

NOT ONLY **S**TEADY >>



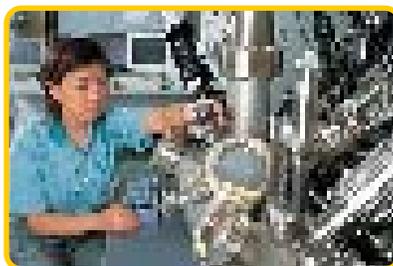
**OJI PAPER IN PERSPECTIVE, 2004**  
Year Ended March 31, 2004



## Contents

### Strategies and Outlook

Financial Highlights .....	8
To Our Shareholders and Investors .....	9
An Interview with President Suzuki .....	11
Corporate Governance and Compliance .....	18
Group Management Structure .....	19
Directors, Auditors and Officers .....	20
Financial Information .....	21
Corporate Overview .....	33



The Oji Paper Group has never been confined by the ideas of the past and will continue to explore new possibilities through its research and development activities.

# ..., but also **Dynamic.**

## History and Achievements the Foundation for Decisive Evolution

Oji Paper was founded in 1873 as Japan's first full-scale manufacturer of western-style paper. At that time, Japan had only just commenced its transition from feudalism to modern statehood. For over 130 years, the Oji Paper Group has continued to grow and develop while leading the Japanese pulp and paper industry into the future as Japan's leading paper manufacturer.

The Japanese pulp and paper market is moving into its mature phase in the early 21st century. The Oji Paper Group has developed a new corporate vision for itself as an "Asian corporate citizen domiciled in Japan." The foundation stones for that vision are to contribute to protection of the environment and advancement of culture, strive for continuous innovation in a proactive, responsive and determined manner, and build and maintain trust throughout the world. As we move into this next stage in our corporate evolution, we are striving to increase our competitiveness by developing new technologies, products and services.



Tomakomai Mill's RPF boiler

# ..., but also Streamlining.

## Relentless Drive for Efficiency

Throughout its history, the Oji Paper Group has continually expanded the capacity of its production operations in Japan to meet sustained demand growth in the Japanese market. However, the Japanese pulp and paper market has moved from growth to maturity, and efforts to improve the competitiveness of the Group's domestic operations now depend on the use of advanced technology to maximize the efficiency of mills and facilities.

In recent years, these environmental changes have been reflected in the priorities of the Oji Paper Group. Group's determined efforts to strengthen its production organization and improve the efficiency of its facilities. From an organizational perspective, group operations in each product segment, including divisions of Oji Paper itself, have been restructured through the integration of group companies and the creation of separate companies. The result is a new and highly adaptable group structure capable of responding promptly and flexibly to specific market needs.

Organizational changes have been accompanied by facility improvements, including the shutdown of obsolete production lines and the introduction of the latest equipment. Cost reductions and efficiency improvements are also being targeted aggressively. For example, energy costs are being reduced through the installation of refuse paper and plastic fuel (RPF) boilers.



### **Fuji Mill: World-class state-of-the-art machine, the N-2 Machine**

In operation since October 2001, the Fuji Mill's N-2 system is the world's most advanced boxboard machine. With a wire width of 4.7 meters and a total length of 230 meters, the N-2 is also the biggest boxboard machine in the world. It can produce 800 meters of boxboard per minute for a total monthly output of 650 tons. This single highly efficient system has taken the place of older machines at the Fuji Mill. It is able to produce the Mill's entire boxboard output. The N-2 machine has also contributed to quality improvements, including the ability to produce lighter boxboard based on combination of lower density and increased strength.



### China Project

The Oji Paper Group has acquired a 2 million-square-meter site in an economic development zone in Nantong City, Jiangsu Province. The new plant's location alongside the Chiangjian River will facilitate access to water, which is essential for paper manufacturing. It will also be possible for ocean-going vessels carrying raw materials to berth directly at the site. Treated wastewater will be discharged into the sea via an 80-kilometer pipeline that will be constructed by the economic development zone. Other advantages include a location close to the vast market of Shanghai and near the center of China's coastal region, which means that it will be easy to transport products to the major consumer markets of southern and northern China.

### After signing ceremony for site acquisition

From left to right;

Mr. Luo Yi Min, Secretary Chairman  
of Nantong Municipal Committee  
of the Communist Party of China

Mr. Suzuki, President of Oji Paper

Mr. Li Yuan Chao, Secretary Chairman  
of Jiangsu Municipal Committee  
of the Communist Party of China

Mr. Okumura, General Manager  
China Business Div. of Oji Paper



# ..., but also Expanding.

## New Growth Opportunities in Asia

In the maturing Japanese market, the Oji Paper Group is working to consolidate its position as the leading company through strategies designed to maximize earning potential through efficiency improvements. At the same time, the Oji Paper Group is dynamically building its business operations in the new growth markets of Asia. China is especially important in this context. The 2008 Beijing Olympic Games and the Shanghai 2010 Expo are expected to stimulate accelerated economic development in China, and the Oji Paper Group has initiated plans that will allow it to reap the full benefits of this growth opportunity.

The Chinese business operations of the Oji Paper Group already encompass a wide spectrum of product segments, including containerboard, packaging papers, specialty papers and household products. In 2003, the Group announced a new initiative to build an integrated pulp and paper mill in Nantong City, China. By 2011, the new plant will support integrated production of coated papers and general wood-free papers from the pulp-making stage. It will have an annual production capacity of 1.2 million tons, as well as the cost competitiveness, quality and product range needed to remain ahead of escalating international competition in the Chinese market.



# ..., but also Worldwide.

## Global Procurement Network

The pulp and paper industry relies on finite resources, especially wood and wastepaper. Careful planning to ensure reliable access to raw materials is a vital aspect of the Nantong Project, which will create an additional 1.2 million tons of capacity to supply the rapidly expanding Chinese market. The Oji Paper Group is committed to resource recycling, and its procurement activities have consistently been combined with resource protection strategies, including used paper recycling, the utilization of thinning wood, and forest planting. The Oji Paper Group has emphasized balance in its procurement of raw materials from various overseas sources. This strategy has resulted in the development of a global resource procurement network that spans five continents. In fiscal 2003, the Group imported 3.4 million BD tonnes of woodchips, equivalent to three-quarters of its total requirements, through this highly reliable structure.

When the new Chinese plant becomes fully operational in 2009, it will be necessary to procure an additional 1.3 million BD tonnes of woodchips. The Oji Paper Group is expanding its overseas procurement operations, including increases in its forest planting activities in Asia and Australia, and procurement from nearby forest plantations. Work has already started on the establishment of the procurement structure needed to support full operations at the Chinese plant.

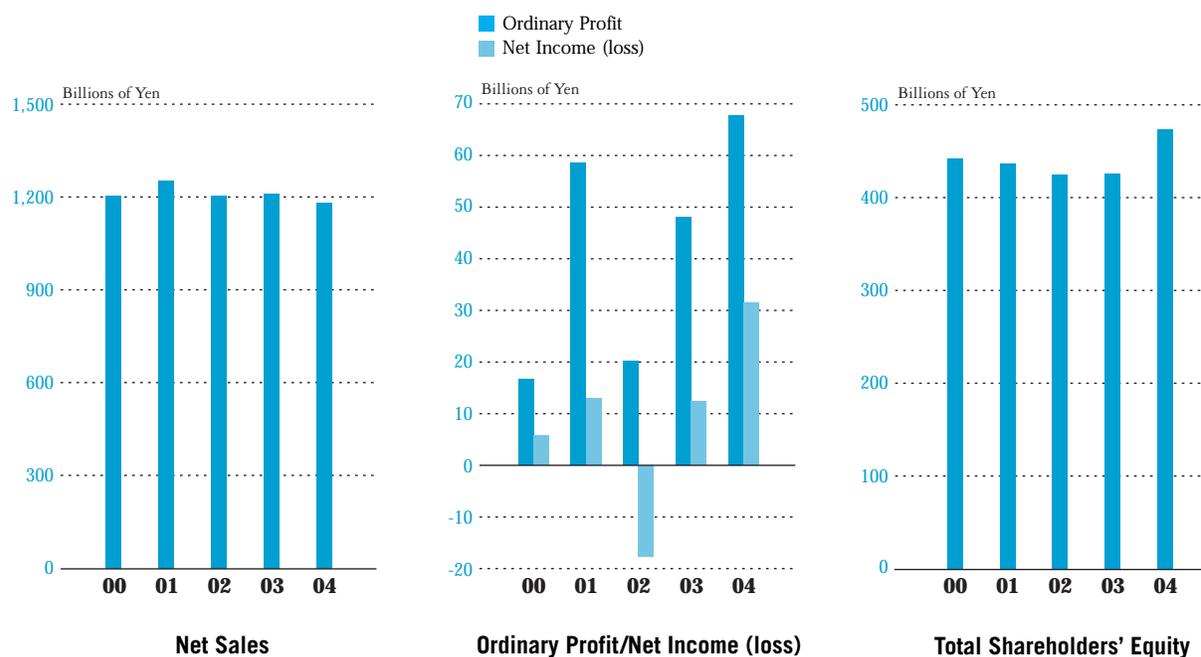


#### **GPFL**

The Green Triangle Plantation Forest Company of Australia Pty Limited (GPFL) aims to create a new forest on 10,000 hectares of land that was formerly used for sheep farming.

## Financial Highlights (Consolidated)

Years ended March 31,	Billions of Yen				
	2000	2001	2002	2003	2004
Net sales	¥1,205.5	¥1,252.9	¥1,203.8	¥1,213.2	<b>¥1,180.4</b>
Ordinary profit	16.3	58.2	20.1	47.9	<b>67.8</b>
Net income (loss)	5.6	12.8	-17.7	12.2	<b>31.3</b>
Per share data (in yen):					
Net income (loss) per share	5.45	12.37	-17.13	11.23	<b>29.90</b>
Cash dividends per share	8.00	8.00	8.00	8.00	<b>10.00</b>
As of March 31					
Total assets	1,723.4	1,704.3	1,632.1	1,621.1	<b>1,606.0</b>
Total shareholders' equity	442.1	436.6	424.3	425.9	<b>472.4</b>
Common stock	103.9	103.9	103.9	103.9	<b>103.9</b>
Number of shareholders	85,416	89,171	82,859	101,000	<b>98,290</b>



**Forward-looking Statements:** Statements contained in this report with respect to Oji Paper's plans, strategies, beliefs and expectations that are not historical facts are forward-looking statements. These forward-looking statements involve uncertainties that should be considered and which could cause actual performance results to differ from those discussed in the forward-looking statements. This report aims to supply information, not to solicit investment.

## To Our Shareholders and Investors

Japan's economic performance continued to fall short of a full-scale recovery in the year ended March 2004. Despite this, the Oji Paper Group again achieved dramatic profit growth through cost-cutting efforts and other measures. The Group will continue to advance toward the realization of its Medium/Long-term Management Plan through a dynamic reform process.



Left: Masahiko Ohkuni  
CHAIRMAN

Right: Shoichiro Suzuki  
PRESIDENT & CEO

### Further Steep Profit Growth Despite Reduced Sales

Although there were signs that the Japanese economy was starting to emerge from its prolonged recession, a deflationary trend continued to affect consumer markets, and there was no significant recovery in consumer spending. Business conditions for the Japanese pulp and paper industry remained difficult, and the Oji Paper Group made the maintenance of selling prices the first priority of its marketing activities. As a result of this environment, consolidated net sales were 2.7% below the previous year's level at ¥1,180.4 billion. Throughout the year, the Oji Paper Group addressed the situation by working hard to achieve substantial improvements in income through extensive cost-cutting efforts targeting every area of expenditure, including the reduction of operating expenses and energy and labor inputs. These efforts increased our consolidated operating profit by 30.7% year-on-year to ¥73.9 billion, while ordinary profit was 41.4% higher at ¥67.8 billion. Net income increased by 156.9% to ¥31.3 billion.

### Preparing for Future Growth

In addition to our ongoing efforts to improve business performance, we also continued to implement a variety of measures to promote future growth. Particularly important is our plan for major expansion into China, which was announced in June 2003. Under this plan, we will invest a total of ¥220 billion in the construction of an integrated pulp and paper mill in Nantong City, Jiangsu Province. The plant will integrate all stages of production from pulp to high-quality and coated papers. The plan calls for annual output to reach 1.2 million tons by 2011.

The reinforcement of group management has been a major focus in recent years. In the year ended March 2004, we implemented structural changes affecting our household products business, including the establishment of Oji Nepia Co., Ltd.; in the forest products area, we established Oji Forest & Products Co., Ltd.; we continued to restructure our production and business operations; the No. 6 Machine at the Nichinan Mill was shut down; and production facilities at the Shiga Mill were also shut down, reflecting our withdrawal from the shrinking film business.

🕒 **Revising the Target Date**

The medium-term business plan announced by the Oji Paper Group in June 2001 called for the achievement of consolidated ordinary profit of at least ¥100 billion in the year ending March 2005. This target has been the focus of our business activities. Regrettably, it became necessary to make realistic changes to this target to reflect trends in the business environment in the current year and beyond. Under the revised plan, which was announced in June 2004, we aim to achieve consolidated ordinary profit of ¥90 billion in the year to March 2005, and ¥100 billion in the year to March 2006. Despite the revision, we remain determined to reach these levels ahead of the target dates.

Cost reductions must be an essential part of our efforts to achieve our targets, and our plan to reduce fuel costs through the installation of RPF boilers is proceeding on schedule. The target for our human resource rationalization plan was to bring our domestic work force down to 18,000. By the close of the medium-term plan in March 2005, the work force is expected to be 17,590.

🕒 **Foundations for Sustainable Growth**

Though the Japanese pulp and paper market has moved from growth to maturity, Japan is still a huge market accounting for a tenth of world paper consumption. The Oji Paper Group will continue to build a stable income base in the Japanese market through ongoing efforts to improve its operating efficiency and maximize customer satisfaction. At the same time, we are focused on the new growth markets of Asia, especially China, and we will accelerate the development of pulp and paper operations with strong links to local markets in the region.

Inevitably we will face fierce competition from local companies and European and North American manufacturers in Asian markets. We have adopted a new vision for the Oji Paper Group as an “Asian corporate citizen domiciled in Japan,” and we believe that our solid income base in the Japanese market, combined with our advanced technology and service systems, will allow us to overcome international competition. Another advantage for the Oji Paper Group is its commitment to recycling and protection of the global environment through forest development and effective resource utilization on a global scale. Our aim is to achieve sustainable growth while building optimal and harmonious relationships with the global environment and human society.

August 2004



Masahiko Ohkuni  
CHAIRMAN



Shoichiro Suzuki  
PRESIDENT AND CEO

## An Interview with President Suzuki

Shoichiro Suzuki  
*PRESIDENT & CEO*



### Q1 QUESTION

**In the year ended March 2004 the Oji Paper Group achieved dramatically higher profit on reduced net sales. How did you do this?**

Our net sales were ¥32.8 billion lower than the previous year's result. However, our profit results were substantially higher. Operating profit increased by ¥17.4 billion, ordinary profit by ¥19.9 billion and net income by ¥19.1 billion. A major reason for the lower sales figure was the deteriorating market environment for printing and writing papers. This caused a decline in sales volumes. Another problem was rising raw material prices. However, these factors were offset by cost-cutting efforts affecting all areas of activity, allowing us to achieve a dramatic increase in profit. I am disappointed that our profit fell short of our initial forecasts. However, the Oji Paper Group continues to reduce total labor costs, and we are also working doggedly to cut costs through concerted efforts at every level. I see this year's profit growth as proof that we have transformed Oji Paper into a tough corporate organization that has the inherent ability to shake off negative factors and move forward.

### Q2 QUESTION

**What were the reasons for the harsh conditions affecting domestic markets, especially the market for printing and writing papers?**

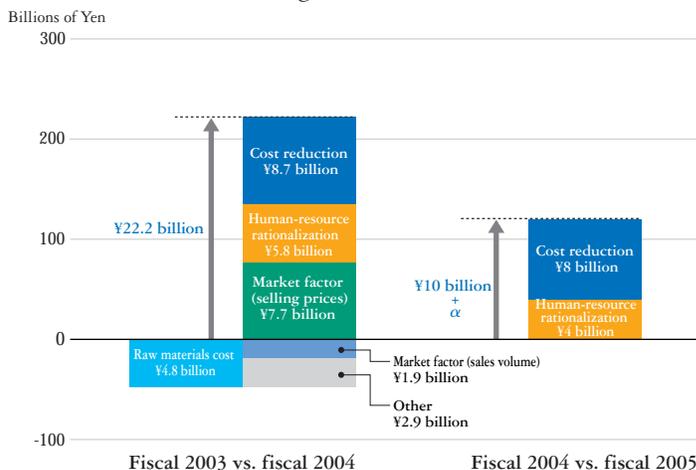
The most important factor was a rapid increase in imports of printing and office papers. The competitiveness of imported papers is based on low prices. Domestic producers responded by reducing their prices, causing a decline in market prices. This type of price war simply depletes everyone's corporate resources, so the Oji Paper Group instead sought to keep the competitive environment at an appropriate level by maintaining prices wherever possible. Though this approach caused sales volumes to decline, we were still able to increase our profits, thanks to relentless and intensive cost-cutting efforts. When market prices recover, we will have opportunities to expand our earnings. Our current efforts have created a business structure that is resilient in the face of negative trends. The real value of that characteristic will become apparent in the competitive environment of future years.



