(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 94TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

The 94th term (from April 1, 2017 to March 31, 2018)

Subscription Right to Shares of the Company
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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 (https://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, 2018

(as of March 31, 2018)

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) 5	90 (1,000 shares of common stock per unit)	Common stock 90,000 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) 7	143 (1,000 shares of common stock per unit)	Common stock 143,000 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) 7	114 (1,000 shares of common stock per unit)	Common stock 114,000 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) 10	184 (1,000 shares of common stock per unit)	Common stock 184,000 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' 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.

(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 continuality 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 regularly distributes Compliance News mainly to the domestic Group companies, while Global Compliance News to the overseas Group companies, 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 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 four members composed of two Standing Audit & Supervisory Board Members and two Outside Audit & Supervisory Board Members (until former Outside Audit & Supervisory Board Member Ms. Yuko Miyazaki retired on December 11, 2017, it comprised five members composed of two Standing Audit & Supervisory Board Members and three Outside Audit & Supervisory Board Members), held 15 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 93rd Ordinary General Meeting of Shareholders held on June 29, 2017, 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.

On the other hand, in order for the Group to enhance both corporate value and the shareholders' common interests, it is necessary to carry out the Group's management strategy basic policies "Expansion of Overseas Businesses," "Concentration and Advancement of Domestic Businesses" and "Enhancement of Financial Foundation" from a medium- and long-term perspective. Moreover the Group is aware that as the largest owner of forests in the private sector in Japan, one of its social responsibilities is to practice sustainable forest management and strive to maintain and improve the public value of forests over the medium and long term. Thus, the Company believes that providing appropriate information concerning the purchaser and ensuring a period for consideration, including an opportunity to consider alternative proposals, are 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, taking into consideration, for example the purpose for such acquisition and the management policies after such acquisition, there could be any number of factors disadvantageous for the Company's corporate value or its shareholders' common interests, for example: facts clearly detrimental to Company's corporate value or its shareholders' common interests; the existence of schemes to coerce shareholders into accepting the proposal for purchase; objective probability that it will significantly damage the corporate value of the Company including its social credibility or cause significant disadvantages to the shareholders of the Company, and so forth.

The Company considers any person that conducts a large-scale purchase or makes such a purchase proposal of such potential 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 will strive 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 profit	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)
  Overseas, the Group has been expanding its business operations, mainly in Southeast Asia, India and Oceania. In Southeast Asia, for which steady growth is expected, to further strengthen our integrated business platform for containerboard/corrugated containers, in Malaysia we expanded production facilities for containerboard and updated energy supply and water supply and drainage facilities (scheduled to come on line in April 2021) at GS Paperboard & Packaging Sdn. Bhd. Furthermore, in central Malaysia, we decided to expand plants and increase production capacity for two existing factories manufacturing corrugated

containers (scheduled to come on line in December 2018). We also decided to build a new factory to become our fifth corrugated container manufacturing site in Vietnam (scheduled to come on line in July 2019) and a corrugated container manufacturing site in Chennai, India (scheduled to come on line in December 2018). In Australia, in September 2017 we acquired a corrugated containers business in the Melbourne suburbs from Cardboard Cartons Pty Ltd. Furthermore, in October 2017, we launched operations of the new corrugated container factory in Queensland. Going forward, the Group will continue to expand its sites, including expansion into countries where it does not yet have a presence such as Indonesia and the Philippines, while also deepening cooperation throughout Southeast Asia, India, and Oceania to rejuvenate the manufacturing and sales network, thereby bolstering profit-earning capability. In Japan's domestic market, the Group is set to further promote the material-processing-integrated business. In the meantime, the Group promotes strengthening the operational base of the all business fields, 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. Furthermore, O&C Ivory Board Co., Ltd, established as a joint venture as one of our capital and business alliance policies with Chuetsu Pulp & Paper Co., Ltd, began commercial production in October 2017 of high grade boxboard for which stable demand is expected.

