the decisions made by the Board of Directors is promptly implemented by Group Corporate Officers and COMPANY Presidents.

- Authority and responsibility of each organization are clearly determined in Organization Regulations, Group Management Regulations and Authority Regulations, while regulations for approval procedures such as the Group CEO's Decisions Regulations and the COMPANY President's Approval Regulations are set out, whereby appropriate operation of business procedures is ensured.

(4) Status of implementation of the initiatives to ensure effectiveness of the audits by the Audit & Supervisory Board Members

- The Audit & Supervisory Board comprising five members composed of two Standing Audit & Supervisory Board Members and three Outside Audit & Supervisory Board Members, held 17 meetings in the year under review. Standing Audit & Supervisory Board Members attend the Holdings Management Meetings and the Group Management Meetings, etc. apart from the Board of Directors' Meetings, verifying the decision-making processes concerning business executions. Proceedings of the Holdings Management Meetings and the Group Management Meetings, etc. are reported to the Outside Audit & Supervisory Board Members, at the Briefing Meeting for Outside Officers (also attended by Outside Directors and Standing Audit & Supervisory Board Members) held twice a month in principle.

- The Audit & Supervisory Board Members have meetings with the Internal Audit Department as well as Accounting Auditor, etc. on a regular basis, to exchange information about the audit plans and audit results, etc. in an effort to promote mutual collaboration, while having meetings with the Representative Directors and COMPANY Presidents, etc., to exchange opinions on the important audit matters.

- The Company has established Auditor's Office as an organizational unit independent from other departments, as staffed by dedicated employees to assist the Audit & Supervisory Board Members in the execution of their duties. Budget for this office is established based on the audit plan prepared by the Audit & Supervisory Board, to fund the expenses necessary for carrying out audits.

## Basic Policies on the Control of the Company

The Company stipulates “the basic policies on those who control the decision of the Company’s financial and operational policies” (hereafter, the basic policies are referred to as the “basic policies on the control of the Company”) as described below (1).

Based on the approval by shareholders at the 90th Ordinary General Meeting of Shareholders held on June 27, 2014, the Company has continued policy to address purchase of the Company’s share certificates, etc. (Note 1) (hereafter, this policy is referred to as the “Policy”), for the purpose of a specific shareholder group (Note 2) purchasing 20% or more of the voting rights (Note 3) or the purchase of the Company’s share certificates, etc. with the result that a specific shareholder group holds 20% or more of the voting rights (Note 4) prescribed below. The effective term of the Policy shall be up to the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within three (3) years from the date of this Meeting.

Note 1: Share certificates, etc. means share certificates, etc. prescribed in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act and Article 27-2, Paragraph 1 of the same Act.

Note 2: Specific shareholder group means (i) the holder of the Company’s share certificates, etc. (meaning share certificates, etc. prescribed in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act) (such holder is prescribed in Article 27-23, Paragraph 1 of the same Act and includes persons included in holders based on Paragraph 3 of the same Article) and joint holders of the same (meaning the joint holders prescribed in Article 27-23, Paragraph 5 of the same Act and including persons deemed to be joint holders based on Paragraph 6 of the same Article) or (ii) the person and persons in a special relationship (meaning persons in a special relationship prescribed in Article 27-2, Paragraph 7 of the same Act) who undertake the purchase, etc. of the share certificates, etc. of the Company (meaning share certificates, etc. prescribed in Article 27-2, Paragraph 1 of the same Act) (such purchase, etc. is prescribed in Article 27-2, Paragraph 1 of the same Act and including purchases undertaken on an exchange financial instruments market).

Note 3: Percentage of voting rights means (i) in the case of a specific shareholder group falling within the entry of (i) of Note 2, the percentage of share certificates, etc. held by the holder (meaning the holding ratio of share certificates, etc. prescribed in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act; in this case, the number of share certificates, etc. held by the joint holder of the relevant holder (meaning the number of share certificates, etc. held prescribed in the same Paragraph) shall also be considered in calculation) or (ii) in the event that a specific shareholder group falls within the entry of (ii) of Note 2, the total percentage of ownership of share certificates, etc. of the relevant purchaser and persons in a special relationship with the purchaser (meaning the share certificates, etc. ownership rate prescribed in Article 27-2, Paragraph 8 of the same Act). When calculating the percentage of voting rights, reference may be made to the figures with respect to the total voting rights (meaning that prescribed in Article 27-2, Paragraph 8 of the same Act) and the total number of shares issued (meaning that prescribed in Article 27-23, Paragraph 4 of the same Act) provided in the Annual Securities Report, Quarterly Securities Report or Share Buyback Report, whichever is most recent.

Note 4: In either case of purchase above, a purchase to which the Board of Directors of the Company has given its consent beforehand is excluded. Hereafter, such a purchase is referred to as a “Large-Scale Purchase,” and one who engages in a Large-Scale Purchase is referred to as a “Large-Scale Purchaser”

### (1) Details of the basic policies on the control of the Company

Given that the Company’s shares have been listed on the stock exchange and shareholders and investors can freely trade shares of the Company, the Company does not categorically reject even a Large-Scale Purchase as long as it is based on the purchase proposal, etc. that contribute to the corporate value and the common interests of the shareholders of the Company. With respect to such proposals, etc., the Company believes that the decision as to whether to respond to such an offer should ultimately be left to the judgment of the shareholders.

Contrarily, one characteristic of the Group is its need to have in its business management a multifaceted medium- to long-term perspective with respect to large-scale investments in plant and equipment, securing raw materials on a global level, etc. Thus, the Company believes that providing appropriate information concerning the purchaser and ensuring a period for consideration, including an opportunity to consider alternative proposals, is indispensable in order for shareholders to make an appropriate judgment when there is a Large-Scale Purchase. However, there may be some cases where the Company and the shareholders are not provided with sufficient time and information to study details of such proposals for purchase, etc. of the Company’s shares or alternative proposals, etc.

In addition, in view of the objective of the purchase and the management policies after the purchase, etc., there may be some proposals that could harm the corporate value and the common interests of the shareholders of the Company, such as one which apparently infringes on the corporate value and the common interests of the shareholders of the Company; one which has a sort of mechanism that could pressure our shareholders into agreeing to the purchase; or one whose purchase terms are insufficient or inappropriate in light of the intrinsic corporate value and the common interests of the shareholders of the Company.

The Company considers any person that conducts an inappropriate Large-Scale Purchase or makes a purchase proposal which may harm the corporate value and the common interests of the shareholders of the Company to be not appropriate as a person to control the decision of the Company's financial and operational policies.

(2) Initiatives to contribute to realizing the basic policies on the control of the Company

In an effort to encourage a large number of investors to remain as our shareholders for a long time, the Company has adopted the following measures as part of our initiatives to enhance the corporate value and the common interests of the shareholders of the Company:

Because these initiatives are intended to enhance the corporate value and the common interests of the shareholders of the Company, we deem that they are in accord with the basic policies on the control of the Company described in (1) above, that they correspond with the common interests of shareholders of the Company, and that they are not intended to maintain the positions of Directors or Audit & Supervisory Board Members of the Company.

“Initiatives for enhancement of corporate value”

The Group is striving to achieve medium- to long-term enhancement of its corporate value, by exploring “beyond the boundaries into the future,” based on the three themes of the Group's management philosophy, namely, “Creation of Innovative Values,” “Contribution to Future and the World” and “Harmony with Nature and Society.”

Under the aforementioned management philosophy, the Group has established as basic policy of its business strategies, three objectives of “Expansion of Overseas Businesses,” “Concentration and Advancement of Domestic Businesses” and “Enhancement of Financial Foundation,” whereby the following management target has been set out.

Management target for fiscal 2018	
Consolidated operating income	Balance of interest-bearing liabilities
100 billion yen	700 billion yen

To achieve the aforementioned, the following specific initiatives are being taken.

(a) Household and Industrial Materials

- Industrial Materials (Containerboard business, Corrugated containers business, Boxboard and packaging papers business, Folding cartons and paper bag business)

The Group has been expanding its business operations in Southeast Asia, India and Oceania. Our new corrugated container mills started operations one after another in these regions, namely one in Myanmar in May 2015, one in India in December 2015, and another in Vietnam in March 2016. In Oceania, reinforcement of paperboard and packaging businesses is under way, following the acquisition of Oji Fibre Solutions (NZ) Ltd. in December 2014, while in Malaysia, it was decided in February 2016, to acquire Dazun Paper Industrial Company Sdn. Bhd., a company engaged in manufacturing and sales of corrugated container. The Group will further drive and expand its integrated packaging operation through strengthening operational base of the existing businesses, as well as enhancing their manufacturing/sales network.

In Japan's domestic market, the Group is set to further promote material-processing-integrated business. In the meantime, the Group intends to boost profit by strengthening operational base of the existing businesses, drawing on the measures for expanding business and enhancing productivity/competitiveness in its corrugated container processing business through M&As, thereby aiming to become the leading integrated packaging maker.

- Household and Consumer Products (Household paper business, Disposable diaper business)

As for the disposable diaper products in the Japan's domestic market, the Group is engaged in new products development and product quality enhancement, as well as enhancing marketing, primarily under the initiative of the Personal Care Innovation Center, including continuous functional enhancement and brand development in the area of disposable baby diapers, while driving new products development in the market segment with high growth potential in the area of adult-use disposable diapers. Furthermore, in the area of disposable baby diapers, new facilities for manufacturing fastening tape-type disposable diaper started operation in April 2016, while new manufacturing facilities for pants-type disposable diaper is scheduled to launch within fiscal 2016. As the expansion of overseas business is under way primarily in Southeast Asia, the Group set up a joint venture in Indonesia and acquired a diaper company in Malaysia in January 2015, while launching a new disposable diaper plant in April 2016 also in Malaysia.

In the area of Household Products, we intend to expand high-value-added products and establish a premium brand by expanding lines of environmentally friendly products including FSC certified products, and by promoting development of high-quality products through continuous quality improvements.

- (b) Functional Materials (Specialty paper business, Thermal paper business, Adhesive products business, Film business)

Up until now, the Group's development of the functional materials business in Southeast Asia has been primarily in upstream businesses such as thermal paper business and adhesive products business. However, in May 2016, the Group acquired 60% of the shares of the Malaysian company Hyper-Region Labels Sdn. Bhd., as well as its affiliates, which is engaged in manufacturing and sales of printing/processing products.