**Q3** QUESTION

**The Medium/Long-term Management Plan calls for the achievement of ordinary profit of ¥100 billion in the year ending March 2005. Why have you moved the target year back to the year ending March 2006?**

We announced the current medium-term plan in 1999. Since then, we have worked consistently toward that target, regardless of changes in the business environment. The decision to shift the target date was taken with great reluctance. However, the prices of wastepaper, pulp, fuel oil, coal, chemicals and other raw materials have been rising since 2003, and we expect this trend to continue for a while longer. For this reason, we announced a revised plan in June 2004. Under that plan, we aim



**Factors Contributing to Higher Profits**

to achieve ordinary profit of ¥90 billion in the year to March 2005 and ¥100 billion in the year to March 2006. This does not indicate any weakening of our commitment to the improvement of earnings. On the contrary, we still want to reach the ¥100 billion target in the year to March 2005. At the very least, we hope to reduce the delay to six months by achieving a combined total of ¥100 billion for the second half of the year to March 2005 and the first half of the year to March 2006.

**Q4** QUESTION

**Once you have achieved ordinary profit of ¥100 billion, what specific steps will you take to maintain it at that level?**

We have transformed our income structure and expanded our ordinary profit through grassroots cost-cutting efforts. However, we have already implemented numerous effective measures, and the scope for further cost savings through these grassroots efforts is gradually diminishing. Over the past few years we have focused our efforts on efficiency and competitiveness improvements based on capital investment, including a scrap-and-build program targeting obsolete facilities, and the installation of refuse paper and plastic fuel (RPF) boilers. We are also identifying new projects. In the future, we aim to

combine these efforts with the development of new technologies, products and services to build competitiveness that is not dependent solely on prices, so that consumers will choose our products in any market environment. This is how we aim to maintain our ordinary profit at the ¥100 billion level.

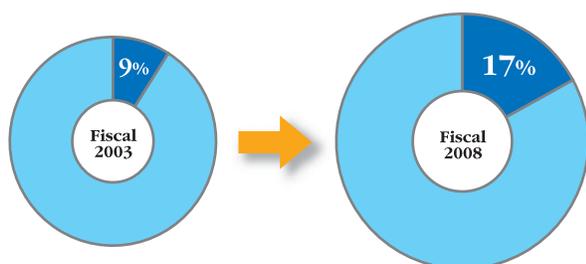
#### Various Measures to Maintain ¥100 Billion Ordinary Profit

<b>Continued cost reduction efforts</b>	
• <b>Reduction of total personnel expenses</b>	Job reduction from the end of March 2004 through the end of March 2006: 1,100 Estimated number of employees leaving the Company from the end of March 2006 through the end of March 2009: 2,000 (new hiring to be restricted)
• <b>RPF boiler effect</b>	New installation in 2005 at Yonago Mill and in 2006 at Nichinan Mill
• <b>Improvement of efficiency</b>	In-house manufacturing of chemicals, more energy saving and other efforts
<b>New technologies, new products and new services</b>	
• Maintenance and improvement of superior product qualities • Creation of new demand • Support of environment-friendly policy	
<b>Restructuring of the existing domestic production capacity (S&amp;B)</b>	
• S&B (scrap and build), with competition and differentiation against imported paper in mind	
<b>Aggressive M&amp;A</b>	
• Efforts to strengthen downstream business	

## Q5 QUESTION

### Are you already making progress toward the reinforcement of non-price competitiveness based on new technologies, products and services?

I have called on all Oji Paper Group companies to contribute, and we are gathering innovative ideas and technologies from all business sites, especially our research facilities and plants. Revolutionary new products introduced in the current year include high-quality printing papers that dramatically reduces ink drying time, lightweight printing papers that reduce wrinkling during the printing process, and film products for use in electrical machinery parts. The newsprint area is a good example of this approach. By offering new ideas that anticipate user needs, we have built relationships based on



**New Product Sales Ratio for All Segments**

trust. For this reason, users stay with our products, even though imported newsprint may be somewhat cheaper. We will continue to enhance our ability to anticipate the concepts and innovations that please users. Our aim is to increase the average contribution of new products to sales from 9% at present to 17% in March 2008.

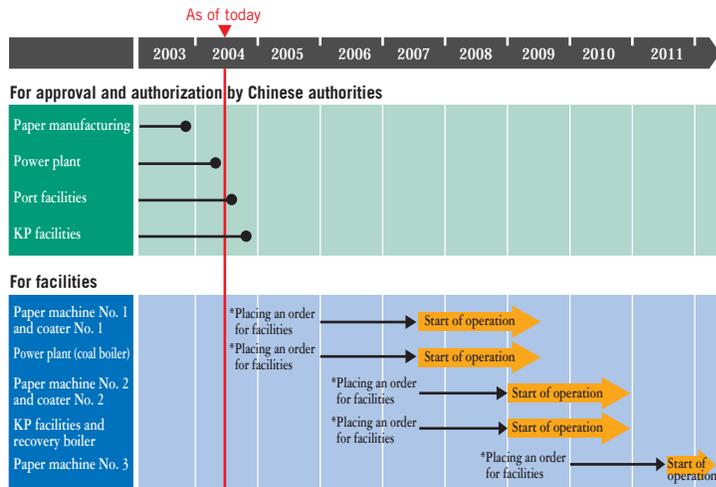
# Q6

QUESTION

**The other key component of your management plan is the development of your business in China. How would you assess progress to date?**

In June 2003, we announced a plan to build a production facility in Nantong City, Jiangsu Province, and we are currently seeking approval for the project. Detailed studies have resulted in changes to this plan. Initially we intended to start phase one of construction as soon as we had gained approval to produce paper using purchased pulp. We now intend to delay the commencement of the project until we have gained approval for an integrated production operation, including pulp production. We have also divided the construction into three phases instead of two, and we have brought forward the start-up date for the pulp production facilities. Previously we anticipated 7% annual growth in the Chinese market for the high-quality and coated papers that will be produced at the Nantong Plant. In fact, it now appears that demand will increase by almost 10% annually through the period that includes the Beijing Olympic

### Schedule of China Project



\*The placement of these orders is subject to approval of KP facilities by Chinese authorities.

Games in 2008 and the Shanghai Expo 2010. However, we also expect competition to intensify, since this rapid demand growth is likely to be paralleled by the development of production capacity in China. We saw an earlier start-up date for the pulp facilities as crucial to our ability to overcome intense competition by taking full advantage of the integrated production capabilities of the new plant. We have also decided to install three medium-capacity paper machines instead of two large-capacity machines. This will give us increased flexibility to meet varying demand patterns.

# Q7

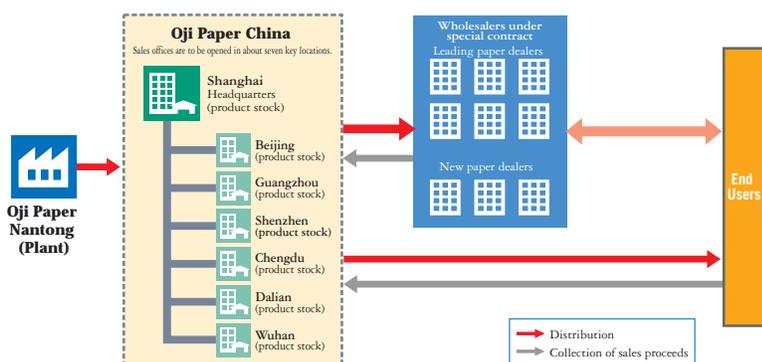
QUESTION

**The basic policy for this plan calls for production in China to supply the Chinese market. What progress have you made toward the development of a sales organization in China?**

In addition to our headquarters in Shanghai, we plan to establish about seven sales offices in other major demand areas, such as Beijing and Guangzhou. We will also establish exclusive wholesale contracts with leading paper dealers in China. In this way, we will build reliable sales channels



**Flowchart of Distribution in China**



with in-depth market coverage. As soon as we began to formulate plans for our business in China we realized that networking with local paper dealers would be crucial to the achievement of full

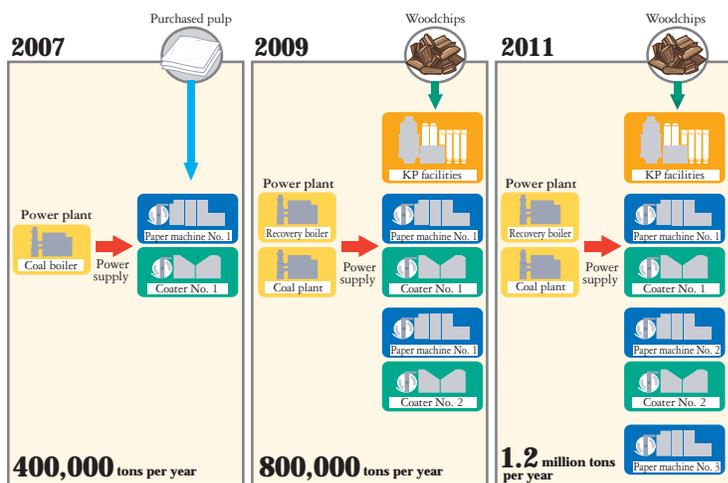
coverage of China's vast market. We sent staff to all parts of China to carry out detailed surveys, and the results of their work confirmed that this type of sales organization would be both realistic and effective. We also expect new paper dealers to play a role in the development of distribution channels.



**How do you plan to secure the financial resources and raw materials needed for the Chinese project?**

We plan to invest a total of ¥220 billion in plant and facilities in China by the completion of the third phase of the project in 2011. Internal funds will be used for the entire investment. This is entirely feasible with an income structure based on ordinary profit of ¥100 billion. The factory in China is expected to operate profitably on a single-year basis from 2010, when the pulp production facilities will become fully operational, and we intend to invest cash flows from that source in facility expansion. The current

**Plant and Equipment Outline**



Total investment: ¥220 billion

target is annual production of 1.2 million tons. Given the strength of demand in China, we do not regard this as our ultimate goal, and we intend to take full advantage of every opportunity for growth. As production in China expands, access to raw materials will become an area of concern. We are preparing to meet our future needs in this area by strengthening our existing global procurement network, and by expanding our forests in Asia, Australia and elsewhere.



**Q9** QUESTION

**What is the significance of the Management Objectives and Strategies that you announced in June 2004?**

The new Management Objectives and Strategies reflect our revised thinking on the balance that we need to achieve between aggressive investment and a sound financial structure, so that the Oji Paper Group can continue to attain sustainable growth in the future. In addition to ordinary profit of at

**The Setting of Basic Management Targets**

	Fiscal 2003	Target
Ordinary profit	¥67.8 billion	<b>Over ¥100 billion</b> (level to be achieved continually)
ROE	7.0%	<b>Over 7.0%</b>
D/E ratio	1.6%	<b>Under 1.5%</b>
Sales-to-ordinary-profit ratio	5.7% (All)	<b>Over 5% in all business divisions</b>

least ¥100 billion, we also aim to expand shareholders' equity and maintain a sound financial structure, while at the same time maintaining ROE of at least 7%. Our objective is to enter a new phase of growth and success as an "Asian corporate citizen domiciled in Japan," through aggressive investment in future growth markets such as China.

**Q10** QUESTION

**Some Oji Paper Group companies have been merged, and other operations have been spun off as new companies. What are your thoughts on group management?**

The Oji Paper Group was formed through the merger of New Oji Paper and Honshu Paper. Since then we have worked dynamically to maximize our operating efficiency by merging group companies and restructuring internal operations as separate companies. This massive process of integration will be largely completed with the establishment of Oji Specialty Paper Co., Ltd. in October 2004. The aim of this merger and spin-off process is to develop the Oji Paper Group as an organization that will combine the advantages of large and small companies. That is why we have sought to maintain a structure in which our companies can benefit from flexibility as independent enterprises while enjoying the support of the entire Oji Paper Group in such areas as finance and technology. Communication and decision-making within the Group are excellent, and there is strong solidarity. These qualities are attributable in part to the fact that directors of Oji Paper serve as presidents of some group companies. Our monthly meetings for company presidents are also very useful. In 2004, we established the Technology Division within Oji Paper to facilitate group-level collaboration in the area of technology.

**Q11**  
QUESTION**Compliance and corporate social responsibilities have attracted increasing interest in recent years. What are your thoughts on these issues?**

In my approach to business, I have sought to apply the beliefs of the founder of Oji Paper, Ei-ichi Shibusawa, who consistently emphasized the need to combine good business practice with good ethics. Of course, the most important mission for a joint-stock corporation is to generate profit. However, we believe that profit earned at the expense of unethical behavior is unacceptable. That belief is part of our corporate “genetic” heritage and is something that I have long regarded as an unwritten law. In recent years ethical corporate behavior has also become a clearly defined social expectation. In January 2004, we announced the new Oji Paper Group Corporate Behavior Charter. We will continue to live up to the expectations of the public by acting in accordance with policies that reflect this Charter and corporate behavior guidelines based on it.

**Q12**  
QUESTION**Finally, do you have a message for shareholders and investors?**

A company has many responsibilities, including not only business performance, but also contribution to local communities, the conservation of the global environment, support for progress in technology and culture and employee satisfaction. We are determined to meet the expectations of our shareholders by enhancing our total corporate value through forward-looking efforts in all of these areas. The Oji Paper Group is working to build the strength needed for a continuing role as the frontrunner in the mature pulp and paper market of Japan. At the same time, we are preparing for bold endeavors that will expand our business presence in growth markets, especially in Asia. I believe that the Oji Paper Group has the potential to achieve dynamic growth in the years ahead, and I look forward to the continuing support of shareholders and investors.

## Corporate Governance and Compliance

**THE OJI PAPER GROUP IS ACTIVELY STRENGTHENING ITS CORPORATE GOVERNANCE AS PART OF ITS CONTINUING EFFORTS TO MAXIMIZE ITS CORPORATE VALUE.**

The Oji Paper Group's basic approach to corporate governance seeks to maximize corporate value through the dynamic integration and restructuring of group companies to strengthen competitiveness, sales systems and financial structures. The reinforcement of corporate governance is seen as the top priority for management, and a variety of measures are being implemented in this area.

### Flexible, Transparent Corporate Governance Structure

In 1999, Oji Paper introduced an executive officer system and an in-house company structure. It also restructured its business and production operations in Japan and overseas to create a structure that would support rapid decision-making and policy implementation. The current management organization consists of 10 directors, four auditors (including two external auditors), and 39 executive officers, of whom nine are also directors. In June 2002, the term of office for directors was reduced from two years to one to provide clearer accountability. The Group Presidents' Conference, which meets monthly, also fulfills an important function by ensuring that all management policies and philosophical principles are shared and applied throughout the Oji Paper Group.

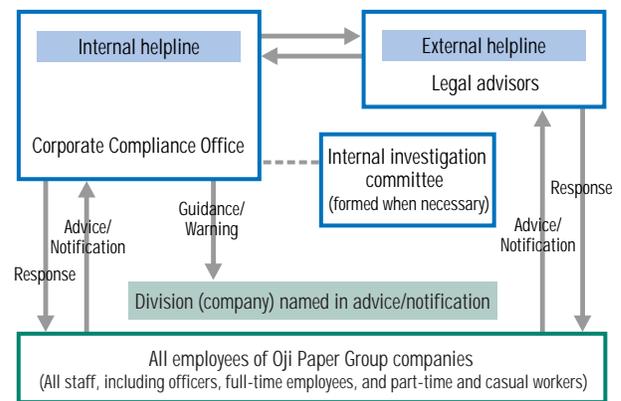
Oji Paper has adopted an audit committee system that includes two external auditors. Auditors attend not only board meetings, but also other important management meetings to monitor the performance of business operations. This is an example of Oji Paper's forward-looking commitment to the reinforcement of systems designed to maintain sound management practices.

### Fulfilling our Responsibilities to Society Compliance Systems

In June 2003, Oji Paper established a Corporate Compliance Office. Its mission is to strengthen corporate compliance by ensuring that all Oji Paper Group companies behave in accordance with the law and observe basic business principles and ethics at all times.

In January 2004, Oji Paper adopted the Oji Paper Group Corporate Behavior Charter. This document embodies the basic corporate values and behavior standards that have guided the activities of the Oji Paper Group throughout its history. The Charter defines eight requirements: compliance with the law, maintenance of harmony with the environment, the supply of useful products and services, communication with society, participation in social contribution activities, coexistence with the international community, contribution through manufacturing, and the achievement of employee satisfaction. The Charter is also a pledge that all officers, including senior management, and all employees, will remain aware of the need to reconcile profit with corporate ethics, and a reaffirmation that the entire Oji Paper Group will continue to base its business activities on high ethical standards and awareness of its responsibilities as a corporate citizen.