• Household and Consumer Products (Household paper business, Disposable diaper business)
In the household paper business, the Group will aim to further increase the value of the "Nepia" brand by mainly introducing environmentally-friendly products which have acquired forest certifications and high-end products which include "hana-celeb." Also, at MPM Oji Home Products Co., Ltd., a joint venture with Mitsubishi Paper Mills Limited, we are moving forward with preparations to bring manufacturing facilities for household paper product online at Mitsubishi Paper Mill's Hachinohe Mill (scheduled to come online in April 2019). With this initiative, the Group will boost the competitiveness of its household paper business through logistics cost reductions and other measures by acquiring the Group's first household paper business site in the Tohoku region, and the Group will continue to expand the household paper business, which is expected to enjoy stable demand going forward.
In the disposable diaper business for babies, in addition to introducing "Genki!," a unified brand both in Japan and overseas, the Group launched nationwide sales of "Whito," Oji's highest-quality brand ever, in October 2017. Our unprecedented new proposals of "diapers for 3-hour use" and "diapers for 12-hour use," as well as our proprietary "quilting technology" that controls absorbency, breathability, and fit, the three basic functions of a diaper, made possible by a quilt-type groove pressed into the front side of the absorption pad, were well received. In November 2017, we won the "10th Parenting Award," and in January 2018, we won the "Nikkei Award for Excellence" in the "2017 Nikkei Superior Products and Services Award," winning favorable recognition. Going forward, the Group will work to cultivate a high price point market targeting customers seeking quality. In addition, by utilizing the full production capacity of our added tape-type and pants-type disposable diaper processing machines, the Group will work to further strengthen overseas exports as well as domestic sales. In China, we launched a new sales team and are strengthening our sales system to further expand sales. In Southeast Asia, we are engaged in manufacturing and sales at two locations in Malaysia and sales through our joint venture in Indonesia, while working toward further expansion by moving forward with preparations for proprietary local manufacturing in Indonesia. Also, with respect to the "nepia Tender" brand of disposable diapers for adults, the Group will continue to develop products that resolve the problems that nursing care facilities face.

(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 2016, the Group acquired Hyper-Region Labels Sdn. Bhd., which is engaged in the printing, processing, and sales of adhesive products, and in August

2017, acquired 76% of the shares of Tele-Paper (M) Sdn. Bhd, a company that processes and sells thermal paper and carbonless copy paper in Malaysia. Based on these sites, the Group will learn end users' needs accurately and in a timely manner, thereby integrating the upstream, midstream and downstream businesses, and enhance the cultivation of new businesses and bolster new product development. Furthermore, in Myanmar, the Group expanded sales of labels for consumer goods including foods and began commercial operation in September 2017 of a flexible packaging business to provide films and other products for consumer goods. For thermal papers, the Group expanded production capacity at Brazil's Oji Papéis Especiais Ltda., as part of its global strategy, working to increase sales in response to robust demand. Going forward, we will work to flexibly respond to the demand accompanying economic developments in the emerging market including Southeast Asia, South America, the Middle East, and Africa, while also working to expand new business areas.

In Japan, while working to continue existing businesses by boosting competitiveness through continuous reviews of the production system, by fusing the Group's core technologies cultivated thus far such as "paper making" with new materials, we are also developing non-"paper" products such as carbon-fiber composite sheets that provide both the ability to adjust form and high strength (for use in tablet housings, etc.) and light diffusion materials utilizing "nano-printing" technology. Also, at Advanced Film Research Center in Shiga, located on the same site as one of our production sites, we are more efficiently developing high-performance film products such as capacitor films for EV/HEV applications and optical films, pursuing expansion into new business fields.

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

In the pulp business, the Group is implementing strategic earnings countermeasures at key sites. Oji Fiber Solutions (NZ) Ltd. in New Zealand is working on measures to stabilize and improve the efficiency of operations through introducing and applying the Group's technical expertise and operation management methods, etc. In Brazil, Celulose Nipo-Brasileira S.A. has been working on an ongoing basis to improve revenue by modernizing manufacturing equipment among other efforts, making efforts to strengthen the business foundation so it is capable of withstanding fluctuations in the pulp market. At China's Jiangsu Oji Paper Co., Ltd., the second dry pulp manufacturing facility began commercial operations in October 2017. Also, in Japan, in addition to the traditional products for rayon applications, production launched for high-value-added products such as materials for medical supplies and filtering applications using dissolving pulp (DP) equipment.

In the energy business, the three installed biomass power generators have been operating steadily. We also made steady progress in the renovations and modernization construction of existing hydropower generators, and steadily expanded our energy sales volume. Furthermore, we plan to launch the joint biomass power generation business with Mitsubishi Paper Mills Limited in 2019. In the power retailing business field, the joint power sales business with ITOCHU ENEX CO., LTD. is expanding its results. Moreover, in line with growth in the energy business, we are expanding the biomass fuel business including reinforcing production facilities that make woodchips for fuel utilizing untapped domestic wood resources to boost procurement.

In the lumber business, the Group has been increasing its production capabilities centered on Asia/Oceania, including bringing new lumber mills on line and renewing manufacturing plants. Furthermore, it is establishing sales companies in China, Indonesia, and Vietnam, working to expand sales of pulp, biomass fuels, and lumber products, etc. outside the Group and to strengthen its trading company function in a wide range of fields.

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

The Group is conducting restructuring of its production platform, as appropriate, closely taking into account the current business environment. Oji Paper Co., Ltd. shut down paper machine No.7 at its Tomioka Mill in 2016 and paper machine No.4 at its Kasugai Mill in June 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.
China's Jiangsu Oji Paper Co., Ltd. has been steadily expanding its sales of printing paper and reducing costs by fully utilizing the strength of the integrated manufacturing of paper and pulp, posting positive operating profit. By increasing sales and further reducing costs through the dry pulp production facilities that began commercial operations in October 2017, the Group will work to further enhance the competitiveness of both the paper business and pulp business, aiming to stabilize and expand positive operating profit.