Looking forward, the Group will strive to expand business into midstream and downstream aspects of functional materials business in Southeast Asia. In Brazil, the Group decided to increase the production capacity of Oji Papéis Especiais Ltda. by approximately 10%, in order to meet the robust demand for thermal paper products in South America. Overseas business shall further be expanded into the future.

In Japan, the Group is accelerating the development of high-grade film capitalizing on the new film manufacturing facilities and Advanced Film Research Center, as part of an effort to materialize prompt development of highly functional and high value-added products, along with the creation of new products and new technologies.

- (c) Forest Resources and Environment Marketing Business (Lumber business, Pulp business, Energy business)

In overseas markets, the Group has been expanding its lumber and pulp business operations, focusing on resource-rich countries. In the lumber business, the Group's new lumber plants went on stream in Vietnam and Myanmar in April and November 2015, respectively, while sawmill in New Zealand completed its renewal and started production in April 2015. The Group's pulp business has been reinforced by the softwood pulp business of Oji Fibre Solutions (NZ) Ltd. along with hardwood pulp business of Jiangsu Oji Paper Co., Ltd., which launched production in January 2015, materializing broader product line-up and enhanced sales activities mainly in Asia. In Indonesia and Vietnam, business development along with sales enhancement is under way in diverse range of businesses, including lumber processing, fuel and pulp, driven primarily by the locally established sales companies.

In Japan's domestic market, the Group has been accelerating new business initiatives. Three biomass power generators started operation in March and April 2015, as well as in January 2016, respectively, while reaching agreement in March 2016 with Mitsubishi Paper Mills Limited on the establishment of a joint venture for joint biomass power generation business, installing a biomass

power generator in the premises of the company's Hachinohe Mill. Of the hydropower generator renovation work which has been under way at 12 sites in Hokkaido and Shizuoka Prefectures, work at eight sites has been completed. In the meantime, the Group established a joint venture for electric power sales in February 2015, while reinforcing the production facilities of the wood fuel chip for biomass power generators utilizing the untapped domestic wood resources, and proceeding with the expansion of procurement of palm kernel shells in Indonesia, as part of an effort to expand energy business. Furthermore, dissolving pulp (DP) equipment which launched operation in 2014 started production to supply materials for rayon, while development for special application of such equipment is under way.

(d) Printing and Communications Media (Newsprint business, Printing/publication/communications paper business)

The Group is conducting restructuring of its production platform, as appropriate, but closely taking into account the current business environment, whereby Oji Paper Co., Ltd. shut down paper machine No.7 at its Tomioka Mill in March 2016, and is scheduled to shut down paper machine No.4 at its Kasugai Mill in March 2017. The Group will aim to achieve an increase in cash flows, along with strengthening of its international competitiveness, through continuously reviewing/restructuring its cost structure by establishing a demand-based optimal production structure.

In China, meanwhile, Jiangsu Oji Paper Co., Ltd. commenced integrated production of pulp and paper based on the operation of its kraft pulp facility, with a view to strengthening its competitiveness.

(e) Improving research and development (R&D)

The Group is engaged in the innovative value creation, through flexible and streamlined research and development activities, mainly under the initiative of the Innovation Promotion Division, in close collaboration with the operations within the Group associated with the areas of business where growth in demand is expected, such as cellulose nano-fiber materials and water treatment.

As respects the cellulose nano-fiber materials, the Group decided to install a pilot plant in Tomioka Mill of Oji Paper Co., Ltd., which is scheduled to start operation in the second half of fiscal 2016.

Furthermore, the Company commenced in May 2015 business alliance with Chuetsu Pulp & Paper Co., Ltd., involving a third-party stock allocation, whereby the Company converted Chuetsu Pulp & Paper Co., Ltd. into its equity method affiliate company. The Company will implement cost rationalization measures and explore into new areas of business, through the joint ventures to be established under such collaboration, for the purposes of joint-procurement of imported wood chips, production of high grade boxboard, and manufacturing of paper bags, with a view to enhancing its corporate value.

By carrying out the measures above, the Group aims to become a global corporate group that continues to create innovative value.

(3) Initiatives to prevent persons considered inappropriate, in light of the basic policies on the control of the Company, from controlling the Company's decisions on financial and operational policies

[1] Purpose of introducing the Policy

The Board of Directors of the Company sets rules regarding Large-Scale Purchases of the Company's shares (hereafter referred to as the "Large-Scale Purchase Rules") as follows, based on the basic policies described in (1) above, and requests compliance with the Large-Scale Purchase Rules from Large-Scale Purchasers. The Board of Directors of the Company has a policy of taking certain measures in the event that a Large-Scale Purchaser does not comply with the Large-Scale Purchase Rules. The Board of Directors of the Company also has a policy of taking certain measures when it is clear that the Large-Scale Purchase will cause damage from which it will be difficult for the Company to recover or in cases where the interests of the Company's shareholders as a whole will suffer significant damage.

## [2] Establishing large-scale purchase rules

To the Board of Directors of the Company, a Large-Scale Purchase undertaken in accordance with the Large-Scale Purchase Rules prescribed below shall be considered to be in accord with the interests of the Company's shareholders as a whole. These rules require that (i) the large-scale purchaser provides, in advance, sufficient information to the Board of Directors of the Company and (ii) the large-scale purchase is commenced following the passage of a certain period for assessment by the Board of Directors of the Company.

Specifically, first, the Company shall have the large-scale purchaser provide to the Board of Directors of the Company sufficient information required for the Company's shareholders to make a judgment and for the Board of Directors to form an opinion (hereafter, this information is referred to as the "Large-Scale Purchase Information"). Specifics are defined in Appendix 1.

As the concrete details of the Large-Scale Purchase Information may vary based on the details of the large-scale purchase, when a large-scale purchaser intends to undertake a large-scale purchase, the Company will first have the large-scale purchaser submit to the Company a statement of intent to comply with the large-scale purchase rules. In the statement of intent the Company asks that the name, address, governing law of incorporation of the large-scale purchaser, the name of its representative, and domestic contact information of the large-scale purchaser, and outline of the proposed large-scale purchase be clearly indicated. Within five (5) business days following receipt of this statement of intent, the Company shall deliver to the large-scale purchaser a list of the Large-Scale Purchase Information which should be initially submitted to the Company by the large-scale purchaser. In the event that it is considered that the information initially submitted alone is insufficient as Large-Scale Purchase Information, the Company may have additional information submitted until the Large-Scale Purchase Information is sufficiently complete. The Board of Directors of the Company shall promptly disclose the fact that there has been a large-scale purchase proposal. Additionally, the Large-Scale Purchase Information submitted to the Board of Directors of the Company shall be disclosed in full or in part in a timely manner if it is deemed necessary for the Company's shareholders to make a judgment.

Next, in accordance with the degree of difficulty of the assessment, etc. of the large-scale purchase, a sixty (60)-day period (in the case of the purchase of all the shares of the Company through a public tender offer only for cash (yen) consideration) or a ninety (90)-day period (in the case of other large-scale purchases) after the completion of submission of the Large-Scale Purchase Information shall be set aside as a period for the assessment, investigation, negotiation, opinion formation, and the preparation of alternative proposals by the Board of Directors (hereafter referred to as the "Board of Directors' Assessment Period"). The Board of Directors of the Company shall promptly disclose the fact that the submission of the Large-Scale Purchase Information was completed and matters relating to the Board of Directors' Assessment Period. The large-scale purchase shall be commenced only following the passage of the Board of Directors' Assessment Period.

During the Board of Directors' Assessment Period, the Board of Directors of the Company, while receiving the advice of outside experts, shall make a sufficient assessment and investigation of the submitted Large-Scale Purchase Information and shall disclose an opinion as the Board of Directors. As necessary, the Board of Directors may negotiate with the large-scale purchaser concerning improvements in the terms of the large-scale purchase and may also present, as the Board of Directors of the Company, alternative proposals to the shareholders. Additionally, the Board of Directors of the Company shall submit the Large-Scale Purchase Information to a special committee and request an assessment and investigation of the information. The special committee shall undertake its own assessment and investigation of the Large-Scale Purchase Information and shall make a recommendation concerning the measures of response which the Board of Directors of the Company should take in accordance with the Policy. The Board of Directors of the Company shall take the special committee's recommendation into consideration and shall determine a measure of response that complies with the Policy while giving maximum respect to that recommendation.

## [3] Policies in the event of a large-scale purchase

(a) When a large-scale purchaser does not comply with the large-scale purchase rules

When a large-scale purchaser does not submit a statement of intent, when a large-scale purchaser commences a large-scale purchase prior to the passage of the Board of Directors' Assessment Period, when a large-scale purchaser does not provide sufficient information in accordance with the large-scale purchase rules, or when a large-scale purchaser otherwise does not comply with the large-scale purchase rules, the Board of Directors of the Company shall, for the purpose of protecting the interests of the Company's shareholders as a whole, take measures, such as the issuance of subscription rights to shares, deemed to be within the authority of the Board of Directors by the Companies Act, other laws and the Company's Articles of Incorporation and may oppose the large-scale purchase. The Board of Directors of the Company shall, in advance of deciding to implement countermeasures, consult the special committee concerning the appropriateness of the implementation of the countermeasures and shall receive the special committee's recommendation. While giving maximum respect to the recommendation of the special committee, the Board of Directors of the Company shall make a decision on the implementation of the countermeasures having referenced the opinions of attorneys, financial advisors and other outside experts.

With respect to concrete countermeasures, measures deemed appropriate at that time shall be selected. An outline of the case where subscription rights to shares are issued based on a shareholder allotment as a concrete countermeasure shall, as a general principal, be as set forth in Appendix 2. In the event subscription rights to shares are issued, the exercise period, exercise terms and acquisition terms may be established having given consideration to their impact as a countermeasure, such as making the exercise terms and acquisition terms of the subscription rights to shares so as not to vest in a specific shareholder group that has a certain percentage or more of the voting rights.

The establishment of these Large-Scale Purchase Rules and countermeasures in the event that a Large-Scale Purchaser does not comply with said rules are deemed to be a fair and appropriate response for the purpose of protecting the rightful interests of the Company's shareholders as a whole. Contrarily, it is possible that, through the countermeasures, a Large-Scale Purchaser that does not comply with the Large-Purchase Rules may ultimately experience detrimental effects including economic losses. May this serve as advanced warning against commencing a Large-Scale Purchase in disregard of the Large-Scale Purchase Rules.