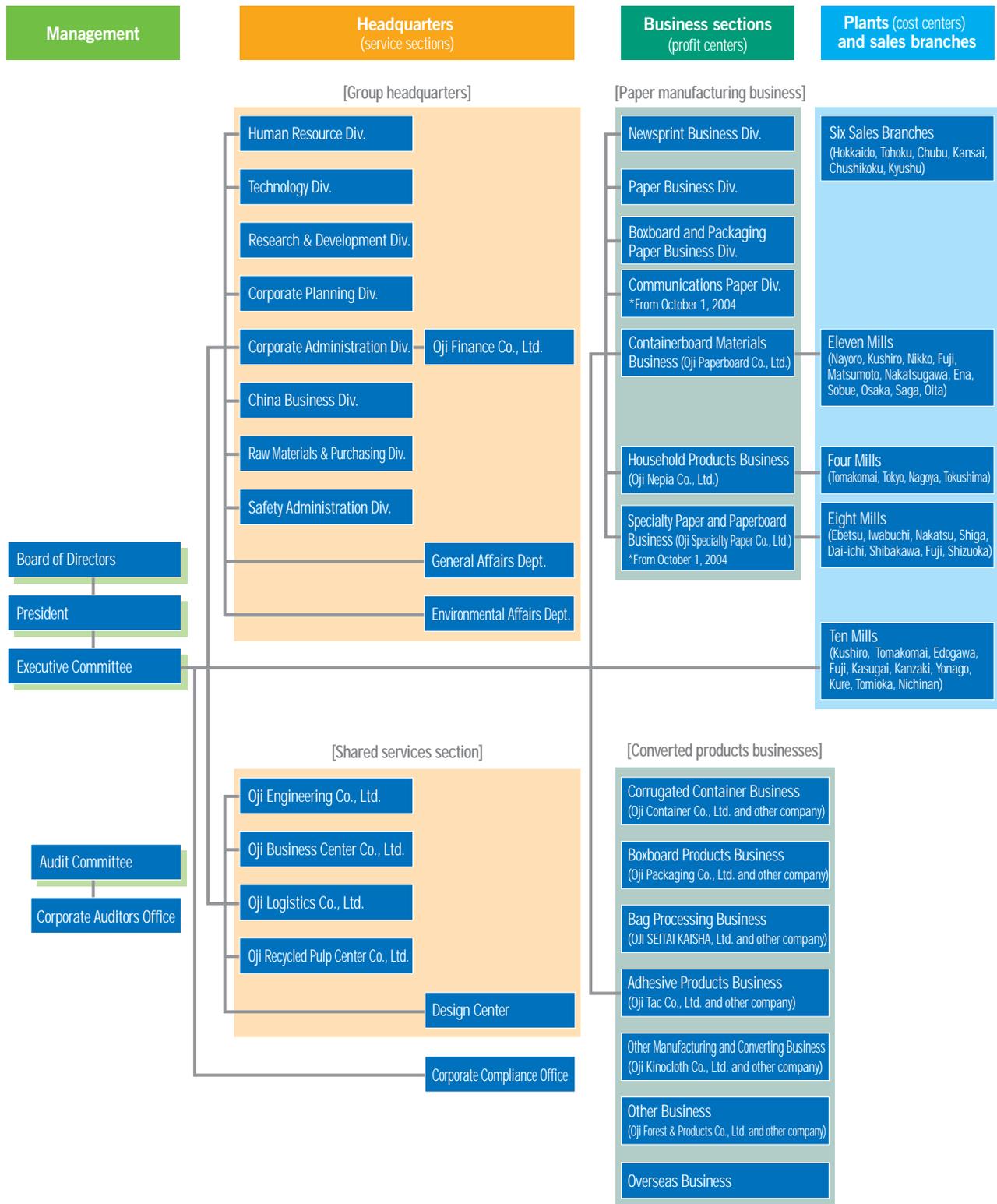
### Compliance Structure



### Group Management Structure—A Framework for the Realization of Corporate Strength

In June 2003, Oji Paper integrated and restructured its affiliated companies and modified its group structure to create a stronger foundation for group management. Under this new structure, Oji Paper functions as a parent company responsible for overall group coordination. The head office Affiliated Companies Administration Division was abolished and replaced with the Corporate Planning Division, which is responsible for overall group strategy, and the Corporate Administration Division, which provides management support for group companies. Oji Paper aims to use this new structure as a framework for its efforts to maximize the potential and corporate value of the entire Oji Paper Group.

# Group Management Structure



## Directors, Auditors and Officers (As of June 29, 2004)



### Board of Directors

**Masahiko Ohkuni**  
Chairman

\* **Shoichiro Suzuki**  
President and Chief Executive Officer

\* **Atsuo Shioiri**  
Executive Vice President

\* **Toshiyuki Egawa**  
Executive Vice President

\* **Noritoshi Watanabe**  
Senior Managing Director

\* **Shozo Watanabe**  
Senior Managing Director

\* **Hideki Yamamoto**  
Senior Managing Director

\* **Shigeru Ikemoto**  
Executive Director

\* **Makoto Ando**  
Executive Director

\* **Yoshihisa Nakano**  
Executive Director

\* Concurrently Serving as Corporate Officer

### Corporate Auditors

**Tadashi Yoshida**  
Corporate Auditor

**Shogo Sakurai**  
Corporate Auditor

**Yoh Takeuchi**  
Corporate Auditor

**Tokugoro Murayama**  
Corporate Auditor

### Corporate Officers

**Naotoshi Sekiguchi**  
Executive Officer

**Norimasa Kiyota**  
Executive Officer

**Yoshihiro Kanamaru**  
Executive Officer

**Kazuhiisa Shinoda**  
Executive Officer

**Nobuyoshi Yamamoto**  
Executive Officer

**Setsuo Saeki**  
Executive Officer

**Tohru Inoue**  
Executive Officer

**Shunsuke Okushima**  
Executive Officer

**Akira Hashimoto**  
Executive Officer

**Hideyuki Usui**  
Corporate Officer

**Yasuhiro Terashima**  
Corporate Officer

**Jun Kajita**  
Corporate Officer

**Iwahiro Uchimoto**  
Corporate Officer

**Sadao Mizushima**  
Corporate Officer

**Jiro Harada**  
Corporate Officer

**Yutaka Sekiguchi**  
Corporate Officer

**Shinichiro Kondo**  
Corporate Officer

**Hideaki Hayashi**  
Corporate Officer

**Motoji Saito**  
Corporate Officer

**Junta Watanabe**  
Corporate Officer

**Tsunee Hashimoto**  
Corporate Officer

**Koji Hayashi**  
Corporate Officer

**Kenji Kanda**  
Corporate Officer

**Takashi Ishida**  
Corporate Officer

**Tadashi Watanabe**  
Corporate Officer

**Fumihiko Hirai**  
Corporate Officer

**Tsunehisa Shigetani**  
Corporate Officer

**Michihiro Ishibashi**  
Corporate Officer

**Tetsuo Kagami**  
Corporate Officer

**Hajime Yamanaka**  
Corporate Officer



## Financial Information

### Contents

Financial Review . . . . .	<b>22</b>
Consolidated Balance Sheets . . . . .	<b>28</b>
Consolidated Statements of Income . . . . .	<b>29</b>
Consolidated Statements of Cash Flows . . . . .	<b>30</b>
Non-consolidated Balance Sheets . . . . .	<b>31</b>
Non-consolidated Statements of Income . . . . .	<b>31</b>
Investor Information . . . . .	<b>32</b>

# Financial Review

## Profile of the Corporate Group

As of March 31, 2004, the Oji Paper Group consisted of 195 subsidiaries and 81 affiliated companies. The number of consolidated subsidiaries was reduced by five, from 69 to 64.

Oji Paper Nantong Co., Ltd., which was established in preparation for the full-scale development of business operations in China, was newly added to the consolidation. As part of measures to improve strategic efficiency and other objectives, Nepia Co., Ltd. was merged with Hoxy Co., Ltd. to form Oji Nepia Co., Ltd., and Oji Timber Co., Ltd. with Oji Forestry & Landscaping Co., Ltd. to form Oji Forest & Products Co., Ltd. These changes resulted in the exclusion of six companies from the scope of consolidation.

The number of affiliated companies to which the equity method is applied was reduced by one, from 16 to 15.

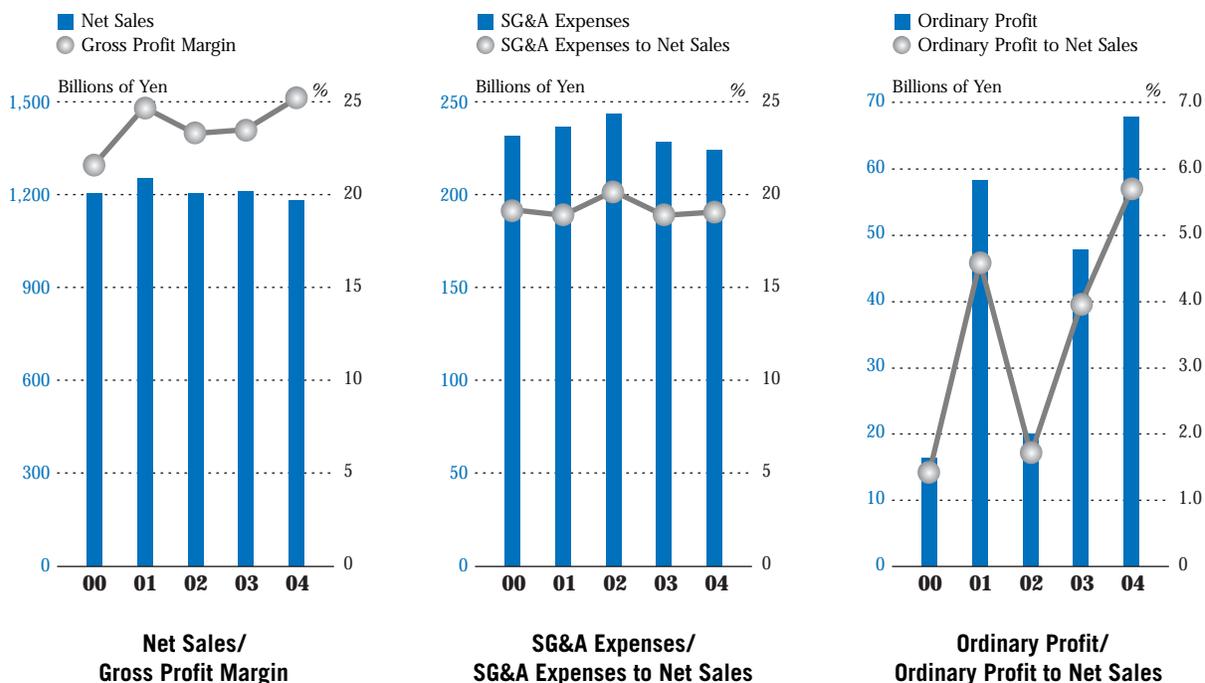
## Net Sales and Income

In the year ended March 31, 2004 (fiscal year 2003), there were indications that the Japanese economy was starting to emerge from its prolonged recession. However, a deflationary trend continued to affect consumer markets, preventing a real recovery in consumer spending. In the market for pulp and paper products, which is the core area of activity for the Oji Paper Group, rising prices for wastepaper and other raw materials, and increased paper imports were the triggers for deteriorating market conditions.

In its marketing activities, the Oji Paper Group worked to maintain selling prices in this business environment. It also implemented intensive cost-cutting measures affecting all facets of its operations, including the reduction of business expenses and energy and labor inputs, and a shift to joint purchasing of raw materials. As a result of these initiatives, while sales volumes and net sales declined, there was another substantial increase in profit in the current year.

Financial Information

pg. 22



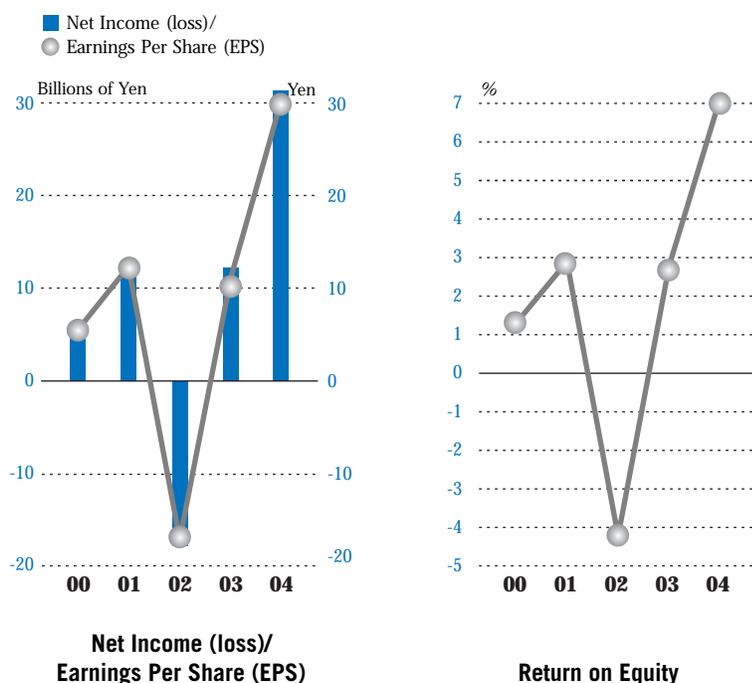
Consolidated Net Sales in fiscal year 2003 amounted to ¥1,180.4 billion, a year-on-year decline of ¥32.8 billion, or 2.7%. However, consolidated Operating Profit increased by ¥17.4 billion, or 30.7%, to ¥73.9 billion, reflecting efforts to reduce the cost of sales and selling, general and administrative expenses. The non-operating position also showed a year-on-year improvement of ¥2.5 billion. Reasons included the reduction of interest payments and losses in investment projects.

These factors were reflected in substantially higher Ordinary Profit of ¥67.8 billion. This represents a year-on-year increase of ¥19.9 billion, or 41.4%. The rate of ordinary profit to net sales improved by 1.7 percentage points year-on-year to 5.7%.

Extraordinary Gains and Losses added up to a net extraordinary loss of ¥20.4 billion, which is ¥4.4 billion less than the previous year's figure. Extraordinary gains were eroded by an increase in special retirement benefits, and by the fact that there was no return of the subrogated portions of welfare pensions. However, these factors were outweighed by positive trends, including a reduction in unrealized losses on investment securities, and an increase in profit on sales of investment securities.

Income before Income Taxes and Minority Interests increased by ¥24.2 billion year-on-year to ¥47.4 billion. This was reflected in a ¥5.0 billion increase in the adjustment for taxes, etc., which is small compared with the increase in profit. This was because valuation allowance for deferred income taxes was drawn down, mainly as a result of improvements in the profit and loss positions of subsidiaries. These reserves were provided because there was previously little possibility that the deferred income taxes would be realized.

Net Income for the current year was ¥31.3 billion. This represents a huge year-on-year increase of ¥19.1 billion, or 156.9%. Earnings Per Share was ¥29.90, compared with ¥11.23 in the previous year. The rate of return on equity improved by 4.1 percentage points to 7.0%.



📊 Segment Performance

**Pulp and Paper Product Division**

Domestic demand for pulp and paper remained weak, and paper imports continued to expand. Though these factors caused volume declines in sales of paper and paperboard, the Oji Paper Group worked to maintain selling prices.

Consolidated net sales in the pulp and paper segment in the year ended March 2004 amounted to ¥704.9 billion. This is ¥29.4 billion, or 4.0%, below the previous year's level. Operating profit rose ¥6.0 billion, or 14.1%, to ¥48.7 billion, in part because of the contribution from cost-cutting measures.

**Converted Paper Product Division**

Sales of corrugated paperboard products (containerboard containers), which are the core product category in this segment, remained close to the previous year's level. The Oji Paper Group worked to restore product prices to reflect higher liner prices, and the market generally accepted the adjustments. In the area of thermal paper products, there was a decline in sales of thermal papers. However, an increase in sales of transparent thermal-sensitive film products, which are more expensive, boosted total sales in this category. Although prices for paper diapers remained static, sales increased.

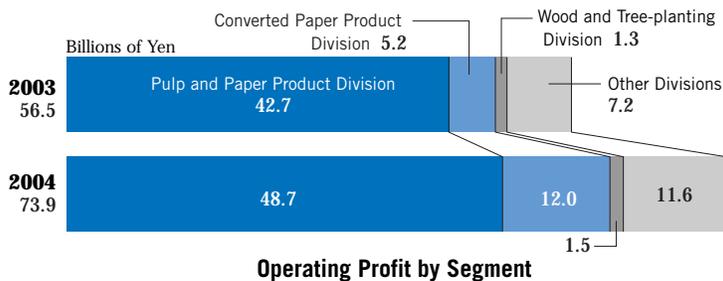
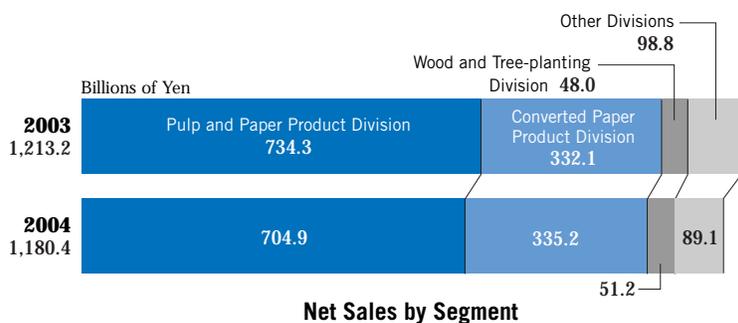
Consolidated net sales in this segment totaled ¥335.2 billion. This is ¥3.1 billion, or 0.9%, above the previous year's level. Operating profit was sharply higher with an increase of ¥6.8 billion, or 129.9%, to ¥12.0 billion. Contributing factors included efforts to maintain prices, and cost-cutting measures.

**Wood and Tree-planting Division**

Efforts to expand sales of lumber and processed wood products boosted consolidated net sales in this segment by ¥3.2 billion, or 6.8%, to ¥51.2 billion. Operating profit was ¥200 million, or 13.3%, higher at ¥1.5 billion, thanks to the contribution from cost-cutting measures.

Financial Information

pg. 24



### Other Divisions

Real estate sales were lower, in part because of a reduction in the number of major properties for sale. However, rationalization efforts by companies involved in this segment helped to boost profits. Consolidated net sales in this segment amounted to ¥89.1 billion, a year-on-year decline of ¥9.7 billion, or 9.8%. However, operating profit improved by ¥4.4 billion, or 60.4%, to ¥11.6 billion.

### Research and Development Activities

Research and development activities by the Oji Paper Group are mainly undertaken by the Research and Development Division, which consists of four institutes: the R & D Laboratories Headquarters, the Forestry Research Institute, the R & D Management Department and the Intellectual Property Department.