(e) Improving Research and Development (R&D)
The Group is engaged in innovative value creation including cellulose nano-fiber materials (CNF), medicinal plants, and water treatment technologies, 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.
The Group is placing particularly diligent efforts into developing CNF as a future business pillar. Firstly, regarding facilities, in addition to commencing operations of a manufacturing pilot plant for "CNF Slurry," which is made through the Group's proprietary technology of phosphate esterification and has promise as a commercial application of CNF, in January 2018 the Group introduced the world's first facility for producing continuous transparent sheets, one of its proprietary products. In terms of products, the CNF thickener "AUROVISCO" was officially adopted as a thickener for car chemical products for general consumers, and we launched supply in May 2017. Furthermore, by proactively providing samples of "AUROVEIL," the CNF continuous transparent sheets realized through the Group's proprietary technology and development, "AUROVEIL WP" with improved water resistance, "AUROVEIL 3D," which can be freely molded, and "CNF Powder," which can be dissolved in a range of organic solvents, we are accelerating the development of applications in a broader range of fields. Parallel with the development of these applications, in March 2018, by combining polycarbonate resin and CNF, we succeeded in developing composite materials with clearly superior attributes than existing materials with promising new applications. We will continue to create new possibilities and contribute to the invigoration of the market for CNF, the light, strong, sustainable natural materials.
Regarding medicinal plants, research to cultivate medicinal plant licorice led to the Group developing the first fast cultivation technique in Japan that satisfies the amount of medicinal properties stipulated in the Japanese Pharmacopoeia, 17th edition. From 2017, the Group began to evaluate the mass production of medicinal plant licorice through large-scale cultivation. Going forward, the Group will aim to sell the licorice as material for traditional Chinese medicines and will also consider using the licorice as an ingredient for quasi-drugs, sweeteners, and other applications, as the Group focuses on this as a key new business.
In the water treatment technology field, utilizing the knowhow in water preparation and waste water processing cultivated through the paper manufacturing technology we have developed over many years, we are providing water treatment systems suitable for a variety of water environments by matching that knowhow with a range of needs. At the Water Environment Business Promotion Section launched in 2017, technologies and facilities to implement the appropriate local surveys, water quality analysis, and lab experiments are constantly at the ready. In addition to placing full-time water treatment staff experts at the department and proposing water treatment systems, we have established a system to remove cadmium from industrial waste water. Also, the Group's water processing system has been introduced in the preparation of industrial water used in an industrial park in Thailand. Going forward, while advancing innovation in water treatment system technology, we will aim to expand penetration, contributing to the development of water environments not only in Japan, but also in emerging countries including Southeast Asia.
Additionally, as new development fields, while pursuing development of nano-level microscopic structures through our proprietary technology, as one of our medical goods, we developed and began to provide samples of the disposable "Sponge Bath Hot Cloth," which stays warmer longer, for hospitals and nursing care facilities.

(f) Environmental Management

The Group is the largest owner of forests in Japan among private-sector companies. As such, the Group is committed to promoting environmental management, and is dedicated to developing its business activities in harmony with the environment. In addition to sustainable forest management, the Group is working towards having zero-environmental burden, and will continue to responsibly procure lumber and other raw materials.

Furthermore, in February 2018, the Group concluded a capital alliance agreement for a capital and business alliance with Mitsubishi Paper Mills Limited. Thus far, starting with their business alliance in the communication paper field, the two companies established joint ventures in the biomass power generation business and the household paper business, expanding the scope of their business alliance. This capital alliance will allow the two companies to go beyond one-off cooperative relationships in specific businesses and further strengthen their cooperative relationships in multiple businesses. Furthermore, the implementation of this capital alliance is conditioned on the acquisition of the required approvals and licenses from both Japanese and overseas competition authorities.

Lastly, the Group is making efforts to promote both work-style reforms and diversity. The Group has prioritized empowering women in the workplace, and those efforts have been well received. In December 2017, based on the "Act on Promotion of Women's Participation and Advancement in the Workplace," the Group was awarded the highest level (Class 3) "Eruboshi" designation by the Japanese Minister of Health, Labour, and Welfare as a leading company in empowering women in the workplace. Furthermore, in March 2018, the Group was selected for the first time as a "Nadeshiko Brand," a listed enterprise that is exceptional in encouraging women's success in the workplace, jointly selected by Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE).