(b) When a large-scale purchaser complies with the large-scale purchase rules

With respect to the purchase of the Company's shares on a scale that may have an impact on the management of the Company, the purposes of the large-scale purchase rules, from the perspective of protecting the interests of the Company's shareholders as a whole, are to provide information necessary for shareholders to make a judgment whether to accept such a purchase, to provide shareholders with the assessment and opinion of the Board of Directors of the Company who are actually responsible for the management of the Company and, furthermore, to ensure that there is an opportunity for shareholders to be presented with alternative proposals. When the large-scale purchase rules are being complied with, these rules are not, as a general principle, in place to inhibit the large-scale purchase simply on the judgment of the Board of Directors of the Company alone.

However, exceptionally, even though a large-scale purchaser complies with the large-scale purchase rules, when the Board of Directors of the Company judges, having referred to the opinions of attorneys, financial advisors and other outside experts and having given maximum respect to the recommendation of the special committee, that it is clear that the large-scale purchase will cause damage from which it will be difficult for the Company to recover or the interests of the Company's shareholders as a whole will suffer significant damage, measures set forth in [3] (a) above may be taken in order to deter the large-scale purchase. Timely and appropriate disclosures shall be made in the event it is decided to take such countermeasures. Concretely, when acts are deemed to fall within the patterns below, the Company shall consider, as a general principle, the large-scale purchase to fall within cases where it is clear that the purchase will cause damage from which it will be difficult for the Company to recover or cases where the interests of the Company's shareholders as a whole will suffer significant damage.



- (i) When purchases clearly infringe on the interests of shareholders as a whole due to acts listed in the following [1] to [4], etc.
    - [1] Act of buying up shares and demanding that the Company buy those shares at a high price
    - [2] Act of taking temporary control of the Company and engaging in management to realize the profits of the purchaser to the detriment of the Company, such as acquiring important assets, etc. of the Company at a low price
    - [3] Act of appropriating the assets of the Company to secure the debts or to be a source for repayment of the debts of the purchaser or its group companies, etc.
    - [4] Act of taking temporary control of the Company management, disposing of high valued assets, etc. without immediate relation to the business of the Company, and paying out a temporarily high dividend with the profits from that disposal, or watching for an opportunity for a rapid increase in stock prices caused by the temporarily high dividend to sell off shares
  
  - (ii) When purchases in fact risk pressuring shareholders to sell shares, such as coercive two-tiered tender offers (meaning the purchase of shares such as in a public tender offer under which the second stage purchase terms are disadvantageously set compared to the initial purchase terms or the second stage purchase terms are left ill-defined)
  
  - (iii) When the interests of customers, trading partners, regional society, employees and other interested parties will be damaged due to the acquisition of control by the large-scale purchaser, and there is a risk that the interests of the Company's shareholders as a whole will be significantly damaged for the long term because of this
  
  - (iv) When there is a risk that the corporate value, including social credibility, of the Company, will be significantly damaged or when there is a risk that the shareholders of the Company will be caused to suffer a significant disadvantage because (a) the management policies, business plans, etc. following the acquisition of control by the large-scale purchaser are conspicuously irrational or inappropriate, (b) there is a risk that critical issues will arise with respect to the protection of the environment or with respect to issues of compliance and governance transparency, or (c) there is a risk that the disclosure of information concerning the large-scale purchaser will be insufficient or inappropriate viewed from the perspective of the protection of the shareholders of the Company
- (c) Suspension after implementation of countermeasure
- Even after the decision to take countermeasures in accordance with the Policy, the Board of Directors of the Company may decide to suspend the implementation of the countermeasures, having given maximum respect to the recommendation of the special committee, (i) when the large-scale purchaser halts the large-scale purchase and (ii) when there is a change in the relevant facts, etc. upon which the determination to take countermeasures were premised, and it is judged that the large-scale purchase will not cause damage from which it will be difficult for the Company to recover, and furthermore, will not significantly damage the interests of the Company's shareholders as whole. In the case of, for example, a gratis allotment of subscription rights to shares as a countermeasure, when circumstances have arisen, such as the large-scale purchaser withdrawing the large-scale purchase, after the determination of shareholders who should receive an allotment of rights and the Board of Directors judges, having considered the recommendation of the special committee, that the implementation of countermeasures is inappropriate, the gratis allotment of subscription rights to shares may be suspended during the period up to the effective date of the subscription rights to shares or, during the period after the gratis allotment of the subscription rights to shares up to the start of their exercise period, the Company may acquire the subscription rights to shares without consideration and suspend the implementation of the countermeasures.
- In the event that the implementation of countermeasures is suspended as noted above, information concerning this will be promptly disclosed along with matters deemed necessary by the special committee.

(d) Establishment of special committee and investigation thereby

In the Policy, in order to ensure the objectivity, fairness and rationality of the judgment of the Board of Directors when judging whether the large-scale purchaser has complied with the large-scale purchase rules, whether the large-scale purchase falls within cases where it is clear that the purchase will cause damage from which it will be difficult for the Company to recover or cases where the interests of the Company's shareholders as a whole will suffer significant damage, and then whether to take countermeasures against the large-scale purchase and whether to suspend their implementation, the Company shall establish a special committee as an organization independent from the Board of Directors, and the Board of Directors of the Company shall give maximum respect to the committee's recommendation to the extent allowable under the law. The special committee shall consist of three (3) members who shall be selected from among outside directors, outside audit & supervisory board members, company managers with a wealth of management experience, persons thoroughly familiar with investment banking, attorneys, certified public accountants, tax accountants, academics, or other persons with similar qualifications.

When a decision is made to implement countermeasures or to suspend their implementation, the Board of Directors shall consult the special committee and receive its recommendation. The special committee may, at the expense of the Company, obtain the advice of third parties (including financial advisors, certified public accountants, attorneys, consultants and other experts) who are independent from the management team of the Company, or request the attendance of the Company's directors, audit & supervisory board members, employees, etc. at meetings of the special committee and request explanations concerning necessary information. The special committee shall deliberate and form resolutions and, based on the contents of those resolutions, present their recommendation to the Board of Directors of the Company. When judging whether to implement countermeasures or whether to suspend their implementation, the Board of Directors shall give maximum respect to the special committee's recommendation to the extent allowable under the law. A summary of the rules of the special committee and names and brief histories of the members of the special committee are provided in Appendix 3 and 4.

[4] Impacts on shareholders and investors of the Company

While it is not assumed that there will be circumstances where shareholders of the Company (except for any large-scale purchasers) may be caused economic damage or deprived of any right due to the implementation of countermeasures, the Board of Directors of the Company shall timely and appropriately disclose information in accordance with relevant laws and regulations and financial instruments exchange rules when it decides to take concrete countermeasures.

In the event that a gratis allotment of subscription rights to shares is undertaken as one of the possible countermeasures, an allotment of subscription rights to shares shall be made to shareholders recorded in the final shareholder registry on the record date separately determined at a meeting of the Board of Directors of the Company and publically announced, in accordance with the number of shares held. Thus, shareholders need to be recorded in the final shareholder registry on the said record date. Additionally, shareholders need to complete payment of a fixed sum within the prescribed period in order to exercise the subscription rights to shares and obtain those shares. However, in the event that the Company undertakes the acquisition of subscription rights to shares in accordance with acquisition terms that allow the Company to acquire subscription rights to shares in exchange for shares of the Company, shareholders who hold the subscription rights to shares subject to the said acquisition by the Board of Directors of the Company may receive the grant of the Company's shares as consideration for the acquisition of the subscription rights to shares by the Company without the need for the payment of monies. Separate notification of the details of these procedures shall be made in accordance with laws and regulations and financial instruments exchange rules when in fact subscription rights to shares are issued or acquired.

Even though a resolution has once been passed for the gratis allotment of subscription rights to shares, there may be cases where the Company, in accordance with [3] (c) above, suspends the gratis allotment of subscription rights to shares during the period up to the effective date for the gratis allotment of subscription rights to shares or, acquires the subscription rights to shares

without consideration up to the day immediately prior to the first date of the exercise period of the subscription rights to shares following the effective date for the gratis allotment of the subscription rights to shares. In these events, there is a possibility for corresponding fluctuation in the stock price of the Company's shares. For example, in the event that after the determination of shareholders who should receive a gratis allotment of subscription rights to shares (on or after the ex-rights date), the Company acquires the subscription rights to shares without consideration and does not issue new shares, no dilution of the per-share value of the shares shall arise and, therefore, investors who traded in the Company's shares on the premise that dilution of the value of the Company's shares would occur risk suffering a loss due to fluctuations in the stock price.

[5] Effective term of the large-scale purchase rules

Since the approval of the shareholders was obtained at the 90th Ordinary General Meeting of Shareholders held on June 27, 2014, with respect to the continuation of the Policy, the effective term of the Policy shall be up to the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within three (3) years from the date of this Ordinary General Meeting of Shareholders, and this shall apply in successive terms thereafter.

In the event that the Board of Directors of the Company determines to continue the Policy, an announcement to that effect will be promptly made. The Board of Directors of the Company also intends, from the perspective of protecting the interests of shareholders as a whole, to occasionally reassess the Policy as needed in consideration of development and revisions to relevant laws and regulations including the Companies Act and the Financial Instruments and Exchange Act.

Even during the effective term, the Policy shall be abolished at the point in time when a resolution is passed to abolish the Policy in a general meeting of shareholders or when a resolution is passed to abolish the Policy at a meeting of the Board of Directors of the Company. Additionally, even during the effective term of the Policy, there may be cases where the Board of Directors of the Company revises the Policy within the scope of the intent of the approval given at the general meeting of shareholders.