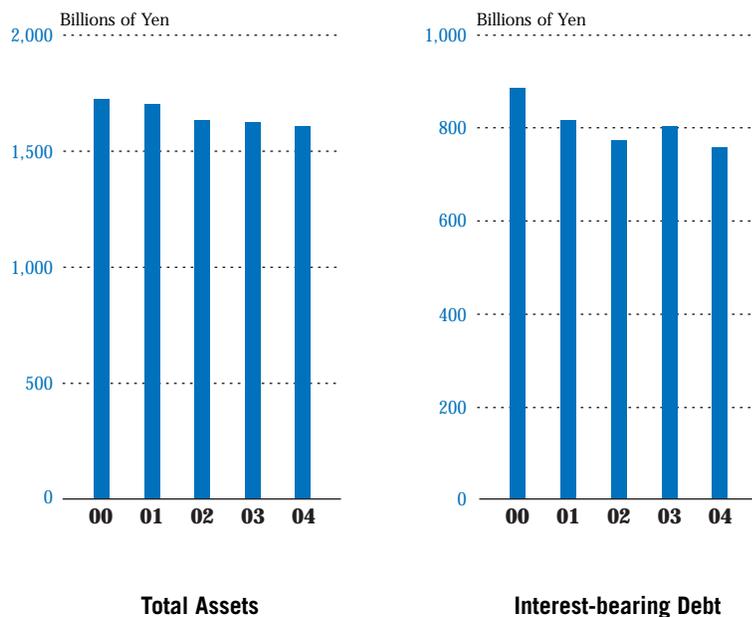
The R & D Laboratories Headquarters is divided into four laboratories and the Material Analysis Center, each with specific functions. This organizational structure allows a flexible approach to projects.

At the end of the year, the Oji Paper Group held 1,363 domestic intellectual property rights and 597 foreign intellectual property rights. Total expenditure on research and development amounted to ¥12.0 billion.

### Financial Position

As of March 31, 2004, our Consolidated Total Assets were ¥1,606.0 billion, a decrease of ¥15.1 billion from a year earlier. This was mainly the result of an ¥11.1 billion decline in current assets, reflecting a reduction in trade notes and accounts receivable due to a decline in sales.

Investment securities increased by ¥45.9 billion year-on-year, in part because of increased valuation gains resulting from the stock market recovery. However, property, plant and equipment declined by ¥38.4 billion, mainly because capital investment was below the level of depreciation. There was also a ¥10.9 billion reduction in deferred income taxes. These and other factors were reflected in a ¥3.9 billion reduction in Fixed Assets.



Total Liabilities were down ¥61.3 billion. The balance of interest-bearing debt, including bills discounted, was ¥754.8 billion, a year-on-year reduction of ¥46.5 billion.

Total Shareholders' Equity increased by ¥46.5 billion compared with the position as of March 2003. This reflects increases in the earned surplus and unrealized gains on securities. As a result, the Shareholders' Equity Ratio at the end of the year was 29.4%, a year-on-year increase of 3.1 percentage points. Book value per share was ¥455.61, an increase of ¥48.31 from the end of the year before.

**Cash Flow Position**

Net Cash Provided by Operating Activities declined by 11.0% year-on-year to ¥102.6 billion despite a ¥24.2 billion year-on-year increase in profit before adjustment for taxes, etc. Reasons for the reduction include an increase in retirement benefit payments.

The Net Cash Used in Investing Activities was 40.0% below the previous year's level at ¥46.3 billion. In addition to an increase in profit on sales of investment securities, this reduction also reflects reduced expenditure on loans.

Net Cash Used in Financing Activities increased by 43.3% to ¥57.3 billion. The increase resulted from efforts to reduce interest-bearing debt.

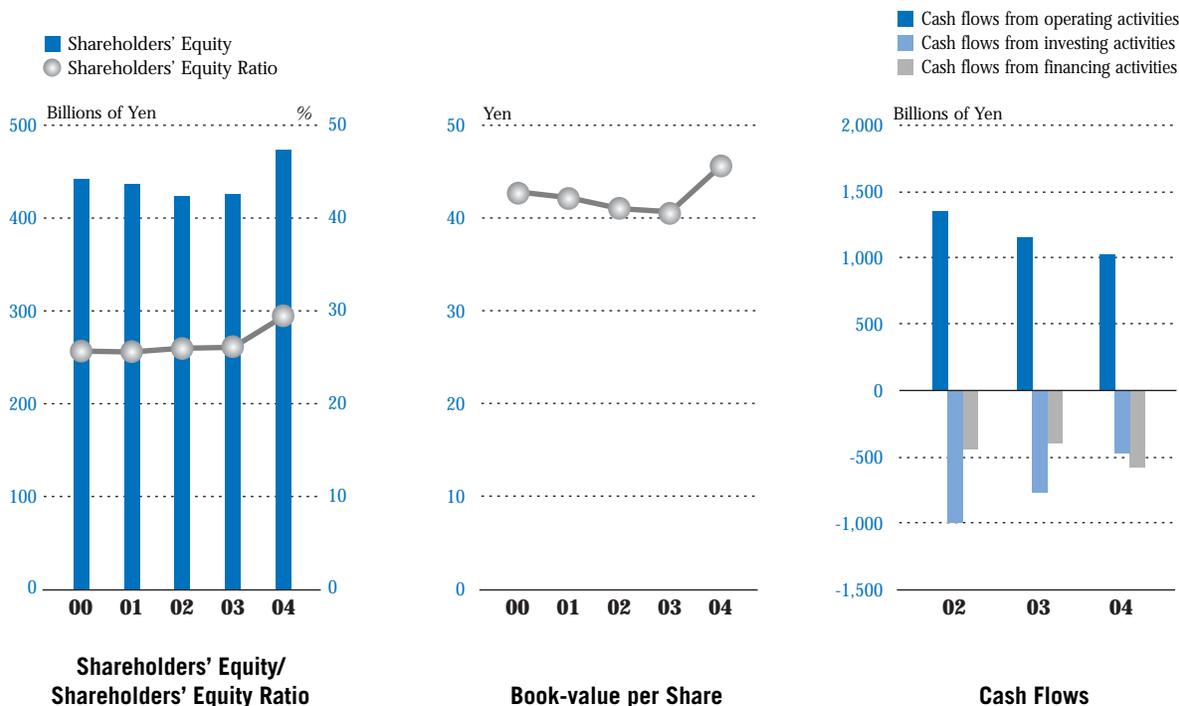
The balance of Cash and Cash Equivalents at the end of the year was ¥32.6 billion. This is ¥1.9 billion, or 6.0%, below from the end of the year before.

**Policies for the Future**

The Oji Paper Group is expected to face continuing challenges in its business environment, including sharply higher raw material costs in the pulp and paper sector. Group companies are united in their determination to optimize production

Financial Information

pg. 26



efficiency, maintain flexible production systems and minimize costs. The Oji Paper Group will give first priority to the maintenance and restoration of prices while expanding its marketing efforts, including the introduction of new products.

The Group will also increase its efforts to become one of the world's leading integrated pulp and paper manufacturers, and to move toward its future role as an "Asian corporate citizen domiciled in Japan."

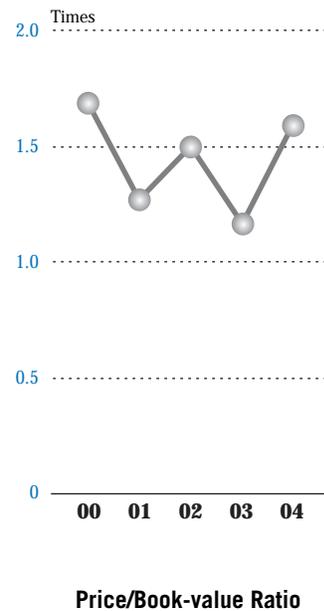
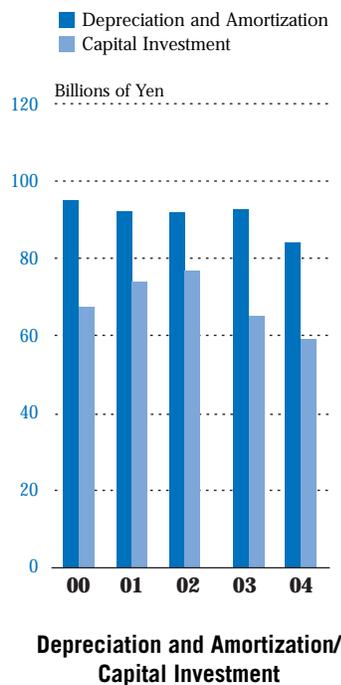
Overseas, the Oji Paper Group will work dynamically to realize its business development plan in China. Within Japan, the focus will be on the integration of the specialty paper business as part of efforts to improve production efficiency and centralize production operations.

The Oji Paper Group is determined to achieve further improvement in its corporate value by reaching its goal of annual ordinary profit of at least ¥100 billion as quickly as possible. This will require efforts to overcome various challenges, as well as sustained initiatives in Japan and overseas.

### 🔗 Non-consolidated Results of Operations

The Net Sales of Oji Paper Co., Ltd. declined by 11.5% year-on-year to ¥615.9 billion. The reduction reflects the separation of production operations in the household product category, and a volume decline in printing and writing paper sales. As a result, Operating Profit was 11.2% lower at ¥37.6 billion, while Ordinary Profit declined by 9.3% to ¥33.6 billion. However, Net Income increased by 36.8% to ¥17.8 billion, because of factors that included profit on sales of fixed assets and reduced unrealized losses on investment securities.

The final dividend has been increased by ¥2 to ¥6 per share to return more of the profit to shareholders. Together with the interim dividend of ¥4, this brings the total yearly dividend to shareholders to ¥10 per share and the payout ratio to 58.9%.



# Consolidated Balance Sheets

Billions of Yen

As of March 31,	2000	2001	2002	2003	2004
<b>Assets</b>					
Current Assets					
Cash and bank deposits	42.9	42.0	35.5	35.0	<b>32.9</b>
Accounts receivable–trade	312.6	324.1	289.0	271.1	<b>267.0</b>
Marketable securities	13.8	4.0	0.1	0.1	<b>0.1</b>
Inventories	145.4	164.1	145.0	142.1	<b>138.9</b>
Advances	0.2	1.4	0.6	1.0	<b>2.4</b>
Short-term loans	3.7	3.2	3.6	13.5	<b>12.7</b>
Accounts receivable–other	10.2	8.6	9.5	7.1	<b>6.2</b>
Deferred income taxes	19.1	18.9	25.6	25.5	<b>24.4</b>
Other	3.6	4.3	2.8	2.9	<b>3.0</b>
Allowance for doubtful accounts	-2.8	-1.7	-1.2	-1.0	<b>-1.4</b>
Total current assets	548.7	569.0	510.4	497.4	<b>486.3</b>
Fixed Assets					
Property, plant and equipment	928.9	906.7	895.0	926.1	<b>887.7</b>
Intangible assets	8.3	8.8	8.8	11.4	<b>11.3</b>
Investments and other assets	223.9	219.7	217.9	186.2	<b>220.8</b>
Total fixed assets	1,161.1	1,135.2	1,121.7	1,123.7	<b>1,119.8</b>
Foreign Currency Translation Adjustment	13.6	–	–	–	<b>–</b>
Total Assets	1,723.4	1,704.3	1,632.1	1,621.1	<b>1,606.0</b>
<b>Liabilities</b>					
Current Liabilities					
Accounts payable–trade	209.9	235.4	206.6	189.7	<b>176.7</b>
Short-term bank loans	432.3	353.0	356.6	368.8	<b>279.4</b>
Commercial paper	8.0	68.0	43.0	69.0	<b>76.0</b>
Current portion of debentures	69.2	–	20.0	40.0	<b>–</b>
Accounts payable–other	13.1	18.3	17.2	12.6	<b>12.8</b>
Accrued expenses	45.0	52.7	49.9	48.9	<b>46.9</b>
Income taxes payable, etc.	3.3	5.3	2.5	4.6	<b>4.2</b>
Deferred income taxes	0.2	0.2	0.1	0.1	<b>0.1</b>
Other	14.0	15.5	12.8	8.2	<b>8.8</b>
Total current liabilities	795.1	748.3	708.6	741.9	<b>604.9</b>
Non-current Liabilities					
Debentures	120.0	160.0	140.0	100.0	<b>140.0</b>
Long-term bank loans	249.4	229.7	212.4	221.6	<b>258.0</b>
Deferred income taxes	15.7	17.1	17.4	19.1	<b>35.1</b>
Deferred tax liabilities on unrealized gain on land	–	–	3.1	6.5	<b>7.9</b>
Accrued retirement benefits*	76.1	89.4	103.5	84.3	<b>70.4</b>
Reserve for special repairs	0.1	0.1	0.1	0.2	<b>0.2</b>
Long-term deposits	12.6	13.0	12.5	14.2	<b>10.5</b>
Long-term notes payable for property, plant and equipment	0.9	–	–	0.9	<b>0.6</b>
Other	0.8	0.5	0.5	0.6	<b>0.4</b>
Total non-current liabilities	475.7	509.8	489.6	447.5	<b>523.1</b>
Total Liabilities	1,270.7	1,258.1	1,198.2	1,189.4	<b>1,128.1</b>
Minority Interest in Consolidated Subsidiaries					
Minority Interest in Consolidated Subsidiaries	10.6	9.5	9.6	5.8	<b>5.6</b>
Shareholders' Equity					
Common stock	103.9	103.9	103.9	103.9	<b>103.9</b>
Additional paid-in capital	98.7	98.7	98.7	–	<b>–</b>
Capital surplus	–	–	–	110.2	<b>110.2</b>
Revaluation of land	1.7	1.7	6.0	4.4	<b>6.5</b>
Retained earnings	237.8	241.7	215.0	–	<b>–</b>
Earned surplus reserve	–	–	–	216.7	<b>237.2</b>
Unrealized gain on available-for-sale securities	–	–	6.8	4.8	<b>34.4</b>
Foreign currency translation adjustment	–	-9.4	-6.0	-6.1	<b>-7.8</b>
Treasury stock	0.0	0.0	-0.1	-8.0	<b>-11.9</b>
Total Shareholders' Equity	442.1	436.6	424.3	425.9	<b>472.4</b>
Total Liabilities, Minority Interests in Consolidated Subsidiaries and Shareholders' Equity	1,723.4	1,704.3	1,632.1	1,621.1	<b>1,606.0</b>

\*In and before FY1999 the figures were shown as "accrued pension and severance costs."

## Consolidated Statements of Income

Year ended March 31,	Billions of Yen				
	2000	2001	2002	2003	2004
Net Sales	1,205.5	1,252.9	1,203.8	1,213.2	<b>1,180.4</b>
Cost of sales	944.8	943.6	923.7	927.9	<b>882.9</b>
Gross profit	260.6	309.4	280.0	285.3	<b>297.5</b>
Selling, General and Administrative Expenses	231.9	236.8	243.7	228.8	<b>223.7</b>
Operating Profit	28.7	72.5	36.3	56.5	<b>73.9</b>
Non-operating Income					
Interest and dividend income	3.1	2.7	2.2	2.1	<b>1.8</b>
Equity in earnings of affiliates	1.1	4.1	–	3.1	<b>3.4</b>
Miscellaneous income	11.0	4.1	5.7	4.7	<b>3.3</b>
	15.2	11.0	7.9	10.0	<b>8.5</b>
Non-operating Expenses					
Interest expenses and discount charges	15.3	14.3	12.3	12.1	<b>10.8</b>
Equity in loss of affiliates	–	–	0.6	–	<b>–</b>
Miscellaneous losses	12.3	11.0	11.2	6.4	<b>3.8</b>
	27.6	25.3	24.1	18.6	<b>14.6</b>
Ordinary Profit	16.3	58.2	20.1	47.9	<b>67.8</b>
Extraordinary Gain					
Gain on sale of investments in securities	1.2	0.0	1.3	3.3	<b>7.7</b>
Gain on securities contribution to employee retirement benefit trust	–	25.3	–	–	<b>–</b>
Refund of subrogated portions of welfare pensions	–	–	–	16.7	<b>–</b>
Gain on sale of fixed assets	4.0	3.5	1.3	3.9	<b>0.6</b>
Gain on sale of business divisions	–	4.5	–	–	<b>–</b>
	5.2	33.3	2.7	23.9	<b>8.3</b>
Extraordinary Losses					
Loss on retirement of fixed assets due to reorganization of production operations	–	3.8	3.2	–	<b>–</b>
Loss on retirement of fixed assets	–	–	–	10.6	<b>5.1</b>
Loss on sale of investments in securities	–	16.1	–	–	<b>–</b>
Loss on write-down of investments in securities	3.1	2.5	30.3	29.4	<b>0.4</b>
Loss on liquidation of subsidiaries	–	–	–	0.6	<b>–</b>
Amortization of transition amount derived from accrued retirement benefits	–	45.8	16.7	–	<b>–</b>
Provision for retirement benefits	2.9	–	–	–	<b>–</b>
Loss on natural disaster	–	0.8	–	–	<b>0.5</b>
Special retirement benefits	2.5	0.6	–	5.7	<b>18.9</b>
Loss on termination and restructuring of project	–	–	–	–	<b>2.5</b>
Allowance for doubtful accounts	–	–	–	–	<b>0.7</b>
Loss on reduction of fixed asset's cost	0.1	0.0	0.3	2.3	<b>0.4</b>
	8.6	69.6	50.5	48.6	<b>28.7</b>
Income (loss) before Income Taxes and Minority Interests	12.8	21.9	-27.8	23.2	<b>47.4</b>
Corporation tax, resident tax and enterprise tax	4.6	6.7	4.4	6.2	<b>6.2</b>
Deferred taxes	3.3	2.7	-14.3	4.5	<b>9.5</b>
Minority interest in net profit of consolidated subsidiaries	-0.7	-0.4	-0.1	0.3	<b>0.4</b>
Net Income (loss)	5.6	12.8	-17.7	12.2	<b>31.3</b>