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

For the interest of all shareholders of the Company, any large-scale purchase shall be conducted in accordance with the Large-Scale Purchase Rules prescribed below. These Large-Scale Purchase Rules require (i) the large-scale purchaser to provide the Board of Directors of the Company with sufficient information in advance and (ii) any large-scale purchase to be commenced only following the passage of the Board of Directors' Assessment Period (or, if a general meeting of shareholders to confirm the shareholders' intent (defined in [3] (e) below; the same shall apply hereinafter) is held, after the conclusion of such a meeting).

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 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 (or, if a general meeting of shareholders to confirm the shareholders' intent is held, after the conclusion of such a meeting).

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 (provided, however, that if a general meeting of shareholders to confirm the shareholders' intent has been held, the Board of Directors of the Company shall make a decision in accordance with the resolution passed by the general meeting of shareholders to confirm the shareholders' intent).

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 it is objectively probable that purchases will effectively force 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 proposed large-scale purchase falls under any the following [1] to [3], thereby involving the objective probability that it will significantly damage the corporate value of the Company including its social credibility or cause significant disadvantages to the shareholders of the Company:
   [1] The management policy, business plan, etc., to be adopted after the large-scale purchaser acquires the control of the Company are extremely irrational or inappropriate;
   [2] It is objectively probable that a significant problem will arise in relation to environmental preservation, compliance, or the transparency of governance with respect to the management policy, business plan, etc., to be adopted after the large-scale purchaser acquires the control of the Company; or
   [3] It is objectively probable that the disclosure of information about the large-scale purchaser will be insufficient and inappropriate 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 (provided, however, that if a general meeting of shareholders to confirm the shareholders' intent has been held and a resolution supporting the suspension of the implementation of countermeasures has been passed at the meeting, the Board of Directors of the Company shall make a decision in accordance with the resolution passed by the general meeting of shareholders to confirm the shareholders' intent). 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, whether to hold a general meeting of shareholders to confirm the shareholders' intent in determining whether to take such countermeasures 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. 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, to or not to hold a general meeting of shareholders to confirm the shareholders' intent, or to suspend the implementation of countermeasures, the Board of Directors shall always consult with 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, whether to hold a general meeting of shareholders to confirm the shareholders' intent in determining whether to take such countermeasures and whether to suspend the implementation of countermeasures, the Board of Directors shall give maximum respect to the special committee's recommendation. 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.

(e) Procedure for the confirmation of the shareholders' intent

If the Board of Directors of the Company has determined, after giving maximum respect to the recommendations of the special committee, that whether to implement countermeasures should be determined through the procedure for the confirmation of the shareholders' intent, the Board of Directors of the Company may hold a general meeting of shareholders to confirm the shareholders' intent (hereinafter "general meeting of shareholders to confirm the shareholders' intent"). In cases where the large-scale purchaser complies with Large-Scale Purchase Rules and the implementation of countermeasures is proposed solely on the grounds that the large-scale purchase falls under the categories listed in (b) (iii) above, a general meeting of shareholders to confirm the shareholders' intent shall always be held to confirm the intent of the shareholders regarding whether to implement countermeasures unless it is extremely difficult to hold such a meeting. In conjunction with the holding of a general meeting of shareholders to confirm the shareholders' intent, the Board of Directors of the Company may also solicit the shareholders of the Company on the exercise of voting rights at the general meeting of shareholders to confirm the shareholders' intent in order to prevent damage to the corporate value and the common interests of shareholders of the Company. The convocation procedure and the voting methods of the general meeting of shareholders to confirm the shareholders' intent shall be the same as those of the ordinary or extraordinary general meeting of shareholders, which are based on laws and regulations and the Articles of Incorporation of the Company, and the Board of Directors of the Company shall obey the resolution of the general meeting of shareholders to confirm the shareholders' intent on whether to implement countermeasures.

[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 based on the Policy, 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 93rd Ordinary General Meeting of Shareholders held on June 29, 2017, 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

(Appendix 2)

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] Whether it is necessary to hold a general meeting of shareholders to confirm the shareholders' intent
[4] 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

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.

Nobuaki Terasaka
(Date of birth: April 9, 1953)

Brief history

April 1976	Joined Ministry of International Trade and Industry
July 2009	Director-General, Nuclear and Industrial Safety Agency
August 2011	Retired from office
June 2015	Director, the Company (to the present)

* Mr. Nobuaki Terasaka is an Outside Director as prescribed in Article 2, Item 15 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, 2018)

(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	112,455	357,999	(14,394)	559,942
Cumulative effect of error correction			(7,323)		(7,323)
Balance at the beginning of current period after retrospective application	103,880	112,455	350,676	(14,394)	552,618
Changes of items during the period					
Dividends from surplus			(9,910)		(9,910)
Profit attributable to owners of parent			36,222		36,222
Purchase of treasury stock				(119)	(119)
Disposal of treasury stock		(13)		49	35
Change in equity-treasury stock				0	0
Change of scope of consolidation			741		741
Transfer from retained earnings to capital surplus		13	(13)		–
Change in ownership interest of parent due to transactions with non-controlling shareholders		(369)			(369)
Reversal of revaluation reserve for land			85		85
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	(369)	27,124	(70)	26,684
Balance at the end of current period	103,880	112,086	377,801	(14,465)	579,303