(4) Decisions by the company's Board of Directors that the Policy is in line with the basic policies on the control of the Company, in accord with the corporate value of the Company and ultimately, the common interests of the shareholders, and not intended to maintain the positions of Directors or Audit & Supervisory Board Members of the Company, and reasons hereof

For the following reasons, we believe that the Policy is in line with the basic policies on the control of the Company described in (1) above, in accord with the common interests of the shareholders of the Company, and not intended to maintain the positions of Directors or Audit & Supervisory Board Members of the Company:

[1] The Policy satisfies the requirements of the guidelines regarding takeover defense

The Policy satisfies the three principles (the principle of ensuring and increasing corporate value and the common interests of the shareholders; the principle of practicing prior disclosure and confirming shareholder's intentions; and the principle of ensuring necessity and suitability) set out in the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" jointly released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

[2] The Policy has been introduced to Protect and Enhance the Common Interests of the Shareholders

As stated in the "Purpose of Introducing the Policy" in (3) [1] above, the Policy is to be intended to be introduced for our shareholders to decide, when the purchase, etc. of the Company's shares, etc. is offered, whether or not to accept such purchase offer, etc., or, for the Board of Directors of the Company to gain information and time necessary to present an alternative proposal, and thereby can negotiate with the purchaser, etc. on behalf of our shareholders, and to protect and enhance the corporate value of the Company and ultimately the common interests of the shareholders.

[3] Reasonable and Objective Requirements for Implementation

As stated in the "Policies in the event of a large-scale purchase" described in (3) [3] above, the countermeasures under the Policy are designed not to be implemented unless certain predetermined reasonable and detailed, objective requirements are satisfied, so as to disqualify

such cases of the large-scale purchase not in compliance with the large-scale purchase rules, or takeover that, even when in compliance with the large-scale purchase rules, apparently infringes on the common interests of the shareholders or could effectively pressuring our shareholders into selling shares, and therefore we believe we have secured a mechanism to prevent any arbitrary implementation by the Board of Directors of the Company.

[4] Emphasis on the Shareholder's Intentions

The Company proposes the continuation of the Policy as an agenda item at the general meetings of shareholders of the Company to confirm intentions of the shareholders. If the continuation of the Policy is not resolved at any given general meeting of shareholders, the Policy will be promptly abolished and in that context, survival or otherwise of the Policy, and its contents are dependent on reasonable intentions of the shareholders of the Company.

[5] Not a Dead-Hand Takeover Defense Measure or Slow-Hand Takeover Defense Measure

As described in (3) [5] “Effective term of the large-scale purchase rules” above, the Policy is one that may be abolished by the Board of Directors consisting of directors that were elected at a general meeting of shareholders of the Company. It is possible for a person who has purchased the Company’s share certificates, etc. in bulk to nominate directors at a general meeting of shareholders of the Company and abolish the Policy through the Board of Directors consisting of such directors. Accordingly, the Policy is not a dead-hand takeover defense measure (a takeover defense measure in which its implementation cannot be stopped even by replacing a majority of the members of the Board of Directors). Furthermore, the term of office of directors of the Company is one (1) year, meaning the Policy is not a slow-hand takeover defense measure (a takeover defense measure in which the replacement of the members of the Board of Directors cannot occur all at once and therefore it takes time to stop its implementation).

(Appendix 1)

## Large-Scale Purchase Information

1. Information on the large-scale purchaser and its group (in the case of a fund, including the partners and other constituent members)

(1) Names, capital relation, and financial details

(2) In the case where the large-scale purchaser is an individual: Nationality, professional experience, names of companies or other organizations (hereafter referred to as “juridical person”), their principal businesses and addresses which the relevant person proposing the takeover has managed, operated or has been employed at, and the beginning and ending dates of such management, operation or employment

(3) In the case where the large-scale purchaser is a juridical person: In respect to the relevant juridical person and its important subsidiaries, etc., principal businesses, country where incorporated, governance status, financial details of capital and long-term borrowing for the past three (3) years, major legal procedures pending in court relating to the relevant juridical person or its assets, outline of businesses undertaken up to the present, and names of directors, corporate officers, etc.

(4) If any: Criminal history for the past five (5) years (excluding traffic violations and similar petty crimes), violations relating to the Financial Instruments and Exchange Act and the Companies Act (including foreign laws comparable to these) for the past five (5) years, and whether there are other important issues relating to compliance

2. The objective, method and details of the large-scale purchase (including the value/type of consideration for the acquisition, timing of acquisition, structure of related transactions, lawfulness of the method of acquisition, and feasibility of acquisition)

3. Basis for the calculation of the consideration for the acquisition of the Company’s shares (including the facts/assumptions which are the premise of the calculation, calculation method, numerical information used in the calculation, and synergies which it is assumed will be created through the series of transactions relating to the acquisition and bases of the calculation for such synergies)

4. Financial resources for the large-scale purchase (including concrete name of the supplier (including the material supplier) of funds, procurement method, and details of related transactions)

5. Post-purchase management policy, business plan, and capital and dividend policies for the Company

6. Post-purchase policies dealing with the Company’s employees, trading partners, customers, regional society, and other interested parties (stakeholders) relating to the Company

7. Details and prospects of required procedures when executing the large-scale purchase, such as required approval of governmental authorities and agreement of third parties. The applicability of antitrust laws or other competition laws and of other important laws of the countries and regions where the large-scale purchaser or the Company engages in business or sells products and thoughts concerning whether these laws will be obstacles when executing the large-scale purchase and that basis

8. Other information reasonably judged necessary and requested by the Board of Directors or the special committee of the Company

## Summary of Subscription Rights to Shares

### 1. Shareholders subject to the allotment of subscription rights to shares and issuance terms

Shareholders who are recorded in the final shareholder registry on the record date prescribed by the Board of Directors shall be allotted subscription rights to shares at a rate of one (1) right per share possessed (however, excluding common shares held by the Company). There may be cases where shareholders shall be granted the right to receive an allotment of subscription rights to shares and are solicited to subscribe to subscription rights to shares for subscription and cases where a gratis allotment of subscription rights to shares shall be made.

### 2. Class and number of shares to be delivered upon exercise of subscription rights to shares

The class of shares to be delivered upon exercise of the subscription rights to shares shall be the common shares of the Company, and the upper limit of the total number of the shares to be delivered upon exercise of subscription rights to shares shall be determined by subtracting the total number of the common shares of the Company issued (excluding the number of common shares held by the Company) from the total number of shares authorized to be issued as of the record date prescribed by the Board of Directors of the Company. The number of shares to be delivered upon exercise of one (1) subscription right to shares shall be one (1) share; provided, however, if the Company makes a share split or a share consolidation, the required adjustments shall be made.

### 3. Total number of subscription rights to shares to be issued

The total number of subscription rights to shares to be allotted shall be the number prescribed by the Board of Directors of the Company, and its upper limit shall be determined by subtracting the total number of the common shares of the Company issued (excluding the number of common shares held by the Company) from the total number of shares authorized to be issued as of the record date prescribed by the Board of Directors of the Company. The Board of Directors may make an allotment of subscription rights to shares multiple times within a scope not to exceed the upper limit of the total allotment number.

### 4. Amount to be paid in for each subscription right to shares

Gratis (No payment of monies is required.)

### 5. Amount of property to be contributed upon exercise of subscription rights to shares

The amount of property to be contributed upon exercise of subscription rights to shares shall be an amount of one (1) yen or more prescribed by the Board of Directors.

### 6. Restrictions on transfer of subscription rights to shares

The acquisition of subscription rights to shares by transfer shall require approval by a resolution of the Board of Directors.

### 7. Exercise terms of subscription rights to shares

The Company may determine terms for the exercise of subscription rights to shares, such as not allowing the exercise of rights by persons belonging to a specific shareholder group holding 20% or more voting rights (excluding persons whose acquisition or possession of the Company's share certificates, etc. is deemed by the Board of Directors of the Company not to be contrary to the interests of the Company's shareholders as a whole). Details shall be separately determined at a meeting of the Board of Directors of the Company.

### 8. Exercise period, etc. of subscription rights to shares

The exercise period, acquisition terms, and other necessary matters of subscription rights to shares shall be separately determined by the Board of Directors. With respect to acquisition terms, the Company may determine terms that allow the Company to acquire subscription rights to shares held by persons other than those whose exercise of subscription rights to shares due to the exercise terms of 7. above is not allowed and may deliver one (1) share per subscription right to shares.

(Appendix 3)

Summary of the Rules of the Special Committee

1. The special committee shall be established for the purposes of defying arbitrary judgments of the Board of Directors regarding the implementation, etc. of countermeasures against large-scale purchases, and ensuring objectivity, fairness, and rationality of the judgment of the Board of Directors.
2. The special committee shall consist of three (3) members, independent from the management team that manages and executes the operations of the Company, and appointed by the Board of Directors of the Company from among any of the following relevant persons: (i) outside directors of the Company, (ii) outside audit & supervisory board members of the Company, (iii) outside experts. However, outside experts shall be company managers with a wealth of management experience, persons thoroughly familiar with investment banking, attorneys, certified public accountants, tax accountants, academics, or other persons with similar qualifications, and such persons must conclude with the Company contracts that include a duty of care of prudent manager provision, determined separately by the Board of Directors of the Company.
3. The terms of office of special committee members shall be until the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within three (3) years after their appointment. However, this limit shall not apply in cases where the term of office is otherwise provided for by a resolution of the Board of Directors of the Company.
4. The special committee shall receive consultations from the Board of Directors, deliberate and form resolutions regarding the various matters listed in the items below, and present their recommendation to the Board of Directors of the Company based on the contents of those resolutions. In said deliberations and forming of resolutions, each member of the special committee shall consider the deliberated action from the perspective of whether said action will contribute or not contribute to the corporate value and the common interests of the shareholders of the Company, not with the purpose of pursuing the committee member's own personal benefit or that of the management team of the Company.
  - [1] The appropriateness of implementing countermeasures against large-scale purchases
  - [2] Suspending the implementation of countermeasures against large-scale purchases
  - [3] From among the other matters that the Board of Directors of the Company should pass judgment on, matters for which the Board of Directors of the Company has consulted the special committee
5. The special committee may, at the expense of the Company, obtain the advice of third parties (including financial advisors, certified public accountants, attorneys, consultants and other experts) who are independent from the management team of the Company.
6. In order to gather necessary information, the special committee may request the attendance of the Company's directors, audit & supervisory board members, employees, or others that the special committee recognizes as necessary, and may demand explanations regarding matters that the special committee inquires about.
7. Resolutions by the special committee shall be made, as a general principle, with of all members of the special committee in attendance and by a majority of those in attendance. However, under unavoidable circumstances, resolutions may be made with a majority of the members of the special committee in attendance and by a majority of their voting rights.

