

(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											
	Capital stock	Capital surplus			Retained earnings reserve	Retained earnings					Treasury stock	Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus		Other retained earnings				Total retained earnings		
					Reserve for advanced depreciation of noncurrent assets	Reserve for overseas investment loss	General reserve	Retained earnings brought forward				
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	Lending of funds (decrease in the balance)	(9,781)	Long-term loans receivable	68,318	
					Financing relationship	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	–	–	Long-term loans receivable	16,900	
					Financing relationship	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	Lending of funds (decrease in the balance)	(1,000)	Long-term loans receivable	13,321	
					Financing relationship	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		Lending of funds (decrease in the balance)	(3,223)	Short-term loans receivable	9,878
					Financing relationship			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		–	–	Long-term loans receivable	199,224
					Financing relationship	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	Lending of funds (decrease in the balance)	(500)	Long-term loans receivable	15,296	
					Financing relationship	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	Personnel expenses	4,236	–	–	
					Financing relationship	Outsourcing indirect services	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.