	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	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income			
Balance at the beginning of current period	34,075	(729)	5,921	33,164	4,863	77,294	266	137,244	774,747
Cumulative effect of error correction				(1,255)		(1,255)		(6,970)	(15,548)
Balance at the beginning of current period after retrospective application	34,075	(729)	5,921	31,908	4,863	76,039	266	130,273	759,198
Changes of items during the period									
Dividends from surplus									(9,910)
Profit attributable to owners of parent									36,222
Purchase of treasury stock									(119)
Disposal of treasury stock									35
Change in equity-treasury stock									0
Change of scope of consolidation									741
Transfer from retained earnings to capital surplus									–
Change in ownership interest of parent due to transactions with non-controlling shareholders									(369)
Reversal of revaluation reserve for land									85
Net changes of items other than shareholders' equity	5,212	559	(85)	64	12,548	18,299	(19)	5,848	24,128
Total changes of items during the period	5,212	559	(85)	64	12,548	18,299	(19)	5,848	50,813
Balance at the end of current period	39,287	(170)	5,835	31,973	17,412	94,338	246	136,122	810,011

<Reference> Consolidated Statements of Cash Flows (Condensed)

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

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2017
Cash flows from operating activities	123,178	157,406
Cash flows from investing activities	(74,025)	(40,247)
Cash flows from financing activities	(41,793)	(114,468)
Effect of exchange rate changes on cash and cash equivalents	(310)	(1,010)
Net increase (decrease) in cash and cash equivalents	7,049	1,679
Cash and cash equivalents at the beginning of the year	51,352	47,643
Increase in cash and cash equivalents resulting from merger	25	60
Increase in cash and cash equivalents from share transfer	–	522
Increase in cash and cash equivalents from newly consolidated subsidiary	51	1,445
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(134)	–
Cash and cash equivalents at the end of the year	58,343	51,352

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: 189

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.

Please note that the Company has newly added 8 companies into the scope of consolidation as of the current fiscal year. The primary reasons for this were as follows: Acquisitions (5 companies), an increase in materiality (2 companies), and new establishment (1 company). 16 companies have also been excluded from the scope of consolidation. This was due to liquidation of 7 companies and a decrease in materiality of 5 companies and other such factors.

(2) Main non-consolidated subsidiaries

Main non-consolidated subsidiaries include:
PT. Korintiga Hutani, Tomakomai Energy Agency Co., Ltd., DHC Ginza Corporation

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) Non-consolidated subsidiaries and affiliates under the equity method

Number of non-consolidated subsidiaries under the equity method: 1

Main non-consolidated subsidiaries under the equity method include:
PT. Korintiga Hutani

Number of affiliates under the equity method: 22

Main affiliates under the equity method include:
Chuetsu Pulp & Paper Co., Ltd., Kokusai Pulp & Paper Co., Ltd., and Yupo Corporation

Please note that the Company has newly added 2 companies into the scope of equity method application as of the current fiscal year.

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

Main non-consolidated subsidiaries and affiliates to which the equity method was not applied include:
Tomakomai Energy Agency Co., Ltd., DHC Ginza Corporation

These non-consolidated subsidiaries and affiliates to which the equity method was not applied 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 79 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 sheets 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), accompanying facilities of buildings and structures acquired on or after April 1, 2016 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 contacts 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	Hedged items
Foreign exchange forward contracts	Monetary assets/liabilities denominated in foreign currencies
Currency options	Monetary assets denominated in foreign currencies
Interest rate and currency swaps	Loans payable denominated in foreign currencies
Interest rate swaps	Borrowings and loans
Commodity swaps	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 (12-20 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 (11-20 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. Additional information

(Method of accounting treatment for retirement benefits)

For a portion of consolidated subsidiaries from among consolidated subsidiaries which have adopted defined-benefit corporate pension plans as their retirement allowance plans, the Company conducted a revision of retirement allowance plans and an overhauling of benefit levels, along with a transfer of the entire amounts of corporate pension plans for currently active employees. This transfer entailed the moving of funds from defined-benefit pensions to defined contribution pensions, and was effective as of March 21, 2018. With respect to the accounting treatment conducted in parallel with this transfer, the Company has applied "Accounting Standard for Transfer between Retirement Benefit Plans" (ASBJ Guidance No. 1). In terms of profit/loss resulting from this transfer, the Company has recorded extraordinary income in the amount of 1,305 million yen, which is recorded as gain on revision of retirement benefit plan.

6. Change in presentation

(Consolidated Statements of Income)

Because of the increased materiality, "Insurance income" that was reported in "Miscellaneous income" under "Non-operating income" in the prior fiscal year is separately reported in the current fiscal year. The amount of "Insurance income" in the prior fiscal year was 249 million yen.