(Appendix 4)

## Names and Brief Histories of the Members of the Special Committee

Current members of the special committee are following three members.

Michihiro Nara

(Date of birth: May 17, 1946)

Brief history

April 1974	Registered as an attorney-at-law
June 2014	Director, the Company (to the present)

\* Mr. Michihiro Nara is an outside director as prescribed in Article 2, Item 15 of the Companies Act.

Makoto Katsura

(Date of birth: February 3, 1948)

Brief history

April 1971	Joined the Ministry of Foreign Affairs
July 2004	Ambassador Extraordinary and Plenipotentiary of Japan to Laos
August 2007	Ambassador Extraordinary and Plenipotentiary of Japan to the Philippines
May 2011	Retired from office
June 2013	Audit & Supervisory Board Member of the Company (to the present)

\* Mr. Makoto Katsura is an outside audit & supervisory board member as prescribed in Article 2, Item 16 of the Companies Act.

Mikinao Kitada

(Date of birth: January 29, 1952)

Brief history

April 1976	Appointed public prosecutor
January 2012	Superintendent Public Prosecutor of Osaka High Public Prosecutors Office
January 2014	Retired from office
March 2014	Registered as an attorney-at-law
June 2014	Audit & Supervisory Board Member of the Company (to the present)

\* Mr. Mikinao Kitada is an outside audit & supervisory board member as prescribed in Article 2, Item 16 of the Companies Act.



**Consolidated Statement of Changes in Net Assets**  
(Fiscal year ended March 31, 2016)

(Millions of yen, with fractions less than one million yen discarded)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	103,880	112,951	354,828	(42,748)	528,912
Changes of items during the period					
Dividends from surplus			(9,896)		(9,896)
Profit attributable to owners of parent			15,257		15,257
Purchase of treasury stock				(119)	(119)
Disposal of treasury stock		(82)		270	188
Increase of treasury shares by increasing of entities accounted for using equity method				(41)	(41)
Change in equity-treasury stock				(0)	(0)
Increase by merger of consolidated subsidiaries			(371)		(371)
Change in ownership interest of parent due to transactions with non-controlling shareholders		(11)			(11)
Reversal of revaluation reserve for land			11		11
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(93)	5,002	109	5,018
Balance at the end of current period	103,880	112,857	359,830	(42,638)	533,930

	Accumulated other comprehensive income						Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	53,213	(346)	5,059	76,457	(4,638)	129,744	342	142,372	801,372
Changes of items during the period									
Dividends from surplus									(9,896)
Profit attributable to owners of parent									15,257
Purchase of treasury stock									(119)
Disposal of treasury stock									188
Increase of treasury shares by increasing of entities accounted for using equity method									(41)
Change in equity-treasury stock									(0)
Increase by merger of consolidated subsidiaries									(371)
Change in ownership interest of parent due to transactions with non-controlling shareholders									(11)
Reversal of revaluation reserve for land									11
Net changes of items other than shareholders' equity	(27,896)	(425)	404	(35,088)	(7,194)	(70,199)	(82)	(5,193)	(75,474)
Total changes of items during the period	(27,896)	(425)	404	(35,088)	(7,194)	(70,199)	(82)	(5,193)	(70,456)
Balance at the end of current period	25,316	(771)	5,463	41,369	(11,833)	59,545	260	137,179	730,915

**<Reference> Consolidated Statements of Cash Flows (Condensed)**

(Millions of yen, with fractions less than one million yen discarded)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2015
Cash flows from operating activities	128,051	90,925
Cash flows from investing activities	(43,328)	(165,549)
Cash flows from financing activities	(89,762)	77,380
Effect of exchange rate changes on cash and cash equivalents	(4,513)	2,285
Net increase (decrease) in cash and cash equivalents	(9,553)	5,042
Cash and cash equivalents at the beginning of the year	57,129	52,173
Increase in cash and cash equivalents resulting from merger	68	73
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	–	(159)
Cash and cash equivalents at the end of the year	47,643	57,129

## Notes to Consolidated Financial Statements

### Notes on Important Matters Forming the Basis of Preparation of Consolidated Financial Statements

#### 1. Matters concerning the scope of consolidation

(1) Number of consolidated subsidiaries: 176 (173 as of the end of the previous fiscal year)

Main consolidated subsidiaries include:

Oji Container Co., Ltd., Oji Materia Co., Ltd., Mori Shigyo Co., Ltd., Oji Nepia Co., Ltd., Oji F-Tex Co., Ltd., Oji Imaging Media Co., Ltd., Oji Green Resources Co., Ltd., Oji Paper Co., Ltd., Oji Papés Especiais Ltda., Celulose Nipo-Brasileira S.A., Pan Pac Forest Products Ltd., Jiangsu Oji Paper Co., Ltd., Oji Fibre Solutions (NZ) Ltd.

Changes in the consolidated subsidiaries during the current fiscal year are as follows:

(Increase) 3 companies: 3 companies, Oji Interpack India Pte. Ltd., O&C Fiber Trading Co., Ltd. and MPM Oji Eco-Energy Co., Ltd. were newly established and are included in the scope of consolidation from the current fiscal year.

(2) Number of non-consolidated subsidiaries: 121

These companies are excluded from the scope of consolidation, as all of these non-consolidated subsidiaries are small-sized companies and their total assets, net sales, profit/loss (amount corresponding to the Company's equity in such subsidiaries), retained earnings (amount corresponding to the Company's equity in such subsidiaries), etc., do not have significant impact on the consolidated financial statements.

#### 2. Matters concerning the application of the equity method

(1) Number of affiliates under the equity method: 20 (19 as of the end of the previous fiscal year)

Main affiliates under the equity method include:

Chuetsu Pulp & Paper Co., Ltd., Kokusai Pulp & Paper Co., Ltd., and Yupo Corporation

Changes in the affiliates under the equity method during the current fiscal year are as follows:

(Increase) 2 companies: Chuetsu Pulp & Paper Co., Ltd is included in the application of the equity method as a result of the purchase of its shares through third party allotment and buyout of all the treasury stock in the current fiscal year.

O&C Ivory Board Co., Ltd. was newly established and is included in the application of the equity method from the current fiscal year.

(Decrease) 1 company: Alpac Forest Products Inc. was excluded from the scope of application of the equity method as a result of transfers of the shares in the current fiscal year.

(2) Number of non-consolidated subsidiaries and affiliates to which the equity method was not applied

Non-consolidated subsidiaries: 121

Affiliates: 53

These non-consolidated subsidiaries and affiliates are excluded from the scope of the equity method, as their profit/loss (amount corresponding to the Company's equity in such subsidiaries and affiliates), retained earnings (amount corresponding to the Company's equity in such subsidiaries and affiliates), etc., do not have significant impact on the consolidated financial statements.

#### 3. Matters concerning the fiscal year of consolidated subsidiaries

Of the Company's consolidated subsidiaries, the fiscal year of Oji Papés Especiais Ltda., Celulose Nipo-Brasileira S.A., Jiangsu Oji Paper Co., Ltd., Oji Oceania Management (NZ) Ltd., Oji Fibre Solutions (NZ) Ltd. and other 74 companies ends on December 31. In preparing the consolidated financial statements, the financial statements as of the account closing date of each company are used.

However, we made the adjustments necessary for consolidation purposes if major transactions were executed between their account closing dates and the consolidated account closing date. For certain consolidated subsidiaries, we prepared the financial statements based on a provisional closing of accounts as of the consolidated account closing date that were prepared in the same way as the settlement of full-year accounts.

4. Matters concerning accounting policies

(1) Standard and method of valuation of significant assets

(i) Marketable securities

Held-to-maturity debt securities: Stated at cost using the amortized cost method.

Available-for-sale securities

Securities with market quotations: Stated at market based on the market price as of the end of the fiscal year (the valuation difference is accounted for as a separate component of net assets and the cost of sales is calculated by using the moving-average method).

Securities without market quotations: Stated at cost using the moving-average method.

(ii) Derivatives

Stated at market

(iii) Inventories

Mainly stated at cost using the periodic average method

(The amount stated on the balance sheet is calculated by using the method of write-downs based on the decreased profitability.)

(2) Depreciation method of significant depreciable assets

Property, plant and equipment (excluding lease assets)

Declining balance method (provided, however, that the straight-line method is applied to buildings acquired on or after April 1, 1998 (excluding accompanying facilities) and certain consolidated subsidiaries)

Lease assets

Straight-line method based on the assumption that the useful life equals the lease term and the residual value equals zero.

(3) Standards for significant reserves

(i) Allowance for doubtful accounts

In order to prepare for potential credit losses on receivables outstanding at the end of the current fiscal year, an estimated uncollectible amount is recorded at the amount calculated based on the historical rate of credit loss with respect to normal receivables and at the amount determined in consideration of collectability of individual receivables with respect to doubtful accounts and certain other receivables.

(ii) Provision for loss on litigation

The Company's consolidated subsidiary in Brazil is in the following litigation with the tax authorities in the country: tax-related lawsuits relating to IR (corporate tax), CS (social burden charge), ICMS (product distribution service tax), PIS/COFINS (burden charges on social integration plan/social insurance loan) and others; lawsuit relating to INSS social insurance premiums and various taxes and dues; and two or more labor service-related lawsuits and civil lawsuits. To prepare for losses on such pending lawsuits, a provision for loss on litigation is recorded.

(4) Translation of important assets or liabilities denominated in foreign currencies into Japanese yen

Monetary assets/liabilities and payables denominated in foreign currencies are translated into yen at the spot exchange rates as of the consolidated balance sheet date and the translation differences are treated as profit or loss. Assets and liabilities as well as revenues and expenses of overseas subsidiaries and the like are translated into yen at the spot exchange rates as of the consolidated balance sheet date. The translation differences are recorded within foreign currency translation adjustment and non-controlling interests under net assets.

(5) Significant hedge accounting method

(i) Hedge accounting method

Hedging activities are principally accounted for under the deferral hedge method.

Designation (*furiate-shori*) is applied to monetary assets/liabilities denominated in foreign currencies with foreign exchange forward contracts qualifying for such designation and designated exceptional accounting (*tokurei-shori*) is applied to interest rate swaps qualifying for such exceptional accounting, and integration accounting (*ittai-shori*) is applied to interest rate and currency swaps qualifying for such integration accounting (*tokurei-shori* and *furiate-shori*).