# Consolidated Statements of Cash Flows

Billions of Yen

Year ended March 31,	2001	2002	2003	2004
<b>Cash Flows from Operating Activities</b>				
Income (loss) before income taxes and minority interests	21.9	-27.8	23.2	<b>47.4</b>
Depreciation and amortization	91.7	92.0	92.8	<b>84.5</b>
Increase/decrease in accrued retirement benefits	17.0	14.1	-23.0	<b>-13.9</b>
Interest and dividends income	11.6	10.1	10.0	<b>8.9</b>
Gain (loss) on write-down or sale of marketable securities	18.2	29.0	26.1	<b>-7.3</b>
Gain (loss) on retirement or sale of fixed assets	5.1	6.3	6.7	<b>4.6</b>
Increase/decrease in accounts receivables and payables-trade	18.8	8.1	-6.5	<b>-6.0</b>
Increase/decrease in inventories	-16.7	20.1	5.9	<b>5.2</b>
Other	5.6	-0.1	-6.9	<b>-5.0</b>
Total	173.1	151.6	128.1	<b>118.3</b>
Interest and dividends received	3.1	2.9	3.5	<b>2.1</b>
Interest paid	-14.1	-12.4	-12.1	<b>-11.0</b>
Income taxes paid	-4.4	-7.2	-4.1	<b>-6.7</b>
Net Cash Provided by Operating Activities	157.8	134.9	115.3	<b>102.6</b>
<b>Cash Flows from Investing Activities</b>				
Changes in Balance of:				
Marketable securities*	0.1	0.0	0.1	<b>-</b>
Property, plant and equipment/intangible assets*	-67.4	-77.0	-61.2	<b>-55.5</b>
Investments in securities*	-6.4	-19.6	-10.7	<b>10.0</b>
Acquisition of stocks of consolidated subsidiaries due to change in the scope of consolidation	-3.4	-	5.2	<b>0.3</b>
Loans and collections	-0.3	-3.7	-10.6	<b>-0.9</b>
Other	0.3	0.1	-0.1	<b>-0.3</b>
Net Cash Used in Investing Activities	-77.1	-100.2	-77.2	<b>-46.3</b>
<b>Cash Flows from Financing Activities</b>				
Net increase/decrease in short-term bank loans	-81.3	5.2	-29.4	<b>-71.5</b>
Net increase/decrease of commercial paper	60.0	-25.0	26.0	<b>7.0</b>
Borrowing of long-term bank loans	13.4	18.3	50.2	<b>70.5</b>
Repayments of long-term bank loans	-35.1	-34.5	-50.6	<b>-51.0</b>
Proceeds from issue of debentures	40.0	-	-	<b>40.0</b>
Redemption of debentures	-69.2	-	-20.0	<b>-40.0</b>
Cash dividends paid by the Company	-8.3	-8.3	-8.4	<b>-8.3</b>
Acquisition of treasury stock	-	-	-7.6	<b>-4.0</b>
Other	-0.1	0.0	-0.1	<b>-0.0</b>
Net Cash Used in Financing Activities	-80.6	-44.3	-40.0	<b>-57.3</b>
Effect of Foreign Currency Translation on Cash and Cash Equivalents	0.5	0.6	-0.3	<b>-0.3</b>
Net Increase/Decrease in Cash and Cash Equivalents	0.6	-8.9	-2.2	<b>-1.3</b>
Cash and Cash Equivalents at Beginning of Year	44.4	45.0	35.1	<b>34.7</b>
Increase in Cash and Cash Equivalents Due to Merging or including Consolidated Subsidiaries	0.1	0.0	1.9	<b>0.0</b>
Decrease in Cash and Cash Equivalents Due to Excluding Consolidated Subsidiaries	-0.1	-1.0	-0.1	<b>-0.8</b>
Cash and Cash Equivalents at End of Year	45.0	35.1	34.7	<b>32.6</b>

\*Figures for previous years have been recalculated to reflect the current statement.

## Non-consolidated Balance Sheets

As of March 31,	Billions of Yen				
	2000	2001	2002	2003	2004
<b>Assets</b>					
Current Assets	340.8	351.5	293.5	345.7	<b>425.9</b>
Fixed Assets	961.0	936.8	915.3	843.1	<b>844.4</b>
Property, plant and equipment	673.6	650.1	614.4	539.1	<b>502.8</b>
Intangible assets	5.4	5.4	5.2	2.8	<b>2.7</b>
Investments and other assets	282.0	281.2	295.7	301.2	<b>338.9</b>
<b>Total Assets</b>	<b>1,301.8</b>	<b>1,288.2</b>	<b>1,208.8</b>	<b>1,188.8</b>	<b>1,270.3</b>
<b>Liabilities</b>					
Current Liabilities	531.1	477.2	433.6	463.4	<b>417.2</b>
Non-current Liabilities	343.9	385.5	368.7	315.8	<b>410.5</b>
<b>Total Liabilities</b>	<b>875.0</b>	<b>862.8</b>	<b>802.3</b>	<b>779.2</b>	<b>827.7</b>
<b>Shareholders' Equity</b>					
Total Shareholders' Equity	426.8	425.4	406.5	409.6	<b>442.6</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,301.8</b>	<b>1,288.2</b>	<b>1,208.8</b>	<b>1,188.8</b>	<b>1,270.3</b>

## Non-consolidated Statements of Income

Year ended March 31,	Billions of Yen				
	2000	2001	2002	2003	2004
Net Sales	804.3	816.7	744.0	695.8	<b>615.9</b>
Cost of sales	647.2	616.4	568.0	521.6	<b>451.2</b>
Gross profit	157.1	200.3	176.0	174.2	<b>164.7</b>
Selling, General and Administrative Expenses	138.7	146.4	151.1	131.8	<b>127.0</b>
Operating Profit	18.4	53.9	24.9	42.4	<b>37.6</b>
Non-operating Income	14.3	10.6	9.3	9.0	<b>7.3</b>
Non-operating Expenses	16.9	17.0	17.7	14.4	<b>11.3</b>
Ordinary Profit	15.8	47.4	16.5	37.1	<b>33.6</b>
Extraordinary Gain	1.3	27.2	5.8	25.2	<b>23.4</b>
Extraordinary Losses	9.7	63.3	51.3	39.5	<b>25.9</b>
Income (loss) before Income Taxes	7.4	11.3	-29.0	22.8	<b>31.2</b>
Corporation Tax, Resident Tax and Enterprise Tax	0.1	0.1	0.3	0.2	<b>0.2</b>
Deferred Taxes	3.0	4.2	-12.9	9.6	<b>13.2</b>
<b>Net Income (loss)</b>	<b>4.3</b>	<b>7.1</b>	<b>-16.5</b>	<b>13.0</b>	<b>17.8</b>

# Investor Information

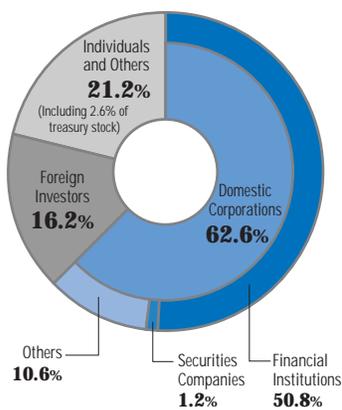
## Shares of Common Stock

Authorized	2,400,000,000 shares
Issued	1,064,381,817 shares
Number of Shareholders	98,290 (Decrease of 2,710 shareholders from the previous year-end)

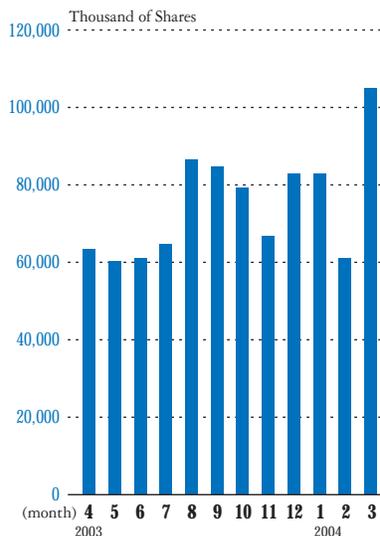
## Major Shareholders (Top 10)

	Shares Held (Thousands)	Voting Rights (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	94,665	9.3
Japan Trustee Services Bank, Ltd. (Trust account)	70,928	7.0
Sumitomo Mitsui Banking Corporation	31,668	3.1
Mizuho Corporate Bank, Ltd.	31,636	3.1
Shinsei Bank, Limited	30,371	3.0
The Norinchukin Bank	29,654	2.9
Nippon Life Insurance Company	29,345	2.9
Oji Paper Employee Stock-holding Association	17,941	1.8
Japan Pulp and Paper Company Limited	17,216	1.7
Chuo Mitsui Trust Bank Limited	16,478	1.6

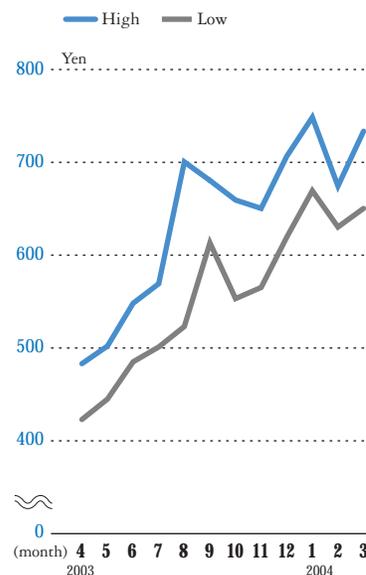
Notes: Oji Paper holds treasury stock of 27,693 thousand shares, which is excluded from the list.  
Numbers less than one thousand are rounded down.



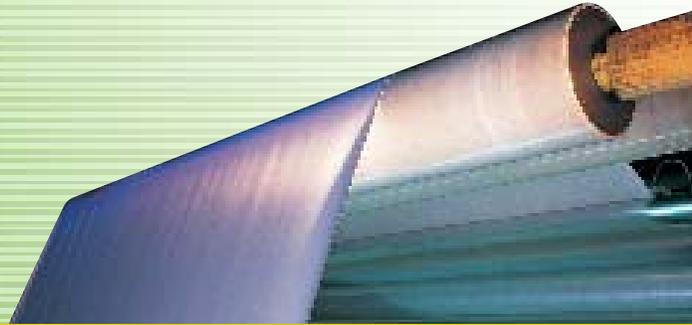
Distribution of Shareholders



Volume of Shares Traded (Tokyo Stock Exchange)



Common Stock Price Range (Tokyo Stock Exchange)



NOT ONLY **R E S P O N S I B L E** >>



## Corporate Overview

### Contents

Business Outline . . . . .	36
New Products . . . . .	44
Research & Development . . . . .	46
Environmental Protection Activities . . . . .	48
Forest Recycling . . . . .	50
Paper Recycling . . . . .	51
Culture and Sports Activities . . . . .	52
Communicating with Society . . . . .	53
Overseas Procurement of Raw Materials . . . . .	54
Overseas Production . . . . .	55
Major Mills . . . . .	56
Corporate Data . . . . .	57



# ..., but also **Responsive.**

## Fulfilling Our Responsibilities to the Earth and to Society

The founder of Oji Paper, Ei-ichi Shibusawa, emphasized the need to combine good business practice with good ethics. This doctrine has remained a fundamental guiding principle for the business behavior of the Oji Paper Group. We are constantly aware that harmony with and contribution to the global environment and society is as vital to our continuing corporate activities as business expansion.

In recent years, globalization and the maturing of society have focused increasing attention on Corporate Social Responsibility. Since its establishment in 1873, the Oji Paper Group has based its corporate culture on the reconciliation of profit with ethics. This founding principle is embodied in the Oji Paper Group Corporate Behavior Charter, which was adopted on January 1, 2004. The senior management and all employees of the Oji Paper Group have declared their commitment to compliance with the provisions of the Charter.

## The Oji Paper Group Corporate Behavior Charter

- ☺ **We, the management and employees of the Oji Paper Group, hereby adopt the Oji Paper Group Corporate Behavior Charter, as detailed below, as guiding principles for corporate activities based on awareness of our responsibilities as a corporate citizen, and on high ethical principles appropriate for an organization that enjoys the trust of society.**
- ☺ **We, the management and employees of the Oji Paper Group, will strive at all times to implement this Charter, and to contribute to the genuine enrichment of society.**

### 1. Compliance with the Law

We will comply with the letter and spirit of the law in Japan and other countries, respect corporate ethics and all social standards, including common sense, and ensure that our business activities are fair and honorable.

### 2. Harmony with the Environment

We will promote forest recycling and paper recycling and maintain and develop business activities that are in harmony with the environment from a global perspective.

### 3. Supply of Safe, Useful Products and Services

We will contribute to society and culture by developing and supplying products that will allow us to gain the satisfaction and trust of customers, with proper consideration for usefulness and safety.

### 4. Communication with Society

We will establish relationships of trust with all stakeholders, including customers, shareholders and local residents, through an active commitment to good communication with society.

### 5. Participation in Social Contribution Activities

We will contribute to the development and improvement of society through active participation in social contribution activities.

### 6. Coexistence with the International Community

We will respect the culture and customs of other countries and contribute to local communities.

### 7. Contribution through Manufacturing

We will express our pride in our role as a manufacturer by contributing to local communities through production activities guided by a commitment to safety and protecting the environment, and by contributing to the advancement of industry through technology development and innovation.

### 8. Achievement of Employee Satisfaction

We will take all possible steps to ensure employee health and safety, and we will strive to give employees opportunities to achieve happiness and prosperity and realize their potential as individuals.



## Business Outline **Newsprint**

Newsprint accounts for almost 20% of paper demand in Japan, and Oji Paper produces approximately 30% of Japan's newsprint. In recent years, there have been many changes in the newspaper publishing industry, including the introduction of high-speed rotary presses and increased use of multicolor printing. To meet the increasingly sophisticated requirements of the newspaper publishing industry, Oji Paper supplies thin, strong paper with the capacity to produce beautiful, vivid printed colors.



Oji Paper Group's  
Market Share in Japan

### 🕒 **Products** **Lighter, stronger newsprint—High-quality products for superior color**

Today newsprint is usually supplied as an order-made product to meet the specific requirements of the printing equipment used by newspaper publishers. Users have extremely demanding requirements. For example, paper must be thin, but not transparent, and strong enough to withstand printing on high-speed rotary presses. Oji Paper has the advanced technology needed to meet these requirements.

Since newsprint consumes a large amount of paper resources, the inclusion of wastepaper in its manufacture is important. Oji Paper installed a DIP (De-Inked Pulp) machine at the Tomakomai Mill, which is its main newsprint manufacturing plant, in order to use high percentages of recycled paper.

In February 2002, operation of new facilities commenced, increasing the percentage of recycled paper in newsprint.



### **Strategies** **Maintaining and expanding market share through strength in products, manufacturing and marketing**

Despite a difficult market environment caused by continuing economic stagnation, Oji Paper has worked to maintain and expand its share of the newsprint market by combining high quality products with reliable supply systems, by developing new products to meet user needs, and by offering extensive after-sales services. Oji Paper will continue to focus its total potential on the development of its business operations while increasing its efforts to minimize costs.



Berth at Tomakomai Port

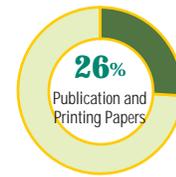
### **Facilities** **Tomakomai Mill—World's biggest newsprint manufacturing plant**

Oji Paper's main newsprint manufacturing plant is the Tomakomai Mill. This centralized, high-capacity production base is equipped with the latest high-capacity facilities, including N-6 machines, to support integrated production from pulp to paper. Advanced logistics systems ensure prompt, reliable supply of newsprint from Hokkaido in the north to Okinawa in the south.



Tomakomai Mill's N-6 machine

Oji Paper supplies publishing papers for books and magazines and printing papers for catalogs and manuals. Product characteristics are determined by the type of printed material and printing press used. Oji Paper uses its advanced technology to develop a wide range of products to meet the changing needs of its customers.



Oji Paper Group's Market Share in Japan

**Products** **Extensive range of environment-friendly products**

Oji Paper produces both coated and uncoated publishing and printing papers. Coated papers provide enhanced printing effects, especially for photographs, while uncoated papers are excellent for writing purposes. Oji Paper's extensive range includes products to meet a wide variety of needs. Oji Paper also develops and sells environment-friendly products, including the "Green Series" products, which contain high percentages of wastepaper, and the "Forest Plantation Series" of products using woodchips from Oji Paper's overseas plantation forests.



**Strategies** **Stimulating demand with new products**

The growing use of IT products, such as personal computers and mobile telephones, has brought an increase in the printing of related materials, such as manuals and catalogs. This is reflected in expanding demand for printing papers. Oji Paper does not rely solely on demand expansion, however, and it also works to improve profitability and expand sales by aggressively introducing new products. It has gained an excellent reputation by using advanced technology to create products that meet new needs, including high-grade papers with dramatically improved ink drying characteristics, "Kasadaka" paper, which combines thickness with lightness, and lightweight papers designed to reduce the wrinkling that occurs during offset printing.

**Facilities** **Kasugai Mill—The "paper department store" produces a variety of printing papers**

Known as Oji Paper's "paper department store," the Kasugai Mill is a generalized production facility used to manufacture a wide variety of printing papers. Its production systems are designed for flexibility and can easily be configured to meet demand for different product types. The Kasugai Mill has kraft pulping facilities and large-capacity wastepaper pulping facilities, and its fully automated production lines support integrated production from the pulping stage.