Because of the increased materiality, "Loss on disaster" that was reported in "Other" under "Extraordinary loss" in the prior fiscal year is separately reported in the current fiscal year. The amount of "Loss on disaster" in the prior fiscal year was 905 million yen.

Because of the decreased materiality of the amount, "Business structure improvement expenses" (283 million yen in the current fiscal year) that was separately reported in the prior fiscal year is included in "Other" under "Extraordinary loss" in the current fiscal year.

7. Notes on error correction

With respect to the accounting treatment of the afforestation assets subsequent to the assessment of the fair value at the time of the business combination in the fiscal year ended March 31, 2013, the Company has not extinguished valuation differences (differences between the book value at the time and the fair value) and left the valuation unchanged. After a review of such accounting treatment, the Company has decided to extinguish such valuation differences in accordance with the deforestation and made error corrections, including corrections to items which had not been corrected in light of their materiality.

The cumulative effect of the error corrections is reflected in the book value of the net assets as of the beginning of the current fiscal year.

Consequently, at the beginning of the period in the Consolidated Statement of Changes in Net Assets, the balances of retained earnings, foreign currency translation adjustment, non-controlling interests and total net assets all decreased by 7,323 million yen, 1,255 million yen, 6,970 million yen and 15,548 million yen, respectively.

Notes to Consolidated Balance Sheets

1. Assets pledged as collateral and obligations related to collateral

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

Cash and deposits	2,298
Notes and accounts receivable–trade	3,287
Merchandise and finished goods	1,901
Short-term loans receivable	4,174
Buildings and structures	12,573
Machinery, equipment and vehicles	10,523
Land	13,521
Standing timber	19,197
Investment securities	889
Long-term loans receivable (including the amount scheduled to be collected within one year)	317
Other	4,919
Total	73,603

Of the above, the following amounts have been eliminated in the consolidated balance sheets: within the short-term loans receivable, 4,174 million yen of loans receivable from consolidated subsidiaries, within the investment securities, 326 million yen of investments in consolidated subsidiaries, and within the long-term loans receivable, 317 million yen of loans receivable from consolidated subsidiaries.

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

Short-term loans payable	4,173
Long-term loans payable	2,549
Notes and accounts payable–trade	326
Total	7,048

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

2,520,894

(including the amount of accumulated impairment loss)

3. Guarantee obligations (millions of yen)

Tokyo Branch of ForestCorporation	7,646
PT. Korintiga Hutani	7,126
Other	1,926
Total	16,699

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 15,751 thousand US dollars, labor related 9,387 thousand US dollars and 2,350 thousand Real due to low probability of occurrence of litigation loss.

5. Notes discounted (millions of yen) 13,979
   Notes receivable endorsed 535

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 Statements of Income

1. Gain on revision of retirement benefit plan

   Profit resulting from the revision of retirement benefit plans resulted from the following: For a portion of consolidated subsidiaries from among consolidated subsidiaries which have adopted defined-benefit corporate pension plans as their retirement allowance plans, the Company conducted a revision of retirement allowance plans and an overhauling of benefit levels, along with a transfer of the entire amounts of corporate pension plans for currently active employees. This transfer entailed the moving of funds from defined-benefit pensions to defined contribution pensions.

2. Impairment loss

   Asset grouping is based on the minimum cash generation unit.

   Impairment loss of 2,369 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 buildings and structures of 9 million yen, machinery, equipment and vehicles of 828 million yen, land of 822 million yen, standing timber of 202 million yen, goodwill of 501 million yen, and other of 5 million yen, of which 5 million yen is recorded in extraordinary loss as other.

   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 4.60 to 8.00%. When the value in use calculated based on the future cash flows is negative, valuation is conducted with the recoverable amount as zero.

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	1,014,381,817

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

Common stock	25,937,293

(Note) Included within the number of common stock in treasury stock as of the end of the current fiscal year, are 1,181,416 shares of the Company held by Trust Delivering Shares for Officers.

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 12, 2017	Common stock	4,955	5.0	March 31, 2017	June 7, 2017
Board of Directors' Meeting held on November 6, 2017	Common stock	4,955	5.0	September 30, 2017	December 1, 2017

(Notes) 1. Included within the total dividend amount for which a resolution was passed at a Board of Directors' Meeting held on May 12, 2017, is a dividend amount of 6 million yen for shares of the Company held by Trust Delivering Shares for Officers.

2. Included within the total dividend amount for which a resolution was passed at a Board of Directors' Meeting held on November 6, 2017, is a dividend amount of 5 million yen for shares of the Company held by Trust Delivering Shares for Officers.