(ii) Hedging instruments and hedged items

Hedging instruments

Foreign exchange forward contracts

Interest rate and currency swaps

Interest rate swaps

Commodity swaps

Hedged items

Monetary assets/liabilities denominated in foreign currencies

Loans payable denominated in foreign currencies

Borrowings and loans

Electricity and heavy oil

(iii) Hedging policy

The risk management policy of the Group requires hedging against the foreign exchange fluctuation risk, interest rate fluctuation risk and price fluctuation risk on raw materials arising in the normal course of the business of the Group.

(iv) Method for assessing the hedge effectiveness

At the end of each fiscal year, hedge effectiveness with respect to the hedging instruments and hedged items is assessed for each hedging transaction. This annual assessment excludes any transaction where important terms and conditions such as principal, interest rate, and duration are identical between the assets/liabilities of hedging instruments and hedged items.

(6) Other important matters forming the basis of preparation of consolidated financial statements

(i) Accounting treatment method for retirement benefits

In order to prepare for the provision of retirement benefits for employees, the difference between retirement benefit obligations and pension assets is recorded as net defined benefit liability based on the estimated amounts as of the end of the current fiscal year. In addition, unrecognized actuarial losses and unrecognized prior service cost are recognized as remeasurements of defined benefit plans in accumulated other comprehensive income in the net assets section, after adjusting for tax effects.

Standards for net defined benefit liability are as follows:

a) Method to attribute the estimated amounts of retirement benefits to the period

In the calculation of retirement benefit obligation, the projected benefit formula is used to attribute the estimated benefit to the period through the end of the current fiscal year.

b) Method to recognize actuarial losses and prior service cost as expenses

Prior service cost is accounted for as an expense calculated by using the straight-line method based on the average remaining service period of the employees in service during the period in which it arises (9-14 years).

Actuarial losses are accounted for as expenses for the subsequent fiscal years calculated by using the straight-line method based on the average remaining service period of the employees in service during the period in which they arise (9-17 years).

c) Adoption of the simplified method for small-sized companies, etc.

In certain consolidated subsidiaries, the simplified method, in which the Company's benefit obligation is assumed to be equal to an amount required for voluntary resignations at the end of the current fiscal year, is applied for the calculation of net defined benefit liability and retirement benefit cost.

(ii) Accounting treatment for consumption taxes

Consumption and local consumption taxes are accounted for under the tax exclusion method.

(iii) Application of consolidated taxation system

Consolidated taxation system is applied.

(iv) Method and period of amortization of goodwill

Amortization period on goodwill is determined on a case by case basis and using straight line method over a period considered reasonable that does not exceed 20 years. Goodwill considered immaterial is expensed in the fiscal year incurred.

5. Change in accounting policy

(Application of accounting standard for business combination)

The Company applies the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013) and the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013) effective from the current fiscal year. Under the adopted accounting standards, the difference arising from the change in the Company's ownership interests in subsidiaries is accounted for as capital surplus as long as the Company retains control over its subsidiaries, and acquisition-related costs are recognized as expenses in the fiscal year in which the costs are incurred. Furthermore, for business combinations carried out on or after the beginning of the current fiscal year, the adjustments of the provisional acquisition cost allocation for a business combination due to the completed measurement are retrospectively reflected as if the accounting for the business

combination had been completed at the acquisition date. In addition, the presentation method for “net income” and other related items was changed, and the presentation of “minority interests” was changed to “non-controlling interests.”

Application of the Accounting Standard for Business Combinations, etc., is in line with the transitional treatment prescribed in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, in Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and in Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. The Company is applying the said standard, etc. prospectively from the beginning of the current fiscal year.

The effect of application of these accounting standards, etc. on the consolidated financial statements is immaterial.

## 6. Change in presentation

### (Consolidated Statements of Income)

Because of the increased materiality of the amount, “Gain on sales of noncurrent assets” that was reported in “Other” under “Extraordinary income” in the prior consolidated fiscal year is separately reported in the current fiscal year. The amount of “Gain on sales of noncurrent assets” in the prior consolidated fiscal year was 84 million yen.

Because of the increased materiality of the amount, “Impairment loss” that was reported in “Other” under “Extraordinary loss” in the prior consolidated fiscal year is separately reported in the current fiscal year. The amount of “Impairment loss” in the prior consolidated fiscal year was 191 million yen.

“Loss on retirement of noncurrent assets” (2,308 million yen for the current fiscal year) that was separately reported in the prior consolidated fiscal year is included in “Other” under “Extraordinary loss” in the current fiscal year due to immateriality of the amount.

## Notes to Consolidated Balance Sheet

### 1. Assets pledged as collateral and obligations related to collateral

#### (1) Assets pledged as collateral (millions of yen)

Cash and deposits	736
Notes and accounts receivable–trade	2,732
Merchandise and finished goods	1,649
Buildings and structures	13,497
Machinery, equipment and vehicles	10,439
Land	13,999
Standing timber	16,550
Investment securities	1,274
Long-term loans receivable	2,758
(including the amount scheduled to be collected within one year)	
Other	3,612
Total	<u>67,250</u>

Of the above, the following amounts have been eliminated in the consolidated balance sheet: within the investment securities, 640 million yen of investments in consolidated subsidiaries, and within the long-term loans receivable, 2,758 million yen of loans receivable from consolidated subsidiaries.

#### (2) Obligations related to collateral (millions of yen)

Short-term loans payable	6,004
Long-term loans payable	4,649
Notes and accounts payable–trade	421
Total	<u>11,074</u>

2. Accumulated depreciation of property, plant and equipment (millions of yen)  
2,421,044  
(including the amount of accumulated impairment loss)

3. Guarantee obligations (millions of yen)

Tokyo Branch of Forest Corporation	5,748
PT. Korintiga Hutani	5,184
Other	1,239
Total	12,171

4. Tax and other litigations

The Company's consolidated subsidiary in Brazil is in the following litigation with the tax authorities in the country: tax-related lawsuits relating to IR (corporate tax), CS (social burden charge), ICMS (product distribution service tax), PIS/COFINS (burden charges on social integration plan/social insurance loan) and others; lawsuit relating to INSS social insurance premiums and various taxes and dues; and two or more labor service-related lawsuits and civil lawsuits. To prepare for losses on such pending lawsuits, a provision for loss on litigation is recorded. Based on the opinions of the outside legal counsel, likelihood of incurrence of litigation loss has been evaluated for each case, and as a result, although litigation is expected, provisions on litigation loss are not provided for tax related matters of 119,701 thousand US dollars, labor related 4,385 thousand US dollars and 1,774 thousand Real due to low probability of occurrence of litigation loss.

5. Notes discounted (millions of yen) 12,987  
Notes receivable endorsed 235

6. Revaluation of land

Pursuant to the "Act on Revaluation of Land" (Act No. 34 of March 31, 1998) and the "Act on Partial Amendment to the Act on Revaluation of Land" (Act No. 19 of March 31, 2001), the Group performed revaluation of land for business use held by certain consolidated subsidiaries and recorded revaluation reserve for land in the net assets section.

- Revaluation method: The value is calculated based on the property tax valuation prescribed in Article 2, Item 3 of the "Enforcement Order on Act on Revaluation of Land" (Cabinet Order No. 119 of March 31, 1998) and the land value designated as the tax basis for land value tax as prescribed in Article 2, Item 4 thereof.

- Revaluation date: March 31, 2002

## Notes to Consolidated Statement of Income

1. Equity in earnings of affiliates

Negative goodwill of 5,947 million yen arising from the application of the equity method for Chuetu Pulp and Paper Co., Ltd due to the purchasing of its shares, and amortization of goodwill of 3,820 million yen (loss) in PT. Korintiga Hutani are included in this line.

2. Impairment loss

Impairment loss is recorded mainly in the following asset group.

Location	Use	Type	Impairment loss (millions of yen)
Nantong, China	Business assets	Machinery and equipment, etc.	56,641
Vientiane, Laos	Business assets	Standing timber	3,731



Asset grouping is based on the minimum cash generation unit.

Impairment loss of 63,021 million yen in extraordinary loss is recorded due to lowering the book value to recoverable value for the branches posting continuing operating loss and idle assets whose land value depreciated rapidly that recoverable values do not exceed the book value.

The breakdown of the losses are building and structures of 8,626 million yen, machinery, equipment and vehicles of 48,542 million yen, standing timber of 3,949 million yen and other of 1,902 million yen, of which 1,451 million yen is recorded in extraordinary loss as business structure improvement expenses.

Impairment loss is recorded as a result of revaluation of business assets in Nantong, China due to market decline and that of business assets in Venetian, Laos due to business environmental changes.

When the recoverable value is calculated based on net realizable value, the amount is valued based on real estate appraisal standards. When the recoverable value is calculated based on value in use, the calculation is made by discounting future cash flows by 3.00 to 6.55%.

The recoverable value of assets in Nantong, China is calculated based on the IFRS which was conducted by the appropriate third party organization.

### 3. Business structure improvement expenses

Business structure improvement expenses include the amount of impairment loss recorded for relevant assets due to the decision to terminate operation of production equipment at Oji Paper Nepia (Suzhou) Co., Ltd. and the Kasugai Mill and the Tomioka Mill of Oji Paper Co., Ltd.

## Notes to Consolidated Statement of Changes in Net Assets

### 1. Class and number of shares issued as of the end of the current fiscal year

Common stock	1,064,381,817
--------------	---------------

### 2. Class and number of treasury stock as of the end of the current fiscal year

Common stock	75,807,429
--------------	------------

### 3. Matters related to dividends

#### (1) Amount of dividends from surplus distributed during the current fiscal year

Resolution	Class of shares	Total dividend amount (millions of yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors' Meeting held on May 15, 2015	Common stock	4,948	5.0	March 31, 2015	June 4, 2015
Board of Directors' Meeting held on November 10, 2015	Common stock	4,948	5.0	September 30, 2015	December 1, 2015

- (2) Dividends with the record date falling within the current fiscal year and with the effective date falling within the following fiscal year

Resolution	Class of shares	Total dividend amount (millions of yen)	Source of dividend	Dividend per share (yen)	Record date	Effective date
Board of Directors' Meeting held on May 27, 2016	Common stock	4,950	Retained earnings	5.0	March 31, 2016	June 7, 2016

4. Class and number of shares to be delivered upon exercise of subscription rights to shares outstanding at the end of the current fiscal year (excluding those for which the exercise period has not started).