Kasugai Mill

**Tomioka Mill—Japan's largest seaside coated paper mill produces high-grade printing papers**

Located next to the sea at Anan City in Tokushima Prefecture, this highly functional mill uses a dedicated pier to ship products. A new chip yard situated near the plant has increased the efficiency of chip transport and led to reductions in raw materials procurement costs. The Tomioka Mill produces mainly high-grade printing papers and is one of Japan's largest coated-paper mills.



Tomioka Mill's coater

Paper is a material with limitless potential and can be processed for a wide range of uses. Cooperative research and development activities within the Oji Paper Group have created many advanced paper and film products, including ultra-thin papers, special paper materials used as parts in electronic products, and electrical film manufactured from plastic.

🕒 **Products** **Ultra-lightweight papers, special papers and films for use in electronic circuits**

Oji Paper manufactures “Corona” ultra-lightweight printing papers, as well as a wide range of highly individualized fancy papers. Its line-up of processed papers includes paper and film separators labels and anti-rust papers. Other advanced products made by the Oji Paper Group include the world’s thinnest electrical OPP film.



🕒 **Topics** **Oji Specialty Paper Co., Ltd. established**

To improve the efficiency and competitiveness of its specialty paper business, the Oji Paper Group’s specialty paper operations, including the Ebetsu Mill, Iwabuchi Mill, Nakatsu Mill and Shiga Mill, will be integrated and formed into a separate company, which will merge with Fuji Paper Co., Ltd., another Oji Paper Group company. The new company will commence operations on October 1, 2004 as Oji Specialty Paper Co., Ltd.

**Strategies** **Restructuring of existing operations and early start-up of new businesses**

Oji Specialty Paper Co., Ltd. will initially operate with four Oji Paper plants and a site operated by Fuji Paper Co., Ltd. The new company will work actively to improve its earning performance by taking full advantage of the unique features of each of the plants. At the Shiga Mill, for example, production capacity for electrical OPP used in automotive capacitors will be expanded. At the Nakatsu Mill, coated paper manufacturing facilities will be expanded to allow integrated production of separator paper. Oji Specialty Paper Co., Ltd. aims to expand its business by strengthening its production operations and developing improved technology, and by focusing on new areas of activity.

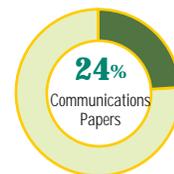
**Facilities** **Shiga Mill—A specialized film manufacturing plant capable of meeting advanced needs**

The main activity at the Shiga Mill is the production of OPP film. The plant is also a base for research and development relating to new technologies and products to meet new needs, including electrical film and processing film for use in the IT sector.



Shiga Mill

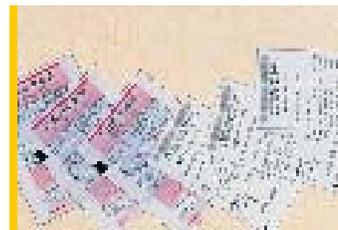
The growing use of information technology has brought a dramatic increase in demand for communications papers and office papers for use in electronic equipment. The Oji Paper Group is the leading manufacturer of thermal papers. It supplies an extensive range of products to support today's highly convenient electrical equipment, including inkjet printer papers, magnetic recording papers and dye-sublimation papers.



Oji Paper Group's Market Share in Japan

**Products** **Communications papers—The Oji Paper Group manufactures thermal papers for use in high-tech train tickets**

The Oji Paper Group manufactures an extensive range of high-quality thermal papers with enhanced storability, anti-fading and durability characteristics for use in receipts, ATM slips and other types of records. It controls the biggest share of the world market for these products. Oji Paper also has an excellent reputation as a manufacturer of products requiring high quality standards, including inkjet printer papers, magnetic recording papers and essential office products, such as copier paper and carbonless papers. The Oji Paper Group is a major manufacturer of communications and office papers for use in all facets of IT-based society.



**Topics** **Restructuring of communication paper business to meet the needs of the rapidly changing market**

The Oji Paper Group has started to restructure its communication paper business to meet the needs of the rapidly changing market for electronic products. In October 2004, the communication paper operations of Specialty Papers Company will become the Communication Paper Division. Other office paper operations currently handled by the Paper Business Division, such as PPC papers, carbonless papers, and form papers, will also be transferred to the new division to create an integrated communication paper business.

**Strategies** **International strategy based on quadrilateral structure—Sustained progress in thermal papers and other areas**

The Oji Paper Group has the largest share of the world market for thermal papers. In addition to its operations in Japan, it has established a local subsidiary in North America, Europe and China, creating a quadrilateral structure. The Oji Paper Group is determined to strengthen its dominant position as the world's leading producer through continuing cooperation among these four business operations. Another key component of the Oji Paper Group's international strategy is the development of its carbonless paper business in Thailand. This operation continues to achieve steady growth in its performance.

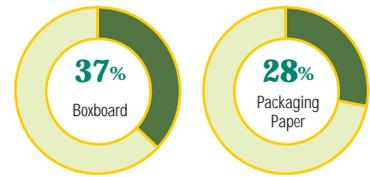
**Facilities** **Kanzaki Mill—A specialized processed paper production facility with sophisticated paper coating technology**

The Kanzaki Mill uses specialized equipment to produce a wide range of communications papers and specialty papers, including thermal papers, inkjet papers and carbonless papers. It has been approved under the Pharmaceutical Affairs Law as a manufacturing facility for medical equipment. The Kanzaki Mill has also successfully developed and commenced production of transparent thermal film for use in diagnostic imaging, including X-ray photography.



Kanzaki Mill's coater

There is renewed awareness of the advantages of paper as material for product containers and wrapping, including packages and bags, in terms of recycling and environmental protection. Because paperboard and kraft paper contain high percentages of recycled paper, they are environment-friendly products that help to reduce waste. With a market share of almost 30%, the Oji Paper Group is Japan's biggest manufacturer of boxboard and packaging papers for use in paperbox products.



Oji Paper Group's Market Share in Japan

**Boxboard Productivity dramatically higher following installation of advanced machines**

The improvement of price competitiveness is an important priority, and the Oji Paper Group is actively working to lift its production efficiency. In 2001, the world's fastest machine commenced production at the Fuji Mill. With a monthly output of 650 tons, this machine produces 800 meters of boxboard per minute. The introduction of this system has allowed obsolete machines to be scrapped, bringing a major improvement in productivity at the Fuji Mill.



**Packaging The Oji Paper Group supplies a wide range of products for many uses**

The most familiar type of packaging papers are kraft papers used in products ranging from cement sacks to shopping bags and envelopes. Depending on the purpose for which the packaging is used, the requirements may include strength, support for attractive printing and texture. The Oji Paper Group supplies an extensive variety of products, from high-grade to general-purpose papers.



**Strategies Total group energies focused to secure status as top manufacturer**

To maximize synergies, boxboard and packaging papers have been integrated under the same divisional structure. Measures to strengthen collaboration among group companies and communication with customers will be paralleled by the continuing enhancement of product ranges. The Oji Paper Group is determined to establish a firm position for itself as the leading manufacturer of both boxboard and packaging papers.



Kure Mill's No. 1 machine

**Facilities Edogawa Mill—Boxboard made from wastepaper in metropolitan areas**

The Edogawa Mill produces high-quality boxboard from paper recovered in cities by the Tokyo branch of Oji-Saito Recycling Resources. Some of its output is made into boxes at Oji Packaging's Tokyo branch, which is next door—integrating organization from used-paper recovery to manufacturing of products.



Recycled pulp-manufacturing facility at Edogawa Mill

Corrugated containers account for one-quarter of the packaging materials used in Japan. With a 30% market share, Oji Paper is Japan's leading manufacturer of containerboard, which is the material from which these products are made. The containerboard operations of Oji Paper and three Oji Paper Group companies were merged to form Oji Paperboard. The rapid development of this business segment reflects the effectiveness of Oji Paperboard's nationwide network.



Oji Paper Group's Market Share in Japan

**Products** **Functionality and beauty combined**

Containerboard consists of liners, which form the surfaces, and the corrugated medium, which is sandwiched between the liners. Containers made from containerboard are packaging materials, but they are also an advertising medium for products that they contain. To meet these needs, the Oji Paper Group supplies a comprehensive range of containerboard products, including high-strength containerboard and products with attractive surfaces and superior printing characteristics.



**Strategies** **Optimizing operating rates**

The restructuring of the Oji Paper Group's containerboard operations has accelerated over the past few years. In 2001, Oji Paperboard was established as a joint sales company for the Oji Paper Group. In 2002, Takasaki-Sanko, Chuo Paperboard and Hokuyo Paper were merged with Oji Paperboard to create an integrated production and sales organization. Also in 2002, three containerboard production facilities were shut down or suspended. These measures reduced production capacity by about 10% and brought a substantial improvement in the operating rate. Operation of another two facilities was suspended and one was restarted in 2004 as part of continuing efforts to build an efficient production structure.

**Facilities** **Kushiro Mill—Japan's biggest production facility for containerboard liners**

The Kushiro Mill was opened in 1959 as Japan's first specialized production plant for kraft liners. Its L-1 machine, which has the highest production capacity in Japan, and its commitment to high quality have helped the Oji Paper Group to establish an unassailable position as the top manufacturer of containerboard liners.



Kushiro Mill's L-1 machine

**Oita Mill—Advanced boiler helping to prevent global warming**

The Oita Mill produces a wide range of containerboard products for use in industries ranging from electrical appliances and beverages to fruit and vegetables. In 2004, an advanced refuse paper and plastic fuel (RPF) boiler was installed. This new facility is helping to prevent global warming by reducing the amount of carbon dioxide emitted.



Oita Mill's RPF boiler

Corrugated containers facilitate transportation by protecting products and keeping items together. The Oji Paper Group responds flexibly and promptly to user needs through the capabilities of its nationwide network of business sites, including affiliated companies, encompassing all stages from the development of raw materials to the design and processing of containers.



Oji Paper Group's Market Share in Japan

**Products** Using advanced technology to manufacture complex shapes and forms

In addition to familiar products, such as corrugated containers and container-board sheets, the Oji Paper Group also manufactures enhanced products with a wide range of functions, including water-resistance. In recent years there has been a growing need for corrugated containers designed for attractiveness as external packaging. The Oji Paper Group is using its advanced technology to create products with enhanced printing characteristics.



DPC—Vapor-proof, recyclable corrugated container

**Topics** Corrugated container production in the Kanto region

In 2004, the Oji Paper Group optimized its corrugated container supply structure in the Kanto region by making changes to its production operations in the region. This restructuring has resulted in the integration of Takasaki-Sanko, a containerboard gluing company, with Oji Container. The Saitama Mill was closed, and most of the contract production operations at that facility were transferred to Takasaki-Sanko's main plant, which became the Takasaki Mill of Oji Container. The plant's gluing and box-making capacity were expanded.



"Saruchu"—Insect-proof, corrugated container

**Strategies** Establishment of Oji Container Co., Ltd. enhances group efficiency

Because corrugated containers are used in transportation, the Oji Paper Group needs to maintain an extensive supply network in demand areas. Yet efficiency depends on the integration of operations. Many Oji Paper Group subsidiaries were previously involved in the corrugated container business, but these have all been integrated into Oji Container. This unification of group operations has allowed the Oji Paper Group to rationalize its activities while maintaining the ability to respond flexibly to orders. The Oji Paper Group is also expanding overseas in this business segment.



OJITEX, in Vietnam

**Facilities** Integration leads to enhanced competitiveness

In 2001, the corrugated container operations of seven Oji Paper Group companies were merged with the corrugated container operations of Oji Packaging Co., Ltd. to form Oji Container. Subsequent measures to strengthen competitiveness have included the closure of six group plants, including Oji Container's Saitama Mill, and the integration of other plants in the surrounding areas.



Oji Container's Nagano Mill

Nepia was the first facial tissue brand manufactured in Japan, while Hoxy is Japan's leading brand of toilet rolls made from recycled paper. These two brands were merged to form Oji Nepia. The Oji Paper Group continues to take full advantage of the strengths of the two original brands. Flexibly combining the capacity of four domestic mills, it is a reliable supplier of safe, high-quality household paper products.



Oji Paper Group's Market Share in Japan

**Products** **Wide range of household products sold under the Nepia and Hoxy brands**

High-added-value tissue products supplied under the Nepia brand include compact and luxury items, as well as wet tissues. The range also includes toilet rolls, kitchen towels and paper diapers for infants and adults. The Hoxy range consists of mainly toilet rolls manufactured entirely from recycled paper.



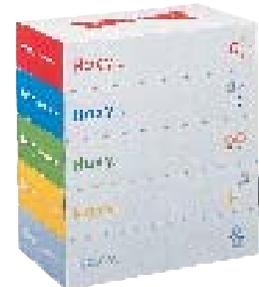
Nepia—Funwari Slim

**Nepia** **A name associated with innovation**

Nepia was the first tissue paper brand to be made in Japan using Japanese technology. This pioneering spirit has continued to drive the Oji Paper Group's efforts to develop the Japanese tissue market and introduce new products based on innovative concepts.

**Hoxy** **Popular, environment-friendly toilet rolls**

Toilet paper made from wastepaper first appeared in the early decades of the 20th century and has long been a familiar consumer product in Japan. In more recent times, Hoxy became widely known as one of the first environment-friendly toilet roll brands made from recycled paper.



Hoxy—Filmless box

**Strategies** **Differentiation through product enhancement**

By emphasizing quality instead of price competitiveness, the Oji Paper Group has succeeded in building a more profitable structure. The Oji Paper Group is also actively expanding into other countries. In 2002 it acquired a Procter & Gamble (P&G) plant in Suzhou, as a base for full-scale household products operations in China.



Oji Paper Nepia (Suzhou)

**Facilities** **Nagoya Mill—A highly efficient household products plant integrated with publishing and printing paper operations**

Oji Nepia's Nagoya Mill is located on the same site as Oji Paper's Kasugai Mill, which produces publishing and printing papers. The efficiency of this manufacturing complex has been maximized through joint procurement and use of pulp and energy resources.



The disposal diaper-manufacturing machine at Nagoya Mill

## New Products

The future growth strategies of the Oji Paper Group focus on the development of new technologies, products and services. This commitment to innovation is vital to the Group's efforts to create new demand and achieve competitiveness that is not dependent solely on price. Improvements in the speed and quality of development activities have started to bear fruit in recent years, allowing the Oji Paper Group to bring an unprecedented array of innovative new products to market.

### ☉ “SA Kinfuji Plus,” “OK Kinfuji Plus” and “OK Top Coat Plus”—High-quality printing papers with dramatically reduced ink-drying times

In the past, it was normal practice to allow high-quality printed materials, such as photographic books and brochures, to dry for a couple of days after printing. In recent years, printing companies have come under increasing pressure to produce small print runs and reduce delivery times. The Oji Paper Group is helping to meet these requirements through its papermaking technology. By applying special processes to the coating layer of paper, it has created products that halve drying time without compromising print quality. These products have gone on sale as “SA Kinfuji Plus,” “OK Kinfuji Plus” and “OK Top Coat Plus.”



“OK Kinfuji Plus”

### ☉ “Non-Wrinkle” Series—Thin printing paper with anti-wrinkling characteristics

The excellent cost performance of offset rotary printing technology has made it a popular choice for high-volume, high-speed printing applications. However, printers and paper manufacturers have been searching for many years for ways to eliminate wrinkling, which is frequent problem with this printing method. Wrinkling has been regarded as inevitable, especially when printing on thin paper. However, the Oji Paper Group has now solved the problem by developing new technology encompassing both raw materials and production methods. “OK Non-Wrinkle” went on sale in 2002, and three types of thin, lightweight “Non-Wrinkle” products were launched in 2003.



“Non-Wrinkle” Series

### ☉ “OK Kasadaka” Series—Expansion driven by advanced technology

There is a new and growing need for lightweight printing papers that provide a sense of volume and thickness without increased weight. In the past few years, the Oji Paper Group has responded to this demand by expanding its product line-up to include various types of high-bulk, lightweight papers in various quality grades. Previously the production of high-grade printing papers with these characteristics was regarded as impossible, but in 2003 the Oji Paper Group made this possible through the development of enhanced coating materials. The new product, “OK Casablanca” has been enthusiastically welcomed by the market.



“OK Kasadaka” Series

### ☉ “OK Trinity”—Superb balance of whiteness, glossiness and opacity

There is a constant demand for printing papers that provide an enhanced finish. The need for improved print reproduction characteristics and a sense of quality also reflects a trend toward increased visual content in publications, especially fashion magazines. Developed to meet this need, “OK Trinity” embodies the advanced technology development capabilities of the Oji Paper Group. Whiteness, glossiness and opacity are all vital to optimal print quality, but there is always a trade-off among these qualities. “OK Trinity” provides a superb balance of these three characteristics.



“OK Trinity”

🕒 **Polypropylene film for use in hybrid vehicles' condensers, etc.—Rapid demand growth**

The specialty paper segment has wide-ranging potential that goes beyond the traditional image of paper products. One product that is already on a sustained growth track is thin polypropylene film. The Oji Paper Group manufactures this packaging material on a total package basis and is also expanding its sales of the product for industrial uses. In 2004, polypropylene was selected for use in condensers in hybrid vehicles, sales of which are expanding rapidly. The Oji Paper Group is now increasing capacity at the Shiga Mill, where this product is manufactured.



Condenser films

🕒 **“POD” Series—Optimized for electronic print-on-demand printing**

There has been a dramatic rise in the popularity of digital print-on-demand printing of photographs. A unique problem associated with this method was the tendency for moisture in the paper to expand suddenly when the toners are fused, causing the surface to become uneven. The “POD” series of print-on-demand papers curb this phenomenon. Sales have been buoyant since the launch of the products in 2001. In 2003, a lightweight product was added to the “POD” series. This product overcomes the tendency of thinner papers to adhere to the toner fusing drum.