(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 11, 2018	Common stock	4,955	Retained earnings	5.0	March 31, 2018	June 6, 2018

(Note) Included within the total dividend amount is a dividend amount of 5 million yen for shares of the Company held by Trust Delivering Shares for Officers.

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	726,000

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, currency options and currency swaps to hedge foreign exchange fluctuation risk related to operating debts/credits, loans payable, etc. 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 sheets, their fair values and the differences at March 31, 2018 (the consolidated account closing date for the current fiscal year).

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
(1) Cash and deposits	50,357	50,357	–
(2) Notes and accounts receivable–trade	325,373		
(3) Short-term loans receivable	3,504		
Allowance for doubtful accounts (*1)	(1,493)		
	327,384	327,384	–
(4) Long-term loans receivable	7,855		
Allowance for doubtful accounts (*2)	(1,358)		
	6,496	6,740	244
(5) Short-term investment securities and investment securities			
(i) Held-to-maturity debt securities	10,118	10,131	12
(ii) Stocks of affiliates	13,864	7,145	(6,718)
(iii) Available-for-sale securities	103,938	103,938	–
Total assets	512,160	505,698	(6,462)
(1) Notes and accounts payable–trade	248,490	248,490	–
(2) Short-term loans payable	137,041	137,041	–
(3) Commercial papers	1,000	1,000	–
(4) Bonds payable	100,000	100,598	598
(5) Long-term loans payable	409,381	418,568	9,186
Total liabilities	895,913	905,698	9,784
Derivative transactions (*3)	(420)	(420)	–

(*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: 16,870 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: 40,000 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: 16,870 million yen).

<u>Derivative transactions</u>

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-term loans payable above).

Note 2: Regarding non-listed stocks and investments in capital (the consolidated balance sheet amount: 46,821 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.

Notes on Per Share Information

1. Net assets per share 681.52 yen
2. Profit per share 36.64 yen
   (Calculated from the weighted average number of common shares during the period)

Non-consolidated Statement of Changes in Net Assets

(Fiscal year ended March 31, 2018)

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

	Shareholders' equity											
		Capital surplus			Retained earnings							
						Other retained earnings						
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Retained earnings reserve	Reserve for advanced depreci-ation of noncur-rent assets	Reserve for overseas invest-ment loss	General reserve	Retained earnings brought forward	Total retained earnings	Treasury stock	Total share-holders' equity
Balance at the beginning of current period	103,880	108,640	–	108,640	24,646	15,833	36	101,729	952	143,198	(13,935)	341,783
Changes of items during the period												
Reversal of reserve for advanced depreciation of noncurrent assets						(365)			365	–		–
Reversal of reserve for overseas investment loss							(19)		19	–		–
Dividends from surplus									(9,910)	(9,910)		(9,910)
Profit									12,584	12,584		12,584
Purchase of treasury stock										–	(119)	(119)
Disposal of treasury stock			(14)	(14)						–	50	35
Cancellation of treasury stock										–	–	–
Transfer from retained earnings to capital surplus			14	14					(14)	(14)		–
Net changes of items other than shareholders' equity										–		–
Total changes of items during the period	–	–	–	–	–	(365)	(19)	–	3,043	2,659	(69)	2,589
Balance at the end of current period	103,880	108,640	–	108,640	24,646	15,468	17	101,729	3,995	145,857	(14,005)	344,373

	Valuation and translation adjustments				
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	Subscription rights to shares	Total net assets
Balance at the beginning of current period	26,591	(397)	26,194	266	368,244
Changes of items during the period					
Reversal of reserve for advanced depreciation of noncurrent assets					–
Reversal of reserve for overseas investment loss					–
Dividends from surplus					(9,910)
Profit					12,584
Purchase of treasury stock					(119)
Disposal of treasury stock					35
Cancellation of treasury stock					–
Transfer from retained earnings to capital surplus					–
Net changes of items other than shareholders' equity	2,857	59	2,916	(19)	2,897
Total changes of items during the period	2,857	59	2,916	(19)	5,486
Balance at the end of current period	29,449	(338)	29,111	246	373,731

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:	Declining balance method
(excluding lease assets)	However, the straight-line method is applied to buildings acquired on or after April 1, 1998 (excluding accompanying facilities), and accompanying facilities of buildings and structures acquired on or after April 1, 2016.
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 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.

6. Change in presentation

(Non-consolidated Statements of Income)
Because of the increased materiality of the amount, "Loss on valuation of investment securities" that was included in "Other" under "Extraordinary loss" in the prior fiscal year is separately reported in the current fiscal year. The amount of "Loss on valuation of investment securities" in the prior fiscal year was 2 million yen.