Common stock 842,000

### Notes on Per Share Information

- |  |            |
|--|------------|
| 1. Net assets per share  | 600.34 yen |
| 2. Profit per share  | 15.44 yen  |
| (Calculated from the weighted average number of common shares during the period) |            |

### Notes on Financial Instruments

1. Matters related to financial instruments

The Group invests temporary surplus cash in low-risk financial instruments such as bank deposits only and does not make any investment for speculative purposes.

The Group reduces customer credit risk from notes and accounts receivables—trade by the following methods:

- The Group checks and manages due dates and balances of receivables on a customer by customer basis.
- Each sales department of the Group periodically monitors, and investigates, as necessary, the credit position of key customers.

With respect to stocks, which are the Group's main investment securities, the Group checks periodically their fair values and financial conditions of such issuing entities (the companies with which the Group has business relationships) and reviews the benefits of continuing to hold such stocks, considering its relationships with such companies.

With respect to loans, short-term loans payable are mainly for financing related to operating activities, while long-term loans payable are mainly for financing related to investment in property, plant and equipment. Long-term loans payable with floating interest rates are partly hedged by using derivative transactions (interest rate swaps) by which interest rates are fixed. In utilizing derivative transactions, the Group limits the counterparties to highly rated financial institutions to reduce counterparty risk.

Derivative transactions entered into and managed by the Group are as follows:

- Foreign exchange forward contracts and currency swaps to hedge foreign exchange fluctuation risk related to monetary assets/liabilities and loans payable denominated in foreign currencies,
- Interest rate swaps to hedge interest rate fluctuation risk on loans, and
- Commodity swaps to hedge price fluctuation risk related to energy purchases.

The Group enters into and manages derivative transactions in accordance with its derivative transaction standards.

## 2. Matters related to fair values etc. of financial instruments

The following table presents the Company's financial instruments on the consolidated balance sheet, their fair values and the differences at March 31, 2016 (the consolidated account closing date for the current fiscal year).

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
(1) Cash and deposits	43,968	43,968	–
(2) Notes and accounts receivable–trade	285,954		
(3) Short-term loans receivable	4,834		
Allowance for doubtful accounts (*1)	(3,438)		
	287,350	287,350	–
(4) Long-term loans receivable	5,337		
Allowance for doubtful accounts (*2)	(1,620)		
	3,716	3,774	57
(5) Short-term investment securities and investment securities			
(i) Held-to-maturity debt securities	6,165	6,195	29
(ii) Stocks of affiliates	14,982	6,497	(8,485)
(iii) Available-for-sale securities	88,553	88,553	–
Total assets	444,737	436,339	(8,397)
(1) Notes and accounts payable–trade	198,167	198,167	–
(2) Short-term loans payable	126,764	126,764	–
(3) Commercial papers	27,000	27,000	–
(4) Bonds payable	140,020	141,770	1,750
(5) Long-term loans payable	483,948	494,877	10,928
Total liabilities	975,901	988,579	12,678
Derivative transactions (*3)	(230)	(230)	–

- (\*1) The amount of allowance for doubtful accounts that is recorded individually for notes and accounts receivable–trade and short-term loans receivable is excluded.
- (\*2) The amount of allowance for doubtful accounts that is recorded individually for long-term loans receivable is excluded.
- (\*3) Receivables and payables arising out from derivative transactions are shown on the net basis. The items which are net debt in total are shown in parentheses.

Note 1: Method for measuring fair values of financial instruments and matters relating to securities and derivative transactions

### Assets

- (1) Cash and deposits, (2) Notes and accounts receivable–trade, and (3) Short-term loans receivable

The relevant book values are used because the carrying amounts approximate fair value due to the short maturities of these instruments.

- (4) Long-term loans receivable

The fair value of long-term loans receivable is calculated by applying a discount rate to the total of the principal and interest. The discount interest rate is based on the assumed interest rate if similar new borrowings.

- (5) Short-term investment securities and investment securities

The fair value of equity securities equals quoted market price. The fair value of debt securities equals quoted market price or has been provided by financial institutions, etc. with which the Company has business relationships.

### Liabilities

- (1) Notes and accounts payable–trade, (2) Short-term loans payable and (3) Commercial papers

The relevant book values are used because the carrying amounts approximate fair value due to the short maturities of these instruments. The current portion of long-term loans payable

(the consolidated balance sheet amount: 51,392 million yen) is included in “(5) Long-term loans payable.”

(4) Bonds payable

The fair value of bonds payable issued by the Company is measured based on the market price (Reference: Statistical Prices for OTC Bond Transactions). The bonds payable includes the current portion (the consolidated balance sheet amount: 20,020 million yen).

(5) Long-term loans payable

The fair value of long-term loans payable is calculated by applying a discount rate to the total of the principal and interest. The discount interest rate is based on the assumed interest rate for similar new borrowings. Part of the long-term loans payable carrying variable interest rates are subject to exceptional accounting (*tokurei-shori*) of interest rate swaps and to integration accounting (*ittai-shori*) of interest rate and currency swaps (exceptional accounting; appropriation). (Refer to Derivative transactions below.) The aforementioned interest rate swap or sum of principal and interest accounted for in combination with interest rate swap is discounted by the reasonably estimable interest rate for the similar borrowings. The long-term loans payable includes the current portion (the consolidated balance sheet amount: 51,392 million yen).

Derivative transactions

The fair value of derivative transactions is based on the price provided by financial institutions with which the Company has business relationships. The designated exceptional accounting (*tokurei-shori*) of interest rate swaps and the integration accounting (*ittai-shori*) of interest rate and currency swaps are included in the fair value of the underlying long-term loans payable, as they are accounted for as part of the long-term loans payable. (described in (5) Long-loan payable above).

Note 2: Regarding non-listed stocks and investments in capital (the consolidated balance sheet amount: 46,878 million yen), as quoted prices are not available and also the future cash flows cannot be estimated reliably, the fair value of the items is deemed to be extremely difficult to measure and are not included in “(5) Short-term investment securities and investment securities.”

**Notes on Investment and Rental Property**

Disclosure is omitted due to immateriality in the consolidated financial statements.

**Business combination through acquisition**

1. Amount and breakdown of material amendments made on the initial allocation amounts of the acquisition costs

The provisional accounting entry, which was made with respect to the business combination of Carter Holt Harvey Pulp & Paper Limited (currently renamed as Oji Fibre Solutions (NZ) Ltd.) and other seven companies as of December 1, 2014 in prior fiscal year, is now finally recorded as follows;

Amended item	Amount of amendments to goodwill (thousands of NZ\$)
Goodwill (before amendments)	51,852
Adjustments to amount for acquisition	1,518
Property, plant and equipment	8,366
Intangible assets	600
Deferred tax liabilities	(2,477)
Non-controlling interests	(3,203)
Total amendments	4,804
Goodwill (after amendments)	56,657

### **Significant subsequent events**

The Company resolved to cancel its treasury stock pursuant to the provisions of Article 178 of the Companies Act at the Board of Directors' Meeting held on May 13, 2016.

- (1) Class of shares to be cancelled: Common shares of Oji Holdings Corporation
- (2) Number of shares to be cancelled: 50,000,000 shares  
(4.69% of total number of issued shares prior to cancellation)
- (3) Scheduled date of cancellation: May 31, 2016

**Non-consolidated Statement of Changes in Net Assets**  
(Fiscal year ended March 31, 2016)

(Millions of yen, with fractions less than one million yen discarded)

	Shareholders' equity											Treasury stock	Total shareholders' equity
	Capital stock	Capital surplus			Retained earnings reserve	Retained earnings				Total retained earnings			
		Capital reserve	Other capital surplus	Total capital surplus		Other retained earnings			Retained earnings brought forward				
						Reserve for advanced depreciation of noncurrent assets	Reserve for overseas investment loss	General reserve					
Balance at the beginning of current period	103,880	108,640	1,351	109,991	24,646	17,935	432	101,729	34,383	179,128	(43,113)	349,887	
Changes of items during the period													
Provision of reserve for advanced depreciation of noncurrent assets									-	-		-	
Reversal of reserve for advanced depreciation of noncurrent assets						(564)			564	-		-	
Reversal of reserve for overseas investment loss							(145)		145	-		-	
Additional reserve due to effective tax rate change						420	6		(426)	-		-	
Dividends from surplus									(9,897)	(9,897)		(9,897)	
Profit									2,170	2,170		2,170	
Purchase of treasury stock										-	(119)	(119)	
Disposal of treasury stock			(110)	(110)						-	275	164	
Net changes of items other than shareholders' equity										-		-	
Total changes of items during the period	-	-	(110)	(110)	-	(143)	(139)	-	(7,443)	(7,726)	155	(7,681)	
Balance at the end of current period	103,880	108,640	1,240	109,880	24,646	17,791	293	101,729	26,940	171,401	(42,957)	342,206	

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at the beginning of current period	24,711	-	24,711	342	374,941
Changes of items during the period					
Provision of reserve for advanced depreciation of noncurrent assets					-
Reversal of reserve for advanced depreciation of noncurrent assets					-
Reversal of reserve for overseas investment loss					-
Additional reserve due to effective tax rate change					-
Dividends from surplus					(9,897)
Profit					2,170
Purchase of treasury stock					(119)
Disposal of treasury stock					164
Net changes of items other than shareholders' equity	(4,712)	(474)	(5,186)	(82)	(5,269)
Total changes of items during the period	(4,712)	(474)	(5,186)	(82)	(12,950)
Balance at the end of current period	19,999	(474)	19,524	260	361,991

## Notes to Non-consolidated Financial Statements

### Notes on Matters Concerning Important Accounting Policies

1. Standard and method of valuation of marketable securities
  - Held-to-maturity debt securities: Stated at cost using the amortized cost method.
  - Stocks of subsidiaries and affiliates: Stated at cost using the moving-average method.
  - Available-for-sale securities
    - Securities with market quotations: Stated at market based on the market price as of the end of the fiscal year (the valuation difference is accounted for as a separate component of net assets and the cost of sales is calculated by using the moving-average method).
    - Securities without market quotations: Stated at cost using the moving-average method.
2. Depreciation method of noncurrent assets
  - Property, plant and equipment:  
(excluding lease assets) Declining balance method  
However, the straight-line method is applied to buildings acquired on or after April 1, 1998 (excluding accompanying facilities).
  - Intangible assets: Straight-line method
  - Lease assets: Depreciation expenses arising from lease assets in a finance lease transaction that does not transfer ownership are calculated by using the straight-line method based on the assumption that the useful life equals the lease term and the residual value equals zero. There are no lease assets pertaining to finance lease transactions that transfer ownership.
3. Standards for reserves
  - Allowance for doubtful accounts: In order to prepare for potential credit losses on receivables outstanding at the end of the current fiscal year, an estimated uncollectible amount is recorded at the amount calculated based on the historical rate of credit loss with respect to normal receivables and at the amount determined in consideration of collectability of individual receivables with respect to doubtful accounts and certain other receivables.
  - Allowance for loss on transfer of shares of subsidiaries and affiliated companies: In order to prepare for the loss on transfer of shares of subsidiaries and affiliated companies, an estimated loss on the said transfer is recorded.
  - Provision for loss on guarantees: In order to prepare for the loss on guarantees, etc., an estimated loss on the said guarantees is recorded.