Print-on-demand printing paper

🕒 **Thermal dye sublimation papers—Continuing evolution in step with improvements in equipment performance**

The growing popularity of digital cameras has been reflected in continuing growth in the demand for paper for use in dye sublimation printers. The Oji Paper Group has integrated capabilities that include the development and production of films and papers, as well as gluing, coating, cutting and packaging processes. These capabilities have allowed the Group to develop and enhance its range of dye sublimation papers to take full advantage of advances in printer performance. Its high-quality paper is especially popular among users with demanding quality requirements, such as print shops.



Thermal dye sublimation papers

🕒 **Expanding range of high-quality color inkjet printer papers**

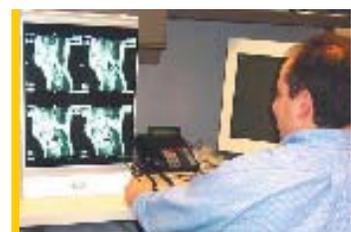
The past few years have seen dramatic improvements in the printing quality and speed of color inkjet printers. There has been a corresponding rise in the expectations of users toward the paper used in these printers. The Oji Paper Group produces a full range of products, from plain paper to high-grade paper, glossy photo paper and photographic printing paper, in sizes ranging from small types for household use up to large commercial sheets. As a leading paper manufacturer, the Oji Paper Group continues to enhance and develop its paper manufacturing and surface treatment technology to meet the increasingly sophisticated requirements of users.



Printing papers for digital photographs

🕒 **Transparent thermal films for medical diagnosis printers**

Advances in electronic technology continue to transform medical practice. One such advance is Sony Corporation's 14 x 17 inch Medical Diagnosis Image Printer, which produces x-ray images of the chest. The Oji Paper Group has applied its extensive knowledge of thermal printing and coating technologies to the development of transparent thermal films for use in this printer. This new technology eliminates the management and disposal problems associated with conventional silver salt film systems based on the use of chemical fluids. Other advantages that are likely to encourage the rapid take-up of this technology include lower cost and the compact size of the equipment used.



Transparent Thermal Films

## Research & Development

The Oji Paper Group has made an important contribution to society through the many successes that have emerged from its active research and development programs. By exploring the hidden potential of forests and trees, as the sources of the raw materials from which paper is made, the Oji Paper Group has helped to expand business activities by creating new industrial materials and technologies. New technologies and products are vital to the continuing growth of the Oji Paper Group, and the research and development organization has been strengthened to accelerate the development of new technology and maximize the results of development initiatives.

### 📍 Research and Development structure

The two key components of the Oji Paper Group's research and development organization are the R & D Laboratories Headquarters, which conducts advanced research and development activities, and the Forestry Research Institute. The R & D Laboratories Headquarters is divided into functional units. There are four laboratories, together with the Material Analysis Center, which analyzes the activities of the entire Oji Paper Group. Overall coordination of research and development operations, including the Forestry Research Institute, is provided by the R & D Division. Each laboratory conducts detailed research in its particular area of specialization. From time to time, experts from the various laboratories also combine their efforts under the leadership of the R & D Division on joint projects. This dynamic approach ensures that new products and services are brought to market as rapidly as possible.

The R & D Laboratories Headquarters also cooperates with the technical departments of production plants to find solutions to common problems affecting production operations.

### 📍 The functions of the four laboratories within the R & D Laboratories Headquarters

1. The Pulp and Paper Research Laboratory develops pulping and papermaking technologies, including used paper recycling methods. It is also responsible for the development of new types of printing papers based on original coating technologies.
2. The Imaging Media Development Laboratory focuses on the development of the recording media needed to support new advances in information technology. It develops a variety of recording media optimized for various recording methods and equipment.
3. The Specialty Paper Development Laboratory develops methods to add new functions to conventional papers. Areas covered by its wide-ranging research activities include advanced functional papers and environment-friendly materials.
4. The Advanced Technology Research Laboratory is currently conducting leading-edge research in eight specialized fields, including organic synthesis and molecular design, polymer materials, display materials and systems, and nanocomposite gel chemistry.

### 📍 Activities of the Forestry Research Institute

The work of the Forestry Research Institute focuses on trees and forests, the resources from which paper is made. Research goals include the development and effective utilization of forest resources, and the improvement of tree species. The Forestry Research Institute has also established a research center in Australia to support the global expansion of the Oji Paper Group's forestry activities.





## 🎧 Topics **Saving energy through use of white-rot fungi in pulping process**

The Advanced Technology Research Laboratory is studying ways to conserve energy and resources by treating woodchips with white-rot fungi obtained from mushrooms. The main barrier to the implementation of this method was the fact that white-rot fungi also break down cellulose, with the result that the paper is weakened. However, the Advanced Technology Research Laboratory has now solved this problem through the use of new technology to control the genes of the fungi, and tests are now being carried out to verify this approach.

### **Functional substances and valuable extracts obtained from eucalyptus**

The Advanced Technology Research Laboratory is conducting research aimed at the identification of functional useful substances that can be extracted from eucalyptus wood and refined. It is also developing a practical method to obtain valuable extracts from eucalyptus leaves. The aim of this work is to maximize the value of forest resources owned by the Oji Paper Group. The Advanced Technology Research Laboratory has already succeeded in refining a new functional oligosaccharide obtained from eucalyptus wood, and commercial development is now under way. An extract obtained from eucalyptus leaves has been found to have antibacterial qualities and the ability to prevent diaper rash. This substance is being used in a number of products, including Nepia baby products.

### **Online fiber orientation measurement technology**

The Advanced Technology Research Laboratory has succeeded in the development of an online fiber orientation measurement system. The new system allows the fiber orientation of paper to be measured during high-speed paper production. Fiber orientation is vital information that determines the characteristics of paper, such as twisting and curling. Until now it has been impossible to measure this online during the paper production process. The method developed by the Advanced Technology Research Laboratory is based on a sophisticated application of microwave technology. It can also be used to measure polymer orientation in plastic sheets. There are plans for extensive marketing of the new technology.

### **Wrinkle prevention technology**

The Oji Paper Group has earned high acclaim for its “OK Non-Wrinkle” technology, which reduces wrinkling during offset printing. The commercial development of this revolutionary printing paper was made possible by the sophisticated technology development capabilities of the Pulp and Paper Research Laboratory. Micro-turbulence is applied to the pulp slurry flow to curb fiber orientation during the paper manufacturing process. A surface coating containing a special polymer is then applied during the coating process. This new technology curbs wrinkling by controlling steam pressure in the paper layer when the paper is printed and dried.

### **Revolutionary two-color thermal printing technology**

The Imaging Media Development Laboratory has conducted research and development relating to thermal papers for many years. This work has led to the creation of many new technologies and products. A thermal label printing system was commercialized seven years ago. The paper is coated with a nano-composite consisting of pigments and polymers, and by varying the temperature in the thermal head, it is possible to print in two colors. Another important advance is a protective layer that extends the life of thermal printing. This technology has been brought to the market in the form of the world’s first thermal magnetic two-color season train ticket. The range of uses has expanded to include reserved seat tickets.

## Environmental Protection Activities



### 🌱 A leader in environmental protection as a resource recycling company

Protection of the global environment has become an important responsibility in all business activities. Approaches to environmental protection activities vary according to the business format of the company concerned. The raw material for the pulp and paper industry is timber, which can be recycled through forest planting. Forests are important mechanisms for the absorption and fixing of carbon dioxide, which is the main cause of global warming. In this sense, the pulp and paper industry has extremely important responsibilities from an environmental perspective. Oji Paper has historically emphasized harmony with the global environment in its business activities. For example, it has planted trees in step with its use of materials, and it actively promoted wastepaper recycling.

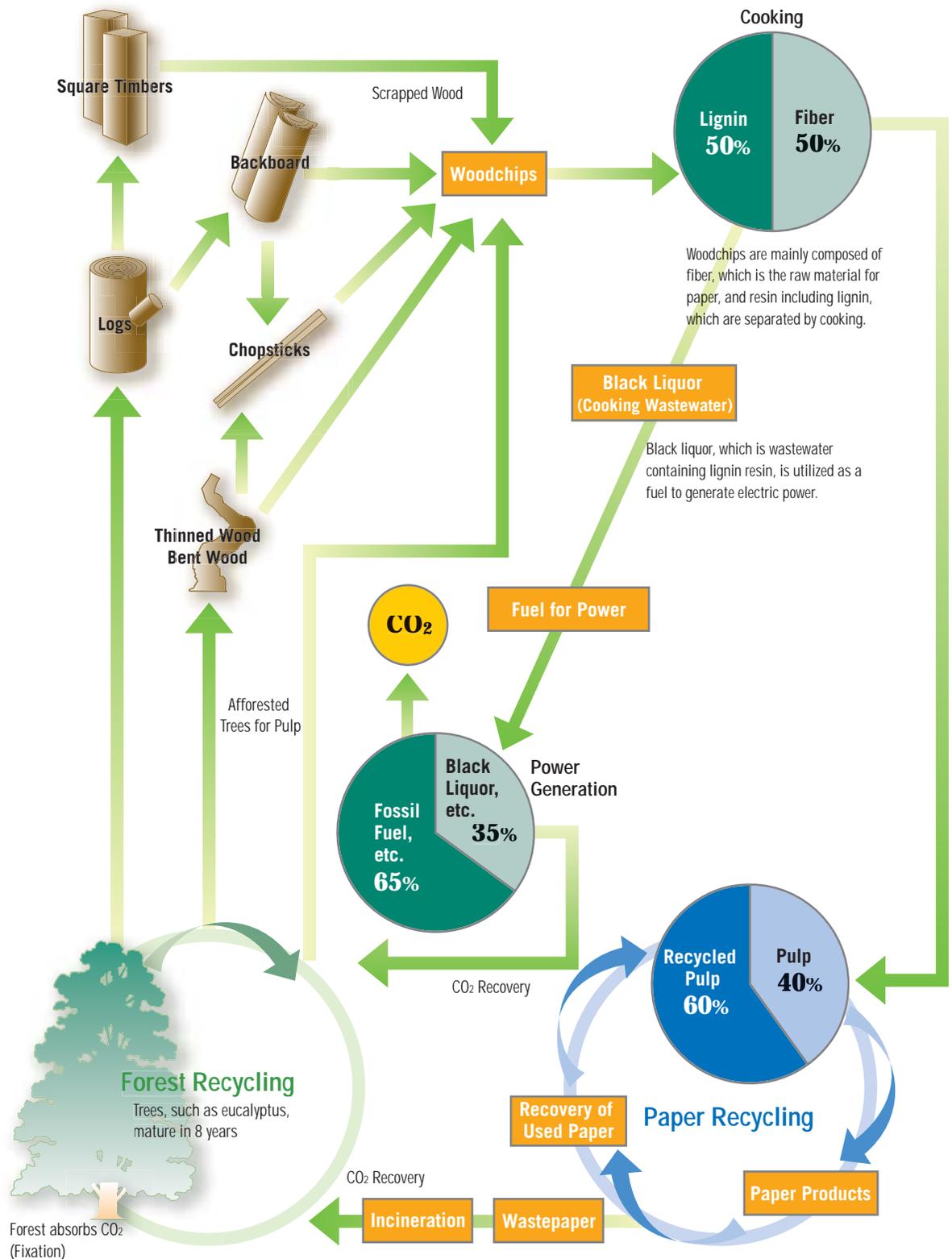
This commitment to resource recycling was formalized with the adoption of the Oji Paper Group Environmental Charter in 1997. The Charter defines eight “action guidelines” centering on forest recycling and paper recycling. The Oji Paper Group is making sustained progress on environmental conservation initiatives under the Charter Environmental Action Plan 21, which sets specific numerical targets.

### 🌱 The Oji Paper Group Environmental Charter: Basic policies

The Oji Paper Group Environmental Charter requires not only compliance with environmental regulations defined by law, but also efforts to achieve further environmental improvement. The Charter also requires the Oji Paper Group to contribute to the creation of a truly enriched society through the maintenance and development of business activities that harmonize with the environment from a global perspective, especially through forest recycling based on active forest planting, and through the promotion of paper recycling to increase the utilization of wastepaper resources.

#### Action Guidelines

- 1) Promotion of forest recycling
- 2) Promotion of paper recycling
- 3) Promotion of energy conservation measures
- 4) Reinforcement of environmental improvement measures and environmental management systems
- 5) Development of production technologies and products that minimize environmental loads
- 6) Reduction and effective utilization of waste
- 7) Transfer of environmental protection technology to other countries
- 8) Promotion of public information and education and social activities



# Forest Recycling **Forest Recycling—Creating future resources through afforestation and development**

Forest planting has been an important aspect of the Oji Paper Group's resource conservation activities throughout its history. Today it owns approximately 190,000 hectares of forest in Japan. This total is exceeded only by the area of land in national forests. In recent years, the Oji Paper Group has focused on the development of overseas forests, the area of which was in excess of 140,000 hectares by the end of fiscal 2003. The goal is to increase this area to 200,000 hectares by fiscal 2010.

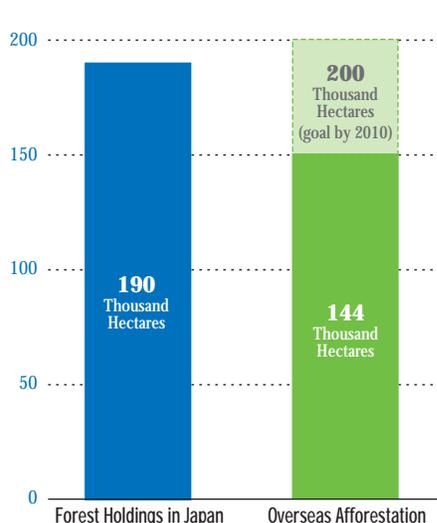
## ☉ Reducing the environmental cost of forest resource procurement

Wastepaper makes up about 60% of the raw materials used by the Oji Paper Group in its paper manufacturing activities. The remaining 40% consists of fresh pulp. About 80% of the wood used for pulp comes from plantation trees and timber mill waste, while natural trees provide about 20% of the woodchips used. Most of these natural materials consist of thinning wood and material that cannot be used in timber production, such as branches, treetops and twisted timber. The actual load imposed on the natural environment through the resource procurement activities of the Oji Paper Group is extremely small.

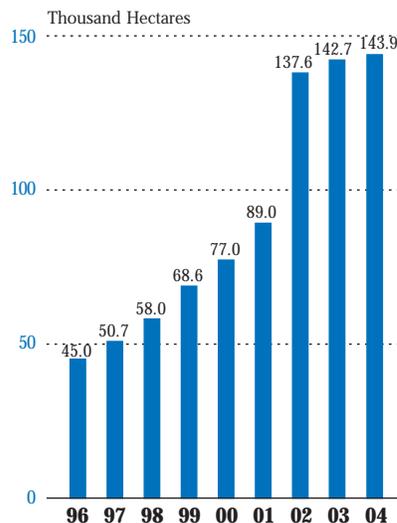
The Oji Paper Group's procurement of forest plantation resources is guided by the concept of "forest recycling," which requires an active involvement in forest planting activities. During the long history of forest planting by the Oji Paper Group, there has been a gradual shift in focus from planting in Japan to overseas planting, and from conifers to fast-growing broadleaf trees. Today the most common type of tree used is eucalyptus, which is ready for harvesting about eight years after planting.

## ☉ Helping to prevent global warming

The Oji Paper Group has a basic policy that limits the area of trees harvested to the area of trees that will be planted after cutting. The Group is determined to maintain this principle as it works toward the goal of increasing the area of overseas forests planted to 200,000 hectares by 2010. In the years between planting and harvesting, forests act as fixing mechanisms for carbon dioxide, which is regarded as the biggest cause of global warming. This means that the Oji Paper Group is making a significant contribution to the prevention of global warming through its forest planting activities.



The Oji Paper Group's Forest Holdings and Afforestation Area (2004)



Trend of Afforestation Area

## Paper Recycling **Wastepaper—A valuable resource**

Wastepaper makes up almost 60% of the resources used in paper manufacturing in Japan. This recycling ratio is among the highest in the world and is a reflection of the determined efforts of the entire pulp and paper industry. The Oji Paper Group is one of the biggest consumers of wastepaper in Japan and aims to increase the volume used still further. In addition to the effective utilization of this important resource, recycling also helps to reduce garbage volumes.

### Steady increase in paper recycling rate

Our goal under the Charter Environmental Action Plan 21 is to increase the recycled paper content of all Oji Paper products to 70% or higher by fiscal 2010. As a first step toward the achievement of this goal, we set the goal of increasing the wastepaper ratio for the Oji Paper Group to at least 60% by fiscal 2005. However, the ratio had already grown to 60.3% by the end of fiscal 2002. We have continued to move toward our goal of 70%, and the wastepaper ratio reached 60.5% in fiscal 2003.



### Participation in United Nations Global Compact

In June 2003, Oji Paper joined the United Nations Global Compact scheme. The Global Compact resulted from a proposal put to the World Economic Forum in Switzerland by Secretary-General Kofi Annan in January 1999. The Global Compact consists of ten principles relating to human rights, labor, the environment and anti-corruption. To join the Global Compact, it is necessary to accept these ten principles and register with the United Nations. The Global Compact was formally established in July 2000, and over 1,500 organizations have so far joined. Oji Paper has established a Secretariat in its Environmental Affairs Department and is working to educate all employees about the fundamental importance of the scheme.

#### The Ten Principles

##### Human Rights

- Principle 1:** Businesses should support and respect the protection of international human rights within their sphere of influence; and
- Principle 2:** make sure that they are not complicit in human rights abuses.

##### Labor Standards

- Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4:** the elimination of all forms of forced and compulsory labor;
- Principle 5:** the effective abolition of child labor; and

- Principle 6:** the elimination of discrimination in respect of employment and occupation.