Notes to Non-consolidated Balance Sheets

1. Assets pledged as collateral and obligations related to collateral

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

Forests	159
Standing timber	296
Long-term loans receivable (including the amount scheduled to be collected within one year)	317
Total	773

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

Long-term loans payable (including the amount scheduled to be paid within one year)	1,648

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

52,658

(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	378,968
Long-term monetary receivables from subsidiaries and affiliates	34,475
Short-term monetary payables to subsidiaries and affiliates	186,766
Long-term monetary payables to subsidiaries and affiliates	4

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

Jiangsu Oji Paper Co., Ltd.	23,891
PT. Korintiga Hutani	7,126
Other	4,910
Total	35,929

Notes to Non-consolidated Statements of Income

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

Operating revenue	27,061
Of which business advisory fee income	15,227
Of which dividends income	8,703
Other	3,129
Operating expenses	11,418
Transaction volume–non-trading	7,065

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	24,554,718

(Note) Included within the number of common stock in treasury stock as of the end of the current fiscal year are 1,181,416 shares of the Company held by Trust Delivering Shares for Officers.

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	8,328
Other	3,568
Subtotal	26,992
Valuation allowance	(11,099)
Total deferred tax assets	15,893

Deferred tax liabilities	(millions of yen)
Valuation difference on available-for-sale securities	(12,837)
Reserve for advanced depreciation of noncurrent assets	(6,826)
Other	(330)
Total deferred tax liabilities	(19,994)
Net amount of deferred tax liabilities	(4,100)

(Change in presentation)
Because of the decreased materiality of the amounts, “Provision for retirement benefits,” “Allowance for doubtful accounts,” “Loss carried forward” and “Deferred gains or losses on hedges” of the deferred tax assets that were separately reported in the prior fiscal year are included in “Other” in the current fiscal year.

Notes on Noncurrent Assets Used by the Company under Lease Arrangements

Apart from the noncurrent assets recorded on the non-consolidated balance sheets, 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 (Note 5)	Account	Balance at the end of the fiscal year
			Concurrent appointment as the director of the related party	Business relationship				
Consolidated subsidiary	Oji Materia Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	Lending of funds (decrease in the balance) (Note 1)	(14,000)	Short-term loans receivable	54,318
					Borrowing of funds (decrease in the balance) (Note 1)	(16,775)	Short-term loans payable	111
					Business advisory fee (Note 2)	4,551	–	–
Consolidated subsidiary	Mori Shigyo Co., Ltd.	Indirect: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	Borrowing of funds (increase in the balance) (Note 1)	700	Short-term loans payable	15,400
Consolidated subsidiary	Oji Imaging Media Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	–	–	Short-term loans receivable	16,900
					Borrowing of funds (increase in the balance) (Note 1)	2,632	Short-term loans payable	13,396
Consolidated subsidiary	Oji F-Tex Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	Lending of funds (decrease in the balance) (Note 1)	(1,906)	Short-term loans receivable	14,644
Consolidated subsidiary	Oji Green Resources Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Financing relationship	Lending of funds (decrease in the balance) (Note 1)	(2,001)	Short-term loans receivable	22,333
Consolidated subsidiary	Oji Paper Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	–	–	Short-term loans receivable	199,224
					Borrowing of funds (increase in the balance) (Note 1)	16,350	Short-term loans payable	70,502
					Individually attributed amount concerning consolidated taxation (increase in the balance)	3,405	Accounts payable-other	12,653
					Business advisory fee (Note 2)	4,515	–	–
					Interest income (Note 1)	2,009	–	–

Attribute	Company name	Ownership ratio of voting rights (%)	Nature of relationship		Details of the transaction	Transaction amount (Note 5)	Account	Balance at the end of the fiscal year
			Concurrent appointment as the director of the related party	Business relationship				
Consolidated subsidiary	Oji Nepia Co., Ltd.	Direct: 100.0	Concurrent appointment by directors of the Company	Business advisory services Financing relationship	Lending of funds (increase in the balance) (Note 1)	2,116	Short-term loans receivable	12,231
Consolidated subsidiary	Oji Management Office Inc.	Direct: 100.0	Concurrent appointment by directors of the Company	Financing relationship Outsourcing indirect services	Personnel expenses (Note 3)	3,751	–	–
					Outsourcing fees (Note 4)	3,366	–	–
Consolidated subsidiary	Oji Oceania Management (NZ) Limited	Indirect: 100.0	Concurrent appointment by directors of the Company	Financing relationship	–	–	Long-term loans receivable	21,285

Terms and conditions of the transaction and the policy for determining them;

Note 1: 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.

Note 2: Business advisory fees are charged for management and operational support.

Note 3: Personnel expenses consist of the amount paid for employees assigned to the Company from Oji Management Office Inc.

Note 4: Outsourcing fees are paid for operational support.

Note 5: The transaction amount is presented exclusive of consumption and local consumption taxes. The balance at the end of the fiscal year is presented inclusive of consumption and local consumption taxes.

Notes on Per Share Information

1. Net assets per share 377.32 yen
2. Profit per share 12.71 yen
   (Calculated from the weighted average number of common shares during the period)

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.