Provision for retirement benefits:

In order to prepare for the provision of retirement benefits for employees, an amount that is determined to have accrued at the end of the current fiscal year is recorded based on the estimated amounts of the retirement benefit obligation as of the end of the current fiscal year.

In the calculation of retirement benefit obligation, the benefit formula basis is used to attribute the estimated benefit to the period through the end of the current fiscal year.

Prior service cost is accounted for as an expense calculated by using the straight-line method based on the average remaining service period of the employees in service during the period in which it arises.

Actuarial losses are accounted for as expenses for the subsequent fiscal years calculated by using the straight-line method based on the average remaining service period of the employees in service during the period in which they arise.

4. Hedge accounting method:

Designated exceptional accounting (*tokurei-shori*) is applied to interest rate swaps qualifying for such exceptional accounting. Integration accounting (*ittai-shori*) is applied to interest rate and currency swaps qualifying for such integration accounting (*tokurei-shori* and *furiate-shori*).

5. Other important matters forming the basis of preparation of financial statements

Accounting treatment for retirement benefits

The accounting treatment method for unrecognized actuarial gain or losses and the untreated amounts of unrecognized prior service cost related to retirement benefits is different from the treatment for these items in the consolidated financial statements.

Accounting treatment for consumption taxes

Consumption and local consumption taxes are accounted for under the tax exclusion method.

Application of consolidated taxation system

Consolidated taxation system is applied.

### **Change in accounting policy**

(Application of accounting standard for business combination)

The Company applies the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013) and the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013) effective from the current fiscal year. Under the adopted accounting standards, the difference arising from the change in the Company’s ownership interests in subsidiaries is accounted for as capital surplus as long as the Company retains control over its subsidiaries, and acquisition-related costs are recognized as expenses in the fiscal year in which the costs are incurred. Furthermore, for business combinations carried out on or after the beginning of the current fiscal year, the adjustments of the provisional acquisition cost allocation for a business combination due to the completed measurement are retrospectively reflected as if the accounting for the business combination had been completed at the acquisition date.

Application of the Accounting Standard for Business Combinations, etc., is in line with the transitional treatment prescribed in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations and in



Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. The Company is applying the said standard, etc. prospectively from the beginning of the current fiscal year. The effect of application of these accounting standards, etc. on the non-consolidated financial statements is immaterial.

### Notes to Non-consolidated Balance Sheet

#### 1. Assets pledged as collateral and obligations related to collateral

##### (1) Assets pledged as collateral (millions of yen)

Forests	159
Standing timber	290
Stocks of subsidiaries and affiliates	640
Long-term loans receivable (including the amount scheduled to be collected within one year)	2,758
Total	<u>3,849</u>

##### (2) Obligations related to collateral (millions of yen)

Long-term loans payable (including the amount scheduled to be paid within one year)	2,415
--	-------

#### 2. Accumulated depreciation of property, plant and equipment (millions of yen)

	54,782
(including the amount of accumulated impairment loss)	

#### 3. Receivables from and payables to subsidiaries and affiliates (millions of yen)

Short-term monetary receivables from subsidiaries and affiliates	56,711
Long-term monetary receivables from subsidiaries and affiliates	407,674
Short-term monetary payables to subsidiaries and affiliates	124,849
Long-term monetary payables to subsidiaries and affiliates	4

#### 4. Guarantee obligations, etc. (millions of yen)

Jiangsu Oji Paper Co., Ltd.	14,922
PT. Korintiga Hutani	5,184
Sahakij Packaging Co., Ltd.	1,726
GS Paper & Packaging Sdn. Bhd.	1,584
Other	7,447
Total	<u>30,864</u>

### Notes to Non-consolidated Statement of Income

#### 1. Volume of transactions with subsidiaries and affiliates (millions of yen)

Operating revenue	29,423
Of which business advisory fee income	14,100
Of which dividends income	11,454
Other	3,868
Operating expenses	10,368
Transaction volume–non-trading	7,725

## Notes to Non-consolidated Statement of Changes in Net Assets

Class and number of treasury stock as of the end of the current fiscal year	
Common stock	74,378,195

## Notes on Tax Effect Accounting

Deferred tax assets and deferred tax liabilities by major category of cause

Deferred tax assets	(millions of yen)
Stocks of subsidiaries resulting from company split	15,095
Investment securities	8,301
Loss carried forward	1,083
Provision for retirement benefits	823
Allowance for doubtful accounts	547
Deferred gains or losses on hedges	200
Other	1,438
Subtotal	<u>27,490</u>
Valuation allowance	<u>(10,035)</u>
Total deferred tax assets	<u>17,455</u>
Deferred tax liabilities	(millions of yen)
Valuation difference on available-for-sale securities	(8,689)
Reserve for advanced depreciation of noncurrent assets	(7,863)
Reserve for overseas investment loss	(130)
Other	(279)
Total deferred tax liabilities	<u>(16,963)</u>
Net amount of deferred tax assets	<u>491</u>

## Notes on Noncurrent Assets Used by the Company under Lease Arrangements

Apart from the noncurrent assets recorded on the non-consolidated balance sheet, the Company uses certain additional research equipment and office equipment under finance lease transactions that do not transfer ownership.

## Notes on Transactions with Related Parties

### Subsidiaries and affiliates

(Millions of yen)

Attribute	Company name	Ownership ratio of voting rights (%)	Nature of relationship		Details of the transaction	Transaction amount	Account	Balance at the end of the fiscal year
			Concurrent appointment as the director of the related party	Business relationship				
Consolidated subsidiary	Oji Materia Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	Lending of funds (decrease in the balance)	(9,781)	Long-term loans receivable	68,318
					Borrowing of funds (increase in the balance)	4,877	Short-term loans payable	4,877
					Business advisory fee	4,204	–	–
Consolidated subsidiary	Mori Shigyo Co., Ltd.	Indirect: 100.0	Concurrent appointment by directors of the Company	Financing relationship	Borrowing of funds (increase in the balance)	1,300	Short-term loans payable	13,800
Consolidated subsidiary	Oji Imaging Media Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	–	–	Long-term loans receivable	16,900
					Borrowing of funds (increase in the balance)	3,490	Short-term loans payable	11,537
Consolidated subsidiary	Oji F-Tex Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	Lending of funds (decrease in the balance)	(1,000)	Long-term loans receivable	13,321
					Borrowing of funds (increase in the balance)	794	Short-term loans payable	1,031
Consolidated subsidiary	Oji Green Resources Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	Lending of funds (decrease in the balance)	(3,223)	Long-term loans receivable	26,309
							Short-term loans receivable	1,996
Consolidated subsidiary	Oji Paper Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	–	–	Long-term loans receivable	199,224
					Borrowing of funds (increase in the balance)	3,486	Short-term loans payable	37,218
					Business advisory fee	4,722	–	–
					Interest income	2,437	–	–
Consolidated subsidiary	Oji Real Estate Co., Ltd.	Indirect: 100.0	Concurrent appointment by directors of the Company	Utilization of assets held by the Company Financing relationship	Lending of funds (decrease in the balance)	(500)	Long-term loans receivable	15,296
					Borrowing of funds (increase in the balance)	2,963	Short-term loans payable	3,159
Consolidated subsidiary	Oji Management Office Inc.	Direct: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship Outsourcing indirect services	Personnel expenses	4,236	–	–
					Outsourcing fees	1,837	–	–

Attribute	Company name	Ownership ratio of voting rights (%)	Nature of relationship		Details of the transaction	Transaction amount	Account	Balance at the end of the fiscal year
			Concurrent appointment as the director of the related party	Business relationship				
Consolidated subsidiary	Oji Oceania Management (NZ) Limited	Indirect: 100.0%	Concurrent appointment by directors of the Company	Financial assistance	Lending of funds (decrease in the balance)	(4,512)	Long-term loans receivable	21,285

Note 1: In the table above, the transaction amount is presented exclusive of consumption and local consumption taxes and the balance at the end of the fiscal year is presented inclusive of consumption and local consumption taxes.

Note 2: Terms and conditions of the transaction and the policy for determining them;

- (i) The interest rates for loans and borrowings of money are determined in a rational manner by considering market rates. These loans and borrowings are not secured by collateral.
- (ii) Business advisory fees are charged for management and operational support.
- (iii) Outsourcing fees are paid for operational support.
- (iv) Personnel expenses consist of the amount paid for employees assigned to the Company from Oji Management Office Inc.

### Notes on Per Share Information

1. Net assets per share	365.38 yen
2. Profit per share	2.19 yen
(Calculated from the weighted average number of common shares during the period)	

### Significant subsequent events

The Company resolved to cancel its treasury stock pursuant to the provisions of Article 178 of the Companies Act at the Board of Directors' Meeting held on May 13, 2016.

- (1) Class of shares to be cancelled: Common shares of Oji Holdings Corporation
- (2) Number of shares to be cancelled: 50,000,000 shares  
(4.69% of total number of issued shares prior to cancellation)
- (3) Scheduled date of cancellation: May 31, 2016

### Company Applicable to Consolidated Dividends Regulations

The Company will be subject to the application of regulations on consolidated dividends when and after the final date of the current fiscal year is the final date of the most recent fiscal year.