##### Environment

- Principle 7:** Businesses should support a precautionary approach to environmental challenges;
- Principle 8:** undertake initiatives to promote greater environmental responsibility; and
- Principle 9:** encourage the development and diffusion of environmentally friendly technologies

##### Anti-corruption

- Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

## Culture and Sports Activities **Cultural and sporting activities** —A wide-ranging contribution to society

Paper has had a profound influence on all aspects of life and culture. As a manufacturer of this vital material, the Oji Paper Group has made contribution to the environment and culture a vital part of its corporate philosophy. This commitment is manifested in the Group's continuing efforts to contribute to the enrichment of society, both through its business activities, and also through its support for artistic, scientific and sporting activities.

### Culture Activities

#### 🌳 Oji Forests

The Oji Paper Group believes in sharing the rich natural environment with communities. In keeping with this philosophy, it provides public access to choice areas of its forests. To provide visitors with the opportunity to learn about the rich natural environment, the Oji Paper Group currently provides access to its forest in Hokkaido from the communities of Kuriyama-cho, Furana-cho and Sarufutsu-mura.



Oji Paper Forest Museum

#### 🎵 Oji Hall

Located in Oji Paper's head office building in Tokyo's Ginza district, this concert hall was opened in 1992. Its excellent acoustics and comfortable seating have made it a popular venue for musical events. In August 2003, the stage was refurbished to improve the hall's acoustic qualities and create a better sense of intimacy between the stage and the auditorium.



Oji Hall

#### 🌌 Interspace Oji

Located on the first floor of the No. 1 Oji Paper Building in Tokyo's Ginza district, this multipurpose presentation space is used for a variety of artistic activities, including art exhibitions by solo artists and groups. It has an area of approximately 230 square meters.

#### 🔬 Fujiwara Foundation of Science

After his retirement from the presidency of Oji Paper in 1938, the late Ginjiro Fujiwara worked to promote education. His achievements include the establishment of the Fujiwara Institute of Technology, which later became the Faculty of Engineering of Keio University. In 1959 he created the Fujiwara Foundation of Science with a donation of ¥100 million. The Foundation awards the Fujiwara Prize to scientists who have made important contributions to the advancement of science and technology. Other activities include support for international seminars hosted by Japanese researchers. The Oji Paper Group continues to support the activities of the Fujiwara Foundation of Science, especially from a financial perspective.

### Sports Activities

#### 🏒 Ice hockey and amateur baseball

Since its establishment in 1925, Oji Paper's highly successful ice hockey team has won the All-Japan Championship 31 times and the Japan League Championship 13 times. The Oji Paper Group also has a strong baseball team, which competes regularly in inter-city competitions.



Ice Hockey club

## Communicating with Society **Building trust through communication with society**

**As a corporate citizen, the Oji Paper Group works to strengthen its bonds of trust with all stakeholders through active communication with society and communities. Corporate participation in “Groundwork” programs plays an important part in this area. The Oji Paper Group supports initiatives to improve local environments in partnership with residents of communities throughout Japan.**

The Japan Groundwork Association was established in 1995 as a voluntary organization dedicated to the improvement of the global environment. Oji Paper joined this organization immediately as its first corporate member. The Groundwork Association exists to contribute to the global environment through cooperation and the sharing of knowledge and human resources among businesses, residents and community groups. Oji Paper decided to join the organization because it saw these aims as being in harmony with its own long-standing commitment to the maintenance of good relationships with local residents and the government sector as an essential aspect of its factory management policies. It also made the promotion of Groundwork activities a corporate policy and has since supported a wide range of voluntary community initiatives.

### **Tomakomai Cleaning and snow removal at welfare facilities**

This project has been an annual event since 2000. Every December, employees from the Tomakomai Mill carry out year-end cleaning and snow removal projects at welfare facilities in the city.



Ocean Day clean-up project

### **Kure Ocean Day clean-up project in cooperation with local fishing cooperative**

The Kure Mill benefits from its coastal location, which provides easy access to marine transportation for raw materials and finished products. Each year on Ocean Day (the third Monday in July) the Mill expresses its gratitude for the blessings of the sea by supporting a project established by a local fishing cooperative to clean up the marine environment and beautify the community.



Summer Vacation Environmental Seminar

### **Kasugai Summer vacation environmental seminar**

In August 2003, the Kasugai Mill and the Environmental Partnership Organizing Club (EPOC) jointly hosted an environmental seminar for junior high school students. The program included a visit to the Kasugai Mill to learn about environment-friendly approaches to paper manufacturing, including the use of biomass fuel and woodchips made from construction waste.



Tree planted in honor of the U.K.-Japan Green Alliance

### **Tomioka Tree planted in honor of the U.K.-Japan Green Alliance**

The U.K.-Japan Green Alliance was established to commemorate the centenary of the Anglo-Japanese Alliance. The United Kingdom donated approximately 200 oak trees to Japan to mark this event. Oji Paper was asked to plant one of these commemorative trees. The Tomioka Plant, with the cooperation of the Groundwork Association, the British Consul-General and the local community, placed the tree in a park in Anan City, Tokushima Prefecture.

## Overseas Procurement of Raw Materials

### Reliable access to resources through global procurement network

The development of a global procurement network is an essential means of ensuring reliable, low-cost access to woodchips for use in paper manufacturing operations. The Oji Paper Group procures about 70% of its woodchips from overseas sources. Most of these woodchips are produced from forest plantations, including forests owned by Oji Paper itself, and from timber mill waste and thinning wood.

#### Procurement channels expanded in readiness for full-scale production in China

The Oji Paper Group is building a global procurement network for woodchips and pulp. It is currently planting forests in nine locations, including Australia, New Zealand, Vietnam, China and Brazil, and also has affiliated pulping plants at three locations in Canada and Brazil. Oji Paper owns 39.8% of shares in Japan Brazil Paper and Pulp Resources Development Co., Ltd. (JBP) and 100% of shares in the Brazilian company CENIBRA. These two companies manufacture and sell pulp made from trees harvested from their own plantation forests. They have made an important contribution to the improvement of the Oji Paper Group's competitiveness at the procurement stage.

The Oji Paper Group will need to expand its procurement of raw materials in readiness for the start of production at its new production facility in Nantong, China. Under its forest recycling strategy, the Group plans to increase the area of its forests from about 140,000 hectares at present to 200,000 hectares by 2010. It will also increase the volume of materials procured from surrounding forests. By 2009, the Oji Paper Group intends to establish a procurement network capable of importing approximately 4.7 million BDT of pulping materials annually.

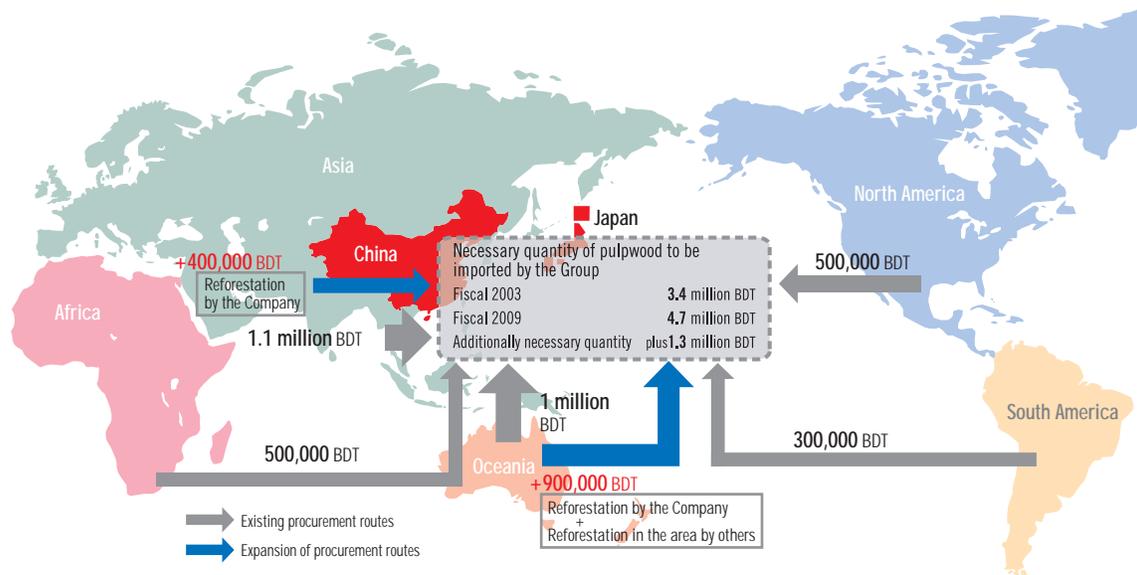


Afforestation at CENIBRA



CENIBRA, in Brazil

#### Strategies for Securing Wood Resources



## Overseas Production

### Global expansion of pulp and paper manufacturing and sales operations

The Oji Paper Group is also building a global network of production and sales operations for its pulp and paper business. It has gained large shares of world markets, especially for thermal papers, which it produces in Japan, the United States, Germany and China. In China, the Oji Paper Group has also started to produce and sell wood-free papers and coated papers on a significant scale in China and is accelerating the expansion of its business activities in Asia.

The Oji Paper Group has produced pulp in Brazil since the 1970s. Other major overseas business operations include Howe Sound Pulp and Paper (HSLP), which has manufactured and sold newsprint and pulp in Canada since the 1980s, and Kanzaki Specialty Papers (KSP), which manufactures and sells thermal paper in the United States. The Oji Paper Group has added two new companies in the thermal paper field: KANZAN Spezialpapiere, which has operated in Germany since the 1990s, and Oji Specialty Paper (Shanghai), which was established in 2002 to process thermal paper in China. With production and sales operations in four countries, including Japan, the Oji Paper Group controls the largest share of the world market for thermal paper.

In Brazil, Japan Brazil Paper and Pulp Resources Development Co., Ltd. (JBP) and the Brazilian company Rio Doce jointly established Celulose Nipo-Brazileira S.A. (CENIBRA) as a pulp manufacturing operation. In 2001 CENIBRA became a wholly owned subsidiary of JBP.

In Asia, Oji Paper (Thailand) (OPT) is successfully manufacturing carbonless paper, while in Vietnam OJITEX (Vietnam) manufactures and sells corrugated containers. In addition to thermal paper manufacturing, the Oji Paper Group's business operations in China also include Qingdao Oji Packaging, which manufactures and sells corrugated containers. The Group has also commenced full-scale production and sales of household products, using a former Procter & Gamble (P&G) plant in Suzhou.

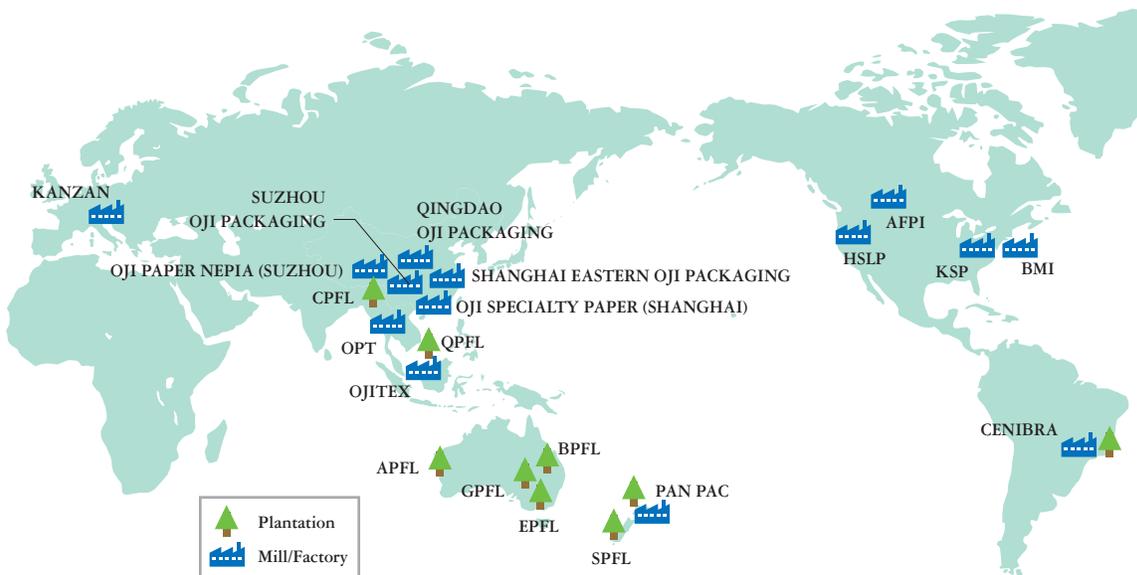


KANZAN

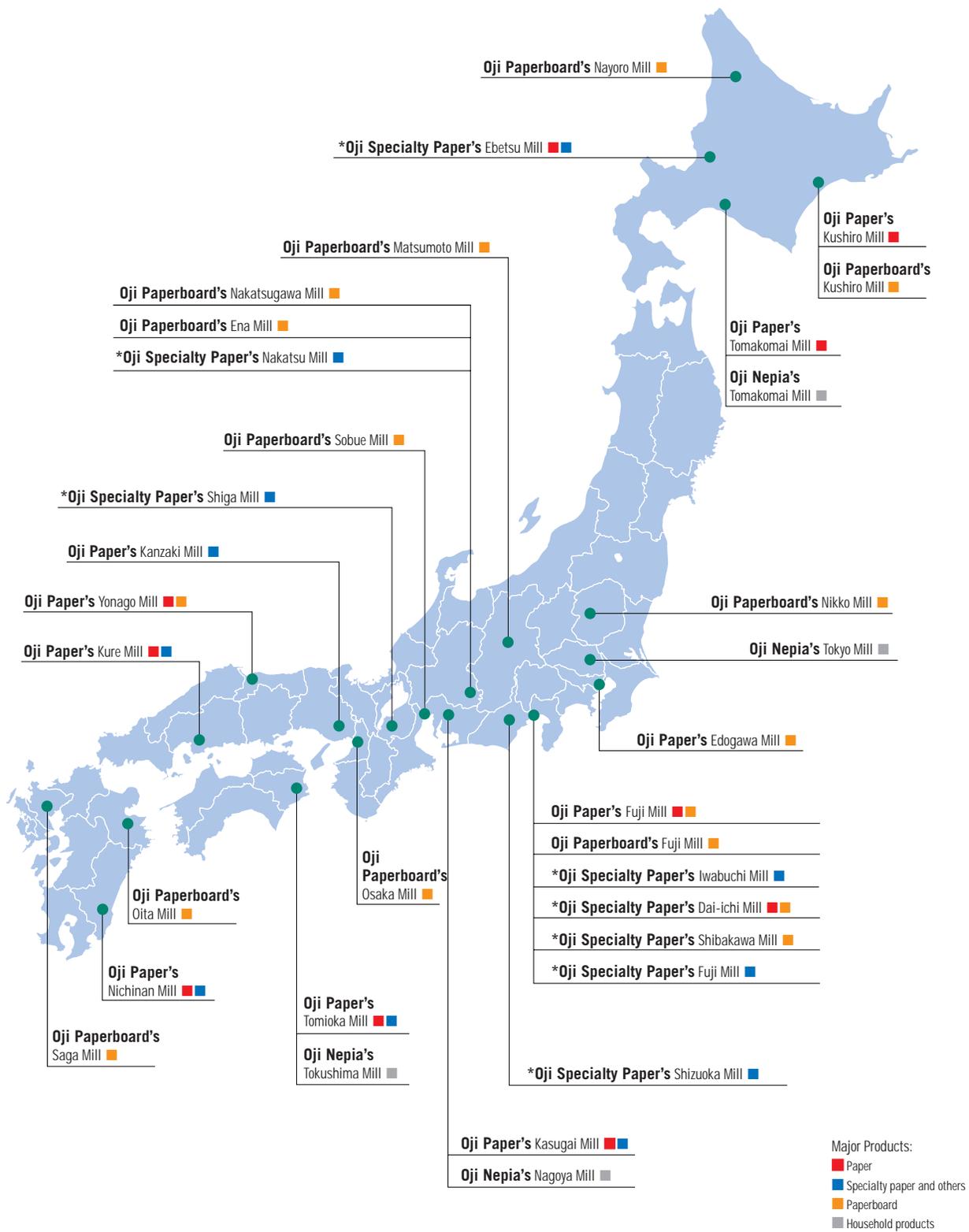


OPT

#### Location of Overseas Mills and Plantations



# Major Mills



\*From October 1, 2004

## Corporate Data

### 📍 Company Name

Oji Paper Co., Ltd.

### 📍 Headquarters

Ginza 4-7-5, Chuo-ku, Tokyo, JAPAN 104-0061

Phone: 03-3563-1111

Fax: 03-3563-1135

### 📍 Founded

February 12, 1873

### 📍 Established

August 1, 1949

### 📍 Paid-in Capital

¥103,880 billion (March 2004)

### 📍 Number of Employees

19,417 (March 2004, consolidated)

### 📍 Major Business Lines

Production, conversion/processing and sales of printing, writing and related papers; packaging and wrapping papers; carbonless papers; household products; containerboard and boxboard. Production and sales of end-use products such as corrugated board and boxboard containers; paperboard containers; plastics; thermal paper; self-adhesive paper and disposable paper diapers. Production and sales of chemicals for paper manufacturing and packaging equipment. Leasing of Company's land and property. Afforestation in Japan and overseas; maintenance of Company-owned forests.



**OJI PAPER CO., LTD.**

Ginza 4-7-5, Chuo-ku, Tokyo, JAPAN 104-0061

Phone: 03-3563-1111

Fax: 03-3563-1135

URL: <http://www.ojipaper.co.jp/>

e-mail: [info@ojipaper.co.jp](mailto:info@ojipaper.co.jp)